Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, 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 announcement.

*This announcement and the offering memorandum appended herein are for informational purposes only as required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and is not for distribution, directly or indirectly, in or into the United States.*

Neither of this announcement and the offering memorandum referred to herein constitute an offer to sell or the solicitation of an offer to buy any securities in the United States or any other jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. Neither this announcement nor anything herein (including the offering memorandum) forms the basis for any contract or commitment whatsoever. *The securities referred to herein will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") and may not be offered or sold in the United States or to, or for the account or benefit of U.S. persons (as defined in Regulation S under the Securities Act) except pursuant to an exemption from, or a transaction not subject to, the registration requirements of the Securities Act. Any public offering of securities to be made in the United States will be made by means of a prospectus. Such prospectus will contain detailed information about the company making the offer and its management and financial statements. No public offer of securities referred to herein is being or will be made in the United States.*

This announcement and the listing document referred to herein have been published for information purposes only as required by the Listing Rules and do not constitute an offer to sell nor a solicitation of an offer to buy any securities. Neither this announcement nor anything referred to herein (including the listing document) forms the basis for any contract or commitment whatsoever.

For the avoidance of doubt, the publication of this announcement and the offering memorandum referred to herein shall not be deemed to be an offer of securities made pursuant to a prospectus issued by or on behalf of the issuer for the purposes of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong nor shall it constitute an advertisement, invitation or document containing an invitation to the public to enter into or offer to enter into an agreement to acquire, dispose of, subscribe for or underwrite securities for the purposes of the Securities and Futures Ordinance (Cap. 571) of Hong Kong.

PUBLICATION OF THE OFFERING MEMORANDUM

GREENTOWN CHINA HOLDINGS LIMITED

綠城中國控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 03900)

US$150,000,000 4.7% NOTES DUE 2025
(the "Additional Notes")
(consolidated and formed a single series with the US$300 million 4.7% senior notes due 2025, Stock Code: 40447)

This announcement is issued pursuant to Rule 37.39A of the Listing Rules. Please refer to the offering memorandum dated 17 February 2022 (the "**Offering Memorandum**"), appended herein in relation to the issuance of the Additional Notes. The Offering Memorandum is published in English only. No Chinese versions of the Offering Memorandum have been published.

Notice to Hong Kong investors: Greentown China Holdings Limited (the "**Company**"), the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any) (each as defined in the Offering Memorandum) confirm that the Notes (as defined in the Offering Memorandum) are intended for purchase by professional investors (as defined in Chapter 37 of the Listing Rules) only and have been listed on The Stock Exchange of Hong Kong Limited on that basis. Accordingly, the Company, the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any) confirm that the Notes are not appropriate as an investment for retail investors in Hong Kong or elsewhere. Investors should carefully consider the risks involved.

This announcement and the Offering Memorandum do not constitute a prospectus, notice, circular, brochure or advertisement offering to sell any securities to the public in any jurisdiction, nor are they an invitation to the public to make offers to subscribe for or purchase any securities, nor are they circulated to invite offers by the public to subscribe for or purchase any securities.

* *For identification purposes only*

This announcement and the Offering Memorandum must not be regarded as an inducement to subscribe for or purchase any securities of the Company, and no such inducement is intended. No investment decision should be made based on the information contained in this announcement and the Offering Memorandum.

By order of the Board
Greentown China Holdings Limited
Zhang Yadong
Chairman

Hangzhou, the PRC
25 February 2022

As at the date of this announcement, the Board comprises Mr ZHANG Yadong, Mr GUO Jiafeng, Mr WU Wende, Mr GENG Zhongqiang, Mr LI Jun and Ms HONG Lei as executive directors, Mr Stephen Tin Hoi NG (Mr Andrew On Kiu CHOW as his alternate) and Mr WU Yiwen as non-executive directors and Mr JIA Shenghua, Mr HUI Wan Fai, Mr QIU Dong and Mr ZHU Yuchen as independent non-executive directors.

IMPORTANT NOTICE

(NOT FOR DISTRIBUTION IN THE UNITED STATES)

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

You acknowledge that the attached offering memorandum and the information contained therein are strictly confidential and intended for you only. You are not authorized to and you may not forward or deliver the attached offering memorandum, electronically or otherwise, to any other person or reproduce such offering memorandum in any manner whatsoever, nor may you disclose the information contained in the attached offering memorandum to any third-party or use it for any other purpose. Any forwarding, distribution, publishing or reproduction of the attached offering memorandum in whole or in part or disclosure of any information contained therein or any use of such information for any other purpose is unauthorized. Failure to comply with this directive may result in a violation of the securities laws of applicable jurisdictions.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY ANY SECURITIES IN THE UNITED STATES OR IN ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES REFERRED TO IN THE ATTACHED OFFERING MEMORANDUM HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, RESOLD, TRANSFERRED OR DELIVERED, DIRECTLY OR INDIRECTLY, WITHIN THE UNITED STATES, EXCEPT PURSUANT TO AN APPLICABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN COMPLIANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES.

THE FOLLOWING OFFERING MEMORANDUM MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER, AND IN PARTICULAR, MAY NOT BE FORWARDED TO ANY ADDRESS IN THE UNITED STATES. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS OFFERING MEMORANDUM IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

CONFIRMATION OF YOUR REPRESENTATION: IN ORDER TO BE ELIGIBLE TO VIEW THE ATTACHED OFFERING MEMORANDUM, INVESTORS MUST COMPLY WITH THE FOLLOWING PROVISIONS: YOU HAVE BEEN SENT THE ATTACHED OFFERING MEMORANDUM ON THE BASIS THAT YOU HAVE CONFIRMED TO THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED AND CREDIT SUISSE (HONG KONG) LIMITED (COLLECTIVELY, THE "**INITIAL PURCHASERS**") THAT YOU (I) ARE OUTSIDE THE UNITED STATES AND, TO THE EXTENT YOU PURCHASE THE SECURITIES DESCRIBED IN THE ATTACHED OFFERING MEMORANDUM, YOU WILL BE DOING SO IN AN OFFSHORE TRANSACTION, AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT ("REGULATION S"), IN COMPLIANCE WITH REGULATION S, AND (II) CONSENT TO DELIVERY OF SUCH OFFERING MEMORANDUM BY ELECTRONIC TRANSMISSION.

If you have gained access to this transmission contrary to any of the foregoing restrictions, you will not be able to purchase any of the securities described therein.

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 Company has determined, and hereby notifies all relevant persons (as defined in Section 309A of the SFA) that the New Notes are "prescribed capital markets products" (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018).

This offering memorandum has been made available to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of transmission and consequently none of the Initial Purchasers or any person who controls any Initial Purchasers, nor any director, employee, representative or affiliate of any Initial Purchasers accepts any liability or responsibility whatsoever in respect of any difference between this document distributed to you in electronic format and the hard copy version.

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

GREENTOWN CHINA HOLDINGS LIMITED
(綠城中國控股有限公司)

(Incorporated in the Cayman Islands with limited liability)

US$150,000,000 4.7% Notes due 2025
(to be consolidated and form a single series with the US$300,000,000 4.7% Notes due 2025 issued on October 29, 2020)
Issue Price: 96.558%, plus accrued interest from (and including) October 29, 2021 to (but excluding) the Issue Date of the New Notes

Greentown China Holdings Limited (綠城中國控股有限公司) (the "**Company**"), incorporated in the Cayman Islands with limited liability, is offering US$150,000,000 aggregate principal amount of 4.7% notes due 2025 (the "**New Notes**"), to be consolidated and form a single series with the US$300,000,000 aggregate principal amount of 4.7% notes due 2025 issued on October 29, 2020 (the "**Original Notes**", together with the New Notes, the "**Notes**"). The New Notes will bear interest at the rate of 4.7% per annum, payable semi-annually in arrears on April 29 and October 29 of each year, beginning on April 29, 2022. Unless previously repurchased, canceled or redeemed, the Notes will mature on April 29, 2025. The terms for the New Notes are the same as those for the Original Notes in all respects except for the issue date and issue price. The New Notes will be immediately fungible with the Original Notes upon issuance. Upon completion of this offering, the aggregate principal amount of the outstanding Notes will be US$450,000,000.

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

At any time on or after April 29, 2023, we may redeem the Notes, in whole or in part, at the redemption prices specified under "*Description of the Notes—Optional Redemption*." At any time prior to April 29, 2023, we may redeem up to 35.0% of the Notes, at a redemption price of 104.7% of the principal amount, plus accrued and unpaid interest, if any, to the redemption date in each case, using the net cash proceeds from sales of certain equity offerings. In addition, we may redeem the Notes, in whole but not in part, at any time, at a price equal to 100.0% of the principal amount of such Notes plus (i) accrued and unpaid interest (if any) to the redemption date and (ii) a premium as set forth in this offering memorandum. Upon the occurrence of a Change of Control Triggering Event (as defined in the indenture governing the Notes (the "**Indenture**")), we must make an offer to purchase all Notes outstanding at a purchase price equal to 101.0% of their principal amount, plus accrued and unpaid interest, if any, to the date of repurchase.

The Notes will be (1) at least *pari passu* in right of payment against the Company with the Senior Notes (as defined herein) and all other unsecured, unsubordinated Indebtedness (as defined in the Indenture) of the Company (subject to any priority rights of such unsubordinated Indebtedness pursuant to applicable law), (2) senior in right of payment to any existing and future obligations of the Company expressly subordinated in right of payment to the Notes, (3) effectively subordinated to secured obligations of the Company, the Subsidiary Guarantors and the JV Subsidiary Guarantees (if any), to the extent of the value of the assets serving as security therefor, and (4) effectively subordinated to all existing and future obligations of the Non-Guarantor Subsidiaries (as defined herein). In addition, applicable law may limit the enforceability of the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any); see the section entitled "*Risk Factors—Risks Relating to the Subsidiary Guarantees and the JV Subsidiary Guarantees*." For a more detailed description of the Notes, see the section entitled "*Description of the Notes*" beginning on page 221.

Investing in the New Notes involves risks. Furthermore, investors should be aware that the New Notes are guaranteed by Subsidiary Guarantors which do not currently have significant operations and certain Subsidiary Guarantees may in some cases be replaced by limited-recourse guarantees and that there are various other risks relating to the New Notes, the Company and its subsidiaries, their business and their jurisdictions of operations which investors should familiarize themselves with before making an investment in the New Notes. See the section entitled "Risk Factors" beginning on page 21 and particularly pages 70 for risks relating to the Subsidiary Guarantees and the JV Subsidiary Guarantees.

The Original Notes have been assigned a rating of "Ba3" by Moody's investor Service, Inc. (the "**Moody's**"). The New Notes are expected to by rated Ba3 by Moody's. A rating is not a recommendation to buy, sell or hold the Notes and may be subject to suspension, reduction or withdrawal at any time by Moody's. A suspension, reduction or withdrawal of the rating assigned to the Notes may adversely affect the market price of the Notes.

The Original Notes are listed on The Stock Exchange of Hong Kong Limited (the "**SEHK**"). Application will be made to the SEHK for the listing of the New Notes by way of debt issues to professional investors as defined in Chapter 37 of the Rules Governing the Listing of Securities on the The Stock Exchange of Hong Kong Limited ("**Professional Investor**"), only. A confirmation of the eligibility of the listing of the New Notes has been received from the SEHK. This offering memorandum is for distribution to Professional Investors only.

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

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

We have registered the issuance of New Notes with the National Development and Reform Commission of the PRC (the "**NDRC**") and obtained a certificate and a consent letter from NDRC on April 7, 2021 and December 17, 2021, respectively, evidencing such registration and relevant adjustment and have undertaken to provide the requisite information on the issuance of the New Notes to the NDRC within the prescribed timeframe after the issue date of the New Notes, pursuant to the requirement of NDRC.

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

The New Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any) have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "Securities Act"). The New Notes may not be offered, sold, pledged or otherwise transferred in the United States (as such terms are defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The New Notes are being offered and sold by the Initial Purchaser outside the United States in offshore transactions in reliance on Regulation S under the Securities Act.

For a description of certain restrictions on resale and transfer, see the section entitled "*Transfer Restrictions*."

The New Notes will be evidenced by a global certificate (the "**Global Certificate**") in registered form, which will be registered in the name of a nominee of, and deposited with, a common 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, the records maintained by Euroclear and Clearstream and their respective accountholders. Except in the limited circumstances set out herein, individual certificates for the New Notes will not be issued in exchange for beneficial interests in the Global Certificate. It is expected that delivery of the Global Certificate will be made on or about February 24, 2022 or such later date as may be agreed by the Company and the Initial Purchasers (the "**Closing Date**").

Joint Global Coordinators, Joint Lead Managers and Joint Bookrunners

HSBC **Credit Suisse**

The date of this offering memorandum is February 17, 2022.

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

IN CONNECTION WITH THE ISSUE OF THE NEW NOTES, ANY OF THE INITIAL PURCHASERS (AS DEFINED BELOW) (OR PERSONS ACTING ON BEHALF OF ANY OF THE INITIAL PURCHASERS) (THE "STABILIZING MANAGERS") MAY OVER-ALLOT NEW NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE PRICE OF THE NEW NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, STABILIZATION MAY NOT NECESSARILY OCCUR. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE SECURITIES IS MADE AND, IF BEGUN, MAY CEASE AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE SECURITIES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE SECURITIES. ANY STABILISATION ACTION OR OVER ALLOTMENT MUST BE CONDUCTED BY THE STABILISATION MANAGER (OR PERSON(S) ACTING ON BEHALF OF THE STABILISATION MANAGER) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

This offering memorandum is highly confidential. We are providing it solely for the purpose of enabling you to consider a purchase of the New Notes. You should read this offering memorandum before making a decision whether to purchase the New Notes. You must not use this offering memorandum for any other purpose, or disclose any information in this offering memorandum to any other person. This offering memorandum is personal to each prospective investor and does not constitute an offer to any other person or to the public generally to purchase or otherwise acquire the New Notes.

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

Having made all reasonable inquiries, we confirm that (i) this offering memorandum contains all information with respect to us, the issue and offering of the New Notes and the Subsidiary Guarantees, which is material in the context of the issue of the New Notes; (ii) the statements contained herein relating to us are in every material respect true and accurate and not misleading; (iii) the opinions and intentions expressed in this offering memorandum with regard to us are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions; and (iv) there are no other facts in relation to us, the New Notes and the Subsidiary Guarantees, the omission of which would, in the context of the issue and offering of the New Notes, make any statement in this offering memorandum misleading in any material respect.

No representation or warranty, express or implied, is made by any of The Hongkong and Shanghai Banking Corporation Limited and Credit Suisse (Hong Kong) Limited (collectively, the "**Initial Purchasers**"), The Hongkong and Shanghai Banking Corporation Limited (the "**Trustee**"), The Hongkong and Shanghai Banking Corporation Limited (the "**Principal Paying and Transfer Agent**" and "**Registrar**"), or any of their respective directors, officers, affiliates or advisers as to the accuracy or completeness of the information set forth herein, and nothing contained in this offering memorandum is, or should be relied upon as, a promise or representation, whether as to the past or the future. None of the Initial Purchasers, the Trustee, the Principal Paying and Transfer Agent or the Registrar or any of their respective directors, officers, affiliates or advisers has independently verified any of the information contained in this offering memorandum, and, to the fullest extent permitted by law, none of the Initial Purchasers, the Trustee, the Principal Paying and Transfer Agent or the Registrar assumes any responsibility for the contents, accuracy or completeness of any such information or for any other statement, made or purported to be made by any Initial Purchaser or on its behalf in connection with the Company, the Subsidiary Guarantors, the JV Subsidiary Guarantors (if any), or the issue and offering of the New Notes. None of the Initial Purchasers, the Trustee or the Principal Paying and Transfer Agent or the Registrar, or any of their respective affiliates, directors, officers or advisers undertakes to review our financial condition or affairs during the life of the arrangements contemplated by this offering memorandum nor to advise any investor or potential investor in the New Notes of any information coming to the attention of the Initial Purchasers, the Trustee or the Principal Paying and Transfer Agent or the Registrar. The Initial Purchasers, the Trustee, Principal Paying and Transfer Agent and the Registrar accordingly disclaim all and any liability whether arising in tort or contract or otherwise which they might otherwise have in respect of this offering memorandum or any such statement. This offering memorandum is not intended to provide the basis of any credit or other evaluation nor should it be considered as a recommendation by the Company, the Subsidiary Guarantors, the JV Subsidiary Guarantors (if any), the Initial Purchasers, the Trustee, the Principal Paying and Transfer Agent or the Registrar that any recipient of this offering memorandum should purchase the New Notes.

Prospective investors in the New Notes should rely only on the information contained in this offering memorandum. None of us, the Trustee, the Principal Paying and Transfer Agent, the Registrar or the Initial Purchasers has authorized the provision of information different from that contained in this offering memorandum, to give any information or to make any representation not contained in or not consistent with this offering memorandum or any other information supplied in connection with the offering of the New Notes or to make any representation concerning us and the New Notes other than as contained herein and, if given or made, such information or representation must not be relied upon as having been authorized by us, the Trustee, the Principal Paying and Transfer Agent, the Registrar or any of the Initial Purchasers. The information contained in this offering memorandum is accurate in all material respects only as of the date of this offering memorandum, regardless of the time of delivery of this offering memorandum or of any sale of the New Notes. Neither the delivery of this offering memorandum nor any sale made hereunder shall under any circumstances imply that there has not been a change in our affairs and those of each of our respective subsidiaries or that the information set forth herein is correct in all material respects as of any date subsequent to the date hereof.

Each person receiving this offering memorandum acknowledges that: (i) such person has been afforded an opportunity to request from us and to review, and has received, all additional information considered by it to be necessary to verify the accuracy of, or to supplement, the information contained herein; (ii) such person has not relied on the Initial Purchasers or any person affiliated with the Initial Purchasers, the Trustee, the Principal Paying and Transfer Agent or the Registrar, in connection with any investigation of the accuracy of such information or its investment decision; and (iii) no person has been authorized to give any information or to make any representation concerning us, our subsidiaries and affiliates, the New Notes or the Subsidiary Guarantees (other than as contained herein and information given by our duly authorized officers and employees in connection with investors' examination of our company and the terms of the offering of the New Notes) and, if given or made, any such other information or representation should not be relied upon as having been authorized by us, the Trustee, the Principal Paying and Transfer Agent, the Registrar or the Initial Purchasers.

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

We are not and the Initial Purchasers are not making an offer to sell the New Notes, including the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any), in any jurisdiction except where an offer or sale is permitted. The distribution of this offering memorandum and the offering of the New Notes, including the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any), may in certain jurisdictions be restricted by law. Persons into whose possession this offering memorandum comes are required by us and the Initial Purchasers to inform themselves about and to observe any such restrictions. The New Notes are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the Securities Act and applicable state securities laws or exemption therefrom. You should be aware that you may be required to bear the financial risks of this investment for an indefinite period of time. For a description of the restrictions on offers, sales and resales of the New Notes, including the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any), and distribution of this offering memorandum, see the sections entitled "*Transfer Restrictions*" and "*Plan of Distribution.*"

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

PRIIPs Regulation/ Prohibition of Sales to UK Retail Investors — The New Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom ("**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**") or (ii) a customer within the meaning of the Financial Services and Markets Act 2000 ("**FSMA**") to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client as defined in point (8) of Article 2(1) of Regulation (EU) No. 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently, no key information document required by the PRIIPs Regulation as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the New Notes or otherwise making them available to retail investors in the UK has been prepared and, therefore, offering or selling the New Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

Singapore Securities and Futures Act Product Classification — Solely for the purposes of its obligations pursuant to sections 309B(1)(a) and 309B(1)(c) of the Securities and Futures Act (Chapter 289 of Singapore) (the "**SFA**"), the Company has determined, and hereby notifies all relevant persons (as defined in Section 309A of the SFA) that the New Notes are "prescribed capital markets products" (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018).

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

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

CERTAIN DEFINITIONS, CONVENTIONS AND CURRENCY PRESENTATION

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

Market data, industry forecast and PRC and property industry statistics in this offering memorandum have been obtained from both public and private sources, including market research, publicly available information and industry publications. Although we believe this information to be reliable, it has not been independently verified by us, the Initial Purchasers or their respective directors and advisers, nor the Trustee, or the agents, and none of us, the Initial Purchasers, nor our or their respective directors and advisers nor the Trustee or the agents, makes any representation or warranty, express or implied, nor assumes any responsibility as to the accuracy or completeness of that information. In addition, third-party information providers may have obtained information from market participants and such information may not have been independently verified.

The statistics set forth in this offering memorandum relating to the PRC and the property industry in the PRC were taken or derived from various government and private publications. None of us or the Initial Purchasers makes any representation as to the accuracy of such statistics, which may not be consistent with other information compiled within or outside the PRC. Due to possibly inconsistent collection methods and other problems, the statistics herein may be inaccurate. You should not unduly rely on such market data, industry forecast and PRC and property industry statistics.

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

We record and publish our financial statements in Renminbi. Unless otherwise stated in this offering memorandum, all translations from Renminbi amounts to U.S. dollars were made at the rate of RMB6.4566 to US$1.00, the noon buying rate in New York City for cable transfers payable in Renminbi as set forth in the H.10 statistical release of the Federal Reserve Bank of New York on June 30, 2021, and all translations from H.K. dollars into U.S. dollars were made at the rate of HK$7.7658 to US$1.00, the noon buying rate in New York City for cable transfers payable in H.K. dollars as set forth in the H.10 statistical release of the Federal Reserve Bank of New York on June 30, 2021. All such translations in this offering memorandum are provided solely for your convenience and no representation is made that the Renminbi amounts referred to herein have been, could have been or could be converted into U.S. dollars or H.K. dollars, or vice versa, at any particular rate or at all. For further information relating to the exchange rates, see the section entitled "Exchange Rate Information".

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

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

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

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

Unless the context otherwise requires, references to "2018", "2019" and "2020" in this offering memorandum are to our financial years ended December 31, 2018, 2019 and 2020, respectively, and references to "the first half of 2020" and "the first half of 2021" in this offering memorandum are to the six-month periods ended June 30, 2020 and 2021, respectively.

References to "contracted sales" refer to the purchase price of formal purchase contracts we entered into with purchasers of our properties. We compile contracted sales information (including contracted sales amounts, average selling price and GFA) through our internal records, and such information has not been audited or reviewed by our auditors. As these sales and purchases contracts are subject to termination or variation under certain circumstances pursuant to their contractual terms, or subject to default by the relevant purchasers, they are not a guarantee of current or future contracted sales. Contracted sales information included in this offering memorandum should in no event be treated as an indication of our revenue or profitability. Our subsequent revenue recognized from such contracted sales may be materially different from such contracted sales. Accordingly, contracted sales information contained in this offering memorandum should not be unduly relied upon as a measure or indication of our current or future operating performance.

References to "CCCC" are to China Communications Construction Company Limited, a joint stock limited company incorporated in the PRC with limited liability, whose H shares and A shares are listed on the SEHK and the Shanghai Stock Exchange, respectively.

References to "CCCG" are to China Communications Construction Group (Limited), a wholly state-owned company established on December 8, 2005 in the PRC.

References to "CCCG Group" are CCCG, CCCC and their subsidiaries.

References to "Senior Notes" are to the 2020 July USD Notes, the 2020 October USD Notes and the 2021 December USD Notes, collectively.

References to "Senior Notes Indentures" are to the 2020 July Senior Notes Indenture, the 2020 October Senior Notes Indenture and the 2021 December Senior Notes Indenture collectively.

References to "share" are to, unless the context indicates otherwise, an ordinary share, with a nominal value of HK$0.10, in our share capital.

References to "Wharf" are to The Wharf (Holdings) Limited, a non-controlling shareholder of the Company and references to "Wharf Group" are to Wharf and its subsidiaries.

References to "Xinhu Zhongbao" are to Xinhu Zhongbao Co., Ltd. (新湖中寶股份有限公司), a company established in the PRC with limited liability and references to "Xinhu Zhongbao Group" are to Xinhu Zhongbao and its subsidiaries.

References to "2015 Senior Notes Indenture" are to the indenture dated August 11, 2015 governing the 2015 USD Notes.

References to "2015 USD Notes" are to our 5.875% senior notes due 2020 in an aggregate principal amount of US$500 million, guaranteed by certain offshore subsidiaries of the Company and with the benefit of a keepwell deed and deed of equity interest purchase, investment and liquidity support undertaking provided by CCCG. On August 11, 2020, we have redeemed the 2015 USD Notes in full at maturity.

References to "2017 Perpetual Securities" are to the U.S. dollar denominated senior perpetual capital securities issued by Wisdom Glory Group Limited (an indirect wholly owned subsidiary of the

Company) and guaranteed by Greentown China Holdings Limited in an aggregate principal amount of US$450,000,000, with the benefit of a letter of support provided by CCCG. On July 20, 2020, Wisdom Glory Group Limited redeemed the 2017 Perpetual Securities in full.

References to “2018 Perpetual Securities” are to the U.S. dollar denominated senior perpetual capital securities issued by Twinkle Lights Holdings Limited (a direct wholly owned subsidiary of the Company) and guaranteed by Greentown China Holdings Limited in an aggregate principal amount of US$500,000,000, with the benefit of a keepwell deed and deed of equity interest purchase, investment and liquidity support undertaking provided by CCCG. On December 28, 2021, Twinkle Lights Holdings Limited redeemed the 2018 Perpetual Securities in full.

References to “2019 First Perpetual Securities” are to the U.S. dollar denominated senior perpetual capital securities issued by Champion Sincerity Holdings Limited (an indirect wholly owned subsidiary of the Company) and guaranteed by Greentown China Holdings Limited in an aggregate principal amount of US$400,000,000, with the benefit of a keepwell deed and deed of equity interest purchase, investment and liquidity support undertaking provided by CCCG. On February 8, 2022, Champion Sincerity Holdings Limited redeemed the 2019 First Perpetual Securities in full.

References to “2019 Second Perpetual Securities” are to the U.S. dollar denominated senior perpetual capital securities issued by Champion Sincerity Holdings Limited (an indirect wholly owned subsidiary of the Company) and guaranteed by Greentown China Holdings Limited in an aggregate principal amount of US$100,000,000. On February 8, 2022, Champion Sincerity Holdings Limited redeemed the 2019 Second Perpetual Securities in full.

References to “2019 USD Notes” are to our 4.55% senior notes due 2020 in an aggregate principal amount of US$600 million, guaranteed by certain offshore subsidiaries of the Company. On November 12, 2020, we redeemed the 2019 USD Notes in full at maturity.

References to “2019 Senior Notes Indenture” are to the indenture dated November 12, 2019 governing the 2019 USD Notes.

References to “2020 July USD Notes” are to our 5.65% senior notes due 2025 in an aggregate principal amount of US$300 million, guaranteed by certain offshore subsidiaries of the Company, with the benefit of a keepwell deed and deed of equity interest purchase, investment and liquidity support undertaking provided by CCCG.

References to “2020 October USD Notes” are to our 4.70% senior notes due 2025 in an aggregate principal amount of US$300 million, guaranteed by certain offshore subsidiaries of the Company.

References to “2021 December USD Notes” are to our 5.95% senior notes due 2024 in an aggregate principal amount of US$150 million, guaranteed by certain offshore subsidiaries of the Company.

References to “2022 January USD Bonds” are to our 2.30% credit enhanced bonds due 2025 in an aggregate principal amount of US$400 million, with the benefit of a standby letter of credit provided by China Zheshang Bank Co., Ltd. Hangzhou Branch.

References to “2020 July Senior Notes Indenture” are to the indenture dated July 13, 2020 governing the 2020 July USD Notes.

References to “2020 October Senior Notes Indenture” are to the indenture dated October 29, 2020 governing the 2020 October USD Notes.

References to “2021 December Senior Notes Indenture” are to the indenture dated December 22, 2021 governing the 2021 December USD Notes.

References to “2022 January USD Bonds Conditions” are to the terms and conditions governing the 2022 January USD Bonds.

References to "2022 January USD Bonds Trust Deed" are to the trust deed dated January 27, 2022, which constitutes the 2022 January USD Bonds, by and among, the Company and The Hongkong and Shanghai Banking Corporation Limited, as trustee.

A property is considered sold after we have executed the purchase contract with a customer and have delivered the property to the customer. All site area and gross floor area ("**GFA**") information presented in this offering memorandum represent the site area and GFA of the entire project, including those attributable to the minority shareholders of our non-wholly owned project companies. References to "sq.m." are to the measurement unit of square meters.

In this offering memorandum, unless otherwise indicated, all references to our projects include the Group's projects together with those of its joint ventures and associates.

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

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

In this offering memorandum, a land use rights certificate refers to a state-owned land use rights certificate (國有土地使用證) before March 1, 2015 or a real estate ownership certificate (不動產權證書) since March 1, 2015 issued by a local real estate and land resources bureau with respect to the land use rights; a construction land planning permit refers to a construction land planning permit (建設用地規劃許可證) issued by local urban zoning and planning bureaus or equivalent authorities in China; a construction works planning permit refers to a construction works planning permit (建設工程規劃許可證) issued by local urban zoning and planning bureaus or equivalent authorities in China; a construction permit refers to a construction works commencement permit (建築工程施工許可證) issued by local construction committees or equivalent authorities in China; a pre-sale permit refers to a commodity property pre-sale permit (商品房預售許可證) issued by local housing and building administrative bureaus or equivalent authorities with respect to the pre-sale of relevant properties; a certificate of completion refers to an inspection and acceptance form of construction completion (竣工驗收備案表); and a property ownership certificate refers to a property ownership certificate (房屋所有權證) (or in certain areas of the PRC, a property ownership and land use rights certificate (房地產權證)) before March 1, 2015 or a real estate ownership certificate (不動產權證書) since March 1, 2015 issued by a local real estate bureau with respect to the ownership rights of the buildings on the relevant land.

FORWARD-LOOKING STATEMENTS

This offering memorandum contains "forward-looking statements". These forward-looking statements relate to events that are subject to known and unknown risks, uncertainties and other factors, some of which are beyond our control, which may cause our 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 our present and future business strategies and the environment in which we will operate in the future. Important factors that could cause our actual results, performance or achievements to differ materially from those in the forward-looking statements include but are not limited to:

- our business, financing and operating strategies;
- our capital expenditure and property development plans;
- the amount and nature of, and potential for, future development of our business;
- our operations and business prospects;
- our financial condition and results of operations;
- various business opportunities that we may pursue;
- the interpretation and implementation of the existing rules and regulations relating to land appreciation tax ("**LAT**") and its future changes in enactment, interpretation or enforcement;
- the prospective financial information regarding our businesses;
- availability and costs of bank loans and other forms of financing;
- our dividend policy;
- the industry outlook generally;
- projects under development or held for future development;
- the regulatory environment of our industry in general;
- our proposed completion and delivery dates for our projects;
- the performance and future developments of the property market in China or any region in China in which we may engage in property development;
- changes in political, economic, legal and social conditions in China, including the specific policies of the PRC central and local governments affecting the regions where we operate, which affect land supply, availability and cost of financing, pre-sale, pricing and volume of our property development projects;
- significant delay in obtaining the various permits, proper legal titles or approvals for our properties under development or held for future development;
- timely repayments by our purchasers of mortgage loans guaranteed by us;
- changes in competitive conditions and our ability to compete under these conditions;

- the performance of the obligations and undertakings of the third-party contractors under various construction, building, interior decoration, material and equipment supply and installation contracts;

- currency exchange restrictions;

- changes in currency exchange rates; and

- other factors beyond our control.

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

ENFORCEABILITY OF CIVIL LIABILITIES

We are an exempted company incorporated in the Cayman Islands with limited liability, and each Subsidiary Guarantor is also incorporated outside the United States. The Cayman Islands has a different body of securities laws from the United States and protections for investors may differ.

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

We and each of the Subsidiary Guarantors expect to appoint Cogency Global Inc. as our and their respective agent to receive service of process with respect to any action brought against us or the Subsidiary Guarantors in the United States federal courts located in the Borough of Manhattan, The City of New York under the federal securities laws of the United States or of any state of the United States or any action brought against us or the Subsidiary Guarantors in the courts of the State of New York in the Borough of Manhattan, The City of New York under the securities laws of the State of New York.

We have been advised by our Cayman Islands legal adviser, that the courts of the Cayman Islands are unlikely (i) to recognize or enforce against us judgments of courts of the United States predicated upon the civil liability provisions of the securities laws of the United States or any of its states and (ii) in original actions brought in the Cayman Islands, to impose liabilities against us predicated upon the civil liability provisions of the securities laws of the United States or any of its states, on the grounds that such provisions are penal in nature. However, in the case of laws that are not penal in nature, although there is no statutory enforcement in the Cayman Islands of judgments obtained in the United States, the courts of the Cayman Islands will recognize and enforce a judgment of a foreign court of competent jurisdiction without retrial on the merits based on the principle that a judgment of a competent foreign court imposes upon the judgment debtor an obligation to pay the sum for which judgment has been given provided that such judgment is final and conclusive, for a liquidated sum, not in respect of taxes or a fine or penalty, is not inconsistent with a Cayman Islands' judgment in respect of the same matter, and was not obtained in a manner, and is not of a kind the enforcement of which is, contrary to the public policy of the Cayman Islands (awards of punitive or multiple damages may well be held to be contrary to public policy). A Cayman Islands' court may stay proceedings if concurrent proceedings are being brought elsewhere.

Our British Virgin Islands legal adviser has advised that it is doubtful whether the courts in the British Virgin Islands will enforce judgments obtained in the United States, against us or our directors or officers under the securities laws of the United States or entertain actions in the British Virgin Islands against us or our directors or officers under the securities laws of the United States.

We have been further advised by our British Virgin Islands legal adviser that the courts of the British Virgin Islands would recognize as a valid judgment, a final and conclusive judgment in personam obtained in the United States courts against us under which a sum of money is payable (other than a sum of money payable in respect of multiple damages, taxes or other charges of a like nature or in respect of a fine or other penalty) and would give a judgment based thereon provided that (a) such courts had proper jurisdiction over the parties subject to such judgment, (b) such courts did not contravene the rules of natural justice of the British Virgin Islands, (c) such judgment was not obtained by fraud, (d) the enforcement of the judgment would not be contrary to the public policy of the British Virgin Islands, (e) no new admissible evidence relevant to the action is submitted prior to the rendering of the judgment by the courts of the British Virgin Islands and (f) there is due compliance with the correct procedures under the laws of the British Virgin Islands.

Hong Kong has no arrangement for the reciprocal enforcement of judgments with the United States. However, under Hong Kong common law, a foreign judgment (including one from a court in the

United States predicated upon U.S. federal or state securities laws) may be enforced in Hong Kong by bringing an action in a Hong Kong court, and then seeking summary or default judgment on the strength of the foreign judgment, provided that the foreign judgment is for a debt or definite sum of money and is final and conclusive on the merits. In addition, the Hong Kong courts may refuse to recognize or enforce a foreign judgment if such judgment:

(a) was obtained by fraud;

(b) was rendered by a foreign court that lacked the appropriate jurisdiction at the time (as determined by Hong Kong jurisdictional rules);

(c) is contrary to public policy or natural justice;

(d) is based on foreign penal, revenue or other public law; or

(e) falls within Section 3(1) of the Foreign Judgment (Restriction on Recognition and Enforcement) Ordinance.

Further, we have been advised by our PRC legal adviser that there is uncertainty as to whether the courts of the PRC, would (i) enforce judgments of the U.S. courts obtained against us or our directors and officers predicated upon the civil liability provisions of the federal securities laws of the United States or the securities laws of any state or territory within the United States or (ii) entertain original actions brought in the courts of the PRC, respectively, against us or our directors and officers predicated upon the federal securities laws of the United States or the securities laws of any state or territory within the United States.

CAYMAN ISLANDS DATA PROTECTION

The Company has certain duties under the Data Protection Act (As Revised) of the Cayman Islands (the "**DPA**") based on internationally accepted principles of data privacy.

Prospective investors should note that, by virtue of making investments in the New Notes and the associated interactions with the Company and its affiliates and/or delegates, or by virtue of providing the Company with personal information on individuals connected with the investor (for example directors, trustees, employees, representatives, shareholders, investors, clients, beneficial owners or agents) such individuals will be providing the Company and its affiliates and/or delegates with certain personal information which constitutes personal data within the meaning of the DPA. The Company shall act as a data controller in respect of this personal data and its affiliates and/or delegates may act as data processors (or data controllers in their own right in some circumstances).

By investing in the New Notes, the holder of the New Notes shall be deemed to acknowledge that they have read in detail and understood the Privacy Notice set out below and that such Privacy Notice provides an outline of their data protection rights and obligations as they relate to the investment in the New Notes.

Oversight of the DPA is the responsibility of the Ombudsman's office of the Cayman Islands. Breach of the DPA by the Company could lead to enforcement action by the Ombudsman, including the imposition of remediation orders, monetary penalties or referral for criminal prosecution.

Privacy Notice

Introduction

The purpose of this notice is to provide holder of the New Notes with information on the Company's use of their personal data in accordance with the DPA.

In the following discussion, "Company" refers to the Company and its affiliates and/or delegates, except where the context requires otherwise.

Investor Data

By virtue of making an investment in the Company and a holder of the New Notes' associated interactions with the Company (including any subscription (whether past, present of future), including the recording of electronic communications or phone calls where applicable) or by virtue of a holder of the New Notes otherwise providing the Company with personal information on individuals connected with the holder of the New Notes as an investor (for example directors, trustees, employees, representatives, shareholders, investors, clients, beneficial owners or agents), the holder of the New Notes will provide the Company with certain personal information which constitutes personal data within the meaning of the DPA ("**Investor Data**"). The Company may also obtain Investor Data from other public sources. Investor Data includes, without limitation, the following information relating to a holder of the New Notes and/or any individuals connected with a holder of the New Notes as an investor: name, residential address, email address, contact details, corporate contact information, signature, nationality, place of birth, date of birth, tax identification, credit history, correspondence records, passport number, bank account details, source of funds details and details relating to the holder of the New Notes' investment activity.

In the Company's use of Investor Data, the Company will be characterized as a "data controller" for the purposes of the DPA. The Company's affiliates and delegates may act as "data processors" for the purposes of the DPA.

Who this Affects

If a holder of the New Notes is a natural person, this will affect such holder of the New Notes directly. If a holder of the New Notes is a corporate investor (including, for these purposes, legal arrangements such as trusts or exempted limited partnerships) that provides the Company with Investor Data on individuals connected to such holder of the New Notes for any reason in relation to such holder of the New Notes' investment with the Company, this will be relevant for those individuals and such holder of the New Notes should transmit the content of this Privacy Notice to such individuals or otherwise advise them of its content.

How the Company May Use a Holder of the New Notes' Personal Data

The Company, as the data controller, may collect, store and use Investor Data for lawful purposes, including, in particular:

(i) where this is necessary for the performance of the Company's rights and obligations under any subscription agreements or purchase agreements;

(ii) where this is necessary for compliance with a legal and regulatory obligation to which the Company is subject (such as compliance with anti-money laundering and the Foreign Account Tax Compliance Act or the Common Reporting Standard requirements); and/or

(iii) where this is necessary for the purposes of the Company's legitimate interests and such interests are not overridden by the holder of the New Notes' interests, fundamental rights or freedoms.

Should the Company wish to use Investor Data for other specific purposes (including, if applicable, any purpose that requires a holder of the New Notes' consent), the Company will contact the applicable holder of the New Notes.

Why the Company May Transfer a Holder of the New Notes' Personal Data

In certain circumstances the Company and/or its authorized affiliates or delegates may be legally obliged to share Investor Data and other information with respect to a holder of the New Notes' interest in the Company with the relevant regulatory authorities such as the Cayman Islands Monetary Authority or the Tax Information Authority. They, in turn, may exchange this information with foreign authorities, including tax authorities.

The Company anticipates disclosing Investor Data to others who provide services to the Company and their respective affiliates (which may include certain entities located outside the Cayman Islands or the European Economic Area), who will process a holder of the New Notes' personal data on the Company's behalf.

The Data Protection Measures the Company Takes

Any transfer of Investor Data by the Company or its duly authorized affiliates and/or delegates outside of the Cayman Islands shall be in accordance with the requirements of the DPA.

The Company and its duly authorized affiliates and/or delegates shall apply appropriate technical and organizational information security measures designed to protect against unauthorized or unlawful processing of Investor Data, and against accidental loss or destruction of, or damage to, Investor Data.

The Company shall notify a holder of the New Notes of any Investor Data breach that is reasonably likely to result in a risk to the interests, fundamental rights or freedoms of either such holder of the New Notes or those data subjects to whom the relevant Investor Data relates.

SUMMARY

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

Overview

We are one of the leading property developers in the PRC. We offer a wide range of high quality housing such as villas, low-rise, multi-story and high-rise residential apartments, urban complexes, integrated communities, as well as hotels and commercial property. Since our establishment in 1995 as a private real-estate developer in Hangzhou, we have been based in Zhejiang Province, one of the most economically vibrant provinces in the PRC. With property projects covering most of the economically prosperous cities such as Hangzhou, Ningbo, Taizhou, Shaoxing and other cities in Zhejiang Province, we have achieved significant scale and built a strong reputation. We have successfully set foot in other important cities in the PRC, including Shanghai, Anhui and Jiangsu in the Yangtze River Delta Area, Shandong, Beijing, Hebei, Liaoning and Tianjin in the Bohai Rim Area, Guangdong in the Greater Bay Area, Hunan, Hubei and Jiangxi in the middle reaches of the Yangtze River Area, Chongqing and Sichuan in the Chengdu-Chongqing Area, as well as other provincial cities and areas such as Hainan, Shaanxi, Heilongjiang, Henan, Xinjiang, Fujian and Yunnan. We also recently expanded our presence overseas to Jakarta, Indonesia, Coquitlam, Canada and Seattle, Washington, USA. For 17 consecutive years, from 2005 to 2021, we were recognized as one of the top 10 Chinese real estate enterprises by comprehensive strength and one of the top 10 largest Chinese real estate enterprises by three authoritative institutions, namely the Development Research Center of the State Council, The Institute of Real Estate Studies at Tsinghua University and The China Index Academy. As at June 30, 2021, these three authoritative institutions have also recognized us as a leading brand among Chinese real estate enterprises based on customer satisfaction for nine consecutive years. In 2020, we received a number of other awards and recognitions, including "China's Real Estate Industry Competitiveness Benchmark Enterprises," and "China's Real Estate Branded Enterprises by Contribution". In 2021, we were ranked as No.1 among top "Chinese Real Estate Enterprises with Excellent Product Strength" and ranked among "Top 10 Among 100 China Real Estate By Brand Value 2021" and the "Top 10 Brands of Chinese Real Estate Companies (Mixed Ownership)," an award we have received for 18 consecutive years from 2004 to 2021. We believe our quality properties, unique architectural aesthetics and customer-focused residential services have enabled us to establish and maintain a leading position in the real estate industry in the PRC.

Our focus is on first-tier and second-tier cities as well as quality third-tier and fourth-tier cities, with an emphasis on creating and developing unique projects such as featured towns, sports projects and transit-oriented development ("TOD") projects. As at June 30, 2021, we had a total of 251 projects at various stages of development in various provinces, autonomous regions and direct-controlled municipalities, including the Yangtze River Delta Area, the Bohai Rim Area, the Greater Bay Area, the middle reaches of the Yangtze River Area, the Chengdu-Chongqing Area, other areas in China and overseas (including Jakarta, Indonesia, Coquitlam, Canada and Seattle, Washington, USA). As at June 30, 2021, our 251 projects comprise a total GFA of 60.34 million sq.m., of which 34.95 million sq.m. was attributable to the Group. See "*Business—Overview of Our Property Developments and Land Bank*" for further details.

We are a mixed ownership enterprise and in addition to our property development business, we engage in light asset businesses including project management, living services and architecture technology businesses. We have constructed more than 800 property communities and the scope of our business covers more than 20 provinces, autonomous regions and direct-controlled municipalities. We believe we can leverage on our experience in developing high quality projects and accumulated operational capabilities for further expansion.

We commenced our project management business in September 2010, comprising commercial project management, government project management and capital project management. Since then, we have taken steps to expand this business with the acquisition of Greentown Dingyi Real Estate Investment Management Company Limited and Greentown Shidai City Construction & Development Company Limited in September 2015 to establish Greentown Project Management Group ("Greentown Project Management"). In June 2016, we undertook a restructuring of Bluetown Property Construction Management Group Co., Ltd. ("Bluetown"), which included the integration of the project management business of Bluetown with Greentown Project Management, further expanding its scale. We believe we are one of the leading companies in the project management industry in the PRC based on size, including the total GFA of projects under management, revenue and sales, and that the resources of the Group's network has helped us to deliver brand value and management expertise that have been well received in the real estate market. For example, the Group has been named "Leading Enterprise in Real Estate Project Management Operation in China" (中國房地產代建運營優秀企業) for five consecutive years (as of 2021), has won an "Annual CSR Contribution Award" (年度CSR貢獻獎) for three consecutive years (as of 2019) and was awarded "Annual Influential Business Model Award" (年度影響力商業模式大獎) for two consecutive years (as of 2019). Leveraging our construction capabilities and high quality products and through implementing standardized operations, the scale of our project management business expanded consistently. As at June 30, 2021, Greentown Project Management had a total of 334 projects under management, with a planned total GFA of approximately 84.00 million sq.m. On July 10, 2020, we successfully spun off and listed Greentown Project Management on SEHK. Since its listing, Greentown Project Management consolidated its marketing leading position in the project management industry, continued to implement our asset-light strategy and enhanced the business synergy between our heavy asset and light asset businesses.

In January 2019, in line with the Group's plan to transition from a traditional property developer to a comprehensive, integrated services provider, and to further optimize our organizational structure, promote hierarchical and systematic management and improve management efficiency, we consolidated the businesses of our subsidiaries by reducing the number of our subsidiaries from 16 to 11 to form an "8+3" structure, which encompasses light assets and heavy assets. Light assets include project management, asset management, housing 4S and quality living services, and heavy assets include property investment and development, and unique town development. In 2019, we also established four new divisions, namely, featured real estate, town development, financial and commerce management divisions to coordinate resources at all levels and enhance operational efficiency, in addition to the seven functional divisions at the group level (which we collectively referred to as a "7+4" internal structure). Using a three-tier management structure of "Group-region-project," we appointed senior executives to also take on the role as Chairman of our regional companies, which we plan to use to manage projects in designated regions to promote business integration and optimize work allocation. To improve the efficiency of our human resources, in 2020, we formed 29 project groups under a management and control system that facilities business integration, which we believe has enhanced our operational efficiency and promoted internal resource coordination. We believe these changes led to improvements in our turnover efficiency, helping to streamline our management structure while minimizing operating costs. In 2020, to optimize our organizational structure, we established ten business committees to stream-line decision-making mechanism and improve management efficiencies. Furthermore, as an incentive to our employees, we implemented a co-investment scheme, which enables the project team to co-invest in projects and subsequently share the risk and return with us to further improve project investment quality, operational efficiency and profitability, as well as a share aware scheme. See "*Management—Share Award Scheme*" for further details.

Our revenue comes mainly from property sales, as well as from hotel operations, property rental, project management, sales of construction materials and design and decoration. In the first half of 2021, our revenue was RMB36,135 million (US$5,597 million), representing an increase of 51.2% from RMB23,896 million recorded in the first half of 2020. Our net profit for the first half of 2021 equaled RMB3,910 million (US$606 million), representing an increase of 24.9% from RMB3,130 million in the first half of 2020. Profit attributable to the owners of the Company amounted to RMB2,418 million (US$375 million) in the first half of 2021, representing an increase of 15.4% compared with RMB2,096 million in the first half of 2020. After deduction of the post-tax effect of foreign exchange gains and losses, gains from acquisitions, the provision and reversal of impairment losses on certain assets and the fair value adjustments on certain assets, the core profit attributable to the owners of the Company amounted to RMB2,725 million (US$422 million), representing an increase of 11.9% from RMB2,435 million in the first half of 2020. In the first half of 2021, we achieved basic earnings per share of RMB0.71 (US$0.11), representing a slight increase from RMB0.65 in the first half of 2020.

Our revenue comes mainly from property sales, as well as from hotel operations, property rental, project management, sales of construction materials and design and decoration. In 2020, our revenue was RMB65,783 million (US$10,189 million), representing an increase of 6.8% from RMB61,593 million recorded in 2019. Our net profit for 2020 equaled RMB5,763 million (US$893 million), representing an increase of 46.5% from RMB3,935 million in 2019. Profit attributable to the owners of the Company amounted to RMB3,796 million (US$588 million) in 2020, representing an increase of 53.1% compared with RMB2,480 million in 2019. After deduction of the post-tax effect of foreign exchange gains and losses, gains from acquisitions, the provision and reversal of impairment losses on certain assets and the fair value adjustments on certain assets, the core profit attributable to the owners of the Company amounted to RMB3,993 million (US$618.4 million), representing a decrease of 7.9% from RMB4,336 million in 2019, mainly due to the decrease in gross profit margin. In 2020, we achieved basic earnings per share of RMB1.05 (US$0.16), representing a 90.9% increase over RMB0.55 per share recorded in 2019.

In the first half of 2021, total contracted sales were approximately RMB171.7 billion(US$26.6 billion) (the first half of 2020: RMB91.2 billion) with a total contracted sales area of approximately 7.24 million sq.m. (the first half of 2020: 4.31 million sq.m.), total contracted sales from self-investment projects were approximately RMB136.9 billion (US$21.2 billion) (the first half of 2020: RMB66.1 billion) with a total contracted sales area of approximately 4.85 million sq.m. (the first half of 2020: 2.65 million sq.m.), of which approximately RMB71.3 billion (US$11.0 billion) was attributable to the Group (the first half of 2020: RMB38.2 billion), and total contracted sales from projects under project management were approximately RMB34.8 billion (US$5.4 billion) (the first half of 2020: RMB25.1 billion) with a total contracted sales area of approximately 2.39 million sq.m. (the first half of 2020: 1.66 million sq.m.).

In 2020, total contracted sales were approximately RMB289.2 billion (US$44.8 billion) (2019: RMB201.8 billion) with a total contracted sales area of approximately 13.85 million sq.m. (2019: 10.27 million sq.m.), total contracted sales from self-investment projects were approximately RMB214.7 billion (US$33.3 billion) (2019: RMB135.4 billion) with a total contracted sales area of approximately 8.25 million sq.m. (2019: 5.22 million sq.m.), of which approximately RMB119.4 billion (US$18.5 billion) was attributable to the Group (2019: RMB76.8 billion), and total contracted sales from projects under project management were approximately RMB74.5 billion (US$11.5 billion) (2019: RMB66.4 billion) with a total contracted sales area of approximately 5.60 million sq.m. (2019: 5.05 million sq.m.).

Please see the "*Recent Developments*" section, for further details of our recent developments post June 30, 2021.

Our Competitive Strengths

Leading high-end property developer in China with strong brand recognition

We are a leading property developer in China with a nationwide footprint and market leadership in Zhejiang province, one of the most prosperous and developed provinces in the PRC and Hangzhou. In addition to Zhejiang, we have developed high quality projects in major cities including Shanghai, Jiangsu and Anhui in the Yangtze River Delta Area, Shandong, Beijing, Hebei, Liaoning and Tianjin in the Bohai Rim Area, Guangdong in the Greater Bay Area, Hunan, Hubei and Jiangxi in the middle reaches of the Yangtze River Area, Chongqing and Sichuan in the Chengdu-Chongqing Area, as well as other provincial cities and areas such as Hainan, Shaanxi, Heilongjiang, Henan, Xinjiang, Fujian and Yunnan. From 2005 to 2021, we have been ranked as one of the Top 10 Among 100 Chinese Real Estate Enterprises by Comprehensive Strength in China for 17 consecutive years, jointly by the Development Research Center of the State Council, the Institute of Real Estate Studies at Tsinghua University and The China Index Academy.

Our long-standing leading position has been maintained as a result of our strong brand recognition and successful track record of consistently providing customers with top quality products and services. We have received numerous awards from both institutions and customer surveys, including the Influential Enterprise in the Real Estate Industry 2020 from the 2020 Gold Brick Award "2020 China Green Real Estate Top 10", "2020 China Full Renovation Enterprises Top 10," "2020 China Green Real Estate Operation Index Top 10," "2020 China Prefabricated Construction Enterprises Top 10," and the "Top 10 Brands of Chinese Real Estate Companies (Mixed Ownership)," an award we have received for 18 consecutive years from 2004 to 2021, and "Top 10 Among 100 China Real Estate By Brand Value 2020." In 2020, we also received honors such as "Blue Chip Enterprises," "Comprehensive Brand Power Enterprises" and "Zhejiang Brand Benchmark Enterprise." In 2021, we were ranked as No.1 among top "Chinese Real Estate Enterprises with Excellent Product Capability." In 2021, the China Index Academy issued the "Report of Housing Satisfaction of Urban Residents in China 2021," which indicated that our overall satisfaction among urban residents was steady, loyalty remained high, and our performance was positive. In the survey, we scored 88.7 points, which is higher than the industry average by 12.1 points. Of the 14 cities whose survey we participated in, we ranked first in all 14 cities based on customer satisfaction. In terms of overall loyalty in 2021, we maintained a high of 85.2%, which was higher than the industry average of 60.4%. In 2021, we were also named as one of "Top 10 among 100 China Real Estate By Brand Value 2021" with a comprehensive brand value of approximately RMB86.3 billion. We were awarded the "Chinese Leading Real Estate Companies by Customers Satisfaction" for nine consecutive years through 2020 for our quality products and services as well as received awards such as "Enterprises with social responsibilities" for several years. We believe our quality properties, unique architectural aesthetics and customer-focused residential services have enabled us establish and maintain a leading position in the real estate industry in China. In addition, we believe our superior operational capabilities, long-term commitment to excellent quality and customer service and widely-recognized brand will continue to reinforce our brand and market leadership, which would in turn increase the sell-through of our property products and the expansion of our non-property business.

Diversified product offering with a focus on residential properties

We have continually improved and enhanced our product mix to respond to the demands of customers and maintain our competitiveness in the market. We currently offer a diverse range of product types, including villas, flat mansions, low-rise and high-rise apartments, urban complexes and integrated community developments. We have devised a replication module, wherein we build a branded product series based on successful existing projects, and replicate new projects in other regions with additional features incorporating local elements. Many of our branded product series have received positive feedback from our customers and we believe our branded product series has strengthened our customer loyalty and solidified our brand name.

We are also actively entering into the "themed estate" market to further broaden our space for development, including urban complexes in second and third tier cities, housing estates for retired communities and tourist-oriented estates. As a result of detailed market analysis and research, we ensure that we develop projects which are suited to the demographics and market demand of each project location. Though our focus is on residential property development, we have diversified into mixed-use developments and commercial property as well as the development of unique projects such as featured towns, sports competition projects and TOD projects, being projects that are often strategically designed to maximize access to public transportation. We also generate additional recurring revenue from rental income from investment properties, property management and hotel operations. See "*Business—Our Business Strategies—Increased focus on scalability of the business.*"

Sizeable quality land bank ensuring sustainable future development and growth

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 successfully accumulated a sizeable, quality land bank, which, as at June 30, 2021, consisted of 251 projects at various stages of development in various provinces, autonomous regions and direct-controlled municipalities, including the Yangtze River Delta Area (including Zhejiang, Hangzhou, Jiangsu, Anhui and Shanghai area), the Bohai Rim Area, the Greater Bay Area, the middle reaches of the

Yangtze River Area, the Chengdu-Chongqing Area, other areas in China and overseas in Indonesia, Canada and the United States. As at June 30, 2021, our 251 projects comprise a total GFA of 60.34 million sq.m., of which 34.95 million sq.m. was attributable to the Group, and total saleable area amounted to 40.48 million sq.m. of which 23.36 million sq.m. was attributable to the Group. We believe that our existing land reserves are sufficient for the coming three years of development.

Prudent financial management reinforced by disciplined cost controls and acquisition strategy

We adopt a prudent financial management approach and implement disciplined cost controls with respect to project development in order to maximize profitability. We closely monitor our capital position and carefully manage our land acquisitions, construction costs and operating expenses. We believe that through centralizing the procurement of building materials and standardizing construction and decoration costs for projects in different price segments, we are able to effectively control our construction costs. For example, in 2018, we effectively carried out measures to make our products more "standardized, industrialized, technology-based, and environmentally friendly," shorten the construction period of our projects and reduce construction costs while ensuring product quality. In 2019, through centralized strategic procurement, we procured 70 product categories (representing a year-on-year increase of 16 categories), and reduced prices by 6% to 20%, generating cost savings of RMB126 million. In the first half of 2021, through a number of cost optimization measures, as well as strategic cooperation initiatives and centralized supply chain procurement, we utilized 97% of materials procured through centralized procurement, and our overall construction cost was 1.5% lower than our target.

Experienced management team backed by top quality partners

Our senior management team members have extensive experience in the PRC real estate industry and expertise in project development and business management. We believe that our highly experienced senior management members will enable us to maintain the growth of our business. We continually seek to attract and retain management talent in accordance with our aim to further expand our business operations.

Our strong brand name and consistent track record has enabled us to form partnerships with top quality corporations, including strategic partners such as CCCG, Wharf and Xinhu Zhongbao and other established JV partners. Our strategic partnerships bring and will continue to bring synergies to our operations by strengthening our financial position and providing joint development opportunities. For example, in the past three years, with the support of our substantial shareholders, including our strategic partners, we have continuously optimized our corporate governance structure and management structure, which we believe has improved our results of operations. In particular, we believe the directors and management assigned to us by CCCG have integrated well with us, and contribute to maintaining our corporate characteristics, improving our corporate and promoting strategic development, among other things. We have also successfully co-established a joint venture platform with Wharf (the "**Green-Wharf Platform**") and co-developed multiple projects with Wharf. We believe the strategic partnership with Xinhu Zhongbao could benefit both parties in terms of land acquisition and project development, which facilitates the consolidation of our leading position as a national real estate developer. See "*Business—Strategic Partnerships.*"

Our Business Strategies

We aim to be an "ideal life" integrated service provider in China by focusing on qualities such as attention to detail, exquisiteness of products, and sincerity in service to continuously improve customers' satisfaction. The quality of our products is our key guiding principle. At the same time, we will continue to focus on being customer-oriented.

In late 2020, in response to the changes in regulations and industry dynamics, we formulated the Strategic 2025 plan. Pursuant to our Strategic 2025 plan, our core strategic objective is to thrive through expansion in scale and grow through improvement in quality. We aim to focus on building ourselves as the "quality benchmark among the Top 10," and maintaining our leading position in product innovation, product quality customer satisfaction and overall performance.

Continuously promote our brand image through improving the quality of products and services

Through meticulous project design and management and quality control, we will continue to improve the quality of the Company's products. At the same time, we will continue to promote the "estate community life services system" by improving the range of our services and the living quality of the residents in order to maintain our brand image and market leading position in terms of residents' satisfaction. In 2018, our brand building efforts included the roll-out of our first "Greentown Life Developers Conference," which we used as a model for comprehensive brand building in 11 newly developed cities and the implementation of four community living service systems. In 2019, we systematically sorted out our product families and completed a comprehensive product categorization covering eight product series, 22 product categories and 22 product styles with an aim to standardize the design, development and quality of our products. In the first half of 2021, we jointly published the Greentown China Technical Guidance Manual for Prefabricated Interior Decoration with China Institute of Building Standard Design and Research, which we believe will help establish our standards as the benchmark for the industry.

Customer and community support is a valuable asset and driver of the Company. Continuous improvement of service quality is one of our long-term development strategies. In relation to our service strategy, we plan to continue increasing our investments in projects with a high level of return attributable to services, transform our service model from a traditional property management developer to a comprehensive and ideal living services provider, and explore and implement both a service model and a commerce model within the living services industry in China. In 2019, through the second "Greentown Life Developers Conference" we launched a second version of our living service system (living service system 2.0), which aims to optimize service content through customization, improve service efficiency through commoditization, combine the online-offline experience through digitalization, and ensure continuous service throughout our commercial operations. We believe these changes will enhance our overall customer service system.

Product diversification to expand customer base and optimization of land bank

We will continue to invest a large portion of our time and efforts in strengthening our research and development, including analyzing market demand and geographical characteristics, in order to further enrich our product lines to serve different segment of customers. Under the premise of maintaining excellent quality, we will further optimize our designs and diversify our product mix to cater to the high-end, mid to high-end and mainstream market, in order to enhance the competitiveness of our products. At the same time, we also plan to expand the scale of featured projects such as ideal towns, TOD, public landmarks and resettlement housing, and gradually establish competitive barriers to gain more opportunities to obtain projects with low land prices.

We plan to continue to adopt city-specific strategies, including conducting research on target cities, and seize opportunities to strategically replenish our land bank, and form a combination of general development projects and strategic projects. We expect to evaluate potential investments and optimize our land reserves by deepening our footprint in the five major urban agglomerations (Yangtze River Delta, Greater Bay, Bohai Rim, the middle reaches of the Yangtze River and Chengdu-Chongqing), while further expanding around core first-tier and second-tier cities. We may also seek to replenish land resources in selected third-tier and fourth-tier cities.

In addition to leveraging the resources of our major shareholders like CCCG, Wharf and Xinhu Zhongbao and strengthening our cooperation relationship with strategic partners to form a wider range of strategic collaborations to expand our land bank, we also plan to widen our investment channels. In addition to considering investment opportunities including regional comprehensive development projects, urban renewal, industrial property projects, rural land projects, TOD projects and the execution of pilot programs for integrated development models such as industry and city integration, we plan to enhance our investment efforts and quality of our investment projects through auctions, listings and tendering as well as strengthening our capabilities for mergers and acquisitions. As of the date of this offering memorandum, our TOD model has been recognized by several local governments and we are focusing on TOD projects in cities such as Hangzhou, Fuzhou, Dalian, Harbin, Ningbo and Foshan.

Increased focus on scalability of the business

To further increase the scalability of our business, we plan to continue developing our existing strengths as well as widen the scope of our capabilities by placing a strong emphasis on our three main business lines, namely heavy assets, light assets and "Greentown+." For heavy assets, we remain focused on real estate investment and development, including deepening our foothold in core cities, increasing turnover rates without sacrificing product quality, and replenishing quality land parcels in a timely manner. See "*—Product diversification to expand customer base and optimization of land bank.*" We have developed eight categories of products, namely, residential properties, commercial properties, urban complexes, public properties (such as hospitals and schools), social security properties, ideal towns, sports series (games villages) and Young City series (TOD projects such as Ningbo Young City), all of which are designed to stand out across different market segments. In particular, we are focused on the development of town projects and featured projects. As at June 30, 2021, we have extended our town business to 21 cities and secured 11.92 million sq.m. of planned GFA. We have accelerated the promotion of featured projects, and increased the proportion of land acquisition using an application mechanism to help us capture opportunities brought by the rapid development of railway transportation in the PRC. As at June 30, 2021, we have launched nearly 20 TOD projects featuring multi-regions, multi-categories and multi-types of businesses in various cities, such as Hangzhou, Ningbo, Fuzhou and Foshan. Furthermore, as at June 30, 2021, we have successfully won the tender for four reconstruction projects of old communities in Hangzhou, signed contract for one project in Shenzhen and launched two community projects in Quzhou and Ningbo. We seek to be a driving force for new urbanization and rural revitalization, and turn these initiatives into our new growth points.

For light assets, our focus is on real estate project management, which includes the provision of commercial and government project management services to our customers, and we seek to maintain our leading position and further achieve economies of scale and improve profitability. In addition, we aim to establish a project management sub-brand, upgrade our current project management model and improve management mechanisms to enhance the quality of our project management products and help us retain our competitive advantage in the project management industry.

For "Greentown+," our focus is to leverage technology to strengthen the connection and integration of different segments along the real estate industry chain as well as to expand the business scale of our living services. To support our strategic plan and explore additional growth opportunities in ideal life services, we are undertaking seven emerging businesses, namely urban renewal, healthcare services, housing 4S services, living service platform, housing-decoration-and-engineering principal contracting services and prefabricated interior decoration services. In 2020, we and Greentown Service Group Co. Ltd. ("Greentown Service") jointly established the "Greentown Living Services Committee (綠城生活服務委員會)," to achieve strategic synergy, and deepen management and business integration in the living services sector.

Cost controls, financial discipline and prudent land acquisition strategy to improve profitability

We plan to continue exerting stringent controls over construction costs and land acquisition which will improve our profitability. Regarding acquisition of land, we will work together with external market consultants to assess the risks and returns associated with new projects. We have also set price limits for our land acquisitions to avoid the purchase of overpriced projects, minimizing the negative impact on our overall cash flow and financial position and aimed at improving the gross profit of our development projects. In terms of construction costs, we have established an e-commerce procurement center to centralize the procurement of building materials, which will effectively lower the relevant costs. We aim to standardize construction and decoration costs for products under different price ranges through our use of the 'Greentown Product Catalog,' which we believe enables us to control costs more systematically. We also continue to refine our financial management and control and leverage CCCG's financial discipline and internal control process to achieve a balance between quality and profit. We believe the optimization of cost control mechanisms, bidding and tender mechanisms and procedure supervision systems will help to improve our cost control for the whole production process and our profitability.

__Optimization of the debt structure and decreasing inventory to reduce financial costs__

In addition to the continuous effort to lower our gearing ratio, we are also focusing on optimizing our debt structure. We seek to reduce the level of short-term borrowings so as to balance the debt maturity profile. We will carefully explore available means of financing, and adjust the debt portfolio to lower the average cost of borrowing. Examples of offshore financing we obtained in 2020 include the issuance of two series of three-year U.S. dollar senior notes, being the 2020 July Notes and the 2020 October Notes. For our onshore financing, we issued public bonds in an aggregate principal amount of RMB22.295 billion with an average interest rate of 3.63% in 2020, including corporate bonds, medium-term notes, perpetual medium-term notes and balance payment asset back securities ("ABS"). We issued public bonds in an aggregate amount of RMB12.462 billion with an average interest rate of 3.73% in the first half of 2021, including corporate bonds and project revenue notes and supply chain ABS. We also aim to further improve our financing innovation capability, liquidate dormant assets, explore new financing channels and innovatively promote securitization. For example, in 2020, we issued hotel real estate investment trust ("REIT") and supply chain ABS. Our subsidiary, Greentown Decoration Project Group, also issued a private placement bonds as a debut of our "Greentown +" business in the onshore capital markets. In the first half of 2021, we issued our first project revenue notes. See "*Description of Material Indebtedness and Other Obligations*" for further details. We will continue to explore new financing channels and opportunities to dispose projects or part of projects that have a relatively longer payback cycle in order to improve cash flow and optimize the structure of our land bank.

We will also continue to focus on decreasing the level of our inventory to improve cash flow by implementing specific and effective measures to address the characteristics of different regions and projects. Such measures include adopting flexible pricing strategies to increase turnover rate and improve cash flow with respect to regions with higher inventory and longer turnover time. For further details of our inventory reduction in 2020, see "*Business—Sales and Marketing.*"

General Information

We were incorporated in the Cayman Islands on August 31, 2005 as an exempted company with limited liability, with registered number 154283. Our principal place of business in the PRC is at 10th Floor, Block A, Huanglong Century Plaza, No. 1 Hangda Road, Hangzhou 310007, Zhejiang Province, The People's Republic of China. Our place of business in Hong Kong is at Room 1406–8, 14th Floor, New World Tower, Queen's Road Central, Hong Kong. Our registered office is located at Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. Our websites are www.chinagreentown.com and www.chinagreentown.cn. Information contained on our website does not constitute part of this offering memorandum.

THE OFFERING

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

Issuer .... Greentown China Holdings Limited (the "**Company**").

New Notes Offered .... US$150,000,000 aggregate principal amount of 4.7% senior notes due 2025 (the "**New Notes**"), to be consolidated and form a single series with the US$300,000,000 principal amount of 4.7% senior notes due 2025 issued on October 29, 2020 (the "**Original Notes**", together with the New Notes, the "**Notes**"). The terms for the New Notes are the same as those for the Original Notes in all respects except for the issue date and issue price. The New Notes will be immediately fungible with the Original Notes upon issuance.

Issue Price .... 96.558% plus accrued interest from (and including) October 29, 2021 to (but excluding) the Issue Date of the New Notes.

Original Issue Date..................... October 29, 2020

Maturity Date .... April 29, 2025

Interest .... The New Notes will bear interest at a rate of 4.7% per annum, payable semi-annually in arrears on April 29 and October 29 of each year, commencing April 29, 2022.

Ranking of the Notes .... The Notes are:

- general obligations of the Company;
- senior in right of payment to any existing and future obligations of the Company expressly subordinated in right of payment to the Notes;
- at least *pari passu* in right of payment with the 2020 July USD Notes and the 2021 December USD Notes and all other unsecured, unsubordinated Indebtedness of the Company (subject to any priority rights of such unsubordinated Indebtedness pursuant to applicable law);
- guaranteed by the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any) on a senior basis, subject to the limitations described below under "*Description of the Notes—Subsidiary Guarantees and JV Subsidiary Guarantees" and "Risk Factors—Risks Relating to the Subsidiary Guarantees and the JV Subsidiary Guarantees;*"
- effectively subordinated to secured obligations of the Company, the Subsidiary Guarantors and the JV Subsidiary Guarantors, to the extent of the value of the assets serving as security therefor; and

- effectively subordinated to all existing and future obligations of the Non-Guarantor Subsidiaries (as defined below).

Subsidiary Guarantees and JV Subsidiary Guarantees (if any)	Each of the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any) will, jointly and severally, guarantee the due and punctual payment of the principal, premium, if any, interest, and all other amounts payable under, the Notes. A Subsidiary Guarantee given by a Subsidiary Guarantor and a JV Subsidiary Guarantee given by a JV Subsidiary Guarantor may be released in certain circumstances. See "*Description of the Notes—Subsidiary Guarantees and JV Subsidiary Guarantees—Release of Subsidiary Guarantees and JV Subsidiaries Guarantees.*" The Subsidiary Guarantors on the date the Notes are issued consist of all of the Offshore Restricted Subsidiaries, other than Champion Sincerity Holdings Limited, Crown Gain Development Limited, Dazzling Forever Limited, Fortune Pointer Limited, Great Horizons Limited, Greentown Australia Pty Ltd, Greentown Holdings (Canada) Inc., Greentown Property (U.S.) Inc. (previously known as Greentown Holdings (U.S.) Inc.), Greentown Management Holdings Company Limited, Growiser Property Inc., Growiser Property Management Inc., GT Overseas Pte. Ltd., Mainwide (H.K.) Limited, Pacific Fame Pte. Ltd., Pacific Good (H.K.) Limited, Royal High Limited, Sinofame (H.K.) Limited, Twinkle Lights Holdings Limited, Win Most Global Limited, Footstep Property Limited, Greentown US Management Service LLC, 800 Columbia Project Company, LLC and Magic Delight Limited. The Subsidiary Guarantors are holding companies that do not have significant operations. None of the existing Restricted Subsidiaries organized under the laws of the PRC provided a Subsidiary Guarantee or JV Subsidiary Guarantee on the Original Issue Date or will provide a Subsidiary Guarantor JV and Subsidiary Guarantee at any time in the future and no future Restricted Subsidiaries organized under the laws of the PRC will provide a Subsidiary Guarantee or JV Subsidiary Guarantee at any time in the future (together, the "**PRC Restricted Subsidiaries**"). See "*Risk Factors—Risks relating to the Subsidiary Guarantees and the JV Subsidiary Guarantees—Guarantees may in some cases be replaced by limited-recourse guarantees.*"

None of the existing Restricted Subsidiaries organized in any jurisdiction other than the PRC that is prohibited by applicable law or regulation to provide a Subsidiary Guarantee or JV Subsidiary Guarantee will provide a Subsidiary Guarantor JV and Subsidiary Guarantee at any time in the future (together, the "**Exempted Subsidiaries**"); **provided that** (x) we have failed, upon using commercially reasonable efforts, to obtain any required governmental or regulatory approval or registration with respect to such Subsidiary Guarantee or JV Subsidiary Guarantee, to the extent that such approval or registration is available under any applicable law or regulation and (y) such Restricted Subsidiary shall cease to be an Exempted Subsidiary immediately upon such prohibition ceasing to be in force or apply to such Restricted Subsidiary or upon our having obtained such applicable approval or registration.

None of the Listed Subsidiaries will provide a Subsidiary Guarantee or JV Subsidiary Guarantee at any time in the future.

In addition, the Company may designate any Offshore Restricted Subsidiary as an Offshore Non-Guarantor Subsidiary (each, an "**Offshore Non-Guarantor Subsidiary**," subject to the limitations described below under "*Description of the Notes—Subsidiary Guarantees and JV Subsidiary Guarantees—Offshore Non-Guarantor Subsidiaries.*" The Offshore Non-Guarantor Subsidiaries, together with the PRC Restricted Subsidiaries, the Exempted Subsidiaries and the Listed Subsidiaries, are referred to as the "**Non-Guarantor Subsidiaries**").

Any future Restricted Subsidiary (other than any Non-Guarantor Subsidiary) will provide a guarantee of the Notes immediately upon becoming a Restricted Subsidiary.

Ranking of the Subsidiary Guarantees .... The Subsidiary Guarantee of each Subsidiary Guarantor:

- is a general obligation of such Subsidiary Guarantor;
- is effectively subordinated to secured obligations of such Subsidiary Guarantor to the extent of the value of the assets serving as security therefor;
- is senior in right of payment to all future obligations of such Subsidiary Guarantor expressly subordinated in right of payment to such Subsidiary Guarantee; and
- ranks at least *pari passu* with the subsidiary guarantees for the 2020 July USD Notes, the 2021 December USD Notes and all other unsecured, unsubordinated Indebtedness of the Company (subject to any priority rights of such unsubordinated Indebtedness pursuant to applicable law).

Ranking of JV Subsidiary Guarantees	If any is provided, the JV Subsidiary Guarantee of each JV Subsidiary Guarantor: • will be a general obligation of such JV Subsidiary Guarantor; • will be enforceable only up to the JV Entitlement Amount; • will be effectively subordinated to secured obligations of such JV Subsidiary Guarantor, if any, to the extent of the value of the assets serving as security therefor; • will be limited to the JV Entitlement Amount, and will be senior in right of payment to all future obligations of such JV Subsidiary Guarantor expressly subordinated in right of payment to such JV Subsidiary Guarantee; and • will be limited to the JV Entitlement Amount, and will rank at least *pari passu* with all other unsecured, unsubordinated Indebtedness of such JV Subsidiary Guarantor (subject to any priority rights of such unsubordinated Indebtedness pursuant to applicable law).
Offshore Non-Guarantor Subsidiaries	An Offshore Restricted Subsidiary need not provide a Subsidiary Guarantee or JV Subsidiary Guarantee if it is designated by the Board of Directors as a Designated Offshore Non-Guarantor Subsidiary. The Board of Directors may designate any Offshore Restricted Subsidiary to be a Designated Offshore Non-Guarantor Subsidiary if: (1) at any time of determination, the total Non-Guaranteed Portion would not exceed 30.0% of Total Assets; and (2) such designation would not cause a Default.
Optional Redemption of the Notes	At any time and from time to time on or after April 29, 2023, we may redeem the Notes, in whole or in part, at a redemption price equal to the percentage of the principal amount set forth below plus accrued and unpaid interest, if any, to (but not including) the redemption date if redeemed during the twelve-month period beginning on April 29 of each of the years indicated below.

Period	Redemption Price
2023	102.35%
2024 and thereafter	101.175%

	At any time prior to April 29, 2023, we may redeem up to 35.0% of the Notes, at a redemption price of 104.70% of the principal amount, plus accrued and unpaid interest, if any, to the redemption date in each case, using the net cash proceeds from sales of certain equity offerings. In addition, we may redeem the Notes, in whole but not in part, at any time, at a price equal to 100.0% of the principal amount of such Notes plus (i) accrued and unpaid interest (if any) to the redemption date and (ii) a premium as set forth in this offering memorandum. The Company will give not less than 30 days' nor more than 60 days' notice of any redemption. In connection with any redemption of Notes referred to in the preceding paragraphs, any such redemption or notice may, at the Company's discretion, be subject to one or more conditions precedent. In addition, if such redemption or notice is subject to satisfaction of one or more conditions precedent, such notice may state that, in the Company's discretion, the redemption date may be delayed until such time (**provided, however, that** any delayed redemption date shall not be more than 60 days after the date the relevant notice of redemption was sent) as any or all such conditions shall be satisfied, or such redemption may not occur and such notice may be rescinded in the event that any or all such conditions shall not have been satisfied by the redemption date, or by the redemption date so delayed.
Repurchase of Notes Upon a Change of Control Triggering Event	Not later than 30 days following a Change of Control Triggering Event, the Company will make an offer to purchase all Notes outstanding at a purchase price equal to 101.0% of their principal amount, plus accrued and unpaid interest, if any, to the date of repurchase. See "*Description of the Notes—Repurchase of Notes Upon a Change of Control Triggering Event.*"
Redemption for Taxation Reasons	Subject to certain exceptions and as more fully described herein, the Notes may be redeemed, at the option of the Company or a Surviving Person with respect to the Company, as a whole but not in part, upon giving not less than 30 days' nor more than 60 days' notice to the Holders and the Trustee (which notice shall be irrevocable), at a redemption price equal to 100.0% of the principal amount thereof, together with accrued and unpaid interest (including any additional amounts), if any, to the date fixed by the Company or the Surviving Person, as the case may be, for redemption, if the Company, a Surviving Person, a Subsidiary Guarantor or a JV Subsidiary Guarantor (if any) would become obligated to pay certain additional amounts as a result of certain changes in or interpretations of specified tax laws (or the statement of an official position with respect thereto). See "*Description of the Notes—Redemption for Taxation Reasons.*"
Use of Proceeds	See "*Use of Proceeds.*"

Covenants	The Notes, the Indenture, the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any) will limit the Company's ability and the ability of its Restricted Subsidiaries to, among other things: • incur or guarantee additional indebtedness and issue disqualified or preferred stock; • declare dividends on its capital stock or purchase or redeem capital stock; • make investments or other specified restricted payments; • issue or sell capital stock of Restricted Subsidiaries; • obtain guarantee from Restricted Subsidiaries; • sell assets; • create liens; • enter into sale and leaseback transactions; • engage in any business other than a permitted business; • enter into agreements that restrict the Restricted Subsidiaries' ability to pay dividends, transfer assets or make intercompany loans; • enter into transactions with stakeholders or affiliates; and • effect a consolidation or merger. These covenants are subject to a number of important qualifications and exceptions described in "*Description of the Notes—Certain Covenants.*"
Transfer Restrictions	The Notes have not been and will not be registered under the Securities Act or any other applicable securities laws and will be subject to customary restrictions on transfer and resale. See "*Transfer Restrictions.*"
Form, Denomination and Registration	The Notes will be issued only in fully registered form, without coupons, in denominations of US$200,000 and integral multiples of US$1,000 in excess thereof and will be initially represented by one or more global notes deposited with a common depositary and registered in the name of the common depositary or its nominee. Beneficial interests in the Global Note will be shown on, and transfer thereof will be effected only through the records maintained by the Clearing Systems.
Book Entry Only	The Notes will be issued in book-entry form through the facilities of the Clearing Systems for the accounts of its participants. For a description of certain factors relating to clearance and settlement, see "*Description of the Notes—Book-Entry; Delivery and Form.*"

Delivery of the New Notes	The Company expects to make delivery of the New Notes, against payment in same-day funds on or about February 24, 2022, which the Company expects will be the five business day following the date of this offering memorandum referred to as "T+5." See "*Plan of Distribution.*"
Trustee	The Hongkong and Shanghai Banking Corporation Limited.
Principal Agent, Registrar and Transfer Agent	The Hongkong and Shanghai Banking Corporation Limited.
Listing and Trading	The Original Notes are listed on the SEHK. Application will be made to the SEHK for the listing of the New Notes by way of debt issues to Professional Investors only. A confirmation of the eligibility of the listing of the New Notes has been received from the SEHK.
Governing Law	The New Notes, the Subsidiary Guarantees, the JV Subsidiary Guarantees (if any) will be governed by and will be construed in accordance with the laws of the State of New York.
Risk Factors	For a discussion of certain factors that should be considered in evaluating an investment in the New Notes, see "*Risk Factors—Risks Relating to the Notes.*"

Security Codes for the Notes ....

ISIN	Common Code
XS2247552446	224755244

Legal Entity Identifier of the Issuer	529900BLBC6YDNWS8530
Rating	The Original Notes have been assigned a rating of "Ba3". The New Notes are expected to be rated "Ba3" by Moody's. This rating does not constitute a recommendation to purchase, hold or sell the Notes and may be subject to suspension, reduction or withdrawal at any time by Moody's. Prospective investors should evaluate each rating independently of any other rating of the Notes or other securities of the Company. See "*Ratings.*"

SUMMARY CONSOLIDATED FINANCIAL DATA

The following table presents our summary consolidated financial data. The summary consolidated statements of comprehensive income data for 2018, 2019 and 2020 and the summary consolidated statements of financial position as at December 31, 2018, 2019 and 2020 set forth below (except for EBITDA) have been derived from our consolidated financial statements as at and for the years ended December 31, 2018, 2019 and 2020, as audited by Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, included elsewhere in this offering memorandum. The summary consolidated statements of comprehensive income data for the first half of 2020 and the summary consolidated statements of financial position as at June 30, 2020 set forth below (except for EBITDA) have been derived from our unaudited condensed consolidated financial statements as at and for the six months ended June 30, 2020, as reviewed by Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, included elsewhere in this offering memorandum. The summary consolidated statement of comprehensive income data for the first half of 2021 and the summary consolidated statement of financial position as at June 30, 2021 set forth below (except for EBITDA and EBITDA margin) have been derived from our unaudited interim condensed consolidated financial information as at and for the six months ended June 30, 2021, as reviewed by Ernst & Young, Certified Public Accountants, Hong Kong, included elsewhere in this offering memorandum.

The summary financial information as at and for the six months ended June 30, 2021 have not been audited by a certified public accountant, and should not be relied upon by investors to provide the same quality of information associated with information that has been subject to an audit.

Our financial results for any past period are not, and should not be taken as, an indication of our performance, financial position or results of operations in future periods. Result for the interim periods are not necessarily indicative of results for the full years. Our financial statements have been prepared and presented in accordance with IFRS. The summary financial data below should be read in conjunction with our consolidated financial statements and the notes to those statements included elsewhere in this offering memorandum.

The financial information furnished in this offering memorandum shall not be deemed to be incorporated by reference into this offering memorandum except as otherwise expressly stated herein.

Summary Consolidated Statements of Comprehensive Income and Other Financial Data

	For the year ended December 31,				For the six months ended June 30,		
	2018	2019	2020	2020	2020	2021	2021
	(RMB in thousands, unless otherwise indicated) (audited)			(US$ in thousands, unless otherwise indicated)	(RMB in thousands, unless otherwise indicated) (unaudited)		(US$ in thousands, unless otherwise indicated)
Revenue	60,302,510	61,592,939	65,782,531	10,188,417	23,896,208	36,134,812	5,596,570
Cost of sales	(46,550,157)	(45,952,531)	(50,209,631)	(7,776,482)	(17,712,331)	(28,199,645)	(4,367,569)
Gross Profit	13,752,353	15,640,408	15,572,900	2,411,935	6,183,877	7,935,167	1,229,001
Other income	1,860,271	2,667,245	3,017,194	467,304	1,557,250	1,436,306	222,455
Other gains and losses	(509,950)	(40,372)	1,511,822	234,151	58,724	172,008	26,641
Selling expenses	(1,844,396)	(2,096,820)	(2,320,095)	(359,337)	(623,642)	(920,281)	(142,533)
Administrative expenses	(3,895,426)	(4,297,225)	(4,323,472)	(669,621)	(1,446,688)	(1,643,159)	(254,493)
Finance costs	(1,551,663)	(1,570,860)	(2,228,464)	(345,145)	(1,252,360)	(1,327,250)	(205,565)
Reversal of impairment / (impairment losses) under expected credit loss model, net [1]	(1,282,734)	(796,887)	(561,517)	(86,968)	(314,509)	7,676	1,189
(Impairment losses) / reversal of impairment on non-financial assets, net	(452,100)	(579,195)	(772,837)	(119,697)	93,690	(155,859)	(24,139)
(Loss)/gain from changes in fair value of investment properties	132,128	(41,866)	(14,639)	(2,267)	(108,114)	(408)	(63)
Gain on re-measurement of associates and joint ventures to acquisition date fair value in business combination achieved in stages	686,352	43,487	—	—	—	—	—
Gain on disposal of subsidiaries, net	509,040	98,269	174,902	27,089	27,957	1,692	262
Share of results of associates	325,582	1,002,893	695,605	107,735	402,226	391,280	60,602
Share of results of joint ventures	174,515	(75,951)	2,129	330	69,951	25,261	3,912
Profit before taxation	7,903,972	9,953,126	10,753,528	1,665,509	4,648,362	5,922,433	917,268
Taxation	(5,528,742)	(6,017,704)	(4,990,647)	(772,953)	(1,517,992)	(2,011,938)	(311,610)
Profit for the year/period	2,375,230	3,935,422	5,762,881	892,557	3,130,370	3,910,495	605,659

	For the year ended December 31,				For the six months ended June 30,		
	2018	2019	2020	2020	2020	2021	2021
	(RMB in thousands, unless otherwise indicated) (audited)			(US$ in thousands, unless otherwise indicated)	(RMB in thousands, unless otherwise indicated) (unaudited)		(US$ in thousands, unless otherwise indicated)
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:							
Fair value gain on equity instruments designated at fair value through other comprehensive income for the period, net of tax	178,192	256,752	42,727	6,618	84,916	279,517	43,292
Other comprehensive income for the year / period	178,192	256,752	42,727	6,618	84,916	279,517	43,292
Total comprehensive income for the year/period	2,553,422	4,192,174	5,805,608	899,174	3,215,286	4,190,012	648,950
Profit for the year/period attributable to:							
Owners of the Company	1,003,285	2,480,232	3,796,477	587,999	2,095,812	2,418,363	374,557
Non-controlling interests	1,371,945	1,455,190	1,966,404	304,557	1,034,558	1,492,132	231,102
	2,375,230	3,935,422	5,762,881	892,557	3,130,370	3,910,495	605,659
Total comprehensive income for the year/period attributable to:							
Owners of the Company	1,181,477	2,736,984	3,829,073	593,048	2,180,728	2,696,682	417,663
Non-controlling interests	1,371,945	1,455,190	1,976,535	306,126	1,034,558	1,493,330	231,287
	2,553,422	4,192,174	5,805,608	899,174	3,215,286	4,190,012	648,950
Earnings per share							
Basic	RMB0.18	RMB0.55	RMB1.05	US$0.16	RMB0.65	RMB0.71	US$0.11
Diluted	RMB0.18	RMB0.55	RMB1.04	US$0.16	RMB0.65	RMB0.71	US$0.11
Other financial data							
EBITDA[(2)]	17,487,079	17,647,117	14,058,713	2,177,417	6,241,877	7,890,520	1,222,086
EBITDA margin[(3)]	29.0%	28.7%	21.4%	21.4%	26.1%	21.8%	21.8%

(1) Impairment losses under expected credit loss model, net of reversal for the years ended December 31, 2019 and 2020 and for six months ended on June 30, 2021 comprised impairment losses recognized on contract assets and other receivables and amounts due from related parties, and reversed on trade receivables. For year ended December 31, 2018, there were no impairment losses recognized or reversed on contract assets, and this line item was described as impairment losses on financial assets, net of reversal for that year. For the years ended December 31, 2019 and 2020, we recognized impairment losses on contract assets of RMB17.3 million (US$2.7 million) and RMB34.3 million (US$5.3 million), respectively. For six months ended June 30, 2021, we reversed impairment losses on contract assets of RMB20.8 million (US$3.2 million). For six months ended June 30, 2020, we reversed impairment losses on contract assets of RMB9.9 million (US$1.51.4 million).

(2) EBITDA for any period consists of profit for the year before financial derivatives, interest income, interest expenses (including capitalized interest under cost of sales), income tax expenses, depreciation and amortization expenses and other non-operating items. EBITDA is not a standard measure under IFRS. EBITDA is a widely used financial indicator of a company's ability to service and incur debt. EBITDA should not be considered in isolation or construed as an alternative to cash flows, net income or any other measure of financial performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities. EBITDA does not account for taxes, interest expense or other non-operating cash expenses. In evaluating EBITDA, we believe that investors should consider, among other things, the components of EBITDA such as sales and operating expenses and the amount by which EBITDA exceeds capital expenditures and other charges. We have included EBITDA because we believe it is a useful supplement to cash flow data as a measure of our performance and our ability to generate cash flow from operations to cover debt service and taxes. EBITDA presented herein may not be comparable to similarly titled measures presented by other companies. Investors should not compare our EBITDA to EBITDA presented by other companies because not all companies use the same definition.

(3) EBITDA margin is calculated by dividing EBITDA by revenue.

Set forth below is a reconciliation of EBITDA to the most directly comparable IFRS measure, profit for the year/period:

	For the year ended December 31,				For the six months ended June 30,		
	2018	**2019**	**2020**	**2020**	**2020**	**2021**	**2021**
	(RMB in thousands) (audited)			**(US$ in thousands)**	**(RMB in thousands) (unaudited)**		**(US$ in thousands)**
Profit for the year/period	2,375,230	3,935,422	5,762,881	892,557	3,130,370	3,910,495	605,659
Adjustments for:							
Reversal of impairment / (impairment losses) under expected credit loss model, net[1]	(1,282,734)	(796,887)	(561,517)	(86,968)	(314,509)	7,676	1,189
(Impairment losses) / reversal of impairment on non-financial assets, net	(452,100)	(579,195)	(772,837)	(119,697)	93,690	(155,859)	(24,139)
Gain on re-measurement of associates and joint ventures to acquisition date fair value in business combination achieved in stages	686,352	43,487	—	—	—	—	—
Taxation	(5,528,742)	(6,017,704)	(4,990,647)	(772,953)	(1,517,992)	(2,011,938)	(311,610)
Depreciation and amortization	(471,451)	(608,670)	(586,833)	(90,889)	(290,210)	(305,424)	(47,304)
EBITDA[2]	17,487,079	17,647,117	14,058,713	2,177,417	6,241,877	7,890,520	1,222,086
Revenue	60,302,510	61,592,939	65,782,531	10,188,417	23,896,208	36,134,812	5,596,570

(1) For the years ended December 31, 2020, impairment losses under expected credit loss model, net of reversal, included impairment losses recognized on contract assets amounting to RMB34.3 million (US$5.3 million). For the six months ended June 30, 2021, reversal of impairment under expected credit loss model, net of reversal, amounted to RMB20.8 million (US$3.2 million).

(2) EBITDA for any period consists of profit for the year before financial derivatives, interest income, interest expenses (including capitalized interest under cost of sales), income tax expenses, depreciation and amortization expenses and other non-operating items. EBITDA is not a standard measure under IFRS. EBITDA is a widely used financial indicator of a company's ability to service and incur debt. EBITDA should not be considered in isolation or construed as an alternative to cash flows, net income or any other measure of financial performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities. EBITDA does not account for taxes, interest expense or other non-operating cash expenses. In evaluating EBITDA, we believe that investors should consider, among other things, the components of EBITDA such as sales and operating expenses and the amount by which EBITDA exceeds capital expenditures and other charges. We have included EBITDA because we believe it is a useful supplement to cash flow data as a measure of our performance and our ability to generate cash flow from operations to cover debt service and taxes. EBITDA presented herein may not be comparable to similarly titled measures presented by other companies. Investors should not compare our EBITDA to EBITDA presented by other companies because not all companies use the same definition.

Summary Consolidated Statements of Financial Position

	As at December 31,			As at June 30,		
	2018	2019	2020	2020	2021	2021
	(RMB in thousands) (audited)			(US$ in thousands) (unaudited)	(RMB in thousands)	(US$ in thousands)
Assets						
Non-current assets	32,345,997	36,364,229	45,209,354	7,002,037	51,926,694	8,042,421
Current assets(1)	247,416,747	300,727,889	369,072,494	57,162,050	428,152,494	66,312,377
Total assets(1)	279,762,744	337,092,118	414,281,848	64,164,088	480,079,188	74,354,798
Equity and Liabilities						
Non-current liabilities	70,207,303	65,571,854	91,477,873	14,168,118	103,242,802	15,990,274
Current liabilities(2)	149,436,601	202,364,792	238,213,902	36,894,635	287,218,556	44,484,490
Total liabilities(2)	219,643,904	267,936,646	329,691,775	51,062,754	390,461,358	60,474,763
Total equity	60,118,840	69,155,472	84,590,073	13,101,334	89,617,830	13,880,034
Total equity and liabilities	279,762,744	337,092,118	414,281,848	64,164,088	480,079,188	74,354,798

(1) For the year ended December 31, 2019, current assets and total assets each includes assets classified as held for sale amounting to RMB95,747,000 (US$14,829,322). For the six months ended June 30, 2021, we do not hold any assets that are classified as held for sale.

(2) For the year ended December 31, 2019, current liabilities and total liabilities each includes liabilities associated with assets classified as held for sale amounting to RMB70,409,000 (US$10,904,965). For the six months ended June 30, 2021, we do not have any liabilities associated with assets classified as held for sale.

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

Risks Relating to the Business

We may not always be able to obtain land reserves that are suitable for development

We derive our revenue principally from the sale of properties that we have developed. Therefore, we must maintain or increase our land reserves in strategic locations at an appropriate pace in order to ensure sustainable business growth. Based on our current rate of property development, we believe we have sufficient land reserves for approximately the next three years of development. Our ability to identify and acquire suitable development sites is subject to a number of factors, some of which are beyond our control. The supply of substantially all of the land in China is controlled by the PRC government. The land supply policies adopted by the PRC government directly impact our ability to acquire land use rights for development and our costs of such acquisitions. The PRC central and local governments have implemented various measures to regulate the means by which property developers may obtain land. The PRC government also controls land supply through zoning, land usage regulations and other means. All these measures further intensify competition for land in China among property developers.

In 2002, the PRC government introduced a nationwide system of mandatory public tender, auction or listing-for-sale for the grant of land use rights for commercial use, tourism, entertainment and commodity property development. On September 28, 2007, the Ministry of Land and Resources of the PRC (the "Ministry of Land and Resources") issued revised Rules on the Grant of State-owned Construction Land Use Rights through Public Tender, Auction and Listing-for-sale (招標拍賣掛牌出讓國有建設用地使用權規定), which further stipulate legal and procedural requirements on public tender, auction or listing-for-sale, the only means by which state-owned land use rights can be granted by the PRC government for industrial purposes, commercial purposes, tourism, entertainment and commodity property development, and require that the land premium must be paid in full to local land administration bureau pursuant to the underlying land grant contract before the land use rights certificate can be issued to the land user. The PRC government's policy to grant state-owned land use rights at competitive market prices has substantially increased and is likely to continue to increase the acquisition cost of land reserves generally in the PRC.

On March 8, 2010, the Ministry of Land and Resources of the PRC issued the Notice on Strengthening Real Estate Land Supply and Supervision (關於加強房地產用地供應和監管有關問題的通知), 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 (including any deposit previously paid) as a down payment within one month of signing a land grant contract and pay the remaining land premium according to the terms and conditions of the land grant contract within a period of no more than one year from the date of the land grant contract. In addition, on September 21, 2010, the Ministry of Land and Resources and the Ministry of Housing and Urban-rural Development of the PRC (the "**MOHURD**") jointly issued the Notice on Further Strengthening the Administration and Control of Real Estate Land and Construction (關於進一步加強房地產用地和建設管理調控的通知), which stipulates, among other things, that the planning and construction conditions and land use standards should be specified when a parcel of land is to be granted, and the restrictions on the area of any parcel of land granted for commodity properties should be strictly implemented. The development and construction of large low-density residential properties should be strictly restricted, and the plot ratio for residential land is required to be more than 1:1. In addition, a property developer and its shareholders will be prohibited from participating in any bidding to acquire additional land until any illegal behavior in which it has engaged, such as leaving its land idle for more than one year, has been completely rectified.

On February 15, 2012, the Ministry of Land and Resources promulgated the Notice on the Key Tasks for Accomplishing Effective Real Estate Land Administration and Control in 2012 (關於做好2012年房地產用地管理和調控重點工作的通知) which stipulates the following:

- real estate control policy shall be strictly implemented and key tasks clarified;
- real estate land supply shall be properly managed to promote social welfare;
- land supply for social security housing projects shall be guaranteed;
- unlawful acts relating to land use shall be strictly punished;
- development and construction shall be vigorously encouraged; and
- supervisory analysis and media coverage shall be strengthened to provide positive guidance towards the market.

On June 1, 2012, the Ministry of Land and Resources promulgated the revised Measures on the Disposal of Idle Land (閒置土地處置辦法), which became effective on July 1, 2012. Under these measures, if any land parcel constitutes "idle land" due to government-related action, the holder of the relevant land use rights is required to explain to the relevant municipality or county-level land administrative department(s) the reasons for the land becoming idle, consult the relevant governmental authorities and rectify the situation accordingly.

The means of rectification include, but are not limited to, the extension of the period permitted for commencing development, the adjustment of the land use and planning conditions or the substitution of the relevant idle land parcels with other land parcels.

On November 5, 2012, the Ministry of Land and Resources, the Ministry of Finance of the PRC (the "**Ministry of Finance**" or "**MOF**"), the People's Bank of China (the "**PBOC**") and the China Bank Regulatory Commission (the "**CBRC**") jointly promulgated the Notice on Strengthening Land Reserves and Financing Administration (Guotuzi Fa [2012] No. 162) (關於加強土地儲備與融資管理的通知(國土資發[2012]162號)) in order to strengthen land bank institutions administration, determine the reasonable scale and structure of land bank, strengthen the administration of land pre-development, reservation and protection, and regulate the financing to land reservation and the use of land reservation funds.

On February 2, 2016, the Ministry of Land and Resources, the MOF, the PBOC and the CBRC jointly promulgated the Circular on Issues Concerning the Standardization of Land Reserve and Fund Management (關於規範土地儲備和資金管理等相關問題的通知) in order to further standardize land reserve behaviors and adjust financing methods for land reservation.

On April 1, 2017, the MOHURD and the Ministry of Land and Resources jointly promulgated the Notice on Strengthening the Recent Housing and Land Supply Administration and Adjustment Work (Jianfang[2017]No.80) (關於加強近期住房及用地供應管理和調控有關工作的通知(建房[2017]80號)) in order to practice national dynamic control of land supply for the first time. This notice stipulated, among others, (i) the scale, structure and time sequence of residential land supply will be adjusted in due time according to the commodity housing digestion cycle, and (a) land supply shall be suspended if the digestion cycle is 36 months or more, (b) land supply shall be reduced if the digestion cycle is 18 to 36 months, (c) land supply shall be increased if the digestion cycle is six to 12 months, and (d) land supply shall be increased and accelerated if the digestion cycle is less than six months; (ii) the local authority will build a fund inspection system to ensure that the real estate developers use their own legal funds to acquire land use rights; and (iii) according to the local actual status and specific conditions of grant of land, the means of bidding shall be determined in a flexible manner including "restrict housing price and bid for land," "restrict land price and bid for housing," and "sell existing houses or bid for self-holding areas after the premium rate is exceeded for a certain percentage."

On May 19, 2018, the MOHURD promulgated the Notice of the Ministry of Housing and Urban Rural Development on Further Improving the Regulation and Control of the Real Estate Market (Jian Fang [2018] No. 49) (《住房城鄉建設部關於進一步做好房地產市場調控工作有關問題的通知》(建房[2018] 49號)). This notice stipulated, among others, (i) to improve the supply mode of commodity housing land, establish the linkage mechanism of house price and land price, and prevent the land price from pushing up the house price; (2) the proportion of housing land should be increased in hot spot cities, and the suggested proportion of housing land to urban construction land should be no less than 25%; and (3) to substantially increase the supply of land for rental housing and shared property housing, ensure the supply of land for public rental housing, and strive for three to five years to increase the proportion of public rental housing, rental housing and shared property housing in the supply of new housing land to more than 50%.

On November 20, 2019, the State Council promulgated the Notice of the State Council on Strengthening the Administration of Capital of Fixed Asset Investment Projects (Guo Fa [2019] No.26) 《國務院關於加強固定資產投資項目資本金管理的通知》(國發 [2019] 26號). This notice stipulated, among others, (i) the capital requirement for investment projects shall be applicable to enterprise investment projects and government-invested business projects in the PRC; (ii) the capital for an investment project, as the amount of capital contributions to be subscribed for by investors in the total investment for the project, must be non-debt capital; and (iii) project loan funds, shareholders' loans that do not comply with the provisions of the State, funds such as "shares but debts in fact," shall not be used as capital of investment projects.

The implementation of these regulations may increase land transfer prices and require property developers to maintain a higher level of working capital. See "*Regulations—Land for Property Development.*"

If we fail to acquire sufficient land reserves in a timely manner and on acceptable terms, or at all, our business, prospects, financial condition and results of operations may be materially and adversely affected.

We may not have adequate financing to fund our land acquisitions and property projects

Property development is capital intensive. We finance our property projects primarily through a combination of internal funds, construction loans, proceeds from pre-sales and other methods of financing. As at June 30, 2021, our total borrowings, which included bank and other borrowings, Senior Notes, corporate debt instruments and receipts under securitization arrangements, equaled RMB127,918 million (US$19,812 million). Our ability to procure adequate and suitable financing for acquisitions of land and/or companies and for property developments depends on a number of factors that are beyond our control, including general economic conditions, our financial strength and performance, credit availability from financial institutions, cost of borrowing and monetary policies in China.

Various PRC regulations restrict our ability to raise capital through external financing and other methods, including without limitation, the following:

- pre-sale proceeds may only be used to fund the property development costs of the relevant projects to which they relate;
- we cannot pre-sell uncompleted units in a project prior to achieving certain development milestones;
- PRC banks are prohibited from extending loans to real estate companies for the purpose of funding the purchase of land use rights;

- we cannot borrow from a PRC bank for a particular project unless we obtain the land use rights certificate, construction land planning permit, construction works planning permit and construction works commencement permit for that project;

- PRC banks are restricted from granting loans for the development of luxury residential properties;

- PRC banks are restricted from granting revolving credit facilities to property developers that hold idle land and a large amount of vacant commodity properties;

- in principle, property developers are prohibited from using the proceeds from a loan obtained from a local PRC bank to fund property developments outside the region where that bank is located; and

- PRC banks are prohibited from accepting the construction land use rights of properties that have been regarded as idle for more than two years by the departments of land and resources as collateral for loans.

Specific measures implemented by the PRC government include the following examples:

- The PBOC has prohibited commercial banks from granting loans to property developers to pay land premiums since June 2003;

- MOHURD and other PRC governmental authorities jointly issued the Opinions on Adjusting the Housing Supply Structure and Stabilizing the Housing Prices (關於調整住房供應結構穩定住房價格的意見) in May 2006, which, among other things,

  - restrict the grant or extension of revolving credit facilities to property developers that hold a large amount of idle land and vacant commodity properties; and

  - prohibit commercial banks from taking commodity properties that have been vacant for more than three years as security for their loans.

- The PBOC and CBRC jointly issued the Circular on Strengthening the Administration of Commercial Real Estate Credit Loans (關於加強商業性房地產信貸管理的通知) in September 2007, which, among other things,

  - prohibits commercial banks from granting loans to property projects if the developer's own capital is less than 35% of the total investment amount;

  - prohibits commercial banks from granting loans to property projects that have not obtained land use rights certificates, construction land planning permits, construction works planning permits and construction works commencement permits;

  - requires that commercial bank loans to property developers be classified as real estate development loans and not as general working capital loans; and

  - requires that in principle real estate development loan proceeds may only be used for developments in the local city where the loan is originated.

- The PBOC and CBRC jointly issued the Circular on Finance to Promote the Economical and Intensive Use of Land (關於金融促進節約集約用地的通知) in July 2008, which, among other things,

  - prohibits commercial banks from extending loans to real estate companies for the purpose of funding the purchase of land use rights;

- prohibits commercial banks from granting loans to property projects where the construction land use rights have been regarded as idle for more than two years by the departments of land and resources;

- prohibits commercial banks from accepting the construction land use rights properties that have been regarded as idle for more than two years by the departments of land and resources as collateral for loans.

- In November 2009, the PRC government raised the minimum down payment requirement for land purchases to 50% of the land premium and now requires the land premium to be fully paid within one year after the signing of a land grant contract, subject to limited exceptions; and

- In March 2010, the Ministry of Land and Resources stipulated that the minimum down payment of land premium of 50% should be paid within one month after the signing of a land grant contract and the rest of the land premium should be fully paid within one year after the signing of a land grant contract.

On January 3, 2008, the State Council of the PRC (the "State Council") issued the Notice on Promoting the Economic Use of Land (關於促進節約集約用地的通知) with respect to the collection of additional land premium, establishment of a land utilization priority planning scheme and the formulation of a system for assessing the optimal use of land and other measures. The notice calls for the full and effective use of existing construction land and the preservation of farm land. The notice also emphasizes the enforcement of the current rules on assessing idle land fees at a rate equal to 20% of the land premium for any land left idle for over one year but less than two years. The notice also urges financial institutions to exercise caution when they review loan applications from property developers that have failed to complete development of at least one-third of the land area or to invest at least 25% of the total investment within one year of the construction date provided in the land grant contract. The notice states that a value-added land premium will be levied on the idle land, especially on those used for property development, and the relevant rules will be formulated jointly by the Ministry of Land and Resources and other authorities. The notice indicates that the relevant governmental authorities will formulate and issue additional rules and regulations on these matters.

In addition, the PBOC regulates the reserve requirement ratio for commercial banks in the PRC, which affects the availability and cost of financing from PRC commercial banks. For example, the PBOC adjusted the reserve requirement ratio for commercial banks six times in 2010, seven times in 2011, twice in 2012, five times in 2015, once in 2016, three times in 2018, three times in 2019, two times in 2020 and two times in 2021. As of the date of this offering memorandum, the ratio currently ranges from 9.5% to 11.5% (except for the lower deposit reserve ratio applicable to certain commercial banks). The PBOC may further adjust the reserve requirement ratio or revise its calculation basis in the future. Any increase in the reserve requirement or expansion of the calculation basis of the reserve requirement may negatively impact the amount of funds available to lend to businesses, including us, by commercial banks in China. The PRC government could also introduce other initiatives that may further limit our access to capital, and/or consequently reduce our flexibility and ability to use bank loans or other forms of financing to finance our acquisitions and property developments. For example, on April 17, 2010 the State Council issued the Notice on Resolutely Curbing the Excessive Hike of Property Prices in Some Cities (國務院關於堅決遏制部分城市房價過快上漲的通知), which mandates that developers who hold idle land or speculate in land will not be granted bank loans for the development of new property projects. In September 2010, the PBOC and CBRC jointly issued a notice to prohibit banks from lending to any property developer for its new projects or renewal of its existing loans if such developer has a track record of maintaining idle land, changing the use and nature of land without proper approval, delaying the construction, commencement or completion date, hoarding properties or other non-compliance. These governmental actions and policy initiatives limit our ability to use bank loans to finance our acquisitions and property development projects. In the PRC, real estate financing has been restricted since the second half of 2016, and real estate financing supervision has been strengthened since 2017. On December 28, 2020, PBOC and China Banking and Insurance Regulatory Commission ("CBIRC, the successor of

CRBC) jointly promulgated the Notice of PBOC and CBIRC on Establishing a Centralization Management System for Real Estate Loans of Banking Financial Institutions (《中國人民銀行、中國銀行保險監督管理委員會關於建立銀行業金融機構房地產貸款集中度管理制度的通知》) (the "**December 2020 PBOC-CBRIC Notice**"), which requires a PRC financial institution (excluding its overseas branches), starting from January 1, 2021, to limit the ratio of its real estate loans and personal housing mortgage loans portfolio to its total RMB loan portfolio to a pre-determined ratio.

The government regulatory agencies frequently issue documents to regulate real estate enterprise financing, and strictly supervise the standardized and non-standardized financing of the real estate industry. In the first half of 2020, the PBOC emphasized adhering to the principle that "houses are used for living, not for speculation" and the requirements of "not using real estate as a short-term means to stimulate the economy," so as to maintain the continuity, consistency and stability of real estate financial policies. In August 2020, the PBOC and the MOHURD jointly held a meeting which emphasized the importance of market-oriented, regular and transparent financing rules applicable to real estate developers in cultivating a sustainable, stable and healthy development of real estate market. The PBOC and the MOHURD formulated the "Three Red Lines" policy to monitor the leverage ratio and regulate the ability of the real estate enterprises to incur additional debt. The "Three Red Lines" refer to certain financial metrics of a real estate enterprise: (i) the liabilities to assets ratio after excluding advances received from customers shall not exceed 70%; (ii) the net gearing ratio shall not exceed 100%; and (iii) cash to short term borrowing ratio shall not be less than 1. The real estate enterprises that fail to meet three targets shall not increase the amount of interest-bearing borrowings; the real estate enterprises that fail to meet two targets may increase the amount of interest-bearing borrowings by 5% each year; the real estate enterprise that fail to meet one target may increase the amount of interest-bearing borrowings by 10% each year; and the real estate enterprises that meet all three targets may increase the amount of interest-bearing borrowings by 15% each year. All real estate enterprises will have to meet all three requirements by the end of 2023. There is no assurance that the PRC government will not further restrict the ability of the real estate enterprises to obtain additional financings, and our business, financial condition and results of operation would not be adversely affected as a result of these adjustment. As of June 30, 2021, our liabilities to assets ratio excluding advances received from customers exceeded 70%. As of the date of this offering memorandum, we believe that our business, results of operations and results of operations have not been materially and adversely affected by the limitation on our abilities to incur additional financings. There is no assurance that we will continue to meet the "Three Red Lines" targets and our ability to incur additional financings will not be further restricted.

If we fail to secure adequate financing or renew our existing credit facilities prior to their expiration, or if the PRC government adopts further restrictive credit policies in the future, our business, financial condition and results of operations may be materially and adversely affected.

We depend heavily on the performance of the property market in the PRC

We engage in property development in various cities in the PRC. Our success depends largely on the performance of the property market in the PRC. Due to a strong increase in prices starting in early 2016, local governments and developers in certain cities (including Hangzhou and Shanghai where we have operations) have implemented measures including restriction policies on sales and loans of commodity housing to suppress the level of increase in property prices. Since the third quarter of 2021, there has been a downturn of the PRC real estate market. Property developers and home buyers in China have experienced more restrictions in accessing onshore bank lending for real estate development and mortgage financing, respectively, which, combined with home buyers' concerns about the ability of property developers to complete real estate development projects and other factors, have resulted in a decrease in property sales in China. In addition, negative reaction to the foregoing and other credit events by onshore and offshore financing markets has also adversely affected PRC real estate developers' ability to refinance their indebtedness. Our property sales as well as our business operations and financial performance may also be adversely affected by the foregoing, and there is no absolute assurance that we will be able to continue to service our indebtedness and manage liquidity and cash positions through external financing due to the foregoing market risks and uncertainties. We cannot assure you that the PRC government will not adopt additional and more stringent industry policies, regulations and measures in the future. If we fail to adapt our operations to such new policies, regulations and measures that may come into effect from time to time, our business, prospects, financial condition and results of operations may be materially and adversely affected. You should read the various risk factors under the section entitled "*—Risks Relating to the Real Estate Industry in China*" below for more risks and uncertainties relating to the extensive PRC regulations, especially relating to regulations in the PRC property sector.

In addition, the PRC property market will continue to be affected by economic, monetary, fiscal or other policies and measures of the PRC government. If economic conditions in the PRC deteriorate as a result of a prolonged global economic downturn or otherwise, if the PRC government implements macro-economic control or other measures that aim to curtail, or have the effect of curtailing, property demand or property development in China and particularly in the regions where we operate, or if we fail to respond to changes in market conditions and government policies, in particular those related to our target markets, in a timely manner, our business, prospects, financial condition and results of operations would be materially and adversely affected. Any decreased property demand is likely to affect the selling prices of our properties as well as the time it will take us to pre-sell or sell our properties. Lower selling prices, without a corresponding decrease in costs, will adversely affect our gross profit and reduce cash flows generated from the sale of our properties, which may increase our reliance on external financing and adversely impact our ability to finance the growth of our business. Delays in selling properties will increase our selling and distribution costs as well as reduce the cash flows generated from the sale of our properties, which could have a material adverse effect on our business, prospects, financial condition and results of operations.

We experienced net cash outflows from operating activities in the past and maintain a significant amount of indebtedness, which may materially and adversely affect our liquidity and our ability to service our indebtedness

We have had net cash outflows from operating activities in the past. For example, in 2018, 2019, 2020 and the first half of 2020 and 2021, our net cash used in operating activities was RMB16,555 million, RMB8,176 million, RMB3,104 million (US$480.6 million), RMB7,345 million (US$1,137.6 million) and RMB7,003 million (US$1,085 million), respectively. We maintain a significant amount of indebtedness to finance our operations. As at December 31, 2018, 2019 and 2020 and June 30, 2021, our total borrowings were RMB81,458 million, RMB95,577 million, RMB110,315 million (US$17,086 million) and RMB127,918 million (US$19,812 million), respectively. Our net gearing ratio (total borrowings less bank balances and cash divided by total equity) was approximately 55.3%, 63.2%, 63.8% and 75.2% as at December 31, 2018, 2019 and 2020 and June 30, 2021, respectively. Of our total outstanding bank and other borrowings of RMB96,161 million (US$14,893 million) as at June 30, 2021, RMB20,901 million (US$3,237 million) was repayable within one year and RMB75,260 million (US$11,656 million) was repayable in more than one year.

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 the Senior Notes, the corporate bonds 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 Senior Notes 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.

In addition to bank borrowings, we rely on proceeds from the pre-sale of residential properties as a major source of funding for our property development activities. If our pre-sales are limited or reduced for any reason, including policy or regulatory changes, a reduction in demand for or in the prices of our properties, or an increase in the time required to complete sales, we could experience cash flow shortfalls and difficulties in funding our property development activities and servicing our indebtedness.

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

Our debt documents include a number of significant restrictive covenants. These covenants restrict, among other things, our ability and the ability of our Restricted Subsidiaries to:

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

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

Our controlling shareholder, and its subsidiary CCCC are subject to uncertainties due to global economic and political conditions

The global economy and financial markets have experienced significant disruptions in recent years. Economic growth in many countries continues to be adversely affected. There is considerable uncertainty over the long-term effects of the expansionary monetary and fiscal policies adopted by the central banks and financial authorities of the world's leading economies.

In addition, ongoing international trade disputes, including tariff actions announced by the United States, the PRC and certain other countries, and the uncertainties created by such disputes may adversely affect the economies in jurisdictions in which we operate as well as global markets and economic conditions. Such and other similar international trade disputes may also cause disruptions in the international flow of goods and services, which may in turn affect the sale of our products and/or the procurement of raw materials required for our business operations.

The accelerated spread of a novel strain of coronavirus (2019-nCov, referred to as "COVID-19") globally has also caused extreme volatility in the global financial market. There has been rapid and widespread increase in new confirmed cases in the United States, India, Brazil, Europe and other parts of the world and fatality rates in many countries. Citizens in many affected countries and regions are advised or required to stay at home subject to limited exceptions. In Hong Kong SAR, Europe and other parts of the world, there have been resurgence of new confirmed COVID-19 cases after a period of few or no confirmed cases. There is also no assurance that the pandemic will be under control in the near future, in particular due to the emergence of new variants of COVID-19, such as the Delta variant, and the unsynchronized progression in the vaccination drive around the world. In 2021, various regions in the PRC imposed renewed lockdown orders and other restrictive measures due to a new wave of infections. The construction of our property projects in Yangzhou was suspended in July and August 2021 due to quarantine and lockdown orders issued by the local government. We have since resumed full operation. Starting from the end of 2021 and up to the date of this offering memorandum, China has experienced another wave of COVID-19 outbreaks, which has affected various provinces, especially Shaanxi and Henan, and lead to renewed lockdown orders and other restrictive measures in the affected regions. The reduced consumption, commercial activities and industrial production will severely disrupt their economies and the global supply chain and may result in recessions in these economies. Governments and central banks around the globe have introduced or are planning fiscal and monetary stimulus measures including tax cuts, direct subsidies, rates cuts, bond repurchase programs and suspension or relaxation of prudential bank capital requirements. These measures aim to contain the economic impact of the pandemic, stabilize the markets and provide liquidity easing to the markets. There is no assurance that such measures may be introduced in time or will be sufficient or effective in delivering their policy objectives. There is also no assurance that these measures will be successful in containing the economic impact of the epidemic or stabilizing the markets. COVID-19 and other recent events have led to additional geopolitical tension, which may further impact the global movement of human resources, capital, goods or services. Any prolonged slowdown in the global or the PRC economy or significant disruption to the global markets would have a negative impact on our business, financial condition, results of operations.

We, CCCG and CCCC are subject to uncertainties due to global economic and political conditions. Although nations around the world have adopted various economic policies to mitigate the adverse influences caused by factors such as the slowdown of the world economy, trade conflicts and the COVID-19 outbreak, it is uncertain how quickly the world economy will grow going forward. Furthermore, since 2018, the U.S.-China trade conflict has brought uncertainty to global markets and to a certain extent, impacted businesses and financial market sentiment, influenced financial market volatility, and slowed investment and trade. Starting in April 2018, the United States imposed tariffs on various categories of imports from China, and China responded with tariffs on products from the United States. Subsequently, additional rounds of tariffs have been imposed by both countries. While the two nations have reached a phase one trade agreement in January 2020, the progress of future trade talks between China and the United States are subject to uncertainties. China and the United States have not initiated the phase two negotiation, and it remains unclear whether the trade disputes between China and the United States will be fully resolved. Further, it remains unclear the impact of the foreign policies of the Biden-Harris administration on the Sino-U.S. relationship.

Against the backdrop of the trade conflict between the U.S. and China, the U.S. government has also taken actions beyond tariffs, some of which affect CCCC. In August 2020, the U.S. Commerce Department's Bureau of Industry and Security placed five subsidiaries of CCCC on its Entity List, which imposes additional export license requirements on, and limits the availability of most license exceptions for, exports, reexports, and transfers (in-country) of items subject to the U.S. Export Administration Regulations to listed entities. In December 2020, CCCC itself was also placed on the Entity List. CCCC, through its subsidiaries, mainly conducts the business of waterway dredging, land reclamation and environmental dredging within the PRC. The overseas dredging business revenue accounts for a relative small portion of CCCC's total revenues and no dredging business is conducted in the U.S. In addition, the core equipment for the dredging business of CCCC did not use any technology supplied by or imported from U.S. enterprises. As such, CCCC is continuing to conduct an assessment of the potential impact of the Entity List restrictions on its business and operations.

Furthermore, in August 2020, the U.S. Department of Defense ("DOD") placed CCCC on a list of Communist Chinese Military Companies ("**CCMCs**") that DOD determined to have relevant ties to the Chinese military under Section 1237 of the 1999 National Defense Authorization Act, which provides the U.S. President with additional authority to impose sanctions on the companies on such list without requiring the use of that authority or the imposition of any sanctions. In November 2020, the U.S. President signed an executive order to prohibit any purchase for value or sale by any U.S. person of publicly traded securities (or securities that are derivative thereof or designed to provide investment exposure to such securities) of any company identified as a CCMC. On June 3, 2021, the current U.S. President issued an executive order that amended and superseded these restrictions and replaced the list of CCMCs with an initial list of 59 so-called "Chinese Military-Industrial Complex Companies" ("**CMICs**"), which include CCCG and CCCC. The amended executive order prohibits U.S. persons from the purchase or sale of any publicly traded securities, or any publicly traded securities that are derivative of such securities or are designed to provide investment exposure to such securities, of companies listed as CMICs as of 60 days from the date of such company's inclusion in the CMIC list. The CMIC sanctions do not apply to securities issued by affiliates of the CMIC unless and until the affiliate is added to the CMIC list. There is no assurance that the business, results of operations and financial condition of CCCC or CCCG will not be adversely affected by these events. There remains substantial uncertainty as to how these measures will affect CCCG and CCCC and whether the U.S. government will take further actions in relation to China-based companies, including us, CCCG and CCCC, and the impact of such actions.

We may be adversely affected by the performance of third-party contractors

We engage third-party contractors to provide various services, including design, pile setting, foundation digging, construction, equipment installation, interior decoration, electromechanical engineering, pipeline engineering and elevator installation. During the years ended December 31, 2018, 2019 and 2020 and the six months ended June 30, 2021, payments to third-party contractors accounted for substantially all of our total construction costs. During the years ended December 31, 2018, 2019 and 2020 and the six months ended June 30, 2021, we have engaged various principal independent third-party contractors, who carried out property construction and subcontracted various works to independent third-party subcontractors. The cost of construction materials, such as steel and cement, and labor costs, are subject to a high degree of volatility. The risk of fluctuations in construction material and labor costs during the terms of the contracts are absorbed by our construction contractors to a large extent as we outsource our construction work to them as they are responsible for purchasing most of the construction materials and bear relevant labor costs during the terms of the relevant contracts. If there is any significant increase in the cost of construction materials and labor costs, our construction contractors may require renegotiation of construction fees or we may be subject to higher construction fees when our existing construction contracts expire. If any of these occur, our business, financial condition and results of operations may be adversely affected.

We endeavor to employ construction contractors with good reputations, strong track records, and adequate financial resources. We also adopt and follow our own quality control procedures and routinely monitor works performed by third-party contractors. However, we cannot assure you that any third-party contractor will provide services that satisfy our required standard of quality. If the performance of any third-party contractor is not satisfactory, we may need to replace that contractor or take other remedial actions, which could increase the cost and lengthen the time required to complete the work and the whole project. In addition, we are expanding our business into other regional markets in China, and there may be a shortage of contractors that meet our quality requirements in such markets. Moreover, contractors may undertake projects for other developers, engage in risky or unsound practices or encounter financial or other difficulties, which may affect their ability to complete their work for us on time or within budget. Any of the above factors could have a material adverse effect on our reputation, business, financial condition and results of operations.

We may not be able to effectively manage our expansion and growth

We have historically focused on developing properties in Zhejiang Province. We have expanded into other regions and plan to further explore other promising markets in China and abroad. For example, as of June 30, 2021, we had a high-rise apartment and commercial building in Jakarta, a high-rise apartment in Canada and a high-rise apartment in the U.S. under development. Our expansion is based on our forward-looking assessment of market prospects. We cannot assure you that our assessments will turn out to be accurate. In addition, to succeed with our business expansion, we will need to recruit and train new managers and other employees and build our operations and reputation in our target regional markets within a relatively short period of time. We have limited knowledge of the conditions of these local property markets and little or no experience in property development in these regions. As we enter new markets, we may not have the same level of familiarity with contractors, business practices and customs and customer tastes, behavior and preferences as compared with the cities where we are an established property developer. In addition, when we enter new geographical areas, we may face intense competition from developers with an established presence and market share in those areas. Therefore, we cannot assure you that we can execute successfully our contemplated expansion plan or that we will succeed in effectively integrating our expanded operations, or that our expanded operations will generate adequate returns on our investments or positive operating cash flows. We may also develop, invest in or acquire new businesses ancillary to or related to our existing businesses and such diversification may place significant demands on our management and resources as we may not have the experience or expertise necessary for the successful development of such new businesses. Our business expansion in real estate and/or new industries may place a substantial strain on our managerial and financial resources and any failure in effectively managing our expanded operations may materially and adversely affect our business, prospects, financial condition and results of operations.

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

We are required to reassess the fair value of our investment properties as at the date of our balance sheet. In accordance with IFRS, gains or losses (as applicable) arising from changes in the fair value of our investment properties should be accounted for in our income statements in the period in which they arise. Our investment properties were revalued by an independent property valuer as at December 31, 2018, 2019 and 2020 and June 30, 2021, respectively, on an open market for existing use basis which reflected market conditions at those dates. Based on such valuation, we recognized the aggregate fair market value of our investment properties on our consolidated balance sheets, and recognized changes in fair values of investment properties and the relevant deferred tax on our consolidated statements of comprehensive income. In 2020, the fair value loss from our investment properties was RMB14.6 million (US$2.3 million). In the first half of 2021, the fair value loss from our investment properties was RMB0.4 million (US$0.06 million).

Fair value gains or losses do not, however, change our cash position as long as the relevant investment properties are held by us, and accordingly do not increase our liquidity in spite of the increased profit represented by any fair value gains. The amount of revaluation adjustments has been, and will continue to be, subject to market fluctuations. Macroeconomic factors, including economic growth rate, interest rate, inflation rate, urbanization rate and disposable income level, in addition to any governmental regulations, can substantially affect the fair value of our investment properties and affect the supply and demand in the PRC property market. All these factors are beyond our control. If the fair value of our investment properties declines, our profitability would be materially and adversely affected.

We have in the past made provisions for impairment losses for certain assets. For example, in 2020, in light of the rapid changes of market environment, we conducted impairment tests on certain properties based on the principle of prudence during such period. According to the test results, we provided for impairment loss of certain subsidiaries for their completed properties for sale amounting to an aggregate of RMB1.2 million (US$0.2 million). For example, in the first half of 2020 and 2021, in light of the rapid changes of market environment, we conducted impairment tests on certain properties based on the principle of prudence during such period. According to the test results, we provided for impairment loss of certain subsidiaries for their completed properties for sale amounting to an aggregate of RMB155 million (US$24 million) in the first half of 2021, and we reversed for impairment loss of certain subsidiaries for their completed properties for sale amounting to an aggregate of RMB94 million (US$15 million) in the first half of 2020. We cannot assure you that we will not make any such or other impairment provisions in the future. If we make such or other impairment provisions, our results of operations, financial condition and prospects may be adversely affected.

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

We pre-sell properties before construction is completed. The purchasers of our properties may need mortgage loans to purchase our properties, and we typically arrange for various banks to provide these mortgage loans. In accordance with market practice, the mortgagee banks require us to guarantee our customers' mortgage loans. Typically, our guarantee obligations for such customers' mortgage loans are released upon the earlier of (i) the satisfaction of the mortgage loan by the purchaser of the property; and (ii) the issuance of the property ownership certificate for the mortgaged property and the completion of the registration of the mortgage. It generally takes three to six months after we deliver possession of the relevant property to the purchaser for our guarantee to be released. If a purchaser defaults on a mortgage loan guaranteed by us we may have to repay the mortgage loan. If we fail to do so, the mortgagee bank may foreclose the underlying property and recover any balance from us as the guarantor of the defaulted mortgage loan. In line with industry practice, we rely on the credit analysis performed by the mortgagee banks in respect of individual customers and we do not conduct any independent credit checks on them.

As at December 31, 2018, 2019 and 2020 and June 30, 2021, our outstanding financial guarantees for the mortgage loans of our customers amounted to RMB33,938 million, RMB35,651 million, RMB37,066 million (US$5,741 million) and RMB44,187 million (US$6,844 million), respectively. In 2018, 2019 and 2020 and the first half of 2021, we did not experience any instances where we had to honor our guarantee obligations as a result of a failure by our customers to repay their mortgage loans which could have a material adverse effect on our results of operations and financial position. However, if we are required to honor our guarantees, our results of operations and financial position may be materially and adversely affected.

We may suffer certain losses not covered by insurance

In line with industry practice, we do not carry comprehensive insurance against all potential losses or damages with respect to our properties before their delivery to customers nor do we maintain insurance coverage against liability from tortious acts, property damage or personal injury relating to the construction and maintenance of our properties. Although we expect our third-party construction companies to maintain appropriate insurance coverage, we cannot assure you that their insurance would cover or be sufficient to satisfy all claims, or that we would not be sued or held liable for damages notwithstanding their insurance coverage. Moreover, there are certain losses for which insurance is not available on commercially practicable terms in China, such as losses suffered due to earthquake, typhoon, flooding, war and civil disorder. If we suffer from any losses, damages or liabilities in the course of our business, we may not have sufficient financial resources to cover such losses, damages or liabilities or to satisfy our related obligations. Any payment we make to cover any losses, damages or liabilities may have a material and adverse effect on our business, financial condition and results of operations.

Our results of operations may vary significantly from period to period

Our results of operations may vary significantly due to a number of factors, including the timetables of our property development projects, the timing of the sale of properties that we have developed, our revenue recognition policies and any volatility in expenses such as raw material costs. The overall schedules of our property development and the number of properties that we can develop or complete during any particular period are limited as a result of the substantial capital required for the acquisition of land, demolition and resettlement and construction. The sale of properties we develop is subject to general market or economic conditions in the areas where we conduct our business and the level of acceptance of our properties by prospective customers. According to our accounting policy, we recognize revenue upon delivery of the properties to purchasers, which may typically take six to 24 months after the commencement of the pre-sale. Therefore, in periods in which we pre-sell a large aggregate GFA, we may not generate a correspondingly high level of revenue if the properties pre-sold are not delivered within the same period. In addition, our business depends on obtaining adequate supplies of raw materials and is subject to fluctuation in the market prices of raw materials. The prices that we pay for raw materials may increase due to increased industry demand, inflation, higher fuel and transportation costs and other factors. We will continue to experience significant fluctuations in revenue and profit subsequent to the issuance of the New Notes. We therefore believe that period-to-period comparisons of our results of operations may not be as meaningful as they would be for a company with recurring revenue.

We may not be able to complete our projects according to schedule or on budget

A property development project requires substantial capital expenditures prior to and during the construction period, and it may take over a year before a development generates positive cash flow through pre-sales or sales. The progress of, and costs for, a development project can be adversely affected by many factors, including:

- changes in market conditions, an economic downturn or a decline in consumer confidence;
- delays in obtaining necessary licenses, permits or approvals from governmental agencies or authorities;
- relocation of existing residents and demolition of existing structures;
- increases in the market prices of raw materials if we cannot pass on the increased costs to customers;
- shortages of materials, equipment, contractors and skilled labor;
- latent soil or subsurface conditions and latent environmental damage requiring remediation;
- unforeseen engineering, design, environmental or geographic problems;
- labor disputes;
- construction accidents;
- natural disasters;
- adverse weather conditions;
- outbreak of communicable diseases, including, but not limited to the ongoing COVID-19 pandemic, see "*—The national and regional economies in China and our prospects may be adversely affected by natural disasters, acts of God, or occurrence of epidemics*";
- changes in governmental practices and policies, including reclamation of land for public works or facilities; and
- other unforeseen problems or circumstances.

The rising cost of construction in the PRC may also have a material and adverse effect on our business, results of operation and financial condition.

Our property projects are at risk from earthquakes, floods and other natural disasters in the regions where we operate. Damage to any of our properties or impact on the markets, whether by natural disasters or otherwise, may either delay or preclude our ability to develop and sell our properties or adversely affect our budget for the projects. During the three years ended December 31, 2018, 2019 and 2020 and the six month ended June 30, 2021, we did not experience any delays in completion or delivery of our projects, which could have a material adverse effect on our business operations. See "*—We may be adversely affected by fluctuations in the global economy and financial markets" and "—The national and regional economies in China and our prospects may be adversely affected by natural disasters, acts of God, or occurrence of epidemics.*" We may also experience additional or significant delays in completion or delivery of our projects or we may be subject to liability for any such delays. Construction delays or failure to complete construction of a project according to its planned specifications, schedule or budget may materially and adversely affect our reputation, business, financial condition and results of operations.

Our profitability and results of operations are affected by changes in interest rates

Changes in interest rates have affected and will continue to affect our financing costs and, ultimately, our results of operations. On July 20, 2013, the PBOC ceased regulating the benchmark lending rate, allowing commercial banks to adopt differentiated lending rates. The benchmark one-year bank lending rates published by the PBOC for the years ended December 31, 2018, 2019 and 2020 were 4.35%, 4.15% and 3.85%, respectively. On July 20, 2013, pursuant to the Notice on Further Promoting the Market-oriented Interest Rate Reform (中國人民銀行關於進一步推進利率市場化改革的通知), the PBOC abolished the regulation on the benchmark lending rates for financial institutions and began allowing lending rates to be determined by financial institutions pursuant to market principles. On August 16, 2019, pursuant to the Announcement [2019] No.15 of the People's Bank of China on the Reform and Improvement of the Formation Mechanism of Loan Prime Rate (LPR《中國人民銀行公告[2019]第15號—改革完善貸款市場報價利率(LPR)形成機制的公告》, the PBOC decided to reform and improve the formation mechanism of loan prime rate ("LPR") and provided that the banks shall mainly refer to the LPR for interest rates pricing in newly issued loans and adopt the LPR as the pricing benchmark in floating rate loan contracts. Any increases in benchmark lending rates and/or LPR will increase the interest costs for our property developments. For the six months ended on June 30, 2021, our weighted average interest rate was 4.6%, which decreased by 60 basis points as compared to the corresponding period in 2020. For the year ended December 31, 2020, our weighted average interest rate was 4.9%, which decreased by 0.4% as compared to 2019. Our total interest expense was RMB5,417 million, RMB6,009 million and RMB7,798 million (US$1,208 million) and RMB3,978 million (US$616 million) for the years ended December 2018, 2019 and 2020 and the six months ended on June 30, 2021, respectively. A substantial portion of the interest expense has been capitalized as properties under development, which will then be recognized in the consolidated statements of comprehensive income as cost of sales upon the sale of properties. As a result, such capitalized interest expense may adversely affect our gross profit margin upon the sales of properties in future. In addition, increases in interest rates may affect our customers' ability to secure mortgages on acceptable terms, which in turn may affect their ability to purchase our properties.

We are exposed to foreign exchange risks

The principal place of our operation is in the PRC and the majority of our income and expenditure is settled in RMB. For the years ended December 31, 2018, 2019 and 2020 and the six months ended June 30, 2021, we had deposits in foreign currencies, amounts due from and to related parties and third parties denominated in foreign currencies, as well as bank borrowings in foreign currencies and overseas senior notes, and were exposed to foreign exchange risks. We did not enter into any foreign exchange hedging arrangements during these years and periods. As at June 30, 2021, the carrying amounts of our foreign currency denominated monetary assets and monetary liabilities totaled approximately RMB0.25 billion (US$0.04 billion) and RMB18.9 billion (US$2.93 billion), respectively. If the Renminbi depreciates against such foreign currencies, our financial condition could be adversely affected because of our foreign currency exposure.

Our business, financial condition, results of operation and prospects may be adversely affected by the COVID-19 pandemic

At the end of December 2019, COVID-19 emerged and continued to spread around the world. In March 2020, the World Health Organization categorized the global outbreak of COVID-19 as a pandemic. Governmental authorities, including in the PRC, have implemented measures to contain the spread of COVID-19 such as extended holidays, travel restrictions, border controls and other measures to discourage or prohibit the movement of people, causing commercial disruption in a number of countries. Market regulations and COVID-19 have put certain pressures on real estate development. As at the date of this offering memorandum, the foregoing incidents of temporary suspension of our property development pursuant to government quarantine or lockdown measures do not have a material adverse effect on our business, financial condition and results of operations. Should there be further disruptions to our operations, we may experience delays in completion and delivery of our projects. In addition, any further disruption or suspension of our sales activities may negatively affect our liquidity and access to capital. As at the date of this offering memorandum, the COVID-19 pandemic is ongoing and the responses thereto continue to develop globally. It is difficult to ascertain how long such pandemic may last, the effect and/or duration of governmental measures taken to curb the spread of COVID-19, and the full impact that COVID-19 may have globally, in the PRC, and on our business, financial condition, results of operations and prospects. If the COVID-19 outbreak continues for a prolonged period, the economic condition of the PRC may be further worsened and the PRC economy may experience a slowdown in its growth rate or experience a recession. The prolonged spread of COVID-19 may also trigger economic recessions in countries around the world, including those where we have operations. Any of the foregoing may have a material and adverse effect on our business, financial condition, results of operations and prospects.

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

Our business is subject to general economic and social conditions in China. Natural disasters, epidemics and other acts of God which are beyond our control may adversely affect the economy, infrastructure and livelihood of the people in China. Some regions in China, including the cities where we operate, are under the threat of and/or affected by flood, earthquake, sandstorm, snowstorm, fire, drought, or epidemics such as Severe Acute Respiratory Syndrome, or SARS, H5N1 avian flu and the human swine flu, also known as Influenza A (H1N1), or pandemics such as COVID-19. See "*—Our business, financial condition, results of operation and prospects may be adversely affected by the COVID-19 pandemic.*" A recurrence of SARS or an outbreak or resurgence of any other epidemics and/or pandemics in China, such as the H5N1 avian flu, Ebola, the human swine flu or COVID-19, especially in the cities where we have operations, may result in material disruptions to our property development and our sales and marketing, which in turn may materially and adversely affect our business, financial condition, results of operations and prospects.

We may have to compensate our customers if we fail to meet all requirements for the delivery of completed properties and the issuance of property ownership certificates

According to the relevant PRC law, property developers must meet various requirements within 90 days after the delivery of property or such other time period that may be provided in the relevant sales and purchase agreement to assist a purchaser in obtaining the individual property ownership certificate. We generally elect to specify the deadline to apply for an individual property ownership certificate in the sales and purchase agreement to allow sufficient time for the application and approval process. Within three months of the date of the completion certificate for a development, we must apply for a general property ownership certificate for the entire development. This involves, among other things, the submission of a number of documents, including land use rights documents, planning approvals and construction permits. Following the effective date of a sales and purchase agreement for one or more units in a development, we then assist the purchaser to apply for an individual property ownership certificate for each unit. This involves submission of other documents, including the sales and purchase agreement, identification documentation for the purchaser, evidence of payment of deed tax and a copy of the general property ownership certificate issued to us. Delay by a purchaser in providing the documents relating to the purchaser, or delay by the various administrative authorities in reviewing the relevant application document, as well as other factors beyond our control, may affect timely delivery of the relevant individual property ownership certificate. Under current PRC laws and regulations and under our sales and purchase agreements, we are required to compensate our customers for delays in delivery of individual property ownership certificates caused by us. During the three years ended December 31, 2018, 2019 and 2020 and the six months ended June 30, 2021, we did not pay any compensation for delays in delivery of individual property ownership certificates which could have a material adverse effect on our business operations. However, we cannot assure you that delays in delivery of the required property ownership certificates caused by us will not occur. Significant delays with respect to one or more of our developments may materially and adversely affect our reputation, business, financial condition and results of operations.

The PRC government may impose fines on us or take back our land if we fail to develop a property according to the terms of the land grant contract

Under PRC laws and regulations, if we fail to develop a property according to the terms of the land grant contract, including those relating to the payment of land premium, demolition and resettlement costs and other fees, the specified use of the land and the time for commencement and completion of the development, the PRC government may issue a warning, impose a penalty and/or liquidated damages, and/or order us to forfeit our land. Under PRC laws and regulations, if we fail to pay any outstanding land grant premium on time, we may be subject to a late payment penalty of 0.1% of the outstanding balance for every day of delay in payment. In addition, the PRC government requires that a land grant contract must be entered into within 10 working days after the closing of the land grant, and the down payment of 50% of the land premium must 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. Such policies may materially and adversely affect our ability to make timely payment of land premiums.

In addition, the PRC government may serve a warning notice on us and impose an idle land fee up to 20% of the land premium or allocation fees if (i) we do not commence construction for more than one year after the date specified in the relevant land grant contract without the approval from the relevant PRC land authorities, unless such failure is caused by a force majeure event, a government action or preliminary work necessary for the commencement of construction, (ii) total constructed GFA is less than one-third of the total proposed GFA for the development, or (iii) the capital invested in the development is less than one-fourth of the total investment approved for the development and the development is suspended for more than one year without governmental approval. Furthermore, the PRC government has the authority to take back the land without compensation to us, if we do not commence construction for more than two years after the date specified in the land grant contract, unless the delay is caused by force majeure, governmental or preliminary work necessary for the commencement of construction.

We cannot assure you that there will be no significant delays in the commencement of construction or the development of our properties in the future, or that our developments will not be subject to idle land penalties or be taken back by the government as a result of such delays. The imposition of substantial idle land penalties could have a material adverse effect on our business, financial condition and results of operations. If any of our land is taken back by the government, we would not only lose the opportunity to develop the property, but also lose our prior investments in the development, including land premiums paid and costs incurred in connection with such land.

Our acquisition of companies holding land use rights may be unsuccessful

We intend to continue to acquire controlling equity interests in companies holding land use rights as a means of expanding our business and land bank. However, we may face strong competition during the acquisition process and we may not be successful in selecting or valuing target companies or their land accurately. As a result, we may be unable to complete such acquisitions at reasonable costs, or at all. In addition, we may have to allocate additional capital and human resources to integrate the acquired business into our operations. We also cannot assure you that the integration of any acquired company will be successfully completed within a reasonable period of time, or at all, or that it will generate the economic benefit that we expected.

We may be required to relocate existing residents and pay demolition and resettlement costs associated with our future property developments and such costs may increase

We may be required to undertake and pay for demolition of existing buildings and resettlement of existing residents with respect to some of our property developments in accordance with the relevant PRC laws and regulations. We have also entered into certain contractual arrangements involving demolition and resettlement works. In particular, we have entered into certain contractual arrangements relating to redevelopment and primary land development with a view to facilitating potential acquisitions of land use rights or enhancing our future expansion into the relevant markets. See the section entitled "*Business—Contractual Arrangements.*" The compensation we pay for resettlement is calculated in accordance with certain formulas published by the relevant local authorities. These formulas take into account the location, GFA and the type of building to be demolished, local income levels and many other factors. There can be no assurance that local authorities will not change or adjust their formulas without prior notice. Existing owners or residents may disagree with the compensation arrangements or refuse to relocate. The administrative process to settle the amount of compensation, together with any appeals, or a refusal to relocate may significantly delay the timetable for the affected development. Although we take into consideration the difficulties in resettlement compensation negotiations before we enter into such contractual arrangements, the protracted resettlement process may cause delays in the redevelopment projects, and adversely affect our plans to obtain the relevant land use rights or enter into the new markets. In addition, there is no assurance that we will be able to reach agreements for compensation and resettlement for such redevelopment projects on terms satisfactory to us or at all. Moreover, an unfavorable final determination or settlement regarding the amount of compensation payable by us may increase the cost of the development and materially and adversely affect our cash flow, business, financial condition and results of operations.

A third party's inappropriate use of the trademarks and service marks "綠城" (Greentown) and "綠城房產" (Greentown Real Estate) may damage our reputation and negatively affect our financial condition and results of operations

Most of the trademarks and service marks relating to "綠城" (Greentown) and "綠城房產" (Greentown Real Estate) were previously licensed from Greentown Holdings Group Limited (綠城控股集團有限公司) ("Greentown Holdings Group") and are currently under licenses and assignments from Greentown Holdings Group. Greentown Holdings Group is engaged in various businesses in addition to property development, such as hotel management and sports. The Greentown trademarks have been registered under Greentown Holdings Group's name and certain of our member(s) for various classes and categories of services and products in accordance with PRC law. Pursuant to a trademark licensing agreement entered into between Greentown Holdings Group and us dated June 22, 2006, we have been licensed to use the trademarks on an exclusive and royalty-free basis within the valid registration period of such trademarks. The term of the trademark licensing agreement is ten years subject to an automatic extension for a further ten years if so requested by us one month before the expiry date. The trademark licensing agreement was extended on November 30, 2015 and is valid until December 31, 2025. On June 25, 2016, we entered into a trademark assignment framework agreement with Greentown Holdings Group pursuant to which Greentown Holdings Group agreed to assign certain "Greentown" trademarks, including the "綠城" (Greentown) and "綠城房產" (Greentown Real Estate) trademarks, to us. On July 13, 2017, the transfer of the 12 trademarks registered with the State Trademark Bureau of the PRC was completed. The division and transfer of two trademarks registered in Hong Kong has not been completed. See "*Related Party Transactions*" and "*Business—Intellectual Property*" for further details.

If the trademarks are not transferred to us, we cannot assure you that the trademark licensing agreement will be extended or renewed at the end of its current ten year term in 2026. If for any reason, we need to continue licensing such trademarks from Greentown Holdings Group but such license is not extended or renewed in the future, our business, financial condition and results of operations may be materially and adversely affected. Greentown Holdings Group continues to use such trademarks in its other categories of business except for the property development business. In addition, Greentown Holdings Group allows several third parties to use the "Greentown" mark in their business operations. Such third parties are engaged in interior decoration, media, hospital investment, education businesses and other categories of business except for the property development business. If such entities use such trademarks and service marks in ways that negatively affect the "Greentown" and "Greentown Real Estate" brand names, our reputation and the reputation of our products could be damaged, which in turn may have an adverse effect on our financial condition and results of operations.

Deterioration in our brand image could adversely affect our business

We rely to a significant extent on our brand name and brand image, "Greentown." Any negative incident or negative publicity concerning us or our property developments could adversely affect our reputation and business. One of our affiliates owns our brand and therefore has the right to use the brand for non-real estate related purposes. Brand value is based largely on subjective consumer perceptions and can be damaged by isolated incidents that reduce consumer trust. Consumer demand for our products and our brand value could diminish significantly if we fail to preserve the quality of our products, or fail to deliver a consistently positive consumer experience in each of our complexes, or if we are perceived to act in an unethical or socially irresponsible manner.

In addition, our efforts to protect our brand name may not be adequate, and we may be unable to identify any unauthorized use of our brand name or to take appropriate steps to enforce our rights on a timely basis. Our brand could be misappropriated or misused in the future. If the registration of our brand name "Greentown" and the relevant trademarks in the PRC or elsewhere cannot be completed, we will not be able to have adequate protection against unauthorized use or infringement of our brand name committed by any third parties. Any unauthorized use or infringement of our brand name may impair the value we have built in our brand name, damage our reputation and materially and adversely affect our business and results of operations.

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

Our success and growth depend on the continued services of our executive directors and other members of our senior management team. They have extensive experience in the PRC real estate industry, and in-depth knowledge of various aspects of property development, strategic planning and business management. We cannot assure you that any executive director or member of senior management is willing or able to continue in his or her present position or that we will be able to find and hire a suitable replacement if he or she is recruited by a competitor or departs to start a competing business. Any negative news regarding our senior management team may also adversely affect our reputation or business. Moreover, along with our steady growth and expansion into other regional markets in China, we will need to employ, train and retain additional suitable skilled and qualified management and employees from a wider geographical area. If we cannot attract and retain suitable personnel, our business and future growth may be materially and adversely affected.

We may be involved from time to time in disputes, administrative, legal and other proceedings arising out of our operations or subject to fines and sanctions in relation to our non-compliance with certain PRC laws and regulations, and may face significant liabilities or damage to our reputation as a result

We may be involved in disputes with various parties involved in the construction, development and the sale of our properties, including contractors, suppliers, construction workers, original owners and residents, partners and purchasers. These disputes may lead to protests, legal or other proceedings and may result in damage to our reputation, incurrence of substantial costs and the diversion of resources and management's attention. As most of our projects are comprised of multiple phases, purchasers of our properties in earlier phases may file legal actions against us if our subsequent planning and development of the relevant project is perceived to be inconsistent with our representations and warranties made to such earlier purchasers. These disputes and legal and other proceedings may materially and adversely affect our reputation, business, financial condition and results of operations. The judicial process of releasing the seizure of properties may decrease the time we devote to normal and customary operating functions. In addition, we may have compliance issues with regulatory bodies in the course of our operations, which may subject us to administrative proceedings and unfavorable decrees that result in liabilities, fines or sanctions and cause damage to our reputation and delays to our property developments. We may also be involved in disputes or legal proceedings in relation to delays in the completion and delivery of our projects. The occurrence of any of the above events, and failure to comply with any applicable PRC laws or regulations, may have a material adverse effect on our business, financial condition and results of operations. Finally, any failure or alleged failure by us or any of our directors, officers or other agents to fully adhere to the PRC or other applicable bribery or anti-corruption laws, or any investigation in relation to such failure or alleged failure by any regulatory body, could also materially and adversely affect our reputation and our business, financial condition and results of operations. For more information, see "*Business—Legal Proceedings and Material Claims.*"

Actions of our joint ventures or disputes with our project development partners may adversely affect our business

We carry out a substantial portion of our business through joint ventures with our project development partners and intend to increasingly use joint ventures to develop future projects. Our associates and joint ventures, including those established pursuant to joint ventures with Xinhu Zhongbao, Wharf and CCCG, are not and will not be our subsidiaries and will not be subject to any restrictive covenants in the Indenture. As a non-controlling shareholder in these entities, we do not consolidate the financial results and assets and liabilities of such entities in our consolidated financial statements (but instead incorporate them into our consolidated financial statements using the equity method of accounting), and will not control the actions of these entities including acquisitions and financings. Under the terms of the Senior Notes Indentures, in certain circumstances, we are permitted to invest in certain joint ventures including through contingent obligations such as direct and indirect capital contributions and also to pledge the shares we own in these joint ventures. We may not be able to recover the value of our investments in these joint ventures or may lose our shareholding in these joint ventures in certain circumstances including if these joint ventures become insolvent or fail to pay their debts. Such joint venture arrangements involve a number of risks, including but not limited to:

- disputes may arise with project development partners in connection with the performance of their obligations under the relevant project or joint venture agreements;

- disputes may also arise as to the scope of each party's responsibilities under these arrangements;

- financial difficulties encountered by a project development partner may affect its ability to perform its obligations under the relevant project or joint venture agreements;

- dispute may arise over whether to develop, maintain, enter into or discontinue certain projects;

- the Company may not have the resources to invest in the joint venture at a time required under the joint venture agreements; and

- conflicts may exist between the policies or objectives adopted by the project development partners and those adopted by us.

Any of the above and other factors may adversely affect our ability to comply with our obligations under joint venture agreements or complete jointly developed projects on a timely basis or within budget, which would adversely affect our reputation, financial position and business operations.

We are subject to legal and business risks and our business may be adversely affected if we fail to obtain or maintain the required qualification certificates and other requisite governmental approvals

A PRC property developer must hold a valid qualification certificate to develop property and renew it on an annual basis unless the relevant rules and regulations permit a longer renewal period. In addition, at various stages of project development, the PRC property developer must obtain various licenses, certificates, permits, and approvals from the relevant PRC administrative authorities, including land use rights certificates, planning permits, construction permits, pre-sale permits and certificates or confirmation of completion.

According to the Provisions on Administration of Qualifications of Real Estate Developers (房地產開發企業資質管理規定) issued by the Ministry of Construction of the PRC (the "**Ministry of Construction**") (now MOHURD), a newly established property developer must first apply for a provisional qualification certificate with a one-year validity, which can be renewed annually for not more than two consecutive years. If, however, the newly established property developer fails to commence a property development project within the one-year period following the provisional qualification certificate, it will not be allowed to renew the term of its provisional qualification certificate. Developers with longer operating histories must submit their qualification certificates to relevant construction administration authorities for renewal once every two to three years in most cities, subject to an annual verification by the relevant governmental authorities. Governmental regulations require developers to fulfill all statutory requirements before they may obtain or renew their qualification certificates.

We conduct our property developments through project companies. These project companies must hold valid qualification certificates to be able to conduct their businesses. Some of our project companies are in the process of obtaining or renewing their qualification certificates. We cannot assure you that our project companies will be able to obtain or renew the necessary qualification certificates in a timely manner, or at all. If any of our project companies does not obtain or renew the necessary qualification certificate in a timely manner, or at all, our business, prospects, financial condition and results of operations may be materially and adversely affected.

In addition to the above, we cannot assure you that we will not encounter significant problems in satisfying the conditions to, or delays in, the issuance or renewal of other necessary licenses, certificates, permits or approvals. There may also be delays on the part of the administrative bodies in reviewing and processing our applications and granting licenses, certificates, permits or approvals. If we fail to obtain the necessary governmental licenses, certificates, permits or approvals for any of our major property projects, or a delay occurs in the government's examination and review process, our development schedule and our sales could be substantially delayed, resulting in a material and adverse effect on our business, financial condition and results of operations.

We are subject to legal and business risks for the non-registration of our leases

Most of the lease agreements for the properties that we rented from third parties and the properties that we leased to third parties have not been registered. Our PRC legal adviser has advised us that the requirement for the leases to be registered is an administrative measure, the non-compliance with which may result in an administrative penalty if we fail to complete registration within a specified timeframe required by the relevant construction (real estate) authorities but does not affect the validity of the leases, however, we may face the risk of being determined by the relevant court of not being able to challenge any *bona fide* third party. We cannot assure you that the relevant administrative authorities will not impose a fine on us and bona fide third parties will not challenge our leases.

Our strategic shareholders have the ability to exercise influence over our business and may take actions that are not in, or may conflict with, our or our creditors', including the holders of the Notes, best interests

As at June 30, 2021, CCCG, Wharf and Xinhu Zhongbao (our "Strategic Shareholders") held approximately 25.051%, 22.353% and 12.949%, respectively, of our outstanding shares. Accordingly, our Strategic Shareholders have the ability to exercise influence over our business, including certain matters relating to our management and policies, our investment decisions, our annual budgets, mergers, acquisitions and disposals and amendments of our articles of association. For more information, see "*Business—Strategic Partnerships.*"

Our LAT provisions and prepayments may not be sufficient to meet our LAT obligations

In accordance with the provisions of the Provisional Regulations of the People's Republic of China on Land Appreciation Tax (《中華人民共和國土地增值稅暫行條例》) and the related implementation rules, all entities and individuals that receive income from the sale or transfer of land use rights, buildings and ancillary facilities are subject to LAT at progressive rates ranging from 30% to 60% of the appreciated value of such properties. There is an exemption for the sale of ordinary residential properties if the appreciated value does not exceed 20% of the total deductible expense items allowed under the relevant LAT regulations. This exemption is not available for sales of luxury residential properties, villas and commercial properties. It is not clear whether the residential portion of our mixed residential and commercial developments will be eligible for the exemption available to ordinary residential properties. The State Taxation Bureau clarified LAT settlement to some extent in its Notice on the Administration of the Settlement of Land Appreciation Tax of Property Development Enterprises (關於房地產開發企業土地增值稅清算管理有關問題的通知) ("**LAT Settlement Notice (2007)**") effective February 1, 2007 and Notice of State Administration of Taxation on Issues Relating to Settlement of Land Appreciation Tax (《國家稅務總局關於土地增值稅清算有關問題的通知》) effective on May 19, 2010. The LAT Settlement Notice (2007) clarifies that all provincial tax authorities shall formulate specific administrative measures for settlement subject to the provisions of the LAT Settlement Notice (2007) and upon the actual situation of each province. The State Taxation Bureau has issued regulations in the past to set minimum prepayment rates as applicable in different regions in the PRC and may raise the prepayment rates from time to time.

We have been prepaying LAT with reference to our pre-sale proceeds since the PRC government imposed such prepayment obligation in 2004 in areas where we have operations. In addition, we make provisions for the estimated amount of LAT that may be payable in respect of our other sales. We made LAT provisions of RMB3,889 million, RMB4,025 million and RMB3,345 million (US$518 million) for each of the years ended December 31, 2018, 2019 and 2020, respectively. LAT provisions are recorded as a part of "income taxes payable" on our balance sheets. We cannot assure you that the relevant tax authorities will agree with our calculation of LAT liabilities nor can we assure you that the LAT provisions will be sufficient to cover our LAT obligations in respect of our past LAT liabilities. If the relevant tax authorities determine that our LAT liabilities exceed our LAT prepayments and provisions, and seek to collect that excess amount, our cash flow, financial condition and results of operations may be materially and adversely affected.

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

Pursuant to the Notice on Overall Implementation of the Pilot Program of Replacing Business Tax with Value-added (關於全面推開營業稅改徵增值稅試點的通知) (Cai Shui [2016] No. 36) issued on March 23, 2016 ("**Circular 36**") by the Ministry of Finance and PRC State Administration of Taxation ("**SAT**"), effective from May 1, 2016 and recently amended in 2019, PRC tax authorities have started imposing value added tax ("**VAT**") on revenues from various service sectors, including real estate, construction, financial services and insurance, as well as other lifestyle service sectors, replacing the business tax that co-existed with VAT for over 20 years. Since the issuance of Circular 36, the MOF and SAT have subsequently issued a series of tax circulars in March and April 2016 to implement the collection of VAT on revenues from construction, real estate, financial services and lifestyle services. The VAT rates applicable to us may be generally higher than the business tax rate we were subject to prior to the implementation of Circular 36. For example, the VAT rate for sale of self-developed real estate projects had been increased from 5% (past business tax rate) to 11%, then adjusted to 10% since May 1, 2018, according to the Notice of the MOF and the SAT on Adjusting the Value-added Tax Rate (《財政部、國家稅務總局關於調整增值稅稅率的通知》), and has been adjusted to 9% since April 1, 2019, according to the Announcements on Policies for Deepening Value-added Tax Reform (《關於深化增值稅改革有關政策的公告》). Unlike the business tax, however, the VAT will only be imposed on added value, which means the input tax incurred from our construction and real estate will be able to be offset in the output tax. However, details of concrete measures are still being formulated in accordance with Circular 36, and as such, we are still in the process of assessing the comprehensive impact of the new VAT regime on our tax burden, our revenues and results of operations, which remains uncertain.

We breached certain financial covenants under our indebtedness in the past and received waivers from noteholders for these breaches. Any additional breaches in the future under our indebtedness could materially affect our financial condition and results of operations

We breached certain financial covenants under certain of our indebtedness in the past, for which we received waivers from the relevant noteholders. Such noteholders also did not exercise their right to accelerate the maturity of the notes they were holding. Any additional breaches of financial covenants under our indebtedness in the future could materially and adversely affect our financial condition and results of operations.

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

We have significant indebtedness outstanding. As at June 30, 2021, our consolidated capital commitments were approximately RMB62,546 million (US$9,687 million). In addition, as at June 30, 2021, our consolidated current bank loans and other borrowings (including the Senior Notes and our corporate debt instruments) amounted to RMB30,106 million (US$4,663 million), and our consolidated non-current bank loans and other borrowings (including the Senior Notes and our corporate debt instruments) amounted to RMB95,913 million (US$14,855 million).

In addition, we and our subsidiaries may from time to time incur substantial additional indebtedness, including bank borrowings, onshore or offshore bond offerings with or without credit enhancement, and other debt products. See "*Description of Material Indebtedness and Other Obligations.*" Although the Senior Notes Indentures limit us and our subsidiaries from incurring additional debt, these limitations are subject to important exceptions and qualifications.

For example, under the Senior Notes, we may incur additional indebtedness if we can, among other things, satisfy the Fixed Charge Coverage Ratio. The Fixed Charge Coverage Ratio is derived by dividing Consolidated EBITDA by Consolidated Fixed Charges. Consolidated Fixed Charges comprises of Consolidated Interest Expense and dividends paid on any Disqualified Stock or Preferred Stock of the Company or any Restricted Subsidiary. Because our definition of Consolidated Interest Expense excludes the distributions under the Perpetual Bond Obligations, only includes interest that has become due and payable by the Company or any Restricted Subsidiary, and also subtracts the interest income from the gross interest expense, our Consolidated Fixed Charges would be substantially lower, and therefore our ability to incur additional debt under such covenant could be substantially larger, when compared to other similarly situated PRC high yield issuers whose covenant typically includes such interest regardless of whether it has become due and payable by the Company or any Restricted Subsidiary or not. If we or our subsidiaries incur additional debt, the risks that we face as a result of our already substantial indebtedness and leverage could intensify.

If we or our subsidiaries incur additional debt, the risks that we face as a result of such indebtedness and leverage could intensify. The amount of our indebtedness could have important consequences to the holders of the Notes. For example, it could:

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

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

Our perpetual capital securities are not considered indebtedness under the Notes or the Senior Notes. Therefore, we are able to incur perpetual capital securities without any limitation under the Notes. In addition, neither the distributions under the perpetual capital securities are considered when calculating the Consolidated Interest Expense as abovementioned nor are the repayments and distributions under the perpetual capital securities considered Restricted Payments under our bank facilities and senior notes, including the Notes and the Senior Notes. We might therefore in certain circumstances be able to make repayments or distributions that we would not otherwise be entitled to under the covenants governing our bank facilities and senior notes, including the Notes and the Senior Notes, if the distributions were counted in calculating the Consolidated Interest Expense or treated as a Restricted Payment.

We have issued and may continue to issue perpetual capital securities, see "*Description of Material Indebtedness and Other Obligations.*" Although there is no fixed due date for perpetual capital securities, the distribution rates for the perpetual capital securities may increase after a certain period of time or upon the occurrence of certain events as set out in the perpetual capital securities. In the event that we are unable to redeem the perpetual capital securities prior to the respective increases of the distribution rates, our costs relating to the distributions may rise. In addition, if there is close temporal proximity between the respective increases of the distribution rates, we will face additional risks relating to our indebtedness.

Any of these factors could materially and adversely affect our ability to satisfy our obligations under the Senior Notes and other indebtedness.

The terms of the Notes permit us to buy out minority interests in non-wholly owned Restricted Subsidiaries, and such purchases will not constitute Restricted Payments

The Indenture governing the Notes permits us to redeem, repurchase or otherwise acquire minority interests in our Restricted Subsidiaries held by Independent Third Parties, and such purchases will not constitute Restricted Payments. See "*Description of the Notes—Certain Covenants—Limitation on Restricted Payments.*" Even though such transactions would potentially increase our ownership interests in the relevant Restricted Subsidiary, we may pay substantial amounts of consideration in these transactions, whether in cash or other assets, which may adversely impact our business, results of operations and financial condition.

Certain of our offshore Restricted Subsidiaries will be permitted to not provide a Subsidiary Guarantee or a JV Subsidiary Guarantee, and their shares will not be required to be pledged for the benefit of the holders of the Notes

According to the terms of the Notes, certain offshore Restricted Subsidiaries will not be required to deliver a Subsidiary Guarantee or a JV Subsidiary Guarantee, and their shares will not be required to be pledged for the benefit of the holders of the Notes, including (i) any Restricted Subsidiary, the provision of a Subsidiary Guarantee or a JV Subsidiary Guarantee by which would be prohibited by any applicable laws or regulations or any applicable rules or policies of any applicable governmental or regulatory bodies or agencies; (ii) any Restricted Subsidiary, any class of voting stock of which is listed on a qualified exchange and any Restricted Subsidiary of such listed Restricted Subsidiary; and (iii) other offshore Restricted Subsidiaries whose consolidated assets in the aggregate do not exceed 30.0% of our Total Assets. See "Subsidiary Guarantees and the JV Subsidiary Guarantees" section and the definitions of "Exempted Subsidiary," "Listed Subsidiary," "Non-Guaranteed Portion" and "Total Assets" in the "*Description of the Notes.*" As a result of these exemptions, certain of our offshore Restricted Subsidiaries, which may constitute substantial revenue sources and/or hold substantial assets, will not be guaranteeing the Notes, and their shares are not required to be pledged for the benefit of the holders of the Notes.

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

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

Our past revenue may not be indicative of future revenue due to deconsolidation of subsidiaries or change in our equity interests in joint ventures

We are directly or through our subsidiaries a party to several joint ventures, some of which are a significant part of the Company's current and prospective revenue source. We may from time to time, deconsolidate our subsidiaries or dispose of our equity interests in our joint ventures. Investors should be aware that there is no guarantee that our revenue for any financial period after a deconsolidation or disposal will not further decrease as a result of such deconsolidation or disposal. We may in the future enter into additional joint ventures as a means of conducting our business. New joint ventures may need time to generate profits and to the extent that we are unable to generate sufficient profits from our existing business to cover our operating costs, our business, financial condition and results of operations may be materially and adversely affected. We also may not fully control the operations or the assets of our joint ventures, nor can we unilaterally make major decisions with respect to such joint ventures. This constrains our ability to cause such joint ventures to take an action that would be in our best interests or refrain from taking an action that would be adverse to our interests. The loss of any joint venture or a change in the nature or terms of one or more of our joint ventures may have a material adverse impact on our business, financial condition and results of operations.

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 jurisdictions. In addition, the financial information in this offering memorandum has been prepared in accordance with IFRS, which differ in certain respects from U.S. GAAP and generally accepted accounting principles in other jurisdictions, which might be material to the financial information contained in this offering memorandum.

Risks Relating to the Real Estate Industry in China

The PRC government may adopt further measures to balance growth in the property sector

Along with economic growth in China, investments in the property sectors have increased significantly in the past few years. In response to concerns over the increase in property investments, since 2004, the PRC government introduced various policies and measures to curtail property developments, including:

- requiring real estate developers to finance, with their internal resources, at least 30% of the total investment (excluding affordable housing projects and common commodity housing projects where the relevant threshold shall be 20%);

- limiting the monthly mortgage payment to 50% of an individual borrower's monthly income and limiting all monthly debt service payments of an individual borrower to 55% of his or her monthly income;

- suspending land supply for villa construction and restricting land supply for high-end residential property construction;

- requiring that at least 70% of the land supply approved by any local government for residential property development during any given year must be used for developing low- to medium-cost and small- to medium-size units for sale or as low-cost rental properties;

- requiring that at least 70% of the total development and construction area of residential projects approved or constructed on or after June 1, 2006 in any administrative jurisdiction must consist of units with a unit floor area of less than 90 sq.m. and that projects which have received project approvals prior to this date but have not obtained construction permits must adjust their planning in order to comply with this new requirement, with the exception that municipalities under direct administration of the PRC government and provincial capitals and certain cities may deviate from such ratio under special circumstances upon approval from the MOHURD;

- requiring any first-time home owner using housing reserves (住房公積金) to pay the minimum amount of down-payment at 20% of the purchase price of the underlying property if the underlying property has a unit floor area of less than 90 sq.m. and the purchaser is buying the property as a primary residence, or 30% of the purchase price if the underlying property has a unit floor area of larger than 90 sq.m.;

- requiring any second-time home buyer to pay an increased minimum amount of down payment of 60% of the purchase price of the underlying property and an increased minimum mortgage loan interest rate of no less than 110% of the relevant PBOC benchmark interest rate;

- for a commercial property buyer, (i) requiring banks not to finance any purchase of pre-sold properties, (ii) increasing the minimum amount of down payment to 50% of the purchase price of the underlying property, (iii) increasing the minimum mortgage loan interest rate to 110% of the relevant PBOC benchmark interest rate, and (iv) limiting the terms of such bank borrowings to no more than 10 years, with commercial banks allowed flexibility based on their risk assessment;

- for a buyer of commercial/residential dual-purpose properties, increasing the minimum amount of down payment to 45% of the purchase price of the underlying property, with the other terms similar to those for commercial properties;

- limiting the grant or extension of revolving credit facilities to property developers that hold a large amount of idle land and vacant commodity properties;

- imposing more restrictions on the types of property developments that foreign investments may engage in;

- imposing or increasing taxes on short-term gains from second-hand property sales;

- restricting foreign investment in the property sector by, among other things, increasing registered capital and other requirements for establishing foreign-invested real estate enterprises (FIREEs), tightening foreign exchange control and imposing restrictions on purchases of properties in China by foreigners;

- requiring commercial banks to suspend mortgage loans to customers for purchase of a third or further residential property, or to non-residents who cannot provide proof of local tax or social security insurance payments for more than a one-year period;

- regulating the benchmark one-year lending rate published by the PBOC, with the lending rate for the year ended December 31, 2020 being 3.85%;

- adjusting the PBOC Renminbi deposit reserve requirement ratio for all PRC deposit-taking financial institutions several times, with the ratio currently ranging from 9.5% to 11.5%;

- further increasing down payment ratios and interest rates for loans to purchase second properties in accordance with the price control policies and targets of the corresponding local governments for those cities with excessive growth in housing prices; and

- imposing individual income tax payable on the sales of owner-occupied houses at 20% of the transfer income.

Beginning in the second half of 2008, in order to mitigate the impact of the global economic slowdown, the PRC government adopted measures to encourage domestic consumption in the residential property market and support property development. However, in December 2009 and January 2010, the PRC government adjusted some policies in order to enhance the regulation of the property market, restrain property purchases for investment or speculation purposes and keep property prices from rising too quickly in certain regions and cities. At the same time, the PRC government abolished certain preferential treatments relating to business taxes payable upon transfers of residential properties by property owners and imposed more stringent requirements on the payment of land premiums by property developers. In addition, in April 2010 the PRC government identified certain policy measures to increase down payment for properties purchased with mortgage loans. 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 with a minimum mortgage lending interest rate at least 1.1 times the benchmark rate, in certain targeted cities restricting purchasers from acquiring second (or further) residential properties and restricting non-residents that cannot provide any proof of local tax or social security payments for more than a specified time period from purchasing any residential properties, imposing property tax in certain cities and levying business tax on the full amount of transfer price if an individual owner transfers a residential property within five years of purchase. In addition, certain cities, including Guangzhou, Tianjin, Beijing, Shanghai, Suzhou, Qingdao, Chengdu, Foshan and Jinan, promulgated measures further limiting the number of residential properties one family is allowed to purchase. On February 26, 2013, the PRC government further adopted stricter policies for properties purchase, including increasing down payment ratios and interest rates for loans to purchase second properties for those cities with excessive growth in housing prices and imposing individual income tax at a rate of 20% from the sale of a self-owned property. In the third quarter of 2013, the minimum down payment was raised to 70% in several cities.

On December 28, 2020, PBOC and CBIRC jointly promulgated the December 2020 PBOC-CBIRC Notice, which requires a PRC financial institution (excluding its overseas branches), starting from January 1, 2021, to limit the ratio of its real estate loans and personal housing mortgage loans portfolio to its total RMB loan portfolio to a pre-determined ratio (the "**Housing Loan Concentration Management**" policy).

In late 2020, the PBOC and the MOHURD formulated the "Three Red Lines" policy to monitor the leverage ratio and regulate the abilities of the real estate enterprises to incur additional debt, with reference to certain modified liabilities to asset ratio, net gearing ratio and cash to short-term borrowing ratio. For more information, please see "*—We may not always be able to obtain land reserves that are suitable for development.*"

In February 2021, the Ministry of Natural Resources required 22 cities in a pilot program to implement the two-pronged policy on concentrating the housing land supply (the "**Centralized Land Supply**" policy). The cities are required to issue land assignment announcements no more than three times a year, in principle, and to organize land assignment activities in accordance with the relevant announcements. The 22 pilot cities include four first tier cities, Beijing, Shanghai, Guangzhou and Shenzhen, and 18 second tier cities, such as Hangzhou, Nanjing, Xiamen, Suzhou, Chongqing and Wuhan.

On March 26, 2021, the CBIRC, the MOHURD and the PBOC jointly promulgated the Notice on Preventing Loans for Business Purposes from Illegally flowing into the Real Estate Sector (《關於防止經營用途貸款違規流入房地產領域的通知》), which aims to prevent the proceeds of business loans to flow into the real estate sector through increasing the level of the supervision of the banks over business loans and strengthening the risk management capabilities of the originating banks in pre-loan client screening, post-loan monitoring, internal infrastructure and vetting of third-party vendors.

On May 21, 2021, the MOF, the Ministry of Natural Resources, the STA and the PBOC jointly issued the "Notice on Relevant Issues to Allocate the Tax Administrations to Collect Four Non-tax Governmental Revenues including State-owned Land Use Rights Grant Premiums, Mineral Resources Special Revenues, Sea Area Use Premiums and Uninhabited Islands Use Premiums" (關於將國有土地使用權出讓收入、礦產資源專項收入、海域使用金、無居民海島使用金四項政府非稅收入劃轉稅務部門徵收有關問題的通知) under which, the local branch of STA will be responsible for the collection of, among others, state-owned land use rights premiums. The pilot scheme has taken effect from July 1, 2021 in certain selected provinces and will be carried out nationwide from January 1, 2022.

More recently, on July 13, 2021, the MHURD, the NDRC, the Ministry of Natural Resources and other five departments jointly issued "the Notice on Continuous Rectification and Regulation of the Order of the Real Estate Market" (關於持續整治規範房地產市場秩序的通知), which requires all relevant governmental agencies to focus on, among others, the issues in real estate development, sales, leasing and property management, with an aim to significantly improve the market dynamics of the real estate market within three years.

We cannot assure you that the PRC government will not change or modify these temporary measures in the future. In addition, provincial, municipal and regional or local governments within the PRC may from time to time impose more stringent and/or permanent measures to slow growth in the property sector. Since 2016, the local governments of several cities in the PRC have implemented a series of measures designed to stabilize the growth of the property market on a more sustainable level. For more information on the various restrictive measures taken by the PRC government, see the section entitled "Regulations." 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. We cannot assure you that the PRC government will not adopt additional and more stringent measures, including but not limited to rules that may restrict the annual increase of interest-bearing indebtedness, which could further slowdown property development in China and adversely affect our business, financial condition and results of operations. The PRC government has implemented regulations replacing the current business tax regime, which is levied on the total revenue of a company, with a value-added tax system, which assesses increments of new value created by a company, for the real estate sector as part of China's major overhaul of its tax structure. See "*Risks Relating to the Business—The full-fledged levy of value added tax on revenues from a comprehensive list of service sectors, may subject our revenues to an average higher tax rate.*" In addition, the PRC government may impose a countywide real estate tax in the future. We are not sure when or whether such tax reforms will be imposed and neither can we assess the adverse impact of such new tax policies on our business operations and financial results. If we fail to adapt our operations to such 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 or cause us to incur additional costs, our business, prospects, financial condition and results of operations may be materially and adversely affected.

The property industry in China is still at a relatively early stage of development, and there is a significant degree of uncertainty in the market as a whole

Private ownership of property in China is still at a relatively early stage of development. While demand for private residential property has been increasing rapidly, such increased demand has often been coupled with volatile market conditions and fluctuations in prices. Numerous factors may affect the development of the market and accordingly, it is very difficult to predict when and how much demand will develop. Limited availability of accurate financial and market information and the general low level of transparency in China contribute to overall uncertainty. Investors may be discouraged from acquiring new properties due to the lack of a liquid secondary market for residential 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. Finally, the risk of over-supply is increasing in parts of China where property investment, trading and speculation have become more active. If as a result of any one or more of these or similar factors, demand for residential property or market prices decline significantly, our business, financial condition and results of operations may be materially and adversely affected.

Increasing competition in the PRC may adversely affect our business and financial condition

A large number of property developers undertake property development and investment projects. The intensity of competition among property developers for land, financing, raw materials and skilled management and labor resources may result in increased costs of land acquisition, construction or labor, a decrease in property prices and delays in the governmental approval process. An oversupply of properties available for sale could also depress the prices of the properties we sell and may adversely affect our business, financial condition and results of operations.

In addition, the property markets in the PRC are rapidly changing. Macro-economic measures have been adopted by the PRC government in an attempt to slow the rapid growth of the PRC's economy and deter investment in fixed assets, including real estate assets. If we cannot respond to changes in market conditions or customer preferences more swiftly or more effectively than our competitors, our business, financial condition and results of operations could be adversely affected.

We are exposed to contractual, legal and regulatory risks related to pre-sales

We depend on cash flows from pre-sales of properties as an important source of funding for our property developments. We face risks relating to the pre-sale of properties. For example, we may find ourselves liable to the purchasers for their losses if we pre-sell units in a property development and fail to complete that development. If we fail to complete a pre-sold property on time, our purchasers may claim compensation for late delivery pursuant to either their contracts with us or relevant PRC laws and regulations. If our delay extends beyond a specified period, our purchasers may terminate their pre-sale contracts and claim for compensation. A purchaser may also request that the contract be rescinded and that the money already paid to purchase the property be refunded, along with interest thereon, if the GFA of the relevant unit, as set out in the individual property ownership certificate, deviates by more than 3% from the GFA of that unit set out in his or her contract. We cannot assure you that we will not experience delays in the completion and delivery of our projects, or that the GFA for a delivered unit will not deviate by more than 3% from the GFA set out in the relevant contract in every instance. Any termination of the purchase contract as a result of our late delivery of properties or deviation from the GFA set out in such contract will have a material adverse effect on our business, financial condition and results of operations.

Under current PRC laws and regulations, property developers must fulfill certain conditions before they can commence pre-sales of the relevant properties and pre-sales proceeds may only be used to finance the related development. Various PRC authorities and regulators have publicly called for the discontinuance or abolishment of pre-sales, or to impose tighter regulations on such practice. We cannot assure you that the PRC governmental authority will not ban the practice of pre-selling uncompleted properties or implement further restrictions on the pre-sale of properties, such as imposing additional conditions for a pre-sale permit or further restrictions on the use of pre-sale proceeds. Proceeds from the pre-sale of our properties are an important source of financing for our property developments. Consequently, any restriction on our ability to pre-sell our properties, including any increase in the amount of up-front expenditure we must incur prior to obtaining the pre-sale permit, would extend the time period required for recovery of our capital outlay and would result in our needing to seek alternative means to finance the various stages of our property developments. This, in turn, could have an adverse effect on our business, cash flow, financial condition and results of operations.

The total GFA of some of our developments may exceed the original permitted GFA and the excess GFA is subject to governmental approval and payment of additional land premium

The permitted total GFA for a particular development is set out in various governmental documents issued at various stages. In many cases, the underlying land grant contract will specify permitted total GFA. Total GFA is also set out in the relevant urban planning approvals and various construction permits. If constructed total GFA exceeds the permitted total GFA, or if the completed development contains built-up areas that the authorities believe do not conform to the approved plans as set out in relevant construction works planning permit, we may not be able to obtain the acceptance and compliance form of construction completion (竣工驗收備案表) for the development, and as a consequence, we would not be in a position to deliver individual units to purchasers or to recognize the related pre-sale proceeds as revenue. Moreover, excess GFA requires governmental approval and the payment of additional land premium.

We cannot assure you that constructed total GFA for each of our existing projects under development or any future property developments will not exceed permitted total GFA for that development, or that the authorities will not determine that all built-up areas conform to the plans approved as set out in the construction permit. Moreover, we cannot assure you that we would have sufficient funding to pay any required additional land premium 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, business, financial condition and results of operations.

Potential liability for environmental damages could result in substantial cost increases

We are subject to a variety of laws and regulations concerning the protection of health and the environment. The particular environmental laws and regulations that apply to any given project development site vary according to the site's location, the site's environmental condition, the present and former uses of the site and the nature and former uses of adjoining properties. Compliance with environmental laws and regulations may result in delays in development, substantial costs and may prohibit or severely restrict project development activity in environmentally sensitive regions or areas.

Under PRC laws and regulations, according to classified administration of environmental impact assessment for construction projects, we are required to submit an environmental impact assessment report or an environmental impact assessment statement or an environmental impact registration form to the relevant governmental authorities for approval or record-filing before commencing construction of any project. According to the Environmental Impact Assessment Law of the PRC (《中華人民共和國環境影響評價法》) as amended on July 2, 2016 and December 29, 2018, the intensity of environmental supervision and law enforcement has increased. If a real estate developer required to submit an environmental impact assessment report or an environmental impact statement has not obtained the approval before commencement of the construction, severe punishment will be imposed on the developer, including a fine equal to 1% to 5% of the total investment amount of the project, and an order to restore the original conditions before the construction. In addition, the relevant environmental authorities have the right to conduct environmental inspections on any projects. Although the environmental inspections conducted by the relevant PRC environmental protection agencies to date have not revealed any environmental violations that we believe would have a material adverse effect on our business, results of operations or financial condition, there may be potential material environmental liabilities of which we are unaware. In addition, our operations could result in environmental liabilities or our contractors could violate environmental laws and regulations in their operations that may be attributed to us. For more information, see the section entitled "*Business—Environmental and Safety Matters.*"

The construction business and the property development business are subject to claims under statutory quality warranties

Under Regulations on the Administration of Quality of Construction Works (建設工程質量管理條例), all property development companies in the PRC must provide certain quality warranties for the properties they construct or sell. We are required to provide these warranties to our customers. Generally, we receive quality warranties from our third-party contractors with respect to our development projects. If a significant number of claims are brought against us under our warranties and if we are unable to obtain reimbursement for such claims from third-party contractors in a timely manner or at all, or if the money retained by us to cover our payment obligations under the quality warranties is not sufficient, we could incur significant expenses to resolve such claims or face delays in correcting the related defects, which could in turn harm our reputation and have a material and adverse effect on our business, financial condition and results of operations.

Certain lenders under our PRC loan agreements are not licensed financial institutions

Certain of our PRC subsidiaries have entered into loan agreements with lenders that are not licensed financial institutions. It is unclear under the PRC laws whether the lack of qualification of the lenders will render the loan agreements void or unenforceable. If such loan agreements are challenged by third parties and as a result rendered void and unenforceable, we may be forced to repay the relevant loans immediately and our liquidity may be materially and adversely affected. Our business and operations may be negatively impacted if we cannot obtain alternative financings at suitable costs or at all. Our reputation may also be adversely affected.

Risks Relating to China

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

Our business is subject to extensive governmental regulation and 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 and levies on property sales and restrict foreign investment in the PRC property sector. In November 2010, the PRC Ministry of Commerce ("MOFCOM") promulgated the Notice on Strengthening Administration of the Approval and Registration of Foreign Investment into Real Estate Industry (關於加強外商投資房地產業審批備案管理的通知), which provides that, among other things, in the case that a real estate enterprise is established in China with overseas capital, it is prohibited to purchase and/or sell real estate properties completed or under construction for arbitrage purposes. The local MOFCOM authorities are not permitted to approve investment companies to engage in the real estate development and management. Restrictions imposed by the PRC government on foreign investment in the property sector may affect our ability to make further investments in our PRC subsidiaries and, as a result, may limit our business growth and have an adverse effect on our business, financial condition and results of operations.

The PRC government has announced a series of other measures designed to stabilize the growth of the PRC economy and to stabilize the growth of specific sectors in the past several years, including the property market, to a more sustainable level.

- On April 17, 2010, the State Council issued the Notice on Resolutely Curbing the Rapid Rising of the House Price in Certain Cities (Guofa (2010) No. 10) (國務院關於堅決遏制部分城市房價過快上漲的通知), which stipulated that the down payment for the first property bought with mortgage loans that is larger than 90 sq.m. shall be not less than 30% of the purchase price, down payment for the second property bought with mortgage loans shall be not less than 50% of the purchase price and the loan interest rate shall be not lower than 110% of the benchmark lending rate published by the PBOC. In certain areas where commodity residential properties are in short supply and prices rise too quickly, the banks may suspend mortgage loans for the third or further properties bought by mortgage applicants or to non-residents who cannot provide any proof of tax or social insurance payment for more than one year.

- On April 30, 2010, the Beijing Municipal Government issued the Circular on Implementation of the Notice on Resolutely Curbing the Rapid Rising of Property Prices in Some Cities by the State Council (北京市人民政府貫徹落實國務院關於堅決遏制部分城市房價上漲文件的通知), under which one household is allowed to purchase only one new residential unit in Beijing.

- On May 18, 2010, the Guangzhou Municipal Government issued the Opinion on the Implementation of the Notice on Resolutely Curbing the Rapid Rising of the House Price in Certain Cities by the State Council (關於貫徹落實國務院關於堅決遏制部分城市房價過快上漲的通知精神努力實現住有所居的意見), which reiterates and specifies the above regulations by the State Council.

- On May 19, 2010, SAT issued the Circular on Settlement of Land Appreciation Tax (關於土地增值稅清算有關問題的通知) to clarify and strengthen the settlement of LAT. Furthermore, on May 25, 2010, SAT issued the Notice on Strengthening the Collection of Land Appreciation Tax (關於加強土地增值稅徵管工作的通知), which requires that the minimum prepayment rate shall be 2% for provinces in the eastern region, 1.5% for provinces in the central and northeastern regions, and 1% for provinces in the western region. If the LAT is calculated based on the authorized taxation method (核定徵收), the minimum taxation rate shall be 5% in principle. For more details, see "*Regulations—Land Appreciation Tax.*"

- On May 26, 2010, MOHURD, the PBOC, and CBRC jointly issued the Circular on Standardizing the Assessing Criteria of the Second Home for Personal Mortgage Loans (關於規範商業性個人住房貸款中第二套住房認定標準的通知), under which a stricter standard will be adopted in assessing whether a house to be bought is a second home when granting mortgage loans. The new standard will be based on property ownership, not mortgage history, and the unit for the number of the houses will be determined in terms of family (including the borrower, his spouse and minor children), rather than individuals. Home buyers are required to provide a registration record from the local housing registration system when applying for mortgage loans. If it is impossible to check the purchasing record, loan applicants are required to submit a certification listing the number of homes owed by the applicant's family. The banks will examine both the number of the homes owned by the applicant's family and the applicant's previous mortgage and purchasing record in order to counter speculative activities. The banks will define a loan applicant as a second-home buyer as long as the applicant has taken out a mortgage loan previously, or his family has a home ownership record in the housing registration system, or it is confirmed that his family has owned a property based on due diligence.

- On September 21, 2010, the Ministry of Land and Resources and MOHURD jointly promulgated the Notice on Further Strengthening the Administration and Control of the Lands for Real Estates and the Construction of Real Estates (關於進一步加強房地產用地和建設管理調控的通知) to tighten the examination of qualifications of land bidders.

- On September 29, 2010, the PBOC and CBRC jointly issued the Circular on Issues Concerning Improving Differentiated Housing Loan Policies (關於完善差別化住房信貸政策有關問題的通知), which raised the minimum down payment to 30% for all first home purchase with mortgage loans, and stipulates that for any family that uses loans to buy a second home, the down payment ratio shall not be lower than 50% and loan interest rate shall not be lower than 1.1 times the benchmark loan interest rate, and all commercial banks shall suspend issuing housing loans to home buyers whose family members already own two or more housing properties and to non-local residents who cannot provide evidence showing that they have paid taxes or social insurance contributions for more than one year.

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

- On January 26, 2011, the General Office of the State Council issued the Notice concerning Further Strengthening the Macroeconomic Control of the Real Property Market (進一步做好房地產市場調控工作有關問題的通知), which, among other things, raised the minimum down payment for second house purchases from 50% to 60%, with the minimum lending interest rate at 110% of the benchmark rate. Furthermore, many cities have promulgated measures to restrict the number of houses one family is allowed to newly purchase in order to implement the aforesaid notice, such as Guangzhou, Tianjin, Beijing, Shanghai, Suzhou, Qingdao, Jinan, Chengdu and Foshan. In order to implement the PRC government's requirement, other cities in China where our property projects are located may also issue similar restrictive measures in the near future, which may impose adverse effects on our business.

- The State Council also approved, on a trial basis, the launch of a new property tax scheme in selected cities. The detailed measures will be formulated by the governments of the pilot provinces, autonomous regions or municipalities directly under the PRC government. On January 27, 2011, the governments of Shanghai and Chongqing issued their respective measures for implementing pilot property tax schemes, which became effective on January 28, 2011. These two governments may issue additional measures to tighten the levy of property tax. It is also expected that more local governments will follow Shanghai and Chongqing in imposing property tax on commodity properties. The imposition of property tax on commodity properties will increase the purchasing cost of properties and is expected to have a negative impact on demand for properties in China, which in turn could have a material adverse effect on our business, financial condition and results of operations. We cannot assure you that property development and investment activities will continue at past levels or that there will not be an economic downturn in the property markets in the regions and cities where we operate.

- On March 8, 2011, the General Office of CBRC issued the Notice on Promoting Housing Financial Services and Strengthening Risk Management (中國銀監會辦公廳關於做好住房金融服務加強風險管理的通知), which stipulates that in handling the individual housing loan business, financial institutions must strictly implement the provision that, with respect to families that purchase second residential properties through a loan, the down payment may not be less than 60%, and the loan interest rate may not be less than 1.1 times the benchmark rate.

- On July 12, 2011, the State Council announced the PRC government's intention to impose austerity measures on second and third-tier cities. The State Council ordered the Ministry of Construction to compile a list of the specific second and third-tier cities that will be affected by the austerity measures. If austerity measures on second and third-tier cities are implemented, particularly in second and third-tier cities where we have property projects or plan to have property projects, our business, financial condition and operating results may be materially and adversely affected.

- On July 19, 2012, the Ministry of Land and Resources and the MOHURD jointly issued the Urgent Notice to Further Tighten Real Property Land Administration and Consolidate the Regulation of the Real Property Market (關於進一步嚴格房地產用地管理鞏固房地產市場調控成果的緊急通知) to strengthen the enforcement of macroeconomic policy in the real property market. In accordance with the notice, local governments must strictly implement the macroeconomic control policies for the real property market and must secure the supply of residential land, especially land used for development of government-subsidized residential units. Residential construction projects must commence within one year of the delivery date of the land title, which is stipulated in the land allocation decision or land grant contract, and must be completed within three years of the date of commencement of the project.

- On September 6, 2012, the Ministry of Land and Resources promulgated the Notice on Strictly Implementing Land Use Standard and Vigorously Promoting Economical Intensive Land Use (關於嚴格執行土地使用標準大力促進節約集約用地的通知) which became invalid on November 29, 2017 and stipulated that land use standards shall be strictly implemented and continuously improved in accordance with the principle of economical intensive land use.

- On February 26, 2013, the General Office of the State Council issued the Notice on Continuing to Effectively Regulate the Real Estate Market (繼續做好房地產市場調控工作的通知), requiring certain related cities to fine-tune the existing house purchase restrictions on the basis of strict compliance with the Notice of the General Office of the State Council on Further Improving the Regulation of the Real Estate Market (Guo Ban Fa [2011] No. 1) (《國務院辦公廳關於進一步做好房地產市場調控工作有關問題的通知》國辦發[2011] 1號), which includes, among others: (i) all administrative regions of a city subject to purchase restrictions shall be covered under such restrictions, while the types of houses subject to purchase restrictions shall include all newly-constructed commercial housing and second-hand housing. The house purchase eligibility shall be examined before the conclusion of a house purchase contract (or a letter of purchase intent). For the time being, houses within the administrative regions of a city shall not be sold to a family without local household register that already owns one or more houses, and a family without local household register that is unable to provide proofs for a certain number of consecutive years of local tax payment or social insurance contribution; (ii) with regard to cities with soaring housing prices, the local branches of the People's Bank of China, may further raise the enforcing percentage of the minimum down payment (which shall not be lower than 60%) and loan interest rates which shall not be lower than 1.1 times of the benchmark interest rate for the second-home purchases, according to policy requirements and the price control targets determined by the local people's governments for newly-constructed commercial housing; and (iii) tax authorities shall levy individual income tax payable on the sales of owner-occupied houses at 20% of the transfer income in strict compliance with the law if the original value of the houses sold can be verified through historical information such as tax collection and administration, house registration, etc.

- In addition, since late 2010 certain local governments, including those in Shenzhen, Foshan, Guangzhou, Hangzhou, Shanghai, Shenyang and Wuhan, have also implemented local regulatory and austerity measures affecting our industry. If local regulatory and austerity measures continue and/or are expanded in scope or to more localities where we have property projects or plan to have property projects, our business, financial condition and operating results may be materially and adversely affected.

While there was a time from 2014 to 2015 when the PRC government had previously loosened control over the real property market in the PRC by implementing various real estate easing policies, it has pivoted to tightening policies such as housing purchase restrictions since September 2016.

- On March 5, 2014, the annual report published by the PRC government's State Council stated that different cities should have different housing policies, the government will promote supply of small- and medium-sized commercial residential buildings, control speculative demands, and promote healthy development of the real estate market in the PRC. After several years of referring to controlling policies and suppressing the rising housing prices, this was the first year that such language was not included in the report.

- On June 27, 2014, the purchasing limit policy for Hohhot was officially cancelled. On August 28, 2014, the purchasing limit policy for Hangzhou was also cancelled. Other cities in China gradually followed and cancelled such policies.

- On September 29, 2014, the PBOC and CBRC jointly issued the Notice on Further Improving Housing Financial Services (關於進一步做好住房金融服務工作的通知). According to such Notice, if a household that owns an existing property for which the property purchase loan has been paid off applies for a new loan to purchase another ordinary commodity housing, policies applicable will be those which were applicable to the first owner-occupied property. In addition, if a household borrows a loan to purchase the first ordinary owner-occupied residential property, the minimum down payment ratio of the loan shall be 30% of the total price, and the interest rate of the loan shall be at least 0.7 times the benchmark lending rate.

- On October 9, 2014, the MOHURD, the Ministry of Finance and the PBOC jointly issued the Notice on Promoting the Personal Housing Accumulation Fund Loans (關於發展住房公積金個人住房貸款業務的通知). The Notice requires financial institutions to loosen the conditions for applying for personal housing accumulation fund loans and employees who have been paying such accumulation for a period of six consecutive months may apply for such loans. Also, accumulation payment in one location can be acknowledged in another location and employees may continue accumulation payment after moving to a new location. Furthermore, some banking fees are no longer applicable for such loans. The Notice also enhances support for households purchasing property for the first time.

- On March 25, 2015, the Ministry of Land and Resources and the MOHURD jointly issued the "Notice on Optimizing Housing and Land Supply Structure and Promoting the Steady and Healthy Development of Real Estate Market" (關於優化2015年住房及用地供應結構促進房地產市場平穩健康發展的通知), designed to ensure the balance between market supply and demand and to require that the size of housing land be determined according to the specific local conditions. For cities and counties that obviously have a much larger supply, housing land supply should be reduced and controlled to optimize its size and structure and accelerate de-stocking.

- On March 30, 2015, the Notice of the People's Bank of China, the MOHURD and the China Banking Regulatory Commission on Matters concerning Individual Housing Loan Policies (中國人民銀行、住房城鄉建設部、中國銀行業監督管理委員會關於個人住房貸款政策有關問題的通知) was promulgated, according to which, when a household, which has already owned a home and has not paid off the relevant housing loan, applies for another commercial personal housing loan to purchase another ordinary housing property for the purpose of improving living conditions, the minimum down payment is adjusted to 40%. For working households that have contributed to the Housing Provident Fund ("**HPT**"), when they use the HPT loans to purchase an ordinary residential house as their first home, the minimum down payment shall be 20% of the house price; for working households that have contributed to the HPT and that have already owned a home and have paid off the corresponding home loans, when they apply, for the second time, for the HPT loans for the purchase of an ordinary residential house as their second home in the interest of improving their housing conditions, the minimum down payment shall be 30% of the house price. After the promulgation, banks of various provinces have lowered the minimum down payment accordingly for households that apply for loans to purchase a second ordinary residential house as their second home.

- On March 30, 2015, the Notice of the Ministry of Finance and the State Administration of Taxation on Adjusting the Business Tax Policies Concerning Transfer of Individual Housing (財政部、國家稅務總局關於調整個人住房轉讓營業稅政策的通知) was promulgated, which became effective on March 31, 2015. According to this notice, the sale of an ordinary residential house by an individual who purchased the same house more than two years (inclusive) ago shall be exempted from business tax. The exemption period is shortened from five years to two years to further stimulate the circulation of second-hand housing and stimulate the market.

- On February 1, 2016, the PBOC and CBRC jointly issued the Notice on the Adjustment of Individual Housing Loans Policies (關於調整個人住房貸款政策有關問題的通知) which provides that in cities where property purchase control measures are not being implemented, the minimum down payment ratio for a personal housing commercial loan obtained by a household for purchasing its first ordinary residential property is, in principle, 25% of the property price, which can be adjusted downward by 5% by local authorities. For existing residential property household owners which have not fully repaid the previous loan and are obtaining further personal housing commercial loan to purchase an additional ordinary residential property for the purpose of improving living conditions, the minimum down payment ratio shall be not less than 30% which is lower than the previous requirement of not less than 40%.

- Since September 2016, certain local governments issued notices to resume implementing housing purchase restriction measures for the purpose of the sustainable development of the local real estate market.

- On March 5, 2017, the annual report published by the PRC government's State Council proposed that the state should better regulate the real estate market to keep property prices from rising too quickly in popular cities. The measures to be taken should be in accordance with local conditions. For example, cities that are under greater pressure from rising property prices need to increase as appropriate the supply of land for residential use. In addition, policies such as housing purchase restrictions, loans restrictions and price restrictions which are frequently used by local governments, including those in the first, second and third tier cities, have been implemented to promote the steady and healthy development of the real estate market.

In May 2018, the MOHURD issued the Notice on Further Improving the Relevant Issues Concerning the Regulation and Control of the Real Estate Market (《關於進一步做好房地產市場調控工作有關問題的通知》). In order to promote the stable and healthy development of the real estate market, the provincial departments of housing and urban-rural development are required to: (1) adhere to the goal of regulation and control without wavering and do not loosen; (2) accelerate the formulation and implementation of housing development plans; (3) adjust the housing and land supply structure; (4) strengthen management and control of funds; (5) vigorously rectify and regulate the order of the real estate market; (6) strengthen the guidance of public opinion and the management of expectation; and (7) further implement the responsibility of local regulation subjects.

In order to stabilize the real estate market and control housing prices, in addition to the previously adopted restriction policies on housing purchase quantity and loans, the Chinese government also implemented regulatory restriction policies on purchase price and signing commercial housing contracts of sales in some cities from the second half of 2017 to 2019, such as Beijing, Shanghai, Hangzhou and Guangzhou.

Since 2020, the central government has adopted and implement additional regulations targeting the real estate sector for the purpose of stabilizing land price, housing price and market expectation, which includes, among others: (i) the "Three Red Lines" policy to restrain the ability of real estate enterprises to aggressively expand using leverage, (ii) the "Housing Loan Concentration Management" policy to restrict the availability of real estate mortgage loans, and (iii) the "Centralized Land Supply" policy to increase competition in the land supply market. 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. We cannot assure you that the PRC government will not adopt additional and more stringent industry policies, regulations and measures in the future, nor can we assure you when or whether the existing policies will be eased or reversed. If we fail to adapt our operations to new policies, regulations and measures that may come into effect from time to time with respect to the real 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, financial condition and results of operations may be materially and adversely affected. The PRC government may further introduce initiatives which may affect our access to capital and the means in which we may finance our property development. In particular, negative reports or incidents relating to developers running into difficulties on repayment and operations could prompt the PRC government to further tighten restrictions on PRC property developers, which could have a material adverse impact on our business and operations.

See "*—Risks Relating to the Real Estate Industry in China—The PRC government may adopt further measures to slow down growth in the property sector*" for more risks and uncertainties relating to the extensive PRC regulations.

Changes in PRC economic, political and social conditions, as well as governmental policies, could have a material adverse effect on our business, prospects, financial condition and results of operations

Substantially all of our business and operations are conducted in China. Accordingly, our business, prospects, financial conditions and results of operation are, to a significant degree, subject to economic, political and social developments in China. The PRC economy differs from the economies of most of the developed countries in many aspects, including:

- the amount and degree of the PRC government involvement;
- growth rate and degree of development;
- uniformity in the implementation and enforcement of laws;
- content of and control over capital investment;
- control of foreign exchange; and
- allocation of resources.

The PRC economy has been transitioning from a centrally planned economy to a more market-oriented economy. For approximately three decades, the PRC government has implemented economic reform measures to utilize market forces in the development of the PRC economy. However, a substantial portion of productive assets in China is still owned by the PRC government. In addition, the PRC government continues to play a significant role in regulating industries and the economy by imposing industrial policies. We cannot predict whether changes in PRC economic, political or social conditions and in PRC laws, regulations and policies will have any adverse effect on our current or future business, financial condition or results of operations.

In May 2017, Moody's Investors Service downgraded China's sovereign credit rating for the first time since 1989 and changed its outlook from stable to negative, citing concerns on the country's rising levels of debt and expectations of slower economic growth. In September 2017, S&P Global Ratings downgraded China's sovereign credit rating for the first time since 1999, citing similar concerns. The full impact of such actions by international rating agencies remains to be seen, but the perceived weaknesses in China's economic development model, if proven and left unchecked, would have profound implications. If China's economic conditions worsen, or if the banking and financial systems experience difficulties from over-indebtedness, businesses in China may face a more challenging operating environment.

In addition, many of the economic reforms carried out by the PRC government are unprecedented or experimental and are expected to be refined and improved over time. Other political, economic and social factors may also lead to further adjustments of the reform measures. The PRC government exercises significant control over China's economic growth through allocation of resources, controlling payment or foreign currency denominated obligations, setting monetary policy and providing preferential treatment to particular industries or companies. Certain measures taken by the PRC government to guide the allocation of resources may benefit the overall economy of China but may, however, also have a negative effect on us. For example, our business, prospects, financial condition and results of operations may be adversely affected by government control over capital investments, changes in tax regulations that are applicable to us, change in interest rates and statutory reserve rates for banks or government control in bank lending activities. Also, the PRC government has in the past implemented a number of measures intended to slow down certain segments of the economy that the government believed to be overheating, including the real estate industry. These measures have included restricting foreign investment in certain sectors of the real estate industry, raising benchmark interest rates of commercial banks, reducing currency supply and placing additional limitations on the ability of commercial banks to make loans by raising bank reserves against deposits and raising the thresholds and minimum loan interest rates for residential mortgages. These actions, as well as future actions and policies of the PRC government, could cause a decrease in the overall level of economic activity, and in turn have a material and adverse impact on our business and financial condition.

Any failure to complete the relevant filings with NDRC within the prescribed time frame following the completion of the issue of the Notes may have adverse consequences for us and/or the investors of the Notes

NDRC issued the NDRC Notice on September 14, 2015, which came into effect on the same day. According to the NDRC Notice, domestic enterprises and their overseas controlled entities are required to procure the filing and registration of any debt securities issued outside of the PRC with NDRC prior to the issue of the securities and to submit issuance information to the NDRC within 10 working days after each issue is completed. We have completed the registration with the NDRC and obtained a registration certificate on April 7, 2021. The NDRC Notice is silent on the legal consequences of non-compliance with the post-issue notification requirement under the NDRC Notice. If we do not report the post issuance information with respect to the Notes within the timeframe as provided under the NDRC Notice, the NDRC may impose sanctions or other administrative procedures on us, which may have a material adverse impact on our business, financial condition or results of operations. In the worst case scenario, such non-compliance with the post issuance notification requirement under the NDRC Notice may result in it being unlawful for us to perform or comply with any of our obligations under the Notes and the Notes might be subject to enforcement as provided in terms and conditions of the Notes.

Changes in governmental control of currency conversion and in PRC foreign exchange regulations may adversely affect our business operations

The PRC government imposes controls on the convertibility between Renminbi and foreign currencies and the remittance of foreign currencies out of China. A substantial portion of our revenue is denominated in Renminbi. Under our current corporate structure, our income is primarily derived from dividend payments from our PRC subsidiaries. Our PRC subsidiaries must convert their Renminbi earnings into foreign currency before they may pay cash dividends to us or service their foreign currency denominated obligations. Under existing PRC foreign exchange regulations, payments of current-account items may be made in foreign currencies without prior approval from the State Administration of Foreign Exchange ("**SAFE**") by complying with certain procedural requirements.

However, approval from appropriate governmental authorities is required when Renminbi is converted into foreign currencies and remitted out of China for capital-account transactions, such as the repatriation of equity investment in China and the repayment of the principal of loans denominated in foreign currencies. Such restrictions on foreign exchange transactions under capital accounts also affect our ability to finance our PRC subsidiaries. Subsequent to the issuance of Notes, we have the choice, as permitted by the PRC foreign investment regulations, to invest our net proceeds (if any) from the issuance of Notes in the form of registered capital or a shareholder loan into our PRC subsidiaries to finance our operations in China. Our choice of investment is affected by the relevant PRC regulations with respect to capital-account and current-account foreign exchange transactions in China. Our investment decisions are additionally affected by various other measures taken by the PRC government relating to the PRC property market. In addition, our transfer of funds to our subsidiaries in China is subject to approval by PRC governmental authorities in the case of an increase in registered capital as long as the special market entry management measures prescribed by the State (國家規定實施准入特別管理措施) are involved or the projects are listed in the Catalog of Investment Projects Subject to Government Verification and Approval (2016 Version) (項目列入(政府核准的投資項目目錄(2016年本))), and subject to approval by and registration with PRC governmental authorities in case of shareholder loans to the extent that the existing foreign investment approvals or record-filings received by our PRC subsidiaries permit any such shareholder loans at all. The Foreign Investment Law of the PRC (《中華人民共和國外商投資法》) ("**Foreign Investment Law**"), which became effective on January 1, 2020, has changed the regulatory requirements with respect to transferring funds to our PRC subsidiaries or financing their operations through shareholders' loans or capital contributions. Even though foreign investment and financing in the PRC have become more convenient and liberalized under the Foreign Investment Law, there is no guarantee that we will be able to obtain any government permits as requested by the relevant authorities on a timely basis, or at all. If we fail to receive such approvals, our ability to provide loans or capital contributions to our PRC operating subsidiaries may be negatively affected. 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.

Our income tax obligations have increased, dividends from our PRC subsidiaries are currently subject to withholding tax under PRC tax laws and we may be subject to PRC tax under the Enterprise Income Tax Law

In March 2007, the National People's Congress of the PRC and its Standing Committee (the "**NPC**" or the "**National People's Congress**") enacted the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) (the "**Enterprise Tax Law**"), which was amended on February 24, 2017 and December 29, 2018. The Enterprise Tax Law imposes a unified income tax rate of 25% on all domestic and foreign-invested enterprises unless they qualify under certain limited exceptions. According to the Enterprise Tax Law, enterprises that were previously subject to an enterprise income tax (the "**EIT**") rate lower than 25% may continue to enjoy the lower rate and gradually transition to the new tax rate within five years after January 1, 2008. For example, companies established in Shenzhen Special Economic Zone were subject to PRC enterprise income tax at a rate of 15% before January 1, 2008 and allowed an extension period of five years to phase into the new tax regime until the end of 2013, after which the unified 25% tax rate has been imposed. For the years ended December 31, 2018, 2019 and 2020, and six months ended June 30, 2021, we made provisions for enterprise income tax of RMB1,640 million, RMB1,993 million, RMB1,646 million (US$255 million) and RMB1,247 million (US$193 million), respectively.

We are a holding company that is financially dependent on distributions from our subsidiaries and our business operations are principally conducted through our PRC subsidiaries. Prior to December 31, 2007, dividend payments to foreign investors made by foreign-invested enterprises, such as dividends paid to us by our PRC subsidiaries, were exempt from PRC withholding tax. The Enterprise Tax Law and the Regulations for Implementation of Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》) (together with the Enterprise Tax Law, the "**Enterprise Tax Laws**"), effective on January 1, 2008 and amended on April 23, 2019, provide that any dividend payment to foreign investors is subject to a withholding tax at a rate of 10%. Pursuant to the Arrangement between mainland China and Hong Kong for the Avoidance of Double Taxation and Prevention of Fiscal Evasion with respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》) signed on August 21, 2006, a company incorporated in Hong Kong may be subject to withholding income tax at a rate of 5% on dividends it receives from its PRC subsidiaries if it holds a 25% or more interest in that particular PRC subsidiary at the time of the distribution, or 10% if it holds less than a 25% interest in that subsidiary, although there is uncertainty under a SAT circular regarding whether intermediate Hong Kong holding companies will be eligible for benefits under this arrangement. According to the Announcement of the State Administration of Taxation on Issues Relating to "Beneficial Owner" in Tax Treaties (《國家稅務總局關於稅收協定中「受益所有人」有關問題的公告》) promulgated by SAT on February 3, 2018 and became effective on April 1, 2018, it made a definition on "beneficial owners," and introduced various factors to adversely impact the recognition of such "beneficial owners."

In addition, under the Enterprise Tax Laws, enterprises established under the laws of jurisdictions outside China with their "*de facto* management bodies" located within China may be considered PRC resident enterprises and therefore subject to the Enterprise Tax Law at the rate of 25% on their worldwide income. The Enterprise Tax Laws provide that the "*de facto* management body" of an enterprise is the organization that exercises substantial and overall management and control over the production, employees, books of accounts and properties of the enterprise. If a majority of the members of our management team continue to be located in China, we may be considered a PRC resident enterprise and therefore subject to the Enterprise Tax Law at the rate of 25% on our worldwide taxable income. It is not entirely clear whether the worldwide taxable income of a non-PRC enterprise that is treated as a resident enterprise will include dividends from PRC subsidiaries. If we or any of our non-PRC subsidiaries are or become a PRC resident enterprise under the Enterprise Tax Laws, our profitability and cash flow may be materially and adversely affected.

Interest and other amounts paid by us to our foreign investors may be subject to withholding taxes and gain on the sale or exchange of our Notes may be subject to tax under PRC tax laws

Under the Enterprise Tax Laws, if our Company is deemed a PRC resident enterprise, interest and other amounts paid on the Notes may be considered to be sourced within China. In that case, PRC income tax at the rate of 10% will be withheld from income paid by us to investors that are "non-resident enterprises" so long as such "non-resident enterprise" investors do not have an establishment or place of business in China or, if despite the existence of such establishment or place of business in China, the relevant income is not effectively connected with such establishment or place of business in China. Any gain realized on the transfer of the Notes by such investors may be subject to a 10% PRC income tax if we are treated as a PRC resident enterprise and such gain is regarded as income derived from sources within China. In the case of individual holders of Notes the taxes described above may be imposed at a rate of 20%. It is uncertain whether we will be considered a PRC "resident enterprise". We currently do not believe we are a PRC resident enterprise. However, if we are required under the Enterprise Tax Laws to withhold PRC income tax on our interest or principal paid to our foreign holders of Notes, we will be required (subject to certain exceptions) to pay such additional amounts as will result in receipt by the holders of such amounts as would have been received by them had no such withholding been required. The requirement to pay additional amounts will increase the cost of servicing payments on the Notes, and could have a material adverse effect on our ability to pay interest, and repay the principal amount of the Notes, as well as our profitability and cash flow. In addition, if you are required to pay PRC income tax on the transfer of our Notes, the value of your investment may be materially and adversely affected. It is unclear whether, if we are considered a PRC "resident enterprise," holders of our Notes might be able to claim the benefit of income tax treaties or agreements entered into between China and other countries or areas.

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

On July 4, 2014, the SAFE promulgated the Notice of the State Administration of Foreign Exchange on the Administration of Foreign Exchange Involved in Overseas Investment, Financing and Return on Investment Conducted by Residents in China via Special-Purpose Companies (國家外匯管理局關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知), which stipulates that, among other measures: (i) prior to making a contribution to special purpose companies ("**SPC**," referring to the overseas enterprises that are directly established or indirectly controlled for the purpose of investment and financing by PRC residents (including PRC institutions and resident individuals) with their legitimate holdings of the assets or interests in PRC enterprises, or their legitimate holdings of overseas assets or interests) with legitimate holdings of domestic or overseas assets or interests, a PRC resident shall apply to the relevant Foreign Exchange Bureau for foreign exchange registration of overseas investment; (ii) where a registered overseas SPC experiences changes of its PRC resident individual shareholder, its name, operating period or other basic information, or experiences changes of material matters, such as the increase or reduction of contribution by the PRC resident individual, the transfer or replacement of equity, or merger or division, the PRC resident shall promptly change the foreign exchange registration of overseas investment with the Foreign Exchange Bureau concerned. The PRC resident may proceed with subsequent business (including the repatriation of profits and bonuses) only after completing the change of the foreign exchange registration of overseas investment; (iii) after a SPC has completed overseas financing, if the funds raised are repatriated to the PRC for use, relevant Chinese provisions on foreign investment and external debt management shall be complied with. The foreign-invested enterprise established as a result of round-trip investment shall go through relevant foreign exchange registration pursuant to the prevailing provisions on the foreign exchange administration of foreign direct investment, and truthfully disclose the actual controllers of its shareholders and other relevant information; (iv) cross-border receipts and payments between a PRC resident and an overseas SPC shall be subject to the declaration of balance of payments statistics pursuant to prevailing provisions; and (v) any acts in violation of the provisions hereof shall be subject to the punishment imposed by the SAFE according to relevant provisions of the Regulations of the People's Republic of China on foreign exchange control.

If the SAFE promulgates clarifications or regulations in the future requiring our beneficial owners who are Hong Kong permanent residents to comply with the registration procedures and update requirements described above and if our beneficial owners are unable or fail to comply with such procedures, our beneficial owners may be subject to fines and legal sanctions and our business operations may also be materially and adversely affected, particularly with respect to the ability of our Chinese subsidiaries to remit foreign currency payments out of China.

Our operations and financial performance could be adversely affected by labor shortages, increase in labor costs, changes to the PRC labor-related laws and regulations or labor disputes

The PRC Labor Contract Law, which became effective on January 1, 2008 and amended on December 28, 2012, imposes greater liabilities on employers and significantly affects the cost of an employer's decision to reduce its workforce. Further, it requires certain terminations to be based upon seniority and not merit. In the event we decide to significantly change or decrease our workforce, the PRC Labor Contract Law could adversely affect our ability to effect such changes in the most cost-effective or timely manner to our business, hence may adversely affect our financial condition and results of operations. In addition, the PRC government has continued to introduce various new labor-related regulations after the promulgation of the PRC Labor Contract Law. Among other things, the paid annual leave provisions require that paid annual leaves ranging from five to fifteen days be available to nearly all employees and further require that employers compensate an employee for any annual leave days the employee is unable to take in the amount of three times of such employee's daily salary, subject to certain exceptions.

On October 28, 2010, the Standing Committee of the NPC promulgated the Social Insurance Law, which became effective on July 1, 2011 and amended on December 29, 2018, to clarify the contents of the social insurance system in China. According to the Social Insurance Law, employees will participate in pension insurance, work-related injury insurance, medical insurance, unemployment insurance and maternity insurance and the employers must, together with their employees or separately, pay for the social insurance premiums for such employees.

As a result of the implementation of these and any future rules and regulations designed to enhance the standard for labor protection, our labor costs may continue to increase. Furthermore, as the interpretation and implementation of these new laws and regulations are still evolving, we cannot assure you that our employment practice will at all times be deemed fully in compliance, which may cause us to face labor disputes or governmental investigations. If we are deemed to be in violation of such labor laws and regulations, we could be subject to penalties, compensations to the employees and loss of reputation, and as a result our business, financial condition and results of operations could be materially and adversely affected.

Further, labor disputes, work stoppages or slowdowns at our operating subsidiaries or project sites or affecting the operations of our business partners could disrupt our daily operation or our expansion plans, which could have a material adverse effect on our business and results of operations.

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

Pursuant to The Announcement on Matters Concerning Withholding of Income Tax of Nonresident Enterprises at Source (《國家稅務總局關於非居民企業所得稅源泉扣繳有關問題的公告》) (the "SAT Circular 37"), which was issued by the SAT on October 17, 2017, which was made effective from December 1, 2017 and amended on June 15, 2018, gains derived from indirect transfer of equity interests in PRC resident enterprises may be subject to PRC withholding tax. SAT Circular 37 also provides that, where a non-PRC resident enterprise transfers its equity interests in a PRC resident enterprise to its related parties at a price lower than the fair market value, the relevant PRC tax authorities have the power to make a reasonable adjustment with respect to the taxable income of the transaction.

On February 3, 2015, the SAT promulgated the Announcement of Certain Issues on Enterprise Income Tax Regarding Indirect Transfer of Properties by Non-resident Enterprises (《關於非居民企業間接轉讓財產企業所得稅若干問題的公告》), or the Announcement 7, which clarifies certain issues under the SAT Circular 37 but has been partially invalid. For example, the Announcement 7 (1) defines what "indirect transfer of taxable properties of China" is; (2) clarifies how to tax gains derived from indirect transfer of taxable properties of China; (3) clarifies how to determine reasonable commercial purposes; and (4) provides procedures and required documents for reporting indirect transfer of taxable properties of China to competent tax authorities. In order to implement the Announcement 7, the SAT promulgated the Circular on Issuing the Work Procedures concerning the Enterprise Income Tax on the Indirect Transfer of Properties by Non-resident Enterprises (Trial) (《非居民企業間接轉讓財產企業所得稅工作規程(試行)》) on May 13, 2015 which specifies tax authorities' corresponding responsibilities and operating procedures concerning the collection of enterprise income tax on the indirect transfer of properties by non-resident enterprises. As a result, we may become at risk of being taxed under SAT Circular 37 and Announcement 7 due to any future indirect transfer of equity interests in our PRC subsidiaries. We may be required to allocate significant resources to comply with SAT Circular 37 and Announcement 7 or to establish that we should not be taxed under SAT Circular 37, and Announcement 7, which may have a material adverse effect on our financial condition and results of operations.

We may incur additional cost to comply with the new policy of collecting social insurance and may be required to make additional social insurance contributions

On July 20, 2018, China's Central Committee and the State Council released the Reform Plan on the National and Local Taxation Collection and Management System (《國稅地稅徵管體制改革方案》) (the "**Taxation Collection Reform Plan**"). Effective from January 1, 2019, the plan places the responsibility of calculating and collecting social insurance premiums solely with the PRC tax bureau, which is expected to improve social insurance compliance since the PRC tax bureau is better resourced to monitor and collect contributions. The impact of the newly adopted Taxation Collection Reform Plan remains uncertain. We may incur additional cost to comply with this new plan and may be required by the PRC tax bureau to make additional social insurance contributions, which may have a material adverse impact on our business, financial condition and results of operations.

Interpretation of the PRC laws and regulations involves uncertainty and the current legal environment in China could limit the legal protections available to you

Our core business is conducted in China and is governed by PRC laws and regulations. Our principal operating subsidiaries are located in China and are subject to the PRC laws and regulations. The PRC legal system is a civil law system based on written statutes, and prior court decisions have limited precedential value and can only be used as a reference. Additionally, PRC written laws are often principle-oriented and require detailed interpretations by the enforcement bodies to further apply and enforce such laws. Since 1979, the PRC legislature has promulgated laws and regulations in relation to economic matters such as foreign investment, corporate organization and governance, commercial transactions, taxation and trade, with a view to developing a comprehensive system of commercial law, including laws relating to property ownership and development. However, because these laws and regulations have not been fully developed, and because of the limited volume of published cases and the non-binding nature of prior court decisions, interpretation of PRC laws and regulations involves a degree of uncertainty and the legal protection available to you may be limited. Depending on the governmental agency or the presentation of an application or case to such agency, we may receive less favorable interpretations of laws and regulations than our competitors. In addition, any litigation in China may be protracted and result in substantial costs and diversion of resources and management attention. All these uncertainties may cause difficulties in the enforcement of our land use rights, entitlements under our permits, and other statutory and contractual rights and interests.

It may be difficult to effect service of process upon us or our directors or senior officers who reside in China or to enforce against us or them in China any judgments obtained from non-PRC courts

A significant portion of our assets and our subsidiaries are located in the PRC. In addition, most of our directors and officers reside in the PRC, and the assets of our directors and officers may also be located in the PRC. As a result, it may be difficult or impossible to effect service of process outside the PRC upon us or our directors and officers, including with respect to matters arising under applicable securities laws. A judgment of a court of another jurisdiction may be reciprocally recognized or enforced in the PRC if that jurisdiction has a treaty with the PRC or if judgments of the PRC courts have been recognized before in that jurisdiction, subject to the satisfaction of some other requirements. Our PRC legal adviser has advised us that the PRC does not have treaties providing for the reciprocal acknowledgement and enforcement of judgments of courts with Japan, the United Kingdom, the United States or most other western countries. As a result, the prospects for the recognition and enforcement in the PRC or Hong Kong of judgments of a court in non-PRC jurisdictions are uncertain.

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

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

Risks Relating to the Notes

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

We are a holding company with no material operations. We conduct our operations primarily through our PRC subsidiaries. The Notes will not be guaranteed by any current or future PRC subsidiaries or certain other Non-Guarantor Subsidiaries. Therefore, almost all of our revenue and income (as shown in our consolidated financial information included elsewhere in this offering memorandum) are attributed to our PRC operating subsidiaries and any contribution from direct operations of the Subsidiary Guarantors are immaterial. Moreover, the Notes will not be guaranteed by the Initial Offshore Non-Guarantor Subsidiaries and under the terms of the Indenture, subject to certain conditions, the Company may designate any Offshore Restricted Subsidiary as a Designated Offshore Non-Guarantor Subsidiary which would allow such Offshore Restricted Subsidiary not to provide a Subsidiary Guarantee or JV Subsidiary Guarantee, subject to certain conditions. Our primary assets are ownership interests in our PRC subsidiaries, which are held through the Subsidiary Guarantors. The Subsidiary Guarantors do not, and the JV Subsidiary Guarantors (if any) may not, have material operations. Accordingly, our ability to pay principal and interest on the Notes and the ability of the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any) to satisfy their obligations under the Subsidiary Guarantees or JV Subsidiary Guarantees (as the case may be) will depend upon our receipt of principal and interest payments on the intercompany loans and distributions of dividends from our subsidiaries.

Creditors, including trade creditors of the Non-Guarantor Subsidiaries and any holders of preferred shares in such entities, will have a claim on the Non-Guarantor Subsidiaries' assets that would be prior to the claims of the holders of the Notes. As a result, our payment obligations under the Notes will be effectively subordinated to all existing and future obligations of our Non-Guarantor Subsidiaries, including their obligations under guarantees they have issued or will issue in connection with our business operations, and all claims of creditors of our Non-Guarantor Subsidiaries will have priority as to the assets of such entities over our claims and those of our creditors, including holders of the Notes. As at June 30, 2021, our Non-Guarantor Subsidiaries had total liabilities of approximately RMB284.2 million (US$44.0 million). The Notes and the Indenture permit us, the Subsidiary Guarantors, the JV Subsidiary Guarantors (if any) and our Non-Guarantor Subsidiaries to incur additional indebtedness and issue additional guarantees, subject to certain limitations. In addition, secured creditors of us or those of any Subsidiary Guarantor or JV Subsidiary Guarantor (if any) would have priority as to our assets or the assets of such Subsidiary Guarantor or JV Subsidiary Guarantor (if any) securing the related obligations over claims of holders of the Notes. If we incur future liabilities (including additional secured and unsecured indebtedness) that are structurally senior to the Notes, Moody's may review the ratings they have assigned to the Notes, and it is possible that they may downgrade the ratings of the Notes to account for our increased credit risk. Any downgrade of the ratings of the Notes could in turn materially and adversely affect the liquidity or market price of the Notes. See "*— The ratings assigned to the Notes and our credit ratings may be lowered or withdrawn in the future.*"

Moreover, under the terms of the Notes, a Subsidiary Guarantee required to be provided by a subsidiary of the Company under the terms of the Notes may be replaced by a "JV Subsidiary Guarantee" following the sale or issuance to a third party of a 20.0% to 49.9% equity interest in such subsidiary or its direct or indirect majority shareholders or the purchase of no less than 50.1% and no more than 80.0% of the equity interest of an independent third party and designate such entity as a Restricted Subsidiary (subject to the satisfaction of certain conditions). Recovery under a JV Subsidiary Guarantee is limited to an amount equal to our proportional interest in the issued share capital of such Subsidiary Guarantor multiplied by the fair market value of the total assets in such JV Subsidiary Guarantor and its subsidiaries, on a consolidated basis, as at the date of the last fiscal year end of the Company. As a result, the amount that may be recovered by the Trustee pursuant to a JV Subsidiary Guarantee (compared with a Subsidiary Guarantee) is reduced, which in turn may affect your ability to recover any amounts due under the Notes.

The Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any) are unsecured obligations

As the Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any) are unsecured obligations, the ability of the Company, the Subsidiary Guarantors or JV Subsidiary Guarantors (if any) to fulfill its or their financial obligations may be compromised if:

- the Company, any Subsidiary Guarantor or JV Subsidiary Guarantors (if any) enter into bankruptcy, liquidation, reorganization or other winding-up proceeding;
- there is a default in payment under future secured indebtedness or other unsecured indebtedness of the Company, any Subsidiary Guarantor or JV Subsidiary Guarantors (if any); or
- there is an acceleration of any indebtedness of the Company, any Subsidiary Guarantor or JV Subsidiary Guarantors (if any).

If any of these events occur, the assets of the Company, the Subsidiary Guarantors and JV Subsidiary Guarantors (if any) may not be sufficient to pay amounts due on the Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any).

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

According to the existing PRC rules and regulations relating to supervision of foreign debt, loans by foreign companies to their subsidiaries in China, such as our PRC subsidiaries established as foreign-invested enterprises in China, are considered foreign debt, and such loans must be registered with the relevant local branches of SAFE. Such rules and regulations also provide that the total outstanding amount of such foreign debt borrowed by any foreign-invested enterprise may not exceed the difference between its total investment and its registered capital, each as approved by or record-filing with the relevant PRC authorities. In addition, according to Administrative Measures for Foreign Debt Registration (Huifa [2013] No.19) and its operating guidelines (《外債登記管理辦法》(匯發[2013]19號)及外債登記管理操作指引), effective on May 13, 2013 and amended on May 4, 2015, SAFE indicates that it would not process any foreign debt registration or conversion of foreign debt for foreign-invested enterprises in the real estate sector that was approved by the local office of MOFCOM and registered with MOFCOM after June 1, 2007. Foreign-invested enterprises include joint ventures and wholly foreign owned enterprises established in China, such as most of our PRC subsidiaries. Therefore, the proceeds of the issuance of Notes that may be used for land acquisitions and developments in China may only be transferred to our PRC subsidiaries as equity investments and not as loans. We would therefore have to rely on dividend payments from our PRC subsidiaries, and we cannot assure you that dividend payments will be available on each interest payment date to pay the interest due and payable under the Notes, or on the maturity date to pay the principal of the outstanding Notes.

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

As a holding company, we depend on the receipt of dividends and the interest and principal payments on intercompany loans or advances from our subsidiaries, including our PRC subsidiaries, to satisfy our obligations, including our obligations under the Notes. The ability of our subsidiaries to pay dividends and make payments on intercompany loans or advances to their shareholders is subject to, among other things, distributable earnings, cash flow conditions, restrictions contained in the articles of association of our subsidiaries, applicable laws and restrictions contained in the debt instruments or agreements of such subsidiaries. In addition, if any of our subsidiaries raises capital by issuing equity securities to third parties, dividends declared and paid with respect to such equity securities would not be available to us to make payments on the Notes. These restrictions could reduce the amounts that we receive from our subsidiaries, which would restrict our ability to meet our payment obligations under the Notes and the obligations of the Subsidiary Guarantors or JV Subsidiary Guarantors (if any) under the Subsidiary Guarantees or JV Subsidiary Guarantees (if any), as the case may be. PRC laws and regulations permit payment of dividends only out of accumulated profits as determined in accordance with PRC accounting standards and regulations and such profits differ from profits determined in accordance with IFRS in certain significant respects, including the use of different bases of recognition of revenue and expenses. Our PRC subsidiaries are also required to set aside a portion of their after-tax profits according to PRC accounting standards and regulations to fund certain reserves that are not distributable as cash dividends. In addition, dividends paid by our PRC subsidiaries to their non-PRC parent companies generally will be subject to a 10% withholding tax, unless any lower treaty rate is applicable according to an applicable tax treaty between the PRC and the jurisdiction in which the overseas parent company is incorporated. Pursuant to an avoidance of double taxation arrangement between Hong Kong and the PRC, if the non-PRC parent company is a Hong Kong resident and directly holds a 25% or more interest in the PRC enterprise, such restrictions tax rate may be lowered to 5%. However, according to a circular issued by the SAT in October 2009, tax treaty benefits will be denied to "conduit" or shell companies without business substance. As a result of such restrictions, there could be timing limitations on payments from our PRC subsidiaries to meet payments required by the Notes or satisfy the obligations of the Subsidiary Guarantors or JV Subsidiary Guarantors (if any) under the

Subsidiary Guarantees or JV Subsidiary Guarantees (if any) as the case may be, and there could be restrictions on payments required to redeem the Notes at maturity or as required for any early redemption. As a result of the foregoing, we cannot assure you that we will have sufficient cash flow from dividends from our subsidiaries to satisfy our obligations under the Notes or the obligations of the Subsidiary Guarantors or JV Subsidiary Guarantors (if any) under the Subsidiary Guarantees or JV Subsidiary Guarantees (if any), as the case may be.

The terms of the Notes permit us to make investments in Unrestricted Subsidiaries, minority owned joint ventures and other third parties

In light of land prices, sizes of projects, the competitive landscape and other factors, we may from time to time consider developing projects jointly with other property developers or entering into other arrangements. As a result, we may need to make investments in joint ventures or other third parties (including joint ventures in which we may own less than a 50% equity interest) and such joint ventures or third parties may or may not be Restricted Subsidiaries under the Indenture. Although the Indenture restricts us and our Restricted Subsidiaries from making investments in Unrestricted Subsidiaries, minority joint ventures or third parties, these restrictions are subject to important exceptions and qualifications, including with respect to related parties. See the definition of "Permitted Investments" in the sections entitled "*Description of the Notes.*"

The terms of the Notes permit us to pay substantial amount of dividends and make other "Restricted Payment."

We pay dividends to our shareholders from time to time. Under the Indenture, any such dividend payment will be a "Restricted Payment," which could not be made unless we can, among other things, satisfy the Fixed Charge Coverage Ratio and have built up our "Restricted Payment" capacity. However, such restriction is subject to important exceptions and qualifications. Under the terms of the Notes, we may pay dividends on our common stock in an aggregate amount up to 30.0% of our profit for the immediate prior fiscal year. In addition, our "Restricted Payment" capacity is based on our results of operations from the first day of the quarter during which the 2015 August USD Notes (as defined herein) were first issued in 2015 and we will have substantial "Restricted Payment" capacity as of the Closing Date. As a result, we may be able to pay substantial amount of dividends and make other "Restricted Payments" even when we are highly leveraged or have not been sufficiently profitable, which may materially and adversely affect our ability to service our indebtedness, including the Notes.

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

In the event we are treated as a PRC "resident enterprise" under the Enterprise Tax Law, we may be required to withhold PRC income tax on interest paid to certain of our non-resident investors. See "*Risks relating to China—Our income tax obligations have increased, dividends from our PRC subsidiaries are currently subject to withholding tax under PRC tax laws and we may be subject to PRC tax under the Enterprise Income Tax Law*" and "*Interest paid by us to our foreign investors may be subject to withholding taxes and gain from the sale of our Notes may be subject to tax under PRC tax laws*" above. In such case, we will, subject to certain exceptions, be required to pay such additional amounts as will result in receipt by a holder of a Note of such amounts as would have been received by the holder had no such withholding been required. As described under "*Description of the Notes—Redemption for Taxation Reasons,*" in the event we are required to pay additional amounts as a result of certain changes in or interpretations of tax law, or the stating of an official position with respect thereto that results in our being required to withhold tax on interest payments as a result of our being treated as a PRC "resident enterprise," we may be able to redeem the Notes in whole at a redemption price equal to 100% of the principal amount plus accrued and unpaid interest and any additional amounts.

The Notes may not be a suitable investment for all investors

Each potential investor in the Notes must determine the suitability of an investment in the Notes in light of its own circumstances. In particular, each potential investor should consider, either on its own or with the help of its financial and other professional advisers, whether it: (i) has sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained in this offering memorandum; (ii) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact such investment will have on its overall investment portfolio; (iii) has sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or interest payments is different from the currency in which the potential investor's financial activities are principally denominated; (iv) understands thoroughly the terms of the Notes and is familiar with the behavior of any relevant indices and financial markets; and (v) is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The Notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in the Notes which are complex financial instruments unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of such Notes and the impact this investment will have on the potential investor's overall investment portfolio.

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

We must offer to purchase the Notes upon the occurrence of a Change of Control Triggering Event, at a purchase price equal to 101.0% of the principal amount plus accrued and unpaid interest. See "*Description of the Notes.*" The source of funds for any such purchase would be our available cash or third-party financing. However, we may not have sufficient available funds at the time of the occurrence of any Change of Control Triggering Event to make purchases of outstanding Notes. Our failure to make the offer to purchase or to purchase the outstanding Notes would constitute an Event of Default under the Notes. The Event of Default may, in turn, constitute an event of default under other indebtedness, including the Senior Notes, any of which could cause the related debt to be accelerated after any applicable notice or grace periods. If our other debt were to be accelerated, we may not have sufficient funds to purchase the Notes and repay the debt. In addition, the definition of Change of Control Triggering Event for purposes of the Indenture does not necessarily afford protection for the holders of the Notes in the event of some highly leveraged transactions, including certain acquisitions, mergers, refinancing, restructurings or other recapitalizations. These types of transactions could, however, increase our indebtedness or otherwise affect our capital structure or credit ratings. The definition of Change of Control Triggering Event for purposes of the Indenture also includes a phrase relating to the sale of "all or substantially all" of our assets. Although there is a limited body of case law interpreting the phrase "substantially all," there is no precise established definition under applicable law. Accordingly, our obligation to make an offer to purchase the Notes and the ability of a holder of the Notes to require us to purchase its Notes pursuant to the offer as a result of a highly-leveraged transaction or a sale of less than all of our assets may be uncertain.

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

Because our Company is incorporated, and the JV Subsidiary Guarantors (if any) may be incorporated, under the laws of the Cayman Islands, an insolvency proceeding relating to us or any such JV Subsidiary Guarantor, even if brought in the United States, would likely involve Cayman Islands insolvency laws, the procedural and substantive provisions of which may differ from comparable provisions of United States federal bankruptcy law. In addition, our Subsidiary Guarantors and other JV Subsidiary Guarantors (if any) are incorporated or may be incorporated in the British Virgin Islands or Hong Kong and the insolvency laws of the British Virgin Islands and Hong Kong may also differ from the laws of the United States or other jurisdictions with which the holders of the Notes are familiar. We conduct substantially all of our business operations through PRC-incorporated subsidiaries in China. The Subsidiary Guarantors, as equity holders in our PRC subsidiaries, are necessarily subject to the bankruptcy and insolvency laws of China in a bankruptcy or insolvency proceeding involving any of such PRC subsidiaries. Any JV Subsidiary Guarantors which become equity holders of our PRC subsidiaries would also be subject to such laws. The PRC laws and regulations relating to bankruptcy and insolvency and the legal proceedings in that regard may significantly differ from those of the United States and other jurisdictions with which the holders of the Notes are familiar. You should analyze the risks and uncertainties carefully before you invest in our Notes.

Fluctuations in the value of RMB may adversely affect our business and on your investment

Although substantially all of our turnover is generated by our PRC operating subsidiaries and is denominated in Renminbi, we are required to settle all amounts due under the Notes (including principal, premium, interest and redemption payments) in U.S. dollars. The value of RMB against the U.S. dollar and other currencies may fluctuate and is affected by, among other things, changes in China's and global political and economic conditions, as well as the currency's supply and demand in the local and international markets. From 1994 to 2005, the conversion of RMB into foreign currencies, including U.S. dollars, had been based on rates set by the PBOC. On July 21, 2005, the PRC government changed its policy of pegging the value of RMB to the U.S. dollar. Under the new policy, RMB is permitted to fluctuate within a narrow and managed band against a basket of certain foreign currencies. Renminbi appreciated against the U.S. dollar by approximately 24.5% from July 21, 2005 to December 31, 2014. On August 11, 2015, to improve the central parity quotations of the Renminbi against the U.S. dollar, the PBOC authorized market-makers to provide central parity quotations to the China Foreign Exchange Trading Centre daily before the opening of the interbank foreign exchange market with reference to the interbank foreign exchange market closing rate of the previous day, the supply and demand for foreign exchange as well as changes in major international currency exchange rates. Following the announcement by the PBOC on August 11, 2015, the Renminbi depreciated significantly against the U.S. dollar in the remainder of 2015 and 2016 before rebounding in 2017. In 2018, the Renminbi experienced further fluctuation in value against the U.S. dollar, with significant depreciation occurring since the second quarter of 2018. According to the National Bureau of Statistics, the Renminbi depreciated 4.1% in value against the U.S. dollar in 2019. From June 2020 to the first quarter of 2021, the Renminbi appreciated about 9% in value against the U.S. dollar. Since the first quarter of 2021, the exchange rate of Renminbi against the U.S. dollar has fluctuated in both directions. The PRC government may adopt further reforms of its exchange rate system, including making the Renminbi freely convertible in the future. If such reforms were implemented and resulted in devaluation of the Renminbi against the U.S. dollar, our financial condition and results of operations could be adversely affected. Such a devaluation could also adversely affect the value, translated or converted into U.S. dollars or otherwise, of our earnings and our ability to satisfy our obligations under the Notes and other indebtedness denominated in foreign currencies.

There are limited hedging instruments available in China to reduce our exposure to exchange rate fluctuations between the Renminbi and other currencies. To date, we have not entered into any hedging transactions to reduce our exposure to such risks. Following the issuance of the Notes, we may enter into foreign exchange or interest rate hedging agreements with respect to our U.S. dollar-denominated liabilities under the Notes. These hedging agreements may require us to pledge or transfer cash and other collateral to secure our obligations under the agreements, and the amount of collateral required may increase as a result of mark-to-market adjustments. Each of the Initial Purchasers and their affiliates may enter into such hedging agreements permitted under the indenture(s) governing the Notes, and these agreements may be secured by pledges of our cash and other assets as permitted under the indenture(s) governing the Notes. If we were unable to provide such collateral, it could constitute a default under such agreements.

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

Our shares are listed on the SEHK and we are required to comply with its Listing Rules, which provide, among other things, that a "connected transaction" exceeding the applicable de minimis value thresholds will require prior approval of the independent shareholders of such listed company. However, the "Limitation on Transactions with Shareholders and Affiliates" covenant in the Notes does not capture transactions between the Company or any Restricted Subsidiary, on the one hand, and an Affiliate of any Restricted Subsidiary, on the other hand. As a result, we are not required by the terms of the Notes to ensure that any such transactions are on terms that are fair and reasonable, and we will not need to deliver officer's certificates or procure the delivery of fairness opinions of accounting, appraisal or investment banking firms to the Trustee for any such transactions.

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

The Original Notes are listed on the SEHK. The Company will make an application to the SEHK for the listing of the New Notes by way of debt issues to Professional Investors only. Although we have received approval in-principle for the listing and quotation of the New Notes on the Official List of the SEHK, we cannot assure you that we will obtain or be able to maintain a listing on the SEHK, or that, if listed, a liquid trading market will develop. In addition, the New Notes are being issued pursuant to exemptions from registration under the Securities Act and, as a result, you will only be able to resell your New Notes in transactions that have been registered under the Securities Act or in transactions not subject to or exempt from registration under the Securities Act. We cannot predict whether an active trading market for the New Notes will develop or be sustained.

The ratings assigned to the Notes and our credit ratings may be lowered or withdrawn in the future

The Original Notes have been assigned a rating of"Ba3" by Moody's. The New Notes are expected to be rated "Ba3" by Moody's. The rating addresses our ability to perform our obligations under the terms of the Notes and credit risks in determining the likelihood that payments will be made when due under the Notes. As at the date of this offering memorandum, our long-term corporate credit rating by Standard & Poor's Ratings Services was "BB-" with a stable outlook, and our corporate family rating by Moody's Investors Service was "Ba3" with a stable outlook. A rating or a rating outlook is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time. A rating and a rating outlook may not remain for any given period of time and a rating and a rating outlook may be lowered or withdrawn entirely by the relevant rating agency if in its judgment circumstances in the future so warrant. Each such rating should be evaluated independently of any other rating on the Notes, on other securities of ours, or on us. We have no obligation to inform holders of the Notes of any such revision, downgrade or withdrawal. A suspension, reduction or withdrawal at any time of the rating assigned to the Notes may materially and adversely affect the market price of the Notes.

The liquidity and price of the Notes following their issuance may be volatile

The price and trading volume of the Notes may be highly volatile. Factors such as variations in our turnover, earnings and cash flows, proposals for new investments, strategic alliances and/or acquisitions, changes in interest rates, fluctuations in price for comparable companies, government regulations and changes thereof applicable to our industry and general economic conditions nationally or internationally could cause the price of the Notes to change. Any such developments may result in large and sudden changes in the trading volume and price of the Notes. We cannot assure you that these developments will not occur in the future.

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

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

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

The Notes will initially only be issued in global certificated form and held through the Clearing Systems. Interests in the global notes will trade in book-entry form only, and Notes in definitive registered form, or definitive registered notes, will be issued in exchange for book entry interests only in very limited circumstances. Owners of book-entry interests will not be considered owners or holders of Notes. Payments of principal, interest and other amounts owing on or in respect of the global notes representing the Notes will be made to the paying agent which will make payments to the Clearing Systems. Thereafter, these payments will be credited to accounts of participants that hold book-entry interests in the global notes representing the Notes and credited by such participants to indirect participants. After payment to the common depositary for the Clearing Systems, we will have no responsibility or liability for the payment of interest, principal or other amounts to the owners of book-entry interests. Accordingly, if you own a book-entry interest, you must rely on the procedures of the Clearing Systems, and, if you are not a participant in the Clearing Systems, on the procedures of the participant through which you own your interest, to exercise any rights and obligations of a holder of Notes under the Indenture. Unlike the holders of the Notes themselves, owners of book-entry interests will not have the direct right to act upon our solicitations for consents, requests for waivers or other actions from holders of the notes. Instead, if you own a book-entry interest, you will be permitted to act only to the extent you have received appropriate proxies to do so from the Clearing Systems. The procedures implemented for the granting of such proxies may not be sufficient to enable you to vote on a timely basis. Similarly, upon the occurrence of an event of default under the Indenture, unless and until definitive registered notes are issued in respect of all book-entry interests, if you own a book entry interest, you will be restricted to acting through the Clearing Systems. The procedures to be implemented through the Clearing Systems may not be adequate to ensure the timely exercise of rights under the Notes.

The Company may raise other capital which affects the price of the Notes

The Company may raise additional capital through the issue of other securities or other means. There is no restriction, contractual or otherwise, on the amount of securities or other liabilities which the Company may issue or incur or guarantee and which rank *pari passu* with, the Notes. The issue of any such securities or the incurrence of any such other liabilities may reduce the amount (if any) recoverable by holders of the Notes on an insolvency event of the Company. The issue of any such securities or the incurrence of any such other liabilities might also have an adverse impact on the trading price of the Notes and/or the ability of holders of the Notes to sell their Notes.

The Notes are subject to optional redemption by the Company

An optional redemption feature is likely to limit the market value of the Notes. During any period when the Company may elect to redeem Notes, the market value of the Notes generally will not rise substantially above the price at which they can be redeemed. This may also be true prior to any redemption period.

The Company may consider redeeming the Notes when its cost of borrowing is lower than the interest rate on the Notes. At such instance, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate.

Risks Relating to the Subsidiary Guarantees and the JV Subsidiary Guarantees

Guarantees may in some cases be replaced by limited-recourse guarantees

We conduct substantially all of our business operations through our PRC subsidiaries, but none of our current PRC subsidiaries and their direct PRC or non-PRC subsidiaries will provide a Subsidiary Guarantee or a JV Subsidiary Guarantee either upon issuance of the Notes or at any time thereafter. No future subsidiaries that are organized under the laws of PRC or their future PRC or non-PRC subsidiaries will provide a Subsidiary Guarantee or a JV Subsidiary Guarantee at any time in the future. Moreover, under the terms of the Indenture, any Exempted Subsidiary or Listed Subsidiary will not provide a Subsidiary Guarantee or JV Subsidiary Guarantee and subject to certain conditions, the Company may designate any Offshore Restricted Subsidiary as a Designated Offshore Non-Guarantor Subsidiary which would allow such Offshore Restricted Subsidiary not to provide a Subsidiary Guarantee or JV Subsidiary Guarantee, subject to certain conditions. Our primary assets are ownership interests in our PRC subsidiaries, which are held through the Subsidiary Guarantors. As a result, the Notes will be effectively subordinated to all the debt and other obligations, including contingent obligations and trade payables, of the PRC subsidiaries.

The initial Subsidiary Guarantors that will guarantee the Notes do not have significant operations. Therefore, almost all of our revenue and income (as shown in our consolidated financial information included elsewhere in this offering memorandum) are attributed to our PRC subsidiaries and any contribution from direct operations of the Subsidiary Guarantors (or JV Subsidiary Guarantors (if any)) are immaterial. We cannot assure you that the initial Subsidiary Guarantors or any subsidiaries that may become Subsidiary Guarantors or JV Subsidiary Guarantors in the future will have the funds necessary to satisfy our financial obligations under the Notes if we are unable to do so. See "*—Risks Relating to the Notes—We are a holding company and payments with respect to the Notes are structurally subordinated to liabilities, contingent liabilities and obligations of our subsidiaries.*" In addition, a Subsidiary Guarantee required to be provided by a subsidiary of the Company under the terms of the Notes may be replaced by a limited-recourse JV Subsidiary Guarantee following the sale or issuance to a third party of a 20.0% to 49.9% interest in such subsidiary or its direct or indirect majority shareholders or the purchase of a 50.1% to 80.0% interest in a third party. Recovery under a JV Subsidiary Guarantee is limited to an amount equal to our proportional interest in the issued share capital of such JV Subsidiary Guarantor multiplied by the fair market value of the total assets in such JV Subsidiary Guarantor and its subsidiaries, on a consolidated basis, as at the date of the last fiscal year-end of the Company.

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

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

(1) incurred the debt with the intent to defraud creditors (whenever the transaction took place, and irrespective of insolvency);

(2) put the beneficiary of the guarantee in a position which, in the event of the guarantor's insolvency, would be better than the position the beneficiary would have been in had the guarantee not been given; or

(3) received no consideration, or received consideration in money or money's worth that is significantly less than the consideration supplied by the guarantor.

In the case of (2) and (3) above, a guarantee will only be voidable if it was entered into at a time when the guarantor was insolvent, or if it became insolvent as a consequence of doing so. Insolvency in this context under British Virgin Islands law means generally that the guarantor is unable to pay its debts as they fall due or that its liabilities exceed its assets. Additionally, a guarantee will only be voidable if it is given within the six-month period preceding the commencement of liquidation or within the two-year period, if the guarantor and the beneficiary are connected entities.

The measure of insolvency for purposes of the foregoing will vary depending on the laws of the applicable jurisdiction. Generally, however, a guarantor would be considered insolvent at a particular time if it were unable to pay its debts as they fell due or if the sum of its debts was then greater than all of its property at a fair valuation or if the present fair saleable value of its assets was then less than the amount that would be required to pay its probable liabilities in respect of its existing debt as they became absolute and matured. In addition, a guarantee may be subject to review under applicable insolvency or fraudulent transfer laws in certain jurisdictions or subject to a lawsuit by or on behalf of creditors of the guarantor. In such case, the analysis set forth above would generally apply, except that the guarantee could also be subject to the claim that, since the guarantee was not incurred for the benefit of the guarantor, the obligations of the guarantor thereunder were incurred for less than reasonably equivalent value or fair consideration.

In an attempt to limit the applicability of insolvency and fraudulent transfer laws in certain jurisdictions, the obligations of the Subsidiary Guarantors or JV Subsidiary Guarantors (if any) under the Subsidiary Guarantees or JV Subsidiary Guarantees (as the case may be) will be limited to the maximum amount that can be guaranteed by the applicable Subsidiary Guarantor or JV Subsidiary Guarantor without rendering the guarantee, as it relates to such Subsidiary Guarantor or JV Subsidiary Guarantor, voidable under such applicable insolvency or fraudulent transfer laws.

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

USE OF PROCEEDS

The gross proceeds from this offering without deducting the subscription discounts and commissions and other estimated expenses payable in connection with this offering, will be approximately US$147 million. We intend to use the net proceeds to refinance existing indebtedness.

Subject to compliance with applicable laws, regulations and certificate and relevant adjustment consent obtained from NDRC for the issuance of the New Notes, we may adjust the foregoing plans in response to changing market conditions and circumstances and, thus, reallocate the use of the net proceeds.

China

The PBOC sets and publishes daily a central parity exchange rate with reference primarily to the supply and demand of Renminbi against a basket of currencies in the market during the previous day. The PBOC also takes into account other factors, such as the general conditions existing in the international foreign exchange markets. Since 1994, the conversion of Renminbi into foreign currencies, including Hong Kong dollars and U.S. dollars, has been based on rates set by the PBOC, which are set daily based on the previous day's interbank foreign exchange market rates and current exchange rates in the world financial markets. From 1994 to July 20, 2005, the official exchange rate for the conversion of Renminbi to U.S. dollars was generally stable. Although the PRC government introduced policies in 1996 to reduce restrictions on the convertibility of Renminbi into foreign currencies for current account items, conversion of Renminbi into foreign exchange for capital items, such as foreign direct investment, loan principals and securities trading, still requires the approval of SAFE and other relevant authorities. On July 21, 2005, the PRC government introduced a managed floating exchange rate system to allow the value of the Renminbi to fluctuate within a regulated band based on market supply and demand and by reference to a basket of currencies. The PBOC has enlarged the floating band several times since then to increase the Chinese currency's exchange rate flexibility. The PRC government may, in the future, may make further adjustments to the exchange rate system. The PBOC authorized the China Foreign Exchange Trading Centre, effective since January 4, 2006, to announce the central parity exchange rate of certain foreign currencies against the Renminbi on each business day. This rate is set as the central parity for the trading against the Renminbi in the inter-bank foreign exchange spot market and the over-the-counter exchange rate for the following business day. On August 11, 2015, the PBOC announced an adjustment to the central parity mechanism of quoting Renminbi RMB against the U.S. dollar, as a step towards allowing a more market-based determination of the Renminbi exchange rate. In May 2017, in order to moderately hedge the cyclical fluctuations in market sentiment, the core members of the foreign exchange market self-regulatory mechanism adjusted the RMB-to-US dollar exchange rate quotation model from the original "closing price + a basket of currency exchange rate changes" to "closing price + a basket of currency exchange rate changes + counter-cyclic factor" based on the principle of marketization. In January 2018, as China's cross-border capital flows and foreign exchange supply and demand became more balanced, the banks which quote the central parity rate of RMB-to-US dollar exchange rate successively adjusted the "counter-cyclic factor" to neutral based on their own judgments on economic fundamentals and market conditions. The PRC government may make further adjustments to the exchange rate system in the future.

The following table sets forth the low, average, high and period-end noon buying rate in New York City for cable transfers in Renminbi per U.S. dollar as certified for customs purposes by the Federal Reserve Bank of New York for the periods indicated:

	Noon buying rate			
	Period End	Average(1)	High	Low
	(RMB per US$1.00)			
2016	6.9430	6.6549	6.9580	6.4480
2017	6.5063	6.7569	6.9575	6.4773
2018	6.8755	6.6292	6.9737	6.2649
2019	6.9618	6.9014	7.1786	6.6822
2020	6.5250	6.8878	7.1681	6.5208
2021	6.3726	6.4499	6.5716	6.3435
2021				
August	6.4604	6.4768	6.5012	6.4604
September	6.4434	6.4563	6.4702	6.4320
October	6.4050	6.4172	6.4485	6.3820
November	6.3640	6.3889	6.4061	6.3640
December	6.3726	6.3692	6.3772	6.3435
2022				
January	6.3610	6.3556	6.3822	6.3206
February (through February 11)	6.3540	6.3599	6.3660	6.3526

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

Source: Federal Reserve H.10 Statistical Release

Hong Kong

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

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

The following table sets forth the low, average, high and period-end noon buying rate in New York City for cable transfers in Hong Kong dollars per U.S. dollar as certified for customs purposes by the Federal Reserve Bank of New York for the periods indicated:

	Noon buying rate			
	Period End	Average(1)	High	Low
	(RMB per US$1.00)			
2016	7.7505	7.7620	7.8270	7.7534
2017	7.8128	7.7949	7.8267	7.7540
2018	7.8305	7.8376	7.8499	7.8043
2019	7.7894	7.8335	7.8499	7.7808
2020	7.7534	7.7562	7.7951	7.7498
2021	7.7996	7.7725	7.8034	7.7515
2021				
August	7.7779	7.7833	7.7925	7.7735
September	7.7850	7.7807	7.7877	7.7708
October	7.7790	7.7793	7.7871	7.7725
November	7.7967	7.7896	7.7993	7.7819
December	7.7996	7.7725	7.8034	7.7515
2022				
January	7.7971	7.7917	7.8001	7.7850
February (through February 11)	7.7988	7.7935	7.7988	7.7894

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

Source: Federal Reserve H.10 Statistical Release

CAPITALIZATION AND INDEBTEDNESS

The following table sets forth our bank balances and cash, borrowings, total equity and total capitalization as at June 30, 2021:

- on an actual basis; and
- as adjusted to give effect to the issue of the New Notes in this offering after deducting the subscription discounts and commissions and other estimated expenses payable by us in connection with this offering inclusive of accrued interest from (and including) October 29, 2021 to (but excluding) February 24, 2022.

The as-adjusted information below is illustrative only and does not take into account any changes in our borrowings and capitalization after June 30, 2021 other than as noted above.

You should read the following table together with "*Selected Consolidated Financial and Other Data*" and our consolidated financial statements, including the notes thereto, included elsewhere in this offering memorandum.

	As at June 30, 2021			
	Actual		As further adjusted	
	(RMB in millions)	(US$ in millions)	(RMB in millions)	(US$ in millions)
Bank balances and cash	56,455.1	8,743.8	57,397.8	8,889.8
Borrowings[1]				
Bank and other borrowings	96,161.3	14,893.5	96,161.3	14,893.5
Senior Notes	3,922.4	607.5	3,922.4	607.5
Notes to be issued hereby	—	—	942.7	146.0
Corporate debt instruments	25,936.5	4,017.1	25,936.5	4,017.1
Receipts under securitization arrangements	1,897.9	293.9	1,897.9	293.9
Total Borrowings	127,918.1	19,812.0	128,860.8	19,958.0
Total Equity	89,617.8	13,880.0	89,617.8	13,880.0
Total Capitalization[2][3][4]	217,535.9	33,692.0	218,478.6	33,838.0

Notes:

(1) Our borrowings do not include capital commitments or contingent liabilities.

(2) Total capitalization equals total borrowings plus total equity.

(3) After June 30, 2021, we have incurred addition indebtedness pursuant to issue of senior notes and credit enhanced bonds, and we have also redeem perpetual securities. For more information, see "*Description of Material Indebtedness and Other Obligations*" and "*Recent Development*".

(4) The as-adjusted information above does not give effect to certain events happened after June 30, 2021, including (i) the issue of 2021 December USD Notes in aggregate principal amount of US$150 million on December 22, 2021; (ii) the redemption in full of the 2018 Perpetual Securities in aggregate principal amount of US$500 million on December 28, 2021 (iii) the issue of 2022 January USD Bonds in aggregate principal amount of US$400 million on January 27, 2022; and (iv) the redemption in full of the 2019 First Perpetual Securities in aggregate principal amount of US$400 million and 2019 Second Perpetual Securities in aggregate principal amount of US$100 million on February 8, 2022. For more information, see "*Description of Material Indebtedness and Other Obligations*" and "*Recent Development*".

We have incurred, and will continue to incur, substantial indebtedness from time to time for general corporate purposes, including but not limited to refinancing of existing indebtedness and funding our operations in the ordinary course of business. See "*Risk Factors—Risks Relating to the Business—We have incurred significant indebtedness and may incur substantial additional indebtedness in the future, which could materially and adversely affect our financial condition and could further intensify the risks associated with our leverage.*" Except as otherwise disclosed in this offering memorandum, there has been no material adverse change in our capitalization since June 30, 2021. See "*Description of Material Indebtedness and Other Obligations*" for more information on our outstanding indebtedness.

SELECTED CONSOLIDATED FINANCIAL AND OTHER DATA

The following table presents our selected consolidated financial and other data. The selected consolidated statements of comprehensive income data for 2018, 2019 and 2020 and the selected consolidated statements of financial position as at December 31, 2018, 2019 and 2020 set forth below (except for EBITDA) have been derived from our consolidated financial statements as at and for the years ended December 31, 2018, 2019 and 2020, as audited by Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, included elsewhere in this offering memorandum. The selected consolidated statements of comprehensive income data for the first half of 2020 and the selected consolidated statements of financial position as at June 30, 2020 set forth below (except for EBITDA) have been derived from our unaudited condensed consolidated financial statements as at and for the six months ended June 30, 2020, as reviewed by Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, included elsewhere in this offering memorandum. The selected consolidated statement of comprehensive income data for the first half of 2021 and the selected consolidated statement of financial position as at June 30, 2021 set forth below (except for EBITDA and EBITDA margin) have been derived from our unaudited interim condensed consolidated financial information as at and for the six months ended June 30, 2021, as reviewed by Ernst & Young, Certified Public Accountants, Hong Kong, included elsewhere in this offering memorandum.

Our financial results for any past period are not, and should not be taken as, an indication of our performance, financial position or results of operations in future periods. Results for the interim periods are not necessarily indicative of results for the full years. Our financial statements have been prepared and presented in accordance with IFRS. The selected financial data below should be read in conjunction with and our consolidated financial statements and the notes to those statements included elsewhere in this offering memorandum.

The financial information furnished in this offering memorandum shall not be deemed to be incorporated by reference into this offering memorandum except as otherwise expressly stated herein.

Selected Consolidated Statements of Comprehensive Income and Other Financial Data

	For the year ended December 31,				For the six months ended June 30,		
	2018	2019	2020	2020	2020	2021	2021
	(RMB in thousands, unless otherwise indicated) (audited)			(US$ in thousands, unless otherwise indicated)	(RMB in thousands, unless otherwise indicated) (unaudited)		(US$ in thousands, unless otherwise indicated)
Revenue	60,302,510	61,592,939	65,782,531	10,188,417	23,896,208	36,134,812	5,596,570
Cost of Sales	(46,550,157)	(45,952,531)	(50,209,631)	(7,776,482)	(17,712,331)	(28,199,645)	(4,367,569)
Gross Profit	13,752,353	15,640,408	15,572,900	2,411,935	6,183,877	7,935,167	1,229,001
Other income	1,860,271	2,667,245	3,017,194	467,304	1,557,250	1,436,306	222,455
Other gains and losses	(509,950)	(40,372)	1,511,822	234,151	58,724	172,008	26,641
Selling expenses	(1,844,396)	(2,096,820)	(2,320,095)	(359,337)	(623,642)	(920,281)	(142,533)
Administrative expenses	(3,895,426)	(4,297,225)	(4,323,472)	(669,621)	(1,446,688)	(1,643,159)	(254,493)
Finance costs	(1,551,663)	(1,570,860)	(2,228,464)	(345,145)	(1,252,360)	(1,327,250)	(205,565)
Reversal of impairment / (impairment losses) under expected credit loss model, net [(1)]	(1,282,734)	(796,887)	(561,517)	(86,968)	(314,509)	7,676	1,189
(Impairment losses) / reversal of impairment on non-financial assets, net	(452,100)	(579,195)	(772,837)	(119,697)	93,690	(155,859)	(24,139)
(Loss)/gain from changes in fair value of investment properties	132,128	(41,866)	(14,639)	(2,267)	(108,114)	(408)	(63)

	For the year ended December 31,				For the six months ended June 30,		
	2018	2019	2020	2020	2020	2021	2021
	(RMB in thousands, unless otherwise indicated) (audited)			(US$ in thousands, unless otherwise indicated)	(RMB in thousands, unless otherwise indicated) (unaudited)		(US$ in thousands, unless otherwise indicated)
Gain on re-measurement of associates and joint ventures to acquisition date fair value in business combination achieved in stages	686,352	43,487	—	—	—	—	—
Gain on disposal of subsidiaries, net	509,040	98,269	174,902	27,089	27,957	1,692	262
Share of results of associates..	325,582	1,002,893	695,605	107,735	402,226	391,280	60,602
Share of results of joint ventures	174,515	(75,951)	2,129	330	69,951	25,261	3,912
Profit before taxation	7,903,972	9,953,126	10,753,528	1,665,509	4,648,362	5,922,433	917,268
Taxation	(5,528,742)	(6,017,704)	(4,990,647)	(772,953)	(1,517,992)	(2,011,938)	(311,610)
Profit for the year/period	2,375,230	3,935,422	5,762,881	892,557	3,130,370	3,910,495	605,659
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:							
Fair value gain on equity instruments designated at fair value through other comprehensive income for the period, net of tax	178,192	256,752	42,727	6,618	84,916	279,517	43,292
Other comprehensive income for the year / period................	178,192	256,752	42,727	6,618	84,916	279,517	43,292
Total comprehensive income for the year/period	2,553,422	4,192,174	5,805,608	899,174	3,215,286	4,190,012	648,950
Profit for the year/period attributable to:							
Owners of the Company	1,003,285	2,480,232	3,796,477	587,999	2,095,812	2,418,363	374,557
Non-controlling interests	1,371,945	1,455,190	1,966,404	304,557	1,034,558	1,492,132	231,102
	2,375,230	3,935,422	5,762,881	892,557	3,130,370	3,910,495	605,659
Total comprehensive income for the year/period attributable to:							
Owners of the Company	1,181,477	2,736,984	3,829,073	593,048	2,180,728	2,696,682	417,663
Non-controlling interests	1,371,945	1,455,190	1,976,535	306,126	1,034,558	1,493,330	231,287
	2,553,422	4,192,174	5,805,608	899,174	3,215,286	4,190,012	648,950
Earnings per share Basic	RMB0.18	RMB0.55	RMB1.05	US$0.16	RMB0.65	RMB0.71	US$0.11
Diluted	RMB0.18	RMB0.55	RMB1.04	US$0.16	RMB0.65	RMB0.71	US$0.11
Other financial data EBITDA[(2)] .	17,487,079	17,647,117	14,058,713	2,177,417	6,241,877	7,890,520	1,222,086
EBITDA margin[(3)]	29.0%	28.7%	21.4%	21.4%	26.1%	21.8%	21.8%

(1) Impairment losses under expected credit loss model, net of reversal for the years ended December 31, 2019 and 2020 and for six months ended on June 30, 2020 and 2021 comprised impairment losses recognized on contract assets and other receivables and amounts due from related parties, and reversed on trade receivables. For years ended December 31, 2018, there were no impairment losses recognized or reversed on contract assets, and this line item was described as impairment losses on financial assets, net of reversal for that year. For the years ended December 31, 2019 and 2020, we recognized impairment losses on contract assets of RMB17.3 million (US$2.7 million) and RMB34.3 million (US$5.3 million), respectively. For six months ended June 30, 2021, we reversed impairment losses on contract assets of RMB20.8 million (US$3.2 million). For six months ended June 30, 2020, we reversed impairment losses on contract assets of RMB9.9 million (US$1.5 million).

(2) EBITDA for any period consists of profit for the year before financial derivatives, interest income, interest expenses (including capitalized interest under cost of sales), income tax expenses, depreciation and amortization expenses and other non-operating items. EBITDA is not a standard measure under IFRS. EBITDA is a widely used financial indicator of a company's ability to service and incur debt. EBITDA should not be considered in isolation or construed as an alternative to cash flows, net income or any other measure of financial performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities. EBITDA does not account for taxes, interest expense or other non-operating cash expenses. In evaluating EBITDA, we believe that investors should consider, among other things, the components of EBITDA such as sales and operating expenses and the amount by which EBITDA exceeds capital expenditures and other charges. We have included EBITDA because we believe it is a useful supplement to cash flow data as a measure of our performance and our ability to generate cash flow from operations to cover debt service and taxes. EBITDA presented herein may not be comparable to similarly titled measures presented by other companies. Investors should not compare our EBITDA to EBITDA presented by other companies because not all companies use the same definition.

(3) EBITDA margin is calculated by dividing EBITDA by revenue.

Set forth below is a reconciliation of EBITDA to the most directly comparable IFRS measure, profit for the year/period:

	For the year ended December 31,				For the six months ended June 30,		
	2018	2019	2020	2020	2020	2021	2021
	(RMB in thousands) (audited)			(US$ in thousands)	(RMB in thousands) (unaudited)		(US$ in thousands)
Profit for the year/period	2,375,230	3,935,422	5,762,881	892,557	3,130,370	3,910,495	605,659
Adjustments for:							
Reversal of impairment / (impairment losses) under expected credit loss model, net[(1)]	(1,282,734)	(796,887)	(561,517)	(86,968)	(314,509)	7,676	1,189
(Impairment losses) / reversal of impairment on non-financial assets, net	(452,100)	(579,195)	(772,837)	(119,697)	93,690	(155,859)	(24,139)
Gain on re-measurement of associates and joint ventures to acquisition date fair value in business combination achieved in stages	686,352	43,487	—	—	—	—	—
Taxation	(5,528,742)	(6,017,704)	(4,990,647)	(772,953)	(1,517,992)	(2,011,938)	(311,610)
Depreciation and amortization	(471,451)	(608,670)	(586,833)	(90,889)	(290,210)	(305,424)	(47,304)
EBITDA[(2)]	17,487,079	17,647,117	14,058,713	2,177,417	6,241,877	7,890,520	1,222,086
Revenue	60,302,510	61,592,939	65,782,531	10,188,417	23,896,208	36,134,812	5,596,570

(1) For the year ended December 31, 2020, impairment losses under expected credit loss model, net of reversal, included impairment losses recognized on contract assets amounting to RMB34,331,000 (US$5,317,195). For the six months ended June 30, 2021, reversal of impairment under expected credit loss model, net of reversal, amounted to RMB20,767,000 (US$3,216,399).

(2) EBITDA for any period consists of profit for the year before financial derivatives, interest income, interest expenses (including capitalized interest under cost of sales), income tax expenses, depreciation and amortization expenses and other non-operating items. EBITDA is not a standard measure under IFRS. EBITDA is a widely used financial indicator of a company's ability to service and incur debt. EBITDA should not be considered in isolation or construed as an alternative to cash flows, net income or any other measure of financial performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities. EBITDA does not account for taxes, interest expense or other non-operating cash expenses. In evaluating EBITDA, we believe that investors should consider, among other things, the components of EBITDA such as sales and operating expenses and the amount by which EBITDA exceeds capital expenditures and other charges. We have included EBITDA because we believe it is a useful supplement to cash flow data as a measure of our performance and our ability to generate cash flow from operations to cover debt service and taxes. EBITDA presented herein may not be comparable to similarly titled measures presented by other companies. Investors should not compare our EBITDA to EBITDA presented by other companies because not all companies use the same definition.

Selected Consolidated Statements of Financial Position

	As at December 31,				As at June 30,	
	2018	2019	2020	2020	2021	2021
	(RMB in thousands) (audited)			(US$ in thousands)	(RMB in thousands) (unaudited)	(US$ in thousands)
Assets						
Non-current assets	32,345,997	36,364,229	45,209,354	7,002,037	51,926,694	8,042,421
Current assets[(1)]	247,416,747	300,727,889	369,072,494	57,162,050	428,152,494	66,312,377
Total assets[(1)]	279,762,744	337,092,118	414,281,848	64,164,088	480,079,188	74,354,798
Equity and Liabilities						
Non-current liabilities	70,207,303	65,571,854	91,477,873	14,168,118	103,242,802	15,990,274
Current liabilities[(2)]	149,436,601	202,364,792	238,213,902	36,894,635	287,218,556	44,484,490
Total liabilities[(2)]	219,643,904	267,936,646	329,691,775	51,062,754	390,461,358	60,474,763
Total equity	60,118,840	69,155,472	84,590,073	13,101,334	89,617,830	13,880,034
Total equity and liabilities	279,762,744	337,092,118	414,281,848	64,164,088	480,079,188	74,354,798

(1) For the year ended December 31, 2019, current assets and total assets each includes assets classified as held for sale amounting to RMB95,747,000 (US$14,829,322). For the six months ended June 30, 2021, we do not hold any assets that are classified as held for sale.

(2) For the years ended December 31, 2019, current liabilities and total liabilities each includes liabilities associated with assets classified as held for sale amounting to RMB70,409,000 (US$10,904,965). For the six months ended June 30, 2021, we do not have any liabilities associated with assets classified as held for sale.

RECENT DEVELOPMENTS

Provision of Financial Assistance to WZ Group

WZ Group Limited (網築集團有限公司) ("**WZ**"), a company incorporated in the Cayman Islands with limited liability, and its subsidiaries (together, the "**WZ Group**") provide supply chain solutions in China's building material industry and specialize in providing digitalized supply chain solutions to participants along the value chain in the building material industry. As of the date of this memorandum, we indirectly own 31.37% of the total issued shares of WZ.

With a view to providing the support to the WZ Group for its growth and development, we provided certain financial assistance in relation to the WZ Group. Such financial assistance consists of our subsidiary providing guarantees under the relevant bank loans, or acting as payment obligor in case of certain shortfall payment under the relevant ABS-/ABN program in favor of WZ Group.

As of August 31, 2021, the aggregate outstanding financial assistance in relation to the WZ Group provided by us amounted to RMB2.136 billion (contractually obligated amount) or RMB2.116 billion (actual amount).

As of August 31, 2021, our financial assistance to WZ Group is set out in below tables:

1. Bank loan obtained by the WZ Group

	Lending institution	Borrower	Guarantor from the Group	Loan Term	Maximum amount guaranteed by the Group *(RMB)*	Actual amount of loan drawn by the borrower *(RMB)*	Date of creation of the guarantee by the Group
1	Agricultural Bank of China Hangzhou Zhongshan Sub-Branch (農業銀行杭州中山支行)	Qianjinding Internet Technology Co., Ltd.	Greentown Real Estate Group Company Ltd.	August 27, 2018 to June 30, 2022	50,000,000	36,999,036	August 27, 2018
2	Industrial Bank Co., Ltd. Hangzhou Branch (興業銀行杭州分行)	Qianjinding Internet Technology Co., Ltd.	Greentown Real Estate Group Company Ltd.	November 1, 2020 to November 1, 2023	50,000,000	44,916,216	November 1, 2020
3	Hua Xia Bank Co., Ltd Hangzhou Branch (華夏銀行杭州分行)	Greentown E-commerce Co., Ltd.	Greentown Real Estate Group Company Ltd.	December 1, 2020 to December 1, 2023	50,000,000	50,000,000	December 1, 2020
4	China CITIC Bank Shaoxing Shenzhou Sub-Branch (中信銀行紹興嵊州支行)	Greentown E-commerce Co., Ltd.	Greentown Real Estate Group Company Ltd.	December 1, 2020 to December 1, 2023	30,000,000	29,000,000	December 1, 2020
5	Bank of Beijing Co., Ltd. Hangzhou Branch (北京銀行杭州分行)	Qianjinding Internet Technology Co., Ltd.	Greentown Real Estate Group Company Ltd.	January 26, 2021 to January 25, 2022	70,000,000	69,865,521	January 26, 2021
6	Bank of Shanghai Co., Ltd. Hangzhou Branch (上海銀行杭州分行)	Qianjinding Internet Technology Co., Ltd.	Greentown Real Estate Group Company Ltd.	March 3, 2021 to July 28, 2022	30,000,000	30,000,000	March 3, 2021
7	Bank of Jiangsu Co., Ltd. Hangzhou Branch (江蘇銀行杭州分行)	Qianjinding Internet Technology Co., Ltd.	Greentown Real Estate Group Company Ltd.	June 1, 2021 to May 30, 2022	20,000,000	19,778,438	June 1, 2021
	Total:				**300,000,000**	**280,559,211**	

2. ABS-program in relation to certain trade receivables of the WZ Group

Public offering ABS-program

	Institution/ABS-program	Guarantor from the Group *(Note)*	ABS-program term	Maximum amount guaranteed by the Group *(RMB)*	Date of creation of the payment obligations by the Group
1	Ping-An Qianjinding Accounts Receivable Phase 1 (平安一仟金頂應收帳款1期)	Greentown Real Estate Group Company Ltd.	January 6, 2021 to January 6, 2022	560,812,430	January 6, 2021
2	Ping-An Qianjinding Accounts Receivable Phase 2 (平安一仟金頂應收帳款2期)	Greentown Real Estate Group Company Ltd.	June 23, 2021 to June 23, 2022	450,222,578	June 23, 2021
	Total:			**1,011,035,008**	

Note: Under these ABS-program, Qianjinding Internet Technology Co., Ltd. as the creditor of its trade receivables issued such program. In the event that there is insufficient balance for repayment of principals and interests under such program, Qianjinding Internet Technology Co., Ltd. shall, as the first obligor, make up any shortfall, failure of which Greentown Real Estate Group Company Ltd. shall, as the second obligor, make up any shortfall.

3. ABS-program in relation to certain trade payables of the WZ Group

(i) Private placement ABS-program

	Institution/ABS-program	Guarantor from the Group *(Note)*	ABS-program term	Maximum amount guaranteed by the Group *(RMB)*	Date of creation of the payment obligations by the Group
1	Everbright Prestige Capital Asset Management – Everbright Financial Management Capital No.2 (首譽光控 – 光大理財光控2號) ………………….	Greentown Real Estate Group Company Ltd.	September 23, 2020 to September 23, 2021	172,795,000	September 23, 2020
2	China Capital Management Co. Ltd. – China Guangfa Bank Supply Chain No. 7 (華夏資本 – 廣發銀行供應鏈7號) ………………	Greentown Real Estate Group Company Ltd.	November 10, 2020 to November 10, 2021	210,959,800	November 10, 2020
	Total:			**383,754,800**	

Note: Under these private placement ABS-program, the suppliers transferred their trade receivables from Qianjinding Internet Technology Co., Ltd. to such program. Qianjinding Internet Technology Co., Ltd. shall pay such trade payables to these program. In the event of any insufficiency of payment, Greentown Real Estate Group Company Ltd. shall make up any shortfall.

(ii) Public offering ABS/ABN-program

	Financial institution/ ABS/ABN-program	Guarantor from the Group *(Note)*	ABS-program term	Maximum amount guaranteed by the Group *(RMB)*	Date of creation of the guarantee by the Group
1	Ping An – Yunlu Yifang Supply Chain Finance Phase 4 (平安 – 雲廬一方供應鏈金融4期)	Greentown Real Estate Group Company Ltd.	November 23, 2020 to November 23, 2021	152,106,400	November 23, 2020
2	Ping An – Guiyu Yifang Supply Chain Phase 7 (平安 – 桂語一方供應鏈金融7期)	Greentown Real Estate Group Company Ltd.	December 7, 2020 to December 7, 2021	56,650,600	December 7, 2020
3	China Securities Co., Ltd. – Greentown Factoring Supply Chain Finance 5 (中信建投 – 綠城保理供應鏈金融5號)	Greentown Real Estate Group Company Ltd.	December 13, 2020 to December 13, 2021	30,000,000	December 13, 2020
4	Ping An – Guiyu Yifang Supply Chain Finance Phase 8 (平安 – 桂語一方供應鏈金融8期)	Greentown Real Estate Group Company Ltd.	December 21, 2020 to December 21, 2021	121,072,400	December 21, 2020
5	China Securities Co., Ltd. – Greentown Factoring Supply Chain Finance 6 (中信建投 - 綠城保理供應鏈金融6號)	Greentown Real Estate Group Company Ltd.	January 17, 2021 to January 17, 2022	21,513,400	January 17, 2021
6	Greentown – Industrial ABN Phase 5 (綠城 – 興業ABN5期)	Greentown Real Estate Group Company Ltd.	June 20, 2021 to June 20, 2022	59,783,900	June 20, 2021
	Total:			**441,126,700**	

Note: Under these public offering ABS/ABN-program, the suppliers transferred their trade receivables from Qianjinding Internet Technology Co., Ltd. to such program. Qianjinding Internet Technology Co., Ltd. shall pay such trade payables to these program. In the event of any insufficiency of payment, Greentown Real Estate Group Company Ltd. shall make up any shortfall.

Redemption of Perpetual Capital Securities by Tianjin CCCC Greentown

Tianjin CCCC Greentown Urban Construction and Development Company Limited (天津中交綠城城市建設發展有限公司) ("**Tianjin CCCC Greentown**") is our non-wholly owned subsidiary. Each of Tianjin Greentown Norther Real Estate Company Limited (天津綠城北方置地有限公司) ("**Greentown Northern Real Estate**"), our wholly owned subsidiary, CFHCC City Investment Development (Tianjin) Co., Ltd. (中交一航局城市投資發展(天津)有限公司) ("**CFHCC City Investment**") and CCCC Beijing-Tianjin-Hebei Investment and Development Co., Ltd. (中交京津冀投資發展有限公司) ("**CCCC Beijing-Tianjin-Hebei Investment**"), each a non-wholly owned subsidiary of CCCG, owns 41%, 39% and 20% of Tianjin CCCC Greentown, respectively.

On December 27, 2019, each of Greentown Real Estate Group Company Limited (綠城房地產集團有限公司) ("**Greentown Real Estate**"), our wholly owned subsidiary, on behalf of Greentown Norther Real Estate, a wholly owned subsidiary of Greentown Real Estate, CFHCC City Investment and CCCC Beijing-Tianjin-Hebei Investment entered into an investment contract with Tianjin CCCC Greentown, pursuant to which Tianjin CCCC Greentown issued and each of Greentown Real Estate (on behalf of Greentown Northern Real Estate), CFHCC City Investment and CCCC Beijing-Tianjin-Hebei Investment subscribed for the perpetual capital securities (the "**Tianjin CCCC Greentown Perpetual Capital Securities**") pro rata to the shareholdings position of Greentown Northern Real Estate, CFHCC City Investment and CCCC Beijing-Tianjin-Hebei Investment in Tianjin CCCC Greentown.

Tianjin CCCC Greentown has passed the phase which required the funding from the Tianjin CCCC Greentown Perpetual Capital Securities for development and operation of its business and recorded profits. On July 2, 2021, Tianjin CCCC Greentown served a notice of redemption on each of the subscribers to redeem all of the Tianjin CCCC Greentown Perpetual Capital Securities.

Certain Unaudited Operating Data for the Twelve Months Ended on December 31, 2021

For the twelve months ended on December 31, 2021, we recorded contracted sales of self-investment projects of approximately RMB266.6 billion, representing a year-on-year increase of 24% from the corresponding period in 2020 (RMB214.7 billion), involving a saleable area of 9,380,000 sq.m., of which approximately RMB145.2 billion was attributable to the Group, representing a year-on-year increase of 21.6% from the corresponding period in 2020 (RMB119.4 billion). As at December 31, 2021, in addition to contracted sales, we recorded subscription sales of RMB4.9 billion, of which approximately RMB2.6 billion was attributable to the Group.

For the twelve months ended on December 31, 2021, our total contracted sales of the projects under project management reached approximately RMB84.3 billion, representing a year-on-year increase of 13.2% from the corresponding period in 2020 (RMB74.5 billion), with a total saleable area of approximately 6,190,000 sq.m.

For the twelve months ended on December 31, 2021, we recorded a total saleable area of approximately 15,570,000 sq.m., with a total contracted sales amount of approximately RMB350.9 billion, representing a year-on-year increase of approximately 21% in the corresponding period in 2020 (RMB289.2 billion).

The foregoing operating data is unaudited and is based on our preliminary internal information, which may differ from figures to be disclosed in our audited or unaudited consolidated financial statements due to various uncertainties during the process of collating such operating data. Such unaudited operating data should not be taken as an indication of our expected operating results for the full financial year ending December 31, 2021.

Notes:

(1) "Contracted sales" refer to purchase price of formal purchase contracts we entered into with purchasers of our properties. We compile contracted sales information (including contracted sales amounts, average selling price and GFA) through our internal records, and such information has not been audited or reviewed by our auditors. As these sales and purchases contracts are subject to termination or variation under certain circumstances pursuant to their contractual terms, or subject to default by the relevant purchasers, they are not a guarantee of current or future contracted sales. Contracted sales information should in no event be treated as an indication of our revenue or profitability. Our subsequent revenue recognized from such contracted sales may be materially different from such contracted sales. Accordingly, contracted sales information contained in this offering memorandum should not be unduly relied upon as a measure or indication of our current or future operating performance.

Issuance of 2021 December USD Notes

On December 22, 2021, we issued 2021 December USD Notes in aggregate principal amount of US$150,000,000.

Redemption of 2018 Perpetual Securities

On December 28, 2021, Twinkle Lights Holdings Limited, a direct wholly-owned subsidiary of ours, exercised its option to redeem an aggregate principal amount of US$500,000,000 of 2018 Perpetual Securities. The 2018 Perpetual Securities were redeemed in full, and after the redemption, there is no 2018 Perpetual Securities outstanding.

Certain Unaudited Operating Data for the One Month Ended on January 31, 2022

For the one month ended on January 31, 2022, we recorded contracted sales of self-investment projects of approximately RMB11.7 billion, representing a year-on-year decrease of 18.2% from the corresponding period in 2021, involving a saleable area of 520,000 sq.m., of which approximately RMB5.7 billion was attributable to the Group, representing a year-on-year decrease of 29.6% from the corresponding period in 2021 (RMB8.1 billion). As at January 31, 2022, in addition to contracted sales, we recorded subscription sales of RMB4.3 billion, of which approximately RMB1.9 billion was attributable to the Group.

For the one month ended on January 31, 2022, our total contracted sales of the projects under project management reached approximately RMB2.9 billion, representing a year-on-year decrease of 3.3% from the corresponding period in 2021 (RMB3 billion), with a total saleable area of approximately 180,000 sq.m.

For the one month ended on January 31, 2022, we recorded a total saleable area of approximately 700,000 sq.m., with a total contracted sales amount of approximately RMB14.6 billion, representing a year-on-year decrease of approximately 15.6% in the corresponding period in 2021 (RMB17.3 billion).

The foregoing operating data is unaudited and is based on our preliminary internal information, which may differ from figures to be disclosed in our audited or unaudited consolidated financial statements due to various uncertainties during the process of collating such operating data. Such unaudited operating data should not be taken as an indication of our expected operating results for the full financial year ending December 31, 2022.

Construction Agreement in relation to Greentown Guiyu Yunjing Project

On January 26, 2022, Xixian New District Huilv Jingyi Real Estate Development Co., Ltd. (西咸新區匯綠景意房地產開發有限公司), a company established in the PRC and a non-wholly owned subsidiary of the Company ("**Xixian Real Estate Development**"), entered into a construction agreement with CCCC-SHEC Fifth Engineering Co., Ltd. (中交二公局第五工程有限公司), a company established in the PRC and an indirect non-wholly owned subsidiary of CCCG ("**CCCC-SHEC Fifth Engineering**"), pursuant to which Xixian Real Estate Development agreed to engage CCCC-SHEC Fifth Engineering as the main contractor to carry out the construction works of Greentown Guiyu Yunjing Project at the Consideration of RMB361,135,005.19.

CCCC-SHEC Fifth Engineering was selected as the main contractor for such construction works by way of a bidding process facilitated by the relevant government authorities in the PRC and in accordance with the relevant requirements under the tender documents after review. CCCC-SHEC Fifth Engineering is a company established in the PRC with limited liability and an indirect non-wholly owned subsidiary of CCCG, a substantial shareholder of the Company. See "Substantial Shareholders". CCCC-SHEC Fifth Engineering is principally engaged in the construction of highways, bridges, transportation, building construction, tunnels, municipal, green projects, earthwork engineering and public facilities engineering. It holds the grade two qualification for general contracting of construction projects, awarded by the Ministry of Housing and Urban-Rural Development of the PRC. It is a state-owned enterprise that integrates engineering materials marketing, engineering machinery, mechanical and electrical equipment management, leasing, installation, maintenance and engineering technology consulting services.

Under the terms of the construction agreement:

- CCCC-SHEC Fifth Engineering will be responsible for the construction works of the Greentown Guiyu Yunjing Project (a residential development project) (as defined below) in accordance with the technical specifications prescribed by Xixian Real Estate Development under the construction agreement.

- The Greentown Guiyu Yunjing Project (綠城桂語雲境項目) is a residential development project developed by Xixian Real Estate Development, which is located in the Xixian New District Airport New Town, Xi'an (西安西咸新區空港新城), with a gross construction area of approximately 155,717 sq.m.

- Construction works under the construction agreement would cover construction and installation works under the Greentown Guiyu Yunjing Project. The construction period is expected to commence from January 2022 (subject to adjustment) and to complete in December 2023.

- The consideration will be payable in cash in the following manner: (i) construction fees will be settled in accordance with construction progress: (a) upon completion of the basement main body structural construction works to the standard stipulated in the construction agreement, Xixian Real Estate Development will pay to CCCC-SHEC Fifth Engineering an amount corresponding to the construction fees for 70% of the actual amount of construction work completed, following which further payments will be made on a monthly basis to track 70% of the actual amount of construction work completed; (b) upon completion of capping of the roof of the main body structural construction works and full commencement of the interspersed construction for secondary structures, Xixian Real Estate Development will pay to CCCC-SHEC Fifth Engineering further amounts corresponding to the construction fees for 80% of the actual amount of construction work completed (if the interspersed construction for secondary structures has not fully commenced, the aforesaid payment shall be 75% of the actual amount of construction work completed instead), following which further payments will be made on a monthly basis to track 80% of the actual amount of construction work completed (if the interspersed construction for secondary structures has not fully commenced, the aforesaid further payments shall be 75% of the actual amount of construction work completed instead); (ii) a month prior to completion inspection, CCCC-SHEC Fifth Engineering shall submit information on the completion status in accordance with local filing requirements, pursuant to which further amounts corresponding to the construction fees for 85% of the actual amount of construction work completed will be settled by Xixian Real Estate Development upon satisfactory presentation and verification of VAT invoice; (iii) upon completion of the settlement audit, Xixian Real Estate Development will settle 95% of the final certified amount of the total consideration under the construction agreement. The remaining 5% of the consideration will serve as warranty money, which will be settled in the following manner: (a) among which an amount equivalent to 1.5% of the consideration will be used to engage maintenance services; (b) 60% of the remaining amount will be settled within 15 days after a quality warranty period of two years from the date of delivery, whereas 40% of the remaining amount will be settled within 15 days after a quality warranty period of five years from the date of delivery.

Construction Agreement in relation to Xi'an National Games Village Plot 10# Residential Properties

On January 26, 2022, Xi'an International Land Port National Games Village Development Co., Ltd. (西安國際陸港全運村建設開發有限公司), a company established in the PRC and a non-wholly owned subsidiary of the Company ("**Xi'an International Land Port**"), entered into a construction agreement with CCCC-SHEC Fifth Engineering pursuant to which Xi'an International Land Port agreed to engage CCCC-SHEC Fifth Engineering as the main contractor to carry out the residential properties construction works of Plot 10# of Xi'an National Games Village at the Consideration of RMB402,959,750.14.

CCCC-SHEC Fifth Engineering was selected as the main contractor for such construction works by way of an open bidding process facilitated by the relevant government authorities in the PRC and in accordance with the relevant requirements under the tender documents after public review. CCCC-SHEC Fifth Engineering is a company established in the PRC with limited liability and an indirect non-wholly owned subsidiary of CCCG, a substantial shareholder of the Company. See “Substantial Shareholders”. CCCC-SHEC Fifth Engineering is principally engaged in the construction of highways, bridges, transportation, building construction, tunnels, municipal, green projects, earthwork engineering and public facilities engineering. It holds the grade two qualification for general contracting of construction projects, awarded by the Ministry of Housing and Urban-Rural Development of the PRC. It is a state-owned enterprise that integrates engineering materials marketing, engineering machinery, mechanical and electrical equipment management, leasing, installation, maintenance and engineering technology consulting services.

Under the terms of the construction agreement:

- CCCC-SHEC Fifth Engineering will be responsible for the residential properties construction works of Plot 10# of Xi’an National Games Village (as defined below) in accordance with the technical specifications prescribed by Xi’an International Land Port under the construction agreement.

- The Plot 10# of Xi’an National Games Village is a residential properties construction project developed by Xi’an International Land Port, which is located in the International Port Area, Xi’an (西安市國際港務區), with a gross construction area of approximately 215,066 sq.m.

- Construction works under the construction agreement would cover construction and installation works for the residential properties on Plot 10# of Xi’an National Games Village. The construction period is expected to commence from March 2022 (subject to adjustment), with a construction period of 31.5 months from commencement date of the construction works.

- The consideration will be payable in cash in the following manner: (i) construction fees will be settled in accordance with construction progress: (a) upon completion of the basement main body structural construction works to a standard stipulated in the construction agreement, Xi’an International Land Port will pay to CCCC-SHEC Fifth Engineering an amount corresponding to the construction fees for 70% of the actual amount of construction work completed, following which further payments will be made on a monthly basis to track 70% of the actual amount of construction work completed; (b) upon completion of capping of the roof of the main body structural construction works and full commencement of the interspersed construction for secondary structures, Xi’an International Land Port will pay to CCCC-SHEC Fifth Engineering further amounts corresponding to the construction fees for 80% of the actual amount of construction work completed, following which further payments will be made on a monthly basis to track 80% of the actual amount of construction work completed. If the interspersed construction for secondary structures has not fully commenced at the time when the capping of the roof of the main body structural construction works has completed, Xi’an International Land Port will pay to CCCC-SHEC Fifth Engineering further amounts corresponding to the construction fees for 75% of the actual amount of construction work completed, following which further payments will be made on a monthly basis to track 75% of the actual amount of construction work completed; (ii) a month prior to completion inspection, CCCC-SHEC Fifth Engineering shall submit information on the completion status in accordance with local filing requirements, pursuant to which further amounts corresponding to the construction fees for 85% of the actual amount of construction work completed will be settled by Xi’an International Land Port upon satisfactory presentation and verification of VAT invoice; (iii) upon completion of the settlement audit, Xi’an International Land Port will settle 95% of the final certified amount of the total Consideration under the Construction Agreement. The remaining 5% of the Consideration will serve as warranty money, which will be settled in the following manner:

(a) among which an amount equivalent to 1.5% of the consideration will be used to engage maintenance services; (b) 60% of the remaining amount will be settled within 15 days after a quality warranty period of two years from the date of delivery, whereas 40% of the remaining amount will be settled within 15 days after a quality warranty period of five years from the date of delivery.

Issuance of 2022 January USD Bonds

On January 27, 2022, we issued 2022 January USD Bonds in aggregate principal amount of US$400,000,000.

Redemption of the 2019 First Perpetual Securities and the 2019 Second Perpetual Securities

On February 8, 2022, Champion Sincerity Holdings Limited exercised its option to redeem an aggregate principal amount of US$400,000,000 of the 2019 First Perpetual Securities and an aggregate principal amount of US$100,000,000 of the 2019 Second Perpetual Securities. Each of the 2019 First Perpetual Securities and the 2019 Second Perpetual Securities were redeemed in full, and after the redemption, there is no 2019 First Perpetual Securities and 2019 Second Perpetual Securities outstanding.

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

China's Economy

The PRC economy has grown significantly since the PRC government introduced economic reforms in the late 1970's. China's accession to the World Trade Organization, or WTO, in 2001 has further accelerated the reform of the PRC economy. According to the National Bureau of Statistics of China, China's nominal gross domestic product ("GDP") has increased from approximately RMB54,858.0 billion in 2012 to approximately RMB101,598.6 billion in 2020 at a CAGR of approximately 8.3%.

The table below sets forth the GDP data for China for the years indicated:

	Nominal GDP (in RMB billions)									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	12-20 CAGR
PRC	53,858.0	59,296.3	64,356.3	68,885.8	74,639.5	83,203.6	91,928.1	99,086.5	101,598.6	8.3%

Source: National Bureau of Statistics of China

China's population has been increasing steadily over the past decade. However, due to the adoption of the one-child-per-family policy by the PRC government, population growth has remained at a relatively slow rate from year to year. In 2020, the total population in China was around 1.4 billion. The urbanization rate in China was 63.9% and the urban population was 902.0 million in 2020. In addition, the annual disposable income per capita of urban households in China was approximately RMB43,833.8 million in 2020.

The table below sets forth selected figures showing China's urban and total population as well as its urbanization rate and the increase in disposable income levels of the urban population in China for the years indicated:

	2012	2013	2014	2015	2016	2017	2018	2019	2020	12-20 CAGR
Urban population (in millions) ..	711.8	731.1	749.2	771.2	793.0	813.5	831.4	884.3	902.0	2.6%
Total population (in millions)	1,354.0	1,360.7	1,367.8	1,374.6	1,382.7	1,390.1	1,395.4	1,400.1	1,411.8	0.5%
Urbanization rate (%)	52.6	53.7	54.8	56.1	57.3	58.5	59.6	60.6	63.9	
Annual disposable income per capital of urban households (in RMB)	24,564.7	29,467.0	28,843.9	31,194.8	33,616.0	36,396.0	39,251.0	42,359.0	43,833.8	7.5%

Source: National Bureau of Statistics of China

In line with nominal GDP growth, according to the National Bureau of Statistics of China, China's nominal GDP per capita increased to RMB72,000 in 2020, representing a growth of approximately 2.4% as compared with 2019. The urban household consumption expenditure per capita in China reached RMB34,033 in 2020, representing an increase of approximately 9.3% as compared with 2020.

The table below sets forth urban household consumption expenditure per capita in China for the years indicated:

	Urban household consumption expenditure per capita (in RMB)									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	12-20 CAGR
PRC	16,674.3	18,487.5	19,968.1	21,392.4	23,079.0	24,445.0	26,112.0	28,063.0	34,033	9.3%

Source: National Bureau of Statistics of China

Investments in residential real estate in China were approximately RMB10,444.6 billion in 2020, representing an increase of approximately 7.6% as compared with 2019.

The table sets forth the property development investment for China for the years indicated. China's property development investment has increased from approximately RMB7,180.4 billion in 2012 to approximately RMB14,144.3 billion in 2020 at a CAGR of approximately 8.8%.

	Investment in properties (in RMB billions)									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	12-20 CAGR
PRC	7,180.4	8,601.3	19,968.1	9,597.9	10,258.1	10,979.9	12,026.4	13,219.4	14,144.3	8.8%

Source: National Bureau of Statistics of China

Commodity Property Sales

Demand for real estate in China has seen a steady increase over the years. According to National Bureau of Statistics of China, during the period from 2012 to 2020, total GFA sold in China increased from approximately 1,113.0 million sq.m. in 2012 to approximately 1,760.9 million sq.m. in 2020. Of the total GFA sold in 2012, approximately 984.7 million sq.m. were residential properties. Of the total GFA sold in 2020, approximately 1,736.1 million sq.m. were residential properties. The total GFA sold in residential properties grew at a CAGR of 7.3% from 2012 to 2020.

The table below sets forth selected data relating to the PRC property market for the years indicated:

	2012	2013	2014	2015	2016	2017	2018	2019	2020	12-20 CAGR
Total GFA completed (in million sq.m.)	1,069.3	1,067.6	1,075.0	1,000.4	1,061.3	1,014.9	944.2	959.4	912.2	–2.0%
Total GFA sold (in million sq.m.)	1,113.0	1,305.5	1,206.5	1,284.9	1,573.5	1,694.1	1,716.5	1,715.6	1,760.9	5.9%
GFA of residential properties sold (in million sq.m.)	984.7	1,157.2	1,051.8	1,124.1	1,375.4	1,447.9	1,479.3	1,501.4	1,736.1	7.3%
GFA of commercial properties sold (in million sq.m.)	77.6	84.7	90.8	92.5	108.1	128.4	119.7	101.7	92.9	2.3%
Average price of Properties (in RMB per sq.m.)	5,791.0	6,237.0	6,323.5	6,792.5	7475.5	7,892.0	8,736.9	9,310.0	NA	6.1%
Average price of residential properties (in RMB per sq.m.)	5,429.9	5,850.0	5,932.2	6,472.4	7,202.6	7,614.0	8,544.2	9,287.0	NA	6.9%
Average price of commercial properties (in RMB per sq.m.)	9,020.9	9,777.0	9,817.0	9,566.0	9,786.3	10,323.0	10,903.0	10,952.0	NA	2.5%

Source: National Bureau of Statistics of China

Hangzhou

Hangzhou is the capital city of Zhejiang Province. According to National Bureau of Statistics of China, Hangzhou covers a total area of approximately 16,850 square kilometers and had a population of approximately 11.9 million as of December 31, 2020. A key city in the Yangtze River delta, Hangzhou is approximately 2 hours and 2.5 hours away from Ningbo and Shanghai, respectively, by car.

The growth in the economy and population of Hangzhou has generated an increase in housing demand in the city. The nominal GDP of Hangzhou was approximately RMB1,611 billion in 2020, while nominal GDP grew approximately 4.8% as compared with 2019. As of December 31, 2020, Hangzhou's population reached approximately 11.9 million.

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

	2013	2014	2015	2016	2017	2018	2019	2020
Population (millions)	7.1	7.2	7.2	7.4	7.5	7.7	8.0	11.9
GDP (RMB billions)	834.4	920.6	1,005.4	1,131.4	1,260.3	1,350.9	1,537.3	1,610.6

Source: National Bureau of Statistics of China

Urban household consumer expenditure per capita in Hangzhou was RMB41,916 in 2020, representing a decrease of approximately 4.9% as compared with 2019.

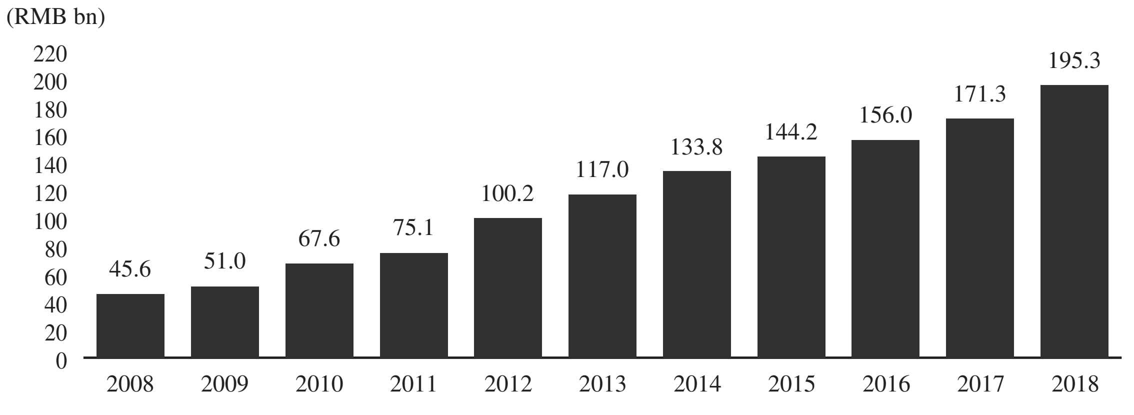
The table below sets forth urban household consumption expenditure per capita in Hangzhou for the years indicated:

	Urban household consumption expenditure per capita (in RMB)								
	2012	2013	2014	2015	2016	2017	2018	2019	2020
Hangzhou	21,861	23,609	25,315	33,818	35,686	38,179	41,615	44,076	41,916

Source: National Bureau of Statistics of China

Residential real estate investments in Hangzhou have increased over the years. Total residential real estate investments in the city amounted to approximately RMB237.5 billion in 2020, representing an increase of approximately 0.8% as compared with 2019.

Residential Real Estate Investments in Hangzhou (2008-2018)



In 2020, total residential GFA sold in Hangzhou amounted to approximately 14.7 million sq.m., representing an increase of approximately 14.6% as compared with 2019.

The table below sets forth the total residential GFA sold in Hangzhou for the years indicated:

	2012	2013	2014	2015	2016	2017	2018	2019	2020
Hangzhou (in millions sq.m.)	9.2	9.7	9.5	12.9	18.9	15.2	13.3	12.8	14.7

Source: National Bureau of Statistics of China

Zhejiang

Zhejiang is located in the southern part of the Yangtze River Delta on the southeast coast of China. It faces the East China Sea on the east and neighbors Fujian on the south. With an extensive hinterland in the rear, it shares borders with Jiangxi and Anhui on the west and Shanghai and Jiangsu on the north. According to National Bureau of Statistics of China, Zhejiang covers a total area of approximately 105,500 square kilometers and had a population of approximately 64.6 million as of the end of 2020.

The growth in the economy and population of Zhejiang has generated an increase in housing demand.

In 2020, the nominal GDP of Zhejiang was approximately RMB6,461.3 billion, while nominal GDP grew approximately 3.4% as compared with 2019.

The table below sets forth GDP data for Zhejiang for the years indicated:

	GDP (in RMB billions)								
	2012	2013	2014	2015	2016	2017	2018	2019	2020
Zhejiang	3,466.5	3,775.7	4,017.3	4,288.6	4,725.1	5,176.8	5,800.3	6,235.2	6,461.3

Source: National Bureau of Statistics of China

As of December 31, 2020, Zhejiang's population reached approximately 64.6 million, representing a growth rate of 1.3% as compared with 2019.

The table below sets forth Zhejiang's population for the years indicated:

	2012	2013	2014	2015	2016	2017	2018	2019	2020
Zhejiang (in millions)	54.8	55.0	55.1	55.4	55.9	56.6	57.4	58.5	64.6

Source: National Bureau of Statistics of China

Per capita consumption expenditure of urban households in Zhejiang was RMB36,197 in 2020, representing a decrease of approximately 3.5% as compared with 2019.

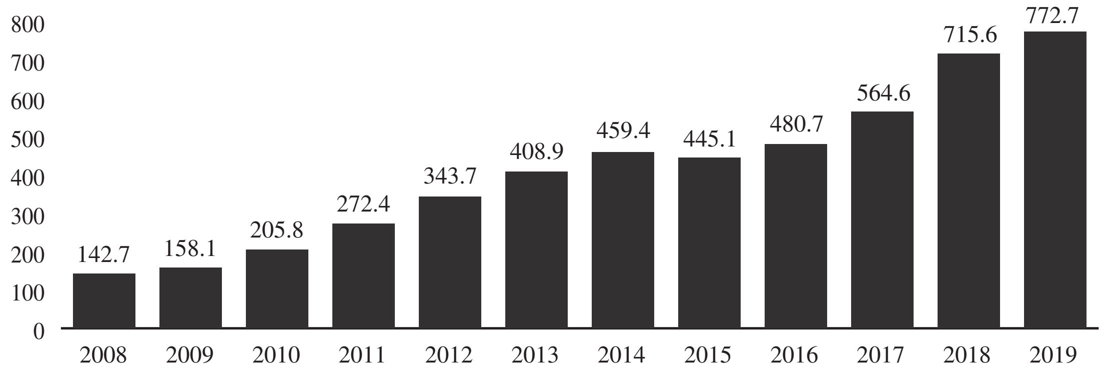
The table below sets forth urban household consumption expenditure per capita in Zhejiang for the years indicated:

	Urban household consumption expenditure per capita (in RMB)								
	2012	2013	2014	2015	2016	2017	2018	2019	2020
Zhejiang	21,545	23,257	27,242	28,661	30,068	31,924	34,598	37,508	36,197

Source: National Bureau of Statistics of China

Residential real estate investments in Zhejiang have increased over the years. Total residential real estate investments in the city amounted to approximately RMB809.0 billion in 2020, representing an increase of approximately 4.7% as compared with 2019.

Residential Real Estate Investments in Zhejiang (2008-2019)



In 2020, total residential GFA sold in Zhejiang amounted to approximately 88.3 million sq.m., representing an increase of approximately 13.2% as compared with 2019.

The table below sets forth the total residential GFA sold in Zhejiang for the years indicated:

	Urban household consumption expenditure per capita (in RMB)								
	2012	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
Zhejiang (in millions sq.m.)	33.2	41.0	39.4	51.3	72.3	76.7	79.4	78.0	88.3

Source: National Bureau of Statistics of China

Shanghai

Shanghai is situated at the eastern part of the Yangtze River delta region, bordering Jiangsu and Zhejiang Provinces. According to National Bureau of Statistics of China, Shanghai occupies an area of approximately 6,341 square kilometers and had a population of approximately 24.9 million as of the end of 2020. Shanghai is one of the four municipalities in China under the direct administration of the PRC government.

Shanghai's nominal GDP reached approximately RMB3,870.0 billion in 2020, while nominal GDP grew approximately 1.9% as compared with 2019.

The table below sets forth the total GDP data for Shanghai for the years indicated:

	GDP (in billions)								
	2012	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
Shanghai	2,018.2	2,181.8	2,356.1	2,512.3	2,817.9	3,063.3	3,601.2	3,798.8	3,870.0

Source: National Bureau of Statistics of China

As of December 31, 2020, Shanghai's population reached approximately 24.9 million, representing an increasing rate of 0.2% as compared with 2019.

The table below sets forth Shanghai's population for the years indicated:

	2012	2013	2014	2015	2016	2017	2018	2019	2020
Shanghai (in millions)	23.8	24.2	24.3	24.2	24.2	24.2	24.2	24.3	24.9

Source: National Bureau of Statistics of China

Per capita consumption expenditure of urban households in Shanghai reached RMB44,839 in 2020, representing a decrease of approximately 7.1% as compared with 2019.

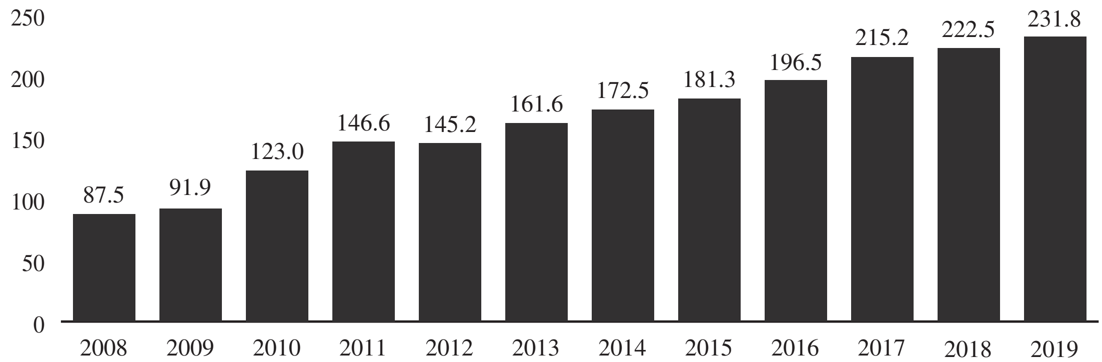
The table below sets forth urban household consumption expenditure per capita in Shanghai for the years indicated:

	Urban household consumption expenditure per capita (in RMB)								
	2012	2013	2014	2015	2016	2017	2018	2019	2020
Shanghai	26,253	28,155	30,520	36,946	39,857	42,304	46,015	48,272	44,839

Source: National Bureau of Statistics of China

Total residential real estate investments in Shanghai amounted to approximately RMB241.9 billion in 2020, representing an increase of approximately 4.3% as compared with 2019.

Residential Real Estate Investments in Shanghai (2008-2019)



In Shanghai, total residential GFA sold in 2020 increased by approximately 5.9% to approximately 14.3 million sq.m. as compared with 2019.

	Urban household consumption expenditure per capita (in RMB)								
	2012	2013	2014	2015	2016	2017	2018	2019	2020
Shanghai	15.9	20.2	17.8	20.1	20.2	13.4	13.3	13.5	14.3

Source: National Bureau of Statistics of China

Shandong

Shandong is situated on the eastern edge of the North China Plain and in the lower reaches of the Yellow River, bordering Hebei, Henan, Jiangsu and Anhui Provinces. According to National Bureau of Statistics of China, Shandong occupies an area of approximately 157,900 square kilometers and had a population of approximately 101.5 million as of the end of 2020.

In 2020, Shandong's nominal GDP reached approximately RM7,312.9 billion, while nominal GDP increased by approximately 3.7% as compared with 2019.

The table below sets forth the GDP data for Shandong for the years indicated:

	GDP (in RMB billions)								
	2012	2013	2014	2015	2016	2017	2018	2019	2020
Shandong	5,001.3	5,523.0	5,942.7	6,300.2	6,802.4	7,263.4	6,664.9	7,054.1	7,312.0

Source: National Bureau of Statistics of China

As of December 31, 2020, Shandong's population reached approximately 101.6 million, representing a growth rate of 0.5% as compared with 2019.

The table below sets forth Shandong's population for the years indicated:

	2012	2013	2014	2015	2016	2017	2018	2019	2020
Shandong (in millions)	96.9	97.3	97.9	98.5	99.5	100.1	100.8	101.1	101.6

Source: National Bureau of Statistics of China

Per capita consumption expenditure of urban households in Shandong reached RMB27,291 in 2020, representing an increase of approximately 2.1% as compared with 2019.

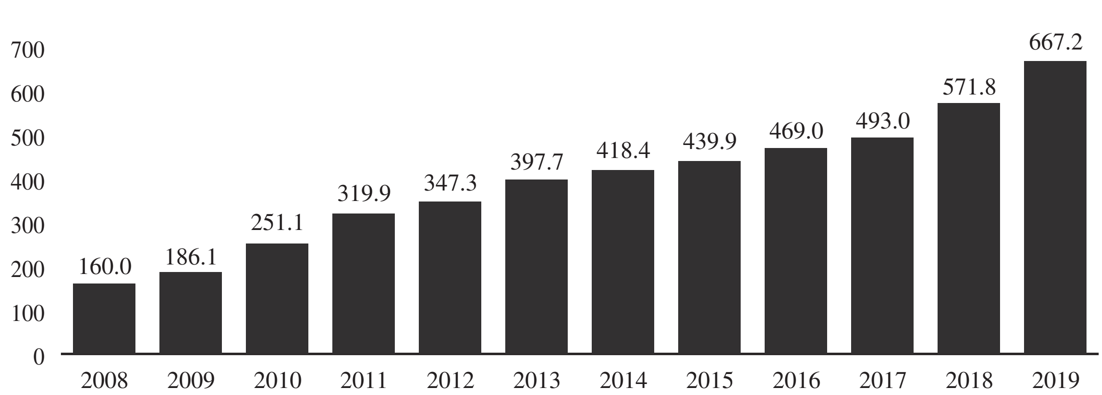
The table below sets forth urban household consumption expenditure per capita in Shandong for the years indicated:

	Urban household consumption expenditure per capita (in RMB)								
	2012	2013	2014	2015	2016	2017	2018	2019	2020
Shandong	15,778	16,647	18,323	19,853	21,495	23,072	24,798	26,731	27,291

Source: National Bureau of Statistics of China

Total residential real estate investments in Shandong amounted to approximately RMB729.6 billion in 2020, representing an increase of approximately 9.4% as compared with 2019.

Residential Real Estate Investments in Shandong (2008-2019)



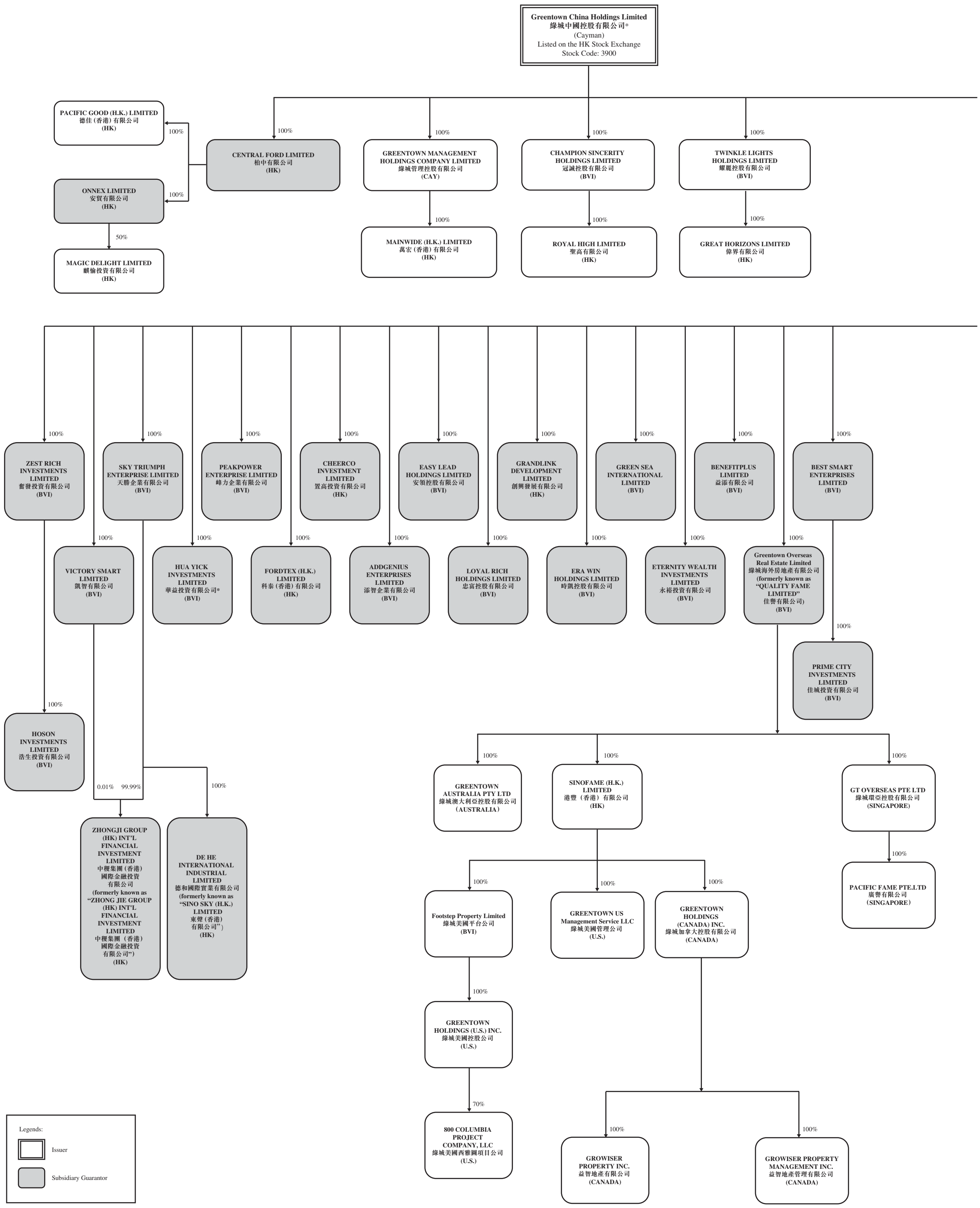
In Shandong, total residential GFA sold in 2020 increased by approximately 4.2% to approximately 119.0 million sq.m. as compared with 2019.

The table below sets forth the total residential GFA sold in Shandong for the years indicated:

	2012	2013	2014	2015	2016	2017	2018	2019	2020
Shandong (in millions sq.m.)	77.5	93.0	79.7	85.3	106.0	112.0	117.6	114.3	119.0

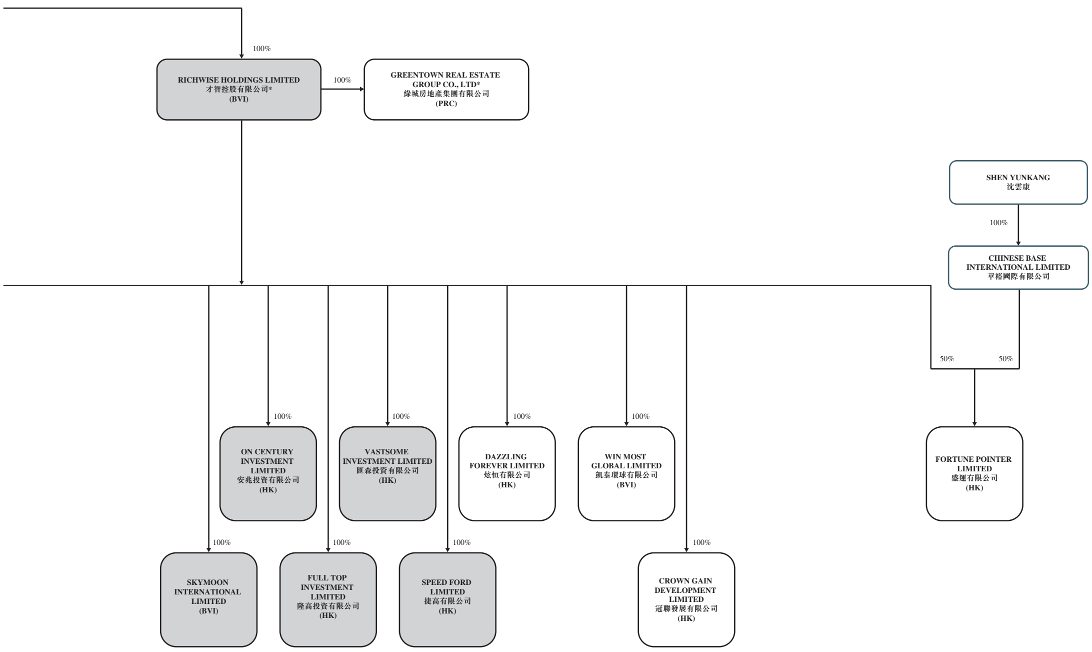
Source: National Bureau of Statistics of China

The following chart shows our simplified corporate structure which shows all of our non-PRC subsidiaries as at the date of this offering memorandum:



* *for identification purpose only*

Note (1): We have PRC operating subsidiaries, which are not shown in the chart above, that are subsidiaries of Zhongji Group (HK) Int'l. Financial Investment Limited and DE HE Industrial Limited.


100%
RICHWISE HOLDINGS LIMITED 才智控股有限公司* (BVI)
100%
GREENTOWN REAL ESTATE GROUP CO., LTD* 綠城房地產集團有限公司 (PRC)
SHEN YUNKANG 沈雲康
100%
CHINESE BASE INTERNATIONAL LIMITED 華裕國際有限公司
50%
50%
100%
ON CENTURY INVESTMENT LIMITED 安兆投資有限公司 (HK)
100%
VASTSOME INVESTMENT LIMITED 滙森投資有限公司 (HK)
100%
DAZZLING FOREVER LIMITED 炫恒有限公司 (HK)
100%
WIN MOST GLOBAL LIMITED 凱泰環球有限公司 (BVI)
FORTUNE POINTER LIMITED 盛運有限公司 (HK)
100%
SKYMOON INTERNATIONAL LIMITED (BVI)
100%
FULL TOP INVESTMENT LIMITED 隆高投資有限公司 (HK)
100%
SPEED FORD LIMITED 捷高有限公司 (HK)
100%
CROWN GAIN DEVELOPMENT LIMITED 冠聯發展有限公司 (HK)

Overview

We are one of the leading property developers in the PRC. We offer a wide range of high quality housing such as villas, low-rise, multi-story and high-rise residential apartments, urban complexes, integrated communities, as well as hotels and commercial property. Since our establishment in 1995 as a private real-estate developer in Hangzhou, we have been based in Zhejiang Province, one of the most economically vibrant provinces in the PRC. With property projects covering most of the economically prosperous cities such as Hangzhou, Ningbo, Taizhou, Shaoxing and other cities in Zhejiang Province, we have achieved significant scale and built a strong reputation. We have successfully set foot in other important cities in the PRC, including Shanghai, Anhui and Jiangsu in the Yangtze River Delta Area, Shandong, Beijing, Hebei, Liaoning and Tianjin in the Bohai Rim Area, Guangdong in the Greater Bay Area, Hunan, Hubei and Jiangxi in the middle reaches of the Yangtze River Area, Chongqing and Sichuan in the Chengdu-Chongqing Area, as well as other provincial cities and areas such as Hainan, Shaanxi, Heilongjiang, Henan, Xinjiang, Fujian and Yunnan. We also recently expanded our presence overseas to Jakarta, Indonesia, Coquitlam Canada and Seattle, Washington, USA. For 17 consecutive years, from 2005 to 2021, we were recognized as one of the top 10 Chinese real estate enterprises by comprehensive strength and one of the top 10 largest Chinese real estate enterprises by three authoritative institutions, namely the Development Research Center of the State Council, The Institute of Real Estate Studies at Tsinghua University and The China Index Academy. As at June 30, 2021, these three authoritative institutions have also recognized us as a leading brand among Chinese real estate enterprises based on customer satisfaction for nine consecutive years. In 2020, we received a number of other awards and recognitions, including "China's Real Estate Industry Competitiveness Benchmark Enterprises", and "China's Real Estate Branded Enterprises by Contribution". In 2021, we were ranked as No.1 among top "Chinese Real Estate Enterprises with Excellent Product Strength" and ranked among "Top 10 Among 100 China Real Estate By Brand Value 2021" and the "Top 10 Brands of Chinese Real Estate Companies (Mixed Ownership)," an award we have received for 18 consecutive years from 2004 to 2021. We believe our quality properties, unique architectural aesthetics and customer-focused residential services have enabled us to establish and maintain a leading position in the real estate industry in the PRC.

Our focus is on first-tier and second-tier cities as well as quality third-tier and fourth-tier cities, with an emphasis on creating and developing unique projects such as featured towns, sports projects and transit-oriented development ("TOD") projects. As at June 30, 2021, we had a total of 251 projects at various stages of development in various provinces, autonomous regions and direct-controlled municipalities, including the Yangtze River Delta Area, the Bohai Rim Area, the Greater Bay Area, the middle reaches of the Yangtze River Area, the Chengdu-Chongqing Area, other areas in China and overseas (including Jakarta, Indonesia, Coquitlam, Canada and Seattle, Washington, USA). As at June 30, 2021, our 251 projects comprise a total GFA of 60.34 million sq.m., of which 34.95 million sq.m. was attributable to the Group. See "*—Overview of Our Property Developments and Land Bank*" for further details.

We are a mixed ownership enterprise and in addition to our property development business, we engage in light asset businesses including project management, living services and architecture technology businesses. We have constructed more than 800 property communities and the scope of our business covers more than 20 provinces, autonomous regions and direct-controlled municipalities. We believe we can leverage on our experience in developing high quality projects and accumulated operational capabilities for further expansion.

We commenced our project management business in September 2010, comprising commercial project management, government project management and capital project management. Since then, we have taken steps to expand this business with the acquisition of Greentown Dingyi Real Estate Investment Management Company Limited and Greentown Shidai City Construction & Development Company Limited in September 2015 to establish Greentown Project Management Group ("Greentown Project Management"). In June 2016, we undertook a restructuring of Bluetown Property Construction Management Group Co., Ltd. ("Bluetown"), which included the integration of the project management business of Bluetown with Greentown Project Management, further expanding its scale. We believe we are one of the leading companies in the project management industry in the PRC based on size, including the total GFA of projects under management, revenue and sales, and that the resources of the Group's network has helped us to deliver brand value and management expertise that have been well received in the real estate market. For example, the Group has been named "Leading Enterprise in Real Estate Project Management Operation in China" (中國房地產代建運營優秀企業) for five consecutive years (as of 2021), has won an "Annual CSR Contribution Award" (年度CSR貢獻獎) for three consecutive years (as of 2019) and was awarded "Annual Influential Business Model Award" (年度影響力商業模式大獎) for two consecutive years (as of 2019). Leveraging our construction capabilities and high quality products and through implementing standardized operations, the scale of our project management business expanded consistently. As at June 30, 2021, Greentown Project Management had a total of 334 projects under management, with a planned total GFA of approximately 84.00 million sq.m. On July 10, 2020, we successfully spun off and listed Greentown Project Management on SEHK. Since its listing, Greentown Project Management consolidated its marketing leading position in the project management industry, continued to implement our asset-light strategy and enhanced the business synergy between our heavy asset and light asset businesses.

In January 2019, in line with the Group's plan to transition from a traditional property developer to a comprehensive, integrated services provider, and to further optimize our organizational structure, promote hierarchical and systematic management and improve management efficiency, we consolidated the businesses of our subsidiaries by reducing the number of our subsidiaries from 16 to 11 to form an "8+3" structure, which encompasses light assets and heavy assets. Light assets include project management, asset management, housing 4S and quality living services, and heavy assets include property investment and development, and unique town development. Using a three-tier management structure of "Group-region-project," we appointed senior executives to also take on the role as Chairman of our regional companies, which we plan to use to manage projects in designated regions to promote business integration and optimize work allocation. To improve the efficiency of our human resources, in 2020, we formed 29 project groups under a management and control system that facilities business integration, which we believe has enhanced our operational efficiency and promoted internal resource coordination. In 2019, we also established four new divisions, namely, featured real estate, town development, financial and commerce management divisions to coordinate resources at all levels and enhance operational efficiency, in addition to the seven functional divisions at the group level (which we collectively referred to as a "7+4" internal structure). We believe these changes led to improvements in our turnover efficiency, helping to streamline our management structure while minimizing operating costs. In 2020, to optimize our organizational structure, we established ten business committees to stream-line decision-making mechanism and improve management efficiencies. Furthermore, as an incentive to our employees, we implemented a co-investment scheme, which enables the project team to co-invest in projects and subsequently share the risk and return with us to further improve project investment quality, operational efficiency and profitability, as well as a share aware scheme. See "*Management—Share Award Scheme*" for further details.

Our revenue comes mainly from property sales, as well as from hotel operations, property rental, project management, sales of construction materials and design and decoration. In the first half of 2021, our revenue was RMB36,135 million (US$5,597 million), representing an increase of 51.2% from RMB23,896 million recorded in the first half of 2020. Our net profit for the first half of 2021 equaled RMB3,910 million (US$606 million), representing an increase of 24.9% from RMB3,130 million in the first half of 2020. Profit attributable to the owners of the Company amounted to RMB2,418 million (US$375 million) in the first half of 2021, representing an increase of 15.4% compared with RMB2,096 million in the first half of 2020. After deduction of the post-tax effect of foreign exchange gains and losses, gains from acquisitions, the provision and reversal of impairment losses on certain assets and the fair value adjustments on certain assets, the core profit attributable to the owners of the Company amounted to RMB2,725 million (US$422 million), representing an increase of 11.9% from RMB2,435 million in the first half of 2020. In the first half of 2021, we achieved basic earnings per share of RMB0.71 (US$0.11), representing a slight increase from RMB0.65 in the first half of 2020.

In 2020, our revenue was RMB65,783 million (US$10,188 million), representing an increase of 6.8% from RMB61,593 million recorded in 2019. Our net profit for 2020 equaled RMB5,763 million (US$893 million), representing an increase of 46.5% from RMB3,935 million in 2019. Profit attributable to the owners of the Company amounted to RMB3,796 million (US$588 million) in 2020, representing an increase of 53.1% compared with RMB2,480 million in 2019. After deduction of the post-tax effect of foreign exchange gains and losses, gains from acquisitions, the provision and reversal of impairment losses on certain assets and the fair value adjustments on certain assets, the core profit attributable to the owners of the Company amounted to RMB3,993 million (US$618.4 million), representing a decrease of 7.9% from RMB4,336 million in 2019, mainly due to the decrease in gross profit margin. In 2020, we achieved basic earnings per share of RMB1.05 (US$0.16), representing a 90.9% increase over RMB0.55 per share recorded in 2019.

In the first half of 2021, total contracted sales were approximately RMB171.7 billion (US$26.6 billion) (the first half of 2020: RMB91.2 billion) with a total contracted sales area of approximately 7.24 million sq.m. (the first half of 2020: 4.31 million sq.m.), total contracted sales from investment projects were approximately RMB136.9 billion (US$21.2 billion) (the first half of 2020: RMB66.1 billion) with a total contracted sales area of approximately 4.85 million sq.m. (the first half of 2020: 2.65 million sq.m.), of which approximately RMB71.3 billion (US$11.0 billion) was attributable to the Group (the first half of 2020: RMB38.2 billion), and total contracted sales from projects under project management were approximately RMB34.8 billion (US$5.40 billion) (the first half of 2020: RMB25.1 billion) with a total contracted sales area of approximately 2.39 million sq.m. (the first half of 2020: 1.66 million sq.m.).

In 2020, total contracted sales were approximately RMB289.2 billion (US$44.8 billion) (2019: RMB201.8 billion) with a total contracted sales area of approximately 13.85 million sq.m. (2019: 10.27 million sq.m.), total contracted sales from investment projects were approximately RMB214.7 billion (US$33.3 billion) (2019: RMB135.4 billion) with a total contracted sales area of approximately 8.25 million sq.m. (2019: 5.22 million sq.m.), of which approximately RMB119.4 billion (US$18.5 billion) was attributable to the Group (2019: RMB76.8 billion), and total contracted sales from projects under project management were approximately RMB74.5 billion (US$11.5 billion) (2019: RMB66.4 billion) with a total contracted sales area of approximately 5.60 million sq.m. (2019: 5.05 million sq.m.).

Please see the "*Recent Developments*" section, for further details of our recent developments post June 30, 2021.

Strategic Partnerships

Our founding shareholders, Wharf, CCCG and Xinhu Zhongbao collectively provide us with a strong substantial shareholder structure, typical of a mixed ownership enterprise in China's real estate industry.

Wharf

On June 8, 2012, the Company entered into subscription and investment agreements with Wharf pursuant to which Wharf agreed to become our strategic partner through an investment of approximately HK$5.1 billion in aggregate comprising a subscription of approximately 490 million shares of the Company and a HK$2,550.0 million subscription of perpetual subordinated convertible securities issued by Active Way Development Limited (a wholly owned subsidiary of the Company) which were guaranteed on a subordinated basis by the Company. The perpetual subordinated convertible securities were redeemed in full in February 2014. As a result of these investments, Wharf had an interest in approximately 24.6% of the share capital of the Company. As at June 30, 2021, Wharf holds an interest in approximately 22.4% of the share capital of the Company.

Wharf, a property developer, is a Hong Kong blue-chip company with over 130 years of history. The principal business activities of Wharf and its subsidiaries are ownership of properties for development and letting, investment holding, container terminals as well as communications, media and entertainment. It is experienced in dealing with industry risk and market changes and its influence in the overseas capital market has facilitated the broadening of our financing channels and improvement of our internal financial and risk management since it became one of our largest shareholders. See "*—Our Competitive Strengths—Experienced management team backed by top quality partners*" and "*Related Party Transactions—Framework Agreements.*"

CCCG

On December 23, 2014, CCCG entered into a sale and purchase agreement with, among others, Mr. Song Weiping, Ms. Xia Yibo (the spouse of Mr. Song) and Mr. Shou Bainian (our former executive director), pursuant to which CCCG agreed to acquire an aggregate of 524,851,793 shares of the Company, representing approximately 24.3% of the share capital of the Company, from the respective companies wholly owned by Mr. Song, Ms. Xia and Mr. Shou at HK$11.46 per share and a total cash consideration of HK$6,014,801,547.78. The transaction was completed on March 27, 2015.

On June 4, 2015, CCCG, through its wholly owned subsidiary, CCCG Real Estate Limited (currently known as CCCG Real Estate Group Limited) acquired 100,000,000 ordinary shares of the Company, representing approximately 4.6% of the total issued share capital of the Company, from Tandellen Group Limited. Tandellen is a company which is 50% owned by Mr. Luo Zhaoming (a former executive director and vice chairman of the Board) and 50% owned by his spouse. As a result of such acquisition, CCCG became the single largest shareholder of the Company with an aggregate interest in approximately 28.9% of the total issued share capital of the Company. As at December 31, 2021, CCCG held an interest in approximately 28.34% of the share capital of the Company.

CCCG is a wholly state-owned company established on December 8, 2005 in the PRC and is one of the SOEs under the direct supervision of SASAC of the State Council. Its main businesses include real estate development, property management, shipbuilding, ship chartering, marine engineering, technical consulting services for ship and port supporting equipment, import and export and investments in other transportation businesses. Its strengths complements our brand value, management experience and customer recognition and we believe we will be able to benefit from various aspects with the strategic support from CCCG, such as enhancing business expansion and growth and exploring new financial channels. As at June 30, 2021, we were the sole property platform of CCCG in the overseas listing arena, and we believe we will benefit from the background of CCCG as a state-owned enterprise in terms of land acquisition, development and financing, while CCCG will be able to expand its overall real estate segment rapidly, given our market leading position and brand equity. See "*—Our Competitive Strengths—Experienced management team backed by top quality partners*" and "*Related Party Transactions—Framework Agreements.*"

Xinhu Zhongbao

On April 26, 2020, the Company entered into a subscription agreement with Hong Kong Xinhu Investment Co., Limited (香港新湖投資有限公司), a company incorporated under the laws of Hong Kong with limited liability and a wholly-owned subsidiary of Xinhu Zhongbao, pursuant to which the Company conditionally agreed to allot and issue, and Hong Kong Xinhu conditionally agree to subscribe for a total of 323,000,000 ordinary shares of the Company at a subscription price of HK$9.50 per share (the "**Subscription**"). The Subscription was completed on May 26, 2020, and as at the time of completion, Xinhu Zhongbao (through Hong Kong Xinhu), held an interest in approximately 12.95% of the share capital of the Company, making it the third largest shareholder and a substantial shareholder of the Company. CCCG and Wharf remained as the single largest and second largest shareholders of the Company, respectively, as at the time of completion of the Subscription. The aggregate proceeds of the Subscription was HK$3,068,500,000. As at June 30, 2021, Xinhu Zhongbao held an interest in approximately 12.95% of the share capital of the Company.

Pursuant to the terms of the Subscription Agreement, Hong Kong Xinhu has proposed the appointment of Mr. Wu Yiwen (武亦文) as a non-executive Director, which was approved by the Board. Mr. Wu Yiwen's appointment as a non-executive Director took effect on May 26, 2020. See "*Management—Non-Executive Directors.*"

Xinhu Zhongbao is a company listed on Shanghai Stock Exchange (Stock Code: 600208), and is principally engaged in the businesses of, among other things, real estate, financial services and financial technology and high technology investments in the PRC. We believe the strategic partnership with Xinhu Zhongbao could benefit both parties in terms of land acquisition and project development, which facilitates the consolidation of our leading position as a national real estate developer. See "*—Our Competitive Strengths—Experienced management team backed by top quality partners*" and "*Related Party Transactions—Framework Agreements.*"

Our Competitive Strengths

Leading high-end property developer in China with strong brand recognition

We are a leading property developer in China with a nationwide footprint and market leadership in Zhejiang province, one of the most prosperous and developed provinces in the PRC and Hangzhou. In addition to Zhejiang, we have developed high quality projects in major cities including Shanghai, Jiangsu and Anhui in the Yangtze River Delta Area, Shandong, Beijing, Hebei, Liaoning and Tianjin in the Bohai Rim Area, Guangdong in the Greater Bay Area, Hunan, Hubei and Jiangxi in the middle reaches of the Yangtze River Area, Chongqing and Sichuan in the Chengdu-Chongqing Area, as well as other provincial cities and areas such as Hainan, Shaanxi, Heilongjiang, Henan, Xinjiang, Fujian and Yunnan. From 2005 to 2021, we have been ranked as one of the Top 10 Among 100 Chinese Real Estate Enterprises by Comprehensive Strength in China for 17 consecutive years, jointly by the Development Research Center of the State Council, the Institute of Real Estate Studies at Tsinghua University and The China Index Academy.

Our long-standing leading position has been maintained as a result of our strong brand recognition and successful track record of consistently providing customers with top quality products and services. We have received numerous awards from both institutions and customer surveys, including the Influential Enterprise in the Real Estate Industry 2020 from the 2020 Gold Brick Award, “2020 China Green Real Estate Top 10”, “2020 China Full Renovation Enterprises Top 10, “2020 China Green Real Estate Operation Index Top 10”, “2020 China Prefabricated Construction Enterprises Top 10”, and the “Top 10 Brands of Chinese Real Estate Companies (Mixed Ownership),” an award we have received for 18 consecutive years from 2004 to 2021, and “Top 10 Among 100 China Real Estate By Brand Value 2020”. In 2020, we also received honors such as “Blue Chip Enterprises”, “Comprehensive Brand Power Enterprises” and “Zhejiang Brand Benchmark Enterprise”. In 2021, we were ranked as No.1 among top “Chinese Real Estate Enterprises with Excellent Product Capability”. In 2021, the China Index Academy issued the “Report of Housing Satisfaction of Urban Residents in China 2021”, which indicated that our overall satisfaction among urban residents was steady, loyalty remained high, and our performance was positive. In the survey, we scored 88.7 points, which is higher than the industry average by 12.1 points. Of the 14 cities whose survey we participated in, we ranked first in all 14 cities based on customer satisfaction. In terms of overall loyalty in 2021, we maintained a high of 85.2%, which was higher than the industry average of 60.4%. In 2021, we were also named as one of “Top 10 among 100 China Real Estate By Brand Value 2021” with a comprehensive brand value of approximately RMB86.3 billion. We were awarded the “Chinese Leading Real Estate Companies by Customers Satisfaction” for nine consecutive years for our quality products and services as well as received awards such as “Enterprises with social responsibilities” for several years. We believe our quality properties, unique architectural aesthetics and customer-focused residential services have enabled us establish and maintain a leading position in the real estate industry in China. In addition, we believe our superior operational capabilities, long-term commitment to excellent quality and customer service and widely-recognized brand will continue to reinforce our brand and market leadership, which would in turn increase the sell-through of our property products and the expansion of our non-property business.

Diversified product offering with a focus on residential properties

We have continually improved and enhanced our product mix to respond to the demands of customers and maintain our competitiveness in the market. We currently offer a diverse range of product types, including villas, flat mansions, low-rise and high-rise apartments, urban complexes and integrated community developments. We have devised a replication module, wherein we build a branded product series based on successful existing projects, and replicate new projects in other regions with additional features incorporating local elements. Many of our branded product series have received positive feedback from our customers and we believe our branded product series has strengthened our customer loyalty and solidified our brand name.

We are also actively entering into the "themed estate" market to further broaden our space for development, including urban complexes in second and third tier cities, housing estates for retired communities and tourist-oriented estates. As a result of detailed market analysis and research, we ensure that we develop projects which are suited to the demographics and market demand of each project location. Though our focus is on residential property development, we have diversified into mixed-use developments and commercial property as well as the development of unique projects such as featured towns, sports competition projects and TOD projects, being projects that are often strategically designed to maximize access to public transportation. We also generate additional recurring revenue from rental income from investment properties, property management and hotel operations. See "*—Our Business Strategies—Increased focus on scalability of the business.*"

Sizeable quality land bank ensuring sustainable future development and growth

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 successfully accumulated a sizeable, quality land bank, which, as at June 30, 2021, consisted of 251 projects at various stages of development in various provinces, autonomous regions and direct-controlled municipalities, including the Yangtze River Delta Area (including Zhejiang, Hangzhou, Jiangsu, Anhui and Shanghai area), the Bohai Rim Area, the Greater Bay Area, the middle reaches of the Yangtze River Area, the Chengdu-Chongqing Area, other areas in China and overseas in Indonesia, Canada and the United States. As at June 30, 2021, our 251 projects comprise a total GFA of 60.34 million sq.m., of which 34.95 million sq.m. was attributable to the Group, and total saleable area amounted to 40.48 million sq.m. of which 23.36 million sq.m. was attributable to the Group. We believe that our existing land reserves are sufficient for the coming three years of development.

Prudent financial management reinforced by disciplined cost controls and acquisition strategy

We adopt a prudent financial management approach and implement disciplined cost controls with respect to project development in order to maximize profitability. We closely monitor our capital position and carefully manage our land acquisitions, construction costs and operating expenses. We believe that through centralizing the procurement of building materials and standardizing construction and decoration costs for projects in different price segments, we are able to effectively control our construction costs. For example, in 2018, we effectively carried out measures to make our products more "standardized, industrialized, technology-based, and environmentally friendly," shorten the construction period of our projects and reduce construction costs while ensuring product quality. In 2019, through centralized strategic procurement, we procured 70 product categories (representing a year-on-year increase of 16 categories), and reduced prices by 6% to 20%, generating cost savings of RMB126 million. In the first half of 2021, through a number of cost optimization measures, as well as strategic cooperation initiatives and centralized supply chain procurement, we utilized 97% of materials procured through centralized procurement, and our overall construction cost was 1.5% lower than our target.

Experienced management team backed by top quality partners

Our senior management team members have extensive experience in the PRC real estate industry and expertise in project development and business management. We believe that our highly experienced senior management members will enable us to maintain the growth of our business. We continually seek to attract and retain management talent in accordance with our aim to further expand our business operations.

Our strong brand name and consistent track record has enabled us to form partnerships with top quality corporations, including strategic partners such as CCCG, Wharf and Xinhu Zhongbao and other established JV partners. Our strategic partnerships bring and will continue to bring synergies to our operations by strengthening our financial position and providing joint development opportunities. For example, in the past three years, with the support of our substantial shareholders, including our strategic partners, we have continuously optimized our corporate governance structure and management structure, which we believe has improved our results of operations. In particular, we believe the directors and management assigned to us by CCCG have integrated well with us, and contribute to maintaining our corporate characteristics, improving our corporate and promoting strategic development, among other things. We have also successfully co-established a joint venture platform with Wharf (the "Green-Wharf Platform") and co-developed multiple projects with Wharf. We believe the strategic partnership with Xinhu Zhongbao could benefit both parties in terms of land acquisition and project development, which facilitates the consolidation of our leading position as a national real estate developer. See "*—Strategic Partnerships.*"

Our Business Strategies

We aim to be an "ideal life" integrated service provider in China by focusing on qualities such as attention to detail, exquisiteness of products, and sincerity in service to continuously improve customers' satisfaction. The quality of our products is our key guiding principle. At the same time, we will continue to focus on being customer-oriented.

In late 2020, in response to the changes in regulations and industry dynamics, we formulated the Strategic 2025 plan. Pursuant to our Strategic 2025 plan, our core strategic objective is to thrive through expansion in scale and grow through improvement in quality. We aim to focus on building ourselves as the "quality benchmark among the Top 10," and maintaining our leading position in product innovation, product quality customer satisfaction and overall performance.

Continuously promote our brand image through improving the quality of products and services

Through meticulous project design and management and quality control, we will continue to improve the quality of the Company's products. At the same time, we will continue to promote the "estate community life services system" by improving the range of our services and the living quality of the residents in order to maintain our brand image and market leading position in terms of residents' satisfaction. In 2018, our brand building efforts included the roll-out of our first "Greentown Life Developers Conference," which we used as a model for comprehensive brand building in 11 newly developed cities and the implementation of four community living service systems. In 2019, we systematically sorted out our product families and completed a comprehensive product categorization covering eight product series, 22 product categories and 22 product styles with an aim to standardize the design, development and quality of our products. In the first half of 2021, we jointly published the Greentown China Technical Guidance Manual for Prefabricated Interior Decoration with China Institute of Building Standard Design and Research, which we believe will help establish our standards as the benchmark for the industry.

Customer and community support is a valuable asset and driver of the Company. Continuous improvement of service quality is one of our long-term development strategies. In relation to our service strategy, we plan to continue increasing our investments in projects with a high level of return attributable to services, transform our service model from a traditional property management developer to a comprehensive and ideal living services provider, and explore and implement both a service model and a commerce model within the living services industry in China. In 2019, through the second "Greentown Life Developers Conference" we launched a second version of our living service system (living service system 2.0), which aims to optimize service content through customization, improve service efficiency through commoditization, combine the online-offline experience through digitalization, and ensure continuous service throughout our commercial operations. We believe these changes will enhance our overall customer service system.

Product diversification to expand customer base and optimization of land bank

We will continue to invest a large portion of our time and efforts in strengthening our research and development, including analyzing market demand and geographical characteristics, in order to further enrich our product lines to serve different segment of customers. Under the premise of maintaining excellent quality, we will further optimize our designs and diversify our product mix to cater to the high-end, mid to high-end and mainstream market, in order to enhance the competitiveness of our products. At the same time, we also plan to expand the scale of featured projects such as ideal towns, TOD, public landmarks and resettlement housing, and gradually establish competitive barriers to gain more opportunities to obtain projects with low land prices.

We plan to continue to adopt city-specific strategies, including conducting research on target cities, and seize opportunities to strategically replenish our land bank, and form a combination of general development projects and strategic projects. We expect to evaluate potential investments and optimize our land reserves by deepening our footprint in the five major urban agglomerations (Yangtze River Delta, Greater Bay, Bohai Rim, middle reaches of Yangtze River, Chengdu-Chongqing and Central China), while further expanding around core first-tier and second-tier cities. We may also seek to replenish land resources in selected third-tier and fourth-tier cities.

In addition to leveraging the resources of our major shareholders like CCCG, Wharf and Xinhu Zhongbao and strengthening our cooperation relationship with strategic partners to form a wider range of strategic collaborations to expand our land bank, we also plan to widen our investment channels. In addition to considering investment opportunities including regional comprehensive development projects, urban renewal, industrial property projects, rural land projects, TOD projects and the execution of pilot programs for integrated development models such as industry and city integration, we plan to enhance our investment efforts and quality of our investment projects through auctions, listings and tendering as well as strengthening our capabilities for mergers and acquisitions. As of the date of this offering memorandum, our TOD model has been recognized by several local governments and we are focusing on TOD projects in cities such as Hangzhou, Fuzhou, Dalian, Harbin, Ningbo and Foshan.

Increased focus on scalability of the business

To further increase the scalability of our business, we plan to continue developing our existing strengths as well as widen the scope of our capabilities by placing a strong emphasis on our three main business lines, namely heavy assets, light assets and "Greentown+." For heavy assets, we remain focused on real estate investment and development, including deepening our foothold in core cities, increasing turnover rates without sacrificing product quality, and replenishing quality land parcels in a timely manner. See "*—Product diversification to expand customer base and optimization of land bank.*" We have developed eight categories of products, namely, residential properties, commercial properties, urban complexes, public properties (such as hospitals and schools), social security properties, ideal towns, sports series (games villages) and Young City series (TOD projects such as Ningbo Young City), all of which are designed to stand out across different market segments. In particular, we are focused on the development of town projects and featured projects. As at June 30, 2021, we have extended our town business to 21 cities and secured 11.92 million sq.m. of planned GFA. We have accelerated the promotion of featured projects, and increased the proportion of land acquisition using an application mechanism to help us capture opportunities brought by the rapid development of railway transportation in the PRC. As at June 30, 2021, we have launched nearly 20 TOD projects featuring multi-regions, multi-categories and multi-types of businesses in various cities, such as Hangzhou, Ningbo, Fuzhou and Foshan. Furthermore, in the first half of 2021, we have successfully won the tender for four reconstruction projects of old communities in Hangzhou, signed contract for one project in Shenzhen and launched two future community projects in Quzhou and Ningbo. We seek to be a driving force for new urbanization and rural revitalization, and turn these initiatives into our new growth points.

For light assets, our focus is on real estate project management, which includes the provision of commercial and government project management services to our customers, and we seek to maintain our leading position and further achieve economies of scale and improve profitability. In addition, we aim to establish a project management sub-brand, upgrade our current project management model and improve management mechanisms to enhance the quality of our project management products and help us retain our competitive advantage in the project management industry.

For "Greentown+," our focus is to leverage technology to strengthen the connection and integration of different segments along the real estate industry chain as well as to expand the business scale of our living services. To support our strategic plan and explore additional growth opportunities in ideal life services, we are undertaking seven emerging businesses, namely urban renewal, healthcare services, housing 4S services, living service platform, housing decoration and engineering principal contracting services and, prefabricated interior decoration services. In 2020, we and Greentown Service jointly established the "Greentown Living Services Committee (綠城生活服務委員會)", to achieve strategic synergy, and deepen management and business integration in the living services sector.

Cost controls, financial discipline and prudent land acquisition strategy to improve profitability

We plan to continue exerting stringent controls over construction costs and land acquisition which we believe will improve our profitability. Regarding acquisition of land, we will work together with external market consultants to assess the risks and returns associated with new projects. We have also set price limits for our land acquisitions to avoid the purchase of overpriced projects, minimizing the negative impact on our overall cash flow and financial position and aimed at improving the gross profit of our development projects. In terms of construction costs, we have established an e-commerce procurement center to centralize the procurement of building materials, which will effectively lower the relevant costs. We aim to standardize construction and decoration costs for products under different price ranges through our use of the 'Greentown Product Catalog,' which we believe enables us to control costs more systematically. We also continue to refine our financial management and control and leverage CCCG's financial discipline and internal control process to achieve a balance between quality and profit. We believe the optimization of cost control mechanisms, bidding and tender mechanisms and procedure supervision systems will help to improve our cost control for the whole production process and our profitability.

Optimization of the debt structure and decreasing inventory to reduce financial costs

In addition to the continuous effort to lower our gearing ratio, we are also focusing on optimizing our debt structure. We seek to reduce the level of short-term borrowings so as to balance the debt maturity profile. We will carefully explore available means of financing, and adjust the debt portfolio to lower the average cost of borrowing. Examples of offshore financing we obtained in 2020 include the issuance of two series of three-year U.S. dollar senior notes, being the 2020 July Notes and the 2020 October Notes. For our onshore financing, we issued public bonds in an aggregate principal amount of RMB22.295 billion with an average interest rate of 3.63% in 2020, including corporate bonds, medium-term notes, perpetual medium-term notes and balance payment asset back securities ("ABS"). We issued public bonds in an aggregate amount of RMB12.462 billion with an average interest rate of 3.73% in the first half of 2021, including corporate bonds and project revenue notes and supply chain ABS. We also aim to further improve our financing innovation capability, liquidate dormant assets, explore new financing channels and innovatively promote securitization. For example, in 2020, we issued hotel real estate investment trust ("REIT") and supply chain ABS. Our subsidiary, Greentown Decoration Project Group also issued a private placement bonds as a debut of our "Greentown +" business in the onshore capital markets. In the first half of 2021, we issued our first project revenue notes. See "*Description of Material Indebtedness and Other Obligations*" for further details. We will continue to explore new financing channels and opportunities to dispose projects or part of projects that have a relatively longer payback cycle in order to improve cash flow and optimize the structure of our land bank.

We will also continue to focus on decreasing the level of our inventory to improve cash flow by implementing specific and effective measures to address the characteristics of different regions and projects. Such measures include adopting flexible pricing strategies to increase turnover rate and improve cash flow with respect to regions with higher inventory and longer turnover time. For further details of our inventory reduction in 2020, see "*—Sales and Marketing.*"

Overview of Our Property Developments and Land Bank

The map below shows the geographical distribution of our property development projects as at June 30, 2021:

Region	區域	No. of Projects 項目個數	Percentage of GFA (%) 建築面積佔比(%)
Yangtze River Delta Area	長三角區域	145	51.9%
Bohai Rim Area	環渤海區域	48	18.0%
Greater Bay Area	大灣區	7	2.9%
The Middle Reaches of the Yangtze River Area	長江中游區域	14	6.5%
Chengdu-Chongqing Area	成渝區域	8	2.2%
Other Areas in China	中國其他地區	26	17.1%
Overseas	海外	3	1.4%
Total	**總計**	**251**	**100%**

Note: Above map indicates only major geographical distribution of land bank.
附註： 上述圖示僅列出主要土地儲備的地理分佈。

As at June 30, 2021, we had a total land bank of approximately 60.34 million sq.m., of which 34.95 million sq.m. was attributable to the Group, and total saleable area amounted to 40.48 million sq.m. of which 23.36 million sq.m. was attributable to the Group. Our average GFA land cost was approximately RMB7,177 per sq.m. As at June 30, 2021, the total number of projects we have and certain information relating to these projects are shown in the table below:

Region	No. of Projects[1]	Total GFA[2]	% of Total
		sq.m.	
Yangtze River Delta Area	145	31,333,797	51.9%
Bohai Rim Area	48	10,865,176	18.0%
Greater Bay Area	7	1,725,085	2.9%
The Middle Reaches of the Yangtze River Area	14	3,993,760	6.5%
Chengdu-Chongqing Area	8	1,306,574	2.2%
Other Areas in China	26	10,348,043	17.1%
Overseas	3	830,734	1.4%
Total	**251**	**60,343,169**	**100.0%**

Notes:

(1) Excluding projects in which the Group has no more than a 10% equity interest, and including projects under and pending construction.

(2) The figures for total GFA and site area are subject to adjustments due to planning changes. These figures will only be finalized after project completion.

The table below sets forth certain information relating to our land bank distribution by region and by city as at June 30, 2021:

Region	GFA
	(sq.m.)
The Yangtze River Delta Area	
Zhejiang	16,265,913
Hangzhou	5,604,318
Jiangsu	8,028,692
Anhui	938,276
Shanghai	496,598
The Bohai Rim Area	
Shandong	3,108,048
Liaoning	2,650,584
Beijing	2,468,385
Tianjin	2,261,830
Hebei	376,329
Greater Bay Area	
Greater Bay Area	1,725,085
The Middle Reaches of the Yangtze River Delta Area	
Hubei	2,215,354
Hunan	1,083,349
Jiangxi	635,057
Chengdu-Chongqing Area	
Chongqing	786,067
Sichuan	520,507
Overseas	
Overseas	830,734
Other Areas in the PRC	
Shaanxi	5,649,144
Xinjiang	1,167,521
Heilongjiang	943,931
Henan	912,240
Hainan	760,603
Fujian	527,974
Yunnan	386,630
Total	**60,343,169**

In the first half of 2021, we have newly-added 67 projects, with a gross floor area of approximately 11.86 million sq.m. The total land cost paid by the Group totaled approximately RMB74 billion. The average land cost of the new land parcels amounted to approximately RMB9,126 per sq.m. The table below sets forth certain information of the projects we acquired in the first half of 2021:

Land/Project Name	Acquired by	Equity	Paid by Greentown	Total GFA
			(RMB million)	(sq.m.)
Hangzhou Chaoting Mingyue	Auction	70%	2,111	149,510
Hangzhou Muchun Mingyue	Auction	70%	745	68,612
Hangzhou Jiangshang Zhenyuan	Auction	100%	1,193	105,783
Hangzhou Jiangpan Jinyuan	Auction	50%	780	159,904
Hangzhou Yungqi Yanlu	Auction	55.6%	478	115,223
Hangzhou Hushang Chunfeng	Auction	100%	2,018	114,939
Hangzhou Shanlan Guiyu	Auction	55%	1,172	146,834
Hangzhou Jiangshang Guiyu Xinyue	Auction	51%	893	210,007
Hangzhou Yonghe City	M&A	100%	2,271	298,466
Qiandao Lake Hupan Chenglu	Auction	100%	253	70,280
Deqing Chengnan Sci-tech City Fengqi Chunlan	Auction	100%	1,091	129,687
Anji Angel Town Block 2020-18	Auction	40%	120	79,143
Anji Peach Garden Northwest Block 2020-56-1	Auction	85%	160	78,244
Ningbo Jiangbei District Yaojiang Xincheng Block 8	Auction	65.7%	1,681	158,327
Ningbo Beilun District Tongshan Future	Auction	100%	2,992	508,801
Ningbo Fenghua District Jiangkou Jiapu Road South Block	Auction	100%	646	111,784
Ningbo Fenghua District Fangqiao First Hospital North Block	Auction	100%	2,079	175,398
Ningbo Zhenhai District Luotuo Street Old Street Block E1	Auction	70.6%	762	107,885
Ningbo Zhenhai District Jiaochuan Development Zone Main Entrance West Block	Auction	51%	213	58,828
Ningbo Binhe Mingcui	Auction	100%	4,291	216,880
Ningbo Chunxi Yunjing	Auction	51%	1,066	110,656
Cixi Xincheng River Block 4#	M&A	50%	235	41,232
Zhoushan New City Guchuishan Block LC-10-01-09	Auction	100%	702	103,828
Quzhou Orchid Residence	Auction	57.34%	971	144,938
Quzhou Luming Future Community Project	Auction	65.83%	1,508	418,729
Jiaxing Tongxiang Fengqi Chunlan	Auction	60%	525	121,002
Jinhua Wangshan Town	Auction	70%	40	63,716
Yongkang Xixin District Centre Block 05	Auction	65.7%	1,288	167,294
Shengzhou Opera Town Phase 3 West Block	Auction	32.5%	31	87,602
Suzhou Gaoxin District Taihu Science City Block	Auction	25%	500	226,406
Taicang Science and Education New Town Block 2021-WG16-1	M&A	13.04%	184	153,253
Nanjing South New Town Qiqiao Block G30	M&A	12.25%	254	77,553
Yixing Meilin Block A03	M&A	40%	717	135,440
Yangzhou Guangling District Block GZ276	Auction	33%	318	128,181
Yangzhou Guangling District Block GZ280	M&A	51%	177	39,439
Yangzhou Hanjiang District Block GZ272	M&A	30%	323	156,972
Xuzhou 2021-13 Cuipingshan Block I	M&A	70%	397	67,763
Xuzhou 2021-11 Cuipingshan Block A	M&A	33%	256	95,560
Xuzhou 2021-14 Kunlun Avenue South Block A-2	M&A	33%	502	178,623
Xuzhou 2021-15 Hanshan Block B	M&A	33%	673	189,063
Yancheng Xiaofeng Yinyue	Auction	100%	2,177	186,394
Beijing Choyang District Dougezhuang Block	Auction	100%	6,820	352,194
Beijing Haidian District Shucun South Block	M&A	15.6%	894	158,997
Tianjin Guiyu Chaoyang	Auction	100%	940	166,473
Tianjin Fengqi Yueming	Auction	100%	1,800	74,619
Tianjin Willow Breeze	Auction	100%	1,520	156,149
Tianjin Xiqing District Shuixi Block ABL	M&A	50%	2,480	442,401

Land/Project Name	Acquired by	Equity	Paid by Greentown	Total GFA
			(RMB million)	(sq.m.)
Dalian Ganjingzi District Quanshui Blocks A2, A3, A4	Auction	100%	2,070	249,586
Shenyang Dadong District Wanghua Area Block 10	M&A	30%	337	200,836
Qingdao North District Kaiping Road Project	Auction	100%	642	61,178
Wuhan Wuchang District Fangqicun Project	Auction	50%	675	124,580
Wuhan Jiang'an District Xinghai Yuejin Jiayuan Project	M&A	70%	770	142,436
Wuhan Hupan Yunlu	M&A	100%	3,066	233,179
Changsha No.43 Meixi Lake Zhongzhou Block	Auction	100%	2,990	474,294
Changsha No.48 Nanhu Block	Auction	100%	2,896	258,136
Yingtan Longhu Mountain Town	Auction	51%	35	54,067
Chengdu Wuhou District Wuqing Road Block	Auction	95.074%	1,068	106,765
Chongqing Central Park S District S24 Block	M&A	50%	498	98,267
Xi'an Helu	Auction	98.45%	2,047	211,639
Xi'an High Speed Railway North Station Project	M&A	49%	92	103,090
Xi'an Nanshan Yunlu	M&A	42.532%	363	92,757
Xi'an Xixian New District Konggang New City Block	Auction	40%	227	154,743
Xi'an Hangtian HT01-5-47-1 Project	Auction	40%	960	276,000
Xi'an Changning New District Project	M&A	34%	106	137,571
Xi'an Willow Breeze	M&A	51%	515	233,260
Harbin Young City	Auction	46%	1,014	699,412
Xinjiang Ideal City	Auction	60%	429	642,364
Total			**74,047**	**11,863,172**

In respect of geographical distribution of the projects we acquired in the first half of 2021, a majority are situated in first and second-tier core cities such as Beijing, Hangzhou, Ningbo, Shijiazhuang, Shenyang and Xi'an. In the first half of 2021, we also continued to consolidate our market position and performance in the Yangtze River Delta, an area of strategic importance to us, and enhanced our risk resistance. As at June 30, 2021, the value of our newly-added land reserve in first-and second-tier cities accounted for 74% of the total saleable value.

Completed Properties

The table below sets forth certain information of our properties with revenue recognized by subsidiaries in the first half of 2021:

Properties with revenue recognized by subsidiaries

Projects	Type of Properties	Area sold	Sales Revenue	% of Total	Average Selling Price
		(sq.m.) *(Note)*	(RMB million)		(RMB/sq.m.)
Yuyao Guiyu Lanting	High-rise Apartment, Commercial	162,329	2,627	8.3%	16,183
Taizhou Ningjiang Mingyue	High-rise Apartment, Villa	172,431	1,991	6.3%	11,547
Chengdu Phoenix Mansion	High-rise Apartment, Low-rise Apartment	55,852	1,795	5.7%	32,139
Deqing Guanyun Town	High-rise Apartment, Low-rise Apartment, Villa	96,614	1,606	5.1%	16,623
Beijing One Liangma	high-rise Apartment	14,456	1,283	4.0%	88,752
Nantong Orchid Residence	High-rise Apartment, Villa	75,040	1,190	3.7%	15,858
Beijing Yihe Jinmao Palace	Low-rise Apartment	10,068	1,048	3.3%	104,092
Wuxi Fengqi Heming	High-rise Apartment, Villa, Commercial	35,624	970	3.1%	27,229
Ningbo Chunxi Chaoming	High-rise Apartment,	25,235	952	3.0%	37,725
Beijing Xishan Mansion	High-rise Apartment, Low-rise Apartment	20,268	945	3.0%	46,625
Others		846,353	17,338	54.5%	20,486
Total		**1,514,270**	**31,745**	**100%**	**20,964**

Note: Area sold includes aboveground and underground areas.

In the first half of 2021, projects in the Zhejiang area achieved property sales revenue of RMB18,082 million (US$2,800 million), accounting for 57.0% of the total property sales. Projects in Jiangsu area achieved property sales revenue of RMB3,449 million (US$534 million), accounting for 10.9% of the total property sales. Projects in Beijing area achieved sales revenue of RMB3,375 million (US$523 million), accounting for 10.6% of the property sales.

In the first half of 2021, projects in the Yangtze River Delta area accounted for 62% of total contracted sales from investment properties. Projects in Bohai Rim area accounted for 19% of total contracted sales from investment properties. Projects in Greater Bay area accounted for 4% of total contracted sales from investment properties. Projects in the middle reaches of Yangtze River area accounted for 4% of total contracted sales from investment properties. Projects in Chengdu-Chongqing area accounted for 5% of total contracted sales from investment properties. Projects in others area accounted for 6% of total contracted sales from investment properties.

Property portfolio

The tables below show the information of our property portfolio by cities as at December 31, 2020:

Hangzhou

Projects	Type of Properties	Equity	Site Area	GFA
			(sq.m.)	(sq.m.)
1. Hangzhou Laurel Oriental	High-Rise Apartment	80%	138,558	566,060
2. Hanzhou Center	Office	45%	22,566	244,381
3. Hangzhou Hope Town	High-Rise Apartment	45%	159,614	399,283
4. Hangzhou Yinlu	Low-Rise Apartment, Villa	90.2%	60,452	116,062
5. Hangzhou Arcadia Town	High-Rise Apartment, Low-Rise Apartment, Villa	85%	110,597	101,420
6. Hangzhou Yunqi Peach Garden	High-Rise Apartment, Villa	50%	104,268	190,008
7. Hangzhou Guiyu Chaoyang	High-Rise Apartment, Villa	50%	70,129	297,497
8. Hangzhou Xiaofeng Yinyue	High-Rise Apartment, Villa	100%	53,260	214,628
9. Hangzhou Guiyu Tinglan	High-Rise Apartment, Villa	95%	30,580	115,845
10. Hangzhou Chunyue Jinlu	High-Rise Apartment, Low-Rise Apartment	45.71%	26,865	98,989
11. Hangzhou Oriental Dawn	High-Rise Apartment, Low-Rise Apartment	49.67%	64,470	192,940
12. Hangzhou Longwu Tea Village	Commercial	51%	17,382	34,466
13. Hangzhou Lakeside Mansion	High-Rise Apartment	99.87%	61,284	246,619
14. Hangzhou Hujing Yunlu	Villa	51%	57,820	146,104
15. Hangzhou Chunlai Fenghua	High-Rise Apartment	48.62%	43,361	140,044
16. Hangzhou Guiyu Yingyue	High-Rise Apartment, Low-Rise Apartment	50%	49,995	146,550
17. Hangzhou Xihu District Sanshen Reserved Land	Commercial	24%	33,410	95,458
18. Hangzhou Mingchun Garden	Low-Rise Apartment	100%	42,610	81,443
19. Hangzhou Jianghe Mingcui	High-Rise Apartment	38.56%	44,136	182,393
20. Hangzhou Xiaoyue Chenglu	Villa	51%	66,552	128,151
21. Hangzhou Xiangfu Town	Commercial	100%	10,339	24,858
22. Hangzhou Chunlai Yating	High-Rise Apartment	33%	53,756	163,388
23. Hangzhou Wangjiang Office	Office	80%	9,096	55,094
24. Lin'an Spring Lake	High-Rise Apartment, Villa	100%	85,868	229,362
25. Lin'an Spring Blossom	High-Rise Apartment, Low-Rise Apartment, Villa	18%	82,227	136,522
26. Lin'an Mantuo Garden	Villa	80%	43,791	29,446
Total			**1,542,986**	**4,377,011**

Note: Area sold includes aboveground and underground areas.

Zhejiang

Projects		Type of Properties	Equity	Site Area	GFA
				(sq.m.)	(sq.m.)
1.	Ningbo Center	Urban Complex	49.56%	7,872	239,716
2.	Ningbo Mingyue Jiangnan	High-Rise Apartment	48.89%	64,706	209,356
3.	Ningbo Phoenix Mansion	High-Rise Apartment, Low-Rise Apartment	24.23%	54,099	171,917
4.	Ningbo Shuangdonghui Project	Commercial	51%	6,982	14,391
5.	Ningbo Xiaofeng Yinyue	High-Rise Apartment	45.37%	50,344	173,839
6.	Ningbo Yonglan City	High-Rise Apartment, Low-Rise Apartment	51%	31,137	80,348
7.	Ningbo Fangfei City	High-Rise Apartment, Low-Rise Apartment	51%	27,501	95,891
8.	Ningbo Chunyue Jianglan	High-Rise Apartment	60%	66,094	210,417
9.	Ningbo Chunyue Jinsha	High-Rise Apartment, Commercial	50.69%	28,878	82,514
10.	Ningbo Chunxi Chaoming	High-Rise Apartment	51%	40,284	126,575
11.	Ningbo Oriental Dawn	High-Rise Apartment	51%	72,955	218,532
12.	Ningbo Chunyue Yunjin	High-Rise Apartment	50.8%	26,923	84,296
13.	Ningbo High-tech District Intelligent Manufacturing Harbour Block	Office, Serviced Apartment, Industrial Factory	60%	203,323	428,516
14.	Ningbo Yunqi Peach Garden	Low-Rise Apartment, Villa	51%	187,210	242,891
15.	Ningbo Beilun Phoenix City Headquarter Base	Office	51%	24,528	75,031
16.	Ningbo Chunyu Yunshu	High-Rise Apartment	51%	107,459	303,902
17.	Ningbo Wisdom Park	Office, Commercial, Serviced Apartment	60%	4,843	10,700
18.	Ningbo Hangzhou Bay Intelligent Yiju Area Block 10#, Wenlv Yiju Area Block 5#a/b	High-Rise Apartment, Low-Rise Apartment, Villa	51%	154,284	395,654
19.	Ningbo Fenghua Fenglu Heming	High-Rise Apartment	37.29%	126,165	391,673
20.	Ningbo Fenghua Guiyu Yingyue	High-Rise Apartment	85.04%	37,113	117,929
21.	Ningbo Fenghua Guiyu Chaoyang (Chaohua Jun, Xuyang Jun)	High-Rise Apartment	85.284%/ 69.5871%	74,629	244,370
22.	Yuyao Guiyu Lanting	High-Rise Apartment	100%	97,429	256,679
23.	Yuyao Chunlan Jingyuan	High-Rise Apartment	50%	84,986	231,430
24.	Yuyao Qiaoyuan	High-Rise Apartment	32.62%	19,704	47,951
25.	Yuyao Fengming Yunlu	High-Rise Apartment, Low-Rise Apartment, Villa	59.5%	86,035	220,976
26.	Xiangshan Osmanthus Grace	Low-Rise Apartment	85.02%	40,252	85,342
27.	Xiangshan Baishawan Rose Garden	High-Rise Apartment, Hotel, Apartment	100%	150,764	113,692
28.	Wenzhou Lucheng Plaza	Office, Commercial, Serviced Apartment	100%	47,628	375,410
29.	Wenzhou Fengqi Yuming	High-Rise Apartment	37%	101,233	513,526
30.	Wenzhou Osmanthus Grace	High-Rise Apartment	34%	63,790	255,181
31.	Wenzhou Rui'an Orchid Garden	High-Rise Apartment	70%	27,430	94,859
32.	Zhuji Greentown Plaza	High-Rise Apartment, Villa, Commercial	90%	44,308	252,226
33.	Shengzhou Opera Town	Villa, Hotel, Commercial	32.5%	343,170	389,004
34.	Zhoushan Changzhi Island	Integrated Community	96.88%	457,251	967,842
35.	Zhoushan Qinyuan	High-Rise Apartment	77.07%	43,272	185,477
36.	Taizhou Ningjiang Mingyue	Integrated Community	51%	343,071	1,034,113
37.	Taizhou Tiantaishan Lotus Town	Villa, Hotel, Commercial	100%	86,598	53,874

Projects	Type of Properties	Equity	Site Area	GFA
			(sq.m.)	(sq.m.)
38. Linhai Osmanthus Grace	High-Rise Apartment	100%	26,377	71,734
39. Wenling Joy Garden	High-Rise Apartment	30.9%	44,734	164,254
40. Jiaxing Liuxiangyuan	High-Rise Apartment	100%	55,043	146,725
41. Jiaxing Fenghe Jiuli	Low-Rise Apartment, Villa	20%	101,476	194,889
42. Haiyan Chunfeng Ruyi	Villa	20%	172,380	273,017
43. Jinhua Chunxi Mingyue	High-Rise Apartment	57.48%	54,047	157,620
44. Yiwu Orchid Garden	High-Rise Apartment	32%	49,826	184,067
45. Yiwu Wanjia Fenghua	High-Rise Apartment	26.01%	139,972	524,511
46. Yiwu Xiaofeng Yinyue	High-Rise Apartment	43.82%	22,437	114,956
47. Yongkang Guiyu Tinglan	High-Rise Apartment	47.62%	49,945	195,370
48. Yongkang Guiyu Yunxi	High-Rise Apartment	56%	48,333	177,206
49. Lishui Guiyu Orchid Garden	High-Rise Apartment	51.8%	89,817	255,600
50. Quzhou Lixian Future Community	High-Rise Apartment	66%	181,025	633,643
51. Quzhou Fengqi Yunlu	High-Rise Apartment, Villa	35%	63,370	126,459
52. Quzhou Chunfeng Jiangshan Town	Villa	33.33%	343,615	278,284
53. Deqing Chengnan Sci-tech City Keyuan Road East Block	Low-Rise Apartment, Villa	100%	48,828	99,056
54. Deqing Guanyun Town	High-Rise Apartment, Low-Rise Apartment, Villa	90%	186,578	275,197
55. Deqing Fengqi Chunlan	High-Rise Apartment	85.08%	38,103	101,163
56. Deqing Gongda Sincere Garden	High-Rise Apartment, Villa	40%	100,029	236,434
57. Deqing Chenyuan	High-Rise Apartment, Low-Rise Apartment	45.5%	80,665	253,139
58. Anji Angel Town	Low-Rise Apartment, Villa, Commercial	40%	424,044	640,370
59. Anji Peach Garden	Low-Rise Apartment, Villa, Commercial, Hotel	85%	233,988	144,810
Total			**5,988,882**	**14,244,544**

Shanghai

Projects	Type of Properties	Equity	Site Area	GFA
			(sq.m.)	(sq.m.)
1. Shanghai Bund House	High-Rise Apartment, Commercial	51%	25,566	108,870
2. Shanghai Pearl City	High-Rise Apartment	34.74%	34,400	202,683
3. Shanghai Qinglan International	High-Rise Apartment	35%	32,086	184,826
Total			**92,052**	**496,379**

Jiangsu Province

Projects		Type of Properties	Equity	Site Area	GFA
				(sq.m.)	(sq.m.)
1.	Suzhou Willow Breeze ……………	High-Rise Apartment, Low-Rise Apartment	75%	77,915	226,508
2.	Suzhou Yipin Lan'an Huayuan ……	High-Rise Apartment	50.33%	88,002	213,742
3.	Suzhou Guanlan Yipin Huayuan ….	High-Rise Apartment	49.81%	62,204	137,672
4.	Suzhou Mingyue Binhe ………….	High-Rise Apartment	48.58%	37,857	130,738
5.	Suzhou Mingyue Jiangnan ……….	High-Rise Apartment	85.06%	18,040	46,130
6.	Suzhou Langyue Binhe ……………	High-Rise Apartment	49.76%	42,139	136,679
7.	Nanjing Yunqi Rose Garden ………	Low-Rise Apartment, Villa, Commercial	75.81%	74,504	145,951
8.	Wuxi Chenfeng Yunlu …………….	High-Rise Apartment, Low-Rise Apartment, Villa	39.9%	76,017	221,817
9.	Wuxi Sincere Garden …………….	High-Rise Apartment, Low-Rise Apartment	95.44%	71,319	204,335
10.	Nantong Orchid Garden ………….	High-Rise Apartment, Villa	61%	34,904	105,349
11.	Nantong Xiaofeng Yinyue ……….	High-Rise Apartment	70%	31,398	108,009
12.	Nantong Guiyu Jiangnan ………….	High-Rise Apartment	59.55%	44,090	111,254
13.	Nantong Rudong Mingyue Jiangnan	High-Rise Apartment	68.33%	63,545	182,002
14.	Nantong Qidong Haishang Mingyue	High-Rise Apartment, Low-Rise Apartment, Villa, Commercial, Hotel	50%	1,008,941	2,511,162
15.	Nantong Hujing Helu …………….	High-Rise Apartment, Villa	64.35%	65,068	133,857
16.	Nantong Sincere Garden ………….	High-Rise Apartment, Commercial	60%	104,771	286,652
17.	Nantong Haian Guiyu Tinglan ……	High-Rise Apartment	70%	39,871	108,189
18.	Xuzhou Sincere Garden ………….	High-Rise Apartment	77.96%	73,243	226,136
19.	Suqian Liyuanwan Town ………….	High-Rise Apartment, Villa, Commercial, School	100%	167,894	226,199
20.	Yancheng Tinghu District Blocks 20201801 & 20201802 ……………	Villa, Office, Commercial	53.46%	351,052	968,320
21.	Taizhou Guiyu Tinglan ……………	High-Rise Apartment	79.31%	79,977	217,699
Total ……………………………………				**2,612,751**	**6,648,400**

Anhui

Projects		Type of Properties	Equity	Site Area	GFA
				(sq.m.)	(sq.m.)
1	Hefei Sincere Garden …………….	High-Rise Apartment, Low-Rise Apartment	49.5%	150,063	439,997
2	Hefei Orchid Garden …………….	High-Rise Apartment, Low-Rise Apartment	48.31%	102,065	323,642
3	Hefei Spring Blossom …………….	Villa	100%	101,467	156,661
Total ……………………………………				**353,595**	**920,300**

Bohai Rim Region

Projects	Type of Properties	Equity	Site Area (sq.m.)	GFA (sq.m.)
1. Beijing Aohai Mingyue	High-Rise Apartment, Low-Rise Apartment	42.28%	68,009	283,443
2. Beijing Hejin Sincere Garden	High-Rise Apartment	49.81%	78,681	273,654
3. Beijing Jinmao Palace	High-Rise Apartment	25%	21,023	99,635
4. Beijing Mingyue Tinglan	High-Rise Apartment, Low-Rise Apartment	70%	27,526	73,136
5. Beijing Shuiying Lanting	High-Rise Apartment	51%	41,663	113,061
6. Beijing Xifu Haitang	High-Rise Apartment, Low-Rise Apartment	34%	176,499	577,959
7. Beijing One Liangma	High-Rise Apartment	40%	47,769	187,954
8. Beijing Yihe Jinmao Palace	Low-Rise Apartment	40%	44,507	113,088
9. Beijing Magestic Mansion	Low-Rise Apartment	100%	241,247	229,445
10. Tianjin Sincere Garden	High-Rise Apartment, Low-Rise Apartment, Office, Commercial	41%	91,271	350,960
11. Tianjin Chunxi Mingyue	High-Rise Apartment, Low-Rise Apartment	60%	142,380	328,754
12. Tianjin Spring Blossom	High-Rise Apartment, Villa	100%	253,402	267,830
13. Tianjin Xiqing Miyun Road Project	High-Rise Apartment, Low-Rise Apartment	49%	90,036	357,872
14. Tianjin Yujiangtai	High-Rise Apartment, Villa	33%	45,791	116,772
15. Jinan Sincere Garden	High-Rise Apartment	100%	20,846	71,605
16. Jinan Oriental Dawn	High-Rise Apartment, Low-Rise Apartment	45%	177,226	589,929
17. Jinan Guiyu Chaoyang	High-Rise Apartment	50%	85,025	225,015
18. Jinan Mingyue Fenghe	High-Rise Apartment, Low-Rise Apartment, Villa	100%	44,676	93,601
19. Jinan Tianchen Longfor Mansion	Low-Rise Apartment, Villa	20%	20,539	37,624
20. Jinan New East Station Project	Villa	100%	64,214	148,579
21. Jinan Yulan Garden	High-Rise Apartment, Low-Rise Apartment, Villa	50%	114,502	294,369
22. Qingdao Ideal City	High-Rise Apartment, Low-Rise Apartment, Villa	80%	160,840	444,424
23. Qingdao Deep Blue Center	Commercial, Office, Serviced Apartment	40%	22,701	230,308
24. Yantai Orchid Garden	High-Rise Apartment	100%	104,523	286,646
25. Yantai Zhifu District Yulong Mountain Project	Low-Rise Apartment	100%	38,650	75,131
26. Zibo Lily Garden	High-Rise Apartment	100%	34,485	150,258
27. Dongying Ideal City	High-Rise Apartment, Low-Rise Apartment	49%	319,482	673,931
28. Jining Hupan Yunlu	Villa	45.27%	214,050	394,558
29. Qufu Sincere Garden	High-Rise Apartment	100%	52,682	105,740
30. Shenyang National Games Village	Integrated Community	50%	110,465	225,593
31. Shenyang Shenbei New District Xianlin Golden Valley Project	High-Rise Apartment, Low-Rise Apartment, Villa	35%	268,162	589,015
32. Shenyang Yuhong District Beautiful Island and Xinhu Bay Projects	High-Rise Apartment, Villa	35%	283,038	479,948
33. Dalian Sincere Garden	High-Rise Apartment, Low-Rise Apartment	62%	83,000	233,830
34. Dalian Hupan Helu	Low-Rise Apartment, Villa	88%	185,334	212,343
35. Dalian Orchid Garden	Low-Rise Apartment	44.06%	11,987	22,383

Projects		Type of Properties	Equity	Site Area	GFA
				(sq.m.)	(sq.m.)
36.	Dalian Mingyue Tinglan	High-Rise Apartment	100%	8,197	68,231
37.	Dalian Shahekou District Dongbei Road Dachai TOD Block	Low-Rise Apartment, Low-Rise Apartment	49%	28,528	99,380
38.	Dalian Zhongshan District Donggang Business Area Projects E20 & E22	Serviced Apartment, Commercial	51.48%	45,900	269,420
39.	Dalian Rose Garden Wine Town	Low-Rise Apartment, Villa, Hotel	60%	294,198	154,715
40.	Shijiazhuang Osmanthus Grace	High-Rise Apartment	94.45%	42,250	134,493
41.	Shijiazhuang Guiyu Tinglan	High-Rise Apartment	99%	60,667	253,299
Total				**4,265,971**	**9,937,931**

Greater Bay Area

Projects		Type of Properties	Equity	Site Area	GFA
				(sq.m.)	(sq.m.)
1.	Guangzhou Park Lane	High-Rise Apartment, Villa	16.7%	38,757	276,820
2.	Guangzhou Willow Breeze	High-Rise Apartment	29.96%	45,234	140,629
3.	Guangzhou Xiaofeng Yinyue	High-Rise Apartment	49.24%	40,165	115,444
4.	Guangzhou Nansha Hengli Block 2020NJY-17	High-Rise Apartment, Serviced Apartment	33%	22,720	112,976
5.	Foshan Young City	High-Rise Apartment, Serviced Apartment	41%	112,717	325,930
6.	Foshan Yunyue Jiangshan	High-Rise Apartment	20.63%	189,897	563,213
7.	Foshan Guiyu Yingyue	High-Rise Apartment, Commercial	100%	43,229	177,669
Total				**492,719**	**1,712,681**

The Middle Reaches of the Yangtze River Area

Projects		Type of Properties	Equity	Site Area	GFA
				(sq.m.)	(sq.m.)
1.	Wuhan Phoenix Mansion	High-Rise Apartment, Villa	80%	99,200	199,186
2.	Wuhan Fengqi Tinglan	High-Rise Apartment	14%	78,609	465,185
3.	Wuhan Sincere Garden	High-Rise Apartment	100%	33,333	122,624
4.	Wuhan Guiyu Chaoyang	High-Rise Apartment	70%	123,479	594,982
5.	Wuhan Jinlin Jiuli	High-Rise Apartment, Villa	31.25%	116,004	337,943
6.	Changsha Bamboo Garden	Villa	49.47%	435,757	171,813
7.	Changsha Mingyue Jiangnan	High-Rise Apartment, Villa	50%	72,155	217,694
8.	Gao'an Bafuluo	Villa	34%	533,458	617,043
Total				**1,491,995**	**2,726,470**

Chengdu-Chongqing Area

Projects		Type of Properties	Equity	Site Area	GFA
				(sq.m.)	(sq.m.)
1.	Chengdu Sincere Garden	High-Rise Apartment	45%	70,282	265,524
2.	Chengdu Sichuan Cuisine Town	Villa, Commercial	60%	91,782	55,520
3.	Meishan Pengshan Hupan Yunlu	High-Rise Apartment, Villa	100%	45,140	93,983
4.	Chongqing Xiaofeng Yinyue	High-Rise Apartment, Low-Rise Apartment	100%	96,079	212,541
5.	Chongqing Guiyu Jiuli	High-Rise Apartment, Villa	49%	56,931	197,429
6.	Chongqing Chunxi Yunlu	Low-Rise Apartment	100%	137,127	277,830
Total				**497,341**	**1,102,827**

Others in China

Projects		Type of Properties	Equity	Site Area	GFA
				(sq.m.)	(sq.m.)
1.	Hainan Blue Town	Integrated Community	51%	862,458	760,603
2.	Xi'an National Games Village	High-Rise Apartment, Villa, Hotel	51%/80%	640,335	2,223,319
3.	Xi'an Chunfeng Xinyu	High-Rise Apartment, Commercial	86%	482,982	2,216,765
4.	Fuzhou Guiyu Yingyue	High-Rise Apartment	50%	50,735	165,828
5.	Fuzhou Haitang Yingyue	Low-Rise Apartment	100%	18,479	40,004
6.	Fuzhou Rongxin Yingyue	High-Rise Apartment	26%	49,489	224,132
7.	Fuzhou Wenlan Mingyue	High-Rise Apartment	51%	36,671	98,454
8.	Xinjiang Lily Apartment	Commercial, Office, Serviced Apartment	58%	32,370	215,479
9.	Xinjiang Mingyue Lanting	High-Rise Apartment	51.49%	132,464	309,678
10.	Zhengzhou Hupan Yunlu	High-Rise Apartment	69.53%	56,248	142,018
11.	Zhengzhou Mingyue Binhe	High-Rise Apartment	36.41%	80,811	223,271
12.	Zhengzhou Yanming Lake Rose Garden	Low-Rise Apartment, Villa, Hotel	100%	271,135	272,542
13.	Kaifeng Longting District Cultural Investment Project	Villa	51%	68,740	85,235
14.	Xinyang Lily City	High-Rise Apartment, Low-Rise Apartment	20%	77,662	181,698
15.	Kunming Sincere Garden	High-Rise Apartment	100%	30,504	127,529
16.	Kunming Shuangta Block KCXS 2019-16	High-Rise Apartment, Serviced Apartment	100%	48,097	257,035
17.	Daqing Majestic Mansion	High-Rise Apartment, Low-Rise Apartment, Villa	100%	134,975	244,519
Total				**3,074,155**	**7,788,109**

Overseas

Projects		Type of Properties	Equity	Site Area	GFA
				(sq.m.)	(sq.m.)
1.	Indonesia Jakarta Project	High-Rise Apartment, Commercial	10.1%	136,314	778,952
2.	Canada Coquitlam Project	High-Rise Apartment	40%	6,934	13,611
3.	Seattle Graystone	High-Rise Apartment	70%	2,006	38,171
Total				**145,254**	**830,734**

Contractual Arrangements

In China, land use rights can be obtained in the primary market or the secondary market. See "*—Contractual Arrangements—Land Acquisition.*" Land acquisitions in the secondary market are usually not subjected to the public tender, auction and listing-for-sale requirements and can be completed by agreements among the relevant parties through private negotiation. From time to time, we may enter into contractual arrangements to participate in land acquisitions or development in the secondary market. In most cases, we are required to prepay deposits, advances or other consideration under these contractual arrangements. These deposits, down payments or other consideration are unsecured obligations and have been accounted for as prepayment for proposed development projects in our consolidated financial statements.

Land Acquisition

Under current PRC laws and regulations, land use rights for the purposes of industrial use, commercial use, tourism, entertainment and commodity housing development must be granted by the government through public tender, auction or listing-for-sale. When deciding to whom to grant the land use rights, the relevant authorities will consider not only the tender price, but also the credit history and qualifications of the tenderer and its development proposal. When land use rights are granted by way of a tender, an evaluation committee consisting of no fewer than five members (including a representative of the grantor and other experts) evaluates and selects the tenders that have been submitted. If land use rights are granted by way of an auction, a public auction is held by the relevant local land bureau and the land use rights are granted to the highest bidder.

Under current PRC laws and regulations, original grantees of land use rights may sell, assign or transfer the land use rights granted to them in the secondary markets. The "primary market" commonly refers to the grant of state-owned land use rights by relevant governmental authorities, and the "secondary market" commonly refers to the acquisition of land use rights from entities or persons which hold granted land use rights. PRC laws allow grantees of land use rights to dispose of the land use rights granted to them through secondary market sales, subject to the terms and conditions of the land use rights grant contracts and relevant laws and regulations. Unless otherwise required by relevant PRC laws and regulations, land acquisition in the secondary market is not subject to mandatory public tender, auction or listing-for-sale and can be accomplished by agreement among the relevant parties.

During the years ended December 31, 2018, 2019 and 2020 and the six months ended June 30, 2021, we have successfully acquired land through the following means:

- public tender, auction and listing-for-sale organized by the relevant governmental authorities;
- acquisition of controlling equity interests in companies that possess the land use; and
- rights for targeted land.

We intend to continue to expand our land reserves for new property developments through public tender, auction, listing-for-sale as well as mergers and acquisitions.

Financing of Property Development

Historically, our main sources of funding for our property developments are internal funds, proceeds from pre-sales and sales of properties and borrowings from banks and other financial institutions. During the years ended December 31, 2018, 2019 and 2020 and the six months ended June 30, 2021, all of our payments of land premiums have been funded by internal funds and proceeds from the pre-sales of properties and debt financing. We typically use internal funds, proceeds from pre-sales and loans from PRC commercial banks to finance the construction costs for our property developments. We plan to use bank borrowings, internal funds, proceeds from the pre-sales and sales of our properties, and other cash generated from our operation to finance our future payments of property developments. From time to time, we also seek to obtain further funding to finance our project developments and may seek to obtain further funding to finance our future payments of property developments by accessing the international capital markets. During the six months ended June 30, 2021, our weighted average interest rate was 4.6% *per annum*, which decreased by 60 basis points as compared to the corresponding period in 2020. During the year ended December 31, 2020, our weighted average interest rate was 4.9% per annum, which decreased by 0.4% as compared to 2019.

Our financing methods vary from project to project and are subject to limitations imposed by PRC regulations and monetary policies.

Project Planning and Design Work

We have an engineering and procurement division and a design management division which work with our project managers as well as external designers and architects in project planning and design phases. Our senior management is regularly involved in our land acquisition and development process, especially in the master planning and architectural design of our projects. We have established written procedures to manage our planning and design process. By implementing these procedures, we can unify planning and overall coordination. We also implement a series of review and design guidelines for our planned projects.

We engage external design firms to carry out design work for our projects according to our design standards and guidelines. We select the design firm based on an evaluation of their proposed concept designs, technical capacities and track record in developing similar projects. Our design management division coordinates and works with the selected design firms in major aspects of the design process, including product positioning, master planning, concept design, layout and architectural design, landscape design and interior design.

Our design contracts generally include a price list and basis for calculating the design fees such as price per sq.m. of GFA and dispute resolution provisions. We generally make payments in instalments according to the progress of a project and settle the balance of the contract amounts after the project has passed the requisite governmental inspections and acceptances. We adopt procedures for project monitoring and quality control during the construction process to ensure that the project construction complies with design drawings, regulations, technical standards and contract requirements.

In order to standardize our decision-making procedures, we established the Greentown China Planning and Design Committee and Engineering Quality Committee with an aim to implement a regulated and systematic decision-making process. Our founder, Mr. Song Weiping serves as the Honorary Chairman of the Planning and Design Committee. The Planning and Design Committee engages professional design companies as external experts, to jointly make decisions in relation to project planning and design and supervises product quality.

Project Management

We maintain a systematic development approach even though each project is specifically designed to cater to the target market. We have established various centralized divisions to oversee and control the major steps of our developments. These centralized divisions include the investment and development division, the engineering and procurement division, the design management division, the cost management division, the finance division and the customer services and sales division. Our investment and project development division is responsible for performing market and site analysis on the feasibility of potential projects and preparing the preliminary budget for each new project. Our engineering and procurement management division manages our material procurement and project construction. Our design management division is responsible for ensuring that construction is conducted in accordance with our planning, project design and construction drawings. Our cost management division focuses on cost control in our project development process, particularly land acquisition, project planning and design, construction and finance. Our finance division is responsible for providing senior management with the relevant cost and other financial information in relation to our operations. Our customer service and sales division works with our other centralized divisions throughout the development process to ensure that our products meet market trends and regional preferences. The involvement of these centralized divisions in the process of a project development enables us to achieve consistency in project management and synergies across our various projects.

In order to effectively carry out daily development functions in projects in various cities and regions, we have established project companies in the respective cities or regions to implement the significant strategic decisions by our centralized divisions. Our engineering and procurement division is principally responsible for managing these project companies and coordinating among the centralized divisions and regional project companies at each stage of a development project.

We plan to focus on the following areas to promote product management and strengthen cost control while maintaining the quality of our products:

- Industrialization—improve the degree of industrialization, production efficiency and quality, and foster upstream and downstream integration within the industry chain.

- Standardization—promote standardization of products and processes, and adopt a Japanese-style approach to construction management aimed at ensuring development efficiency and product quality.

- Digitalization—introduce smart home and smart community applications to new projects to improve product performance and operational efficient, and enhance customer service experience.

- Eco-friendliness—enhance eco-friendliness in the design, materials, construction, testing and other aspects of new projects.

We also plan to establish a product IP management system aimed at ensuring product innovation, as we believe the creation of a strong portfolio of product IPs will help to accelerate project turnover as well as the commercialization of our brand, products and standards and maximize the benefits of our intangible assets.

Procurement

We directly purchase certain major building materials and equipment such as aluminum alloys and elevators from suppliers and engage them for the installation of such materials and equipment. The amount paid for materials directly procured by us constitutes only a small portion of our total costs of materials because most construction materials are procured through our construction contractors. We have established a screening and bidding process to select material suppliers. We make decisions in selecting suppliers based on a set of factors including product quality, production capacity, management and implementation capability, track record and after-sales services. Our construction contractors are responsible for procuring most construction materials. For procurement of key construction materials, we typically designate a few brands which our construction contractors are required to procure.

Project Construction

We have historically contracted all of our construction work to independent construction companies. These construction companies carry out various work including foundation leveling, civil engineering construction, equipment installation, internal decoration, landscaping and various engineering work. Under relevant PRC laws and regulations, a construction company is required to hold the relevant construction qualification certificate for the type of construction it undertakes. We have guidelines for selecting construction companies and typically invite at least three qualified construction companies to bid through a tender process. We limit our selection of construction contractors to those which have obtained the relevant construction certificates and necessary licenses, including construction enterprise qualification certificates, safety permits and permits for production of industrial products. When selecting construction contractors, we consider various factors including quality and safety, reputation, track record in similar-size projects, technical and construction capabilities and proposed construction schedule and price.

The construction contracts we enter into with construction companies typically provide for the completion date of the construction projects, quality and safety requirements mandated by relevant PRC laws and regulations and our quality standards and other specifications. Our construction contracts generally provide progressive payment arrangements according to construction phases for additional quality assurance. We typically withhold 5.0% of the contract sum for one to two years after the completion of construction as the additional quality warranty retention, although in some cases up to 20.0% of the contract sum is retained. During the years ended December 31, 2018, 2019 and 2020 and the six months ended June 30, 2021, we did not experience any material problems with services provided by our third-party construction contractors.

Quality Control and Construction Supervision

We emphasize quality control and adopt our quality control procedures to ensure that our properties and services comply with relevant rules and regulations relating to quality, safety and total permitted GFA and meet market standards. We adopt written selection and specification requirements for procurement of each type of material and equipment, including brand requirements, quality, technical standards, sample inspection and random quality inspection. We impose ingredient specifications for certain important construction materials such as cement. In addition, construction materials must go through the procedures of submission, sampling and testing before they are used in our projects.

We have adopted a construction plan design manual, which sets out the general classifications and illustrative guidelines for the quality specifications and parameters of our construction projects. It contains various aspects of design requirements, including construction and decoration, structural design, power supply, drainage and air conditioning systems, as well as environmental protection matters. In addition, we have adopted a manual for the general design of residential projects, which sets out the guidelines and requirements for our residential developments by classes and standards in terms of applications, environmental and economic functions, safety, and durability.

We have formulated internal control standards and procedures to regulate all major processes and procedures in our construction works. We require external contractors to adhere to the guidelines in respect of our standards and procedures, comply with relevant PRC laws and regulations in carrying out their work, and report any deviations and instances of non-compliance. Our project engineers perform on-site supervision during our construction process and conduct progressive inspections at each construction phase. We assign evaluation teams to perform on-site evaluation reviews of our existing contractors periodically with respect to construction quality, safety control and their compliance with the relevant PRC regulations and standards relating to building materials and workmanship. We also prepare detailed quality evaluation reports for each unit of our projects after construction is completed.

In addition, we engage independent third-party supervisory companies to monitor, control and manage the construction progress of our projects, including quality, cost control, safety, quality control of construction materials and equipment, and to conduct on-site inspection. Our contracts with supervisory companies generally set out payment terms, fee calculation methods and dispute resolution provisions. The supervisory fees are generally determined either at a negotiated percentage of the total construction cost of the construction project, or according to the number of supervisory personnel deployed. We generally make progressive payments to our supervisory companies according to construction phases until they complete the relevant services.

We are not responsible for any labor problems in respect of workers employed by our contractors or accidents and injuries that may be incurred by those workers on our construction sites if such accidents or injuries were not caused by us. These risks are borne by our contractors as provided for in our contracts with them. During the years ended December 31, 2018, 2019 and 2020 and the six months ended June 30, 2021, we were not aware of any non-compliance by the construction contractors with the PRC laws and regulations relating to environmental protection, health and safety or labor disputes raised by our contractors or subcontractors.

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

To enhance the awareness of responsibility at each level and promote a systematic management and control standard, in 2019, we conducted a systematic inspection on our subsidiaries and more than 30 key projects or those with development difficulties, as well as in-depth analysis on issues regarding internal systems, mechanisms and team building. In 2020, we established a design-sharing center, which collaborates with our construction research center to help implement our design across our operations. We plan to use the results of such inspection as a basis to implement further improvements, which we expect to form a solid foundation for subsequent quality developments.

Sales and Marketing

Our sales team in our sales and customer service division is responsible for executing our overall marketing strategy and sales and product promotion plans. We provide training programs and courses to our sales staff with different levels of experience. Our sales team conducts markets analysis, prepares promotional designs and project brochures, organizes on site promotions, arranges advertising campaigns, recommends pricing, sets sales related policies and manages our customer relationships.

In the first half of 2021, we applied the marketing strategy of "all staff, all people, all aspects", and responded actively to the unexpected epidemic and market changes with flexible marketing strategies. This included carrying out special promotion campaigns such as "Spring Plan (春天計劃)", "Refreshing Seasons in Spring and Summer (春夏煥新季)", and facilitating marketing promotion through online brand activities on three major online platforms. In 2020, we achieved an overall sell-through rate of 71%. We initiated various marketing campaigns to reduce inventories that are difficult to sell. We also implemented project group management in marketing to reduce costs and improve efficiency. The average sales amount per capita increased to RMB93.4 million in 2020, representing an increase of 11% from 2019. In the first half of 2021, our real estate selling expenses to sales amount ratio decreased 11.1% as compared to the same period in 2020.

Pre-Sale

In line with market practice, we pre-sell properties prior to the completion of their construction. Under applicable PRC laws and regulations, the following conditions must be met prior to commencing any pre-sale of any particular property development:

- the land premium has been fully paid and the relevant land use rights certificate has been duly issued;
- the construction land planning permit, construction works planning permit and the construction works commencement permit have been duly issued;
- the funds contributed to the property development may not be less than 25% of the total amount required to be invested in the project;
- the progress and the expected completion date and delivery date of the construction work have been ascertained; and
- a pre-sale permit has been duly issued by the relevant construction bureau or real estate administration authority.

In addition, our pre-sale activities are subject to the relevant regulations of the cities where our property projects are located. We complied with the relevant regulations in relation to the pre-sale of properties in the cities where we have undertaken pre-sale activities during the years ended December 31, 2018, 2019 and 2020 and six months ended June 30, 2021, respectively. During the years ended December 31, 2018, 2019 and 2020 and the six months ended June 30, 2021, we did not encounter any defaults committed by our customers in pre-sales or sales contracts that had a material adverse effect on our business operations or financial condition. See "*Risk Factors—Risks Relating to the Real Estate Industry in China—We are exposed to contractual, legal and regulatory risks related to pre-sales.*"

Delivery and After-Sales Services

We endeavor to deliver our products to our customers in a timely manner. We closely monitor the progress of construction of our property projects and conduct pre-delivery property inspections to ensure the quality of our properties. The time frame for delivery is set out in the sale and purchase agreements entered into with our customers. Once a property project or project phase has passed the requisite inspections and is ready for delivery, our sales and customer service division will notify our customers, and together with representatives of the construction contractors and third-party supervisory companies, inspect the properties prior to delivery to ensure quality. Furthermore, our customer services and sales division generally assists the purchasers of our properties with mortgage financing applications, title registrations and obtaining their property ownership certificates.

Our after-sales services are customer-oriented. Our objective is to ensure continued customer satisfaction. Our sales and customer service division is responsible for our after-sale services for each of our various projects. We offer multiple communication channels for our customers to provide feedback and complaints about our products or services, including a customer service hotline. We also study customer satisfaction through third-party research. We also cooperate with our property management companies to handle customer complaints. We seek to make timely adjustments to products and services to meet our customers' needs.

Payment Arrangements

Purchasers of our residential properties, including those purchasing pre-sale properties, may pay us using mortgage loans from banks. We typically require our purchasers to pay a nominal non-refundable deposit upon entering into provisional purchase contracts. If the purchasers later decide not to enter into formal sale and purchase agreements, they will forfeit such deposits. Upon executing the formal sale and purchase agreements, the purchasers are typically required to pay not less than 30% of the total purchase price of the property within five days, and the mortgagee banks will pay the remaining balance once the customers have completed the mortgage application procedures. If the purchasers choose to fund their purchases with mortgage loans provided by banks, it is their responsibility to apply for and obtain the mortgage approvals although we will assist them on an as needed basis. The payment terms of sales and pre-sales of properties are substantially identical.

Most of our customers purchase our properties with the assistance of mortgage financing. In accordance with industry practice in China, we provide guarantees to mortgagee banks in respect of the mortgage loans provided to the purchasers of our pre-sold properties. Under the guarantees, we are required to guarantee the timely repayment of the principal and interest amount of the loans by the purchasers. As a guarantor, we are jointly responsible for the payment of the mortgage loan. These guarantees are released upon the earlier of (i) the relevant property ownership certificates being delivered to the purchasers; and (ii) the settlement of mortgage loans between the mortgagee banks and the purchasers of our properties.

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 at December 31, 2018, 2019 and 2020 and June 30, 2021, our outstanding guarantees on mortgage loans of the purchasers of our properties amounted to RMB33,938 million, RMB35,651 million, RMB37,066 million (US$5,741 million) and RMB44,187 million (US$6,844 million), respectively. During the years ended December 31, 2018, 2019 and 2020 and the six months ended on June 30, 2021, we did not encounter any material mortgage loan default with respect to which we were required by mortgagee banks to honor our obligations. See "*Risk Factors—Risks Relating to the Business—We guarantee mortgage loans of our customers and may be liable to the mortgagee banks if our customers default on their mortgage payments*."

Hotel Operations

We have a number of hotel operations including ones which we consider to have mature operations as a result of their growing customer base. See "*—Property Portfolio*." In the first half of 2021, we recorded revenue of RMB353 million (US$54.7 million) from hotel operations, representing an increase of 65.7% from RMB213 million in the corresponding period, mainly due to the impact of the outbreak of COVID-19 on hotel operations. In 2020, we recorded revenue of RMB720 million (US$111.5 million) from hotel operations, representing a decrease of 18.0% from RMB878 million in 2019, mainly due to the impact of the outbreak of COVID-19 on hotel operations. In 2019, we recorded revenue of RMB878 million from hotel operations, representing an increase of 13.1% from RMB776 million in 2018, mainly because Banyan Tree Anji and InterContinental Ningbo commences operations in the second half of 2018.

Investment Properties

Investment properties are properties (including the leasehold interest under an operating lease for a property which would otherwise meet the definition of an investment property) held to earn rentals and/or for capital appreciation. We lease out various offices and retail stores under operating leases with rentals receivable monthly. The leases typically run for an initial period of one to 20 years, with unilateral rights to extend the lease beyond the initial period held by lessees only. All our lease arrangements are denominated in the respective functional currencies of our group entities. The lease contracts do not contain residual value guarantee and/or lessee's option to purchase the property at the end of lease term.

In the first half of 2021, our rental income from investment properties amounted to RMB91 million (US$14 million), representing an increase of 35.8% from RMB67 million in the corresponding period in 2020, mainly due to some impact on the hotels and commercial operations resulted from the outbreak of COVID-19 in the corresponding period of 2020, and daily operations had resumed during the same period in 2021. In 2020, our rental income from investment properties amounted to RMB162 million (US$25.1 million), representing a decrease of 1.2% from RMB164 million in 2019, which was mainly due to some impact on the hotels and commercial operations resulted from the outbreak of COVID-19, and daily operations had gradually resumed. In 2019, our rental income from investment properties amounted to RMB164 million (US$23 million), representing an increase of 92.9% from RMB85 million in 2018, which was mainly attributable to an increase in rental income of the Jinan Financial Centre (濟南金融中心) offices which commenced operation in the second half of 2018.

Properties Used by the Company

We use the office space at Huanglong Century Plaza in Hangzhou as our headquarters. We lease this office space from Greentown Holdings Group and its associate Zhejiang Century Square Investment Company Limited.

Acquisitions

Acquisition of Equity Interest in Shanghai Zhonghan

On April 19, 2020, Greentown Real Estate Group Company Limited (綠城房地產集團有限公司) ("**Greentown Real Estate**"), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company, entered into a share transfer and cooperation agreement (the "**Shanghai Zhonghan Agreement**") with Xinhu Zhongbao Co., Ltd. (新湖中寶股份有限公司) ("**Xinhu Zhongbao**"), a company established in the PRC with limited liability, and Shanghai Zhonghan Real Estate Co., Ltd. (上海中瀚置業有限公司) ("**Shanghai Zhonghan**"), a company established in the PRC with limited liability. Pursuant to the Shanghai Zhonghan Agreement, Greentown Real Estate agreed to acquire 35% of the equity interest in Shanghai Zhonghan from Xinhu Zhongbao for an aggregate amount of RMB1,900,000,000, comprising a share transfer consideration of RMB517,372,740.78 and financial assistance of RMB1,382,627,259.22. The purpose of the Shanghai Zhonghan Agreement is mainly to set out the terms of cooperation between Xinhu Zhongbao and Greentown Real Estate for the development of phase two of the Qinglan International City Project, which is situated in Jing'an District, Shanghai in the PRC, with a GFA of approximately 184,826.33 sq.m.

Acquisition of Equity Interest in Zhejiang Qifeng

On April 19, 2020, Greentown Real Estate entered into a share transfer and project cooperation agreement (the "**Zhejiang Qifeng Agreement**") with Xinhu Zhongbao (together with its subsidiaries, the "**Xinhu Zhongbao Group**"), Zhejiang Qifeng Industrial Co., Ltd. (浙江啟豐實業有限公司) ("**Zhejiang Qifeng**"), Shenyang Shenbei Jingu Real Estate Co., Ltd. (瀋陽沈北金穀置業有限公司) ("**Jingu Real Estate**"), Shenyang Xinhu Pearl Real Estate Co., Ltd. (瀋陽新湖明珠置業有限公司) (together with Jingu Real Estate, the "**Zhejiang Qifeng Project Companies**") and Shenyang Xinhu Real Estate Development Co., Ltd. (瀋陽新湖房地產開發有限公司) ("**Shenyang Xinhu**"). Pursuant to the Zhejiang Qifeng Agreement, Greentown Real Estate agreed to acquire 100% of the equity interest in Zhejiang Qifeng from the Xinhu Zhongbao Group for an aggregate amount of RMB378,813,820, comprising a share transfer consideration of RMB186,313,820 and financial assistance of RMB192,500,000.

Prior to the completion of the acquisition, Zhejiang Qifeng and Shenyang Xinhu (both subsidiaries of Xinhu Zhongbao), owned 35% and 65% of the equity interests in the Zhejiang Qifeng Project Companies, respectively. The Zhejiang Qifeng Project Companies currently develop three real estate development projects in Shenyang, the PRC, namely (i) the Xianlin Golden Valley project, a project situated in Shenyang, the PRC with a GFA of approximately 589,015.07 sq.m.; (ii) the Xinhu Bay project, a project situated in Shenyang, the PRC with a GFA of approximately 187,420.87 sq.m.; and (iii) the Xinhu Beautiful Island project, a project situated in Shenyang, the PRC with a GFA of approximately 292,527.28 sq.m. Upon completion of the acquisition, Greentown Real Estate (via Zhejiang Qifeng) would indirectly enjoy and assume 35% of the rights and obligations attributable to the Zhejiang Qifeng Project Companies. The purpose of the Zhejiang Qifeng Agreement is mainly to set out the terms of cooperation between Xinhu Zhongbao and Greentown Real Estate for the development of the Zhejiang Qifeng Project Companies.

Acquisition of Equity Interest in Zhejiang Qizhi

On April 24, 2020, Greentown Real Estate entered into a share transfer and project cooperation agreement (the "**Zhejiang Qizhi Agreement**") with Xinhu Zhongbao, Zhejiang Qizhi Industrial Co., Ltd. (浙江啟智實業有限公司) ("**Zhejiang Qizhi**"), a company established in the PRC with limited liability, Nantong Qixin Real Estate Co., Ltd. (南通啟新置業有限公司) ("**Nantong Qixin**"), a company established in the PRC with limited liability, Nantong Qiyang Construction Development Co., Ltd. (南通啟陽建設開發有限公司) ("**Nantong Qiyang**," and together with Nantong Qixin, the "**Zhejiang Qizhi Project Companies**"), a company established in the PRC with limited liability and Zhejiang Xinhu Real Estate Group Co., Ltd. (新湖地產集團有限公司) ("**Xinhu Real Estate**"), a company established in the PRC with limited liability. Pursuant to the Zhejiang Qizhi Agreement, Greentown Real Estate agree to acquire 100% of the equity interests in Zhejiang Qizhi from Xinhu Real Estate for an aggregate amount of RMB1,151,318,860, comprising a share transfer consideration of RMB397,718,860 and financial assistance of RMB753,600,000.

Each of Zhejiang Qizhi and Xinhu Real Estate owns 50% of the equity interests in the Zhejiang Qizhi Project Companies, and the Zhejiang Qizhi Project Companies currently develop two real estate development projects in Nantong, namely, (i) the construction project situated in Nantong, Jiangsu, the PRC, developed by Nantong Qixin, with a planned aboveground GFA of approximately 1,078,299.9 sq.m; and (ii) the construction project situated in Nantong, Jiangsu, the PRC, developed by Nantong Qiyang, with a planned aboveground GFA of 347,025 sq.m. The purpose of the Zhejiang Qizhi Agreement is mainly to set out the terms of cooperation between Xinhu Zhongbao and Greentown Real Estate for the development of the Zhejiang Qizhi Project Companies.

Acquisition of Equity Interest in Nantong Xinhu

On April 24, 2020, Greentown Real Estate entered into a share transfer and project cooperation agreement (the "**Nantong Xinhu Agreement**") with Xinhu Zhongbao, Nantong Xinhu Real Estate Co., Ltd. (南通新湖置業有限公司) ("**Nantong Xinhu**"), a company established in the PRC with limited liability, and Xinhu Real Estate, pursuant to which Greentown Real Estate agreed to acquire 50% of the equity interests in Nantong Xinhu from the Xinhu Real Estate for an aggregate amount of RMB672,397,370, comprising a share transfer consideration of RMB71,547,370 and financial assistance of RMB600,850,000. Nantong Xinhu develops a real estate development project in Nantong, with a planned above ground GFA of approximately 555,111.19 sq.m. The purpose of the Nantong Xinhu Agreement is mainly to set out the terms of cooperation between Xinhu Zhongbao and Greentown Real Estate for the development of Nantong Xinhu.

Acquisition of Shares in Shanghai Xinhu Real Estate Development Co., Ltd.

On December 17, 2019, Greentown Real Estate, Zhejiang Yunsheng Investment Co., Ltd. (浙江允升投資集團有限公司) ("**Zhejiang Yunsheng**") and Xinhu Real Estate Xinhu Real Estate Group Co., Ltd. (新湖地產集團有限公司) ("**Xinhu Real Estate**") (each of Zhejiang Yunsheng and Xinhu Real Estate, an independent third party, and collectively, the "**Vendors**"), Shanghai Xinhu Real Estate Development Co., Ltd. (上海新湖房地產開發有限公司), a company established in the PRC (the "**Target Company**"), and Xinhu Zhongbao Co., Ltd. (新湖中寶股份有限公司), the Vendors' parent, entered into a share transfer and cooperation agreement (the "**Share Transfer and Cooperation Agreement**"), pursuant to which Greentown Real Estate agreed to acquire 35% of the total shares of the Target Company as at the date of the Share Transfer and Cooperation Agreement, for an aggregate amount of RMB3,600,000,000, comprising a share transfer consideration of RMB550,000,000 and financial assistance of RMB3,050,000,000. The purpose of the Share Transfer and Cooperation Agreement is mainly to set out

the terms of cooperation among Greentown Real Estate, the Vendors and Shenzhen Donghaichao Investment Development Co., Ltd. (深圳市東海潮投資發展有限公司), a company established in the PRC which holds 2% of the total shares of the Target Company as at the date of the Share Transfer and Cooperation Agreement for the development of the Pearl City Project, a construction project of the Target Company situated in Putuo District, Shanghai.

Termination of the Acquisition of Minority Equity Interest in Aeon Life Insurance Company, Ltd.

On December 17, 2018, Greentown Real Estate entered into a share transfer agreement ("**Share Transfer Agreement**") to acquire 900,000,000 shares of Aeon Life Insurance Company, Ltd. (百年人壽保險股份有限公司) ("**Aeon Life**"), representing 11.55% of its total shares as at the date of the Share Transfer Agreement, from an independent third party for a total cash consideration of RMB2,718,000,000 (the "**Proposed Acquisition**"). Aeon Life is a PRC joint stock company regulated by the China Banking and Insurance Regulatory Commission ("**CBIRC**") which is primarily engaged in, among other things, providing life insurance, health insurance, personal accident insurance and re-insurance. Consummation of the Proposed Acquisition under the Share Transfer Agreement is conditional upon, among other things, CBIRC's approval of the change of Aeon Life's shareholders as a result of the Proposed Acquisition. As of December 31, 2019, CBIRC had not issued the approval. As such, the Share Transfer Agreement has been terminated pursuant to the terms and provisions thereof, and the vendor has refunded to Greentown Real Estate the full purchase price paid by Greentown Real Estate in 2018.

Competition

We believe that the property markets in Zhejiang Province and other parts of China are highly fragmented. We compete with other real estate developers based on a number of factors including product quality, service quality, price, financial resources, brand recognition and ability to acquire proper land reserves. Our existing and potential competitors include private and public developers in the PRC and Hong Kong. Our competitors may have more experience and resources than we do. We believe we maintain a competitive position with our well-known "Greentown" brand in Zhejiang Province, property projects covering most of the economically prosperous cities such as Hangzhou, Ningbo, Taizhou, Shaoxing and other cities in Zhejiang Province. Since the commencement of our national expansion strategy in 2000, we have extended our business to other important cities in the PRC, including Shanghai and Jiangsu in the Yangtze River Delta Area, Shandong, Beijing, Hebei, Liaoning and Tianjin in the Bohai Rim Area, Guangdong in the Pearl River Delta Area, Chongqing and Sichuan in the Chengdu-Chongqing Area, as well as other provincial cities and areas such as Hainan, Shaanxi, Heilongjiang, Henan, Xinjiang, Hunan, Hubei, Fujian and Anhui. We believe major barriers to enter into these markets include a potential new entrant's limited knowledge of local property market conditions and limited brand recognition in these markets. See "*Risk Factors—Risks Relating to the Real Estate Industry in China—Increasing competition in the PRC may adversely affect our business and financial condition.*"

Intellectual Property Rights

Greentown Holdings Group has registered the trademarks and service marks of "綠城" (Greentown) and "綠城房產" (Greentown Real Estate) with the PRC Trademark Office (中國人民共和國商標局) under various categories including property development, construction, property lease and real estate agency. In addition, certain trademarks related to "綠城" (Greentown) are currently registered respectively under the names of Greentown Holdings Group and certain of our member(s) under various classes and categories of services and products in accordance with PRC law. Greentown Holdings Group has granted us a license to use the trademarks and service marks "綠城" (Greentown) and "綠城房產" (Greentown Real Estate) free of charge in a trademark licensing agreement entered into between Greentown Holdings Group and us dated June 22, 2006. The term of the trademark licensing agreement is ten years subject to an automatic extension for a further ten years if so requested by us one month before the expiry date. The trademark licensing agreement was extended on November 30, 2015 and is valid until December 31, 2025. On June 25, 2016, we entered into a trademark assignment framework agreement with Greentown Holdings Group pursuant to which Greentown Holdings Group agreed to assign certain "Greentown" trademarks, including the "綠城" (Greentown) and "綠城房產" (Greentown Real Estate) trademarks, to us. On July 13, 2017, the transfer of the 12 trademarks registered with the State Trademark Bureau of the PRC was completed. The division and transfer of two trademarks registered in Hong Kong has not been completed. See "*Related Party Transactions*" and "*Risk Factors—Risks Relating to Our Business—A third party's inappropriate use of the trademarks and service marks "綠城" (Greentown)* and *"綠城房產" (Greentown Real Estate) may damage our reputation and negatively affect our financial condition and results of operations*" for further details.

Insurance

We maintain group accident insurance for our employees. The insurance primarily insures our employees for personal injuries in our workplace or on our construction sites. We do not, however, maintain property damage or third-party liability insurance for our workplace, construction sites or property developments. Under PRC law, these types of insurance are not mandatory and may be purchased on a voluntary basis. We and our construction contractors monitor the quality and safety measures adopted at our construction sites to lower the risks of damage to our property and liabilities that may be attributable to us. We re-evaluate the risk profile of the property development business and adjust our insurance practices from time to time. We believe we have sufficient insurance coverage in place and that our insurance practice is in line with the customary practice in the PRC real estate industry.

However, there are risks that are not covered, and we are self-insured for money losses, damages and liabilities that may arise in our business operations. See the section entitled "*Risk Factors—Risks Relating to the Business—We may suffer certain losses not covered by insurance.*"

Employees

As at June 30, 2021, we have a total of 8,917 employees. Employees are remunerated on the basis of their performance, experience and prevailing industry practices. The Group's remuneration policies and packages are reviewed by our remuneration committee and the Board on a regular basis. As an incentive for employees, bonuses, cash awards and share options may also be given to employees based on individual performance evaluation.

In 2018, we established "Greentown University," an internal training program, which is in line with our strategy to train talent and groom outstanding employees. We plan to help our employees grow with the Company, focusing on corporate culture inheritance, core talent training, professional capabilities improvement and knowledge application and management.

Environmental and Safety Matters

We are subject to PRC environmental laws and regulations as well as environmental regulations promulgated by local governments. We are required to engage qualified agencies to conduct an environmental assessment and submit an environmental impact assessment report to the relevant governmental authorities for approval before construction begins. Under relevant PRC laws and regulations, when there is a material change in respect of the construction site, or the scale or nature of a project, a property developer must submit a new environmental impact assessment report for approval. During the course of construction, the property developer and the construction companies must take measures to minimize air pollution, noise pollution and water and waste discharge. Upon completion of each property development, the relevant governmental authorities will inspect the site to ensure that applicable environmental standards have been met. The inspection report is then submitted together with other specified documents to the local construction administration authorities for the record. See "*Risk Factors—Risks Relating to the Real Estate Industry in China—Potential liability for environmental damages could result in substantial cost increases.*"

During the course of property development, our construction may result in the creation of dust, noise, waste water and solid construction waste. Our construction contractors, under the construction contracts, are responsible for performing all necessary measures to prevent pollution and enhance environmental control of the construction sites and to comply with relevant laws and regulations. We endeavor to comply with relevant PRC laws and regulations on environmental protection and safety by (i) engaging qualified construction contractors and requiring the construction contractors to take steps to minimize adverse environmental impact during construction and to be responsible for the final cleanup of the construction site, (ii) monitoring the project at every stage to ensure the construction process is in compliance with the environmental protection and safety laws and regulations, and (iii) requiring the construction contractors to immediately remedy any default or non-compliance.

Inspections of each of our completed property projects by the relevant PRC governmental authorities to date have not revealed any environmental liability which we believe would have a material adverse effect on our business operations or financial condition. During the years ended December 31, 2018, 2019 and 2020, and the six months ended June 30, 2021 we did not experience any material environmental pollution incidents and we incurred insignificant costs in connection with our compliance with environmental and safety laws and regulations. As at June 30, 2021, all of our completed property projects and properties under construction had received the requisite environmental approvals.

We monitor the safety measures adopted by our construction contractors and safety aspects of the construction process through engaging independent third-party supervisory companies to oversee compliance with environmental and health and safety laws and regulations. See "*—Quality Control and Construction Supervision*" for further details. In relation to workplace safety on our construction sites, our construction contractors are generally responsible for any accidents or injuries not caused by us. We also require our construction contractors to purchase accident insurance to cover their workers and to adopt appropriate safety measures, including providing workers with safety training.

We believe that our operations are in compliance with currently applicable national and local environmental and health and safety laws and regulations in all material respects. We intend to continue to comply with relevant PRC environmental and health and safety laws and regulations, to engage only qualified construction contractors with good environmental protection and safety track records and to require the construction contractors to strictly comply with relevant laws and regulations relating to environment and health and safety and to maintain appropriate insurance. We will also continue to educate our employees in relation to the importance of environmental and safety and health issues and to keep abreast of developments in PRC environmental laws and regulations.

Legal Proceedings and Material Claims

We may be subject to legal proceedings from time to time. We are not currently involved in any legal or administrative proceedings that we expect, individually or in the aggregate, to have a material adverse effect on our financial condition, results of operations or liquidity.

Directors

Our Board consists of twelve directors, four of whom are independent non-executive directors. The Board has general powers and duties for the management and conduct of our business. We have entered into service contracts with each of our executive directors and independent non-executive directors.

The table below sets forth certain information regarding our directors as at the date of this offering memorandum:

Name	Age	Position
ZHANG Yadong	53	Chairman and Executive Director
GUO Jiafeng	56	Chief Executive Officer and Executive Director
Wu Wende	57	Executive Director
GENG Zhongqiang	49	Executive Director
LI Jun	43	Executive Director
HONG Lei	49	Executive Director
Stephen Tin Hoi NG[(1)]	69	Non-Executive Director
WU Yiwen	55	Non-Executive Director
JIA Shenghua	59	Independent Non-Executive Director
Zhu Yuchen	60	Independent Non-Executive Director
QIU Dong	64	Independent Non-Executive Director
HUI Wan Fai	45	Independent Non-Executive Director

Notes:

(1) Mr. Andrew On Kiu CHOW as his alternate.

Chairman

ZHANG Yadong (張亞東) Mr. Zhang, aged 53, is our chairman. He joined the Company in May 2018. He graduated from Liaoning University (遼寧大學), Dalian Polytechnic University (大連工業大學), and Xiamen University (廈門大學), and he has a doctoral degree. Mr. Zhang previously served as assistant to general manager, deputy general manager and general manager of Dalian Great Automobile Enterprise Group (大連大汽企業集團), assistant director and deputy director of Dalian High-tech Zone Management Committee, deputy party chief and mayor of Pulandian Municipal Committee of Liaoning Province, and deputy party chief of the party working committee and deputy director of management committee of Dalian Economic and Technological Development Zone, party chief and head of Dalian Urban Construction Bureau, secretary of the leading party members' group and director of Dalian Construction Committee, deputy mayor of Dalian Municipal Government, member of the standing committee and head of United Front Work Department of Dalian Municipal Committee, director and general manager of China Urban and Rural Construction Development Limited (中國城鄉建設發展有限公司) (a wholly owned subsidiary of CCCG). During his tenure as deputy mayor of Dalian Municipal Government, Mr. Zhang was responsible for urban construction and management, including overseeing Dalian Municipal Land Resources and Housing Bureau, Urban and Rural Construction Committee, Planning Bureau, Urban Construction Administration and other related urban construction departments. Mr. Zhang has extensive experience in urban and rural construction and real estate management. Mr. Zhang was appointed as an executive director and chief executive officer of the Company on August 1, 2018 and as chairman of the board of the Company on July 11, 2019. Mr. Zhang resigned as chief executive officer with effect from December 17, 2020. He currently serves as chairman of the board and executive director, and is a member of both Nomination Committee and Remuneration Committee. Mr. Zhang also serves as a non-executive director of Greentown Management (9979.HK).

Executive Directors

GUO Jiafeng (郭佳峰) Mr. Guo, aged 56, was appointed as an executive director of the Company on July 11, 2019, and as chief executive officer on December 17, 2020. He graduated from Zhejiang School of Construction in 1981, majoring in Industrial and Civil Architecture. Mr. Guo has over 33 years ample experience in project development and construction. He previously joined Greentown in April 2000 and served as an executive director from July 2006 to March 2015. He also acted as executive general manager of Greentown Real Estate Group Co., Ltd. and was primarily responsible for the property development of projects in Hunan Changsha, Zhejiang Hangzhou, Zhejiang Zhoushan, Jiangsu Nanjing, Anhui Hefei, Xinjiang, and etc. Mr. Guo mainly engaged in his personal businesses during April 2015 to July 2019. Mr. Guo also serves as chairman of the board of directors and non-executive director of Greentown Management (9979.HK).

WU Wende (吳文德) Mr. Wu, aged 57, was appointed as an executive director and executive president of the Company on March 22, 2021. Mr. Wu graduated from the University of Science and Technology Beijing with a doctoral degree in engineering. Mr. Wu has extensive experience in property operation and management, has partaken in work, and since 1984, has served as Deputy Chief Engineer of Zhongnongxin Real Estate Co., Ltd. (中農信房地產公司), Chief Engineer of Zhongtian Property Co., Ltd. (中天房地產公司), Deputy Party Secretary, Director and General Manager of China National Real Estate Development Group Corporation (中房地產開發集團公司) and Chongqing International Enterprise Investment Co., Ltd (重慶國際實業投資股份有限公司), Deputy General Manager of the Properties Business Department of China Communications Construction Company Limited, Member of the Provisional Party Committee, Director and Deputy General Manager of CCCG Real Estate Group Co., Ltd. (中交房地產集團有限公司), Executive Director and General Manager of China Residential Properties Development Co., Ltd. (中住地產開發有限公司), Chairman of China Real Estate Corporation Limited (中房地產股份有限公司), Deputy General Manager of the Investment Business Department of China Communications Construction Company Limited and Deputy General Manager of the Investment Management Department of CCCG and China Communications Construction Company Limited.

GENG Zhongqiang (耿忠強) Mr. Geng, aged 49, was appointed as an executive director and executive president of the Company on July 11, 2019. Mr. Geng graduated from Changsha University of Science & Technology with a bachelor's degree in Finance and obtained a master's degree in Business Management from Dalian Maritime University. Mr. Geng is a senior accountant. He joined China Communications Construction Group (Limited) in July 1995 and has extensive experience in operation and management. He was the chief accountant and a member of the Party Committee of China National Real Estate Development Group Corporation Limited from 2012 to 2015. Mr. Geng served as the chairman of Beijing Xinfa Real Estate Investment Company Limited (北京信發置業投資有限公司) from 2012 to 2018. He also acted as the general manager, deputy chairman and the deputy secretary of the Party Committee of China National Real Estate Development Group Corporation Limited from 2015 to 2018. From September 2018 to July 2019, Mr. Geng served as the president and the deputy secretary of the Party Committee of CCCG Real Estate Co., Ltd. (a company listed on the Shenzhen Stock Exchange with the stock code of 000736.SZ (中交地產股份有限公司)) and director and a member of the Party Committee of CCCG Real Estate Group (中交房地產集團).

LI Jun (李駿) Mr. Li, aged 43, was appointed as an executive director of the Company on April 6, 2018. Mr. Li graduated from Fudan University in the People's Republic of China in July 1999 with a bachelor's degree in Philosophy. He obtained a master's degree in Laws from the University of Sheffield in the United Kingdom in September 2002. Mr. Li has rich experience in operation and management. He joined the Group in November 2008 and served as the general manager of the Company's wholly-owned subsidiary Dalian Greentown Real Estate Development Co., Ltd. (大連綠城房地產開發有限公司) and the North-eastern Region and Beijing Region general manager of Greentown Real Estate as well as the deputy general manager of Greentown Real Estate. Currently, he serves as a vice president of the Company, primarily responsible for the operations management of the Company.

HONG Lei (洪蕾) Ms. Hong, aged 49, was appointed as an executive director of the Company on March 22, 2021. Ms. Hong holds a bachelor degree in Law from Beihang University and a master degree in Law from China University of Political Science and Law. Ms. Hong has extensive experience in legal affairs and management, has partaken in work since 1995, and has worked in Beijing Times Law Firm (北京時代律師事務所) and the Beijing Office of Herbert Smith. Ms. Hong has also served as Deputy Director of the Law Division of the Administrative Office of China National Real Estate Development Group Corporation, Chief Legal Counsel Cum Director of the General Office of China House Investment Construction Company (中國住房投資建設公司), Chief Legal Counsel of CRED Holding Co., Ltd. (中房置業股份有限公司),General Manager and Deputy Legal Counsel of the Legal Department of China National Real Estate Development Group Corporation, Deputy General Manager of China Residential Properties Development Co., Ltd., Deputy Director of the Office of the Board of Directors of China Communications Construction Company Limited, and Deputy Director of the Offices of the Board of Directors of CCCG and China Communications Construction Company Limited.

Non-Executive Directors

Stephen Tin Hoi NG (吳天海) Mr. Ng, aged 69, was appointed as our non-executive director on July 11, 2019. Mr. Ng attended Ripon College in Ripon, Wisconsin, U.S. and University of Bonn, Germany, graduating in 1975 with a major in Mathematics. Mr. Ng holds directorships in the following Hong Kong listed companies: chairman and managing director of The Wharf (Holdings) Limited (00004.HK) ("**Wharf**", a substantial Shareholder of the Company) and Wharf Real Estate Investment Company Limited (01997. HK), and chairman of Harbour Centre Development Limited (00051. HK). Mr. Ng joined the Wharf Group in 1981 and was appointed director and chief financial officer in 1987 and managing director in 1989. He was appointed deputy chairman in 1994 and chairman in 2015. Mr. Ng also holds directorships in the following former listed companies: deputy chairman of Wheelock and Company Limited (listed on the Hong Kong Stock Exchange until July 2020), and chairman of Wheelock Properties (Singapore) Limited (publicly listed in Singapore until October 2018, now renamed as Wharf Estates Singapore Pte. Ltd.), and non-executive chairman of Joyce Boutique Group Limited (until it was delisted in Hong Kong in April 2020). Moreover, Mr. Ng served as a non-executive director of Hotel Properties Limited (SGX:H15, listed in Singapore) until his resignation in December 2018. Mr. Ng is a council member, vice-chairman of General Committee and a member of executive committee of the Employers' Federation of Hong Kong, as well as a council member of the Hong Kong General Chamber of Commerce. Mr. Ng previously served as a non-executive director of the Company from June 15, 2012 to March 27, 2015 and was re-appointed as a non-executive director of the Company on July 11, 2019.

WU Yiwen (武亦文) Mr. Wu, aged 55, was appointed as a non-executive director of the Company on May 26, 2020. He graduated from Shanghai Jiao Tong University with a bachelor's degree in ship and marine engineering and from the National University of Singapore with a master's degree in business administration. From 1993 to 2006, he served as project manager, department manager, and general manager of a subsidiary of Singapore Keppel Offshore and Maritime Group (新加坡吉寶岸外與海事集團). He also previously served as executive director and general manager of Hantong Ship Heavy Industry Co., Ltd. (韓通船舶重工有限公司) from 2006 to 2012. From 2012 to 2017, Mr. Wu served as deputy general manager of Yangzijiang Shipbuilding Group Ltd. (揚子江船業集團公司). In 2017, Mr. Wu founded Singapore Maiwei Marine Co., Ltd. (新加坡邁威海事有限公司), where he currently holds the position of executive director.

Independent Non-Executive Directors

JIA Shenghua (賈生華) Mr. Jia, aged 59, was appointed as our independent non-executive director on June 22, 2006. He is a professor of Zhejiang University and serves as the director of Zhejiang University's Property Research Center. Mr. Jia graduated from the Northwest Agricultural University with a doctorate degree in Agricultural Economics and Management. Since 1989, Mr. Jia has been teaching and conducting researches in property economics, property development, and enterprise management in China. He furthered his study in Germany from 1993 to 1994. He is currently a member of Zhejiang Enterprises Management Research Society, Zhejiang Land Academy and Hangzhou Land Academy. Mr. Jia is also an executive council member of the Global Chinese Real Estate Congress, a presidium member of the China Association of Real Estate Academicians, and a member of the Expert

Committee of the China Real Estate Research Association. At present, Mr. Jia acts as an independent non-executive director of Hangzhou Binjiang Real Estate Group Co., Ltd. (stock code: 002244.SZ), which is listed on the Shenzhen Stock Exchange. He also acts as an independent non-executive director of Nacity Property Service Co., Ltd. (stock code: 603506.SH), which is listed on the Shanghai Stock Exchange.

HUI Wan Fai (許雲輝) Mr. Hui, aged 45, was appointed as our independent non-executive director on April 1, 2012. He has served as the managing partner of PAG (formerly known as Pacific Alliance Group) since 2012. Mr. Hui has previously served as a managing director at the Blackstone Group. Mr. Hui was a managing director of Mellon HBV Alternative Strategies LLC, a New York based hedge fund under Mellon Bank, from 2005 to 2006, where he acted as head of distressed investment for China. Mr. Hui obtained a bachelor's degree in Business Administration from the University of Hong Kong in 1998 and a master's degree in International and Public Affairs from the University of Hong Kong in 2002. He also obtained a master's degree in Business Administration from INSEAD in 2004. Mr. Hui holds the qualifications of Certified Public Accountant from the Association of Chartered Certified Accountants, United Kingdom, Chartered Financial Analyst from the CFA Institute, the United States of America and Associate of HKICS from the Hong Kong Institute of Chartered Secretaries, Hong Kong.

QIU Dong (邱東) Mr. Qiu, aged 64, was appointed as our independent non-executive director on April 17, 2020. Mr. Qiu received a doctoral degree in Economics from Dongbei University of Finance and Economics in 1990. He is a Ph.D supervisor, approved by the Degree Office of the State Council in 1993, a recipient entitled to Government Special Allowance by the State Council and a distinguished guest professor of Changjiang Scholars Program conferred by the Ministry of Education in 2008. Mr. Qiu served successively as the principal of Dongbei University of Finance and Economics and party secretary to the Central University of Finance and Economics. He served as a representative of the Tenth National People's Congress, vice president of the Statistical Association of China, member of the eighth session of the ICP Technical Advisory Group of the World Bank, member of the Advisory Committee of National Bureau of Statistics, vice president of the National Accounting Society of China, vice chairman of China National Conditions Research Association, vice president of the China Association of Market Information and Research, and concurrently served at the editorial boards of Statistical Research and Finance & Trade Economics, and as adjunct professor or Ph.D supervisor of various domestic universities. Mr. Qiu currently serves as a professor at Beijing Normal University, member of the Management Division of Science & Technology Commission of Ministry of Education of the PRC, convenor of National Disciplinary Appraisal Group for Philosophy, Social Science and Planning, and vice officer of the National Statistical Teaching Material Editing and Censoring Committee. He had been an independent director of Agricultural Bank of China Limited, China Cinda Asset Management Co., Ltd., China Orient Asset Management Co, Ltd. and China Everbright Group.

ZHU Yuchen (朱玉辰, formerly known as 朱玉臣) Mr. Zhu, also known as Eugene, aged 60, was appointed as our independent non-executive director on April 17, 2020. Mr. Zhu obtained a degree in Economics from Dongbei University of Finance and Economics in 1983 and a Ph.D. in Economics from Wuhan University in 1998. He used to study and work at the Chicago Mercantile Exchange and the Chicago Board of Trade. Mr. Zhu has served as deputy general of the Policy and Regulation Department of the Ministry of Commerce of the PRC (中華人民共和國商業部政策法規司副處長), CEO of Shanghai CIFCO Futures Brokerage Co. Ltd, general manager of Dalian Commodity Exchange, general manager of China Financial Futures Exchange and president of Shanghai Pudong Development Bank. Mr. Zhu was a member of the tenth and eleventh sessions of the National People's Congress and the twelfth session of the National Committee of the Chinese People's Political Consultative Conference. He is a founder of the Asia Pacific Exchange and its chief executive officer.

Senior Management

The table below sets forth certain information regarding our senior management members as at the date of this offering memorandum:

Name	Age	Position
LI Sen	57	Executive President and the Secretary of the Party Committee and Dean of Research Institute
DU Ping	51	Vice President
ZHANG Jiliang	58	Vice President and Chief Planner
GUO Xiaoming	49	Vice President
XIAO Li	47	Vice President and Chief Engineer
WANG Zhaohui	53	Vice President
SHANG Shuchen	57	Board Secretary (a member of core management team), Director of the Board of Directors' office and Director of CEO's office

LI Sen (李森) Mr. Li, aged 57, is currently the executive president and the secretary of the Party Committee of the Company and dean of research institute of the Company, and is primarily responsible for party affairs and strategic planning. Mr. Li graduated from Huaibei Coal Industry Normal College (淮北煤炭師範學院), Capital University of Economics and Business (首都經貿大學) and Tongji University, and obtained his doctoral degree. Mr. Li previously worked for the Organization Department of the Central Committee of the CPC and National Academy of Governance. He also served as the deputy mayor, a member of the standing committee, head of the publicity department and head of the organization department of Liaoyuan, Jilin Province, the secretary of the Party Committee and deputy chairman of the United Real Estate of CCCC (中國交建聯合置業), the deputy secretary of the Party Committee, secretary of the disciplinary inspection committee and chairman of the supervisory committee of CCCG Real Estate Group Co., Ltd, chairman of the supervisory committee, general manager of the human resources department and head of the organization department of the Party Committee of CCCC. Mr. Li joined the Company in March 2020.

DU Ping (杜平) Mr. Du, aged 51, is currently a vice president of the Company. He is primarily responsible for the branding, marketing and customer service of the Group and for developing new business sectors such as housing 4S services, commercial operations, elderly care services and smart communities, which center on housing and living services. Mr. Du graduated from Hangzhou University with a bachelor's degree in Arts. Mr. Du began his career in July 1990 and used to work for Hangzhou Daily (杭州日報社) as a reporter, a senior reporter, a chief reporter, the director of sports department, the director of the financial news center, and a member of editorial committee. Mr. Du joined the Company on March 9, 2015.

ZHANG Jiliang (張繼良) Mr. Zhang, aged 58, is currently a vice president and the chief planner of the Company, and is mainly responsible for planning and design management, and town development of the Group. Mr. Zhang has successively obtained a bachelor's degree and a master's degree in Engineering from Tsinghua University, and a doctorate degree in Engineering from Dalian University of Technology. Mr. Zhang is a senior engineer and a national level one registered architect. Mr. Zhang used to work for Dalian Institute of Architectural Design and Research, Dalian Xinghai Bay Construction Management Center and Dalian Urban and Rural Construction Committee. He was the director of the Planning and Construction Bureau of Dalian Economic Development Zone, the director of Dalian Planning Commission and the deputy director of the Municipal Planning Bureau. Mr. Zhang has extensive experience in construction design, urban and rural planning and construction management. He joined the Company in April 2019.

GUO Xiaoming (郭曉明) Mr. Guo, aged 49, is currently a vice president of the Company, and is mainly responsible for the Southern Region of the Group. Mr. Guo graduated from Zhejiang University of Science and Technology (浙江科技學院), majoring in Industrial and Civil Architecture. Mr. Guo has over 20 years of experience in the real estate industry and has extensive experience in project development, engineering construction, and management. Mr. Guo joined the Group in August 1996, and has served as the manager of Hangzhou Jiuxi Rose Garden Engineering Department, the manager, deputy general manager and general manager of Greentown Hangzhou Peach Garden Engineering Department. From December 2007 to December 2015, he was the executive general manager of Greentown Real Estate Group Co., Ltd., responsible for the operation and management of projects in various cities in the PRC including Hangzhou, Ningbo, Nanjing, Kunshan, Guangzhou and Hainan. From February 2017 to August 2019, he was the general manager of Greentown Luming Construction Management Co., Ltd (綠城綠明建設管理有限公司).

XIAO Li (肖力) Mr. Xiao, aged 47, is currently a vice president and the chief engineer of the Company, primarily responsible for the engineering development and management, cost procurement and collection of the Group. Mr. Xiao graduated from Nanjing Construction Engineering College (南京建築工程學院), majoring in Industrial and Civil Architecture. Subsequently, he studied in Zhejiang University, and obtained a master's degree, majoring in Business Administration. Mr. Xiao has over 20 years of work experience in the real estate industry. He started working in July 1996, and worked for Zhejiang Huazhe Industrial Development Company Limited (浙江華浙實業開發有限公司) and Zhejiang Shenghua Real Estate Development Company Limited (浙江升華房地產開發有限公司). Mr. Xiao joined Company in March 2004.

WANG Zhaohui (王朝暉) Mr. Wang, aged 53, currently serves as a vice president of the Company, Mr Wang graduated from Tongji University, South China University of Technology and Tsinghua University, with a doctoral degree in Engineering. He is a senior town planner and a state-registered town planner. Mr. Wang has 19 years of extensive experience in property development and management with knowledge of various types of property development processes. From 1991 to 2002, he served as head planner of China Academy of Urban Planning and Design of the Ministry of Housing and Urban-Rural Development. Mr. Wang joined Greentown in 2002. He was a chief planning officer of Greentown Real Estate Group, a deputy general manager of Beijing Greentown Investment Co., Ltd. (北京綠城投資有限公司) and a director of Greentown Innovation Construction Management Co.,Ltd. (綠城創新建設管理有限公司), and was appointed as a vice president of the Company on January 17, 2021.

SHANG Shuchen (尚書臣) Mr. Shang, aged 57, currently serves as our board secretary (a member of core management team), general manager of board office, president office and the party & the masses office. Mr. Shang is primarily responsible for coordinating our board and general meetings, coordinating operations of the president office and the party & the masses office, internal audit, risk control, legal affairs, assessment, supervision and investor relations. He graduated from Liaoning Youth Administrative Cadre College (遼寧青年管理幹部學院) and Shenyang Agricultural University (瀋陽農業大學) with a master's degree. Mr. Shang served as the league secretary, chairman of the labor union, secretary of disciplinary inspection committee, deputy secretary of the municipal committee, standing deputy city mayor of Zhuanghe City, Liaoning Province; the deputy secretary of the party working committee and deputy head of the administration commission of Dalian Recycling Industry Economic Area; the deputy director of organization department of Dalian Municipal Committee; a member of the party working committee and deputy head of the administration commission of Dalian Jinpu New Area, and the party secretary and the head of administration commission of Dalian Jinshitan National Tourist Resort. Mr. Shang has extensive experience in organizational building, cadre and talent management as well as administrative management. Mr. Shang joined the Company in April 2019 and was appointed as the director of the party & the masses office of the Company on April 11, 2019. He was then appointed as the general manager of the board office and president office on December 16, 2019 and as our board secretary (a member of core management team) on March 20, 2020.

Company Secretary

XU Ying (徐瑛) Ms. Xu, aged 40, was appointed as joint company secretary on March 20, 2020. Ms. Xu joined the Company in 2011 and is now serving as the assistant general manager of the office of the Board and concurrently in charge of investor relations of the Company. Ms. Xu's job duties include matters in relation to the Company's information disclosure, regulatory compliance in respect of listing, investor relations and offshore financing matters. Ms. Xu graduated with a Master of Economics (finance profession) from Zhejiang University of Finance & Economics (2011) and the Certificate of Accounting Professional (2009).

NG Sau Mei (伍秀薇) Ms. Ng, aged 43, was appointed as joint company secretary on March 20, 2020. Ms. Ng is an associate director of the Listing Services Department of TMF Hong Kong Limited (an international corporate services provider). Ms. Ng has over 18 years of professional experience in the company secretarial industry, and is responsible for providing corporate secretarial and compliance services to listed company clients. Ms. Ng obtained a Bachelor Degree in Laws from City University of Hong Kong and a Master Degree in Laws from University of London in the UK, and is a fellow member of the Hong Kong Institute of Chartered Secretaries and the Chartered Governance Institute (formerly known as the Institute of Chartered Secretaries and Administrators) in the UK.

Board Committees

Audit Committee

Our audit committee's primary duties are to review and supervise the Group's financial reporting procedures, internal control and risk management systems, provide opinions on the internal audit scheme formulated by the internal audit department of the Group and review the reports submitted by the internal audit department. It is also responsible for considering the affairs related to the appointment, resignation and replacement of independent auditors, assessing the independent auditors' performance, degree of independence and objectivity and reasonableness of their audit fees, and providing relevant recommendations to the Board. All member of the Audit Committee are independent non-executive directors and non-executive directors. As at the date of this offering memorandum, the audit committee comprises four members (all independent non-executive directors): Mr. Jia Shenghua as chairman, and Mr. Hui Wan Fai, Mr. Qiu Dong and Mr. Zhu Yuchen as members.

Remuneration Committee

Our remuneration committee is responsible for making recommendations and proposals on directors' remuneration and other benefits to the Board. The remuneration of all directors is subject to regular monitoring by the remuneration committee to ensure that the level of their remuneration and compensation is reasonable. As at the date of this offering memorandum, the remuneration committee comprises six members (two executive directors and four independent non-executive directors): Mr. Jia Shenghua as chairman, and Mr. Zhang Yadong, Mr. Wu Wende, Mr. Qiu Dong, Mr. Zhu Yuchen and Mr. Hui Wan Fai as members.

Nomination Committee

Our nomination committee is primarily responsible for considering and recommending to the Board suitably qualified persons to become members of the Board and is also responsible for reviewing the structure, size and composition of the Board on a regular basis and as required. The nomination committee will assess the candidate or incumbent on criteria such as integrity, experience, skill and ability to commit time and effort to perform duties and responsibilities. The recommendations of the nomination committee will then be put to the Board for decision. As at the date of this offering memorandum, the nomination committee comprised six members (two executive directors and four independent non-executive directors): Mr. Zhu Yuchen as the chairman, and Mr. Zhang Yadong, Mr. Wu Wende, Mr. Jia Shenghua, Mr. Qiu Dong and Mr. Hui Wan Fai as members.

Environmental, Social and Governance Committee

We established our environmental, social and governance ("ESG") committee on August 24, 2021. Our ESG committee is primarily responsible for guiding and supervising the development and implementation of environmental, social and governance works of the Company to ensure compliance with relevant legal and regulatory requirements. It is also responsible for developing and reviewing the Company's ESG responsibilities, vision, objectives, strategies, framework, principles and policies, and strengthen the materiality assessment and reporting process to ensure and fulfil the continuous execution and implementation of any ESG policies approved by the Board. As of the date of this offering memorandum, the environmental, social and governance committee comprised four members, Mr. Zhang Yadong as chairman, and Mr. Guo Jiafeng, Mr. Jia Shenghua and Mr. Qiu Dong as members.

Compensation of Directors

The remuneration paid by us to our directors and other members of key management during the years ended December 31, 2018, 2019 and 2020 amounted to approximately RMB128.9 million,RMB83.9 million and RMB64.9 million (US$10.1 million), respectively. The emoluments paid by us to our directors during the years ended December 31, 2018, 2019 and 2020 were approximately RMB102.6 million, RMB41.5 million and RMB39.6 million (US$6.1 million), respectively. Of the five individuals with the highest emoluments paid by us during the years ended December 31, 2018, 2019 and 2020, respectively, all were our directors.

Share Option Scheme

The Company adopted a share option scheme pursuant to the shareholders' resolution passed on June 22, 2006 (the "**2006 Share Option Scheme**") for the primary purpose of providing incentives and/or reward to directors and employees of the Group. The 2006 Share Option Scheme was terminated upon adoption of a new share option scheme ("**Share Option Scheme**") by ordinary resolution of shareholders of the Company at the annual general meeting of the Company held on June 17, 2016. Upon termination of the 2006 Share Option Scheme, no further options of the 2006 Share Option Scheme can be offered thereunder but the provisions of the 2006 Share Option Scheme remain in force to the extent necessary to give effect to the exercise of any options granted prior to its termination and options granted prior to such termination continue to be valid and exercisable. As at June 30, 2021, no share options under the 2006 Share Option Scheme remained outstanding.

The Company adopted the Share Option Scheme pursuant to an ordinary resolution of shareholders of the Company at the annual general meeting of the Company held on June 17, 2016. Subject to the terms and conditions of the Share Option Scheme, the maximum numbers of shares in respect of the options that may be granted under the Share Option Scheme shall not exceed 10.0% of the shares of the Company in issue as at the adoption date. The Share Option Scheme was adopted for the primary purpose of providing incentives and/or reward to directors and employees of the Group and will expire on June 16, 2026 unless otherwise cancelled or amended. As at June 30, 2021, 127,271,600 share options under the Share Option Scheme remained outstanding.

The total number of shares in respect of which share options may be granted under the Share Option Scheme is not permitted to exceed 10.0% of the shares in issue at any point of time, without prior approval from the Company's shareholders. The number of shares issued and to be issued in respect of which share options granted or may be granted to any individual in any one year is not permitted to exceed 1.0% of the shares of the Company in issue at any point of time, without prior approval from the Company's shareholders. Share options granted to independent non-executive directors and substantial shareholders of the Company in excess of 0.1% of the Company's issued share capital or with a value in excess of HKD5.0 million must be approved in advance by the Company's shareholders.

Options may be exercised at any time from the date of grant of the share option to the expiry of the Share Option Scheme, unless otherwise specified in the Share Option Scheme. The exercise price is determined by the Board, and will not be less than the higher of (i) the closing price of the Company's shares of the Company as stated in the SEHK's daily quotations sheet on the date of grant, (ii) the average of closing price of the shares of the Company as stated in the SEHK's daily quotations sheet for the five (5) business days immediately preceding the date of grant and (iii) the nominal value of the Company's shares.

Share Award Scheme

On March 21, 2019, the Company adopted the share award scheme (the "**Share Award Scheme**"), pursuant to which the ordinary shares of the Company to be awarded will be purchased by the trustee under the Share Award Scheme from the open market out of cash contributed by the Company and held on trust for the selected employees until such shares are vested with the relevant selected employees in accordance with the provisions of the Share Award Scheme. The purpose of the Share Award Scheme is to recognize and reward the contribution of the executives and employees (whether serving full-time or part-time) and directors of the Company to the growth and development of the Company through an award of the shares of the Company. The Company has granted 7,414,000 shares to the employees and directors in 2019. The vesting period for the first 50% of the granted shares was from date of grant to the first anniversary of grant date and the vesting period for the second 50% of the granted shares was from date of grant to the second anniversary of grant date. The carrying amount of 7,414,000 shares repurchased and held for the Share Award Scheme was RMB37,852,000 (US$5,862,528) as at December 31, 2019. The Company has recognized the total expense of RMB15,760,000 (US$2,440,913) in the profit or loss in relation to shares granted under Share Award Scheme in 2019. In 2020, 3,600,722 shares were vested under the Share Award Scheme. In the first half of 2021, 3,813,278 shares were vested under the Share Award Scheme. As at June 30, 2021, all shares under the Share Award Scheme have vested.

Directors' Interests in Securities

As at June 30, 2021, the interests and short positions of our directors and chief executive of the Company and their associates in the shares, underlying shares and debentures of the Company and its associated corporations within the meaning of Part XV of the SFO, as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the SEHK were as follows:

Long Positions in shares and underlying shares of the Company

Name	Personal interests in underlying shares (share options or award shares granted to the Directors)	Family interests	Interest of Controlled Corporation	Total number of shares and underlying shares held	Percentage of issued share capital of the Company held
Mr. ZHANG Yadong	13,270,949(1)	—	—	13,270,949	0.532%
Mr. GUO Jiafeng	4,000,000(2)	—	—	4,000,000	0.160%
Mr. GENG Zhongqiang	2,500,000(3)	—	—	2,500,000	0.100%
Mr. LI Jun	6,433,573(4)	—	—	6,443,573	0.258%
Mr. Andrew On Kiu CHOW....	390,000(5)	—	—	390,000	0.016%

(1) It includes (i) 7,600,000 share options granted on August 28, 2018 pursuant to the 2016 Share Option Scheme and are only exercisable based on the latest closing price per share stated on the daily quotation sheet of the SEHK which is at least 30% higher than the initial exercise price of HK$8.326 per share from August 28, 2018 to August 27, 2028; (ii) 5,000,000 share options granted on December 29, 2020 pursuant to the 2016 Share Option Scheme and are only exercisable based on the latest closing price per share stated on the daily quotation sheet of the SEHK which is at least 30% higher than the initial exercise price of HK$11.152 per share from December 29, 2021 to December 28, 2030. The aforesaid represents an aggregate of 12,600,000 shares; and (iii) 670,949 award shares as beneficial owner. Mr Zhang is also interested (long position) in 2,000,000 award shares of Greentown Management under its share award scheme, representing 0.10% of the issued shares of Greentown Management.

(2) 4,000,000 share options granted on December 29, 2020 pursuant to the 2016 Share Option Scheme and are only exercisable based on the latest closing price per share stated on the daily quotation sheet of the SEHK which is at least 30% higher than the initial exercise price of HK$11.152 per share from December 29, 2021 to December 28, 2030. Mr Guo is also interested (long position) in 2,000,000 award shares of Greentown Management under its share award scheme, representing 0.10% of the issued shares of Greentown Management.

(3) 2,500,000 share options granted on December 29, 2020 pursuant to the 2016 Share Option Scheme and are only exercisable based on the latest closing price per share stated on the daily quotation sheet of the SEHK which is at least 30% higher than the initial exercise price of HK$11.152 per share from December 29, 2021 to December 28, 2030.

(4) It includes (i) 1,900,000 share options granted on December 27, 2017 pursuant to the 2016 Share Option Scheme and are only exercisable based on the latest closing price per share stated on the daily quotation sheet of the SEHK which is at least 30% higher than the initial exercise price of HK$9.10 per share from December 27, 2017 to December 26, 2027; (ii) 1,300,000 share options granted on August 28, 2018 pursuant to the 2016 Share Option Scheme and are only exercisable based on the latest closing price per share stated on the daily quotation sheet of the SEHK which is at least 30% higher than the initial exercise price of HK$8.326 per share from August 28, 2019 to August 27, 2028.; (iii) 3,000,000 share options granted on December 29, 2020 pursuant to the 2016 Share Option Scheme and are only exercisable based on the latest closing price per share stated on the daily quotation sheet of the SEHK which is at least 30% higher than the initial exercise price of HK$11.152 per share from December 29, 2021 to December 28, 2030. The aforesaid represents an aggregate of 6,200,000 shares; and (iv) 233,573 shares as beneficial owner.

(5) Shares held as beneficial owner.

SUBSTANTIAL SHAREHOLDERS

The register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that, as at June 30, 2021, the following shareholders, other than those disclosed in the section headed "*Directors' Interests in Securities*", had notified the Company of relevant interests in the shares and underlying shares of the Company:

Name of substantial shareholder[(1)]	Interest or short position in the shares or underlying shares[(2)]	Capacity in which interests are held	Percentage of issued share capital of the Company held
CCCG[(3)]	624,851,793 (L)	Interest of controlled corporation	25.051%
CCCG Holding (HK) Limited[(3)]	524,851,793 (L)	Beneficial owner	21.042%
HSBC Trustee (C.I) Limited[(4)]	557,554,793 (L)	Interest of controlled corporations	22.353%
Wheelock and Company Limited ("**Wheelock**")[(4)]	557,554,793 (L)	Interest of controlled corporations	22.353%
Wharf[(4)]	557,554,793 (L)	Interest of controlled corporations	22.353%
HUANG Wei[(5)]	323,000,000 (L)	Interest of controlled corporations	12.949%
LI Peng[(5)]	323,000,000 (L)	Interest of spouse	12.949%
Zhejiang Xinhu Group Co., Ltd[(5)]	323,000,000 (L)	Interest of controlled corporations	12.949%
Xinhu Zhongbao Co., Ltd.[(5)]	323,000,000 (L)	Interest of controlled corporations	12.949%
Hong Kong Xinhu Investment Co., Limited[(5)]	323,000,000 (L)[(6)]	Beneficial owner	12.949%
Mr. SONG Weiping	8,150,000 (L)[(7)] 216,530,924 (L)[(8)]	Personal interests in underlying shares (share options) Interest of controlled corporations	9.008% in total
Ms. XIA Yibo(9)	224,680,924 (L)	Interest of spouse	9.008%

(1) The list of substantial shareholders of the Company and their respective interests in the shares and underlying shares of the Company set out in the table are based on the information available to the Company after making reasonable enquiry.

(2) The letter "L" denotes a long position.

(3) CCCG is deemed to be interested in 624,851,793 shares through its controlled corporations, namely CCCG Real Estate Group Company Limited* (中交房地產集團有限公司) (which is wholly-owned by CCCG) and CCCG Holding (HK) Limited and CCCG Real Estate Holding Limited, each of which is wholly-owned by CCCG Real Estate Group Company Limited. CCCG Holding (HK) Limited holds 524,851,793 Shares and CCCG Real Estate Holding Limited holds 100,000,000 Shares.

(4) HSBC Trustee (C.I.) Limited and Wheelock are deemed to be interested in 557,554,793 shares through Wharf. For avoidance of doubt and double counting, it should be noted that the shareholdings stated against HSBC Trustee, Wheelock and Wharf represented the same block of Shares.

(5) Mr. Huang Wei, Zhejiang Xinhu Group Co., Ltd. and Xinhu Zhongbao Co., Ltd. are deemed to be interested in the Shares held by Hong Kong Xinhu Investment Co., Limited. Ms. Li Ping is the spouse of Mr. Huang Wei. Accordingly, pursuant to Part XV of the SFO, Ms. Li Ping is deemed to be interested in Mr. Huang Wei's interests in the Company. For avoidance of doubt and double counting, it should be noted that the shareholdings stated against Mr. Huang Wei, Ms. Li Ping, Zhejiang Xinhu Group Co., Ltd, Xinhu Zhongbao Co., Ltd. and Hong Kong Xinhu Investment Co., Limited represented the same block of Shares.

(6) As informed by Hong Kong Xinhu Investment Co., Limited, as of June 30, 2021 its shareholding in the Company was 311,784,000 Shares. According to its disclosure of interests dated July 22, 2021, Hong Kong Xinhu Investment Co., Limited's shareholding on July 22, 2021 was 298,754,000 Shares. The Company is not aware of any other disclosure of interest by Hong Kong Xinhu Investment Co., Limited after July 22, 2021.

(7) Share options granted on December 27, 2017 pursuant to the 2016 Share Option Scheme and are only exercisable based on the latest closing price per share state on the daily quotation sheet of the Stock Exchange which is at least 30% higher than the initial exercise price of HK$9.10 per share from December 27, 2018 to December 26, 2027.

(8) Mr. Song Weiping, being the sole shareholder of Delta House Limited, is deemed to be interested in 116,530,924 shares held by Delta pursuant to Part XV of the SFO. Hong Kong Orange Osmanthus Foundation Limited ("**HKOO Foundation**") is a company limited by guarantee and established by Mr. Song Weiping as a charitable institution of a public character exempt from tax under Section 88 of the Inland Revenue Ordinance, Chapter 112 of the Laws of Hong Kong. As Mr. Song Weiping is the sole member of HKOO Foundation, pursuant to Part XV of the SFO, Mr. Song Weiping is deemed to be interested in 100,000,000 shares held by HKOO Foundation notwithstanding that Mr. Song Weiping is not beneficially interested in such shares.

(9) Ms. Xia Yibo is the spouse of Mr. Song Weiping. Accordingly, pursuant to Part XV of the SFO, Ms. Xia Yibo is deemed to be interested in: (i) 116,530,924 shares held by Delta, a company of which Mr. Song Weiping is the sole shareholder; (ii) 100,000,000 shares held by HKOO Foundation, a charitable institution established by Mr. Song Weiping of which Mr. Song Weiping is the sole member (notwithstanding that neither Mr. Song Weiping nor Ms. Xia Yibo is beneficially interested in those shares); and (iii) 8,150,000 share options of the Company held by Mr. Song Weiping. The aforesaid represents an aggregate of 224,680,924 shares.

The following discussion summarizes the principal laws, regulations, policies and administrative directives to which we are subject.

The PRC Legal System

The PRC legal system is based on the PRC Constitution and is made up of written laws, regulations, directives and local laws, laws of Special Administrative Regions and laws resulting from international treaties entered into by the PRC government. Court verdicts do not constitute binding precedents. However, they are used for the purposes of judicial reference and guidance.

The NPC is empowered by the PRC Constitution to exercise the legislative power of the State. The NPC has the power to amend the PRC Constitution and enact and amend basic laws governing State agencies and civil and criminal matters. The Standing Committee of the NPC is empowered to enact and amend all laws except for the laws that are required to be enacted and amended by the NPC.

The State Council is the highest organ of the State administration and has the power to enact administrative rules and regulations. The ministries and commissions under the State Council are also vested with the power to issue orders, directives and regulations within the jurisdiction of their respective departments. All administrative rules, regulations, directives and orders promulgated by the State Council and its ministries and commissions must be consistent with the PRC Constitution and the national laws enacted by the NPC. In the event that a conflict arises, the Standing Committee of the NPC has the power to annul administrative rules, regulations, directives and orders.

At the regional level, the provincial and municipal congresses and their respective standing committees may enact local rules and regulations and the people's governments may promulgate administrative rules and directives applicable to their own administrative areas. These local laws and regulations must be consistent with the PRC Constitution, the national laws and the administrative rules and regulations promulgated by the State Council.

The State Council, provincial and municipal governments may also enact or issue rules, regulations or directives in new areas of the law for experimental purposes. After gaining sufficient experience with experimental measures, the State Council may submit legislative proposals to be considered by the NPC or the Standing Committee of the NPC for enactment at the national level.

The PRC Constitution vests the power to interpret laws in the Standing Committee of the NPC. According to the Decision of the Standing Committee of the NPC Regarding the Strengthening of Interpretation of Laws passed in June 1981, the Supreme People's Court, the State Council and its ministries and commissions are also vested with the power to interpret rules and regulations that they have promulgated. At the regional level, the power to interpret regional laws is vested in the regional legislative and administrative bodies which promulgate such laws.

The PRC Judicial System

Under the PRC Constitution and the Law of Organization of the People's Courts, the judicial system is made up of the Supreme People's Court, the local courts, military courts and other special courts. The local courts are comprised of the basic courts, the intermediate courts and the higher courts. The basic courts are organized into civil, criminal, economic and administrative divisions. The intermediate courts are organized into divisions similar to those of the basic courts, and are further organized into other special divisions, such as the intellectual property division. The higher level courts supervise the basic and intermediate courts. The people's procuratorates also have the right to exercise legal supervision over the civil proceedings of courts of the same level and lower levels. The Supreme People's Court is the highest judicial body in China. It supervises the administration of justice by all other courts.

The courts employ a two-tier appellate system. A party may appeal against a judgment or order of a local court to the court at the next higher level. First judgments or orders of the Supreme People's Court are also final. If, however, the Supreme People's Court or a court at a higher level finds an error in a judgment which has been given in any court at a lower level, or the presiding judge of a court finds an error in a judgment which has been given in the court over which he presides, the case may then be retried according to the judicial supervision procedures.

The Civil Procedure Law of the PRC adopted in April 1991, amended in October 2007 and in August 2012 and June 2017, sets forth the criteria for instituting a civil action, the jurisdiction of the courts, the procedures to be followed for conducting a civil action and the procedures for enforcement of a civil judgment or order. All parties to a civil action conducted within the PRC must comply with the Civil Procedure Law. Generally, a civil case is initially heard by a local court of the municipality or province in which the defendant resides. The parties to a contract may, by express agreement, select a jurisdiction where civil actions may be brought, *provided that* the jurisdiction is either the plaintiff's or the defendant's place of residence, the place of execution or implementation of the contract or the object of the action. However, such selection cannot violate the stipulations of grade jurisdiction and exclusive jurisdiction in any case.

A foreign individual or enterprise generally has the same litigation rights and obligations as a citizen or legal person of the PRC. If a foreign country's judicial system limits the litigation rights of PRC citizens and enterprises, the PRC courts may apply the same limitations to the citizens and enterprises of that foreign country within the PRC. If any party to a civil action refuses to comply with a judgment or order made by a court or an award granted by an arbitration panel in the PRC, the aggrieved party may apply to the court to request for enforcement of the judgment, order or award. There are time limits imposed on the right to apply for such enforcement. If a party fails to satisfy a judgment made by the court within the stipulated time, the court will, upon application by either party, mandatorily enforce the judgment.

A party seeking to enforce a judgment or order of a court against a party who is not located within the PRC and does not own any property in the PRC may apply to a foreign court with proper jurisdiction for recognition and enforcement of the judgment or order. A foreign judgment or ruling may also be recognized and enforced by the court according to the PRC enforcement procedures if the PRC has entered into, or acceded to, an international treaty with the relevant foreign country, which provides for such recognition and enforcement, or if the judgment or ruling satisfies the court's examination according to the principal of reciprocity, unless the court finds that the recognition or enforcement of such judgment or ruling will result in a violation of the basic legal principles of the PRC, its sovereignty or security, or for reasons of social and public interests.

Establishment of a Real Estate Development Enterprise

According to the PRC Law on Administration of Urban Real Estate (《中華人民共和國城市房地產管理法》) promulgated by the NPC, effective in January 1995, amended in August 2007, August 2009, and most recently amended in August 2019, a real estate developer is defined as an enterprise that engages in the development and operation of real estate for the purpose of making profits. Under the Regulations on Administration of Development of Urban Real Estate (《城市房地產開發經營管理條例》) promulgated by the State Council in July 1998, and amended on January 8, 2011, March 19, 2018, March 24, 2019, March 27, 2020 and November 29, 2020, an enterprise that is to engage in development of real estate must satisfy the following requirements:

- its registered capital must be RMB1 million or more; and

- it must have four or more full-time professional real estate/construction technicians and two or more full-time accounting officers, each of whom must hold the relevant qualification certificate.

The local government of a province, autonomous region or municipality directly under the PRC government may, based on local circumstances, impose more stringent requirements on the registered capital and the professional personnel of a real estate developer.

To establish a real estate development enterprise, the developer must apply for registration with the administration for market regulation. The developer must also report its establishment to the real estate development authority in the location of its registration, within 30 days of the receipt of its business license. Where a foreign-invested enterprise is to be established to engage in the development and operation of real estate, it must also comply with the relevant requirements under the PRC laws and administrative regulations relating to foreign investments in China.

Under the Catalog of Industries for Encouraged Foreign Investment (2019 Edition) (《鼓勵外商投資產業目錄》(2020年版)) promulgated by MOFCOM and NDRC on December 27, 2020, and effective on January 27, 2021, and the Special Administrative Measures for Access of Foreign Investment (Negative List) (2021 Edition) (《外商投資准入特別管理措施(負面清單)(2021年版)》) promulgated by MOFCOM and NDRC on December 27, 2021 and effective on January 1, 2022, real estate development falls within the category of industries in which foreign investment is permitted.

A foreign investor intending to engage in the development and sale of real estate in China may establish a foreign-funded enterprise which is wholly or partly invested by the foreign investor in accordance with the PRC laws and administrative regulations governing foreign-invested enterprises.

Pursuant to the Notice on Adjusting the Percentage of Capital Fund for Investment Projects in Fixed Assets (《關於調整固定資產投資項目資本金比例的通知》) issued by the State Council in May 2009, the minimum portion of the capital funding for ordinary commodity housing projects and affordable housing projects is 20%, while that for other real estate projects is 30%. Pursuant to the Notice of the State Council on Adjusting and Improving the Capital System of Fixed Asset Investment Projects (《國務院關於調整和完善固定資產投資項目資本金制度的通知》) issued by the State Council in September 2015, the minimum portion of the capital funding for housing and ordinary commodity housing projects that receive government subsidies shall remain at 20%, and that of other real estate projects shall be lowered from 30% to 25%. Further, according to the Notice of the State Council on Strengthening the Administration of Capital of Fixed Asset Investment Projects (《國務院關於加強固定資產投資項目資本金管理的通知》) issued by the State Council in November 2019, an investor's capital contribution to any real estate projects must be in the form of equity. Pursuant to the provisions of the State, a legal representative of such projects is not to be held liable for paying any debts and interest related to capital raised by way of debt.

The Ministry of Construction, MOFCOM, NDRC, the PBOC, SAIC and SAFE jointly issued an Opinion on Standardizing the Admittance and Administration of Foreign Capital in the Real Estate Market (《關於規範房地產市場外資准入和管理的意見》) in July 2006, and jointly issued the Notice on Amending the Policies Concerning the Admittance and Administration of Foreign Capital in the Real Estate Market (《關於調整房地產市場外資准入和管理有關政策的通知》) in August 2015, which provides, among other things, that an overseas entity or individual investing in real estate in China other than for self-use must apply for the establishment of a FIREE in accordance with applicable PRC laws and may only conduct operations within the authorized business scope. The joint opinion attempts to impose additional restrictions on the establishment and operation of FIREE by limiting the validity of approval certificates and business licenses to one year, restricting the ability to transfer equity interests of a FIREE or its projects and prohibiting the borrowing of money from domestic and foreign lenders where the land use rights are not obtained. In addition, the joint opinion also limits the ability of foreign individuals to purchase commodity residential properties in China.

MOFCOM and SAFE issued the Circular on Strengthening and Regulating the Examination and Approval and Supervision of Foreign Direct Investment in the Real Estate Sector (《關於進一步加強、規範外商直接投資房地產業審批和監管的通知》) ("**Circular 50**") in May 2007, and amended in October 2015. Under Circular 50 and its amendment, prior to applying for establishment of real estate companies, foreign investors must first obtain land use rights and building ownership, or must have entered into pre-sale or pre-grant agreements with respect to the land use rights or building ownership. If foreign-invested enterprises in China engage in real estate development or operations or if FIREEs in China engage in new real estate project developments, they must first apply to the relevant PRC governmental authorities to expand their scope of business or scale of operations in accordance with the PRC laws and regulations related to foreign investments. In addition, the local PRC governmental authorities must file with MOFCOM for record their approvals of establishment of FIREEs, and must exercise due control over foreign investments in high-end properties. Foreign exchange authorities may not allow capital-account foreign exchange sales and settlements by FIREEs that have been established in contravention of these requirements. Moreover, in November 2010, MOFCOM promulgated the Notice on Strengthening Administration of the Approval and Registration of Foreign Investment into Real Estate Industry (《關於加強外商投資房地產業審批備案管理的通知》), which provides that, among other things, in the case that a real estate enterprise is established within the PRC with overseas capital, it is prohibited to purchase and/or sell real estate properties completed or under construction within the PRC for arbitrage purposes. The local MOFCOM authorities are not permitted to approve foreign-invested investment companies to engage in the real estate development and management.

According to the Notice of the State Council on Promulgating the Catalog of Investments Projects Subject to Government Verification and Approval (2016 Version) (《國務院關於發佈政府核准的投資項目目錄(2016年本)的通知》), promulgated by the State Council on December 12, 2016, and the Circular of the NDRC on Effectively Implementing Foreign Capital-related Work in the Catalog of Investment Projects Subject to Government Approval (2016 Version) (《國家發展改革委關於做好貫徹落實〈政府核准的投資項目目錄(2016年本)〉有關外資工作的通知》) promulgated by the NDRC on January 14, 2017, the following projects shall be verified and approved by relevant department of the State Council: (i) restricted projects with a total investment (including additional investment) of US$300 million or more as listed in the Catalog for the Guidance of Foreign Investment Industries shall be subject to the verification and approval by the competent investment department of the State Council; and (ii) of which the projects with a total investment (including additional investment) of US$2 billion shall be reported to the State Council for record-filing. Restricted projects with a total investment (including additional investment) of less than US$300 million as listed in the Catalog for the Guidance of Foreign Investment Industries shall be subject to the verification and approval by provincial governments.

In March 2019, the Standing Committee of the National People's Congress promulgated the Foreign Investment Law of the People's Republic of China (《中華人民共和國外商投資法》) (the "**Foreign Investment Law**"), which became effective on January 1, 2020. The Foreign Investment Law stipulates, among others, that: (i) the State implements policies of high-level investment liberalization and convenience, establishes and improves a foreign investment promotion mechanism, and creates a stable, transparent and predictable market environment featuring fair competition; (ii) the State adopts the management system of pre-establishment national treatment and negative list for foreign investment; (iii) the State does not expropriate the investment of foreign investors; and (iv) foreign investors may, according to the present law, freely remit into or out of China, in Renminbi or any other foreign currency, their capital contributions, profits, capital gains, income from asset disposal, intellectual property royalties, lawfully acquired compensation, indemnities, liquidation compensation or other income earned in China. Under special circumstances, the State may, for the need of the public interest, expropriate or requisition the investment of foreign investors according to law. In case of such expropriation or requisition, statutory procedures shall be followed, and fair and reasonable compensation shall be made in a timely manner. The State Council promulgated the Implementation Regulations for the Foreign Investment Law of the People's Republic of China (《中華人民共和國外商投資法實施條例》) in December 2019, which further specifies and clarifies the legal and regulatory framework under the Foreign Investment Law.

In October 2019, the State Council promulgated the Regulation on the Optimization of Business Environment (《優化營商營境條例》), which further emphasized the promotion of foreign investment, and the equal treatment of domestic-funded enterprises, foreign-invested enterprises and other market players. The State continues to relax restrictions on market access, and will implement a national negative list system for market access. All types of market players may enter industries not included in the negative list on an equal basis in accordance with the law.

Qualifications of a Real Estate Developer

Under the Provisions on Administration of Qualifications, a real estate developer must apply for registration of its qualifications according to such Provisions on Administration of Qualifications. An enterprise may not engage in property development without a qualification classification certificate for real estate development. The Ministry of Construction oversees the qualifications of real estate developers with national operations, and local real estate development authorities at or above the county level oversee the qualifications of local real estate developers.

In accordance with the Provisions on Administration of Qualifications, real estate developers are classified into four classes.

- Class 1 qualifications are subject to preliminary examination by the construction authorities at the provincial level and final approval of the Ministry of Construction. A class 1 real estate developer is not restricted as to the scale of its real estate projects and may undertake a real estate development anywhere in the country.

- Class 2 or lower qualifications are regulated by the construction authorities at the provincial level subject to delegation to lower level governmental agencies. A real estate developer of class 2 or lower may undertake a project with a GFA of less than 250,000 sq.m. subject to confirmation by the construction authorities at the provincial level.

Under the relevant PRC laws and regulations, the real estate development authorities will examine applications for registration of qualifications submitted by real estate developers by considering the professional personnel in their employ, financial condition and operating results. A real estate developer that passes the qualification examination will be issued a qualification certificate of the relevant class by the qualification examination authority. A developer of any qualification classification may only engage in the development and sale of real estate within its approved scope of business and may not engage in business which is limited to another classification.

For a newly established real estate developer, the real estate development authority will issue a provisional qualification certificate, if it is an eligible developer, within 30 days of receipt by the authority of the application. The provisional qualification certificate will be effective for one year from its date of issue and may be extended for not more than two additional years with the approval of the real estate development authority. The real estate developer must apply for qualification classification to the real estate development authority within one month before expiration of the provisional qualification certificate.

Development of a Real Estate Project

Foreign investments used to be restricted in the development of a whole land lot and the construction and operation of high-end hotels, premium office buildings and international conference centers in China, and prohibited in the construction and operation of villas and golf course, according to the Catalog for Guidance on Industries for Foreign Investment promulgated by NDRC and MOFCOM in December 2011, and the restrictions have been gradually cancelled through the Catalog promulgated in March 2015 and June 2017. Since July 2017, real estate development falls within the category of industries in which foreign investment is permitted.

Pursuant to the Administrative Measures for the Verification and Approval and the Record-filing of Foreign Investment Projects (《外商投資項目核准和備案管理辦法》) promulgated by NDRC on May 17, 2014 and amended on December 27, 2014, the verification and approval authorization and scope will follow the Verification and Approval Catalog. Restricted projects with a total investment (including additional investment) of US$300 million or more as listed in the Catalogue for the Guidance of Foreign Investment Industries shall be subject to the verification and approval by the competent investment department of the State Council, of which projects with a total investment (including additional investment) of US$2 billion shall be reported to the State Council for record-filing. Restricted projects with a total investment (including additional investment) of less than US$300 million as listed in the Catalogue for the Guidance of Foreign Investment Industries shall be subject to the verification and approval by provincial governments.

Under the Interim Regulations of the People's Republic of China on Grant and Assignment of the Use Right of State-owned Urban Land (《中華人民共和國城鎮國有土地使用權出讓和轉讓暫行條例》) promulgated by the State Council in May 1990 and amended in November 2020, China adopted a system to grant and assign the right to use state-owned land. A land user must pay a land premium to the state as consideration for the grant of the right to use a land site within a specified period of time, and the land user may assign, lease out, mortgage or otherwise commercially exploit the land use rights within the term of use. Under the relevant PRC laws and regulations, the land administration authority at the city or county level may enter into a land grant contract with the land user to provide for the grant of land use rights. The land user must pay the land premium as provided by the land use rights grant contract. After payment in full of the land premium, the land user may register with the land administration authority and obtain a land use rights certificate which evidences the acquisition of land use rights. The relevant PRC laws and regulations provide that land use rights for a site intended for real estate development must be obtained through grant except for land use rights which may be obtained through premium-free allocation by the PRC government pursuant to the PRC laws or the stipulations of the State Council. Government-allocated land is not allowed to be transferred unless the transfer is approved by the relevant PRC governmental authorities and the land premium as determined by the relevant PRC governmental authorities has been paid.

When carrying out the feasibility study for a construction project, the construction or the developer entity must make a preliminary application for construction on the relevant site to the relevant land administration authority in accordance with the Measures for Administration of Examination and Approval for Construction Sites (《建設用地審查報批管理辦法》) promulgated by the Ministry of Land and Resources in March 1999, as amended in November 2010 and November 2016, respectively, and the Measures for Administration of Preliminary Examination of Construction Project Sites (《建設項目用地預審管理辦法》) promulgated by the Ministry of Land and Resources in July 2001, as amended in October 2004, November 2008 and November 2016, respectively. After receiving the preliminary application, the land administration authority will carry out preliminary examinations of various aspects of the construction project in compliance with the overall zoning plans and land supply policy of the government, and will issue a preliminary approval in respect of the project site if its examination proves satisfactory. The land administration authority at the relevant city or county will sign a land use rights grant contract with the land user and issue an approval for the construction site to the construction entity or the developer.

Under the Measures for Control and Administration of Grant and Assignment of Right to Use Urban State-owned Land (《城市國有土地使用權出讓轉讓規劃管理辦法》) promulgated by the Ministry of Construction in December 1992 and amended in January 2011, the grantee under a land grant contract, i.e. a real estate developer, must further apply for a permit for construction site planning from the relevant municipal planning authority. After obtaining such permit, a real estate developer will organize the necessary planning and design work. Planning and design proposals in respect of a real estate development project are again subject to relevant reporting and approval procedures required under the Law of the People's Republic of China on Urban and Rural Planning (《中華人民共和國城鄉規劃法》) promulgated by the National People's Congress in October 2007, amended in January 2008, April 2015 and April 2019 and local statutes on municipal planning. Upon approval by the authorities, a permit for construction works planning will be issued by the relevant municipal planning authority.

In accordance with the Regulations for the Expropriation of Compensation for Housing on State-owned Land (《國有土地上房屋徵收與補償條例》) promulgated by the State Council and implemented in January 2011, with regard to the expropriation of the housing of entities and individuals on the State-owned land for the need of public interest, the owners of the housing being expropriated shall be offered a fair compensation.

Compensation offered by governments at municipal and county levels that make housing expropriation decisions regarding parties with housing being expropriated includes: (i) compensation for the value of the housing being expropriated; (ii) compensation for relocation and temporary settlement caused by expropriation of housing; and (iii) compensation for the loss arising from the suspension of production and operation caused by expropriation of housing.

The amount of compensation for the value of housing being expropriated may not be less than the market price of the real estate similar to it on the announcement date of the housing expropriation decision. The value of housing being expropriated must be appraised and determined by a real estate price appraisal institution with corresponding qualifications according to the housing expropriation appraisal measures. A party that objects to the appraised value of the housing being expropriated may apply to the real estate price appraisal institution for review of the appraisal. A party that objects to the review result may apply to the real estate price appraisal expert committee for authentication.

The parties whose housing is being expropriated may choose monetary compensation, or may choose to exchange the property rights of the housing. If the parties whose housing is being expropriated choose to exchange the property rights of the housing, governments at municipal and county levels must provide housing used for the exchange of property rights, and calculate and settle the difference between the value of housing being expropriated and the value of housing used for the exchange of property rights. If residential housing of an individual is expropriated due to renovation of an old urban district and the individual chooses to exchange for the property rights of the housing in the area being renovated, governments at municipal and county levels that make housing expropriation decisions must provide the housing in the area being renovated or the nearby area.

When the site has been properly prepared and is ready for the commencement of construction works, the developer must apply for a permit for commencement of works from the construction authorities at or above the county level according to the Measures for Administration of Granting.

Permission for Commencement of Construction Works (《建築工程施工許可管理辦法》) promulgated by the Ministry of Construction in October 1999, as amended in July 2001 and replaced by the Measures for Administration of Granting Permission for Commencement of Construction Works (《建築工程施工許可管理辦法》) promulgated by the MOHURD in June 2014 and amended in September 2018 and March 2021.

According to the Notice Regarding Strengthening and Regulating the Administration of Newly-commenced Projects (《國務院辦公廳關於加強和規範新開工項目管理的通知》) issued by the General Office of the State Council on November 17, 2007, before commencement of construction, all kinds of projects shall fulfill certain conditions, including, among other things, compliance with national industrial policy, development plan, land supply policy and market access standard, completion of all approval and filing procedures, compliance with zoning plan in terms of site and planning, completion of proper land use procedures and obtaining proper environmental valuation approvals and construction permit or report.

The development of a real estate project must comply with various laws and legal requirements on construction quality, safety standards and technical guidance on architecture, design and construction work, as well as provisions of the relevant contracts. The Regulations on the Quality Management of Construction Projects (《建設工程質量管理條例》), promulgated and implemented by the State Council on January 30, 2000 and amended on October 7, 2017 and April 23, 2019, which sets the respective quality responsibilities and liabilities for developers, construction companies, reconnaissance companies, design companies and construction supervision companies. In August 2008, the State Council issued the Regulations on Energy Efficiency for Civil Buildings (《民用建築節能條例》), which reduces the energy consumption of civil buildings and improves the efficiency of the energy utilization. According to this regulation, the design and construction of new buildings must meet the mandatory criteria on energy efficiency for buildings, and failure to meet such criteria will result in no commencement of construction or acceptance upon completion.

Among other things, this regulation sets forth additional requirements for property developers in the sale of commodity buildings in this respect. After completion of construction works for a project, the real estate developer must organize an acceptance examination by relevant governmental authorities and experts according to the Provisions on Inspection Upon Completion of Buildings and Municipal Infrastructure promulgated by the MOHURD (《房屋建築和市政基礎設施工程竣工驗收規定》) in December 2013, and report details of the acceptance examination and file with the construction authority at or above the county level where the project is located within 15 days after the construction is qualified for the acceptance examination according to the Measures for Reporting Details Regarding Acceptance Examination Upon Completion of Buildings and Municipal Infrastructure (《房屋建築和市政基礎設施工

程竣工驗收備案管理辦法》) promulgated by the MOHURD in October 2009. A real estate development project may not be delivered until and unless it has satisfactorily passed the necessary acceptance examination. Where a property project is developed in phases, an acceptance examination may be carried out for each phase upon completion.

In China, there used to be two registers of property interests. Land registration is effected by the issue of land use right certificates by the relevant authorities to the land users. Land use rights may be assigned, mortgaged or leased. The building registration is effected by the issue of property ownership certificates to the property owners. Property or building ownership rights are only related to the building or improvements erected on the land. Under the PRC laws and regulations, all land use rights and property ownership rights that are duly registered are protected by law. However, after the promulgation of the Interim Regulations on Real Estate Registration (《不動產登記暫行條例》) by the State Council in November 2014 and amended in March 2019, the two registers have been gradually replaced by real estate registration which is a consolidated registry for both land use rights and property ownership interests for the building erected on the relevant land in many cities.

Land for Property Development

In April 1988, the National People's Congress amended the PRC Constitution to permit the transfer of land use rights in accordance with the laws and regulations. In December 1988, the National People's Congress amended the Land Administration Law (《中華人民共和國土地管理法》) to permit the transfer of land use rights in accordance with the laws and regulations. The Land Administration Law was subsequently amended in August 1998, August 2004 and August 2019, and the most recent amended version will take effect on January 1, 2020. According to the recent amendment, where collectively-operated development land (集體建設用地) registered according to the law is specified to be for industrial use, commercial use or other business purposes in the overall land utilization plan or urban and rural plan, a landowner may transfer the land use to an entity or individual user by way of assignment, leasing, etc., and shall conclude a written contract, which includes the land boundary, area, time period of use, land use, planning conditions and other rights and obligations of the parties.

Pursuant to the Measures on Disposal of Idle Land (《閒置土地處置辦法》) promulgated by the Ministry of Land and Resources in April 1999, and amended in June 2012, idle land fees may be imposed on land that has not been developed for one year from the contractual construction commencement date. Land use rights may be forfeited to the government without compensation to the developer if the land has not been developed for two years as required by the laws and regulations, and allotted for other purposes. Under current PRC laws and regulations on land administration, land for property development may be obtained only by grant except for land use rights obtained through allocation. Under the Regulations on the Grant of State-owned Land Use Rights Through Public Tender, Auction and Listing-for-Sale promulgated by the Ministry of Land and Resources (《招標拍賣掛牌出讓國有土地使用權規定》) in May 2002 and amended in September 2007, land for commercial use, tourism, entertainment and commodity housing development must be granted by public tender, auction or listing-for-sale. Under these regulations, the relevant land administration authority at city or county level, or the grantor, is responsible for preparing the public tender or auction documents and must make an announcement 20 days prior to the day of public tender or auction with respect to the particulars of the land parcel and the time and venue of the public tender or auction. The grantor must also verify the qualification of the bidding and auction applicants, accept an open public auction to determine the winning tender or hold an auction to ascertain a winning bidder. The grantor and the winning tender or bidder will then enter into a confirmation followed by the execution of a contract for assignment of state-owned land use rights. Over the years, the Ministry of Land and Resources has promulgated further rules and regulations to define the various circumstances under which the state-owned land use rights may be granted by means of public tender, auction and listing-for-sale or by agreement. Under the Regulation on Grant of State-owned Land Use Rights by Agreements (《協議出讓國有土地使用權規定》) promulgated by the Ministry of Land and Resources on June 11, 2003, except for a project that must be granted through tender, auction and listing as required by the relevant laws and regulations, land use right may be granted through transfer by agreement and the land premium for the transfer by agreement of the state-owned land use right shall not be lower than the benchmark land price.

The Urgent Notice on Further Governing and Rectifying Land Market and Strengthening Administration of Land (《關於深入開展土地市場治理整頓嚴格土地管理的緊急通知》) issued by the General Office of the State Council on April 29, 2004 restated the principle of strict administration of the approval process for the construction land and protection of the basic farmland.

The Notice on Issues Relating to Strengthening the Land Control (《關於加強土地調控有關問題的通知》) promulgated by the State Council on August 31, 2006 sets forth the administration of the receipt and disbursement of the land premium, modifies the tax policies relating to the construction land, and builds up the system of publicity for the standards of the lowest price with respect to the granted state-owned land use right for industrial purposes.

In September 2007, the Ministry of Land and Resources further promulgated the Regulations on the G rant of State-owned Construction Land Use Rights Through Public Tender, Auction and Listing-for-Sale (《招標拍賣掛牌出讓國有建設用地使用權規定》) to require that land for industrial use, except land for mining, must also be granted by public tender, auction and listing-for-sale. Only after the grantee has paid the land premium in full under the land grant contract, can the grantee apply for the land registration and obtain the land use right certificates. Furthermore, land use rights certificates may not be issued in proportion to the land premium paid under the land grant contract.

Pursuant to the Law of the People's Republic of China Urban and Planning (《中華人民共和國城鄉規劃法》) promulgated by the Standing Committee of National People's Congress in October 2007 and amended in April 2015 and April 2019, a construction planning permit must be obtained from the relevant urban and rural planning governmental authorities for building any structure, fixture, road, pipeline or other engineering project within an urban or rural planning area.

In November 2007, the Ministry of Land and Resources, the Ministry of Finance and the PBOC jointly promulgated the Administration Measures on Land Reserves (《土地儲備管理辦法》), pursuant to which, local authorities should reasonably decide the scale of land reserves in accordance with the macro-control of the land market. Idle, unoccupied, and low-efficient state-owned construction land inventory shall be used as land reserves in priority. In January 2018, the Ministry of Land and Resources, the Ministry of Finance, the People's Bank of China, and the CBRC jointly revised the Measures for the Administration of Land Reserves (2018 Revision) (《土地儲備管理辦法(2018修訂)》), emphasizing that the requirements of the 19th National Congress of the Communist Party of China on strengthening the management of natural resources assets and preventing and resolving major risks shall be implemented, the management of land reserves shall be further standardized, the government's ability to regulate and support the urban-rural construction land market shall be enhanced, and the efficient allocation and the rational utilization of land resources shall be promoted.

In May 2012, the Ministry of Land and Resources issued a Circular on the Distribution of the Catalog for Restricted Land Use Projects (2012 Version) and the Catalog for Prohibited Land Use Projects (2012 Version) (國土資源部、國家發展和改革委員會關於發佈實施《限制用地項目目錄》(2012年本)和《禁止用地項目目錄》(2012年本)的通知), as a supplement to its 2012 version. In this Circular, the Ministry of Land and Resources has set forth a ceiling for the land granted by local governments for development of commodity housing as follows: seven hectares for small cities and towns, 14 hectares for medium-sized cities; and 20 hectares for large cities.

In November 2009, the Ministry of Finance, the Ministry of Land and Resources, the PBOC, the PRC Ministry of Supervision and the PRC National Audit Office jointly promulgated the Notice on Further Enhancing the Revenue and Expenditure Control over Land Grant (《關於進一步加強土地出讓收支管理的通知》). The Notice raises the minimum down payment for land premiums to 50% and requires the land premium to be fully paid within one year after the signing of a land grant contract, subject to limited exceptions. Any developer defaulting on any such payment may not participate in any new transactions of land grant.

In November 2009, the MOHURD and the Office of the Leading Group for Addressing Problems Regarding Unauthorized Change of Planning and Adjustment of the Floor Ratio in Real Estate Development under the Ministry of Supervision jointly promulgated the Notification on Further

Unfolding of the Special Project to Address Problems Regarding Unauthorized Change of Planning and Adjustment of the Floor Area Ratio (《關於深入推進房地產開發領域違規變更規劃調整容積率問題專項治理的通知》) which re-emphasized the need to rectify, investigate and punish real estate developing companies committing any unauthorized adjustment of the floor area ratio.

In March 2010, the Ministry of Land and Resources promulgated the Notification on Issues Relating to Strengthening the Supply and Regulation of the Land for Real Estate Development (《關於加強房地產用地供應和監管的有關問題的通知》) which adopted measures to improve the regulation of land for real estate development. These include, among others, measures to improve the preparation and implementation of the plan of land supply, guarantee the supply of land for supportive housing development, improve the regime of public tender, auction and list-for-sale of land use right, enhance the supervision on the use of land, disclose information on the supply and grant of land and the status of the construction project on the land to the public, and conduct special inspection on outstanding problems in the field of land use.

Pursuant to the notification, the administration of land and resources of cities and counties shall establish a regime for developers to report the commencement and completion of construction projects. Under such regime, the developer shall report in writing to the respective administration of land and resources at the commencement and completion of the construction project. The commencement and completion date of construction set forth in the agreements may be postponed by reporting the reasons of delay to the respective administration of land and resources no later than 15 days prior to the expiration. The developer who fails to report accordingly shall be announced to the public and prohibited from participating in any new transactions of land grant for at least one year. Additionally, the land used for developing supportive housing, small-to-medium-size self-used residential commodity housing and reconstructing shantytown shall not be less than 70% of the total land supply for residential property development. The lowest land premium for the grant of land use right shall not be lower than 70% of the benchmark price for the land grade the granted land locates, and the deposit for the participation of tender shall not be lower than 20% of the lowest land premium. The land grant agreement shall be executed in writing within 10 days after the deal is reached, the down payment of the land grant price which shall not be less than 50% of the full land grant price shall be paid within one month after the land grant agreement is executed, and the land grant price shall be paid in full no later than one year after the land grant agreement is executed. A developer who defaults on the payment of the land premium, holds idle land, hoards or speculates in land, develops property on the land exceeding its actual development capacity or defaults on the performance of land grant agreement shall be banned from participating in any transactions of land grant for a certain period.

On September 21, 2010, the Ministry of Land and Resources and the MOHURD jointly promulgated the Notice of Further Strengthening Control and Regulation of Land and Construction of Property Development (《關於進一步加強房地產用地和建設管理調控的通知》), which stipulated, among other things, that: (i) at least 70% of land designated for construction of urban housing must be used for economically affordable housing, housing for resettlement of shanty towns and small to medium-sized ordinary commercial housing; in areas with high housing prices, the supply of land designated for small to medium-sized, price-capped housing must be increased; (ii) developers and their controlling shareholders (as defined under PRC laws) are prohibited from participating in land biddings before the rectification of certain misconduct, including (1) illegal transfer of land use rights; (2) failure to commence required construction within one year from the delivery of land under land grant contracts due to such developers' own reasons; (3) non-compliance with the land development requirements specified in land grant contracts; and (4) crimes such as swindling land by forging official documents and illegal land speculation; (iii) developers are required to commence construction within one year from the date of delivery of land under the relevant land grant contract and complete construction within three years since commencement of the construction; (iv) development and construction of projects of low-density and large-sized housing must be strictly limited and the plot ratio of the planned GFA to the total site area of residential projects must be more than 1:1; and (v) the grant of two or more bundled parcels of lands and undeveloped land is prohibited.

In December 2010, the Ministry of Land and Resources promulgated the Notice on Strict Implementation of Policies Regarding Regulation and Control of Real Property Land and Promotion of the Healthy Development of Land Markets (《關於嚴格落實房地產用地調控政策促進土地市場健康發展有關問題的通知》), which provides, among other things, that: (i) cities and counties that have less than 70% of their land supply designated for social security housing projects, housing for redevelopment of shanty towns or small/medium residential units must not provide land for large-sized and high-end housing before the end of 2010; (ii) land and resource authorities in local cities and counties will report to the Ministry of Land and Resources and provincial land and resource authorities, respectively regarding land with a premium rate of more than 50%; and (iii) land designated for affordable housing which is used for commodity property development against relevant policies or involved illegal income will be confiscated and the relevant land use rights will be withdrawn. Moreover, changing the plot ratio without approval is strictly prohibited.

On February 15, 2012, the Ministry of Land and Resources promulgated the Notice on Accomplishment of Real Estate Land Administration and Control in 2012 (《國土資源部關於做好2012年房地產用地管理和調控重點工作的通知》. The notice provides that:

- **The real estate control policy shall be firmly performed and the key tasks shall be clarified.** The real estate land administration and control is confronting fundamental requirements and key tasks that the control policy by the PRC government shall be strictly implemented, the supervision and control shall be strengthened, while the price of real estate and land shall be stable and reasonable.

- **The real estate land supply shall be properly managed for the purpose of the welfare of the masses.** Relevant authorities shall compile the annual supply plan of land for residential purposes of year 2012 from a scientific and reasonable perspective. The planned land supply quantity shall be no smaller than the average quantity of the recent five years, no less than 70% among which shall be designated for social security housing projects, housing for redevelopment of shanty towns and small/medium residential units. The supply of land for social security housing projects shall be guaranteed. The supply of high-end housing land shall be strictly controlled and no land shall be permitted for the development of villas.

- **The land supply for social security housing projects shall be guaranteed.** The construction land permission procedure for social security housing projects shall be accelerated.

- **Unlawful acts shall be strictly punished and the development and construction shall be vigorously encouraged.** Unlawful acts, including any of the following, shall be prohibited: a land use right is granted over a parcel of land where the land area exceeds the size approved by the relevant competent authorities; more than one parcel of land is granted to the same bidder at the same time; a land use right is granted over a parcel of land where the demolition of buildings erected on such land has not been carried out of the occupants of such land have not been compensated for the demolition and resettlement; or a land use right is granted over a parcel of land with a plot ratio of less than one. A reporting system shall be implemented according to which, when concluding a land grant contract, a provision providing land users report to land and resources authorities in a written form before or at the commencement and completion of a project.

- **Supervision analysis and media propaganda shall be strengthened to provide a positive guidance towards the market.** Relevant local departments shall strengthen the supervision over land price. A record filing system of abnormal land purchases shall be implemented and improved.

- On May 22, 2012, the Ministry of Land and Resources amended the Measures on Disposal of Idle Land (《閒置土地處置辦法》), which were originally published in April 1999. This amendment includes the following significant changes or new provisions:

- Emphasizing the key purposes of regulating idle land. The current version of Measures on Disposal of Idle Land re-emphasizes the importance of suppressing intentional reservations of land for the purpose of resale. For example, it provides that if the real estate developer intentionally delays the commencement of construction and development for the purpose of reserving the land for resale with bad faith, and before the condition of such land is reviewed and disposed of by the government, the government should neither accept new applications for land use by the same holder of land use rights, nor register the status of transfer, lease, mortgage or information change of the land considered to be idle.

- Readdressing the disposal method of idle land. Consistent with the April 1999 version, the amended Measures on Disposal of Idle Land once again addressed the method of disposal of idle land. If the real estate developer fails to commence the construction and development of the land for one year, the government should issue the Notice on Imposition of Land Idleness Penalty Fees to the holder of land use right. The penalty fees should be 20% of the price that the holder paid for obtaining the land use right. If the holder of land use rights failed to commence the construction and development of the land for two years, the government should issue the Notice on Decision of Withdrawal of Land Use Right to the holder, thereby withdrawing the holder's right to use land for free. However, compared with the 1999 version, the amended Measures on Disposal of Idle Land specify the procedure for determining and disposing of idle land, including:

    1. Once relevant governmental authority suspects that a tract of land has become idle, it should initiate investigation within 30 days therefrom and issue a "notice on investigation of idle land" to the holder of land use right. The holder of land use right should submit explanatory materials about the development condition and reason for land idleness to the government within 30 days upon the receipt of such notice.

    2. After investigation, if the government decides that the investigated land has become idle, it should issue a "notice on confirmation of idle land" to the investigated holder of land use rights, which will specify the facts and grounds for determining that the land concerned has become idle. Relevant information of the idle land will also be published on the governmental authority's official website after issuance of such notice.

    3. If the idleness of land was caused by the real estate developer rather than the government, the governmental authority is entitled to impose penalty fees for the idleness or even withdraw the decision for granting the land use right. However, before such penalty decisions are made, the government should notify the holder of the land use rights that the holder has the right to request a hearing.

    4. Once the government decides to impose penalty fees for land idleness, it should issue a "notice on imposition of land idleness penalty fees" to the holder of the land use rights, and the owner should pay the penalty fees within 30 days upon the receipt of the notice. If the government decides to withdraw the decision for granting land use right, the government should issue a "notice on decision of withdrawal of land use rights" to the holder, and the holder should cancel the registration of its land use rights from government's record within 30 days upon its receipt of such notice.

- Specifying the circumstances where the delay of commencement of construction and development was caused by the government. If the delay of commencement of construction and development was caused by the government, the real estate developer will not be directly subject to penalties for delays caused by the developer itself. The amended

Measures on Disposal of Idle Land specify the following circumstances where the delay of commencement of construction and development is considered to be caused by the government:

1. Where the land fails to be delivered to the holder of the land use rights in accordance with the time limit and conditions as prescribed in the land transfer contract or the land allocation decision, with the result that the conditions for commencing the construction and development of the project are not met;

2. Where relevant land-use planning is modified, with the result that the owner of the land use rights cannot commence construction and development;

3. Where the land-use planning and construction conditions need to be modified in light of new policies issued by the government;

4. Where the construction and development of the land cannot be commenced due to complaints lodged by the general public in connection with the land;

5. Where the construction and development of the land cannot be commenced due to military control or protection of historic and cultural relics; and

6. Where other acts of any government or governmental agency cause the delay.

On May 22, 2014, the Ministry of Land and Resources issued Rules on Economical and Intensive Utilization of Land (《節約集約利用土地規定》), which came into effect on September 1, 2014 and amended on July 24, 2019. The main content of the Rules includes: (i) restriction on expansion of megalopolis boundary; (ii) expand the scope of paid use for land, in order to reduce the allotted land; (iii) allowing new methods for transferring land, including "lease before transfer" transaction; (iv) prohibit any reduction in land-transferring fees in any form; (v) increase the utilization efficiency of industrial land; and (vi) urban construction land should adopt group-type, tandem-type, satellite-city layout according to local conditions, avoiding occupation of high-quality cultivated land, especially permanent basic farmland.

On September 12, 2014, the Ministry of Land and Resources issued Guiding Opinions on Promoting the Economical and Intensive Utilization of Land (Guo Tu Zi Fa (2014)119) (《國土資源部關於推進土地節約集約利用的指導意見》) (the "**Opinions**"). The Opinions shall be in force for eight years and consists of eight sections, including general requirement, limitation on land utilization approval area, optimizing the overall arrangement of land utilization, establishing the standard for land utilization control, introducing market mechanism in land utilization control, comprehensive treatment of land utilization, promotion of technology in land utilization, and enhancing the supervisory and promotion mechanism. The Opinions stipulate that the existing problem of extensive and over-reaching use of land shall be effectively addressed, the transformation of the economic development pattern shall be facilitated through the transformation of the land use pattern, ecologically sound construction and urbanization shall be promoted.

On February 2, 2016, the Ministry of Finance, the Ministry of Land and Resources, the PBOC and the CBRC promulgated the Notice on Regulating Land Reserve and Financing Management and Other Related Issues (《關於規範土地儲備和資金管理等相關問題的通知》), which provides, among others, that the overall scale of land reserves around China should be determined based on the local economic development level, the local financial status, the annual land supply, the annual debt limits of the local government, the repayment capacity of the local government and other factors, in order to prevent the insufficient utilization of land resources and the debt pressure of the local government resulting from an oversized scale of land reserve. Since January 1, 2016, the local governments shall not borrow land reserve loans from banking and financial institutions.

On March 25, 2016, the Ministry of Finance and the MOHURD promulgated the Notice on Further Improving the Related Work of the Transformation of Shantytowns (《關於進一步做好棚戶區改造相關工作的通知》), with a view to promote the transformation of shantytowns and to guide the residents of shantytowns to choose monetized resettlement in the first instance. Especially for areas with a large inventory of commercial housing and sufficient housing resources in the market, the proportion of the monetized settlement for the transformation of the shantytowns is further improved.

On April 1, 2017, the MOHURD and the Ministry of Land and Resources promulgated the Notice on Matters Relating to Strengthening the Administration and Regulation of Recent Housing and Land Supply (《關於加強近期住房及用地供膺管理和調控有關工作的通知》), which stipulates that, among others, in order to ensure the stable and orderly supply of residential land, local authorities must consider the local realities and specific situations to regulate land supply. For example, auctions of new land should be ceased if a city has an overflow of existing housing supply equivalent to 36 months or more of recent monthly sales, reduced if the existing housing supply is equal to 18 to 30 months of sales and increased if such city has unsold housing inventory of six to 12 months. The aim of such regulation is to prevent increases in total bid price, land price or housing price per unit, which could disrupt market expectations. Many cities have taken measures such as restricting housing price, competing for self-holding areas, and competing for security-housing areas in land bidding.

In April 2019, the MOHURD promulgated the Notice on the Relevant Issues Concerning the Examination and Approval of the Construction of Villa Projects (《關於別墅項目建設審批有關事項的通知》), requiring that the illegal villas should be inspected and rectified, and all the provincial-level housing and urban-rural construction departments should immediately suspend the approval procedures for the construction of villa projects in their respective administrative areas and should sort out the villa projects that have been built, under construction, approved, and approved at the same time.

In May 2020, the National People's Congress adopted the PRC Civil Code (《中華人民共和國民法典》), which became effective on January 1, 2021. According to the PRC Civil Code, when the term of the right-to-use construction land for residential (but not other) purposes expires, it will be renewed automatically, while the payment, reduction of or exemption from the renewal fee shall be handled in accordance with the provisions of laws and administrative regulations. Unless it is otherwise prescribed by any law, the owner of construction land use rights has the right to transfer, exchange, and use such land use rights as equity contributions or collateral for financing. If the state takes the premises owned by entities or individuals, it must compensate the property owners in accordance with law and protect the lawful rights and interests of the property owners.

On August 30, 2021, the MOHURD promulgated the Notice on Preventing Mass Demolition and Construction Issues in the Implementation of Urban Renewal Actions (Jianke [2021] No. 63) (《關於在實施城市更新行動中防止大拆大建問題的通知》), which sets out four guidelines for urban renewal, namely: (i) in principle, the demolished floor area within the urban renewal units (districts) or the project should not be greater than 20% of the existing floor area; (ii) in principle, the ratio of demolition and construction within the urban renewal units (districts) or the project should not be greater than two; (iii) the resettlement rate of residents who used to live in the urban renewal area (districts) or projects should not be less than 50%; (iv) and the annual housing rent increase should not exceed 5%.

Sale of Commodity Houses

Under the Measures for Administration of Sale of Commodity Houses (《商品房銷售管理辦法》) promulgated by the Ministry of Construction in April 2001, sale of commodity houses can include both sales before the completion of the properties, or pre-sale, and sales after the completion of the properties.

Any pre-sale of commodity buildings must be conducted in accordance with the Measures for Administration of Pre-sale of Commodity Buildings in Urban Area promulgated by the Ministry of Construction in November 1994 (《城市商品房預售管理辦法》), as amended in August 2001 and July 2004, and other related regulations. The pre-sale regulations provide that any pre-sale of commodity properties is subject to specified procedures. According to the current PRC laws and regulations, a pre-sale permit must be in place before a commodity building may be put to pre-sale. Specifically, a developer intending to sell a commodity building before its completion must apply to the real estate development authorities for a pre-sale permit. A commodity building may be sold before completion only if:

- the purchase price has been paid in full for the grant of the land use rights involved and a land use rights certificate has been properly obtained;
- a construction planning permit and a construction permit have been properly obtained;
- funds invested in the development of the commodity buildings for pre-sale represent 25% or more of the total investment in the project and the construction progress as well as the completion and delivery dates have been properly ascertained; and
- a pre-sale permit has been obtained.

The pre-sale proceeds of commodity buildings must be used to develop the relevant project so pre-sold.

Commodity buildings may be put to post-completion sale and delivery after they have passed the acceptance examination and otherwise satisfy the various preconditions for such sale. Before the post-completion sale of a commodity building, the developer must, among other things, submit a real estate development project manual and other documents relating to the project evidencing the satisfaction of the preconditions for post-completion sale to the real estate development authority for its record.

On April 13, 2010, MOHURD issued the Notice on Further Enhancing the Supervision of the Real Estate Market and Perfecting the Pre-sale System of Commodity Houses (《關於進一步加強房地產市場監管完善商品住房預售制度有關問題的通知》). Pursuant to the notice, without the pre-sale approval, the commodity properties are not permitted to be pre-sold and the real estate developer are not allowed to charge the buyer any deposit or pre-payment or payment of the similar nature. In addition, the notice urges local governments to enact regulations on sale of completed commodity properties in light of the local conditions, and encourages property developers to sell completed commodity properties.

The Provisions on Sales of Commodity Properties at Clearly Marked Price (《商品房銷售明碼標價規定》) was promulgated by the NDRC on March 16, 2011 and became effective on May 1, 2011.

According to the provisions, a real estate developer or real estate agency (collectively, "real estate operators") is required to mark the selling price explicitly and clearly for both newly-build and second-hand commodity properties. The provisions require real estate operators to clearly indicate the prices and relevant fees of commodity properties, as well as other factors affecting the prices of commodity properties to the public.

With respect to the real estate development projects that have received property pre-sale permit or have completed the filing procedures for the sales of constructed properties, real estate operators shall announce all the commodity properties available for sales on at once within the specified time limit. Furthermore, with regard to a property that has been sold out, real estate operators are obliged to disclose this information and to disclose the actual transaction price. Real estate operators cannot sell commodity properties beyond the explicit marked price or charge any other fees not explicitly marked. Moreover, real estate operators may neither mislead property purchasers with false or irregular price marking, nor engage in price fraud by using false or misleading price marking methods.

Transfer of Real Estate

According to the PRC laws and the Provisions on Administration of Transfer of Urban Real Estate (《城市房地產轉讓管理規定》) promulgated by the Ministry of Construction in August 1995, as amended in August 2001, a real estate owner may sell, gift or otherwise legally transfer the property to another natural person or legal entity. When transferring a building, the ownership of the building and the land use rights to the site on which the building is situated are transferred together. The parties to a transfer must enter into a written real estate transfer contract and register the transfer with the real estate administration authority having jurisdiction over the location of the real estate within 90 days of the execution of the transfer contract.

Where the land use rights are originally obtained by grant, the real property may only be transferred on the condition that:

- the land premium has been paid in full for the granted land use rights as required by the land grant contract and a land use rights certificate has been properly obtained; and

- in the case of a project in which buildings are being developed, development representing more than 25% of the total investment has been completed; or

- in case of a whole land lot development project, construction works have been carried out as planned, water supply, sewerage, electricity supply, heat supply, access roads, telecommunications and other infrastructure or utilities have been made available, and the site has been leveled and made ready for industrial or other construction purposes.

- If the land use rights are originally obtained by grant, the term of the land use rights after transfer of the real estate will be the remaining portion of the original term in the land grant contract. In the event that the assignee intends to change the use of the land provided in the land grant contract, consent must first be obtained from the original land use rights grantor and the planning administration authority at the relevant city or county and an agreement to amend the land grant contract or a new land grant contract must be signed in order to, inter alia, change the use of the land and adjust the land premium accordingly.

If the land use rights are originally obtained by allocation, such allocated land use right may be changed to granted land use rights upon approval by the government vested with the necessary approval power as required by the State Council. After the governmental authorities vested with the necessary approval power approve such change, the grantee must complete the formalities for the grant of the land use rights and pay the land premium according to the relevant statutes. Assignment of Land for commercial use, tourism, entertainment and commodity housing development must be conducted through public tender, auction or listing-for-sale under the current PRC laws and regulations.

Registration of Real Property

On November 24, 2014, the State Council published the Interim Regulations on Real Estate Registration (《不動產登記暫行條例》) by State Council Decree No. 656, which came into effect on March 1, 2015 and amended on March 24, 2019. Pursuant to the regulation, the following real estate rights shall be registered: (1) ownership of collectively-owned land; (2) ownership of houses and other buildings and structures; (3) ownership of forests and woods; (4) the rights for contracted business operations of arable land, woodland, grassland and other land parcels; (5) the rights to use construction land; (6) the rights to use rural homesteads; (7) the rights to use sea water; (8) easement; (9) mortgage rights; and (10) other real estate rights that shall be registered pursuant to the law.

Leases of Buildings

The Measures for Administration of Lease of Commodity Housing (《商品房屋租賃管理辦法》) promulgated by the MOHURD on December 1, 2010 and implemented on February 1, 2011, requires parties to a leasehold arrangement of a property shall register the leasing agreement with property administrative authorities within 30 days after entering into such leasing agreement under local government at the municipal or county level where the property is situated. In addition, enterprise may be imposed a fine of RMB1,000 to RMB10,000 and individuals of RMB1,000 or less if they do not register leasing agreement within time limit required by competent authorities.

On May 17, 2016, the General Office of the State Council promulgated the Opinions on Accelerating the Cultivation and Development of the Housing Rental Market (《關於加快培育和發展住

房租賃市場的若干意見》), to implement both the renting and buying markets and promote urban residence. The Opinions also allow the commercial real estate to be changed into rental housing, although no specific implementation rules have been published.

On July 18, 2017, the MOHURD, the NDRC, the Ministry of Public Security, the Ministry of Finance, the Ministry of Land and Resources, the PBOC, the SAT, the SAIC, and the CSRC jointly issued the Notice on Accelerating the Development of the Housing Rental Market in Large and Medium Cities with a Net Inflow of Population (《關於在人口淨流入的大中城市加快發展住房租賃市場的通知》), which aims to, among other things, increase financial support for housing rental enterprises, broaden direct financing channels, and support the issuance of corporate credit bonds and asset-backed securities (ABS) such as enterprise bonds, corporate bonds, and non-financial corporate debt financing instruments which are used exclusively to develop housing rental business.

In August 2017, the Ministry of Land and Resources and the MOHURD jointly issued the Pilot Program for the Construction of Rental Housing on Collective Construction Land (《利用集體建設用地建設租賃住房試點方案》), pursuant to which, among megalopolises, mega-cities and the pilot cities for the development of housing rental market approved by relevant ministries and commissions of the State Council, cities that meet the following criteria: (i) there exists high demands of rental housing; (ii) the collective economic organizations, such as villages or towns, are willing to build and have resources to participate in the pilot program; and (iii) local authorities have ample regulatory and service capabilities, shall be selected as pilot cities for the development of rental housing on collective construction land. In January 2019, the Department of Natural Resources and the MOHURD jointly selected another five cities, namely Fuzhou, Nanchang, Qingdao, Haikou and Guiyang, to join the pilot program and use collective construction land to develop rental housing.

In April 2018, the CSRC and the MOHURD issued the Notice on Promoting the Work Relevant to the Securitization of Housing Leasing Assets (《關於推進住房租賃資產證券化相關工作的通知》), encouraging specialized and institutionalized housing rental enterprises to carry out asset securitization, giving priority to supporting national policies, and encouraging rental projects to carry out asset securitization.

On April 15, 2021, the MOHURD and other five departments jointly issued the Opinions on Strengthening the Supervision of Asset-light Housing Leasing Enterprises(《關於加強輕資產住房租賃企業監管的意見》), which provides guidance to housing leasing enterprises to return to the origin of housing leasing services and promoting the healthy development of the housing leasing market. On June 24, 2021, the General Office of the State Council issued the Opinions on Accelerating the Development of Affordable Rental Housing (《關於加快發展保障性租賃住房的意見》), which clarifies the basic system and supporting policies of affordable rental housing from six aspects, including land, examination and approval, taxes and fees, and finance.

Shared Property

In September 2017, the MOHURD issued the Opinions on Supporting the Pilot Project of Shared Property Housing in Beijing and Shanghai (《關於支持北京市、上海市開展共有產權住房試點的意見》) which decides to develop the pilot project of shared property housing in Beijing and Shanghai. In order to support the pilot project of shared property housing in these two cities, the MOHURD puts forward eight opinions on overall requirements, basic principles, supply targets, management systems, operational management subjects, policy support, planning and construction, and organization and implementation.

Mortgages of Real Estate

Under the PRC Urban Real Estate Administration Law (《中華人民共和國城市房地產管理法》) promulgated by the NPC in July 1994, as amended in August 2007, August 2009 and August 2019, the Measures for Administration of Mortgages of Urban Real Estate (《城市房地產抵押管理辦法》) promulgated by the Ministry of Construction in May 1997 and amended in August 2001 and March 2021,and the PRC Civil Code (《中華人民共和國民法典》) promulgated by the NPC in May 2020, when mortgage is created on the ownership of a building legally obtained, such mortgage must be simultaneously created on the land use rights of the land on which the building is situated. The mortgagor and the mortgagee must sign a mortgage contract in writing. China has adopted a system to register mortgages of real estate. After a real estate mortgage contract has been signed, the parties to the mortgage must register the mortgage with the real estate administration authority at the location where the real estate is situated. A real estate mortgage contract will become effective on the date of signing, while the mortgage will be set up on the date of registration of the mortgage. If a mortgage is created on the real estate in respect of which a property ownership certificate has been obtained legally, the registration authority will, when registering the mortgage, make an entry under "third party rights" on the original property ownership certificate and then issue a certificate of third party rights to the mortgagee. If a mortgage is created on the commodity building put to pre-sale or on works in progress, the registration authority will, when registering the mortgage, record the details on the mortgage registration. If construction of a real property is completed during the term of a mortgage, the parties involved will re-register the mortgage of the real property after issue of the certificates evidencing the rights and ownership to the real estate. The mortgagor may assign the mortgaged property during the mortgage period, but if the mortgagor and the mortgagee agree otherwise, their agreement shall prevail. If the mortgaged property is assigned, the mortgage shall not be affected.

In addition, the PRC Civil Code Law further widens the scope of assets that can be mortgaged, allowing for any asset associated with property rights to be mortgaged as collateral unless a specific prohibition under another law or regulation applies.

The down payment requirement was subsequently increased to 30% of the property price for residential units with a unit floor area of 90 sq.m. or more in May 2006. You may refer to "—*Measures on Stabilizing Housing Price*" below. The initial capital outlay requirement was subsequently increased to 35% by the CBRC, in August 2004 pursuant to its Guidance on Risk Management of Property Loans Granted by Commercial Banks (《商業銀行房地產貸款風險管理指引》).

In a Circular on Facilitating the Continuously Healthy Development of Property Market (《關於促進房地產市場持續健康發展的通知》) issued by the State Council in August 2003, a series of measures were adopted by the government to control the property market. They included, among others, strengthening the construction and management of low-cost affordable houses, increasing the supply of ordinary commodity houses and controlling the construction of high-end commodity houses. Besides, the government also staged a series of measures on the lending for residential development, including, among others, improving the loan evaluation and lending process, improving the guarantee mechanism of individual home loans and strengthening the monitoring over property loans. It is expected that the circular will have a positive effect on the development of the PRC property market in the long run by facilitating a continuously healthy growth of the property market in China.

In September 2007, the PBOC and CBRC promulgated a Circular on Strengthening the Management of Commercial Real-estate Credit Loans (《關於加強商業性房地產信貸管理的通知》), with a supplement issued in December 2007. The circular aims to tighten the control over real-estate loans from commercial banks to prevent granting excessive credit. The measures include:

- for a first-time home owner, increasing the minimum amount of down payment to 30% of the purchase price of the underlying property if the underlying property has a unit floor area of 90 sq.m. or more and the purchaser is buying the property as its own residence;

- for a second-time home buyer, increasing (i) the minimum amount of down payment to 40% of the purchase price of the underlying property and (ii) the minimum mortgage loan interest rate to 1.1 times that of the corresponding benchmark interest rate over the same corresponding period released by the PBOC. If a family member (including the buyer, his/her spouse and their children under 18) has financed the purchase of a residential unit, any member of the family that buys another residential unit with bank loans will be regarded as a second-time home buyer;

- for a commercial property buyer, (i) requiring banks not to finance any purchase of pre-sold properties, (ii) increasing the minimum amount of down payment to 50% of the purchase price of the underlying property, (iii) increasing the minimum mortgage loan interest rate to 1.1 times that of the corresponding benchmark interest rate over the same corresponding period released by the PBOC, (iv) limiting the terms of such bank loans to no more than 10 years, although the commercial banks are given certain flexibility based on its risk assessment;

- for a buyer of commercial/residential dual-purpose properties, increasing the minimum amount of down payment to 45% of the purchase price of the underlying property, with the other terms to be decided by reference to commercial properties; and

- prohibiting commercial banks from providing loans to real-estate developers who have been found by relevant governmental authorities to be hoarding land and properties.

In addition, commercial banks are also banned from providing loans to the projects that have less than 35% of capital funds (proprietary interests), or fail to obtain land use right certificates, construction land planning permits, construction works planning permits or construction permits. Commercial banks are also prohibited from accepting commercial premises that have been vacant for more than three years as collateral for loans. In principle, real-estate development loans provided by commercial banks should only be used for the projects where the commercial banks are located. Commercial banks may not provide loans to property developers to finance the payment of land premium.

According to the Notice on Extending the Downward Range of the Interest Rate for Commercial Personal Home Loans and Supporting the Residents in First-time Purchase of Ordinary Residential Homes (《關於擴大商業性個人住房貸款利率下浮幅度等有關問題的通知》) issued by the PBOC on October 22, 2008, the minimum amount of down payment has been adjusted to 20% since October 27, 2008.

In November 2017, the CBRC issued the Notice on Regulating Banking and Credit Business (《關於規範銀信類業務的通知》), requiring that when carrying out banking and credit business, commercial banks and trust companies should implement state's macro-control policies and comply with relevant laws and regulations, and trust funds shall not be illegally invested into real estate or other restricted or prohibited areas.

In January 2018, the CBRC Shanghai Office issued the Notice on Regulating the M&A Loan Business (《關於規範開展並購貸款業務的通知》), clearly stipulating that if the M&A loan will be invested in the acquisition of the land for real estate development or the M&A of the equity of a real estate development project company, the M&A loan shall be managed according to the principle of penetration that the land project proposed to be acquired shall complete more than 25% of the total construction investment; the compliance of the M&A loan business shall be evaluated according to the principle of penetration; and the supervision requirements of large-scale loans for real estate development shall be strictly abide by.

In May 2018, the CBRC issued the Management Measures for Joint Credit Grants of Banking Financial Institutions (For Trial Implementation) (《銀行業金融機構聯合授信管理辦法(試行)》), stipulating that for enterprises which have financing balance in more than three banks and where the total financing balance is more than five billion yuan, the banking financial institutions should establish a joint credit mechanism. It is expected that with the spread of the pilot, the bank credit of real estate enterprises with large debts, high leverage and insufficient solvency will be limited, and long-term financing and over-funding will not be sustainable.

Insurance

There is no mandatory provision under the PRC laws, regulations and governmental rules which require a property developer to take out insurance policies for its real estate developments. According to the common practice of the property industry in China, construction companies are usually required to submit insurance proposals in the course of tendering and bidding for construction projects. Construction companies must pay for the insurance premium at their own costs and take out insurance to cover their liabilities, such as third party's liability risk, employer's liability risk, risk of non-performance of contract in the course of construction and other kinds of risks associated with the construction and installation works throughout the construction period. The insurance coverage for all these risks will cease immediately after the completion and acceptance upon inspection of construction.

Measures on Stabilizing Housing Price

The General Office of the State Council promulgated a Circular on Stabilizing Housing Price (《關於切實穩定住房價格的通知》) in March 2005, introducing measures to be taken to restrain the housing price from increasing too fast and to promote a stable development of the real estate market. In April 2005, the Ministry of Construction, NDRC, the Ministry of Finance, the Ministry of Land and Resources, the PBOC, SAT and CBRC jointly issued an Opinions on Stabilizing Housing Prices (《關於做好穩定住房價格工作的意見》) containing the following guidance:

- Where the housing price is growing too fast, while the supply of ordinary commodity houses at medium or low prices and low-cost affordable houses is insufficient, the housing construction should mainly involve projects of ordinary commodity houses at medium or low prices and low-cost affordable houses. The construction of low-density, high-end houses should be strictly controlled. The relevant local governmental authorities are authorized to impose conditions on planning and design such as the building height, plot ratio and green space and to impose such requirements as the selling price, type and GFA as preconditions on land assignment. The local governments are also required to strengthen their supervision of real estate developments in their jurisdictions.

- Where the price of land for residential use and the price for residential housing are growing too fast, the proportion of land supply for residential use to the total land supply should be appropriately raised, and the land supply for the construction of ordinary commodity houses at medium or low prices and low-cost affordable houses should be increased. Land supply for villa construction should continue to be suspended, and land supply for high-end housing property construction should be strictly restricted.

- Idle land fee must be imposed on land that has not been developed for one year from the contractual construction commencement date. Land use rights that have not been developed for two years must be forfeited without compensation.

- Commencing from June 1, 2005, a business tax upon transfer of a residential house by an individual within two years from his/her purchase will be levied on the entire sales proceeds from such sale. For an individual to transfer an ordinary residential house two years after his/her purchase, the business tax will be exempted. For an individual to transfer a property other than an ordinary residential house two years after his/her purchase, the business tax will be levied on the difference between the price of such sale and the original purchase price.

- Ordinary residential houses with medium or small GFA and at medium or low prices may be granted preferential treatment such as planning permits, land supply, credit and taxation. Houses enjoying these preferential policies must satisfy the following conditions in principle: the plot ratio is above 1.0, the GFA of one single unit is less than 120 sq.m., and the actual transfer price is lower than 120% of the average transfer price of comparable houses at comparable locations. The local governments at the provincial level may, based on their actual local circumstances, formulate specific standards for ordinary residential houses that may enjoy the preferential policies.

- Transfer of unfinished commodity properties by any pre-sale purchaser is forbidden. In addition, purchasers are required to buy properties in their real names. Any commodity property pre-sale contract must also be filed with the relevant governmental agencies electronically immediately after its execution.

The Notice on Adjustment of the Housing Loan Policy and Deposit Rate of Excess Reserve for Commercial Banks (《關於調整商業銀行住房信貸政策和超額準備金存款利率的通知》), promulgated by the PBOC in March 2005, has made adjustment to individual housing loan policies of commercial banks as well as individual housing fund loan rate. Pursuant to this notice, the preferential mortgage loan interest rate was replaced by the commercial loan interest rate subject to certain restrictions on the lower limit on such interest rates. In the urban areas or cities with rapidly increased real estate prices, minimum down payment ratio for individual housing loans was adjusted from 20% to 30%. In May 2006, the Ministry of Construction, NDRC, the PBOC and other relevant PRC governmental authorities jointly issued their Opinions on Housing Supply Structure and Stabilization of Property Prices (《關於調整住房供應結構穩定住房價格意見的通知》). These opinions reiterated the existing measures and ushered additional measures that aim to further curb rapid increases in property prices in large cities and to promote healthy development of the PRC property market. These measures include:

- requiring that at least 70% of the land supply approved by a local government for residential property development for any given year must be used for developing low-to medium-cost and small- to medium-size units and low-cost rental properties;

- requiring that at least 70% of residential projects approved or constructed on or after June 1, 2006 must consist of units with a unit floor area of less than 90 sq.m. per unit and that projects which have received approvals prior to this date but have not obtained construction permits must adjust their planning in order to be in conformity with this new requirement, with the exception that municipalities under direct administration of the PRC government, such as Beijing, Chongqing and Shanghai, provincial capitals and certain other cities may deviate from such ratio under special circumstances upon approval from the Ministry of Construction;

- increasing the minimum amount of down payment from 20% to 30% of the purchase price of the underlying property if the underlying property has a unit floor area of 90 sq.m. or more, effective from June 1, 2006;

- prohibiting commercial banks from lending to real estate developers with an internal capital ratio, calculated by dividing the internal funds by the total project capital required for the relevant projects, of less than 35%, restricting the grant or extension of revolving credit facilities to property developers holding a large amount of idle land and vacant commodity

- properties, and prohibiting commercial banks from accepting commodity properties which have been vacant for more than three years as security for their loans; and

- imposing a business tax levy on the entire sales proceeds from transfer of properties if the holding period is shorter than five years, effective from June 1, 2006, as opposed to two years when such levy was initially implemented in June 2005, and allowing such business price in the event that an individual transfers a property other than an ordinary residential property after five years from his/her date of purchase.

In July 2006, the Ministry of Construction, NDRC, MOFCOM, the PBOC, SAIC, and SAFE jointly issued an Opinion on Regulating the Access and Management of Foreign Capital in the Real Estate Market (《關於規範房地產市場外資准入和管理的意見》) (the "**171 Opinion**") and amended in August 2015. The 171 Opinion aims to tighten access by foreign capital to the PRC real estate market and to restrict property purchases in China by foreign institutions or individuals. It provides, among others, that a foreign institution or individual must establish a foreign-invested enterprise in order to purchase real property in China if the property is not intended for self-use. The registered capital of such foreign-invested enterprise must amount to at least 50% of its total investments in PRC real properties if the amounts of such investments exceed US$10 million. Branches and representative offices of foreign institutions in China, and foreign individuals who work or study in China, may purchase real property for their own use but not for any other purposes. In September 2006, SAFE and the Ministry of Construction jointly issued a Notice in Respect of Foreign Exchange Issues in the Real Estate Market (《關於規範房地產市場外匯管理有關問題的通知》) (the "**47 Notice**") to implement the 171 Opinion and amended in May 2015. The 47 Notice provides specific procedures for purchasing real properties by foreign institutions and foreign individuals. The 47 Notice also forbids a FIREE to apply for overseas loans if it has failed to obtain the land use rights certificates, or its own capital funds do not reach 35% of the total investment for the project.

In September 2007, the Ministry of Land and Resources issued the Notice on Implementation of the State Council's Certain Opinions on Resolving Difficulties of Housing for Low-income Urban Families and Further Strengthening Macro-control of Land Supply (《關於認真貫徹國務院〈關於解決城市低收入家庭住房困難的若干意見〉進一步加強土地供應調控的通知》) as amended on December 3, 2010, pursuant to which, at least 70% of the land supply arranged by the relevant land administration authority at city or county level for residential property development for any given year must be used for developing low-to-medium-cost and small- to medium-size units, low-cost rental properties and affordable housing.

In November 2007, the PRC government revised its Catalog of Guidance on Industries for Foreign Investment by, among other things, removing the development of ordinary residences from the foreign-investment-encouraged category and adding the secondary market residential property trading and brokering into the foreign-investment-restricted category. In July 2008, the PBOC and CBRC jointly issued the Notice on Financially Promoting the Saving and Intensification of Use of Land (《關於金融促進節約集約用地的通知》), requiring that relevant financial institutions to strengthen the administration of construction land project loans, including the administration of commercial real estate credit loan.

In October 2008, the PBOC issued the Notice on Extending the Downward Range of the Interest Rate for Commercial Personal Home Loans and Supporting the Residents in First-time Purchase of Ordinary Residential Homes (《關於擴大商業性個人住房貸款利率下浮幅度等有關問題的通知》), pursuant to which, since October 27, 2008, the bottom limit of the interest rate applicable to the commercial personal home loans has been extended, the minimum amount of down payment has been adjusted to 20% and the interest rate applicable to personal home loans financed by provident fund has been also reduced.

In October 2008, the Ministry of Finance and SAT issued the Notice on the Adjustments to Taxation on Real Property Transactions (《關於調整房地產交易環節稅收政策的通知》) (as amended in September 2010), pursuant to which, since November 1, 2008, individuals who sell or purchase residential properties are temporarily exempted from stamp duty and who sell residential properties are temporarily exempted from land value-added tax.

In December 2008, the General Office of the State Council issued the Several Opinions on Facilitating the Healthy Development of the Real Estate Market (《關於促進房地產市場健康發展的若干意見》), which aims to, among other things, encourage the consumption of the ordinary residence and support the real estate developer to handle the market change. Pursuant to this opinion, in order to encourage the consumption of the ordinary residence, from January 1, 2009 to December 31, 2009, business tax is imposed on the full amount of the sale income upon the transfer a non-ordinary residence by an individual within two years from the purchase date. For the transfer of non-ordinary residence which is more than two years from the purchase date and ordinary residence which is within two years from the purchase date, the business tax is to be levied on the difference between the sale income and the purchase price. In the case of an ordinary residence, the business tax is exempted if that transfer occurs after two years from the purchase date. Furthermore, individuals with an existing ordinary residence that is smaller than the average size for their locality may buy a second ordinary residence under favorable loan terms similar to first-time buyers. In addition, support for real estate developers to deal with the changing market is to be provided by increasing credit financing services to "low-to-medium-level price" or "small-to-medium-sized" ordinary commercial housing projects, particularly those under construction, and providing financial support and other related services to real estate developers with good credit standing for merger and acquisition activities.

In January 2010, the General Office of the State Council issued a Circular on Facilitating the Stable and Healthy Development of Property Market (《關於促進房地產市場平穩健康發展的通知》), which adopted a series of measures to strengthen and improve the regulation of the property market, stabilize market expectation and facilitate the stable and healthy development of the property market. These include, among others, measures to increase the supply of affordable housing and ordinary commodity housing, provide guidance for the purchase of property, restrain speculation of properties, and strengthen risk prevention and market supervision. Additionally, it explicitly requires each family (including a borrower, his or her spouse and children under 18), that has already purchased a residence through mortgage financing and have applied to purchase a second or more residences through mortgage financing, to pay a minimum down payment of 40% of the purchase price on the second of more residences.

On April 17, 2010, the State Council announced a series of new measures in the Notice on Resolutely Curbing the Rapid Rising of the House Price in Certain Cities (《國務院關於堅決遏制部分城市房價過快上漲的通知》) to keep housing prices from rising too quickly in certain cities in conjunction with and subsequent to a meeting held on April 14, 2010. The new measures include, among other things:

- **Higher minimum down payment requirements**

    - first-time home house buyers must make a down payment of at least 30% of the purchase price of the underlying property if the underlying property has a unit floor area of 90 sq.m. or more;

    - second-time home buyers must make a down payment of at least 50% of the purchase price of the underlying property subject to a minimum mortgage loan interest rate at 110% of the relevant PBOC benchmark interest rate; and

    - commercial banks should significantly increase the ratio of minimum down payment to the purchase price and the minimum mortgage loan interest rate, respectively, for buyers who purchase a third or additional houses by mortgage financing.

- **Commercial banks' right to stop lending**

    - in regions where house prices have been increasing too quickly, commercial banks may stop granting mortgage loans to home buyers who purchase a third or any additional houses;

    - commercial banks are required to stop granting mortgage loans to home buyers who are not local residents and cannot provide evidence of payment of tax or social insurance contribution in such local area for more than one year; and

    - the local governments may adopt interim measures to impose limits on the maximum number of units that one family may own.

- **Punishment of speculative developers**

    - commercial banks are not allowed to lend to developers who hold idle land or manipulate land reserve or price; and

    - the CSRC may suspend review of applications from speculative developers for listing of shares, restructuring or refinancing.

- **Disclosure of property ownership**

    - property developers who have filed with the local governmental information of the completed properties to be sold or who have obtained the pre-sale permits are required to disclose to the public the properties for sale all at once and within a specified period of time and sell the properties they develop exactly at the price provided to the local government.

On September 29, 2010, the PBOC and CBRC jointly issued the Notice on Relevant Issues Regarding the Improvement of Differential Mortgage Loan Policies (《關於完善差別化住房信貸政策有關問題的通知》), according to which, the minimum down payment has been raised to 30% of the purchase price of the commodity residential property, and commercial banks shall suspend granting mortgage loans to families that purchase a third or further residential property or non-local residents who fail to provide one-year or longer tax payment certificates or social insurance payment certificates. For a mortgage on the second residential property, the minimum down payment must be 50% of the purchase price and the interest rate must be no less than 1.1 times that of the corresponding benchmark interest rate over the same corresponding period released by the PBOC.

On January 26, 2011, the State Council issued the Notice on Further Adjustment and Control of Property Markets (《關於進一步做好房地產市場調控工作有關問題的通知》) which requires, among other restrictive measures: (i) a minimum down payment of 60% of the total purchase price with a minimum mortgage interest rate of 110% of the benchmark rate published by the PBOC for the purchase of a second residential property; and (ii) in municipalities directly under the PRC government, cities listed on state plans, provincial capitals, and cities where the housing prices are overly high or increasing at an excessively high rate, local residents with two or more residential properties, non-local residents with one or more residential properties and non-local residents that are unable to provide documentation certifying payment of local tax or social insurance payment for a specified time period, are not permitted to purchase any residential properties located in the local administrative area.

On January 27, 2011, the Ministry of Finance and SAT jointly issued the Notice on Adjusting the Business Tax Policies upon Transferring Residential Properties by Individuals (《關於調整個人住房轉讓營業稅政策的通知》). Pursuant to the notice, business tax will be levied upon the transfer of a residential property held by an individual for less than five years and the amount of business tax to be paid will be calculated based on the full amount of the sale proceeds. For an individual transferring a non-ordinary residential property held for five years or more, the business tax to be paid will be calculated based on the difference between the sale proceeds and the original purchase price. An individual transferring an ordinary residential property held for five years or more will be exempted from the business tax. The notice was abolished and replaced by the Notice on Adjusting the Business Tax Policies upon Transferring Residential Properties by Individuals promulgated by the Ministry of Finance and SAT in March 2015.

On July 19, 2012, Ministry of Land and Resources and MOHURD issued the Urgent Notice to Further Tighten Up Real Property Land Administration and Consolidate the Achievement of Macroeconomic Control of the Real Property Market (《國土資源部、住房城鄉建設部關於進一步嚴格房地產用地管理鞏固房地產市場調控成果的緊急通知》). According to this notice, the Ministry of Land and Resources, MOHURD and their respective local counterparts will continue to strictly regulate the market to prevent housing prices from rebounding. Local governments must ensure a supply of land for social security housing projects, and must try to increase the completion rate of such projects. Further, the governments will further improve the land price evaluation procedure, thereby allowing for the reasonable determination of base prices for land auction. For those auctions in which the land prices may be raised to a significantly higher level, the governments must adjust the bidding method in a timely manner. For those lands which are expected to reach unprecedentedly high prices and those lands whose final deal prices have a premium rate of more than 50%, the government should adjust the land transfer scheme in a timely manner, such as by limiting the final home prices or requiring the land purchaser to build additional social security housing projects. Further, the government will continue enforcing the system for reporting unusual transactions, which requires that governments at city-level and county-level should, within two business days upon the signing of purchase confirmation letter or the dispatch of the letter of acceptance, submit the unusual transaction data to the national land market monitoring and administration system, thereby reporting the unusual transaction to the Ministry of Land and Resources and its agencies at the provincial level.

Additionally, under this notice, the government emphasizes that the scope of land to be transferred should not exceed its scope limit, and some other acts will continue to be strictly prohibited, such as combining two or more separate tracts of land into one bidding subject, or transferring land without first completing the demolition and relocation work. The floor-area ratio of residential land should be no less than 1. Further, land allocation decision or land transfer contract should require real estate developer to commence the construction and development within one year after the land has been delivered to it and to complete the construction and development within three years. The government will strictly inspect the competence of bidders so as to prohibit any bank loan from being used for the payment of land price. The deposit for land auction or bidding should not be less than 20% of the base price. After the deal of land transfer has been reached, the land transfer agreement should be signed within 10 business days, 50% of the land price should be paid within one month after the signing of the land transfer agreement and the payment of remaining land price should be made within one year. Also, the government should prohibit the purchaser from purchasing land for a certain period if such a purchaser (a) failed to pay the land price in a timely manner; (b) intentionally left the land idle; (c) intentionally reserved land for the purpose of resale; (d) developed land beyond its development capability; or (e) failed to duly perform the land use contract.

On September 6, 2012, the Ministry of Land and Resources promulgated the Notice on Strictly Implementing Land Use Standards and Vigorously Promoting Economical and Intensive Land Use (《關於嚴格執行土地使用標準大力促進節約集約用地的通知》), which stipulates, among other things, that: (a) land use standards shall be strictly implemented and continuously improved. For industrial and commercial land transferred through lawful public tender, auction and listing-for-sale, the administration of land and resources of cities and counties shall establish the requirements related to land use standards for the schemes and announcement of land assignment, and include such requirements in assignment contracts and strictly enforce the requirements. Construction lands that are listed in the Catalog for Prohibited Land Use Projects, or that fail to conform to the prescribed conditions in the Catalog for Restricted Land Use Projects (《限制用地項目目錄》), or for which the intensity of investment, floor area ratio, construction coefficient, ratio of green land, or proportion of administrative offices and living facilities land fail to conform to relevant requirements for industrial projects or total area or each functional division area surpasses the required limits or the land area and floor area ratio fails to conform to the conditions of the residential land supply shall not pass the land supply and approval procedures; (b) the format and substantial content of land use standard shall be strictly examined; (c) the implementation of land use standard shall be further supervised and evaluated; and (d) the land use standard training program shall be given to the officials in land and resources authorities, and such the land use standards shall be widely publicized for the purpose of effectuation. The Notice was abolished on November 29, 2017.

On November 5, 2012, the Ministry of Land and Resources, the Ministry of Finance, the PBOC and CBRC jointly promulgated the Notice on Strengthening Land Reserves and Financing Administration (Guotuzi Fa [2012] No. 162) (《關於加強土地儲備與融資管理的通知》(國土資發[2012]162號)) in order to strengthen land bank institutions administration, determine the reasonable scale and structure of land bank, strengthen the administration of land pre-development, reservation and protection, and regulate the financing to land reservation and the use of land reservation funds.

On February 26, 2013, the General Office of the State Council issued the Notice on Continuing to Effectively Regulate the Real Estate Market (《關於繼續做好房地產市場調控工作的通知》), requiring certain related cities to fine-tune the existing house purchase restrictions on the basis of strict compliance with the Notice of the General Office of the State Council on Further Improving the Regulation of the

Real Estate Market (Guo Ban Fa [2011] No. 1) (《國務院辦公廳關於進一步做好房地產市場調控工作有關問題的通知》國辦發[2011] 1號), which includes, among others: (i) all administrative regions of a city subject to purchase restrictions shall be covered under such restrictions, while the types of houses subject to purchase restrictions shall include all newly-constructed commercial housing and second-hand housing. The house purchase eligibility shall be examined before the conclusion of a house purchase city shall not be sold to a family without local household register that already owns one or more houses, and a family without local household register that is unable to provide proofs for a certain number of consecutive years of local tax payment or social insurance contribution; (ii) with regard to cities with soaring housing prices, the local branches of the People's Bank of China, may further raise the enforcing percentage of the minimum down payment (which shall not be lower than 60%) and loan interest rates which shall not be lower than 1.1 times of the benchmark interest rate for the second-home purchases, according to policy requirements and the price control targets determined by the local people's governments for newly-constructed commercial housing; and (iii) tax authorities shall levy individual income tax payable on the sales of owner-occupied houses at 20% of the transfer income in strict compliance with the law if the original value of the houses sold can be verified through historical information such as tax collection and administration, house registration, etc.

On February 26, 2013, the General Office of the State Council issued the Notice on Continuing Adjustment and Control of Property Markets (《關於繼續做好房地產市場調控工作的通知》) which requires, among other restrictive measures:

(i) Improving the responsibility system for stabilizing housing prices. Municipalities directly under the PRC government, cities listed on state plans and provincial capitals (excluding Lhasa) must set an annual objective for controlling housing prices and publish annual new commodity housing price control target in the first quarter of the year.

(ii) Firmly restraining purchases of residential housing for investment and speculation purposes. Municipalities directly under the PRC government, cities listed on state plans and provincial capitals which have implemented restrictions on the real estate market are required to cover all administrative areas of the cities as restricted areas, and restricted housing shall include new commodity housing and second-hand housing. Non-local residents who possess one or more residential properties and fail to provide one-year or longer tax payment certificates or social insurance payment certificates are to be barred from purchasing any residential properties located in the administrative area. For cities where housing prices are increasing at an excessively high rate, local branches of the PBOC may further raise the down payment rate and mortgage interest rate for the purchase of a second residential property. In addition, the state will strictly enforce a 20% tax on home sale profits.

(iii) Expanding ordinary commodity housing units and increasing the supply of land. The overall housing land supply in 2013 shall not be lower than the average actual land supply in the past five years. Financial institutions, subject to credit requirements, are to prioritize requests for loans for ordinary commodity housing construction projects in which medium and small housing units constitute 70% or more of the total units in such construction project.

On March 5, 2014, the annual report published by the PRC government's State Council stated that different cities should have different housing policies, the government will promote supply of small- and medium-sized commercial residential buildings, control speculative demands, and promote healthy development of the real estate market in the PRC. After several years of referring to controlling policies and suppressing the rising housing prices, this was the first year that such language was not included in the report.

On September 29, 2014, the PBOC and CBRC jointly issued the Notice on Further Improving Housing Financial Services (《關於進一步做好住房金融服務工作的通知》). According to such Notice, if a household that owns an existing property for which the property purchase loan has been paid off applies for a new loan to purchase another ordinary commodity housing, policies applicable will be those which were applicable to the first owner-occupied property. In addition, if a household borrows a loan to purchase the first ordinary owner-occupied residential property, the minimum down payment ratio of the loan shall be 30% of the total price, and the interest rate of the loan shall be at least 0.7 times the benchmark lending rate.

- On October 9, 2014, the MOHURD, the Ministry of Finance and the PBOC jointly issued the 'Notice on Promoting the Personal Housing Accumulation Fund Loans' (《關於發展住房公積金個人住房貸款業務的通知》). The Notice requires financial institutions to loosen the conditions for applying for personal housing accumulation fund loans and employees who have been paying such accumulation for a period of six consecutive months may apply for such loans. Also, accumulation payment in one location can be acknowledged in another location and employees may continue accumulation payment after moving to a new location. Furthermore, some banking fees are no longer applicable for such loans. The Notice also enhances support for households purchasing property for the first time.

- On March 25, 2015, the Ministry of Land and Resources and the MOHURD jointly issued the 'Notice on Optimizing Housing and Land Supply Structure and Promoting the Steady and Healthy Development of Real Estate Market' (《關於優化2015年住房及用地供應結構促進房地產市場平穩健康發展的通知》), designed to ensure the balance between market supply and demand and to require that the size of housing land be determined according to the specific local conditions. For cities and counties that obviously have a much larger supply, housing land supply should be reduced and controlled to optimize its size and structure and accelerate de-stocking.

- On March 30, 2015, the Notice of the People's Bank of China, the MOHURD and the China Banking Regulatory Commission on Matters concerning Individual Housing Loan Policies (《中國人民銀行、住房城鄉建設部、中國銀行業監督管理委員會關於個人住房貸款政策有關問題的通知》) was promulgated, according to which, when a household, which has already owned a home and has not paid off the relevant housing loan, applies for another commercial personal housing loan to purchase another ordinary housing property for the purpose of improving living conditions, the minimum down payment is adjusted to 40%. For working households that have contributed to the HPT (Housing Provident Fund), when they use the HPT loans to purchase an ordinary residential house as their first home, the minimum down payment shall be 20% of the house price; for working households that have contributed to the HPT and that have already owned a home and have paid off the corresponding home loans, when they apply, for the second time, for the HPT loans for the purchase of an ordinary residential house as their second home in the interest of improving their housing conditions, the minimum down payment shall be 30% of the house price. After the promulgation, banks of various provinces have lowered the minimum down payment accordingly for households that apply for loans to purchase a second ordinary residential house as their second home.

- On March 30, 2015, the Notice of the Ministry of Finance and the State Administration of Taxation on Adjusting the Business Tax Policies Concerning Transfer of Individual Housing (《財政部、國家稅務總局關於調整個人住房轉讓營業稅政策的通知》) was promulgated, which came into effect on March 31, 2015. According to this notice, the sale of an ordinary residential house by an individual who purchased the same house more than two years (inclusive) ago shall be exempted from business tax. The exemption period is shortened from five years to two years to further stimulate the circulation of second-hand housing and stimulate the market. However, on August 27, 2015, MOHURD, MOF and the PBOC jointly issued the Circular on Adjusting the Minimum Down Payment for the Purchase of Houses by Individuals on the Housing Provident Fund Loans. The circular provides that home buyers who use the housing provident fund for their home purchase are only required to pay a minimum down payment of 20% for their purchase of a second house if all loans are settled on their first home.

- In the first half of 2016, the government promoted property transactions through the lowering of the RRR (i.e. reserve requirement ratio), bank interest, taxes, and down payment requirements. In the latter half of 2016, the government gave priority to regulation through restrictions on property purchase and land supply, in order to prevent a precipitous rise of housing prices and avoid a property bubble. The governments of Shanghai, Hangzhou, Suzhou, Nanjing and other major cities have issued related policies on restrictions of property purchase and bank loans one after another.

- On February 1, 2016, the PBOC and CBRC jointly issued a notice which provides that in cities where restrictions on purchase of residential property are not being implemented, the minimum down payment ratio for a personal housing commercial loan obtained by a household for purchasing its first ordinary residential property is, in principle, 25% of the property price, which can be adjusted down by 5% by local authorities. For existing residential property household owners who have not fully repaid previous loan and are obtaining further personal housing commercial loan to purchase an additional ordinary residential property for the purpose of improving living conditions, the minimum down payment ratio shall be not less than 30% which is lower than the previous requirement of not less than 40%.

On February 17, 2016, the Notice of the Ministry of Finance, the State Administration of Taxation and the MOHURD on Adjusting the Preferential Policies on Deed Tax and Business Tax during Real Estate Transactions (《財政部、國家稅務總局、住房城鄉建設部關於調整房地產交易環節契稅、營業稅優惠政策的通知》) was promulgated, which came into effect on February 22, 2016. According to this notice, (1) deed tax shall be levied at the reduced rate of 1% on an individual who purchases a house of 90 sq.m. or smaller that is the only housing belonging to the family (members include the purchaser, his/her spouse and their minor child/children, hereinafter the same). If such a house is larger than 90 sq.m., deed tax shall be levied at the reduced rate of 1.5%; (2) deed tax shall be levied at the reduced rate of 1% on an individual who purchases a second family home of 90 sq.m. or smaller for the purpose of improving living conditions for the family. If such a house is larger than 90 sq.m., deed tax shall be levied at the reduced rate of 2%; and (3) an individual who sells a property purchased less than two years ago shall be subject to the full amount of business tax. An individual who sells a property purchased two or more years ago shall be exempted from business tax.

On April 12, 2016, the General Office of the State Council issued the Notice on Issuing the Implementation Plan for Special Rectification on Risks in Internet Finance (《互聯網金融風險專項整治工作實施方案的通知》), which provides, among others, that without having obtained the relevant financial qualifications, the real estate development enterprises, the real estate intermediaries and the Internet financial institutions shall not use P2P network lending platforms and equity platforms to engage in any real estate financial business; and upon obtaining the relevant financial qualifications, the aforementioned institutions shall not illegally carry out businesses related to real estate finance. The enterprises engaged in real estate financial businesses should comply with the macro-control policies and the related regulations of management of real estate finance. In addition, the notice regulates conduct such as "purchasing a house through Internet crowdfunding," and strictly prohibits all kinds of institutions from carrying out businesses of a "down payment" nature."

On October 10, 2016, the MOHURD promulgated the Notice on Further Regulating the Operating Conduct of the Real Estate Development Enterprises and Maintaining the Order of the Real Estate Market (《關於進一步規範房地產開發企業經營行為維護房地產市場秩序的通知》). It is made clear that improper operating conduct of real estate development enterprises, resulting from the seeking for unjustified interests, shall be strictly investigated and dealt with. Specifically, the aforementioned improper operating conduct includes: (a) issuing false property resource information and advertisements; (b) malicious hyping and driving up property prices through fabricating or distributing price-rise information and other methods; (c) selling commercial housing without obtaining the pre-sale license; (d) the practice of real estate development enterprises charging the buyers fees under the name of "down payment" or "reservation money," or under disguised forms of subscription, reservation, waiting for a number, or issuing cards, when such buyers do not meet the sales requirements of commercial housing, and taking the opportunity to drive up property prices; (e) hoarding properties, or hoarding properties in disguised forms; (f) selling the commercial housing without a clearly marked price, at a higher price than the marked price, or with an extra charge of unmarked fees; (g) forcing the buyers to accept the price of goods or services through bundling, adding additional conditions and other restrictive methods; (h) re-selling the commercial housing which has been turned into the subject matter of the commercial housing sales contract to a third party; and (i) other improper operating conduct. For real-estate developing enterprises that have carried out the aforementioned improper operation conduct, the relevant department for real estate at all levels shall take the following measures according to the circumstances: (a) sending a written warning; (b) interviewing the main person in charge of the enterprise; (c) publicly reporting the improper operating conduct of the enterprise; (d) enrolling the enterprise on the list of seriously illegal and unreliable real estate development enterprises; and (e) to be examined and approved by the qualification authority in the qualification examination. On April 1, 2017, the MOHURD and the Ministry of Land and Resources jointly promulgated the Notice on Strengthening the Work of Management and Regulation of Housing and Land Supply in the Near Future (《關於加強近期住房及用地供應管理和調控有關工作的通知》). Adhering to the value orientation that "houses are built for living, not for speculating," this notice is promulgated to strengthen and improve housing and land supply management, improve the relationship of housing supply and demand, stabilize market expectations, and promote the development of a stable and healthy real estate market. The relevant matters include reasonable arrangements for residential land supply. Based on the commodity housing inventory digestion cycle, all local governments should adjust housing land supply scale, structure, and sequence in a timely manner. If the digestion cycle needs more than 36 months, no more new land should be *provided*; if the digestion cycle needs 18 to 36 months, the supply of the land should be reduced; if the digestion cycle needs six to 12 months, the supply of the land should be increased; if the digestion cycle needs less than six months, the supply of the land should not only be significantly increased, but also be sped up accordingly. All localities should establish a land purchase fund censorship system to ensure that the real estate development enterprises use their own funds to purchase land. If the sources of funds do not meet the requirements of the departments of land and resources and the related financial departments, the land bidding qualification of such enterprises will be canceled, and they will be prohibited from taking part in land bidding, auctions and listings for a period of time. In addition, based on the actual situation of the particular locality, all localities should flexibly determine their bidding systems, including "restricting housing price, bidding land price," "restricting land price, bidding housing price," selling existing houses when exceeding certain proportion of the land premium rate, and so on, so as to prohibit new higher prices of the regional total price and new higher unit prices of the land or the floor, and to prevent high prices from disrupting market expectations, (b) grasp of the rhythm of housing construction and market entering, (c) development of security housing, and (d) strengthen the responsibility of local government.

On July 13, 2021, the MHURD, the NDRC, the Ministry of Natural Resources and other five departments jointly issued "the Notice on Continuous Rectification and Regulation of the Order of the Real Estate Market" (關於持續整治規範房地產市場秩序的通知), which requires all relevant governmental agencies to focus on, among others, the issues in real estate development, sales, leasing and property management, with an aim to promote the stable and healthy development of the real estate market.

The national and regional authorities have adjusted regulation enforcement mechanisms to keep the housing price stable in response to changes in market economic conditions. Many cities currently impose restrictions such as real estate purchase restrictions, loan restrictions and price restrictions to prevent the housing market from overheating.

Overseas Listing

In August 2006, MOFCOM, the State Assets Supervision and Administration Commission, the SAT, the State Administration of Industry and Commerce, the China Securities Regulatory Commission, and SAFE jointly adopted the Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (《關於外國投資者並購境內企業的規定》), which became effective on September 8, 2006, and amended on June 22, 2009. The rule requires, among other things, that offshore special purpose vehicles, formed for overseas listing purposes through acquisitions of PRC domestic companies controlled by PRC companies or individuals, obtain the approval of the China Securities Regulatory Commission prior to publicly listing their securities on an overseas stock exchange.

In May 2018, the NDRC and the Ministry of Finance issued the Notice on Improving the Market Constraint Mechanism to Strictly Prevent Foreign Debt Risks and Local Debt Risks (《關於完善市場約束機制嚴格防範外債風險和地方債務風險的通知》) to regulate the investment direction of the funds raised from overseas bond issuance of real estate enterprises, which should be mainly used to repay debts due in order to avoid debt defaults, and to restrict the funds from being invested in domestic and foreign real estate projects, supplementing working capital and etc.

Environmental Protection

The laws and regulations governing the environmental protection requirements for real estate development in China include the PRC Environmental Protection Law (《(中華人民共和國環境保護法》), the PRC Prevention and Control of Noise Pollution Law (《中華人民共和國環境噪聲污染防治法》), the PRC Environmental Impact Assessment Law (《中華人民共和國環境影響評價法》) and the PRC Administrative Regulations on Environmental Protection for Development Projects (《建設項目環境保護管理條例》) and the Category-based Administration Catalogue for the Environmental Impact Assessment of Construction Projects (《建設項目環境影響評價分類管理名錄》).

Under these laws and regulations, according to classified administration of environmental impact assessment for construction projects, an environmental impact assessment report or an environmental impact assessment statement or an environmental impact registration form must be submitted by a developer to the relevant governmental authorities for approval or record-filing before commencing construction of any project. In addition, upon completion of the property development, the relevant environmental authorities will also inspect the property to ensure compliance with the applicable environmental protection standards and regulations before the property can be delivered to the purchasers.

On January 1, 2013, the State Council issued the Notice on Green Building Action Plan (綠色建築行動方案) formulated by the Commission of Development and Reform and the MOHURD, which encourages residential house with decoration to improve resource utilization efficiency and promote energy saving and emission reduction.

On May 25, 2021, the MOHURD and other fourteen departments jointly issued the Opinions on Strengthening the County's Green and Low-Carbon Construction (《關於加强縣城綠色低碳建設的意見》), specifying the requirements for the development of green and low-carbon county town.

Labor Law and Labor Contract Law

Pursuant to the Labor Law of the PRC (《中華人民共和國勞動法》) effective since January 1, 1995 and amended on August 27, 2009 and December 29, 2018, the PRC Labor Contract Law (《中華人民共和國勞動合同法》) effective since January 1, 2008 and amended on December 28, 2012, and the Implementing Regulations of the PRC Labor Contract Law (《中華人民共和國勞動合同法實施條例》) effective since September 18, 2008, an employment relationship is established from the date when an employee commences working for an employer, and a written employment contract must be entered into on this same date. If an employment relationship has already been established with an employee but no written employment contract has been entered into simultaneously, a written employment contract must be entered into within one month from the date on which the employee commences work. If an employer fails to enter into a written employment contract with an employee within one year from the date on which the employment relationship is established, it must pay the employee twice his/her salary for each month of the eleven months' period and rectify the situation by subsequently entering into a written employment contract with the employee.

Regulation on Social Insurance and Housing Fund

As required under Regulation of Insurance for Labor Injury, Provisional Insurance Measures for Maternity of Employees, Regulation of Unemployment Insurance, the Decision of the State Council on Setting up Basic Medical Insurance System for Staff Members and Workers in Cities and Towns and the Interim Regulations on the Collection and Payment of Social Insurance Premiums, business enterprises are obliged to provide their employees in China with welfare schemes covering pension insurance, unemployment insurance, maternity insurance, injury insurance and medical insurance. Any enterprise that fails to make social insurance contributions in accordance with the relevant regulations may be ordered to rectify the non-compliance and pay the required contributions within a stipulated deadline. If the enterprise fails to rectify the non-compliance by the stipulated deadline set out by the governmental authorities, it can be assessed a late fee by the relevant authority in the amount of 0.2% of the amount overdue per day from the original due date.

In addition, on October 28, 2010, the Standing Committee of the National People's Congress promulgated the Social Insurance Law of the PRC (《中華人民共和國社會保險法》) (the "**Social Insurance Law**"), which became effective on July 1, 2011 and was amended on December 29, 2018, to clarify the components of the social insurance system in China. According to the Social Insurance Law, employees will participate in pension insurance, work-related injury insurance, medical insurance, unemployment insurance and maternity insurance and the employers must, together with their employees or separately, pay the social insurance premiums for such employees. According to the Social Insurance Law, an employer that fails to make social insurance contributions may be ordered to pay the required contributions within a stipulated deadline and be subject to a late fee of 0.05% of the amount overdue per day from the original due date by the relevant authority. If the employer continues to fail to rectify the delinquent social insurance contribution payment within such stipulated deadline, it may be subject to a fine ranging from one to three times the amount overdue.

According to Regulations on Management of Housing Fund, enterprises must register at and be subject to review by housing fund administration centers with competent jurisdictions, and open accounts of housing fund for their employees with the designated banks. Enterprises are also obliged to pay and deposit housing fund in full amount in a timely manner. Any enterprise that fails to make housing fund contributions may be ordered to rectify the non-compliance and pay the required contributions within a stipulated deadline; otherwise, an application may be made to a local court for compulsory enforcement.

Foreign Exchange Controls

Under the PRC Foreign Currency Administration Rules (《中華人民共和國外匯管理條例》) promulgated in 1996 and revised in 1997 and as amended in 2008 and various regulations issued by SAFE and other relevant PRC governmental authorities, Renminbi is convertible into other currencies for the purpose of current account items, such as trade related receipts and payments and the payment interest and dividend. The conversion of Renminbi into other currencies and remittance of the converted foreign currency outside China for the purpose of capital account items, such as direct equity investments, loans and repatriation of investment, requires the prior approval from SAFE or its local office. Payments for transactions that take place within China must be made in Renminbi. Unless otherwise *provided*, PRC companies may repatriate foreign currency payments received from abroad or retain the same abroad under capital account items after obtaining the prior approval from SAFE or its local office Foreign-invested enterprises may retain foreign exchange in accounts with designated foreign exchange banks subject to a cap set by SAFE or its local office. Foreign exchange proceeds under the current accounts may be either retained or sold to a financial institution engaging in settlement and sale of foreign exchange pursuant to relevant rules and regulations of the State. For foreign exchange proceeds under the capital accounts, approval from SAFE is required for its retention or sale to a financial institution engaging in settlement and sale of foreign exchange, except where such approval is not required under the rules and regulations of the State.

In July 2014, SAFE issued the Notice on Issues Relating to the Administration of Foreign Exchange in Overseas Investment, Fund-raising and Reverse Investment Activities of Domestic Residents Conducted via Special Purpose Companies (《關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》). According to the notice, a special purpose company refers to an overseas enterprise that is directly established or indirectly controlled for the purpose of investment and financing by Mainland residents (including Mainland institutions and resident individuals) with their legitimate holdings of the assets or interests in Mainland enterprises, or their legitimate holdings of overseas assets or interests. Round-trip investments shall refer to the direct investment activities directly or indirectly carried out in the Mainland by Mainland residents through SPCs, namely the activities whereby Mainland residents establish foreign-invested. Prior to making contribution to a SPC with legitimate holdings of domestic or overseas assets or interests, a Mainland resident shall apply to the relevant Foreign Exchange Bureau for foreign exchange registration of overseas investment. A Mainland resident who makes contribution with legitimate holdings of domestic assets or interests shall apply for registration to the Foreign Exchange Bureau at its place of registration or the Foreign Exchange Bureau at the locus of the assets or interests of the relevant Mainland enterprise. A Mainland resident who makes contribution with legitimate holdings of overseas assets or interests shall apply for registration to the Foreign Exchange Bureau at its place of registration or household register.

The SAFE issued the Notice of Foreign Exchange on Reforming the Administrative Approach Regarding the Settlement of the Foreign Exchange Capitals of Foreign-invested Enterprises (《關於改革外商投資企業外匯資本金結匯管理方式的通知》) in March 2015, which was partially abolished in December 2019. Pursuant to the notice, among others, foreign-invested enterprises shall be allowed to settle their foreign exchange capital on a discretionary basis. The RMB funds obtained by foreign-invested enterprises from the discretionary settlement of their foreign exchange capital shall be managed under the accounts for foreign exchange settlement pending payment. A foreign-invested enterprise shall truthfully use its capital for its own operational purposes within the scope of business. A foreign-invested enterprise shall not use its capital and the RMB funds obtained from foreign exchange settlement for any of the following purposes: (1) it shall not, directly or indirectly, use the foregoing funds for expenditure beyond its business scope or expenditure prohibited by State laws and regulations; (2) it shall not, directly or indirectly, use the foregoing funds for investment in securities, unless otherwise prescribed by laws and regulations; (3) it shall not, directly or indirectly, use the foregoing funds for disbursing RMB entrusted loans (unless permitted under its business scope), repaying inter-corporate borrowings (including third-party advances) and repaying RMB bank loans that have been sub-lent to third parties; or (4) it shall not use the foregoing funds to pay for the expenses related to the purchase of real estate not for self-use, unless it is a foreign-invested real estate enterprise.

In October 2019, the SAFE issued the Notice of the State Administration of Foreign Exchange on Further Promoting the Facilitation of Cross-border Trade and Investment (《關於進一步促進跨境貿易投資便利化的通知》匯發[2019]28號). According to the notice, the SAFE expanded the pilot program to certain regions to facilitate foreign exchange receipts and payments for trade and reduce restrictions on the domestic equity investment by non-investment foreign-funded enterprises.

In April 2020, the SAFE issued the Notice of the SAFE on Optimizing Foreign Exchange Administration to Support the Development of Foreign-related Business (《關於優化外匯管理、支持涉外業務發展的通知》) to optimize the administration of foreign exchange services, improve foreign exchange mechanisms and facilitate cross-border trade and investments, among others. The SAFE has decided the following: (i) in accordance with the principle of ensuring true and compliant use of funds and compliance with the prevailing administrative provisions on the use of income under capital accounts, enterprises that satisfy the criteria are allowed to use income under capital accounts, such as capital funds and proceeds from foreign debt and overseas listing, for domestic payment, without prior provision of proof materials for verification to the banks for each transaction; (ii) cancel the registration requirement for special refunds of remittances; (iii) simplify the procedures of registration of capital accounts for certain businesses; and (iv) relax the requirements of purchasing foreign currencies with export background for repayments of domestic foreign exchange loans.

Mainland China Taxation

Because virtually all of our business operations are in mainland China and we carry out these business operations through operating subsidiaries and joint ventures organized under the PRC law, our PRC operations and our operating subsidiaries and joint ventures in mainland China are subject to PRC tax laws and regulations, which indirectly affect your investment in the Securities.

Dividends from our PRC Operations

Under the PRC tax laws effective prior to January 1, 2008, dividends paid by our PRC subsidiaries or joint ventures to us were exempt from PRC income tax. However, pursuant to the Enterprise Tax Laws of the PRC (《中華人民共和國企業所得稅法》) promulgated in March 2007 and implemented in January 2008, as amended in February 2017 and December 2018, dividends payable by foreign invested enterprises, such as subsidiaries and joint ventures in China, to their foreign investors are subject to a withholding tax at a rate of 10% unless any lower treaty rate is applicable.

Under the Enterprise Tax Laws, enterprises established under the laws of foreign jurisdictions but whose "de facto management body" is located in China are treated as "resident enterprises" for PRC tax purposes, and are subject to PRC income tax on their worldwide income. For such PRC tax purposes, dividends from PRC subsidiaries to their foreign shareholders are excluded from such taxable worldwide income. Under the implementation rules of the Enterprise Tax Law, "*de facto* management bodies" are defined as the bodies that have material and overall management control over the business, personnel, accounts and properties of an enterprise. There is uncertainty as to how this law and its implementation rules will be interpreted or implemented by relevant tax bureaus.

Our Operations in Mainland China

Our subsidiaries and joint ventures through which we conduct our business operations in mainland China are subject to PRC tax laws and regulations.

Deed Tax

Under the Deed Tax Law of the PRC (《中華人民共和國契稅法》) promulgated by the Standing Committee of the NPC on August 11, 2020 and became effective on September 1,2021, deed tax is chargeable to transferees of land use rights and/or ownership in real properties within the territory of mainland China. These taxable transfers include:

(1) grant of use right of state-owned land;

(2) sale, gift and exchange of land use rights, other than transfer of right to manage rural collective land; and

(3) sale, gift and exchange of real properties.

Deed tax rate is between 3% to 5%. The specific applicable deed tax rate shall be proposed by local governments at the provincial level within the range stipulated above, submitted to the Standing Committee of the NPC at the same level for decision and filed with the Standing Committee of the NPC and the State Council for the record. Local governments at the provincial level may determine differential tax rates for transfer of the title to different types of housing by different subjects in different regions under the procedures stipulated above.

Corporate Income Tax

Prior to the implementation of the Enterprise Tax Laws, our PRC subsidiaries and joint ventures were generally subject to a 33% corporate income tax. Under the Enterprise Tax Law, effective from January 1, 2008, a unified EIT rate is set at 25% for both domestic enterprises and foreign-invested enterprises, The Enterprise Tax Laws provide certain relief to enterprises that were established prior to March 16, 2007, including (1) continuing to enjoy the previous preferential income tax rate during a five-year transition period if such enterprises are entitled to preferential income tax rates before the effectiveness of the Enterprise Tax Law; and (2) continuing to enjoy the preferential income tax rate until its expiry if such enterprises are entitled to tax holidays for a fixed period under the relevant laws and regulations. However, where the preferential tax treatment has not commenced due to losses or accumulated loss not being fully offset, such preferential tax treatment was deemed to commence from January 1, 2008. In addition, according to the implementation ruler of the Enterprise Tax Laws, dividends from PRC subsidiaries to their foreign corporate shareholders are subject to a withholding tax at a rate of 10% unless any lower treaty rate is applicable. However, under the Enterprise Tax Laws, enterprises established under the laws of foreign jurisdictions but whose "*de facto* management body" is located in China are treated as "resident enterprises" for PRC tax purposes, and are subject to PRC income tax at a rate of 25% on their worldwide income. Dividends from PRC subsidiaries to their foreign corporate shareholders that are treated as resident enterprises for the reason mentioned above may be excluded from such taxable worldwide income. Under the implementation rules of the Enterprise Tax Law, "*de facto* management bodies" are defined as the bodies that have material and overall management control over the business, personnel, accounts and properties of an enterprise. There is uncertainty as to how this law and its implementation rules will be interpreted or implemented by relevant tax bureaus.

In addition, pursuant to the Arrangement between mainland China and Hong Kong for the Avoidance of Double Taxation and Prevention of Fiscal Evasion with respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》) signed on August 21, 2006 and applicable in Hong Kong to income derived in any year of assessment commencing on or after April 1, 2007 and in mainland China to any year commencing on or after January 1, 2007, a company incorporated in Hong Kong is subject to withholding income tax at a rate of 5% on dividends it receives from its PRC subsidiaries if it holds a 25% or more equity interest in each such PRC subsidiary at the time of the distribution, or 10% if it holds less than a 25% equity interest in that subsidiary. The Notice Regarding the Publishing of the Administrative Measures for Non-residents Taxpayer to Enjoy the Treatment Under Taxation Treaties (《關於發佈〈非居民納稅人享受稅收協定待遇管理辦法〉的公告》) issued by SAT in August 2015, which was replaced by the Notice promulgated by SAT on October 14, 2019 and became effective on January 1, 2020, provides that a non-resident taxpayer meeting the conditions of the treatment of the agreement may enjoy the benefits under the relevant taxation treaties on the basis of the tax declaration by himself or the withholding agent, and accept the follow-up administration of the tax authority.

On March 6, 2009, SAT issued the Measures Dealing with Income Tax of Enterprise Engaged in Real Estate Development and Operation (《房地產開發經營業務企業所得稅處理辦法》) effective on January 1, 2008, amended on June 16, 2014 and June 15, 2018, which specifically stipulates the rules regarding tax treatment of income and deduction of cost and fees, verification of calculated tax cost and tax treatment on certain matters of the real estate development enterprise according to the Enterprise Tax Law and its implementation rules.

On May 12, 2010, SAT promulgated the Notice on the Confirmation of Completion Conditions for Development of Products by Real Estate Development Enterprises (《關於房地產開發企業開發產品完工條件確認問題的通知》), which provides that a property will be deemed as completed when its delivery procedures (including move-in procedures) have commenced or when the property is in fact put in use. Real estate developers must conduct the settlement of cost in time and calculate the amount of corporate income tax for the current year.

Value-added Tax

On March 23, 2016, the Notice on Overall Implementation of the Pilot Program of Replacing Business Tax with Value-added Tax (《關於全面推開營業稅改徵增值稅試點的通知》) was promulgated by the Ministry of Finance and the State Administration of Taxation, upon approval by the State Council, the pilot program of replacing business tax with value-added tax (hereinafter referred to as the "replacing business tax with value-added tax") was implemented nationwide with effect from May 1, 2016 and all business tax payers in construction industry, real estate industry, finance industry and consumer service industry, etc. shall be included in the scope of the pilot program and pay value-added tax instead of business tax.

Under Measures for Implementation of the Pilot Program of Replacing Business Tax with Value-added Tax (《營業稅改徵增值稅試點實施辦法》) which was partially abolished on July 1, 2017 and April 1, 2019, entities and individuals engaging in the sale of services, intangible assets or real property within the territory of the PRC shall be the taxpayers of value-added tax and shall, instead of business tax, pay VAT in accordance with these measures. Taxpayers are divided into general taxpayers and small-scale taxpayers. For the provision of construction or real property lease, the sale of real property or the transfer or land use right, the tax rate shall be 11%. According to the Notice of the MOF and the SAT on Adjusting the Value-added Tax Rate (《財政部、國家稅務總局關於調整增值稅稅率的通知》), which was promulgated on April 4, 2018 and became effective on May 1, 2018, the VAT tax rates on sales or imported goods are adjusted from 17% and 11% to 16% and 10%, respectively. According to the Announcement on Relevant Policies for Deepening Value-Added Tax Reform (《財政部、稅務總局、海關總署關於深化增值稅改革有關政策的公告》) promulgated by MOF, SAT and General Administration of Customs on March 20, 2019, which became effective on April 1, 2019, with respect to VAT taxable sales or imported goods of a VAT general taxpayer, where the VAT rate of 16% and 10% applied, such VAT rate shall be adjusted to 13% and 9%, respectively.

According to the Provisions on Issues Related to the Pilot Program of Replacing Business Tax with Value-added Tax (《營業稅改徵增值稅試點有關事項的規定》), which was partially abolished on April 1, 2019, if the general taxpayers among the real estate development enterprises sell their self-developed old real estate projects, they may choose the simple taxation method to pay the tax at the levy rate of 5%. The old real estate projects refer to the real estate projects, the contract commencement date of which indicated in the Building Engineering Construction Permit is before April 30, 2016.The small-scale taxpayers among the real estate development enterprises sell their self-developed real estate projects, the tax shall be paid at the levy rate of 5%.

Land Appreciation Tax

Under the PRC Interim Regulation on Land Appreciation Tax (《中華人民共和國土地增值稅暫行條例》) of 1994, as amended in January 2011 and its implementation rules of 1995, LAT applies to both domestic and foreign investors in real properties in mainland China, irrespective of whether they are corporate entities or individuals. The tax is payable by a taxpayer on the appreciation value derived from the transfer of land use rights, buildings or other facilities on such land, after deducting the "deductible items" that include the following:

- payments made to acquire land use rights;
- costs and charges incurred in connection with the land development;
- construction costs and charges in the case of newly constructed buildings and facilities;
- assessed value in the case of old buildings and facilities;
- taxes paid or payable in connection with the transfer of the land use rights, buildings or other facilities on such land; and
- other items allowed by the Ministry of Finance.

The tax rate is progressive and ranges from 30% to 60% of the appreciation value as compared with the "deductible items" as follows:

Appreciation value	**LAT rate**
Portion not exceeding 50% of deductible items	30%
Portion over 50% but not more than 100% of deductible items	40%
Portion over 100% but not more than 200% of deductible items	50%
Portion over 200% of deductible items	60%

Exemptions from LAT are available in the following cases:

- Taxpayers constructing ordinary residential properties for sale (i.e. the residences built in accordance with the local standard for residential properties used by the general population, excluding deluxe apartments, villas, resorts and other high-end premises), where the appreciation amount does not exceed 20% of the sum of deductible items;
- Real estate taken over and repossessed according to laws due to the construction requirements of the state; and
- Due to redeployment of work or improvement of living standard, transfers by individuals of originally self-used residential properties, with five years or longer of self-used residence and with tax authorities' approval.

According to a notice issued by the Ministry of Finance in January 1995, the LAT regulation does not apply to the following transfers of land use rights:

- real estate transfer contracts executed before January 1, 1994; and
- first time transfers of land use rights and/or premises and buildings during the five years commencing on January 1, 1994 if the land grant contracts were executed or the development projects were approved before January 1, 1994 and the capital has been injected for the development in compliance with the relevant regulations.

After the enactment of the LAT regulations and the implementation rules in 1994 and 1995, respectively, due to the long period of time typically required for real estate developments and their transfers, many jurisdictions, while implementing these regulations and rules, did not require real estate development enterprises to declare and pay the LAT as they did other taxes. Therefore, in order to assist the local tax authorities in the collection of LAT, the Ministry of Finance, SAT, Ministry of Construction and State Land Administration Bureau separately and jointly issued several notices to reiterate that, after the assignments are signed, the taxpayers should declare the tax to the local tax authorities where the real estate is located, and pay the LAT in accordance with the amount as calculated by the tax authority and within the time period as required. For those who fail to acquire proof as regards the tax paid or the tax exemption from the tax authorities, the real estate administration authority will not process the relevant title change procedures, and will not issue the property ownership certificates.

SAT issued the Notice on Serious Handling of Administration of the Collection of Land Appreciation Tax (《關於認真做好土地增值稅徵收管理工作的通知》) in July 2002 to require local tax authorities to require prepayment of LAT on basis of proceeds from pre-sale of real estate.

In December 2006, SAT issued the Notice on the Administration of the Settlement of Land Appreciation Tax of Property Development Enterprises (《關於房地產開發企業土地增值稅清算管理有關問題的通知》), which came into effect on February 1, 2007 and amended on June 15, 2018. The notice required settlement of LAT liabilities by real estate developers. Provincial tax authorities are given authority to formulate their implementation rules according to the notice and their local situation.

To further strengthen LAT collection, in May 2009, SAT released the Rules on the Administration of the Settlement of Land Appreciation Tax (《土地增值稅清算管理規程》), which came into force on June 1, 2009.

On May 19, 2010, SAT promulgated the Notice on Issues Regarding Land Appreciation Tax Settlement (《關於土地增值稅清算有關問題的通知》), which provides further clarifications and guidelines on LAT settlement, revenue recognition, deductible expenses, timing of assessment and other related issues.

On May 25, 2010, SAT issued the Notice on Strengthening the Collection of Land Appreciation (《關於加強土地增值稅徵管工作的通知》), which provides for a minimum LAT prepayment rate at 2% for provinces in eastern China region, 1.5% for provinces in the central and northeastern China regions, and 1% for provinces in the western China region. The notice also delegates to the local tax authorities the authority to determine the applicable LAT prepayment rates based on the types of the properties in their respective regions.

On November 10, 2016, SAT issued the Announcement on the Several Provisions on the Collection of Land Value-added Tax after the Replacement of Business Tax with Appreciation Tax (《關於營改增後土地增值稅若干徵管規定的公告》), which clarifies various issues relating to the determination of taxable income, deduction of tax and calculation of liquidation value in the context of LAT.

Urban Land Use Tax and Buildings Tax

Pursuant to the PRC Interim Regulations on Land Use Tax in respect of Urban Land (《中華人民共和國城鎮土地使用稅暫行條例》) promulgated by the State Council in September 1988, amended on December 31, 2006, January 8, 2011, December 7, 2013 and March 2, 2019, the land use tax in respect of urban land is levied according to the area of relevant land. The annual tax on urban land was between RMB0.6 and RMB30 per sq.m.

Buildings Tax

Under the PRC Interim Regulations on Buildings Tax (《中華人民共和國房產稅暫行條例》) promulgated by the State Council in September 1986, and amended on January 8, 2011, buildings tax applicable to domestic enterprises is 1.2% if it is calculated on the basis of the residual value of a building and 12% if it is calculated on the basis of the rental. On January 27, 2011, the governments of Shanghai and Chongqing respectively issued measures for implementing pilot individual property tax schemes which became effective on January 28, 2011.

According to the Notice on Issues Relating to Assessment of Buildings Tax against Foreign-invested Enterprises and Foreign Individuals (《關於對外資企業及外籍個人徵收房產稅有關問題的通知》) issued by the Ministry of Finance and SAT in January 2009, the foreign-invested enterprises, foreign enterprises and foreign individuals are to be levied at the same rate as domestic enterprise.

Stamp Duty

Under the PRC Interim Regulations on Stamp Duty (《中華人民共和國印花稅暫行條例》) promulgated by the State Council in August 1988, and amended on January 8, 2011, for property transfer instruments, including those in respect of property ownership transfers, the duty rate is 0.05% of the amount stated therein; for permits and certificates relating to rights, including property ownership certificates and land use rights certificates, stamp duty is levied on an item-by-item basis of RMB5 per item.

Municipal Maintenance Tax

Under the Municipal Maintenance Tax Law of the PRC (《中華人民共和國城市維護建設稅法》) promulgated by the Standing Committee of NPC on August 11, 2020 and became effective on September 1, 2021, any taxpayer, whether an individual or otherwise, of consumption duty or value-added tax is required to pay municipal maintenance tax calculated on the basis of consumption duty and value-added tax. The tax rate is 7% for a taxpayer whose domicile is in an urban area, 5% for a taxpayer whose domicile is in a county or a town, and 1% for a taxpayer whose domicile is not in any urban area or county or town.

According to the Circular Concerning Unification of Municipal Maintenance Tax and Education Surcharge for Foreign Investment and Domestic Enterprises and Individuals (《關於統一內外資企業和個人城市維護建設稅和教育費附加制度的通知》) issued by State Council on October 18, 2010, the municipal maintenance tax is applicable to foreign invested enterprises, foreign enterprises and foreign individuals from December 1, 2010.

Education Surcharge

Under the Interim Provisions on Imposition of Education Surcharge (《徵收教育費附加的暫行規定》) promulgated by the State Council in April 1986 and amended on June 7, 1990, August 20, 2005 and January 8, 2011, any taxpayer, whether an individual or otherwise, of value-added tax, business tax or consumption tax is liable for an education surcharge, unless such taxpayer is required to pay a rural area education surcharge as provided by the Notice of the State Council on Raising Funds for Schools in Rural Areas (《國務院關於籌措農村學校辦學經費的通知》). The Education Surcharge rate is 3% calculated on the basis of consumption tax, value-added tax and business tax. According to the Circular Concerning Unification of Municipal Maintenance Tax and Education Surcharge for Foreign Investment and Domestic Enterprises and Individuals (《關於統一內外資企業和個人城市維護建設稅和教育費附加制度的通知》) issued by State Council on October 18, 2010, the education surcharge will be applicable to foreign invested enterprises, foreign enterprises and foreign individuals since December 1, 2010.

The following is a general description of certain currency controls in the PRC and is based on the laws and relevant interpretations thereof in effect as at the date of this offering memorandum, all of which are subject to change, and does not constitute legal advice. It does not purport to be a complete analysis of all applicable currency controls in the PRC relating to the New Notes. Prospective holders of New Notes who are in any doubt as to PRC currency controls are advised to consult their own professional advisers.

Renminbi is not a freely convertible currency. The remittance of Renminbi into and outside the PRC is subject to control imposed under PRC law.

Current Account Items

Under PRC foreign exchange control regulations, current account items refer to any transaction for international receipts and payments involving goods, services, earnings and other frequent transfers.

Prior to July 2009, all current account items were required to be settled in foreign currencies with limited exceptions. In July 2009, the PRC commenced a pilot scheme pursuant to which Renminbi may be used for settlement of imports and exports of goods between approved pilot enterprises in five designated cities in the PRC including Shanghai, Guangzhou, Dongguan, Shenzhen and Zhuhai and enterprises in designated offshore jurisdictions including Hong Kong and Macau. On June 17, 2010, July 11, 2011, February 3, 2012 and March 13, 2014 respectively, the PRC government promulgated the Circular on Issues concerning the Expansion of the Scope of the Pilot Program of Renminbi Settlement of Cross-Border Trades (關於擴大跨境貿易人民幣結算試點有關問題的通知), the Circular on Expanding the Regions of Cross-border Trade Renminbi Settlement (關於擴大跨境貿易人民幣結算地區的通知), the Notice on Matters Relevant to the Administration of Enterprises Engaged in Renminbi Settlement of Export Trade in Goods (關於出口貨物貿易人民幣結算企業管理有關問題的通知) and the Notice on Simplifying the Management Relevant to the Administration of Enterprises Engaged in Renminbi Settlement of Export Trade in Goods (關於簡化出口貨物貿易人民幣結算企業管理有關事項的通知) (together as "Circulars"). Pursuant to these Circulars, (i) Renminbi settlement of imports and exports of goods and of services and other current account items became permissible, (ii) the list of designated pilot districts were expanded to cover all provinces and cities in the PRC, (iii) the restriction on designated offshore districts has been lifted and (iv) any enterprise qualified for the export and import business is permitted to use Renminbi as settlement currency for exports of goods without obtaining the approval as previously required, provided that the relevant local government and local PBOC branch have submitted to the PBOC a list of key enterprises subject to supervision and the PBOC and five other PRC authorities (the "**Six Authorities**") have verified and signed off such list (the "**Supervision List**").

On July 5, 2013, the PBOC promulgated the Circular on Policies related to Simplifying and Improving Cross-border Renminbi Business Procedures (關於簡化跨境人民幣業務流程和完善有關政策的通知) (the "**2013 PBOC Circular**"), which, in particular, simplifies the procedures for cross-border Renminbi trade settlement under current account. For example, PRC banks may conduct settlement for PRC enterprises (excluding those on the Supervision List) upon the PRC enterprises presenting the payment instruction. PRC banks may also allow PRC enterprises to make/receive payments under current account items prior to the relevant PRC bank's verification of underlying transactions (noting that verification of underlying transactions is usually a precondition for cross-border remittance).

On December 31, 2020, the PBOC, the NDRC, the Ministry of Commerce, the SASAC, the CBIRC and the SAFE jointly issued the Notice on Further Optimizing Cross-border RMB Policies to Support the Stabilization of Foreign Trade and Foreign Investment (Yinfa (2020) No. 330) (《關於進一步優化跨境人民幣政策支持穩外貿穩外資的通知》) ("**Cross-border RMB Policies**"), which has been implemented since February 4, 2021. The Cross-border RMB Policies closely focused on the needs of the real economy, promoted a higher level of RMB settlement to facilitate trade and further simplified cross-border RMB settlement process.

Capital Account Items

Under PRC foreign exchange control regulations, capital account items include cross-border transfers of capital, direct investments, securities investments, derivative products and loans. Capital account payments are generally subject to approval of, and/or registration or filing with, the relevant PRC authorities.

Until recently, settlement for capital account items was generally required to be made in foreign currencies. For instance, foreign investors (including any Hong Kong investors) are required to make any capital contribution to foreign invested enterprises in a foreign currency in accordance with the terms set out in the relevant joint venture contracts and/or articles of association as approved by the relevant authorities. Foreign invested enterprises or relevant PRC parties were also generally required to make capital account payments including proceeds from liquidation, transfer of shares, reduction of capital, interest and principal repayment to foreign investors in a foreign currency.

On May 10, 2013, SAFE promulgated the Provisions on the Foreign Exchange Administration of Domestic Direct Investment by Foreign Investors (外國投資者境內直接投資外匯管理規定) (the "**SAFE Provisions**"), which became effective on May 13, 2013 and partially abolished in October 2018 and December 2019. According to the SAFE Provisions, foreign investors can use cross-border Renminbi (including Renminbi inside and outside the PRC held in the capital accounts of non-PRC residents) to make a contribution to an onshore enterprise or make a payment for the transfer of an equity interest of an onshore enterprise by a PRC resident within the total investment amount approved by the competent authorities (for example, MOFCOM and/or its local counterparts as well as financial regulators). Capital account transactions in Renminbi must generally follow the current foreign exchange control regime applicable to foreign currencies.

Under current rules promulgated by SAFE, foreign debts borrowed and the foreign security provided by an onshore entity (including a financial institution) in Renminbi shall, in principle, be regulated under the current PRC foreign debt and foreign security regime. Furthermore, according to the 2013 PBOC Circular, upon enforcement of foreign security in Renminbi provided by onshore non-financial enterprises, PRC banks may provide Renminbi settlement services (i.e. remittance of enforcement proceeds) directly, which seems to indicate that SAFE approval for enforcement is no longer required. However, SAFE has not amended its positions under the current applicable rules, nor has it issued any regulations to confirm the positions in the 2013 PBOC Circular. Therefore, there remain potential inconsistencies between the provisions of the SAFE rules and the provisions of the 2013 PBOC Circular and it is unclear how SAFE will deal with such inconsistencies in practice.

Approved onshore enterprises and enterprises that have filed with the competent authorities in the Shanghai free trade zone (the "**Shanghai FTZ**") can extend loans in Renminbi to, or borrow loans in Renminbi from, offshore group entities within the same group under Renminbi cash pooling arrangements (through a bank in Shanghai) according to applicable rules and will no longer need to attend to normal procedures with the PBOC or SAFE for each sum under this arrangement. However, Renminbi funds obtained from financing activities may not be pooled under this arrangement.

According to the Circular on Supporting the Expanded Cross-border Utilization of Renminbi in the Shanghai FTZ (關於支持中國(上海)自由貿易試驗區擴大人民幣跨境使用的通知) (the "**PBOC Shanghai FTZ Circular**") issued on February 20, 2014, banks in Shanghai can settle Renminbi funds under FDI for enterprises in the Shanghai FTZ upon the client's instruction. In addition, enterprises in the Shanghai FTZ can borrow Renminbi from offshore lenders within the prescribed limit, while there is no numerical limit for banks in the Shanghai FTZ to borrow offshore Renminbi, although the utilization has geographic restriction, the interpretation of which is still unclear. The PBOC Shanghai FTZ Circular also allows, in principle, the China Foreign Exchange Trading System to offer trading facility relating to financial instrument denominated in Renminbi to offshore investors, and the Shanghai Gold Exchange to offer trading facility relating to precious metal transactions to offshore investors.

According to the Cross-border RMB Policies, the PBOC, the NDRC, the Ministry of Commerce, the SASAC, the CBIRC and the SAFE will further optimize the management of cross-border RMB investment and financing, including relaxing restrictions on the use of RMB income for some capital accounts, facilitating domestic reinvestment by foreign-invested enterprises, abolishing the management requirements on special accounts related to foreign direct investment business, optimizing the management of overseas RMB loan business of domestic enterprises, and simplifying the management of overseas RMB leading business of domestic enterprises.

The SAFE Provisions, the MOFCOM Circular, the PBOC FDI Measures, the PBOC Shanghai FTZ Circular and the Cross-border RMB Policies, have been promulgated to control the remittance of Renminbi for payment of transactions categorized as capital account items and such regulations will be subject to interpretation and application by the relevant PRC authorities. Further, if any new PRC regulations are promulgated in the future which have the effect of permitting or restricting (as the case may be) the remittance of Renminbi for payment of transactions categorized as capital account items, then such remittances will need to be made subject to the specific requirements or restrictions set out in such rules.

RELATED PARTY TRANSACTIONS

The following discussion describes certain material related party transactions between our consolidated subsidiaries and our directors, executive officers and substantial shareholders and, in each case, the companies with whom they are affiliated. Each of our related party transactions was entered into in the ordinary course of business on fair and reasonable commercial terms in our interests and the interests of our shareholders. As a listed company on the SEHK, we are subject to the requirements of Chapter 14A of the Listing Rules which require certain "connected transactions" with "connected persons" be approved by the Company's independent shareholders. The following is a brief description of our major on-going related party transactions:

Amounts due from and to related parties

Historically, we have engaged in trade and other transactions with our related parties. The table below sets forth the balances between us and our related parties as at the dates indicated:

	As at December 31,			
	2018	2019	2020	2020
	(RMB in thousands)			(US$ in thousands)
Amounts due from related parties(1)(4)				
Shareholders' Companies(3)	48,340	22,051	53,346	8,262
Non-controlling shareholders	13,485,334	16,911,217	18,521,680	2,868,643
Associates	7,591,004	13,482,747	14,889,005	2,306,013
Joint ventures	12,251,268	18,094,328	14,125,643	2,187,784
Officers	—	76,324	136,386	21,124
Total	33,375,946	48,586,667	47,726,060	7,391,826
Amounts due to related parties:				
Shareholders(2)	17,053	—	—	—
Shareholders' Companies(3)	241,204	120,390	29,283	4,535
Non-controlling shareholders	13,106,256	7,428,709	8,472,466	1,312,218
Associates	10,593,836	16,542,726	9,283,518	1,437,834
Joint ventures	2,732,896	4,394,303	5,308,145	822,127
Officers	37,237	167,328	338,849	52,481
Total	**26,728,482**	**28,653,456**	**23,432,261**	**3,629,195**

(1) The above amounts due from related parties are presented before accumulative impairment losses of RMB1,528.0 million, RMB2,207.8 million and RMB2,275.4 million (US$352.4 million) for the years ended December 31, 2018, 2019 and 2020, respectively.

(2) For the year ended December 31, 2018, "Shareholders" refers to Mr. Song Weiping, Ms. Xia Yibo and CCCG, collectively. For the year ended December 31, 2019, "Shareholders" refers to Mr. Song Weiping, Ms. Xia Yibo and CCCG, collectively, prior to May 2019 and only to CCCG after May 2019.

(3) Shareholders' Companies represent companies directly or indirectly beneficially owned by the Shareholders and affiliates.

(4) For further information relating to the types of transactions with related parties, see Notes 44, 48 and 51 to our financial statements for the years ended December 31, 2018, 2019 and 2020, respectively, included elsewhere in this offering memorandum.

As at June 30, 2021, we had RMB68,233.6 million (US$10,568.0 million) due from related parties and RMB45,856.5 million (US$7,102.3 million) due to related parties.

Guarantees

We provided guarantees to banks and other parties in respect of credit facilities utilized by our related parties as at the dates indicated:

	As at December 31,				As at June 30,	
	2018	2019	2020	2020	2021	2021
	(RMB in thousands)			(US$ in thousands)	(RMB in thousands)	(US$ in thousands)
Associates	8,006,428	12,474,419	10,578,857	1,638,456	10,699,350	1,657,118
Joint ventures	8,338,367	12,879,126	12,612,805	1,953,475	15,795,015	2,446,336
Total	16,344,795	25,353,545	23,191,662	3,591,931	26,494,365	4,103,454

Framework Agreements

Joint Venture in Fuzhou

On December 19, 2018, Fuzhou Lurong Investment Development Co., Ltd. (福州綠榕投資發展有限公司) ("**Fuzhou Lurong Investment**"), a wholly-owned subsidiary of the Company, CCCC Haixi Investment Co., Ltd. (中交海西投資有限公司) ("**CCCC Haixi Investment**"), a non-wholly owned subsidiary of CCCG, and Fuzhou Metro Property Co., Ltd. (福州地鐵置業有限公司) ("**Fuzhou Metro**") entered into a framework agreement ("**Cangshan Land Framework Agreement**") to establish a PRC project company for the purpose of developing a piece of land situated in the Cangshan District of Fuzhou, the PRC, with a gross site area of approximately 49,489 sq.m. ("**Cangshan Land**"), into residential properties, offices and commercial properties with an overall floor area ratio of 3.18. As at April 30, 2019, the Group has disposed of part of its equity interest in Fuzhou Lurong Investment such that Fuzhou Lurong Investment has ceased to be a subsidiary of the Company. Accordingly, the transactions contemplated under the Cangshan Land Framework Agreement are no longer transactions of the Group.

Joint Venture in Tianjin

On October 31, 2018, Tianjin Greentown Northern Real Estate Co., Ltd. (天津綠城北方置地有限公司) ("**Greentown Northern Real Estate**"), a wholly-owned subsidiary of the Company, CCCC Beijing-Tianjin-Hebei Investment Development Co., Ltd. (中交京津冀投資發展有限公司) ("**CCCC Beijing-Tianjin-Hebei Investment**"), a non-wholly owned subsidiary of CCCG, and Real Estate Development Co., Ltd. of CCCC First Harbor Engineering Co., Ltd. (中交一航局房地產開發有限公司) ("**CCCC First Harbor Real Estate**"), a non-wholly owned subsidiary of CCCG, entered into a framework agreement ("**Hexi Land Framework Agreement**") to establish a PRC project company for the purpose of developing a piece of land situated in the Hexi District of Tianjin, the PRC, with a gross site area of approximately 17,703 sq.m. ("**Hexi Land**"), into residential properties with a total gross floor area of approximately 35,406 sq.m. and a floor area ratio of 2.0.

Under the terms of the Hexi Land Framework Agreement:

- Greentown Northern Real Estate, CCCC First Harbor Real Estate and CCCC Beijing-Tianjin-Hebei Investment will contribute RMB410 million, RMB390 million and RMB200 million, respectively, as the PRC project company's registered capital, and own 41%, 39% and 20%, respectively, of the PRC project company's equity interest;

- Greentown Northern Real Estate, CCCC Beijing-Tianjin-Hebei Investment and CCCC First Harbor Real Estate will pay, in the same proportion as their equity holding in the PRC project company, the land consideration of RMB760 million (*plus* an amount equivalent to the aggregate of the relevant land tax amount) payable to the Tianjin Land Exchange Centre (天津土地交易中心) and the relevant PRC tax bureau in connection with the acquisition of the land use rights of the Hexi Land;

- the PRC project company will have seven directors of which Greentown Northern Real Estate, CCCC Beijing-Tianjin-Hebei Investment and CCCC First Harbor Real Estate have the right to appoint four, one and two such directors, respectively, and CCCC First Harbor Real Estate has the right to appoint the chairman of the PRC project company's board of directors; and

- Greentown Northern Real Estate has the right to nominate (to be approved and appointed by the PRC project company's board of directors) the PRC project company's general manager who will be responsible for the PRC project company's daily management and operations.

The transactions completed under the Hexi Land Framework Agreement subsequently consummated.

Development of land in Jakarta

On March 28, 2017, the Group entered into the framework agreement with China Harbour Engineering Company Ltd and CCCG Overseas Real Estate Pte. Ltd., non-wholly owned subsidiaries of the CCCG, Pursuant to which the parties will jointly develop a piece of land in Jakarta, Indonesia, on a 10.1%, 69.7% and 20.2% ownership basis respectively, into residential and commercial properties. The framework agreement was passed on the board of directors held on March 24, 2017 and the joint venture company, which constituted an associate of the Company, was established in March 2017.

Development of land in Xiaoshan District of Hangzhou

On January 29, 2018, the Group entered into a framework agreement with Wharf and the other parties thereto in relation to the joint development of a piece of land in the Xiaoshan District of Hangzhou, Zhejiang province of the PRC into residential properties on a 50:50 basis. The land has a gross site area of approximately 70,129 sq.m., which is intended to be developed into residential properties with a total gross floor area of approximately 196,361 sq.m., with a floor area ratio of 2.8. The entering into of the agreement and the transactions contemplated thereunder constitute a connected transaction of the Group.

Formation of a joint venture company for the development of China Agricultural Expo Town Project

On February 1, 2018, Greentown Town Development, a wholly-owned subsidiary of the Company, entered into a shareholders' agreement with CCCC Investment Co., Ltd. (中交投資有限公司) ("CCCC Investment") and CCCC Southwest Investment and Development Co., Ltd. (中交西南投資發展有限公司) ("**CCCC Southwest Investment**") in relation to the formation of a joint venture. Pursuant to such agreement, the joint venture will have a registered capital of RMB400 million, of which RMB184 million, RMB180 million and RMB36 million will be contributed by CCCC Investment, Greentown Town Development and CCCC Southwest Investment, accounting for 46%, 45% and 9% of the total registered capital of the joint venture respectively. The joint venture is proposed to be established primarily for carrying out the preliminary works of the China Agricultural Expo Town Project (中國農博小鎮項目) in Chengdu, jointly building characteristic towns, pastoral complexes and other projects.

Development of land in Xihu District of Hangzhou

On May 17, 2019, Hunan Greentown Ideal Town Construction Group Co., Ltd. (湖南綠城理想小鎮建設集團有限公司) ("**Hunan Greentown Town**"), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company and Hangzhou Bluetown Zhisheng Investment Management Co., Ltd. (杭州藍城致盛投資管理有限公司) ("**Bluetown Zhisheng**"), a company established in the PRC with limited liability (an associate of a Director) as joint bidders were notified of their successful bid for the land situated at Longwu Unit, Xihu District of Hangzhou, Zhejiang province of the PRC with a gross site area of approximately 17,382 sq.m. from the Hangzhou Bureau of Planning and Natural Resources for a consideration of RMB260.92 million. The commercial and business properties to be developed on the land are expected to have a total gross floor area of approximately 19,120.2 sq.m. with a floor area ratio of 1.1.

A shareholders' agreement was entered into between Hunan Greentown Town and Bluetown Zhisheng in order to facilitate the development of the land. According to the shareholders' agreement, the project company will have a registered capital of RMB100 million, of which RMB51 million and RMB49 million will be contributed by Hunan Greentown Town and Bluetown Zhisheng, accounting for 51% and 49% of the total registered capital of the project company, respectively. The project company will be allowed to use the "Greentown" and "Bluetown" brand names in the development project of the land. Any business under the shareholders' agreement shall be subject to such consent, approval or authorization under the applicable laws, regulations and rules (if required).

Strategic Investors

Beijing Project Strategic Investors

On November 23, 2018, Hangzhou Zhenmei Investment Co., Ltd. (杭州臻美投資有限公司) ("**Hangzhou Zhenmei**"), a wholly-owned subsidiary of the Company, Zhichang (Beijing) Corporate Management Co., Ltd. (致昌(北京)企業管理有限公司) ("**Zhichang Beijing**"), a wholly-owned subsidiary of Wharf, CCCC Real Estate Co., Ltd. (中交地產有限公司) ("**CCCC Real Estate**"), a wholly-owned subsidiary of CCCG, China Merchants Property Development (Beijing) Co., Ltd. (招商局地產(北京)有限公司) ("**CMPBJ**"), a wholly-owned subsidiary of China Merchants Property Development Co., Ltd. (招商局地產控股股份有限公司), Beijing Zhong Rui Kai Hua Investment Management Co., Ltd. (北京中瑞凱華投資管理有限公司) ("**Beijing ZRKH**"), a wholly-owned subsidiary of Beijing Capital Land Limited (首創置業股份有限公司), Hangzhou Greentown Zhizhen Investment Co., Ltd. (杭州綠城致臻投資有限公司) ("**Hangzhou Zhizhen**"), a wholly-owned subsidiary of the Company, and Beijing Liangma Real Estate Co., Ltd. (北京亮馬置業有限公司) ("**Jiangtai Project Company**"), a PRC company of which each of Hangzhou Zhenmei, CCCC Real Estate and Zhichang Beijing owns 50%, 10% and 40%, respectively, of its equity interest as of November 23, 2018, entered into an agreement ("Jiangtai Acquisition and Disposal Agreement") pursuant to which:

- Zhichang Beijing agreed to sell and transfer to Hangzhou Zhenmei 10% of Zhichang Beijing's equity interest in the Jiangtai Project Company and a loan in the principal amount of RMB388.6 million owed by the Jiangtai Project Company to Zhichang Beijing, together with an interest accrued thereon at a total consideration of RMB459.3 million ("**Jiangtai Investment Consideration**");

- Hangzhou Zhizhen agreed to sell and transfer to CMPBJ and Beijing ZRKH 16.66% and 16.67%, respectively, of Hangzhou Zhizhen's equity interest in Hangzhou Zhenmei at nil consideration; and

- Hangzhou Zhizhen, CMPBJ and Beijing ZRKH will contribute 66.67%, 16.66% and 16.67%, respectively, of the Jiangtai Investment Consideration payable by Hangzhou Zhenmei to Zhichang Beijing.

Hangzhou Zhizhen intends to finance its share of the Jiangtai Investment Consideration through the Group's internal financial resources. The Jiangtai Project Company holds the land use rights of a piece of land situated in Jiangtai Village, Chaoyang District, Beijing, the PRC, with a gross site area (including the floor area of the ancillary facilities) of approximately 61,023.18 sq.m. ("**Jiangtai Land**"). The Jiangtai Project Company plans to develop the Jiangtai Land primarily into residential properties.

The sales and transfers completed under the Jiangtai Acquisition and Disposal Agreement subsequently consummated.

Guangzhou Project Strategic Investors

On January 4, 2019, Hangzhou Greentown Zhizhen Investment Co., Ltd. (杭州綠城臻美投資有限公司) ("**Greentown Zhizhen**"), Greentown Huanan Investment Development Co., Ltd. (綠城華南投資發

展有限公司) ("**Greentown Huanan**"), Greentown Real Estate, Guangzhou Luzheng Real Estate Development Co., Ltd. (廣州綠楨房地產開發有限公司) ("**Nansha Project Company**") and Hangzhou Zhaolian Investment Co., Ltd. (杭州昭廉投資有限公司) ("**Hangzhou Zhaolian**"), each a wholly-owned subsidiary of the Company, and CCCC Urban Investment Holding Co., Ltd. (中交城市投資控股有限公司) ("**CCCC Urban**"), a non-wholly owned subsidiary of CCCG, an independent party ("**Cooperating Party**") and Guangzhou Junwei Real Estate Development Co., Ltd. (廣州雋威房地產開發有限公司) ("**Guangzhou Junwei**"), a PRC company of which each of the Cooperating Party and Guangzhou Zhengjia Economic Information Consultancy Co., Ltd. (廣州正嘉經濟資訊諮詢有限公司) ("**Guangzhou Zhengjia**"), an independent party, owns 10% and 90%, respectively, of its equity interest as of January 4, 2019, entered into a cooperation agreement ("Nansha Cooperation Agreement") pursuant to which:

- Greentown Huanan agreed to acquire an 42.8% equity interest in Guangzhou Junwei from Guangzhou Zhengjia at nil consideration;

- Greentown Zhizhen agreed to sell and transfer 30% of its equity interest in Hangzhou Zhaolian to CCCC Urban at a total consideration of approximately RMB1.5 million;

- Greentown Zhizhen agreed to sell and transfer 70% of its equity interest in Hangzhou Zhaolian to Guangzhou Junwei at a total consideration of approximately RMB3.5 million; and

- the Cooperating Party agreed to acquire 47.2% equity interest in Guangzhou Junwei from Guangzhou Zhengjia at nil consideration.

Upon completion of the disposals contemplated under the Nansha Cooperation Agreement, each of Hangzhou Zhaolian and the Nansha Project Company will cease to be a subsidiary of the Company, and the Company will indirectly hold a 42.8% equity interest in Guangzhou Junwei, which will in turn hold a 70% equity interest in Hangzhou Zhaolian. Upon completion of the acquisitions and disposals contemplated under the Nansha Cooperation Agreement, CCCC Urban, the Cooperating Party and Greentown Huanan will effectively hold 30%, 40.04% and 29.96%, respectively, of Hangzhou Zhaolian's equity interests. The Nansha Project Company will remain as a wholly-owned subsidiary of Hangzhou Zhaolian immediately after completion of the acquisitions and disposals contemplated under the Nansha Cooperation Agreement.

The Nansha Project Company holds the land use rights of a piece of land situated in the Nansha District, Guangzhou, the PRC, with a gross site area of approximately 45,234 sq.m. ("Nansha Land"). The Nansha Project Company plans to develop the Nansha Land primarily into residential properties with an overall floor area ratio of 2.04. The total consideration paid by the Nansha Project Company to acquire the land use rights of the Nansha Land was RMB991,500,000 ("Nansha Land Consideration").

Under the terms of the Cangshan Land Framework Agreement:

- following completion of the acquisitions and disposals contemplated under the Nansha Cooperation Agreement, each of the Cooperating Party and CCCC Urban will advance RMB396,996,600 and RMB297,450,000 (representing their respective share of the Nansha Land Consideration), together with interest accrued thereon, to the Nansha Project Company which will in turn use such proceeds to repay loans owed by Hangzhou Zhaolian and the Nansha Project Company to Greentown Real Estate; and

- each of Hangzhou Zhaolian and the Nansha Project Company will have five directors of which the Cooperating Party has the right to appoint three such directors and each of CCCC Urban and Greentown Huanan has the right to appoint one such director. Greentown Huanan has the right to appoint the chairman of Hangzhou Zhaolian's board of directors, who will also serve as the chairman of Nansha Project Company's board of directors.

The acquisitions and disposals completed under the Nansha Cooperation Agreement subsequently consummated.

Acquisition of Interests in Football Club

On December 27, 2017, Greentown Real Estate, a wholly-owned subsidiary of the Company, entered into an acquisition agreement with Greentown Holdings Group Limited (綠城控股集團有限公司) ("**Greentown Holdings**") and Football Club, pursuant to which Greentown Real Estate agreed to acquire and Greentown Holdings agreed to sell 50% equity interest in the Football Club at the consideration of RMB331,369,550. The consideration for such acquisition was satisfied in part by Greentown Real Estate transferring the entire equity interest in Hangzhou Rose Garden Resort Co., Ltd. (杭州玫瑰園度假村有限公司) to Greentown Holdings and in part in cash.

Private Placement of Unlisted Senior Perpetual Capital Securities

On December 21, 2018, the Company, Twinkle Lights, a wholly-owned subsidiary of the Company, Credit Suisse (Hong Kong) Limited and The Hongkong and Shanghai Banking Corporation Limited as placing agents, CCCC International Holding Limited ("**CCCI**"), a wholly-owned subsidiary of CCCC, and certain financial institutions as subscribers ("**Subscribers**") entered into a subscription agreement pursuant to which Twinkle Lights agreed to issue the 2018 Perpetual Securities to the Subscribers. In connection with the issue of the 2018 Perpetual Securities, CCCI entered into a financial arrangement with each Subscriber under which CCCI shall post an agreed amount of collateral to each Subscriber upfront in order to obtain leverage on the 2018 Perpetual Securities and each Subscriber shall transfer to CCCI the full economic exposure to the 2018 Perpetual Securities. Twinkle Lights issued the 2018 Perpetual Securities on December 28, 2018. See "*Description of Material Indebtedness and Other Obligations—2018 Perpetual Securities issued by Twinkle Lights Holdings Limited*" for further details of the 2018 Perpetual Securities.

Construction Works in Xi'an National Games Village

On January 14, 2019, Xi'an International Land Port Development Co., Ltd. (西安國際陸港文廣置業有限公司) ("**Xi'an International Land Port**"), a non-wholly owned subsidiary of the Company, entered into three construction agreements (the "**Construction Agreements**") with CCCC-SHEC Fifth Engineering Co., Ltd. (中交二公局第五工程有限公司) ("**CCCC-SHEC Fifth Engineering**") pursuant to which Xi'an International Land Port agreed to engage CCCC-SHEC Fifth Engineering as the main contractor to carry out the construction works for a construction project located in the International Port Area, Xi'an (西安市國際港務區) ("**Phase Three of Plots 3, 4, 7 and 8 of Xi'an National Games Village**") for a consideration of RMB416,487,047.06. CCCC-SHEC Fifth Engineering was selected as the main contractor for such construction works by way of an open bidding process facilitated by the relevant government authorities in the PRC and in accordance with the relevant requirements under the tender documents after public review. CCCC-SHEC Fifth Engineering is a company established in the PRC with limited liability and an indirect non-wholly owned subsidiary of CCCG, a substantial shareholder of the Company. See "*Substantial Shareholders*." CCCC-SHEC Fifth Engineering is principally engaged in the construction of highways, bridges, transportation, building construction, tunnels, municipal, green projects, earthwork engineering and public facilities engineering. It holds the grade one qualification for general contracting of construction projects, awarded by the MOHURD. It is a state-owned enterprise that integrates engineering materials marketing, engineering machinery, mechanical and electrical equipment management, leasing, installation, maintenance and engineering technology consulting services.

Under the terms of the Construction Agreements:

- CCCC-SHEC Fifth Engineering will be responsible for the construction works under Phase Three of Plots 3, 4, 7 and 8 of Xi'an National Games Village, with a gross construction area of approximately 222,076 sq.m., which is intended to be primarily developed into residential properties, offices and commercial properties in accordance with the technical specifications prescribed by Xi'an International Land Port under the Construction Agreements.

- The construction period of is expected to be 988 days from the commencement date of the construction work under the relevant Construction Agreements.

- The consideration is payable in cash includes safe and civilized construction measures fees payable in full prior to the commencement date of the construction work under the relevant Construction Agreements, monthly construction fees and a final certified amount, of which 97% of such certified amount will be settled upon completion of the construction work with the remaining 3% to be settled after a quality warranty period of two years from the date of completion.

Provision of Project Management Services

On March 19, 2019, Greentown Real Estate (a wholly-owned subsidiary of the Company), Zhejiang Greentown Lipu Construction Design Co., Ltd. (浙江綠城利普建築設計有限公司) ("**Zhejiang Greentown Lipu**") (a non-wholly owned subsidiary of the Company), China First Highway Engineering Company Ltd (中交一公局集團有限公司) ("**China First Highway**") (an associate of our controlling shareholder CCCG) and Hainan Investigation Institute of Hydrogeology and Engineering (海南水文地質工程地質勘察院) ("**HEGI**"), an enterprise unit belonging to the Hainan Geological Bureau (海南省地質局) (an independent third party), were notified of the success of the bid in the open tender (the "**Tender**") for the undertaking of the survey, design, and construction works for the Yaogun Talent-housing Project EPC, which involves the survey, design, and construction works in respect of the infrastructure and common facilities on the land including the civil engineering works, installation works, outdoor plumbing and drainage, heating and ventilation, swimming pool and parking lots.

The project involves the survey, design, and construction contract granted by Haikou National Hi-tech Area Development Holding Co. Ltd. (海口國家高新區發展控股有限公司), a wholly state-owned company under the People's Government of Hainan Province, the PRC, to the successful bidder in the Tender for the project. It is expected that China First Highway shall undertake the construction works for the project, while the other participating parties will provide the respective services for the project. In this respect, Greentown Real Estate will be the coordinator on behalf of the participating parties and provide the project management service for the project, including matters in relation to the Tender. Zhejiang Greentown Lipu (another subsidiary of the Company) shall provide the design service for the project, while HEGI shall provide geological survey service for the project. On March 19, 2019, Greentown Real Estate entered into the agreement with China First Highway in relation to their cooperation in the project.

Joint Venture in Gao'an, Jiangxi

On June 3, 2019, Greentown Town, Bluetown (an associate of Mr. Song Weiping) and Jiangxi Bafulo Eco-agricultural Science and Technology Co., Ltd (江西巴夫洛生態農業科技有限公司) ("**Bafulo Agriscience**"), a company established in the PRC with limited liability (an independent third party) entered into the investment and cooperation agreement in relation to a project company (the "Investment and Cooperation Agreement"). The Investment and Cooperation Agreement was entered into among Greentown Town, Bluetown and Bafulo Agriscience (collectively, the "**JV Partners**") to facilitate the development of Jiangxi Gao'an Bafuluo Modern Agricultural Complex Project (江西高安巴夫洛現代農業綜合體項目), which involves the development of ecotourism, modern agriculture, green food processing and characteristic towns and bidding for and acquiring land in Gao'an for these purposes (the "**Gao'an Project**").

Pursuant to the Investment and Cooperation Agreement, the Company and Bluetown will subscribe for equity interests in the project company (currently a wholly-owned subsidiary of Bafulo Agriscience with a registered capital of RMB50,000,000 and a capital reserve of RMB43,000,000 prior to the capital contribution) by way of capital contribution of RMB65,939,400 and RMB64,000,000 into the project company, respectively. Upon completion of the capital contribution, each of Greentown Town and Bluetown will hold 34% and 33% of the enlarged equity interests in the project company. In view of the contributions made by Bafulo Agriscience in respect of the project company and the Gao'an Project before the capital contribution, the distributable profit of the project company shall be distributed to Greentown Town, Bluetown and Bafulo Agriscience on a 20.3%:19.7%:60% basis until the profit distributed to Bafulo Agriscience in excess of its entitled amount based on its shareholding percentage in the project company reaches RMB236,000,000. After that, the distributable profit shall be distributed to the JV Partners in accordance with their respective shareholding percentages in the project company. The project company will be allowed to use the "Greentown" and "Bluetown" brand names in the Gao'an Project.

First Supplemental Agreement

On December 12, 2019, Greentown Town entered into a supplemental agreement to the Investment Cooperation Agreement with Bluetown Blueprint Construction Management Co., Ltd. (藍城藍本建設管理有限公司) ("**Bluetown Blueprint**"), Bafulo Agriscience and Jiangxi Bafulo Eco Valley Co., Ltd. ("**Bafulo Eco Valley**"), pursuant to which Greentown Town will provide financial assistance up to RMB229,680,000 (with interests) to Bafulo Eco Valley for the purpose of funding Bafulo Eco Valley's development on the Gao'an Project. The financial assistance was tripartite, each of which bears a different interest rate.

Second Supplemental Agreement

On December 27, 2019, Greentown Town entered into a further supplemental agreement to the Investment Cooperation Agreement with Bluetown Blueprint, Bafulo Agriscience and Bafulo Eco Valley, pursuant to which Greentown Town will provide financial assistance up to RMB157,760,000 (with interests) to the Bafulo Eco Valley for the specific purpose of developing the Gao'an Project. Such financial assistance was tripartite, each of which bears a different interest rate.

Introduction of Investors in Chengdu Project

On July 15, 2019, Greentown Ideal Town Construction Group Co., Ltd. (綠城理想小鎮建設集團有限公司) ("**Greentown Town**"), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company, entered into a share transfer and shareholders' cooperation agreement with CCCC Southwest Investment and Development Co., Ltd. (中交西南投資發展有限公司) ("**CCCC Southwest Investment**"), a company established in the PRC with limited liability and an indirect non-wholly owned subsidiary of CCCG and Sichuan Province Agriculture Convention and Exhibition Group Co., Ltd. (四川省農業會展集團有限公司) ("**SPACE**"), a company established in the PRC with limited liability and an independent third party of the Company, in relation to a newly established project company in the PRC in December 2018, for implementing and carrying forward the International Sichuan Cuisine Town Project in Chengdu, which will comprise building characteristic towns, agricultural complexes and other works with the joint development partners. As of July 15, 2019, the project company is a wholly-owned subsidiary of Greentown Town with a registered capital of RMB500,000,000, of which RMB20,000,000 has been paid up.

Pursuant to the share transfer and shareholders' cooperation agreement, Greentown Town agrees to transfer to each of CCCC Southwest Investment and SPACE 20% interests in the project company. After the share transfers, the target company will be owned by Greentown Town, CCCC Southwest Investment and SPACE as to 60%, 20% and 20%, respectively, and will remain a subsidiary of the Company. Pursuant to the share transfer and shareholders' cooperation agreement, Greentown Town, CCCC Southwest Investment and SPACE have agreed to subscribe for a total of RMB300,000,000, RMB100,000,000 and RMB100,000,000 in the registered capital of the project company, respectively, representing their respective proportionate interests in the project company's registered capital after the share transfers, and it is agreed that CCCC Southwest Investment and SPACE shall each pay Greentown Town RMB4,000,000 in relation to the paid-up capital of RMB20,000,000.

Joint Venture in Harbin

On September 24, 2019, Harbin Greentown Real Estate Co., Ltd. (哈爾濱綠城置業有限公司) ("**Harbin Greentown Real Estate**"), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company, entered into an agreement with CCCC Northeast Investment Co., Ltd. (中交東北投資有限公司) ("**CCCC Northeast Investment**"), a company established in the PRC with limited liability and an indirect non-wholly owned subsidiary of CCCG and

Harbin Metro Real Estate Development Co., Ltd. (哈爾濱市地鐵置業開發有限公司) ("**Harbin Metro RED**"), a company established in the PRC with limited liability and an independent third party of the Company, in relation to the formation of a project company and the joint development of a project in relation to the above-depot area of the relevant rail yards of Harbin Metro Line 3 (哈爾濱地鐵三號線相關車輛段上蓋項目), which comprises the proposed development of properties in the vicinities of metro stations for commercial and residential uses (the "**Harbin Project**"). The project company is proposed to be established for carrying out the preliminary works of the Harbin Project. Pursuant to the agreement, the project company will on establishment have an initial registered capital of RMB45 million, of which RMB20.7 million, RMB4.5 million and RMB19.8 million will be contributed by Harbin Greentown Real Estate, CCCC Northeast Investment and Harbin Metro RED, accounting for 46%, 10% and 44%, respectively.

Construction Agreement in relation to Certain Land Plots in Tianjin

On December 20, 2019, Tianjin CCCC Greentown Urban Construction Development Company Limited (天津中交綠城城市建設發展有限公司) ("**Tianjin CCCC Greentown**"), a subsidiary of the Company, entered into construction agreements with No. 2 Engineering Company Ltd. of CCCC First Harbor Engineering Company Ltd. (中交一航局第二工程有限公司) ("**CCCC No.2 Engineering**"), pursuant to which CCCC No.2 Engineering will be responsible for the construction works under Plots W1, W2 and 3 of Tianjin Chentang Science and Technology Commercial District. The aggregate Consideration payable to CCCC No. 2 Engineering under the Construction Agreements amounts to RMB657,944,482.76. The construction period for Plot W1 and W2 will be 751 days from the commencement date of the construction work, and the period for Plot 3 will be 1,160 days from the commencement date of the construction work.

Plot W1 refers to the construction project of Tianjin CCCC Greentown, which is located in southeast side of the intersection between Chun Hai Road and Shuang Hai Road, Hexi District, Tianjin (天津市河西區春海路和雙海道交口東南側), with a gross construction area of approximately 48,106.4 sq.m., which is intended to be primarily developed into residential properties. Plot W2 refers to the construction project of Tianjin CCCC Greentown, which is located in southeast side of the intersection between Chun Hai Road and Dong Jiang Road, Hexi District, Tianjin (天津市河西區春海路和東江道交口東南側), with a gross construction area of approximately 57,343.6 sq.m., which is intended to be primarily developed into residential properties. Plot 3 refers to the construction project of Tianjin CCCC Greentown, which is located in southeast side of the intersection between Nei Jiang Road and Chong Jiang Road, Hexi District, Tianjin (天津市河西區內江路和崇江道交口東南側), with a gross construction area of approximately 168,513.12 sq.m., which is intended to be primarily developed into commercial properties.

Acquisition of Zhejiang Yinrun Bluetown

On December 24, 2019, Greentown Town entered into a share transfer and cooperation agreement with Zhejiang Yinrun Leisure Tourism Development Co., Ltd. (浙江銀潤休閒旅遊開發有限公司) ("**Zhejiang Yinrun**"), Zhejiang Bluetown Construction Management Co., Ltd. (浙江藍城建設管理有限公司) ("**Zhejiang Bluetown**"), Ningbo Meishan Bonded Port Area Lanyou Investment Management Co., Ltd. (寧波梅山保稅港區藍右投資管理有限公司) ("**Ningbo Lanyou**"), Ningbo Meishan Bonded Port Area Lanzhen Investment Management Limited Partnership (寧波梅山保稅港區藍鎮投資管理合夥企業(有限合夥)) ("**Ningbo Lanzhen**") and Bluetown Town Zhiyuan (Hangzhou) Investment Limited Partnership (藍城小鎮致源(杭州)投資合夥企業(有限合夥)) ("**Bluetown Town Zhiyuan**"), pursuant to which Greentown Town agreed to acquire 40% of the shares in Zhejiang Yinrun Bluetown Real Estate Development Co., Ltd. (浙江銀潤藍城房地產開發有限公司) ("**Zhejiang Yinrun Bluetown**") at an aggregate amount of not exceeding RMB420,183,860, including a consideration of not exceeding RMB390,183,860 and a financial assistance of not exceeding RMB30,000,000. The purpose of the share transfer and cooperation agreement is to set out the terms of cooperation among the parties for the development of the Huzhou Anji Project, situated in Anji District, Huzhou, Zhejiang with a gross site area of approximately 645,493 sq.m., which is intended to be developed into residential properties, schools and commercial properties. Upon completion of Greentown Town's acquisition of 40% of the shares in Zhejiang Yinrun Bluetown, Zhejiang Yinrun Bluetown would be owned by Greentown Town, Zhejiang

Bluetown, Ningbo Lanyou, Ningbo Lanzhen, Zhejiang Yinrun, and Bluetown Town Zhiyuan as to 40%, 35%, 10%, 9%, 5%, and 1%, respectively. Such acquisition has been completed.

Construction Agreement in relation to the Beijing Shunyi Construction Project

On December 27, 2019, Beijing Zhishun Real Estate Development Co., Ltd. (北京致順房地產開發有限公司) ("**Beijing Zhishun**"), a subsidiary of the Company, entered into a construction agreement with CCCC First Highway, pursuant to which, CCCC First Highway was engaged as the main contractor to carry out the construction works of the Beijing Shunyi Construction Project at a consideration of RMB254,616,414.82. The Beijing Shunyi Construction Project is located in Mapo Town, Shunyi District of Beijing in the PRC, with a gross construction area of approximately 109,186 sq.m., which is intended to be primarily developed into residential properties. The construction period of the Beijing Shunyi Construction Project will be 793 days from the commencement date of the construction works.

Joint Venture in Jiaxing

On December 30, 2019, Greentown Town entered into two agreements, namely the BCT Agreement with Hangzhou Bluetown Jialan Construction Management Co., Ltd. (杭州藍城嘉藍建設管理有限公司) ("**Bluetown Jialan**"), Ningbo Meishan Bonded Port Jialan Investment Management Limited Partnership (寧波梅山保税港區嘉藍投資管理合夥企業(有限合夥)) ("**MeishanJialan**") and Jiaxing Bluetown Cultural Tourism Development Co., Ltd. (嘉興藍城文化旅遊開發有限公司) ("**BCT**"), and the BOB Agreement with Zhejiang Bluetown Jiaren Construction Management Co., Ltd. (浙江藍城嘉仁建設管理有限公司) ("**Bluetown Jiaren**"), Meishan Jialan, Ningbo Fuyi Rich Enterprise Management Limited Partnership (寧波富逸睿匙企業管理合夥企業(有限合夥)) ("**Fuyi Rich**"), Zhejiang Jiaxing Fuda Construction Co., Ltd. (浙江嘉興福達建設股份有限公司) ("**Jiaxing Fuda**"), Jiaxing Bluetown Ocean Blue Development Management Co., Ltd. (嘉興藍城海藍建設管理有限公司) ("**BOB**") and Jiaxing Bluetown Cultural Rehabilitation Property Development Co., Ltd. (嘉興藍城文化康養地產開發有限公司) ("**Bluetown Cultural Rehabilitation**").

Under the BCT Agreement, Greentown Town agreed to acquire 20% of the equity interest in BCT at the consideration of RMB13,309,583.33 and creditor's right of RMB62,825,000 receivable by Bluetown Jialan as creditor from BCT as debtor at the consideration of RMB62,825,000. BCT was established for the development of the Fenghe Jiuli Project (風荷九裡項目). The Fenghe Jiuli Project is a residential property and hotel development project in Jiaxing city, Zhejiang.

Under the BOB Agreement, Greentown Town agreed to acquire 20% of the equity interest in BOB at nil consideration and creditor's right of RMB78,864,940.82 receivable by Bluetown Jiaren as creditor from BOB as debtor at the consideration of RMB78,864,940.82. Such arrangement was entered into for the joint development of the Chunfeng Ruyi Project (春風如意項目), a residential and commercial properties development project in Jiaxing city, Zhejiang.

Transfer of Equity Interests in Beijing Zhiping

On March 20, 2020, Beijing Boyi Real Estate Development Co., Ltd. (北京博意房地產開發有限公司) ("**Beijing Boyi**"), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company, entered into an equity transfer agreement (the "Beijing Project Equity Transfer Agreement") with CCCG Real Estate Group Co., Ltd., Tianjin Shimao New Prospect Property Co., Ltd. (天津世茂新里程置業有限公司) ("**Tianjin Shimao**"), a company established in the PRC with limited liability, and Beijing Zhiping Real Estate Development Co., Ltd. (北京致平房地產開發有限公司) ("**Beijing Zhiping**"), a company established in the PRC with limited liability and a then-wholly-owned subsidiary of the Company, in relation to, among other things:

- the disposal of part of the equity interests in Beijing Zhiping from Beijing Boyi to Tianjin Shimao and CCCG Real Estate Group Co., Ltd.; and
- the development of a piece of land in Changping District of Beijing with a planned aboveground GFA of approximately 170,022 sq.m (the "**Beijing Changpin Land**") into primarily residential properties (the "**Beijing Residential Project**").

Pursuant to the Beijing Project Equity Transfer Agreement, Beijing Boyi agreed to transfer 42.5% equity interest in Beijing Zhiping to Tianjin Shimao and 15% equity interest in Beijing Zhiping to CCCG Real Estate Group Co., Ltd. As consideration for such transfer, each of Tianjin Shimao and CCCG Real Estate Group Co., Ltd agreed to, *pro rata* to their respective equity interests in the Beijing Zhiping, (i) contribute to the outstanding registered capital of Beijing Zhiping; (ii) contribute to the payment in connection with acquiring the Beijing Changpin Land; and (iii) contribute to a follow-up amount of RMB10 million for starting the operation of Beijing Zhiping. The total consideration payable by Tianjin Shimao and CCCG Real Estate Co., Ltd. under the Beijing Project Equity Transfer Agreement is RMB2,789,691,500 and RMB984,597,000, respectively. Following the transaction, Beijing Zhiping will be owned by the Company, Tianjin Shimao and CCCG Real Estate Group Co., Ltd as to 42.5%, 42.5% and 15%, respectively.

Provision of Project Management Services in relation to the Zhoushan FTZ Financial Center Project

On March 25, 2020, Greentown Management entered into a real estate development entrusted management agreement with CCCC Zhoushan Qiandao Central Business District Development Co., Ltd. (中交舟山千島中央商務區開發有限公司) ("**CCCC Zhoushan**"), a company established in the PRC with limited liability and an indirect non-wholly owned subsidiary of CCCG, pursuant to which Greentown Management agreed to provide CCCC Zhoushan with project management services for the construction of the Zhoushan Free Trade Zone Financial Center Project (舟山自貿金融中心項目) (the "**Zhoushan Project**"). The Zhoushan Project is located in the Central Business District, Qiandao area, Zhoushan city, Zhejiang province (浙江舟山千島中央商務區), and has a gross construction area of approximately 29,219.43 sq.m for development into hotels, commercial properties, business offices and public facilities. As at March 25, 2020, the estimated total construction costs of the Zhoushan Project was RMB1.8 billion. The consideration payable to Greentown Management is 3% of the total construction costs of the Zhoushan Project (amounting to an estimated RMB54 million as at March 25, 2020. In addition to the consideration, additional goal-based bonuses adding up to RMB22.4 million are payable by CCCC Zhoushan to Greentown Management, which are conditional upon specific goals including work quality, advancement of the project work timelines and cost reservation.

Acquisition of Equity Interest in Shanghai Zhonghan

On April 19, 2020, Greentown Real Estate Group Company Limited (綠城房地產集團有限公司) ("**Greentown Real Estate**"), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company, entered into a share transfer and cooperation agreement (the "**Shanghai Zhonghan Agreement**") with Xinhu Zhongbao Co., Ltd. (新湖中寶股份有限公司) ("**Xinhu Zhongbao**"), a company established in the PRC with limited liability, and Shanghai Zhonghan Real Estate Co., Ltd. (上海中瀚置業有限公司) ("**Shanghai Zhonghan**"), a company established in the PRC with limited liability. Pursuant to the Shanghai Zhonghan Agreement, Greentown Real Estate agreed to acquire 35% of the equity interest in Shanghai Zhonghan from Xinhu Zhongbao for an aggregate amount of RMB1,900,000,000, comprising a share transfer consideration of RMB517,372,740.78 and financial assistance of RMB1,382,627,259.22. The purpose of the Shanghai Zhonghan Agreement is mainly to set out the terms of cooperation between Xinhu Zhongbao and Greentown Real Estate for the development of phase two of the Qinglan International City Project, which is situated in Jing'an District, Shanghai in the PRC, with a GFA of approximately 184,826.33 sq.m.

Acquisition of Equity Interest in Zhejiang Qifeng

On April 19, 2020, Greentown Real Estate entered into a share transfer and project cooperation agreement (the "**Zhejiang Qifeng Agreement**") with Xinhu Zhongbao (together with its subsidiaries, the "**Xinhu Zhongbao Group**"), Zhejiang Qifeng Industrial Co., Ltd. (浙江啟豐實業有限公司) ("**Zhejiang Qifeng**"), Shenyang Shenbei Jingu Real Estate Co., Ltd. (瀋陽沈北金穀置業有限公司) ("**Jingu Real Estate**"), Shenyang Xinhu Pearl Real Estate Co., Ltd. (瀋陽新湖明珠置業有限公司) (together with Jingu Real Estate, the "**Zhejiang Qifeng Project Companies**") and Shenyang Xinhu Real Estate Development Co., Ltd. (瀋陽新湖房地產開發有限公司) ("**Shenyang Xinhu**"). Pursuant to the Zhejiang Qifeng Agreement, Greentown Real Estate agreed to acquire 100% of the equity interest in Zhejiang Qifeng from the Xinhu Zhongbao Group for an aggregate amount of RMB378,813,820, comprising a share transfer consideration of RMB186,313,820 and financial assistance of RMB192,500,000.

Prior to the completion of the acquisition, Zhejiang Qifeng and Shenyang Xinhu (both subsidiaries of Xinhu Zhongbao), owned 35% and 65% of the equity interests in the Zhejiang Qifeng Project Companies, respectively. The Zhejiang Qifeng Project Companies currently develop three real estate development projects in Shenyang, the PRC, namely (i) the Xianlin Golden Valley project, a project situated in Shenyang, the PRC with a GFA of approximately 589,015.07 sq.m.; (ii) the Xinhu Bay project, a project situated in Shenyang, the PRC with a GFA of approximately 187,420.87 sq.m.; and (iii) the Xinhu Beautiful Island project, a project situated in Shenyang, the PRC with a GFA of approximately 292,527.28 sq.m. Upon completion of the acquisition, Greentown Real Estate (via Zhejiang Qifeng) would indirectly enjoy and assume 35% of the rights and obligations attributable to the Zhejiang Qifeng Project Companies. The purpose of the Zhejiang Qifeng Agreement is mainly to set out the terms of cooperation between Xinhu Zhongbao and Greentown Real Estate for the development of the Zhejiang Qifeng Project Companies.

Acquisition of Equity Interest in Zhejiang Qizhi

On April 24, 2020, Greentown Real Estate entered into a share transfer and project cooperation agreement (the "**Zhejiang Qizhi Agreement**") with Xinhu Zhongbao, Zhejiang Qizhi Industrial Co., Ltd. (浙江啟智實業有限公司) ("**Zhejiang Qizhi**"), a company established in the PRC with limited liability, Nantong Qixin Real Estate Co., Ltd. (南通啟新置業有限公司) ("**Nantong Qixin**"), a company established in the PRC with limited liability, Nantong Qiyang Construction Development Co., Ltd. (南通啟陽建設開發有限公司) ("**Nantong Qiyang**," and together with Nantong Qixin, the "Zhejiang Qizhi Project Companies"), a company established in the PRC with limited liability and Zhejiang Xinhu Real Estate Group Co., Ltd. (新湖地產集團有限公司) ("**Xinhu Real Estate**"), a company established in the PRC with limited liability. Pursuant to the Zhejiang Qizhi Agreement, Greentown Real Estate agree to acquire 100% of the equity interests in Zhejiang Qizhi from Xinhu Real Estate for an aggregate amount of RMB1,151,318,860, comprising a share transfer consideration of RMB397,718,860 and financial assistance of RMB753,600,000.

Each of Zhejiang Qizhi and Xinhu Real Estate owns 50% of the equity interests in the Zhejiang Qizhi Project Companies, and the Zhejiang Qizhi Project Companies currently develop two real estate development projects in Nantong, namely, (i) the construction project situated in Nantong, Jiangsu, the PRC, developed by Nantong Qixin, with a planned aboveground GFA of approximately 1,078,299.9 sq.m; and (ii) the construction project situated in Nantong, Jiangsu, the PRC, developed by Nantong Qiyang, with a planned aboveground GFA of 347,025 sq.m. The purpose of the Zhejiang Qizhi Agreement is mainly to set out the terms of cooperation between Xinhu Zhongbao and Greentown Real Estate for the development of the Zhejiang Qizhi Project Companies.

Acquisition of Equity Interest in Nantong Xinhu

On April 24, 2020, Greentown Real Estate entered into a share transfer and project cooperation agreement (the "**Nantong Xinhu Agreement**") with Xinhu Zhongbao, Nantong Xinhu Real Estate Co., Ltd. (南通新湖置業有限公司) ("**Nantong Xinhu**"), a company established in the PRC with limited liability, and Xinhu Real Estate, pursuant to which Greentown Real Estate agreed to acquire 50% of the equity interests in Nantong Xinhu from the Xinhu Real Estate for an aggregate amount of RMB672,397,370, comprising a share transfer consideration of RMB71,547,370 and financial assistance of RMB600,850,000.

Nantong Xinhu develops a real estate development project in Nantong, with a planned above ground GFA of approximately 555,111.19 sq.m. The purpose of the Nantong Xinhu Agreement is mainly to set out the terms of cooperation between Xinhu Zhongbao and Greentown Real Estate for the development of Nantong Xinhu.

Issue of Shares to Xinhu Zhongbao Group

On April 26, 2020, the Company entered into a subscription agreement (the "**Xinhu Zhongbao Subscription Agreement**") with Hong Kong Xinhu Investment Co., Limited (香港新湖投資有限公司)

("**Hong Kong Xinhu**"), a company incorporated under the laws of Hong Kong with limited liability and a wholly-owned subsidiary of Xinhu Zhongbao, pursuant to which the Company conditionally agreed to allot and issue, and Hong Kong Xinhu conditionally agree to subscribe for a total of 323,000,000 ordinary shares of the Company at a subscription price of HK$9.50 per share (the "**Subscription**"). The Subscription was completed on May 26, 2020, and as at the time of completion, Xinhu Zhongbao (through Hong Kong Xinhu), held an interest in approximately 12.95% of the share capital of the Company, making it the third largest shareholder and a substantial shareholder of the Company. CCCG and Wharf remained as the single largest and second largest shareholders of the Company, respectively, as at the time of completion of the Subscription.

The aggregate proceeds of the Subscription will be HK$3,068,500,000. The net proceeds from the Subscription is proposed to be used for general corporate purposes, repayment of loans and/or as general working capital. Pursuant to the terms of the Subscription Agreement, Hong Kong Xinhu has proposed the appointment of Mr. Wu Yiwen (武亦文) as a non-executive Director, which was approved by the Board. Mr. Wu Yiwen's appointment as a non-executive Director took effect on May 26, 2020. See "*Management—Non-Executive Directors*."

Xinhu Zhongbao is a company listed on Shanghai Stock Exchange (Stock Code: 600208), and is principally engaged in the businesses of, among other things, real estate, financial services and financial technology and high technology investments in the PRC. We believe the subscription by Xinhu Zhongbao helps provide opportunities for us to explore collaborations with them on different projects from time to time, which may be complementary and synergistic for our business.

Provision of Project Management Services to Hangzhou Sanhang Yinhu

On December 11, 2020, Greentown Real Estate Construction Management Group Co., Ltd. (綠城房地產建設管理集團有限公司) ("**Greentown Real Estate Construction Management**") and Greentown Leju Construction Management Group Co., Ltd. (綠城樂居建設管理集團有限公司) ("**Greentown Leju**"), each a non-wholly owned subsidiary of us, entered into the agreement (the "**Hangzhou Sanhang Yinhu Project Management Agreement**") with Hangzhou Sanhang Yinhu Construction Development Co., Ltd. (杭州三航銀湖建設發展公司) ("**Hangzhou Sanhang Yinhu**"), a non-wholly owned subsidiary of CCCG. Hangzhou Sanhang Yinhu is the developer and constructor of the construction project of plots 2#, 8#, 9# and 10# of Fuyang District Yinhu Housing Placement Construction Project (富陽區銀湖安置房建設項目) (the "**Hangzhou Sanhang Yinhu Project**"). Pursuant to the Hangzhou Sanhang Yinhu Project Management Agreement, Greentown Real Estate Construction Management and Greentown Leju agreed to provide Hangzhou Sanhang Yinhu with project management services in relation to the Hangzhou Sanhang Yinhu Project, which should compromise preparatory management works, planning and design management, cost management, project work management, management of the completion and inspection of construction works and other related supporting services. The total consideration for the provision of project management services pursuant to the Hangzhou Sanhang Yinhu Project Management Agreement shall be 2.5% total settled investment amount of the Hangzhou Sanhang Yinhu Project.

Provision of Financial Assistance to Harbin Young City

On September 24, 2019, Harbin Greentown Real Estate Co., Ltd. (哈爾濱綠城置業有限公司) ("**Harbin Greentown Real Estate**"), an indirect wholly-owned subsidiary of us, CCCC Northeast Investment Co., Ltd. (中交東北投資有限公司) ("**CCCC Northeast Investment**"), an indirect non-wholly owned subsidiary of CCCG, Harbin Metro Real Estate Development Co., Ltd. (哈爾濱市地鐵置業開發有限公司) ("**Harbin Metro RED**") formed Harbin Young City Real Estate Co., Ltd. (哈爾濱楊柳郡置業有限公司) ("**Harbin Young City**") to engage in the development project in relation to the above-depot area of the relevant rail yards of Harbin Metro Line 3 (哈爾濱地鐵三號線相關車輛段上蓋項目) (the "**Harbin Young Project City**"). Pursuant to the formation agreement, Harbin Greentown Real Estate, CCCC Northeaster Investment and Harbin Metro RED contributed 46%, 10% and 44% of the equity interests of Harbin Young City, respectively.

On February 5, 2021, Harbin Greentown Real Estate, CCCC Northeast Investment, Harbin Metro RED and Harbin Young City entered into a supplemental agreement to the original formation and joint development agreement (the "**Harbin Young City Supplemental Agreement**") to provide financial assistance for the funding of Harbin Young City Project. Pursuant to Harbin Young City Supplemental Agreement, the following shareholder's loans (the "**Harbin Young City Shareholders' Loans**") with an interest of 7.5% per annum will be provided to Harbin Young City for acquisition of lands and development of Harbin Young City Project:

- Harbin Metro RED will commit up to RMB1,127,410,000, of which RMB643,460,000 ("**Harbin Metro RED Secured Loan**") will be advanced by Harbin Greentown Real Estate and secured with a share pledge of all of Harbin Metro RED's equity interest in Harbin Young City. Such equity interest will be available for enforcement upon pledged. The release of the share pledge shall be processed within 5 days from the full repayment of Harbin Metro RED Secured Loan by Harbin Young City;

- CCCC Northeast Investment will provide up to RMB256,230,000; and

- Harbin Greentown Real Estate will provide up to RMB1,316,180,000 (including Harbin Metro RED Secured Loan).

Redemption of Perpetual Capital Securities by Tianjin CCCC Greentown

Tianjin CCCC Greentown is our non-wholly owned subsidiary. Each of Greentown Northern Real Estate, our wholly owned subsidiary, CFHCC City Investment and CCCC Beijing-Tianjin-Hebei Investment, each a non-wholly owned subsidiary of CCCG, owns 41%, 39% and 20% of Tianjin CCCC Greentown, respectively.

On December 27, 2019, each of Greentown Real Estate, our wholly owned subsidiary, on behalf of Greentown Norther Real Estate, a wholly owned subsidiary of Greentown Real Estate, CFHCC City Investment and CCCC Beijing-Tianjin-Hebei Investment entered into an investment contract with Tianjin CCCC Greentown, pursuant to which Tianjin CCCC Greentown issued and each of Greentown Real Estate (on behalf of Greentown Northern Real Estate), CFHCC City Investment and CCCC Beijing-Tianjin-Hebei Investment subscribed for the Tianjin CCCC Greentown Perpetual Capital Securities pro rata to the shareholdings position of Greentown Northern Real Estate, CFHCC City Investment and CCCC Beijing-Tianjin-Hebei Investment in Tianjin CCCC Greentown.

Tianjin CCCC Greentown has passed the phase which required the funding from the Tianjin CCCC Greentown Perpetual Capital Securities for development and operation of its business and recorded profits. On July 2, 2021, Tianjin CCCC Greentown served a notice of redemption on each of the subscriber to redeem all of the Tianjin CCCC Greentown Perpetual Capital Securities.

Compensation of key management personnel

The remuneration of directors and other members of key management during the periods as indicated below is as follows:

	For the year ended December 31,				For the six months ended June 30,		
	2018	**2019**	**2020**	**2020**	**2020**	**2021**	**2021**
	(RMB in thousands)			**(US$ in thousands)**	**(RMB in thousands)**		**(US$ in thousands)**
Short-term benefits	51,080	49,708	49,796	7,712	17,296	14,922	2,311
Post-employment benefits	337	359	444	69	213	256	40
Share-based payment *(note)*	77,439	30,300	10,272	1,591	5,148	25,644	3,972
Share award	—	3,508	4,387	679	3,206	1,014	157
Total	128,856	83,875	64,899	10,051	25,863	41,836	6,480

Note: The Group recognised the expense in the profit or loss in relation to shares granted but not vested under share option schemes.

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

DESCRIPTION OF MATERIAL INDEBTEDNESS AND OTHER OBLIGATIONS

To fund our existing property projects and to finance our working capital requirements, we have borrowed money or incurred indebtedness from various financial institutions or trust companies and obtained financings through debt offerings. As at June 30, 2021, our total borrowings were RMB127,918 million (US$19,812 million). We set forth below a summary of the material terms and conditions of these loans and other indebtedness.

Project Loan Agreements

Certain of our PRC subsidiaries have entered into loan agreements with local branches of various PRC banks and financial institutions, including Bank of China, Agricultural Bank of China, Industrial and Commercial Bank of China and China Construction Bank. These loans include project loans to finance the construction of our projects and loans to finance our working capital requirements. They have terms ranging from 12 months to 214 months, which generally correspond to the construction periods of the particular projects. Our PRC loans are typically secured by land use rights and properties as well as guaranteed by certain of our other PRC subsidiaries.

Interest

The principal amounts outstanding under the PRC loans generally bear interest at floating rates calculated with reference to the PBOC benchmark interest rate or the LPR published by the National Interbank Funding Center. Floating interest rates are generally subject to annual or quarterly review by the lending banks. Interest payments are payable either monthly or quarterly and must be made on each payment date as provided in the particular loan agreement.

Covenants

Under these PRC loans, many of our subsidiary borrowers have agreed, among other things, not to take the following actions without obtaining the relevant lender's prior consent:

- creating encumbrances on any part of their property or assets or dealing with their assets in a way that may adversely affect their ability to repay their loans;
- granting guarantees to any third parties that may adversely affect their ability to repay their loans;
- making any major changes to their corporate structures, such as entering into joint ventures, mergers, acquisitions and reorganizations;
- altering the nature or scope of their business operations in any material respect;
- transferring part or all of their liabilities under the loans to a third party;
- prepaying the loans;
- selling or disposing of assets;
- distributing dividends or paying back shareholders' loans before settling the loans; and
- incurring other indebtedness that may adversely affect their ability to repay their loans.

Events of default

The PRC loan agreements contain certain customary events of default, including failure to pay the amount payable on the due date, unauthorized use of loan proceeds, failure to obtain the lender's approval for an act that requires the latter's approval, and material breach of the terms of the loan agreement. The banks are entitled to terminate their respective agreements and/or demand immediate repayment of the loans and any accrued interest upon the occurrence of an event of default.

Pledge of Assets

As at December 31, 2018, 2019 and 2020 and June 30, 2021, the Group pledged right-of-use assets, investment properties, properties for development, properties under development, completed properties for sale, property, plant and equipment, prepaid lease payments, pledged bank deposits, trade and other receivables, deposits and prepayments, interests in joint ventures and interests in associates, with an aggregate carrying value of RMB67,015 million, RMB95,868 million (US$14,848 million), RMB94,858 million (US$14,692 million) and RMB97,325 million and to secure general credit facilities granted by banks and other financial institutions to the Group. For further information relating to the breakdown of the carrying value pledged to banks and other parties, see Notes 42, 45, 42 and 30 to our financial statements for the years ended December 31, 2018, 2019 and 2020 and the six months ended June 30, 2021, respectively, included elsewhere in this offering memorandum.

Customer guarantees

In line with industry practice, we provide guarantees to mortgagee banks in respect of mortgage loans taken out by purchasers of our properties. As at June 30, 2021, the aggregate outstanding amount guaranteed was RMB44,187 million (US$6,844 million).

U.S. Dollar Facility Agreements

On July 3, 2018, the Company (as borrower) and certain of its subsidiaries (as guarantors) entered into a facility agreement with 18 financial institutions in Hong Kong (as lenders) pursuant to which a dual-currency USD and HKD unsecured term loan facility (the "**USD Loan**" and the "**HKD Loan**" respectively, and collectively, the "**Facility**") of up to US$800 million equivalent with a term of 36 months has been granted to the Company at the rate of interest equivalent to the aggregate of a margin rate of 2.565% *per annum plus* the Hong Kong interbank offered rate for Hong Kong dollars (in respect of the HKD Loan) on the relevant date or the London interbank offered rate administered by ICE Benchmark Administration Limited ("**LIBOR**") on the relevant date (in respect of the USD Loan). The loan was made available to the Company for (i) refinancing certain of its existing financial indebtedness and (ii) its general working capital and capital expenditure requirements. Under the terms of this facility agreement, we are subject to certain financial covenants and undertakings, including certain negative pledges, limitations on our ability to undertake mergers or dispose of assets and to incur debt or provide guarantees. The loans under this facility agreement have been fully repaid on June 15, 2021.

On July 9, 2018, the Company (as borrower) and certain of its subsidiaries (as guarantors) entered into a facility agreement with Bank of China (Hong Kong) Limited (as lender) pursuant to which (i) a US$300 million unsecured term loan facility with a term of three years at the rate of interest equivalent to the aggregate of a margin rate of 2.80% *per annum plus* LIBOR on the relevant date and (ii) another US$300 million unsecured term loan facility with a term of five years at the rate of interest equivalent to the aggregate of a margin rate of 3.30% *per annum plus* LIBOR on the relevant date were granted to the Company for (i) refinancing certain of its existing financial indebtedness and (ii) its general working capital and capital expenditure requirements. Under the terms of this facility agreement, we are subject to certain financial covenants and undertakings, including certain negative pledges, limitations on our ability to undertake mergers or dispose of assets and to incur debt or provide guarantees. The aggregate principal amount of the loans outstanding under this facility is US$300 million as at the date of this offering memorandum. The loan provides for periodic payments that will fully amortize the amount financed over its term, with a substantial portion of the principal amount of the loan to be repaid at maturity.

On January 23, 2020, the Company (as borrower) and certain of its subsidiaries (as guarantors) entered into a facility agreement with certain financial institutions in Hong Kong (as lenders) pursuant to which a dual-currency USD and HKD unsecured term loan facility of up to US$430 million equivalent (with an option to create incremental facilities of up to US$570 million equivalent) with a term of 36 months has been granted to the Company (the "**2020 USD Facility**"). The loan was made available to the Company for (i) refinancing certain of its existing financial indebtedness and (ii) its general corporate purposes.

On July 29, 2020, the Company (as borrower) and certain of its subsidiaries (as guarantors) established an incremental facility in aggregate principal amount of US$200,000,000 and HK$790,000,000 with certain financial institutions in Hong Kong (as lenders) under the 2020 USD Facility.

The aggregate principal amount of the loans outstanding under the 2020 USD facility (including the incremental facility thereunder is approximately US$657 million as at the date of this offering memorandum.

On June 1, 2021, the Company (as borrower) and certain of its subsidiaries (as guarantors) entered into a facility agreement with Bank of China (Hong Kong) Limited (as lender) pursuant to which a US$300 million unsecured term loan facility with a term of three years was granted to the Company for (i) refinancing certain of its existing financial indebtedness and (ii) its general working capital and capital expenditure requirements. Under the terms of this facility agreement, we are subject to certain financial covenants and undertakings, including certain negative pledges, limitations on our ability to undertake mergers or dispose of assets and to incur debt or provide guarantees. The aggregate principal amount of the loans outstanding under this facility is US$300 million as at the date of this offering memorandum. The loan provides for periodic payments that will fully amortize the amount financed over its term, with a substantial portion of the principal amount of the loan to be repaid at maturity.

On June 1, 2021, the Company (as borrower) and certain of its subsidiaries (as guarantors) entered into a facility agreement with certain financial institutions in Hong Kong (as lenders) pursuant to which a dual-currency USD and HKD unsecured term loan facility of up to US$270,500,000 and HK$2,309,300,000 (with an option to create incremental facilities of up to US$74 million equivalent) with a term of 36 months has been granted to the Company (the "**2021 Dual-Currency Facility**"). The loan was made available to the Company for (i) refinancing certain of its existing financial indebtedness and (ii) its general corporate purposes.

On July 9, 2021, the Company (as borrower) and certain of its subsidiaries (as guarantors) established an incremental facility in aggregate principal amount of US$42,000,000 and HK$245,200,000 with certain financial institutions in Hong Kong (as lenders) under the 2021 Dual Currency Facility.

The aggregate principal amount of the loans outstanding under the 2021 Dual Currency Facility is approximately US$640 million as at the date of this offering memorandum.

Senior Notes

Redemption of Senior Notes

The following senior notes were redeemed in full at maturity in 2020:

- our 5.875% senior notes due 2020 in aggregate principal amount of US$500 million. On August 11, 2020, we redeemed the 2015 USD Notes in full at maturity.

- our 4.55% senior notes due 2020 in aggregate principal amount of US$600 million. On November 12, 2020, we redeemed the 2019 USD Notes in full at maturity.

2020 July USD Notes

On July 13, 2020, we issued new 5.65% senior notes due 2025 in an aggregate principal amount of US$300 million of which will be used for refinance existing indebtedness due within the next 12 months with original maturity of at least one year. The 2020 July USD Notes are guaranteed by certain offshore subsidiaries of the Company and have the benefit of a keepwell deed (the "**2020 July USD Notes Keepwell Deed**") and deed of equity interest purchase, investment and liquidity support undertaking (the "**2020 July USD Notes Deed of Undertaking**") provided by CCCG.

Under the 2020 July USD Notes Keepwell Deed, CCCG has undertaken with the Company, each of the Company's subsidiary guarantors and the trustee for the 2020 July USD Notes that it shall, among other things, directly or indirectly, beneficially own and hold no less than 25% of the capital stock of the Company and maintain the Company as its sole listed real estate overseas platform at all times. CCCG has also undertaken to assist the Company and its subsidiary guarantors in meeting their respective obligations under the 2020 July USD Notes, the subsidiary guarantees and 2020 Senior Notes Indenture. Pursuant to the terms of the 2020 July USD Notes Deed of Undertaking, CCCG agreed to, upon receiving a written obligation notice from the trustee for the 2020 July USD Notes, (i) purchase, either by itself or through one of its PRC incorporated subsidiaries, certain equity interests of the Company or such subsidiary guarantor; (ii) invest, either by itself or through one of its PRC incorporated subsidiaries, in the Company or such subsidiary guarantor; or (iii) execute a loan agreement with the Company or such subsidiary guarantor and pay to the Company or such subsidiary guarantor a certain amount. The equity interests comprise the interests held by the Company or such subsidiary guarantor in the registered capital of a PRC incorporated subsidiary of the Company or such subsidiary guarantor held by the Company or such subsidiary guarantor as jointly selected by the Company and CCCG. Neither the 2020 July USD Notes Keepwell Deed nor the 2020 July USD Notes Deed of Undertaking constitutes a direct or indirect guarantee of the 2020 July USD Notes by CCCG.

In addition to having the benefit of the 2020 July USD Notes Keepwell Deed and the 2020 July USD Notes Deed of Undertaking, the 2020 July USD Notes have the following terms as described below.

Guarantee

The obligations pursuant to the 2020 July USD Notes are guaranteed by our existing subsidiaries (the "**2020 July USD Notes Subsidiary Guarantors**") other than those organized under the laws of the PRC and certain other subsidiaries which have been designated as offshore non-guarantor subsidiaries in accordance with the terms of the 2020 July Senior Notes Indenture. Under certain circumstances and subject to certain conditions, a guarantee by a 2020 July USD Notes Subsidiary Guarantor may be replaced by a limited-recourse guarantee, referred to as a JV Subsidiary Guarantee in the 2020 July Senior Notes Indenture.

Each of the 2020 July USD Notes Subsidiary Guarantors, jointly and severally, guarantees the due and punctual payment of the principal, any premium, and interest on, and all other amounts payable under, the 2020 July USD Notes.

Interest

The 2020 July USD Notes bear an interest rate of 5.65% *per annum*. Interest is payable semi-annually in arrears.

Covenants

Subject to certain conditions and exceptions, the 2020 Senior Notes Indenture contain certain covenants, restricting us and each of the related restricted subsidiaries from, among other things:

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

- sell assets;
- create liens;
- enter into sale and leaseback transactions;
- enter into agreements that restrict the restricted subsidiaries' ability to pay dividends, transfer assets or make intercompany loans;
- enter into transactions with stakeholders or affiliates; and
- effect a consolidation or merger.

Events of Default

The 2020 July Senior Notes Indenture contains certain customary events of default, including default in the payment of principal, or of any premium, on any of the 2020 July USD Notes, when such payments become due, default in payment of interest which continues for 30 days, breaches of covenants, insolvency and other events of default specified in the 2020 July Senior Notes Indenture. If an event of default occurs and is continuing, the trustee under the 2020 July Senior Notes Indenture or the holders of at least 25% of each of the outstanding 2020 July USD Notes may declare the principal of the 2020 July USD Notes *plus* any accrued and unpaid interest and premium (if any) to be immediately due and payable.

Change of Control

Upon the occurrence of a certain event of change of control and a rating decline, we are obligated to make an offer to repurchase all outstanding notes at a purchase price equal to 101% of their principal amount *plus* any accrued and unpaid interest.

Maturity and Redemption

The maturity date of the 2020 July USD Notes is July 13, 2025.

At any time on or after July 13, 2023, we may redeem the 2020 July USD Notes, in whole or in part, at a redemption price equal to the percentage of principal amount set forth in the 2020 July Senior Notes Indenture, *plus* any accrued and unpaid interest to (but not including) the redemption date.

At any time prior to July 13, 2023, we may redeem the 2020 July USD Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the 2020 July USD Notes, *plus* a premium and any accrued and unpaid interest to the redemption date.

Additionally, if we or a subsidiary guarantor under the 2020 July Senior Notes Indenture would become obligated to pay certain additional amounts as a result of certain changes in specified tax law, we may redeem the 2020 July USD Notes at a redemption price equal to 100% of the principal amount of the 2020 July USD Notes, *plus* any accrued and unpaid interest, subject to certain exceptions.

2020 October USD Notes

On October 29, 2020, we issued new 4.70% senior notes due 2025 in an aggregate principal amount of US$300 million of which will be used for refinance existing indebtedness due within the next 12 months with original maturity of at least one year. The 2020 October USD Notes are guaranteed by certain offshore subsidiaries of the Company.

The 2020 October USD Notes have the following terms as described below.

Guarantee

The obligations pursuant to the 2020 October USD Notes are guaranteed by our existing subsidiaries (the "**2020 October USD Notes Subsidiary Guarantors**") other than those organized under the laws of the PRC and certain other subsidiaries which have been designated as offshore non-guarantor subsidiaries in accordance with the terms of the 2020 October Senior Notes Indenture. Under certain circumstances and subject to certain conditions, a guarantee by a 2020 October USD Notes Subsidiary Guarantor may be replaced by a limited-recourse guarantee, referred to as a JV Subsidiary Guarantee in the 2020 October Senior Notes Indenture.

Each of the 2020 October USD Notes Subsidiary Guarantors, jointly and severally, guarantees the due and punctual payment of the principal, any premium, and interest on, and all other amounts payable under, the 2020 October USD Notes.

Interest

The 2020 October USD Notes bear an interest rate of 4.70% *per annum*. Interest is payable semi-annually in arrears.

Covenants

Subject to certain conditions and exceptions, the 2020 October Senior Notes Indenture contain certain covenants, restricting us and each of the related restricted subsidiaries from, among other things:

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

Events of Default

The 2020 October Senior Notes Indenture contains certain customary events of default, including default in the payment of principal, or of any premium, on any of the 2020 October Notes, when such payments become due, default in payment of interest which continues for 30 days, breaches of covenants, insolvency and other events of default specified in the 2020 October Senior Notes Indenture. If an event of default occurs and is continuing, the trustee under the 2020 October Senior Notes Indenture or the holders of at least 25% of each of the outstanding 2020 October USD Notes may declare the principal of the 2020 October USD Notes *plus* any accrued and unpaid interest and premium (if any) to be immediately due and payable.

Change of Control

Upon the occurrence of a certain event of change of control and a rating decline, we are obligated to make an offer to repurchase all outstanding notes at a purchase price equal to 101% of their principal amount *plus* any accrued and unpaid interest.

Maturity and Redemption

The maturity date of the 2020 October USD Notes is April 29, 2025.

At any time on or after April 29, 2023, we may redeem the 2020 October USD Notes, in whole or in part, at a redemption price equal to the percentage of principal amount set forth in the 2020 October Senior Notes Indenture, *plus* any accrued and unpaid interest to (but not including) the redemption date.

At any time prior to April 29, 2023, we may redeem the 2020 October USD Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the 2020 October USD Notes, *plus* a premium and any accrued and unpaid interest to the redemption date.

Additionally, if we or a subsidiary guarantor under the 2020 October Senior Notes Indenture would become obligated to pay certain additional amounts as a result of certain changes in specified tax law, we may redeem the 2020 October USD Notes at a redemption price equal to 100% of the principal amount of the 2020 October USD Notes, *plus* any accrued and unpaid interest, subject to certain exceptions.

2021 December USD Notes

On December 22, 2021, we issued new 5.95% senior notes due 2024 in an aggregate principal amount of US$150 million. The 2021 December USD Notes are guaranteed by certain offshore subsidiaries of the Company.

The 2021 December USD Notes have the following terms as described below.

Guarantee

The obligations pursuant to the 2021 December USD Notes are guaranteed by our existing subsidiaries (the "**2021 December USD Notes Subsidiary Guarantors**") other than those organized under the laws of the PRC and certain other subsidiaries which have been designated as offshore non-guarantor subsidiaries in accordance with the terms of the 2021 December Senior Notes Indenture. Under certain circumstances and subject to certain conditions, a guarantee by a 2021 December USD Notes Subsidiary Guarantor may be replaced by a limited-recourse guarantee, referred to as a JV Subsidiary Guarantee in the 2021 December Senior Notes Indenture.

Each of the 2021 December USD Notes Subsidiary Guarantors, jointly and severally, guarantees the due and punctual payment of the principal, any premium, and interest on, and all other amounts payable under, the 2021 December USD Notes.

Interest

The 2021 December USD Notes bear an interest rate of 5.95% per annum. Interest is payable semi-annually in arrears.

Covenants

Subject to certain conditions and exceptions, the 2021 December Senior Notes Indenture contain certain covenants, restricting us and each of the related restricted subsidiaries from, among other things:

- incur additional indebtedness and issue disqualified or preferred stock;
- declare dividends on its capital stock or purchase or redeem capital stock;

- make investments or other specified restricted payments;
- issue or sell capital stock of restricted subsidiaries;
- guarantee indebtedness of restricted subsidiaries;
- sell assets;
- create liens;
- enter into sale and leaseback transactions;
- enter into agreements that restrict the restricted subsidiaries' ability to pay dividends, transfer assets or make intercompany loans;
- enter into transactions with stakeholders or affiliates; and
- effect a consolidation or merger.

Events of Default

The 2021 December Senior Notes Indenture contains certain customary events of default, including default in the payment of principal, or of any premium, on any of the 2021 December USD Notes, when such payments become due, default in payment of interest which continues for 30 days, breaches of covenants, insolvency and other events of default specified in the 2021 December Senior Notes Indenture. If an event of default occurs and is continuing, the trustee under the 2021 December Senior Notes Indenture or the holders of at least 25% of each of the outstanding Senior Notes may declare the principal of the 2021 December USD Notes *plus* any accrued and unpaid interest and premium (if any) to be immediately due and payable.

Change of Control

Upon the occurrence of a certain event of change of control and a rating decline, we are obligated to make an offer to repurchase all outstanding notes at a purchase price equal to 101% of their principal amount plus any accrued and unpaid interest.

Maturity and Redemption

The maturity date of the 2021 December USD Notes is December 22, 2024.

At any time on or after December 22, 2023, we may redeem the 2021 December USD Notes, in whole or in part, at a redemption price equal to the percentage of principal amount set forth in the 2021 December Senior Notes Indenture, plus any accrued and unpaid interest to (but not including) the redemption date.

At any time prior to December 22, 2023, we may redeem the 2021 December USD Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the 2021 December USD Notes, plus a premium and any accrued and unpaid interest to the redemption date.

Additionally, if we or a subsidiary guarantor under the 2021 December Senior Notes Indenture would become obligated to pay certain additional amounts as a result of certain changes in specified tax law, we may redeem the 2021 December USD Notes at a redemption price equal to 100% of the principal amount of the 2021 December USD Notes, plus any accrued and unpaid interest, subject to certain exceptions.

Credit Enhanced Bonds

2022 January USD Bonds

On January 27, 2022, we issued 2.30% credit enhanced bonds due 2025 in aggregate principal amount of US$400 million. The 2022 January USD Bonds has the benefit of a standby letter of credit issued by China Zheshang Bank Co., Ltd. Hangzhou Branch (the "**LC Bank**").

The 2022 January 2022 USD Bonds has the following terms as described below.

Interest

The Bonds will bear interest from and including January 27, 2022 at a rate of 2.30% per year, payable semi-annually in arrears.

Pre-funding

No later than ten business days before the due date of any amount in respect of the 2022 January USD Bonds (other than certain mandatory redemption amount payable under the 2022 January USD Bonds), we shall pre-fund such payment into a pre-funding account and deliver to the trustee and the principal paying agent certain required confirmations in accordance with the 2022 January USD Bonds Conditions.

Ranking

The 2022 January USD Bonds constitute our direct, unsubordinated, unconditional and unsecured obligations and will at all times rank *pari passu* among themselves and at least equally with all other present and future unsecured and unsubordinated obligations of ours, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

Events of Default

The events of default under the 2022 January USD Bonds include, among other things, failure in payment of principal or of interest on any of the 2022 January USD Bonds; a breach by us of its other obligations under the 2022 January USD Bonds or the 2022 January USD Bonds Trust Deed; acceleration of, or a payment default in respect of, certain indebtedness of ours or any of our significant subsidiaries that exceeds US$20,000,000 or its equivalent; unsatisfied judgment for the payment of an aggregate amount in excess of US$20,000,000 or its equivalent in any other currency is rendered against us or any of our significant subsidiaries; acceleration of, or a payment default in respect of, certain of China Zheshang Bank Co., Ltd.'s external indebtedness that exceeds USD20,000,000 or its equivalent in any other currency; and the insolvency or winding-up of China Zheshang Bank Co., Ltd., us, or any significant subsidiary of ours or any material subsidiary of China Zheshang Bank Co., Ltd.

If an event of default under the 2022 January USD Bonds occurs, then the trustee may, subject to applicable provisions under the 2022 January USD Bonds Conditions, give written notice to us declaring the 2022 January USD Bonds to be immediately due and payable, whereupon they shall become immediately due and payable at their principal amount together with accrued interest without further action or formality.

Covenants

In accordance with the 2022 January USD Bonds Conditions, we will undertake that, among other things, so long as any 2022 January USD Bonds remain outstanding, save with the approval of the holders of the 2022 January USD Bonds:

(1) we will file or cause to be filed with the NDRC the requisite information and documents in accordance with the NDRC Circular; and

(2) we will file with the trustee and furnish to the holder of the 2022 January USD Bonds our financial report within the time frame specified in the 2022 January USD Bonds Conditions.

Redemption

Unless previously redeemed, or purchased and cancelled in accordance with the 2022 January USD Bonds Conditions, the 2022 January USD Bonds will be redeemed at their principal amount on January 27, 2025.

In accordance with the 2022 January USD Bonds Conditions, the 2022 January USD Bonds may be redeemed in any of the following circumstances:

(1) the 2022 January USD Bonds may be redeemed at our option in whole, but not in part, at any time upon giving not less than 30 nor more than 60 days' notice to the holders of the 2022 January USD Bonds, the trustee and the agents, at their principal amount, together with interest accrued to the date fixed for redemption, at the time in the event of certain changes affecting taxes of the PRC as set out in the 2022 January USD Bonds Conditions;

(2) at any time following the occurrence of a change of control triggering event as set out in the 2022 January USD Bonds Conditions, the holder of any 2022 January USD Bonds will have the right, at such holder's option, to require us to redeem all, but not only some, of that holder's 2022 January USD Bonds at 100% of their principal amount together with accrued interest, 14 days after the later of 30 days following a change of control triggering event and 30 days following a notice given to the holders of the 2022 January USD Bonds by us as set out in the 2022 January USD Bonds Conditions;

(3) the 2022 January USD Bonds shall be redeemed by us in whole, but not in part, at their principal amount on the interest payment date failing immediately after the date the pre-funding failure notice is given to the holder of the 2022 January USD Bonds, together with interest accrued to, but excluding the mandatory redemption date, as set out in the 2022 January USD Bonds Conditions; and

(4) the 2022 January USD Bonds shall be redeemed by us at their principal amount, together with interest accrued to, but excluding the mandatory redemption date, immediately upon the standby letter of credit ceasing to be enforceable, valid or in full force or upon standby letter of credit being modified, amended or terminated without the trustee's consent.

Standby Letter of Credit

The 2022 January USD Bonds will have the benefit of an irrevocable standby letter of credit denominated in USD issued by the LC Bank in favor of the trustee. The standby letter of credit shall be drawable by the trustee as beneficiary under the standby letter of credit on behalf of the holders of the 2022 January USD Bonds upon the presentation of a demand sent by or on behalf of the trustee in the event that (i) we have failed to comply with the pre-funding requirements under the 2022 January USD Bonds Conditions, (ii) an event of default occurs and the trustee has given notice in writing to us that the 2022 January USD Bonds are immediately due and payable in accordance with the 2022 January USD Bonds Conditions.

Every payment made under the standby letter of credit in respect of any amount payable under the 2022 January USD Bonds Conditions shall, to the extent of the drawing paid to or to the order of the trustee, satisfy and discharge our obligations in respect of such amount payable under the 2022 January USD Bonds Conditions or in connection with the 2022 January USD Bonds or the 2022 January USD Bonds Trust Deed.

Corporate Bonds

2015 Corporate Bonds

On August 28, 2015, we issued the first tranche of corporate bonds with an aggregate principal amount of RMB3,000,000,000 at 100% of face value (the "**2015 First Bonds**") which are listed on Shanghai Stock Exchange. The 2015 First Bonds carry interest at the rate of 4.7% *per annum* payable semiannually in arrears. The net proceeds, after deduction of direct issuance costs, amounted to RMB2,952,000,000. We redeemed the 2015 First Bonds in full at maturity on August 27, 2020.

On September 18, 2015, we issued the second tranche of the corporate bonds with an aggregate amount of RMB4,000,000,000 at 100% of face value comprising (i) RMB2,000,000,000 of corporate bonds with a term of five years and an annual coupon rate of 4.40% (the "**2015 Five-year Bonds**"), and (ii) RMB2,000,000,000 of corporate bonds with a term of seven years and an annual coupon rate of 5.16% (the "**2015 Seven-year Bonds**," together with the 2015 Five-year Bonds, the "**2015 Second Bonds**"). The net proceeds, after deduction of direct issuance costs, amounted to RMB3,940,000,000. We redeemed the 2015 Five-year Bonds in full at maturity on September 16, 2020. The 2015 Seven-year Bonds will mature on September 16, 2022.

We are entitled to adjust the coupon rate of the corporate bonds and the investors are entitled to sell back the 2015 First Bonds and 2015 Five-year Bonds at the end of the third year and the 2015 Seven-year Bonds at the end of the fifth year, respectively.

The principal terms of the 2015 First Bonds and 2015 Second Bonds (collectively, the "**2015 Corporate Bonds**") are as follows:

- the 2015 First Bonds and 2015 Five-year Bonds have fixed interest rate in the first three years. At the end of the third year, we have the right to adjust the coupon rate of the remaining outstanding bonds ("**2015 Coupon Rate Adjustment Right**"). If we choose to exercise the 2015 Coupon Rate Adjustment Right, the new fixed coupon rate for the remaining two years will be the coupon rate of the first three years *plus* adjusting basis points;

- the 2015 Seven-year Bonds have fixed interest rate in the first five years. At the end of the fifth year, we have the right to exercise the 2015 Coupon Rate Adjustment Right. If we choose to do so, the new fixed coupon rate for the remaining two years will be the coupon rate of the first three years *plus* adjusting basis points;

- the investors of the 2015 First Bonds and 2015 Five-year Bonds have the option to sell back the corporate bonds, in whole or in part, at a redemption price equal to 100% of the principal amount of the corporate bonds *plus* accrued and unpaid interest, if any, to (but not including) the redemption date when we issue the announcement concerning whether to adjust the coupon rate of the corporate bonds at the end of the third year; and

- the investors of the 2015 Seven-year Bonds have the option to sell back the corporate bonds, in whole or in part, at a redemption price equal to 100% of the principal amount of the corporate bonds *plus* accrued and unpaid interest, if any, to (but not including) the redemption date when we issue the announcement concerning whether to adjust the coupon rate of the corporate bonds at the end of the fifth year.

The 2015 Corporate Bonds contain a liability component and a written put option:

- The liability component represents the present value of the contractually determined stream of future cash flows discounted at the prevailing market interest rate at that time applicable to instruments of comparable credit status and providing substantially the same cash flows, on the same terms.

The interest charged for the year is calculated by applying an effective interest rate of approximately 4.76% *per annum* to the liability component since the 2015 Corporate Bonds were issued.

- The written put option is regarded as an embedded derivative closely related to the economic characteristics and risks of the host contract, therefore, the written put option is not separated from the liability component.

On July 16, 2018, we decided to exercise the 2015 Coupon Rate Adjustment Right of the 2015 First Bonds and raised interest at the rate of 5.35% *per annum* payable annually in arrears from August 27, 2018 to August 27, 2020. Certain investors sold back the 2015 First Bonds, which amounted to RMB1,566,629,000, to us after the declaration of the coupon rate adjustment.

On August 6, 2018, we decided to exercise the 2015 Coupon Rate Adjustment Right of the 2015 Five-year Bonds and raised interest at the rate of 4.91% *per annum* payable annually in arrears from September 16, 2018 to September 16, 2020. Certain investors sold back the 2015 Five-year Bonds, which amounted to RMB491,865,000, to us after the declaration of the coupon rate adjustment.

We decided to exercise the 2015 Coupon Rate Adjustment Right of the 2015 Seven-year Bonds and lowered interest to the rate of 3.80% *per annum* payable annually in arrears from September 16, 2020 to September 16, 2022.

2018 Corporate Bonds

On March 12, 2018, we issued the first tranche of corporate bonds with an aggregate principal amount of RMB2,000,000,000 at 100% of face value (the "**2018 First Bonds**"). The 2018 First Bonds carry interest at the rate of 5.5% *per annum* payable annually in arrears. The net proceeds, after deduction of direct issuance costs, amounted to RMB1,989,571,000. The 2018 First Bonds will mature on March 12, 2023.

On April 13, 2018, we issued the second tranche of the corporate bonds with an aggregate amount of RMB3,000,000,000 at 100% of face value comprising (i) RMB2,500,000,000 with a term of five years and an annual coupon rate of 5.99% (the "**2018 Second Bonds**"), and (ii) RMB500,000,000 with a term of four years and an annual coupon rate of 5.7% (the "**2018 Third Bonds**," together with the 2015 Five-year Bonds, the "**2015 Second Bonds**"). The net proceeds, after deduction of direct issuance costs, amounted to RMB2,984,440,000. The 2018 Second Bonds and 2018 Third Bonds will mature on April 13, 2023 and April 13, 2022, respectively.

On May 25, 2018, we issued the third tranche of corporate bonds with an aggregate principal amount of RMB1,000,000,000 at 100% of face value (the "**2018 Fourth Bonds**"). The 2018 Fourth Bonds carry interest at the rate of 6.00% *per annum* payable annually in arrears. The net proceeds, after deduction of direct issuance costs, amounted to RMB996,980,000. The 2018 Fourth Bonds will mature on May 25, 2022.

On August 10, 2018, we issued the fourth tranche of corporate bonds with an aggregate principal amount of RMB1,650,000,000 at 100% of face value (the "**2018 Fifth Bonds**"). The 2018 Fifth Bonds carry interest at the rate of 4.73% *per annum* payable annually in arrears. The net proceeds, after deduction of direct issuance costs, amounted to RMB1,639,808,000. The 2018 Fifth Bonds will mature on August 9, 2023.

On September 4, 2018, we issued the fifth tranche of corporate bonds with an aggregate principal amount of RMB500,000,000 at 100% of face value (the "**2018 Sixth Bonds**"). The 2018 Sixth Bonds carry interest at the rate of 4.98% *per annum* payable annually in arrears. The net proceeds, after deduction of direct issuance costs, amounted to RMB497,840,000. The 2018 Sixth Bonds will mature on September 4, 2023.

On September 21, 2018, we issued the sixth tranche of corporate bonds with an aggregate principal amount of RMB1,000,000,000 at 100% of face value (the "**2018 Seventh Bonds**," together with "**2018 First Bonds**," "**2018 Second Bonds**," "**2018 Third Bonds**," "**2018 Fourth Bonds**," "**2018 Fifth Bonds**" and "**2018 Sixth Bonds**," the "**2018 Corporate Bonds**"). The 2018 Seventh Bonds carry interest at the rate of 5.7% *per annum* payable annually in arrears. The net proceeds, after deduction of direct issuance costs, amounted to RMB994,980,000. The 2018 Seventh Bonds will mature on September 21, 2023.

We are entitled to adjust the coupon rate of the corporate bonds and the investors are entitled to sell back the 2018 First Bonds, the 2018 Second Bonds, the 2018 Fifth Bonds, the 2018 Sixth Bonds and the 2018 Seventh Bonds at the end of the third year, the 2018 Third Bonds and the 2018 Fourth Bonds at the end of the second year, respectively ("**2018 Coupon Rate Adjustment Right**").

The principal terms of the 2018 Corporate Bonds are as follows:

- the 2018 First Bonds, the 2018 Second Bonds, the 2018 Fifth Bonds, the 2018 Sixth Bonds and the 2018 Seventh Bonds have a fixed interest rate in the first three years. At the end of the third year, we have the right to adjust the coupon rate of the remaining outstanding bonds. If we choose to exercise the 2018 Coupon Rate Adjustment Right, the new fixed coupon rate for the remaining two years will be the coupon rate of the first three years *plus* adjusting basis points;

- the 2018 Third Bonds and the 2018 Fourth Bonds have a fixed interest rate in the first two years. At the end of the second year, we have the right to exercise the 2018 Coupon Rate Adjustment Right. If we choose to do so, the new fixed coupon rate for the remaining two years will be the coupon rate of the first two years *plus* adjusting basis points;

- the investors of the 2018 First Bonds, the 2018 Second Bonds, the 2018 Fifth Bonds, the 2018 Sixth Bonds and the 2018 Seventh Bonds have the option to sell back the bonds, in whole or in parts, at a redemption price equal to 100% of the principal amount of the bonds *plus* accrued and unpaid interest, if any, to (but not including) the redemption date when we issue the announcement concerning whether to adjust the coupon rate of the bonds at the end of the third year; and

- the investors of the 2018 Third Bonds and the 2018 Fourth Bonds have the option to sell back the bonds, in whole or in parts, at a redemption price equal to 100% of the principal amount of the bonds *plus* accrued and unpaid interest, if any, to (but not including) the redemption date when we issue the announcement concerning whether to adjust the coupon rate of the bonds at the end of the second year.

The 2018 Corporate Bonds contain a liability component and a written put option:

- The liability component represents the present value of the contractually determined stream of future cash flows discounted at the prevailing market interest rate at that time applicable to instruments of comparable credit status and providing substantially the same cash flows, on the same terms.

The interest charged for the year is calculated by applying an effective interest rate of approximately 5.92% *per annum* to the liability component since the 2018 Corporate Bonds were issued.

- The written put option is regarded as an embedded derivative closely related to the economic characteristics and risks of the host contract, therefore, the written put option is not separated from the liability component.

We decided to exercise the 2018 Coupon Rate Adjustment Right of the 2018 Third Bonds and lowered interest to the rate of 3.9% *per annum* payable annually in arrears from April 13, 2020 to April 13, 2022. We decided to exercise the 2018 Coupon Rate Adjustment Right of the 2018 Fourth Bonds and lowered interest to the rate of 3.9% *per annum* payable annually in arrears from May 25, 2020 to May 25, 2022.

2019 Corporate Bonds

On January 22, 2019, we issued the first tranche of corporate bonds with an aggregate principal amount of RMB500,000,000 at 100% of face value (the "**2019 First Bonds**"). The 2019 First Bonds carry interest at the rate of 3.98% per annum payable annually in arrears. The net proceeds, after deduction of direct issuance costs, amounted to RMB496,113,000. The 2019 First Bonds will mature on January 22, 2024.

On November 29, 2019, we issued the second tranche of corporate bonds with an aggregate principal amount of RMB1,500,000,000 at 100% of face value comprising (i) RMB1,000,000,000 with a term of five years and an annual coupon rate of 3.78% (the "**2019 Second Bonds**"), and (ii) RMB500,000,000 with a term of seven years and an annual coupon rate of 4.34% (the "**2019 Third Bonds**"). The net proceeds, after deduction of direct issuance costs, amounted to RMB1,491,705,000. The 2019 Second Bonds and 2019 Third Bonds will mature on November 29, 2024 and November 29, 2026, respectively.

On December 11, 2019, we issued the third tranche of corporate bonds with an aggregate principal amount of RMB500,000,000 at 100% of face value (the "**2019 Fourth Bonds**," together with the "**2019 First Bonds**," the "**2019 Second Bonds**" and the "**2019 Third Bonds**," the "**2019 Corporate Bonds**"). The Fourth 2019 Bonds carry interest at the rate of 3.61% *per annum* payable annually in arrears. The net proceeds, after deduction of direct issuance costs, amounted to RMB497,340,000. The 2019 Fourth Bonds will mature on December 11, 2021.

We are entitled to adjust the coupon rate and the investors shall be entitled to sell back the 2019 First Bonds and the 2019 Second Bonds at the end of the third year, and the 2019 Third Bonds at the end of the fifth year ("**2019 Coupon Rate Adjustment Right**").

The principal terms of the 2019 Corporate Bonds are as follows:

- the 2019 First Bonds and the 2019 Second Bonds have fixed interest rate in the first three years. At the end of the third year, we have the right to adjust the coupon rate of the remaining outstanding bonds. If we choose to exercise the 2019 Coupon Rate Adjustment Right, the new fixed coupon rate for the remaining two years will be the coupon rate of the first three years *plus* adjusting basis points;

- the 2019 Third Bonds has fixed interest rate in the first five years. At the end of the fifth year, we have the right to adjust the coupon rate of the remaining outstanding bonds. If we choose to exercise the 2019 Coupon Rate Adjustment Right, the new fixed coupon rate for the remaining two years will be the coupon rate of the first five years *plus* adjusting basis points;

- the investors of the 2019 First Bonds and the 2019 Second Bonds have the option to sell back the bonds, in whole or in parts, at a redemption price equal to 100% of the principal amount of the bonds *plus* accrued and unpaid interest, if any, to (but not including) the redemption date when we issue the announcement concerning whether to adjust the coupon rate of the bonds at the end of the third year; and

- the investors of the 2019 Third Bonds have the option to sell back the bonds, in whole or in parts, at a redemption price equal to 100% of the principal amount of the bonds *plus* accrued and unpaid interest, if any, to (but not including) the redemption date when we issue the announcement concerning whether to adjust the coupon rate of the bonds at the end of the fifth year.

- The 2019 Corporate Bonds contain a liability component and a written put option:

- The liability component represents the present value of the contractually determined stream of future cash flows discounted at the prevailing market interest rate at that time applicable to instruments of comparable credit status and providing substantially the same cash flows, on the same terms.

The interest charged for the year is calculated by applying an effective interest rate of approximately 3.98% *per annum* to the liability component since the 2019 Corporate Bonds were issued.

- The written put option is regarded as an embedded derivative closely related to the economic characteristics and risks of the host contract, therefore, the written put option is not separated from the liability component.

As at the date of this offering memorandum, we have had no plan nor intention to exercise the 2019 Coupon Rate Adjustment Right of the 2019 Corporate Bonds, therefore the interest expense for the year was calculated using the original coupon rate and maturity date of the 2019 Corporate Bonds.

First 2020 Corporate Bonds

On March 6, 2020, we issued the first tranche of corporate bonds with an aggregate principal amount of RMB1,430,000,000 at 100% face value (the "**First 2020 Corporate Bonds**"). The First 2020 Corporate Bonds carry interest at the rate of 3.19%. The First 2020 Corporate Bonds will mature on March 6, 2025.

We are entitled to adjust the coupon rate and the investors shall be entitled to sell back the First 2020 Corporate Bonds at the end of the third year ("**2020 Coupon Rate Adjustment Right**").

The principal terms of the First 2020 Corporate Bonds are as follows:

- the First 2020 Corporate Bonds have fixed interest rate in the first three years. At the end of the third year, we have the right to adjust the coupon rate of the remaining outstanding bonds. If we choose to exercise the 2020 Coupon Rate Adjustment Right, the new fixed coupon rate for the remaining two years will be the coupon rate of the first three years *plus* adjusting basis points; and

- the investors of the First 2020 Corporate Bonds have the option to sell back the bonds, in whole or in parts, at a redemption price equal to 100% of the principal amount of the bonds *plus* accrued and unpaid interest, if any, to (but not including) the redemption date when we issue the announcement concerning whether to adjust the coupon rate of the bonds at the end of the third year.

The First 2020 Corporate Bonds contain a liability component and a written put option:

- The liability component represents the present value of the contractually determined stream of future cash flows discounted at the prevailing market interest rate at that time applicable to instruments of comparable credit status and providing substantially the same cash flows, on the same terms.

The interest charged for the year is calculated by applying an effective interest rate of approximately 3.47% *per annum* to the liability component since the First 2020 Corporate Bonds were issued.

- The written put option is regarded as an embedded derivative closely related to the economic characteristics and risks of the host contract, therefore, the written put option is not separated from the liability component.

As at the date of this offering memorandum, we have had no plan nor intention to exercise the 2020 Coupon Rate Adjustment Right of the First 2020 Corporate Bonds, therefore the interest expense for the year was calculated using the original coupon rate and maturity date of the First 2020 Corporate Bonds.

Second 2020 Corporate Bonds

On March 31, 2020, we issued the first tranche of corporate bonds with an aggregate principal amount of RMB1,000,000,000 at 100% of face value (the "**Second 2020 Corporate Bonds Tranche One**"). The Second 2020 Corporate Bonds Tranche One carry interest at the rate of 3.26% *per annum* payable annually in arrears. The Second 2020 Corporate Bonds Tranche One will mature on March 31, 2025.

On March 31, 2020, we issued the second tranche of corporate bonds with an aggregate principal amount of RMB500,000,000 at 100% of face value (the "**Second 2020 Corporate Bonds Tranche Two**," together with the "**Second 2020 Corporate Bonds Tranche One**," the "**Second 2020 Corporate Bonds**"). The Second 2020 Corporate Bonds Tranche Two carry interest at the rate of 3.87% *per annum* payable annually in arrears. The Second 2020 Corporate Bonds Tranche Two will mature on March 31, 2027.

We are entitled to adjust the coupon rate and the investors shall be entitled to sell back the Second 2020 Corporate Bonds Tranche One at the end of the third year, and the Second 2020 Corporate Bonds Tranche Two at the end of the fifth year ("Second 2020 Coupon Rate Adjustment Right").

The principal terms of the Second 2020 Corporate Bonds are as follows:

- the Second 2020 Corporate Bonds Tranche One have fixed interest rate in the first three years. At the end of the third year, we have the right to adjust the coupon rate of the remaining outstanding bonds. If we choose to exercise the Second 2020 Coupon Rate Adjustment Right, the new fixed coupon rate for the remaining two years will be the coupon rate of the first three years *plus* adjusting basis points;

- the Second 2020 Corporate Bonds Tranche Two has fixed interest rate in the first five years. At the end of the fifth year, we have the right to adjust the coupon rate of the remaining outstanding bonds. If we choose to exercise the Second 2020 Coupon Rate Adjustment Right, the new fixed coupon rate for the remaining two years will be the coupon rate of the first five years *plus* adjusting basis points;

- the investors of the Second 2020 Corporate Bonds Tranche One have the option to sell back the bonds, in whole or in parts, at a redemption price equal to 100% of the principal amount of the bonds *plus* accrued and unpaid interest, if any, to (but not including) the redemption date when we issue the announcement concerning whether to adjust the coupon rate of the bonds at the end of the third year; and

- the investors of the Second 2020 Corporate Bonds Tranche Two have the option to sell back the bonds, in whole or in parts, at a redemption price equal to 100% of the principal amount of the bonds *plus* accrued and unpaid interest, if any, to (but not including) the redemption date when we issue the announcement concerning whether to adjust the coupon rate of the bonds at the end of the fifth year.

The Second 2020 Corporate Bonds contain a liability component and a written put option:

- The liability component represents the present value of the contractually determined stream of future cash flows discounted at the prevailing market interest rate at that time applicable to instruments of comparable credit status and providing substantially the same cash flows, on the same terms.

The interest charged for the year is calculated by applying an effective interest rate of approximately 3.47% *per annum* to the liability component since the Second 2020 Corporate Bonds were issued.

- The written put option is regarded as an embedded derivative closely related to the economic characteristics and risks of the host contract, therefore, the written put option is not separated from the liability component.

- As at the date of this offering memorandum, we have had no plan nor intention to exercise the Second 2020 Coupon Rate Adjustment Right of the Second 2020 Corporate Bonds, therefore the interest expense for the year was calculated using the original coupon rate and maturity date of the Second 2020 Corporate Bonds.

Greentown Decoration Project Group 2020 Corporate Bonds

On September 28, 2020, Greentown Decoration Project Group, our subsidiary, issued its corporate bonds with an aggregate principal amount of RMB350,000,000 at 100% of face value (the "**Greentown Decoration Project Group Corporate Bonds**"). The Greentown Decoration Project Group Corporate Bonds carry interest at the rate of 4.40% *per annum* payable annually in arrears. The Greentown Decoration Project Group Corporate Bonds will mature on September 28, 2025.

Greentown Decoration Project Group is entitled to adjust the coupon rate and the investors shall be entitled to sell back the Greentown Decoration Project Group Corporate Bonds at the end of the third year (the "**Greentown Decoration Project Group Corporate Bonds Coupon Rate Adjustment Right**").

The principal terms of the Greentown Decoration Project Group Corporate Bonds are as follows:

- Greentown Decoration Project Group Corporate Bonds have fixed interest rate in the first three years. At the end of the third year, Greentown Decoration Project Group has the right to adjust the coupon rate of the remaining outstanding bonds. If Greentown Decoration Project Group chooses to exercise the Greentown Decoration Project Group Coupon Rate Adjustment Right, the new fixed coupon rate for the remaining two years will be the coupon rate of the first three years *plus* adjusting basis points;

- the investors of Greentown Decoration Project Group Corporate Bonds have the option to sell back the bonds, in whole or in parts, at a redemption price equal to 100% of the principal amount of the bonds *plus* accrued and unpaid interest, if any, to (but not including) the redemption date when Greentown Decoration Project Group issues the announcement concerning whether to adjust the coupon rate of the bonds at the end of the third year; and

The Greentown Decoration Project Group Corporate Bonds contain a liability component and a written put option:

- The liability component represents the present value of the contractually determined stream of future cash flows discounted at the prevailing market interest rate at that time applicable to instruments of comparable credit status and providing substantially the same cash flows, on the same terms.

- The interest charged for the year is calculated by applying an effective interest rate of approximately 3.47% *per annum* to the liability component since the Greentown Decoration Project Group Corporate Bonds were issued.

- The written put option is regarded as an embedded derivative closely related to the economic characteristics and risks of the host contract, therefore, the written put option is not separated from the liability component.

As at the date of this offering memorandum, Greentown Decoration Project Group has had no plan nor intention to exercise the Greentown Decoration Project Group Corporate Bonds Coupon Rate Adjustment Right of the Greentown Decoration Project Group Corporate Bonds, therefore the interest expense for the year was calculated using the original coupon rate and maturity date of the Greentown Decoration Project Group Corporate Bonds.

Third 2020 Corporate Bonds

On October 27, 2020, we issued our corporate bonds with an aggregate principal amount of RMB950,000,000 at 100% of face value (the "**Third 2020 Corporate Bonds**"). The Third 2020 Bonds carry interest at the rate of 3.82% *per annum* payable annually in arrears. The Third 2020 Corporate Bonds will mature on October 27, 2025.

We are entitled to adjust the coupon rate and the investors shall be entitled to sell back the Third 2020 Corporate Bonds at the end of the third year (the "**Third 2020 Corporate Bonds Coupon Rate Adjustment Right**").

The principal terms of the Third 2020 Corporate Bonds are as follows:

- the Third 2020 Corporate Bonds have fixed interest rate in the first three years. At the end of the third year, we have the right to adjust the coupon rate of the remaining outstanding bonds. If we choose to exercise the Third 2020 Coupon Rate Adjustment Right, the new fixed coupon rate for the remaining two years will be the coupon rate of the first three years *plus* adjusting basis points;

- the investors of the Third 2020 Corporate Bonds have the option to sell back the bonds, in whole or in parts, at a redemption price equal to 100% of the principal amount of the bonds *plus* accrued and unpaid interest, if any, to (but not including) the redemption date when we issue the announcement concerning whether to adjust the coupon rate of the bonds at the end of the third year; and

The Third 2020 Corporate Bonds contain a liability component and a written put option:

- The liability component represents the present value of the contractually determined stream of future cash flows discounted at the prevailing market interest rate at that time applicable to instruments of comparable credit status and providing substantially the same cash flows, on the same terms.

- The interest charged for the year is calculated by applying an effective interest rate of approximately 3.47% *per annum* to the liability component since the Third 2020 Corporate Bonds were issued.

- The written put option is regarded as an embedded derivative closely related to the economic characteristics and risks of the host contract, therefore, the written put option is not separated from the liability component.

As at the date of this offering memorandum, we have had no plan nor intention to exercise the Third 2020 Corporate Bonds Coupon Rate Adjustment Right of the Third 2020 Corporate Bonds, therefore the interest expense for the year was calculated using the original coupon rate and maturity date of the Third 2020 Corporate Bonds.

First 2021 Corporate Bonds

On January 13, 2021, we issued our corporate bonds with an aggregate principal amount of RMB2,500,000,000 at 100% of face value (the "**First 2021 Corporate Bonds**"). The First 2021 Corporate Bonds carry interest at the rate of 3.92% *per annum* payable annually in arrears. The First 2021 Corporate Bonds will mature on January 13, 2026.

We are entitled to adjust the coupon rate and the investors shall be entitled to sell back the First 2021 Corporate Bonds at the end of the third year (the "**First 2021 Corporate Bonds Coupon Rate Adjustment Right**").

The principal terms of the First 2021 Corporate Bonds are as follows:

- the First 2021 Corporate Bonds have fixed interest rate in the first three years. At the end of the third year, we have the right to adjust the coupon rate of the remaining outstanding bonds. If we choose to exercise the First 2021 Coupon Rate Adjustment Right, the new fixed coupon rate for the remaining two years will be the coupon rate of the first three years *plus* adjusting basis points;

- the investors of the First 2021 Corporate Bonds have the option to sell back the bonds, in whole or in parts, at a redemption price equal to 100% of the principal amount of the bonds *plus* accrued and unpaid interest, if any, to (but not including) the redemption date when we issue the announcement concerning whether to adjust the coupon rate of the bonds at the end of the third year; and

The First 2021 Corporate Bonds contain a liability component and a written put option:

- The liability component represents the present value of the contractually determined stream of future cash flows discounted at the prevailing market interest rate at that time applicable to instruments of comparable credit status and providing substantially the same cash flows, on the same terms.

- The interest charged for the year is calculated by applying an effective interest rate of approximately 4.08% *per annum* to the liability component since the First 2021 Corporate Bonds were issued.

- The written put option is regarded as an embedded derivative closely related to the economic characteristics and risks of the host contract, therefore, the written put option is not separated from the liability component.

As at the date of this offering memorandum, we have had no plan nor intention to exercise the First 2021 Corporate Bonds Coupon Rate Adjustment Right of the First 2021 Corporate Bonds, therefore the interest expense for the year was calculated using the original coupon rate and maturity date of the First 2021 Corporate Bonds.

Second 2021 Corporate Bonds

On March 23, 2021, we issued our corporate bonds with an aggregate principal amount of RMB1,650,000,000 at 100% of face value (the "**Second 2021 Corporate Bonds**"). The Second 2021 Corporate Bonds carry interest at the rate of 4.07% *per annum* payable annually in arrears. The Second 2021 Corporate Bonds will mature on March 23, 2026.

We are entitled to adjust the coupon rate and the investors shall be entitled to sell back the Second 2021 Corporate Bonds at the end of the third year (the "**Second 2021 Corporate Bonds Coupon Rate Adjustment Right**").

The principal terms of the Second 2021 Corporate Bonds are as follows:

- the Second 2021 Corporate Bonds have fixed interest rate in the first three years. At the end of the third year, we have the right to adjust the coupon rate of the remaining outstanding bonds. If we choose to exercise the Second 2021 Coupon Rate Adjustment Right, the new fixed coupon rate for the remaining two years will be the coupon rate of the first three years *plus* adjusting basis points;

- the investors of the Second 2021 Corporate Bonds have the option to sell back the bonds, in whole or in parts, at a redemption price equal to 100% of the principal amount of the bonds *plus* accrued and unpaid interest, if any, to (but not including) the redemption date when we issue the announcement concerning whether to adjust the coupon rate of the bonds at the end of the third year; and

The Second 2021 Corporate Bonds contain a liability component and a written put option:

- The liability component represents the present value of the contractually determined stream of future cash flows discounted at the prevailing market interest rate at that time applicable to instruments of comparable credit status and providing substantially the same cash flows, on the same terms.

- The interest charged for the year is calculated by applying an effective interest rate of approximately 4.08% *per annum* to the liability component since the Second 2021 Corporate Bonds were issued.

- The written put option is regarded as an embedded derivative closely related to the economic characteristics and risks of the host contract, therefore, the written put option is not separated from the liability component.

As at the date of this offering memorandum, we have had no plan nor intention to exercise the Second 2021 Corporate Bonds Coupon Rate Adjustment Right of the Second 2021 Corporate Bonds, therefore the interest expense for the year was calculated using the original coupon rate and maturity date of the Second 2021 Corporate Bonds.

2021 Project Revenue Notes

On March 25, 2021, we issued our project revenue notes with an aggregate principal amount of RMB500,000,000 at 100% of face value (the "**2021 Project Revenue Notes**"). The 2021 Project Revenue Notes carry interest at the rate of 4.30% *per annum* payable annually in arrears. The 2021 Project Revenue Notes will mature on March 25, 2036.

We are entitled to adjust the coupon rate and the investors shall be entitled to sell back the 2021 Project Revenue Notes at the end of the second year (the "**2021 Project Revenue Notes Coupon Rate Adjustment Right**").

The principal terms of the 2021 Project Revenue Notes are as follows:

- the 2021 Project Revenue Notes have fixed interest rate in the first two years. At the end of the third year, we have the right to adjust the coupon rate of the remaining outstanding bonds. If we choose to exercise the 2021 Project Revenue Notes Coupon Rate Adjustment Right, the new fixed coupon rate for the next two years will be the coupon rate of the first two years *plus* adjusting basis points;

- the investors of the 2021 Project Revenue Notes have the option to sell back the bonds, in whole or in parts, at a redemption price equal to 100% of the principal amount of the bonds *plus* accrued and unpaid interest, if any, to (but not including) the redemption date when we issue the announcement concerning whether to adjust the coupon rate of the bonds at the end of the second year; and

The 2021 Project Revenue Notes contain a liability component and a written put option:

- The liability component represents the present value of the contractually determined stream of future cash flows discounted at the prevailing market interest rate at that time applicable to instruments of comparable credit status and providing substantially the same cash flows, on the same terms.

- The interest charged for the year is calculated by applying an effective interest rate of approximately 4.33% *per annum* to the liability component since the 2021 Project Revenue Notes were issued.

- The written put option is regarded as an embedded derivative closely related to the economic characteristics and risks of the host contract, therefore, the written put option is not separated from the liability component.

As at the date of this offering memorandum, we have had no plan nor intention to exercise the 2021 Project Revenue Notes Coupon Rate Adjustment Right of the 2021 Project Revenue Notes, therefore the interest expense for the year was calculated using the original coupon rate and maturity date of the 2021 Project Revenue Notes.

Perpetual Securities

Redemption of Perpetual Securities

The following perpetual securities were redeemed and cancelled in full in 2019:

- Subordinated perpetual capital securities callable 2019 with an aggregate principal amount of US$500 million (the "**2014 Perpetual Securities**") issued through the Company's indirect, wholly owned subsidiary Moon Wise Global Limited (月慧環球有限公司). The 2014 Perpetual Securities' initial distribution rate at issuance was 10.0% *per annum*.

- Senior perpetual capital securities callable 2019 with an aggregate principal amount of US$400 million (the "**2016 Perpetual Securities**") issued through the Company's indirect, wholly owned subsidiary Apex Top Group Limited (頂峰集團有限公司). The 2016 Perpetual Securities' initial distribution rate at issuance was 5.5% *per annum*.

The following perpetual securities were redeemed and cancelled in full in 2020:

- Senior perpetual capital securities callable 2020 with an aggregate principal amount of US$450 million (the "**2017 Perpetual Securities**") issued through the Company's indirect, wholly owned subsidiary Wisdom Glory Group Limited (榮智集團有限公司). The 2017 Perpetual Securities' initial distribution rate at issuance was 5.25% *per annum*.

The following perpetual securities were redeemed and cancelled in full in 2021:

- Senior perpetual capital securities callable 2021 with an aggregate principal amount of US$500 million (the "**2018 Perpetual Securities**") issued through the Company's direct wholly-owned subsidiary Twinkle Lights Holdings Limited (耀麗控股有限公司). The 2018 Perpetual Securities' initial distribution rate at issuance was 10.0% *per annum*.

The following perpetual securities were redeemed and cancelled in full in 2022:

- Senior perpetual capital securities callable 2022 with an aggregate principal amount of US$400 million (the "**2019 First Perpetual Securities**") issued through Champion Sincerity Holdings Limited (冠誠控股有限公司). The 2019 First Perpetual Securities' initial distribution rate at issuance was 8.125% per annum.

- Senior perpetual capital securities callable 2022 with an aggregate principal amount of US$100 million (the "**2019 Second Perpetual Securities**") issued through Champion Sincerity Holdings Limited (冠誠控股有限公司). The 2019 Second Perpetual Securities' initial distribution rate at issuance was 7.75% per annum.

2018 First Domestic Perpetual Securities

On October 26, 2018, Greentown Real Estate issued listed and unsecured domestic perpetual securities (the "**2018 First Domestic Perpetual Securities**") with an aggregate principal amount of RMB1,400,000,000.

The 2018 First Domestic Perpetual Securities confer the holders with a right to receive distribution at the applicable distribution rate from October 26, 2018 annually in arrears. The distribution rate shall be (i) in respect of the period from, and including, October 26, 2018 to, but excluding, October 26, 2021, 6.20% *per annum*; and (ii) in respect of the periods from, and including, each Reset Date falling after October 26, 2018 to, but excluding, the immediately following Reset Date, the Relevant Reset Distribution Rate. As used in this paragraph "Reset Date" is defined as each day falling every three calendar years after October 26, 2018 and "Relevant Reset Distribution Rate" is the treasury rate with respect to the relevant Reset Date *plus* 3.00% *plus* 3.00% *per annum*.

Greentown Real Estate may at its sole discretion elect to defer any scheduled distribution to the next scheduled distribution payment date by giving prior written notice. Greentown Real Estate may further defer any arrears of distribution following the foregoing notice requirement and is not subject to any limits as to the number of times distributions and arrears of distribution can be deferred. Unless and until Greentown Real Estate satisfies in full all outstanding arrears of distribution and any additional distribution amount, Greentown Real Estate shall not declare or pay any dividends or reduce any share capital.

2018 Second Domestic Perpetual Securities

On December 3, 2018, Greentown Real Estate issued listed and unsecured domestic perpetual securities (the "**2018 Second Domestic Perpetual Securities**") with an aggregate principal amount of RMB2,000,000,000.

The 2018 Second Domestic Perpetual Securities confer the holders with a right to receive distribution at the applicable distribution rate from December 3, 2018 annually in arrears. The distribution rate shall be (i) in respect of the period from, and including, December 3, 2018 to, but excluding, December 3, 2021, 5.89% *per annum*; and (ii) in respect of the periods from, and including, each Reset Date falling after December 3, 2018 to, but excluding, the immediately following Reset Date, the Relevant Reset Distribution Rate. As used in this paragraph "Reset Date" is defined as each day falling every three calendar years after December 3, 2018 and "Relevant Reset Distribution Rate" is the treasury rate with respect to the relevant Reset Date *plus* 2.88% *plus* 3.00% *per annum*.

Greentown Real Estate may at its sole discretion elect to defer any scheduled distribution to the next scheduled distribution payment date by giving prior written notice. Greentown Real Estate may further defer any arrears of distribution following the foregoing notice requirement and is not subject to any limits as to the number of times distributions and arrears of distribution can be deferred. Unless and until Greentown Real Estate satisfies in full all outstanding arrears of distribution and any additional distribution amount, Greentown Real Estate shall not declare or pay any dividends or reduce any share capital.

2019 First Domestic Perpetual Securities

On January 29, 2019, Greentown Real Estate issued listed and unsecured domestic perpetual securities (the "**2019 First Domestic Perpetual Securities**") with an aggregate principal amount of RMB2,000,000,000.

The 2019 First Domestic Perpetual Securities confer the holders with a right to receive distribution at the applicable distribution rate from January 29, 2019 annually in arrears. The distribution rate shall be (i) in respect of the period from, and including, January 29, 2019 to, but excluding, January 29, 2022, the initial distribution rate as set out in the terms and conditions of the 2019 First Domestic Perpetual Securities; and (ii) in respect of the periods from, and including, each Reset Date falling after January 29, 2019 to, but excluding, the immediately following Reset Date, the relevant reset distribution rate as set out in the terms and conditions of the 2019 First Domestic Perpetual Securities. As used in this paragraph "Reset Date" is defined as each day falling every three calendar years after January 29, 2019.

Greentown Real Estate may at its sole discretion elect to defer any scheduled distribution to the next scheduled distribution payment date by giving prior written notice. Greentown Real Estate may further defer any arrears of distribution following the foregoing notice requirement and is not subject to any limits as to the number of times distributions and arrears of distribution can be deferred. Unless and until Greentown Real Estate satisfies in full all outstanding arrears of distribution and any additional distribution amount, Greentown Real Estate shall not declare or pay any dividends or reduce any share capital.

2019 Second Domestic Perpetual Securities

On April 24, 2019, Greentown Real Estate issued listed and unsecured domestic perpetual securities (the "**2019 Second Domestic Perpetual Securities**") with an aggregate principal amount of RMB2,600,000,000.

The 2019 Second Domestic Perpetual Securities confer the holders with a right to receive distribution at the applicable distribution rate from April 24, 2019 annually in arrears. The distribution rate shall be (i) in respect of the period from, and including, April 24, 2019 to, but excluding, April 24, 2022, the initial distribution rate as set out in the terms and conditions of the 2019 2019 Second Domestic Perpetual Securities; and (ii) in respect of the periods from, and including, each Reset Date falling after April 24, 2019 to, but excluding, the immediately following Reset Date, the relevant reset distribution rate as set out in the terms and conditions of the 2019 Second Domestic Perpetual Securities. As used in this paragraph "Reset Date" is defined as each day falling every three calendar years after April 24, 2019.

Greentown Real Estate may at its sole discretion elect to defer any scheduled distribution to the next scheduled distribution payment date by giving prior written notice. Greentown Real Estate may further defer any arrears of distribution following the foregoing notice requirement and is not subject to any limits as to the number of times distributions and arrears of distribution can be deferred. Unless and until Greentown Real Estate satisfies in full all outstanding arrears of distribution and any additional distribution amount, Greentown Real Estate shall not declare or pay any dividends or reduce any share capital.

2019 Third Domestic Perpetual Securities

On June 19, 2019, Greentown Real Estate issued listed and unsecured domestic perpetual securities (the "**2019 Third Domestic Perpetual Securities**") with an aggregate principal amount of RMB500,000,000. On June 19, 2021, we redeemed the 2019 Third Domestic Perpetual Securities in full.

The 2019 Third Domestic Perpetual Securities confer the holders with a right to receive distribution at the applicable distribution rate from June 19, 2019 annually in arrears. The distribution rate shall be (i) in respect of the period from, and including, June 19, 2019 to, but excluding, June 19, 2022, the initial distribution rate as set out in the terms and conditions of the 2019 Third Domestic Perpetual Securities; and (ii) in respect of the periods from, and including, each Reset Date falling after June 19, 2019 to, but excluding, the immediately following Reset Date, the relevant reset distribution rate as set out in the terms and conditions of the 2019 Second Domestic Perpetual Securities. As used in this paragraph "Reset Date" is defined as each day falling every three calendar years after June 19, 2019.

Greentown Real Estate may at its sole discretion elect to defer any scheduled distribution to the next scheduled distribution payment date by giving prior written notice. Greentown Real Estate may further defer any arrears of distribution following the foregoing notice requirement and is not subject to any limits as to the number of times distributions and arrears of distribution can be deferred. Unless and until Greentown Real Estate satisfies in full all outstanding arrears of distribution and any additional distribution amount, Greentown Real Estate shall not declare or pay any dividends or reduce any share capital.

2019 Fourth Domestic Perpetual Securities

On December 26, 2019, Tianjin CCCG Greentown Urban Construction Development Co., Ltd. ("**Tianjin CCCG Greentown**") issued unlisted and unsecured domestic perpetual securities (the "**2019 Fourth Domestic Perpetual Securities**") with an aggregate principal amount of RMB1,014,326,000.

Under the terms and conditions of the 2019 Fourth Domestic Perpetual Securities (the "**2019 Fourth Domestic Perpetual Securities T&Cs**"), the holders of the 2019 Fourth Domestic Perpetual Securities have a right to receive distribution at the applicable distribution rate from December 26, 2019 annually in arrears. The distribution rate shall be (i) in respect of the period from, and including, December 26, 2019 to, but excluding, December 26, 2021, the Initial Distribution Rate (as defined in the 2019 Fourth Domestic Perpetual Securities T&Cs); and (ii) in respect of the periods from, and including, each Reset Date falling after December 26, 2019 to, but excluding, the immediately following Reset Date, the Relevant Reset Distribution Rate (as defined in the 2019 Fourth Domestic Perpetual Securities T&Cs). A Reset Date is defined as each day falling every calendar year after December 26, 2020.

Tianjin CCCG Greentown may at its sole discretion elect to defer any scheduled distribution to the next scheduled distribution payment date by giving prior written notice. Tianjin CCCG Greentown may further defer any arrears of distribution following the foregoing notice requirement and is not subject to any limits as to the number of times distributions and arrears of distribution can be deferred. Unless and until Tianjin CCCG Greentown satisfies in full all outstanding arrears of distribution and any additional distribution amount, Tianjin CCCG Greentown shall not declare or pay any dividends or reduce any share capital.

2020 First Domestic Perpetual Securities

On April 28, 2020, Greentown Real Estate issued listed and unsecured domestic perpetual securities (the "**2020 First Domestic Perpetual Securities**") with an aggregate principal amount of RMB1,500,000,000.

The 2020 First Domestic Perpetual Securities confer the holders with a right to receive distribution at the applicable distribution rate from April 28, 2020 annually in arrears. The distribution rate shall be (i) in respect of the period from, and including, April 28, 2020 to, but excluding, April 28, 2023, the initial distribution rate as set out in the terms and conditions of the 2020 Domestic Perpetual Securities; and (ii) in respect of the periods from, and including, each Reset Date falling after April 28, 2020 to, but excluding, the immediately following Reset Date, the relevant reset distribution rate as set out in the terms and conditions of the 2020 First Domestic Perpetual Securities. As used in this paragraph "Reset Date" is defined as each day falling every three calendar years after April 28, 2020.

Greentown Real Estate may at its sole discretion elect to defer any scheduled distribution to the next scheduled distribution payment date by giving prior written notice. Greentown Real Estate may further defer any arrears of distribution following the foregoing notice requirement and is not subject to any limits as to the number of times distributions and arrears of distribution can be deferred. Unless and until Greentown Real Estate satisfies in full all outstanding arrears of distribution and any additional distribution amount, Greentown Real Estate shall not declare or pay any dividends or reduce any share capital.

2020 Second Domestic Perpetual Securities

On September 18, 2020, Greentown Real Estate issued listed and unsecured domestic perpetual securities (the "**2020 Second Domestic Perpetual Securities**") with an aggregate principal amount of RMB1,000,000,000.

The 2020 Second Domestic Perpetual Securities confer the holders with a right to receive distribution at the applicable distribution rate from September 18, 2020 annually in arrears. The distribution rate shall be (i) in respect of the period from, and including, September 18, 2020 to, but excluding, September 18, 2022, the initial distribution rate as set out in the terms and conditions of the

2020 Second Domestic Perpetual Securities; and (ii) in respect of the periods from, and including, each Reset Date falling after September 18, 2020 to, but excluding, the immediately following Reset Date, the relevant reset distribution rate as set out in the terms and conditions of the 2020 Second Domestic Perpetual Securities. As used in this paragraph "Reset Date" is defined as each day falling every three calendar years after September 18, 2020.

Greentown Real Estate may at its sole discretion elect to defer any scheduled distribution to the next scheduled distribution payment date by giving prior written notice. Greentown Real Estate may further defer any arrears of distribution following the foregoing notice requirement and is not subject to any limits as to the number of times distributions and arrears of distribution can be deferred. Unless and until Greentown Real Estate satisfies in full all outstanding arrears of distribution and any additional distribution amount, Greentown Real Estate shall not declare or pay any dividends or reduce any share capital.

As the 2017 USD Perpetual Securities, 2018 USD Perpetual Securities, 2019 First USD Perpetual Securities, 2019 Second USD Perpetual Securities, 2018 First Domestic Perpetual Securities, 2018 Second Domestic Perpetual Securities, 2019 First Domestic Perpetual Securities, 2019 Second Domestic Perpetual Securities, 2019 Fourth Domestic Perpetual Securities, 2020 First Domestic Perpetual Securities and 2020 Second Domestic Perpetual Securities only impose contractual obligations on the Group to repay principal or to pay any distributions under certain circumstances which are at the Group's discretion, they in substance confer on the Group an unconditional right to avoid delivering cash or other financial assets to settle contractual obligations. Accordingly, they do not meet the definition for classification as financial liabilities under IFRS 9 and are treated as equity.

In the first half of 2021, the total interest in perpetual securities recognized as distribution was RMB649,570,000. The weighted average interest rate in perpetual securities was 6.60% as at June 30, 2021.

Medium-term Notes

On February 14, 2017, with support from CCCG and with a corporate credit rating of AAA given by China Cheng Xin International Credit Rating Co., Ltd. (中誠信國際信用評級有限責任公司), the Group obtained approval from the National Association of Financial Market Institutional Investors of the PRC for the issuance of medium-term notes with an aggregate principal amount of RMB8,900,000,000.

On March 6, 2017, we issued the first of medium-term notes with an aggregate principal amount of RMB3,000,000,000 at 100% of face value (the "**First Medium-term Notes**"). The First Medium-term Notes carry interest at the rate of 5.50% *per annum* payable annually in arrears. The net proceeds, after deduction of direct issuance costs, amounted to RMB2,977,009,000. The First Medium-term Notes will mature on March 6, 2022.

On April 21, 2017, we issued the second of medium-term notes with an aggregate principal amount of RMB2,000,000,000 at 100% of face value (the "**Second Medium-term Notes**"). The Second Medium-term Notes carry interest at the rate of 5.19% *per annum* payable annually in arrears. The net proceeds, after deduction of direct issuance costs, amounted to RMB1,987,538,000. The Second Medium-term Notes matured on April 21, 2020 and were fully redeemed.

On June 13, 2017, we issued the third of medium-term notes with an aggregate principal amount of RMB2,500,000,000 at 100% of face value (the "**Third Medium-term Notes**"). The Third Medium-term Notes carry interest at the rate of 5.47% *per annum* payable annually in arrears. The net proceeds, after deduction of direct issuance costs, amounted to RMB2,484,460,000. The Third Medium-term Notes matured on June 13, 2020 and were fully redeemed.

On August 8, 2017, we issued the fourth medium-term notes with an aggregate principal amount of RMB1,400,000,000 at 100% of face value (the "**Fourth Medium-term Notes**"). The Fourth Medium-term Notes carry interest at the rate of 5.30% *per annum* payable annually in arrears. The net proceeds, after deduction of direct issuance costs, amounted to RMB1,385,370,000. The Fourth Medium-term Notes will mature on August 8, 2022.

On October 16, 2019, we issued medium-term notes with an aggregate principal amount of RMB500,000,000 at 100% of face value (the "**2019 Medium-term Notes**"). The 2019 Medium-term Notes carry interest at the rate of 3.84% *per annum* payable annually in arrears. The net proceeds, after deduction of direct issuance costs, amounted to RMB499,030,000. The 2019 Medium-term Notes will mature on October 16, 2022.

On February 27, 2020, we issued medium-term notes with an aggregate principal amount of (i) RMB1,500,000,000 at 100% of face value (the "**First 2020 Medium-term Notes Tranche One**") carrying interest at the rate of 3.30% *per annum* payable annually in arrears; and (ii) RMB500,000,000 at 100% of face value (the "**First 2020 Medium-term Notes Tranche Two**", together with the First 2020 Medium-term Notes Tranche One, the "**First Medium-term Notes**") carrying interest at the rate of 3.86% *per annum* payable annually in arrears. The First 2020 Medium-term Notes Tranche One will mature on February 27, 2023. The First 2020 Medium-term Notes Tranche Two will mature on February 27, 2025.

On March 31, 2020, we issued medium-term notes with an aggregate principal amount of RMB1,000,000,000 at 100% of face value (the "**Second 2020 Medium-term Notes**"). The Second 2020 Medium-term Notes carry interest at the rate of 3.27% *per annum* payable annually in arrears. The Second 2020 Medium-term Notes will mature on March 31, 2023.

Short-term Notes

On March 19, 2018, we issued the first of short-term notes with an aggregate principal amount of RMB1,000,000,000 at 100% of face value (the "**First Short-term Notes**"). The First Short-term Notes carry interest at the rate of 5.42% *per annum*. The net proceeds, after deduction of direct issuance costs, amounted to RMB997,655,000. The First Short-term Notes matured on March 19, 2019, and were fully redeemed. On March 19, 2018, we issued the second of short-term notes with an aggregate principal amount of RMB1,000,000,000 at 100% of face value (the "Second Short-term Notes"). The Second Short-term Notes carry interest at the rate of 5.42% *per annum*. The net proceeds, after deduction of direct issuance costs, amounted to RMB997,749,000. The Second Short-term Notes matured on March 19, 2019, and were fully redeemed.

On April 26, 2018, we issued the third of short-term notes with an aggregate principal amount of RMB1,000,000,000 at 100% of face value (the "**Third Short-term Notes**"). The Third Short-term Notes carry interest at the rate of 4.97% *per annum*. The net proceeds, after deduction of direct issuance costs, amounted to RMB997,741,000. The Third Short-term Notes matured on April 26, 2019, and were fully redeemed.

On May 17, 2018, we issued the fourth of short-term notes with an aggregate principal amount of RMB1,000,000,000 at 100% of face value (the "**Fourth Short-term Notes**"). The Fourth Short-term Notes carry interest at the rate of 5.08% *per annum*. The net proceeds, after deduction of direct issuance costs, amounted to RMB997,741,000. The Fourth Short-term Notes matured on May 17, 2019, and were fully redeemed.

Receipts Under Securitization Arrangements

On November 3, 2017, Greentown Real Estate Group Co., Ltd., a wholly-owned subsidiary of the Company, issued receipts under securitization arrangements (the "**Receipts Under Securitization Arrangements**") with an aggregate principal amount of RMB1,600,000,000 at 100% of face value comprising (i) RMB1,500,000,000 with a term of fixed annual coupon rate of 5.29% and provide distribution semi-annually (the "**Senior Tranche Securities**"), and (ii) RMB100,000,000 with a term of no annual coupon rate (the "**Junior Tranche Securities**"). The Receipts Under Securitization Arrangements are listed on the Shanghai Stock Exchange. The net proceeds of the Receipts Under Securitization Arrangements, after deduction of direct issuance costs, amounted to RMB1,590,140,000. The receipts under securitization arrangements are assets backed securitization collateralized by certain future trade receivables for the remaining receipts from sales of properties. In the first half of 2020, we fully redeemed the Receipts Under Securitization Arrangements.

On June 17, 2020, Greentown Real Estate issued receipts under securitization arrangements (the "**2020 Receipts Under Securitization Arrangements**") with an aggregate principal amount of RMB2,000,000,000 at 100% of face value comprising (i) RMB1,900,000,000 with a term of fixed annual coupon rate of 3.90% and provide distribution semi-annually (the "**2020 Senior Tranche Securities**"), and (ii) RMB100,000,000 with a term of no annual coupon rate (the "**2020 Junior Tranche Securities**"). Greentown Real Estate purchased all the 2020 Junior Tranche Securities. The 2020 Receipts Under Securitization Arrangements are listed on the Shenzhen Stock Exchange. The net proceeds of the 2020 Receipts Under Securitization Arrangements, after deduction of direct issuance costs, amounted to RMB1,990,667,000. Both Senior Tranche Securities and Junior Tranche Securities will mature on June 16, 2023. The receipts under securitization arrangements are assets backed securitization collateralized by certain future trade receivables for the remaining receipts from sales of properties.

Other Financings

In January 2018, the Group's supply chain asset-backed securities ("**ABS**") was approved by the Shenzhen Stock Exchange with a quota of RMB10 billion. In June 2018, the Group issued the supply chain ABS in the amount of RMB293 million for the first time. Two further tranches in an aggregate amount of RMB820 million were subsequently issued in July 2018 and August 2018. In 2019, we also issued (i) hotel commercial mortgage-backed securities loans in the amount of RMB1.592 billion with an interest rate of 5.14% *per annum*, (ii) supply chain ABS in the amount of RMB3.953 billion with interest rates ranging from 3.95% to 4.07% *per annum* and (iii) specialized bonds of household leasing in an amount of RMB1.00 billion with interest rates ranging from 3.61% to 3.98% *per annum*. In 2020, we also issued (i) balance payment ABS for house purchases in the amount of RMB2.00 billion (US$0.31 billion) with an interest rate of 3.9% per annum, (ii) hotel REITs in the amount of RMB948 million (US$0.147 billion) with a composite interest rate of 4.36% per annum for senior tranches, (iii) supply chain ABS in the amount of RMB9.657 billion (US$1.50 billion) with interest rates ranging from 2.5% to 3.99% per annum and (iv) supply chain ABN in the amount of RMB960 million (US$0.149 billion) with interest rates ranging from 3.7% to 3.8% per annum. In the first half of 2021, we also issued supply chain ABS/ABN in the amount of RMB7.812 billion (US$1.21 billion) with interest rates ranging from 3.28% to 3.80% per annum.

DESCRIPTION OF THE NOTES

For purposes of this "*Description of the Notes*," the term "**Company**" refers only to Greentown China Holdings Limited, and any successor obligor on the Notes, and not to any of its subsidiaries. Each Subsidiary of the Company which guarantees the Notes is referred to as a "**Subsidiary Guarantor**," and each such guarantee is referred to as a "**Subsidiary Guarantee**." Each Subsidiary of the Company that in the future provides a JV Subsidiary Guarantee (as defined below) is referred to as a "**JV Subsidiary Guarantor**."

The New Notes are to be issued under an indenture (the "**Indenture**"), dated October 29, 2020 among the Company, the Subsidiary Guarantors, as guarantors, and The Hongkong and Shanghai Banking Corporation Limited, as Trustee.

The following is a summary of the material provisions of the Indenture, the Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees. This summary does not purport to be complete and is qualified in its entirety by reference to all of the provisions of the Indenture, the Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees. It does not restate those agreements in their entirety. Whenever particular sections or defined terms of the Indenture not otherwise defined herein are referred to, such sections or defined terms are incorporated herein by reference. Copies of the Indenture will be available for inspection during normal business hours (being 9:00 am to 3:00 pm) with prior written notice and satisfactory proof of holding on or after the Original Issue Date at the corporate trust office of the Trustee at Level 24, HSBC Main Building, 1 Queen's Road Central, Hong Kong.

Brief Description of the New Notes

The Company is issuing US$150,000,000 aggregate principal amount of 4.7% senior notes due 2025 under the Indenture in this issuance (the "**New Notes**"). All references to the Notes in this "Description of the Notes" section include the New Notes and the Original Notes, except as otherwise stated.

The New Notes constitute Additional Notes under the Indenture and are identical in all respects to the Original Notes (or in all respects except for the issue date), and will be consolidated and form a single class with the Original Notes. Upon completion of this issuance, the aggregate principal amount of the outstanding New Notes and Original Notes will be US$450,000,000.

Brief Description of the Notes

The Notes are:

- general obligations of the Company;
- senior in right of payment to any existing and future obligations of the Company expressly subordinated in right of payment to the Notes;
- at least *pari passu* in right of payment with the 2020 July USD Notes, the 2021 December USD Notes and all other unsecured, unsubordinated Indebtedness of the Company (subject to any priority rights of such unsubordinated Indebtedness pursuant to applicable law);
- guaranteed by the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any) on a senior basis, subject to the limitations described below under the caption "*—Subsidiary Guarantees and JV Subsidiary Guarantees*" and in "*Risk Factors—Risks Relating to the Subsidiary Guarantees and the JV Subsidiary Guarantees*;"
- effectively subordinated to secured obligations of the Company, the Subsidiary Guarantors and the JV Subsidiary Guarantors, to the extent of the value of the assets serving as security therefor; and
- effectively subordinated to all existing and future obligations of the Non-Guarantor Subsidiaries (as defined below).

The Notes will mature on April 29, 2025, unless earlier redeemed pursuant to the term thereof and the Indenture. The Notes bear interest at 4.70% per annum from the Original Issue Date or from the most recent interest payment date to which interest has been paid or duly provided for, payable semi-annually in arrears on April 29 and October 29 of each year (each an "**Interest Payment Date**") in equal instalments, commencing April 29, 2021. Interest on the Notes will be paid to Holders of record at the close of business on April 14 or October 14 immediately preceding an Interest Payment Date (each, a "**Record Date**"), notwithstanding any transfer, exchange or cancellation thereof after a Record Date and prior to the immediately following Interest Payment Date. Interest on the Notes will be calculated on the basis of a 360-day year comprised of twelve 30-day months.

In any case in which the date of the payment of principal of, premium on or interest on the Notes is not a Business Day in the relevant place of payment or in the place of business of the Principal Paying and Transfer Agent, then payment of such principal, premium or interest need not be made on such date but may be made on the next succeeding Business Day. Any payment made on such Business Day shall have the same force and effect as if made on the date on which such payment is due and no interest on the Notes shall accrue for the period after such date.

So long as the Global Note is held on behalf of Euroclear and Clearstream or any other clearing system, each payment in respect of the Global Note 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 Date before the due date for such payments, where "**Clearing System Business Day**" means a weekday (Monday to Friday, inclusive) except December 25 and January 1.

Except as described under "*Optional Redemption*," "*Redemption for Taxation Reasons*," and otherwise provided in the Indenture, the Notes may not be redeemed prior to maturity (unless they have been repurchased by the Company).

The Indenture allows additional Notes (including the New Notes) to be issued from time to time (the "**Additional Notes**"), subject to certain limitations described under "*—Further Issues*." Unless the context requires otherwise, references to the "Notes" for all purposes of the Indenture and this "*Description of the Notes*" include any Additional Notes (including the New Notes) that are actually issued.

The New Notes will be issued only in fully registered form, without coupons, in denominations of US$200,000 and integral multiples of US$1,000 in excess thereof. No service charge will be made for any registration of transfer or exchange of Notes, but the Company may require payment of a sum sufficient to cover any transfer tax or other similar governmental charge payable in connection therewith.

All payments on the Notes will be made by wire transfer in U.S. dollars by the Company at the office or agency of the Company maintained for that purpose (which on the date of this offering memorandum is the office of the Principal Paying and Transfer Agent, currently located at Level 24, HSBC Main Building, 1 Queen's Road Central, Hong Kong, Attention: Issuer Services), and the Notes may be presented for registration of transfer or exchange at such office or agency; **provided that**, if the Notes are in definitive form and the Company acts as its own paying agent, payment of interest may be made by check mailed (at the expense of the Company) to the address of the Holders as such address appears in the Note register. Interest payable on the Notes held through Euroclear or Clearstream will be available to Euroclear or Clearstream participants (as defined herein) on the Business Day following payment thereof.

Subsidiary Guarantees and JV Subsidiary Guarantees

The initial Subsidiary Guarantors that executed the Indenture on the Original Issue Date consist of all of the Offshore Restricted Subsidiaries, other than Champion Sincerity Holdings Limited, Crown Gain Development Limited, Dazzling Forever Limited, Fortune Pointer Limited, Great Horizons Limited, Greentown Australia Pty Ltd, Greentown Holdings (Canada) Inc., Greentown Property (U.S.) Inc. (previously known as Greentown Holdings (U.S.) Inc.), Greentown Management Holdings Company Limited, Growiser Property Inc., Growiser Property Management Inc., GT Overseas Pte. Ltd., Mainwide

(H.K.) Limited, Pacific Fame Pte. Ltd., Pacific Good (H.K.) Limited, Royal High Limited, Sinofame (H.K.) Limited, Twinkle Lights Holdings Limited, Win Most Global Limited, Footstep Property Limited, Greentown US Management Service LLC, 800 Columbia Project Company, LLC and Magic Delight Limited (each an "**Initial Offshore Non-Guarantor Subsidiary**"). The Subsidiary Guarantors are holding companies that do not have significant operations.

None of the existing Restricted Subsidiaries organized under the laws of the PRC will provide a Subsidiary Guarantee or JV Subsidiary Guarantee on the Original Issue Date or at any time in the future and no future Restricted Subsidiaries organized under the laws of the PRC will provide a Subsidiary Guarantee or JV Subsidiary Guarantee at any time in the future (together, the "**PRC Restricted Subsidiaries**").

The Company may designate any Offshore Restricted Subsidiary as a Designated Offshore Non-Guarantor Subsidiary (each, a "**Designated Offshore Non-Guarantor Subsidiary**," and, together with the Initial Offshore Non-Guarantor Subsidiaries, an "**Offshore Non-Guarantor Subsidiary**"), subject to the limitations described below under "*Offshore Non-Guarantor Subsidiaries*." The Offshore Non-Guarantor Subsidiaries, together with the PRC Restricted Subsidiaries, the Exempted Subsidiaries and the Listed Subsidiaries are referred to as the "**Non-Guarantor Subsidiaries**." Although the Indenture contains limitations on the amount of additional Indebtedness that Restricted Subsidiaries may incur, the amount of such additional Indebtedness could be substantial. In the event of a bankruptcy, liquidation or reorganization of any Non-Guarantor Subsidiary, the Non-Guarantor Subsidiaries will pay the holders of their debt and their trade creditors before they will be able to distribute any of their assets to the Company.

The Company will cause each of its future Restricted Subsidiaries (other than the Non-Guarantor Subsidiaries) promptly and in any event within 30 days of becoming a Restricted Subsidiary, to execute and deliver to the Trustee a supplemental indenture to the Indenture pursuant to which such Restricted Subsidiary will guarantee the payment of the Notes as either a Subsidiary Guarantor or a JV Subsidiary Guarantor.

As of the date of this offering memorandum, all of the Company's Subsidiaries are "**Restricted Subsidiaries**." However, under the circumstances described below under the caption "*—Certain Covenants—Designation of Restricted and Unrestricted Subsidiaries*," the Company is permitted to designate certain of its Subsidiaries as "**Unrestricted Subsidiaries**." The Company's Unrestricted Subsidiaries will generally not be subject to the restrictive covenants in the Indenture. The Company's Unrestricted Subsidiaries will not guarantee the Notes.

Each Restricted Subsidiary that guarantees the Notes after the Original Issue Date other than a JV Subsidiary Guarantor is referred to as a "*Future Subsidiary Guarantor*" and upon execution of the applicable supplemental indenture to the Indenture will be a "**Subsidiary Guarantor**."

Offshore Non-Guarantor Subsidiaries

An Offshore Restricted Subsidiary need not provide a Subsidiary Guarantee or JV Subsidiary Guarantee if it is designated by the Board of Directors as a Designated Offshore Non-Guarantor Subsidiary. The Board of Directors may designate any Offshore Restricted Subsidiary to be a Designated Offshore Non-Guarantor Subsidiary, **provided that**, after giving effect to the consolidated assets of such Offshore Restricted Subsidiary, if:

(1) at any time of determination, the total Non-Guaranteed Portion would not exceed 30.0% of Total Assets; and

(2) such designation would not cause a Default.

The Board of Directors may at any time remove the designation of any Offshore Non-Guarantor Subsidiary as such, and unless such Offshore Restricted Subsidiary is designated an Unrestricted Subsidiary, it will become a Subsidiary Guarantor or JV Subsidiary Guarantor and execute a supplemental indenture pursuant to which it will guarantee the Notes under a Subsidiary Guarantee or a JV Subsidiary Guarantee in accordance with the provisions of the Indenture, within 30 days of the date on which its designation as an Offshore Non-Guarantor Subsidiary was removed.

Any designation of an Offshore Restricted Subsidiary as a Designated Offshore Non-Guarantor Subsidiary will be evidenced to the Trustee by filing with the Trustee a certified copy of a resolution of the Board of Directors giving effect to such designation and an Officer's Certificate certifying that such designation complied with the preceding conditions.

If, at any time, the Non-Guaranteed Portion exceeds 30.0% of Total Assets, the Company must remove the designation of one or more Offshore Non-Guarantor Subsidiaries and cause such Offshore Restricted Subsidiaries to provide a Subsidiary Guarantee or JV Subsidiary Guarantee such that the Non-Guaranteed Portion would not exceed 30.0% of Total Assets. This removal of designation must be made within 30 days from the date consolidated financial statements of the Company for the most recent fiscal quarter (which the Company must use its reasonable best efforts to compile on a timely basis) become available (which may be internal consolidated financial statements).

JV Subsidiary Guarantees

In the case of a Restricted Subsidiary (i) that is organized in any jurisdiction other than the PRC, (ii) that is not an Offshore Non-Guarantor Subsidiary, an Exempted Subsidiary or a Listed Subsidiary and (iii) in respect of which the Company or any of its Restricted Subsidiaries (x) is proposing to sell, whether through the sale of existing shares or the issuance of new shares, no less than 20.0% and no more than 49.9% of the Capital Stock of such Restricted Subsidiary or (y) is proposing to purchase no less than 50.1% and no more than 80.0% of the Capital Stock of an Independent Third Party and designate such entity as a Restricted Subsidiary, the Company may, concurrently with the consummation of such sale or purchase, provide a JV Subsidiary Guarantee instead of a Subsidiary Guarantee for (a) such Restricted Subsidiary and (b) the Restricted Subsidiaries of such Restricted Subsidiary that are organized in any jurisdiction other than the PRC (other than the Exempted Subsidiaries and the Listed Subsidiaries), if the following conditions, in the case of both (a) and (b), are satisfied:

- as of the date of execution of the JV Subsidiary Guarantee, no document exists that is binding on the Company or any of the Restricted Subsidiaries that would have the effect of (a) prohibiting the Company or any of the Restricted Subsidiaries from providing such JV Subsidiary Guarantee or (b) requiring the Company or any of the Restricted Subsidiaries to deliver or keep in place a guarantee on terms that are more favorable to the recipients of such guarantee than the JV Subsidiary Guarantee;

- such sale or issuance of Capital Stock is made to, or such purchase of Capital Stock is purchased from, an Independent Third Party at a consideration that is not less than the appraised value of such Capital Stock by an independent appraisal firm of recognized international or national standing appointed by the Company;

- concurrently with providing the JV Subsidiary Guarantee, the Company shall or shall cause such JV Subsidiary Guarantor to deliver to the Trustee:

  (a) (A) a duly executed JV Subsidiary Guarantee of such JV Subsidiary Guarantor (the "**JV Subsidiary Guarantee**") and each Restricted Subsidiary of such JV Subsidiary Guarantor that is not organized under the laws of the PRC (other than the Exempted Subsidiaries and the Listed Subsidiaries), and (B) a duly executed supplemental indenture to the Indenture pursuant to which such JV Subsidiary Guarantor will guarantee the payment of the Notes, each of which provides, among other things, that the aggregate claims of the Trustee under such JV Subsidiary Guarantee and all JV Subsidiary Guarantees provided by the Restricted Subsidiaries and shareholders of such JV Subsidiary Guarantor will be limited to the JV Entitlement Amount;

  (b) an Officer's Certificate certifying a copy of the Board Resolution to the effect that such JV Subsidiary Guarantee has been approved by a majority of the disinterested members of the Board of Directors; and

(c) a legal opinion by a law firm of recognized international standing confirming that under New York law such JV Subsidiary Guarantee is valid, binding and enforceable against the JV Subsidiary Guarantor providing such JV Subsidiary Guarantee (subject to customary qualifications and assumptions).

As of June 30, 2021, the Company and its consolidated subsidiaries had total consolidated indebtedness of approximately RMB127,918.1 million (US$19,812.0 million) of which approximately RMB54,854.7 million (US$8,495.9 million) was secured, which included secured bank loans and secured other loans.

As of June 30, 2021, the Non-Guarantor Subsidiaries had total liabilities of approximately RMB284.2 million (US$44.0 million).

The Subsidiary Guarantee of each Subsidiary Guarantor:

- is a general obligation of such Subsidiary Guarantor;
- is effectively subordinated to secured obligations of such Subsidiary Guarantor, to the extent of the value of the assets serving as security therefor;
- is senior in right of payment to all future obligations of such Subsidiary Guarantor expressly subordinated in right of payment to such Subsidiary Guarantee; and
- ranks at least *pari passu* with the subsidiary guarantee for the 2020 July USD Notes, the 2021 December USD Notes and all other unsecured, unsubordinated Indebtedness of such Subsidiary Guarantor (subject to any priority rights of such unsubordinated Indebtedness pursuant to applicable law).

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

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

Under the Indenture, and any supplemental indenture to the Indenture, as applicable, each of the Subsidiary Guarantors and JV Subsidiary Guarantors (if any) jointly and severally guarantees the due and punctual payment of the principal of, premium, if any, and interest on, and all other amounts payable under, the Notes; **provided that** any JV Subsidiary Guarantee will be limited to the JV Entitlement Amount. The Subsidiary Guarantors and JV Subsidiary Guarantors have (1) agreed that their respective obligations under the Subsidiary Guarantees and JV Subsidiary Guarantees, as the case may be, will be enforceable irrespective of any invalidity, irregularity or unenforceability of the Notes or the Indenture and (2) waived their right to require the Trustee to pursue or exhaust its legal or equitable remedies against the Company prior to exercising its rights under the Subsidiary Guarantees and the JV Subsidiary Guarantees, as the case may be. Moreover, if at any time any amount paid under a Note or the Indenture is rescinded or must otherwise be restored, the rights of the Holders under the Subsidiary Guarantees and the JV Subsidiary Guarantees, as the case may be, will be reinstated with respect to such payment as though such payment had not been made. All payments under the Subsidiary Guarantees and the JV Subsidiary Guarantees, as the case may be, are required to be made in U.S. dollars.

Under the Indenture, and any supplemental indenture to the Indenture, as applicable,

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

- each JV Subsidiary Guarantee will be limited to an amount which is the lower of (i) the JV Entitlement Amount and (ii) an amount not to exceed the maximum amount that can be guaranteed by the applicable JV Subsidiary Guarantor without rendering the JV Subsidiary Guarantee, as it relates to such JV Subsidiary Guarantor, voidable under applicable law relating to fraudulent conveyance or fraudulent transfer or similar laws affecting the rights of creditors generally.

If a Subsidiary Guarantee or JV Subsidiary Guarantee were to be rendered voidable, it could be subordinated by a court to all other Indebtedness (including guarantees and other contingent liabilities) of the applicable Subsidiary Guarantor or JV Subsidiary Guarantor, as the case may be, and, depending on the amount of such Indebtedness, a Subsidiary Guarantor's liability on its Subsidiary Guarantee or a JV Subsidiary Guarantor's liability on its JV Subsidiary Guarantee, as the case may be, could in each case be reduced to zero.

The obligations of each Subsidiary Guarantor under its Subsidiary Guarantee may be limited, or possibly invalid, under applicable laws.

Similarly, the obligations of each JV Subsidiary Guarantor under its JV Subsidiary Guarantee may be limited, or possibly invalid, under applicable laws. See "*Risk Factors—Risks Relating to the Subsidiary Guarantees and the JV Subsidiary Guarantees—The Subsidiary Guarantees or JV Subsidiary Guarantees may be challenged under applicable insolvency or fraudulent transfer laws, which could impair the enforceability of the Subsidiary Guarantees or JV Subsidiary Guarantees*."

Release of Subsidiary Guarantees and JV Subsidiary Guarantees

A Subsidiary Guarantee given by a Subsidiary Guarantor and a JV Subsidiary Guarantee given by a JV Subsidiary Guarantor may be released in certain circumstances, including:

- upon repayment in full of the Notes;

- upon a defeasance or discharge as described under "*—Defeasance—Defeasance and Discharge*" or "*—Satisfaction and Discharge;*"

- upon the designation by the Company of a Subsidiary Guarantor or a JV Subsidiary Guarantor, as the case may be, as an Unrestricted Subsidiary or an Offshore Non-Guarantor Subsidiary in compliance with the terms of the Indenture;

- upon the sale, merger or consolidation of a Subsidiary Guarantor or a JV Subsidiary Guarantor, as the case may be, in compliance with the terms of the Indenture (including the covenants under the captions "*—Certain Covenants—Limitation on Sales and Issuances of Capital Stock in Restricted Subsidiaries*," "*—Certain Covenants—Limitation on Asset Sales*" and "*—Consolidation, Merger and Sale of Assets*") resulting in such Subsidiary Guarantor or JV Subsidiary Guarantor, as the case may be, no longer being a Restricted Subsidiary, so long as (1) such Subsidiary Guarantor or JV Subsidiary Guarantor, as the case may be, is simultaneously released from its obligations in respect of any of the Company's other Indebtedness or any Indebtedness of any other Restricted Subsidiary and (2) the proceeds from such sale or disposition are used for the purposes permitted or required by the Indenture;

- in the case of a Subsidiary Guarantee, upon the replacement of a Subsidiary Guarantee with a JV Subsidiary Guarantee; or

- upon a Subsidiary Guarantor or JV Subsidiary Guarantor's becoming an Exempted Subsidiary or a Listed Subsidiary.

No release of a Subsidiary Guarantor from its Subsidiary Guarantee or a JV Subsidiary Guarantor from its JV Subsidiary Guarantee shall be effective against the Trustee or the Holders until the Company has delivered to the Trustee an Officer's Certificate stating that all requirements relating to such release have been complied with and such release is authorized and permitted by the terms of the Indenture.

Replacement of Subsidiary Guarantees with JV Subsidiary Guarantees

A Subsidiary Guarantee given by a Subsidiary Guarantor may be released following the sale or issuance by the Company or any of its Restricted Subsidiaries of Capital Stock in (a) such Subsidiary Guarantor or (b) any other Subsidiary Guarantor that, directly or indirectly, owns a majority of the Capital Stock of such Subsidiary Guarantor, in each case where such sale or issuance, whether through the sale of existing shares or the issuance of new shares, is for no less than 20.0% and no more than 49.9% of the issued Capital Stock of the relevant Subsidiary Guarantor, **provided that** the following conditions are satisfied or complied with:

- as of the date of such proposed release, no document exists that is binding on the Company or any of the Restricted Subsidiaries that would have the effect of (a) prohibiting the Company or any of the Restricted Subsidiaries from releasing such Subsidiary Guarantee, (b) prohibiting the Company or any of the Restricted Subsidiaries from providing such JV Subsidiary Guarantee, or (c) requiring the Company or any of the Restricted Subsidiaries to deliver or keep in force a replacement guarantee on terms that are more favorable to the recipients of such guarantee than the JV Subsidiary Guarantee;

- such sale or issuance is made to an Independent Third Party at a consideration that is not less than the appraised value of such Capital Stock by an independent appraisal firm of recognized international or national standing appointed by the Company;

- concurrently with the release of such Subsidiary Guarantee, the Company shall or shall cause such JV Subsidiary Guarantor to deliver to the Trustee:

  (i) (A) a duly executed JV Subsidiary Guarantee of such JV Subsidiary Guarantor and each Restricted Subsidiary of such JV Subsidiary Guarantor that is not organized under the laws of the PRC and (B) a duly executed supplemental indenture to the Indenture pursuant to which such JV Subsidiary Guarantor will guarantee the payment of the Notes, each of which provides, among other things, that the aggregate claims of the Trustee under such JV Subsidiary Guarantee and all JV Subsidiary Guarantees provided by the Restricted Subsidiaries and shareholders of such JV Subsidiary Guarantor will be limited to the JV Entitlement Amount;

  (ii) an Officer's Certificate certifying a copy of a Board Resolution to the effect that such JV Subsidiary Guarantee has been approved by a majority of the disinterested members of the Board of Directors; and

  (iii) a legal opinion by a law firm of recognized international standing confirming that under New York law such JV Subsidiary Guarantee is valid, binding and enforceable against the JV Subsidiary Guarantor providing such JV Subsidiary Guarantee (subject to customary qualifications and assumptions).

Notwithstanding the foregoing paragraph, any such sale or issuance of the Capital Stock of the relevant Subsidiary Guarantor (including where such sale results in the relevant Subsidiary Guarantor ceasing to be a Restricted Subsidiary) will need to comply with the other covenants set forth in the Indenture, including, without limitation, the "*Limitation on Asset Sales*" and "*Limitation on Restricted Payments*" covenants.

Any Net Cash Proceeds from the sale or issuance of such Capital Stock shall be applied by the Company (or any Restricted Subsidiary) in accordance with the "*Limitation on Asset Sales*" covenant.

Further Issues

Subject to the covenants described below and in accordance with the terms of the Indenture, the Company may, from time to time, without notice to or the consent of the Holders, create and issue Additional Notes having the same terms and conditions as the Notes (including the benefit of the Subsidiary Guarantees and JV Subsidiary Guarantees) in all respects (or in all respects except for the issue date, issue price and the date of the first payment of interest on them and, to the extent necessary, certain temporary securities law transfer restrictions) (a "**Further Issue**") so that such Additional Notes may be consolidated and form a single class with the previously outstanding Notes and vote together as one class on all matters with respect to the Notes; **provided that** the issuance of any such Additional Notes shall then be permitted under the "*Limitation on Indebtedness and Preferred Stock*" covenant described below.

Optional Redemption

At any time and from time to time on or after April 29, 2023, the Company may at its option redeem the Notes, in whole or in part, at a redemption price equal to the percentage of principal amount set forth below plus accrued and unpaid interest, if any, to (but not including) the redemption date if redeemed during the twelve-month period beginning on April 29 of each of the years indicated below.

Period	Redemption Price
2023	102.35%
2024 and thereafter	101.175%

At any time prior to April 29, 2023, the Company may at its option redeem the Notes, in whole but not in part, at a redemption price equal to 100.0% of the principal amount of the Notes plus the Applicable Premium as of, and accrued and unpaid interest, if any, to (but not including) the redemption date. The Company will give not less than 30 days' nor more than 60 days' notice of any redemption to the Holders and the Trustee. Neither the Trustee nor the Paying Agent shall be responsible for calculating or verifying the Applicable Premium.

At any time and from time to time prior to April 29, 2023, the Company may redeem up to 35.0% of the aggregate principal amount of the Notes with the Net Cash Proceeds of one or more sales of Common Stock of the Company in an Equity Offering at a redemption price of 104.70% of the principal amount of the Notes, plus accrued and unpaid interest, if any, to (but not including) the redemption date; **provided that** at least 65.0% of the aggregate principal amount of the Notes issued under the Indenture remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related Equity Offering.

In connection with any redemption of Notes referred to in the preceding paragraphs, any such redemption or notice may, at the Company's discretion, be subject to one or more conditions precedent. In addition, if such redemption or notice is subject to satisfaction of one or more conditions precedent, such notice may state that, in the Company's discretion, the redemption date may be delayed until such time (**provided**, **however**, **that** any delayed redemption date shall not be more than 60 days after the date the relevant notice of redemption was sent) as any or all such conditions shall be satisfied, or such redemption may not occur and such notice may be rescinded in the event that any or all such conditions shall not have been satisfied by the redemption date, or by the redemption date so delayed.

Selection and Notice

The Company will give not less than 30 days' nor more than 60 days' notice of any redemption to the Holders and the Trustee. If less than all of the Notes are to be redeemed at any time, the Trustee will select or cause to be selected Notes for redemption as follows:

(1) if the Notes are listed on any national securities exchange and/or are held through a clearing system, in compliance with the requirements of the principal national securities exchange on which the Notes are listed or the requirements of the clearing system, as applicable; or

(2) if the Notes are not listed on any national securities exchange and/or are not held through any clearing system, on a *pro rata* basis, by lot or by such method as the Trustee deems fair and appropriate unless otherwise required by law.

A Note of US$200,000 in principal amount or less shall not be redeemed in part. If any Note is to be redeemed in part only, the notice of redemption relating to such Note will state the portion of the principal amount to be redeemed. A new Note in principal amount equal to the unredeemed portion will be issued upon cancellation of the original Note. On and after the redemption date, interest will cease to accrue on Notes or portions of them called for redemption.

Repurchase of Notes upon a Change of Control Triggering Event

Not later than 30 days following a Change of Control Triggering Event, the Company will make an Offer to Purchase all outstanding Notes (a "**Change of Control Offer**") at a purchase price equal to 101.0% of the principal amount thereof plus accrued and unpaid interest, if any, to (but not including) the Offer to Purchase Payment Date.

The Company has agreed in the Indenture that it will timely repay all Indebtedness or obtain consents as necessary under, or terminate, agreements or instruments that would otherwise prohibit a Change of Control Offer required to be made pursuant to the Indenture. Notwithstanding this agreement of the Company, it is important to note that if the Company is unable to repay (or cause to be repaid) all of the Indebtedness, if any, that would prohibit repurchase of the Notes or is unable to obtain the requisite consents of the holders of such Indebtedness, or terminate any agreements or instruments that would otherwise prohibit a Change of Control Offer, it would continue to be prohibited from purchasing the Notes. In that case, the Company's failure to purchase tendered Notes would constitute an Event of Default under the Indenture.

Certain of the events constituting a Change of Control Triggering Event under the Notes will also constitute an event of default under certain debt instruments of the Company and its Subsidiaries. Future debt of the Company may also (1) prohibit the Company from purchasing Notes in the event of a Change of Control Triggering Event; (2) provide that a Change of Control Triggering Event is a default; or (3) require repurchase of such debt upon a Change of Control Triggering Event. Moreover, the exercise by the Holders of their right to require the Company to purchase the Notes could cause a default under other Indebtedness, even if the Change of Control Triggering Event itself does not, due to the financial effect of the purchase on the Company. The Company's ability to pay cash to the Holders following the occurrence of a Change of Control Triggering Event may be limited by the Company's, the Subsidiary Guarantor's and the JV Subsidiary Guarantor's then-existing financial resources. There can be no assurance that sufficient funds will be available when necessary to make the required purchase of the Notes. See "*Risk Factors—Risks Relating to the Notes—We may not be able to repurchase the Notes upon a Change of Control Triggering Event*."

The phrase "all or substantially all," as used with respect to the assets of the Company in the definition of "**Change of Control**", will likely be interpreted under applicable law of the relevant jurisdictions and will be dependent upon particular facts and circumstances. As a result, there may be a degree of uncertainty in ascertaining whether a sale or transfer of "all or substantially all" the assets of the Company has occurred.

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 or to monitor the occurrence of any Change of Control Triggering Event and shall not be liable to the Holders or any person for any failure to do so.

Except as described above with respect to a Change of Control Triggering Event, the Indenture does not contain provisions that permit the Holders to require that the Company purchase or redeem the Notes in the event of a takeover, recapitalization or similar transaction.

No Mandatory Redemption or Sinking Fund; Offers to Purchase; Open Market Purchases

There will be no mandatory redemption or sinking fund payments for the Notes. However, under certain circumstances, the Company may be required to offer to purchase Notes as described under the caption "*—Repurchase of Notes upon a Change of Control Triggering Event*," and the "*—Limitation on Asset Sales*" covenant. The Company may at any time and from time to time purchase Notes in the open market or otherwise, so long as such purchase does not otherwise violate the terms of the Indenture.

Additional Amounts

All payments of principal, premium (if any) and interest on the Notes or under the Subsidiary Guarantees and JV Subsidiary Guarantees will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or within any jurisdiction in which the Company, a Surviving Person (as defined under the caption "*—Consolidation, Merger and Sale of Assets*") or an applicable Subsidiary Guarantor or JV Subsidiary Guarantor is organized or resident for tax purposes (or any political subdivision or taxing authority thereof or therein), including, without limitation, if applicable, the PRC (each, as applicable, a "**Relevant Taxing Jurisdiction**"), or the jurisdiction or any political subdivision or taxing authority thereof or therein through which payments are made (each, as applicable and with each Relevant Taxing Jurisdiction, a "**Relevant Jurisdiction**"), unless such withholding or deduction is required by law or by regulation or governmental policy having the force of law. In the event that any such withholding or deduction is so required, the Company, a Surviving Person or the applicable Subsidiary Guarantor or JV Subsidiary Guarantor, as the case may be, will pay such additional amounts ("**Additional Amounts**") as will result in receipt by the Holder of each Note of such amounts as would have been received by such Holder had no such withholding or deduction been required, except that no Additional Amounts shall be payable:

(1) for or on account of:

(a) any tax, duty, assessment or other governmental charge that would not have been imposed but for:

(i) the existence of any present or former connection between the Holder or beneficial owner of such Note, and the Relevant Jurisdiction other than merely holding such Note or the receipt of payments thereunder or under a Subsidiary Guarantee or JV Subsidiary Guarantee, including, without limitation, such Holder or beneficial owner being or having been a national, domiciliary or resident of such Relevant Jurisdiction or treated as a resident thereof or being or having been physically present or engaged in a trade or business therein or having or having had a permanent establishment therein;

(ii) the presentation of such Note (in cases in which presentation is required) more than 30 days after the later of the date on which the payment of the principal of, premium, if any, and interest on, such Note became due and payable pursuant to the terms thereof or was made or duly provided for, except to the extent that the Holder thereof would have been entitled to such Additional Amounts if it had presented such Note for payment on any date within such 30-day period;

(iii) the failure of the Holder or beneficial owner to comply with a timely request of the Company, a Surviving Person, Subsidiary Guarantor or JV Subsidiary Guarantor addressed to the Holder, to provide information concerning such Holder's or beneficial owner's nationality, residence, identity or connection with any Relevant Jurisdiction, if and to the extent that due and timely compliance with such request is required under the laws of the Relevant Jurisdiction in order to reduce or eliminate any withholding or deduction as to which Additional Amounts would have otherwise been payable to such Holder; or

(iv) the presentation of such Note (in cases in which presentation is required) for payment in the Relevant Jurisdiction, unless such Note could not have been presented for payment elsewhere;

(b) any estate, inheritance, gift, sale, transfer, personal property or similar tax, assessment or other governmental charge;

(c) any tax, assessment, withholding or deduction required by sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended ("**FATCA**"), any current or future Treasury Regulations or rulings promulgated thereunder, any intergovernmental agreement between the United States and any other jurisdiction to implement FATCA, any law, regulation or other official guidance enacted in any jurisdiction implementing such an intergovernmental agreement or FATCA, or any agreement with the U.S. Internal Revenue Service under FATCA;

(d) any combination of taxes, duties, assessments or other governmental charges referred to in the preceding clauses (a), (b) and (c); or

(2) to a Holder that is a fiduciary, partnership or person other than the sole beneficial owner of any payment to the extent that such payment would be required to be included in the income under the laws of a Relevant Jurisdiction, for tax purposes, of a beneficiary or settlor with respect to the fiduciary, or a member of that partnership or a beneficial owner who would not have been entitled to such Additional Amounts had that beneficiary, settlor, partner or beneficial owner been the Holder thereof.

Whenever there is mentioned in any context the payment of principal of, and any premium or interest on, any Note or under any Subsidiary Guarantee or JV Subsidiary Guarantee, such mention shall be deemed to include payment of Additional Amounts provided for in the Indenture to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

Neither the Trustee nor any Agent shall be responsible for paying any Additional Amounts or for determining whether such Additional Amounts are payable or the amount thereof, and none of them shall be responsible or liable for any failure by the Company, any Surviving Person, any Subsidiary Guarantor or JV Subsidiary Guarantor, Holder or any third party to pay such Additional Amounts.

Redemption for Taxation Reasons

The Notes may be redeemed, at the option of the Company or a Surviving Person with respect to the Company, as a whole but not in part, upon giving not less than 30 days' nor more than 60 days' notice to the Holders and the Trustee (which notice shall be irrevocable), **provided that** the notice is provided to the Trustee at least 5 days before it is provided to the Holders (unless such 5-day period shall extend prior to the foregoing 60-day period, in which case such notice shall be provided no more than 60 days' prior to the Tax Redemption Date (as defined below)), at a redemption price equal to 100.0% of the principal amount thereof, together with accrued and unpaid interest (including any Additional Amounts), if any, to the date fixed by the Company or the Surviving Person, as the case may be, for redemption (the "**Tax Redemption Date**") if, as a result of:

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

(2) any change in the existing official position or the stating of an official position regarding the application or interpretation of such laws, regulations or rulings (including a holding, judgment or order by a court of competent jurisdiction),

which change or amendment is proposed and becomes effective (i) with respect to the Company or any initial Subsidiary Guarantor, on or after the Original Issue Date, or (ii) with respect to any Future Subsidiary Guarantor, JV Subsidiary Guarantor or Surviving Person, on or after the date such Future Subsidiary Guarantor, JV Subsidiary Guarantor or Surviving Person becomes a Subsidiary Guarantor, JV Subsidiary Guarantor or Surviving Person, with respect to any payment due or to become due under the Notes or the Indenture, the Company, a Surviving Person or a Subsidiary Guarantor or JV Subsidiary Guarantor, as the case may be, is, or on the next Interest Payment Date would be, required to pay Additional Amounts, and such requirement cannot be avoided by the taking of reasonable measures by the Company, a Surviving Person, a Subsidiary Guarantor or JV Subsidiary Guarantor, as the case may be; **provided that** no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Company, a Surviving Person, a Subsidiary Guarantor or a JV Subsidiary Guarantor, as the case may be, would be obligated to pay such Additional Amounts if a payment in respect of the Notes were then due.

Prior to the giving of any notice of redemption of the Notes pursuant to the foregoing, the Company, a Surviving Person, a Subsidiary Guarantor or a JV Subsidiary Guarantor, as the case may be, will deliver to the Trustee at least 30 days but not more than 60 days before a redemption date:

(1) an Officer's Certificate stating that such change or amendment referred to in the prior paragraph has occurred, describing the facts related thereto and stating that such requirement cannot be avoided by the Company, a Surviving Person or a Subsidiary Guarantor or JV Subsidiary Guarantor, as the case may be, taking reasonable measures available to it; and

(2) an Opinion of Counsel or an opinion of a tax consultant, in either case of recognized standing with respect to tax matters of the Relevant Taxing Jurisdiction, stating that the requirement to pay such Additional Amounts results from such change or amendment or the stating of an official position referred to in the prior paragraph.

The Trustee shall be entitled to accept such certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent described above, in which event it shall be conclusive and binding on the Holders.

Any Notes that are redeemed will be cancelled.

Certain Covenants

Set forth below are summaries of certain covenants contained in the Indenture.

Limitation on Indebtedness and Preferred Stock

(1) The Company will not, and will not permit any Restricted Subsidiary to, Incur any Indebtedness (including Acquired Indebtedness), and the Company will not permit any Restricted Subsidiary to issue Preferred Stock, **provided that** the Company, any Subsidiary Guarantor or any JV Subsidiary Guarantor may Incur Indebtedness (including Acquired Indebtedness) and any Non-Guarantor Subsidiary may Incur Permitted Subsidiary

Indebtedness if, after giving effect to the Incurrence of such Indebtedness and the receipt and application of the proceeds therefrom, (x) no Default has occurred and is continuing and (y) the Fixed Charge Coverage Ratio would be not less than 2.0 to 1.0. Notwithstanding the foregoing, the Company will not permit any Restricted Subsidiary to Incur any Disqualified Stock (other than Disqualified Stock held by the Company or a Subsidiary Guarantor, so long as it is so held).

(2) Notwithstanding the foregoing, the Company and, to the extent provided below, any Restricted Subsidiary may Incur each and all of the following ("**Permitted Indebtedness**"):

(a) Indebtedness under the Notes (excluding any Additional Notes) and each Subsidiary Guarantee and JV Subsidiary Guarantee;

(b) any *Pari Passu* Subsidiary Guarantees by any Subsidiary Guarantor or any JV Subsidiary Guarantor;

(c) Indebtedness of the Company or any Restricted Subsidiary outstanding on the Original Issue Date excluding Indebtedness permitted under clause (d) below; **provided that** such Indebtedness of Non-Guarantor Subsidiaries shall be included in the calculation of Permitted Subsidiary Indebtedness;

(d) Indebtedness of the Company or Indebtedness or Preferred Stock of any Restricted Subsidiary owed to the Company or any Restricted Subsidiary; **provided that** (i) any event which results in any such Restricted Subsidiary ceasing to be a Restricted Subsidiary or any subsequent transfer of such Indebtedness or Preferred Stock (other than to the Company or any Restricted Subsidiary) shall be deemed, in each case, to constitute an Incurrence of such Indebtedness not permitted by this clause (d) and (ii) if the Company is the obligor on such Indebtedness, such Indebtedness must be expressly subordinated in right of payment to the Notes, and if a Subsidiary Guarantor or a JV Subsidiary Guarantor is the obligor on such Indebtedness and the Company or any other Subsidiary Guarantor or JV Subsidiary Guarantor is not the obligee, such Indebtedness must be expressly subordinated in right of payment to the Subsidiary Guarantee of such Subsidiary Guarantor or the JV Subsidiary Guarantee of such JV Subsidiary Guarantor, as the case may be, **provided further that,** any Preferred Stock issued by a Subsidiary Guarantor or a JV Subsidiary Guarantor and held by the Company or another Restricted Subsidiary must be expressly subordinated in right of payment to the Subsidiary Guarantee of such Subsidiary Guarantor or the JV Subsidiary Guarantee of such JV Subsidiary Guarantor;

(e) Indebtedness ("**Permitted Refinancing Indebtedness**") issued in exchange for, or the net proceeds of which are used to refinance or refund, replace, exchange, renew, repay, defease, discharge or extend (collectively, "**refinance**" and "**refinances**" and "**refinanced**" shall have a correlative meaning), then outstanding Indebtedness (or Indebtedness that is no longer outstanding but that is refinanced substantially concurrently with the Incurrence of such Permitted Refinancing Indebtedness) Incurred under the immediately preceding paragraph (1) or clauses (a), (b), (c), (h), (p), (q), (r), (s), (u), (v), (w) or (x) of this paragraph (2) and any refinancings thereof in an amount not to exceed the amount so refinanced (plus premiums, accrued interest, fees and expenses); **provided that** (i) Indebtedness the proceeds of which are used to refinance the Notes or Indebtedness that is *pari passu* with, or subordinated in right of payment to, the Notes or a Subsidiary Guarantee or a JV Subsidiary Guarantee shall only be permitted under this clause (e) if (A) in case the Notes are refinanced in part or the Indebtedness to be refinanced is *pari passu* with the Notes or a Subsidiary Guarantee or a JV Subsidiary Guarantee, such new Indebtedness, by its terms or by the terms of any agreement or instrument pursuant to which such new Indebtedness is outstanding, is expressly made *pari passu* with, or subordinate in right of payment to, the remaining Notes or such Subsidiary Guarantee or such JV Subsidiary Guarantee, as the case may be, or (B) in case the Indebtedness to be refinanced is subordinated in right of payment to the Notes or a Subsidiary Guarantee or a JV Subsidiary Guarantee, such new Indebtedness, by its terms or by the terms of any agreement or instrument pursuant to which such new Indebtedness is issued or remains outstanding, is expressly made subordinate in right of payment to the Notes or such Subsidiary Guarantee or such JV Subsidiary Guarantee, as the case may be, at least to the extent that the Indebtedness to be refinanced is subordinated to the Notes or such Subsidiary Guarantee or such JV Subsidiary Guarantee, (ii) such new Indebtedness, determined as of the date of Incurrence of such new Indebtedness, does not mature prior to the Stated Maturity of the Indebtedness to be refinanced or refunded, and the Average Life of such new Indebtedness is at least equal to the remaining Average Life of the Indebtedness to be refinanced or refunded, (iii) in no event may Indebtedness of the Company, any Subsidiary Guarantor or any JV Subsidiary Guarantor be refinanced pursuant to this clause by means of any Indebtedness of any Restricted Subsidiary that is not a Subsidiary Guarantor or a JV Subsidiary Guarantor, and (iv) in no event may Indebtedness of the Company or any Subsidiary Guarantor be refinanced pursuant to this clause by means of any Indebtedness of any JV Subsidiary Guarantor (**provided that** this sub-clause (iv) shall not prohibit the replacement of a Subsidiary Guarantee by a JV Subsidiary Guarantee if otherwise permitted by this Indenture);

(f) Indebtedness Incurred by the Company or any Restricted Subsidiary pursuant to Hedging Obligations (i) entered into in the ordinary course of business and designed solely to protect the Company or any of its Restricted Subsidiaries from fluctuations in interest rates, currencies or the price of commodities and not for speculation or (ii) designed to reduce or manage interest expense;

(g) Pre-Registration Mortgage Guarantees by the Company or any Restricted Subsidiary;

(h) Indebtedness Incurred by the Company or any Restricted Subsidiary (x) representing Capitalized Lease Obligations incurred in the ordinary course of business, or (y) for the purpose of financing (i) all or any part of the purchase price of assets, real or personal property (including the lease purchase price of land use right) or equipment to be used in the ordinary course of business by the Company or a Restricted Subsidiary, including any such purchase through the acquisition of Capital Stock of any Person that owns such real or personal property or equipment which will, upon acquisition, become a Restricted Subsidiary, or (ii) all or any part of the purchase price or the cost of development, construction or improvement of real or personal property (including the lease purchase price of land use right) or equipment to be used in the ordinary course of business by the Company or such Restricted Subsidiary; **provided that** in the case of (i) and (ii) of this sub-clause (y), (A) the aggregate principal amount of such Indebtedness shall not exceed such purchase price or cost, (B) such Indebtedness shall be Incurred no later than 180 days after the acquisition of such property or completion of such development, construction or improvement; **provided further that** on the date of the Incurrence of such Indebtedness under this clause (h) and after giving effect thereto, the sum of (1) the aggregate principal amount outstanding of all such Indebtedness permitted by this clause (h) (together with refinancings thereof, but excluding any Contractor Guarantee Incurred under this clause (h) to the extent the amount of such Contractor Guarantee is otherwise reflected in such aggregate principal amount) plus (2) the aggregate principal amount outstanding of all Indebtedness Incurred under clauses (p), (q), (r), (u), (v), (w) or (x) below (together with any refinancings thereof, but excluding any Contractor Guarantee or Guarantees Incurred under clauses (p), (q), (r), (u), (v), (w) or (x) to the extent the amount of such Contractor Guarantee or Guarantees Incurred are reflected in such aggregate principal amount) does not exceed an amount equal to 40.0% of Total Assets;

(i) Indebtedness Incurred by the Company or any Restricted Subsidiary constituting reimbursement obligations with respect to workers' compensation claims or self-insurance obligations or bid, performance or surety bonds (in each case other than for an obligation for borrowed money);

(j) Indebtedness Incurred by the Company or any Restricted Subsidiary constituting reimbursement obligations with respect to letters of credit, trade guarantees or similar instruments issued in the ordinary course of business to the extent that such letters of credit, trade guarantees or similar instruments are not drawn upon or, if drawn upon, to the extent such drawing is reimbursed no later than the 30 days following receipt by the Company or such Restricted Subsidiary of a demand for reimbursement;

(k) Indebtedness arising from agreements providing for indemnification, adjustment of purchase price or similar obligations, or from Guarantees or letters of credit, surety bonds or performance bonds securing any obligation of the Company or any Restricted Subsidiary pursuant to such agreements, in any case, Incurred in connection with the disposition of any business, assets or Restricted Subsidiary, other than Guarantees of Indebtedness Incurred by any Person acquiring all or any portion of such business, assets or Restricted Subsidiary for the purpose of financing such acquisition; **provided that** the maximum aggregate liability in respect of all such Indebtedness in the nature of such Guarantee shall at no time exceed the gross proceeds actually received from the sale of such business, assets or Restricted Subsidiary;

(l) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds in the ordinary course of business **provided, however, that** such Indebtedness is extinguished within five Business Days of Incurrence;

(m) Guarantees by the Company or any Restricted Subsidiary of Indebtedness or Preferred Stock of the Company or any Restricted Subsidiary that was permitted to be Incurred by another provision of this covenant, subject to compliance with the covenants under the caption "*—Limitation on Issuances of Guarantees by Restricted Subsidiaries*;"

(n) Indebtedness of the Company or any Restricted Subsidiary maturing within one year; **provided that** the aggregate principal amount of Indebtedness permitted by this clause (n) at any time outstanding does not exceed US$50.0 million (or the Dollar Equivalent thereof);

(o) Indebtedness of the Company or any Restricted Subsidiary constituting an obligation to pay the deferred purchase price of Capital Stock in a Restricted Subsidiary pursuant to a Staged Acquisition Agreement, to the extent that such deferred purchase price is paid within 18 months after the date the Company or such Restricted Subsidiary enters into such Staged Acquisition Agreement;

(p) Indebtedness Incurred or Preferred Stock issued by the Company or any Restricted Subsidiary arising from any Investment made by a Trust Company Investor in a PRC Project Company; **provided that** on the date of the Incurrence of such Indebtedness or issuance of such Preferred Stock and after giving effect thereto, the sum of (1) the aggregate principal amount outstanding of all such Indebtedness Incurred and such Preferred Stock issued pursuant to this clause (p) (together with any refinancings thereof, but excluding any Contractor Guarantees or Guarantees Incurred under this clause (p) to the extent the amount of such Contractor Guarantees or Guarantees is otherwise reflected in such aggregate principal amount) plus (2) the aggregate principal amount outstanding of all such Indebtedness Incurred under clause (h) above or (q), (r), (u), (v), (w) or (x) below (together with any refinancings thereof, but excluding any Contractor Guarantees or Guarantees Incurred under clauses (h) above or (q), (r), (u), (v), (w) or (x) below to the extent the amount of such Contractor Guarantees or Guarantees is otherwise reflected in such aggregate principal amount), does not exceed an amount equal to 40.0% of Total Assets;

(q) Bank Deposit Secured Indebtedness or Cross Border Secured Indebtedness Incurred by the Company or any Restricted Subsidiary; **provided that** on the date of the Incurrence of such Indebtedness and after giving effect thereto, the sum of (1) the aggregate principal amount outstanding of all such Indebtedness Incurred pursuant to this clause (q) (together with any refinancings thereof, but excluding any Guarantees Incurred under this clause (q) to the extent the amount of such Guarantees is otherwise reflected in such aggregate principal amount), plus (2) the aggregate principal amount outstanding of all such Indebtedness Incurred pursuant to clauses (h) or (p) above or (r), (u), (v), (w) or (x) below (together with any refinancings thereof, but excluding any Contractor Guarantees or Guarantees Incurred under clauses (h) or (p) above or (r), (u), (v), (w) or (x) below to the extent the amount of such Contractor Guarantees or Guarantees is otherwise reflected in such aggregate principal amount), does not exceed an amount equal to 40.0% of Total Assets;

(r) Indebtedness Incurred by any PRC Restricted Subsidiary which is secured by Investment Properties, and Guarantees thereof by the Company or any PRC Restricted Subsidiary; **provided that** on the date of the Incurrence of such Indebtedness and after giving effect thereto, the sum of (1) the aggregate principal amount outstanding of all such Indebtedness Incurred pursuant to this clause (r) (together with any refinancings thereof, but excluding any Guarantees Incurred under this clause (r) to the extent the amount of such Guarantees is otherwise reflected in such aggregate principal amount), plus (2) the aggregate principal amount outstanding of all such Indebtedness Incurred pursuant to clauses (h), (p) or (q) above or (u), (v), (w) or (x) below (together with any refinancings thereof, but excluding any Contractor Guarantees or Guarantees Incurred under clauses (h), (p) or (q) above or (u), (v), (w) or (x) below to the extent the amount of such Contractor Guarantees or Guarantees is otherwise reflected in such aggregate principal amount), does not exceed an amount equal to 40.0% of Total Assets;

(s) Indebtedness of the Company or any Restricted Subsidiary in an aggregate principal amount outstanding at any time (together with refinancings thereof) not to exceed US$50.0 million (or the Dollar Equivalent thereof);

(t) Indebtedness Incurred by the Company or a Restricted Subsidiary constituting a Subordinated Shareholder Loan;

(u) Indebtedness Incurred by the Company or any Restricted Subsidiary constituting a Guarantee of Indebtedness of any Person (other than the Company or a Restricted Subsidiary) by the Company or such Restricted Subsidiary; **provided that** on the date of the Incurrence of such Indebtedness and after giving effect thereto, the sum of (1) the aggregate principal amount outstanding of all such Indebtedness Incurred pursuant to this clause (u) (together with any refinancings thereof, but excluding any Guarantees Incurred under this clause (u) to the extent the amount of such Guarantees is otherwise reflected in such aggregate principal amount), plus (2) the aggregate principal amount outstanding of all such Indebtedness Incurred pursuant to clauses (h), (p), (q) or (r) above or (v), (w) or (x) below (together with any refinancings thereof, but excluding any Contractor Guarantees or Guarantees Incurred under clauses (h), (p), (q) or (r) above or (v), (w) or (x) below to the extent the amount of such Contractor Guarantees or Guarantees is otherwise reflected in such aggregate principal amount), does not exceed an amount equal to 40.0% of Total Assets;

(v) Acquired Indebtedness of any Restricted Subsidiary Incurred and outstanding on the date on which such Person becomes a Restricted Subsidiary (other than Indebtedness Incurred (i) to provide all or any portion of the funds utilized to consummate the transaction or series of transactions pursuant to which a Person becomes a Restricted Subsidiary or (ii) otherwise in contemplation of a Person becoming a Restricted Subsidiary or any such acquisition); **provided that** on the date of the Incurrence of such Indebtedness and after giving effect thereto, the sum of (1) the aggregate principal amount outstanding of all such Indebtedness Incurred pursuant to this clause (v) (together with any refinancings thereof, but excluding any Contractor Guarantees or Guarantees Incurred under this clause (v) to the extent the amount of such Contractor Guarantees or Guarantees is otherwise reflected in such aggregate principal amount), plus (2) the aggregate principal amount outstanding of all such Indebtedness Incurred pursuant to clauses (h), (p), (q), (r) or (u) above or (w) or (x) below (together with any refinancings thereof, but excluding any Contractor Guarantees or Guarantees Incurred under clauses (h), (p), (q), (r) or (u) above or (w) or (x) below to the extent the amount of such Contractor Guarantees or Guarantees is otherwise reflected in such aggregate principal amount), does not exceed an amount equal to 40.0% of Total Assets;

(w) Indebtedness of the Company or any Restricted Subsidiary constituting an obligation to pay the deferred purchase price of Capital Stock of a Person pursuant to a Minority Interest Staged Acquisition Agreement, to the extent that such deferred purchase price is paid within 12 months after the date the Company or such Restricted Subsidiary enters into such Minority Interest Staged Acquisition Agreement; **provided that** on the date of the Incurrence of such Indebtedness and after giving effect thereto, the sum of (1) the aggregate principal amount outstanding of all such Indebtedness Incurred pursuant to this clause (w) (together with any refinancings thereof, but excluding any Guarantees Incurred under this clause (w) to the extent the amount of such Guarantees is otherwise reflected in such aggregate principal amount), plus (2) the aggregate principal amount outstanding of all such Indebtedness Incurred pursuant to clauses (h), (p), (q), (r), (u) or (v) above or (x) below (together with any refinancings thereof, but excluding any Contractor Guarantees or Guarantees Incurred under clauses (h), (p), (q), (r), (u) or (v) above or (x) below to the extent the amount of such Contractor Guarantees or Guarantees is otherwise reflected in such aggregate principal amount), does not exceed an amount equal to 40.0% of Total Assets;

(x) Indebtedness Incurred by the Company or any Restricted Subsidiary under Credit Facilities; **provided that**, on the date of the Incurrence of such Indebtedness and after giving effect thereto, the aggregate principal amount outstanding of all such Indebtedness Incurred under this clause (x) (together with refinancings thereof and the aggregate principal amount outstanding of Indebtedness and Preferred Stock Incurred under clauses (h), (p), (q), (r), (u), (v) or (w) above and the refinancings thereof, but excluding any Contractor Guarantee or Guarantee Incurred under such clauses and this clause (x) to the extent the amount of such Contractor Guarantee or Guarantee is otherwise reflected in such aggregate principal amount) does not exceed an amount equal to 40.0% of Total Assets; and

(y) Indebtedness of the Company or any Restricted Subsidiary in respect of Non-recourse Receivable Financing.

(3) For purposes of determining compliance with this "*Limitation on Indebtedness and Preferred Stock*" covenant, in the event that an item of Indebtedness meets the criteria of more than one of the types of Indebtedness described above, including under the proviso in the first paragraph of part (1), the Company, in its sole discretion, shall classify, and from

time to time may reclassify, such item of Indebtedness and only be required to include the amount of such Indebtedness as one or more of such types.

(4) Notwithstanding any other provision of the Indenture, the maximum amount of Indebtedness that may be Incurred pursuant to this covenant will not be deemed to be exceeded with respect to any outstanding Indebtedness due solely to the result of fluctuations in the exchange rates of currencies.

Limitation on Restricted Payments

The Company will not, and will not permit any Restricted Subsidiary to, directly or indirectly (the payments or any other actions described in clauses (1) through (4) below being collectively referred to as "**Restricted Payments**"):

(1) declare or pay any dividend or make any distribution on or with respect to the Company's or any of its Restricted Subsidiaries' Capital Stock (other than dividends or distributions payable or paid in shares of the Company's or any of its Restricted Subsidiaries' Capital Stock (other than Disqualified Stock or Preferred Stock) or in options, warrants or other rights to acquire shares of such Capital Stock) held by Persons other than the Company or any Restricted Subsidiary;

(2) purchase, call for redemption or redeem, retire or otherwise acquire for value any shares of Capital Stock of the Company or any Restricted Subsidiary (including options, warrants or other rights to acquire such shares of Capital Stock) or any direct or indirect parent of the Company held by any Person other than the Company or any Restricted Subsidiary other than (i) the purchase of Capital Stock of a Restricted Subsidiary pursuant to a Staged Acquisition Agreement permitted to be entered into under the Indenture or (ii) the purchase of Capital Stock of a Restricted Subsidiary held by a Trust Company Investor;

(3) make any voluntary or optional principal payment, or voluntary or optional redemption, repurchase, defeasance, or other acquisition or retirement for value, of Indebtedness that is subordinated in right of payment to the Notes or any of the Subsidiary Guarantees or any of the JV Subsidiary Guarantees (excluding any intercompany Indebtedness between or among the Company and any of its Wholly Owned Restricted Subsidiaries); or

(4) make any Investment, other than a Permitted Investment;

if, at the time of, and after giving effect to, the proposed Restricted Payment:

(a) a Default has occurred and is continuing or would occur as a result of such Restricted Payment;

(b) the Company could not Incur at least US$1.00 of Indebtedness under the proviso in the first paragraph of part (1) of the covenants under the caption "*—Limitation on Indebtedness and Preferred Stock*;" or

(c) such Restricted Payment, together with the aggregate amount of all Restricted Payments made by the Company and its Restricted Subsidiaries after the Measurement Date, shall exceed the sum of:

(i) 50.0% of the aggregate amount of the Consolidated Net Income of the Company (or, if the Consolidated Net Income is a loss, minus 100.0% of the amount of such loss) accrued on a cumulative basis during the period (taken as one accounting period) beginning on the first day of the fiscal quarter during which the 2020 August USD Notes were first issued and ending on the last day of the Company's most recently ended fiscal quarter for which consolidated financial statements of the Company (which the Company shall use its reasonable best efforts to compile in a timely manner) are available (which may include internal consolidated financial statements); plus

(ii) 100.0% of the aggregate Net Cash Proceeds received by the Company after the Measurement Date as a capital contribution to its common equity or from the issuance and sale of its Capital Stock (other than Disqualified Stock) to a Person who is not a Subsidiary of the Company, including any such Net Cash Proceeds received upon (A) the conversion of any Indebtedness (other than Subordinated Indebtedness) of the Company into Capital Stock (other than Disqualified Stock) of the Company, or (B) the exercise by a Person who is not a Subsidiary of the Company of any options, warrants or other rights to acquire Capital Stock of the Company (other than Disqualified Stock) in each case excluding the amount of any such Net Cash Proceeds used to redeem, repurchase, defease or otherwise acquire or retire for value any Subordinated Indebtedness or Capital Stock of the Company; plus

(iii) the amount by which Indebtedness of the Company or any of its Restricted Subsidiaries is reduced on the Company's consolidated balance sheet upon the conversion or exchange (other than by a Subsidiary of the Company) subsequent to the Measurement Date of any Indebtedness of the Company or any of its Restricted Subsidiaries convertible or exchangeable into Capital Stock (other than Disqualified Stock) of the Company (less the amount of any cash, or the Fair Market Value of any other property, distributed by the Company upon such conversion or exchange); plus

(iv) an amount equal to the net reduction in Investments (other than reductions in Permitted Investments) that were made after the Measurement Date in any Person resulting from (A) payments of interest on Indebtedness, dividends or repayments of loans or advances by such Person, in each case to the Company or any Restricted Subsidiary (except, in each case, to the extent any such payment or proceeds are included in the calculation of Consolidated Net Income) after the Measurement Date, (B) the unconditional release of a Guarantee provided by the Company or a Restricted Subsidiary after the Measurement Date of an obligation of another Person, (C) to the extent that an Investment made after the Measurement Date was, after such date, or is sold or otherwise liquidated or repaid for cash, the lesser of (x) cash return of capital with respect to such Investment (less the cost of disposition, if any) and (y) the initial amount of such Investment, (D) from redesignations of Unrestricted Subsidiaries as Restricted Subsidiaries, not to exceed, in each case, the amount of Investments (other than Permitted Investments) made by the Company or a Restricted Subsidiary after the Measurement Date in any such Person, or (E) any Person becoming a Restricted Subsidiary (whereupon all Investments made by the Company or any Restricted Subsidiary in such Person since the Measurement Date shall be deemed to have been made pursuant to clause (1) of the definition of "*Permitted Investment*") but only to the extent such Investments by the Company or any Restricted Subsidiary in such Person was a Restricted Payment made to the extent permitted under this paragraph (c); plus

(v) US$30.0 million (or the Dollar Equivalent thereof).

The foregoing provision shall not be violated by reason of:

(1) the payment of any dividend or redemption of any Capital Stock within 60 days after the related date of declaration or call for redemption if, at said date of declaration or call for redemption, such payment or redemption would comply with the preceding paragraph;

(2) the redemption, repurchase, defeasance or other acquisition or retirement for value of Subordinated Indebtedness of the Company or any of the Subsidiary Guarantors or JV Subsidiary Guarantors with the Net Cash Proceeds of, or in exchange for, a substantially concurrent Incurrence of Permitted Refinancing Indebtedness;

(3) the redemption, repurchase or other acquisition of Capital Stock of the Company or any Subsidiary Guarantor or JV Subsidiary Guarantor (or options, warrants or other rights to acquire such Capital Stock) in exchange for, or out of the Net Cash Proceeds of a substantially concurrent capital contribution or a sale (other than to a Subsidiary of the Company) of, shares of the Capital Stock (other than Disqualified Stock) of the Company or any Subsidiary Guarantor (or options, warrants or other rights to acquire such Capital Stock); **provided that** the amount of any such Net Cash Proceeds that are utilized for any such Restricted Payment will be excluded from clause (c)(ii) of the preceding paragraph, **provided however that** any item that has been excluded pursuant to clause (c)(ii) of the preceding paragraph will not be excluded again as a result of the proviso in this clause (3);

(4) the redemption, repurchase, defeasance or other acquisition or retirement for value of Subordinated Indebtedness of the Company or any of the Subsidiary Guarantors or JV Subsidiary Guarantors in exchange for, or out of the Net Cash Proceeds of, a substantially concurrent capital contribution or sale (other than to a Subsidiary of the Company) of, shares of Capital Stock (other than Disqualified Stock) of the Company or any of the Subsidiary Guarantors or JV Subsidiary Guarantors (or options, warrants or other rights to acquire such Capital Stock); **provided that** the amount of any such Net Cash Proceeds that are utilized for any such Restricted Payment will be excluded from clause (c)(ii) of the preceding paragraph, **provided however that** any item that has been excluded pursuant to clause (c)(ii) of the preceding paragraph will not be excluded again as a result of the proviso in this clause (4);

(5) the payment of any dividends or distributions declared, paid or made by a Restricted Subsidiary payable, on a *pro rata* basis or on a basis more favorable to the Company, to all holders of any class of Capital Stock of such Restricted Subsidiary; **provided that**, with respect to a Restricted Subsidiary of which less than a majority of the Voting Stock is directly or indirectly owned by the Company, such dividend or distribution shall be declared, paid or made on a *pro rata* basis or on a basis more favorable to the Company, as determined by the ownership of the Voting Stock;

(6) dividends or other distributions paid to, or the purchase of Capital Stock of any PRC Project Company held by, any Trust Company Investor in respect of any Indebtedness or Preferred Stock outstanding on the Original Issue Date or permitted to be Incurred under paragraph (2)(p) of the "*Limitation on Indebtedness and Preferred Stock*" covenant;

(7) the redemption, repurchase or other acquisition of the Company's Common Stock or the declaration and payment of dividends by the Company in an aggregate amount not to exceed 30.0% of the profit for the year attributable to the owners of the Company (or the Dollar equivalent thereof) based on the consolidated financial statements of the Company in the immediate prior fiscal year;

(8) payments, including distributions, made under or in connection with any Perpetual Bond Obligation pursuant to the terms thereof or in connection with a repurchase or redemption thereof;

(9) payments of cash, dividends, distributions, advances or other Restricted Payments by the Company or any of its Restricted Subsidiaries to allow the payment of cash in lieu of fractional shares; **provided however, that** any such payment, dividend, distribution, advance or other Restricted Payment shall not be for the purpose of evading the limitation of this "*—Limitation on Restricted Payments*" covenant (as determined in good faith by the Board of Directors);

(10) payments made under a Staged Acquisition Agreement to acquire the Capital Stock of a Person **provided that** such Person becomes a Restricted Subsidiary on or before the last date in the period stipulated in such Staged Acquisition Agreement for which the purchase

price can be made (such date not to exceed 18 months from the date the Staged Acquisition Agreement was entered into) (the "**Deadline Date**"); **provided further that** in the event such Person does not become a Restricted Subsidiary on or before the Deadline Date, all payments previously made under this clause (8) shall be aggregated and constitute Restricted Payments made on the Deadline Date and such Restricted Payments must satisfy the other conditions under this "*Limitations on Restricted Payments*" covenant;

(11) the purchase by the Company or a Restricted Subsidiary of Capital Stock of any Restricted Subsidiary that is not Wholly Owned, directly or indirectly, by the Company from an Independent Third Party pursuant to an agreement entered into between/among the Company or any Restricted Subsidiary and such Independent Third Party solely for the purpose of acquiring real property or land use rights, **provided that** (x) such purchase occurs within 12 months after such Restricted Subsidiary acquires the real property or land use rights it was formed to acquire and (y) the Company delivers to the Trustee a Board Resolution set forth in an Officer's Certificate confirming that, in the opinion of the Board of Directors, the purchase price of such Capital Stock is less than or equal to the Fair Market Value of such Capital Stock;

(12) (A) the repurchase, redemption or other acquisition or retirement for value of the Capital Stock of the Company or any Restricted Subsidiary (directly or indirectly, including through any trustee, agent or nominee) in connection with an employee benefit plan or employee incentive scheme, and any corresponding Investment by the Company or any Restricted Subsidiary in any trust or similar arrangements to the extent of such repurchased, redeemed, acquired or retired Capital Stock, or (B) the repurchase, redemption or other acquisition or retirement for value of any Capital Stock of the Company or any Restricted Subsidiary held by an employee benefit plan or employee incentive scheme of the Company or any Restricted Subsidiary, any current or former officer, director, consultant, or employee of the Company or any Restricted Subsidiary (or permitted transferees, estates or heirs of any of the foregoing); **provided that** the aggregate consideration paid for all such repurchased, redeemed, acquired or retired Capital Stock shall not exceed US$25.0 million (or the Dollar Equivalent thereof); or

(13) distributions or payments of Securitization Fees in connection with Receivable Financing permitted under the Indenture, **provided that**, in the case of clause (2), (3) or (4) of the preceding paragraph, no Default shall have occurred and be continuing or would occur as a consequence of the actions or payments set forth therein.

Each Restricted Payment permitted pursuant to clauses (1) and (7) of the preceding paragraph shall be included in calculating whether the conditions of clause (c) of the first paragraph of this "*Limitation on Restricted Payments*" covenant have been met with respect to any subsequent Restricted Payments.

The amount of any Restricted Payments (other than cash) will be the Fair Market Value on the date of the Restricted Payment of the asset(s) or securities proposed to be transferred or issued by the Company or the Restricted Subsidiary, as the case may be, pursuant to the Restricted Payment. The value of any assets or securities that are required to be valued by this covenant will be their Fair Market Value. The Board of Directors' determination of the Fair Market Value of a Restricted Payment or any such assets or securities must be based upon an opinion or appraisal issued by an accounting, appraisal or investment banking firm of recognized international standing if the Fair Market Value exceeds US$15.0 million (or the Dollar Equivalent thereof).

Not later than the date of making any Restricted Payment (other than any Restricted Payment set forth in clauses (5) through (13) above) in excess of US$15.0 million (or the Dollar Equivalent thereof), the Company will deliver to the Trustee an Officer's Certificate stating that such Restricted Payment is permitted and setting forth the basis upon which the calculations required by this "*—Limitation on Restricted Payments*" covenant were computed, together with a copy of any fairness opinion or appraisal required by the Indenture.

Limitation on Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries

(1) Except as provided below, the Company will not, and will not permit any Restricted Subsidiary to, create or otherwise cause or permit to exist or become effective any encumbrance or restriction on the ability of any Restricted Subsidiary to:

(a) pay dividends or make any other distribution on any Capital Stock of such Restricted Subsidiary owned by the Company or any other Restricted Subsidiary;

(b) pay any Indebtedness or other obligation owed to the Company or any other Restricted Subsidiary;

(c) make loans or advances to the Company or any other Restricted Subsidiary; or

(d) sell, lease or transfer any of its property or assets to the Company or any other Restricted Subsidiary,

provided that for the avoidance of doubt the following shall not be deemed to constitute such an encumbrance or restriction: (i) the priority of any Preferred Stock in receiving dividends or liquidating distributions prior to dividends or liquidating distributions being paid on Common Stock; (ii) the subordination of loans or advances made to the Company or any Restricted Subsidiary to other Indebtedness Incurred by the Company or any Restricted Subsidiary; and (iii) the provisions contained in documentation governing Indebtedness requiring transactions between or among the Company and any Restricted Subsidiary or between or among any Restricted Subsidiary to be on fair and reasonable terms or on an arm's length basis.

(2) The provisions of paragraph (1) do not apply to any encumbrances or restrictions:

(a) existing in agreements as in effect on the Original Issue Date, or in the Notes, the Subsidiary Guarantees, the JV Subsidiary Guarantees, the Indenture, and any extensions, refinancings, renewals or replacements of any of the foregoing agreements; **provided that** the encumbrances and restrictions in any such extension, refinancing, renewal or replacement, taken as a whole, are no more restrictive in any material respect to the Holders than those encumbrances or restrictions that are then in effect and that are being extended, refinanced, renewed or replaced;

(b) existing under or by reason of applicable law, rule, regulation or order;

(c) existing with respect to any Person or the property or assets of such Person acquired by the Company or any Restricted Subsidiary, at the time of such acquisition and not Incurred in contemplation thereof, which encumbrances or restrictions are not applicable to any Person or the property or assets of any Person other than such Person or the property or assets of such Person so acquired, and any extensions, refinancings, renewals or replacements thereof; **provided that** the encumbrances and restrictions in any such extension, refinancing, renewal or replacement, taken as a whole, are no more restrictive in any material respect to the Holders than those encumbrances or restrictions that are then in effect and that are being extended, refinanced, renewed or replaced;

(d) that otherwise would be prohibited by the provision described in clause (1)(d) of this covenant if they arise, or are agreed to, in the ordinary course of business and, that (i) restrict in a customary manner the subletting, assignment or transfer of any property or asset that is subject to a lease or license, or (ii) exist by virtue of any Lien on, or agreement to transfer, option or similar right with respect to any property or assets of the Company or any Restricted Subsidiary not otherwise prohibited by the Indenture or (iii) do not relate to any Indebtedness, and that do not, individually or in the aggregate, detract from the value of property or assets of the Company or any Restricted Subsidiary in any manner material to the Company or any Restricted Subsidiary;

(e) with respect to a Restricted Subsidiary and imposed pursuant to an agreement that has been entered into for the sale or disposition of all or substantially all of the Capital Stock of, or property and assets of, such Restricted Subsidiary that is permitted by the "*—Limitation on Sales and Issuances of Capital Stock in Restricted Subsidiaries*," "*—Limitation on Indebtedness and Preferred Stock*" and "*—Limitation on Asset Sales*" covenants;

(f) with respect to any Restricted Subsidiary and imposed pursuant to an agreement that has been entered into for the Incurrence of Indebtedness or issuance of Preferred Stock of the type described under clause (2)(h), (2)(n), 2(o), (2)(p), (2)(q), (2)(r), (2)(s) (u), (v), (w) or (x) of the "*Limitation on Indebtedness and Preferred Stock*" covenant if, as determined by the Board of Directors, such encumbrances or restrictions are (i) customary for such types of agreements and (ii) would not, at the time agreed to, be expected to materially and adversely affect the ability of the Company to make required payment on the Notes and any extensions, refinancings, renewals or replacements of any of the foregoing agreements; **provided that** the encumbrances and restrictions in any such extension, refinancing, renewal or replacement, taken as a whole, are no more restrictive in any material respect to the Holders than those encumbrances or restrictions that are then in effect and that are being extended, refinanced, renewed or replaced;

(g) existing in customary provisions in shareholder agreements, joint venture agreements and other similar agreements permitted under the Indenture, to the extent such encumbrance or restriction relates to the activities or assets of a Restricted Subsidiary that is a party to such joint venture and if (as determined in good faith by the Board of Directors) (i) the encumbrances or restrictions are customary for a shareholder, joint venture or similar agreement of that type and (ii) the encumbrances or restrictions would not, at the time agreed to, be expected to materially and adversely affect (x) the ability of the Company to make the required payments on the Notes, or (y) any Subsidiary Guarantor or JV Subsidiary Guarantor to make required payments under its Subsidiary Guarantee or JV Subsidiary Guarantee, as applicable; or

(h) existing with respect to any Unrestricted Subsidiary or the property or assets of such Unrestricted Subsidiary that is designated as a Restricted Subsidiary in accordance with the terms of the Indenture at the time of such designation and not incurred in contemplation of such designation, which encumbrances or restrictions are not applicable to any Person or the property or assets of any Person other than such Subsidiary or its subsidiaries or the property or assets of such Subsidiary or its subsidiaries, and any extensions, refinancing, renewals or replacements thereof; **provided that** the encumbrances and restrictions in any such extension, refinancing, renewal or replacement, taken as a whole, are no more restrictive in any material respect to the Holders than those encumbrances or restrictions that are then in effect and that are being extended, refinanced, renewed or replaced.

Limitation on Sales and Issuances of Capital Stock in Restricted Subsidiaries

The Company will not sell, and will not permit any Restricted Subsidiary, directly or indirectly, to issue or sell any shares of Capital Stock of a Restricted Subsidiary (including options, warrants or other rights to purchase shares of such Capital Stock) except:

(1) to the Company or a Wholly Owned Restricted Subsidiary, or in the case of a Restricted Subsidiary that is not Wholly Owned, *pro rata* to its shareholders or incorporators;

(2) to the extent such Capital Stock represents director's qualifying shares or is required by applicable law to be held by a Person other than the Company or a Wholly Owned Restricted Subsidiary;

(3) for the sale of all of the shares of the Capital Stock of a Restricted Subsidiary if permitted under, and made in accordance with, the "*—Limitation on Asset Sales*" covenant;

(4) for the sale or issuance of Capital Stock of a Restricted Subsidiary if, immediately after giving effect to such sale or issuance, such Restricted Subsidiary would no longer constitute a Restricted Subsidiary and any remaining Investment in such Person would have been permitted to be made under the "*Limitation on Restricted Payments*" covenant if made on the date of such sale or issuance; **provided that** the Company complies with the "*—Limitation on Asset Sales"* covenant and **provided further that** paragraph (17)(b) of the definition of "**Permitted Investments**" shall not apply if such Investment in such Person immediately after giving effect to such issuance or sale would otherwise have been permitted under paragraph (17) of such definition; or

(5) for the sale or issuance of Capital Stock of a Restricted Subsidiary (which remains a Restricted Subsidiary after any such sale or issuance); **provided that** the Company or such Restricted Subsidiary applies the Net Cash Proceeds of such sale or issuance in accordance with the "*—Limitation on Asset Sales*" covenant.

Limitation on Issuances of Guarantees by Restricted Subsidiaries

The Company will not permit any Restricted Subsidiary which is not a Subsidiary Guarantor or a JV Subsidiary Guarantor, directly or indirectly, to Guarantee any Indebtedness ("**Guaranteed Indebtedness**") of the Company or any Subsidiary Guarantor or JV Subsidiary Guarantor, unless (1) (a) such Restricted Subsidiary simultaneously executes and delivers a supplemental indenture to the Indenture providing for an unsubordinated Subsidiary Guarantee (in the case of a Subsidiary Guarantor) or JV Subsidiary Guarantee (in the case of a JV Subsidiary Guarantor) of payment of the Notes by such Restricted Subsidiary and (b) such Restricted Subsidiary waives and will not in any manner whatsoever claim or take the benefit or advantage of, any rights of reimbursement, indemnity or subrogation or any other rights against the Company or any other Restricted Subsidiary as a result of any payment by such Restricted Subsidiary under its Subsidiary Guarantee or JV Subsidiary Guarantee, as the case may be, until the Notes have been paid in full or (2) such Guarantee is permitted by clauses (2)(c), (d) or (q) (in the case of clause (2)(q), with respect to the Guarantee provided by the Company or any Restricted Subsidiary in connection with any Cross Border Secured Indebtedness or through security over bank accounts, cash deposits or other assets to secure, directly or indirectly, any Bank Deposit Secured Indebtedness) under the caption "*—Limitation on Indebtedness and Preferred Stock*."

If the Guaranteed Indebtedness (1) ranks *pari passu* in right of payment with the Notes, any Subsidiary Guarantee or any JV Subsidiary Guarantee, then the Guarantee of such Guaranteed Indebtedness shall rank *pari passu* in right of payment with, or subordinated to, the Subsidiary Guarantee or the JV Subsidiary Guarantee, as the case may be, or (2) is subordinated in right of payment to the Notes, any Subsidiary Guarantee or any JV Subsidiary Guarantee, then the Guarantee of such Guaranteed Indebtedness shall be subordinated in right of payment to the Subsidiary Guarantee or the JV Subsidiary Guarantee, as the case may be, at least to the extent that the Guaranteed Indebtedness is subordinated to the Notes, the Subsidiary Guarantee or the JV Subsidiary Guarantee.

The Company will not permit any JV Subsidiary Guarantor, directly or indirectly, to guarantee any Indebtedness of the Company or any other Restricted Subsidiary unless the aggregate claims of the creditor under such guarantee will be limited to the JV Entitlement Amount. If any JV Subsidiary Guarantor guarantees any Indebtedness of the Company or any other Restricted Subsidiary where the aggregate claims of the creditor under such guarantee exceeds the JV Entitlement Amount, such JV Subsidiary Guarantee shall be replaced with a Subsidiary Guarantee given by a Subsidiary Guarantor.

Limitation on Transactions with Shareholders and Affiliates

The Company will not, and will not permit any Restricted Subsidiary to, directly or indirectly, enter into, renew or extend any transaction or arrangement (including, without limitation, the purchase, sale, lease or exchange of property or assets, or the rendering of any service) with (x) any holder (or any Affiliate of such holder) of 10.0% or more of any class of Capital Stock of the Company or (y) any Affiliate of the Company (each an "**Affiliate Transaction**"), unless:

(1) the Affiliate Transaction is on fair and reasonable terms that are no less favorable to the Company or the relevant Restricted Subsidiary than those that would have been obtained in a comparable transaction by the Company or the relevant Restricted Subsidiary with a Person that is not an Affiliate of the Company; and

(2) the Company delivers to the Trustee:

(a) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of US$15.0 million (or the Dollar Equivalent thereof), a Board Resolution set forth in an Officer's Certificate certifying that such Affiliate Transaction complies with this covenant and such Affiliate Transaction has been approved by a majority of the disinterested members of the Board of Directors; and

(b) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of US$20.0 million (or the Dollar Equivalent thereof), in addition to the Board Resolution required in clause 2(a) above, an opinion as to the fairness to the Company or the relevant Restricted Subsidiary of such Affiliate Transaction from a financial point of view issued by an accounting, appraisal or investment banking firm of recognized international standing.

The foregoing limitation does not limit, and shall not apply to:

(1) the payment of reasonable and customary regular fees and other compensation to directors of the Company or any Restricted Subsidiary who are not employees of the Company or any Restricted Subsidiary;

(2) transactions between or among the Company and any of its Wholly Owned Restricted Subsidiaries or between or among Wholly Owned Restricted Subsidiaries;

(3) any Restricted Payment of the type described in clauses (1), (2) or (3) of the first paragraph of the covenant described above under the caption "*—Limitation on Restricted Payments*" if permitted by that covenant;

(4) any sale of Capital Stock (other than Disqualified Stock) of the Company or Incurrence by the Company or any Restricted Subsidiary of Subordinated Shareholder Loans;

(5) the payment of compensation to officers and directors of the Company or any Restricted Subsidiary pursuant to an employee benefit, share option or similar schemes, for so long as such scheme is in compliance with the listing rules of the Hong Kong Stock Exchange, which as of the Original Issue Date require majority shareholder approval of any such scheme;

(6) loans or advances to employees, officers or directors in the ordinary course of business not to exceed US$5.0 million in the aggregate at any one time outstanding;

(7) any employment, consulting, service or termination agreement, or reasonable and customary indemnification arrangements, entered into by the Company or any of its Restricted Subsidiaries with directors, officers, employees and consultants in the ordinary course of business and the payment of compensation pursuant thereto;

(8) any transaction between (A) the Company or any Restricted Subsidiary and (B) any entity in the Restructuring Group entered into in connection with the proposed Restructuring, including but not limited to transactions entered into for purposes of any reorganization in connection with the proposed Restructuring and the entry into, and the performance thereof, of any underwriting agreement or other transaction documents in connection with the proposed Restructuring; and

(9) any transaction between (A) the Company or any Restricted Subsidiary and (B) any entity in the Restructuring Group entered into in the ordinary course of business, on fair and reasonable terms and disclosed in the offering document issued in connection with the proposed Restructuring, or any amendment or modification or extension or replacement thereof, so long as such amendment, modification or replacement is not more disadvantageous to the Company and its Restricted Subsidiaries in any material respect than the original transaction described in the offering document issued in connection with the proposed Restructuring and in compliance with the rules of the relevant Qualified Exchange.

In addition, the requirements of clause (2) of the first paragraph of this covenant shall not apply to (i) Investments (including Permitted Investments that are permitted under paragraph (17) of the definition of "*Permitted Investments*" but otherwise excluding any other Permitted Investments) not prohibited by the "Limitation on Restricted Payments" covenant, (ii) transactions pursuant to agreements in effect on the Original Issue Date and described in this offering memorandum, or any amendment or modification or replacement thereof, so long as such amendment, modification or replacement is not more disadvantageous to the Company and its Restricted Subsidiaries than the original agreement in effect on the Original Issue Date, (iii) any transaction between or among any of the Company, any Wholly Owned Restricted Subsidiary and any Restricted Subsidiary that is not a Wholly Owned Restricted Subsidiary or between or among Restricted Subsidiaries that are not Wholly Owned Restricted Subsidiaries; **provided that** in the case of clause (iii)(a) such transaction is entered into in the ordinary course of business and (b) none of the minority shareholders or minority partners of or in such Restricted Subsidiary that is not a Wholly Owned Subsidiary Guarantor is a Person described in clauses (x) or (y) of the first paragraph of this covenant (other than by reason of such minority shareholder or minority partner being an officer or director of such Restricted Subsidiary) and (iv) any transaction between or among any of the Company and the Restricted Subsidiaries and any Qualifying Related Entity that is an HKSE Compliant Transaction.

Limitation on Liens

The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, incur, assume or permit to exist any Lien on any Capital Stock of an Offshore Restricted Subsidiary (other than a Permitted Lien specified in clause (1)) unless the Notes are equally and ratably secured by such Lien.

The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, incur, assume or permit to exist any Lien of any nature whatsoever on any of its assets or properties of any kind, whether owned at the Original Issue Date or thereafter acquired, except Permitted Liens, unless the Notes are equally and ratably secured by such Lien.

Limitation on Sale and Leaseback Transactions

The Company will not, and will not permit any of its Restricted Subsidiaries to, enter into any Sale and Leaseback Transaction; **provided that** the Company or any Restricted Subsidiary may enter into a Sale and Leaseback Transaction if:

(1) the Company or any Restricted Subsidiary could have (a) Incurred Indebtedness in an amount equal to the Attributable Indebtedness relating to such Sale and Leaseback Transaction under the first paragraph of the covenant described above under "*—Limitation*

on Indebtedness and Preferred Stock" and (b) incurred a Lien to secure such Indebtedness pursuant to the covenant described above under the caption "*—Limitation on Liens*," in which case, the corresponding Indebtedness and Lien will be deemed incurred pursuant to those provisions;

(2) the gross cash proceeds of that Sale and Leaseback Transaction are at least equal to the Fair Market Value of the property that is the subject of such Sale and Leaseback Transaction; and

(3) the transfer of assets in that Sale and Leaseback Transaction is permitted by, and the Company or any Restricted Subsidiary applies the proceeds of such transaction in compliance with, the covenant described below under the caption "*—Limitation on Asset Sales*."

Limitation on Asset Sales

The Company will not, and will not permit any Restricted Subsidiary to, consummate any Asset Sale, unless:

(1) no Default shall have occurred and be continuing or would occur as a result of such Asset Sale;

(2) the consideration received by the Company or such Restricted Subsidiary, as the case may be, is at least equal to the Fair Market Value of the assets sold or disposed of; and

(3) at least 75.0% of the consideration received consists of cash, Temporary Cash Investments or Replacement Assets; **provided that** in the case of an Asset Sale in which the Company or such Restricted Subsidiary receives Replacement Assets involving aggregate consideration in excess of US$50.0 million (or the Dollar Equivalent thereof), the Company shall deliver to the Trustee an opinion as to the fairness to the Company or such Restricted Subsidiary of such Asset Sale from a financial point of view issued by an accounting, appraisal or investment banking firm of international standing. For purposes of this provision, each of the following will be deemed to be cash:

    (a) any liabilities, as shown on the Company's most recent consolidated balance sheet, of the Company or any Restricted Subsidiary (other than contingent liabilities and liabilities that are by their terms subordinated to the Notes, any Subsidiary Guarantee or any JV Subsidiary Guarantee) that are assumed by the transferee of any such assets pursuant to a customary assumption, assignment, novation or similar agreement that releases the Company or such Restricted Subsidiary from further liability; and

    (b) any securities, notes or other obligations received by the Company or any Restricted Subsidiary from such transferee that are promptly, but in any event within 30 days of closing, converted by the Company or such Restricted Subsidiary into cash, to the extent of the cash received in that conversion.

Within 360 days after the receipt of any Net Cash Proceeds from an Asset Sale, the Company (or the applicable Restricted Subsidiary, as the case may be) may apply such Net Cash Proceeds to:

(1) permanently repay Senior Indebtedness of the Company or a Subsidiary Guarantor or any Indebtedness of a Restricted Subsidiary that is not a Subsidiary Guarantor (and, if such Senior Indebtedness repaid is revolving credit Indebtedness, to correspondingly reduce commitments with respect thereto) in each case owing to a Person other than the Company or a Restricted Subsidiary; or

(2) acquire Replacement Assets.

Any Net Cash Proceeds from Asset Sales that are not applied or invested as provided in clauses (1) and (2) in the immediately preceding paragraph will constitute "**Excess Proceeds**." Excess Proceeds of less than US$15.0 million (or the Dollar Equivalent thereof) will be carried forward and accumulated. When accumulated Excess Proceeds exceeds US$15.0 million (or the Dollar Equivalent thereof), within 10 days thereof, the Company must make an Offer to Purchase Notes having a principal amount equal to:

(1) accumulated Excess Proceeds, multiplied by

(2) a fraction (x) the numerator of which is equal to the Dollar Equivalent of the outstanding principal amount of the Notes and (y) the denominator of which is equal to the Dollar Equivalent of the outstanding principal amount of the Notes and all *pari passu* Indebtedness similarly required to be repaid, redeemed or tendered for in connection with the related Asset Sale, rounded down to the nearest US$1,000.

The offer price in any Offer to Purchase will be equal to 100.0% of the principal amount plus accrued and unpaid interest to the date of purchase, and will be payable in cash.

If any Excess Proceeds remain after consummation of an Offer to Purchase, the Company may use those Excess Proceeds for any purpose not otherwise prohibited by the Indenture. If the aggregate principal amount of Notes (and any other *pari passu* Indebtedness) tendered into (or required to be prepaid or redeemed in connection with) such Offer to Purchase exceeds the amount of Excess Proceeds, the Trustee will select the Notes (and such other *pari passu* Indebtedness) to be purchased on a *pro rata* basis. Upon completion of each Offer to Purchase, the amount of Excess Proceeds will be reset at zero.

Limitation on the Company's Business Activities

The Company will not, and will not permit any Restricted Subsidiary to, directly or indirectly, engage in any business other than Permitted Businesses; **provided, however, that** the Company or any Restricted Subsidiary may own Capital Stock of an Unrestricted Subsidiary or joint venture or other entity that is engaged in a business other than Permitted Businesses as long as any Investment therein was not prohibited when made by the covenants under the caption "*—Limitation on Restricted Payments*."

Use of Proceeds

The Company will not, and will not permit any Restricted Subsidiary to, use the net proceeds from the sale of the Notes, in any amount, for any purpose other than (1) in the approximate amounts and for the purposes specified, including any adjustment in response to changes in acquisition or development plans, as contemplated under the caption "*Use of Proceeds*" in the offering memorandum relating to the Original Notes or this offering memorandum, as applicable (or in the case of Additional Notes (other than the New Notes), the offering or other document relating to the sale of such Additional Notes), and (2) pending the application of all of such net proceeds in such manner, to invest the portion of such net proceeds not yet so applied in Temporary Cash Investments.

Designation of Restricted and Unrestricted Subsidiaries

The Board of Directors may designate any Restricted Subsidiary to be an Unrestricted Subsidiary; **provided that** (1) no Default shall have occurred and be continuing at the time of or after giving effect to such designation; (2) neither the Company nor any Restricted Subsidiary provides credit support for the Indebtedness of such Restricted Subsidiary; (3) such Restricted Subsidiary has no outstanding Indebtedness that could trigger a cross-default to the Indebtedness of the Company; (4) such Restricted Subsidiary does not own any Disqualified Stock of the Company or Disqualified or Preferred Stock of another Restricted Subsidiary or hold any Indebtedness of, or any Lien on any property of, the Company or any Restricted Subsidiary, if such Disqualified or Preferred Stock or Indebtedness could not be Incurred under the covenant described under the caption "*—Limitation on Indebtedness and Preferred Stock" or such Lien would violate the covenant described under the caption* "*—Limitation on Liens*;" (5) such Restricted Subsidiary does not own any Voting Stock of another Restricted Subsidiary, and all of its Subsidiaries are Unrestricted Subsidiaries or are being concurrently designated to be Unrestricted

Subsidiaries in accordance with this paragraph; and (6) the Investment deemed to have been made thereby in such newly-designated Unrestricted Subsidiary and each other newly-designated Unrestricted Subsidiary being concurrently redesignated would be permitted to be made by the covenant described under "*—Limitation on Restricted Payments.*"

The Board of Directors may designate any Unrestricted Subsidiary to be a Restricted Subsidiary; **provided that** (1) no Default shall have occurred and be continuing at the time of or after giving effect to such designation; (2) any Indebtedness of such Unrestricted Subsidiary outstanding at the time of such designation which will be deemed to have been Incurred by such newly-designated Restricted Subsidiary as a result of such designation would be permitted to be Incurred by the covenant described under the caption "*—Limitation on Indebtedness and Preferred Stock;*" (3) any Lien on the property of such Unrestricted Subsidiary at the time of such designation which will be deemed to have been incurred by such newly-designated Restricted Subsidiary as a result of such designation would be permitted to be incurred by the covenant described under the caption "*—Limitation on Liens*;" (4) such Unrestricted Subsidiary is not a Subsidiary of another Unrestricted Subsidiary (that is not concurrently being designated as a Restricted Subsidiary); and (5) if such Restricted Subsidiary is not an Exempted Subsidiary or a Listed Subsidiary or is not organized under the laws of the PRC and is not an Offshore Non-Guarantor Subsidiary, such Restricted Subsidiary shall upon such designation execute and deliver to the Trustee a supplemental indenture to the Indenture by which such Restricted Subsidiary shall become a Subsidiary Guarantor or a JV Subsidiary Guarantor.

Governmental Approvals and Licenses; Compliance with Law

The Company will, and will cause each Restricted Subsidiary to, (1) obtain and maintain in full force and effect all governmental approvals, authorizations, consents, permits, concessions and licenses as are necessary to engage in the Permitted Businesses; (2) preserve and maintain good and valid title to its properties and assets (including land-use rights) free and clear of any Liens other than Permitted Liens; and (3) comply with all laws, regulations, orders, judgments and decrees of any governmental body, except to the extent that failure so to obtain, maintain, preserve and comply would not reasonably be expected to have a material adverse effect on (a) the business, results of operations or prospects of the Company and its Restricted Subsidiaries, taken as a whole, or (b) the ability of the Company, any Subsidiary Guarantor or any JV Subsidiary Guarantor to perform its obligations under the Notes, the relevant Subsidiary Guarantee, the relevant JV Subsidiary Guarantee or the Indenture.

Anti-Layering

The Company will not Incur, and will not permit any Subsidiary Guarantor or JV Subsidiary Guarantor to Incur, any Indebtedness if such Indebtedness is contractually subordinated in right of payment to any other Indebtedness of the Company, such Subsidiary Guarantor or such JV Subsidiary Guarantor, as the case may be, unless such Indebtedness is also contractually subordinated in right of payment to the Notes, the applicable Subsidiary Guarantee or the applicable JV Subsidiary Guarantee, on substantially identical terms. This does not apply to distinctions between categories of Indebtedness that exist by reason of any Liens or Guarantees securing or in favor of some but not all of such Indebtedness.

Suspension of Certain Covenants

If, on any date following the date of the Indenture, the Notes have a rating of Investment Grade from at least one Rating Agency and no Default has occurred and is continuing (a "**Suspension Event**"), then, beginning on that day and continuing until such time, if any, at which the Notes cease to have a rating of Investment Grade from at least one Rating Agency, the provisions of the Indenture summarized under the following captions will be suspended:

(1) "*—Certain Covenants—Limitation on Indebtedness and Preferred Stock*;"

(2) "*—Certain Covenants—Limitation on Restricted Payments*;"

(3) "*—Certain Covenants—Limitation on Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries*;"

(4) "*—Certain Covenants—Limitation on Sales and Issuances of Capital Stock in Restricted Subsidiaries*;"

(5) "*—Certain Covenants—Limitation on Issuances of Guarantees by Restricted Subsidiaries*;"

(6) "*—Certain Covenants—Limitation on the Company's Business Activities*;"

(7) "*—Certain Covenants—Limitation on Sale and Leaseback Transactions*;" and

(8) "*—Certain Covenants—Limitation on Asset Sales*."

During any period that the foregoing covenants have been suspended, the Board of Directors may not designate any of the Restricted Subsidiaries as Unrestricted Subsidiaries pursuant to the covenant summarized under the caption *"—Certain Covenants—Designation of Restricted and Unrestricted Subsidiaries*" or the definition of "*Unrestricted Subsidiary*."

Such covenants will be reinstituted and apply according to their terms as of and from the first day on which a Suspension Event ceases to be in effect. Such covenants will not, however, be of any effect with regard to actions of the Company or any Restricted Subsidiary properly taken in compliance with the provisions of the Indenture during the continuance of the Suspension Event, and following reinstatement the calculations under the covenant summarized under *"—Certain Covenants—Limitation on Restricted Payments*" will be made as if such covenant had been in effect since the date of the Indenture except that no Default will be deemed to have occurred solely by reason of a Restricted Payment made while that covenant was suspended. There can be no assurance that the Notes will ever achieve a rating of Investment Grade or that any such rating will be maintained.

Provision of Financial Statements and Reports

(1) So long as any of the Notes remain outstanding, the Company will file with the Trustee and furnish to the Holders upon request, as soon as they are available but in any event not more than 10 calendar days after they are filed with The Stock Exchange of Hong Kong Limited or any other recognized exchange on which the Company's ordinary shares are at any time listed for trading, true and correct copies of any financial or other report in the English language filed with such exchange; **provided that** if at any time the Common Stock of the Company ceases to be listed for trading on a recognized stock exchange, the Company will file with the Trustee and furnish to the Holders:

(a) as soon as they are available, but in any event within 90 calendar days after the end of the fiscal year of the Company, copies of its financial statements (on a consolidated basis in English) in respect of such financial year (including a statement of income, balance sheet and cash flow statement) audited by a member firm of an internationally-recognized firm of independent accountants;

(b) as soon as they are available, but in any event within 60 calendar days after the end of the second financial quarter of the Company, copies of its financial statements (on a consolidated basis in English) in respect of such half-year period (including a statement of income, balance sheet and cash flow statement) reviewed by a member firm of an internationally-recognized firm of independent accountants; and

(c) as soon as they are available, but in any event within 60 calendar days after the end of each of the first and third financial quarter of the Company, copies of its unaudited financial statements (on a consolidated basis), including a statement of income, balance sheet and cash flow statement, prepared on a basis consistent with the audited financial statements of the Company together with a certificate signed by the person then authorized to sign financial statements on behalf of the Company to the effect that such financial statements are true in all material respects and present fairly the financial position of the Company as at the end of, and the results of its operations for, the relevant quarterly period.

(2) In addition, so long as any of the Notes remain outstanding, the Company will provide to the Trustee (a) within 120 days after the close of each fiscal year, an Officer's Certificate stating the Fixed Charge Coverage Ratio with respect to the two most recent fiscal semi-annual periods and showing in reasonable detail the calculation of the Fixed Charge Coverage Ratio, including the arithmetic computations of each component of the Fixed Charge Coverage Ratio, with a certificate from the Company's external auditors verifying the accuracy and correctness of the calculation and arithmetic computation, **provided that** the Company shall not be required to provide such auditor certification if its external auditors refuse to provide such certification as a result of a policy of such external auditors not to provide such certification; and (b) as soon as possible and in any event within 30 days after the Company becomes aware or should reasonably become aware of the occurrence of a Default, an Officer's Certificate setting forth the details of the Default, and the action which the Company proposes to take with respect thereto.

Events of Default

The following events are defined as "**Events of Default**" in the Indenture:

(1) default in the payment of principal of (or premium, if any, on) the Notes when the same becomes due and payable at maturity, upon acceleration, redemption or otherwise;

(2) default in the payment of interest on any Note when the same becomes due and payable, and such default continues for a period of 30 consecutive days;

(3) default in the performance or breach of the provisions of the covenant described under "*—Consolidation, Merger and Sale of Assets*," or the failure by the Company to make or consummate an Offer to Purchase in the manner described under the captions "*—Repurchase of Notes upon a Change of Control Triggering Event*" or "*—Limitation on Asset Sales*;"

(4) the Company or any Restricted Subsidiary defaults in the performance of or breaches any other covenant or agreement in the Indenture or under the Notes (other than a default specified in clause (1), (2) or (3) above) and such default or breach continues for a period of 30 consecutive days after written notice by the Trustee or the Holders of 25.0% or more in aggregate principal amount of the Notes;

(5) there occurs with respect to any Indebtedness of the Company or any Restricted Subsidiary having an outstanding principal amount of US$20.0 million (or the Dollar Equivalent thereof) or more in the aggregate for all such Indebtedness of all such Persons, whether such Indebtedness now exists or shall hereafter be created, (a) an event of default that has caused the holder thereof to declare such Indebtedness to be due and payable prior to its Stated Maturity and/or (b) the failure to make a payment of principal when due and payable;

(6) one or more final judgments or orders for the payment of money are rendered against the Company or any of its Restricted Subsidiaries and are not paid or discharged, and there is a period of 60 consecutive days following entry of the final judgment or order that causes the aggregate amount for all such final judgments or orders outstanding and not paid or discharged against all such Persons to exceed US$20.0 million (or the Dollar Equivalent thereof) (in excess of amounts that the Company's insurance carriers have agreed to pay under applicable policies) during which a stay of enforcement, by reason of a pending appeal or otherwise, is not in effect;

(7) an involuntary case or other proceeding is commenced against the Company or any Significant Subsidiary with respect to it or its debts under any applicable bankruptcy,

insolvency or other similar law now or hereafter in effect seeking the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Company or any Significant Subsidiary or for any substantial part of the property and assets of the Company or any Significant Subsidiary and such involuntary case or other proceeding remains undismissed and unstayed for a period of 60 consecutive days; or an order for relief is entered against the Company or any Significant Subsidiary under any applicable bankruptcy, insolvency or other similar law as now or hereafter in effect;

(8) the Company or any Significant Subsidiary (a) commences a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or consents to the entry of an order for relief in an involuntary case under any such law, (b) consents to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Company or any Significant Subsidiary or for all or substantially all of the property and assets of the Company or any Significant Subsidiary or (c) effects any general assignment for the benefit of creditors (other than, in each case under (b) above, any of the foregoing that arises from any solvent liquidation or restructuring of a Significant Subsidiary in the ordinary course of business that shall result in the net assets of such Significant Subsidiary being transferred to or otherwise vested in the Company or any Restricted Subsidiary on a *pro rata* basis or on a basis more favorable to the Company); or

(9) any Subsidiary Guarantor or JV Subsidiary Guarantor denies or disaffirms its obligations under its Subsidiary Guarantee or JV Subsidiary Guarantee or, except as permitted by the Indenture, any Subsidiary Guarantee or JV Subsidiary Guarantee is determined to be unenforceable or invalid or shall for any reason cease to be in full force and effect.

If an Event of Default (other than an Event of Default specified in clause (7) or (8) above) occurs and is continuing under the Indenture, the Trustee or the Holders of at least 25.0% in aggregate principal amount of the Notes then outstanding, by written notice to the Company (and to the Trustee if such notice is given by the Holders), may, and the Trustee at the written request of such Holders (subject to being indemnified and/or secured to its satisfaction (including by way of pre-funding)) shall, declare the principal of, premium, if any, and accrued and unpaid interest on the Notes to be immediately due and payable. Upon a declaration of acceleration, such principal of, premium, if any, and accrued and unpaid interest shall be immediately due and payable. If an Event of Default specified in clause (7) or (8) above occurs with respect to the Company or any Significant Subsidiary, the principal of, premium, if any, and accrued and unpaid interest on the Notes then outstanding shall automatically become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Holder.

The Holders of at least a majority in principal amount of the outstanding Notes by written notice to the Company and to the Trustee may on behalf of the Holders waive all past defaults and rescind and annul a declaration of acceleration and its consequences if:

(1) all existing Events of Default, other than the nonpayment of the principal of, premium, if any, and interest on the Notes that have become due solely by such declaration of acceleration, have been cured or waived, and

(2) the rescission would not conflict with any judgment or decree of a court of competent jurisdiction.

Upon such waiver, the Default will cease to exist, and any Event of Default arising therefrom will be deemed to have been cured, but no such waiver will extend to any subsequent or other Default or impair any right consequent thereon.

If an Event of Default occurs and is continuing, the Trustee may pursue, in its own name or as trustee of an express trust, any available remedy by proceeding at law or in equity to collect the payment of principal of and interest on the Notes or to enforce the performance of any provision of the Notes or the Indenture. The Trustee may maintain a proceeding even if it does not possess any of the Notes or does not produce any of them in the proceeding. Subject to the provisions of the Indenture, the Trustee is under no obligation to exercise any of its rights or powers under the Indenture unless indemnity and/or security (including by way of pre-funding) satisfactory to the Trustee against any loss, liability or expense shall have been offered to the Trustee.

The Holders of at least a majority in aggregate principal amount of the outstanding Notes may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee. However, the Trustee may refuse to follow any direction that conflicts with law or the Indenture, that may involve the Trustee in personal liability, or that the Trustee determines may be unduly prejudicial to the rights of Holders not joining in the giving of such direction and may take any other action it deems proper that is not inconsistent with any such direction received from Holders.

A Holder may not institute any proceeding, judicial or otherwise, with respect to the Indenture or the Notes, or for the appointment of a receiver or trustee, or for any other remedy under the Indenture or the Notes, unless:

(1) the Holder has previously given the Trustee written notice of a continuing Event of Default;

(2) the Holders of at least 25.0% in aggregate principal amount of outstanding Notes make a written request to the Trustee to pursue the remedy;

(3) such Holder or Holders offer the Trustee indemnity and/or security (including by way of pre-funding) satisfactory to the Trustee against any costs, liability or expense to be incurred in compliance with such request;

(4) the Trustee does not comply with the request within 60 days after receipt of the request and the offer of indemnity and/or security (including by way of pre-funding); and

(5) during such 60-day period, the Holders of a majority in aggregate principal amount of the outstanding Notes do not give the Trustee a direction that is inconsistent with the request.

However, such limitations do not apply to the right of any Holder to receive payment of the principal of, premium, if any, or interest on, such Note, or to bring suit for the enforcement of any such payment, on or after the due date expressed in the Notes, which right shall not be impaired or affected without the consent of the Holder.

Officers of the Company must certify, on or before a date not more than 120 days after the end of each fiscal year, that a review has been conducted of the activities of the Company and its Restricted Subsidiaries and the Company's and its Restricted Subsidiaries' performance under the Indenture and that the Company has fulfilled all obligations thereunder, or, if there has been a default in the fulfillment of any such obligation, specifying each such default and the nature and status thereof. The Company will also be obligated to notify the Trustee of any default or defaults in the performance of any covenants or agreements under the Indenture. See "*—Provision of Financial Statements and Reports*."

Consolidation, Merger and Sale of Assets

The Company will not consolidate with, merge with or into another Person, permit any Person to merge with or into it, or sell, convey, transfer, lease or otherwise dispose of all or substantially all of its and its Restricted Subsidiaries' properties and assets (computed on a consolidated basis) (as an entirety or substantially an entirety in one transaction or a series of related transactions), unless:

(1) the Company shall be the continuing Person, or the Person (if other than it) formed by such consolidation or merger or that acquired or leased such property and assets (the "**Surviving Person**") shall be a corporation organized and validly existing under the laws of the Cayman Islands, Hong Kong or the British Virgin Islands and shall expressly assume, by a supplemental indenture to the Indenture, executed and delivered to the Trustee, all the

obligations of the Company under the Indenture and the Notes, as the case may be, including the obligation to pay Additional Amounts with respect to any jurisdiction in which it is organized or resident for tax purposes or through which it makes payments, and the Indenture and the Notes, as the case may be, shall remain in full force and effect;

(2) immediately after giving effect to such transaction, no Default shall have occurred and be continuing;

(3) immediately after giving effect to such transaction on a *pro forma* basis, the Company or the Surviving Person, as the case may be, shall have a Consolidated Net Worth equal to or greater than the Consolidated Net Worth of the Company immediately prior to such transaction;

(4) immediately after giving effect to such transaction on a *pro forma* basis the Company or the Surviving Person, as the case may be, could Incur at least US$1.00 of Indebtedness under the first paragraph of the covenants under the caption "*—Limitation on Indebtedness and Preferred Stock*;"

(5) the Company delivers to the Trustee (x) an Officer's Certificate (attaching the arithmetic computations to demonstrate compliance with clauses (3) and (4)) and (y) an Opinion of Counsel, in each case stating that such consolidation, merger or transfer and the relevant supplemental indenture complies with this provision and that all conditions precedent provided for in the Indenture relating to such transaction have been complied with;

(6) each Subsidiary Guarantor and JV Subsidiary Guarantor, unless such Subsidiary Guarantor or JV Subsidiary Guarantor is the Person with which the Company has entered into a transaction described under the caption "*—Consolidation, Merger and Sale of Assets*," shall execute and deliver a supplemental indenture to the Indenture confirming that its Subsidiary Guarantee or JV Subsidiary Guarantee, as applicable, shall apply to the obligations of the Company or the Surviving Person in accordance with the Notes and the Indenture; and

(7) no Rating Decline shall have occurred.

No Subsidiary Guarantor or JV Subsidiary Guarantor will consolidate with, merge with or into another Person, permit any Person to merge with or into it, or sell, convey, transfer, lease or otherwise dispose of all or substantially all of its and its Restricted Subsidiaries' properties and assets (computed on a consolidated basis) (as an entirety or substantially an entirety in one transaction or a series of related transactions) to another Person (other than the Company or another Subsidiary Guarantor or, in the case of a JV Subsidiary Guarantor, other than to another JV Subsidiary Guarantor, the Company or a Subsidiary Guarantor), unless:

(1) such Subsidiary Guarantor or JV Subsidiary Guarantor shall be the continuing Person, or the Person (if other than it) formed by such consolidation or merger or that acquired or leased such property and assets shall be the Company, another Subsidiary Guarantor or shall become a Subsidiary Guarantor concurrently with the transaction (or, in the case of a JV Subsidiary Guarantor, another JV Subsidiary Guarantor, the Company or a Subsidiary Guarantor); and shall expressly assume, by a supplemental indenture to the Indenture, executed and delivered to the Trustee, all the obligations of such Subsidiary Guarantor or JV Subsidiary Guarantor under the Indenture and the Notes, as the case may be, including the obligation to pay Additional Amounts with respect to any jurisdiction in which it is organized or resident for tax purposes or through which it makes payments, and the Indenture and the Notes, as the case may be, shall remain in full force and effect;

(2) immediately after giving effect to such transaction, no Default shall have occurred and be continuing;

(3) immediately after giving effect to such transaction on a *pro forma* basis, the Company shall have a Consolidated Net Worth equal to or greater than the Consolidated Net Worth of the Company immediately prior to such transaction;

(4) immediately after giving effect to such transaction on a *pro forma* basis, the Company could Incur at least US$1.00 of Indebtedness under the first paragraph of the covenants under the caption "*—Limitation on Indebtedness and Preferred Stock*;"

(5) the Company delivers to the Trustee (x) an Officer's Certificate (attaching the arithmetic computations to demonstrate compliance with clauses (3) and (4)) and (y) an Opinion of Counsel, in each case stating that such consolidation, merger or transfer and the relevant supplemental indenture complies with this provision and that all conditions precedent provided for in the Indenture relating to such transaction have been complied with; and

(6) no Rating Decline shall have occurred.

provided that this paragraph shall not apply to any sale or other disposition that complies with the "*—Limitation on Asset Sales*" covenant or any Subsidiary Guarantor or JV Subsidiary Guarantor whose Subsidiary Guarantee or JV Subsidiary Guarantee, as the case may be, is unconditionally released in accordance with the provisions described under "*—The Subsidiary Guarantees—Release of the Subsidiary Guarantees and JV Subsidiary Guarantees*."

Although there is a limited body of case law interpreting the phrase "substantially all," there is no precise established definition of the phrase under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve "all or substantially all" of the property or assets of a Person.

The foregoing requirements shall not apply to a consolidation or merger of any Subsidiary Guarantor or JV Subsidiary Guarantor with and into the Company or any other Subsidiary Guarantor or JV Subsidiary Guarantor, so long as the Company or such Subsidiary Guarantor or JV Subsidiary Guarantor survives such consolidation or merger.

The foregoing provisions would not necessarily afford Holders protection in the event of highly-leveraged or other transactions involving the Company that may adversely affect Holders.

No Payments for Consents

The Company will not, and shall not permit any of its Subsidiaries to, directly or indirectly, pay or cause to be paid any consideration, whether by way of interest, fee or otherwise, to any Holder for or as an inducement to any consent, waiver or amendment of any of the terms or provisions of the Indenture or the Notes unless such consideration is offered to be paid or is paid to all Holders that consent, waive or agree to amend such term or provision within the time period set forth in the solicitation documents relating to such consent, waiver or amendment.

Notwithstanding the foregoing, in any offer or payment of consideration for, or as an inducement to, any consent, waiver or amendment of any of the terms or provisions of the Indenture, the Notes or the Guarantees in connection with an exchange offer or a tender offer, the Company and any of its Subsidiaries may exclude (i) Holders or beneficial owners of Notes that are located in the U.S. or "U.S. persons" as defined in Regulation S under the Securities Act and (ii) Holders or beneficial owners of Notes in any jurisdiction (other than the United States) where the inclusion of such Holders or beneficial owners would require the Company or any of its Subsidiaries to comply with the registration requirements or other similar requirements under any securities laws of any jurisdiction, or the solicitation of such consent, waiver or amendment from, or the granting of such consent or waiver, or the approval of such amendment by, Holders or beneficial owners in such jurisdiction would be unlawful, in each case as determined by the Company in good faith.

Defeasance

Defeasance and Discharge

The Indenture provides that the Company will be deemed to have paid and will be discharged from any and all obligations in respect of the Notes on the 183rd day after the deposit referred to below, and the provisions of the Indenture will no longer be in effect with respect to the Notes (except for, among other matters, certain obligations to register the transfer or exchange of the Notes, to replace stolen, lost or mutilated Notes, to maintain paying agencies, to hold monies for payment in trust and to pay Additional Amounts) if, among other things:

(1) the Company (a) has deposited with the Trustee (or its agent), in trust, money and/or U.S. Government Obligations that through the payment of interest and principal in respect thereof in accordance with their terms will provide money in an amount sufficient to pay the principal of, premium, if any, and accrued interest on the Notes on the Stated Maturity for such payments in accordance with the terms of the Indenture and the Notes and (b) delivers to the Trustee an Opinion of Counsel or a certificate of an internationally-recognized firm of independent accountants to the effect that the amount deposited by the Company is sufficient to provide payment for the principal of, premium, if any, and accrued interest on, the Notes on the Stated Maturity for such payment in accordance with the terms of the Indenture;

(2) the Company has delivered to the Trustee an Opinion of Counsel of recognized international standing to the effect that the creation of the defeasance trust does not violate the U.S. Investment Company Act of 1940, as amended, and after the passage of 123 days following the deposit, the trust fund will not be subject to the effect of Section 547 of the United States Bankruptcy Code or Section 15 of the New York Debtor and Creditor Law; and

(3) immediately after giving effect to such deposit on a *pro forma* basis, no Event of Default, or event that after the giving of notice or lapse of time or both would become an Event of Default, shall have occurred and be continuing on the date of such deposit or during the period ending on the 183rd day after the date of such deposit, and such defeasance shall not result in a breach or violation of, or constitute a default under, any other agreement or instrument to which the Company or any of its Restricted Subsidiaries is a party or by which the Company or any of its Restricted Subsidiaries is bound.

In the case of either discharge or defeasance of the Notes, the Subsidiary Guarantees and JV Subsidiary Guarantees will terminate.

Defeasance of Certain Covenants

The Indenture further provides that (i) the provisions of the Indenture applicable to the Notes will no longer be in effect with respect to clauses (3), (4) and (5)(x) under the first paragraph, and clauses (3), (4) and (5)(x) under the second paragraph under "*—Consolidation, Merger and Sale of Assets*" and all the covenants described herein under "*—Certain Covenants*," other than as described under "*—Certain Covenants-Governmental Approvals and Licenses; Compliance with Law* " and " *—Certain Covenants-Anti-Layering*," and (ii) clause (3) under "*Events of Default*" with respect to clauses (3), (4) and (5)(x) under the first paragraph, and clauses (3), (4) and (5)(x) under the second paragraph under "*Consolidation, Merger and Sale of Assets*" and with respect to the other events set forth in clause (i) above, clause (4) under "*Events of Default*" with respect to such other covenants in clause (i) above and clauses (5) and (6) under "*Events of Default*" shall be deemed not to be Events of Default upon, among other things, the deposit with the Trustee (or its agent), in trust, of money, U.S. Government Obligations or a combination thereof that through the payment of interest and principal in respect thereof in accordance with their terms will provide money in an amount sufficient to pay the principal of, premium, if any, and accrued interest on the Notes on the Stated Maturity of such payments in accordance with the terms of the Indenture and the Notes, the satisfaction of the provisions described in clause (2) of the preceding paragraph.

Defeasance and Certain Other Events of Default

In the event that the Company exercises its option to omit compliance with certain covenants and provisions of the Indenture as described in the immediately preceding paragraph and the Notes are declared due and payable because of the occurrence of an Event of Default that remains applicable, the amount of money and/or U.S. Government Obligations on deposit with the Trustee will be sufficient to pay amounts due on the Notes at the time of their Stated Maturity but may not be sufficient to pay amounts due on the Notes at the time of the acceleration resulting from such Event of Default. However, the Company will remain liable for such payments.

Satisfaction and Discharge

The Indenture will be discharged and will cease to be of further effect (except as to surviving rights of registration of transfer or exchange of the Notes, as expressly provided for in the Indenture) as to all outstanding Notes when:

(a) either:

(1) all of the Notes theretofore authenticated and delivered (except lost, stolen or destroyed Notes which have been replaced or paid and Notes for whose payment money has theretofore been deposited in trust by the Company and thereafter repaid to the Company) have been delivered to the Trustee for cancellation or

(2) all Notes not theretofore delivered to the Trustee for cancellation have become due and payable pursuant to an optional redemption notice or otherwise or will become due and payable within one year, and the Company or any Subsidiary Guarantor has irrevocably deposited or caused to be deposited with the Trustee funds, in cash in U.S. dollars, non-callable U.S. Government Obligations or a combination thereof, in an amount sufficient, without consideration of any reinvestment of interest, to pay and discharge the entire indebtedness on the Notes not theretofore delivered to the Trustee for cancellation, for principal of, premium, if any, and interest on the Notes (and Additional Amounts, if any) to the date of maturity or redemption together with irrevocable instructions from the Company directing the Trustee to apply such funds to the payment thereof at maturity or redemption, as the case may be;

(b) the Company, any Subsidiary Guarantor or any JV Subsidiary Guarantor has paid all other sums payable under the Indenture by the Company; and

(c) no Default or Event of Default will have occurred and be continuing on the date of such deposit or will occur as a result of such deposit and such deposit will not result in a breach or violation of, or constitute a default under, any other instruments to which the Company, any Subsidiary Guarantor or any JV Subsidiary Guarantor is a party or by which the Company, any Subsidiary Guarantor or any JV Subsidiary Guarantor is bound.

The Trustee will acknowledge the satisfaction and discharge of the Indenture if the Company has delivered to the Trustee an Officer's Certificate and an Opinion of Counsel stating that all conditions precedent under the Indenture relating to the satisfaction and discharge of the Indenture have been complied with.

Amendments and Waiver

Amendments without Consent of Holders

The Indenture may be amended, without the consent of any Holder, to:

(1) cure any ambiguity, defect, omission or inconsistency in the Indenture and the Notes;

(2) comply with the provisions described under "—*Consolidation, Merger and Sale of Assets*," including the assumption of obligations required thereby;

(3) evidence and provide for the acceptance of appointment by a successor Trustee;

(4) add any Subsidiary Guarantor or JV Subsidiary Guarantor, or any Subsidiary Guarantee or JV Subsidiary Guarantee, or release any Subsidiary Guarantor or JV Subsidiary Guarantor from any Subsidiary Guarantee or JV Subsidiary Guarantee, as the case may be, as provided or permitted by the terms of the Indenture;

(5) provide for the issuance of Additional Notes in accordance with the limitations set forth in the Indenture;

(6) add collateral to secure the Notes, any Subsidiary Guarantee or any JV Subsidiary Guarantee;

(7) in any other case where a supplemental indenture to the Indenture is required or permitted to be entered into pursuant to the provisions of the Indenture without the consent of any Holder;

(8) effect any changes to the Indenture in a manner necessary to comply with the procedures of Euroclear or Clearstream;

(9) make any other change that does not materially and adversely affect the rights of any Holder; or

(10) conform the text of the Indenture, the Notes, the Subsidiary Guarantees or the JV Subsidiary Guarantees to any provision of this "**Description of the Notes**" to the extent that such provision in this "**Description of the Notes**" was intended to be a verbatim recitation of a provision in the Indenture, the Notes, the Subsidiary Guarantees or the JV Subsidiary Guarantees.

Amendments with Consent of Holders

The Indenture may be amended with the consent of the Holders of not less than a majority in aggregate principal amount of the outstanding Notes, and the Trustee, acting on the instructions of such Holders, may waive future compliance by the Company or any Subsidiary Guarantor with any provision thereof; **provided, however, that** no such modification, amendment or waiver may, without the consent of each Holder affected thereby:

(1) change the Stated Maturity of the principal of, or any installment of interest on, any Note;

(2) reduce the principal amount of, or premium, if any, or interest on, any Note;

(3) change the currency or time of payment of principal of, or premium, if any, or interest on, any Note;

(4) impair the right to institute suit for the enforcement of any payment on or after the Stated Maturity (or, in the case of a redemption, on or after the redemption date) of any Note, any Subsidiary Guarantee or any JV Subsidiary Guarantee;

(5) reduce the above-stated percentage of outstanding Notes the consent of whose Holders is necessary to modify or amend the Indenture;

(6) waive a default in the payment of principal of, premium, if any, or interest on the Notes;

(7) release any Subsidiary Guarantor or JV Subsidiary Guarantor from its Subsidiary Guarantee or JV Subsidiary Guarantee, as the case may be, except as provided in the Indenture;

(8) reduce the percentage or aggregate principal amount of outstanding Notes the consent of whose Holders is necessary for waiver of compliance with certain provisions of the Indenture or for waiver of certain defaults;

(9) amend, change or modify any Subsidiary Guarantee or JV Subsidiary Guarantee in a manner that adversely affects the Holders;

(10) reduce the amount payable upon a Change of Control Offer or an Offer to Purchase with the Excess Proceeds from any Asset Sale or, change the time or manner by which a Change of Control Offer or an Offer to Purchase with the Excess Proceeds or other proceeds from any Asset Sale may be made or by which the Notes must be repurchased pursuant to a Change of Control Offer or an Offer to Purchase with the Excess Proceeds or other proceeds from any Asset Sale;

(11) change the redemption date or the redemption price of the Notes from that stated under the captions "*—Optional Redemption*" or "*—Redemption for Taxation Reasons*;"

(12) amend, change or modify the obligation of the Company or any Subsidiary Guarantor or any JV Subsidiary Guarantor to pay Additional Amounts; or

(13) amend, change or modify any provision of the Indenture or the related definition affecting the ranking of the Notes, any Subsidiary Guarantee or any JV Subsidiary Guarantee in a manner which adversely affects the Holders.

Unclaimed Money

Claims against the Company for the payment of principal of, premium, if any, or interest on, the Notes will become void unless presentation for payment is made as required in the Indenture within a period of six years.

No Personal Liability of Incorporators, Stockholders, Officers, Directors or Employees

No recourse for the payment of the principal of, premium, if any, or interest on any of the Notes or for any claim based thereon or otherwise in respect thereof, and no recourse under or upon any obligation, covenant or agreement of the Company, any of the Subsidiary Guarantors or any of the JV Subsidiary Guarantors in the Indenture, or in any of the Notes, the Subsidiary Guarantees or the JV Subsidiary Guarantees, or because of the creation of any Indebtedness represented thereby, shall be had against any incorporator, stockholder, officer, director, employee or controlling person of the Company, any of the Subsidiary Guarantors or JV Subsidiary Guarantors, or of any successor Person thereof. Each Holder, by accepting the Notes, waives and releases all such liability. The waiver and release are part of the consideration for the issuance of the Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees. Such waiver may not be effective to waive liabilities under the federal securities laws.

Concerning the Trustee and the Principal Paying and Transfer Agent

The Hongkong and Shanghai Banking Corporation Limited has been appointed as Trustee under the Indenture, and The Hongkong and Shanghai Banking Corporation Limited has been appointed as registrar (the "**Registrar**") and as the principal paying and transfer agent (the "**Principal Paying and Transfer Agent**" and together with the Registrar, the "**Agents**") with regard to the Notes. Except during the continuance of an Event of Default, the Trustee undertakes to perform such duties and only such duties as are specifically set forth in the Indenture and no implied covenants or obligations will be read into the Indenture against the Trustee. If an Event of Default has occurred and is continuing, the Trustee will use the same degree of care and skill in its exercise of the rights and powers vested in it under the Indenture as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs. The Trustee shall not be deemed to have knowledge of an Event of Default until it has received written notice of the occurrence thereof.

Notwithstanding any provision to the contrary in the Notes or the Indenture, whenever the Trustee is required or entitled by the terms and provisions of the aforesaid to exercise any discretion or power, take any action, make any decision or give any direction or certification, the Trustee is entitled, prior to exercising any such discretion or power, taking any such action, making any such decision, or giving any such direction or certification, to seek directions from the Holders and shall have been indemnified and/or provided with security and/or pre-funded to its satisfaction against all actions, proceedings, claims and demands to which it may be or become liable and all costs, charges, damages expenses (including, but not limited to, legal fees and expenses) and liabilities which may be incurred by it in connection therewith, and the Trustee is not responsible for any loss or liability incurred by any person as a result of any delay in it exercising such discretion or power, taking such action, making such decision, or giving such direction or certification where the Trustee is seeking such directions.

In connection with the exercise by it of its trusts, powers, authorities or discretions (including, without limitation, any modification, waiver, authorization or determination), the Trustee shall have regard to the general interests of the Holders as a class but shall not have regard to any interests arising from circumstances particular to individual Holders (whatever their number) and in particular, but without limitation, shall not have regard to the consequences of the exercise of its trusts, powers, authorities or discretions for individual Holders (whatever their number) resulting from their being for any purposes domiciled or resident in, or otherwise connected with, or subject to the jurisdiction or, any country, state or territory and a Holder shall not be entitled to require, nor shall any Holder be entitled to claim, from the Company, the Subsidiary Guarantors, the Trustee or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Holders except to the extent provided for in the Indenture.

The Indenture contains limitations on the rights of the Trustee, should it become a creditor of the Company or any of the Subsidiary Guarantors or JV Subsidiary Guarantors, to obtain payment of claims in certain cases or to realize on certain property received by it in respect of any such claims, as security or otherwise. The Trustee is permitted to engage in other transactions, including normal banking and trustee relationships, with the Company and its Affiliates and shall not be obliged to account for any profits therefrom; **provided, however, that** if it acquires any conflict of interest, it must eliminate such conflict or resign.

Book-Entry; Delivery and Form

The New Notes will be represented by a global note in registered form without interest coupons attached (the "**Global Note**"). On the issue date of the New Notes, the Global Note will be deposited with a common depositary and registered in the name of the common depositary or its nominee for the accounts of Euroclear and Clearstream.

Global Note

Ownership of beneficial interests in the Global Note (the "**book-entry interests**") will be limited to persons that have accounts with Euroclear and/or Clearstream or persons that may hold interests through such participants. Book-entry interests will be shown on, and transfers thereof will be effected only through, records maintained in book-entry form by Euroclear and Clearstream and their participants.

Except as set forth below under "*—Individual Definitive Notes*," the book-entry interests will not be held in definitive form. Instead, Euroclear and/or Clearstream will credit on their respective book-entry registration and transfer systems a participant's account with the interest beneficially owned by such participant. The laws of some jurisdictions may require that certain purchasers of securities take physical delivery of such securities in definitive form. The foregoing limitations may impair the ability to own, transfer or pledge book-entry interests.

So long as the Notes are held in global form, the common depositary for Euroclear and/or Clearstream (or its nominee) will be considered the sole holder of the Global Note for all purposes under the Indenture and "holders" of book-entry interests will not be considered the owners or "Holders" of Notes for any purpose. As such, participants must rely on the procedures of Euroclear and Clearstream and indirect participants must rely on the procedures of the participants through which they own book-entry interests in order to transfer their interests in the Notes or to exercise any rights of Holders under the Indenture.

None of the Company, the Trustee, the Principal Paying and Transfer Agent, the Registrar or any of their respective agents will have any responsibility or be liable for any aspect of the records relating to the book-entry interests. The Notes are not issuable in bearer form.

Payments on the Global Note

Payments of any amounts owing in respect of the Global Note (including principal, premium, interest and Additional Amounts) will be made to the Principal Paying and Transfer Agent in U.S. dollars. The Principal Paying and Transfer Agent will, in turn, make such payments to the common depositary for Euroclear and Clearstream, which will distribute such payments to participants in accordance with their procedures. Each of the Company, the Subsidiary Guarantors and the JV Subsidiary Guarantors will make payments of all such amounts without deduction or withholding for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature, except as may be required by law and as described under "*—Additional Amounts*."

Under the terms of the Indenture, the Company, any Subsidiary Guarantor, any JV Subsidiary Guarantor, the Trustee, the Principal Paying and Transfer Agent and the Registrar will treat the registered holder of the Global Note (i.e., the common depositary or its nominee) as the owner thereof for the purpose of receiving payments and for all other purposes. Consequently, none of the Company, the Subsidiary Guarantors, the JV Subsidiary Guarantors, the Trustee, the Principal Paying and Transfer Agent, the Registrar or any of their respective agents has or will have any responsibility or liability for:

- any aspect of the records of Euroclear, Clearstream or any participant or indirect participant relating to or payments made on account of a book-entry interest, for any such payments made by Euroclear, Clearstream or any participant or indirect participants, or for maintaining, supervising or reviewing any of the records of Euroclear, Clearstream or any participant or indirect participant relating to or payments made on account of a book-entry interest; or

- Euroclear, Clearstream or any participant or indirect participant.

Payments by participants to owners of book-entry interests held through participants are the responsibility of such participants.

Redemption of Global Note

In the event any Global Note, or any portion thereof, is redeemed, the common depositary will distribute the amount received by it in respect of the Global Note so redeemed to Euroclear and/or Clearstream, as applicable, who will distribute such amount to the holders of the book - entry interests in such Global Note. The redemption price payable in connection with the redemption of such book-entry interests will be equal to the amount received by the common depositary, Euroclear or Clearstream, as applicable, in connection with the redemption of such Global Note (or any portion thereof). The Company understands that under existing practices of Euroclear and Clearstream, if fewer than all of the Notes are to be redeemed at any time, Euroclear and Clearstream will credit their respective participants' accounts on a proportionate basis (with adjustments to prevent fractions) or by lot or on such other basis as they deem fair and appropriate; **provided, however, that** no book-entry interest of US$200,000 principal amount, or less, as the case may be, will be redeemed in part.

Action by Owners of Book-Entry Interests

Euroclear and Clearstream have advised that they will take any action permitted to be taken by a Holder of Notes only at the direction of one or more participants to whose account the book-entry interests in the Global Note are credited and only in respect of such portion of the aggregate principal amount of Notes as to which such participant or participants has or have given such direction. Euroclear and Clearstream will not exercise any discretion in the granting of consents, waivers or the taking of any other action in respect of the Global Note. If there is an Event of Default under the Notes, however, each of Euroclear and Clearstream reserves the right to exchange the Global Note for individual definitive notes in certificated form, and to distribute such individual definitive notes to their participants.

Transfers

Transfers between participants in Euroclear and Clearstream will be effected in accordance with Euroclear and Clearstream's rules and will be settled in immediately available funds. If a Holder requires physical delivery of individual definitive notes for any reason, including to sell the Notes to persons in jurisdictions which require physical delivery of such securities or to pledge such securities, such Holder must transfer its interest in the Global Note in accordance with the normal procedures of Euroclear and Clearstream and in accordance with the provisions of the Indenture.

Book-entry interests in the Global Note will be subject to the restrictions on transfer discussed under "*Transfer Restrictions*."

Any book-entry interest in a Global Note that is transferred to a person who takes delivery in the form of a book-entry interest in another Global Note will, upon transfer, cease to be a book- entry interest in the first-mentioned Global Note and become a book-entry interest in the other Global Note and, accordingly, will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to book-entry interests in such other Global Note for as long as it retains such a book-entry interest.

Global Clearance and Settlement under the Book-Entry System

Book-entry interests owned through Euroclear or Clearstream accounts will follow the settlement procedures applicable. Book-entry interests will be credited to the securities custody accounts of Euroclear and Clearstream holders on the business day following the settlement date against payment for value on the settlement date.

The book-entry interests will trade through participants of Euroclear or Clearstream, and will settle in same-day funds. Since the purchaser determines the place of delivery, it is important to establish at the time of trading of any book-entry interests where both the purchaser's and seller's accounts are located to ensure that settlement can be made on the desired value date.

Information Concerning Euroclear and Clearstream

The Company understands as follows with respect to Euroclear and Clearstream:

Euroclear and Clearstream hold securities for participating organizations and facilitate the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in accounts of such participants. Euroclear and Clearstream provide to their participants, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream interface with domestic securities markets. Euroclear and Clearstream participants are financial institutions, such as underwriters, securities brokers and dealers, banks and trust companies, and certain other organizations. Indirect access to Euroclear or Clearstream is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodian relationship with a Euroclear or Clearstream participant, either directly or indirectly.

Although the foregoing sets out the procedures of Euroclear and Clearstream in order to facilitate the original issue and subsequent transfers of interests in the Notes among participants of Euroclear and Clearstream, neither Euroclear nor Clearstream is under any obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time.

None of the Company, the Subsidiary Guarantors, the JV Subsidiary Guarantors, the Trustee, the Principal Paying and Transfer Agent, the Registrar or any of their respective agents will have responsibility for the performance of Euroclear or Clearstream or their respective participants of their respective obligations under the rules and procedures governing their operations, including, without limitation, rules and procedures relating to book-entry interests.

Individual Definitive Notes

If (1) the common depositary or any successor to the common depositary is at any time unwilling or unable to continue as a depositary for the reasons described in the Indenture and a successor depositary is not appointed by the Company within 90 days, (2) either Euroclear or Clearstream, or a successor clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention to permanently cease business or does in fact do so, or (3) any of the Notes has become immediately due and payable in accordance with "*—Events of Default*" and the Company has received a written request from a Holder, the Company will issue individual definitive notes in registered form in exchange for the Global Note. Upon receipt of such notice from the common depositary or the Trustee, as the case may be, the Company will use its best efforts to make arrangements with the common depositary for the exchange of interests in the Global Note for individual definitive notes and cause the requested individual definitive notes to be executed and delivered to the Registrar in sufficient quantities and authenticated by the Registrar for delivery to Holders. Persons exchanging interests in a Global Note for individual definitive notes will be required to provide the Registrar, through the relevant clearing system, with written instruction and other information required by the Company and the Registrar to complete, execute and deliver such individual definitive notes. In all cases, individual definitive notes delivered in exchange for any Global Note or beneficial interests therein will be registered in the names, and issued in any approved denominations, requested by the relevant clearing system.

Individual definitive notes will not be eligible for clearing and settlement through Euroclear or Clearstream.

Notices

All notices or demands required or permitted by the terms of the Notes or the Indenture to be given to or by the Holders are required to be in writing and may be given or served by being sent by prepaid courier or by being deposited, mail (if intended for the Company, any Subsidiary Guarantor, JV Subsidiary Guarantor or the Trustee) addressed to the Company, such Subsidiary Guarantor, JV Subsidiary Guarantor or the Trustee, as the case may be, at the corporate trust office of the Trustee and marked "*Attention: Issuer Services*," and (if intended for any Holder) addressed to such Holder at such Holder's last address as it appears in the Note register.

Any such notice or demand will be deemed to have been sufficiently given or served when so sent or deposited and, if to the Holders, when delivered in accordance with the applicable rules and procedures of Euroclear or Clearstream, as the case may be. Any such notice shall be deemed to have been delivered on the day such notice is delivered to Euroclear or Clearstream, as the case may be, or if by mail, when so sent or deposited.

Consent to Jurisdiction; Service of Process

The Company and each of the Subsidiary Guarantors have irrevocably (1) submitted to the non-exclusive jurisdiction of any U.S. federal or New York state court located in the Borough of Manhattan, The City of New York in connection with any suit, action or proceeding arising out of, or relating to, the Notes, any Subsidiary Guarantee, any JV Subsidiary Guarantee, the Indenture or any transaction contemplated thereby; and (2) designated and appointed Cogency Global Inc. located at 122 East 42nd Street, 18th Floor, New York, NY 10168 for receipt of service of process in any such suit, action or proceeding.

Governing Law

Each of the Notes, the Subsidiary Guarantees, the JV Subsidiary Guarantees and the Indenture provides that such instrument is or will be, as applicable, governed by, and construed in accordance with, the laws of the State of New York.

Definitions

Set forth below are defined terms used in the covenants and other provisions of the Indenture. Reference is made to the Indenture for other capitalized terms used in this "*Description of the Notes*" for which no definition is provided.

"**2015 August USD Notes**" means the 5.875% Senior Notes due 2020 issued by the Company pursuant to an indenture dated August 11, 2015 by the Company.

"**2020 July USD Notes**" means the 5.65% Senior Notes due 2025 issued by the Company pursuant to an indenture dated July 13, 2020 by the Company.

"**2021 December USD Notes**" means the 5.95% senior notes due 2024 issued by the Company pursuant to an Indenture dated December 22, 2021 by the Company.

"**Acquired Indebtedness**" means Indebtedness of a Person existing at the time such Person becomes a Restricted Subsidiary or Indebtedness of a Restricted Subsidiary assumed in connection with an Asset Acquisition by such Restricted Subsidiary whether or not Incurred in connection with, or in contemplation of, the Person merging with or into or becoming a Restricted Subsidiary.

"**Adjusted Treasury Rate**" means, with respect to any redemption date, (i) the yield, under the heading which represents the average for the immediately preceding week, appearing in the most recently published statistical release designated "H.15(519) (weblink: http://www.federalreserve.gov/releases/h15/current/default.htm)" or any successor publication which is published weekly by the Board of Governors of the Federal Reserve System and which establishes yields on actively traded United States Treasury securities adjusted to constant maturity under the caption "**Treasury Constant Maturities**," for the maturity corresponding to the Comparable Treasury Issue (if no maturity is within three (3) months before or after April 29, 2023 yields for the two published maturities most closely corresponding to the Comparable Treasury Issue shall be determined and the Adjusted Treasury Rate shall be interpolated or extrapolated from such yields on a straight line basis, rounding to the nearest month) or (ii) if such release (or any successor release) is not published during the week preceding the calculation date or does not contain such yields, the rate per year equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date, in each case calculated on the third Business Day immediately preceding the redemption date.

"**Affiliate**" means, with respect to any Person, any other Person (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 or niece of a Person described in clause (1) or (2). For purposes of this definition, "**control**" (including, with correlative meanings, the terms "**controlling**," "**controlled by**" and "**under common control with**"), as applied to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise.

"**Applicable Premium**" means with respect to any Note at any redemption date, the greater of (1) 1.00% of the principal amount of such Note and (2) the excess of (A) the present value at such redemption date of (x) the redemption price of such Note on April 29, 2023 (such redemption price being set forth in the table appearing above under the caption "—*Optional Redemption*"), plus (y) all required remaining scheduled interest payments due on such Note through April 29, 2023 (but excluding accrued and unpaid interest to the redemption date), computed using a discount rate equal to the Adjusted Treasury Rate plus 100 basis points, over (B) the principal amount of such Note on such redemption date. The Applicable Premium shall be calculated by the Company and notified in writing to the Trustee and Principal Paying and Transfer Agent.

"**Asset Acquisition**" means (1) an investment by the Company or any of its Restricted Subsidiaries in any other Person pursuant to which such Person shall become a Restricted Subsidiary or shall be merged into or consolidated with the Company or any of its Restricted Subsidiaries; or (2) an acquisition by the Company or any of its Restricted Subsidiaries of the property and assets of any Person other than the Company or any of its Restricted Subsidiaries that constitute substantially all of a division or line of business of such Person.

"**Asset Disposition**" means the sale or other disposition by the Company or any of its Restricted Subsidiaries (other than to the Company or another Restricted Subsidiary) of (1) all or substantially all of the Capital Stock of any Restricted Subsidiary; or (2) all or substantially all of the assets that constitute a division or line of business of the Company or any of its Restricted Subsidiaries.

"**Asset Sale**" means any sale, transfer or other disposition (including by way of merger, consolidation or Sale and Leaseback Transaction) of any of its property or assets (including any sale of Capital Stock of a Subsidiary or issuance of Capital Stock by a Restricted Subsidiary) in one transaction or a series of related transactions by the Company or any of its Restricted Subsidiaries to any Person; **provided that** "**Asset Sale**" shall not include:

(1) sales or other dispositions of inventory, receivables and other current assets (including properties under development for sale and completed properties for sale) in the ordinary course of business;

(2) sales, transfers or other dispositions of assets constituting a Permitted Investment or Restricted Payment permitted to be made under the "*—Limitation on Restricted Payments*" covenant;

(3) sales, transfers or other dispositions of assets with a Fair Market Value not in excess of US$1.0 million (or the Dollar Equivalent thereof) in any transaction or series of related transactions;

(4) any sale, transfer, assignment or other disposition of any property, or equipment that has become damaged, worn out, obsolete or otherwise unsuitable for use in connection with the business of the Company or its Restricted Subsidiaries;

(5) any transfer, assignment or other disposition deemed to occur in connection with creating or granting any Permitted Lien;

(6) a transaction covered by the covenants under the caption "*—Consolidation, Merger and Sale of Assets*;"

(7) any sale, transfer or other disposition by the Company or any of its Restricted Subsidiaries, including the sale or issuance by the Company or any Restricted Subsidiary of any Capital Stock of any Restricted Subsidiary, to the Company or any Restricted Subsidiary; and

(8) any disposition of Receivable Financing Assets in connection with any Receivable Financing (other than Non-recourse Receivable Financing) permitted under the Indenture, and (ii) the sale or discount of accounts receivable arising in the ordinary course of business in connection with the compromise or collection thereof or in bankruptcy or similar proceeding.

"**Associate**" has the meaning assigned to such term in paragraph (17) of the definition of "Permitted Investment."

"**Attributable Indebtedness**" means, in respect of a Sale and Leaseback Transaction, the present value, discounted at the interest rate implicit in the Sale and Leaseback Transaction, of the total obligations of the lessee for rental payments during the remaining term of the lease in the Sale and Leaseback Transaction.

"**Average Life**" means, at any date of determination with respect to any Indebtedness, the quotient obtained by dividing (1) the sum of the products of (a) the number of years from such date of determination to the dates of each successive scheduled principal payment of such Indebtedness and (b) the amount of such principal payment by (2) the sum of all such principal payments.

"**Bank Deposit Secured Indebtedness**" means Indebtedness of the Company or any Restricted Subsidiary that is (1) secured by bank accounts, cash deposits or other assets of the Company or a Restricted Subsidiary or (2) guaranteed by a guarantee or a letter of credit (or similar instruments) from or arranged by the Company or a Restricted Subsidiary and is used by the Company and its Restricted Subsidiaries to effect exchanges of U.S. dollars or Hong Kong dollars into Renminbi or *vice versa* or remit money into or outside the PRC.

"**Board of Directors**" means the board of directors elected or appointed by the directors or shareholders of the Company to manage the business of the Company or any committee of such board duly authorized to take the action purported to be taken by such committee.

"**Board Resolution**" means any resolution of the Board of Directors taking an action which it is authorized to take and adopted at a meeting duly called and held at which a quorum of disinterested members (if so required) was present and acting throughout or adopted by written resolution executed by every member of the Board of Directors.

"**Business Day**" means any day which is not a Saturday, Sunday, legal holiday or other day on which banking institutions or trust companies in The City of New York or Hong Kong (or in any other place in which payments on the Notes are to be made) are authorized by law or governmental regulation to close.

"**Capitalized Lease**" means, with respect to any Person, any lease of any property (whether real, personal or mixed) which, in conformity with GAAP, is required to be capitalized on the balance sheet of such Person.

"**Capitalized Lease Obligations**" means the discounted present value of the rental obligations under a Capitalized Lease.

"**Capital Stock**" means, with respect to any Person, any and all shares, interests, participations or other equivalents (however designated, whether voting or non-voting) in equity of such Person, whether outstanding on the Original Issue Date or issued thereafter, including, without limitation, all Common Stock and Preferred Stock, but excluding debt securities convertible into such equity.

"**CCCG Entity**" means (i) any Person directly or indirectly controlled by China Communication and Construction Group (Limited) (中國交通建設集團有限公司) and (ii) any Person that is directly or indirectly jointly controlled by (x) any Person falling within clause (i) and (y) the Company or any Subsidiary of the Company.

"**CCCG Permitted Holders**" means any or all of the following:

(1) China Communication and Construction Group (Limited) (中國交通建設集團有限公司);

(2) any Affiliate (other than an Affiliate as defined in clause (2) or (3) of the definition of Affiliate) of the Person specified in clause (1); and

(3) any Person both the Capital Stock and the Voting Stock of which (or in the case of a trust, the beneficial interests in which) are owned 80.0% by Persons specified in clauses (1) and (2).

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

(1) the merger, amalgamation or consolidation of the Company with or into another Person (other than one or more Permitted Holders) or the merger or amalgamation of another Person (other than one or more Permitted Holders) with or into the Company, or the sale of all or substantially all the assets of the Company to another Person;

(2) the CCCG Permitted Holders are the beneficial owners of less than 25.0% of the total voting power of the Voting Stock of the Company;

(3) any "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the U.S. Exchange Act) is or becomes the "beneficial owner" (as such term is used in Rule 13d-3 of the U.S. Exchange Act), directly or indirectly, of total voting power of the Voting Stock of the Company greater than such total voting power held beneficially by the CCCG Permitted Holders;

(4) individuals who on the Original 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 two-thirds of the directors then still in office who were either directors or whose election was previously so approved, cease for any reason to constitute a majority of the members of the Board of Directors then in office;

(5) the number of individuals nominated by the CCCG Permitted Holders (and approved by the Board of Directors) as members of the Board of Directors constitute less than 40.0% of the total number of executive directors in the Board of Directors; or

(6) the adoption of a plan relating to the liquidation or dissolution of the Company.

"**Change of Control Triggering Event**" means the occurrence of both a Change of Control and, **provided that** the Notes are rated by at least one Rating Agency, a Rating Decline.

"**Clearstream**" means Clearstream Banking S.A.

"**Commodity Hedging Agreement**" means any spot, forward or option commodity price protection agreements or other similar agreement or arrangement designed to protect against fluctuations in commodity prices.

"**Common Stock**" means, with respect to any Person, any and all shares, interests or other participations in, and other equivalents (however designated and whether voting or non-voting) of such Person's common stock or ordinary shares, whether or not outstanding at the date of the Indenture, and include, without limitation, all series and classes of such common stock or ordinary shares.

"**Comparable Treasury Issue**" means the U.S. Treasury security having a maturity comparable to April 29, 2023 that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to April 29, 2023.

"**Comparable Treasury Price**" means, with respect to any redemption date, if clause (ii) of the Adjusted Treasury Rate is applicable, the average of three (or such lesser number as is obtained) Reference Treasury Dealer Quotations for such redemption date.

"**Consolidated EBITDA**" means, for any period, Consolidated Net Income for such period plus, to the extent such amount was deducted in calculating such Consolidated Net Income:

(1) Consolidated Interest Expense,

(2) income taxes (other than income taxes attributable to extraordinary and non-recurring gains (or losses) or sales of assets not included in the calculation of Consolidated EBITDA) including, without limitation, land appreciation tax, and

(3) depreciation expense, amortization expense and all other non-cash items reducing Consolidated Net Income (other than non-cash items in a period which reflect cash expenses paid or to be paid in another period and other than losses in Investment Properties arising from fair value adjustments made in conformity with GAAP), less all non-cash items increasing Consolidated Net Income (other than gains on Investment Properties arising from fair value adjustments made in conformity with GAAP),

all as determined on a consolidated basis for the Company and its Restricted Subsidiaries in conformity with GAAP; **provided that** (1) if any Restricted Subsidiary is not a Wholly Owned Restricted Subsidiary, Consolidated EBITDA shall be reduced (to the extent not otherwise reduced in accordance with GAAP) by an amount equal to (A) the amount of the Consolidated Net Income attributable to such Restricted Subsidiary multiplied by (B) the percentage ownership interest in the income of such Restricted Subsidiary not owned on the last day of such period by the Company or any of its Restricted Subsidiaries and (2) in the case of any future PRC CJV (consolidated in accordance with GAAP), Consolidated EBITDA shall be reduced (to the extent not already reduced in accordance with GAAP) by any payments, distributions or amounts (including the Fair Market Value of any non-cash payments, distributions or amounts) required to be made or paid by such PRC CJV to the PRC CJV Partner, or to which the PRC CJV Partner otherwise has a right or is entitled, pursuant to the joint venture agreement governing such PRC CJV.

"**Consolidated Fixed Charges**" means, for any period, the sum (without duplication) of (1) Consolidated Interest Expense for such period and (2) all cash and non-cash dividends paid, declared, accrued or accumulated during such period on any Disqualified Stock or Preferred Stock of the Company or any Restricted Subsidiary held by Persons other than the Company or any Wholly Owned Restricted Subsidiary, except for dividends payable in the Company's Capital Stock (other than Disqualified Stock) or paid to the Company or to a Wholly Owned Restricted Subsidiary. For the avoidance of doubt, distributions incurred, accrued or payments on any Perpetual Bond Obligation shall not be included in the calculation of Consolidated Fixed Charges.

"**Consolidated Interest Expense**" means, for any period, the amount that would be included in gross interest expense on a consolidated income statement prepared in accordance with GAAP for such period of the Company and its Restricted Subsidiaries, minus interest income for such period, and plus, to the extent not included in such gross interest expense, and to the extent incurred, accrued or payable during such period by the Company and its Restricted Subsidiaries, without duplication, (1) interest expense attributable to Capitalized Lease Obligations, (2) amortization of debt issuance costs and original issue discount expense and non-cash interest payments in respect of any Indebtedness, (3) the interest portion of any deferred payment obligation, (4) all commissions, discounts and other fees and charges with respect to letters of credit or similar instruments issued for financing purposes or in respect of any Indebtedness, (5) the net costs associated with Hedging Obligations (including the amortization of fees), (6) interest accruing on Indebtedness of any other Person that is Guaranteed (other than Pre-Registration Mortgage Guarantees) by, or secured by a Lien on any asset (other than a Lien on any Capital Stock of a Person that is not a Restricted Subsidiary) of, the Company or any Restricted Subsidiary, only to the extent such interest has become due and payable by the Company or any Restricted Subsidiary or the enforcement of such Lien has been initiated by the relevant creditors, as applicable, and (7) any capitalized interest, **provided that** interest expense attributable to interest on any Indebtedness bearing a floating interest rate will be computed on a *pro forma* basis as if the rate in effect on the date of determination had been the applicable rate for the entire relevant period, and **provided further that**, for the avoidance of doubt, distributions incurred, accrued or payments on any Perpetual Bond Obligation shall not be included in the calculation of Consolidated Interest Expense.

"**Consolidated Net Income**" means, with respect to any specified Person for any period, the aggregate of the net income (or loss) of such Person and its Restricted Subsidiaries for such period, on a consolidated basis, determined in conformity with GAAP; **provided that** the following items shall be excluded in computing Consolidated Net Income (without duplication):

(1) the net income (or loss) of any Person that is not a Restricted Subsidiary or that is accounted for by the equity method of accounting except that:

(a) subject to the exclusion contained in clause (5) below, the Company's equity in the net income of any such Person for such period shall be included in such Consolidated Net Income up to the aggregate amount of cash actually distributed by such Person during such period to the Company or a Restricted Subsidiary as a dividend or other distribution (subject, in the case of a dividend or other distribution paid to a Restricted Subsidiary, to the limitations contained in clause (3) below); and

(b) the Company's equity in a net loss of any such Person for such period shall be included in determining such Consolidated Net Income to the extent funded with cash or other assets of the Company or Restricted Subsidiaries;

(2) the net income (or loss) of any Person accrued prior to the date it becomes a Restricted Subsidiary or is merged into or consolidated with the Company or any of its Restricted Subsidiaries or all or substantially all of the property and assets of such Person are acquired by the Company or any of its Restricted Subsidiaries;

(3) the net income (but not loss) of any Restricted Subsidiary to the extent that the declaration or payment of dividends or similar distributions by such Restricted Subsidiary of such net income is not at the time permitted by the operation of the terms of its charter, articles of association or other similar constitutive documents, or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to such Restricted Subsidiary;

(4) the cumulative effect of a change in accounting principles;

(5) any net after tax gains realized on the sale or other disposition of (a) any property or assets of the Company or any Restricted Subsidiary which is not sold in the ordinary course of its business or (b) any Capital Stock of any Person (including any gains by the Company realized on sales of Capital Stock of the Company or other Restricted Subsidiaries) which is not sold in the ordinary course of its business. For the avoidance of doubt, for purposes of both sub-clauses (a) and (b), the sale or disposition of any real property or related project or development or the sale or disposition of Capital Stock primarily made for the purposes of the sale or disposition of any real property or related project or development shall be deemed to be made in the ordinary course of business of the Company and its Restricted Subsidiaries;

(6) any translation gains and losses due solely to fluctuations in currency values and related tax effects; and

(7) any net after-tax extraordinary or non-recurring gains;

provided that (A) solely for the purposes of calculating Consolidated EBITDA and the Fixed Charge Coverage Ratio, any gross pre-tax gains derived from direct or indirect sale by the Company or any Restricted Subsidiary of (i) Capital Stock of a Restricted Subsidiary primarily engaged in the holding of Investment Property or (ii) an interest in any Investment Property arising from the difference between the current book value and the cash sale price shall be added to Consolidated Net Income; (B) for purposes of calculating Consolidated Net Income (but not for purposes of calculating Consolidated EBITDA and the Fixed Charge Coverage Ratio) any net after-tax gains derived from direct or indirect sale by the Company or any Restricted Subsidiary of (i) Capital Stock of a Restricted Subsidiary primarily engaged in the holding of Investment Property or (ii) an interest in any Investment Property arising from the difference between the original cost basis and the cash sale price shall be added to Consolidated Net Income to the extent not already included in the net income for such period as determined in conformity with GAAP and Consolidated Net Income; (C) solely for the purposes of calculating Consolidated EBITDA and the Fixed

Charge Coverage Ratio, any gross pre-tax gains on Investment Properties arising from fair value adjustments made in conformity with GAAP shall be added to Consolidated Net Income; (D) solely for the purposes of calculating Consolidated EBITDA and the Fixed Charge Coverage Ratio, any gross pre-tax gains derived from direct or indirect sale by the Company or any Restricted Subsidiary of (i) Capital Stock of a Restricted Subsidiary (including a PRC Project Company) primarily engaged in a Permitted Business or (ii) an interest in any Permitted Business arising from the difference between the current book value and the cash sale price shall be added to Consolidated Net Income; (E) for purposes of calculating Consolidated Net Income (but not for purposes of calculating Consolidated EBITDA and the Fixed Charge Coverage Ratio) any net after-tax gains derived from direct or indirect sale by the Company or any Restricted Subsidiary of (i) Capital Stock of a Restricted Subsidiary (including a PRC Project Company) primarily engaged in a Permitted Business or (ii) an interest in any Permitted Business arising from the difference between the original cost basis and the cash sale price, shall be added to Consolidated Net Income to the extent not already included in the net income for such period as determined in conformity with GAAP and Consolidated Net Income; and (F) solely for the purposes of calculating Consolidated EBITDA and the Fixed Charge Coverage Ratio, any net income of any Person which is (y) treated as an "**associate**" or a "**joint venture**" of the Company in accordance with GAAP, and (z) attributable to the Company and the Restricted Subsidiaries, in each case shall be added to Consolidated Net Income to the extent not already included in the net income for such period as determined in conformity with GAAP and Consolidated Net Income.

"**Consolidated Net Worth**" means, at any date of determination, stockholders' equity as set forth on the most recently available fiscal quarter, semi-annual or annual consolidated balance sheet (which may be an internal consolidated balance sheet) of the Company and its Restricted Subsidiaries, plus, to the extent not included, any Preferred Stock of the Company, less any amounts attributable to Disqualified Stock or any equity security convertible into or exchangeable for Indebtedness, the cost of treasury stock and the principal amount of any promissory notes receivable from the sale of the Capital Stock of the Company or any of its Restricted Subsidiaries, each item to be determined in conformity with GAAP.

"**Contractor Guarantees**" means any Guarantee by the Company or any Restricted Subsidiary of Indebtedness of any contractor, builder or other similar Person engaged by the Company or such Restricted Subsidiary in connection with the development, construction or improvement of real or personal property or equipment to be used by the Company or any Restricted Subsidiary in the ordinary course of business, which Indebtedness was Incurred by such contractor, builder or other similar Person to finance the cost of such development, construction or improvement.

"**Credit Facilities**" means one or more of the facilities or arrangements with one or more banks or other lenders or institutions providing for revolving credit loans, term loans, receivables or financings (including without limitation through the sale of receivables or assets to such institutions or to special purpose entities formed to borrow from such institutions against such receivables or assets or the creation of any Liens in respect of such receivables or assets in favor of such institutions), letters of credit or other Indebtedness, in each case, including all agreements, instruments and documents executed and delivered pursuant to or in connection with any of the foregoing, including but not limited to any notes and letters of credit issued pursuant thereto and any guarantee and collateral agreement, patent and trademark security agreement, mortgages or letter of credit applications and other Guarantees, pledge agreements, security agreements and collateral documents, in each case as the same may be amended, supplemented, waived or otherwise modified from time to time, or refunded refinanced, restructured, replaced, renewed, repaid, increased or extended from time to time (whether in whole or in part, whether with the original banks, lenders or institutions or other banks, lenders or institutions or otherwise, and whether provided under any original Credit Facility or one or more other credit agreements, indentures, financing agreements or other Credit Facilities or otherwise). Without limiting the generality of the foregoing, the term "Credit Facility" shall include any agreement (1) changing the maturity of any Indebtedness Incurred thereunder or contemplated thereby, (2) adding Subsidiaries as additional borrowers or guarantors thereunder, (3) increasing the amount of Indebtedness Incurred thereunder or available to be borrowed thereunder (**provided that** such increase is permitted under the covenant described under the caption "*—Certain Covenants—Limitation on Indebtedness and Preferred Stock*") or (4) otherwise altering the terms and conditions thereof.

"**Cross Border Secured Indebtedness**" means (i) Indebtedness the proceeds of which are disbursed in one jurisdiction but which Indebtedness or credit support therefor is guaranteed by a guarantor located in another jurisdiction, or secured by Liens over assets located in another jurisdiction, and (ii) any Guarantees or Indebtedness (including reimbursement obligations in respect of credit support) related to the Indebtedness referred to in clause (i).

"**Currency Agreement**" means any foreign exchange forward contract, currency swap agreement or other similar agreement or arrangement designed to protect against fluctuations in foreign exchange rates.

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

"**Disqualified Stock**" means any class or series of Capital Stock of any Person that by its terms or otherwise is (1) required to be redeemed prior to the date that is 183 days after the Stated Maturity of the Notes, (2) redeemable at the option of the holder of such class or series of Capital Stock at any time prior to the date that is 183 days after the Stated Maturity of the Notes or (3) convertible into or exchangeable for Capital Stock referred to in clause (1) or (2) above or Indebtedness having a scheduled maturity prior to the Stated Maturity of the Notes; **provided that** any Capital Stock that would not constitute Disqualified Stock but for provisions thereof giving holders thereof the right to require such Person to repurchase or redeem such Capital Stock upon the occurrence of an "**asset sale**" or "**change of control**" occurring prior to the Stated Maturity of the Notes shall not constitute Disqualified Stock if the "**asset sale**" or "**change of control**" provisions applicable to such Capital Stock are no more favorable to the holders of such Capital Stock than the provisions contained in the "*—Limitation on Asset Sales*" and "*—Repurchase of Notes upon a Change of Control Triggering Event*" covenants and such Capital Stock specifically provides that such Person will not repurchase or redeem any such stock pursuant to such provision prior to the Company's repurchase of such Notes as are required to be repurchased pursuant to the "*—Limitation on Asset Sales*" and "*—Repurchase of Notes upon a Change of Control Triggering Event* " covenants. The amount of Disqualified Stock deemed to be outstanding at any time for purposes of this Indenture will be the maximum amount that the Company may become obligated to pay upon the maturity of, or pursuant to any mandatory redemption provisions of, such Disqualified Stock, exclusive of accrued dividends.

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

"**Entrusted Loans**" means borrowings by a PRC Restricted Subsidiary from a bank that are secured by a pledge of deposits made by another PRC Restricted Subsidiary to the lending banks as security for such borrowings, **provided that** such borrowings are not reflected on the consolidated balance sheet of the Company.

"**Equity Offering**" means (i) any underwritten primary public offering or private placement of Common Stock of the Company after the Original Issue Date or (ii) any underwritten secondary public offering or secondary private placement of Common Stock of the Company beneficially owned by a Permitted Holder, after the Original Issue Date, to the extent that a Permitted Holder or a company controlled by a Permitted Holder concurrently with such public offering or private placement purchases in cash an equal amount of Common Stock from the Company at the same price as the public offering or private placing price; **provided that** any offering or placing referred to in (A) clause (i), (B) clause (ii), or (C) a combination of clauses (i) and (ii) result in the aggregate gross cash proceeds received by the Company being no less than US$20.0 million (or the Dollar Equivalent thereof).

"**Euroclear**" means Euroclear Bank SA/NV.

"**Exempted Subsidiary**" means any Restricted Subsidiary organized in any jurisdiction other than the PRC that is prohibited by applicable law or regulation to provide a Subsidiary Guarantee or a JV Subsidiary Guarantee; **provided that** (x) the Company shall have failed, upon using commercially reasonable efforts, to obtain any required governmental or regulatory approval or registration with respect to such Subsidiary Guarantee or JV Subsidiary Guarantee, to the extent that such approval or registration is available under any applicable law or regulation and (y) such Restricted Subsidiary shall cease to be an Exempted Subsidiary immediately upon such prohibition ceasing to be in force or apply to such Restricted Subsidiary or upon the Company having obtained such applicable approval or registration.

"**Fair Market Value**" means the price that would be paid in an arm's-length transaction between an informed and willing seller under no compulsion to sell and an informed and willing buyer under no compulsion to buy, as determined in good faith by the Board of Directors, whose determination shall be conclusive if evidenced by a Board Resolution, except in the case of a determination of Fair Market Value of total assets for the purposes of determining a JV Entitlement Amount, in which case such price shall be determined by an accounting, appraisal or investment banking firm of recognized international standing appointed by the Company.

"**Fitch**" means Fitch Ratings Ltd., a subsidiary of the Fitch Group, a jointly owned subsidiary of Fimalae, S.A. and Hearst Corporation, and its successors.

"**Fixed Charge Coverage Ratio**" means, on any Transaction Date, the ratio of (1) the aggregate amount of Consolidated EBITDA for the then most recent period of four fiscal quarters prior to such Transaction Date for which consolidated financial statements of the Company (which the Company shall use its reasonable best efforts to compile in a timely manner) are available (which may be internal consolidated financial statements) (the "**Four Quarter Period**") to (2) the aggregate Consolidated Fixed Charges during such Four Quarter Period. In making the foregoing calculation:

(a) *pro forma* effect shall be given to any Indebtedness, Disqualified Stock or Preferred Stock Incurred, repaid or redeemed during the period (the "**Reference Period**") commencing on and including the first day of the Four Quarter Period and ending on and including the Transaction Date (other than Indebtedness Incurred or repaid under a revolving credit or similar arrangement (or under any predecessor revolving credit or similar arrangement) in effect on the last day of such Four Quarter Period), in each case as if such Indebtedness, Disqualified Stock or Preferred Stock had been Incurred, repaid or redeemed on the first day of such Reference Period; **provided that**, in the event of any such repayment or redemption, Consolidated EBITDA for such period shall be calculated as if the Company or such Restricted Subsidiary had not earned any interest income actually earned during such period in respect of the funds used to repay or redeem such Indebtedness, Disqualified Stock or Preferred Stock;

(b) Consolidated Interest Expense attributable to interest on any Indebtedness (whether existing or being Incurred) computed on a *pro forma* basis and bearing a floating interest rate shall be computed as if the rate in effect on the Transaction Date (taking into account any Interest Rate Agreement applicable to such Indebtedness if such Interest Rate Agreement has a remaining term in excess of 12 months or, if shorter, at least equal to the remaining term of such Indebtedness) had been the applicable rate for the entire period;

(c) *pro forma* effect shall be given to the creation, designation or redesignation of Restricted and Unrestricted Subsidiaries as if such creation, designation or redesignation had occurred on the first day of such Reference Period;

(d) *pro forma* effect shall be given to Asset Dispositions and Asset Acquisitions (including giving *pro forma* effect to the application of proceeds of any Asset Disposition) that occur during such Reference Period as if they had occurred and such proceeds had been applied on the first day of such Reference Period; and

(e) *pro forma* effect shall be given to asset dispositions and asset acquisitions (including giving *pro forma* effect to the application of proceeds of any asset disposition) that have been made by any Person that has become a Restricted Subsidiary or has been merged with or into the Company or any Restricted Subsidiary during such Reference Period and that would have constituted Asset Dispositions or Asset Acquisitions had such transactions occurred when such Person was a Restricted Subsidiary as if such asset dispositions or asset acquisitions were Asset Dispositions or Asset Acquisitions that occurred on the first day of such Reference Period;

provided that to the extent that clause (d) or (e) of this sentence requires that *pro forma* effect be given to an Asset Acquisition or Asset Disposition (or asset acquisition or asset disposition), such *pro forma* calculation shall be based upon the four full fiscal quarter periods immediately preceding the Transaction Date of the Person, or division or line of business of the Person, that is acquired or disposed for which financial information is available.

"**GAAP**" means generally accepted accounting principles in Hong Kong as in effect from time to time. All ratios and computations contained or referred to in the Indenture shall be computed in conformity with GAAP applied on a consistent basis.

"**Guarantee**" means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness or other obligation of any other Person and, without limiting the generality of the foregoing, any obligation, direct or indirect, contingent or otherwise, of such Person (1) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation of such other Person (whether arising by virtue of partnership arrangements, or by agreements to keep-well, to purchase assets, goods, securities or services, to take-or-pay, or to maintain financial statement conditions or otherwise) or (2) entered into for purposes of assuring in any other manner the obligee of such Indebtedness or other obligation of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part), **provided that** the term "**Guarantee**" shall not include endorsements for collection or deposit in the ordinary course of business. The term "Guarantee" used as a verb has a corresponding meaning.

"**Hedging Obligation**" of any Person means the obligations of such Person pursuant to any Commodity Hedging Agreement, Currency Agreement or Interest Rate Agreement.

"**HKSE Compliant Transaction**" means any transaction between or among any of the Company and the Restricted Subsidiaries and a Qualifying Related Entity; **provided that**, at the time of the transaction, (i) the Common Stock of the Company remains listed on The Stock Exchange of Hong Kong and (ii) if such transaction is required to be specifically approved by the shareholders and/or the Board of Directors of the Company, as the case may be, in order to comply with the "connected-party transactions rules" then in effect for companies whose common stock is listed on The Stock Exchange of Hong Kong, it has been so approved.

"**Holder**" means the Person in whose name a Note is registered in the Note register.

"**Incur**" means, with respect to any Indebtedness or Capital Stock, to incur, create, issue, assume, Guarantee or otherwise become liable for or with respect to, or become responsible for, the payment of, contingently or otherwise, such Indebtedness or Capital Stock; **provided that** (1) any Indebtedness and Capital Stock of a Person existing at the time such Person becomes a Restricted Subsidiary (or fails to meet the qualifications necessary to remain an Unrestricted Subsidiary) will be deemed to be Incurred by such Restricted Subsidiary at the time it becomes a Restricted Subsidiary and (2) the accretion of original issue discount shall not be considered an Incurrence of Indebtedness. The terms "**Incurrence**," "**Incurred**" and "**Incurring**" have meanings correlative with the foregoing.

"**Indebtedness**" means, with respect to any Person at any date of determination (without duplication):

(1) all indebtedness of such Person for borrowed money;

(2) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;

(3) all obligations of such Person in respect of letters of credit, bankers' acceptances or other similar instruments;

(4) all obligations of such Person to pay the deferred and unpaid purchase price of property or services, except Trade Payables;

(5) all Capitalized Lease Obligations and Attributable Indebtedness;

(6) all Indebtedness of other Persons secured by a Lien on any asset of such Person, whether or not such Indebtedness is assumed by such Person; **provided that** the amount of such Indebtedness shall be the lesser of (a) the Fair Market Value of such asset at such date of determination and (b) the amount of such Indebtedness;

(7) all Indebtedness of other Persons Guaranteed by such Person to the extent such Indebtedness is Guaranteed by such Person;

(8) to the extent not otherwise included in this definition, Hedging Obligations;

(9) all Disqualified Stock issued by such Person valued at the greater of its voluntary or involuntary liquidation preference and its maximum fixed repurchase price plus accrued dividends; and

(10) Receivable Financing Assets sold, transferred or discounted (other than pursuant to a Non-recourse Receivables Financing) by such Person to the extent of the consideration or proceeds received or receivable (prior to the payment of any subordinated tranche of interests (if any)) by such Person from another Person other than the Company or a Restricted Subsidiary.

For the avoidance of doubt, a mandatory put option granted to a Person that obligates the Company or any Restricted Subsidiary to repurchase the Capital Stock of any Restricted Subsidiary or any other Person prior to 180 days after the Stated Maturity of the Notes shall be deemed to be "**Indebtedness**."

Notwithstanding the foregoing, Indebtedness shall not include any (1) capital commitments, deferred payment obligation, pre-sale receipts in advance from customers or similar obligations Incurred in the ordinary course of business in connection with the acquisition, development, construction or improvement of real or personal property (including land use right) to be used in a Permitted Business, (2) Entrusted Loans, or (3) any Perpetual Bond Obligation; **provided that** such Indebtedness is not reflected as borrowings on the consolidated balance sheet of the Company (contingent obligations and commitments referred to in a footnote to financial statements and not otherwise reflected as borrowings on the balance sheet will not be deemed to be reflected on such balance sheet).

The amount of Indebtedness of any Person at any date shall be the outstanding balance at such date of all unconditional obligations as described above and, with respect to contingent obligations, the maximum liability upon the occurrence of the contingency giving rise to the obligation; **provided that**

(1) the amount outstanding at any time of any Indebtedness issued with original issue discount is the face amount of such Indebtedness less the remaining unamortized portion of the original issue discount of such Indebtedness at such time as determined in conformity with GAAP,

(2) money borrowed and set aside at the time of the Incurrence of any Indebtedness in order to prefund the payment of the interest on such Indebtedness shall not be deemed to be "**Indebtedness**" so long as such money is held to secure the payment of such interest, and

(3) the amount of Indebtedness with respect to any Hedging Obligation shall be: (i) zero if Incurred pursuant to paragraph (2)(f) under the "*Limitation on Indebtedness and Preferred Stock*" covenant, and (ii) equal to the net amount payable if such Hedging Obligation terminated at that time due to default by such Person if not Incurred pursuant to such paragraph.

"**Independent Third Party**" means any Person that is not an Affiliate of the Company.

"**Interest Rate Agreement**" means any interest rate protection agreement, interest rate future agreement, interest rate option agreement, interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, interest rate hedge agreement, option or future contract or other similar agreement or arrangement designed to protect against fluctuations in interest rates, convert a fixed rate of interest into a floating rate of interest, convert a floating rate of interest into a different floating rate of interest or lower interest currently paid on Indebtedness of any Person.

"**Investment**" means:

(1) any direct or indirect advance, loan or other extension of credit to another Person;

(2) any capital contribution to another Person (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others);

(3) any purchase or acquisition of Capital Stock, Indebtedness, bonds, notes, debentures or other similar instruments or securities issued by another Person; or

(4) any Guarantee of any obligation of another Person.

For the purposes of the provisions of the "*Designation of Restricted and Unrestricted Subsidiaries*" and "*Limitation on Restricted Payments*" covenants: (1) the Company will be deemed to have made an Investment in an Unrestricted Subsidiary in an amount equal to the Company's proportional interest in the Fair Market Value of the assets (net of the Company's proportionate interest in the liabilities owed to any Person other than the Company or a Restricted Subsidiary and that are not Guaranteed by the Company or a Restricted Subsidiary) of a Restricted Subsidiary that is designated an Unrestricted Subsidiary at the time of such designation, and (2) any property transferred to or from any Person shall be valued at its Fair Market Value at the time of such transfer, as determined in good faith by the Board of Directors.

"**Investment Grade**" means a rating of "AAA," "AA," "A" or "BBB," as modified by a "+" or "-" indication, or an equivalent rating representing one of the four highest rating categories, by S&P or any of its successors or assigns, a rating of "Aaa," or "Aa," "A" or "Baa," as modified by a "1," "2" or "3" indication, or an equivalent rating representing one of the four highest rating categories, by Moody's or any of its successors or assigns, or a rating of "AAA," "AA," "A," "BBB," as modified by a "+" or "-" indication, or an equivalent rating representing one of the four highest rating categories, by Fitch or any of its successors or assigns, or the equivalent ratings of any internationally recognized rating agency or agencies, as the case may be, which shall have been designated by the Company as having been substituted for S&P, Moody's or Fitch or two or three of them, as the case may be.

"**Investment Property**" means any property that is owned and held by any PRC Restricted Subsidiary primarily for long-term rental yield or for capital appreciation or both, or any hotel owned by the Company or any Restricted Subsidiary from which the Company or any Restricted Subsidiary derives or expects to derive operating income.

"**JV Entitlement Amount**" means, with respect to any JV Subsidiary Guarantor and its Subsidiaries, an amount that is equal to the product of (i) the Fair Market Value of the total assets of such JV Subsidiary Guarantor and its Subsidiaries, on a consolidated basis (without deducting any Indebtedness or other liabilities of such JV Subsidiary Guarantor and its subsidiaries) as of the date of the last fiscal year end of the Company; and (ii) a percentage equal to the direct equity ownership percentage of the Company and/or its Restricted Subsidiaries in the Capital Stock of such JV Subsidiary Guarantor and its Subsidiaries.

"**JV Subsidiary Guarantee**" has the meaning set forth under the caption "—Subsidiary Guarantees and JV Subsidiary Guarantees."

"**JV Subsidiary Guarantor**" means a Restricted Subsidiary that executes a JV Subsidiary Guarantee, **provided that** the Company and/or its Restricted Subsidiaries owns no less than 50.1% and no more than 80.0% of the Capital Stock of such Restricted Subsidiary.

"**Lien**" means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind (including, without limitation, any conditional sale or other title retention agreement or lease in the nature thereof or any agreement to create any mortgage, pledge, security interest, lien, charge, easement or encumbrance of any kind).

"**Listed Subsidiaries**" means any Restricted Subsidiary any class of Voting Stock of which is listed on a Qualified Exchange and any Restricted Subsidiary of a Listed Subsidiary; **provided that** such Restricted Subsidiary shall cease to be a Listed Subsidiary immediately upon, as applicable, (x) the Voting Stock of such Restricted Subsidiary ceasing to be listed on a Qualified Exchange, or (y) such Restricted Subsidiary ceasing to be a Restricted Subsidiary of a Listed Subsidiary.

"**Measurement Date**" means August 11, 2015.

"**Minority Interest Staged Acquisition Agreement**" means an agreement between the Company or a Restricted Subsidiary and an Independent Third Party (x) pursuant to which the Company or such Restricted Subsidiary agrees to acquire less than a majority of the Capital Stock of a Person for a consideration that is not more than the Fair Market Value of such Capital Stock of such Person at the time the Company or such Restricted Subsidiary enters into such agreement and (y) which provides that the payment of the purchase price for such Capital Stock is made in more than one installment over a period of time.

"**Moody's**" means Moody's Investors Service, Inc. and its successors.

"**Net Cash Proceeds**" means:

(1) with respect to any Asset Sale, the proceeds of such Asset Sale in the form of cash or cash equivalents, including payments in respect of deferred payment obligations (to the extent corresponding to the principal, but not interest, component thereof) when received in the form of cash or cash equivalents and proceeds from the conversion of other property received when converted to cash or cash equivalents, net of:

    (a) brokerage commissions and other fees and expenses (including fees and expenses of counsel and investment bankers) related to such Asset Sale;

    (b) provisions for all taxes (whether or not such taxes will actually be paid or are payable) as a result of such Asset Sale without regard to the consolidated results of operations of the Company and its Restricted Subsidiaries, taken as a whole;

    (c) payments made to repay Indebtedness or any other obligation outstanding at the time of such Asset Sale that either (x) is secured by a Lien on the property or assets sold or (y) is required to be paid as a result of such sale;

(d) appropriate amounts to be provided by the Company or any Restricted Subsidiary as a reserve against any liabilities associated with such Asset Sale, including, without limitation, pension and other post-employment benefit liabilities, liabilities related to environmental matters and liabilities under any indemnification obligations associated with such Asset Sale, all as determined in conformity with GAAP; and

(2) with respect to any sale or issuance of Capital Stock, the proceeds of such sale or issuance in the form of cash or cash equivalents, including payments in respect of deferred payment obligations (to the extent corresponding to the principal, but not interest, component thereof) when received in the form of cash or cash equivalents and proceeds from the conversion of other property received when converted to cash or cash equivalents, net of attorneys' fees, accountants' fees, underwriters' or placement agents' fees, discounts or commissions and brokerage, consultant and other fees incurred in connection with such sale or issuance and net of taxes paid or payable as a result thereof.

"**Non-Guaranteed Portion**" means, at any time of determination, the total consolidated assets of all Offshore Non-Guarantor Subsidiaries attributable to the Company or the Restricted Subsidiaries as shown on the balance sheet of such Offshore Non-Guarantor Subsidiaries for the most recently ended full fiscal quarter for which financial statements (which the Company shall use its reasonable best efforts to compile in a timely manner) of the Company and the Restricted Subsidiaries are available (which may be internal consolidated financial statements); **provided that**, when calculating the Non-Guaranteed Portion, *pro forma* effect shall be given to (i) any designation of an Offshore Restricted Subsidiary as a Designated Offshore Non-Guarantor Subsidiary (or any designation of an Offshore Non-Guarantor Subsidiary as a Subsidiary Guarantor or JV Subsidiary Guarantor) giving rise to the calculation of the Non-Guaranteed Portion, and (ii) any other Offshore Restricted Subsidiary that was designated as a Designated Offshore Non-Guarantor Subsidiary (or Offshore Non-Guarantor Subsidiary that was designated as a Subsidiary Guarantor or JV Subsidiary Guarantor) after the end of such fiscal quarter.

"**Non-recourse Receivable Financing**" means Receivable Financing (i) under which neither the Company nor any Restricted Subsidiary (other than pursuant to Standard Non-recourse Receivable Financing Undertakings) provides guarantee or recourse with respect to the Receivable Financing Assets, undertakes to repurchase any Receivable Financing Assets, subjects any of its properties or assets, directly or indirectly, contingently or otherwise, to the satisfaction of any obligation related to the Receivable Financing Assets or undertakes to maintain or preserve the financial condition or operating results of the entity that purchases or otherwise receives the Receivable Financing Assets and (ii) is not reflected as liability on the consolidated balance sheet of the Company.

"**Offer to Purchase**" means an offer to purchase Notes by the Company from the Holders commenced by the Company sending a notice to the Trustee, the Principal Paying and Transfer Agent and each Holder at its last address appearing in the Note register stating:

(1) the covenant pursuant to which the offer is being made and that all Notes validly tendered will be accepted for payment on a *pro rata* basis;

(2) the purchase price and the date of purchase (which shall be a Business Day no earlier than 30 days nor later than 60 days from the date such notice is mailed) (the "**Offer to Purchase Payment Date**");

(3) that any Note not tendered will continue to accrue interest pursuant to its terms;

(4) that, unless the Company defaults in the payment of the purchase price, any Note accepted for payment pursuant to the Offer to Purchase shall cease to accrue interest on and after the Offer to Purchase Payment Date;

(5) that Holders electing to have a Note purchased pursuant to the Offer to Purchase will be required to surrender the Note, together with the form entitled "*Option of the Holder to Elect Purchase*" on the reverse side of the Note completed, to the Principal Paying and Transfer Agent at the address specified in the notice prior to the close of business on the Business Day immediately preceding the Offer to Purchase Payment Date;

(6) that Holders will be entitled to withdraw their election if the Principal Paying and Transfer Agent receives, not later than the close of business on the third Business Day immediately preceding the Offer to Purchase Payment Date, a facsimile transmission or letter setting forth the name of such Holder, the principal amount of Notes delivered for purchase and a statement that such Holder is withdrawing his election to have such Notes purchased; and

(7) that Holders whose Notes are being purchased only in part will be issued new Notes equal in principal amount to the unpurchased portion of the Notes surrendered; **provided that** each Note purchased and each new Note issued shall be in a principal amount of US$200,000 and integral multiples of US$1,000 in excess thereof.

On the Offer to Purchase Payment Date, the Company shall (a) accept for payment on a *pro rata* basis Notes or portions thereof tendered pursuant to an Offer to Purchase; (b) deposit with the Principal Paying and Transfer Agent money sufficient to pay the purchase price of all Notes or portions thereof so accepted; and (c) deliver, or cause to be delivered, to the Trustee all Notes or portions thereof so accepted together with an Officer's Certificate specifying the Notes or portions thereof accepted for payment by the Company. The Principal Paying and Transfer Agent shall promptly transfer to the Holders of Notes so accepted payment in an amount equal to the purchase price, and the Registrar shall promptly authenticate and deliver to such Holders a new Note equal in principal amount to any unpurchased portion of the Note surrendered; **provided that** each Note purchased and each new Note issued shall be in a principal amount of US$200,000 and integral multiples of US$1,000 in excess thereof. The Company will publicly announce the results of an Offer to Purchase as soon as practicable after the Offer to Purchase Payment Date. The Company will comply with Rule 14e-1 under the U.S. Exchange Act and any other securities laws and regulations thereunder to the extent such laws and regulations are applicable, in the event that the Company is required to repurchase Notes pursuant to an Offer to Purchase.

To the extent that the provisions of any securities laws or regulations of any jurisdiction conflict with the provisions of the Indenture governing any Offer to Purchase, the Company will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Indenture by virtue of such compliance. The Company will not be required to make an Offer to Purchase if a third party makes the Offer to Purchase in compliance with the requirements set forth in the Indenture applicable to an Offer to Purchase made by the Company and purchases all Notes properly tendered and not withdrawn under the Offer to Purchase.

The offer is required to contain or incorporate by reference information concerning the business of the Company and its Subsidiaries which the Company in good faith believes will assist such Holders to make an informed decision with respect to the Offer to Purchase, including a brief description of the events requiring the Company to make the Offer to Purchase, and any other information required by applicable law to be included therein. The offer is required to contain all instructions and materials necessary to enable such Holders to tender Notes pursuant to the Offer to Purchase.

"**Officer**" means one of the executive officers of the Company or, in the case of a Subsidiary Guarantor or JV Subsidiary Guarantor, one of the directors or officers of such Subsidiary Guarantor or JV Subsidiary Guarantor, as the case may be.

"**Officer's Certificate**" means a certificate signed by an Officer.

"**Offshore Non-Guarantor Subsidiary**" means any Offshore Restricted Subsidiary of the Company that does not provide a Subsidiary Guarantee or a JV Subsidiary Guarantee and that is designated by the Board of Directors as an Offshore Non-Guarantor Subsidiary in accordance with the provisions of the Indenture, which for the avoidance of doubt, includes the Initial Offshore Non-Guarantor Subsidiaries and excludes the Exempted Subsidiaries and the Listed Subsidiaries.

"**Offshore Restricted Subsidiary**" means any Restricted Subsidiary of the Company that is incorporated in any jurisdiction other than the PRC.

"**Opinion of Counsel**" means a written opinion from legal counsel who is acceptable to the Trustee.

"**Original Issue Date**" means October 29, 2020, the date on which the Original Notes were issued under the Indenture.

"***Pari Passu Subsidiary Guarantee***" means a guarantee by any Subsidiary Guarantor or any JV Subsidiary Guarantor of Indebtedness of the Company (including Additional Notes); **provided that** (1) the Company was permitted to Incur such Indebtedness under the covenants under the caption "*—Limitation on Indebtedness and Preferred Stock*" and (2) such guarantee ranks *pari passu* with any outstanding Subsidiary Guarantee of such Subsidiary Guarantor, or with any outstanding JV Subsidiary Guarantee of such JV Subsidiary Guarantor, as the case may be.

"**Payment Default**" means (1) any default in the payment of interest on any Note when the same becomes due and payable, (2) any default in the payment of principal of (or premium, if any, on) the Notes when the same becomes due and payable at maturity, upon acceleration, redemption or otherwise, (3) the failure by the Company to make or consummate a Change of Control Offer in the manner described under the caption "*—Repurchase of Notes upon a Change of Control Triggering Event*," or an Offer to Purchase in the manner described under the caption "*—Limitation on Asset Sales*" or (4) any Event of Default specified in clause (5) of the definition of Events of Default.

"**Permitted Businesses**" means any business which is the same as or related, ancillary or complementary to any of the businesses of the Company and its Restricted Subsidiaries on the Original Issue Date, including, without limitation the ownership or sponsoring of sports teams, real estate acquisition, development, leasing and management, hotel acquisition, development, operation and management, the acquisition, development, management and operation of sports and leisure facilities and other infrastructure, the acquisition, development, operation and management of schools and hospitals and real estate investment trusts and the supply of goods, other supplies and services, including the production, manufacture or generation of such goods, supplies or services, provided to or in connection with any of the foregoing.

"**Permitted Holders**" means any or all of the following:

(1) Mr. Song Weiping, China Communication and Construction Group (Limited) (中國交通建設集團有限公司) and The Wharf (Holdings) Limited;

(2) any Affiliate (other than an Affiliate as defined in clause (2) or (3) of the definition of Affiliate) of the Person specified in clause (1); and

(3) any Person both the Capital Stock and the Voting Stock of which (or in the case of a trust, the beneficial interests in which) are owned 80.0% by Persons specified in clauses (1) and (2).

"**Permitted Investment**" means:

(1) any Investment in the Company or a Restricted Subsidiary that is primarily engaged in a Permitted Business or a Person which will, upon the making of such Investment, become a Restricted Subsidiary that is primarily engaged in a Permitted Business or be merged or consolidated with or into or transfer or convey all or substantially all its assets to, the Company or a Restricted Subsidiary that is primarily engaged in a Permitted Business;

(2) Temporary Cash Investments;

(3) payroll, travel and similar advances to cover matters that are expected at the time of such advances ultimately to be treated as expenses in accordance with GAAP;

(4) stock, obligations or securities received in satisfaction of judgments;

(5) an Investment in an Unrestricted Subsidiary consisting solely of an Investment in another Unrestricted Subsidiary;

(6) any Investment pursuant to a Hedging Obligation designed solely to protect the Company or any Restricted Subsidiary against fluctuations in commodity prices, interest rates or foreign currency exchange rates;

(7) receivables owing to the Company or any Restricted Subsidiary, if created or acquired in the ordinary course of business and payable or dischargeable in accordance with customary trade terms;

(8) Investments made by the Company or any Restricted Subsidiary consisting of consideration received in connection with an Asset Sale made in compliance with the covenants under the caption "*—Limitation on Asset Sales*;"

(9) pledges or deposits (x) with respect to leases or utilities provided to third parties in the ordinary course of business or (y) otherwise described in the definition of "Permitted Liens" or made in connection with Liens permitted under the covenant described under "*—Limitation on Liens*;"

(10) any Investment pursuant to Pre-Registration Mortgage Guarantees or Contractor Guarantees by the Company or any Restricted Subsidiary otherwise permitted to be Incurred under the Indenture;

(11) Investments in securities of trade creditors, trade debtors or customers received pursuant to any plan of reorganization or similar arrangement upon the bankruptcy or insolvency of such trade creditor, trade debtor or customer;

(12) advances to contractors and suppliers for the acquisition of assets or consumables or services in the ordinary course of business that are recorded as deposits or prepaid expenses on the Company's consolidated balance sheet;

(13) deposits of pre-sale proceeds made in order to secure the completion and delivery of pre-sold properties and issuance of the related land use title in the ordinary course of business;

(14) deposits made in order to comply with statutory or regulatory obligations to maintain deposits for workers compensation claims and other purposes specified by statute or regulation from time to time in the ordinary course of business;

(15) deposits made in order to secure the performance of the Company or any of its Restricted Subsidiaries and prepayments made in connection with the direct or indirect acquisition of real property, land use right or personal property (including Capital Stock) by the Company or any of its Restricted Subsidiaries (including by way of acquisition of Capital Stock of a Person), in each case in the ordinary course of business;

(16) any Investment by the Company or any Restricted Subsidiary in any Qualifying Related Entity that is an HKSE Compliant Transaction; **provided that** no Default has occurred and is continuing or would occur as a result of such Investment; and **provided further that** if a such investee ceases to be a Qualifying Related Entity, any such Investment, to the extent such Investment has not been reduced by (A) the receipt of payments in cash by the

Company or any Restricted Subsidiary in respect of such Investments, including interest on or repayments of loans or advances, dividends or other distributions (except, in each case, to the extent any such payments are included in the calculation of Consolidated Net Income), (B) the unconditional release of a Guarantee of any obligation of such investee provided under this clause (16) after the Measurement Date by the Company or any Restricted Subsidiary, or (C) to the extent that an Investment made after the Measurement Date under this clause (16) is sold or otherwise liquidated or repaid for cash, the lesser of (i) cash return of capital with respect to such Investment (less the cost of disposition, if any) and (ii) the initial amount of such Investment, will be deemed not to have been made in accordance with this clause (16) and such Investment must at the time such investee ceases to be a Qualifying Related Entity satisfy the other requirements of the covenant described under "*—Limitation on Restricted Payments*" (including meeting the requirements of any other clauses of this "Permitted Investment" definition);

(17) any Investment by the Company or any Restricted Subsidiary in any corporation, association, or other business entity primarily engaged in a Permitted Business, (i) of which 10% or more of the Capital Stock and the Voting Stock is owned, directly or indirectly, by the Company or any Restricted Subsidiary and (ii) which is treated as an "**associate**" or a "**joint venture**" in accordance with GAAP (such corporation, association or other business entity, an "**Associate**"); **provided that**:

(a) none of the other holders of Capital Stock of such Associate is a Person described in clauses (x) or (y) of the first paragraph of the covenant described under the caption "*—Limitation on Transactions with Shareholders and Affiliates*" (other than by reason of such holder being an officer or director of the Company or a Restricted Subsidiary);

(b) subject to paragraph (d) below, the Company must be able to incur at least US$1.00 of Indebtedness under the proviso in the first paragraph of the covenant described under the caption "*—Limitation on Indebtedness and Preferred Stock*;"

(c) no Default has occurred and is continuing or would occur as a result of such Investment;

(d) the amount of such Investment, together with (x) the aggregate amount of all other Investments made under this clause (17) since the Measurement Date, less (y) an amount equal to the net reduction in the amount of all Investments made under this clause (17) since the Measurement Date resulting from (A) receipt of payments in cash by the Company or any Restricted Subsidiary in respect of all such Investments, including interest on or repayments of loans or advances, dividends or other distributions (except, in each case, to the extent any such payments are included in the calculation of Consolidated Net Income), (B) the unconditional release of a Guarantee of any obligation of such Associate provided under this clause (17) after the Measurement Date by the Company or any Restricted Subsidiary, (C) to the extent that an Investment made after the Measurement Date under this clause (17) is sold or otherwise liquidated or repaid for cash, the lesser of (i) cash return of capital with respect to such Investment (less the cost of disposition, if any) and (ii) the initial amount of such Investment, or (D) such Associate becoming a Restricted Subsidiary (whereupon all Investments (other than Permitted Investments) made by the Company or any Restricted Subsidiary in such Associate since the Measurement Date shall be deemed to have been made pursuant to clause (1) of this "Permitted Investment" definition), shall not exceed an aggregate amount equal to 25.0% of Total Assets **provided further that** if at the time of such Investment the Company could not Incur at least US$1.00 of Indebtedness under the proviso in the first paragraph of the covenant described under the caption "*—Limitation on Indebtedness and Preferred Stock*," subject to compliance with the requirements set out in paragraphs (a) and (c) of this clause (17), the Company may make such Investment if the aggregate amount of all other Investments made pursuant to this proviso (net of any reductions in such Investments on the same basis as paragraph (d) of this clause (17)) does not exceed 10.0% of Total Assets;

(e) with respect to such Associate in which the Company or any Restricted Subsidiary has made an Investment pursuant to this clause (17), if (x) the Company or such Restricted Subsidiary no longer owns at least 10% of the Capital Stock and the Voting Stock of such Associate or such Associate is no longer treated as an "**associate**" or a "**joint venture**" in accordance with GAAP and (y) such Associate has not become a Restricted Subsidiary, such Investment (to the extent such Investment has not been reduced in accordance with paragraph (d) of this clause (17)) will be deemed not to have been made in accordance with this clause (17) and such Investment must at the time such Associate is no longer treated as an Associate satisfy the other requirements of the covenant described under "*—Limitation on Restricted Payments*" (including meeting the requirements of one of the other clauses set forth under this "Permitted Investment" definition); and

(f) if a Restricted Subsidiary is redesignated an Unrestricted Subsidiary, any Investment made by such Restricted Subsidiary pursuant to this clause (17), to the extent such Investment has not been reduced in accordance with paragraph (d) of this clause (17), will be deemed not to have been made in accordance with this clause (17) and such Investment must at the time such Restricted Subsidiary is redesignated an Unrestricted Subsidiary satisfy the other requirements of the covenant described under "*—Limitation on Restricted Payments*" (including meeting the requirements of any other clauses of this "Permitted Investment" definition);

(18) advances to government affiliated entities, collective economic organizations, existing land or building owners, holders, occupants or lessees, or related agents in respect of primary land development or urban development plans in the ordinary course of business that are recorded as assets on the Company's balance sheet;

(19) Guarantees permitted under paragraph (2)(u) of the covenant described under "*—Limitation on Indebtedness and Preferred Stock*;"

(20) payments made pursuant to a Minority Interest Staged Acquisition Agreement, if, on the date that such Minority Interest Staged Acquisition Agreement was entered into, such payments would be permitted to be made under (i) clause (c) of the first paragraph of the covenant described under "*—Limitation on Restricted Payments*," no Default has occurred and is continuing or would occur as a result of such payment and the Company could Incur at least US$1.00 of Indebtedness under the proviso in the first paragraph of part (1) of the covenants under the caption "*—Limitation on Indebtedness and Preferred Stock*" after giving effect to such payment, **provided that** each payment made with respect to such Minority Interest Staged Acquisition Agreement pursuant to this clause (20) after the Measurement Date shall be included in calculating whether the conditions of clause (c) of the first paragraph under the covenant captioned "*—Limitation on Restricted Payments*" have been met with respect to any subsequent Restricted Payments, or (ii) clause (17) of "Permitted Investments", **provided that** each payment made with respect to such Minority Interest Staged Acquisition Agreement pursuant to this clause (20)(ii) after the Measurement Date shall be included in calculating whether the conditions of sub-clause (d) of clause (17) of "Permitted Investments" have been met with respect to any subsequent Investments made pursuant to such clause (17) of "Permitted Investments" (for the avoidance of doubt, the Company shall have discretion to determine whether such payments are to be made under sub-clause (i) or (ii) of this clause (20));

(21) any Standard Non-recourse Financing Undertakings;

(22) any obligation, undertaking, agreement or arrangement to repurchase, indemnify or make up difference in payments in connection with any Receivable Financing permitted under this Indenture;

(23) any Investment in a subordinated tranche of interests in a Receivable Financing Incurred pursuant to clause (ii) of the definition thereof with multiple tranches offered and sold to investors that, in the good faith determination of the Board of Directors, are necessary or advisable to effect such Receivable Financing; and

(24) any Investment deemed to have been made by the Company or any Restricted Subsidiary in the Restructuring Group in connection with the proposed Restructuring upon designation of the Subsidiaries in the Restructuring Group as Unrestricted Subsidiaries; **provided that** (A) (i) the Board of Directors of the Company has determined in good faith that the designation of the Subsidiaries in the Restructuring Group as Unrestricted Subsidiaries is necessary to obtain approval from a Qualified Exchange for the proposed Restructuring, and (ii) at the time of such designation, the members of the Restructuring Group remain Subsidiaries of the Company and (B) the aggregate of all Investments made under this paragraph (24) since the Measurement Date shall not exceed an amount equal to 5.0% of Total Asset.

"**Permitted Liens**" means:

(1) Liens for taxes, assessments, governmental charges or claims that are being contested in good faith by appropriate legal or administrative proceedings promptly instituted and diligently conducted and for which a reserve or other appropriate provision, if any, as shall be required in conformity with GAAP shall have been made;

(2) statutory and common law Liens of landlords and carriers, warehousemen, mechanics, suppliers, repairmen or other similar Liens arising in the ordinary course of business and with respect to amounts not yet delinquent or being contested in good faith by appropriate legal or administrative proceedings promptly instituted and diligently conducted and for which a reserve or other appropriate provision, if any, as shall be required in conformity with GAAP shall have been made;

(3) Liens incurred or deposits made to secure the performance of tenders, bids, leases, statutory or regulatory obligations, bankers' acceptances, surety and appeal bonds, government contracts, performance and return-of-money bonds and other obligations of a similar nature incurred in the ordinary course of business (exclusive of obligations for the payment of borrowed money);

(4) leases or subleases granted to others that do not materially interfere with the ordinary course of business of the Company and its Restricted Subsidiaries, taken as a whole;

(5) Liens encumbering property or assets under construction arising from progress or partial payments by a customer of the Company or its Restricted Subsidiaries relating to such property or assets;

(6) Liens on property of, or on shares of Capital Stock or Indebtedness of, any Person existing at the time such Person becomes, or becomes a part of, any Restricted Subsidiary; **provided that** such Liens do not extend to or cover any property or assets of the Company or any Restricted Subsidiary other than the property or assets acquired; **provided further that** such Liens were not created in contemplation of or in connection with the transactions or series of transactions pursuant to which such Person became a Restricted Subsidiary;

(7) Liens in favor of the Company or any Restricted Subsidiary;

(8) Liens arising from the rendering of a final judgment or order against the Company or any Restricted Subsidiary that does not give rise to an Event of Default;

(9) Liens securing reimbursement obligations with respect to letters of credit that encumber documents and other property relating to such letters of credit and the products and proceeds thereof;

(10) Liens encumbering customary initial deposits and margin deposits, and other Liens that are within the general parameters customary in the industry and incurred in the ordinary course of business, in each case, securing Indebtedness under Hedging Obligations permitted by clause (f) of the second paragraph of the covenants under the caption "*—Limitation on Indebtedness and Preferred Stock*;"

(11) Liens existing on the Original Issue Date;

(12) Liens securing Indebtedness which is Incurred to refinance secured Indebtedness which is permitted to be Incurred under clause (e) of the second paragraph of the covenant described under the caption entitled "*—Limitation on Indebtedness and Preferred Stock*;" **provided that** such Liens do not extend to or cover any property or assets of the Company or any Restricted Subsidiary other than the property or assets securing the Indebtedness being refinanced;

(13) any interest or title of a lessor in the property subject to any operating lease;

(14) Liens securing Indebtedness of the Company or any Restricted Subsidiary under any Pre-Registration Mortgage Guarantee which is permitted to be Incurred under clause (g) of the second paragraph of the covenants under the caption "*—Limitation on Indebtedness and Preferred Stock*;"

(15) easements, rights-of-way, municipal and zoning ordinances or other restrictions as to the use of properties in favor of governmental agencies or utility companies that do not materially adversely affect the value of such properties or materially impair the use for the purposes of which such properties are held by the Company or any Restricted Subsidiary;

(16) Liens (including extensions and renewals thereof) upon real or personal property acquired after the Original Issue Date; **provided that**, (a) such Lien is created solely for the purpose of securing Indebtedness of the type described under clause (2)(h) of the covenants under the caption entitled "*—Certain Covenants—Limitation on Indebtedness and Preferred Stock*" and such Lien is created prior to, at the time of or within 180 days after the later of the acquisition or the completion of development, construction or improvement of such property, (b) the principal amount of the Indebtedness secured by such Lien does not exceed 100.0% of the cost of such property, development, construction or improvement and (c) such Lien shall not extend to or cover any property or assets other than such item of property and any improvements on such item; **provided that**, in the case of clauses (b) and (c), such Lien may cover other property or assets (instead of or in addition to such item of property or improvements) and the principal amount of Indebtedness secured by such Lien may exceed 100.0% of such cost if (x) such Lien is incurred in the ordinary course of business and (y) the aggregate book value of property or assets (as reflected in the most recent available consolidated financial statements of the Company (which may be internal consolidated financial statements) or, if any such property or assets have been acquired since the date of such financial statements, the cost of such property or assets) subject to Liens incurred pursuant to this clause (16) does not exceed 130.0% of the aggregate principal amount of Indebtedness secured by such Liens;

(17) Liens on deposits of pre-sale proceeds made in order to secure the completion and delivery of pre-sold properties and issuance of the related land use title made in the ordinary course of business and not securing Indebtedness of the Company or any Restricted Subsidiary;

(18) Liens on deposits made in order to comply with statutory obligations to maintain deposits for workers compensation claims and other purposes specified by statute made in the ordinary course of business and not securing Indebtedness of the Company or any Restricted Subsidiary;

(19) Liens on deposits made in order to secure the performance of the Company or any of its Restricted Subsidiaries in connection with the direct or indirect acquisition of real property, land use right or personal property (including, without limitation, Capital Stock) by the Company or any of its Restricted Subsidiaries (including, without limitation, by way of acquisition of Capital Stock of a Person) in the ordinary course of business and not securing Indebtedness of the Company or any Restricted Subsidiary;

(20) Liens on the Capital Stock of a PRC Project Company granted by the Company or any PRC Restricted Subsidiary in favor of any Trust Company Investor in respect of, and to secure, Indebtedness of the type permitted to be Incurred under clause (2)(p) of the covenant described under "*—Limitation on Indebtedness and Preferred Stock*;"

(21) (i) Liens securing Cross Border Indebtedness permitted to be incurred under clause (2)(q) of the covenant "*—Limitation on Indebtedness and Preferred Stock*;" **provided that** the aggregate book value of any property or asset (as reflected in the most recent available consolidated financial statements of the Company (which may be internal consolidated financial statements) or, if any such property or assets have been acquired since the date of such financial statements, the cost of such property or assets) subject to Liens incurred pursuant to this clause (21)(i) does not exceed 130% of the aggregate principal amount of Indebtedness secured by such Lien or (ii) Liens incurred on bank accounts, cash deposits or other assets to secure Bank Deposit Secured Indebtedness;

(22) Liens on Investment Properties securing Indebtedness of the Company or any PRC Restricted Subsidiary of the type described under clause (2)(r) of the covenant described under "*—Limitation on Indebtedness and Preferred Stock*;"

(23) Liens incurred or deposits made to secure Entrusted Loans;

(24) Liens on current assets securing Indebtedness which is permitted to be Incurred under clause (2)(n) of the covenant described under "*—Limitation on Indebtedness and Preferred Stock*;"

(25) Liens on the Capital Stock of the Person that is to be acquired under the relevant Staged Acquisition Agreement securing Indebtedness which is permitted to be Incurred under clause (2)(o) of the covenant described under "*—Limitation on Indebtedness and Preferred Stock*;"

(26) Liens securing Indebtedness Incurred under clause (2)(u) of the covenant described under "*—Limitation on Indebtedness and Preferred Stock*;"

(27) Liens on assets of a Non-Guarantor Subsidiary securing any Permitted Subsidiary Indebtedness of any Non-Guarantor Subsidiary permitted to be Incurred under clause (1) of the covenant described under "*—Limitation on Indebtedness and Preferred Stock*;"

(28) Liens securing Indebtedness of Restricted Subsidiaries (other than Subsidiary Guarantors or JV Subsidiary Guarantors) Incurred pursuant to clause (2)(s) of the covenant described under "*—Limitation on Indebtedness and Preferred Stock*;"

(29) Liens on and pledges of Capital Stock of, or any Indebtedness owed to the Company or any Restricted Subsidiary from, any Unrestricted Subsidiary or any Person that is not a Subsidiary of the Company, in each case securing Indebtedness other than Indebtedness of the Company or any Restricted Subsidiary;

(30) Liens incurred in the ordinary course of business of the Company or any Restricted Subsidiary of the Company with respect to obligations that do not exceed US$15.0 million at any one time outstanding;

(31) Liens on the Capital Stock of the Person that is to be acquired under the relevant Minority Staged Acquisition Agreement securing Indebtedness permitted to be Incurred under clause (2)(w) of the covenant described under "*—Limitation on Indebtedness and Preferred Stock*;"

(32) Liens on Receivable Financing Assets in respect of a Non-recourse Receivable Financing; and

(33) Liens securing Indebtedness under Credit Facilities which is permitted to be Incurred under clause (x) of the covenant described under "*—Certain Covenants—Limitation on Indebtedness and Preferred Stock*."

"**Permitted Subsidiary Indebtedness**" means Indebtedness of, and all Preferred Stock issued by, the Non-Guarantor Subsidiaries, taken as a whole; **provided that**, on the date of the Incurrence of such Indebtedness and after giving effect thereto and the application of the proceeds thereof, the aggregate principal amount outstanding of all such Indebtedness (excluding any Public Indebtedness and any Indebtedness of any Non-Guarantor Subsidiary permitted under clauses 2(a), (b), (d), (f), (g) and (m) of the covenant described under "*—Certain Covenants—Limitation on Indebtedness and Preferred Stock*") does not exceed an amount equal to 15.0% of the Total Assets.

"**Perpetual Bond Obligation**" means any debt security or other obligation (howsoever described) incurred by the Company or any Restricted Subsidiary under any "perpetual bond," "perpetual loan" or similar instruments which is treated as equity under GAAP.

"**Person**" means any individual, corporation, partnership, limited liability company, joint venture, trust, unincorporated organization or government or any agency or political subdivision thereof.

"**PRC**" means the People's Republic of China, excluding Hong Kong Special Administrative Region, Macau and Taiwan.

"**PRC CJV**" means any Subsidiary that is a Sino-foreign cooperative joint venture enterprise with limited liability, established in the PRC pursuant to the Law of the People's Republic of China on Sino-foreign Cooperative Joint Ventures adopted on April 13, 1988 (as most recently amended on October 13, 2000) and the Detailed Rules for the Implementation of the Law of the People's Republic of China on Sino-foreign Cooperative Joint Ventures promulgated on September 4, 1995, as such laws may be amended.

"**PRC CJV Partner**" means with respect to a PRC CJV, the other party to the joint venture agreement relating to such PRC CJV with the Company or any Restricted Subsidiary.

"**PRC Project Company**" means any Restricted Subsidiary organized under the laws of the PRC primarily engaged in a Permitted Business.

"**PRC Restricted Subsidiary**" means a Restricted Subsidiary organized under the laws of the PRC.

"**Pre-Registration Mortgage Guarantee**" means any Indebtedness of the Company or any Restricted Subsidiary consisting of a guarantee in favor of any bank or other similar financial institutions in the ordinary course of business of secured loans of purchasers of individual units of properties from the Company or any Restricted Subsidiary; **provided that**, any such guarantee shall be released in full on or before the perfection of a security interest in such properties under applicable law in favor of the relevant lender.

"**Preferred Stock**" as applied to the Capital Stock of any Person means Capital Stock of any class or classes that by its terms is preferred as to the payment of dividends, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over shares of Capital Stock of any other class of such Person, valued at the greater of its voluntary or involuntary liquidation preference and its maximum fixed repurchase price plus accrued dividends.

"**Public Indebtedness**" means any bonds, debentures, notes or similar debt securities issued in a public offering or a private placement (other than the Notes) to institutional investors.

"**Qualified Exchange**" means either (1) The New York Stock Exchange, the London Stock Exchange, The Stock Exchange of Hong Kong Limited, the Nasdaq Stock Market, Singapore Exchange Securities Trading Limited, The Shanghai Stock Exchange or The Shenzhen Stock Exchange or (2) a national securities exchange (as such term is defined in Section 6 of the Exchange Act) or a designated offshore securities market (as such term is defined in Rule 902(b) under the Securities Act).

"**Qualified IPO**" means an initial public offering, and a listing, of the Capital Stock of a company on a Qualified Exchange; **provided that** in the case that such listing is on a national securities exchange (as such term is defined in Section 6 of the Exchange Act) or a designated offshore securities market (as such term is defined in Rule 902(b) under the Securities Act), such listing shall result in a public float of no less than the percentage required by the applicable listing rules.

"**Qualifying Related Entity**" means any CCCG Entity and any Wharf Entity.

"**Rating Agencies**" means (1) S&P, (2) Moody's and (3) Fitch, **provided that** if S&P, Moody's, Fitch, two of any of the three or all three of them shall not make a rating of the Notes publicly available, a nationally recognized securities rating agency or agencies, as the case may be, selected by the Company, 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 Category**" means (1) with respect to S&P, any of the following categories: "BB," "B," "CCC," "CC," "C" and "D" (or equivalent successor categories); (2) with respect to Moody's, any of the following categories: "Ba," "B," "Caa," "Ca," "C" and "D" (or equivalent successor categories); and (3) with respect to Fitch, any of the following categories: "BB," "B," "CCC," "CC," "C" and "D" (or equivalent successor categories); and (4) the equivalent of any such category of S&P, Moody's or Fitch used by another Rating Agency. In determining whether the rating of the Notes has decreased by one or more gradations, gradations within Rating Categories ("+" and "-" for 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 (1) in connection with a Change of Control Triggering Event, that date which is 90 days prior to the earlier of (x) a Change of Control and (y) a public notice of the occurrence of a Change of Control or of the intention by the Company or any other Person or Persons to effect a Change of Control or (2) in connection with actions contemplated under the caption *"—Consolidation, Merger and Sale of Assets*," that date which is 90 days prior to the earlier of (x) the occurrence of any such actions as set forth therein and (y) a public notice of the occurrence of any such actions.

"**Rating Decline**" means (1) in connection with a Change of Control Triggering Event, the occurrence on, or within six months after, the date, or public notice of the occurrence of, a Change of Control or the intention by the Company or any other Person or Persons to effect a Change of Control (which period shall be extended so long as the rating of the Notes is under publicly announced consideration for possible downgrade by any of the Rating Agencies) of any of the events listed below, or (2) in connection with actions contemplated under the caption "*—Consolidation, Merger and Sale of Assets*," the notification by any of the Rating Agencies that such proposed actions will result in any of the events listed below:

- in the event the Notes are rated by all three of the Rating Agencies on the Rating Date as Investment Grade, the rating of the Notes by any two of the three Rating Agencies shall be below Investment Grade;

- in the event the Notes are rated by any two, but not all three, of the three Rating Agencies on the Rating Date as Investment Grade, the rating of the Notes by any of such two Rating Agencies shall be below Investment Grade;

- in the event the Notes are rated by one, and only one, of the three Rating Agencies on the Rating Date as Investment Grade, the rating of the Notes by such Rating Agency shall be below Investment Grade; or

- in the event the Notes are 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 Notes by any Rating Agency shall be decreased by one or more gradations (including gradations within Rating Categories as well as between Rating Categories).

"**Receivable Financing**" means any financing transaction or series of financing transactions that have been or may be entered into by the Company or any Restricted Subsidiary pursuant to which the Company or any Restricted Subsidiary may sell, convey or otherwise transfer to another Person, or may grant a security interest in, any receivables, royalty, other revenue streams or interests therein (including without limitation, all security interests in goods financed thereby (including equipment and property), the proceeds of such receivables, and other assets which are customarily sold or in respect of which security interests are customarily granted in connection with securitization or factoring transactions involving such assets) for credit or liquidity management purposes (including discounting, securitization or factoring transactions) either (i) in the ordinary course of business or (ii) by way of selling securities that are, or are capable of being, listed on any stock exchange or in any securities market and are offered using an offering memorandum or similar offering document.

"**Receivable Financing Assets**" means assets that are underlying and are sold, conveyed or otherwise transferred or pledged in a Receivable Financing.

"**Reference Treasury Dealer**" means each of any three investment banks of recognized standing that is a primary U.S. Government securities dealer in The City of New York, selected by the Company in good faith.

"**Reference Treasury Dealer Quotations**" means, with respect to each Reference Treasury Dealer and any redemption date, the average as determined by the Company, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing by such Reference Treasury Dealer at 5:00 p.m. on the third Business Day preceding such redemption date.

"**Renminbi**" or "**RMB**" means yuan, the lawful currency of the PRC.

"**Replacement Assets**" means, on any date, property or assets (other than current assets) of a nature or type or that are used in a Permitted Business.

"**Restricted Subsidiary**" means any Subsidiary of the Company other than an Unrestricted Subsidiary.

"**Restructuring**" means the restructuring and Qualified IPO of a Subsidiary of the Company in the Restructuring Group.

"**Restructuring Group**" means the group of Subsidiaries of the Company, which are engaged (directly or indirectly) in the project or construction management business, that the Company may spin off and separately list on a Qualified Exchange as part of the Restructuring.

"**S&P**" means Standard & Poor's Ratings Services and its affiliates.

"**Sale and Leaseback Transaction**" means any direct or indirect arrangement relating to property (whether real, personal or mixed), now owned or hereafter acquired whereby the Company or any Restricted Subsidiary transfers such property to another Person and the Company or any Restricted Subsidiary leases it from such Person.

"**Securitization Fees**" means distributions or payments made directly or by means of discounts with respect to any Receivable Financing Asset or participation interest therein issued or sold in connection with and other fees paid to a Person that is not the Company or a Restricted Subsidiary in connection with any Receivable Financing.

"**Senior Indebtedness**" of the Company or a Restricted Subsidiary, as the case may be, means all Indebtedness of the Company or the Restricted Subsidiary, as relevant, whether outstanding on the Original Issue Date or thereafter created, except for Indebtedness which, in the instrument creating or evidencing the same, is expressly stated to be subordinated in right of payment to (a) in respect of the Company, the Notes, (b) in respect of any Restricted Subsidiary that is a Subsidiary Guarantor, its Subsidiary Guarantee, or (c) in respect of any Restricted Subsidiary that is a JV Subsidiary Guarantor, its JV Subsidiary Guarantee; **provided that** Senior Indebtedness does not include (1) any obligation to the Company or any Restricted Subsidiary, (2) trade payables or (3) Indebtedness Incurred in violation of the Indenture.

"**Significant Subsidiary**" means any Restricted Subsidiary, or group of Restricted Subsidiaries, that would, taken together, be a "**significant subsidiary**" using the conditions specified in the definition of significant subsidiary in Article 1, Rule 1-02(w) of Regulation S-X, promulgated pursuant to the US Securities Act of 1933, as amended, as such Regulation is in effect on the date of the Indenture, if any of the conditions exceeds 5%.

"**Staged Acquisition Agreement**" means an agreement between the Company or a Restricted Subsidiary and an Independent Third Party (x) pursuant to which the Company or such Restricted Subsidiary agrees to acquire 50% or more of the Capital Stock of a Person for a consideration that is not more than the Fair Market Value of such Capital Stock of such Person at the time the Company or such Restricted Subsidiary enters into such agreement and (y) which provides that the payment of the purchase price for such Capital Stock is made in more than one installment over a period of time not to exceed 18 months from the date the Company or such Restricted Subsidiary enters into such Staged Acquisition Agreement.

"**Standard Non-recourse Receivable Financing Undertakings**" means representations, warranties, undertakings, covenants and indemnities entered into by the Company or any Restricted Subsidiary which the Company has determined in good faith to be customary for a seller or servicer of assets in Non-recourse Receivable Financings.

"**Stated Maturity**" means, (1) with respect to any Indebtedness, the date specified in such debt security as the fixed date on which the final installment of principal of such Indebtedness is due and payable as set forth in the documentation governing such Indebtedness and (2) with respect to any scheduled installment of principal of or interest on any Indebtedness, the date specified as the fixed date on which such installment is due and payable as set forth in the documentation governing such Indebtedness.

"**Subordinated Indebtedness**" means any Indebtedness of the Company, any Subsidiary Guarantor or any JV Subsidiary Guarantor which is contractually subordinated or junior in right of payment to the Notes, any Subsidiary Guarantee or any JV Subsidiary Guarantee, as applicable, pursuant to a written agreement to such effect.

"**Subordinated Shareholder Loan**" means any loan to the Company or any Restricted Subsidiary from Permitted Holders which (1) is subordinated in right of payment to the Notes, (2) by its terms (and by the terms of any security into which it is convertible or for which it is exchangeable) does not mature and is not required to be repaid, pursuant to a sinking fund obligation, event of default or otherwise, in whole or in part, until 180 days after the Stated Maturity of the Notes and (3) does not provide for any cash payment of interest until 180 days after the Stated Maturity of the Notes.

"**Subsidiary**" means, with respect to any Person, any corporation, association or other business entity (i) of which more than 50.0% of the voting power of the outstanding Voting Stock is owned, directly or indirectly, by such Person and one or more other Subsidiaries of such Person or (ii) of which 50% or less of the outstanding Voting Stock is owned, directly or indirectly, by such Person and which is "**controlled**" and consolidated by such Person in accordance with GAAP.

"**Subsidiary Guarantee**" means any Guarantee of the obligations of the Company under the Indenture and the Notes by any Subsidiary Guarantor.

"**Subsidiary Guarantor**" means any initial Subsidiary Guarantor named herein and any other Restricted Subsidiary which guarantees the payment of the Notes pursuant to the Indenture and the Notes; **provided that** Subsidiary Guarantor will not include (a) any Person whose Subsidiary Guarantee has been released in accordance with the Indenture and the Notes or (b) any JV Subsidiary Guarantor.

"**Temporary Cash Investment**" means any of the following:

(1) direct obligations of the United States of America, any state of the European Economic Area, the People's Republic of China and Hong Kong or any agency of any of the foregoing or obligations fully and unconditionally Guaranteed by the United States of America, any state of the European Economic Area, the People's Republic of China and Hong Kong or any agency of any of the foregoing, in each case maturing within one year, which in the case of obligations of, or obligations Guaranteed by, any state of the European Economic Area, shall be rated at least "A" by S&P or Moody's;

(2) demand or time deposit accounts, certificates of deposit and money market deposits maturing within 180 days of the date of acquisition thereof issued by a bank or trust company which is organized under the laws of the United States of America, any state thereof, any state of the European Economic Area or Hong Kong, and which bank or trust company has capital, surplus and undivided profits aggregating in excess of US$100.0 million (or the Dollar Equivalent thereof) and has outstanding debt which is rated "A" (or such similar equivalent rating) or higher by at least one nationally recognized statistical rating organization (as defined in Rule 436 under the U.S. Securities Act) or any money market fund sponsored by a registered broker dealer or mutual fund distributor;

(3) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clause (1) above entered into with a bank or trust company meeting the qualifications described in clause (2) above;

(4) commercial paper, maturing not more than 180 days after the date of acquisition thereof, issued by a corporation (other than an Affiliate of the Company) organized and in existence under the laws of the United States of America, any state thereof or any foreign country recognized by the United States of America with a rating at the time as of which any investment therein is made of "P-1" (or higher) according to Moody's or "A-1" (or higher) according to S&P;

(5) securities, maturing within one year of the date of acquisition thereof, issued or fully and unconditionally Guaranteed by any state, commonwealth or territory of the United States of America, or by any political subdivision or taxing authority thereof, and rated at least "A" by S&P or Moody's;

(6) any money market fund that has at least 95.0% of its assets continuously invested in investments of the types described in clauses (1) through (5) above;

(7) demand or time deposit accounts, certificates of deposit, overnight or call deposits and money market deposits with any bank or financial institution organized under the laws of the PRC or Hong Kong; and

(8) structured deposit products that are principal protected with any bank or financial institution organized under the laws of the PRC or Hong Kong if held to maturity (which shall not be more than one year) and can be withdrawn at any time with no more than six-month notice.

"**Total Assets**" means, as of any date, the total consolidated assets of the Company and its Restricted Subsidiaries measured in accordance with GAAP as of the last day of the most recent full fiscal quarter for which consolidated financial statements of the Company (which the Company shall use its reasonable best efforts to compile on a timely manner) are available (which may be internal consolidated financial statements); **provided that**:

(1) only with respect to clause (2)(h) of "*—Certain Covenants—Limitation on Indebtedness and Preferred Stock*" covenant and the definition of "Permitted Subsidiary Indebtedness", Total Assets shall be calculated after giving *pro forma* effect to include the cumulative value of all of the real or personal property or equipment the acquisition, development, construction or improvement of which requires or required the Incurrence of Indebtedness and calculation of Total Assets thereunder, as measured by the purchase price or cost therefor or budgeted cost provided in good faith by the Company or any of its Restricted Subsidiaries to the bank or other similar financial institutional lender providing such Indebtedness;

(2) only with respect to the calculation of "**Non-Guaranteed Portion**," in the case of a JV Subsidiary Guarantor executing a JV Subsidiary Guarantee and any other Restricted Subsidiary of the Company that became a JV Subsidiary Guarantor after the end of the most recently ended semi-annual or annual period, the amount of Total Assets shall be calculated after giving *pro forma* effect to the sale or issuance of Capital Stock to the relevant Independent Third Parties;

(3) only with respect to clause (2)(o) of "*— Certain Covenants — Limitation on Indebtedness and Preferred Stock*" covenant, with respect to the Incurrence of any Acquired Indebtedness as a result of any Person becoming a Restricted Subsidiary, Total Assets shall be calculated after giving *pro forma* effect to include the consolidated assets of such Restricted Subsidiary and any other change to the consolidated assets of the Company as a result of such Person becoming a Restricted Subsidiary; and

(4) only with respect to any Person becoming a new Offshore Non-Guarantor Subsidiary, *pro forma* effect shall at such time be given to the consolidated assets of such new Non-Guarantor Subsidiary (including giving *pro forma* effect to any other change to the consolidated assets of the Company, in each case as a result of such Person becoming a new Offshore Non-Guarantor Subsidiary).

"**Trade Payables**" means, with respect to any Person, any accounts payable or any other indebtedness or monetary obligation to trade creditors created, assumed or Guaranteed by such Person or any of its Subsidiaries arising in the ordinary course of business in connection with the acquisition of goods or services.

"**Transaction Date**" means, with respect to the Incurrence of any Indebtedness, the date such Indebtedness is to be Incurred and, with respect to any Restricted Payment, the date such Restricted Payment is to be made.

"**Trust Company Investor**" means an Independent Third Party that is a financial institution or an insurance company organized under the laws of the PRC, or an Affiliate thereof, that invests in any Capital Stock of a PRC Project Company.

"**Unrestricted Subsidiary**" means (1) any Subsidiary of the Company that at the time of determination shall be designated an Unrestricted Subsidiary by the Board of Directors in the manner provided in the Indenture; and (2) any Subsidiary of an Unrestricted Subsidiary.

"**U.S. Government Obligations**" means securities that are (1) direct obligations of the United States of America for the payment of which its full faith and credit is pledged or (2) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the United States of America the payment of which is unconditionally Guaranteed as a full faith and credit obligation by the United States of America, which, in either case, are not callable or redeemable at the option of the issuer thereof at any time prior to the Stated Maturity of the Notes, and shall also include a depository receipt issued by a bank or trust company as custodian with respect to any such U.S. Government Obligation or a specific payment of interest on or principal of any such U.S. Government Obligation held by such custodian for the account of the holder of a depository receipt; **provided that** (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depository receipt from any amount received by the custodian in respect of the U.S. Government Obligation or the specific payment of interest on or principal of the U.S. Government Obligation evidenced by such depository receipt.

"**Voting Stock**" means, with respect to any Person, Capital Stock of any class or kind ordinarily having the power to vote for the election of directors, managers or other voting members of the governing body of such Person.

"**Wharf Entity**" means (i) any Person directly or indirectly controlled by The Wharf Holdings Limited and (ii) any Person that is directly or indirectly jointly controlled by (x) any Person falling within clause (i) and (y) the Company or any Subsidiary of the Company.

"**Wholly Owned**" means, with respect to any Subsidiary of any Person, the ownership of all of the outstanding Capital Stock of such Subsidiary (other than any director's qualifying shares or Investments by foreign nationals mandated by applicable law) by such Person or one or more Wholly Owned Subsidiaries of such Person; **provided that** Subsidiaries that are PRC CJVs shall not be considered Wholly Owned Subsidiaries unless such Person or one or more Wholly Owned Subsidiaries of such Person is entitled to 95.0% or more of the economic benefits distributable by such Subsidiary.

TAXATION

The following summary of certain Cayman Islands, British Virgin Islands, Hong Kong, PRC and European Union tax consequences of the purchase, ownership and disposition of the New Notes is based upon applicable laws, regulations, rulings and decisions in effect as of the date of this offering memorandum, all of which are subject to change (possibly with retroactive effect). This discussion does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the New Notes and does not purport to deal with consequences applicable to all categories of investors, some of which may be subject to special rules. Neither these statements nor any other statements in this offering memorandum are to be regarded as advice on the tax position of any holders or any persons acquiring, selling or otherwise dealing in the New Notes or on any tax implications arising from the acquisition, sale or other dealings in respect of the New Notes. Prospective investors in the New Notes should consult their own tax advisers concerning the tax consequences of the purchase, ownership and disposition of New Notes, including such possible consequences under the laws of their country of citizenship, residence or domicile.

Cayman Islands

The following is a discussion on certain Cayman Islands income tax consequences of an investment in the New Notes. The discussion is a general summary of present law, which is subject to prospective and retroactive change. It is not intended as tax advice, does not consider any investor's particular circumstances, and does not consider tax consequences other than those arising under Cayman Islands law.

Under the laws of the Cayman Islands, payments of interest, principal or premium on the New Notes will not be subject to taxation and no withholding will be required on the payment of principal or premium to any holder of the New Notes, as the case may be, nor will gains derived from the disposal of the New Notes be subject to any capital gains, income or corporation tax in the Cayman Islands. The Cayman Islands currently have no exchange control restrictions and are not party to any double taxation treaties that are applicable to any payments made by or to the Company. The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty.

No stamp duties or similar taxes or charges are payable under the laws of the Cayman Islands in respect of the execution and issue of the New Notes unless they are executed in or brought within (for example, for the purposes of enforcement) the jurisdiction of the Cayman Islands.

In accordance with section 6 of the Tax Concessions Law (1999 Revision), the Company has obtained an undertaking from the Governor-in-Cabinet:

(a) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciations shall apply to the Company or its operations; and

(b) in addition, that no tax to be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable by the Company:

  (i) on or in respect of the shares, debentures or other obligations of the Company; or

  (ii) by way of the withholding in whole or in part, of any relevant payment as defined in Section 6(3) of the Tax Concessions Law (1999 Revision).

The undertaking is for a period of twenty years from September 13, 2005.

British Virgin Islands

The following is a discussion on certain British Virgin Islands income tax consequences of an investment in the New Notes. The discussion is a general summary of present law, which is subject to prospective and retroactive change. It is not intended as tax advice, does not consider any investor's particular circumstances, and does not consider tax consequences other than those arising under British Virgin Islands law.

Under Existing British Virgin Islands Laws

Payments of interest and principal or premium on the New Notes will not be subject to taxation in the British Virgin Islands and no withholding will be required on the payment of interest and principal or premium to any holder of the New Notes nor will gains derived from the disposal of the New Notes be subject to British Virgin Islands income or corporation tax, *provided that* the payments are made to persons who are not resident in the British Virgin Islands.

No estate, inheritance, succession or gift tax, rate, duty, levy or other charge is payable by persons who are not resident in the British Virgin Islands with respect to the New Notes.

There are currently no withholding taxes or exchange control regulations in the British Virgin Islands applicable to the Company.

If neither the Company nor any subsidiary holds an interest in real estate in the British Virgin Islands, no stamp duty is payable in respect of the issue of the New Notes or on an instrument of transfer in respect of the New Notes.

Hong Kong

Withholding Tax

No withholding tax in Hong Kong is payable on payments of principal (including any premium payable on redemption of the New Notes) or interest in respect of the New Notes.

Profits Tax

Hong Kong profits tax is charged on every person carrying on a trade, profession or business in Hong Kong in respect of assessable profits arising in or derived from Hong Kong from such trade, profession or business.

Under the Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong) (the "**Inland Revenue Ordinance**"), as it is currently applied, Hong Kong profits tax may be charged on revenue profits arising on the sale, disposal or redemption of the New Notes where such sale, disposal or redemption is or forms part of a trade, profession or business carried on in Hong Kong. Interest on the New Notes will be subject to Hong Kong profits tax where such interest has a Hong Kong source, and is received by or accrues to:

- a financial institution (as defined in the Inland Revenue Ordinance) and arises through or from the carrying on by the financial institution of its business in Hong Kong; or

- a corporation carrying on a trade, profession or business in Hong Kong; or

- a person, other than a corporation, carrying on a trade, profession or business in Hong Kong and such interest is in respect of the funds of the trade, profession or business.

Although no tax is imposed in Hong Kong in respect of capital gains, Hong Kong profits tax may be chargeable on trading gains arising on the sale or disposal of the New Notes where such transactions are or form part of a trade, profession or business carried on in Hong Kong.

Stamp Duty

No Hong Kong stamp duty will be chargeable upon the issue or transfer (for so long as the register of holders of the New Notes is maintained outside Hong Kong, as is expected to be the case) of New Notes.

PRC Taxation

The following summary of certain PRC tax consequences of the purchase, ownership and disposition of New Notes is based upon applicable laws, rules and regulations in effect as of the date of this offering memorandum, all of which are subject to change (possibly with retroactive effect). This discussion does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the New Notes and does not purport to deal with consequences applicable to all categories of investors, some of which may be subject to special rules. Prospective investors in the New Notes should consult their own tax advisers concerning the tax consequences of the purchase, ownership and disposition of New Notes, including such possible consequences under the laws of their country of citizenship, residence or domicile.

We may be deemed a "resident enterprise" for PRC tax purposes. See "*Risk Factors—Risks relating to China—Our income tax obligations have increased, dividends from our PRC subsidiaries are currently subject to withholding tax under PRC tax laws and we may be subject to PRC tax under the Enterprise Income Tax Law*." If we are deemed a "resident enterprise," interest paid to the non-resident holders of the New Notes and any gains realized by the holders of the New Notes from the transfer of the New Notes may be treated as income derived from sources within China. In that case, non-resident enterprise holders of the New Notes may be subject to PRC withholding tax at a rate of 10% on their interest and other income paid by the Company and PRC tax at a rate of 10% on their capital gains from dispositions of the New Notes, if 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. If we are treated as a "resident enterprise" for PRC tax purposes, non-resident individual holders may be subject to PRC withholding tax at a rate of 20% on their PRC interest and other income paid by the Company and PRC tax at a rate of 20% on their capital gains from dispositions of the New Notes. 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 New Notes will not be subject to PRC tax on interest received or gains from the transfer of the New Notes. It is unclear whether the PRC tax authorities will treat us as a PRC "resident enterprise" and whether PRC tax on interest income or capital gains will apply to the holders of the New Notes. To the extent that China has entered into arrangements for the avoidance of double-taxation with any jurisdiction, such as Hong Kong, that provide for a lower tax rate, such lower rate may apply to the holders of the New Notes who are entitled to such treaty benefits.

Stamp duty

No PRC stamp tax will be chargeable upon the issue or transfer (for so long as the register of holders of the New Notes is maintained outside mainland China, as is expected to be the case) of a Note.

Value-added Tax

On March 23, 2016, the Ministry of Finance and the State Administration of Taxation issued the Circular of Full Implementation of Replacing Business Tax with Value-Added Tax Reform (Caishui [2016] No. 36) ("**Circular 36**"), which introduced a new value-added tax ("**VAT**") from May 1, 2016. Under Circular 36, VAT is applicable where the entities or individuals provide services within the PRC. The operating revenues generated from the provision of taxable sale of services by entities and individuals, such as financial services, shall be subject to PRC VAT if the seller or buyer of the services is within the PRC. In the event that foreign entities or individuals which are involved in the taxable activities within the PRC do not have a business establishment in the PRC, the purchaser of services shall act as the withholding agent. According to the Explanatory New Notes to Sale of Services, Intangible Assets and Real Property and Provisions on Transitional Policies for the Pilot Program of Replacing Business Tax with Value-added Tax attached to Circular 36, financial services refer to the business activities of financial and insurance operations, including loan processing services, financial services of direct charges, insurance services and the transfer of financial instruments, for which the VAT rate is 6%. Individuals engaging in the transfer of financial products are exempt from VAT. Accordingly, if the interest and other interest like earnings received by a non-PRC resident holder of securities from the Company is deemed as the taxable sale of financial services within the PRC, it will be subject to PRC VAT at the rate of 6%, and the Company will be obligated to withhold VAT of 6% and certain surcharges on payments of interest and certain other amounts on the securities paid by the Company to holders of securities that are non-resident enterprises or individuals. VAT is unlikely to be applicable to the financial services provided outside the PRC and to any transfer of securities between entities or individuals located outside of the PRC and therefore unlikely to be applicable to gains realized upon such transfers of securities, but there is uncertainty as to the applicability of VAT if either the seller (only for entities) or buyer (for entities or individuals) of securities is located inside the PRC. Circular 36 together with other laws and regulations pertaining to VAT are relatively new, the interpretation and enforcement of such laws and regulations involve uncertainties.

PLAN OF DISTRIBUTION

Subject to the terms and conditions stated in the purchase agreement dated the date of this offering memorandum, each Initial Purchaser named below has severally but not jointly agreed to purchase or procure purchasers to purchase the New Notes, and we have agreed to sell to that Initial Purchaser, the principal amount of the New Notes in the proportions indicated in the following table set forth opposite the Initial Purchaser's name below.

Initial Purchasers	Principal Amount of the New Notes
The Hongkong and Shanghai Banking Corporation Limited	US$75,000,000
Credit Suisse (Hong Kong) Limited	US$75,000,000
Total	US$150,000,000

The purchase agreement provides that the obligations of the Initial Purchasers to purchase or procure purchasers to purchase the New Notes are subject to approval of certain legal matters by counsel and to other conditions. The Initial Purchasers must purchase all the New Notes if they purchase any of the New Notes.

The Initial Purchasers propose to resell the New Notes directly to investors at the offering price set forth on the cover page of this offering memorandum only outside the United States in offshore transactions in reliance on Regulation S. See "*Transfer Restrictions*." The price at which the New Notes are offered may be changed at any time without notice.

The New Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantee (if any) have not been and will not be registered under the U.S. Securities Act or any state securities laws and may not be offered or sold within the United States except in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act. See "*Transfer Restrictions*."

We and the Subsidiary Guarantors have agreed that, for a period beginning on the date of the pricing of the New Notes and continuing to and including the Closing Date, we and the Subsidiary Guarantors will not, without the prior written consent of the Initial Purchasers, offer, sell, contract to sell, or otherwise dispose of, any securities issued by us or guaranteed by us or the Subsidiary Guarantors outside of the PRC.

In connection with the issue of the New Notes, any of the Initial Purchasers (or persons acting on behalf of any of the Initial Purchasers) (the "**Stabilizing Managers**") may over-allot New Notes or effect transactions with a view to supporting the price of the New Notes at a level higher than that which might otherwise prevail. However, stabilization may not necessarily occur. Any stabilization action may begin on or after the date on which adequate public disclosure of the terms of the offer of the securities is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the securities and 60 days after the date of the allotment of the securities. Any stabilization action or over allotment must be conducted by the stabilization manager (or person(s) acting on behalf of the stabilization manager) in accordance with all applicable laws and rules.

We expect to deliver the New Notes against payment for the New Notes on or about the date specified in the last paragraph of the cover page of this offering memorandum, which will be the fourth business day following the date of the pricing of the New Notes.

One initial investor is expected to subscribe for all of the aggregate principal amount of the New Notes. See the section entitled "*Risk Factors — Risks relating to the Notes — One initial investor is expected to subscribe for all of the aggregate principal amount of the Notes.*"

The Initial Purchasers and/or their affiliates have performed commercial banking, investment banking or advisory services for us from time to time for which they have received customary fees and reimbursement of expenses. The Initial Purchasers and/or their affiliates may, from time to time, engage in transactions with and perform services for, us in the ordinary course of business for which they may receive customary fees and reimbursement of expenses. We may enter into hedging or other derivative transactions as part of our risk management strategy with one or more of the Initial Purchasers which may include transactions relating to our obligations under the New Notes. Our obligations under these transactions may be secured by cash or other collateral.

In connection with this offering of the New Notes, each Initial Purchaser and/or its affiliate(s) may act as an investor for its own account and may take up the New Notes in the offering and in that capacity may retain, purchase or sell for its own account such securities and any securities of the Company or related investments and may offer or sell such securities or other investments otherwise than in connection with the offering of the New Notes. Accordingly, references herein to the New Notes being offered should be read as including any offering of the New Notes to the Initial Purchasers and/or their affiliates acting in such capacity. Such persons do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

We and the Subsidiary Guarantors have agreed to indemnify the Initial Purchasers against certain liabilities, including liabilities under the U.S. Securities Act, or to contribute to payments that the Initial Purchasers may be required to make because of any of those liabilities.

Selling Restrictions

General

No action has been taken or will be taken in any jurisdiction that would permit a public offering of the New Notes, or possession or distribution of this offering memorandum or any amendment or supplement thereto or any other offering or publicity material relating to the New Notes, in any country or jurisdiction where action for that purpose is required. Accordingly, neither the New Notes may be offered or sold, directly or indirectly, and neither this offering memorandum nor any other offering material or advertisements in connection with the New Notes may be distributed or published, by the Company or the Initial Purchasers in or from any country or jurisdiction, except in compliance with all applicable rules and regulations of any such country or jurisdiction.

United States

Neither the New Notes, the Subsidiary Guarantees nor the JV Subsidiary Guarantees (if any) have not been and will not be registered under the Securities Act and may not be offered, sold or delivered within the United States unless pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

Each of the Initial Purchasers has represented, warranted and undertaken that it has not offered, sold or delivered and will not offer, sell or deliver any New Notes within the United States, except in accordance with Rule 903 of Regulation S. Accordingly, neither it, its affiliates nor any persons acting on its behalf have engaged or will engage in any directed selling efforts with respect to the New Notes. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

United Kingdom

Each Initial Purchaser has represented, warranted and undertaken 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 New Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Company; and

(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 New Notes in, from or otherwise involving the United Kingdom.

PRIIPs Regulation Prohibition of Sales to EEA Retail Investors

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

PRIIPs Regulation Prohibition of Sales to UK Retail Investors

The New Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the 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 EUWA or (ii) a customer within the meaning of the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client as defined in point (8) of Article 2(1) of Regulation (EU) No. 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently, no key information document required by the UK PRIIPs Regulation for offering or selling the New Notes or otherwise making them available to retail investors in the UK has been prepared and, therefore, offering or selling the New Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

The PRC

Each Initial Purchaser has represented, warranted and undertaken that the New Notes are not being offered or sold and may not be offered or sold, directly or indirectly, in the PRC, except as permitted by the securities laws of the PRC.

Hong Kong

Each Initial Purchaser has represented and agreed that:

(1) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any New Notes other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "**SFO**") and any rules made under the SFO; 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 Hong Kong (the "**C(WUMP)O**") or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and

(2) 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 New Notes, 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 New Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

Singapore

This offering memorandum has not been and will not be registered as a prospectus with the Monetary Authority of Singapore (the "**MAS**"). Accordingly, this offering memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the New Notes may not be circulated or distributed, nor may the New Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289 of Singapore), as modified 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 New Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

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

(1) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(2) where no consideration is or will be given for the transfer;

(3) where the transfer is by operation of law;

(4) as specified in Section 276(7) of the SFA; or

(5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Japan

The New Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (the "**Financial Instruments and Exchange Act**") and, accordingly, each Initial Purchaser has represented, warranted and undertaken that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any New Notes in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan) or to others for reoffering 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 and regulations of Japan.

British Virgin Islands

Each of the Initial Purchasers has represented, warranted and agreed that with respect to offers and sales of any New Notes that it has not and will not make any invitation directly or indirectly to the public or any member of the public in the British Virgin Islands to purchase the New Notes and the New Notes may not be offered or sold, directly or indirectly, in the British Virgin Islands, except as otherwise permitted by British Virgin Islands law.

Cayman Islands

No offer or invitation may be made to the public in the Cayman Islands to subscribe for the New Notes. Each Initial Purchaser has represented, warranted and undertaken that the public in the Cayman Islands will not be invited to subscribe for the New Notes.

TRANSFER RESTRICTIONS

By purchasing the New Notes, you will be deemed to have made the following acknowledgements, representations to, and agreements with, us and the Initial Purchasers:

1. You understand and acknowledge that:

   - the New Notes have not been and will not be registered under the Securities Act or any other applicable securities laws;

   - the New Notes are being offered for resale in transactions that do not require registration under the Securities Act or any other securities laws; and

   - the New Notes are being offered and sold only outside the United States in offshore transactions in reliance on Regulation S under the Securities Act.

2. You represent that you are not an affiliate (as defined in Rule 144 under the Securities Act) of ours, that you are not acting on our behalf, and you are purchasing the New Notes in an offshore transaction in accordance with Regulation S.

3. You acknowledge that none of us, the Initial Purchasers, or any person representing us or the Initial Purchasers has made any representation to you with respect to us or the offering of the New Notes, other than the information contained in this offering memorandum. You represent that you are relying only on this offering memorandum in making your investment decision with respect to the New Notes. You agree that you have had access to such financial and other information concerning us and the New Notes as you have deemed necessary in connection with your decision to purchase the New Notes including an opportunity to ask questions of and request information from us.

4. You represent that you are purchasing the New Notes for your own account, or for one or more investor accounts for which you are acting as a fiduciary or agent, in each case not with a view to, or for offer or sale in connection with, any distribution of the New Notes in violation of the Securities Act.

5. You acknowledge that we, the Initial Purchasers and others will rely upon the truth and accuracy of the above acknowledgments, representations and agreements. You agree that if any of the acknowledgments, representations or agreements you are deemed to have made by your purchase of the New Notes is no longer accurate, you will promptly notify us and the Initial Purchasers. If you are purchasing any New Notes as a fiduciary or agent for one or more investor accounts, you represent that you have sole investment discretion with respect to each of those accounts and that you have full power to make the above acknowledgments, representations and agreements on behalf of each account.

RATINGS

The Original Notes have been assigned a rating of "Ba3" by Moody's investor Service, Inc. (the "**Moody's**"). The New Notes are expected to by rated Ba3 by Moody's. The ratings reflect the rating agencies' assessment of the likelihood of timely payment of the principal of and interest on the Notes. The ratings do not address the payment of any Additional Amounts and do not constitute recommendations to purchase, hold or sell the Notes inasmuch as such ratings do not comment as to market price or suitability for a particular investor. Each such rating should be evaluated independently of any other rating on the Notes, on other securities of ours, or on us. Additionally, our long-term corporate credit rating by Standard & Poor's Ratings Services was BB- with a stable outlook, and our corporate family rating by Moody's Investors Service was Ba3 with a stable outlook. A rating or a rating outlook is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time. A rating and a rating outlook may not remain for any given period of time and a rating and a rating outlook may be lowered or withdrawn entirely by the relevant rating agency if in its judgment circumstances in the future so warrant. Each such rating should be evaluated independently of any other rating on other securities of ours, or on us. We have no obligation to inform holders of the Notes of any such revision, downgrade or withdrawal. A suspension, reduction or withdrawal at any time of the rating assigned to us may materially and adversely affect the market price of the Notes.

LEGAL MATTERS

Certain legal matters with respect to the New Notes will be passed upon for us by White & Case Pte. Ltd. and White & Case as to matters of New York law and Hong Kong law, Maples and Calder (Hong Kong) LLP as to matters of Cayman Islands law and British Virgin Islands law and T&C Law Firm as to matters of PRC law. Certain legal matters will be passed upon for the Initial Purchasers by Clifford Chance as to matters of New York law and Jingtian & Gongcheng as to matters of PRC law.

INDEPENDENT AUDITORS

Our audited consolidated annual results for the year ended December 31, 2020 reproduced in this offering memorandum are extracted from the audited consolidated financial statements which have been audited by Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, as stated in the report therein and in our annual report for the year ended December 31, 2020 which was published in March 2021. Our audited consolidated annual results for the year ended December 31, 2019 reproduced in this offering memorandum are extracted from the audited consolidated financial statements which have been audited by Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, as stated in the report therein and in our annual report for the year ended December 31, 2019 which was published in March 2020. Our audited consolidated annual results for the year ended December 31, 2018 reproduced in this offering memorandum are extracted from the audited consolidated financial statements which have been audited by Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, as stated in the report therein and in our annual report for the year ended December 31, 2018 which was published in March 2019.

The unaudited condensed consolidated interim results as at and for the six months ended June 30, 2020 reproduced in this offering memorandum are extracted from the unaudited condensed consolidated financial statements as reviewed by Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, as stated in the report therein and in our interim report for the six months ended June 30, 2020, which were published in August 2020.

The unaudited condensed consolidated interim results as at and for the six months ended June 30, 2021 reproduced in this offering memorandum are extracted from the unaudited interim condensed consolidated financial information as reviewed by Ernst & Young, Certified Public Accountants, Hong Kong, as stated in the report therein and in our interim report for the six months ended June 30, 2021, which were published in September 2021.

GENERAL INFORMATION

Consents

We have obtained all necessary consents, approvals and authorizations in the Cayman Islands, the British Virgin Islands, the PRC and Hong Kong in connection with the issue and performance of the New Notes, the Subsidiary Guarantees and the Indenture. The issue of the New Notes and the entering into the Indenture have been authorized by resolutions of the board of directors of the Company dated February 16, 2022. The giving of the Subsidiary Guarantees and the entering into the Indenture have been authorized by the relevant corporate authorizations of the Subsidiary Guarantors, each dated February 16, 2022.

Litigation

There are no legal or arbitration proceedings against or affecting us, any of our subsidiaries or any of our assets, nor are we aware of any pending or threatened proceedings, which are or might be material in the context of this issue of the New Notes.

No Material Adverse Change

Save as disclosed in this offering memorandum, there has been no adverse change or any development reasonably likely to involve an adverse change, in the condition (financial or otherwise) of our general affairs since June 30, 2021 that is material in the context of the issue of the New Notes.

Documents Available

For so long as any of the Notes are outstanding, copies of the Indenture and our consolidated financial statements as at and for the years ended December 31, 2019 and 2020 may be inspected free of charge during normal business hours (being between 9:00 a.m. and 3:00 p.m. Hong Kong time) on any weekday (except public holidays) at the corporate trust office of the Trustee upon prior written request and receipt by the Trustee of satisfactory proof of holding.

Clearing Systems and Settlement

The Notes are expected to be cleared through the facilities of Euroclear and Clearstream. Certain trading information with respect to the Notes is set forth below:

	ISIN	Common Code
Notes	XS2050914832	205091483

Only New Notes evidenced by a Global Note will be accepted for clearance through Euroclear and Clearstream.

Listing of the New Notes

Original Notes are listed on the SEHK. Application has been made to the SEHK for the listing of the New Notes by way of debt issues to Professional Investors only. A confirmation of the eligibility of the listing of the New Notes has been received from the SEHK. Hong Kong Exchanges and Clearing Limited and the SEHK take no responsibility for the contents of this offering memorandum, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this offering memorandum.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

The financial statements in this section titled "Index to Consolidated Financial Statements" have been reproduced from the annual reports of Greentown China Holdings Limited for the financial years ended December 31, 2018, 2019 and 2020, and the interim reports of Greentown China Holdings Limited for the six months ended June 30, 2020 and 2021, respectively, and have not been specifically prepared for inclusion in this offering memorandum. Prospective investors should read the consolidated financial data in conjunction with the related notes.

Independent Review Report
獨立審閱報告

Ernst & Young
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

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To the board of directors of Greentown China Holdings Limited
(Incorporated in the Cayman Islands with Limited Liability)

致綠城中國控股有限公司董事會
（於開曼群島註冊成立的有限公司）

Introduction

We have reviewed the interim financial information set out on pages 54 to 121, which comprises the condensed consolidated statement of financial position of Greentown China Holdings Limited (the "Company") and its subsidiaries (the "Group") as at 30 June 2021 and the related condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34") issued by the International Accounting Standards Board ("IASB"). The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

緒言

本核數師已審閱載於第54頁至121頁的中期財務資料，包括綠城中國控股有限公司(「貴公司」)及其附屬公司(「貴集團」)於2021年6月30日的簡明綜合財務狀況表與截至該日止六個月期間的相關簡明綜合損益及其他全面收益表、權益變動表及現金流量表以及說明附註。香港聯合交易所有限公司證券上市規則規定，就中期財務資料編製的報告必須符合當中有關條文以及國際會計準則理事會(「國際會計準則理事會」)頒布的國際會計準則第34號*中期財務報告*(「國際會計準則第34號」)。 貴公司董事須負責根據國際會計準則第34號編製及呈列本中期財務資料。本核數師的責任是基於審閱對本中期財務資料作出結論。本核數師的報告乃根據協定的聘任條款，僅向 閣下全體報告結論而不作其他用途。本核數師不會就本報告內容對任何其他人士承擔責任。

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with IAS 34.

Ernst & Young
Certified Public Accountants

Hong Kong
24 August 2021

審閱範圍

本核數師已根據香港會計師公會頒布的香港審閱準則第2410號*由實體的獨立核數師審閱中期財務資料*進行審閱。中期財務資料的審閱包括主要向負責財務及會計事務的人員作出查詢，並應用分析性及其他審閱程序。審閱範圍遠小於根據香港核數準則進行審核的範圍，故不能令本核數師保證本核數師將知悉在審核中可能發現的所有重大事項。因此，本核數師不會發表審核意見。

結論

按照本核數師的審閱，本核數師並無發現任何事項令本核數師相信本中期財務資料在各重大方面未有根據國際會計準則第34號編製。

安永會計師事務所
執業會計師

香港
2021年8月24日

Interim Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
中期簡明綜合損益及其他全面收益表

For the six months ended 30 June 2021
截至2021年6月30日止六個月

		Notes 附註	2021 2021年 RMB'000 人民幣千元 (Unaudited) （未經審核）	2020 2020年 RMB'000 人民幣千元 (Unaudited) （未經審核）
REVENUE	收入	5	**36,134,812**	23,896,208
Cost of sales	銷售成本		**(28,199,645)**	(17,712,331)
Gross profit	毛利		**7,935,167**	6,183,877
Other income	其他收入	6	**1,436,306**	1,557,250
Other gains and losses	其他收益及虧損	7	**172,008**	58,724
Selling expenses	銷售開支		**(920,281)**	(623,642)
Administrative expenses	行政開支		**(1,643,159)**	(1,446,688)
Finance costs	財務費用	8	**(1,327,250)**	(1,252,360)
Reversal of impairment/(impairment losses) under expected credit loss model, net	預期信用虧損模式下的減值撥回／(虧損)淨值		**7,676**	(314,509)
(Impairment losses)/reversal of impairment on non-financial assets, net	非金融資產減值(虧損)／撥回淨值		**(155,859)**	93,690
Loss from changes in fair value of investment properties	投資物業公平值變動虧損		**(408)**	(108,114)
Gain on disposal of subsidiaries, net	出售附屬公司收益淨值		**1,692**	27,957
Share of results of joint ventures	分佔合營企業業績		**25,261**	69,951
Share of results of associates	分佔聯營公司業績		**391,280**	402,226
PROFIT BEFORE TAXATION	除税前利潤	9	**5,922,433**	4,648,362
Taxation	税項	10	**(2,011,938)**	(1,517,992)
PROFIT FOR THE PERIOD	期內利潤		**3,910,495**	3,130,370
Attributable to:	以下人士應佔：			
Owners of the Company	本公司股東		**2,418,363**	2,095,812
Non-controlling interests	非控股股東權益		**1,492,132**	1,034,558
			3,910,495	3,130,370

For the six months ended 30 June 2021
截至2021年6月30日止六個月

		Note 附註	**2021** **2021年** **RMB'000** **人民幣千元** **(Unaudited)** **（未經審核）**	2020 2020年 RMB'000 人民幣千元 (Unaudited) （未經審核）
PROFIT FOR THE PERIOD	期內利潤		**3,910,495**	3,130,370
OTHER COMPREHENSIVE INCOME	其他全面收益			
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:	於後續期間不會重新分類至損益的其他全面收益：			
Fair value gain on equity instruments designated at fair value through other comprehensive income for the period, net of tax	期內指定按公平值計入其他全面收益的權益工具的公平值收益，除稅後		**279,517**	84,916
OTHER COMPREHENSIVE INCOME FOR THE PERIOD	期內其他全面收益		**279,517**	84,916
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	期內全面收益總額		**4,190,012**	3,215,286
Attributable to:	以下人士應佔：			
Owners of the Company	本公司股東		**2,696,682**	2,180,728
Non-controlling interests	非控股股東權益		**1,493,330**	1,034,558
			4,190,012	3,215,286
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	本公司普通股權益持有人應佔每股盈利			
Basic	基本	12	**RMB** **人民幣0.71元**	RMB 人民幣0.65元
Diluted	攤薄	12	**RMB** **人民幣0.71元**	RMB 人民幣0.65元

Interim Condensed Consolidated Statement of Financial Position
中期簡明綜合財務狀況表

30 June 2021
2021年6月30日

		Notes 附註	As at 30 June 2021 於2021年6月30日 RMB'000 人民幣千元 (Unaudited) （未經審核）	As at 31 December 2020 於2020年12月31日 RMB'000 人民幣千元 (Audited) （經審核）
NON-CURRENT ASSETS	**非流動資產**			
Property, plant and equipment	物業、廠房及設備	13	**9,966,254**	9,076,714
Investment properties	投資物業	13	**4,535,944**	4,364,620
Right-of-use assets	使用權資產	13	**1,086,768**	827,067
Goodwill	商譽		**769,241**	769,241
Intangible assets	無形資產	13	**118,453**	–
Interests in joint ventures	於合營企業權益		**9,393,673**	5,740,108
Interests in associates	於聯營公司權益		**19,450,967**	18,629,388
Equity investments designated at fair value through other comprehensive income ("FVTOCI")	指定按公平值計入其他全面收益（「按公平值計入其他全面收益」）的權益工具		**2,357,319**	2,037,318
Deferred tax assets	遞延稅項資產		**4,248,075**	3,764,898
Total non-current assets	非流動資產總額		**51,926,694**	45,209,354
CURRENT ASSETS	**流動資產**			
Properties for development	可供發展物業	14	**37,387,601**	20,257,965
Properties under development	發展中物業	15	**215,748,793**	194,209,030
Completed properties for sale	已竣工待售物業		**15,703,823**	18,341,794
Inventories	存貨		**1,202,311**	326,614
Trade and other receivables, deposits and prepayments	貿易及其他應收款項、訂金及預付款項	16	**11,853,557**	11,203,290
Contract assets	合同資產	17	**2,566,456**	3,124,518
Contract costs	合同成本		**697,435**	532,155
Amounts due from related parties	應收關聯人士款項	31	**68,233,566**	45,450,618
Prepaid income taxes	預付所得稅		**6,474,926**	4,454,437
Prepaid other taxes	其他預付稅項		**7,615,081**	5,968,882
Financial assets at fair value through profit or loss ("FVTPL")	按公平值計入損益（「按公平值計入損益」）的金融資產		**109,328**	–
Pledged bank deposits	抵押銀行存款		**4,104,515**	5,655,839
Bank balances and cash	銀行結餘及現金		**56,455,102**	59,547,352
Total current assets	流動資產總額		**428,152,494**	369,072,494

30 June 2021
2021年6月30日

		Notes 附註	As at 30 June 2021 於2021年6月30日 RMB'000 人民幣千元 (Unaudited) （未經審核）	As at 31 December 2020 於2020年12月31日 RMB'000 人民幣千元 (Audited) （經審核）
CURRENT LIABILITIES	**流動負債**			
Trade and other payables	貿易及其他應付款項	18	**44,687,398**	46,610,097
Contract liabilities	合同負債		**141,942,189**	112,798,675
Amounts due to related parties	應付關聯人士款項	31	**45,856,456**	23,432,261
Dividend payable	應付股息		**873,011**	–
Income taxes payable	應付所得税		**9,204,989**	10,463,643
Other taxes payable	其他應付税項		**14,489,925**	12,360,269
Lease liabilities	租賃負債		**54,319**	33,741
Bank and other borrowings	銀行及其他借款	19	**20,901,497**	23,628,164
Senior notes	優先票據	20	**62,030**	62,653
Corporate debt instruments	公司債務工具	21	**9,143,070**	8,819,580
Receipts under securitisation arrangements	證券化安排的收款	22	**3,672**	4,819
Total current liabilities	流動負債總額		**287,218,556**	238,213,902

30 June 2021
2021年6月30日

		Notes 附註	As at 30 June 2021 於2021年6月30日 RMB'000 人民幣千元 (Unaudited) （未經審核）	As at 31 December 2020 於2020年12月31日 RMB'000 人民幣千元 (Audited) （經審核）
NET CURRENT ASSETS	**淨流動資產**		**140,933,938**	130,858,592
TOTAL ASSETS LESS CURRENT LIABILITIES	**資產總額減流動負債**		**192,860,632**	176,067,946
NON-CURRENT LIABILITIES	**非流動負債**			
Bank and other borrowings	銀行及其他借款	19	**75,259,851**	63,796,233
Senior notes	優先票據	20	**3,860,407**	3,897,129
Corporate debt instruments	公司債務工具	21	**16,793,391**	17,100,739
Receipts under securitisation arrangements	證券化安排的收款	22	**1,894,247**	1,892,822
Lease liabilities	租賃負債		**324,282**	103,889
Deferred tax liabilities	遞延税項負債		**5,110,624**	4,687,061
Total non-current liabilities	非流動負債總額		**103,242,802**	91,477,873
NET ASSETS	**資產淨值**		**89,617,830**	84,590,073
EQUITY	**權益**			
Equity attributable to owners of the Company	本公司股東應佔權益			
Share capital	股本	23	**239,276**	239,264
Reserves	儲備		**33,204,835**	31,983,885
			33,444,111	32,223,149
Perpetual securities	永久證券	24	**18,537,190**	20,618,316
Non-controlling interests	非控股股東權益		**37,636,529**	31,748,608
TOTAL EQUITY	**權益總額**		**89,617,830**	84,590,073

ZHANG Yadong
張亞東
DIRECTOR
董事

GENG Zhongqiang
耿忠強
DIRECTOR
董事

Interim Condensed Consolidated Statement of Changes in Equity
中期簡明綜合權益變動表

For the six months ended 30 June 2021
截至2021年6月30日止六個月

		Attributable to owners of the Company 本公司股東應佔											
		Share capital 股本 RMB'000 人民幣千元	Treasury shares* 庫存股份* RMB'000 人民幣千元	Share premium* 股份溢價* RMB'000 人民幣千元	Special reserve* 特別儲備* RMB'000 人民幣千元 (i)	Statutory reserve* 法定儲備* RMB'000 人民幣千元 (ii)	Share-based payments reserve* 股份支付儲備* RMB'000 人民幣千元	Investments revaluation reserve* 投資重估儲備* RMB'000 人民幣千元	Retained profits* 保留利潤* RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元	Perpetual securities 永久證券 RMB'000 人民幣千元	Non-controlling interests 非控股股東權益 RMB'000 人民幣千元	Total equity 權益總額 RMB'000 人民幣千元
At 1 January 2021 (audited)	於2021年1月1日(經審核)	239,264	(19,469)	11,358,303	(1,726,594)	2,381,956	416,228	965,506	18,607,955	32,223,149	20,618,316	31,748,608	84,590,073
Profit for the period	期內利潤	-	-	-	-	-	-	-	2,418,363	2,418,363	-	1,492,132	3,910,495
Other comprehensive income for the period:	期內其他全面收益：												
Fair value gain on equity instruments designated at fair value through other comprehensive income for the period, net of tax	期內指定按公平值計入其他全面收益的權益工具的公平值收益，除稅後	-	-	-	-	-	-	278,319	-	278,319	-	1,198	279,517
Total comprehensive income for the period	期內全面收益總額	-	-	-	-	-	-	278,319	2,418,363	2,696,682	-	1,493,330	4,190,012
Dividends recognised as distributions (note 11)	確認為分派的股息(附註11)	-	-	-	-	-	-	-	(873,011)	(873,011)	-	-	(873,011)
Dividends paid to non-controlling interests	派付予非控股股東權益的股息	-	-	-	-	-	-	-	-	-	-	(449,276)	(449,276)
Transfer	轉撥	-	-	-	-	245,864	-	-	(245,864)	-	-	-	-
Redemption of perpetual securities	永久證券贖回	-	-	-	-	-	-	-	-	-	(2,000,000)	-	(2,000,000)
Recognition of share-based incentive	股份激勵確認	-	-	-	-	-	4,013	-	-	4,013	-	-	4,013
Recognition of equity-settled share-based payments	確認以權益結算的股份支付	-	-	-	-	-	62,443	-	-	62,443	-	-	62,443
Exercise of share options	行使購股權	12	-	1,069	-	-	-	-	-	1,081	-	-	1,081
Exercise of share award	行使股份獎勵	-	19,469	-	-	-	(19,469)	-	-	-	-	-	-
Interest in perpetual securities recognised as distribution	確認為分派的永久證券利息	-	-	-	-	-	-	-	(649,570)	(649,570)	649,570	-	-
Interest in perpetual securities paid	永久證券利息支付	-	-	-	-	-	-	-	-	-	(730,696)	-	(730,696)
Purchase of additional interests in subsidiaries	購入附屬公司額外權益	-	-	-	(19,060)	-	-	-	-	(19,060)	-	(41,308)	(60,368)
Partial disposal of interests in subsidiaries without loss of control	部分出售附屬公司權益(並無失去控制權)	-	-	-	(1,616)	-	-	-	-	(1,616)	-	2,645	1,029
Liquidation of subsidiaries	清盤附屬公司	-	-	-	-	-	-	-	-	-	-	(14,985)	(14,985)
Acquisition of subsidiaries (note 25)	收購附屬公司(附註25)	-	-	-	-	-	-	-	-	-	-	27,141	27,141
Capital contribution from non-controlling shareholders of subsidiaries	附屬公司非控股股東注資	-	-	-	-	-	-	-	-	-	-	4,870,374	4,870,374
At 30 June 2021 (unaudited)	於2021年6月30日(未經審核)	239,276	-	11,359,372	(1,747,270)	2,627,820	463,215	1,243,825	19,257,873	33,444,111	18,537,190	37,636,529	89,617,830

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For the six months ended 30 June 2021
截至2021年6月30日止六個月

		Attributable to owners of the Company 本公司股東應佔											
		Share capital 股本 RMB'000 人民幣千元	Treasury shares* 庫存股份* RMB'000 人民幣千元	Share premium* 股份溢價* RMB'000 人民幣千元	Special reserve* 特別儲備* RMB'000 人民幣千元 (i)	Statutory reserve* 法定儲備* RMB'000 人民幣千元 (ii)	Share-based payments reserve* 股份支付儲備* RMB'000 人民幣千元	Investments revaluation reserve* 投資重估儲備* RMB'000 人民幣千元	Retained profits 保留利潤 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元	Perpetual securities 永久證券 RMB'000 人民幣千元	Non-controlling interests 非控股股東權益 RMB'000 人民幣千元	Total equity 權益總額 RMB'000 人民幣千元
At 1 January 2020 (audited)	於2020年1月1日(經審核)	209,694	(37,852)	8,578,098	(1,901,327)	2,197,467	398,043	944,911	17,255,564	27,644,598	21,229,002	20,281,872	69,155,472
Profit for the period	期內利潤	–	–	–	–	–	–	–	2,095,812	2,095,812	–	1,034,558	3,130,370
Other comprehensive income:	其他全面收益：												
Fair value gain on equity instruments designated at fair value through other comprehensive income for the period, net of tax	期內指定按公平值計入其他全面收益的權益工具的公平值收益，除稅後	–	–	–	–	–	–	84,916	–	84,916	–	–	84,916
Total comprehensive income for the period	期內全面收益總額	–	–	–	–	–	–	84,916	2,095,812	2,180,728	–	1,034,558	3,215,286
Dividends recognised as distributions (note 11)	確認為分派的股息(附註11)	–	–	–	–	–	–	–	(748,176)	(748,176)	–	–	(748,176)
Dividends paid to non-controlling interests	派付予非控股股東權益的股息	–	–	–	–	–	–	–	–	–	–	(1,118,433)	(1,118,433)
Transfer	轉撥	–	–	–	–	148,375	–	–	(148,375)	–	–	–	–
Issue of perpetual securities	發行永久證券	–	–	–	–	–	–	–	–	–	1,493,850	–	1,493,850
Share issued	已發行股份	29,548	–	2,777,732	–	–	–	–	–	2,807,280	–	–	2,807,280
Recognition of share-based incentive	股份激勵確認	–	–	–	–	–	12,690	–	–	12,690	–	–	12,690
Recognition of equity-settled share-based payments	確認以權益結算的股份支付	–	–	–	–	–	7,865	–	–	7,865	–	–	7,865
Exercise of share award	行使股份獎勵	–	18,383	–	–	–	(18,383)	–	–	–	–	–	–
Interest in perpetual securities recognised as distribution	確認為分派的永久證券利息	–	–	–	–	–	–	–	(646,240)	(646,240)	646,240	–	–
Interest in perpetual securities paid	永久證券利息支付	–	–	–	–	–	–	–	–	–	(733,928)	–	(733,928)
Acquisition of subsidiaries	收購附屬公司	–	–	–	–	–	–	–	–	–	–	48,380	48,380
Purchase of additional interests in subsidiaries	購入附屬公司額外權益	–	–	–	(1,672)	–	–	–	–	(1,672)	–	(93,462)	(95,134)
Partial disposal of interests in subsidiaries without loss of control	部分出售附屬公司權益(並無失去控制權)	–	–	–	2,650	–	–	–	–	2,650	–	79,246	81,896
Disposal of subsidiaries	出售附屬公司	–	–	–	–	–	–	–	–	–	–	(463,139)	(463,139)
Liquidation of subsidiaries	清盤附屬公司	–	–	–	–	–	–	–	–	–	–	(39,559)	(39,559)
Disposal of equity instruments designated at fair value through other comprehensive income	出售指定按公平值計入其他全面收益的權益工具	–	–	–	–	–	–	(12,001)	12,001	–	–	–	–
Capital contribution from non-controlling shareholders of subsidiaries	附屬公司非控股股東注資	–	–	–	–	–	–	–	–	–	–	499,076	499,076
At 30 June 2020 (unaudited)	於2020年6月30日(未經審核)	239,242	(19,469)	11,355,830	(1,900,349)	2,345,842	400,215	1,017,826	17,820,586	31,259,723	22,635,164	20,228,539	74,123,426

Notes:

(i) Special reserve mainly represents changes in equity attributable to owners' of the Company arising from partial acquisition or disposal of subsidiaries by the Group without losing control over those subsidiaries. The changes are calculated based on the difference between the amount by which non-controlling interests are adjusted and the fair value of the consideration paid or received for the partial acquisition or disposal.

(ii) The statutory reserve is non-distributable and the transfer to this reserve is determined by the board of directors of the relevant companies in accordance with the relevant laws and regulations of the People's Republic of China (the "PRC"). This reserve can be used to offset accumulated losses and increase capital upon approval from the relevant authorities.

* These reserve accounts comprise the consolidated reserves of RMB33,204,835,000 in the interim condensed consolidated statement of financial position as at 30 June 2021 (as at 30 June 2020: RMB31,020,481,000).

附註：

(i) 特別儲備主要是指本集團部分收購或出售附屬公司(並無失去對該等附屬公司的控制權)所致本公司股東應佔權益的變動。該變動為根據非控股股東權益經調整金額與支付或收取部分收購或出售代價的公平值之間的差額計算得出。

(ii) 法定儲備不可分派，該儲備的轉撥由有關公司的董事會根據中華人民共和國(「中國」)有關法律法規釐定。該儲備於取得有關機關批准後，可用於抵銷累計虧損及增加資本。

* 該等儲備賬目包括於2021年6月30日中期簡明綜合財務狀況表中的綜合儲備人民幣33,204,835,000元(於2020年6月30日：人民幣31,020,481,000元)。

Interim Condensed Consolidated Statement of Cash Flows
中期簡明綜合現金流量表

For the six months ended 30 June 2021
截至2021年6月30日止六個月

		2021 **2021年** **RMB'000** **人民幣千元** **(Unaudited)** **（未經審核）**	2020 2020年 RMB'000 人民幣千元 (Unaudited) （未經審核）
CASH FLOWS FROM OPERATING ACTIVITIES	**經營活動產生的現金流量**		
Operating cash flows before movement in working capital	營運資金變動前的經營現金流量	**6,804,764**	4,626,428
(Increase)/decrease in properties for development	可供發展物業（增加）／減少	**(14,579,571)**	2,577,443
Increase in properties under development	發展中物業增加	**(25,020,073)**	(20,034,495)
Decrease in completed properties for sale	已竣工待售物業減少	**4,013,529**	870,093
Increase in contract liabilities	合同負債增加	**29,577,226**	12,169,755
Other operating cash flows	其他營運現金流量	**(2,322,155)**	(2,733,502)
Cash used in operations	經營所用的現金	**(1,526,280)**	(2,524,278)
Income tax paid	已付所得税	**(5,476,269)**	(4,820,404)
Net cash flows used in operating activities	經營活動所用的現金流量淨額	**(7,002,549)**	(7,344,682)
CASH FLOWS FROM INVESTING ACTIVITIES	**投資活動產生的現金流量**		
Purchases of items of property, plant and equipment and intangible assets	購入物業、廠房及設備項目以及無形資產	**(277,892)**	(254,335)
Proceeds from disposal of property, plant and equipment and intangible assets	出售物業、廠房及設備以及無形資產所得款項	**8,838**	12,059
Proceeds from disposal of investment properties	出售投資物業所得款項	**7,678**	–
Investments in associates	於聯營公司的投資	**(703,887)**	(321,385)
Investments in joint ventures	於合營企業的投資	**(3,865,766)**	(268,694)
Disinvestments in an associate	於一家聯營公司收回投資	**–**	36,000
Disinvestments in joint ventures	於合營企業收回投資	**–**	882,253
Dividends received from associates and joint ventures	向聯營公司及合營企業收取股息	**69,345**	534,369
Dividends received from equity instruments designated at fair value through other comprehensive income	收取指定按公平值計入其他全面收益的權益工具的股息	**7,992**	56,000
Purchase of equity instruments designated at fair value through other comprehensive income	購買指定按公平值計入其他全面收益的權益工具	**(66,184)**	(579,710)
Purchase of financial assets at fair value through profit or loss	購買按公平值計入損益的金融資產	**(108,170)**	–

For the six months ended 30 June 2021
截至2021年6月30日止六個月

		Notes 附註	**2021** **2021年** **RMB'000** **人民幣千元** **(Unaudited)** **(未經審核)**	2020 2020年 RMB'000 人民幣千元 (Unaudited) (未經審核)
Proceeds from disposal of equity instruments designated at fair value through other comprehensive income	出售指定按公平值計入其他全面收益的權益工具所得款項		**11,076**	128,000
Proceeds from disposal of interests in associates	出售聯營公司權益所得款項		**–**	19,500
Consideration paid for acquisition of a subsidiary recognised in the prior year	已付於上年度確認的收購附屬公司代價款		**(221,552)**	–
Consideration received for disposal of subsidiaries recognised in the prior year	收取於上年度確認的出售附屬公司代價款		**–**	2,726
Acquisition of subsidiaries which constitute business (net of cash and cash equivalents acquired)	收購構成業務的附屬公司(扣除已收購的現金及現金等價物)	25	**5,132**	(281,578)
Disposal of subsidiaries (net of cash and cash equivalents disposed of)	出售附屬公司(扣除已出售的現金及現金等價物)	26	**(346,445)**	(471,388)
Acquisition of associates and joint ventures	收購聯營公司及合營企業		**(478,566)**	(1,172,953)
Advance to third parties	向第三方墊款		**(823,405)**	(3,138,759)
Advance to related parties	向關聯人士墊款		**(31,928,431)**	(19,479,041)
Repayment from related parties	向關聯人士收款		**10,026,955**	15,123,765
Repayment from third parties	向第三方收款		**1,264,479**	–
Increase in pledged bank deposits	抵押銀行存款增加		**–**	(949,609)
Interest received	已收利息		**700,533**	1,336,021
Receipt in advance for an asset classified as held for sale	分類為持有待售資產的預收款		**–**	192,181
Net cash flows used in investing activities	投資活動所用現金流量淨額		**(26,718,270)**	(8,594,578)

For the six months ended 30 June 2021
截至2021年6月30日止六個月

		2021 2021年 RMB'000 人民幣千元 (Unaudited) （未經審核）	2020 2020年 RMB'000 人民幣千元 (Unaudited) （未經審核）
CASH FLOWS FROM FINANCING ACTIVITIES	**融資活動產生的現金流量**		
Bank and other borrowings raised	銀行及其他借款籌集	**32,847,657**	32,975,601
Repayment of bank and other borrowings	銀行及其他借款還款	**(23,570,144)**	(17,186,219)
Repayments of lease liabilities	償還租賃負債	**(56,305)**	(24,107)
Interest paid	已付利息	**(3,888,384)**	(3,826,411)
Advance from related parties	關聯人士墊款	**25,957,341**	18,482,749
Repayment to related parties	償還關聯人士借款	**(3,576,135)**	(7,144,926)
Advance from third parties	第三方墊款	**630,942**	–
Repayment to third parties	償還第三方借款	**(658,738)**	(2,176,237)
Contribution by non-controlling shareholders' of subsidiaries	附屬公司非控股股東注資	**4,612,309**	652,076
Dividends paid to non-controlling interests	派付予非控股股東權益的股息	**(449,276)**	(1,118,433)
Repayment of non-controlling shareholders capital contribution upon liquidation of subsidiaries	因附屬公司清算返還非控股股東資本出資	**–**	(39,559)
Proceeds from issue of perpetual securities	發行永久證券所得款項	**–**	1,493,850
Repayment of perpetual securities	償還永久證券	**(2,000,000)**	–
Distribution relating to perpetual securities	有關永久證券的分派	**(730,696)**	(733,928)
Proceeds from issue of corporate debt instruments	發行公司債務工具所得款項	**4,630,669**	5,912,226
Repayment of corporate debt instruments	償還公司債務工具	**(4,499,737)**	(4,547,000)
Proceeds from issue of receipts under securitisation arrangements	發行證券化安排的收款所得款項	**–**	1,990,667
Repayment of receipts under securitisation arrangements	證券化安排的付款	**–**	(1,600,000)
Proceeds from exercise of share options	行使購股權所得款項	**1,081**	–
Purchase of additional interests in subsidiaries	購入附屬公司的額外權益	**(60,368)**	(95,134)
Proceeds from partial disposal of subsidiaries	部分出售附屬公司所得款項	**–**	81,896
Proceeds from issue of shares	發行股份所得款項	**–**	2,807,280
Decrease in pledged bank deposits	抵押銀行存款減少	**1,551,325**	–
Net cash flows from financing activities	融資活動產生的現金流量淨額	**30,741,541**	25,904,391

For the six months ended 30 June 2021
截至2021年6月30日止六個月

		2021 2021年 RMB'000 人民幣千元 (Unaudited) （未經審核）	2020 2020年 RMB'000 人民幣千元 (Unaudited) （未經審核）
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	**現金及現金等價物淨（減少）╱增加**	**(2,979,278)**	9,965,131
Cash and cash equivalents at beginning of period	期初現金及現金等價物	**59,547,352**	46,567,729
Effect of foreign exchange rate changes, net	匯率變動的影響淨額	**(112,972)**	39,833
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**期末現金及現金等價物**	**56,455,102**	56,572,693
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS	**現金及現金等價物結餘分析**		
Cash and bank balances	現金及銀行結餘	**60,559,617**	62,849,063
Less: Pledged bank deposits	減：抵押銀行存款	**4,104,515**	6,276,370
Cash and cash equivalents as stated in the statement of financial position	財務狀況表所列現金及現金等價物	**56,455,102**	56,572,693
CASH AND CASH EQUIVALENTS AS STATED IN THE STATEMENT OF CASH FLOWS	**現金流量表所列現金及現金等價物**	**56,455,102**	56,572,693

Notes to the Interim Condensed Consolidated Financial Information
中期簡明綜合財務資料附註

30 June 2021
2021年6月30日

1. CORPORATE INFORMATION

Greentown China Holdings Limited (the "Company") was incorporated in the Cayman Islands on 31 August 2005 as an exempted company with limited liability under the Companies Law (2004 Revision) and its shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") with effect from 13 July 2006.

The Company is an investment holding company. The principal activity of its subsidiaries (together with the Company referred to as the "Group") is the development for sale of residential properties in the PRC.

1. 公司資料

綠城中國控股有限公司(「本公司」)於2005年8月31日根據公司法(2004年修訂本)於開曼群島註冊成立為一家獲豁免有限公司,其股份於2006年7月13日於香港聯合交易所有限公司(「聯交所」)主板上市。

本公司乃投資控股公司。其附屬公司(連同本公司統稱為「本集團」)的主要業務為於中國發展供銷售住宅物業。

2. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2021 has been prepared in accordance with International Accounting Standards ("IAS") 34 *Interim Financial Reporting* as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2020.

2. 編製基準

截至2021年6月30日止六個月的中期簡明綜合財務資料是按國際會計準則(「國際會計準則」)第34號*中期財務報告*及香港聯合交易所有限公司證券上市規則(「上市規則」)附錄16的適用披露規定而編製。中期簡明綜合財務資料並不包括年度財務報表中規定的所有資料及披露事項,且應與本集團截至2020年12月31日止年度的年度綜合財務報表一併閱讀。

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2020, except for the adoption of the following revised International Financial Reporting Standards ("IFRSs") for the first time for the current period's financial information.

Amendments to IFRS 9, IAS 39, IFRS 7 IFRS 4 and IFRS 16	*Interest Rate Benchmark Reform – Phase 2*
Amendment to IFRS 16	*Covid-19-Related Rent Concessions beyond 30 June 2021* (early adopted)

3. 會計政策變動及披露

編製中期簡明綜合財務資料所採納的會計政策與編製本集團截至2020年12月31日止年度的年度綜合財務報表所應用者一致,惟就本期間的財務資料首次採用以下經修訂的國際財務報告準則(「國際財務報告準則」)除外。

國際財務報告準則第9號、國際會計準則第39號、國際財務報告準則第7號、國際財務報告準則第4號及國際財務報告準則第16號的修訂	*利率基準改革–第二階段*
國際財務報告準則第16號的修訂	*2021年6月30日後Covid-19相關的租金優惠* (提早採納)

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3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

The nature and impact of the revised IFRSs are described below:

(a) Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate ("RFR"). The phase 2 amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of IFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy.

3. 會計政策變動及披露（續）

經修訂國際財務報告準則的性質及影響如下：

(a) 國際財務報告準則第9號、國際會計準則第39號、國際財務報告準則第7號、國際財務報告準則第4號及國際財務報告準則第16號的修訂旨在解決此前修訂中未涉及的問題，該等問題在以無風險利率(「無風險利率」)替代現行利率基準時會對財務報告產生影響。第二階段修訂提供可行權宜方法，於入賬釐定金融資產及負債合約現金流量的基準變動時，倘變動因利率基準改革直接引致，且釐定合約現金流量的新基準在經濟上相當於緊接變動前的先前基準，則可在不調整金融資產及負債賬面值的情況下更新實際利率。此外，該等修訂允許利率基準改革要求就對沖指定及對沖文件將予作出的變動，而不中斷對沖關係。過渡期間可能產生的任何損益均透過國際財務報告準則第9號的正常要求進行處理，以衡量及確認對沖無效性。當無風險利率被指定為風險組成部分時，該等修訂亦為符合可單獨識別規定的實體提供暫時寬免。寬免允許實體於指定對沖時假設符合可單獨識別的規定，前提是實體合理預期無風險利率風險組成部分於未來24個月內將可單獨識別。此外，該等修訂要求實體披露額外資料，以使財務報表使用者瞭解利率基準改革對實體金融工具及風險管理策略的影響。

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3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

(a) (continued)

The Group had certain bank and other borrowings denominated in Hong Kong dollars and foreign currencies based on the Hong Kong Interbank Offered Rate, London Interbank Offered Rate ("LIBOR") as at 30 June 2021. Since the interest rates of these borrowings were not replaced by RFRs during the period, the amendments did not have any impact on the financial position and performance of the Group. If the interest rates of these borrowings are replaced by RFRs in a future period, the Group will apply this practical expedient upon the modification of these borrowings provided that the "economically equivalent" criterion is met.

(b) Amendment to IFRS 16 issued in March 2021 extends the availability of the practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 1 April 2021 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period. Earlier application is permitted.

The Group has early adopted the amendment on 1 January 2021. The amendment did not have any impact on the financial position and performance of the Group, as the Group does not have rent concessions arising as a direct consequence of the covid-19 pandemic for the period ended 30 June 2021.

3. 會計政策變動及披露（續）

(a) （續）

本集團於2021年6月30日持有根據香港銀行同業拆息及倫敦銀行同業拆息（「倫敦銀行同業拆息」）以港元及外幣計值的若干銀行及其他借款。由於該等借款的利率於期內並無被無風險利率所取代，故該等修訂對本集團的財務狀況及表現並無任何影響。倘該等借款的利率於未來期間被無風險利率所取代，本集團將於修訂該等借款時應用此可行權宜方法，前提為滿足「經濟等效」的標準。

(b) 於2021年3月頒佈的國際財務報告準則第16號的修訂，將承租人選擇不應用租賃修訂的方法來核算因covid-19疫情直接導致的租金優惠的可行權宜方法的可用期限延長12個月。因此，在滿足應用可行權宜方法的其他條件下，可行權宜方法適用於任何租賃付款減免僅影響原到期日為2022年6月30日或之前的款項的租金優惠。該修訂就於2021年4月1日或之後開始的年度期間追溯生效，並將首次應用該修訂的任何累計影響確認為本會計期間開始時保留利潤的期初結餘調整。該修訂允許提早應用。

本集團已於2021年1月1日提早採用該修訂。由於本集團於截至2021年6月30日止期間並無covid-19疫情直接引致的租金優惠，故該修訂對本集團的財務狀況及表現並無任何影響。

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4. OPERATING SEGMENT INFORMATION

An analysis of the Group's revenue and results by reportable and operating segments for the interim period is as follows:

4. 經營分部資料

於中期期間，本集團按報告及經營分部劃分的收入及業績分析如下：

For the six months ended 30 June 2021

截至2021年6月30日止六個月

		Property development 物業發展 RMB'000 人民幣千元 (Unaudited) (未經審核)	Hotel operations 酒店業務 RMB'000 人民幣千元 (Unaudited) (未經審核)	Property investment 物業投資 RMB'000 人民幣千元 (Unaudited) (未經審核)	Project management 項目管理 RMB'000 人民幣千元 (Unaudited) (未經審核)	Others 其他 RMB'000 人民幣千元 (Unaudited) (未經審核)	Segment total 分部總計 RMB'000 人民幣千元 (Unaudited) (未經審核)	Eliminations 抵銷 RMB'000 人民幣千元 (Unaudited) (未經審核)	Total 總計 RMB'000 人民幣千元 (Unaudited) (未經審核)
Revenue from contracts with customers	客戶合同收入	31,744,926	352,620	–	992,018	2,953,866	36,043,430	–	36,043,430
Rental income	租金收入	–	–	91,382	–	–	91,382	–	91,382
Total external segment revenue	對外分部收入總計	31,744,926	352,620	91,382	992,018	2,953,866	36,134,812	–	36,134,812
Inter-segment revenue	分部間收入	–	–	12,898	138,957	1,186,775	1,338,630	(1,338,630)	–
Total	總計	31,744,926	352,620	104,280	1,130,975	4,140,641	37,473,442	(1,338,630)	36,134,812
Segment results	分部業績	3,529,060	55,028	54,808	261,721	114,254	4,014,871	–	4,014,871
Unallocated administrative expenses	未分配行政開支								(39,694)
Unallocated other income	未分配其他收入								63,294
Unallocated finance costs	未分配財務費用								(30,379)
Unallocated taxation	未分配稅項								(97,597)
Profit for the period	期內利潤								3,910,495

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4. OPERATING SEGMENT INFORMATION (continued)

4. 經營分部資料(續)

For the six months ended 30 June 2020

截至2020年6月30日止六個月

		Property development 物業發展 RMB'000 人民幣千元 (Unaudited) (未經審核)	Hotel operations 酒店業務 RMB'000 人民幣千元 (Unaudited) (未經審核)	Property investment 物業投資 RMB'000 人民幣千元 (Unaudited) (未經審核)	Project management 項目管理 RMB'000 人民幣千元 (Unaudited) (未經審核)	Others 其他 RMB'000 人民幣千元 (Unaudited) (未經審核)	Segment total 分部總計 RMB'000 人民幣千元 (Unaudited) (未經審核)	Eliminations 抵銷 RMB'000 人民幣千元 (Unaudited) (未經審核)	Total 總計 RMB'000 人民幣千元 (Unaudited) (未經審核)
Revenue from contracts with customers	客戶合同收入	20,713,551	213,086	–	797,007	2,106,046	23,829,690	–	23,829,690
Rental income	租金收入	–	–	66,518	–	–	66,518	–	66,518
Total external segment revenue	對外分部收入總計	20,713,551	213,086	66,518	797,007	2,106,046	23,896,208	–	23,896,208
Inter-segment revenue	分部間收入	–	176	7,645	151,317	758,726	917,864	(917,864)	–
Total	總計	20,713,551	213,262	74,163	948,324	2,864,772	24,814,072	(917,864)	23,896,208
Segment results	分部業績	3,007,377	(26,572)	(40,309)	183,126	97,117	3,220,739	(176)	3,220,563
Unallocated administrative expenses	未分配行政開支								(22,448)
Unallocated other income	未分配其他收入								9,818
Unallocated finance costs	未分配財務費用								(9,799)
Unallocated taxation	未分配税項								(67,764)
Profit for the period	期內利潤								3,130,370

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4. OPERATING SEGMENT INFORMATION (continued)

The following table presents the asset and liability information of the Group's operating segments as at 30 June 2021 and 31 December 2020.

4. 經營分部資料(續)

下表呈列本集團經營分部於2021年6月30日及2020年12月31日的資產及負債資料。

Segment assets

分部資產

		As at 30 June 2021 於2021年6月30日 RMB'000 人民幣千元 (Unaudited) (未經審核)	As at 31 December 2020 於2020年12月31日 RMB'000 人民幣千元 (Audited) (經審核)
Property development	物業發展	**448,620,568**	385,459,880
Hotel operations	酒店業務	**9,483,312**	8,446,500
Property investment	物業投資	**4,730,816**	4,569,662
Project management	項目管理	**5,010,203**	4,035,788
Others	其他	**9,669,386**	9,455,708
Total segment assets	分部資產總額	**477,514,285**	411,967,538
Unallocated	未分配	**2,564,903**	2,314,310
Consolidated assets	綜合資產	**480,079,188**	414,281,848

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4. OPERATING SEGMENT INFORMATION (continued)

4. 經營分部資料(續)

Segment liabilities

分部負債

		As at 30 June 2021 於2021年6月30日 RMB'000 人民幣千元 (Unaudited) (未經審核)	As at 31 December 2020 於2020年12月31日 RMB'000 人民幣千元 (Audited) (經審核)
Property development	物業發展	**377,283,856**	317,806,924
Hotel operations	酒店業務	**313,952**	303,749
Property investment	物業投資	**1,119,505**	1,218,853
Project management	項目管理	**1,680,532**	1,409,596
Others	其他	**8,154,246**	7,801,977
Total segment liabilities	分部負債總額	**388,552,091**	328,541,099
Unallocated	未分配	**1,909,267**	1,150,676
Consolidated liabilities	綜合負債	**390,461,358**	329,691,775

5. REVENUE

5. 收入

An analysis of revenue is as follows:

收入分析如下：

		For the six months ended 30 June 截至6月30日止六個月	
		2021 2021年 RMB'000 人民幣千元	2020 2020年 RMB'000 人民幣千元
Revenue from contracts with customers	*客戶合同收入*	**36,043,430**	23,829,690
Revenue from other sources	*其他來源的收入*		
Rental income	租金收入	**91,382**	66,518
		36,134,812	23,896,208

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5. REVENUE (continued)

5. 收入(續)

Disaggregated revenue information for revenue from contracts with customers

客戶合同收入資料明細

Geographical markets

The Group's consolidated revenue is mainly attributable to the market in the PRC (country of domicile).

地區市場

本集團的綜合收入主要源自中國(居住國)市場。

Timing of revenue recognition

For the six months ended 30 June 2021

確認收入的時間

截至2021年6月30日止六個月

		Property sales 物業銷售 RMB'000 人民幣千元 (Unaudited) (未經審核)	Hotel operations 酒店業務 RMB'000 人民幣千元 (Unaudited) (未經審核)	Project management 項目管理 RMB'000 人民幣千元 (Unaudited) (未經審核)	Design and decoration 設計及裝修 RMB'000 人民幣千元 (Unaudited) (未經審核)	Sales of construction materials 銷售建築材料 RMB'000 人民幣千元 (Unaudited) (未經審核)	Other business 其他業務 RMB'000 人民幣千元 (Unaudited) (未經審核)	Total 總計 RMB'000 人民幣千元 (Unaudited) (未經審核)
Recognised at a point in time	在某一時點確認	17,497,293	–	–	–	130,598	–	17,627,891
Recognised over time	在一段時間內確認	14,247,633	352,620	992,018	1,421,020	–	1,402,248	18,415,539
Revenue from contracts with customers	客戶合同收入	31,744,926	352,620	992,018	1,421,020	130,598	1,402,248	36,043,430

For the six months ended 30 June 2020

截至2020年6月30日止六個月

		Property sales 物業銷售 RMB'000 人民幣千元 (Unaudited) (未經審核)	Hotel operations 酒店業務 RMB'000 人民幣千元 (Unaudited) (未經審核)	Project management 項目管理 RMB'000 人民幣千元 (Unaudited) (未經審核)	Design and decoration 設計及裝修 RMB'000 人民幣千元 (Unaudited) (未經審核)	Sales of construction materials 銷售建築材料 RMB'000 人民幣千元 (Unaudited) (未經審核)	Other business 其他業務 RMB'000 人民幣千元 (Unaudited) (未經審核)	Total 總計 RMB'000 人民幣千元 (Unaudited) (未經審核)
Recognised at a point in time	在某一時點確認	15,230,233	–	–	–	42,928	–	15,273,161
Recognised over time	在一段時間內確認	5,483,318	213,086	797,007	1,072,659	–	990,459	8,556,529
Revenue from contracts with customers	客戶合同收入	20,713,551	213,086	797,007	1,072,659	42,928	990,459	23,829,690

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5. REVENUE (continued)

Set out below is the reconciliation of the revenue from contracts with customers to the amounts disclosed in the segment information:

5. 收入（續）

下文所載為客戶合同收入與分部資料中所披露金額的對賬：

For the six months ended 30 June 2021

截至2021年6月30日止六個月

		Property development 物業發展 RMB'000 人民幣千元 (Unaudited) （未經審核）	Hotel operations 酒店業務 RMB'000 人民幣千元 (Unaudited) （未經審核）	Property investment 物業投資 RMB'000 人民幣千元 (Unaudited) （未經審核）	Project management 項目管理 RMB'000 人民幣千元 (Unaudited) （未經審核）	Others 其他 RMB'000 人民幣千元 (Unaudited) （未經審核）	Total 總計 RMB'000 人民幣千元 (Unaudited) （未經審核）
Revenue disclosed in segment information	**於分部資料披露的收入**						
External customers	對外客戶	31,744,926	352,620	91,382	992,018	2,953,866	36,134,812
Inter-segment	分部間	–	–	12,898	138,957	1,186,775	1,338,630
		31,744,926	352,620	104,280	1,130,975	4,140,641	37,473,442
Adjustment for property rental income	物業租金收入調整	–	–	(91,382)	–	–	(91,382)
Eliminations	抵銷	–	–	(12,898)	(138,957)	(1,186,775)	(1,338,630)
Revenue from contracts with customers	**客戶合同收入**	31,744,926	352,620	–	992,018	2,953,866	36,043,430

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5. REVENUE (continued)

5. 收入（續）

For the six months ended 30 June 2020

截至2020年6月30日止六個月

		Property development 物業發展 RMB'000 人民幣千元 (Unaudited) （未經審核）	Hotel operations 酒店業務 RMB'000 人民幣千元 (Unaudited) （未經審核）	Property investment 物業投資 RMB'000 人民幣千元 (Unaudited) （未經審核）	Project management 項目管理 RMB'000 人民幣千元 (Unaudited) （未經審核）	Others 其他 RMB'000 人民幣千元 (Unaudited) （未經審核）	Total 總計 RMB'000 人民幣千元 (Unaudited) （未經審核）
Revenue disclosed in segment information	**於分部資料披露的收入**						
External customers	對外客戶	20,713,551	213,086	66,518	797,007	2,106,046	23,896,208
Inter-segment	分部間	–	176	7,645	151,317	758,726	917,864
		20,713,551	213,262	74,163	948,324	2,864,772	24,814,072
Adjustment for property rental income	物業租金收入調整	–	–	(66,518)	–	–	(66,518)
Eliminations	抵銷	–	(176)	(7,645)	(151,317)	(758,726)	(917,864)
Revenue from contracts with customers	**客戶合同收入**	20,713,551	213,086	–	797,007	2,106,046	23,829,690

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6. OTHER INCOME　6. 其他收入

		For the six months ended 30 June 截至6月30日止六個月	
		2021 2021年 RMB'000 人民幣千元 (Unaudited) （未經審核）	2020 2020年 RMB'000 人民幣千元 (Unaudited) （未經審核）
Interest income	利息收入	**1,073,184**	1,299,892
Comprehensive service income	綜合服務收入	**215,248**	86,185
Dividends from equity instruments designated at FVTOCI	指定按公平值計入其他全面收益的權益工具股息	**7,992**	56,000
Others	其他	**139,882**	115,173
		1,436,306	1,557,250

7. OTHER GAINS AND LOSSES　7. 其他收益及虧損

		For the six months ended 30 June 截至6月30日止六個月	
		2021 2021年 RMB'000 人民幣千元 (Unaudited) （未經審核）	2020 2020年 RMB'000 人民幣千元 (Unaudited) （未經審核）
Foreign exchange gains/(losses), net	匯兑收益／（虧損）淨值	**161,362**	(265,899)
Gain on acquisition of an associate and joint ventures at discount	折價收購一家聯營公司及合營企業收益	**–**	324,414
Gain on disposal of property, plant and equipment	出售物業、廠房及設備收益	**4,135**	209
Gain from changes in fair value of financial assets measured at FVTPL	按公平值計入損益計量的金融資產的公平值變動收益	**6,511**	–
		172,008	58,724

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8. FINANCE COSTS

8. 財務費用

		For the six months ended 30 June 截至6月30日止六個月	
		2021 **2021年** **RMB'000** **人民幣千元** **(Unaudited)** **（未經審核）**	2020 2020年 RMB'000 人民幣千元 (Unaudited) （未經審核）
Interest on bank and other borrowings, senior notes, corporate debt instruments and receipts under securitisation arrangements	銀行及其他借款、優先票據、公司債務工具以及證券化安排的收款的利息	**3,969,133**	3,826,222
Interest on leases	租賃利息	**8,531**	2,728
Total borrowing costs	借款成本總額	**3,977,664**	3,828,950
Less: Interest capitalised in properties under development and construction in progress	減：資本化於發展中物業與在建工程的利息	**(2,650,414)**	(2,576,590)
		1,327,250	1,252,360

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9. PROFIT BEFORE TAXATION

The Group's profit before tax is arrived at after charging/(crediting):

9. 除税前利潤

本集團的除稅前利潤經扣除／(計入)：

		For the six months ended 30 June 截至6月30日止六個月	
		2021 2021年 RMB'000 人民幣千元 (Unaudited) (未經審核)	2020 2020年 RMB'000 人民幣千元 (Unaudited) (未經審核)
Cost of properties and inventories	物業及存貨成本	**26,739,482**	17,407,416
Depreciation of right-of-use assets	使用權資產折舊	**69,220**	45,041
Amortisation of intangible assets	無形資產攤銷	**12,912**	–
Depreciation of property, plant and equipment	物業、廠房及設備折舊	**234,718**	247,877
Less: Capitalised in properties under development	減：資本化於發展中物業	**(11,426)**	(2,708)
		223,292	245,169
Salaries and other benefits	薪金及其他福利	**1,772,037**	1,132,815
Retirement benefits scheme contributions	退休福利計劃供款	**88,476**	20,864
Equity-settled share option and share award expenses	權益結算的購股權和股權激勵開支	**66,456**	20,555
Less: Capitalised in properties under development and construction in progress	減：資本化於發展中物業與在建工程	**(615,193)**	(384,987)
		1,311,776	789,247
Impairment losses/(reversal of impairment) of financial and contract assets, net:	金融及合同資產減值虧損／(減值撥回)淨額：		
Reversal of impairment of contract assets, net	合同資產減值撥回淨額	**(20,767)**	(9,936)
(Reversal of impairment)/impairment losses of trade receivables, net	貿易應收款項(減值撥回)／減值虧損淨額	**(16,945)**	13,832
Impairment losses of other receivables and amounts due from related parties, net	其他應收款項及應收關聯方款項減值虧損淨額	**30,036**	310,613
Impairment losses/(reversal of impairment) on non-financial assets, net	非金融資產減值虧損／(減值撥回)淨額	**155,859**	(93,690)
Share of results of joint ventures	分佔合營企業業績	**(25,261)**	(69,951)
Share of results of associates	分佔聯營公司業績	**(391,280)**	(402,226)

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10. TAXATION

No provision for income tax has been made for the Company and its subsidiaries incorporated in Hong Kong as they have no assessable profits derived from Hong Kong.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% or 15% (six months ended 30 June 2020: 25% or 15%). Greentown Decoration Project Group Co., Ltd., Greentown Construction Management Group Co., Ltd., Zhejiang Greentown Lianhe Design Co., Ltd., Zhejiang Greentown Construction Project Management Co., Ltd. and Zhejiang Lvchuang Xintuo Architectural Planning and Design Co., Ltd. are new technology enterprises and the applicable income tax rate is 15% from years 2018 to 2020, years 2019 to 2021, years 2020 to 2022, years 2020 to 2022 and years 2020 to 2022, respectively.

In addition, the EIT Law provides that qualified dividend income between two resident enterprises that have a direct investment relationship is exempted from income tax. Otherwise, such dividends will be subject to a 5% or 10% withholding tax under the EIT Law. A 10% withholding tax rate is applicable to the Group.

The Group recognised PRC Land Appreciation Tax ("LAT") based on management's best estimates and in accordance with the requirements set forth in the relevant PRC tax laws and regulations. For the six months ended 30 June 2021, the Group has estimated and made a provision for LAT in the amount of RMB765,124,000 (six months ended 30 June 2020: RMB588,961,000). The actual LAT liabilities are subject to the determination by the tax authorities upon completion of the property development projects and the tax authorities might disagree with the basis on which the provision for LAT is calculated.

10. 稅項

本公司及其於香港註冊成立的附屬公司並無作出所得稅撥備，乃由於其於香港並無獲得任何應課稅利潤。

根據中華人民共和國企業所得稅法(「企業所得稅法」)及企業所得稅法實施條例，中國附屬公司的稅率為25%或15%(截至2020年6月30日止六個月：25%或15%)。綠城裝飾工程集團有限公司、綠城建設管理集團有限公司、浙江綠城聯合設計有限公司、浙江綠城建築工程管理有限公司及浙江綠創新拓建築規劃設計有限公司為高新技術企業，適用的企業所得稅稅率在2018年至2020年、2019年至2021年、2020年至2022年、2020年至2022年以及2020年至2022年均為15%。

此外，企業所得稅法豁免兩家有直接投資關係的居民企業的合資格股息收入繳納所得稅。除此之外，所有該等股息須按企業所得稅法繳付5%或10%預扣稅。10%的預扣稅率適用於本集團。

本集團根據管理層的最佳估計及按照中國有關稅務法律及法規所載規定確認中國土地增值稅(「土地增值稅」)。截至2021年6月30日止六個月，本集團已估計並作出人民幣765,124,000元(截至2020年6月30日止六個月：人民幣588,961,000元)的土地增值稅撥備。實際土地增值稅負債須在物業發展項目竣工後由稅務機關決定，而稅務機關可能不會同意土地增值稅撥備的計算基準。

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10. TAXATION (continued)

The major components of the Group's income tax expense are as follows:

10. 稅項（續）

本集團所得稅開支的主要組成部分載列如下：

		For the six months ended 30 June 截至6月30日止六個月	
		2021 2021年 RMB'000 人民幣千元 (Unaudited) （未經審核）	2020 2020年 RMB'000 人民幣千元 (Unaudited) （未經審核）
Current tax:	即期稅項：		
PRC Enterprise Income Tax ("EIT")	中國企業所得稅（「企業所得稅」）	**1,326,798**	890,143
LAT	土地增值稅	**854,511**	575,387
		2,181,309	1,465,530
Deferred tax:	遞延稅項：		
EIT	企業所得稅	**(79,984)**	38,888
LAT	土地增值稅	**(89,387)**	13,574
		(169,371)	52,462
Total tax charge for the period	期內稅項支出總額	**2,011,938**	1,517,992

11. DIVIDENDS

During the interim period, a final dividend of RMB0.35 per ordinary share, or RMB873,011,000 in total, for the year ended 31 December 2020 (six months ended 30 June 2020: RMB0.30 per ordinary share, or RMB748,176,000 in total, for the year ended 31 December 2019) was recommended by the Board and approved by the shareholders at the annual general meeting. The final dividend was subsequently paid on 30 July 2021.

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: Nil).

11. 股息

於中期期間，董事會已建議宣派並由股東於股東週年大會批准截至2020年12月31日止年度的末期股息每股普通股人民幣0.35元，總計人民幣873,011,000元（截至2020年6月30日止六個月：宣派截至2019年12月31日止年度的末期股息每股普通股人民幣0.30元，總計人民幣748,176,000元）。末期股息其後於2021年7月30日派付。

董事會已決議不就截至2021年6月30日止六個月宣派任何中期股息（截至2020年6月30日止六個月：無）。

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12. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share attributable to ordinary equity holders of the Company is based on the following data:

12. 每股盈利

本公司普通權益持有人應佔每股基本盈利及攤薄盈利根據以下數字計算：

		For the six months ended 30 June 截至6月30日止六個月	
		2021 **2021年** **RMB'000** **人民幣千元** **(Unaudited)** **（未經審核）**	2020 2020年 RMB'000 人民幣千元 (Unaudited) （未經審核）
Earnings:	盈利：		
Profit for the period attributable to the owners of the Company	本公司股東應佔期內利潤	**2,418,363**	2,095,812
Distribution related to perpetual securities	有關永久證券的分派	**(649,570)**	(646,240)
Earnings for the purpose of basic earnings per share	就每股基本盈利而言的盈利	**1,768,793**	1,449,572
Earnings for the purpose of diluted earnings per share	就每股攤薄盈利而言的盈利	**1,768,793**	1,449,572

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12. EARNINGS PER SHARE (continued)

12. 每股盈利(續)

		For the six months ended 30 June 截至6月30日止六個月	
		2021 **2021年**	**2020** **2020年**
Shares:	股份：		
Weighted average number of ordinary shares for the purpose of the basic earnings per share calculation	就計算每股基本盈利而言的加權平均普通股股數	**2,490,968,657**	2,230,435,196
Effect of dilutive potential ordinary shares:	有攤薄潛力普通股的影響：		
Share options and share award	購股權及股份激勵	**8,286,915**	960,438
Weighted average number of ordinary shares for the purpose of diluted earnings per share	就每股攤薄盈利而言的加權平均普通股股數	**2,499,255,572**	2,231,395,634

The computation of diluted earnings per share for the six months ended 30 June 2021 and 30 June 2020 does not assume the exercise of some of the share options because the exercise price of these share options was higher than the average market price for shares for the periods.

計算截至2021年6月30日及2020年6月30日止六個月的每股攤薄盈利並無假設部分購股權獲行使，因為該等購股權的行權價格高於該等期間股份的平均市價。

13. PROPERTY, PLANT AND EQUIPMENT, INTANGIBLE ASSETS, RIGHT-OF-USE ASSETS AND INVESTMENT PROPERTIES

13. 物業、廠房及設備、無形資產、使用權資產及投資物業

During the six months ended 30 June 2021, the Group acquired property, plant and equipment and intangible assets with a cost of RMB277,892,000 (six months ended 30 June 2020: RMB254,335,000).

截至2021年6月30日止六個月，本集團以人民幣277,892,000元(2020年6月30日止六個月：人民幣254,335,000元)的成本購入物業、廠房及設備及無形資產。

During the current interim period, the Group entered into additional new lease agreements for office buildings and apartments. The Group is required to make fixed monthly payments. On lease commencement, the Group recognised right-of-use assets of RMB352,655,000 and lease liabilities of RMB352,655,000.

於本中期期間，本集團就辦公室樓宇及公寓訂立額外新租賃協議。本集團須每月支付固定款項。租賃開始後，本集團確認使用權資產人民幣352,655,000元及租賃負債人民幣352,655,000元。

13. PROPERTY, PLANT AND EQUIPMENT, INTANGIBLE ASSETS, RIGHT-OF-USE ASSETS AND INVESTMENT PROPERTIES (continued)

Details of the property, plant and equipment, right of-use assets and investment properties pledged to secure banking facilities granted to the Group are disclosed in note 30.

The Group's investment properties at the end of the current interim period were valued by the directors. The basis of determining the valuation methods, inputs and assumptions used in the condensed consolidated financial information for the six months ended 30 June 2021 are the same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2020. The resulting decrease in fair value of investment properties of RMB408,000 (six months ended 30 June 2020: RMB108,114,000) has been recognised directly in profit or loss for the six months ended 30 June 2021.

13. 物業、廠房及設備、無形資產、使用權資產及投資物業的變動（續）

抵押以取得批予本集團銀行融資額度的物業、廠房及設備、使用權資產及投資物業的詳情於附註30披露。

於本中期期末，本集團的投資物業由董事進行估值。釐定於截至2021年6月30日止六個月的簡明綜合財務資料中所用估值方式、輸入數據及假設的基準與本集團編製截至2020年12月31日止年度的年度綜合財務報表所遵循者相同。計算得出的投資物業公平值減少人民幣408,000元（截至2020年6月30日止六個月：人民幣108,114,000元）已於截至2021年6月30日止六個月的損益中直接確認。

14. PROPERTIES FOR DEVELOPMENT

Included in properties for development as at 30 June 2021 was an amount of RMB23,930,938,000 (as at 31 December 2020: RMB7,531,094,000) in respect of long-term leasehold land for which the Group was in the process of obtaining the land use right certificates.

All properties for development are expected to be recovered after more than 12 months from the end of the interim period.

14. 可供發展物業

於2021年6月30日，本集團計入可供發展物業中有人民幣23,930,938,000元（於2020年12月31日：人民幣7,531,094,000元）的長期租賃土地正申請土地使用權證。

所有可供發展物業預期自中期期末起計超過12個月後收回。

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15. PROPERTIES UNDER DEVELOPMENT

15. 發展中物業

		As at 30 June 2021 於2021年6月30日 RMB'000 人民幣千元 (Unaudited) (未經審核)	As at 31 December 2020 於2020年12月31日 RMB'000 人民幣千元 (Audited) (經審核)
Long-term leasehold land – at cost	長期租賃土地－按成本	**159,721,072**	135,877,337
Development costs	發展成本	**40,726,573**	41,339,116
Finance costs and other expenses capitalised	資本化的融資及其他費用	**15,301,148**	16,992,577
		215,748,793	194,209,030

Properties under development for sale amounting to RMB120,062,718,000 (as at 31 December 2020: RMB130,046,281,000) are expected to be recovered after more than 12 months from the end of the interim period.

為數人民幣120,062,718,000元(於2020年12月31日:人民幣130,046,281,000元)的待售發展中物業預期自中期期末起計超過12個月後收回。

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16. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

16. 貿易及其他應收款項、訂金及預付款項

		As at 30 June 2021 於2021年6月30日 RMB'000 人民幣千元 (Unaudited) （未經審核）	As at 31 December 2020 於2020年12月31日 RMB'000 人民幣千元 (Audited) （經審核）
Trade receivables	貿易應收款項	**1,412,299**	1,305,104
Less: Allowance for credit losses	減：信貸虧損撥備	**(77,515)**	(94,460)
Trade receivables, net of allowance for credit losses	貿易應收款項，扣除信貸虧損撥備	**1,334,784**	1,210,644
Other receivables, net of allowance for credit losses	其他應收款項，扣除信貸虧損撥備	**6,595,395**	6,268,542
Prepayments and deposits	預付款項及訂金	**3,910,798**	3,711,524
Consideration receivables from disposal of subsidiaries	出售附屬公司的應收代價	**12,580**	12,580
		11,853,557	11,203,290

The Group allows an average credit period of 90 days to trade customers. The aged analysis of trade receivables before impairment is stated as follows:

本集團給予其貿易客戶90日的平均信貸期。減值前貿易應收款項的賬齡分析如下：

		As at 30 June 2021 於2021年6月30日 RMB'000 人民幣千元 (Unaudited) （未經審核）	As at 31 December 2020 於2020年12月31日 RMB'000 人民幣千元 (Audited) （經審核）
Within 90 days	90日內	**710,966**	692,161
91 to 180 days	91至180日	**195,190**	213,688
181 to 365 days	181至365日	**243,725**	128,712
Over 365 days	超過365日	**262,418**	270,543
		1,412,299	1,305,104

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17. CONTRACT ASSETS

17. 合同資產

		As at 30 June 2021 於2021年6月30日 RMB'000 人民幣千元 (Unaudited) （未經審核）	As at 31 December 2020 於2020年12月31日 RMB'000 人民幣千元 (Audited) （經審核）
Design and decoration	設計及裝修	**1,783,979**	2,417,017
Project management	項目管理	**410,812**	327,689
Others	其他	**402,545**	431,459
		2,597,336	3,176,165
Less: Allowance for credit losses	減：信貸虧損撥備	**(30,880)**	(51,647)
Contract assets, net of allowance for credit losses	合同資產，扣除信貸虧損撥備	**2,566,456**	3,124,518

The contract assets primarily relate to the Group's rights to consideration for work completed and not billed because the rights are conditioned on the Group's future performance in achieving specified milestones stipulated in the relevant contracts at the reporting date on design and decoration and project management services. The contract assets are transferred to trade receivables when the rights become unconditional. The Group typically transfers the contract assets to trade receivables when the relevant revenue is billed.

合同資產主要與本集團收取已竣工但未結算工程的代價的權利有關，原因為該等權利取決於本集團未來就達成報告日期設計及裝修以及項目管理服務的有關合同中所指定里程碑的表現。當該等權利成為無條件時，合同資產轉撥至貿易應收款項。本集團通常於結算相關收入時將合同資產轉撥至貿易應收款項。

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18. TRADE AND OTHER PAYABLES

18. 貿易及其他應付款項

		As at 30 June 2021 於2021年6月30日 RMB'000 人民幣千元 (Unaudited) （未經審核）	As at 31 December 2020 於2020年12月31日 RMB'000 人民幣千元 (Audited) （經審核）
Trade payables	貿易應付款項	**36,506,933**	35,709,311
Other payables and accrued expenses	其他應付款項及預提費用	**7,982,665**	10,038,914
Consideration payables on acquisition of subsidiaries and a joint venture	收購附屬公司及一家合營企業應付代價	**197,800**	861,872
		44,687,398	46,610,097

Trade payables principally comprise amounts outstanding for trade purchases and contractor payments. The aged analysis of trade payables is stated as follows:

貿易應付款項主要包括尚未支付的貿易採購金額及承包商款項。貿易應付款項的賬齡分析如下：

		As at 30 June 2021 於2021年6月30日 RMB'000 人民幣千元 (Unaudited) （未經審核）	As at 31 December 2020 於2020年12月31日 RMB'000 人民幣千元 (Audited) （經審核）
Within 180 days	180日內	**27,658,758**	29,889,284
181 to 365 days	181至365日	**6,374,218**	3,703,166
Over 365 days	超過365日	**2,473,957**	2,116,861
		36,506,933	35,709,311

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19. BANK AND OTHER BORROWINGS 19. 銀行及其他借款

		As at 30 June 2021 於2021年6月30日 RMB'000 人民幣千元 (Unaudited) （未經審核）	As at 31 December 2020 於2020年12月31日 RMB'000 人民幣千元 (Audited) （經審核）
Secured bank loans	有抵押銀行貸款	**53,753,235**	53,521,520
Unsecured bank loans	無抵押銀行貸款	**38,405,131**	31,506,639
		92,158,366	85,028,159
Secured other loans	有抵押其他貸款	**1,101,466**	1,095,000
Unsecured other loans	無抵押其他貸款	**2,901,516**	1,301,238
		4,002,982	2,396,238
		96,161,348	87,424,397
The amount is repayable as follows:	應償還的款項如下：		
Amounts due within one year	一年內到期的款項	**20,901,497**	23,628,164
Amounts due after one year	一年後到期的款項	**75,259,851**	63,796,233
		96,161,348	87,424,397

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19. BANK AND OTHER BORROWINGS (continued)

At the end of the interim period, certain bank loans were also supported by guarantees from the following parties:

19. 銀行及其他借款(續)

於中期期末，若干銀行貸款亦已獲以下各方的擔保支持：

		As at 30 June 2021 於2021年6月30日 RMB'000 人民幣千元 (Unaudited) (未經審核)	As at 31 December 2020 於2020年12月31日 RMB'000 人民幣千元 (Audited) (經審核)
Secured bank loans, guaranteed by:	有抵押銀行貸款，由下列人士擔保：		
Non-controlling shareholders of subsidiaries	附屬公司非控股股東	**6,070,584**	2,787,939
Unsecured bank loans, guaranteed by:	無抵押銀行貸款，由下列人士擔保：		
Non-controlling shareholders of subsidiaries	附屬公司非控股股東	**3,506,625**	1,483,811

20. SENIOR NOTES

2020 First USD Notes – unsecured

The movement of the 2020 First USD Notes during the interim period is set out below:

20. 優先票據

2020年第一批美元票據－無抵押

2020年第一批美元票據於中期期間的變動載於下文：

		RMB'000 人民幣千元
At 1 January 2021 (audited)	於2021年1月1日(經審核)	**2,001,112**
Exchange realignment	匯兌調整	**(19,875)**
Interest charged during the period	於期間的利息費用	**55,793**
Interest paid during the period	於期間的已付利息	**(54,887)**
At 30 June 2021 (unaudited)	於2021年6月30日(未經審核)	**1,982,143**

On 13 July 2020, the Company issued senior notes with an aggregate principal amount of US$300,000,000 at 100% of face value (the "2020 First USD Notes"), which are listed on the Stock Exchange. The 2020 First USD Notes carry interest at the rate of 5.65% per annum payable semi-annually in arrears. The net proceeds, after deduction of direct issuance costs, amounted to approximately US$298,600,000 (approximately RMB2,089,499,000). The 2020 First USD Notes will mature on 13 July 2025.

於2020年7月13日，本公司按面值100%發行本金總額為300,000,000美元的優先票據(「2020年第一批美元票據」)，該等票據於聯交所上市。2020年第一批美元票據按年利率5.65%計息，每半年支付一次利息。所得款項淨額(經扣除直接發行成本後)約為298,600,000美元(約人民幣2,089,499,000元)。2020年第一批美元票據將於2025年7月13日到期。

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20. SENIOR NOTES (continued)

2020 First USD Notes – unsecured (continued)

The 2020 First USD Notes contain a liability component and an issuer's early redemption option:

(i) Liability component represents the present value of the contractually determined stream of future cash flows discounted at the prevailing market interest rate at that time applicable to instruments of comparable credit status and providing substantially the same cash flows, on the same terms, but without the embedded derivatives.

The interest charged for the period is calculated by applying an effective interest rate of approximately 5.76% per annum to the liability component since the senior notes were issued.

(ii) Early redemption option is regarded as an embedded derivative not closely related to the host contract. The directors consider that the fair value of the early redemption options as at the date of issuance and 30 June 2021 was insignificant.

2020 Second USD Notes – unsecured

The movement of the 2020 Second USD Notes during the interim period is set out below:

20. 優先票據（續）

2020年第一批美元票據－無抵押（續）

2020年第一批美元票據包含負債部分及發行人的提早贖回權：

(i) 負債部分指合同釐定的未來現金流量以可資比較信貸狀況及大致上可提供相同現金流量的工具當時所適用的市場利率按相同條款貼現的現值，惟並無內置衍生工具。

自發行優先票據起，期內利息費用按負債部分使用的實際年利率約5.76%計算。

(ii) 提早贖回權視為與主合同並無密切關係的內置衍生工具。董事認為於發行日期及2021年6月30日提早贖回權的公平值並不重大。

2020年第二批美元票據－無抵押

2020年第二批美元票據於中期期間的變動載於下文：

		RMB'000 人民幣千元
At 1 January 2021 (audited)	於2021年1月1日（經審核）	1,958,670
Exchange realignment	匯兑調整	(19,392)
Interest charged during the period	於期間的利息費用	46,737
Interest paid during the period	於期間的已付利息	(45,721)
At 30 June 2021 (unaudited)	於2021年6月30日（未經審核）	1,940,294

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20. SENIOR NOTES (continued)

2020 Second USD Notes – unsecured (continued)

On 29 October 2020, the Company issued senior notes with an aggregate principal amount of US$300,000,000 at 100% of face value (the "2020 Second USD Notes"), which are listed on the Stock Exchange. The 2020 Second USD Notes carry interest at the rate of 4.70% per annum payable semi-annually in arrears. The net proceeds, after deduction of direct issuance costs, amounted to approximately US$298,500,000 (approximately RMB2,007,674,000). The 2020 Second USD Notes will mature on 29 April 2025.

The 2020 Second USD Notes contain a liability component and an issuer's early redemption option:

(i) Liability component represents the present value of the contractually determined stream of future cash flows discounted at the prevailing market interest rate at that time applicable to instruments of comparable credit status and providing substantially the same cash flows, on the same terms, but without the embedded derivatives.

The interest charged for the period is calculated by applying an effective interest rate of approximately 4.82% per annum to the liability component since the senior notes were issued.

(ii) Early redemption option is regarded as an embedded derivative not closely related to the host contract. The directors consider that the fair value of the early redemption options as at the date of issuance and 30 June 2021 was insignificant.

20. 優先票據(續)

2020年第二批美元票據－無抵押(續)

於2020年10月29日，本公司按面值100%發行本金總額為300,000,000美元的優先票據(「2020年第二批美元票據」)，該等票據於聯交所上市。2020年第二批美元票據按年利率4.70%計息，每半年支付一次利息。所得款項淨額(經扣除直接發行成本後)約為298,500,000美元(約人民幣2,007,674,000元)。2020年第二批美元票據將於2025年4月29日到期。

2020年第二批美元票據包含負債部分及提早贖回權：

(i) 負債部分指合同釐定的未來現金流量以可資比較信貸狀況及大致上可提供相同現金流量的工具當時所適用的市場利率按相同條款貼現的現值，惟並無內置衍生工具。

自發行優先票據起，期內利息費用按負債部分使用的實際年利率約4.82%計算。

(ii) 提早贖回權視為與主合同並無密切關係的內置衍生工具。董事認為於發行日期及2021年6月30日提早贖回權的公平值並不重大。

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20. SENIOR NOTES (continued)

20. 優先票據（續）

The summary of movements of all senior notes during the interim period is set out below:

所有優先票據於中期期間的變動概要載於下文：

		RMB'000 人民幣千元
At 1 January 2021 (audited)	於2021年1月1日（經審核）	3,959,782
Exchange realignment	匯兑調整	(39,267)
Interest charged during the period	於期間的利息費用	102,530
Interest paid during the period	於期間的已付利息	(100,608)
At 30 June 2021 (unaudited)	於2021年6月30日（未經審核）	3,922,437
Less: Amounts due within one year shown under current liabilities	減：於流動負債下呈列的一年內到期金額	62,030
Amounts shown under non-current liabilities	於非流動負債下呈列的金額	3,860.407

21. CORPORATE DEBT INSTRUMENTS

21. 公司債務工具

The summary of movements of corporate debt instruments during the interim period is set out below:

於中期期間公司債務工具變動的概要載於下文：

		RMB'000 人民幣千元
At 1 January 2021 (audited)	於2021年1月1日（經審核）	25,920,319
Fair value at the date of issuance (note)	於發行日期的公平值（附註）	4,630,669
Interest charged during the period	於期間的利息費用	585,599
Interest paid during the period	於期間的已付利息	(700,389)
Principal repaid during the period upon maturity	於期間的已償還到期本金	(4,499,737)
At 30 June 2021 (unaudited)	於2021年6月30日（未經審核）	25,936,461
Less: Amounts due within one year shown under current liabilities	減：於流動負債下呈列的一年內到期金額	5,501,826
Amounts puttable within one year shown under current liabilities	於流動負債下呈列的一年內可賣回金額	3,641,244
Amounts shown under non-current liabilities	於非流動負債下呈列的金額	16,793,391

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21. CORPORATE DEBT INSTRUMENTS (continued)

Note:

2021 Corporate Bonds
On 13 January 2021, Greentown Real Estate Group Co., Ltd. ("Greentown Real Estate") (a wholly-owned subsidiary of the Company) issued the first tranche of corporate bonds with an aggregate principal amount of RMB2,500,000,000 at 100% of face value (the "2021 First Bonds"). The 2021 First Bonds carry interest at the rate of 3.92% per annum payable annually in arrears. The net proceeds, after deduction of direct issuance costs, amounted to RMB2,487,308,000. The 2021 First Bonds will mature on 13 January 2026.

On 23 March 2021, Greentown Real Estate issued the second tranche of corporate bonds with an aggregate principal amount of RMB1,650,000,000 at 100% of face value (the "2021 Second Bonds"). The 2021 Second Bonds carry interest at the rate of 4.07% per annum payable annually in arrears. The net proceeds, after deduction of direct issuance costs, amounted to RMB1,644,875,000. The 2021 Second Bonds will mature on 23 March 2026.

The principal terms of the 2021 First Bonds and the 2021 Second Bonds, (collectively, the "2021 Corporate Bonds") are as follows:

(i) the 2021 First Bonds and the 2021 Second Bonds have fixed interest rates in the first three years. At the end of the fixed interest rate period, Greentown Real Estate has the right to adjust the coupon rate of the remaining outstanding bonds. If Greentown Real Estate chooses to exercise the 2021 Coupon Rate Adjustment Right, the new fixed coupon rate for the remaining two years will be the coupon rate of the first three years plus adjusting basis points.

(ii) the investors of the 2021 First Bonds and the 2021 Second Bonds have the option to sell back the bonds, in whole or in part, at a redemption price equal to 100% of the principal amount of the bonds plus unpaid interest, if any, accrued to (but not including) the redemption date when Greentown Real Estate issues the announcement concerning whether to adjust the coupon rate of the bonds at the end of the third year.

The 2021 Corporate Bonds contain a liability component and a written put option:

(i) Liability component represents the present value of the contractually determined stream of future cash flows discounted at the prevailing market interest rate at that time applicable to instruments of comparable credit status and providing substantially the same cash flows, on the same terms.

The interest charged for the period is calculated by applying the weighted average effective interest rate of approximately 4.08% per annum to the liability component since the corporate bonds were issued.

(ii) Written put option is regarded as an embedded derivative closely related to the economic characteristics and risks of the host contract, and therefore, the written put option is not separated from the liability component.

As at 30 June 2021, the Group had no plan nor intention to exercise the 2021 Coupon Rate Adjustment Right of the Corporate Bonds, and therefore the interest expense for the period was calculated using the original coupon rates of the 2021 Corporate Bonds.

21. 公司債務工具（續）

附註：

2021年公司債券
於2021年1月13日，綠城房地產集團有限公司(「綠城房產」)(本公司的全資附屬公司)按面值100%發行第一批本金總額為人民幣2,500,000,000元的公司債券(「2021年第一批債券」)。2021年第一批債券按年利率3.92%計息，每年支付一次利息。所得款項淨額(經扣除直接發行成本後)為人民幣2,487,308,000元。2021年第一批債券將於2026年1月13日到期。

於2021年3月23日，綠城房產按面值100%發行第二批本金總額為人民幣1,650,000,000元的公司債券(「2021年第二批債券」)。2021年第二批債券按年利率4.07%計息，每年支付一次利息。所得款項淨額(經扣除直接發行成本後)為人民幣1,644,875,000元。2021年第二批債券將於2026年3月23日到期。

2021年第一批債券及2021年第二批債券(統稱為「2021年公司債券」)的主要條款如下：

(i) 2021年第一批債券及2021年第二批債券於前三年按固定利率計算。於固定利率期末，綠城房產有權調整餘下未行使債券的票面利率。倘綠城房產選擇行使2021年票面利率調整權，則餘下兩年的新固定票面利率將為前三年票面利率加調整基點。

(ii) 2021年第一批債券及2021年第二批債券的投資者有權選擇按贖回價格回售全部或部分債券，該贖回價格相當於債券100%本金金額，加上直至綠城房產發佈關於是否於第三年末調整債券票面利率的公告的贖回日期(不包括當日)應計的未付利息(如有)。

2021年公司債券包含負債部分及沽出認沽期權：

(i) 負債部分指合同釐定的未來現金流量以可資比較信貸狀況及大致上可提供相同現金流量的工具當時所適用的市場利率按相同條款貼現的現值。

自發行公司債券起，期內利息費用按負債部分使用的加權平均實際年利率約4.08%計算。

(ii) 沽出認沽期權視為與主合同經濟特徵及風險緊密相關的內置衍生工具，因此，沽出認沽期權不與負債部分分開。

於2021年6月30日，本集團並無計劃或意向行使2021年公司債券票面利率調整權，因此，期內利息開支按2021年公司債券原票面利率計算。

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21. CORPORATE DEBT INSTRUMENTS (continued)

Note: (continued)

2021 Project Revenue Notes
On 25 March 2021, Greentown Real Estate issued the first batch of Project Revenue Notes with an aggregate principal amount of RMB500,000,000 at 100% of face value (the "2021 Project Revenue Notes").The 2021 Project Revenue Notes carry interest at the rate of 4.30% per annum payable annually in arrears. The net proceeds, after deduction of direct issuance costs, amounted to RMB498,486,000. The 2021 Project Revenue Notes will mature on 25 March 2036.

The principal terms of 2021 Project Revenue Notes are as follows:

(i) the 2021 Project Revenue Notes have a fixed interest rate in the first two years. At the end of the fixed interest rate period, Greentown Real Estate has the right to adjust the coupon rate of the remaining outstanding notes. The new fixed coupon rate for the next two years will be the coupon rate of the first two years plus adjusting basis points.

(ii) the investors of the 2021 Project Revenue Notes have the option to sell back the notes, in whole or in part, at a redemption price equal to 100% of the principal amount of the notes plus unpaid interest, if any, accrued to (but not including) the redemption date when Greentown Real Estate issues the announcement concerning whether to adjust the coupon rate of the notes at the end of the second year.

The 2021 Project Revenue Notes contain a liability component and a written put option:

(i) Liability component represents the present value of the contractually determined stream of future cash flows discounted at the prevailing market interest rate at that time applicable to instruments of comparable credit status and providing substantially the same cash flows, on the same terms.

The interest charged for the period is calculated by applying the weighted average effective interest rate of approximately 4.33% per annum to the liability component since the project revenue notes were issued.

(ii) Written put option is regarded as an embedded derivative closely related to the economic characteristics and risks of the host contract, and therefore, the written put option is not separated from the liability component.

21. 公司債務工具(續)

附註:(續)

2021年項目收益票據
於2021年3月25日,綠城房產按面值100%發行本金總額為人民幣500,000,000元的第一批項目收益票據(「2021年項目收益票據」)。2021年項目收益票據按年利率4.30%計息,每年支付一次利息。所得款項淨額(經扣除直接發行成本後)為人民幣498,486,000元。2021年項目收益票據將於2036年3月25日到期。

2021年項目收益票據的主要條款如下:

(i) 2021年項目收益票據於前兩年按固定利率計算。於固定利率期末,綠城房產有權調整餘下未行使票據的票面利率。未來兩年的新固定票面利率將為前兩年票面利率加調整基點。

(ii) 2021年項目收益票據的投資者有權選擇按贖回價格回售全部或部分票據,該贖回價格相當於票據100%本金金額,加上直至綠城房產發佈關於是否於第二年末調整票據票面利率的公告的贖回日期(不包括當日)應計的未付利息(如有)。

2021年第一批項目收益票據包含負債部分及沽出認沽期權:

(i) 負債部分指合同釐定的未來現金流量以可資比較信貸狀況及大致上可提供相同現金流量的工具當時所適用的市場利率按相同條款貼現的現值。

自發行項目收益票據起,期內利息費用按負債部分使用的加權平均實際年利率約4.33%計算。

(ii) 沽出認沽期權視為與主合同經濟特徵及風險緊密相關的內置衍生工具,因此,沽出認沽期權不與負債部分分開。

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22. RECEIPTS UNDER SECURITISATION ARRANGEMENTS

The movements of receipts under securitisation arrangements during the interim period are set out below:

22. 證券化安排的收款

於中期期間的證券化安排的收款的變動載於下文：

		RMB'000 人民幣千元
At 1 January 2021 (audited)	於2021年1月1日(經審核)	**1,897,641**
Interest charged during the period	於期間的利息費用	**38,475**
Interest paid during the period	於期間的已付利息	**(38,197)**
At 30 June 2021 (unaudited)	於2021年6月30日(未經審核)	**1,897,919**
Less: Amounts due within one year shown under current liabilities	減：於流動負債下呈列的一年內到期金額	**3,672**
Amounts shown under non-current liabilities	於非流動負債下呈列的金額	**1,894,247**

On 17 June 2020, Greentown Real Estate issued receipts under securitisation arrangements (the "2020 Receipts Under Securitisation Arrangements") with an aggregate principal amount of RMB2,000,000,000 at 100% of face value comprising (i) RMB1,900,000,000 with a term of a fixed annual coupon rate of 3.90% and with distribution semi-annually (the "2020 Senior Tranche Securities"), and (ii) RMB100,000,000 with a term of no annual coupon rate (the "2020 Junior Tranche Securities"). Greentown Real Estate purchased all the 2020 Junior Tranche Securities. The 2020 Receipts Under Securitisation Arrangements are listed on the Shenzhen Stock Exchange. The net proceeds of the 2020 Receipts Under Securitisation Arrangements, after deduction of direct issuance costs, amounted to RMB1,990,667,000. Both the 2020 Senior Tranche Securities and the 2020 Junior Tranche Securities will mature on 16 June 2023.

於2020年6月17日，綠城房產按面值100%發行證券化安排的收款(「2020年證券化安排的收款」)，其本金總額為人民幣2,000,000,000元，當中包括(i)人民幣1,900,000,000元，具有固定年化票面利率為3.90%並每半年提供一次分派的條款(「2020年優先證券」)；及(ii)人民幣100,000,000元，其條款不含年化票面利率(「2020年次級證券」)。綠城房產購回所有2020年次級證券。2020年證券化安排的收款在深圳證券交易所上市。2020年證券化安排的收款所得款項淨額(經扣除直接發行成本後)為人民幣1,990,667,000元。2020年優先證券及2020年次級證券均於2023年6月16日到期。

The receipts under securitisation arrangements are assets-backed securitisation collateralised by certain future trade receivables for the remaining receipts from sales of properties.

證券化安排的收款為資產支持證券化，由銷售物業餘下收款的若干未來貿易應收款項作抵押。

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23. SHARE CAPITAL

23. 股本

		Number of shares 股份數目	Share capital 股本 HK$'000 千港元
Authorised:	*法定：*		
Ordinary shares of HK$0.10 each at 31 December 2020 and 30 June 2021	每股面值0.10港元的普通股於2020年12月31日及2021年6月30日	10,000,000,000	1,000,000
Issued and fully paid:	*已發行及已繳足：*		
Ordinary shares of HK$0.10 each at 31 December 2020 (audited)	每股面值0.10港元的普通股於2020年12月31日（經審核）	2,494,176,190	249,418
Exercise of share options (note 29)	行使購股權（附註29）	142,000	14
At 30 June 2021 (unaudited)	於2021年6月30日（未經審核）	2,494,318,190	249,432

As at 30 June 2021, the share capital of the Company is HK$249,432,000 (equivalent to RMB239,276,000).

於2021年6月30日，本公司的股本為249,432,000港元（折合人民幣239,276,000元）。

24. PERPETUAL SECURITIES

2018 USD Perpetual Securities

On 28 December 2018, Twinkle Lights Holdings Limited ("Twinkle Lights"), a wholly-owned subsidiary of the Company, issued USD denominated guaranteed senior perpetual capital securities (the "2018 USD Perpetual Securities") with an aggregate principal amount of US$500,000,000. The 2018 USD Perpetual Securities are unlisted, guaranteed by the Company, and also benefit from a keepwell deed and deed of equity interest purchase undertaking provided by China Communications Construction Group (Limited) ("CCCG").

2018 First Domestic Perpetual Securities

On 26 October 2018, Greentown Real Estate issued listed and unsecured domestic perpetual securities (the "2018 First Domestic Perpetual Securities") with an aggregate principal amount of RMB1,400,000,000.

2018 Second Domestic Perpetual Securities

On 3 December 2018, Greentown Real Estate issued listed and unsecured domestic perpetual securities (the "2018 Second Domestic Perpetual Securities") with an aggregate principal amount of RMB2,000,000,000.

24. 永久證券

2018年美元永久證券

於2018年12月28日，本公司的全資附屬公司耀麗控股有限公司（「耀麗」）發行按美元計值及本金總額為500,000,000美元的優先擔保永久資本證券（「2018年美元永久證券」）。2018年美元永久證券為非上市並由本公司提供擔保，並同樣受惠於中國交通建設集團有限公司（「中交集團」）提供的維好契據及股權購買承諾契據。

2018年第一批境內永久證券

於2018年10月26日，綠城房產發行本金總額為人民幣1,400,000,000元的上市及無抵押的境內永久證券（「2018年第一批境內永久證券」）。

2018年第二批境內永久證券

於2018年12月3日，綠城房產發行本金總額為人民幣2,000,000,000元的上市及無抵押的境內永久證券（「2018年第二批境內永久證券」）。

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24. PERPETUAL SECURITIES (continued)

2019 First USD Perpetual Securities

On 8 February 2019, Champion Sincerity Holdings Limited ("Champion Sincerity"), a wholly-owned subsidiary of the Company, issued USD denominated guaranteed senior perpetual capital securities (the "2019 First USD Perpetual Securities") with an aggregate principal amount of US$400,000,000. The Company has agreed to guarantee on a subordinated basis the due payment of all sums expressed to be payable by Champion Sincerity under the 2019 First USD Perpetual Securities.

2019 Second USD Perpetual Securities

On 8 February 2019, Champion Sincerity issued USD denominated guaranteed senior perpetual capital securities (the "2019 Second USD Perpetual Securities") with an aggregate principal amount of US$100,000,000. The Company has agreed to guarantee on a subordinated basis the due payment of all sums expressed to be payable by Champion Sincerity under the 2019 Second USD Perpetual Securities.

2019 First Domestic Perpetual Securities

On 29 January 2019, Greentown Real Estate issued listed and unsecured domestic perpetual securities (the "2019 First Domestic Perpetual Securities") with an aggregate principal amount of RMB2,000,000,000.

2019 Second Domestic Perpetual Securities

On 24 April 2019, Greentown Real Estate issued listed and unsecured domestic perpetual securities (the "2019 Second Domestic Perpetual Securities") with an aggregate principal amount of RMB2,600,000,000.

2019 Third Domestic Perpetual Securities

On 19 June 2019 and 30 August 2019, Greentown Real Estate issued unlisted and unsecured domestic perpetual securities with an aggregate principal amount of RMB500,000,000 and RMB1,500,000,000 respectively (collectively the "2019 Third Domestic Perpetual Securities").

On 19 June 2021, Greentown Real Estate redeemed the 2019 Third Domestic Perpetual Securities with an outstanding principal of RMB2,000,000,000 in full face value and repaid all provided but not paid interest with an aggregate amount of RMB2,038,612,000.

24. 永久證券（續）

2019年第一批美元永久證券

於2019年2月8日，本公司的全資附屬公司冠誠控股有限公司（「冠誠」）發行按美元計值及本金總額為400,000,000美元的優先擔保永久資本證券（「2019年第一批美元永久證券」）。本公司已同意按後償基準擔保冠誠準時支付根據2019年第一批美元永久證券列明應償還的全部款項。

2019年第二批美元永久證券

於2019年2月8日，冠誠發行按美元計值及本金總額為100,000,000美元的優先擔保永久資本證券（「2019年第二批美元永久證券」）。本公司已同意按後償基準擔保冠誠準時支付根據2019年第二批美元永久證券列明應償還的全部款項。

2019年第一批境內永久證券

於2019年1月29日，綠城房產發行本金總額為人民幣2,000,000,000元的上市及無抵押的境內永久證券（「2019年第一批境內永久證券」）。

2019年第二批境內永久證券

於2019年4月24日，綠城房產發行本金總額為人民幣2,600,000,000元的上市及無抵押的境內永久證券（「2019年第二批境內永久證券」）。

2019年第三批境內永久證券

於2019年6月19日及2019年8月30日，綠城房產分別發行本金總額為人民幣500,000,000元及人民幣1,500,000,000元的非上市及無抵押的境內永久證券（統稱為「2019年第三批境內永久證券」）。

於2021年6月19日，綠城房產以全額面值贖回未償還本金人民幣2,000,000,000元的2019年第三批境內永久證券及已償還其已計提但未付的利息總額人民幣2,038,612,000元。

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24. PERPETUAL SECURITIES (continued)

2019 Fourth Domestic Perpetual Securities

On 26 December 2019, Tianjin CCCG Greentown Urban Construction Development Co., Ltd. ("Tianjin CCCG Greentown") issued unlisted and unsecured domestic perpetual securities (the "2019 Fourth Domestic Perpetual Securities") with an aggregate principal amount of RMB1,014,326,000.

2020 First Domestic Perpetual Securities

On 28 April 2020, Greentown Real Estate issued listed and unsecured domestic perpetual securities (the "2020 First Domestic Perpetual Securities") with an aggregate principal amount of RMB1,500,000,000.

2020 Second Domestic Perpetual Securities

On 18 September 2020, Greentown Real Estate issued unlisted and unsecured domestic perpetual securities (the "2020 Second Domestic Perpetual Securities") with an aggregate principal amount of RMB1,000,000,000.

In the current period, the total interest in perpetual securities recognised as distribution was RMB649,570,000. The weighted average interest rate in perpetual securities was 6.60% as at 30 June 2021.

24. 永久證券（續）

2019年第四批境內永久證券

於2019年12月26日，天津中交綠城城市建設發展有限公司(「天津中交綠城」)發行本金總額為人民幣1,014,326,000元的非上市及無抵押的境內永久證券(「2019年第四批境內永久證券」)。

2020年第一批境內永久證券

於2020年4月28日，綠城房產發行本金總額為人民幣1,500,000,000元的上市及無抵押的境內永久證券(「2020年第一批境內永久證券」)。

2020年第二批境內永久證券

於2020年9月18日，綠城房產發行本金總額為人民幣1,000,000,000元的非上市及無抵押的境內永久證券(「2020年第二批境內永久證券」)。

於本期間，確認為分派的永久證券利息共計人民幣649,570,000元。於2021年6月30日，永久證券的加權平均利率為6.60%。

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25. ACQUISITION OF SUBSIDIARIES

Particulars of the subsidiaries acquired during the six months ended 30 June 2021 were as follows:

25. 收購附屬公司

截至2021年6月30日止六個月收購的附屬公司詳情如下：

Acquired company 收購公司	Principal activities 主要業務	Acquisition date 收購日期	Equity interest acquired 收購股權	Consideration 代價 RMB'000 人民幣千元 (Unaudited) （未經審核）
Hangzhou Greentown Binfeng Construction Management Co., Ltd. ("Binfeng Construction") (note(i)) 杭州綠城濱峰建設管理有限公司（「濱峰建設」）（附註(i)）	Project management 項目管理	1 January 2021 2021年1月1日	49%	–
Hangzhou Greentown Jiangbin Construction Management Co., Ltd. ("Jiangbin Construction") (note(ii)) 杭州綠城江濱建設管理有限公司（「江濱建設」）（附註(ii)）	Project management 項目管理	1 January 2021 2021年1月1日	100%	10,000
Zhejiang Lvchuang Xintuo Architectural Planning and Design Co., Ltd. ("Lvchuang Xintuo") (note(iii)) 浙江綠創新拓建築規劃設計有限公司（「綠創新拓」）（附註(iii)）	Design and decoration 設計與裝修	7 February 2021 2021年2月7日	35%	10,132
Xi'an Fuyu Real Estate Development Co., Ltd. ("Xi'an Fuyu") (note(iv)) 西安複裕房地產開發有限公司（「西安複裕」）（附註(iv)）	Real estate development 房地產開發	1 March 2021 2021年3月1日	51%	20,816

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25. ACQUISITION OF SUBSIDIARIES (continued)

Particulars of the subsidiaries acquired during the six months ended 30 June 2021 were as follows: (continued)

25. 收購附屬公司（續）

截至2021年6月30日止六個月收購的附屬公司詳情如下：（續）

Acquired company 收購公司	Principal activities 主要業務	Acquisition date 收購日期	Equity interest acquired 收購股權	Consideration 代價 RMB'000 人民幣千元 (Unaudited) （未經審核）
Hangzhou Fansheng Commercial Information Consulting Co., Ltd. ("Hangzhou Fansheng") (note(v)) 杭州繁盛商務信息咨詢有限公司（「杭州繁盛」）（附註(v)）	Investment holding 投資控股	11 March 2021 2021年3月11日	100%	42,392
Wuhan Chenhan Real Estate Development Co., Ltd. ("Wuhan Chenhan") (note(vi)) 武漢宸瀚置業發展有限公司（「武漢宸瀚」）（附註(vi)）	Real estate development 房地產開發	20 April 2021 2021年4月20日	70%	322,985
Lancheng Construction Co., Ltd. ("Lancheng Construction") (note(vii)) 藍珵建設有限公司（「藍珵建設」）（附註(vii)）	Design and decoration 設計與裝修	31 May 2021 2021年5月31日	100%	90
Zhejiang Greentown Huangting Business Management Co., Ltd. ("Huangting Business") (note(viii)) 浙江綠城皇庭商業管理有限公司（「皇庭商業」）（附註(viii)）	Commercial operation 商業運營	25 June 2021 2021年6月25日	51%	1,000
Chengling Industrial (Shanghai) Co., Ltd. ("Chengling Industrial") (note(ix)) 誠瓴實業(上海)有限公司（「誠瓴實業」）（附註(ix)）	Investment property 投資物業	30 June 2021 2021年6月30日	99%	9,900
				417,315

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25. ACQUISITION OF SUBSIDIARIES (continued)

Particulars of the subsidiaries acquired during the six months ended 30 June 2021 were as follows: (continued)

Notes:

(i) Greentown Real Estate Construction Management Group Co., Ltd. ("Greentown Real Estate Construction"), a subsidiary of the Company, acquired a 49% equity interest of Binfeng Construction so as to continue the expansion of the Group's project management operation. Binfeng Construction was previously a 51% owned joint venture of Greentown Real Estate Construction.

(ii) Greentown Real Estate Construction acquired a 100% equity interest of Jiangbin Construction so as to continue the expansion of the Group's project management operation. Hangzhou Greentown Jiangjing Construction Management Co., Ltd. is a wholly-owned subsidiary of Jiangbin Construction, and therefore was also acquired by the Group.

(iii) Greentown Construction Technology Group Co., Ltd., a wholly-owned subsidiary of the Company, acquired a 35% equity interest of Lvchuang Xintuo so as to continue the expansion of the Group's design and decoration operation. Lvchuang Xintuo was previously a 40% owned joint venture of the Group. Zhejiang Greentown Jiangxin Architectural Design Co., Ltd. is a subsidiary of Lvchuang Xintuo, and therefore was also acquired by the Group.

(iv) Xi'an Maoyi Real Estate Development Co., Ltd., a subsidiary of the Company, acquired a 51% equity interest of Xi'an Fuyu so as to continue the expansion of the Group's property development operation.

(v) Zhejiang Greentown Real Estate Investment Co., Ltd., a wholly-owned subsidiary of the Company, acquired a 100% equity interest of Hangzhou Fansheng so as to continue the expansion of the Group's property development operation. Hangzhou Zhenlu Investment Co., Ltd. ("Hangzhou Zhenlu") and Hangzhou Greentown Guixi Real Estate Development Co., Ltd. ("Greentown Guixi") are the associates of Hangzhou Fansheng, and therefore were also acquired by the Group. Hangzhou Zhenlu and Greentown Guixi were previously 19.5% owned associates of the Group.

(vi) Wuhan Huapin Real Estate Development Co., Ltd., a wholly-owned subsidiary of the Company, acquired a 70% equity interest of Wuhan Chenhan so as to continue the expansion of the Group's property development operation.

(vii) Greentown Housing Technology Co., Ltd., a subsidiary of the Company, acquired a 100% equity interest of Lancheng Construction so as to continue the expansion of the Group's design and decoration operation.

(viii) Greentown Asset Management Group Co., Ltd., a wholly-owned subsidiary of the Company, acquired a 51% equity interest of Huangting Business so as to continue the expansion of the Group's commercial operation. Huangting Business was previously a 49% owned joint venture of the Group. Zhejiang Young Joy City Business Management Co., Ltd., Zhuji Young Joy City Business Management Co., Ltd. and Shenyang Young Joy Way Business Management Co., Ltd. are wholly-owned subsidiaries of Huangting Business, and therefore were also acquired by the Group.

(ix) Greentown Asset Management Group Co., Ltd., a wholly-owned subsidiary of the Company, acquired a 99% equity interest of Chengling Industrial from Ningbo Jingcheng Investment Partnership (limited partnership) ("Ningbo Jingcheng") so as to continue the expansion of the Group's investment property operation. Ningbo Jingcheng is a 33.5% owned joint venture of the Group.

25. 收購附屬公司(續)

截至2021年6月30日止六個月收購的附屬公司詳情如下:(續)

附註:

(i) 本公司附屬公司綠城房地產建設管理集團有限公司(「綠城房地產建設」)取得濱峰建設49%股權,以持續擴大本集團的項目管理業務。濱峰建設先前為綠城房地產建設擁有51%權益的合營企業。

(ii) 綠城房地產建設取得江濱建設100%股權,以持續擴大本集團的項目管理業務。杭州綠城江景建設管理有限公司為江濱建設的全資附屬公司,因此亦由本集團收購。

(iii) 本公司全資附屬公司綠城建築科技集團有限公司取得綠創新拓35%股權,以持續擴大本集團的設計與裝修業務。綠創新拓先前為本集團擁有40%權益的合營企業。浙江綠城匠心建築設計有限公司為綠創新拓的附屬公司,因此亦由本集團收購。

(iv) 本公司附屬公司西安茂意房地產開發有限公司取得西安複裕51%股權,以持續擴大本集團的物業開發業務。

(v) 本公司全資附屬公司浙江綠城房地產投資有限公司取得杭州繁盛100%股權,以持續擴大本集團的物業開發業務。杭州臻祿投資有限公司(「杭州臻祿」)及杭州綠城桂溪房地產開發有限公司(「綠城桂溪」)均為杭州繁盛的聯營公司,因此亦由本集團收購。杭州臻祿及綠城桂溪先前為本集團擁有19.5%權益的聯營公司。

(vi) 本公司全資附屬公司武漢華品房地產開發有限公司取得武漢宸瀚70%股權,以持續擴大本集團的物業開發業務。

(vii) 本公司附屬公司綠城房屋科技有限公司取得藍理建設100%股權,以持續擴大本集團的設計與裝修業務。

(viii) 本公司全資附屬公司綠城資產管理集團有限公司取得皇庭商業51%股權,以持續擴大本集團的商業運營。皇庭商業先前為本集團擁有49%權益的合營企業。浙江青悅城商業經營管理有限公司、諸暨青悅城商業經營管理有限公司及沈陽青悅里商業經營管理有限責任公司均為皇庭商業的全資附屬公司,因此亦由本集團收購。

(ix) 本公司全資附屬公司綠城資產管理集團有限公司自寧波菁城投資合夥企業(有限合夥)(「寧波菁城」)取得誠瓴實業99%股權,以持續擴大本集團的投資物業業務。寧波菁城為本集團擁有33.5%權益的合營企業。

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25. ACQUISITION OF SUBSIDIARIES (continued)

A summary of the provisional effects of the acquisition of these subsidiaries is as follows:

25. 收購附屬公司（續）

收購該等附屬公司的暫時影響概要如下：

		For the six months ended 30 June 截至6月30日止六個月 2021 2021年 RMB'000 人民幣千元 (Unaudited) （未經審核）
Net assets acquired:	購入的資產淨值：	
Property, plant and equipment	物業、廠房及設備	5,387
Right-of-use assets	使用權資產	3,920
Investment properties	投資物業	179,410
Interests in associates	於聯營公司的權益	80,310
Deferred tax assets	遞延税項資產	545
Properties under development	發展中物業	1,855,909
Trade and other receivables, deposits and prepayments	貿易及其他應收款項、訂金及預付款項	63,693
Amounts due from related parties	應收關聯人士款項	274,330
Prepaid other taxes	其他預付税項	6,258
Bank balances and cash	銀行結餘及現金	69,880
Trade and other payables	貿易及其他應付款項	(119,879)
Contract liabilities	合同負債	(1,538)
Amounts due to related parties	應付關聯人士款項	(1,843,685)
Income taxes payable	應付所得税	(6,888)
Other taxes payable	其他應付税項	(1,684)
Lease liability	租賃負債	(3,292)
Deferred tax liabilities	遞延税項負債	(107,737)
		454,939
Transferred from interests held and classified as associates and joint ventures	轉撥自持有並分類為聯營公司及合營企業的權益	(10,483)
Non-controlling interests	非控股股東權益	(27,141)
		417,315

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25. ACQUISITION OF SUBSIDIARIES (continued)

A summary of the provisional effects of the acquisition of these subsidiaries is as follows: (continued)

25. 收購附屬公司（續）

收購該等附屬公司的暫時影響概要如下：（續）

		For the six months ended 30 June 截至6月30日止六個月 2021 2021年 RMB'000 人民幣千元 (Unaudited) （未經審核）
Total consideration, satisfied by:	總代價，按以下方式償付：	
Cash	現金	64,748
Consideration payables	應付代價	352,567
		417,315
Net cash inflow/(outflow) arising on acquisition:	收購產生的現金流入／（流出）淨額：	
Cash paid	已付現金	(64,748)
Bank balances and cash acquired	所收購銀行結餘及現金	69,880
		5,132

The receivables acquired (which principally comprised trade and other receivables, deposits and prepayments) with a fair value of RMB63,693,000 at the date of acquisition had gross contractual amounts of RMB63,693,000, which were expected to be fully collected.

所收購的應收款項（主要包括貿易及其他應收款項、訂金及預付款項）於收購日期的公平值為人民幣63,693,000元，總合同金額為人民幣63,693,000元，預期能夠全數收回。

The non-controlling interests recognised at the acquisition date was measured by reference to the proportionate share of the recognised amounts of net assets of subsidiaries and amounted to RMB27,141,000.

於收購日期確認的非控股股東權益經參考應佔附屬公司資產淨值的已確認金額比例後計量，為人民幣27,141,000元。

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25. ACQUISITION OF SUBSIDIARIES (continued)

Since the acquisition, the subsidiaries contributed RMB69,647,000 to the Group's revenue and RMB26,227,000 to the consolidated profit for the six months ended 30 June 2021.

Had the combination taken place at the beginning of the period, the revenue from continuing operations of the Group and the profit of the Group for the period would have been RMB36,151,280,000 and RMB3,913,738,000, respectively.

26. DISPOSAL OF SUBSIDIARIES

In April 2021, the Group's equity interest in Hangzhou Zhechao Enterprise Management Co., Ltd. ("Hangzhou Zhechao") was diluted from 100% to 55.6% due to capital injection by an independent third party. After the deemed disposal, Hangzhou Zhechao was accounted for as a joint venture of the Group. Hangzhou Greentown Zhechao Real Estate Co., Ltd. was a wholly-owned subsidiary of Hangzhou Zhechao, and, therefore its equity interest was also diluted to 55.6%. The revised Memorandum and Articles of Association of the entity has stipulated that all of the relevant activities including the strategic financial and operating decisions required approval by unanimous consent of all of its shareholders and thus the entities are accounted for as joint ventures.

In May 2021, the Group's equity interest in Guangzhou Lvding Investment Development Co., Ltd. ("Guangzhou Lvding") was diluted from 100% to 51% due to capital injection by an independent third party. After the deemed disposal, Guangzhou Lvding was accounted for as a joint venture of the Group. Foshan Nanhai District Lvxiong Real Estate Development Co., Ltd. was a wholly-owned subsidiary of Guangzhou Lvding, and therefore its equity interest was also diluted to 51%. The revised Memorandum and Articles of Association of the entity has stipulated that all of the relevant activities including the strategic financial and operating decisions required approval by unanimous consent of all of its shareholders and thus the entities are accounted for as joint ventures.

25. 收購附屬公司(續)

自收購事項以來，截至2021年6月30日止六個月，附屬公司為本集團收入貢獻人民幣69,647,000元及為綜合利潤貢獻人民幣26,227,000元。

倘合併於期初進行，則本集團持續經營業務所得收入及本集團期內利潤將分別為人民幣36,151,280,000元及人民幣3,913,738,000元。

26. 出售附屬公司

於2021年4月，由於一名獨立第三方的注資，本集團於杭州浙超企業管理有限公司(「杭州浙超」)的股權由100%攤薄至55.6%。視作出售事項後，杭州浙超入賬列為本集團的合營企業。杭州綠城浙超置業有限公司為杭州浙超的全資附屬公司，故其股權亦被攤薄至55.6%。該實體經修訂組織章程大綱及細則規定，所有相關活動，包括戰略性融資及營運決策均需要其全體股東一致同意方可批准，因此該實體入賬列為合營企業。

於2021年5月，由於一名獨立第三方的注資，本集團於廣州綠鼎投資發展有限公司(「廣州綠鼎」)的股權由100%攤薄至51%。視作出售事項後，廣州綠鼎入賬列為本集團的合營企業。佛山南海區綠雄房地產開發有限公司為廣州綠鼎的全資附屬公司，故其股權亦被攤薄至51%。該實體經修訂組織章程大綱及細則規定，所有相關活動，包括戰略性融資及營運決策均需要其全體股東一致同意方可批准，因此該實體入賬列為合營企業。

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26. DISPOSAL OF SUBSIDIARIES (continued)

A summary of the effects of the disposal of these subsidiaries is as follows:

26. 出售附屬公司(續)

出售該等附屬公司的影響概要如下：

		For the six months ended 30 June 截至6月30日止六個月 2021 2021年 RMB'000 人民幣千元 (Unaudited) (未經審核)
Net assets disposed of:	出售的資產淨值：	
Property, plant and equipment	物業、廠房及設備	**223**
Right-of-use assets	使用權資產	**936**
Properties for development	可供發展物業	**524,527**
Properties under development	發展中物業	**2,404,647**
Trade and other receivables, deposits and prepayments	貿易及其他應收款項、訂金及預付款項	**1,800**
Amounts due from related parties	應收關聯人士款項	**793,064**
Prepaid income taxes	預付所得税	**8,883**
Prepaid other taxes	其他預付税項	**22,777**
Bank balances and cash	銀行結餘及現金	**346,445**
Deferred tax assets	遞延税項資產	**2,277**
Contract liabilities	合同負債	**(435,249)**
Trade and other payables	貿易及其他應付款項	**(130,268)**
Amounts due to related parties	應付關聯人士款項	**(3,200,006)**
Lease liabilities	租賃負債	**(833)**
Other taxes payables	其他應付税項	**(40,453)**
Bank and other borrowings	銀行及其他借款	**(300,906)**
Deferred tax liabilities	遞延税項負債	**(1,157)**
		(3,293)

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26. DISPOSAL OF SUBSIDIARIES (continued)

A summary of the effects of the disposal of these subsidiaries is as follows: (continued)

26. 出售附屬公司（續）

出售該等附屬公司的影響概要如下：（續）

		For the six months ended 30 June 截至6月30日止六個月
		2021 2021年 RMB'000 人民幣千元 (Unaudited) （未經審核）
Transferred to interests held and classified as joint ventures	轉撥至所持並分類為合營企業的權益	**1,601**
Net gain on disposal of subsidiaries	出售附屬公司淨收益	**1,692**
Non-controlling interests	非控股股東權益	**–**
Total consideration	總代價	**–**
Total consideration, satisfied by:	總代價，按以下方式償付：	
Cash	現金	**–**
Net cash outflow arising on disposal:	出售產生的現金流出淨額：	
Cash received	已收現金	**–**
Bank balances and cash disposed of	出售銀行結餘及現金	**(346,445)**
		(346,445)

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27. CONTINGENT LIABILITIES

The Group provided guarantees of RMB44,187,449,000 as at 30 June 2021 (as at 31 December 2020: RMB37,065,562,000) to banks in favour of its customers in respect of the mortgage loans provided by the banks to those customers for the purchase of the Group's developed properties. These guarantees provided by the Group to the banks will be released upon receiving the building ownership certificate of the respective properties by the banks from the customers as a pledge for security for the mortgage loans granted.

The Group provided guarantees to banks and other parties in respect of credit facilities utilised by its associates and joint ventures.

27. 或然負債

本集團於2021年6月30日就銀行向購買本集團已發展物業的客戶提供的按揭貸款，以客戶為受益人向銀行提供人民幣44,187,449,000元（於2020年12月31日：人民幣37,065,562,000元）的擔保。此等由本集團提供予銀行的擔保，在銀行收到客戶向其提交的相關物業的房屋所有權證作為批出按揭貸款的抵押後即會解除。

本集團就其聯營公司及合營企業已動用的信貸融資額度向銀行及其他方提供擔保。

		As at 30 June 2021 於2021年6月30日 RMB'000 人民幣千元 (Unaudited) （未經審核）	As at 31 December 2020 於2020年12月31日 RMB'000 人民幣千元 (Audited) （經審核）
Credit guarantees provided to:	*提供給以下公司的信貸擔保：*		
Associates	聯營公司	**9,274,350**	7,728,857
Joint ventures	合營企業	**15,795,015**	12,612,805
		25,069,365	20,341,662
Mortgage and charge guarantees provided to:	*提供給以下公司的抵押及質押擔保：*		
Associates	聯營公司	**1,425,000**	2,850,000
		26,494,365	23,191,662

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27. CONTINGENT LIABILITIES (continued)

27. 或然負債（續）

Contingent liabilities arising from interests in associates at the end of the interim period:

於中期期末，因於聯營公司的權益而產生的或然負債：

		As at 30 June 2021 於2021年6月30日 RMB'000 人民幣千元 (Unaudited) （未經審核）	As at 31 December 2020 於2020年12月31日 RMB'000 人民幣千元 (Audited) （經審核）
Share of mortgage loan guarantees provided by associates to banks in favour of its customers	應佔聯營公司以客戶為受益人向銀行提供的按揭貸款擔保	**5,811,201**	4,016,399

Contingent liabilities arising from interests in joint ventures at the end of the interim period:

於中期期末，因於合營企業的權益而產生的或然負債：

		As at 30 June 2021 於2021年6月30日 RMB'000 人民幣千元 (Unaudited) （未經審核）	As at 31 December 2020 於2020年12月31日 RMB'000 人民幣千元 (Audited) （經審核）
Share of mortgage loan guarantees provided by joint ventures to banks in favour of its customers	應佔合營企業以客戶為受益人向銀行提供的按揭貸款擔保	**3,806,327**	2,508,756

The directors consider that the fair value of the above guarantees is insignificant on initial recognition and there was no loss allowance recognised for expected credit losses during the interim period (six months ended 30 June 2020: Nil).

董事認為上述擔保公平值於首次確認時並不重大，且我們於中期期間並無就預期信貸虧損確認虧損撥備（截至2020年6月30日止六個月：無）。

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28. COMMITMENTS

28. 承擔

The Group had the following commitments at the end of the reporting period:

於報告期末，本集團有以下承擔：

		As at 30 June 2021 於2021年6月30日 RMB'000 人民幣千元 (Unaudited) （未經審核）	As at 31 December 2020 於2020年12月31日 RMB'000 人民幣千元 (Audited) （經審核）
Contracted, but not provided for:	下列項目已訂約但未撥備：		
Properties for development, properties under development and construction in progress	可供發展物業、發展中物業及在建工程	**62,545,833**	44,213,975

In addition to the above, the Group's share of the commitments of its joint ventures is as follows:

除上述者外，本集團分佔其合營企業的承擔如下：

		As at 30 June 2021 於2021年6月30日 RMB'000 人民幣千元 (Unaudited) （未經審核）	As at 31 December 2020 於2020年12月31日 RMB'000 人民幣千元 (Audited) （經審核）
Contracted, but not provided for:	下列項目已訂約但未撥備：		
Properties for development, properties under development and construction in progress	可供發展物業、發展中物業及在建工程	**12,817,398**	9,783,867

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29. SHARE-BASED PAYMENT TRANSACTIONS

Share Option Scheme

The Company has share option schemes for eligible employees of the Group. Outstanding share options of 136,393,600 are granted in prior years. Details of the share options outstanding during the current interim period are as follows:

		Number of share options 購股權數目	Weighted average exercise price 加權平均行權價格 HK$ 港元
Outstanding as at 1 January 2021	於2021年1月1日未行使	**136,393,600**	**10.21**
Exercised during the period	期內行使	**(142,000)**	**9.10**
Forfeited during the period	期內作廢	**(8,980,000)**	**10.81**
Outstanding as at 30 June 2021	於2021年6月30日未行使	**127,271,600**	**10.17**

In the current interim period, no share options were granted.

In respect of the share options exercised for the six months ended 30 June 2021, the closing price of the shares immediately before the date of exercise was HK$10.96.

Share Award Scheme

The Company has a share award scheme for the selected employees of the Group. Outstanding shares of 7,414,000 have been purchased by the trustee from the open market out of cash contributed by the Group and granted to the selected employees and directors.

In the current interim period, 3,813,278 shares were vested (six months ended 30 June 2020: 3,600,722).

29. 股份支付交易

購股權計劃

本公司為本集團合資格僱員設有購股權計劃。過往年度已授予但未行使購股權136,393,600份。於本中期期間未行使的購股權詳情如下：

於本中期期間，概無授出任何購股權。

就截至2021年6月30日止六個月已行使購股權而言，於緊接行使購股權日期前的股份收市價為10.96港元。

股份激勵計劃

本公司為本集團選定僱員設有股份激勵計劃。受託人已從公開市場上以本集團出資的現金購買7,414,000股發行在外股份且已將該等股份授予選定僱員及董事。

於本中期期間，3,813,278股股份已歸屬（截至2020年6月30日止六個月：3,600,722股）。

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30. PLEDGE OF ASSETS

At the end of the reporting period, the following assets were pledged to banks and other parties to secure credit facilities granted to the Group:

30. 資產抵押

於報告期間末，以下資產已抵押予銀行及其他方，以作為授予本集團信貸融資額度的擔保：

		As at 30 June 2021 於2021年6月30日 RMB'000 人民幣千元 (Unaudited) （未經審核）	As at 31 December 2020 於2020年12月31日 RMB'000 人民幣千元 (Audited) （經審核）
Property, plant and equipment	物業、廠房及設備	**4,062,290**	4,151,356
Right-of-use assets	使用權資產	**364,934**	323,828
Properties for development	可供發展物業	**452,013**	452,013
Properties under development	發展中物業	**84,179,829**	79,497,518
Completed properties for sale	已竣工待售物業	**1,766,822**	2,374,859
Investment properties	投資物業	**2,322,022**	2,325,693
Pledged bank deposits	抵押銀行存款	**4,104,515**	5,655,839
Interests in an associate	於一家聯營公司權益	**72,410**	77,027
		97,324,835	94,858,133

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31. RELATED PARTY TRANSACTIONS

31. 關聯人士交易

(i) **During the six months ended 30 June 2021, in addition to those disclosed in other notes to the interim condensed consolidated financial information, the Group had the following significant transactions with related parties:**

(i) **截至2021年6月30日止六個月，除於中期簡明綜合財務資料其他附註所披露者外，本集團與關聯人士訂立以下重大交易：**

		For the six months ended 30 June 截至6月30日止六個月	
		2021 2021年 RMB'000 人民幣千元 (Unaudited) （未經審核）	2020 2020年 RMB'000 人民幣千元 (Unaudited) （未經審核）
Project management and construction service income from joint ventures and associates	從合營企業及聯營公司收取的項目管理和工程服務收入	**111,628**	9,876
Purchases from associates	從聯營公司購入	**249,513**	163,574
Interest income arising from amounts due from:	應收以下各方款項的利息收入：		
– associates	－聯營公司	**338,576**	516,195
– joint ventures	－合營企業	**256,934**	526,759
– non-controlling shareholders	－非控股股東	**29,063**	140,319
Interest expense arising from amounts due to:	應付以下各方款項的利息開支：		
– associates	－聯營公司	**184,305**	330,322
– joint ventures	－合營企業	**332,155**	222,536
– non-controlling shareholders	－非控股股東	**138,684**	50,323
– Shareholders' companies	－股東公司	**–**	13,654
Advertising expenses paid/payable to joint ventures	支付／應付合營企業的廣告開支	**47,170**	57,075
Comprehensive service income from:	從下列公司收取的綜合服務收入：		
– associates	－聯營公司	**158,517**	79,000
– joint ventures	－合營企業	**29,897**	–
Interior decoration service income from:	從下列公司收取的室內裝修服務收入：		

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31. RELATED PARTY TRANSACTIONS (continued)

31. 關聯人士交易(續)

(i) During the six months ended 30 June 2021, in addition to those disclosed in other notes to the interim condensed consolidated financial information, the Group had the following significant transactions with related parties: (continued)

(i) 截至2021年6月30日止六個月，除於中期簡明綜合財務資料其他附註所披露者外，本集團與關聯人士訂立以下重大交易：(續)

		For the six months ended 30 June 截至6月30日止六個月	
		2021 2021年 RMB'000 人民幣千元 (Unaudited) (未經審核)	2020 2020年 RMB'000 人民幣千元 (Unaudited) (未經審核)
– associates	一聯營公司	**59,812**	164,630
– joint ventures	一合營企業	**198,860**	111,961
Landscape construction fee to Shareholders' companies	支付予股東公司的景觀建設費	**–**	11,691
Educational services framework fee to Shareholders' companies	支付予股東公司的教育服務框架費	**–**	1,042
Project management and construction service fees paid to:	支付予以下各方的項目管理和工程服務費：		
– associates	一聯營公司	**2,987**	58,486
– joint ventures	一合營企業	**295,448**	235,938
– Shareholders' companies	一股東公司	**114,897**	175,679

The transactions with joint ventures and associates are presented gross before elimination of unrealised profits or losses attributable to the Group.

與合營企業及聯營公司的交易於本集團應佔未實現獲利或虧損抵銷前以總數呈列。

The transactions above are presented net of taxes.

上述交易於除稅後呈列。

The directors considered that the transactions above were carried out in accordance with the terms agreed with the counterparties.

董事認為上述交易根據交易方協定的條款進行。

CCCG and Xinhu Zhongbao Co., Ltd. are each a "Shareholder", and collectively the "Shareholders", of the Company. Shareholders' Companies represent companies owned by the Shareholders and affiliates.

中交集團及新湖中寶股份有限公司各自為本公司「股東」，統稱為「股東」。股東公司指股東及聯屬公司擁有的公司。

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31. RELATED PARTY TRANSACTIONS (continued)

31. 關聯人士交易(續)

(ii) As at the end of the reporting period, the Group had outstanding balances with its related parties, which are all unsecured, as follows:

(ii) 於報告期末，本集團與關聯人士的未償還結餘(均為無抵押)如下：

		As at 30 June 2021 於2021年6月30日 RMB'000 人民幣千元 (Unaudited) (未經審核)	As at 31 December 2020 於2020年12月31日 RMB'000 人民幣千元 (Audited) (經審核)
Due from related parties:	應收關聯人士款項：		
– associates	—聯營公司	**14,989,596**	14,889,005
– joint ventures	—合營企業	**26,901,647**	14,125,643
– non-controlling Shareholders	—非控股股東	**28,111,400**	18,521,680
– Shareholders' companies	—股東公司	**345,307**	53,346
– officers	—行政人員	**171,737**	136,386
		70,519,687	47,726,060
Due to related parties:	應付關聯人士款項：		
– associates	—聯營公司	**18,473,221**	9,283,518
– joint ventures	—合營企業	**14,558,837**	5,308,145
– non-controlling Shareholders	—非控股股東	**11,534,851**	8,472,466
– Shareholders' companies	—股東公司	**965,609**	29,283
– officers	—行政人員	**323,938**	338,849
		45,856,456	23,432,261

The above amounts due from related parties are presented before accumulative impairment losses of RMB2,286,121,000 (as at 31 December 2020: RMB2,275,442,000).

上述應收關聯人士款項於扣除累計減值虧損人民幣2,286,121,000元(於2020年12月31日：人民幣2,275,442,000元)前列示。

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31. RELATED PARTY TRANSACTIONS (continued)

31. 關聯人士交易（續）

(iii) During the six months ended 30 June 2021, the Group made the following acquisitions from related parties and disposals to related parties:

(iii) 截至2021年6月30日止六個月，本集團向關聯人士作出的收購及向關聯人士作出的出售如下：

		For the six months ended 30 June 截至6月30日止六個月	
		2021 2021年 RMB'000 人民幣千元 (Unaudited) （未經審核）	2020 2020年 RMB'000 人民幣千元 (Unaudited) （未經審核）
Acquisitions of additional interests in subsidiaries from non-controlling shareholders	從非控股股東收購附屬公司的額外權益	**60,368**	95,134
Partial disposal of interests in subsidiaries to non-controlling shareholders without loss of control	向非控股股東部分出售附屬公司權益（並無失去控制權）	**1,029**	81,896

(iv) Compensation of key management personnel

The remuneration of directors and other members of key management during the six months ended 30 June 2021 was as follows:

(iv) 主要管理人員補償

截至2021年6月30日止六個月，董事及其他主要管理人員薪酬如下：

		For the six months ended 30 June 截至6月30日止六個月	
		2021 2021年 RMB'000 人民幣千元 (Unaudited) （未經審核）	2020 2020年 RMB'000 人民幣千元 (Unaudited) （未經審核）
Short-term benefits	短期福利	**14,922**	17,296
Post-employment benefits	離職福利	**256**	213
Share-based payment	股份支付	**25,644**	5,148
Share award	股份獎勵	**1,014**	3,206
		41,836	25,863

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32. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of bank balances and cash, pledged bank deposits, trade and other receivables, deposits and prepayments, amounts due from/to related parties, trade and other payables, the current portion of bank and other borrowings approximate to their carrying amounts largely due to the short term maturities of these instruments.

Management is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At each reporting date, the management analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation process and results are discussed with the board of directors twice a year for interim and annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of the financial assets at fair value through profit or loss, which represent wealth management products issued by banks in Mainland China, have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for financial assets at fair value through profit or loss as at the end of the reporting period was assessed to be insignificant.

The fair values of listed equity investments are based on quoted market prices. The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in other comprehensive income, are reasonable, and that they were the most appropriate values at the end of the reporting period.

32. 金融工具的公平值及公平值等級

管理層已評估，銀行結餘及現金、抵押銀行存款、貿易及其他應收款項、訂金及預付款項、應收／應付關聯人士款項、貿易及其他應付款項以及銀行及其他借款流動部分的公平值與其賬面值相若，主要由於該等工具於短期內到期。

管理層負責釐定金融工具公平值計量的政策及程序。於各報告日期，管理層分析金融工具價值的變動情況，並釐定估值中所用的主要輸入數據。估值過程及結果經董事會一年討論兩次，以進行中期及年度財務匯報。

金融資產及負債的公平值計入自願雙方可於當前交易(脅迫或清盤銷售除外)中交換該工具所需的金額。估計公平值使用以下方法及假設：

按公平值計入損益的金融資產(指中國內地銀行發行的理財產品)公平值按使用擁有類似條款、信貸風險及餘下到期期限的工具目前可得的利率折讓預期未來現金流量計算。於報告期末，本集團按公平值計入損益的金融資產的自身不履約風險獲評估為不重大。

上市權益投資的公平值基於已報市場價格。董事認為，估值方法產生的估計公平值(計入綜合財務狀況表)以及相關公平值變動(計入其他全面收益)均屬合理，且為報告期末的最恰當值。

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32. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

For the fair value of the unlisted equity investments at fair value through other comprehensive income, management has estimated the potential effect of using reasonably possible alternatives as inputs to the valuation model.

Management has assessed that the fair values of the non-current portion of bank and other borrowings approximate to their carrying amounts largely due to the fact that such borrowings were made between the Group and an independent third party financial institution based on prevailing market interest rates.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 30 June 2021 (unaudited)

32. 金融工具的公平值及公平值等級(續)

就按公平值計入其他全面收益的未上市權益投資的公平值而言，管理層已使用合理變數作為評估模型的輸入數據。

管理層已評估，銀行及其他借款非流動部分的公平值與其賬面值相若，主要由於該等借款由本集團與一家獨立第三方金融機構根據現行市場利率所作出。

公平值等級

下表闡述本集團金融工具的公平值計量等級：

按公平值計量的資產：

於2021年6月30日(未經審核)

		Fair value measurement using 採用以下各項計量的公平值			
		Quoted prices in active markets 活躍市場的報價 (Level 1) (第一級) RMB'000 人民幣千元	Significant observable inputs 重大可觀察輸入數據 (Level 2) (第二級) RMB'000 人民幣千元	Significant unobservable inputs 重大不可觀察輸入數據 (Level 3) (第三級) RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Listed equity investments designated at FVTOCI	指定按公平值計入其他全面收益的上市權益投資	1,393,725	–	–	1,393,725
Unquoted equity investment at FVTPL	按公平值計入損益的無報價權益投資	–	–	109,328	109,328
Unquoted equity investment designated at FVTOCI	指定按公平值計入其他全面收益的無報價權益投資	–	–	963,594	963,594
		1,393,725	–	1,072,922	2,466,647

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32. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

32. 金融工具的公平值及公平值等級(續)

Fair value hierarchy (continued)

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments: (continued)

公平值等級(續)

下表闡述本集團金融工具的公平值計量等級:(續)

Assets measured at fair value: (continued)

按公平值計量的資產:(續)

As at 31 December 2020 (audited)

於2020年12月31日(經審核)

		Fair value measurement using 採用以下各項計量的公平值			
		Quoted prices in active markets 活躍市場的報價 (Level 1) (第一級) RMB'000 人民幣千元	Significant observable inputs 重大可觀察輸入數據 (Level 2) (第二級) RMB'000 人民幣千元	Significant unobservable inputs 重大不可觀察輸入數據 (Level 3) (第三級) RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Listed equity investments designated at FVTOCI	指定按公平值計入其他全面收益的上市權益投資	1,118,673	–	–	1,118,673
Unquoted equity investment designated at FVTOCI	指定按公平值計入其他全面收益的無報價權益投資	–	–	918,645	918,645
		1,118,673	–	918,645	2,037,318

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32. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

32. 金融工具的公平值及公平值等級（續）

Fair value hierarchy (continued)

The movements in fair value measurement within Level 3 during the period are as follows:

公平值等級（續）

期內公平值計量於第三級的變動如下：

		2021 2021年 RMB'000 人民幣千元 (Unaudited) （未經審核）	2020 2020年 RMB'000 人民幣千元 (Unaudited) （未經審核）
Equity investment at fair value through other comprehensive income – unquoted:	按公平值計入其他全面收益的權益投資－無報價：		
At 1 January (audited)	於1月1日（經審核）	918,645	453,230
Total gains/(losses) recognised in other comprehensive income/(loss)	於其他全面收益／（虧損）確認的收益／（虧損）總額	5,953	(19,485)
Purchases	購買	64,934	479,710
Disposals	出售	(25,938)	(128,000)
At 30 June	於6月30日	963,594	785,455

Liabilities disclosed at fair value:

按公平值披露的負債：

As at 30 June 2021 (unaudited)

於2021年6月30日（未經審核）

		Fair value measurement using 採用以下各項計量的公平值			
		Quoted prices in active markets 活躍市場的報價 (Level 1) （第一級） RMB'000 人民幣千元	Significant observable inputs 重大可觀察輸入數據 (Level 2) （第二級） RMB'000 人民幣千元	Significant unobservable inputs 重大不可觀察輸入數據 (Level 3) （第三級） RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Senior notes	優先票據	–	3,964,667	–	3,964,667
Corporate debt instruments	公司債務工具	–	25,537,098	–	25,537,098
Receipts under securitisation arrangements	證券化安排的收款	–	1,898,311	–	1,898,311
		–	31,400,076	–	31,400,076

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32. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

32. 金融工具的公平值及公平值等級(續)

Fair value hierarchy (continued)

公平值等級(續)

Liabilities measured at fair value: (continued)

按公平值計量的負債:(續)

As at 31 December 2020 (audited)

於2020年12月31日(經審核)

		Fair value measurement using 採用以下各項計量的公平值			
		Quoted prices in active markets 活躍市場的報價 (Level 1) (第一級) RMB'000 人民幣千元	Significant observable inputs 重大可觀察輸入數據 (Level 2) (第二級) RMB'000 人民幣千元	Significant unobservable inputs 重大不可觀察輸入數據 (Level 3) (第三級) RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Senior notes	優先票據	–	3,993,239	–	3,993,239
Corporate debt instruments	公司債務工具	–	25,878,429	–	25,878,429
Receipts under securitisation arrangements	證券化安排的收款	–	1,892,400	–	1,892,400
		–	31,764,068	–	31,764,068

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32. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy (continued)

During the period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for financial assets and financial liabilities. (six months ended 30 June 2020: Nil).

Except as detailed in the following table, the directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the interim condensed consolidated financial information approximate their fair values:

32. 金融工具的公平值及公平值等級（續）

公平值等級（續）

於期內，公平值計量概無於第一級與第二級之間轉移，金融資產及金融負債亦無轉入或轉出第三級（截至2020年6月30日止六個月：無）。

除下表所詳述者外，董事認為在中期簡明綜合財務資料以攤銷成本入賬的金融資產及金融負債的賬面值與其公平值相若：

		Carrying amounts* 賬面值*		Fair values** 公平值**	
		As at 30 June 2021 於2021年6月30日 RMB'000 人民幣千元 (Unaudited) （未經審核）	As at 31 December 2020 於2020年12月31日 RMB'000 人民幣千元 (Audited) （經審核）	**As at 30 June 2021 於2021年6月30日 RMB'000 人民幣千元 (Unaudited) （未經審核）**	As at 31 December 2020 於2020年12月31日 RMB'000 人民幣千元 (Audited) （經審核）
Financial liabilities	**金融負債**				
Senior notes	優先票據	**3,860,407**	3,897,129	**3,964,667**	3,993,239
Corporate debt instruments	公司債務工具	**25,383,962**	25,231,327	**25,537,098**	25,878,429
Receipts under securitisation arrangements	證券化安排的收款	**1,894,247**	1,892,822	**1,898,311**	1,892,400
		31,138,616	31,021,278	**31,400,076**	31,764,068

* The carrying amount of the liability component represented the principal of the financial liability.

** Based on quoted prices

* 負債部分賬面值為金融負債的本金。

** 根據報價

There were no transfers into or out of Level 2 during both periods.

兩期內概無轉入或轉出第二級。

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2021年6月30日

33. EVENT AFTER THE REPORTING PERIOD

On 2 July 2021, Tianjin CCCC Greentown Urban Construction and Development Company Limited ("Tianjin CCCC Greentown"), a non-wholly owned subsidiary of the Company, served a notice of redemption ("Redemption") on each of Greentown Real Estate, CFHCC City Investment Development (Tianjin) Co., Ltd. ("CFHCC City Investment") and CCCC Beijing-Tianjin-Hebei Investment and Development Co., Ltd. ("CCCC Beijing-Tianjin-Hebei") (collectively, the "Subscribers") for redeeming from them all of the perpetual capital securities (the "Perpetual Capital Securities") it issued. The Redemption prices are: (1) in respect of CFHCC City Investment, RMB670,486,000; (2) in respect of CCCC Beijing-Tianjin-Hebei, RMB343,839,000; (3) in respect of Greentown Real Estate, RMB704,870,000. The Redemption prices are equal to the principal amounts of the Perpetual Capital Securities. The payable distributions ("Payable Distributions") on the Perpetual Capital Securities are: (1) in respect of CFHCC City Investment, RMB55,315,000; (2) in respect of CCCC Beijing-Tianjin-Hebei, RMB28,367,000; (3) in respect of Greentown Real Estate, RMB58,152,000. The distribution rate is determined by the net profit of Tianjin CCCC Greentown as contractually provided for in the agreements for subscribing for the Perpetual Capital Securities. As of the date of this report, the Perpetual Capital Securities have been fully redeemed and the Redemption prices have been fully paid. The Payable Distributions will be paid up to the Subscribers by 31 December 2021.

33. 報告期後事項

於2021年7月2日，本公司的非全資附屬公司天津中交綠城城市建設發展有限公司(「天津中交綠城」)向綠城房產、中交一航局城市投資發展(天津)有限公司(「中交一航局城投」)及中交京津冀投資發展有限公司(「中交京津冀」)(統稱「認購方」)各自發出贖回通知(「贖回事項」)，以向彼等贖回其發行的全部永續資本證券(「永續資本證券」)。贖回價格：(1)就中交一航局城投而言，人民幣670,486,000元；(2)就中交京津冀而言，人民幣343,839,000元；(3)就綠城房產而言，人民幣704,870,000元。贖回價格相等於永續資本證券的本金總額。永續資本證券的應付分派(「應付分派」)：(1)就中交一航局城投而言，人民幣55,315,000元；(2)就中交京津冀而言，人民幣28,367,000元；(3)就綠城房產而言，人民幣58,152,000元。分派率根據永續資本證券認購協議合同上約定的天津中交綠城淨利潤決定。截至本報告日期，永續資本證券已悉數贖回，且贖回價格已悉數支付。應付分派將於2021年12月31日前支付予認購方。

Report on Review of Condensed Consolidated Financial Statements

Deloitte.
德勤

TO THE BOARD OF DIRECTORS OF GREENTOWN CHINA HOLDINGS LIMITED
(Incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the condensed consolidated financial statements of Greentown China Holdings Limited (the "Company") and its subsidiaries set out on pages 34 to 74, which comprise the condensed consolidated statement of financial position as of 30 June 2020 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

27 August 2020

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2020

	Notes	Six months ended 30 June 2020 RMB'000 (Unaudited)	 2019 RMB'000 (Unaudited)
Revenue	3	**23,896,208**	18,658,115
Cost of sales		**(17,712,331)**	(12,689,609)
Gross profit		**6,183,877**	5,968,506
Other income	4	**1,557,250**	1,362,461
Other gains and losses	5	**58,724**	(57,081)
Selling expenses		**(623,642)**	(665,302)
Administrative expenses		**(1,446,688)**	(1,404,919)
Finance costs	6	**(1,252,360)**	(800,890)
Impairment losses under expected credit loss model, net of reversal	17	**(314,509)**	145,350
Impairment losses on non-financial assets, net of reversal		**93,690**	(44,706)
Loss from change in fair value of an investment property	11	**(108,114)**	–
Gain on re-measurement of an associate to acquisition date fair value in business combination achieved in stages	27	**–**	43,487
Net gain on disposal of subsidiaries	28	**27,957**	42,371
Share of results of associates		**402,226**	504,926
Share of results of joint ventures		**69,951**	(7,623)
Profit before taxation	7	**4,648,362**	5,086,580
Taxation	8	**(1,517,992)**	(2,013,946)
Profit for the period		**3,130,370**	3,072,634
Other comprehensive income item that will not be reclassified to profit or loss			
Fair value gain on equity instruments at fair value through other comprehensive income for the period (net of tax)		**84,916**	40,757
Total comprehensive income for the period		**3,215,286**	3,113,391
Profit for the period attributable to:			
Owners of the Company		**2,095,812**	2,057,571
Non-controlling interests		**1,034,558**	1,015,063
		3,130,370	3,072,634
Total comprehensive income attributable to:			
Owners of the Company		**2,180,728**	2,098,328
Non-controlling interests		**1,034,558**	1,015,063
		3,215,286	3,113,391
Earnings per share	10		
Basic		**RMB0.65**	RMB0.67
Diluted		**RMB0.65**	RMB0.67

Condensed Consolidated Statement of Financial Position

As at 30 June 2020

	Notes	As at 30 June 2020 RMB'000 (Unaudited)	As at 31 December 2019 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	11	**11,256,942**	9,817,931
Right-of-use assets	11	**1,004,293**	1,038,724
Investment properties	11	**3,749,194**	4,032,818
Goodwill		**769,241**	769,241
Interests in associates		**12,370,366**	12,084,907
Interests in joint ventures		**4,358,979**	3,869,730
Equity instruments at fair value through other comprehensive income		**1,943,740**	1,511,985
Deferred tax assets		**2,967,211**	3,238,893
		38,419,966	36,364,229
CURRENT ASSETS			
Properties for development	12	**29,186,326**	30,907,247
Properties under development	13	**155,054,629**	136,615,966
Completed properties for sale		**11,391,095**	12,167,498
Inventories		**283,483**	203,711
Trade and other receivables, deposits and prepayments	14	**15,101,371**	11,312,810
Contract assets	15	**3,100,503**	2,815,007
Contract costs		**329,680**	336,467
Amounts due from related parties		**51,016,254**	46,378,836
Prepaid income taxes		**3,553,376**	3,559,887
Prepaid other taxes		**5,013,600**	4,440,223
Pledged bank deposits	30	**6,276,370**	5,326,761
Bank balances and cash		**56,572,693**	46,567,729
		336,879,380	300,632,142
Assets classified as held for sale	16	**285,364**	95,747
		337,164,744	300,727,889
CURRENT LIABILITIES			
Trade and other payables	18	**40,420,088**	43,453,333
Contract liabilities		**88,121,385**	76,324,981
Amounts due to related parties		**39,267,025**	28,653,456
Dividend payable	9	**748,176**	–
Income taxes payable		**7,077,248**	10,473,519
Other taxes payable		**9,056,525**	8,420,517
Lease liabilities		**13,017**	27,397
Bank and other borrowings	19	**16,806,229**	13,950,984
Senior notes	20	**7,884,638**	7,712,382
Corporate debt instruments	21	**10,091,057**	11,643,848
Receipts under securitisation arrangements	22	**6,175**	1,633,966
		219,491,563	202,294,383

As at 30 June 2020

	Notes	As at 30 June 2020 RMB'000 (Unaudited)	As at 31 December 2019 RMB'000 (Audited)
Liabilities associated with assets classified as held for sale	16	**86,003**	70,409
		219,577,566	202,364,792
NET CURRENT ASSETS		**117,587,178**	98,363,097
TOTAL ASSETS LESS CURRENT LIABILITIES		**156,007,144**	134,727,326
NON-CURRENT LIABILITIES			
Bank and other borrowings	19	**57,292,509**	45,642,189
Corporate debt instruments	21	**17,880,096**	14,993,416
Receipts under securitisation arrangements	22	**1,890,899**	–
Lease liabilities		**102,175**	89,038
Deferred tax liabilities		**4,718,039**	4,847,211
		81,883,718	65,571,854
		74,123,426	69,155,472
CAPITAL AND RESERVES			
Share capital	23	**239,242**	209,694
Reserves		**31,020,481**	27,434,904
Equity attributable to owners of the Company		**31,259,723**	27,644,598
Perpetual securities	24	**22,635,164**	21,229,002
Non-controlling interests		**20,228,539**	20,281,872
		74,123,426	69,155,472

The condensed consolidated financial statements on pages 34 to 74 were approved and authorised for issue by the Board of Directors on 27 August 2020 and are signed on its behalf by:

ZHANG Yadong
DIRECTOR

GENG Zhongqiang
DIRECTOR

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2020

	Attributable to owners of the Company											
	Share capital RMB'000	Treasury Shares RMB'000	Share premium RMB'000	Special reserve RMB'000 (i)	Statutory reserve RMB'000 (ii)	Share option reserve RMB'000	Revaluation reserve RMB'000	Retained earnings RMB'000	Subtotal RMB'000	Perpetual securities RMB'000	Non-controlling Interests RMB'000	Total RMB'000
At 1 January 2019 (audited)	209,501	–	8,565,385	(1,818,272)	1,946,114	343,295	688,159	17,640,228	27,574,410	15,408,315	17,136,115	60,118,840
Profit for the period	–	–	–	–	–	–	–	2,057,571	2,057,571	–	1,015,063	3,072,634
Other comprehensive income for the period	–	–	–	–	–	–	40,757	–	40,757	–	–	40,757
Total comprehensive income for the period	–	–	–	–	–	–	40,757	2,057,571	2,098,328	–	1,015,063	3,113,391
Dividends recognised as distributions (note 9)	–	–	–	–	–	–	–	(499,312)	(499,312)	–	–	(499,312)
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–	–	(188,753)	(188,753)
Transfer	–	–	–	–	100,472	–	–	(100,472)	–	–	–	–
Issue of perpetual securities	–	–	–	–	–	–	–	–	–	8,412,002	–	8,412,002
Redemption of perpetual securities	–	–	–	–	–	–	–	–	–	(6,082,347)	–	(6,082,347)
Transfer on redemption of perpetual securities	–	–	–	–	–	–	–	(475,581)	(475,581)	475,581	–	–
Recognition of share-based incentive	–	–	–	–	–	1,751	–	–	1,751	–	–	1,751
Recognition of equity-settled share-based payments	–	–	–	–	–	28,919	–	–	28,919	–	–	28,919
Exercise of share options	193	–	12,712	–	–	(3,775)	–	–	9,130	–	–	9,130
Interest in perpetual securities recognised as distribution	–	–	–	–	–	–	–	(835,986)	(835,986)	835,986	–	–
Interest in perpetual securities paid	–	–	–	–	–	–	–	–	–	(477,971)	–	(477,971)
Acquisition of subsidiaries (note 27)	–	–	–	–	–	–	–	–	–	–	2,672	2,672
Purchase of additional interest in subsidiaries	–	–	–	(28,609)	–	–	–	–	(28,609)	–	(68,958)	(97,567)
Partial disposal of interest in subsidiaries without loss of control	–	–	–	31,903	–	–	–	–	31,903	–	(3,773)	28,130
Disposal of subsidiaries	–	–	–	–	–	–	–	–	–	–	(26,988)	(26,988)
Liquidation of subsidiaries	–	–	–	–	–	–	–	–	–	–	(21,565)	(21,565)
Shares repurchased (note 26)	–	(37,852)	–	–	–	–	–	–	(37,852)	–	–	(37,852)
Capital contribution from non-controlling shareholders of subsidiaries	–	–	–	–	–	–	–	–	–	–	1,160,377	1,160,377
At 30 June 2019 (unaudited)	209,694	(37,852)	8,578,097	(1,814,978)	2,046,586	370,190	728,916	17,786,448	27,867,101	18,571,566	19,004,190	65,442,857

For the six months ended 30 June 2020

	Attributable to owners of the Company											
	Share capital RMB'000	Treasury Shares RMB'000	Share premium RMB'000	Special reserve RMB'000 (i)	Statutory reserve RMB'000 (ii)	Share option reserve RMB'000	Revaluation reserve RMB'000	Retained earnings RMB'000	Subtotal RMB'000	Perpetual securities RMB'000	Non-controlling Interests RMB'000	Total RMB'000
At 1 January 2020 (audited)	209,694	(37,852)	8,578,098	(1,901,327)	2,197,467	398,043	944,911	17,255,564	27,644,598	21,229,002	20,281,872	69,155,472
Profit for the period	–	–	–	–	–	–	–	2,095,812	2,095,812	–	1,034,558	3,130,370
Other comprehensive income for the period	–	–	–	–	–	–	84,916	–	84,916	–	–	84,916
Total comprehensive income for the period	–	–	–	–	–	–	84,916	2,095,812	2,180,728	–	1,034,558	3,215,286
Dividends recognised as distributions (note 9)	–	–	–	–	–	–	–	(748,176)	(748,176)	–	–	(748,176)
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–	–	(1,118,433)	(1,118,433)
Transfer	–	–	–	–	148,375	–	–	(148,375)	–	–	–	–
Issue of perpetual securities	–	–	–	–	–	–	–	–	–	1,493,850	–	1,493,850
Share issued (note 23)	29,548	–	2,777,732	–	–	–	–	–	2,807,280	–	–	2,807,280
Recognition of share-based incentive	–	–	–	–	–	12,690	–	–	12,690	–	–	12,690
Recognition of equity-settled share-based payments	–	–	–	–	–	7,865	–	–	7,865	–	–	7,865
Exercise of share award	–	18,383	–	–	–	(18,383)	–	–	–	–	–	–
Interest in perpetual securities recognised as distribution	–	–	–	–	–	–	–	(646,240)	(646,240)	646,240	–	–
Interest in perpetual securities paid	–	–	–	–	–	–	–	–	–	(733,928)	–	(733,928)
Acquisition of subsidiaries (note 27)	–	–	–	–	–	–	–	–	–	–	48,380	48,380
Purchase of additional interest in subsidiaries	–	–	–	(1,672)	–	–	–	–	(1,672)	–	(93,462)	(95,134)
Partial disposal of interest in subsidiaries without loss of control	–	–	–	2,650	–	–	–	–	2,650	–	79,246	81,896
Disposal of subsidiaries (note 28)	–	–	–	–	–	–	–	–	–	–	(463,139)	(463,139)
Liquidation of subsidiaries	–	–	–	–	–	–	–	–	–	–	(39,559)	(39,559)
Disposal of equity instruments at fair value through other comprehensive income	–	–	–	–	–	–	(12,001)	12,001	–	–	–	–
Capital contribution from non-controlling shareholders of subsidiaries	–	–	–	–	–	–	–	–	–	–	499,076	499,076
At 30 June 2020 (unaudited)	239,242	(19,469)	11,355,830	(1,900,349)	2,345,842	400,215	1,017,826	17,820,586	31,259,723	22,635,164	20,228,539	74,123,426

Notes:

(i) Special reserve mainly represents changes in equity attributable to owners' of the Company risen from partial acquisition or disposal of subsidiaries without losing control over those subsidiaries by the Group. The changes are calculated based on the difference between the amount by which non-controlling interests are adjusted and the fair value of the consideration paid or received for the partial acquisition or disposal.

(ii) The statutory reserve is non-distributable and the transfer to this reserve is determined by the board of directors of the relevant companies in accordance with the relevant laws and regulations of the People's Republic of China ("the PRC"). This reserve can be used to offset accumulated losses and increase capital upon approval from the relevant authorities.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2020

	Notes	Six months ended 30 June 2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
Operating cash flows before movements in working capital		**4,626,428**	4,805,305
Decrease in properties for development		**2,577,443**	4,829,308
Increase in properties under development		**(20,034,495)**	(21,640,397)
Decrease in completed properties for sale		**870,093**	2,077,325
Increase in contract liabilities		**12,169,755**	12,565,475
Income taxes paid		**(4,820,404)**	(3,306,115)
Other operating cash flows		**(2,733,502)**	2,144,058
Net cash (used in) from operating activities		**(7,344,682)**	1,474,959
Net cash used in investing activities			
Purchase of property, plant and equipment		**(254,335)**	(217,136)
Purchase of investment property		**–**	(38,832)
Proceeds from disposal of property, plant and equipment		**12,059**	4,236
Investments in associates		**(321,385)**	(1,348,120)
Investments in joint ventures		**(268,694)**	(704,724)
Disinvestments in associates		**36,000**	126,990
Disinvestments in joint ventures		**882,253**	296
Dividends received from associates and joint ventures		**534,369**	47,036
Dividends received from equity instruments at fair value through other comprehensive income		**56,000**	19,939
Purchase of equity instruments at fair value through other comprehensive income		**(579,710)**	–
Proceeds from disposal of equity instruments at fair value through other comprehensive income		**128,000**	12,791
Proceeds from disposal of interests in associates		**19,500**	9,034
Consideration received for disposal of subsidiaries recognised in prior year		**2,726**	12,000
Acquisition of subsidiaries (net of cash and cash equivalents acquired)	27	**(281,578)**	158,262
Disposal of subsidiaries (net of cash and cash equivalents disposed)	28	**(471,388)**	(755,415)
Acquisition of associates and joint ventures		**(1,172,953)**	–
Advance to third parties		**(3,138,759)**	(1,586,027)
Advance to related parties		**(19,479,041)**	(11,376,626)
Repayment from related parties		**15,123,765**	9,956,366
(Increase) decrease in pledged bank deposits		**(949,609)**	3,323,448
Interest received		**1,336,021**	773,068
Receipt in advance for an asset classified as held for sale		**192,181**	–
		(8,594,578)	(1,583,414)

For the six months ended 30 June 2020

	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Net cash from financing activities		
Bank and other borrowings raised	**32,975,601**	17,425,566
Repayment of bank and other borrowings	**(17,186,219)**	(7,753,177)
Repayments of leases liabilities	**(24,107)**	(31,314)
Interest paid	**(3,826,411)**	(3,274,026)
Advance from related parties	**18,482,749**	8,384,266
Repayment to related parties	**(7,144,926)**	(10,509,669)
Repayment to third parties	**(2,176,237)**	–
Contribution by non-controlling shareholders of subsidiaries	**652,076**	1,160,377
Dividends paid to non-controlling interests	**(1,118,433)**	(188,753)
Repayment of non-controlling shareholders capital contribution upon liquidation of subsidiaries	**(39,559)**	(21,565)
Proceeds from issue of perpetual securities	**1,493,850**	8,412,002
Redemption of perpetual securities	**–**	(6,082,347)
Distribution relating to perpetual securities	**(733,928)**	(477,971)
Proceeds from issue of corporate debt instruments	**5,912,226**	496,113
Repayment of corporate debt instruments	**(4,547,000)**	(4,000,000)
Proceeds from issue of receipts under securitisation arrangements	**1,990,667**	–
Repayment of receipts under securitisation arrangements	**(1,600,000)**	–
Proceeds from exercise of share options	**–**	9,130
Payment on repurchase of shares	**–**	(37,852)
Purchase of additional interests in subsidiaries	**(95,134)**	(97,567)
Proceeds from partial disposal of subsidiaries	**81,896**	28,130
Proceeds from issue of shares	**2,807,280**	–
	25,904,391	3,441,343
Net increase in cash and cash equivalents	**9,965,131**	3,332,888
Cash and cash equivalents at 1 January	**46,567,729**	43,347,301
Effect of foreign exchange rate changes	**39,833**	3,846
Cash and cash equivalents at 30 June, represented by bank balances and cash	**56,572,693**	46,684,035

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" issued by the International Accounting Standards Board (the "IASB") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments and investment properties, which are measured at fair values.

Other than additional accounting policies resulting from application of amendments to International Financial Reporting Standards ("IFRSs"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2020 are the same as those presented in the Group's consolidated financial statements for the year ended 31 December 2019.

Application of amendments to IFRSs

In the current interim period, the Group has applied the Amendments to Reference to the Conceptual Framework in IFRS Standards and the following amendments to IFRSs issued by the IASB, for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2020 for the preparation of the Group's condensed consolidated financial statements:

Amendments to IAS 1 and IAS 8	Definition of Material
Amendments to IFRS 3	Definition of business
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform

The application of the Amendments to References to the Conceptual Framework in IFRS Standards and the amendments to IFRSs in the current interim period has no material impact on the Group's financial positions and performance for the current and prior periods and on the disclosures set out in these condensed consolidation financial statements.

For the six months ended 30 June 2020

3. REVENUE AND SEGMENT INFORMATION

A. Disaggregation of revenue from contracts with customers

	For the six months ended 30 June 2020						
	Property sales RMB'000	Hotel operations RMB'000	Project management RMB'000	Design and decoration RMB'000	Sales of construction materials RMB'000	Other business RMB'000	Total RMB'000
Recognised at a point in time	15,230,233	–	–	–	42,928	–	15,273,161
Recognised over time	5,483,318	213,086	797,007	1,072,659	–	990,459	8,556,529
Revenue from contracts with customers	20,713,551	213,086	797,007	1,072,659	42,928	990,459	23,829,690

	For the six months ended 30 June 2019						
	Property sales RMB'000	Hotel operations RMB'000	Project management RMB'000	Design and decoration RMB'000	Sales of construction materials RMB'000	Other business RMB'000	Total RMB'000
Recognised at a point in time	8,918,342	–	–	–	33,339	–	8,951,681
Recognised over time	6,971,025	393,480	989,551	1,157,621	–	111,815	9,623,492
Revenue from contracts with customers	15,889,367	393,480	989,551	1,157,621	33,339	111,815	18,575,173

For the six months ended 30 June 2020

3. REVENUE AND SEGMENT INFORMATION (continued)

A. Disaggregation of revenue from contracts with customers (continued)

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information.

	For the six months ended 30 June 2020					
	Property development RMB'000	Hotel operations RMB'000	Property investment RMB'000	Project management RMB'000	Others RMB'000	Total RMB'000
Revenue disclosed in segment information						
External customers	20,713,551	213,086	66,518	797,007	2,106,046	23,896,208
Inter-segment	–	176	7,645	151,317	758,726	917,864
	20,713,551	213,262	74,163	948,324	2,864,772	24,814,072
Adjustment for property rental income	–	–	(66,518)	–	–	(66,518)
Eliminations	–	(176)	(7,645)	(151,317)	(758,726)	(917,864)
Revenue from contracts with customers	20,713,551	213,086	–	797,007	2,106,046	23,829,690

	For the six months ended 30 June 2019					
	Property development RMB'000	Hotel operations RMB'000	Property investment RMB'000	Project management RMB'000	Others RMB'000	Total RMB'000
Revenue disclosed in segment information						
External customers	15,889,367	393,480	82,942	989,551	1,302,775	18,658,115
Inter-segment	–	805	–	86,281	562,526	649,612
	15,889,367	394,285	82,942	1,075,832	1,865,301	19,307,727
Adjustment for property rental income	–	–	(82,942)	–	–	(82,942)
Eliminations	–	(805)	–	(86,281)	(562,526)	(649,612)
Revenue from contracts with customers	15,889,367	393,480	–	989,551	1,302,775	18,575,173

For the six months ended 30 June 2020

3. REVENUE AND SEGMENT INFORMATION (continued)

B. Segment information

An analysis of the Group's revenue and results by reportable and operating segments for the interim period is as follows:

	Property development RMB'000	Hotel operations RMB'000	Property investment RMB'000	Project management RMB'000	Others RMB'000	Segment total RMB'000	Eliminations RMB'000	Total RMB'000
For the six months ended 30 June 2020								
Revenue from contracts with customers	20,713,551	213,086	–	797,007	2,106,046	23,829,690	–	23,829,690
Rental income	–	–	66,518	–	–	66,518	–	66,518
Total external segment revenue	20,713,551	213,086	66,518	797,007	2,106,046	23,896,208	–	23,896,208
Inter-segment revenue	–	176	7,645	151,317	758,726	917,864	(917,864)	–
Total	20,713,551	213,262	74,163	948,324	2,864,772	24,814,072	(917,864)	23,896,208
Segment results	3,007,377	(26,572)	(40,309)	183,126	97,117	3,220,739	(176)	3,220,563
Unallocated administrative expenses								(22,448)
Unallocated other income								9,818
Unallocated finance costs								(9,799)
Unallocated taxation								(67,764)
Profit for the period								3,130,370

	Property development RMB'000	Hotel operations RMB'000	Property investment RMB'000	Project management RMB'000	Others RMB'000	Segment total RMB'000	Eliminations RMB'000	Total RMB'000
For the six months ended 30 June 2019								
Revenue from contracts with customers	15,889,367	393,480	–	989,551	1,302,775	18,575,173	–	18,575,173
Rental income	–	–	82,942	–	–	82,942	–	82,942
Total external segment revenue	15,889,367	393,480	82,942	989,551	1,302,775	18,658,115	–	18,658,115
Inter-segment revenue	–	805	–	86,281	562,526	649,612	(649,612)	–
Total	15,889,367	394,285	82,942	1,075,832	1,865,301	19,307,727	(649,612)	18,658,115
Segment results	2,856,835	43,926	45,417	220,910	23,602	3,190,690	–	3,190,690
Unallocated administrative expenses								(65,846)
Unallocated other income								19,878
Unallocated finance costs								(11,739)
Unallocated taxation								(60,349)
Profit for the period								3,072,634

For the six months ended 30 June 2020

3. REVENUE AND SEGMENT INFORMATION (continued)

B. Segment information (continued)

The following is an analysis of the Group's assets and liabilities by reportable segment:

Segment assets

	As at 30 June 2020 RMB'000	As at 31 December 2019 RMB'000
Property development	345,881,636	311,117,245
Hotel operations	9,980,647	8,922,880
Property investment	4,040,238	4,183,051
Project management	3,352,590	3,164,715
Others	10,102,781	8,225,251
Total segment assets	373,357,892	335,613,142
Unallocated	2,226,818	1,478,976
Consolidated assets	375,584,710	337,092,118

Segment liabilities

	As at 30 June 2020 RMB'000	As at 31 December 2019 RMB'000
Property development	288,824,379	257,604,573
Hotel operations	187,120	251,621
Property investment	1,048,803	1,077,581
Project management	1,523,077	1,355,663
Others	8,212,087	6,733,581
Total segment liabilities	299,795,466	267,023,019
Unallocated	1,665,818	913,627
Consolidated liabilities	301,461,284	267,936,646

For the six months ended 30 June 2020

4. OTHER INCOME

	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
Interest income	**1,299,892**	742,855
Comprehensive service income	**86,185**	6,088
Dividends from equity instruments at fair value through other comprehensive income ("FVTOCI")	**56,000**	17,740
Default penalty income	**–**	460,651
Others	**115,173**	135,127
	1,557,250	1,362,461

5. OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
Net foreign exchange losses	**(265,899)**	(59,738)
Gain on acquisition of associates and joint ventures at discount (note)	**324,414**	1,915
Gain on disposal of an associates	**–**	478
Gain on disposal of property, plant and equipment	**209**	264
	58,724	(57,081)

Note: The gain on acquisition of associates and joint ventures at discount are from the acquisition of Shanghai Zhonghan Real Estate Co., Ltd. ("Shanghai Zhonghan"), Shenyang Shenbei Jingu Real Estate Co., Ltd. ("Shenyang Shenbei Jingu"), Shenyang Xinhu Pearl Real Estate Co., Ltd. ("Shenyang Xinhu Pearl"), Nantong Qiyang Construction Development Co., Ltd. ("Nantong Qiyang"), Nantong Qixin Real Estate Co., Ltd. ("Nantong Qixin") and Nantong Xinhu Real Estate Co., Ltd. ("Nantong Xinhu").

During the interim period, the Group acquired 35% equity interests in Shanghai Zhonghan, acquired 100% equity interests in Zhejiang Qifeng Industrial Co., Ltd., which is an investment holding company and directly holds 35% of the equity interests in Shenyang Shenbei Jingu and Shenyang Xinhu Pearl, acquired 100% equity interest in Zhejiang Qizhi Industrial Co., Ltd., which is an investment holding company and directly holds 50% of the equity interests in Nantong Qiyang and Nantong Qixin, and acquired 50% of the equity interests in Nantong Xinhu for a consideration of RMB517,373,000, RMB186,314,000, RMB397,719,000 and RMB71,547,000 respectively.

The Group recognised the gain on acquisition of associates and joint ventures at discount of RMB183,677,000, RMB62,517,000, RMB62,268,000 and RMB15,952,000 respectively. After the acquisitions, Shanghai Zhonghan, Shenyang Shenbei Jingu, Shenyang Xinhu Pearl, Nantong Qiyang, Nantong Qixin and Nantong Xinhu were classified as associates and joint ventures using equity method of the Group. Details of the transaction set out above are disclosed in the Company's announcement dated 19 April 2020 and 24 April 2020.

For the six months ended 30 June 2020

6. FINANCE COSTS

	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
Interest on bank and other borrowings, senior notes, corporate debt instruments and receipts under securitisation arrangements	**3,826,222**	2,981,557
Interest on leases	**2,728**	4,272
Total borrowing costs	**3,828,950**	2,985,829
Less: Interest capitalised in properties under development and construction in progress	**(2,576,590)**	(2,184,939)
	1,252,360	800,890

7. PROFIT BEFORE TAXATION

	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
Profit before taxation has been arrived at after charging:		
Salaries and other benefits	**1,132,815**	1,030,551
Retirement benefits scheme contributions (note)	**20,864**	68,729
Less: Capitalised in properties under development	**(384,987)**	(351,978)
	768,692	747,302
Depreciation of property, plant and equipment	**247,877**	256,939
Less: Capitalised in properties under development	**(2,708)**	(2,781)
	245,169	254,158
Cost of properties and inventories recognised as an expense	**17,407,416**	12,537,566
Depreciation of right-of-use assets	**45,041**	67,806

Note: The government assistance have been implemented for the relief of the social insurance in respect of Covid-19. According to the notice issued by the Ministry of Social Affairs (2020) No.11, in order to minimize the impact of the Covid-19 on social and economic development, the government has reduced the social security fees for medium-sized enterprises from February to June 2020.

For the six months ended 30 June 2020

8. TAXATION

	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
Current tax:		
PRC Enterprise Income Tax ("EIT")	**890,143**	1,201,259
PRC Land Appreciation Tax ("LAT")	**575,387**	1,143,355
	1,465,530	2,344,614
Deferred tax:		
EIT	**38,888**	(52,684)
LAT	**13,574**	(277,984)
	52,462	(330,668)
	1,517,992	2,013,946

No provision for income tax has been made for the Company and its subsidiaries incorporated in Hong Kong as they have no assessable profits derived from Hong Kong.

PRC EIT is recognised based on management's best estimate of the annual income tax rate expected for the full financial year, which is 25% or 15%. Greentown Decoration Project Group Co., Ltd., Zhejiang Greentown Lianhe Design Co., Ltd. and Greentown Project Management Group Co., Ltd. are high and new technology enterprises and the applicable income tax rate is 15% from year 2018 to 2020, year 2017 to 2019 and year 2019 to 2021 respectively.

In addition, the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") provides that qualified dividend income between two resident enterprises that have a direct investment relationship is exempted from income tax. Otherwise, such dividends will be subject to a 5% or 10% withholding tax under the EIT Law. A 10% withholding tax rate is applicable to the Group.

The Group recognised LAT based on management's best estimates and in accordance to the requirements set forth in the relevant PRC tax laws and regulations. For the six months ended 30 June 2020, the Group has estimated and made a provision for LAT in the amount of RMB588,961,000 (for the six months ended 30 June 2019: RMB865,371,000). The actual LAT liabilities are subject to the determination by the tax authorities upon completion of the property development projects and the tax authorities might disagree with the basis on which the provision for LAT is calculated.

9. DIVIDENDS

During the interim period, a final dividend of RMB0.30 per ordinary share, or RMB748,176,000 in total, for the year ended 31 December 2019 (for the six months ended 30 June 2019: RMB0.23 per ordinary share, or RMB499,312,000 in total, for the year ended 31 December 2018) was declared by the Board and approved by the shareholders at the annual general meeting. The final dividend was subsequently paid on 30 July 2020.

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2020 (for the six months ended 30 June 2019: nil).

For the six months ended 30 June 2020

10. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

Earnings

	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
Profit for the period attributable to the owners of the Company	**2,095,812**	2,057,571
Distribution related to perpetual securities	**(646,240)**	(594,351)
Earnings for the purpose of basic earnings per share	**1,449,572**	1,463,220
Earnings for the purpose of diluted earnings per share	**1,449,572**	1,463,220

Number of shares

	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
Weighted average number of ordinary shares for the purpose of basic earnings per share	**2,230,435,196**	2,168,636,944
Effect of dilutive potential ordinary shares:		
Share options	**960,438**	1,027,563
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**2,231,395,634**	2,169,664,507

The computation of diluted earnings per share for the six months ended 30 June 2020 and 30 June 2019 does not assume the exercise of some of the share options because the exercise price of these share options was higher than the average market price for shares for the periods.

For the six months ended 30 June 2020

11. MOVEMENT IN PROPERTY, PLANT AND EQUIPMENT, RIGHT-OF-USE ASSETS AND INVESTMENT PROPERTIES

During the current interim period, the Group incurred additional expenditure on property, plant and equipment in the amount of RMB254,335,000 (for the six months ended 30 June 2019: RMB217,136,000).

During the current interim period, the Group entered into additional new lease agreements for office buildings and apartments. The Group is required to make fixed monthly payments. On lease commencement, the Group recognized RMB25,153,000 of right-of-use assets and RMB25,153,000 lease liabilities.

Details of the property, plant and equipment pledged to secure banking facilities granted to the Group are disclosed in note 30.

The Group's investment properties at the end of the current interim period were valued by the directors. The basis of determining the valuation methods, inputs and assumptions used in the condensed consolidated financial statements for the six months ended 30 June 2020 are the same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2019. The resulting decrease in fair value of investment properties of RMB108,114,000 (for the six months ended 30 June 2019: nil) has been recognised directly in profit or loss for the six months ended 30 June 2020. Except for the investment property classified as held for sale, the directors of the Company considered that there was no material change on the fair value of those investment properties. Please refer to note 16 for details.

12. PROPERTIES FOR DEVELOPMENT

Included in properties for development as at 30 June 2020 was an amount of RMB11,577,669,000 (as at 31 December 2019: RMB10,066,178,000) in respect of long-term leasehold land for which the Group was in the process of obtaining the land use rights certificates.

All properties for development are expected to be recovered after more than 12 months from the end of the interim period.

13. PROPERTIES UNDER DEVELOPMENT

	As at 30 June 2020 RMB'000	As at 31 December 2019 RMB'000
Long-term leasehold land – at cost	**99,872,771**	81,552,082
Development costs	**39,078,559**	40,506,043
Finance costs capitalised	**16,103,299**	14,557,841
	155,054,629	136,615,966

Properties under development for sale amounting to RMB111,833,791,000 (as at 31 December 2019: RMB108,238,953,000) are expected to be recovered after more than 12 months from the end of the interim period.

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14. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	As at 30 June 2020 RMB'000	As at 31 December 2019 RMB'000
Trade receivables	**1,142,735**	1,141,212
Less: allowance for credit losses	**(89,398)**	(75,566)
Trade receivables, net of allowance for credit losses	**1,053,337**	1,065,646
Other receivables, net of allowance for credit losses	**7,133,145**	6,850,336
Prepayments and deposits	**6,846,889**	3,326,102
Consideration receivables from disposal of subsidiaries	**68,000**	70,726
	15,101,371	11,312,810

The Group allows an average credit period of 90 days to trade customers. The aged analysis of trade receivables before impairment is stated as follows:

	As at 30 June 2020 RMB'000	As at 31 December 2019 RMB'000
Within 90 days	**506,480**	537,955
91–180 days	**112,617**	131,557
181–365 days	**176,435**	129,033
Over 365 days	**347,203**	342,667
Trade receivables	**1,142,735**	1,141,212

Details of the impairment assessment are set out in note 17.

15. CONTRACT ASSETS

	As at 30 June 2020 RMB'000	As at 31 December 2019 RMB'000
Design and decoration (note)	**2,153,906**	2,157,885
Project management (note)	**388,548**	299,394
Others	**565,429**	375,044
Less: allowance for credit losses	**(7,380)**	(17,316)
Contract assets, net of allowance for credit losses	**3,100,503**	2,815,007

Note: The contract assets primarily relate to the Group's right to consideration for work completed and not billed because the rights are conditioned on the Group's future performance in achieving specified milestones stipulated in the relevant contracts at the reporting date on design and decoration and project management service. The contract assets are transferred to trade receivables when the rights become unconditional. The Group typically transfer the contract assets to trade receivables when the relevant revenue is billed.

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16. DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

On 30 September 2019, the directors of Greentown Management Holdings Company Limited, a wholly-owned subsidiary of the Company, resolved to dispose of Zhejiang Greentown Landscape Garden Project Co., Ltd. and Zhejiang Greentown Public City Garden Construction Co., Ltd. Negotiation with interested party have subsequently taken place. The assets and liabilities attributable to the business, which are expected to be sold within 12 months, have been classified as a disposal group held for sale and are separately presented in the condensed consolidated statement of financial position. The net proceeds of disposal are expected to exceed the net carrying amount of the relevant assets and liabilities and accordingly, no impairment loss has been recognised.

On 21 April 2020, the Group entered into a sales and purchase agreement to dispose of one investment property in Qingdao to an independent third party for a total cash consideration of RMB192,181,000. At 30 June 2020, the Group has fully received the consideration according to the sales and purchase agreement. The disposal has not been completed according to the agreement. As such, the investment property attributable to the Group that are expected to be sold within 12 months has been classified as held for sale asset and is separately presented in the condensed consolidated statement of financial position. The Group recognised a loss from change in fair value of an investment property of RMB108,114,000 according to the consideration compared with the carrying amount of the investment property.

The major classes of assets and liabilities classified as held for sale are as follows:

	As at 30 June 2020 RMB'000	As at 31 December 2019 RMB'000
Property, plant and equipment	**4,481**	4,216
Deferred tax assets	**–**	774
Right-of-use assets	**401**	730
Inventories	**4,837**	4,761
Trade and other receivables deposits and prepayments	**28,800**	25,025
Investment properties	**181,886**	–
Amounts due from related parties	**42,355**	47,850
Contract assets	**18,184**	–
Bank balances and cash	**4,420**	12,391
Assets classified as held for sale	**285,364**	95,747

	As at 30 June 2020 RMB'000	As at 31 December 2019 RMB'000
Trade and other payables	**79,275**	60,258
Contract liabilities	**482**	482
Amounts due to related parties	**–**	8,762
Income taxes payable	**–**	140
Bank and other borrowings	**6,000**	–
Lease liabilities	**246**	767
Liabilities associated with assets classified as held for sale	**86,003**	70,409

For the six months ended 30 June 2020

17. IMPAIRMENT ASSESSMENT ON FINANCIAL ASSETS AND OTHER ITEMS SUBJECT TO EXPECTED CREDIT LOSS ("ECL") MODEL

	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
Impairment loss (reversed) recognised in respect of		
Contract assets	**(9,936)**	15,767
Trade receivables	**13,832**	(14,623)
Other receivables and amounts due from related parties	**310,613**	(146,494)
	314,509	(145,350)

The basis of determining the inputs and assumptions and the estimation techniques used in the condensed consolidated financial statements for the six months ended 30 June 2020 are the same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2019.

18. TRADE AND OTHER PAYABLES

	As at 30 June 2020	As at 31 December 2019
	RMB'000	RMB'000
Trade payables	**29,156,425**	31,182,085
Other payables and accrued expenses	**10,910,291**	12,174,941
Consideration payables on acquisition of subsidiaries and associates	**161,191**	96,307
Receipt in advance for an investment property held for sale (note 16)	**192,181**	–
	40,420,088	43,453,333

Trade payables principally comprise amounts outstanding for trade purchases and contractor payments. The aged analysis of trade payables is stated as follows:

	As at 30 June 2020	As at 31 December 2019
	RMB'000	RMB'000
Within 180 days	**20,480,415**	24,376,904
181–365 days	**6,225,469**	4,524,362
Over 365 days	**2,450,541**	2,280,819
Trade payables	**29,156,425**	31,182,085

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19. BANK AND OTHER BORROWINGS

	As at 30 June 2020 RMB'000	As at 31 December 2019 RMB'000
Secured bank loans	**48,971,774**	39,518,402
Unsecured bank loans	**21,998,745**	15,560,289
	70,970,519	55,078,691
Secured other loans	**2,145,566**	2,119,000
Unsecured other loans	**982,653**	2,395,482
	3,128,219	4,514,482
	74,098,738	59,593,173
The amount is repayable as follows:		
Amounts due within one year	**16,806,229**	13,950,984
Amounts due after one year	**57,292,509**	45,642,189
	74,098,738	59,593,173

At the end of the interim period, certain bank loans were also supported by guarantees from the following parties:

	As at 30 June 2020 RMB'000	As at 31 December 2019 RMB'000
Secured bank loans, guaranteed by:		
Non-controlling shareholders of subsidiaries	**3,390,647**	2,857,153
Unsecured bank loans, guaranteed by:		
Non-controlling shareholders of subsidiaries	**1,807,778**	1,941,538

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20. SENIOR NOTES

2015 USD Notes – Unsecured

The movement of 2015 USD notes during the interim period is set out below:

	RMB'000
At 1 January 2020	3,538,956
Exchange realignment	51,758
Interest charged during the interim period	127,645
Interest paid during the interim period	(102,472)
At 30 June 2020	3,615,887

The principal terms of 2015 USD Notes are disclosed in the Group's 2015 consolidated financial statements.

The 2015 USD Notes contain a liability component and an early redemption option:

(i) Liability component represents the present value of the contractually determined stream of future cash flows discounted at the prevailing market interest rate at that time applicable to instruments of comparable credit status and providing substantially the same cash flows, on the same terms, but without the embedded derivatives.

The interest charged for the interim period is calculated by applying an effective interest rate of approximately 6.23% per annum to the liability component since the senior notes were issued.

(ii) Early redemption option is regarded as an embedded derivative not closely related to the host contract. The directors consider that the fair value of the early redemption option is insignificant on 31 December 2019 and 30 June 2020.

On 11 August 2020, the Company redeemed 2015 USD Notes with an outstanding principal of USD500,000,000 (approximately RMB3,470,400,000) in full at face value and repaid all provided and interest.

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20. SENIOR NOTES (continued)

2019 USD Notes – Unsecured

The movement of 2019 USD notes during the interim period is set out below:

	RMB'000
At 1 January 2020	**4,173,426**
Exchange realignment	**61,791**
Interest charged during the interim period	**103,856**
Interest paid during the interim period	**(70,322)**
At 30 June 2020	**4,268,751**

On 13 November 2019, the Company issued senior notes with an aggregate principal amount of USD600,000,000 at 100% of face value (the "2019 USD Notes"), which are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The 2019 USD Notes carry interest at the rate of 4.55% per annum payable semi-annually in arrears. The net proceeds, after deduction of direct issuance costs, amounted to approximately USD597,960,000 (approximately RMB4,187,275,000). The 2019 USD Notes will mature on 10 November 2020.

The principal terms of 2019 USD Notes are disclosed in the Group's 2019 consolidated financial statements.

The 2019 USD Notes contain a liability component and an issuer's early redemption option:

(i) Liability component represents the present value of the contractually determined stream of future cash flows discounted at the prevailing market interest rate at that time applicable to instruments of comparable credit status and providing substantially the same cash flows, on the same terms, but without the embedded derivatives.

The interest charged for the interim period is calculated by applying an effective interest rate of approximately 4.90% per annum to the liability component since the senior notes were issued.

(ii) Early redemption option is regarded as an embedded derivative not closely related to the host contract. The directors consider that the fair value of the early redemption options is insignificant on 31 December 2019 and 30 June 2020.

The summary of movements of all senior notes during the interim period is set out below:

	RMB'000
At 1 January 2020	**7,712,382**
Exchange realignment	**113,549**
Interest charged during the interim period	**231,501**
Interest paid during the interim period	**(172,794)**
At 30 June 2020	**7,884,638**

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21. CORPORATE DEBT INSTRUMENTS

The summary of movements of corporate debt instruments during the interim period is set out below:

	RMB'000
At 1 January 2020	26,637,264
Fair value at the date of issuance (note)	5,912,226
Interest charged during the interim period	742,363
Interest paid during the interim period	(773,700)
Principal repaid during the interim period upon maturity	(4,547,000)
At 30 June 2020	27,971,153
Less: Amounts due within one year shown under current liabilities	(3,610,832)
Amounts puttable within one year shown under current liabilities	(6,480,225)
Amounts shown under non-current liabilities	17,880,096

Note:

On 6 March 2020, Greentown Real Estate Group Co., Ltd. ("Greentown Real Estate") issued the first tranche of corporate bonds with an aggregate principal amount of RMB1,430,000,000 at 100% of face value (the "2020 First Bonds"). The 2020 First Bonds carry interest at the rate of 3.19% per annum payable annually in arrears. The net proceeds, after deduction of direct issuance costs, amounted to RMB1,423,085,000. The 2020 First Bonds will mature on 6 March 2025.

On 31 March 2020, Greentown Real Estate issued the second tranche of corporate bonds with an aggregate principal amount of RMB500,000,000 at 100% of face value (the "2020 Second Bonds"). The 2020 Second Bonds carry interest at the rate of 3.87% per annum payable annually in arrears. The net proceeds, after deduction of direct issuance costs, amounted to RMB498,041,000. The 2020 Second Bonds will mature on 31 March 2027.

On 31 March 2020, Greentown Real Estate issued the third tranche of corporate bonds with an aggregate principal amount of RMB1,000,000,000 at 100% of face value (the "2020 Third Bonds"). The 2020 Third Bonds carry interest at the rate of 3.26% per annum payable annually in arrears. The net proceeds, after deduction of direct issuance costs, amounted to RMB996,112,000. The 2020 Third Bonds will mature on 31 March 2025.

On 27 February 2020, Greentown Real Estate issued the medium-term notes with an aggregate principal amount of RMB1,500,000,000 at 100% of face value (the "2020 First Medium-term Notes"). The 2020 First Medium-term Notes carry interest at the rate of 3.30% per annum payable annually in arrears. The net proceeds, after deduction of direct issuance costs, amounted to RMB1,497,531,000. The 2020 First Medium-term Notes will mature on 27 February 2023.

On 27 February 2020, Greentown Real Estate issued the medium-term notes with an aggregate principal amount of RMB500,000,000 at 100% of face value (the "2020 Second Medium-term Notes"). The 2020 Second Medium-term Notes carry interest at the rate of 3.86% per annum payable annually in arrears. The net proceeds, after deduction of direct issuance costs, amounted to RMB499,174,000. The 2020 Second Medium-term Notes will mature on 27 February 2025.

On 16 March 2020, Greentown Real Estate issued the medium-term notes with an aggregate principal amount of RMB1,000,000,000 at 100% of face value (the "2020 Third Medium-term Notes"). The 2020 Third Medium-term Notes carry interest at the rate of 3.27% per annum payable annually in arrears. The net proceeds, after deduction of direct issuance costs, amounted to RMB998,283,000. The 2020 Third Medium-term Notes will mature on 16 March 2023.

Greentown Real Estate shall be entitled to adjust the coupon rate and the investors shall be entitled to sell back the 2020 First Bonds and the 2020 Third Bonds at the end of the third year, the 2020 Second Bonds at the end of the fifth year ("2020 Coupon Rate Adjustment Right").

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21. CORPORATE DEBT INSTRUMENTS (continued)

Note: (continued)

The principal terms of the 2020 First Bonds, the 2020 Second Bonds and the 2020 Third Bonds (collectively, the "2020 Corporate Bonds") are as follows:

(i) the 2020 First Bonds and the 2020 Third Bonds have fixed interest rate in the first three years. At the end of the fixed interest rate period, Greentown Real Estate has the right to adjust the coupon rate of the remaining outstanding bonds. If Greentown Real Estate choose to exercise the 2020 Coupon Rate Adjustment Right, the new fixed coupon rate for the remaining two years will be the coupon rate of the first three years plus adjusting basis points;

(ii) the investors of the 2020 First Bonds and the 2020 Third Bonds have option to sell back the bonds, in whole or in parts, at a redemption price equal to 100% of the principal amount of the bonds plus accrued and unpaid interest, if any, to (but not including) the redemption date when Greentown Real Estate issue the announcement concerning whether to adjust the coupon rate of the bonds at the end of the third year;

(iii) the 2020 Second Bonds has fixed interest rate in the first five years. At the end of the fixed interest rate period, Greentown Real Estate has the right to adjust the coupon rate of the remaining outstanding bonds. If Greentown Real Estate choose to exercise the 2020 Coupon Rate Adjustment Right, the new fixed coupon rate for the remaining two years will be the coupon rate of the first five years plus adjusting basis points;

(iv) the investors of the 2020 Second Bonds have option to sell back the bonds, in whole or in parts, at a redemption price equal to 100% of the principal amount of the bonds plus accrued and unpaid interest, if any, to (but not including) the redemption date when Greentown Real Estate issue the announcement concerning whether to adjust the coupon rate of the bonds at the end of the fifth year;

Further details of the 2020 Corporate Bonds are published on the website of the Shanghai Stock Exchange (www.sse.com.cn).

The 2020 Corporate Bonds contain a liability component and a written put option:

(i) Liability component represents the present value of the contractually determined stream of future cash flows discounted at the prevailing market interest rate at that time applicable to instruments of comparable credit status and providing substantially the same cash flows, on the same terms.

The interest charged for the interim period is calculated by applying an effective interest rate of approximately 3.36% per annum to the liability component since the corporate bonds were issued.

(ii) Written put option is regarded as an embedded derivative closely related to the economic characteristics and risks of the host contract, therefore, the written put option is not separated from the liability component.

As at 30 June 2020, the Group has had no plan nor intention to exercise the 2020 Coupon Rate Adjustment Right of the corporate bonds, therefore the interest expense for the interim period were calculated using the original coupon rates of the 2020 Corporate Bonds.

22. RECEIPTS UNDER SECURITISATION ARRANGEMENTS

The movements of receipts under securitisation arrangements during the interim period are set out below:

	RMB'000
At 1 January 2020	1,633,966
Fair value at the dates of issuance (note)	1,890,667
Interest charged during the interim period	12,441
Interest paid during the interim period	(40,000)
Repaid during the interim period	(1,600,000)
At 30 June 2020	1,897,074

Note: On 17 June 2020, Greentown Real Estate issued receipts under securitisation arrangements (the "2020 Receipts Under Securitisation Arrangements") with an aggregate principal amount of RMB2,000,000,000 at 100% of face value comprising (i) RMB1,900,000,000 with a term of fixed annual coupon rate of 3.90% and provide distribution semi-annually (the "2020 Senior Tranche Securities"), and (ii) RMB100,000,000 with a term of no annual coupon rate (the "2020 Junior Tranche Securities"). The Greentown Real Estate purchased all the 2020 Junior Tranche Securities. The 2020 Receipts Under Securitisation Arrangements are listed on the Shenzhen Stock Exchange. The net proceeds of the 2020 Receipts Under Securitisation Arrangements, after deduction of direct issuance costs, amounted to RMB1,990,667,000. Both Senior Tranche Securities and Junior Tranche Securities will mature on 16 June 2023.

The receipts under securitisation arrangements are assets backed securitisation collateralised by certain future trade receivables for the remaining receipts from sales of properties.

For the six months ended 30 June 2020

23. SHARE CAPITAL

	Number of shares	Share capital HKD'000
Authorised		
Ordinary shares of HKD0.10 each		
At 1 January 2020 and 30 June 2020	10,000,000,000	1,000,000
Issued and fully paid		
Ordinary shares of HKD0.10 each		
As at 1 January 2020	2,170,920,190	217,092
Share issued (note)	323,000,000	32,300
As at 30 June 2020	2,493,920,190	249,392

Note: On 26 April 2020, the Company entered into a subscription agreement with Hong Kong Xinhu Investment Co., Limited ("Hong Kong Xinhu Investment"), a company incorporated under the laws of Hong Kong with limited liability and a wholly-owned subsidiary of Xinhu Zhongbao Co., Ltd., pursuant to which the Company has conditionally agreed to allot and issue, and Hong Kong Xinhu Investment has conditionally agreed to subscribe for, a total of 323,000,000 shares to be allotted and issued by the Company. The shares has been allotted, issued and fully paid on 26 May 2020 at HKD 9.5 per share, amounting to RMB2,807,280,000.

	RMB'000
Shown on the condensed consolidated statement of financial position	
As at 31 December 2019	209,694
As at 30 June 2020	239,242

24. PERPETUAL SECURITIES

2017 USD Perpetual Securities

On 19 July 2017, Wisdom Glory Group Limited ("Wisdom Glory"), a wholly-owned subsidiary of the Company, issued USD denominated guaranteed senior perpetual capital securities (the "2017 USD Perpetual Securities") with an aggregate principal amount of USD450,000,000. The Company has agreed to guarantee the due payment of all sums expressed to be payable by Wisdom Glory under the 2017 USD Perpetual Securities.

The principal terms of the 2017 USD Perpetual Securities are disclosed in the Group's 2017 consolidated financial statements.

2018 USD Perpetual Securities

On 28 December 2018, Twinkle Lights Holdings Limited ("Twinkle Lights"), a wholly-owned subsidiary of the Company, issued USD denominated guaranteed senior perpetual capital securities (the "2018 USD Perpetual Securities") with an aggregate principal amount of USD500,000,000. The 2018 USD Perpetual Securities are unlisted, guaranteed by the Company, and also benefit from a keepwell deed and deed of equity interest purchase undertaking provided by CCCG.

The principal terms of the 2018 USD Perpetual Securities are disclosed in the Group's 2018 consolidated financial statements.

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24. PERPETUAL SECURITIES (continued)

2018 First Domestic Perpetual Securities

On 26 October 2018, Greentown Real Estate issued listed and unsecured domestic perpetual securities (the "2018 First Domestic Perpetual Securities") with an aggregate principal amount of RMB1,400,000,000.

The principal terms of the 2018 First Domestic Perpetual Securities are disclosed in the Group's 2018 consolidated financial statements.

2018 Second Domestic Perpetual Securities

On 3 December 2018, Greentown Real Estate issued listed and unsecured domestic perpetual securities (the "2018 Second Domestic Perpetual Securities") with an aggregate principal amount of RMB2,000,000,000.

The principal terms of the 2018 Second Domestic Perpetual Securities are disclosed in the Group's 2018 consolidated financial statements.

2019 First USD Perpetual Securities

On 8 February 2019, Champion Sincerity Holdings Limited ("Champion Sincerity"), a wholly-owned subsidiary of the Company, issued USD denominated guaranteed senior perpetual capital securities (the "2019 First USD Perpetual Securities") with an aggregate principal amount of USD400,000,000. The Company has agreed to guarantee on a subordinated basis the due payment of all sums expressed to be payable by Champion Sincerity under the 2019 First USD Perpetual Securities.

The principal terms of the 2019 First USD Perpetual Securities are disclosed in the Group's 2019 consolidated financial statements.

2019 Second USD Perpetual Securities

On 8 February 2019, Champion Sincerity issued USD denominated guaranteed senior perpetual capital securities (the "2019 Second USD Perpetual Securities") with an aggregate principal amount of USD100,000,000. The Company has agreed to guarantee on a subordinated basis the due payment of all sums expressed to be payable by Champion Sincerity under the 2019 Second USD Perpetual Securities.

The principal terms of the 2019 Second USD Perpetual Securities are disclosed in the Group's 2019 consolidated financial statements.

2019 First Domestic Perpetual Securities

On 29 January 2019, Greentown Real Estate issued listed and unsecured domestic perpetual securities (the "2019 First Domestic Perpetual Securities") with an aggregate principal amount of RMB2,000,000,000.

The principal terms of the 2019 First Domestic Perpetual Securities are disclosed in the Group's 2019 consolidated financial statements.

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24. PERPETUAL SECURITIES (continued)

2019 Second Domestic Perpetual Securities

On 24 April 2019, Greentown Real Estate issued listed and unsecured domestic perpetual securities (the "2019 Second Domestic Perpetual Securities") with an aggregate principal amount of RMB2,600,000,000.

The principal terms of the 2019 Second Domestic Perpetual Securities are disclosed in the Group's 2019 consolidated financial statements.

2019 Third Domestic Perpetual Securities

On 19 June 2019 and 30 August 2019, Greentown Real Estate issued unlisted and unsecured domestic perpetual securities with an aggregate principal amount of RMB500,000,000 and RMB1,500,000,000 respectively (collectively the "2019 Third Domestic Perpetual Securities").

The principal terms of the 2019 Third Domestic Perpetual Securities are disclosed in the Group's 2019 consolidated financial statements.

2019 Fourth Domestic Perpetual Securities

On 26 December 2019, Tianjin CCCG Greentown Urban Construction Development Co., Ltd. ("Tianjin CCCG Greentown") issued unlisted and unsecured domestic perpetual securities (the "2019 Fourth Domestic Perpetual Securities") with an aggregate principal amount of RMB1,014,326,000.

The principal terms of the 2019 Fourth Domestic Perpetual Securities are disclosed in the Group's 2019 consolidated financial statements.

2020 First Domestic Perpetual Securities

On 28 April 2020, Greentown Real Estate issued listed and unsecured domestic perpetual securities (the "2020 First Domestic Perpetual Securities") with an aggregate principal amount of RMB1,500,000,000.

Under the terms and conditions of the 2020 First Domestic Perpetual Securities (the "2020 First Domestic Perpetual Securities T&Cs"), the holders of the 2020 First Domestic Perpetual Securities have a right to receive distribution at the applicable distribution rate from 28 April 2020 annually in arrears. The distribution rate shall be (i) in respect of the period from, and including, 28 April 2020 to, but excluding, 28 April 2023, Initial Distribution Rate (as defined in the 2020 First Domestic Perpetual Securities T&Cs); and (ii) in respect of the periods from, and including, each Reset Date falling after 28 April 2020 to, but excluding, the immediately following Reset Date, the Relevant Reset Distribution Rate (as defined in the 2020 First Domestic Perpetual Securities T&Cs). A Reset Date is defined as each day falling every 3 calendar years after 28 April 2020.

Greentown Real Estate may at its sole discretion elect to defer any scheduled distribution to the next scheduled distribution payment date by giving prior written notice. Greentown Real Estate may further defer any arrears of distribution following the foregoing notice requirement and is not subject to any limits as to the number of times distributions and arrears of distribution can be deferred. Unless and until Greentown Real Estate satisfies in full all outstanding arrears of distribution and any additional distribution amount, Greentown Real Estate shall not declare or pay any dividends or reduce any share capital.

In the current interim period, the total interest in perpetual securities recognised as distribution is RMB646,240,000. The weighted average interest rate in perpetual securities is 6.49% as at 30 June 2020.

For the six months ended 30 June 2020

25. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Fair value of the Group's financial assets and liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial instrument	Fair value RMB'000	Fair value hierarchy	Valuation technique and key inputs	Significant unobservable inputs
Listed equity investment at FVTOCI	Assets: 1,158,285 (31 December 2019: Assets: 1,058,755)	Level 1	Quoted bid prices in an active market.	N/A
Unquoted equity investments at FVTOCI	Assets: 785,455 (31 December 2019: Assets: 453,230)	Level 3	Income approach – in this approach, the discounted cash flow method was used to capture the present value of the expected future economic benefits to be derived from the ownership of these investees.	Long-term pre-tax operating margin taking into account management's experience and knowledge of market conditions of the specific industries, ranging from 2.8-36.3 per cent (2019: 2.8-36.3 per cent).

For the six months ended 30 June 2020

25. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (continued)

Reconciliation of Level 3 fair value measurements of financial assets

	Unquoted equity investments RMB'000
At 1 January 2019	545,520
Disposals	(12,791)
At 30 June 2019	532,729
At 1 January 2020	**453,230**
Purchases	**479,710**
Total losses in other comprehensive income	**(19,485)**
Disposals	**(128,000)**
At 30 June 2020	**785,455**

Except as detailed in the following table, the directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate their fair values:

	As at 30 June 2020		As at 31 December 2019	
	Carrying amount of liability component RMB'000	**Fair value RMB'000**	Carrying amount of liability component RMB'000	Fair value RMB'000
Financial liabilities				
Senior notes (Level 2)	**7,776,880[1]**	**7,794,494[2]**	7,632,119[1]	7,719,263[2]
Corporate debt instruments (Level 2)	**27,297,724[1]**	**28,246,583[2]**	25,905,349[1]	26,343,132[2]
Receipts under securitisation arrangements (Level 2)	**1,890,899[1]**	**1,900,000[2]**	1,598,530[1]	1,600,000[2]

1 The carrying amount of liability component represented the principle of the financial liability.

2 Based on quoted price.

There were no transfer into or out of Level 2 during both period.

For the six months ended 30 June 2020

26. SHARE-BASED PAYMENT TRANSACTIONS

Share Option Scheme

The Company has share option schemes for eligible employees of the Group. Outstanding share options of 67,750,000 are granted in prior year but not vested. Details of the share options outstanding during the current interim period are as follows:

	Number of share options	Weighted average exercise price HKD
Outstanding as at 1 January 2020	67,750,000	9.00
Forfeited during the interim period	(6,100,000)	9.10
Outstanding as at 30 June 2020	61,650,000	8.99

In the current interim period, no share options were granted or exercised.

In respect of the share options exercised for the six months ended 30 June 2019, the weighted average share price at the dates of exercise was HKD6.68.

Share Award Scheme

The Company has share award scheme for the selected employees of the Group. Outstanding shares of 7,414,000 have been purchased by the trustee from the open market out of cash contributed by the Group and granted to the selected employees and directors.

In the current interim period, 3,600,722 shares were exercised (for the six months ended 30 June 2019: nil).

For the six months ended 30 June 2020

27. ACQUISITION OF SUBSIDIARIES

Particulars of the subsidiaries acquired during the six months ended 30 June 2020 were as follows:

Acquired company	Principal activities	Acquisition date	Equity interest acquired	Consideration RMB'000
大連寶融房地產開發有限公司 Dalian Baorong Real Estate Development Co., Ltd. ("Dalian Baorong") (Note(i))	Real estate development	12 June 2020	88%	354,790
烏魯木齊聚岑實業有限責任公司 Urumqi Jucen Industrial Co., Ltd. ("Urumqi Jucen") (Note(ii))	Real estate development	29 June 2020	100%	103,573
				458,363

Notes:

(i) Beijing Greentown Investment Co., Ltd., a wholly-owned subsidiary of the Company, acquired 88% equity interests of Dalian Baorong so as to continue the expansion of the Group's property development operation.

(ii) Chengdu Greentown Bashu Investment Co., Ltd., a wholly-owned subsidiary of the Company, acquired 100% equity interests of Urumqi Jucen so as to continue the expansion of the Group's property development operation. The Group accounted for the acquisition of 100% equity interests of Urumqi Jucen as an acquisition of asset. The major assets acquired is properties for development amounting to RMB856,522,000.

For the six months ended 30 June 2020

27. ACQUISITION OF SUBSIDIARIES (continued)

Particulars of the subsidiaries acquired during the six months ended 30 June 2019 were as follows:

Acquired company	Principal activities	Acquisition date	Equity interest acquired	Consideration RMB'000
山東東城置業有限公司 Shandong Dongcheng Real Estate Co., Ltd. ("Shandong Dongcheng") (Note(i))	Real estate development	21 February 2019	51%	397,968
山東綠城青和建築設計有限公司 Shandong Greentown Qinghe Construction and Design Co., Ltd. ("Shandong Qinghe") (Note(ii))	Design and Decoration	6 March 2019	51%	–
北京東部綠城置業有限公司 Beijing Dongbu Greentown Real Estate Co., Ltd. ("Beijing Dongbu") (Note(iii))	Real estate development	22 April 2019	51%	45,262
				443,230

Notes:

(i) Greentown Real Estate acquired 51% equity interests of Shandong Dongcheng so as to continue the expansion of the Group's property development operation. Shandong Dongcheng was previously a 49%-owned joint venture of the Group.

(ii) Greentown Real Estate Project Management Group Co., Ltd., a wholly-owned subsidiary of the Company, obtained 51% equity interest of Shandong Qinghe by capital injection of RMB3,120,000 so as to continue the expansion of the Group's design and decoration operation.

(iii) Beijing Greentown Investment Co., Ltd., a wholly-owned subsidiary of the Company, acquired 51% equity interests of Beijing Dongbu so as to continue the expansion of the Group's property development operation. Beijing Dongbu was previously a 49%-owned associate of the Group.

For the six months ended 30 June 2020

27. ACQUISITION OF SUBSIDIARIES (continued)

A summary of the provisional effects of acquisition of these subsidiaries is as follows:

	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
Net assets acquired:		
Property, plant and equipment	**134**	483
Deferred tax assets	**8,567**	70
Properties for development	**856,522**	–
Properties under development	**912,743**	2,587,629
Completed properties for sale	**–**	93,983
Trade and other receivables, deposits and prepayments	**300**	21,451
Amounts due from related parties	**–**	781,311
Prepaid income taxes	**2,583**	59
Prepaid other taxes	**22,394**	1,854
Bank balances and cash	**15,594**	203,524
Trade and other payables	**(760,773)**	(218,760)
Contract liabilities	**(122,687)**	(10,863)
Amounts due to related parties	**(38,076)**	(1,039,152)
Income taxes payable	**(221)**	(168,936)
Other taxes payable	**(11,126)**	(24)
Bank and other borrowings	**(294,000)**	(1,320,000)
Deferred tax liabilities	**(85,211)**	(60,878)
	506,743	871,751
Non-controlling interests	**(48,380)**	(2,672)
	458,363	869,079

For the six months ended 30 June 2020

27. ACQUISITION OF SUBSIDIARIES (continued)

A summary of the provisional effects of acquisition of these subsidiaries is as follows: (continued)

	Six months ended 30 June	
	2020 **RMB'000**	2019 RMB'000
Less:		
Transferred from interests previously held and classified as associates and joint ventures	**–**	(382,362)
Gain on re-measurement of an associate to acquisition date fair value in business combination achieved in stages	**–**	(43,487)
	458,363	443,230
Total consideration, satisfied by:		
Cash	**297,172**	45,262
Consideration payables	**161,191**	397,968
	458,363	443,230
Net cash inflow arising on acquisition:		
Cash paid	**(297,172)**	(45,262)
Bank balances and cash acquired	**15,594**	203,524
	(281,578)	158,262

The receivables acquired (which principally comprised trade and other receivables, deposits and prepayments) with a fair value of RMB300,000 at the date of acquisition had gross contractual amounts of RMB300,000, which were expected to be fully collected.

The non-controlling interest recognised at the acquisition date was measured by reference to the proportionate share of the recognised amounts of net assets of subsidiaries and amounted to RMB48,380,000.

No revenue contributed to the Group by a subsidiary acquired between the date of acquisition and the end of the interim period.

For the six months ended 30 June 2020

27. ACQUISITION OF SUBSIDIARIES (continued)

A summary of the provisional effects of acquisition of these subsidiaries is as follows: (continued)

The profits attributable to a subsidiary amounted to RMB1,000 have been recognised in the Group's profit for the interim period between the date of acquisition and the end of the interim period.

Had the acquisition of a subsidiary been effected at 1 January 2020, the total amount of revenue of the Group for the interim period would have been RMB23,916,001,000 and the amount of the profit for the interim period would have been RMB3,126,278,000. The proforma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed at the beginning of the interim period, nor is it intended to be a projection of future results.

Analysis of the summary of effects of acquisition of subsidiaries for the six months ended 30 June 2019 are set out in the Group's condensed consolidated financial statements for the six months ended 30 June 2019. During the year ended 31 December 2019, the Group completed the initial accounting of the business combination and no adjustments were made to the fair value of assets and liabilities acquired.

28. DISPOSAL OF SUBSIDIARIES

In April 2020, the Group disposed of its 100% equity interests in Hangzhou Chengling Business Consulting, LLP. ("Hangzhou Chengling") to an independent third party and one of the Group's joint venture for a zero consideration. After the disposal, Hangzhou Chengling was an independent third party of the Group.

In June 2020, the Group disposed of its 1% equity interests from 51% to 50% in Hangzhou Zhaoqian Investment Co., Ltd. ("Hangzhou Zhaoqian") to an independent third party for a cash consideration of RMB10,000,000. Fuzhou Lvmin Real Estate Co., Ltd. ("Fuzhou Lvmin") is a wholly-owned subsidiary of Hangzhou Zhaoqian, therefore was also disposed by the Group. After the disposal, Hangzhou Zhaoqian and Fuzhou Lvmin were accounted for as joint ventures of the Group.

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28. DISPOSAL OF SUBSIDIARIES (continued)

A summary of the effects of the disposal of these subsidiaries is as follows:

	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
Net assets disposed of:		
Property, plant and equipment	**910**	3,131
Right-of-use assets	**–**	8,553
Properties for development	**–**	2,889,488
Properties under development	**3,625,518**	5,227,990
Inventories	**–**	80,247
Trade and other receivables, deposits and prepayments	**656**	225,788
Amounts due from related parties	**250**	459,830
Contract assets	**7,084**	80,216
Prepaid income taxes	**12,204**	34,993
Prepaid other taxes	**51,146**	118,200
Bank balances and cash	**481,388**	848,635
Deferred tax assets	**18,275**	18,744
Contract liabilities	**(496,036)**	(1,451,799)
Trade and other payables	**(114,462)**	(1,893,785)
Amounts due to related parties	**(827,023)**	(3,970,846)
Lease liability	**–**	(8,553)
Income taxes payables	**–**	(32,357)
Other taxes payables	**(44,728)**	(10,097)
Bank borrowings	**(1,770,000)**	(2,503,000)
Deferred tax liabilities	**–**	(860)
	945,182	124,518
Transferred to interests held and classified as associates and joint ventures	**(500,000)**	(14,162)
Net gain on disposal of subsidiaries	**27,957**	42,371
Non-controlling interests	**(463,139)**	(26,988)
Total consideration	**10,000**	125,739
Total consideration, satisfied by:		
Cash received	**10,000**	93,220
Consideration receivable	**–**	32,519
	10,000	125,739
Net cash inflow arising on disposal:		
Cash received	**10,000**	93,220
Bank balances and cash disposed of	**(481,388)**	(848,635)
	(471,388)	(755,415)

For the six months ended 30 June 2020

29. COMMITMENTS

	As at 30 June 2020 RMB'000	As at 31 December 2019 RMB'000
Commitments contracted for but not provided in the condensed consolidated financial statements in respect of:		
Properties for development, properties under development and construction in progress	**38,731,558**	30,768,717

In addition to the above, the Group's share of the commitments of its joint ventures is as follows:

	As at 30 June 2020 RMB'000	As at 31 December 2019 RMB'000
Contracted for but not provided in respect of properties for development and properties under development and construction in progress	**4,519,667**	2,923,622

30. PLEDGE OF ASSETS

At the end of the interim period, the following assets were pledged to banks and other parties to secure credit facilities granted to the Group:

	As at 30 June 2020 RMB'000	As at 31 December 2019 RMB'000
Property, plant and equipment	**6,521,300**	3,063,257
Right-of-use assets	**546,419**	360,381
Properties for development	**2,628,710**	2,504,272
Properties under development	**75,162,242**	81,984,914
Completed properties for sale	**188,667**	76,563
Investment properties	**2,355,701**	2,355,701
Trade and other receivables, deposits and prepayments	**16,479**	123,642
Pledged bank deposits	**6,276,370**	5,326,761
Interests in an associate	**55,790**	72,355
	93,751,678	95,867,846

For the six months ended 30 June 2020

31. CONTINGENT LIABILITIES

Guarantees

The Group provided guarantees of RMB33,287,696,000 as at 30 June 2020 (as at 31 December 2019: RMB35,651,192,000) to banks in favour of its customers in respect of the mortgage loans provided by the banks to those customers for the purchase of the Group's developed properties. These guarantees provided by the Group to the banks will be released upon receiving the building ownership certificate of the respective properties by the banks from the customers as a pledge for security to the mortgage loans granted.

The Group also provided guarantees to banks and other parties in respect of credit facilities utilised by the following companies:

	As at 30 June 2020 RMB'000	As at 31 December 2019 RMB'000
Credit guarantees provided to:		
Associates	**9,378,647**	8,199,419
Joint ventures	**12,819,000**	12,879,126
	22,197,647	21,078,545
Mortgage and charge guarantees provided to:		
Associates	**5,225,000**	4,275,000
Total	**27,422,647**	25,353,545

Contingent liabilities arising from interests in associates at the end of the interim period:

	As at 30 June 2020 RMB'000	As at 31 December 2019 RMB'000
Share of mortgage loan guarantees provided by associates to banks in favour of its customers	**3,282,978**	2,170,782

Contingent liabilities arising from interests in joint ventures at the end of the interim period:

	As at 30 June 2020 RMB'000	As at 31 December 2019 RMB'000
Share of mortgage loan guarantees provided by joint ventures to banks in favour of its customers	**1,770,527**	1,445,244

The directors consider that the fair value of the above guarantees is insignificant on initial recognition and there was no loss allowance recognised for expected credit losses during the interim period (2019: nil).

For the six months ended 30 June 2020

32. RELATED PARTY DISCLOSURES

(i) During the six months ended 30 June 2020, in addition to those disclosed in other notes to the condensed consolidated financial statements, the Group had the following significant transactions with related parties:

	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
Construction service income from joint ventures and associates (note)	**9,876**	13,845
Rental expenses paid/payable to Shareholders' companies	**–**	3,329
Purchases from associates (note)	**163,574**	75,500
Interest income arising from amounts due from:		
– associates (note)	**516,195**	130,884
– joint ventures (note)	**526,759**	167,844
– non-controlling shareholders	**140,319**	99,947
Interest expense arising from amounts due to:		
– associates (note)	**330,322**	50,827
– joint ventures (note)	**222,536**	50,143
– non-controlling shareholders	**50,323**	64,533
– Shareholders' companies	**13,654**	5,280
Advertising expenses paid/payable to joint ventures (note)	**57,075**	51,887
Comprehensive service income from joint ventures and associates (note)	**79,000**	3,489
Hotel management fees paid/payable to Shareholders' companies	**–**	1,313
Interior decoration service income from:		
– associates (note)	**164,630**	105,670
– joint ventures (note)	**111,961**	56,186
Landscape construction fee to Shareholders' companies	**11,691**	195
Educational services framework fee to Shareholders' companies	**1,042**	2,476
Construction design fees paid to:		
– associates (note)	**58,486**	9,091
– joint ventures (note)	**235,938**	248,331
– Shareholders' companies	**175,679**	16,253

Note: The transactions with joint ventures and associates are presented gross before elimination of unrealised profits or losses attributable to the Group.

The transactions above are presented net of taxes.

The directors considered that the transactions above were carried out in accordance with the terms agreed with the counterparties.

Before May 2020, CCCG was a "Shareholder" of the Company. After May 2020, CCCG and Xinhu Zhongbao Co., Ltd. are each a "Shareholder", and collectively the "Shareholders", of the Company. Shareholders' Companies represent companies owned by the Shareholders and affiliates.

For the six months ended 30 June 2020

32. RELATED PARTY DISCLOSURES (continued)

(ii) During the six months ended 30 June 2020, in addition to those disclosed in note 27, the Group made the following acquisitions from related parties:

	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
Acquisitions of additional interests in subsidiaries from non-controlling shareholders	**95,134**	97,567

(iii) Compensation of key management personnel

The remuneration of directors and other members of key management during the six months ended 30 June 2020 was as follows:

	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
Short-term benefits	**17,296**	12,983
Post-employment benefits	**213**	154
Share-based payment (note)	**5,148**	20,998
Share award	**3,206**	849
	25,863	34,984

Note: The Group recognised the expense in the profit or loss in relation to shares granted but not vested under share option schemes.

33. EVENTS AFTER THE REPORTING PERIOD

Since 10 July 2020, Greentown Management Holdings Company Limited ("Greentown Management"), a subsidiary of the Company, has listed its shares on the Main Board of The Stock Exchange of Hong Kong Limited. The total of 477,560,000 ordinary shares before any exercise of the over-allotment option were allotted and issued to the shareholders on the register of members of Greentown Management in proportion to their respective shareholdings in Greentown Management of HKD0.01 each at the price of HKD2.50 per share. On 6 August 2020, Greentown Management issued a total of 47,756,000 ordinary shares of HKD0.01 each at the price of HKD2.50 per share by means of full exercise of the over-allotment option. Net proceeds from the Hong Kong public offering and international offering after full exercise of the over-allotment option which were approximately HKD1,258.8 million (after deducting the underwriting fees, commissions and sponsors expenses).

Independent Auditor's Report

Deloitte. 德勤

TO THE MEMBERS OF GREENTOWN CHINA HOLDINGS LIMITED
(incorporated in the Cayman Islands with limited liability)

Opinion

We have audited the consolidated financial statements of Greentown China Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 129 to 286, which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
Net realisable value for properties under development and completed properties for sale	
We identified the net realisable value for properties under development and completed properties for sale as a key audit matter as a significant management estimate is required in assessing the net realisable value. Properties under development and completed properties for sale at the end of each reporting period are stated at the lower of cost and net realisable value. Net realisable value for properties under development is determined by reference to estimated selling price in the ordinary course of business less estimated costs to completion and the estimated costs necessary to make the sales. Net realisable value for completed properties for sale is determined by reference to estimated selling price in the ordinary course of business less the estimated costs necessary to make the sales. As disclosed in the consolidated financial statements, as at 31 December 2020, the carrying amounts of properties under development and completed properties for sale are RMB194,209,030,000 and RMB18,341,794,000 respectively (net of accumulated provision of RMB401,092,000 and RMB460,983,000 respectively).	Our procedures in relation to the management's assessment of the net realisable value of properties under development and completed properties for sale included, among others: • Obtaining an understanding of, evaluate and test the key controls over cost budgeting for estimated costs to completion; • Assessing the reasonableness of estimated selling prices by comparing the management's estimated selling price to the recent average contracted selling price in the same project or the prevailing market price of comparable properties with similar type, size and location; and • Assessing the appropriateness of the estimated costs to completion by comparing the latest estimated costs to completion to the budget approved by management and examined the supporting document such as construction contracts, internal correspondences and approvals.

Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
Valuation of investment properties stated at fair value We identified the valuation of investment properties stated at fair value as a key audit matter due to the involvement of management's judgement in determining the fair value. As disclosed in note 18 to the consolidated financial statements, investment properties are carried in the consolidated statement of financial position at 31 December 2020 at their fair value of approximately RMB4,364,620,000. The fair value was based on valuation on these properties conducted by the independent qualified professional valuer using property valuation techniques which adopt the income approach by capitalising the net rental income derived from the existing tenancies with due provision for the reversionary income potential of the property interests, or where appropriate, by market approach by making reference to comparable sales transactions as available in the relevant markets. Assumptions such as rental yield and estimation of future rentals would affect the fair value of the Group's investment properties and corresponding adjustments to the amount of gain or loss reported in the consolidated statement of profit or loss and other comprehensive income.	Our procedures in relation to the valuation of investment properties included, among others: • Evaluating the appropriateness of the third party valuer's scope and assessed whether the third party valuer had sufficient expertise; • Obtaining an understanding of the valuation processes and the significant assumptions used in the valuation, namely the reversionary yield and market unit rent, from the management of the Group and the valuer; • Checking the source information provided by the management to the third party valuer to see if the source information is consistent with the supporting documentation such as signed contracts; and • Evaluating the appropriateness of the valuer's key assumptions by comparing yields on a sample of properties to external benchmark indices and comparing market unit rent used in the valuation on a sample of properties to comparable market transactions that we independently sourced from market data.

Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
Recognition of revenue from sales of properties over time As disclosed in note 5 to the consolidated financial statements, revenue from sales of properties is recognised over time when the Group's performance under a sales contract does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date; otherwise, the revenue is recognised at a point in time when the customer obtains control of the completed property. For the year ended 31 December 2020, revenue of the Group from sales of properties was RMB57,334,390,000, of which RMB14,450,510,000 was recognised over time. As disclosed in note 4 to the consolidated financial statements, the Group may not change or substitute the property unit or redirect the property unit for another use due to the contractual restrictions with the customer and thus the property unit does not have an alternative use to the Group. However, whether there is an enforceable right to payment depends on the terms of sales contract and the interpretation of the applicable laws that apply to the contract. Such determination requires significant judgments. The Group has obtained legal counsel opinion regarding the enforceability of the right to payment for such sales contracts. Management uses judgments, based on legal counsel opinion, to classify sales contracts into those with right to payment and those without the right.	Our procedures in relation to the management's assessment of whether the Group has the enforceable right to payment in those sales contracts recognised over time included, among others: • Obtaining an understanding of and evaluating the management's procedures in identifying and classifying sales contracts with or without right to payment; • Reviewing the key terms of a sample of sales contracts to assess the presence of right to payment based on the contract terms; • Obtaining and reviewing the opinion of the Group's legal counsel, in particular, the legal counsel's interpretation of the applicable laws and their implication on the assessment of the enforceability of the right to payment; and • Assessing the competence, experience and objectivity of the legal counsel engaged by the management.

Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
For the revenue from sales of properties recognised over time, the Group recognises revenue by measuring the progress towards complete satisfaction of the performance obligation at the reporting date. The progress is measured based on the Group's inputs to the satisfaction of the performance obligation, by reference to the contract costs incurred up to the end of reporting period as a percentage of total estimated costs for each property unit in the contract. The Group calculated the cost allocation based on phases of the projects and saleable floor areas. Significant judgments and estimations are required in determining the completeness of the estimated total costs and the accuracy of progress towards complete satisfaction of the performance obligation at the reporting date.	Our procedures in relation to the management's assessment of the estimated total contract costs and the accuracy of progress towards complete satisfaction of the performance obligation included, among others: • Obtaining an understanding of, evaluate and test the key controls over cost budgeting for estimated costs to completion and key controls over monitoring of the calculation of the percentage of completion; • Assessing the reasonableness of the basis of percentage of completion calculation and checking the accuracy of the percentage of completion calculation; • Assessing the appropriateness of the estimated costs to completion by comparing the latest estimated costs to completion to the budget approved by management and examined the supporting document such as construction contracts, internal correspondences and approvals; and • Testing the development costs incurred by tracing to the supporting documents.

Other Information

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors of the Company determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors of the Company.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in the independent auditor's report is Kay Man Wo, Dick.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
22 March 2021

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2020

	NOTES	2020 RMB'000	2019 RMB'000
Revenue	5	**65,782,531**	61,592,939
Cost of sales		**(50,209,631)**	(45,952,531)
Gross profit		**15,572,900**	15,640,408
Other income	6	**3,017,194**	2,667,245
Other gains and losses	7	**1,511,822**	(40,372)
Selling expenses		**(2,320,095)**	(2,096,820)
Administrative expenses		**(4,323,472)**	(4,297,225)
Finance costs	8	**(2,228,464)**	(1,570,860)
Impairment losses under expected credit loss model, net of reversal	9	**(561,517)**	(796,887)
Impairment losses on non-financial assets, net of reversal	10	**(772,837)**	(579,195)
Loss from changes in fair value of investment properties	18	**(14,639)**	(41,866)
Gain on re-measurement of an associate and joint ventures to acquisition date fair value in business combination achieved in stages	37	**–**	43,487
Net gain on disposal of subsidiaries	38	**174,902**	98,269
Share of results of associates		**695,605**	1,002,893
Share of results of joint ventures		**2,129**	(75,951)
Profit before taxation	11	**10,753,528**	9,953,126
Taxation	13	**(4,990,647)**	(6,017,704)
Profit for the year		**5,762,881**	3,935,422
Other comprehensive income:			
Item that will not be reclassified to profit or loss:			
Fair value gain on equity instruments at fair value through other comprehensive income		**42,727**	256,752
Other comprehensive income for the year (net of tax)		**42,727**	256,752
Total comprehensive income for the year		**5,805,608**	4,192,174
Profit for the year attributable to:			
Owners of the Company		**3,796,477**	2,480,232
Non-controlling interests		**1,966,404**	1,455,190
		5,762,881	3,935,422
Total comprehensive income for the year attributable to:			
Owners of the Company		**3,829,073**	2,736,984
Non-controlling interests		**1,976,535**	1,455,190
		5,805,608	4,192,174
Earnings per share	15		
Basic		**RMB1.05**	RMB0.55
Diluted		**RMB1.04**	RMB0.55

Consolidated Statement of Financial Position

As at 31 December 2020

	NOTES	2020 RMB'000	2019 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	16	**9,076,714**	9,817,931
Right-of-use assets	17	**827,067**	1,038,724
Investment properties	18	**4,364,620**	4,032,818
Goodwill	19	**769,241**	769,241
Interests in associates	20	**18,629,388**	12,084,907
Interests in joint ventures	21	**5,740,108**	3,869,730
Equity instruments at fair value through other comprehensive income	22	**2,037,318**	1,511,985
Deferred tax assets	23	**3,764,898**	3,238,893
		45,209,354	36,364,229
CURRENT ASSETS			
Properties for development	24	**20,257,965**	30,907,247
Properties under development	25	**194,209,030**	136,615,966
Completed properties for sale		**18,341,794**	12,167,498
Inventories		**326,614**	203,711
Trade and other receivables, deposits and prepayments	26	**11,203,290**	11,312,810
Contract assets	27	**3,124,518**	2,815,007
Contract costs		**532,155**	336,467
Amounts due from related parties	48(ii)	**45,450,618**	46,378,836
Prepaid income taxes		**4,454,437**	3,559,887
Prepaid other taxes		**5,968,882**	4,440,223
Pledged bank deposits	28, 42	**5,655,839**	5,326,761
Bank balances and cash	28	**59,547,352**	46,567,729
		369,072,494	300,632,142
Assets classified as held for sale	38	**–**	95,747
		369,072,494	300,727,889

As at 31 December 2020

	NOTES	2020 RMB'000	2019 RMB'000
CURRENT LIABILITIES			
Trade and other payables	29	**46,610,097**	43,453,333
Contract liabilities	30	**112,798,675**	76,324,981
Amounts due to related parties	48(ii)	**23,432,261**	28,653,456
Income taxes payable		**10,463,643**	10,473,519
Other taxes payable		**12,360,269**	8,420,517
Lease liabilities		**33,741**	27,397
Bank and other borrowings	31	**23,628,164**	13,950,984
Senior notes	32	**62,653**	7,712,382
Corporate debt instruments	33	**8,819,580**	11,643,848
Receipts under securitisation arrangements	34	**4,819**	1,633,966
		238,213,902	202,294,383
Liabilities associated with assets classified as held for sale	38	**–**	70,409
		238,213,902	202,364,792
NET CURRENT ASSETS		**130,858,592**	98,363,097
TOTAL ASSETS LESS CURRENT LIABILITIES		**176,067,946**	134,727,326
NON-CURRENT LIABILITIES			
Bank and other borrowings	31	**63,796,233**	45,642,189
Senior notes	32	**3,897,129**	–
Corporate debt instruments	33	**17,100,739**	14,993,416
Receipts under securitisation arrangements	34	**1,892,822**	–
Lease liabilities		**103,889**	89,038
Deferred tax liabilities	23	**4,687,061**	4,847,211
		91,477,873	65,571,854
		84,590,073	69,155,472

As at 31 December 2020

	NOTES	2020 RMB'000	2019 RMB'000
CAPITAL AND RESERVES			
Share capital	35	**239,264**	209,694
Reserves		**31,983,885**	27,434,904
Equity attributable to owners of the Company		**32,223,149**	27,644,598
Perpetual securities	36	**20,618,316**	21,229,002
Non-controlling interests		**31,748,608**	20,281,872
		84,590,073	69,155,472

The consolidated financial statements on page 129 to 286 were approved and authorised for issue by the Board of Directors on 22 March 2021 and are signed on its behalf by:

ZHANG Yadong
DIRECTOR

GENG Zhongqiang
DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 31 December 2020

	Attributable to owners of the Company											
	Share capital RMB'000	Treasury Shares RMB'000	Share premium RMB'000	Special reserve RMB'000 (i)	Statutory reserve RMB'000 (ii)	Share-based payments reserve RMB'000	Investments revaluation reserve RMB '000	Retained earnings RMB'000	Subtotal RMB'000	Perpetual securities RMB'000	Non-controlling Interests RMB'000	Total RMB'000
At 1 January 2019	209,501	–	8,565,385	(1,818,272)	1,946,114	343,295	688,159	17,640,228	27,574,410	15,408,315	17,136,115	60,118,840
Profit for the year	–	–	–	–	–	–	–	2,480,232	2,480,232	–	1,455,190	3,935,422
Other comprehensive income for the year	–	–	–	–	–	–	256,752	–	256,752	–	–	256,752
Total comprehensive income for the year	–	–	–	–	–	–	256,752	2,480,232	2,736,984	–	1,455,190	4,192,174
Dividends recognised as distributions (note 14)	–	–	–	–	–	–	–	(499,312)	(499,312)	–	–	(499,312)
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–	–	(745,375)	(745,375)
Transfer (ii)	–	–	–	–	251,353	–	–	(251,353)	–	–	–	–
Issue of perpetual securities	–	–	–	–	–	–	–	–	–	10,924,228	–	10,924,228
Redemption of perpetual securities	–	–	–	–	–	–	–	–	–	(6,082,347)	–	(6,082,347)
Transfer on redemption of perpetual securities	–	–	–	–	–	–	–	(475,581)	(475,581)	475,581	–	–
Recognition of share award	–	–	–	–	–	15,760	–	–	15,760	–	–	15,760
Recognition of equity-settled share-based payments	–	–	–	–	–	42,763	–	–	42,763	–	–	42,763
Exercise of share options	193	–	12,713	–	–	(3,775)	–	–	9,131	–	–	9,131
Interest in perpetual securities recognised as distribution	–	–	–	–	–	–	–	(1,638,650)	(1,638,650)	1,638,650	–	–
Interest in perpetual securities paid	–	–	–	–	–	–	–	–	–	(1,135,425)	–	(1,135,425)
Acquisition of subsidiaries (note 37)	–	–	–	–	–	–	–	–	–	–	594,996	594,996
Purchase of additional interest in subsidiaries	–	–	–	(119,403)	–	–	–	–	(119,403)	–	(121,552)	(240,955)
Partial disposal of interest in subsidiaries	–	–	–	36,348	–	–	–	–	36,348	–	(209)	36,139
Disposal of subsidiaries	–	–	–	–	–	–	–	–	–	–	(291,561)	(291,561)
Liquidation of subsidiaries	–	–	–	–	–	–	–	–	–	–	(97,456)	(97,456)
Shares repurchased (note 41)	–	(37,852)	–	–	–	–	–	–	(37,852)	–	–	(37,852)
Capital contribution from non-controlling shareholders of subsidiaries	–	–	–	–	–	–	–	–	–	–	2,351,724	2,351,724
At 31 December 2019	209,694	(37,852)	8,578,098	(1,901,327)	2,197,467	398,043	944,911	17,255,564	27,644,598	21,229,002	20,281,872	69,155,472

For the year ended 31 December 2020

	Attributable to owners of the Company											
	Share capital RMB'000	Treasury Shares RMB'000	Share premium RMB'000	Special reserve RMB'000 (i)	Statutory reserve RMB'000 (ii)	Share-based payments reserve RMB'000	Investments revaluation reserve RMB '000	Retained earnings RMB'000	Subtotal RMB'000	Perpetual securities RMB'000	Non-controlling Interests RMB'000	Total RMB'000
Profit for the year	–	–	–	–	–	–	–	3,796,477	3,796,477	–	1,966,404	5,762,881
Other comprehensive income for the year	–	–	–	–	–	–	32,596	–	32,596	–	10,131	42,727
Total comprehensive income for the year	–	–	–	–	–	–	32,596	3,796,477	3,829,073	–	1,976,535	5,805,608
Dividends recognised as distributions (note 14)	–	–	–	–	–	–	–	(748,176)	(748,176)	–	–	(748,176)
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–	–	(2,374,078)	(2,374,078)
Transfer (ii)	–	–	–	–	184,489	–	–	(184,489)	–	–	–	–
Issue of perpetual securities	–	–	–	–	–	–	–	–	–	2,491,877	–	2,491,877
Redemption of perpetual securities	–	–	–	–	–	–	–	–	–	(3,146,085)	–	(3,146,085)
Share issued (note 35)	29,548	–	2,777,732	–	–	–	–	–	2,807,280	–	–	2,807,280
Transfer on redemption of perpetual securities	–	–	–	–	–	–	–	(141,056)	(141,056)	141,056	–	–
Recognition of share-based incentive	–	–	–	–	–	17,364	–	–	17,364	–	–	17,364
Recognition of equity-settled share-based payments	–	–	–	–	–	19,734	–	–	19,734	–	–	19,734
Exercise of share award	–	18,383	–	–	–	(18,383)	–	–	–	–	–	–
Exercise of share options	22	–	2,473	–	–	(530)	–	–	1,965	–	–	1,965
Interest in perpetual securities recognised as distribution	–	–	–	–	–	–	–	(1,322,949)	(1,322,949)	1,322,949	–	–
Interest in perpetual securities paid	–	–	–	–	–	–	–	–	–	(1,420,483)	–	(1,420,483)
Acquisition of subsidiaries (note 37)	–	–	–	–	–	–	–	–	–	–	246,528	246,528
Purchase of additional interest in subsidiaries	–	–	–	(86,660)	–	–	–	–	(86,660)	–	(153,540)	(240,200)
Partial disposal of interest in subsidiaries (iii)	–	–	–	261,393	–	–	–	–	261,393	–	929,710	1,191,103
Disposal of subsidiaries (note 38)	–	–	–	–	–	–	–	–	–	–	(645,705)	(645,705)
Liquidation of subsidiaries	–	–	–	–	–	–	–	(59,417)	(59,417)	–	(74,472)	(133,889)
Disposal of equity instruments at fair value through other comprehensive income	–	–	–	–	–	–	(12,001)	12,001	–	–	–	–
Capital contribution from non-controlling shareholders of subsidiaries	–	–	–	–	–	–	–	–	–	–	11,561,758	11,561,758
At 31 December 2020	239,264	(19,469)	11,358,303	(1,726,594)	2,381,956	416,228	965,506	18,607,955	32,223,149	20,618,316	31,748,608	84,590,073

Notes:

(i) Special reserve mainly represents changes in equity attributable to owners of the Company arisen from partial acquisition or disposal of subsidiaries. The changes are calculated based on the difference between the amount by which non-controlling interests are adjusted and the fair value of the consideration paid or received for the partial acquisition or disposal.

(ii) The statutory reserve is non-distributable and the transfer to this reserve is determined by the board of directors of the relevant companies in accordance with the relevant laws and regulations of the People's Republic of China (the "PRC"). This reserve can be used to offset accumulated losses and increase capital upon approval from the relevant authorities.

(iii) Partial disposal of interest in subsidiaries is mainly from the issuance of new shares through initial public offering of Greentown Management Holdings Company Limited ("Greentown Management"). Details are set out in note 48(iii)(c).

Consolidated Statement of Cash Flows

For the year ended 31 December 2020

	2020 RMB'000	2019 RMB'000
OPERATING ACTIVITIES		
Profit before taxation	**10,753,528**	9,953,126
Adjustments for:		
Share of results of associates	**(695,605)**	(1,002,893)
Share of results of joint ventures	**(2,129)**	75,951
Depreciation and amortisation	**586,833**	608,670
Impairment losses under expected credit loss model, net of reversal	**561,517**	796,887
Impairment losses on non-financial assets, net of reversal	**772,837**	579,195
Interest income	**(2,403,193)**	(1,687,971)
Default penalty income	**–**	(463,885)
Dividends from equity instruments at fair value through other comprehensive income	**(65,436)**	(105,179)
Finance costs	**2,228,464**	1,570,860
Net foreign exchange (gains) losses	**(1,118,084)**	268,181
Net loss on disposal of property, plant and equipment and right-of-use assets	**1,126**	16,587
Loss from changes in fair value of investment properties	**14,639**	41,866
Share-based payment expense	**37,098**	58,523
Net gain on disposal of subsidiaries	**(174,902)**	(98,269)
Gain on acquisition of associates and joint ventures at discount	**(324,434)**	(243,918)
Gain on disposal of an associate and joint ventures	**(70,430)**	(478)
Gain on re-measurement of an associate and joint ventures to acquisition date fair value in business combination achieved in stages	**–**	(43,487)
Operating cash flows before movements in working capital	**10,101,829**	10,323,766
Decrease (increase) in properties for development	**10,634,896**	(10,354,326)
Increase in properties under development	**(55,214,198)**	(26,478,929)
Increase in completed properties for sale	**(6,322,167)**	(1,656,041)
Increase in inventories	**(108,124)**	(186,347)
Decrease (increase) in trade and other receivables, deposits and prepayments	**1,617,453**	(2,887,852)
Increase in contract assets and contract costs	**(546,614)**	(1,029,653)
Increase in prepaid other taxes	**(1,588,234)**	(654,965)
Increase in contract liabilities	**36,853,048**	12,084,220
Increase in trade and other payables	**4,105,086**	12,447,028
Increase in other taxes payable	**3,985,613**	6,445,875
Cash generated from (used in) operations	**3,518,588**	(1,947,224)
Income taxes paid	**(6,622,320)**	(6,228,881)
NET CASH USED IN OPERATING ACTIVITIES	**(3,103,732)**	(8,176,105)

For the year ended 31 December 2020

	NOTES	2020 RMB'000	2019 RMB'000
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(517,232)**	(562,462)
Proceeds from disposal of property, plant and equipment		**50,517**	19,564
Purchase of investment property		**(124,615)**	(78,290)
Proceeds from disposal of investment property		**225,844**	69,734
Investments in associates		**(6,746,402)**	(2,374,638)
Investments in joint ventures		**(1,302,186)**	(2,084,205)
Disinvestment in associates		**17,278**	262,949
Disinvestment in joint ventures		**906,101**	30,000
Dividends received from associates and joint ventures		**847,759**	631,354
Purchase of equity instruments at fair value through other comprehensive income		**(734,591)**	(3,498)
Proceeds from disposal of equity instruments at fair value through other comprehensive income		**130,953**	–
Dividends received from equity instruments at fair value through other comprehensive income		**65,436**	105,179
Consideration paid for acquisition of a subsidiary recognised in prior year		**(96,307)**	(200,000)
Consideration received for disposal of subsidiaries and an associate recognised in prior year		**60,726**	92,000
Acquisition of subsidiaries which constitute business (net of cash and cash equivalents acquired)	37	**(552,692)**	(841,617)
Disposal of subsidiaries (net of cash and cash equivalents disposed of)	38	**(545,369)**	(1,664,085)
Increase in deposit paid for acquisition of an associate		**–**	2,718,000
Acquisition of associates and joint ventures		**(1,459,577)**	(1,195,767)
Proceeds from disposal of interests in associates and joint ventures		**164,593**	6,366
Advance to third parties		**(1,502,197)**	(1,978,620)
Advance to related parties		**(25,221,455)**	(29,527,205)
Repayment from related parties		**22,011,859**	14,106,535
Increase in pledged bank deposits		**(329,078)**	(454,930)
Interest received		**2,764,676**	1,897,451
NET CASH USED IN INVESTING ACTIVITIES		**(11,885,959)**	(21,026,185)

For the year ended 31 December 2020

	2020 RMB'000	2019 RMB'000
FINANCING ACTIVITIES		
Bank and other borrowings raised	**64,438,692**	38,930,123
Repayment of bank and other borrowings	**(32,947,007)**	(24,671,069)
Repayments of leases liabilities	**(120,680)**	(102,079)
Interest paid	**(7,682,193)**	(6,146,852)
Advance from third parties	**–**	4,610,226
Repayment to third parties	**(2,521,788)**	–
Advance from borrowings from related parties	**13,422,226**	15,123,323
Repayment to borrowings from related parties	**(12,756,794)**	(3,023,509)
Contribution by non-controlling shareholders of subsidiaries	**11,561,758**	2,351,724
Dividends paid to owners of the Company	**(748,176)**	(499,312)
Dividends paid to non-controlling interests	**(2,374,078)**	(745,375)
Repayment of non-controlling shareholders capital contribution upon liquidation of subsidiaries	**(133,889)**	(97,456)
Proceeds from issue of perpetual securities	**2,491,877**	10,924,228
Repayment of perpetual securities	**(3,146,085)**	(6,082,347)
Distribution relating to perpetual securities	**(1,420,483)**	(1,135,425)
Proceeds from issue of senior notes	**4,097,173**	4,187,275
Repayment of senior notes	**(7,520,730)**	–
Proceeds from issue of corporate debt instruments	**7,205,656**	2,984,188
Repayment of corporate debt instruments	**(7,927,086)**	(4,000,000)
Proceeds from issue of receipts under securitisation arrangements	**1,990,667**	–
Repayment of receipts under securitisation arrangements	**(1,600,000)**	–
Proceeds from exercise of share options	**1,965**	9,131
Payment on repurchase of shares	**–**	(37,852)
Purchase of additional interests in subsidiaries	**(240,200)**	(240,955)
Proceeds from partial disposal of subsidiaries	**1,191,103**	36,139
Proceeds from issue of shares	**2,807,280**	–
NET CASH FROM FINANCING ACTIVITIES	**28,069,208**	32,374,126
NET INCREASE IN CASH AND CASH EQUIVALENTS	**13,079,517**	3,171,836
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR	**46,567,729**	43,347,301
Effects of exchange rate changes on the balance of cash held in foreign currencies	**(99,894)**	48,592
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	**59,547,352**	46,567,729
REPRESENTED BY BANK BALANCES AND CASH	**59,547,352**	46,567,729

Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

1. General Information

Greentown China Holdings Limited (the "Company") was incorporated in the Cayman Islands on 31 August 2005 as an exempted company with limited liability under the Companies Law (2004 Revision) and its shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") with effect from 13 July 2006. The address of the registered office of the Company is disclosed in the section headed "Corporate Information" of the annual report.

The consolidated financial statements are presented in Renminbi ("RMB"), which is also the functional currency of the Company.

The Company is an investment holding company. The principal activity of its subsidiaries (together with the Company referred to as the "Group") is the development for sale of residential properties in the PRC.

2. Application of New and Amendments to International Financial Reporting Standards ("IFRSs")

Amendments to IFRSs that are mandatorily effective for the current year

The Group has applied the Amendments to References to the Conceptual Framework in IFRS Standards and the following amendments to IFRSs issued by the International Accounting Standards Board ("IASB") for the first time in the current year, which are mandatorily effective for the annual period beginning on or after 1 January 2020 for the preparation of the consolidated financial statements:

Amendments to IAS 1 and IAS 8	Definition of Material
Amendments to IFRS 3	Definition of a Business
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform

The application of the Amendments to References to the Conceptual Framework in IFRS Standards and the amendments to IFRSs in the current year had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2. Application of New and Amendments to International Financial Reporting Standards ("IFRSs") (continued)

New and amendments to IFRSs in issue but not yet effective:

The Group has not early applied the following new and amendments to IFRSs that have been issued but are not yet effective:

IFRS 17	Insurance Contracts and the related Amendments[1]
Amendments to IFRS 16	COVID-19 Related Rent Concessions[4]
Amendments to IFRS 3	Reference to the Conceptual Framework[2]
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform – Phase 2[4]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to IAS 1	Classification of Liabilities as Current or Non-current[1]
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies[1]
Amendments to IAS 8	Definition of Accounting Estimates[1]
Amendments to IAS 16	Property, Plant and Equipment: Proceeds before Intended Use[2]
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract[2]
Amendments to IFRS Standards	Annual Improvements to IFRS Standards 2018-2020[2]

1 Effective for annual periods beginning on or after 1 January 2023.
2 Effective for annual periods beginning on or after 1 January 2022.
3 Effective for annual periods beginning on or after a date to be determined.
4 Effective for annual periods beginning on or after 1 June 2020.
5 Effective for annual periods beginning on or after 1 January 2021.

Except for the amendments to IFRSs mentioned below, the directors of the Company anticipate that the application of all other new and amendments to IFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

2. Application of New and Amendments to International Financial Reporting Standards ("IFRSs") (continued)

New and amendments to IFRSs in issue but not yet effective: (continued)

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2 relate to the modification of financial assets, financial liabilities and lease liabilities, specific hedge accounting requirements and disclosure requirements applying IFRS 7 *Financial Instruments: Disclosures* to accompany the amendments regarding modifications and hedge accounting.

- **Modification of financial assets, financial liabilities and lease liabilities**. A practical expedient is introduced for modifications required by the reform (modifications required as a direct consequence of the interest rate benchmark reform and made on an economically equivalent basis). These modifications are accounted for by updating the effective interest rate. All other modifications are accounted for using the current IFRSs requirements. A similar practical expedient is proposed for lessee accounting applying IFRS 16 *Lease* ("IFRS 16");

- **Hedge accounting requirements**. Under the amendments, hedge accounting is not discontinued solely because of the interest rate benchmark reform. Hedging relationships (and related documentation) are required to be amended to reflect modifications to the hedged item, hedging instrument and hedged risk. Amended hedging relationships should meet all qualifying criteria to apply hedge accounting, including effectiveness requirements; and

- **Disclosures**. The amendments require disclosures in order to allow users to understand the nature and extent of risks arising from the interest rate benchmark reform to which the Group is exposed to and how the entity manages those risks as well as the entity's progress in transitioning from interbank offered rates to alternative benchmark rates, and how the entity is managing this transition.

As at 31 December 2020, the Group has several London Interbank Offered Rate ("LIBOR")/Hong Kong Interbank Offered Rate ("HIBOR") bank loans which may be subject to interest rate benchmark reform. The Group expects no significant gains or losses should the interest rate benchmark for these loans change resulting from the reform on application of the amendments.

3. Basis of Preparation of Consolidated Financial Statements and Significant Accounting Policies

3.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with IFRSs. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") and by the Hong Kong Companies Ordinance ("CO").

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments and investment properties which are measured at fair values, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

3. Basis of Preparation of Consolidated Financial Statements and Significant Accounting Policies (continued)

3.1 Basis of preparation of consolidated financial statements (continued)

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 *Share-based Payment*, leasing transactions that are within the scope of IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 *Inventories* or value in use in IAS 36 *Impairment of Assets*.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial instruments and investment properties which are transacted at fair value and a valuation technique that unobservable inputs is to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equals the transaction price.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

3. Basis of Preparation of Consolidated Financial Statements and Significant Accounting Policies (continued)

3.2 Significant accounting policies

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

3. Basis of Preparation of Consolidated Financial Statements and Significant Accounting Policies (continued)

3.2 Significant accounting policies (continued)

Basis of consolidation (continued)

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 Financial Instruments ("IFRS 9") or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

3. Basis of Preparation of Consolidated Financial Statements and Significant Accounting Policies (continued)

3.2 Significant accounting policies (continued)

Business combinations or asset acquisitions

Asset acquisitions

When the Group acquires a group of assets and liabilities that do not constitute a business, the Group identifies and recognises the individual identifiable assets acquired and liabilities assumed by allocating the purchase price first to investment properties which are subsequently measured under fair value model and financial assets/financial liabilities at the respective fair values, the remaining balance of the purchase price is then allocated to the other identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction does not give rise to goodwill or bargain purchase gain.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

Except for certain recognition exemptions, the identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the International Accounting Standards Committee's Framework for the Preparation and Presentation of Financial Statements (replaced by the Conceptual Framework for Financial Reporting issued in September 2010).

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits* respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 *Share-based Payment* at the acquisition date (see the accounting policy below);

- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard; and

- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in IFRS 16) as if the acquired leases were new leases at the acquisition date, except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

3. Basis of Preparation of Consolidated Financial Statements and Significant Accounting Policies (continued)

3.2 Significant accounting policies (continued)

Business combinations or asset acquisitions (continued)

Business combinations (continued)

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognised in profit or loss or other comprehensive income, as appropriate. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income and measured under IFRS 9 would be accounted for on the same basis as would be required if the Group had disposed directly of the previously held equity interest.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted retrospectively during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or group of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

3. Basis of Preparation of Consolidated Financial Statements and Significant Accounting Policies (continued)

3.2 Significant accounting policies (continued)

Goodwill (continued)

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets of the unit (or group of cash-generating units) on a pro-rata basis based on the carrying amount of each asset in the unit (or group of cash-generating units).

On disposal of the relevant cash-generating unit or any of the cash-generating unit within the group of cash-generating units, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the cash-generating unit (or a cash-generating unit within a group of cash-generating units), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the cash-generating unit) disposed of and the portion of the cash-generating unit (or group of cash-generating units) retained.

The Group's policy for goodwill arising on the acquisition of an associate and a joint venture is described below.

Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates and joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates and joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. Changes in net assets of the associate or joint venture other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate or joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

3. Basis of Preparation of Consolidated Financial Statements and Significant Accounting Policies (continued)

3.2 Significant accounting policies (continued)

Investments in associates and joint ventures (continued)

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Group assesses whether there is an objective evidence that the interest in an associate or a joint venture may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset within the scope of IFRS 9, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate or joint venture and the fair value of any retained interest and any proceeds from disposing of the relevant interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal or partial disposal of the relevant associate or joint venture.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

3. Basis of Preparation of Consolidated Financial Statements and Significant Accounting Policies (continued)

3.2 Significant accounting policies (continued)

Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in the relevant subsidiary after the sale.

When the Group is committed to a sale plan involving disposal of an investment, or a portion of an investment, in an associate or joint venture, the investment or the portion of the investment that will be disposed of is classified as held for sale when the criteria described above are met, and the Group discontinues the use of the equity method in relation to the portion that is classified as held for sale from the time when the investment (or a portion of the investment) is classified as held for sale.

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell, except for financial assets within the scope of IFRS 9 and investment properties which continue to be measured in accordance with the accounting policies as set out in respective sections.

Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

3. Basis of Preparation of Consolidated Financial Statements and Significant Accounting Policies (continued)

3.2 Significant accounting policies (continued)

Revenue from contracts with customers (continued)

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with IFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation

Input method

The progress towards complete satisfaction of a performance obligation is measured based on input method, which is to recognise revenue on the basis of the Group's efforts or inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation, that best depict the Group's performance in transferring control of goods or services.

Variable consideration

For project management contracts that contain variable consideration based on the future pre-sales amount of the project (such as commission and share of profit for management service contracts), the Group estimates the amount of consideration to which it will be entitled using either (a) the expected value method or (b) the most likely amount, depending on which method better predicts the amount of consideration to which the Group will be entitled.

The estimated amount of variable consideration is included in the transaction price only to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future when the uncertainty associated with the variable consideration is subsequently resolved.

At the end of each reporting period, the Group updates the estimated transaction price (including updating its assessment of whether an estimate of variable consideration is constrained) to represent faithfully the circumstances present at the end of the reporting period and the changes in circumstances during the reporting period.

3. Basis of Preparation of Consolidated Financial Statements and Significant Accounting Policies (continued)

3.2 Significant accounting policies (continued)

Revenue from contracts with customers (continued)

Existence of significant financing component

In determining the transaction price, the Group adjusts the promised amount of consideration for the effects of the time value of money if the timing of payments agreed (either explicitly or implicitly) provides the customer or the Group with a significant benefit of financing the transfer of goods or services to the customer. In those circumstances, the contract contains a significant financing component. A significant financing component may exist regardless of whether the promise of financing is explicitly stated in the contract or implied by the payment terms agreed to by the parties to the contract.

For contracts where the period between payment and transfer of the associated goods or services is less than one year, the Group applies the practical expedient of not adjusting the transaction price for any significant financing component.

For advance payments received from customers before the transfer of the associated goods or services in which the Group adjusts for the promised amount of consideration for a significant financing component, the Group applies a discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. The relevant interest expenses during the period between the advance payments were received and the transfer of the associated goods and services are accounted for on the same basis as other borrowing costs.

For contracts where the Group transferred the associated goods or services before payments from customers in which the Group adjusts for the promised amount of consideration for significant financing components, the Group applies a discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. The Group recognises interest income during the period between the payment from customers and the transfer of the associated goods or services.

Contract costs

Incremental costs of obtaining a contract

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained.

The Group recognises sales commissions for property sales as an asset if it expects to recover these costs. The asset so recognised is subsequently amortised to selling expenses on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the assets relate.

3. Basis of Preparation of Consolidated Financial Statements and Significant Accounting Policies (continued)

3.2 Significant accounting policies (continued)

Leases

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the consolidated financial statements would not differ materially from individual leases within the portfolio.

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

3. Basis of Preparation of Consolidated Financial Statements and Significant Accounting Policies (continued)

3.2 Significant accounting policies (continued)

Leases (continued)

The Group as a lessee (continued)

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Except for those that are classified as investment properties and measured under fair value model, right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets that do not meet the definition of investment property or inventory as a separate line item on the consolidated statement of financial position. The right-of-use assets that meet the definition of investment property and inventory are presented within “investment properties” and “properties for development”/“properties under development”/”completed properties for sale” respectively.

Refundable rental deposits

Refundable rental deposits paid are accounted under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

3. Basis of Preparation of Consolidated Financial Statements and Significant Accounting Policies (continued)

3.2 Significant accounting policies (continued)

Leases (continued)

The Group as a lessee (continued)

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be paid under residual value guarantees;
- the exercise price of a purchase option reasonably certain to be exercised by the Group; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that reflect changes in market rental rates are initially measured using the market rental rates as at the commencement date. Variable lease payments that do not depend on an index or a rate are not included in the measurement of lease liabilities and right-of-use assets, and are recognised as expense in the period on which the event or condition that triggers the payment occurs.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

3. Basis of Preparation of Consolidated Financial Statements and Significant Accounting Policies (continued)

3.2 Significant accounting policies (continued)

Leases (continued)

The Group as a lessee (continued)

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability, less any lease incentives receivable, based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset.

The Group as a lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognised as an expense on a straight-line basis over the lease term except for investment properties measured under fair value model.

Allocation of consideration to components of a contract

When a contract includes both leases and non-lease components, the Group applies IFRS 15 *Revenue from Contracts with Customers* ("IFRS 15") to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone selling prices.

3. Basis of Preparation of Consolidated Financial Statements and Significant Accounting Policies (continued)

3.2 Significant accounting policies (continued)

Leases (continued)

The Group as a lessor (continued)

Refundable rental deposits

Refundable rental deposits received are accounted under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

Lease modification

The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. For properties under development for which revenue is recognised over time, the Group ceases to capitalise borrowing costs as soon as the properties are ready for the Group's intended sale.

Any specific borrowing that remain outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalisation rate on general borrowings. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the year in which they are incurred.

3. Basis of Preparation of Consolidated Financial Statements and Significant Accounting Policies (continued)

3.2 Significant accounting policies (continued)

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are presented under "other income".

Retirement benefit costs

The Group participates in state-managed retirement benefit schemes, which are defined contribution schemes, pursuant to which the Group pays a fixed percentage of its qualifying staff's wages as contributions to the plans. Payments to such retirement benefit schemes are charged as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another IFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees in respect of wages and salaries and annual leave in the period the related service is rendered at the undiscounted amount of the amount of benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "profit before taxation" as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income and expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

3. Basis of Preparation of Consolidated Financial Statements and Significant Accounting Policies (continued)

3.2 Significant accounting policies (continued)

Taxation (continued)

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax liabilities or deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

3. Basis of Preparation of Consolidated Financial Statements and Significant Accounting Policies (continued)

3.2 Significant accounting policies (continued)

Taxation (continued)

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 *Income Taxes* requirements to the leasing transaction as a whole. Temporary differences relating to right-of-use assets and lease liabilities are assessed on a net basis. Excess of depreciation on right-of-use assets over the lease payments for the principal portion of lease liabilities resulting in net deductible temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax is also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Property, plant and equipment

Property, plant and equipment, are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes. Property, plant and equipment are stated in the consolidated statement of financial position at cost less accumulated depreciation and accumulated impairment losses, if any.

Property, plant and equipment in the course of construction for production, supply or administrative purposes are carried at cost less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as "right-of-use assets" in the consolidated statement of financial position except for those that are classified and accounted for as investment properties under the fair value model. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment other than construction in progress less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

3. Basis of Preparation of Consolidated Financial Statements and Significant Accounting Policies (continued)

3.2 Significant accounting policies (continued)

Property, plant and equipment (continued)

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties include land held for undetermined future use, which is regarded as held for capital appreciation purpose.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values, adjusted to exclude any prepaid or accrued operating lease income.

Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

Construction costs incurred for investment properties under construction are capitalised as part of the carrying amount of the investment properties under construction.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use or no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year in which the item is derecognised.

Impairment on property, plant and equipment, right-of-use assets and contract costs other than goodwill

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and contract costs to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

The recoverable amount of property, plant and equipment and right-of-use assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

3. Basis of Preparation of Consolidated Financial Statements and Significant Accounting Policies (continued)

3.2 Significant accounting policies (continued)

Impairment on property, plant and equipment, right-of-use assets and contract costs other than goodwill (continued)

Before the Group recognises an impairment loss for assets capitalised as contract costs under IFRS 15, the Group assesses and recognises any impairment loss on other assets related to the relevant contracts in accordance with applicable standards. Then, impairment loss, if any, for assets capitalised as contract costs is recognised to the extent the carrying amounts exceeds the remaining amount of consideration that the Group expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services that have not been recognised as expenses. The assets capitalised as contract costs are then included in the carrying amount of the cash-generating unit to which they belong for the purpose of evaluating impairment of that cash-generating unit.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised as gain immediately.

3. Basis of Preparation of Consolidated Financial Statements and Significant Accounting Policies (continued)

3.2 Significant accounting policies (continued)

Properties for/under development/completed properties for sale

Properties for/under development which are intended to be sold upon completion of development and completed properties for sale are classified as current assets. Except for the leasehold land element which is measured at cost model in accordance with the accounting policies of right-of-use assets, properties for/under development/completed properties for sale are carried at the lower of cost and net realisable value. Cost is determined on a specific identification basis including allocation of the related development expenditure incurred and where appropriate, borrowing costs capitalised. Net realisable value for properties for/under development is determined by reference to estimated selling price in the ordinary course of business less estimated cost to completion and the estimated costs necessary to make the sales. Net realisable value for completed properties for sale is determined by reference to estimated selling price in the ordinary course of business less estimated costs necessary to make the sales.

Properties for development are transferred to properties under development upon commencement of development. Properties under development are transferred to completed properties for sale upon completion of development.

The Group transfers a property from properties under development/completed properties for sale to investment property when there is a change in use to hold the property to earn rentals or/and for capital appreciation rather than for sale in the ordinary course of business, which is evidenced by the inception of an operating lease to another party. Any difference between the fair value of the property at the date of transfer and its previous carrying amount is recognised in profit or loss.

Inventories

Inventories other than properties for development, properties under development and completed properties for sale are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

3. Basis of Preparation of Consolidated Financial Statements and Significant Accounting Policies (continued)

3.2 Significant accounting policies (continued)

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

3. Basis of Preparation of Consolidated Financial Statements and Significant Accounting Policies (continued)

3.2 Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets (continued)

All other financial assets are subsequently measured at financial assets at FVTPL, except that at initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 *Business Combinations* applies.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that is required to be measured at the amortised cost or FVTPL as measured at FVTOCI if doing so eliminates or significantly reduces an accounting mismatch.

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

(ii) Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investments revaluation reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to retained earnings.

Dividends from these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "other income" line item in profit or loss.

3. Basis of Preparation of Consolidated Financial Statements and Significant Accounting Policies (continued)

3.2 Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets and other items subject to impairment assessment under IFRS 9

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including trade receivables, other receivables, deposits, amounts due from related parties, pledged bank deposits, bank balances), contract assets and financial guarantee contracts which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables and contract assets. The ECL on these assets are assessed individually for debtors with significant balances and/or collectively using a provision matrix with appropriate groupings.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

3. Basis of Preparation of Consolidated Financial Statements and Significant Accounting Policies (continued)

3.2 Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets and other items subject to impairment assessment under IFRS 9 (continued)

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the aforegoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if i) it has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers pledged bank deposits and bank balances to have low credit risk because the counterparties are banks with high credit ratings assigned by international credit-rating agencies or with a good reputation.

3. Basis of Preparation of Consolidated Financial Statements and Significant Accounting Policies (continued)

3.2 Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets and other items subject to impairment assessment under IFRS 9 (continued)

(i) Significant increase in credit risk (continued)

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganization.

3. Basis of Preparation of Consolidated Financial Statements and Significant Accounting Policies (continued)

3.2 Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets and other items subject to impairment assessment under IFRS 9 (continued)

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on trade receivables using a provision matrix taking into consideration historical credit loss experience and forward looking information that is available without undue cost or effort.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

For a financial guarantee contract, the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed. Accordingly, the ECL is the present value of the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

Lifetime ECL for trade receivables/contract assets are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.

3. Basis of Preparation of Consolidated Financial Statements and Significant Accounting Policies (continued)

3.2 Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets and other items subject to impairment assessment under IFRS 9 (continued)

(v) Measurement and recognition of ECL (continued)

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

Except for financial guarantee contracts, the Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables and contract assets where the corresponding adjustment is recognised through a loss allowance account.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

3. Basis of Preparation of Consolidated Financial Statements and Significant Accounting Policies (continued)

3.2 Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Derecognition of financial assets (continued)

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

Financial liabilities at amortised cost

Financial liabilities at amortised cost including bank and other borrowings, trade and other payables, amounts due to related parties, liability portion of senior notes, corporate debt instruments and receipts under securitisation arrangements are subsequently measured at amortised cost, using the effective interest method.

3. Basis of Preparation of Consolidated Financial Statements and Significant Accounting Policies (continued)

3.2 Significant accounting policies (continued)

Financial instruments (continued)

Financial liabilities and equity (continued)

Senior notes

Senior notes issued by the Company that contain both liability and early redemption option (which is not closely related to the host contract) are classified separately into respective items on initial recognition. At the date of issue, both the liability and early redemption option components are recognised at fair value.

In subsequent periods, the liability component of the senior notes is carried at amortised cost using the effective interest method. The early redemption option is measured at fair value with changes in fair value recognised in profit or loss.

Transaction costs that relate to the issue of the senior notes are allocated to the liability and early redemption option components in proportion to their relative fair values. Transaction costs relating to the early redemption option are charged to profit or loss immediately. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the senior notes using the effective interest method.

Corporate bonds

Corporate bonds issued by a subsidiary of the Group that contain both liability and written put option (which is closely related to the host contract) are not separated from host contract and embedded derivatives on initial recognition. At the date of issue, the corporate bonds are recognised at fair value.

In subsequent periods, the corporate bonds are carried at amortised cost using the effective interest method.

Transaction costs that relate to the issue of the corporate bonds are included in the carrying amount of the corporate bonds and amortised over the period of the corporate bonds using the effective interest method.

Receipts under securitisation arrangements

Receipts under securitisation arrangements are recognised initially at fair value, net of transaction costs incurred and are subsequently stated at amortised cost.

Transaction costs are included in the carrying amount of the receipts under assets backed securitization and amortised over the period of the arrangements using the effective interest method.

3. Basis of Preparation of Consolidated Financial Statements and Significant Accounting Policies (continued)

3.2 Significant accounting policies (continued)

Financial instruments (continued)

Financial liabilities and equity (continued)

Perpetual Securities

Perpetual Securities issued by the Group, which includes no contractual obligation for the Group to deliver cash or other financial assets or the Group has the sole discretion to defer payment of distribution and redemption of principal amount indefinitely are classified as equity instruments and are initially recorded at the proceeds received, net of direct issue costs.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument. Financial guarantee contract liabilities are measured initially at their fair values. It is subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with IFRS 9; and
- the amount initially recognised less, where appropriate, cumulative amortisation recognised over the guarantee period.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss.

3. Basis of Preparation of Consolidated Financial Statements and Significant Accounting Policies (continued)

3.2 Significant accounting policies (continued)

Share-based payment transactions

Equity-settled share-based payment transactions

Shares/share options granted to employees

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share-based payments reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payments reserve. For shares/share options that vest immediately at the date of grant, the fair value of the shares/share options granted is expensed immediately to profit or loss.

At the time when the shares/share options are exercised, the amount previously recognised in share-based payments reserve will be transferred to share premium. When the shares/share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share-based payments reserve will continue to be held in share-based payments reserve.

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

Critical judgements in applying accounting policies

The critical judgements, apart from those involving estimations (see below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements are disclosed below.

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty (continued)

Critical judgements in applying accounting policies (continued)

Timing of revenue recognition

Revenue from property sales is recognised over time when the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date; otherwise, revenue is recognised at a point in time when the customer obtains control of the completed property. The Group may not change or substitute the property unit or redirect the property unit for another use due to the contractual restrictions with the customer and thus the property unit does not have an alternative use to the Group. However, whether there is an enforceable right to payment depends on the terms of sales contract and the interpretation of the applicable laws that apply to the contract. Such determination requires significant judgments. The Group has obtained legal counsel opinion regarding the enforceability of the right to payment for sales contracts. Management uses judgments, based on legal counsel opinion, to classify sales contracts into those with right to payment and those without the right.

The Group recognises property sales revenue over time by reference to the progress towards complete satisfaction of the performance obligation at the reporting date. The progress is measured based on the Group's inputs to the satisfaction of the performance obligation, by reference to the contract costs incurred up to the end of reporting period as a percentage of total estimated costs for each property unit in the contract. The Group calculated the cost allocation based on phases of the projects and saleable floor areas. Significant judgments and estimations are required in determining the completeness of the estimated total costs and the accuracy of progress towards complete satisfaction of the performance obligation at the reporting date. The Group has a standard cost budgeting and estimate completion process in which management reviews the development progress and execution of the performance obligations. As part of this process, management reviews information including but not limited to, the cost occurred and accrued to achieve the schedule. Changes in cost estimates in future periods can have effect on the Group's revenue recognised. In making the above estimations, the Group relies on past experience and work of contractors and, if appropriate, surveyors. The Group recognised property sales revenue over time and a point in time amounted to RMB14,450,510,000 and RMB42,883,880,000 respectively for the year ended 31 December 2020 (for the year ended 31 December 2019: RMB15,602,151,000 and RMB38,830,713,000 respectively).

Deferred taxation on investment properties

For the purposes of measuring deferred tax liabilities or deferred tax assets arising from investment properties that are measured using the fair value model, the directors have reviewed the Group's investment property portfolio and concluded that the Group's investment properties are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, in measuring the Group's deferred taxation on investment properties, the directors have determined that the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is not rebutted. As a result, the Group has recognised deferred taxes of both enterprise income tax and land appreciation tax on changes in fair value of investment properties.

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty (continued)

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed below.

Net realisable value for properties under development and completed properties for sale

Properties under development and completed properties remaining unsold at the end of each reporting period are stated at the lower of cost and net realisable value.

Net realisable value for properties under development is determined by reference to estimated selling price in the ordinary course of business less estimated costs to completion and the estimated costs necessary to make the sales. Net realisable value for completed properties for sale is determined by reference to estimated selling price in the ordinary course of business less the estimated costs necessary to make the sales. During the course of their assessment, the management will also make reference to property valuations conducted by independent qualified professional valuers based on comparable market prices. The management are required to revise these estimates if there is a change in market condition or demand. If actual market conditions are less favourable than those projected by management, additional adjustments to the value of properties for development, properties under development and completed properties for sale may be required. As at 31 December 2020, the carrying amounts of properties for development, properties under development and completed properties for sale are RMB20,257,965,000 (2019: RMB30,907,247,000), RMB194,209,030,000 (2019: RMB136,615,966,000) and RMB18,341,794,000 (2019: RMB12,167,498,000) respectively (net of accumulated provision of RMB56,454,000 (2019: RMB56,454,000), RMB401,092,000 (2019: RMB184,805,000) and RMB460,983,000 (2019: RMB671,735,000) respectively).

Fair value of investment properties

Investment properties are stated at fair value based on the valuation performed by independent professional valuers. The determination of the fair value involves certain assumptions of market conditions which are set out in note 18.

In relying on the valuation report, the directors of the Company have exercised their judgement and are satisfied that the method of valuation is reflective of the current market conditions. Changes to these assumptions, including the potential risk of any market violation, policy, geopolitical and social changes or other unexpected incidents as a result of change in macroeconomic environment, policy direction and/or mortgage requirements, or other unexpected incidents would result in changes in the fair values of the Group's investment properties and the corresponding adjustments to the amount of gain or loss reported in the consolidated statement of profit or loss and other comprehensive income.

The directors of the Company have performed internal assessment on the risks of change in macroeconomic environment through performing sensitivity analysis in relation to the Group's investment properties.

As at 31 December 2020, the carrying amount of the Group's investment properties is RMB4,364,620,000 (2019: RMB4,032,818,000).

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty (continued)

Key sources of estimation uncertainty (continued)

Land Appreciation Tax

The provision for Land Appreciation Tax ("LAT") amounting to RMB8,408,340,000 (2019: RMB7,819,209,000) (included in income taxes payable) is estimated and made according to the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon completion of the property development projects and the tax authorities might disagree with the basis on which the provision for LAT is calculated. Accordingly, significant judgment is required in determining the amount of land appreciation and its related income tax provisions. The Group recognises land appreciation tax based on management's best estimates. The final tax outcome could be different from the amounts that were initially recorded, and these differences will impact the income tax expense and the related income tax provisions in the periods in which such tax is finalised with the local tax authorities.

ECL allowance

The Group recognises a loss allowance for ECL on financial assets,including trade receivables, other receivables, amounts due from related parties, pledged bank deposits, bank balances, contract assets and financial guarantee contracts, which are subject to impairment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition. Significant judgements and estimations are required in determining the impairment assessment including the judgements on grouping basis for the provision matrix and the estimations on the expected loss rates used to calculate the ECL allowance. As at 31 December 2020, the carrying amount of trade receivables, contract assets, and other receivables and amounts due from related parties are RMB1,210,644,000, RMB3,124,518,000 and RMB51,731,740,000 respectively (2019: RMB1,065,646,000, RMB2,815,007,000 and RMB53,299,898,000 respectively) (net of accumulated ECL impairment loss of RMB94,460,000, RMB51,647,000 and RMB3,398,344,000 respectively (2019: RMB75,566,000, RMB17,316,000 and RMB3,395,847,000 respectively)). Details of the determination of ECL allowance are set out in note 46(b).

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated, which is the higher of the value in use or fair value less costs of disposal. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit (or a group of cash-generating units) and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, or change in facts and circumstances which results in downward revision of future cash flows or upward revision of discount rate, a material impairment loss or further impairment loss may arise. The carrying amount of goodwill at 31 December 2020 was RMB769,241,000 (2019: RMB769,241,000) (net of accumulated impairment loss of RMB nil (2019: RMB nil)). Details of the impairment loss calculation are set out in note 19.

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty (continued)

Key sources of estimation uncertainty (continued)

Coupon rate of the corporate bonds

The corporate bonds amounting to RMB14,196,830,000 (2019: RMB13,463,506,000) contain coupon rate adjustment right that allow the issuer of the corporate bonds to adjust the coupon rates of the remaining outstanding bonds under certain terms and conditions. The corporate bonds also contain written put options granting the investors of the corporate bonds right to sell back the bonds that will be triggered with the exercise of the Coupon Rate Adjustment Right as defined in note 33. As at the reporting date of the consolidated financial statements, the Group had no plan nor intention to exercise the Coupon Rate Adjustment Right of the corporate bonds, therefore the effective interest rate charged for the year on the corporate bonds was calculated according to the effective interest rates and maturity dates of the corporate bonds. If the Group decided to exercise the Coupon Rate Adjustment Right of the corporate bonds, the effective interest rate would be different because the coupon rates of any remaining outstanding corporate bonds would be adjusted and the corporate bonds would become immediately repayable. Details of the corporate bonds are set out in note 33.

5. Revenue and Segment Information

(i) Disaggregation of revenue from contracts with customers

	For the year ended 31 December 2020						
	Property sales RMB'000	Hotel operations RMB'000	Project management RMB'000	Design and decoration RMB'000	Sales of construction materials RMB'000	Other business RMB'000	Total RMB'000
Recognised at a point in time	**42,883,880**	**–**	**–**	**–**	**291,914**	**–**	**43,175,794**
Recognised over time	**14,450,510**	**719,539**	**1,622,299**	**3,035,699**	**–**	**2,616,953**	**22,445,000**
Revenue from contracts with customers	**57,334,390**	**719,539**	**1,622,299**	**3,035,699**	**291,914**	**2,616,953**	**65,620,794**

	For the year ended 31 December 2019						
	Property sales RMB'000	Hotel operations RMB'000	Project management RMB'000	Design and decoration RMB'000	Sales of construction materials RMB'000	Other business RMB'000	Total RMB'000
Recognised at a point in time	38,830,713	–	–	–	106,511	–	38,937,224
Recognised over time	15,602,151	878,271	1,828,968	2,815,922	–	1,366,003	22,491,315
Revenue from contracts with customers	54,432,864	878,271	1,828,968	2,815,922	106,511	1,366,003	61,428,539

5. Revenue and Segment Information (continued)

(ii) Performance obligations for contracts with customers

Property sales

Revenue from property sales is recognised at a point in time in the ordinary course of business when the customers obtain control of the completed properties (ie. when the respective properties have been completed and delivered to the customers) except for revenue from certain properties which have no alternative use to the Group due to contractual reasons and the Group has an enforceable right to payment from the customer for performance completed to date is recognised over time in accordance with the input method for measuring progress.

The Group receives 20%-80% of the contract value as deposits from customers when they sign the sale and purchase agreement. However, depending on market conditions, the Group may offer customers a discount compared to the listed sales price, provided that the customers agree to pay the balance of the consideration early while construction is still ongoing. Such advance payment result in contract liabilities being recognised until the corresponding revenue is recognised.

The Group considers certain advance payment contain significant financing component and accordingly the amount of consideration is adjusted for the effects of the time value of money taking into consideration the credit characteristics of the Group. As this accrual increases the amount of the contract liability during the period of construction, it increases the amount of revenue recognised.

Design and decoration service and project management service

Revenue from design and decoration service and project management service is recognised over time on input method based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs.

The design and decoration service and project management service fees are invoiced to the clients periodically on an agreed-upon payment schedule and/or milestone between the customers and the Group. The Group recognised a contract asset over the period in which the design and decoration service and project management service are performed representing the Group's right to consideration for the services performed because the rights are conditional on the Group's future performance in achieving specified milestones. Contract asset is transferred to trade receivables at the point at which the rights become unconditional. Payments received before the related service is performed are included in the consolidated statement of financial position as contract liabilities.

For project management contracts that contain variable consideration based on the future pre-sales amount of the project, the Group estimates the amount of consideration to which it will be entitled using either (a) the expected value method or (b) the most likely amount, depending on which method better predicts the amount of consideration to which the Group will be entitled.

The Group does not consider the advance payments pertain to design and decoration service and project management service to have contained significant financing component.

5. Revenue and Segment Information (continued)

(ii) Performance obligations for contracts with customers (continued)

Hotel operations

The Group's performance obligation from hotel operations is mainly to provide accommodation services to guests. Revenue from accommodation service is recognised over time during the period when the rooms for accommodates are occupied.

Sales of construction materials

Revenue from sales of construction materials is recognised when control of the goods has transferred to the customer, being at the point the goods are delivered to the customer. Payment of the transaction price is due immediately at the point the customer accept the materials.

(iii) Transaction price allocated to the remaining performance obligation for contracts with customers

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2020 and the expected timing of recognising revenue are as follows:

	Property sales RMB'000	**Project management service RMB'000**
Within one year	**62,131,584**	**2,087,226**
More than one year	**79,737,573**	**6,977,127**
	141,869,157	**9,064,353**

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2019 and the expected timing of recognising revenue are as follows:

	Property sales RMB'000	Project management service RMB'000
Within one year	43,790,957	1,696,330
More than one year	50,066,347	9,826,758
	93,857,304	11,523,088

These amounts disclosed above do not include transaction price allocated to performance obligations which have been satisfied but not yet recognised due to variable consideration constraint.

All design and decoration service, hotel operations and sales of construction materials are for periods of one year or less. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

5. Revenue and Segment Information (continued)

(iv) Segment information

The chief operating decision-maker of the Group has been identified as the executive directors and certain senior management (collectively referred to as the "CODM"). Operating segments are determined based on the Group's internal reports which are submitted to the CODM for performance assessment and resources allocation. This is also the basis upon which the Group is organised and managed.

The Group's consolidated revenue and results are attributable to the market in the PRC (country of domicile) and almost all of the Group's consolidated non-current assets are located in the PRC.

The Group's reportable segments under IFRS 8 are as follows:

1 Property development

2 Hotel operations

3 Property investment

4 Project management

For the property development reportable segment, the CODM reviews the financial information of each property development project, hence each property development project constitutes a separate operating segment. However, the property development projects possess similar economic characteristics, and are with similar development and selling activities as well as similar customer bases. Therefore, all property development projects are aggregated into one reportable segment for segment reporting purposes.

For the hotel operations reportable segment, the CODM reviews the financial information of each hotel, hence each hotel constitutes a separate operating segment. However, the hotels possess similar economic characteristics, and are with similar development and selling activities as well as similar customer bases. Therefore, all hotels are aggregated into one reportable segment for segment reporting purposes.

For the property investment reportable segment, the CODM reviews the financial information of each investment property, hence each investment property constitutes a separate operating segment. However, the investment properties possess similar economic characteristics, and are with similar development and selling activities as well as similar customer bases. Therefore, all investment properties are aggregated into one reportable segment for segment reporting purposes.

5. Revenue and Segment Information (continued)

(iv) Segment information (continued)

For the project management reportable segment, the CODM reviews the financial information of each project management project, hence each project management project constitutes a separate operating segment. However, the project management projects possess similar economic characteristics, and are with similar development and selling activities as well as similar customer bases. Therefore, all project management projects are aggregated into one reportable segment for segment reporting purposes.

Other operating segments include sales of construction materials, design and decoration and other business. None of these segments meet the quantitative thresholds for the reportable segments in both current and prior year. Accordingly, these are grouped in "Others".

The CODM assesses the performance of the operating segments based on the post-tax profit of the group entities engaged in the respective segment activities, which includes share of results of joint ventures and associates and related finance costs, but excludes certain administrative expenses, other income, finance costs and taxation. Financial information provided to the CODM is measured in a manner consistent with the accounting policies adopted in the preparation of the consolidated financial statements as described in note 3.

Sales between segments are carried out on terms agreed between the counterparties.

No customers account for 10% or more of the Group's revenue.

5. Revenue and Segment Information (continued)

(iv) Segment information (continued)

An analysis of the Group's revenue and results by segment is as follows:

	Property development RMB'000	Hotel operations RMB'000	Property investment RMB'000	Project management RMB'000	Others RMB'000	Segment total RMB'000	Eliminations RMB'000	Total RMB'000
For the year ended 31 December 2020								
Revenue from contracts with customers	**57,334,390**	**719,539**	**–**	**1,622,299**	**5,944,566**	**65,620,794**	**–**	**65,620,794**
Rental income	**–**	**–**	**161,737**	**–**	**–**	**161,737**	**–**	**161,737**
Total external segment revenue	**57,334,390**	**719,539**	**161,737**	**1,622,299**	**5,944,566**	**65,782,531**	**–**	**65,782,531**
Inter-segment revenue	**–**	**177**	**19,113**	**276,293**	**2,048,914**	**2,344,497**	**(2,344,497)**	**–**
Total	**57,334,390**	**719,716**	**180,850**	**1,898,592**	**7,993,480**	**68,127,028**	**(2,344,497)**	**65,782,531**
Segment results	**5,774,069**	**(5,002)**	**78,528**	**424,586**	**(294,202)**	**5,977,979**	**–**	**5,977,979**
Unallocated administrative expenses								**(124,868)**
Unallocated other income								**15,602**
Unallocated finance costs								**(10,786)**
Unallocated taxation								**(95,046)**
Profit for the year								**5,762,881**

	Property development RMB'000	Hotel operations RMB'000	Property investment RMB'000	Project management RMB'000	Others RMB'000	Segment total RMB'000	Eliminations RMB'000	Total RMB'000
For the year ended 31 December 2019								
Revenue from contracts with customers	54,432,864	878,271	–	1,828,968	4,288,436	61,428,539	–	61,428,539
Rental income	–	–	164,400	–	–	164,400	–	164,400
Total external segment revenue	54,432,864	878,271	164,400	1,828,968	4,288,436	61,592,939	–	61,592,939
Inter-segment revenue	–	1,090	–	240,707	1,588,297	1,830,094	(1,830,094)	–
Total	54,432,864	879,361	164,400	2,069,675	5,876,733	63,423,033	(1,830,094)	61,592,939
Segment results	3,697,880	40,205	100,223	381,124	12,057	4,231,489	(1,090)	4,230,399
Unallocated administrative expenses								(172,241)
Unallocated other income								3,052
Unallocated finance costs								(10,493)
Unallocated taxation								(115,295)
Profit for the year								3,935,422

5. Revenue and Segment Information (continued)

(iv) Segment information (continued)

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by segment:

Segment assets

	2020 RMB'000	2019 RMB'000
Property development	**385,459,880**	311,117,245
Hotel operations	**8,446,500**	8,922,880
Property investment	**4,569,662**	4,183,051
Project management	**4,035,788**	3,164,715
Others	**9,455,708**	8,225,251
Total segment assets	**411,967,538**	335,613,142
Unallocated	**2,314,310**	1,478,976
Consolidated assets	**414,281,848**	337,092,118

Segment liabilities

	2020 RMB'000	2019 RMB'000
Property development	**317,806,924**	257,604,573
Hotel operations	**303,749**	251,621
Property investment	**1,218,853**	1,077,581
Project management	**1,409,596**	1,355,663
Others	**7,801,977**	6,733,581
Total segment liabilities	**328,541,099**	267,023,019
Unallocated	**1,150,676**	913,627
Consolidated liabilities	**329,691,775**	267,936,646

For the purposes of monitoring segment performances and allocating resources among segments:

- all assets are allocated to operating segments other than certain bank balances and cash, pledge bank deposits, property, plant and equipment, equity instruments at FVTOCI, trade and other receivables, deposits and prepayments, prepaid income taxes, prepaid other taxes and amounts due from related parties pertaining to non-operating group entities.

- all liabilities are allocated to operating segments other than certain trade and other payables, amounts due to related parties, income taxes payable, other taxes payable and deferred tax liabilities pertaining to non-operating group entities.

5. Revenue and Segment Information (continued)

(iv) Segment information (continued)

Other segment information
For the year ended 31 December 2020

	Property development RMB'000	Hotel operations RMB'000	Property investment RMB'000	Project Management RMB'000	Others RMB'000	Segment total RMB'000	Unallocated RMB'000	Total RMB'000
Amounts included in the measure of segment profit or loss or segment assets:								
Addition to non current assets (note)	7,371,465	110,234	115,058	33,053	139,902	7,769,712	18,753	7,788,465
Interests in associates	17,974,733	–	–	67,042	587,613	18,629,388	–	18,629,388
Interests in joint ventures	5,646,366	–	–	93,742	–	5,740,108	–	5,740,108
Impairment loss on financial assets, net of reversal	531,076	(713)	–	1,378	32,591	564,332	(2,815)	561,517
Impairment loss on non-financial assets, net of reversal	253,759	214,330	–	–	304,748	772,837	–	772,837
Loss from changes in fair value of investment properties	–	–	11,687	2,952	–	14,639	–	14,639
Net gain on disposal of subsidiaries	(4,720)	(151,622)	–	(18,560)	–	(174,902)	–	(174,902)
Gain on acquisition of associates and joint ventures at discount	324,434	–	–	–	–	324,434	–	324,434
Depreciation of property, plant and equipment	415,860	18,522	116	10,131	29,424	474,053	9,918	483,971
Depreciation of right-of-use assets	49,722	9,217	1,474	9,295	31,908	101,616	7,289	108,905
Loss on disposal of property, plant and equipment and right-of-use assets	560	–	28	–	538	1,126	–	1,126
Interest income	(2,327,971)	(414)	(1,173)	(47,535)	(10,498)	(2,387,591)	(15,602)	(2,403,193)
Finance costs	2,095,355	4,106	45,460	1,465	71,292	2,217,678	10,786	2,228,464
Share of results of associates	(691,894)	–	–	(3,711)	–	(695,605)	–	(695,605)
Share of results of joint ventures	49,332	–	–	(51,461)	–	(2,129)	–	(2,129)
Taxation	4,760,984	(1,845)	12,709	90,999	32,754	4,895,601	95,046	4,990,647

5. Revenue and Segment Information (continued)

(iv) Segment information (continued)

Other segment information (continued)

For the year ended 31 December 2019

	Property development RMB'000	Hotel operations RMB'000	Property investment RMB'000	Project Management RMB'000	Others RMB'000	Segment total RMB'000	Unallocated RMB'000	Total RMB'000
Amounts included in the measure of segment profit or loss or segment assets:								
Addition to non current assets (note)	18,517,576	172,508	92,640	19,418	142,233	18,944,375	80,146	19,024,521
Interests in associates	11,285,655	–	–	55,554	743,698	12,084,907	–	12,084,907
Interests in joint ventures	3,832,241	–	–	37,489	–	3,869,730	–	3,869,730
Impairment loss on financial assets, net of reversal	778,049	–	–	7,775	(7,117)	778,707	18,180	796,887
Impairment loss on non-financial assets, net of reversal	513,551	65,644	–	–	–	579,195	–	579,195
Loss from changes in fair value of investment properties	–	–	25,001	16,865	–	41,866	–	41,866
Gain on re-measurement of an associate and joint ventures to acquisition date fair value in business combination achieved in stages	(43,487)	–	–	–	–	(43,487)	–	(43,487)
Net gain on disposal of subsidiaries	(113,383)	–	–	–	15,130	(98,253)	(16)	(98,269)
Gain on acquisition of associates and joint ventures at discount	243,918	–	–	–	–	243,918	–	243,918
Depreciation of property, plant and equipment	185,595	293,107	53	11,548	16,606	506,909	2,877	509,786
Depreciation of right-of-use assets	43,324	25,173	1,554	3,698	28,028	101,777	2,551	104,328
Loss on disposal of property, plant and equipment and right-of-use assets	15,297	–	–	793	497	16,587	–	16,587
Interest income	(1,411,641)	(1,791)	(11,158)	(17,100)	(55,074)	(1,496,764)	(191,207)	(1,687,971)
Finance costs	1,468,647	7,895	63,027	1,573	19,225	1,560,367	10,493	1,570,860
Share of results of associates	(1,009,501)	–	–	6,605	–	(1,002,896)	3	(1,002,893)
Share of results of joint ventures	60,569	–	–	15,382	–	75,951	–	75,951
Taxation	5,705,982	3,976	3,685	136,563	52,203	5,902,409	115,295	6,017,704

Note: Non-current assets mainly included property, plant and equipment, investment properties (excluding loss from changes in fair value of investment properties), right-of-use assets, interests in joint ventures and interests in associates and excluded financial instruments, goodwill and deferred tax assets.

6. Other Income

	2020 RMB'000	2019 RMB'000
Interest income	**2,403,193**	1,687,971
Government grants (note)	**63,142**	69,662
Dividends from equity instruments at FVTOCI	**65,436**	105,179
Default penalty income	**–**	463,885
Others	**485,423**	340,548
	3,017,194	2,667,245

Note: These grants are unconditional and accounted for as immediate financial support with neither future related costs expected to be incurred nor related to any assets.

7. Other Gains and Losses

	2020 RMB'000	2019 RMB'000
Net foreign exchange gains (losses)	**1,118,084**	(268,181)
Gain on acquisition of associates and joint ventures at discount (note)	**324,434**	243,918
Gain on disposal of an associate and joint ventures	**70,430**	478
Net loss on disposal of property, plant and equipment and right-of-use assets	**(1,126)**	(16,587)
	1,511,822	(40,372)

Note: The gain on acquisition of associates and joint ventures at discount are from the acquisition of Shanghai Zhonghan Real Estate Co., Ltd. ("Shanghai Zhonghan"), Shenyang Shenbei Jingu Real Estate Co., Ltd. ("Shenyang Shenbei Jingu"), Shenyang Xinhu Pearl Real Estate Co., Ltd. ("Shenyang Xinhu Pearl"), Nantong Qiyang Construction Development Co., Ltd. ("Nantong Qiyang"), Nantong Qixin Real Estate Co., Ltd. ("Nantong Qixin") and Nantong Xinhu Real Estate Co., Ltd. ("Nantong Xinhu"). Details are set out in notes to note 20 and 21.

8. Finance Costs

	2020 RMB'000	2019 RMB'000
Interest on bank and other borrowings and amounts due to related parties	**5,980,892**	4,252,824
Interest on senior notes (note 32)	**395,757**	278,068
Interest on corporate debt instruments (note 33)	**1,363,015**	1,386,900
Interest on receipts under securitisation arrangements (note 34)	**50,913**	82,684
Interest on leases	**7,431**	9,006
	7,798,008	6,009,482
Less: Capitalised in properties under development and construction in progress	**(5,569,544)**	(4,438,622)
	2,228,464	1,570,860

Borrowing costs capitalised during the year arose on the specific loan and general borrowing pool and are calculated by applying a capitalisation rate of 4.9% (2019: 5.3%) per annum to expenditure on the development of properties for sale and for own use.

For the year ended 31 December 2020

9. Impairment Losses under Expected Credit Loss Model, Net of Reversal

	2020 RMB'000	2019 RMB'000
Impairment losses recognised (reversed) on:		
Contract assets	**34,331**	17,316
Trade receivables	**18,894**	(23,029)
Other receivables and amounts due from related parties	**508,292**	802,600
	561,517	796,887

10. Impairment Losses on Non-Financial Assets, Net of Reversal

	2020 RMB'000	2019 RMB'000
Impairment losses recognised on:		
Property, plant and equipment (note 16)	**261,394**	65,644
Interest in joint ventures	**254,846**	–
Properties under development	**252,479**	184,805
Completed properties for sale	**1,280**	328,746
Inventories	**2,838**	–
	772,837	579,195

11. Profit before Taxation

	2020 RMB'000	2019 RMB'000
Profit before taxation has been arrived at after charging (crediting):		
Salaries and other benefits	**3,815,767**	3,294,935
Retirement benefits scheme contributions (note i)	**38,462**	140,068
Equity-settled share option expenses	**37,098**	58,523
Staff costs (including directors' emoluments)	**3,891,327**	3,493,526
Less: Capitalised in properties under development	**(1,067,290)**	(855,624)
	2,824,037	2,637,902
Depreciation of property, plant and equipment	**483,971**	509,786
Less: Capitalised in properties under development	**(6,043)**	(5,444)
	477,928	504,342
Depreciation of right-of-use assets	**108,905**	104,328
Auditors' remuneration (note ii)	**24,939**	24,659
Cost of properties and inventories recognised as an expense	**47,954,132**	44,957,590

Note: (i) The government assistance have been implemented for the relief of the social insurance in respect of Covid-19. According to the notice issued by the Ministry of Social Affairs (2020) No. 11, in order to minimize the impact of the Covid-19 on social and economic development, the government has reduced the social security fees for medium-sized enterprises from February to December 2020.

(ii) Auditors' remuneration comprised of remuneration paid/payable to the auditors of the Group, including remuneration paid/payable to the independent auditor of the Company.

12. Directors', Chief Executive's and Employees' Emoluments

The emoluments paid or payable to each of the 14 (2019: 14) directors and the chief executive of the Company were as follows:

	ZHANG Yadong RMB'000	LIU Wensheng RMB'000	GUO Jiafeng RMB'000	ZHOU Lianying RMB'000	GENG Zhongqiang RMB'000	LI Jun RMB'000	2020 Total RMB'000
Executive directors							
Fees	1,200	1,200	1,200	1,200	1,200	1,200	7,200
Other emoluments:							
Salaries and other benefits	3,800	3,800	1,550	1,050	1,050	1,050	12,300
Contributions to retirement benefits/pension schemes	114	114	94	114	114	114	664
Performance relate incentive payments (note)	4,990	4,990	2,750	2,250	2,250	2,250	19,480
Sub-total	10,104	10,104	5,594	4,614	4,614	4,614	39,644

The executive directors' emoluments shown above were paid for their services in connection with the management of the affairs of the Company and the Group.

	Tin Hoi NG RMB'000	Wu Yiwen[1] RMB'000	2020 Total RMB'000
Non-executive directors			
Fees	320	193	513
Other emoluments:			
Salaries and other benefits	–	–	–
Contributions to retirement benefits/pension schemes	–	–	–
Performance relate incentive payments (note)	–	–	–
Sub-total	320	193	513

The non-executive director's emoluments shown above was paid for their services as directors of the Company.

	JIA Shenghua RMB'000	SZE Tsai Ping, Michael[2] RMB'000	KE Huanzhang[2] RMB'000	HUI Wan Fai[3] RMB'000	QIU Dong[4] RMB'000	ZHU Yuchen[4] RMB'000	2020 Total RMB'000
Independent non-executive directors							
Fees	320	107	107	320	212	212	1,278
Other emoluments:							
Salaries and other benefits	–	–	–	–	–	–	–
Contributions to retirement benefits/pension schemes	–	–	–	–	–	–	–
Performance relate incentive payments (note)	–	–	–	–	–	–	–
Sub-total	320	107	107	320	212	212	1,278

12. Directors', Chief Executive's and Employees' Emoluments (continued)

The independent non-executive directors' emoluments shown above were paid for their services as directors of the Company.

	2020 RMB'000
Total	**41,435**

	SONG Weiping[5] RMB'000	ZHANG Yadong[6] RMB'000	LIU Wensheng[7] RMB'000	LI Qing'an[8] RMB'000	LI Yongqian[8] RMB'000	GUO Jiafeng[9] RMB'000	ZHOU Lianying[9] RMB'000	GENG Zhongqiang[9] RMB'000	LI Jun RMB'000	2019 Total RMB'000
Executive directors										
Fees	631	1,200	1,200	631	631	569	569	569	1,200	7,200
Other emoluments:										
Salaries and other benefits	1,999	3,300	3,800	789	789	735	379	379	1,200	13,370
Contributions to retirement benefits/ pension schemes	16	113	116	60	60	45	60	60	116	646
Performance relate incentive payments (note)	2,625	4,500	4,990	1,473	1,473	1,311	953	953	2,000	20,278
Sub-total	5,271	9,113	10,106	2,953	2,953	2,660	1,961	1,961	4,516	41,494

The executive directors' emoluments shown above were paid for their services in connection with the management of the affairs of the Company and the Group.

	Tin Hoi NG[10] RMB'000
Non-executive director	
Fees	**152**
Other emoluments:	
Salaries and other benefits	–
Contributions to retirement benefits/ pension schemes	–
Performance relate incentive payments (note)	–
Sub-total	**152**

12. Directors', Chief Executive's and Employees' Emoluments (continued)

The non-executive director's emoluments shown above was paid for his services as director of the Company.

	JIA Shenghua RMB'000	SZE Tsai Ping, Michael RMB'000	KE Huanzhang RMB'000	HUI Wan Fai RMB'000	2019 Total RMB'000
Independent non-executive directors					
Fees	320	320	320	320	1,280
Other emoluments:					
Salaries and other benefits	–	–	–	–	–
Contributions to retirement benefits/ pension schemes	–	–	–	–	–
Performance relate incentive payments (note)	–	–	–	–	–
Sub-total	320	320	320	320	1,280

The independent non-executive directors' emoluments shown above were paid for their services as directors of the Company.

	2019 RMB'000
Total	42,926

Note: The performance related incentive payments is determined as a percentage of the results of the Group for both years.

12. Directors', Chief Executive's and Employees' Emoluments (continued)

Equity-settled share option and share award recognised as expenses for the directors of the Company were as follows:

	ZHANG Yadong RMB'000	LIU Wensheng RMB'000	GUO Jiafeng RMB'000	ZHOU Lianying RMB'000	GENG Zhongqiang RMB'000	LI Jun RMB'000	2020 Total RMB'000
Executive directors							
Equity-settled share option expense	**4,250**	**2,456**	**34**	**21**	**21**	**1,317**	**8,099**
Share award	**1,373**	**1,373**	**–**	**–**	**–**	**547**	**3,293**
Total	**5,623**	**3,829**	**34**	**21**	**21**	**1,864**	**11,392**

	SONG Weiping RMB'000	ZHANG Yadong RMB'000	LIU Wensheng RMB'000	LI Qing'an[8] RMB'000	LI Yongqian[8] RMB'000	GUO Jiafeng RMB'000	ZHOU Lianying RMB'000	GENG Zhongqiang RMB'000	LI Jun RMB'000	2019 Total RMB'000
Executive directors										
Equity-settled share option expense	2,779	8,939	5,167	–	–	–	–	–	2,816	19,701
Share award	225	1,246	1,246	147	147	–	–	–	497	3,508
Total	3,004	10,185	6,413	147	147	–	–	–	3,313	23,209

Equity-settled share option and share award were due to certain share option schemes and share award scheme disclosed in note 41 and the Group recognised the expense in the profit or loss over the vesting period no matter the equity-settled share option and share award exercise subsequently or not.

1 Mr. WU Yiwen was appointed as a non-executive director of the Board on 26 May 2020.

2 Mr. SZE Tsai Ping, Michael and Mr. KE Huanzhang were resigned as independent non-executive directors of the Board on 17 April 2020.

3 Mr. HUI Wan Fai was appointed as the chairman of the audit committee in place of Mr. SZE Tsai Ping, Michael on 17 April 2020.

4 Mr. QIU Dong and Mr. ZHU Yuchen were appointed as independent non-executive directors of the Board on 17 April 2020.

5 Mr. SONG Weiping was resigned as a co-chairman of the Board and an executive director on 11 July 2019.

6 Mr. ZHANG Yadong was appointed as a chairman of the Board on 11 July 2019.

7 Mr. LIU Wensheng was stepped down from his role as a co-chairman of the Board but remained as an executive director and a member of the nomination committee and remuneration committee of the Board on 11 July 2019.

8 Mr LI Qingan and Mr LI Yongqian were resigned as executive directors on 11 July 2019 and have not exercised the share options granted under 2016 Share Option Scheme as defined in note 41.

9 Mr. ZHOU Lianying, Mr. GUO Jiafeng and Mr. GENG Zhongqiang were appointed as executive directors and executive presidents of the Company on 11 July 2019.

10 Mr. Tin Hoi NG was appointed as a non-executive director on 11 July 2019.

Mr. Guo Jiafeng was appointed as a chief executive officer of the Company in place of Mr. Zhang Yadong on 17 December 2020 and their emoluments disclosed above include those for services rendered by them during their respective tenures as the chief executive officer.

No directors waived any emoluments in both years.

12. Directors', Chief Executive's and Employees' Emoluments (continued)

Of the five individuals with the highest emoluments in the Group, all of them (2019: four) were directors of the Company whose emoluments are included in the disclosure above. The emoluments of the remaining one individual in 2019 was as follows:

	2020 RMB'000	2019 RMB'000
Salaries and other benefits	–	750
Contributions to retirement benefits/pension schemes	–	88
Performance related incentive payments	–	960
Equity-settled share option expense	–	3,677
	–	5,475

The individual's emolument was within the following band:

	2020 No. of employee	2019 No. of employee
HKD6,000,001 to HKD6,500,000	–	1

During the year, no emoluments were paid by the Group to any of the directors of the Company or the five highest paid individuals of the Group as an inducement to join or upon joining the Group or as compensation for loss of office (2019: 0).

13. Taxation

	2020 RMB'000	2019 RMB'000
Current tax:		
PRC enterprise income tax ("EIT")	**2,437,138**	3,287,569
PRC Land Appreciation Tax ("LAT")	**3,448,180**	5,072,490
	5,885,318	8,360,059
Over-provision in prior years:		
EIT	**(13,941)**	(8,562)
Deferred tax:		
EIT	**(777,585)**	(1,286,079)
LAT	**(103,145)**	(1,047,714)
	(880,730)	(2,333,793)
	4,990,647	6,017,704

13. Taxation (continued)

The deferred tax current year is mainly due to the unutilised tax losses and fair value adjustment which arises from the acquisition of subsidiaries.

No provision for income tax has been made for the Company and group entities incorporated in Hong Kong as they have no assessable profits derived from Hong Kong.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% or 15%. Greentown Decoration Project Group Co., Ltd. ("Greentown Decoration Project Group"), Zhejiang Greentown Lianhe Design Co., Ltd., Greentown Construction Management Group Co., Ltd. and Zhejiang Greentown Construction Project Management Co., Ltd. are new technology enterprises and the applicable income tax rate is 15% from year 2018 to 2020, year 2020 to 2022, year 2019 to 2021 and year 2020 to 2022 respectively.

In addition, the EIT Law provides that qualified dividend income between two "resident enterprises" that have a direct investment relationship is exempted from income tax. Otherwise, such dividends will be subject to a 5% or 10% withholding tax under the EIT Law. A 10% withholding tax rate is applicable to the Group.

The tax charge for the year can be reconciled to the profit per the consolidated statement of profit or loss and other comprehensive income as follows:

	2020 RMB'000	2019 RMB'000
Profit before taxation	10,753,528	9,953,126
Tax at the applicable PRC enterprise income tax rate of 25%	2,688,382	2,488,282
Effect of different tax rates	(31,863)	(9,663)
Tax effect of share of results of associates	(173,901)	(250,723)
Tax effect of share of results of joint ventures	(532)	18,988
Tax effect of income not taxable for tax purposes	(519,021)	(106,987)
Tax effect of expenses not deductible for tax purposes	410,313	558,983
Over-provision in respect of prior year	(13,941)	(8,562)
Tax effect of deductible temporary differences not recognised	86,862	145,353
Tax effect of tax losses not recognised	296,094	116,690
Recognition of deferred tax assets on tax losses previously not recognised	(28,427)	(39,634)
Utilisation of tax losses previously not recognised	(117,462)	(18,869)
LAT provision for the year	3,345,035	4,024,776
Tax effect of LAT	(836,259)	(1,006,194)
Tax effect of undistributed profits	111,676	105,264
Tax effect of distribution from perpetual securities deductible for tax purpose	(226,309)	–
Tax charge for the year	4,990,647	6,017,704

Details of deferred taxation for the year ended 31 December 2020 are set out in note 23.

13. Taxation (continued)

PRC LAT

According to the requirements of the Provisional Regulations of the PRC on LAT (中華人民共和國土地增值稅暫行條例) effective from 1 January 1994, and the Detailed Implementation Rules on the Provisional Regulations of the PRC on LAT (中華人民共和國土地增值稅暫行條例實施細則) effective from 27 January 1995, all income from the sale or transfer of state-owned land use rights, buildings and their attached facilities in the PRC is subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value, with an exemption provided for property sales of ordinary residential properties (普通標準住宅) if their appreciation values do not exceed 20% of the sum of the total deductible items.

According to the Notices for the Strengthening of Administration on LAT (關於加強土地增值稅管理工作的通知), the Group is required to pre-pay LAT on pre-sale proceeds at 0.5% – 3% for ordinary residential properties and 1% – 6% for other properties.

For the year ended 31 December 2020, the Group estimated and made a provision for LAT in the amount of RMB3,345,035,000 (2019: RMB4,024,776,000), according to the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon completion of the property development projects and the tax authorities might disagree with the basis on which the provision for LAT is calculated.

14. Dividends

On 30 July 2020, a final dividend for 2019 of RMB0.30 per ordinary share, or RMB748,176,000 in total, was paid to the shareholders.

On 29 July 2019, a final dividend for 2018 of RMB0.23 per ordinary share, or RMB499,312,000 in total, was paid to the shareholders.

A final dividend of RMB0.35 per ordinary share (2019: RMB0.30 per ordinary share) for the year ended 31 December 2020 has been proposed by the directors and is subject to approval by the Shareholders at the forthcoming annual general meeting.

15. Earnings Per Share

The calculation of the basic and diluted earnings per share attributable to the ordinary shareholders of the Company is based on the following data:

Earnings

	2020 RMB'000	2019 RMB'000
Profit for the year attributable to the owners of the Company	**3,796,477**	2,480,232
Distribution related to perpetual securities	**(1,322,949)**	(1,286,888)
Earnings for the purpose of basic earnings per share	**2,473,528**	1,193,344
Earnings for the purpose of diluted earnings per share	**2,473,528**	1,193,344

Number of shares

	2020	2019
Weighted average number of ordinary shares for the purpose of basic earnings per share	**2,360,269,014**	2,166,050,482
Effect of dilutive potential ordinary shares:		
Share options	**9,837,940**	4,246,162
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**2,370,106,954**	2,170,296,644

The computation of 2020 and 2019 diluted earnings per share does not assume the exercise of some of the share options because the exercise price of some share options was higher than the average market price for shares for the year.

The diluted earnings per share for the year ended 31 December 2020 does not assume the immaterial impact on dilutive potential ordinary shares of Greentown Management.

For the year ended 31 December 2020

16. Property, Plant and Equipment

	Hotel buildings RMB'000	Leasehold land and buildings RMB'000	Leasehold improvements RMB'000	Machinery RMB'000	Furniture, fixtures and equipment RMB'000	Transportation equipment RMB'000	Construction in progress RMB'000	Total RMB'000
COST								
At 1 January 2019	8,504,404	1,451,846	190,080	40,494	548,336	287,566	366,115	11,388,841
Additions	1,945	76,215	54,469	30,471	54,440	26,198	335,766	579,504
Transfer from properties under development	–	–	–	–	–	–	460,981	460,981
Transfer	131,985	122,608	–	–	–	–	(254,593)	–
Eliminated on disposals	–	(17,110)	–	(160)	(25,412)	(41,125)	–	(83,807)
Acquisition of subsidiaries (note 37)	–	–	25	11	768	221	–	1,025
Disposal of subsidiaries	–	(696)	(624)	(129)	(10,427)	(9,242)	–	(21,118)
Reclassification to held-for-sale	–	(4,912)	(1,059)	(137)	(443)	(20)	–	(6,571)
At 31 December 2019	8,638,334	1,627,951	242,891	70,550	567,262	263,598	908,269	12,318,855
Additions	34,985	9,430	29,149	4,539	57,594	22,153	364,729	522,579
Transfer from properties under development	41,861	–	–	–	–	–	1,427,481	1,469,342
Transfer to investment properties	–	–	–	–	–	–	(79,797)	(79,797)
Transfer	402,953	3,176	48,096	11,861	–	–	(466,086)	–
Eliminated on disposals	–	(21,315)	(373)	(9,500)	(25,054)	(16,315)	–	(72,557)
Acquisition of subsidiaries (note 37)	–	–	–	–	51	133	–	184
Disposal of subsidiaries (note 38)	(594,746)	–	–	(40)	(4,203)	(2,086)	(1,577,822)	(2,178,897)
At 31 December 2020	**8,523,387**	**1,619,242**	**319,763**	**77,410**	**595,650**	**267,483**	**576,774**	**11,979,709**

16. Property, Plant and Equipment (continued)

	Hotel buildings RMB'000	Leasehold land and buildings RMB'000	Leasehold improvements RMB'000	Machinery RMB'000	Furniture, fixtures and equipment RMB'000	Transportation equipment RMB'000	Construction in progress RMB'000	Total RMB'000
DEPRECIATION AND IMPAIRMENT								
At 1 January 2019	(1,131,861)	(192,620)	(126,913)	(40,328)	(293,393)	(203,973)	–	(1,989,088)
Provided for the year	(294,218)	(68,284)	(30,169)	(12,447)	(64,979)	(39,689)	–	(509,786)
Eliminated on disposals	–	189	–	135	21,297	34,806	–	56,427
Impairment losses on property, plant and equipment, net of reversal	(65,644)	–	–	–	–	–	–	(65,644)
Eliminated on disposal of subsidiaries	–	229	260	90	3,482	751	–	4,812
Reclassification to held-for-sale	–	805	1,023	119	389	19	–	2,355
At 31 December 2019	(1,491,723)	(259,681)	(155,799)	(52,431)	(333,204)	(208,086)	–	(2,500,924)
Provided for the year	(313,946)	(45,253)	(35,063)	(19,597)	(48,086)	(22,026)	–	(483,971)
Eliminated on disposals	–	355	64	7,246	22,541	13,666	–	43,872
Impairment losses on property, plant and equipment, net of reversal	(28,003)	–	–	–	–	–	(233,391)	(261,394)
Eliminated on disposal of subsidiaries (note 38)	108,351	–	–	38	2,743	1,963	186,327	299,422
At 31 December 2020	**(1,725,321)**	**(304,579)**	**(190,798)**	**(64,744)**	**(356,006)**	**(214,483)**	**(47,064)**	**(2,902,995)**
CARRYING VALUES								
At 31 December 2020	**6,798,066**	**1,314,663**	**128,965**	**12,666**	**239,644**	**53,000**	**529,710**	**9,076,714**
At 31 December 2019	7,146,611	1,368,270	87,092	18,119	234,058	55,512	908,269	9,817,931

16. Property, Plant and Equipment (continued)

The above items of property, plant and equipment other than construction in progress are depreciated on a straight-line basis, taking into account their residual value, at the following rates per annum:

Hotel buildings	Over the shorter of the term of the land use rights or 40 years
Leasehold land and buildings	Over the shorter of the term of the land use rights or 40 years
Leasehold improvements	Over the shorter of the lease term or five years
Machinery	10% to 33 1/3%
Furniture, fixtures and equipment	10% to 33 1/3%
Transportation equipment	10% to 20%

Details of the hotel buildings, leasehold land and buildings and construction in progress pledged to secure banking facilities granted to the Group are disclosed in note 42.

During the year ended 31 December 2020, the Group engaged an independent qualified professional valuer to conduct review of hotel operations in Xinchang and Ningbo. It was determined that the hotel building was impaired on the basis of its projected performance. Accordingly, an impairment loss of RMB28,003,000 was recognised in the current year in respect of hotel buildings of Xinchang, and an impairment loss of RMB47,064,000 in respect of hotel buildings in construction of Ningbo.

In addition, during the year ended 31 December 2020, the Group entered into a sales and purchase agreement to dispose of whole equity interest in Beijing Eastern Greentown Real Estate Co., Ltd. ("Beijing Eastern"), which directly hold one hotel in Beijing, to an independent third party. The Group recognised an impairment loss of RMB186,327,000 according to the disposed amount in consideration compared with the carrying amount of the hotel.

During the year ended 31 December 2019, the Group engaged an independent qualified professional valuer to conduct review of hotel operations in Qingdao and Xinchang. It was determined that the hotel building was impaired or improved on the basis of its projected performance. Accordingly, an impairment loss of RMB84,154,000 was recognised in respect of hotel buildings of Qingdao and a reversal of impairment loss of RMB18,510,000 was recognised in respect of hotel buildings of Xinchang.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. The discount rate used in measuring value in use was 8%-9% (2019: 9%).

17. Right-Of-Use Assets

	Buildings RMB'000	Leasehold lands RMB'000	Total RMB'000
COST			
As at 1 January 2019	167,629	1,066,428	1,234,057
Addition	66,631	20,255	86,886
Early termination of leases	(10,234)	–	(10,234)
Disposal of subsidiaries	(27,737)	–	(27,737)
Transfer to held for sale	(730)	–	(730)
As at 1 January 2020	195,559	1,086,683	1,282,242
Addition	133,300	18,421	151,721
Early termination of leases	(66,196)	(9,353)	(75,549)
Disposal of subsidiaries (note 38)	–	(262,689)	(262,689)
At 31 December 2020	262,663	833,062	1,095,725
DEPRECIATION			
As at 1 January 2019	–	(143,307)	(143,307)
Provided for the year	(65,942)	(38,386)	(104,328)
Early termination of leases	1,460	–	1,460
Eliminated on disposal of subsidiaries	2,657	–	2,657
As at 1 January 2020	(61,825)	(181,693)	(243,518)
Provided for the year	(78,899)	(30,006)	(108,905)
Early termination of leases	33,475	1,839	35,314
Eliminated on disposal of subsidiaries (note 38)	–	48,451	48,451
As at 31 December 2020	(107,249)	(161,409)	(268,658)
Carrying VALUES			
At 31 December 2019	133,734	904,990	1,038,724
At 31 December 2020	155,414	671,653	827,067

During the current year, the expense relating to short-term leases and other leases with lease terms end within 12 months and leases of low-value assets was RMB77,042,000.

The total cash outflow for leases was RMB197,722,000.

For both years, the Group leases office buildings and apartments for its operations. Lease contracts are entered into for fixed term of 1 to 20 years without extension and termination options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

In addition, the Group owns several office buildings and hotel buildings. The Group is the registered owner of these property interests, including the underlying leasehold lands. Lump sum payments were made upfront to acquire these property interests. The leasehold land components of these owned properties are presented separately only if the payments made can be allocated reliably.

18. Investment Properties

	RMB'000
Fair value	
At 1 January 2019	4,066,128
Additions	78,290
Disposal	(69,734)
Net decrease in fair value recognised in profit or loss	(41,866)
At 31 December 2019	4,032,818
Additions	124,615
Transfer from properties under development	367,873
Transfer from property, plant and equipment	79,797
Disposal	(225,844)
Net decrease in fair value recognised in profit or loss	(14,639)
At 31 December 2020	**4,364,620**
Unrealised gain on property revaluation included in profit or loss in 2020	80,295
Unrealised gain on property revaluation included in profit or loss in 2019	65,305

The Group leases out various offices and retail stores under operating leases with rentals receivable monthly. The leases typically run for an initial period of 1 to 20 years, with unilateral rights to extend the lease beyond initial period held by lessees only.

The Group is not exposed to foreign currency risk as a result of the lease arrangements, as all leases are denominated in the respective functional currencies of group entities. The lease contracts do not contain residual value guarantee and/or lessee's option to purchase the property at the end of lease term.

All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

The fair value of the Group's investment properties at 31 December 2020 and 2019 has been arrived at on the basis of a valuation carried out on that date by Cushman & Wakefield Limited.

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

18. Investment Properties (continued)

The following table gives information about how the fair values of these investment properties are determined (in particular, the valuation techniques and inputs used), as well as the fair value hierarchy into which the fair value measurements are categorised (Level 3) based on the degree to which the inputs to the fair value measurements is observable.

Carrying value of investment properties held by the Group in the consolidated statement of financial positions	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Office building and commercial property in Ji'nan RMB1,237,781,000 (2019: RMB1,268,558,000)	Level 3	Income approach The Key inputs are: 1. Reversionary yield; and 2. Market unit rent.	Reversionary yield, taking into account annual rental income potential and unit market value of the comparable properties, of 7% and 5.5% for office building and commercial property respectively (2019: 7% and 5.5% respectively).	The higher the reversionary yield, the lower the fair value.
			Market unit rent, using direct market comparables and taking into account of similar character, location and sizes.	The higher the market unit rent, the higher the fair value.
Commercial property in Zhuji RMB1,219,167,000 (2019: RMB1,219,167,000)	Level 3	Income approach The Key inputs are: 1. Reversionary yield; and 2. Market unit rent.	Reversionary yield, taking into account annual rental income potential and unit market value of the comparable properties, of 4.5% (2019: 4.5%).	The higher the reversionary yield, the lower the fair value.
			Market unit rent, using direct market comparables and taking into account of similar character, location and sizes.	The higher the market unit rent, the higher the fair value.
Commercial property in Dalian RMB940,000,000 (2019: RMB940,000,000)	Level 3	Income approach The Key inputs are: 1. Reversionary yield; and 2. Market unit rent.	Reversionary yield, taking into account annual rental income potential and unit market value of the comparable properties, of 6% (2019:6%).	The higher the reversionary yield, the lower the fair value.
			Market unit rent, using direct market comparables and taking into account of similar character, location and sizes.	The higher the market unit rent, the higher the fair value.

18. Investment Properties (continued)

Carrying value of investment properties held by the Group in the consolidated statement of financial positions	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Commercial property in Hangzhou RMB147,143,000 (2019: RMB147,143,000)	Level 3	Income approach The Key inputs are: 1. Reversionary yield; and 2. Market unit rent.	Reversionary yield, taking into account annual rental income potential and unit market value of the comparable properties, of 5.5% (2019: 5.5%).	The higher the reversionary yield, the lower the fair value.
			Market unit rent, using direct market comparables and taking into account of similar character, location and sizes.	The higher the market unit rent, the higher the fair value.
Hotel in Zhoushan RMB107,795,000 (2019: RMB107,795,000)	Level 3	Income approach The Key inputs are: 1. Reversionary yield; and 2. Market unit rent.	Reversionary yield, taking into account annual rental income potential and unit market value of the comparable properties,of 8% (2019: 8%).	The higher the reversionary yield, the lower the fair value.
			Market unit rent, using direct market comparables and taking into account of similar character, location and sizes.	The higher the market unit rent, the higher the fair value.
Commercial property in Hangzhou RMB31,500,000 (2019: RMB31,500,000)	Level 3	Income approach The Key inputs are: 1. Reversionary yield; and 2. Market unit rent.	Reversionary yield, taking into account annual rental income potential and unit market value of the comparable properties, of 6.5% (2019:6.5%).	The higher the reversionary yield, the lower the fair value.
			Market unit rent, using direct market comparables and taking into account of similar character, location and sizes.	The higher the market unit rent, the higher the fair value.

18. Investment Properties (continued)

Carrying value of investment properties held by the Group in the consolidated statement of financial positions	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Commercial store units and carpark units in Shengzhou RMB10,415,000 (2019: RMB10,429,000)	Level 3	Market approach based on market observable transactions of similar properties and adjusted to reflect the locations and conditions of the subject property.	For store unites: Price per square meter, using market direct comparable and taking into account of location, age and other individual factors which is RMB8,300 per square meter (2019: RMB8,100 per square meter).	The higher the price per square meter, the higher the fair value.
			For carpark units: Price per unit, which is RMB104,300 per unit (2019: RMB108,900 per unit).	The higher the price per unit, the higher the fair value.
Commercial store units in Lin'an RMB16,774,000 (2019: RMB17,178,000)	Level 3	Market approach based on market observable transactions of similar properties and adjusted to reflect the locations and conditions of the subject property.	For store unites: Price per square meter using market direct comparable and taking into account of location, age and other individual factors which is RMB20,700 per square meter (2019: RMB21,599 per square meter).	The higher the price per square meter, the higher the fair value.
Commercial store units in Changxing RMB1,229,000 (2019: RMB1,048,000)	Level 3	Market approach based on market observable transactions of similar properties and adjusted to reflect the locations and conditions of the subject property.	For store unites: Price per square meter, using market direct comparable and taking into account of location, age and other individual factors which is RMB10,400 per square meter (2019: RMB9,773 per square meter).	The higher the price per square meter, the higher the fair value.

18. Investment Properties (continued)

Carrying value of investment properties held by the Group in the consolidated statement of financial positions	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Rental apartment in Hangzhou RMB367,873,000	Level 3	Income approach The Key inputs are: 1. Reversionary yield; and 2. Market unit rent.	Reversionary yield, taking into account annual rental income potential and unit market value of the comparable properties, of 3.5%.	The higher the reversionary yield, the lower the fair value.
			Market unit rent, using direct market comparables and taking into account of similar character, location and sizes.	The higher the market unit rent, the higher the fair value.
Office building in Hangzhou RMB260,000,000	Level 3	Income approach The Key inputs are: 1. Reversionary yield; and 2. Market unit rent.	Reversionary yield, taking into account annual rental income potential and unit market value of the comparable properties, of 7.5%.	The higher the reversionary yield, the lower the fair value.
			Market unit rent, using direct market comparables and taking into account of similar character, location and sizes.	The higher the market unit rent, the higher the fair value.
Commercial store units in Sanya RMB18,938,000	Level 3	Market approach based on market observable transactions of similar properties and adjusted to reflect the locations and conditions of the subject property.	For store unites: Price per square meter, using market direct comparable and taking into account of location, age and other individual factors which is RMB26,600 per square meter.	The higher the price per square meter, the higher the fair value.

18. Investment Properties (continued)

Carrying value of investment properties held by the Group in the consolidated statement of financial positions	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Commercial store units and carpark units in Cixi RMB6,005,000	Level 3	Market approach based on market observable transactions of similar properties and adjusted to reflect the locations and conditions of the subject property.	For store unites: Price per square meter, using market direct comparable and taking into account of location, age and other individual factors which is RMB14,800 per square meter.	The higher the price per square meter, the higher the fair value.
			For carpark units: Price per unit, which is RMB88,100 per unit.	The higher the price per unit, the higher the fair value.
Commercial property in Qingdao RMB nil (2019: RMB290,000,000)	Level 3	Income approach The Key inputs are: 1. Reversionary yield; and 2. Market unit rent.	Reversionary yield in 2019, taking into account annual rental income and potential unit market value of the comparable properties, of 6.5%.	The higher the reversionary yield, the lower the fair value.
			Market unit rent, using direct market comparables and taking into account of similar character, location and sizes.	The higher the market unit rent, the higher the fair value.

Significant increases/(decreases) in the reversionary yield in isolation would result in a significantly lower/(higher) fair value of the investment properties. There is no indication that any slight increases/(decreases) in market unit rent in isolation would result in a significantly higher/(lower) fair value of the investment properties.

There were no transfer into or out of Level 3 during both years.

19. Goodwill

Cost

	2020 RMB'000	2019 RMB'000
At 1 January and at 31 December	**769,241**	769,241

The goodwill held by the Group as at 31 December 2020 arose on the acquisition of two subsidiaries that engaged in project management service in 2015. The detailed information is disclosed in the Group's 2015 consolidated financial statements.

Goodwill arose in the acquisition because the consideration paid for the acquisition effectively included the benefit of expected synergies, revenue growth and future market development. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

Impairment test on goodwill

For the purposes of impairment testing, goodwill set out above has been allocated to one cash generating unit ("CGU"). During the year ended 31 December 2020, the director considered that there is no impairment of CGU containing goodwill.

The recoverable amount of the CGU has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by management covering a five-year period, and pre-tax discount rate of 17.86% (2019: 17.87%). Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows which include budgeted sales and gross margin, such estimation is based on the unit's past performance and director's expectations for the market development. The directors believe that any reasonably possible change in any of these assumptions would not cause the carrying amount to exceed its recoverable amount.

The table below sets forth the other key assumptions that are used in the calculation of the value in use of the CGU at 31 December 2019 and 2020.

	2020	2019
Annual sale growth rate for first five years	**3%-15%**	N/A
Annual incremental sales contract rate for first five years	**N/A**	5%
Gross margin rate	**22%-83%**	20%-50%
Long-term growth rate	**1%**	1%

20. Interests in Associates

	2020 RMB'000	2019 RMB'000
Cost of unlisted investments in associates	**17,830,183**	11,128,778
Share of post-acquisition profits, net of dividends received	**799,205**	956,129
	18,629,388	12,084,907

No associate was individually material to the Group for the year.

As at 31 December 2020 and 2019, the Group had interests in the following principal associates established and operating in the PRC:

Name of associate	Registered capital	Proportion of ownership interest/voting rights held by the Group 2020	2019	Principal activities
穎澤投資有限公司 Green Magic Investments Limited ("Green Magic")	HKD1,500,000,000	**40% (note i)**	40% (note i)	Investment holding
大連九龍倉綠城置業有限公司 Dalian Wharf Greentown Real Estate Co., Ltd. ("Dalian Wharf Greentown")	USD16,490,000	**40% (note i)**	40% (note i)	Real estate development
杭州濱綠房地產開發有限公司 Hangzhou Binlv Real Estate Development Co., Ltd. ("Hangzhou Binlv")	RMB60,000,000	**50% (note ii)**	50% (note ii)	Real estate development
安徽舜鴻房地產開發有限公司 Anhui Shunhong Real Estate Development Co., Ltd. ("Anhui Shunhong")	RMB380,000,000	**48% (note iii)**	50% (note iii)	Real estate development
網築集團有限公司 WZ Group Limited	USD50,000	**31% (note iv)**	28%	Online Retailers
寧波都市房產開發有限公司 Ningbo Dushi Real Estate Development Co., Ltd.	USD200,000,000	**49%**	49%	Real estate development
上海浙鐵綠城房地產開發有限公司 Shanghai Zhetie Greentown Real Estate Development Co., Ltd.	RMB50,000,000	**38%**	38%	Real estate development

20. Interests in Associates (continued)

Name of associate	Registered capital	Proportion of ownership interest/voting rights held by the Group		Principal activities
		2020	2019	
杭州翡翠城房地產開發有限公司 Hangzhou Hope Town Real Estate Development Co., Ltd.	RMB50,000,000	**45%**	45%	Real estate development
濟南海爾綠城置業有限公司 Ji'nan Haier Greentown Real Estate Co., Ltd.	RMB60,000,000	**45%**	45%	Real estate development
台州浙能綠城置業有限公司 Taizhou Zheneng Greentown Real Estate Co., Ltd.	RMB300,000,000	**49%**	49%	Real estate development
杭州浙能綠城置業有限公司 Hangzhou Zheneng Greentown Real Estate Co., Ltd.	RMB300,000,000	**49%**	49%	Real estate development
浙江鐵建綠城房地產開發有限公司 Zhejiang Tiejian Greentown Real Estate Development Co., Ltd.	RMB100,000,000	**38%**	38%	Real estate development
杭州百大置業有限公司 Hangzhou Baida Real Estate Co., Ltd.	RMB1,965,500,000	**30%**	30%	Real estate development
杭州賽麗綠城申花置業有限公司 Hangzhou Saili Greentown Shenhua Real Estate Co., Ltd.	RMB100,000,000	**25%**	25%	Real estate development
杭州紫元綠西房地產有限公司 Hangzhou Ziyuan Lvxi Real Estate Co., Ltd.	RMB100,000,000	**33%**	33%	Real estate development
大冶有色綠城房地產開發有限公司 Daye Youse Greentown Real Estate Development Co., Ltd.	RMB60,000,000	**30%**	30%	Real estate development
信陽市萬恒置業有限公司 Xinyang Wanheng Real Estate Co., Ltd.	RMB50,000,000	**20%**	20%	Real estate development

20. Interests in Associates (continued)

Name of associate	Registered capital	Proportion of ownership interest/voting rights held by the Group 2020	2019	Principal activities
青島綠城華景置業有限公司 Qingdao Greentown Huajing Real Estate Co., Ltd.	RMB2,000,000,000	**40%**	40%	Real estate development
杭州綠城墅園置業有限公司 Hangzhou Greentown Shuyuan Real Estate Co., Ltd.	RMB10,000,000	**30%**	30%	Real estate development
杭州地鐵武林置業有限公司 Hangzhou Metro Wulin Real Estate Co., Ltd.	RMB2,800,000,000	**45%**	45%	Real estate development
杭州安景置業有限公司 Hangzhou Anjing Real Estate Co., Ltd.	RMB100,000,000	**25%**	25%	Real estate development
浙江西子綠城房地產集團有限公司 Zhejiang Xizi Greentown Real Estate Group Co., Ltd.	RMB100,000,000	**40%**	40%	Real estate development
杭州龍昊房地產開發有限公司 Hangzhou Longhao Real Estate Development Co., Ltd.	RMB10,000,000	**23%**	23%	Real estate development
杭州綠城桂溪房地產開發有限公司 Hangzhou Greentown Guixi Real Estate Development Co., Ltd.	RMB600,000,000	**20%**	20%	Real estate development
重慶綠華置業發展有限公司 Chongqin Lvhua Real Estate Development Co., Ltd.	RMB1,100,000,000	**49%**	49%	Real estate development
安徽綠雋置業有限公司 Anhui Lvjun Real Estate Co., Ltd.	RMB1,000,000,000	**50%**	50%	Real estate development
杭州綠城望溪房地產開發有限公司 Hangzhou Greentown Wangxi Real Estate Development Co., Ltd. ("Hangzhou Greentown Wangxi")	RMB600,000,000	**36%**	36%	Real estate development

20. Interests in Associates (continued)

Name of associate	Registered capital	Proportion of ownership interest/voting rights held by the Group 2020	2019	Principal activities
廣州綠楨房地產開發有限公司 Guangzhou Lvzhen Real Estate Development Co., Ltd.	RMB400,000,000	**30%**	30%	Real estate development
福州綠榕投資發展有限公司 Fuzhou Lvrong Investment Development Co., Ltd.	RMB640,000,000	**33%**	33%	Investment holding
福州禎泰置業有限公司 Fuzhou Zhentai Real Estate Co., Ltd.	RMB800,000,000	**26%**	26%	Real estate development
上海新湖房地產開發有限公司 Shanghai Xinhu Real Estate Development Co., Ltd.	RMB200,000,000	**35%**	35%	Real estate development
浙江銀潤藍城房地產開發有限公司 Zhejiang Yinrun Bluetown Real Estate Development Co., Ltd.	RMB100,000,000	**40%**	40%	Real estate development
廣州雋威房地產開發有限公司 Guangzhou Junwei Real Estate Development Co., Ltd.	RMB280,000,000	**43%**	43%	Real estate development
杭州綠城致延城市發展有限公司 Hangzhou Greentown Zhiyan City Development Co., Ltd.	RMB2,370,000,000	**50%**	48%	Real estate development
上海中瀚置業有限公司 Shanghai Zhonghan	RMB61,064,974	**35% (note v)**	–	Real estate development
北京致平房地產開發有限公司 Beijing Zhiping Real Estate Development Co., Ltd.	RMB1,900,000,000	**42% (note vi)**	–	Real estate development
北京致興房地產開發有限公司 Beijing Zhixing Real Estate Development Co., Ltd.	RMB2,000,000,000	**50% (note vi)**	–	Real estate development

20. Interests in Associates (continued)

Name of associate	Registered capital	Proportion of ownership interest/voting rights held by the Group 2020	2019	Principal activities
蘇州市卓譽房地產開發有限公司 Suzhou Zhuoyu Real Estate Development Co., Ltd.	RMB795,000,000	**49% (note vi)**	–	Real estate development
蘇州市景譽房地產開發有限公司 Suzhou Jingyu Real Estate Development Co., Ltd.	RMB1,180,000,000	**50% (note vi)**	–	Real estate development
山東財富縱橫置業有限公司 Shandong Caifu Zongheng Real Estate Co., Ltd. ("Shandong Caifu Zongheng")	RMB50,000,000	**– (note vii)**	39%	Real estate development

The above table lists the associates of the Group which, in the opinion of the directors, principally affected the results or assets of the Group. To give details of other associates would, in the opinion of the directors, result in particulars of excessive length.

Notes:

(i) Dalian Wharf Greentown is a wholly-owned subsidiary of Green Magic.

(ii) Only two out of five directors of Hangzhou Binlv are appointed by the Group, while a valid board resolution requires half of the total votes. The Group thus does not have the power to control or joint control Hangzhou Binlv. Therefore, Hangzhou Binlv is accounted for as an associate of the Group.

(iii) Only two out of five directors of Anhui Shunhong are appointed by the Group, while a valid board resolution requires half of the total votes. The Group thus does not have the power to control or joint control Anhui Shunhong. Therefore, Anhui Shunhong is accounted for as an associate of the Group.

(iv) In October 2020, Eternity Wealth Investments Limited, a wholly-owned subsidiary of the Company, entered into a framework agreement to acquire additional 6,139,184 ordinary shares in WZ Group Limited, an online retailers company, for a total cash consideration of approximately RMB82,940,000. The Group held 31% equity interest in WZ Group Limited after the acquisition.

(v) In April 2020, Greentown Real Estate Group Co., Ltd. ("Greentown Real Estate"), a wholly-owned subsidiary of the Company, entered into the share transfer and cooperation agreement, pursuant to which Greentown Real Estate agreed to acquire 35% of the total shares of Shanghai Zhonghan, for a share transfer consideration of approximately RMB517,373,000. The Group engaged an independent qualified professional valuer to conduct review of the fair value in shares of Shanghai Zhonghan. The Group recognised the gain on acquisition of an associate at a discount of RMB183,677,000 according to the difference between the consideration and the fair value of the 35% of the total shares of Shanghai Zhonghan. After the acquisition, Shanghai Zhonghan was classified as an associate of the Group. Details of the transaction set out above are disclosed in the Company's announcement dated 19 April 2020.

(vi) These companies were newly established in 2020.

(vii) In January 2020, the Group disposal of its 39% equity interests in Shandong Caifu Zongheng to an independent third party for a cash consideration of RMB nil.

20. Interests in Associates (continued)

Aggregate information of associates that are not individually material:

	2020 RMB'000	2019 RMB'000
Group's share of total profit for the year	**695,605**	1,002,893
Aggregate carrying amount of the Group's interests in these associates	**18,629,388**	12,084,907

The Group has discontinued recognition of its share of losses of certain associates as its share of losses of those associates equals or exceeds its interests in those associates. The amounts of unrecognised share of losses of these associates, both for the year and cumulatively, are as follows:

	2020 RMB'000	2019 RMB'000
Unrecognised share of losses of associates for the year	**2,659**	372,581
Accumulated unrecognised share of losses of associates	**96,656**	698,560

21. Interests in Joint Ventures

	2020 RMB'000	2019 RMB'000
Cost of unlisted investments in joint ventures	**6,189,598**	3,886,742
Share of post-acquisition profits, net of dividends received	**(449,490)**	(17,012)
	5,740,108	3,869,730

No joint venture was individually material to the Group for the year.

21. Interests in Joint Ventures (continued)

As at 31 December 2020 and 2019, the Group had interests in the following principal joint ventures established and operating in the PRC:

Name of joint venture	Registered capital	Proportion of ownership interest/voting rights held by the Group 2020	2019	Principal activities
盈高有限公司 Profit Pointer Limited	HKD10,000	**50% (note i)**	50% (note i)	Investment holding
瀋陽全運村建設有限公司 Shenyang National Games Village Construction Co., Ltd. ("Shenyang National Games Village")	USD290,000,000	**50% (note i)**	50% (note i)	Real estate development
嵊州綠城越劇小鎮投資有限公司 Shengzhou Greentown Shaoxing Opera Town Investment Co., Ltd. ("Shengzhou Shaoxing Opera Town")	RMB100,000,000	**33% (note ii)**	33% (note ii)	Real estate development
徐州新盛綠城置業發展有限公司 Xuzhou Xinsheng Greentown Real Estate Development Co., Ltd. ("Xuzhou Xinsheng")	RMB100,000,000	**60% (note iii)**	60% (note iii)	Real estate development
天津佳意房地產開發有限公司 Tianjin Jiayi Real Estate Development Co., Ltd. ("Tianjin Jiayi")	RMB900,000,000	**33% (note iv)**	33% (note iv)	Real estate development
天津華廈津典置業有限公司 Tianjin Huaxia Jindian Real Estate Development Co., Ltd. ("Tianjin Huaxia Jindian")	RMB200,000,000	**49% (note v)**	49% (note v)	Real estate development
濟寧城投綠城置業有限公司 Ji'ning Chengtou Greentown Property Co., Ltd. ("Ji'ning Chengtou")	RMB150,000,000	**45% (note vi)**	49% (note vi)	Real estate development
浙江職業足球俱樂部有限公司 （原名：浙江綠城足球俱樂部有限公司） Zhejiang Professional Football Club Co., Ltd. ("Zhejiang Professional Football Club") (former name: Zhejiang Greentown Football Club Co., Ltd.)	RMB401,000,000	**50% (note vii)**	50%	Club operation

21. Interests in Joint Ventures (continued)

Name of joint venture	Registered capital	Proportion of ownership interest/voting rights held by the Group 2020	2019	Principal activities
浙江交投綠城投資有限公司 Zhejiang Jiaotou Greentown Investment Co., Ltd.	RMB80,000,000	**50%**	50%	Investment holding
浙江綠西房地產集團有限公司 Zhejiang Lvxi Real Estate Group Co., Ltd.	RMB100,000,000	**50%**	50%	Investment holding, real estate development
杭州綠城鳳起置業有限公司 Hangzhou Greentown Fengqi Real Estate Co., Ltd.	RMB50,000,000	**50%**	50%	Real estate development
南通啟陽建設開發有限公司 Nantong Qiyang	RMB50,000,000	**50% (note viii)**	–	Real estate development
南通啟新置業有限公司 Nantong Qixin	RMB50,000,000	**50% (note viii)**	–	Real estate development
瀋陽沈北金谷置業有限公司 Shenyang Shenbei Jingu	RMB130,000,000	**35% (note viii)**	–	Real estate development
瀋陽新湖明珠置業有限公司 Shenyang Xinhu Pearl	RMB70,000,000	**35% (note viii)**	–	Real estate development
南通新湖置業有限公司 Nantong Xinhu	RMB50,000,000	**50% (note viii)**	–	Real estate development
濟南濟高東誠置業有限公司 Ji'nan Jigao Dongcheng Real Estate Co., Ltd. ("Jigao Dongcheng")	RMB850,000,000	**50% (note ix)**	–	Real estate development
杭州臨宜房地產開發有限公司 Hangzhou Linyi Real Estate Development Co., Ltd. ("Hangzhou Linyi")	RMB239,800,000	**– (note x)**	50%	Real estate development

21. Interests in Joint Ventures (continued)

The above table lists the joint ventures of the Group which, in the opinion of the directors, principally affected the results or assets of the Group. To give details of other joint ventures would, in the opinion of the directors, result in particulars of excessive length.

Notes:

(i) Shenyang National Games Village is a wholly-owned subsidiary of Profit Pointer Limited.

(ii) One out of five (2019: two out of five) directors of Shengzhou Shaoxing Opera Town are appointed by the Group, while a valid board resolution requires two-third above approval from all directors. Decisions about relevant activities of Shengzhou Shaoxing Opera Town require unanimous consent from the Group and the other equity holders. Therefore, Shengzhou Shaoxing Opera Town is accounted for as a joint venture of the Group.

(iii) Three out of five directors of Xuzhou Xinsheng are appointed by the Group, while a valid board resolution requires unanimous approval from all directors. Therefore, Xuzhou Xinsheng is accounted for as a joint venture of the Group.

(iv) Decisions about relevant activities of Tianjin Jiayi require unanimous consent from the Group and the other equity holders on the general meeting. Therefore, Tianjin Jiayi was accounted for as a joint venture of the Group.

(v) Two out of five directors of Tianjin Huaxia Jindian are appointed by the Group, while a valid board resolution requires more than two thirds from all directors. Therefore, Tianjin Huaxia Jindian is accounted for as a joint venture of the Group.

(vi) Two out of five directors of Ji'ning Chengtou is appointed by the Group, while a valid board resolution requires unanimous approval from all directors. Therefore, Ji'ning Chengtou is accounted for as a joint venture of the Group.

(vii) During the year, the Group determined that the investment in Zhejiang Professional Football Club was impaired on the basis of its projected performance. Accordingly, an impairment loss of RMB254,846,000 was recognised in the current year in respect of interest in a joint venture.

(viii) In April 2020, the Group acquired 100% equity interests in Zhejiang Qifeng Industrial Co., Ltd., which directly holds 35% of the equity interests in Shenyang Shenbei Jingu and Shenyang Xinhu Pearl, acquired 100% equity interest in Zhejiang Qizhi Industrial Co., Ltd., which directly holds 50% of the equity interests in Nantong Qiyang and Nantong Qixin, and acquired 50% of the equity interests in Nantong Xinhu for a consideration of RMB186,314,000, RMB397,719,000 and RMB71,547,000 respectively. The Group engaged an independent qualified professional valuer to conduct review of the fair value in shares of Shenyang Shenbei Jingu, Shenyang Xinhu Pearl, Nantong Qiyang, Nantong Qixin and Nantong Xinhu. The Group recognised the gain on acquisition of joint ventures at discount of RMB62,517,000, RMB62,268,000 and RMB15,952,000 respectively according to the difference between the consideration and the fair value of the respective acquired shares. After the acquisitions, Shenyang Shenbei Jingu, Shenyang Xinhu Pearl, Nantong Qiyang, Nantong Qixin and Nantong Xinhu were classified as joint ventures of the Group. Details of the transaction set out above are disclosed in the Company's announcement dated 19 April 2020, and 24 April 2020.

Decisions about relevant activities of Shenyang Shenbei Jingu and Shenyang Xinhu Pearl require unanimous consent from the Group and the other equity holders on the general meeting. Therefore, Shenyang Shenbei Jingu and Shenyang Xinhu Pearl were accounted for as joint ventures of the Group.

(ix) The company was newly established in 2020.

(x) In October 2020, the Group disposed of its 50% equity interests in Hangzhou Linyi to an independent third party for a consideration of approximately RMB146,687,000. The Group recognised the gain on disposal of a joint venture of RMB43,556,000.

21. Interests in Joint Ventures (continued)

Aggregate information of joint ventures that are not individually material:

	2020 RMB'000	2019 RMB'000
Group's share of profit (losses) for the year	**2,129**	(75,951)
Aggregate carrying amount of the Group's interests in these associates	**5,740,108**	3,869,730

The Group has discontinued recognition of its share of losses of certain joint ventures as its share of losses of those joint ventures equals or exceeds its interests in those joint ventures. The amounts of unrecognised share of losses of these joint ventures, both for the year and cumulatively, are as follows:

	2020 RMB'000	2019 RMB'000
Unrecognised share of losses of joint ventures for the year	**17,056**	136,633
Accumulated unrecognised share of losses of joint ventures	**380,876**	592,125

22. Equity Instruments at Fair Value through Other Comprehensive Income

	2020 RMB'000	2019 RMB'000
Listed investments:		
– Equity securities listed in Hong Kong (note i)	**1,118,673**	1,058,755
Unlisted equity securities (note ii)	**918,645**	453,230
	2,037,318	1,511,985

Notes:

(i) The above listed equity investments represent ordinary shares of an entity listed in Hong Kong. These investments are not held for trading, instead, they are held for long-term strategic purposes. The directors of the Company have elected to designate these investments in equity instruments as at FVTOCI as they believe that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance potential in the long run.

(ii) The above unlisted equity investments represent the Group's equity interest in a private entity established in the PRC. The directors of the Company have elected to designate these investments in equity instruments as at FVTOCI as they are held for the long term primarily with the objective of strengthening business relationships.

23. Deferred Taxation

The following are the major deferred tax assets (liabilities) recognised and movements thereon during the current and prior years:

	Temporary differences on revenue recognition and related cost of sales RMB'000	Impairment losses RMB'000	Tax losses RMB'000	Fair value adjustments RMB'000	LAT provision RMB'000	Undistributed profits RMB'000	Others RMB'000	Total RMB'000
At 1 January 2019	(935,113)	642,555	620,947	(4,479,446)	893,909	(557,184)	(52,379)	(3,866,711)
Charge to other comprehensive income	–	–	–	23,947	–	–	–	23,947
(Charge) credit to profit or loss	(49,883)	107,745	246,548	1,611,886	550,857	(80,000)	(53,360)	2,333,793
Acquisition of subsidiaries (note 37)	–	–	24,964	(81,790)	–	–	150	(56,676)
Transfer to held for sale	–	–	–	–	–	–	(774)	(774)
Disposal of subsidiaries	–	–	(41,363)	326	–	–	(860)	(41,897)
At 31 December 2019	(984,996)	750,300	851,096	(2,925,077)	1,444,766	(637,184)	(107,223)	(1,608,318)
Charge to other comprehensive income	**–**	**–**	**–**	**5,730**	**–**	**–**	**–**	**5,730**
Credit (charge) to profit or loss	**117,576**	**169,291**	**396,678**	**258,991**	**(32,680)**	**(55,000)**	**25,874**	**880,730**
Acquisition of subsidiaries (note 37)	**–**	**–**	**8,768**	**(226,856)**	**–**	**–**	**(1,038)**	**(219,126)**
Disposal of subsidiaries (note 38)	**–**	**–**	**(42,058)**	**60,879**	**–**	**–**	**–**	**18,821**
At 31 December 2020	**(867,420)**	**919,591**	**1,214,484**	**(2,826,333)**	**1,412,086**	**(692,184)**	**(82,387)**	**(922,163)**

The addition in deferred tax liabilities during current year is mainly due to fair value adjustment of the properties under development from the acquisition of subsidiaries. Deferred tax liability credited to the profit or loss for the year was mainly due to sales of properties under development acquired with fair value adjustment and recognition of revenue from sales of properties over time.

Others represent mainly deferred tax liabilities recognised in respect of temporary differences arising from capitalised interest expense.

23. Deferred Taxation (continued)

The following is the analysis of the deferred tax balances for financial reporting purposes:

	2020 **RMB'000**	2019 RMB'000
Deferred tax assets	**3,764,898**	3,238,893
Deferred tax liabilities	**(4,687,061)**	(4,847,211)
	(922,163)	(1,608,318)

At the end of the reporting period, the Group had deductible temporary differences of RMB637,221,000 (2019: RMB738,972,000). No deferred tax asset has been recognised in relation to such deductible temporary differences as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

At the end of the reporting period, the Group had unutilised tax losses of RMB8,654,483,000 (2019: RMB7,315,654,000) available for offset against future profits. Deferred tax asset has been recognised in respect of RMB4,857,936,000 (2019: RMB3,404,381,000) of such losses.

Based on the latest budgets, the management believes that there will be sufficient future profits for the realisation of the deferred tax assets recognised in respect of these tax losses. No deferred tax asset has been recognised in respect of the remaining RMB3,796,547,000 (2019: RMB3,911,273,000) due to the unpredictability of future profit streams. Pursuant to the relevant laws and regulations in the PRC, the unrecognised tax losses at the end of the reporting period will expire in the following years:

	2020 **RMB'000**	2019 RMB'000
2020	**–**	829,632
2021	**961,908**	1,119,399
2022	**379,232**	433,169
2023	**854,066**	964,612
2024	**416,967**	564,461
2025	**1,184,374**	–
	3,796,547	3,911,273

Under the EIT Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of certain temporary differences attributable to accumulated profits of the PRC subsidiaries amounting to RMB19,511,022,000 (31 December 2019: RMB17,088,517,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

24. Properties for Development

Included in properties for development as at 31 December 2020 is an amount of RMB7,531,094,000 (2019: RMB10,066,178,000) in respect of leasehold land for which the Group was in the process of obtaining the land use rights certificates.

All properties for development are expected to be recovered after more than 12 months from the end of the reporting period.

25. Properties under Development

	2020 RMB'000	2019 RMB'000
Leasehold land – at cost	**135,877,337**	81,552,082
Development costs	**41,339,116**	40,506,043
Finance costs capitalised	**16,992,577**	14,557,841
	194,209,030	136,615,966

Properties under development for sale amounting RMB130,046,281,000 (2019: RMB108,238,953,000) are expected to be recovered after more than 12 months from the end of the reporting period.

26. Trade and Other Receivables, Deposits and Prepayments

	2020 RMB'000	2019 RMB'000
Trade receivables	**1,305,104**	1,141,212
Less: allowance for credit losses	**(94,460)**	(75,566)
Trade receivables, net of allowance for credit losses	**1,210,644**	1,065,646
Other receivables, net of allowance for credit losses	**6,268,542**	6,850,336
Prepayments and deposits	**3,711,524**	3,326,102
Consideration receivables from disposal of subsidiaries	**12,580**	70,726
	11,203,290	11,312,810

26. Trade and Other Receivables, Deposits and Prepayments (continued)

The Group allows an average credit period of 90 days to trade customers. The aged analysis of trade receivables, before allowance for credit losses, is based on invoice date and stated below.

	2020 RMB'000	2019 RMB'000
Within 90 days	**692,161**	537,955
91–180 days	**213,688**	131,557
181–365 days	**128,712**	129,033
Over 365 days	**270,543**	342,667
Trade receivables	**1,305,104**	1,141,212

Included in other receivables were advances to third parties of RMB3,906,432,000 (2019: RMB3,080,667,000) as at 31 December 2020. The advances are interest free, unsecured and expected to be recovered within one year except for RMB1,483,308,000 (2019: RMB1,566,672,000) which carries interest at 4%-17% (2019: 6%-15%) per annum, is unsecured and is expected to be recovered within one year. The Group has concentration of credit risk as 58% (2019: 75%) of the total advances to third parties was due from the five largest counterparties.

Other receivables, other than advances to third parties which were mainly earnest money for potential projects, are repayable on demand. Prepayments and deposits are expected to be recovered after more than 12 months but within normal operating cycle.

Details of impairment assessment of trade and other receivables are set out in note 46.

27. Contract Assets

	2020 RMB'000	2019 RMB'000
Design and decoration	**2,417,017**	2,157,885
Project management	**327,689**	299,394
Others	**431,459**	375,044
Less: allowance for credit losses	**(51,647)**	(17,316)
Contract assets, net of allowance for credit losses	**3,124,518**	2,815,007

The contract assets primarily relate to the Group's right to consideration for work completed and not billed because the rights are conditioned on the Group's future performance in achieving specified milestones stipulated in the relevant contracts at the reporting date on design and decoration, project management service and construction service. The contract assets are transferred to trade receivables when the rights become unconditional. The Group typically transfer the contract assets to trade receivables when the relevant revenue is billed.

Details of impairment assessment are set out in note 46.

28. Bank Balances and Cash/Pledged Bank Deposits

Bank balances and cash comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less. Bank balances carry interest at market rates which range from 0.3% to 4.05% (2019: 0.3% to 3.7%) per annum.

Pledged bank deposits represent deposits pledged to banks to secure short-term banking facilities granted to the Group. The pledged bank deposits carry interest at fixed rates which range from 0.3% to 2.94% (2019: 0.3% to 2.75%) per annum.

As at 31 December 2020, the Group had bank balances and cash (including pledged bank deposits) denominated in Renminbi amounting to RMB63,951,250,000 (2019: RMB50,096,776,000). Renminbi is not freely convertible into other currencies.

Bank balances and cash/pledged bank deposits that are denominated in currencies other than the functional currency of the respective group entities are set out below:

	HKD RMB'000	**USD** RMB'000
As at 31 December 2020	**649,448**	**602,493**
As at 31 December 2019	31,463	1,766,251

29. Trade and Other Payables

The aged analysis of trade payables is based on invoice date and stated below:

	2020 **RMB'000**	2019 RMB'000
Within 180 days	**29,889,284**	24,376,904
181–365 days	**3,703,166**	4,524,362
Over 365 days	**2,116,861**	2,280,819
Trade payables	**35,709,311**	31,182,085
Other payables and accrued expenses	**10,038,914**	12,174,941
Consideration payables on acquisition of subsidiaries and associates	**861,872**	96,307
	46,610,097	43,453,333

Trade payables and other payables principally comprise amounts outstanding for trade purposes and ongoing costs.

30. Contract Liabilities

	2020 RMB'000	2019 RMB'000
Sales of properties	**112,798,675**	76,324,981

RMB45,980,572,000 was recognised as revenue during the year which was included in contract liabilities at the beginning of the year (2019: RMB45,170,698,000).

31. Bank and Other Borrowings

	2020 RMB'000	2019 RMB'000
Secured bank loans (note 42)	**53,521,520**	39,518,402
Unsecured bank loans	**31,506,639**	15,560,289
	85,028,159	55,078,691
Secured other loans (note 42)	**1,095,000**	2,119,000
Unsecured other loans	**1,301,238**	2,395,482
	2,396,238	4,514,482
	87,424,397	59,593,173

	2020 RMB'000	2019 RMB'000
Carrying amount repayable*:		
Within one year	**23,628,164**	13,950,984
More than one year, but not exceeding two years	**22,881,313**	16,938,008
More than two years, but not exceeding three years	**25,243,161**	18,032,153
More than three years, but not exceeding four years	**6,484,320**	5,061,897
More than four years, but not exceeding five years	**5,830,930**	2,035,911
More than five years	**3,356,509**	3,574,220
	87,424,397	59,593,173
Less: Amounts due within one year shown under current liabilities	**23,628,164**	13,950,984
Amounts shown under non-current liabilities	**63,796,233**	45,642,189

* The amounts due are based on scheduled repayment dates set out in the loan agreements.

31. Bank and Other Borrowings (continued)

Bank and other borrowings can be further analysed as follows:

	2020 RMB'000	2019 RMB'000
Fixed-rate	**37,040,759**	17,609,777
Variable-rate	**50,383,638**	41,983,396
	87,424,397	59,593,173

Interest on variable-rate bank and other borrowings is based on:

	2020 RMB'000	2019 RMB'000
The People's Bank of China benchmark rate	**34,443,308**	30,932,002
LIBOR	**12,701,564**	8,526,584
HIBOR	**3,238,766**	2,524,810
	50,383,638	41,983,396

The average effective interest rates were as follows:

	2020	2019
Bank loans	**4.82%**	5.08%
Other loans	**6.20%**	6.56%

Bank and other borrowings that are denominated in currencies other than the functional currency of the respective group entities are set out below:

	HKD RMB'000	USD RMB'000
As at 31 December 2020	**3,238,766**	**12,701,564**
As at 31 December 2019	2,524,810	8,627,739

At the end of the reporting period, certain bank loans are guaranteed by the following companies:

	2020 RMB'000	2019 RMB'000
Secured bank loans:		
Non-controlling shareholders of subsidiaries	**2,787,939**	2,857,153

32. Senior Notes

The summary of movements of all senior notes during the year is set out below:

	RMB'000
At 1 January 2020	7,712,382
Fair value at the dates of issuance	4,097,173
Exchange realignment	(348,034)
Interest charged during the year	395,757
Interest paid during the year	(376,766)
Repaid during the year	(7,520,730)
At 31 December 2020	**3,959,782**
Less: Amounts due within one year shown under current liabilities	**62,653**
Amounts shown under non-current liabilities	**3,897,129**

2015 USD Notes – unsecured

On 11 August 2015, the Company issued senior notes with an aggregate principal amount of USD500,000,000, comprised of (i) notes in the aggregate principal amount of USD429,698,000 (the "New Notes") which were issued pursuant to the exchange offer memorandum dated 20 July 2015 in relation to the exchange of the 2018 USD Notes (as defined in Group's 2016 consolidated financial statements and fully repaid in 2016) and the 2019 USD Notes into new USD senior notes due 2020 and (ii) notes in the aggregate principal amount of USD70,302,000 (the "Additional New Notes") which formed a single series with and have the same terms and conditions as the new USD senior notes due 2020 (collectively, the "2015 USD Notes").

The principal terms of 2015 USD Notes are disclosed in the Group's 2015 consolidated financial statements.

On 11 August 2020, the Company redeemed 2015 USD Notes with an outstanding principal of USD500,000,000 (approximately RMB3,470,400,000) in full at face value and repaid all provided and interest.

The movement of 2015 USD notes during the interim period is set out below:

	RMB'000
At 1 January 2020	3,538,956
Exchange realignment	(13,227)
Interest charged during the year	149,086
Interest paid during the year	(204,415)
Repaid during the year	(3,470,400)
At 31 December 2020	**–**

32. Senior Notes (continued)

2019 USD Notes – unsecured

On 13 November 2019, the Company issued senior notes with an aggregate principal amount of USD600,000,000 at 100% of face value (the "2019 USD Notes"), which are listed on the Stock Exchange. The 2019 USD Notes carry interest at the rate of 4.55% per annum payable semi-annually in arrears. The net proceeds, after deduction of direct issuance costs, amounted to approximately USD597,960,000 (approximately RMB4,187,275,000).

The principal terms of 2019 USD Notes are disclosed in the Group's 2019 consolidated financial statements.

On 14 July 2020 and 10 November 2020, the Company redeemed 2019 USD Notes with an outstanding principal of USD149,999,000 (approximately RMB1,048,688,000) and USD450,001,000 (approximately RMB3,001,642,000) respectively in full at face value and repaid all accrued interest.

The movements of 2019 USD notes during the year are set out below:

	RMB'000
At 1 January 2020	4,173,426
Exchange realignment	(131,446)
Interest charged during the year	180,701
Interest paid during the year	(172,351)
Repaid during the year	(4,050,330)
At 31 December 2020	–

2020 First USD Notes – unsecured

On 13 July 2020, the Company issued senior notes with an aggregate principal amount of USD300,000,000 at 100% of face value (the "2020 First USD Notes"), which are listed on the Stock Exchange. The 2020 First USD Notes carry interest at the rate of 5.65% per annum payable semi-annually in arrears. The net proceeds, after deduction of direct issuance costs, amounted to approximately USD298,600,000 (approximately RMB2,089,499,000). The 2020 First USD Notes will mature on 13 July 2025.

The principal terms of the 2020 First USD Notes are as follows:

The 2020 First USD Notes are:

(i) general obligations of the Company;

(ii) senior in right of payment to any existing and future obligations of the Company expressly subordinated in right of payment to the 2020 First USD Notes;

(iii) at least pari passu in right of payment with the 2020 First USD Notes all other unsecured, unsubordinated indebtedness of the Company (subject to any priority rights of such unsubordinated indebtedness pursuant to applicable law);

(iv) guaranteed by certain offshore subsidiaries of the Company, on a senior basis, subject to certain limitations;

(v) effectively subordinated to secured obligations of the Company, and its subsidiaries guaranteeing the 2020 First USD Notes, to the extent of the value of the assets serving as security therefor; and

(vi) effectively subordinated to all existing and future obligations of the subsidiaries of the Company that do not guarantee the 2020 First USD Notes.

32. Senior Notes (continued)

2020 First USD Notes – unsecured (continued)

At any time prior to 13 July 2023, the Company may redeem up to 35% of the 2020 First USD Notes, at a redemption price of 105.65% of the principal amount, plus accrued and unpaid interest, if any, to the redemption date in each case, using the net cash proceeds from sales of certain equity offerings. In addition, the Company may redeem the 2020 First USD Notes in whole but not in part, at any time, at a price equal to 100.0% of the principal amount of 2020 First USD Notes plus (i) accrued and unpaid interest (if any) to the redemption date and (ii) a premium at a redemption price of 105.65%.

The 2020 First USD Notes s contain a liability component and an issuer's early redemption option:

(i) Liability component represents the present value of the contractually determined stream of future cash flows discounted at the prevailing market interest rate at that time applicable to instruments of comparable credit status and providing substantially the same cash flows, on the same terms, but without the embedded derivatives.

The interest charged for the year is calculated by applying an effective interest rate of approximately 5.76% per annum to the liability component since the senior notes were issued.

(ii) Early redemption option is regarded as an embedded derivative not closely related to the host contract. The directors consider that the fair value of the early redemption options as at the date of issuance and 31 December 2020 were insignificant.

The movements of 2020 First USD Notes during the year are set out below:

	RMB'000
Fair value at the date of issuance	2,089,499
Exchange realignment	(142,989)
Interest charged during the year	54,602
At 31 December 2020	**2,001,112**
Less: Amounts due within one year shown under current liabilities	**51,919**
Amounts shown under non-current liabilities	**1,949,193**

32. Senior Notes (continued)

2020 Second USD Notes – unsecured

On 29 October 2020, the Company issued senior notes with an aggregate principal amount of USD300,000,000 at 100% of face value (the "2020 Second USD Notes"), which are listed on the Stock Exchange. The 2020 Second USD Notes carry interest at the rate of 4.70% per annum payable semi-annually in arrears. The net proceeds, after deduction of direct issuance costs, amounted to approximately USD298,500,000 (approximately RMB2,007,674,000). The 2020 Second USD Notes will mature on 29 April 2025.

The principal terms of the 2020 Second USD Notes are as follows:

The 2020 Second USD Notes are:

(i) general obligations of the Company;

(ii) senior in right of payment to any existing and future obligations of the Company expressly subordinated in right of payment to the 2020 Second USD Notes;

(iii) at least pari passu in right of payment with the 2020 Second USD Notes all other unsecured, unsubordinated indebtedness of the Company (subject to any priority rights of such unsubordinated indebtedness pursuant to applicable law);

(iv) guaranteed by certain offshore subsidiaries of the Company, on a senior basis, subject to certain limitations;

(v) effectively subordinated to secured obligations of the Company, and its subsidiaries guaranteeing the 2020 Second USD Notes, to the extent of the value of the assets serving as security therefor; and

(vi) effectively subordinated to all existing and future obligations of the subsidiaries of the Company that do not guarantee the 2020 Second USD Notes.

At any time prior to 29 April 2023, the Company may redeem up to 35% of the 2020 Second USD Notes, at a redemption price of 104.70% of the principal amount, plus accrued and unpaid interest, if any, to the redemption date in each case, using the net cash proceeds from sales of certain equity offerings. In addition, the Company may redeem the 2020 Second USD Notes in whole but not in part, at any time, at a price equal to 100.0% of the principal amount of 2020 Second USD Notes plus (i) accrued and unpaid interest (if any) to the redemption date and (ii) a premium at a redemption price of 104.70%.

32. Senior Notes (continued)

2020 Second USD Notes – unsecured (continued)

The 2020 Second USD Notes contain a liability component and an issuer's early redemption option:

(i) Liability component represents the present value of the contractually determined stream of future cash flows discounted at the prevailing market interest rate at that time applicable to instruments of comparable credit status and providing substantially the same cash flows, on the same terms, but without the embedded derivatives.

The interest charged for the year is calculated by applying an effective interest rate of approximately 4.82% per annum to the liability component since the senior notes were issued.

(ii) Early redemption option is regarded as an embedded derivative not closely related to the host contract. The directors consider that the fair value of the early redemption options as at the date of issuance and 31 December 2020 were insignificant.

The movements of 2020 Second USD Notes during the year are set out below:

	RMB'000
Fair value at the date of issuance	2,007,674
Exchange realignment	(60,372)
Interest charged during the year	11,368
At 31 December 2020	**1,958,670**
Less: Amounts due within one year shown under current liabilities	**10,734**
Amounts shown under non-current liabilities	**1,947,936**

33. Corporate Debt Instruments

The summary of movements of corporate debt instruments during the year is set out below:

	RMB'000
At 1 January 2020	26,637,264
Fair value at the date of issuance (note)	7,205,656
Interest charged during the year	1,363,015
Interest paid during the year	(1,358,530)
Principal repaid during the current year upon maturity	(7,927,086)
At 31 December 2020	**25,920,319**
Less: Amounts due within one year shown under current liabilities	**1,187,900**
Amounts puttable within one year shown under current liabilities	**7,631,680**
Amounts shown under non-current liabilities	**17,100,739**

Note:

2020 Corporate Bonds

On 6 March 2020, Greentown Real Estate issued the first tranche of corporate bonds with an aggregate principal amount of RMB1,430,000,000 at 100% of face value (the "2020 First Bonds"). The 2020 First Bonds carry interest at the rate of 3.19% per annum payable annually in arrears. The net proceeds, after deduction of direct issuance costs, amounted to RMB1,423,085,000. The 2020 First Bonds will mature on 6 March 2025.

On 31 March 2020, Greentown Real Estate issued the second tranche of corporate bonds with an aggregate principal amount of RMB500,000,000 at 100% of face value (the "2020 Second Bonds"). The 2020 Second Bonds carry interest at the rate of 3.87% per annum payable annually in arrears. The net proceeds, after deduction of direct issuance costs, amounted to RMB498,041,000. The 2020 Second Bonds will mature on 31 March 2027.

On 31 March 2020, Greentown Real Estate issued the third tranche of corporate bonds with an aggregate principal amount of RMB1,000,000,000 at 100% of face value (the "2020 Third Bonds"). The 2020 Third Bonds carry interest at the rate of 3.26% per annum payable annually in arrears. The net proceeds, after deduction of direct issuance costs, amounted to RMB996,112,000. The 2020 Third Bonds will mature on 31 March 2025.

On 28 September 2020, Greentown Decoration Project Group issued the fourth tranche of corporate bonds with an aggregate principal amount of RMB350,000,000 at 100% of face value (the "2020 Fourth Bonds"). The 2020 Fourth Bonds carry interest at the rate of 4.40% per annum payable annually in arrears. The net proceeds, after deduction of direct issuance costs, amounted to RMB348,349,000. The 2020 Fourth Bonds will mature on 28 September 2025.

On 27 October 2020, Greentown Real Estate issued the fifth tranche of corporate bonds with an aggregate principal amount of RMB950,000,000 at 100% of face value (the "2020 Fifth Bonds"). The 2020 Fifth Bonds carry interest at the rate of 3.82% per annum payable annually in arrears. The net proceeds, after deduction of direct issuance costs, amounted to RMB945,081,000. The 2020 Fifth Bonds will mature on 27 October 2025.

Greentown Real Estate shall be entitled to adjust the coupon rate and the investors shall be entitled to sell back the 2020 First Bonds, the 2020 Third Bonds and 2020 Fifth Bonds at the end of the third year, the 2020 Second Bonds at the end of the fifth year. Greentown Decoration Project Group shall be entitled to adjust the coupon rate and the investors shall be entitled to sell back the 2020 Fourth Bonds at the end of the third year ("2020 Coupon Rate Adjustment Right").

33. Corporate Debt Instruments (continued)

Note: (continued)

2020 Corporate Bonds (continued)

The principal terms of the 2020 First Bonds, the 2020 Second Bonds, the 2020 Third Bonds, the 2020 Fourth Bonds and the 2020 Fifth Bond (collectively, the "2020 Corporate Bonds") are as follows:

(i) the 2020 First Bonds, the 2020 Third Bonds, the Fourth Bonds and the 2020 Fifth Bonds have fixed interest rate in the first three years. At the end of the fixed interest rate period, Greentown Real Estate and Greentown Decoration Project Group have the right to adjust the coupon rate of the remaining outstanding bonds. If Greentown Real Estate or Greentown Decoration Project Group choose to exercise the 2020 Coupon Rate Adjustment Right, the new fixed coupon rate for the remaining two years will be the coupon rate of the first three years plus adjusting basis points;

(ii) the investors of the 2020 First Bonds, the 2020 Third Bonds, the 2020 Fourth Bonds and the 2020 Fifth Bonds have option to sell back the bonds, in whole or in parts, at a redemption price equal to 100% of the principal amount of the bonds plus accrued and unpaid interest, if any, to (but not including) the redemption date when Greentown Real Estate or Greentown Decoration Project Group issue the announcement concerning whether to adjust the coupon rate of the bonds at the end of the third year;

(iii) the 2020 Second Bonds has fixed interest rate in the first five years. At the end of the fixed interest rate period, Greentown Real Estate has the right to adjust the coupon rate of the remaining outstanding bonds. If Greentown Real Estate choose to exercise the 2020 Coupon Rate Adjustment Right, the new fixed coupon rate for the remaining two years will be the coupon rate of the first five years plus adjusting basis points;

(iv) the investors of the 2020 Second Bonds have option to sell back the bonds, in whole or in parts, at a redemption price equal to 100% of the principal amount of the bonds plus accrued and unpaid interest, if any, to (but not including) the redemption date when Greentown Real Estate issue the announcement concerning whether to adjust the coupon rate of the bonds at the end of the fifth year;

Further details of the 2020 First Bonds, the 2020 Second Bonds, the 2020 Third Bonds and the Fifth Bond are published on the website of the Shanghai Stock Exchange (www.sse.com.cn).

The 2020 Corporate Bonds contain a liability component and a written put option:

(i) Liability component represents the present value of the contractually determined stream of future cash flows discounted at the prevailing market interest rate at that time applicable to instruments of comparable credit status and providing substantially the same cash flows, on the same terms.

The interest charged for the year is calculated by applying the weighted average effective interest rate of approximately 3.47% per annum to the liability component since the corporate bonds were issued.

(ii) Written put option is regarded as an embedded derivative closely related to the economic characteristics and risks of the host contract, therefore, the written put option is not separated from the liability component.

As at 31 December 2020, the Group has had no plan nor intention to exercise the 2020 Coupon Rate Adjustment Right of the corporate bonds, therefore the interest expense for the year were calculated using the original coupon rates of the 2020 Corporate Bonds.

2020 Medium-term Notes

On 27 February 2020, Greentown Real Estate issued the medium-term notes with an aggregate principal amount of RMB1,500,000,000 at 100% of face value (the "2020 First Medium-term Notes").The 2020 First Medium-term Notes carry interest at the rate of 3.30% per annum payable annually in arrears. The net proceeds, after deduction of direct issuance costs, amounted to RMB1,497,531,000. The 2020 First Medium-term Notes will mature on 27 February 2023.

On 27 February 2020, Greentown Real Estate issued the medium-term notes with an aggregate principal amount of RMB500,000,000 at 100% of face value (the "2020 Second Medium-term Notes").The 2020 Second Medium-term Notes carry interest at the rate of 3.86% per annum payable annually in arrears. The net proceeds, after deduction of direct issuance costs, amounted to RMB499,174,000. The 2020 Second Medium-term Notes will mature on 27 February 2025.

On 16 March 2020, Greentown Real Estate issued the medium-term notes with an aggregate principal amount of RMB1,000,000,000 at 100% of face value (the "2020 Third Medium-term Notes").The 2020 Third Medium-term Notes carry interest at the rate of 3.27% per annum payable annually in arrears. The net proceeds, after deduction of direct issuance costs, amounted to RMB998,283,000. The 2020 Third Medium-term Notes will mature on 16 March 2023.

34. Receipts under Securitisation Arrangements

The movements of receipts under securitisation arrangements during the year are set out below:

	RMB'000
At 1 January 2020	1,633,966
Fair value at the date of issuance	1,890,667
Interest charged during the year	50,913
Interest paid during the year	(77,905)
Repaid during the year	(1,600,000)
At 31 December 2020	**1,897,641**
Less: Amounts due within one year shown under current liabilities	**4,819**
Amounts shown under non-current liabilities	**1,892,822**

On 17 June 2020, Greentown Real Estate issued receipts under securitisation arrangements (the "2020 Receipts Under Securitisation Arrangements") with an aggregate principal amount of RMB2,000,000,000 at 100% of face value comprising (i) RMB1,900,000,000 with a term of fixed annual coupon rate of 3.90% and provide distribution semi-annually (the "2020 Senior Tranche Securities"), and (ii) RMB100,000,000 with a term of no annual coupon rate (the "2020 Junior Tranche Securities"). The Greentown Real Estate purchased all the 2020 Junior Tranche Securities. The 2020 Receipts Under Securitisation Arrangements are listed on the Shenzhen Stock Exchange. The net proceeds of the 2020 Receipts Under Securitisation Arrangements, after deduction of direct issuance costs, amounted to RMB1,990,667,000. Both Senior Tranche Securities and Junior Tranche Securities will mature on 16 June 2023.

The receipts under securitisation arrangements are assets backed securitisation collateralised by certain future trade receivables for the remaining receipts from sales of properties.

35. Share Capital

	Number of shares	**Share capital** HKD'000
Authorised		
Ordinary shares of HKD0.10 each At 31 December 2019 and 2020	10,000,000,000	1,000,000
Issued and fully paid		
Ordinary shares of HKD0.10 each At 31 December 2019	2,170,920,190	217,092
Share issued (note)	323,000,000	32,300
Exercise of share options	256,000	26
At 31 December 2020	**2,494,176,190**	**249,418**

Note: On 26 April 2020, the Company entered into a subscription agreement with Hong Kong Xinhu Investment Co., Limited ("Hong Kong Xinhu Investment"), a company incorporated under the laws of Hong Kong with limited liability and a wholly-owned subsidiary of Xinhu Zhongbao Co., Ltd., pursuant to which the Company has conditionally agreed to allot and issue, and Hong Kong Xinhu Investment has conditionally agreed to subscribe for, a total of 323,000,000 shares to be allotted and issued by the Company. The shares has been allotted, issued and fully paid on 26 May 2020 at HKD9.5 per share, amounting to RMB2,807,280,000.

35. Share Capital (continued)

	RMB'000
Shown on the consolidated statement of financial position	
As at 31 December 2020	**239,264**
As at 31 December 2019	209,694

All shares issued during the current year rank pari passu with other shares in issue in all respects.

36. Perpetual Securities

2017 USD Perpetual Securities

On 19 July 2017, Wisdom Glory Group Limited ("Wisdom Glory"), a wholly-owned subsidiary of the Company, issued USD denominated guaranteed senior perpetual capital securities (the "2017 USD Perpetual Securities") with an aggregate principal amount of USD450,000,000. The Company has agreed to guarantee the due payment of all sums expressed to be payable by Wisdom Glory under the 2017 USD Perpetual Securities.

The principal terms of the 2017 USD Perpetual Securities are disclosed in the Group's 2017 consolidated financial statements.

On 20 July 2020, Wisdom Glory redeemed the 2017 USD Perpetual Securities with an outstanding principal of USD450,000,000 (approximately RMB3,146,085,000) in full face value and repaid all provided but not paid interest with an aggregate amount of USD461,813,000 (approximately RMB3,228,670,000).

2018 USD Perpetual Securities

On 28 December 2018, Twinkle Lights Holdings Limited ("Twinkle Lights"), a wholly-owned subsidiary of the Company, issued USD denominated guaranteed senior perpetual capital securities (the "2018 USD Perpetual Securities") with an aggregate principal amount of USD500,000,000. The 2018 USD Perpetual Securities are unlisted, guaranteed by the Company, and also benefit from a keepwell deed and deed of equity interest purchase undertaking provided by CCCG.

The principal terms of the 2018 USD Perpetual Securities are disclosed in the Group's 2018 consolidated financial statements.

2018 First Domestic Perpetual Securities

On 26 October 2018, Greentown Real Estate issued listed and unsecured domestic perpetual securities (the "2018 First Domestic Perpetual Securities") with an aggregate principal amount of RMB1,400,000,000.

The principal terms of the 2018 First Domestic Perpetual Securities are disclosed in the Group's 2018 consolidated financial statements.

2018 Second Domestic Perpetual Securities

On 3 December 2018, Greentown Real Estate issued listed and unsecured domestic perpetual securities (the "2018 Second Domestic Perpetual Securities") with an aggregate principal amount of RMB2,000,000,000.

The principal terms of the 2018 Second Domestic Perpetual Securities are disclosed in the Group's 2018 consolidated financial statements.

36. Perpetual Securities (continued)

2019 First USD Perpetual Securities

On 8 February 2019, Champion Sincerity Holdings Limited ("Champion Sincerity"), a wholly-owned subsidiary of the Company, issued USD denominated guaranteed senior perpetual capital securities (the "2019 First USD Perpetual Securities") with an aggregate principal amount of USD400,000,000. The Company has agreed to guarantee on a subordinated basis the due payment of all sums expressed to be payable by Champion Sincerity under the 2019 First USD Perpetual Securities.

The principal terms of the 2019 First USD Perpetual Securities are disclosed in the Group's 2019 consolidated financial statements.

2019 Second USD Perpetual Securities

On 8 February 2019, Champion Sincerity issued USD denominated guaranteed senior perpetual capital securities (the "2019 Second USD Perpetual Securities") with an aggregate principal amount of USD100,000,000. The Company has agreed to guarantee on a subordinated basis the due payment of all sums expressed to be payable by Champion Sincerity under the 2019 Second USD Perpetual Securities.

The principal terms of the 2019 Second USD Perpetual Securities are disclosed in the Group's 2019 consolidated financial statements.

2019 First Domestic Perpetual Securities

On 29 January 2019, Greentown Real Estate issued listed and unsecured domestic perpetual securities (the "2019 First Domestic Perpetual Securities") with an aggregate principal amount of RMB2,000,000,000.

The principal terms of the 2019 First Domestic Perpetual Securities are disclosed in the Group's 2019 consolidated financial statements.

2019 Second Domestic Perpetual Securities

On 24 April 2019, Greentown Real Estate issued listed and unsecured domestic perpetual securities (the "2019 Second Domestic Perpetual Securities") with an aggregate principal amount of RMB2,600,000,000.

The principal terms of the 2019 Second Domestic Perpetual Securities are disclosed in the Group's 2019 consolidated financial statements.

2019 Third Domestic Perpetual Securities

On 19 June 2019 and 30 August 2019, Greentown Real Estate issued unlisted and unsecured domestic perpetual securities with an aggregate principal amount of RMB500,000,000 and RMB1,500,000,000 respectively (collectively the "2019 Third Domestic Perpetual Securities").

The principal terms of the 2019 Third Domestic Perpetual Securities are disclosed in the Group's 2019 consolidated financial statements.

36. Perpetual Securities (continued)

2019 Fourth Domestic Perpetual Securities

On 26 December 2019, Tianjin CCCG Greentown Urban Construction Development Co., Ltd. ("Tianjin CCCG Greentown") issued unlisted and unsecured domestic perpetual securities (the "2019 Fourth Domestic Perpetual Securities") with an aggregate principal amount of RMB1,014,326,000.

The principal terms of the 2019 Fourth Domestic Perpetual Securities are disclosed in the Group's 2019 consolidated financial statements.

2020 First Domestic Perpetual Securities

On 28 April 2020, Greentown Real Estate issued listed and unsecured domestic perpetual securities (the "2020 First Domestic Perpetual Securities") with an aggregate principal amount of RMB1,500,000,000.

Under the terms and conditions of the 2020 First Domestic Perpetual Securities (the "2020 First Domestic Perpetual Securities T&Cs"), the holders of the 2020 First Domestic Perpetual Securities have a right to receive distribution at the applicable distribution rate from 28 April 2020 annually in arrears. The distribution rate shall be (i) in respect of the period from, and including, 28 April 2020 to, but excluding, 28 April 2023, Initial Distribution Rate (as defined in the 2020 First Domestic Perpetual Securities T&Cs); and (ii) in respect of the periods from, and including, each Reset Date falling after 28 April 2020 to, but excluding, the immediately following Reset Date, the Relevant Reset Distribution Rate (as defined in the 2020 First Domestic Perpetual Securities T&Cs). A Reset Date is defined as each day falling every 3 calendar years after 28 April 2020.

Greentown Real Estate may at its sole discretion elect to defer any scheduled distribution to the next scheduled distribution payment date by giving prior written notice. Greentown Real Estate may further defer any arrears of distribution following the foregoing notice requirement and is not subject to any limits as to the number of times distributions and arrears of distribution can be deferred. Unless and until Greentown Real Estate satisfies in full all outstanding arrears of distribution and any additional distribution amount, Greentown Real Estate shall not declare or pay any dividends or reduce any share capital.

2020 Second Domestic Perpetual Securities

On 18 September 2020, Greentown Real Estate issued unlisted and unsecured domestic perpetual securities (the "2020 Second Domestic Perpetual Securities") with an aggregate principal amount of RMB1,000,000,000.

Under the terms and conditions of the 2020 Second Domestic Perpetual Securities (the "2020 Second Domestic Perpetual Securities T&Cs"), the holders of the 2020 Second Domestic Perpetual Securities have a right to receive distribution at the applicable distribution rate from 18 September 2020 quarterly in arrears. The distribution rate shall be (i) in respect of the period from, and including, 18 September 2020 to, but excluding, 18 September 2022, Initial Distribution Rate (as defined in the 2020 Second Domestic Perpetual Securities T&Cs); and (ii) in respect of the periods after, and including, 18 September 2022, the Relevant Reset Distribution Rate (as defined in the 2020 Second Domestic Perpetual Securities T&Cs).

Greentown Real Estate may at its sole discretion elect to defer any scheduled distribution to the next scheduled distribution payment date by giving prior written notice. Greentown Real Estate may further defer any arrears of distribution following the foregoing notice requirement and is not subject to any limits as to the number of times distributions and arrears of distribution can be deferred. Unless and until Greentown Real Estate satisfies in full all outstanding arrears of distribution and any additional distribution amount, Greentown Real Estate shall not declare or pay any dividends or reduce any share capital.

In the current year, the total interest in perpetual securities recognised as distribution is RMB1,322,949,000. The weighted average interest rate in perpetual securities is 6.69% as at 31 December 2020.

37. Acquisition of Subsidiaries

Particulars of the subsidiaries acquired during 2020 were as follows:

Acquired company	Principal activities	Acquisition date	Equity interest acquired	Consideration RMB'000
大連寶融房地產開發有限公司 Dalian Baorong Real Estate Development Co., Ltd. ("Dalian Baorong") (Note (i))	Real estate development	12 June 2020	88%	354,790
烏魯木齊聚岑實業有限責任公司 Urumqi Jucen Industrial LLC ("Urumqi Jucen") (Note (ii))	Real estate development	29 June 2020	100%	103,573
湖北遠景置業有限公司 Hubei Yuanjing Real Estate Co., Ltd ("Hubei Yuanjing") (Note (iii))	Real estate development	29 July 2020	70%	439,600
大連勝鼎文林置業有限公司 Dalian Shengding Wenlin Real Estate Development Co., Ltd. ("Dalian Shengding") (Note (iv))	Real estate development	29 September 2020	80%	410,552
浙江綠城築樂美城市發展有限公司 Zhejiang Greentown Zhulemei City Development Co., Ltd. ("Greentown Zhulemei ") (Note (v))	Design and Decoration	30 September 2020	51%	10,145
武漢賽達萬景房地產開發有限公司 Wuhan Saida Wanjing Real Estate Development Co., Ltd. ("Wuhan Saida") (Note (vi))	Real estate development	15 December 2020	100%	1,000
				1,319,660

37. Acquisition of Subsidiaries (continued)

Particulars of the subsidiaries acquired during 2020 were as follows: (continued)

Notes:

(i) Beijing Greentown Investment Co., Ltd., a wholly-owned subsidiary of the Company, acquired 88% equity interests of Dalian Baorong so as to continue the expansion of the Group's property development operation.

(ii) Chengdu Greentown Bashu Investment Co., Ltd., a wholly-owned subsidiary of the Company, acquired 100% equity interests of Urumqi Jucen so as to continue the expansion of the Group's property development operation. The Group accounted for the acquisition of 100% equity interests of Urumqi Jucen as an acquisition of asset. The major assets acquired is properties for development amounting to RMB856,522,000.

(iii) Huazhong Greentown Investment Co., Ltd., a wholly-owned subsidiary of the Company, acquired 70% equity interests of Hubei Yuanjing so as to continue the expansion of the Group's property development operation.

(iv) Dalian Wocheng Real Estate Co., Ltd., a wholly-owned subsidiary of the Company, acquired 80% equity interests of Dalian Shengding so as to continue the expansion of the Group's property development operation.

(v) Zhejiang Greentown Housing Service System Co., Ltd., a subsidiary of the Company, acquired 51% equity interest of Greentown Zhulemei so as to continue the expansion of the Group's design and decoration operation.

(vi) Wuhan Lijing Real Estate Co., Ltd., a wholly-owned subsidiary of the Company, acquired 100% equity interests of Wuhan Saida so as to continue the expansion of the Group's property development operation. The Group accounted for the acquisition of 100% equity interests of Wuhan Saida as an acquisition of asset. The major assets acquired is properties for development amounting to RMB616,172,000.

37. Acquisition of Subsidiaries (continued)

Particulars of the subsidiaries acquired during 2019 were as follows:

Acquired company	Principal activities	Acquisition date	Equity interest acquired	Consideration RMB'000
山東東城置業有限公司 Shandong Dongcheng Real Estate Co., Ltd. ("Shandong Dongcheng") (Note (i))	Real estate development	21 February 2019	51%	397,968
山東綠城青和建築設計有限公司 Shandong Greentown Qinghe Architectural Design Co., Ltd. ("Shandong Qinghe") (Note (ii))	Design and decoration	6 March 2019	51%	–
北京東部綠城置業有限公司 Beijing Eastern Greentown Real Estate Co., Ltd. ("Beijing Eastern") (Note (iii))	Real estate development	22 April 2019	51%	45,262
蘇州悦順房地產開發有限公司 Suzhou Yueshun Real Estate Development Co., Ltd. ("Suzhou Yueshun")(Note (iv))	Real estate development	29 October 2019	40%	760,000
大連金石葡萄酒莊有限公司 Dalian Jinshi Wineyard Co., Ltd "Dalian Jinshi Wineyard")(Note (v))	Real estate development	13 December 2019	60%	169,707
杭州昌榮商務信息諮詢有限公司 Hangzhou Changrong Commercial Information Consulting Co., Ltd. ("Hangzhou Changrong") (Note (vi))	Investment holding	17 December 2019	100%	192,209
大連建中置業有限公司 Dalian Jianzhong Real Estate Co., Ltd. ("Dalian Jianzhong")(Note (vii))	Real estate development	29 November 2019	51%	–
				1,565,146

37. Acquisition of Subsidiaries (continued)

Particulars of the subsidiaries acquired during 2019 were as follows: (continued)

Notes:

(i) Greentown Real Estate acquired 51% equity interests of Shandong Dongcheng so as to continue the expansion of the Group's property development operation. Shandong Dongcheng was previously a 49%-owned joint venture of the Group.

(ii) Greentown Real Estate Construction Management Group Co., Ltd. ("Greentown Real Estate Construction Management Group"), a subsidiary of the Company, obtained 51% equity interest of Shandong Qinghe by capital injection of RMB3,120,000 so as to continue the expansion of the Group's design and decoration operation.

(iii) Beijing Greentown Investment Co., Ltd., a wholly-owned subsidiary of the Company, acquired 51% equity interests of Beijing Eastern so as to continue the expansion of the Group's property development operation. Beijing Eastern was previously a 49%-owned associate of the Group.

(iv) Shanghai Misheng Real Estate Development Co., Ltd., a subsidiary of the Company, acquired 40% equity interest of Suzhou Yueshun so as to continue the expansion of the Group's property development operation. Suzhou Yueshun was previously a 35%-owned associate of the Group.

(v) Beijing Woyi Real Estate Co., Ltd., a wholly-owned subsidiary of the Company, acquired 60% equity interests of Dalian Jinshi Wineyard so as to continue the expansion of the Group's property development operation.

(vi) Greentown Real Estate acquired 100% equity interest of Hangzhou Changrong so as to continue the expansion of the Group's property development operation. Hangzhou Zhenmao Investment Co., Ltd. ("Hangzhou Zhenmao") and Hangzhou Greentown Wangxi are the associates of Hangzhou Changrong, therefore were also acquired by the Group. Hangzhou Zhenmao and Hangzhou Greentown Wangxi were previously 20% owned associates of the Group.

(vii) Beijing Xinyi Real Estate Development Co., Ltd, a wholly-owned subsidiary of the Company, obtained 51% equity interests of Dalian Jianzhong by capital injection of RMB5,100,000 so as to continue the expansion of the Group's property development operation.

37. Acquisition of Subsidiaries (continued)

A summary of the effects of the acquisition of these subsidiaries is as follows:

	2020 Total RMB'000	2019 Total RMB'000
Net assets acquired:		
Property, plant and equipment	**184**	1,025
Interest in associates	**–**	148,977
Deferred tax assets	**8,768**	25,215
Properties for development	**1,472,694**	599,610
Properties under development	**3,660,506**	6,238,918
Inventory	**16,381**	–
Completed properties for sale	**–**	93,983
Trade and other receivables, deposits and prepayments	**56,558**	227,982
Amounts due from related parties	**–**	781,311
Prepaid income taxes	**2,583**	59
Prepaid other taxes	**23,872**	5,870
Bank balances and cash	**48,016**	325,561
Trade and other payables	**(1,885,048)**	(487,262)
Contract liabilities	**(122,685)**	(10,863)
Amounts due to related parties	**(78,864)**	(3,128,529)
Income taxes payable	**(1,111)**	(168,936)
Other taxes payable	**(11,134)**	(39)
Bank and other borrowings	**(1,294,000)**	(1,320,000)
Deferred tax liabilities	**(227,894)**	(81,891)
	1,668,826	3,250,991
Non-controlling interests	**(246,528)**	(594,996)
	1,422,298	2,655,995
Less:		
Transferred from interests previously held and classified as joint ventures	**(102,638)**	(1,047,362)
Gain on re-measurement of an associate and joint ventures to acquisition date fair value in business combination achieved in stages	**–**	(43,487)
	1,319,660	1,565,146

37. Acquisition of Subsidiaries (continued)

A summary of the effects of the acquisition of these subsidiaries is as follows: (continued)

	2020 Total RMB'000	2019 Total RMB'000
Total consideration, satisfied by:		
Cash	**600,708**	1,167,178
Consideration payables	**718,952**	397,968
	1,319,660	1,565,146
Net cash inflow arising on acquisition		
Cash paid	**(600,708)**	(1,167,178)
Bank balances and cash acquired	**48,016**	325,561
	(552,692)	(841,617)

The acquisition of the subsidiaries has been accounted for using the acquisition method.

The receivables acquired (which principally comprised trade and other receivables) with a fair value of RMB56,558,000 at the date of acquisition had gross contractual amounts of RMB56,558,000, which were expected to be fully collected.

The non-controlling interest recognised at the acquisition date was measured by reference to the proportionate share of the recognised amounts of net assets of subsidiaries and amounted to RMB246,528,000.

The subsidiaries contributed RMB162,516,000 in revenue to the Group between the date of acquisition and the end of the year.

The profits attributable to a subsidiary amounted to RMB13,471,000 has been recognised in the Group's profit for the year between the date of acquisition and the end of the year. The losses attributable to certain subsidiaries amounted to RMB11,484,000 has been recognised in the Group's profit for the year between the date of acquisition and the end of the year.

Had the acquisition of the subsidiaries been effected at 1 January 2020, the Group's revenue and profit for the year ended 31 December 2020 would have been RMB65,950,568,000 and RMB5,758,829,000.

Acquisition-related costs were immaterial and had been recognised as an expense in the current year, within the administrative expenses line item in the consolidated statement of profit or loss and other comprehensive income.

Analysis of the summary of effects of acquisition of subsidiaries in 2019 are set out in the Group's consolidated financial statements for the year ended 31 December 2019.

38. Disposal of Subsidiaries

In April 2020, the Group disposed of its 100% equity interests in Hangzhou Chengling Business Consulting, LLP. ("Hangzhou Chengling") to an independent third party and one of the Group's joint venture for a zero consideration. After the disposal, Hangzhou Chengling was an independent third party of the Group.

In June 2020, the Group disposed of its 1% equity interests from 51% to 50% in Hangzhou Zhaoqian Investment Co., Ltd. ("Hangzhou Zhaoqian") to an independent third party for a cash consideration of RMB10,000,000. Fuzhou Lvmin Real Estate Co., Ltd. ("Fuzhou Lvmin") is a wholly-owned subsidiary of Hangzhou Zhaoqian, therefore was also disposed by the Group. After the disposal, Hangzhou Zhaoqian and Fuzhou Lvmin were accounted for as joint ventures of the Group.

In August 2020, the Group's equity interest was diluted from 100% to 51.25% in Guangzhou Lvyue Investment Development Co., Ltd. ("Guangzhou Lvyue") due to capital injection by an independent third parties. After the deemed disposal, Guangzhou Lvyue was accounted for as a joint venture of the Group. Foshan Young City Real Estate Development Co., Ltd. was an 80%-owned subsidiary of Guangzhou Lvyue, therefore its equity interests was also diluted to 41%.

In September 2020, the Group disposed 2% equity interest in Zhejiang Greentown Landscape Garden Project Co., Ltd. ("Greentown Landscape Garden") to an independent third party at a cash consideration of RMB330,000. After the disposal, the Group held a 49% equity interest in Greentown Landscape Garden, and therefore classified the investment as an associate of the Group.

In September 2020, the Group disposed 49% equity interest in Zhejiang Greentown Public City Garden Construction Co., Ltd. ("Greentown Public City Garden") to an independent third party at a cash consideration of RMB12,250,000. After the disposal, the Group held a 51% equity interest in Greentown Public City Garden, and a valid shareholder resolution of relevant activities of Greentown Public City Garden requires a unanimous approval from all shareholders. Therefore, Greentown Public City Garden is accounted for as a joint venture of the Group afterwards.

In October 2020, the Group disposed of its 100% equity interests in Hangzhou Greentown Haiqi Industrial Co., Ltd. ("Greentown Haiqi") to an independent third party for a cash consideration of RMB344,500,000. After the disposal, Greentown Haiqi was an independent third party of the Group.

In November 2020, the Group disposed of its 59% equity interest in Chengdu Zhezhongda Real Estate Co., Ltd. ("Chengdu Zhezhongda") to an independent third party at a cash consideration of RMB228,000,000. After the disposal, the Group held a 1% equity interest in Chengdu Zhezhongda, and therefore classified the investment as equity instruments at FVTOCI of the Group.

In November 2020, the Group disposed of its 20% equity interest in Beijing Yingcheng Real Estate Co., Ltd. ("Beijing Yingcheng") to an independent third party at a cash consideration of RMB109,000. Xi'an Yayi Real Estate Development Co., Ltd. ("Xi'an Yayi") is a wholly-owned subsidiary of Beijing Yingcheng, therefore was also disposed by the Group. After the disposal, Beijing Yingcheng and Xi'an Yayi were accounted for as joint ventures of the Group.

In December 2020, the Group disposed of its 100% equity interests in Beijing Eastern to an independent third party for a cash consideration of RMB136,000,000. After the disposal, Beijing Eastern was an independent third party of the Group.

38. Disposal of Subsidiaries (continued)

A summary of the effects of the disposal of these subsidiaries is as follows:

	2020 RMB'000
Net assets disposed of:	
Property, plant and equipment	1,879,475
Right-of-use assets	214,238
Deferred tax assets	42,058
Property for development	1,487,080
Property under development	4,647,448
Completed properties for sale	147,871
Inventories	322
Trade and other receivables, deposits and prepayments	51,621
Amounts due from related parties	2,317,276
Prepaid income taxes	12,263
Prepaid other taxes	83,447
Contract assets	7,084
Bank balances and cash	1,263,978
Assets classified as held for sale	95,747
Contract liabilities	(502,039)
Trade and other payables	(1,077,147)
Amounts due to related parties	(4,525,684)
Income taxes payables	(164,274)
Other taxes payables	(56,995)
Bank and other borrowings	(4,065,350)
Liabilities classified as held for sale	(70,409)
Deferred tax liability	(60,879)
	1,727,131
Transferred to interests held and classified as associates and joint ventures	(521,274)
Transferred to interests held and classified as an investment in equity instrument at FVTOCI	(3,865)
Net gain on disposal of subsidiaries	174,902
Non-controlling interests	(645,705)
Total consideration	731,189
Satisfied by:	
Cash	718,609
Consideration receivable	12,580
	731,189
Net cash outflow arising on disposal:	
Cash received	718,609
Bank balances and cash disposed of	(1,263,978)
	(545,369)

39. Operating Leasing Arrangements

The Group as lessor

	2020 RMB'000	2019 RMB'000
Property investment rental income, net of negligible outgoings	**161,737**	164,400

Undiscounted lease payments receivable on leases are as follows:

	2020 RMB'000	2019 RMB'000
Within one year	**212,920**	206,367
In the second year	**88,794**	138,085
In the third year	**64,611**	68,761
In the fourth year	**52,721**	58,008
In the fifth year	**44,586**	53,478
After five years	**98,270**	363,056
	561,902	887,755

Property rental income represents rentals receivable by the Group. Leases are negotiated for a term ranging from 1 to 20 years with fixed rentals.

40. Commitments

	2020 RMB'000	2019 RMB'000
Commitments contracted for but not provided in the consolidated financial statements in respect of:		
Properties for development and properties under development and construction in progress	**44,213,975**	30,768,717

In addition to the above, the Group's share of the commitments of its joint ventures are as follows:

	2020 RMB'000	2019 RMB'000
Contracted for but not provided in respect of properties for development and properties under development and construction in progress	**9,783,867**	2,923,622

41. Share-Based Payment Transactions

2006 Share Option Scheme

The Company's 2006 share option scheme (the "2006 Share Option Scheme") was adopted pursuant to the shareholders' resolution passed on 22 June 2006 for the primary purpose of providing incentives and/or reward to directors and employees of the Group. The 2006 Share Option Scheme has been terminated upon adoption of the new share option scheme ("2016 Share Option Scheme") by ordinary resolution of shareholders of the Company at the annual general meeting of the Company held on 17 June 2016 ("Effective Date"). Upon termination of the 2006 Share Option Scheme, no further options of the 2006 Share Option Scheme can be offered thereunder but the provisions of the 2006 Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any options granted prior to its termination and options granted prior to such termination shall continue to be valid and exercisable.

Share options granted under the 2006 Share Option Scheme may be exercised at any time from the date of grant of the share option to the expiry of the Share Option Scheme, unless otherwise specified in the Share Option Scheme. The exercise price is determined by the Board, and will not be less than the higher of (i) the closing price of the shares of the Company as stated in the Stock Exchange's daily quotations sheet on the date of grant; (ii) the average of the closing prices of the shares of the Company as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and (iii) the nominal value of the shares.

Details of specific categories of options granted in 2009 are as follows:

	Date of grant	Vesting period	Exercise period	Exercise price	Fair value
2009A	22/1/2009	22/1/2009-21/1/2011	22/1/2009-21/1/2019	HK$2.89	HK$1.19
2009B	13/5/2009	13/5/2009-12/5/2012	13/5/2009-12/5/2019	HK$7.16	HK$3.41
2009C	22/6/2009	22/6/2009-21/6/2011	22/6/2009-21/6/2019	HK$11.00	HK$4.71
2009D	17/7/2009	17/7/2009-16/7/2011	17/7/2009-16/7/2019	HK$11.59	HK$4.17

The closing prices of the Company's shares on 22 January, 13 May, 22 June and 17 July 2009, the dates of grant, were HK$2.75, HK$7.16, HK$11.00 and HK$11.52 respectively.

41. Share-Based Payment Transactions (continued)

2006 Share Option Scheme (continued)

The share options are exercisable during the following periods:

2009A

(i) up to 50% of the share options granted to each grantee from 22 January 2009;

(ii) up to 75% of the share options granted to each grantee at any time after the expiration of 12 months from 22 January 2009; and

(iii) all the remaining share options granted to each grantee at any time after the expiration of 24 months from 22 January 2009, and in each case, not later than 21 January 2019.

2009B

(i) up to 33% of the share options granted to each grantee from 13 May 2009;

(ii) up to 67% of the share options granted to each grantee at any time after the expiration of 24 months from 13 May 2009; and

(iii) all the remaining share options granted to each grantee at any time after the expiration of 36 months from 13 May 2009, and in each case, not later than 12 May 2019.

2009C

(i) up to 50% of the share options granted to each grantee from 22 June 2009;

(ii) up to 75% of the share options granted to each grantee at any time after the expiration of 12 months from 22 June 2009; and

(iii) all the remaining share options granted to each grantee at any time after the expiration of 24 months from 22 June 2009, and in each case, not later than 21 June 2019.

2009D

(i) up to 50% of the share options granted to each grantee from 17 July 2009;

(ii) up to 75% of the share options granted to each grantee at any time after the expiration of 12 months from 17 July 2009; and

(iii) all the remaining share options granted to each grantee at any time after the expiration of 24 months from 17 July 2009, and in each case, not later than 16 July 2019.

The estimated fair values of the 2009A, 2009B, 2009C and 2009D share options at their respective dates of grant are RMB39,173,000, RMB30,023,000, RMB168,173,000 and RMB55,132,000 respectively.

No expense was recognised in the profit or loss (2019: nil) in relation to share options granted under 2006 Share Option Scheme.

41. Share-Based Payment Transactions (continued)

2016 Share Option Scheme

The Company's 2016 Share Option Scheme was adopted pursuant to an ordinary resolution of shareholders of the Company at the annual general meeting of the Company held on 17 June 2016 for the primary purpose of providing incentives to directors and eligible employees.

Under the Scheme, the total number of shares in respect of which share options may be granted under the 2016 Share Option Scheme is not permitted to exceed 10% of the Shares in issue at any point of time, without prior approval from the Company's shareholders. The number of shares issued and to be issued in respect of which share options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares in issue at any point of time, without prior approval from the Company's shareholders. Share options granted to independent non-executive directors and substantial shareholders of the Company in excess of 0.1% of the Company's issued share capital and with a value in excess of HK$5,000,000 must be approved in advance by the Company's shareholders.

Share options shall only be exercised on a date on which the latest closing price per share as stated in the Stock Exchange's daily quotation sheets represents at least 30% above the exercise price and any shares under such share options shall only be issued on a date which the latest closing price per share as stated in the Stock Exchange's daily quotation sheets represents at least 30% above the exercise price. The exercise price is determined by the Board, and shall be at least the highest of (i) the closing price of the shares of the Company as stated in the Stock Exchange's daily quotations sheet on the date of grant; (ii) the average of the closing prices of the shares of the Company as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and (iii) the nominal value of the shares.

On 27 December 2017, 100,000,000 share options under 2016 Share Option Scheme were granted to eligible parties, (among the options granted, 35,350,000 share options were granted to directors), representing 4.62% of the ordinary shares of the Company in issue at that date. On 28 August 2018, 8,900,000 share options under 2016 Share Option Scheme were granted to eligible parties, representing 0.41% of the ordinary shares of the Company in issue at that date. On 29 December 2020, 77,349,600 share options under 2016 Share Option Scheme were granted to eligible parties, representing 3.10% of the ordinary shares of the Company in issue at that date.

Details of options granted on 27 December 2017 ("2017") are as follows:

	Vesting period	Exercisable period
The first 30% of the grant	From date of grant to the 1st anniversary	From the 1st anniversary to 26 December 2027
The second 30% of the grant	From date of grant to the 2nd anniversary	From the 2nd anniversary to 26 December 2027
The third 20% of the grant	From date of grant to the 3rd anniversary	From the 3rd anniversary to 26 December 2027
The fourth 10% of the grant	From date of grant to the 4th anniversary	From the 4th anniversary to 26 December 2027
The remaining 10% of the grant	From date of grant to the 5th anniversary	From the 5th anniversary to 26 December 2027

41. Share-Based Payment Transactions (continued)

2016 Share Option Scheme (continued)

Details of options granted on 28 August 2018 ("2018") are as follows:

	Vesting period	Exercisable period
The first 30% of the grant	From date of grant to the 1st anniversary	From the 1st anniversary to 27 August 2028
The second 30% of the grant	From date of grant to the 2nd anniversary	From the 2nd anniversary to 27 August 2028
The third 20% of the grant	From date of grant to the 3rd anniversary	From the 3rd anniversary to 27 August 2028
The fourth 10% of the grant	From date of grant to the 4th anniversary	From the 4th anniversary to 27 August 2028
The remaining 10% of the grant	From date of grant to the 5th anniversary	From the 5th anniversary to 27 August 2028

Details of options granted on 29 December 2020 ("2020") are as follows:

	Vesting period	Exercisable period
The first 30% of the grant	From date of grant to the 1st anniversary	From the 1st anniversary to 28 December 2030
The second 30% of the grant	From date of grant to the 2nd anniversary	From the 2nd anniversary to 28 December 2030
The third 20% of the grant	From date of grant to the 3rd anniversary	From the 3rd anniversary to 28 December 2030
The fourth 10% of the grant	From date of grant to the 4th anniversary	From the 4th anniversary to 28 December 2030
The remaining 10% of the grant	From date of grant to the 5th anniversary	From the 5th anniversary to 28 December 2030

The fair values were calculated using the Binomial model. The inputs into the model were as follows:

	The options granted on 27 December 2017	The options granted on 28 August 2018	The options granted on 29 December 2020
Share price at the date of grant	HK$9.1	HK$7.8	HK$10.88
Exercise price	HK$9.1	HK$8.326	HK$11.152
Expected life	10 years	10 years	10 years
Expected volatility of the Company's share price	55.28%	54.81%	49.15%
Expected dividend yield	4.33%	3.1%	4.41%
Risk-free rates of interest	1.94%	2.201%	0.554%
Exercise market condition	at least 30% above the exercise price	at least 30% above the exercise price	at least 30% above the exercise price

Expected volatility was determined by using the historical volatility of the Company's share price over the previous 10 years. The expected dividend yield has taken into account the historical dividend yield of the Company. The risk-free interest rates are based on the yield curve fitted by market yields of the Hong Kong government bonds with similar duration to the expected life of the share option.

The Binomial model has been used to estimate the fair value of the options. The variables and assumptions used in computing the fair value of the share options are based on the Directors' best estimate. The value of an option varies with different variables of certain subjective assumptions.

41. Share-Based Payment Transactions (continued)

2016 Share Option Scheme (continued)

The estimated fair value of the options granted on 27 December 2017 was HK$358,000,000 (approximately RMB299,753,000). The estimated fair value of the options granted on 28 August 2018 was HK$29,454,000 (approximately RMB25,534,000). The estimated fair value of the options granted on 29 December 2020 was HK$262,000,000 (approximately RMB221,162,000).

The Group has recognised the total expense of RMB19,734,000 (2019: RMB42,763,000) in the profit or loss in relation to share options granted under 2016 Share Option Scheme.

Share option movement

The following table discloses movements of the Company's share options held by directors and employees during the year:

Option type	Outstanding at 1/1/2020	Granted during the year	Exercised during year	Forfeited during year	Outstanding at 31/12/2020
2017	**58,850,000**	**–**	**(256,000)**	**(8,450,000)**	**50,144,000**
2018	**8,900,000**	**–**	**–**	**–**	**8,900,000**
2020	**–**	**77,349,600**	**–**	**–**	**77,349,600**
	67,750,000	**77,349,600**	**(256,000)**	**(8,450,000)**	**136,393,600**
Weighted average exercise price	**HK$9.00**	**HK$11.15**	**HK$9.10**	**HK$9.10**	**HK$10.21**
Exercisable at the end of the year					**45,404,000**
Weighted average exercise price					**HK$9.02**

Option type	Outstanding at 1/1/2019	Exercised during year	Forfeited during year	Outstanding at 31/12/2019
2009A	2,060,000	(1,494,500)	(565,500)	–
2009B	3,359,000	(750,000)	(2,609,000)	–
2009C	29,100,500	–	(29,100,500)	–
2017	100,000,000	–	(41,150,000)	58,850,000
2018	8,900,000	–	–	8,900,000
	143,419,500	(2,244,500)	(73,425,000)	67,750,000
Weighted average exercise price	HK$9.30	HK$4.32	HK$9.74	HK$9.00
Exercisable at the end of the year				37,980,000
Weighted average exercise price				HK$9.05

In respect of the share options exercised during the year, the weighted average closing price of the shares immediately before the dates of exercise is HK$11.97 (2019: HK$6.44).

HK$1.00 is payable for each acceptance of grant of share options. In addition, (i) in respect of the 2009A share options, certain grantees were required to pay an option premium of HK$1.00 per share option up front; and (ii) in respect of the 2009C share options, certain grantees were required to pay an option premium of HK$3.50 per share option in three annual instalments.

41. Share-Based Payment Transactions (continued)

Share Award Scheme

On 21 March 2019, the Company adopted the share award scheme (the "Share Award Scheme"), pursuant to which the ordinary shares of the Company (the "Shares") to be awarded will be purchased by the trustee from the open market out of cash contributed by the Group and held on trust for the selected employees until such Shares are vested with the relevant selected employees in accordance with the provisions of the Share Award Scheme.

The purpose of the Share Award Scheme is to recognise and reward the contribution of the executives and employees (whether serving full-time or part-time) and directors of the Group to the growth and development of the Group through an award of the shares of the Company.

The Group has granted 7,414,000 shares to the employees and directors in the 2019 year. The vesting period for the first 50% of the granted shares was from date of grant to the 1st anniversary of grant date and the vesting period for the second 50% of the granted shares was from date of grant to the 2nd anniversary of grant date.

The carrying amount of 3,813,000 (2019: 7,414,000) shares purchased on the Stock Exchange and held for the Share Award Scheme was RMB19,469,000 as at 31 December 2020 (2019: RMB37,852,000). The Group has recognised the total expense of RMB17,364,000 (2019: RMB15,760,000) in the profit or loss in relation to Shares granted under Share Award Scheme.

42. Pledge of Assets

At the end of the reporting period, the following assets were pledged to banks and other parties to secure credit facilities granted to the Group:

	2020 RMB'000	2019 RMB'000
Property plant and equipment	**4,151,356**	3,063,257
Right-of-use assets	**323,828**	360,381
Properties for development	**452,013**	2,504,272
Properties under development	**79,497,518**	81,984,914
Completed properties for sale	**2,374,859**	76,563
Investment properties	**2,325,693**	2,355,701
Trade and other receivables, deposits and prepayments	**–**	123,642
Pledged bank deposits	**5,655,839**	5,326,761
Interests in associates	**77,027**	72,355
	94,858,133	95,867,846

43. Retirement Benefits Plans

The employees of the Group's subsidiaries in the PRC are members of the state-managed retirement benefits schemes operated by the PRC government. The PRC subsidiaries are required to contribute a certain percentage of payroll costs to the retirement benefits schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefits schemes is to make the specified contributions.

44. Contingent Liabilities

(i) Guarantees

The Group provided guarantees of RMB37,065,562,000 (2019: RMB35,651,192,000) at 31 December 2020 to banks in favour of its customers in respect of the mortgage loans provided by the banks to those customers for the purchase of the Group's developed properties. These guarantees provided by the Group to the banks will be released upon receiving the building ownership certificates of the respective properties by the banks from the customers as a pledge for security to the mortgage loans granted.

The Group also provided guarantees to banks and other parties in respect of credit facilities utilised by the following companies:

	2020 RMB'000	2019 RMB'000
Credit guarantees provided to:		
Associates	**7,728,857**	8,199,419
Joint ventures	**12,612,805**	12,879,126
	20,341,662	21,078,545

	2020 RMB'000	2019 RMB'000
Mortgage and charge guarantees provided to:		
Associates	**2,850,000**	4,275,000
Total	**23,191,662**	25,353,545

Contingent liabilities arising from interests in associates at the end of the reporting period:

	2020 RMB'000	2019 RMB'000
Share of mortgage loan guarantees provided by associates to banks in favour of its customers	**4,016,399**	2,170,782

Contingent liabilities arising from interests in joint ventures at the end of the reporting period:

	2020 RMB'000	2019 RMB'000
Share of mortgage loan guarantees provided by joint ventures to banks in favour of its customers	**2,508,756**	1,445,244

The directors consider that the fair value of the above guarantees is insignificant on initial recognition and there was no loss allowance recognised for expected credit losses during the year 2020 and 2019.

45. Capital Risk Management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt, which includes the borrowings disclosed in notes 31, 32, 33, 34 and 48(ii) (net of cash and cash equivalents), and capital and reserves.

The directors of the Company review the capital structure on a regular basis. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt.

46. Financial Instruments

(a) Categories of financial instruments

	2020 RMB'000	2019 RMB'000
Financial assets		
Financial assets at amortised cost	**118,145,575**	109,075,041
Equity instruments at FVTOCI	**2,037,318**	1,511,985
Financial liabilities		
Amortised cost	**188,303,084**	167,059,031

(b) Financial risk management objectives and policies

The Group's major financial instruments include equity instruments at FVTOCI, trade and other receivables contract assets, amounts due from related parties, pledged bank deposits, bank balances and cash, trade and other payables, amounts due to related parties, bank and other borrowings, corporate debt instruments, senior notes, receipts under securitisation arrangements and lease liabilities. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner. There has been no significant change in the Group's exposure to these risks or the manner in which it manages and measures risks.

46. Financial Instruments (continued)

(b) Financial risk management objectives and policies (continued)

Market risk

(i) Currency risk

The Group has bank balances, equity instruments at FVTOCI, other receivables, amounts due from related parties, other payables, amounts due to related parties, bank and other borrowings and senior notes denominated in foreign currencies, which expose the Group to foreign currency risk.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Assets		Liabilities	
	2020	2019	**2020**	2019
	RMB'000	RMB'000	**RMB'000**	RMB'000
Hong Kong dollars ("HKD")	**1,773,417**	1,090,893	**3,267,044**	2,714,028
United States dollars ("USD")	**3,314,493**	5,680,369	**21,046,466**	16,501,216

The Group does not use any derivative contracts to hedge against its exposure to currency risk. The management closely monitors foreign currency exposure and will consider hedging significant foreign currency exposure should the need arise.

Sensitivity analysis

The Group is mainly exposed to the fluctuations in exchange rates between RMB and HKD/USD. The exposure in HKD/USD arises mainly from the Group's bank balances and cash, equity instruments at FVTOCI, other receivables, other payables, bank and other borrowings, senior notes and amounts due from/to related parties.

The following table details the Group's sensitivity to a 5% (2019: 5%) increase and decrease in RMB against the relevant foreign currencies. 5% represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 5% change in foreign currency rates. A positive (negative) number below indicates an increase (decrease) in post-tax profit and other comprehensive income where RMB strengthens 5% against the relevant currency. For a 5% weakening of RMB against the relevant currency, there would be an equal and opposite impact on post-tax profit and other comprehensive income.

	HKD Impact		USD Impact	
	2020	2019	**2020**	2019
	RMB'000	RMB'000	**RMB'000**	RMB'000
Profit or loss	**42,027**	47,633	**664,949**	405,782
Other comprehensive income (note)	**(55,934)**	(52,938)	**–**	–

Note: This is attributable to foreign currency exposure on listed equity instruments at FVTOCI.

46. Financial Instruments (continued)

(b) Financial risk management objectives and policies (continued)

Market risk (continued)

(ii) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate bank deposits, amounts due from/to related parties, bank and other borrowings, senior notes, corporate debt instruments and receipts under securitisation arrangements (see notes 28, 31, 32, 33, 34 and 48 for details).

The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank deposits, amounts due from/to related parties and bank and other borrowings (see notes 28, 31 and 48 for details).

The Group does not use any derivative contracts to hedge against its exposure to interest rate risk.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to market deposit and lending interest rates for non-derivative instruments. For variable-rate bank deposits, bank and other borrowings and amounts due from/to related parties, the analysis is prepared assuming the balances outstanding at the end of the reporting period were outstanding for the whole year. A 5 basis point (2019: 5 basis point) increase or decrease in market deposit interest rates and a 50 basis point (2019: 50 basis point) increase or decrease in market lending interest rates represent management's assessment of the reasonably possible change in interest rates.

If the market deposit interest rates had been 5 basis points higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 December 2020 would have increased/decreased by RMB24,451,000 (2019: increased/decreased by RMB19,460,000). This is mainly attributable to the Group's exposure to interest rates on its variable-rate bank deposits.

If the market lending interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's interest charged for the year ended 31 December 2020 (before considering the impact to interest capitalized) would have decreased/increased by RMB179,465,000 (2019: decreased/increased by RMB147,644,000). This is mainly attributable to the Group's exposure to interest rates on its variable-rate bank and other borrowings and amounts due from/to related parties.

46. Financial Instruments (continued)

(b) Financial risk management objectives and policies (continued)

Market risk (continued)

(iii) Other price risk

The Group is exposed to equity price risk through its investments in listed equity securities in Hong Kong and unlisted equity securities. In addition, the Group has appointed a special team to monitor the price risk and will consider hedging the risk exposure should the need arise.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity price risk at the reporting date.

If the prices of the equity instruments had been 10% (2019: 10%) higher/lower, investments revaluation reserve would increase/decrease by RMB203,732,000 (2019: increase/decrease by RMB151,199,000).

Credit risk and impairment assessment

As at 31 December 2020 and 2019, the Group's maximum exposure to credit risk which will cause a financial loss to the Group is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position and the amount of contingent liabilities in relation to financial guarantee issued by the Group as disclosed in note 44.

The Group's credit risk is primarily attributable to its trade receivables, other receivables, amounts due from related parties, pledged bank deposits, bank balances, contract assets and financial guarantee contracts.

Trade receivables and contract assets arising from contracts with customers

In order to minimise the credit risk, The Group has policies in place to ensure that sales are made to purchasers with an appropriate financial strength and appropriate percentage of down payments. It also has other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group performs impairment assessment under ECL model on trade balances individually or based on provision matrix, as appropriate.

Other receivables

The credit risk of other receivables is managed through an internal process. The Group actively monitors the outstanding amounts owed by each debtor and uses past due information to assess whether credit risk has increased significantly since initial recognition.

46. Financial Instruments (continued)

(b) Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Amounts due from related parties

The credit risk of amounts due from related parties is managed through an internal process. The credit quality of each counterparty is investigated before an advance is made. The Group also actively monitors the outstanding amounts owed by each debtor and uses past due information to assess whether credit risk has increased significantly since initial recognition.

Bank balances and cash and pledged bank deposit

Cash deposits are mainly placed with state-owned financial institutions and reputable banks which are all high-credit-quality financial institutions, therefore the Group's credit risk on liquid funds is limited.

Contingent liabilities in relation to the financial guarantees

For properties that are still under construction, the Group typically provides guarantees to banks in connection with the customers' borrowing of mortgage loans to finance their purchase of the properties. If a purchaser defaults on the payment of its mortgage during the term of the guarantee, the bank holding the mortgage may demand the Group to repay the outstanding amount under the loan and any accrued interest thereon. Under such circumstances, the Group is able to retain the customer's deposits and sell the property to recover any amounts paid by the Group to the bank. Unless the selling price drop significantly, which the probability is remote, the Group would not be in a loss position in selling those properties out. In this regard, the directors of the Company consider that the Group's credit risk in relation to financial guarantees from mortgage loans is largely mitigated.

The Group's concentration of credit risk by geographical locations is mainly in the PRC. Other than the concentration of credit risk on liquid funds which are deposited with several large state-owned banks and commercial banks in the PRC, the Group does not have any other significant concentration of credit risk, with exposure spread over a number of counterparties and customers.

46. Financial Instruments (continued)

(b) Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

The Group's internal credit risk grading assessment for trade receivables and contract assets comprises the following categories:

Internal credit rating	Description	Basis for recognition of expected credit loss provision
Low risk	The counterparty has a low risk of default or counterparty frequently repays after due dates but usually settle in full after due date.	Lifetime ECL – not credit impaired
Doubtful	The balances are 90 days past due, the Group considers that default has occurred.	Lifetime ECL – credit impaired
Loss	There is evidence indicating the asset is credit-impaired.	Lifetime ECL – credit impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery.	Amount is written-off

The Group's internal credit risk grading assessment for other receivables and amounts due from related parties comprises the following categories:

Internal credit rating	Description	Basis for recognition of expected credit loss provision
Performing	The counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
Low risk	Interest and/or principal repayments are 30 days past due, but the counterparty still has a strong capacity to meet contractual cash flows.	Lifetime ECL – not credit impaired
Watch list	Interest and/or principal repayments are 30 days past due, or the Group considers that there is significant increase in credit risk since initial recognition.	Lifetime ECL – not credit impaired
Doubtful	Interest and/or principal repayments are 90 days past due, the Group considers that default has occurred.	Lifetime ECL – credit impaired
Loss	There is evidence indicating the asset is credit-impaired.	Lifetime ECL – credit impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery.	Amount is written-off

46. Financial Instruments (continued)

(b) Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

The tables below detail the credit risk exposures of the Group's financial assets, contract assets and financial guarantee contracts which are subject to ECL assessment:

	Notes	External credit rating	Internal credit rating	12-month or lifetime ECL	2020 Gross carrying amount RMB'000	2019 Gross carrying amount RMB'000
Financial assets at amortised cost						
Trade receivable	26	N/A	Note 1	Lifetime ECL (provision matrix)	**1,242,948**	1,084,808
			Loss	Lifetime ECL (credit impaired)	**62,156**	56,404
					1,305,104	1,141,212
Other receivables and amounts due from related parties	26 & 48	N/A	Performing	12-month ECL	**44,458,831**	45,783,833
			Low risk & Watch list	Lifetime ECL (not credit impaired)	**9,554,563**	9,812,912
			Doubtful & Loss	Lifetime ECL (credit impaired)	**1,116,690**	1,099,000
					55,130,084	56,695,745
Pledged bank deposits	28	AAA – A (Note 2)	N/A	12-month ECL	**5,655,839**	5,326,761
Bank balances and cash	28	AAA – A (Note 2)	N/A	12-month ECL	**59,547,352**	46,567,729
Contract assets	27	N/A	Note 1	Lifetime ECL (provision matrix)	**3,176,165**	2,832,323
Financial guarantee contracts	44	N/A	Note 3	12-month ECL	**66,782,379**	64,620,763

Notes:

1. For trade receivables and contract assets, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. Except for debtors that are credit-impaired, the Group determines the expected credit losses on these items by using a provision matrix based on aged days.

2. External credit rating disclosed by the counterparty financial institutions and banks, majority of which are located in the PRC.

3. For financial guarantee contracts, the gross carrying amount represents the maximum amount the Group has guaranteed under the respective contracts. The maximum amount that the Group has guaranteed under the respective contracts was RMB66,782,379,000 as at 31 December 2020 (2019: RMB64,620,763,000). At the end of the reporting period, the directors of the Company have performed impairment assessment, and concluded that there has been no significant increase in credit risk since initial recognition of the financial guarantee contracts. Accordingly, the loss allowance for financial guarantee contracts issued by the Group is measured at an amount equal to 12m ECL. The directors of the Company considered that the 12m ECL allowance is insignificant at December 31, 2019 and December 31, 2020.

46. Financial Instruments (continued)

(b) Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Provision matrix – debtors' aging

As part of the Group's credit risk management, the Group uses debtors' aging to assess the impairment for its customers in relation to its property sales, hotel operations, project management, design and decoration and sales of construction materials operating segments because these operating segments have large number of small customers with common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The Group assessed the impairment for its customers from these operating segments separately, and the information about the exposure to credit risk for these trade receivables based on provision matrix within lifetime ECL (not credit impaired) are presented below. Debtors with gross carrying amounts of RMB62,156,000 that was defaulted as at 31 December 2020 (2019: RMB56,404,000) were assessed individually.

	2020		2019	
	Range of loss rate	**Trade receivables RMB'000**	Range of loss rate	Trade receivables RMB'000
Gross carrying amount				
Within 90 days	**0.3%-0.5%**	**692,160**	0.3%-0.5%	537,668
91–180 days	**0.6%-5.5%**	**209,188**	0.6%-1.3%	131,557
181–365 days	**0.9%-6.3%**	**128,712**	0.7%-2.6%	129,030
Over 365 days	**5.6%-28.7%**	**212,888**	1.9%-29.3%	286,553
		1,242,948		1,084,808

46. Financial Instruments (continued)

(b) Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Provision matrix – debtors' aging (continued)

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and forward-looking information that is available without undue cost or effort.

The following table shows the movement in lifetime ECL that has been recognised for trade receivables and contract assets under the simplified approach.

	Lifetime ECL (not credit impaired) RMB'000	Lifetime ECL (credit impaired) RMB'000	Total RMB'000
As at 1 January 2019	42,398	58,868	101,266
Impairment losses recognised	17,316	207	17,523
Impairment losses reversed	(23,236)	–	(23,236)
Disposal of a subsidiary	–	(2,671)	(2,671)
As at 31 December 2019	36,478	56,404	92,882
Transfer to credit-impaired	(343)	343	–
Impairment losses recognised	47,815	5,413	53,228
Impairment losses reversed	–	(3)	(3)
As at 31 December 2020	**83,950**	**62,157**	**146,107**

The impairment losses recognised in lifetime ECL (not credit impaired) during the year 2020 is mainly due to the increase in the rate of expected credit losses.

46. Financial Instruments (continued)

(b) Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Provision matrix – internal credit rating

The following table provides information about the exposure to credit risk and ECL for other receivables and amounts due from related parties which are assessed collectively. In addition to the internal credit ratings as stated above, the Group further assessed the impairment for other receivables and amounts due from related parties from the different operating segments separately, and the information about the exposure to credit risk for these other receivables and amounts due from related parties based on provision matrix within 12-month ECL and life time (not credit impaired) are presented below. Debtors with significant outstanding balances with gross carrying amounts of RMB5,438,269,000 respectively as at 31 December 2020 (2019: RMB5,682,141,000) were assessed individually.

	2020		2019	
	Range of loss rate	**Other receivables and amounts due from related parties RMB'000**	Range of loss rate	Other receivables and amounts due from related parties RMB'000
Gross carrying amount				
Performing	**0.1%-0.6%**	**44,458,831**	0.1%-1.4%	45,783,833
Low risk	**1.2%-9.0%**	**3,629,931**	1.5%-7.6%	3,630,796
Watch list	**8.3%-29.4%**	**1,603,053**	12.1%-29.6%	1,598,975
		49,691,815		51,013,604

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

46. Financial Instruments (continued)

(b) Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Provision matrix – internal credit rating (continued)

The following table shows the movement in lifetime ECL that has been recognised for other receivables and amounts due from related parties.

	12-month ECL RMB'000	Lifetime ECL (not credit impaired) RMB'000	Lifetime ECL (credit impaired) RMB'000	Total RMB'000
As at 1 January 2019	59,044	1,393,630	1,140,573	2,593,247
Transfer to lifetime ECL	(1,184)	1,184	–	–
Impairment losses recognized	36,653	868,978	58,427	964,058
Impairment losses reversed	–	(61,458)	(100,000)	(161,458)
As at 31 December 2019	94,513	2,202,334	1,099,000	3,395,847
Transfer to lifetime ECL	(1,352)	1,352	–	–
Transfer to credit-impaired	–	(187,366)	187,366	–
Impairment losses recognized	–	276,404	336,119	612,523
Impairment losses reversed	(39,620)	(64,611)	–	(104,231)
Write off	–	–	(505,795)	(505,795)
As at 31 December 2020	**53,541**	**2,228,113**	**1,116,690**	**3,398,344**

Changes in the loss allowance for other receivables and amounts due from related parties are mainly due to:

	31/12/2020		
		Increase in lifetime ECL	
	Increase in 12-month ECL RMB'000	Not credit-impaired RMB'000	Credit-impaired RMB'000
One debtor with a gross carrying amount of RMB340,314,000 defaulted	**–**	**–**	**340,314**
Several debtors with a gross carrying amount of RMB317,923,000 recognised impairment loss	**–**	**276,404**	**–**
Total	**–**	**276,404**	**340,314**

46. Financial Instruments (continued)

(b) Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Provision matrix – internal credit rating (continued)

	31/12/2019		
		Increase in lifetime ECL	
	Increase in 12-month ECL RMB'000	Not credit-impaired RMB'000	Credit-impaired RMB'000
One debtor with a gross carrying amount of RMB58,427,000 defaulted	–	–	58,427
Several debtors with a gross carrying amount of RMB4,159,674,000 recognised impairment loss	–	813,243	–
Total	–	813,243	58,427

Impairment losses reversed in lifetime ECL (credit impaired) during the year 2019 and 2020 is due to the repayment from the debtor.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of borrowings and ensures compliance with loan covenants.

The Group relies on bank and other borrowings, senior notes, corporate debt instruments, receipts under securitisation arrangements and amounts due to related parties as a significant source of liquidity.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates. The table includes both interest and principal cash flows.

46. Financial Instruments (continued)

(b) Financial risk management objectives and policies (continued)

Liquidity risk (continued)

Liquidity and interest risk tables

	Weighted average interest rate	On demand or less than 1 year RMB'000	1-5 years RMB'000	>5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount at 31/12/2020 RMB'000
2020						
Non-derivative financial liabilities						
Trade and other payables	–	44,746,389	922,295	–	45,668,684	45,668,684
Bank and other borrowings						
– fixed-rate	5.18%	8,444,179	32,469,308	1,579,932	42,493,419	37,040,759
– variable-rate	4.65%	19,444,703	34,348,168	1,940,587	55,733,458	50,383,638
Amounts due to related parties						
– interest-free	–	10,442,376	–	–	10,442,376	10,442,376
– fixed-rate	5.92%	12,888,615	–	–	12,888,615	12,168,019
– variable-rate	5.12%	863,968	–	–	863,968	821,866
Senior notes	5.18%	214,062	4,881,342	–	5,095,404	3,959,782
Corporate debt instruments	5.05%	9,828,171	17,744,534	1,044,079	28,616,784	25,920,319
Receipts under securitisation arrangements	3.97%	78,000	2,117,000	–	2,195,000	1,897,641
Leases liabilities	5.40%	35,563	122,361	20,502	178,426	137,630
Financial guarantee contracts	–	66,782,379	–	–	66,782,379	–
		173,768,405	92,605,008	4,585,100	270,958,513	188,440,714

46. Financial Instruments (continued)

(b) Financial risk management objectives and policies (continued)

Liquidity risk (continued)

Liquidity and interest risk tables

	Weighted average interest rate	On demand or less than 1 year RMB'000	1-5 years RMB'000	>5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount at 31/12/2019 RMB'000
2019						
Non-derivative financial liabilities						
Trade and other payables	–	41,862,944	965,846	–	42,828,790	42,828,790
Bank and other borrowings						
– fixed-rate	5.65%	6,579,952	12,501,254	1,026,910	20,108,116	17,609,777
– variable-rate	5.13%	10,517,569	34,345,966	2,735,588	47,599,123	41,983,396
Amounts due to related parties						
– interest-free	–	8,195,339	–	–	8,195,339	8,195,339
– fixed-rate	6.16%	20,766,868	–	–	20,766,868	19,605,405
– variable-rate	4.70%	912,402	–	–	912,402	852,712
Senior notes	5.69%	7,891,388	–	–	7,891,388	7,712,382
Corporate debt instruments	5.38%	8,618,387	20,014,085	541,592	29,174,064	26,637,264
Receipts under securitisation arrangements	5.29%	1,646,288	–	–	1,646,288	1,633,966
Leases liabilities	5.40%	27,397	101,990	7,764	137,151	116,435
Financial guarantee contracts	–	64,620,763	–	–	64,620,763	–
		171,639,297	67,929,141	4,311,854	243,880,292	167,175,466

The amounts included above for financial guarantee contracts are the maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Group considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

The amounts included above for variable interest rate non-derivative financial liabilities is subject to change if changes in variable interest rate differ from those interest rate estimates determined at the end of the reporting period.

46. Financial Instruments (continued)

(c) Fair value measurements of financial instruments

Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used).

Financial instrument	Fair value RMB'000	Fair value hierarchy	Valuation technique and key inputs	Significant unobservable inputs
Listed equity investment	1,118,673 (31 December 2019: 1,058,755)	Level 1	Quoted bid prices in an active market.	N/A
Unquoted equity investments	918,645 (31 December 2019: 453,230)	Level 3	Income approach – in this approach, the discounted cash flow method was used to capture the present value of the expected dividend income and ultimate disposal proceed.	Long-term pre-tax operating margin taking into account management's experience and knowledge of market conditions of the specific industries, ranging from 2.8-36.3 per cent (2019: 2.8-36.3 per cent). Discount rate, taking into account weighted average cost of capital (WACC) determined using a capital asset pricing model, 8% (2019: N/A).

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

Except as detailed in the following table, the directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values:

	2020		2019	
	Carrying amount of liability component RMB'000	**Fair value RMB'000**	Carrying amount of liability component RMB'000	Fair value RMB'000
Financial liabilities				
Senior notes (Level 2)	**3,897,129[1]**	**3,993,239[2]**	7,632,119[1]	7,719,263[2]
Corporate debt instruments (Level 2)	**25,231,327[1]**	**25,878,429[2]**	25,905,349[1]	26,343,132[2]
Receipts under securitisation arrangements (Level 2)	**1,892,822[1]**	**1,892,400[2]**	1,598,530[1]	1,600,000[2]

1 The carrying amount of liability component represented the principle of the financial liability.

2 Based on quoted price

There were no transfer into or out of Level 2 during both years.

47. Reconciliation of Liabilities Arising from Financial Activities

The tables below details change in the Group's liabilities arising from financing activities, including both cash and non-cash change. Liabilities arising from financing activities are those for which cash flow were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Bank and other borrowings RMB'000 (note 31)	Senior notes RMB'000 (note 32)	Corporate debt instruments RMB'000 (note 33)	Receipts under securitisation arrangements RMB'000 (note 34)	Leases liabilities RMB'000	Amount due to related parties RMB'000 (note 48(ii))	Dividend payable RMB'000	Total RMB'000
As at 1 January 2019	49,641,352	3,355,113	26,866,599	1,595,196	149,297	26,728,482	–	108,336,039
Financing cash flows	9,459,542	4,036,195	(1,616,235)	(43,914)	(102,079)	11,547,891	(1,244,687)	22,036,713
Acquisition of subsidiaries (note 37)	1,320,000	–	–	–	–	3,128,529	–	4,448,529
Disposal of subsidiaries	(5,901,000)	–	–	–	(25,908)	(13,094,607)	–	(19,021,515)
Transfer to held for sales	–	–	–	–	(767)	(8,762)	–	(9,529)
New leases entered/lease Modified	–	–	–	–	86,886	–	–	86,886
Foreign exchange Translation	1,372,378	43,006	–	–	–	–	–	1,415,384
Interest expenses	3,700,901	278,068	1,386,900	82,684	9,006	551,923	–	6,009,482
Consideration paid for acquisition of a subsidiary recognised in prior year	–	–	–	–	–	(200,000)	–	(200,000)
Dividends declared	–	–	–	–	–	–	1,244,687	1,244,687
At 31 December 2019	59,593,173	7,712,382	26,637,264	1,633,966	116,435	28,653,456	–	124,346,676
Financing cash flows	**26,334,525**	**(3,800,323)**	**(2,079,960)**	**212,762**	**(120,680)**	**53,600**	**(3,122,254)**	**17,477,670**
Acquisition of subsidiaries (note 37)	**1,294,000**	**–**	**–**	**–**	**–**	**78,864**	**–**	**1,372,864**
Disposal of subsidiaries (note 38)	**(4,065,350)**	**–**	**–**	**–**	**–**	**(4,525,684)**	**–**	**(8,591,034)**
New leases entered/lease modified	**–**	**–**	**–**	**–**	**151,721**	**–**	**–**	**151,721**
Early termination of leases	**–**	**–**	**–**	**–**	**(17,277)**	**–**	**–**	**(17,277)**
Foreign exchange translation	**(1,101,011)**	**(348,034)**	**–**	**–**	**–**	**–**	**–**	**(1,449,045)**
Interest expenses	**5,369,060**	**395,757**	**1,363,015**	**50,913**	**7,431**	**611,832**	**–**	**7,798,008**
Consideration payable for acquisition of a subsidiary	**–**	**–**	**–**	**–**	**–**	**299,600**	**–**	**299,600**
Net off interest in an associate	**–**	**–**	**–**	**–**	**–**	**(670,500)**	**–**	**(670,500)**
Net off amount due from a joint venture	**–**	**–**	**–**	**–**	**–**	**(1,068,907)**	**–**	**(1,068,907)**
Dividends declared	**–**	**–**	**–**	**–**	**–**	**–**	**3,122,254**	**3,122,254**
At 31 December 2020	**87,424,397**	**3,959,782**	**25,920,319**	**1,897,641**	**137,630**	**23,432,261**	**–**	**142,772,030**

48. Related Party Disclosures

(i) During the year, in addition to those disclosed in other notes to the consolidated financial statements, the Group entered into the following transactions with related parties:

	2020 RMB'000	2019 RMB'000
Construction service income from associates (note)	**77,708**	68,391
Construction service income from joint ventures (note)	**40,860**	109,783
Construction design fees paid to Shareholders' Companies	**378,878**	486,029
Construction design fees paid to joint ventures	**571,803**	434,619
Rental expenses paid/payable to Shareholders' Companies	**3,379**	7,818
Purchases from joint ventures and associates (note)	**381,532**	192,531
Purchase of property from an associate (note)	**–**	100,894
Interest income arising from amounts due from:		
– associates (note)	**1,242,335**	384,964
– joint ventures (note)	**581,055**	614,899
– non-controlling shareholders	**40,201**	6,241
– Shareholders' Companies	**–**	–
Interest expense arising from amounts due to:		
– associates (note)	**428,252**	41,318
– joint ventures (note)	**68,028**	154,757
– non-controlling shareholders	**271,665**	327,398
– directors	**17,143**	21,010
– Shareholders' Companies	**19**	7,440
Advertising expenses paid/payable to joint ventures (note)	**133,019**	103,774
Comprehensive service income from associates (note)	**86,472**	77,598
Interior decoration service income from:		
– joint ventures and associates (note)	**744,188**	603,610
– Shareholders' Companies	**4,571**	160
Landscape construction fee to associates (note)	**7,492**	4,003
Educational services framework fee to Shareholders' Companies	**7,002**	6,932

Note: The transactions with associates and joint ventures are presented gross before elimination of unrealised profits or losses attributable to the Group.

The transactions above are presented net of taxes.

The directors considered that the transactions above were carried out in accordance with the terms agreed with the counterparties.

Before May 2020, CCCG was a "Shareholder" of the Company. After May 2020, CCCG and Xinhu Zhongbao Co., Ltd. are each a "Shareholder", and collectively the "Shareholders", of the Company. Shareholders' Companies represent companies owned by the Shareholders and affiliates.

48. Related Party Disclosures (continued)

(ii) As at the end of the reporting period, the Group had balances with related parties, which are all unsecured, as follows:

	2020						
	Project-related		Non-project related		Sub Total		
	Interest bearing RMB'000	Non-interest bearing RMB'000	Interest bearing RMB'000	Non-interest bearing RMB'000	Interest bearing RMB'000	Non-interest bearing RMB'000	Total RMB'000
Due from Shareholders' Companies	–	53,346	–	–	–	53,346	53,346
Non-controlling shareholders	142,772	18,378,908	–	–	142,772	18,378,908	18,521,680
Associates	9,591,007	5,024,191	–	273,807	9,591,007	5,297,998	14,889,005
Joint ventures	8,762,509	5,362,899	–	235	8,762,509	5,363,134	14,125,643
Officers	–	31,316	105,070	–	105,070	31,316	136,386
	18,496,288	28,850,660	105,070	274,042	18,601,358	29,124,702	47,726,060
Due to Shareholders' Companies	–	29,283	–	–	–	29,283	29,283
Non-controlling shareholders	1,756,814	6,646,632	–	69,020	1,756,814	6,715,652	8,472,466
Associates	7,012,202	2,121,290	–	150,026	7,012,202	2,271,316	9,283,518
Joint ventures	4,220,869	1,067,193	–	20,083	4,220,869	1,087,276	5,308,145
Officers	–	338,849	–	–	–	338,849	338,849
	12,989,885	10,203,247	–	239,129	12,989,885	10,442,376	23,432,261

	2019						
	Project-related		Non-project related		Sub Total		
	Interest bearing RMB'000	Non-interest bearing RMB'000	Interest bearing RMB'000	Non-interest bearing RMB'000	Interest bearing RMB'000	Non-interest bearing RMB'000	Total RMB'000
Due from Shareholders' Companies	–	20,462	–	1,589	–	22,051	22,051
Non-controlling shareholders	722,349	16,188,868	–	–	722,349	16,188,868	16,911,217
Associates	8,658,934	4,465,250	–	358,563	8,658,934	4,823,813	13,482,747
Joint ventures	14,541,263	2,321,311	–	1,231,754	14,541,263	3,553,065	18,094,328
Officers	–	31,316	45,008	–	45,008	31,316	76,324
	23,922,546	23,027,207	45,008	1,591,906	23,967,554	24,619,113	48,586,667
Due to Shareholders' Companies	–	120,390	–	–	–	120,390	120,390
Non-controlling shareholders	6,377,686	977,240	–	73,783	6,377,686	1,051,023	7,428,709
Associates	11,085,201	5,407,204	–	50,321	11,085,201	5,457,525	16,542,726
Joint ventures	2,995,230	1,399,073	–	–	2,995,230	1,399,073	4,394,303
Officers	–	167,328	–	–	–	167,328	167,328
	20,458,117	8,071,235	–	124,104	20,458,117	8,195,339	28,653,456

The above amounts due from related parties are presented before accumulative impairment losses of RMB2,275,442,000 (2019: RMB2,207,831,000).

48. Related Party Disclosures (continued)

(ii) As at the end of the reporting period, the Group had balances with related parties, which are all unsecured, as follows: (continued)

In respect of project-related balances with related parties:

(a) The trade balances due from Shareholders' Companies are mainly construction receivables and trade receivables.

Construction receivables are billed according to the construction contracts and are settled within one to two months after the construction cost incurred are verified and agreed.

Trade receivables arise mainly from materials sales and are with a normal credit terms of two months.

(b) The project-related balances due from non-controlling shareholders and officer are mainly prepaid distributions. The project-related balances due from joint ventures/associates are mainly project advances to these joint ventures/associates and are within the project development cycle. In the opinion of the directors, these balances are expected to be settled when the projects concerned commence pre-sales.

(c) The amounts due to Shareholders' Companies arise mainly from construction payables of a CCCG's fellow subsidiary.

(d) The project-related balances due to non-controlling shareholders and officer are mainly project advances from these non-controlling shareholders and officer and are within the project development cycle. In the opinion of the directors, these balances are repayable on demand and are expected to be settled when the projects concerned commence pre-sales.

(e) The project-related balances due to joint ventures/associates are mainly prepaid distributions.

The non-project related balances with related parties are mainly unsecured advances and repayable on demand.

The non-interest bearing balances due from (to) related parties are unsecured and repayable on demand.

48. Related Party Disclosures (continued)

(ii) As at the end of the reporting period, the Group had balances with related parties, which are all unsecured, as follows: (continued)

The key terms of the interest bearing balances due from (to) related parties are as follows:

(a) The project-related amounts due from non-controlling shareholders of RMB13,995,000 (2019: RMB107,059,000) at 31 December 2020 carried interest at fixed rate ranging form 5.00% to 6.30% (2019: 6.30%) per annum.

(b) The project-related amounts due from non-controlling shareholders of RMB128,777,000 (2019: RMB615,290,000) at 31 December 2020 carried interest at a variable rate of 5.46% (2019: 5.46%) per annum.

(c) The project-related amounts due from associates of RMB694,117,000 (2019: RMB657,076,000) at 31 December 2020 carried interest at a variable rate from 1.40% to 8.80% (2019: 1.40% to 8.80%) per annum.

(d) The project-related amounts due from associates of RMB8,896,890,000 (2019: RMB8,001,858,000) at 31 December 2020 carried interest at fixed rates ranging from 3.70% to 11.50% (2019: 3.70% to 9.00%) per annum.

(e) The project-related amounts due from joint ventures of RMB2,290,898,000 (2019: RMB2,191,947,000) at 31 December 2020 carried interest at a variable rate of 1.40% to 4.79% (2019: 1.40% to 4.75%) per annum.

(f) The project-related amounts due from joint ventures of RMB6,471,611,000 (2019: RMB12,349,316,000) at 31 December 2020 carried interest at fixed rates ranging from 1.00% to 9.00% (2019: 1.00% to 9.00%) per annum.

(g) The project-related amounts due to non-controlling shareholders of RMB nil (2019: RMB852,712,000) at 31 December 2020 carried interest at variable rates.

(h) The project-related amounts due to non-controlling shareholders of RMB1,756,814,000 (2019: RMB5,524,974,000) at 31 December 2020 carried interest at fixed rates ranging from 3.50% to 9.00% (2019: 2.00% to 9.00%) per annum.

(i) The project-related amounts due to associates of RMB821,866,000 (2019: RMB nil) at 31 December 2020 carried interest at a variable rate of 5.23% (2019: N/A) per annum.

(j) The project-related amounts due to associates of RMB6,190,336,000 (2019: RMB11,085,202,000) at 31 December 2020 carried interest at fixed rates ranging from 0.30% to 8.80% (2019: 0.35% to 7.00%) per annum.

(k) The project-related amounts due to joint ventures of RMB4,220,869,000 (2019: RMB2,995,230,000) at 31 December 2020 carried interest at fixed rates ranging from 1.75% to 9.00% (2019: 1.80% to 6.70%) per annum.

48. Related Party Disclosures (continued)

(iii) (a) During the year, in addition to those disclosed in note 37, the Group made acquisitions from related parties as follows:

	2020 RMB'000	2019 RMB'000
Purchase of additional interests in subsidiaries from non-controlling shareholders of subsidiaries	**240,200**	240,955

2020:

In January 2020, the Group entered into an agreement with a non-controlling shareholder to acquire 20% equity interest in Beijing Sunshine Greentown Real Estate Development Co., Ltd. for a consideration of approximately RMB15,000,000.

In January 2020, the Group entered into an agreement with a non-controlling shareholder to acquire 25% equity interest in Zhejiang Young City Investment Co., Ltd. for a consideration of approximately RMB12,428,000.

In June 2020, the Group entered into an agreement with a non-controlling shareholder to acquire 8% equity interest in Xinjiang Junfa Greentown Real Estate Development Co., Ltd. for a consideration of approximately RMB67,690,000.

In July 2020, the Group entered into an agreement with a non-controlling shareholder to acquire 6% equity interest in Xi'an Xinhongye Investment Development Co., Ltd. for a consideration of approximately RMB111,128,000.

In September 2020, the Group entered into an agreement with a non-controlling shareholder to acquire 16.5% equity interest in Hangzhou Greentown Kunyi Gardening Design Consulting Co., Ltd. for a consideration of approximately RMB954,000.

In September 2020, the Group entered into an agreement with a non-controlling shareholder to acquire 5% equity interest in Hangzhou Xixi Villa Real Estate Development Co., Ltd. for a consideration of approximately RMB4,000,000.

In October 2020, the Group entered into an agreement with a non-controlling shareholder to acquire 24% equity interest in Hangzhou Yinjia Real Estate Development Co., Ltd. for a consideration of approximately RMB24,000,000.

In November 2020, the Group entered into an agreement with a non-controlling shareholder to acquire 10% equity interest in Zhoushan Putuo Greentown Real Estate Development Co., Ltd. for a consideration of approximately RMB5,000,000.

48. Related Party Disclosures (continued)

(iii) (a) During the year, in addition to those disclosed in note 37, the Group made acquisitions from related parties as follows: (continued)

2019:

In January 2019, the Group entered into an agreement with a non-controlling shareholder to acquire 32.06% equity interest in Zhoushan Dinghai Greentown Real Estate Development Co., Ltd. for a consideration of approximately RMB38,530,000.

In April 2019, the Group entered into an agreement with a non-controlling shareholder to acquire 12.36% equity interest in Greentown Decoration Project Group Co., Ltd. for a consideration of approximately RMB55,837,000.

In April 2019, the Group entered into an agreement with a non-controlling shareholder to acquire 25% equity interest in Greentown Ideal Housing Technology Service Co., Ltd. for a consideration of approximately RMB3,200,000.

In July 2019, the Group entered into an agreement with a non-controlling shareholder to acquire 10% equity interest in Dalian Greentown Real Estate Co., Ltd. for a consideration of approximately RMB23,008,000.

In November 2019, the Group entered into an agreement with a non-controlling shareholder to acquire 6.67% equity interest in Beijing Liangma Real Estate Co., Ltd. for a consideration of approximately RMB10,000,000.

In December 2019, the Group entered into an agreement with a non-controlling shareholder to acquire 40% equity interest in Ningbo Fenghua Greentown Zhehong Real Estate Development Co., Ltd. for a consideration of approximately RMB110,380,000.

(b) On 25 March 2020, Greentown Management, a subsidiary of the Company, entered into the agreement with CCCC Zhoushan Qiandao Central Business District Development Co. Ltd., a non-wholly owned subsidiary of CCCG. Pursuant to the agreement, Greentown Management agreed to provide CCCC Zhoushan Qiandao Central Business District Development Co. Ltd. with project management services in the project.

On 31 August 2020, Xi'an International Land Port National Games Village Development Co., Ltd., a non-wholly owned subsidiary of the Company, has conducted the selection process for the main contractor for commercial properties construction works under Plot 10# of Xi'an National Games Village by way of an open bidding process, and CCCC-SHEC Fifth Engineering Co., Ltd., an indirect non-wholly owned subsidiary of CCCG, was selected in accordance with the relevant requirements under the tender documents after public review. Xi'an International Land Port National Games Village Development Co., Ltd. entered into the construction agreement with CCCC-SHEC Fifth Engineering Co., Ltd. pursuant to which Xi'an International Land Port agreed to engage CCCC-SHEC Fifth Engineering Co., Ltd. as the main contractor to carry out the commercial properties construction works of Plot 10# of Xi'an National Games Village.

48. Related Party Disclosures (continued)

(iii) (b) (continued)

On 11 December 2020, Greentown Real Estate Construction Management Group Co., Ltd. and Greentown Leju Construction Management Group Co., Ltd., each a non-wholly owned subsidiary of the Company, entered into the agreement with Hangzhou Sanhang Yinhu Construction Development Co., Ltd. an indirect non-wholly owned subsidiary of CCCG. Pursuant to the agreement, Greentown Real Estate Construction Management Group Co., Ltd. and Greentown Leju Construction Management Group Co., Ltd. agreed to provide Hangzhou Sanhang Yinhu Construction Development Co., Ltd. with project management services in relation to the project.

(c) Since 10 July 2020, Greentown Management has listed its shares on the Main Board of The Stock Exchange of Hong Kong Limited. The total of 477,560,000 ordinary shares were allotted and issued to the shareholders on the register of members of Greentown Management in proportion to their respective shareholdings in Greentown Management of HKD0.01 each at the price of HKD2.50 per share for a total cash consideration, before deducting the underwriting fees and commissions and other estimated listing expenses, of HKD1,193,900,000 (equivalent to approximately RMB1,077,471,000).

On 6 August 2020, Greentown Management issued a total of 47,756,000 ordinary shares of HKD0.01 each at the price of HKD2.50 per share by means of full exercise of the over-allotment option. The gross proceeds received by Greentown Management were HKD119,390,000 (equivalent to approximately RMB106,842,000).

(iv) Compensation of key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	2020 RMB'000	2019 RMB'000
Short-term benefits	**49,796**	49,708
Post-employment benefits	**444**	359
Equity-settled share option expense	**10,272**	30,300
Share award	**4,387**	3,508
	64,899	83,875

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

For the year ended 31 December 2020

49. Statement of Financial Position of the Company

	2020 RMB'000	2019 RMB'000
NON-CURRENT ASSETS		
Property, plant and equipment	**154**	146
Right-of-use assets	**1,696**	2,808
Investment in subsidiaries	**2,123,006**	2,123,006
	2,124,856	2,125,960
CURRENT ASSETS		
Other receivables	**22,309**	453
Amounts due from subsidiaries and related parties	**28,013,620**	27,769,598
Bank balances and cash	**1,347,311**	1,846,523
	29,383,240	29,616,574
CURRENT LIABILITIES		
Other payables	**21,845**	68,637
Amounts due to related parties	**10,599,287**	12,806,179
Other taxes payable	**7,161**	7,161
Bank and other borrowings	**6,543,762**	2,255,296
Senior notes	**62,653**	7,712,382
	17,234,708	22,849,655
NET CURRENT ASSETS	**12,148,532**	6,766,919
TOTAL ASSETS LESS CURRENT LIABILITIES	**14,273,388**	8,892,879
NON-CURRENT LIABILITIES		
Bank and other borrowings	**9,396,569**	8,796,098
Senior notes	**3,897,129**	–
Lease liabilities	**1,691**	3,070
	13,295,389	8,799,168
	977,999	93,711
CAPITAL AND RESERVES		
Share capital	**239,264**	209,694
Reserves (note)	**738,735**	(115,983)
	977,999	93,711

49. Statement of Financial Position of the Company (continued)

Note:

The movement of the reserves of the Company is as follows:

	RMB'000
At 1 January 2019	1,371,462
Loss for the year	(1,017,742)
Dividend	(499,312)
Shares repurchased	(37,852)
Exercise of share options	8,938
Recognition of equity-settled share-based payments	58,523
At 31 December 2019	(115,983)
Loss for the year	**(1,213,879)**
Dividend	**(748,176)**
Shares issued	**2,777,732**
Exercise of share options	**1,943**
Recognition of equity-settled share-based payments	**37,098**
At 31 December 2020	**738,735**

50. Events After the End of the Reporting Period

The following significant events took place subsequent to 31 December 2020:

On 5 February 2021, Harbin Greentown Real Estate Co., Ltd. ("Harbin Greentown Real Estate"), a wholly-owned subsidiary of the Company, entered into a supplemental agreement with CCCC Northeast Investment Co., Ltd. ("CCCC Northeast Investment"), Harbin Metro Real Estate Development Co., Ltd. ("Harbin Metro RED") and Harbin Young City Real Estate Co., Ltd. (the "Project Company"), pursuant to which Harbin Greentown Real Estate, CCCC Northeast Investment and Harbin Metro RED will provide shareholders' loans at an interest of 7.5% per annum to the Project Company. The shareholders' loan is specific to the development project in relation to the above-depot area of the relevant rail yards of Harbin Metro Line 3, and is subject to independent shareholders' approval. As of 31 December 2020, the Project Company was a 46%-joint venture of the Company.

51. Particulars of Principal Subsidiaries of the Company

(i) Particulars of the principal subsidiaries as at 31 December 2020 and 2019 are set out below:

Name of subsidiary	Place and date of registration	Registered capital	Proportion of ownership interest/voting rights held by the Company				Principal activities	Legal form
			Direct		Indirect			
			2020	2019	2020	2019		
綠城管理控股有限公司 Greentown Management	Cayman Islands 12 December 2016	HKD1,000,000,000	73% (note i)	100%	–	–	Investment management	Wholly foreign-owned enterprise
綠城房地產建設管理集團有限公司 Greentown Real Estate Construction Management Group	The PRC 21 March 2012	RMB200,000,000	–	–	73% (note i)	100%	Project management	Limited liability company
綠城建設管理集團有限公司 Greentown Construction Management Group Co., Ltd.	The PRC 8 September 2016	RMB1,050,000,000	–	–	73% (note i)	100%	Project management	Wholly foreign-owned enterprise
綠城房地產集團有限公司 Greentown Real Estate	The PRC 6 January 1995	RMB10,000,000,000	–	–	100%	100%	Real estate development	Wholly foreign-owned enterprise
綠城資產管理集團有限公司 Greentown Assets Management Group Co., Ltd.	The PRC 11 August 2016	RMB15,000,000,000	–	–	100%	100%	Assets management	Limited liability company
綠城理想小鎮建設集團有限公司 Greentown Ideal Town Construction Group Co., Ltd.	The PRC 21 July 2016	RMB3,000,000,000	–	–	100%	100%	Real estate development	Limited liability company
綠城理想生活服務集團有限公司（原名：綠城理想生活科技有限公司）Greentown Ideal Life Service Group Co., Ltd. (former name: Greentown Idea Life Technology Co.,Ltd.)	The PRC 21 March 2017	RMB600,000,000	–	–	100%	100%	Technology research and development	Limited liability company
綠城裝飾工程集團有限公司 Greentown Decoration Project Group	The PRC 25 September 1993	RMB100,000,000	–	–	100%	100%	Design and decoration	Limited liability company

51. Particulars of Principal Subsidiaries of the Company (continued)

(i) Particulars of the principal subsidiaries as at 31 December 2020 and 2019 are set out below: (continued)

Name of subsidiary	Place and date of registration	Registered capital	Proportion of ownership interest/voting rights held by the Company				Principal activities	Legal form
			Direct		Indirect			
			2020	2019	2020	2019		
臨安金基房地產開發有限公司 Lin'an Jinji Real Estate Development Co., Ltd.	The PRC 22 March 2004	RMB140,000,000	–	–	**18% (note ii)**	18% (note ii)	Real estate development	Limited liability company
北京亮馬置業有限公司 Beijing Liangma Real Estate Co., Ltd. ("Beijing Liangma")	The PRC 26 February 2016	RMB100,000,000	–	–	**40% (note ii)**	40% (note ii)	Real estate development	Limited liability company
湖南青竹湖國際商務社區開發有限公司 Hunan Bamboo Lake International Business Community Development Co., Ltd.	The PRC 26 September 2003	RMB50,600,000	–	–	**49% (note ii)**	49% (note ii)	Real estate development	Limited liability company
杭州綠城朝陽置業有限公司 Hangzhou Greentown Chaoyang Real Estate Co., Ltd.	The PRC 28 December 2017	RMB100,000,000	–	–	**50% (note ii)**	50% (note ii)	Real estate development	Limited liability company
天津綠城全運村建設開發有限公司 Tianjin National Games Village	The PRC 27 November 2014	RMB2,500,000,000	–	–	**41% (note ii)**	41% (note ii)	Real estate development	Limited liability company
蘇州禦泰房地產開發有限公司 Suzhou Yutai Real Estate Development Co., Ltd	The PRC 7 August 2019	RMB330,000,000	–	–	**50% (note ii)**	50% (note ii)	Real estate development	Limited liability company
義烏濱盛房地產開發有限公司 Yiwu Binsheng Real Estate Development Co., Ltd	The PRC 2 August 2019	RMB500,000,000	–	–	**26% (note ii)**	26% (note ii)	Real estate development	Limited liability company
濟南東創置業有限公司 Ji'nan Dongchuang Real Estate Co., Ltd. ("Ji'nan Dongchuang")	The PRC 26 December 2013	RMB300,000,000	–	–	**50% (note iii)**	50% (note iii)	Real estate development	Limited liability company

51. Particulars of Principal Subsidiaries of the Company (continued)

(i) Particulars of the principal subsidiaries as at 31 December 2020 and 2019 are set out below: (continued)

Name of subsidiary	Place and date of registration	Registered capital	Proportion of ownership interest/voting rights held by the Company				Principal activities	Legal form
			Direct		Indirect			
			2020	2019	2020	2019		
北京陽光綠城房地產開發有限公司 Beijing Sunshine Greentown Real Estate Development Co., Ltd.	The PRC 11 January 2001	RMB50,000,000	**–**	–	**100% (note iv)**	80%	Real estate development	Limited liability company
新疆俊發綠城房地產開發有限公司 Xinjiang Junfa Greentown Real Estate Development Co., Ltd.	The PRC 16 January 2008	RMB211,079,000	**–**	–	**58% (note v)**	50% (note ii)	Real estate development	Limited liability company
西安新鴻業投資發展有限公司 Xi'an Xinhongye Investment Development Co., Ltd.	The PRC 6 June 2003	RMB200,000,000	**–**	–	**86% (note vi)**	80%	Real estate development	Limited liability company
杭州西溪山莊房地產開發有限公司 Hangzhou Xixi Villa Real Estate Development Co., Ltd.	The PRC 23 November 2000	RMB80,000,000	**–**	–	**85% (note vii)**	80%	Real estate development	Limited liability company
杭州銀嘉房地產開發有限公司 Hangzhou Yinjia Real Estate Development Co., Ltd.	The PRC 17 September 2003	RMB100,000,000	**–**	–	**80% (note viii)**	56%	Real estate development	Limited liability company
舟山市普陀綠城房地產開發有限公司 Zhoushan Putuo Greentown Real Estate Development Co., Ltd.	The PRC 5 November 2009	RMB50,000,000	**–**	–	**100% (note ix)**	90%	Real estate development	Limited liability company
大連綠城置業有限公司 Dalian Greentown Real Estate Co., Ltd.	The PRC 15 March 2010	RMB100,000,000	**–**	–	**100%**	100%	Real estate development	Limited liability company

51. Particulars of Principal Subsidiaries of the Company (continued)

(i) Particulars of the principal subsidiaries as at 31 December 2020 and 2019 are set out below: (continued)

Name of subsidiary	Place and date of registration	Registered capital	Proportion of ownership interest/voting rights held by the Company				Principal activities	Legal form
			Direct		Indirect			
			2020	2019	2020	2019		
北京亞奧綠城房地產開發有限公司 Beijing Ya'ao Greentown Real Estate Development Co., Ltd.	The PRC 19 August 2008	RMB10,000,000	-	–	100%	100%	Real estate development	Limited liability company
浙江綠城天臺山蓮花度假村有限公司 Zhejiang Greentown Tiantaishan Lianhua Resort Co., Ltd.	The PRC 8 August 2011	RMB170,000,000	-	–	100%	100%	Real estate development	Limited liability company
舟山綠城房地產開發有限公司 Zhoushan Greentown Real Estate Development Co., Ltd.	The PRC 16 December 1999	RMB4,500,000,000	-	–	100%	100%	Real estate development	Limited liability company
杭州余杭綠城房地產開發有限公司 Hangzhou Yuhang Greentown Real Estate Development Co., Ltd.	The PRC 12 November 1999	RMB30,000,000	-	–	64%	64%	Real estate development	Limited liability company
杭州余杭金騰房地產開發有限公司 Hangzhou Yuhang Jinteng Real Estate Development Co., Ltd.	The PRC 25 December 2001	RMB100,000,000	-	–	85%	85%	Real estate development	Limited liability company
青島綠城華川置業有限公司 Qingdao Greentown Huachuan Real Estate Co., Ltd.	The PRC 21 August 2007	RMB517,764,600	-	–	80%	80%	Real estate development	Sino-foreign equity joint venture
寧波太平洋實業有限公司 Ningbo Pacific Industrial Co., Ltd.	The PRC 11 July 2003	USD29,000,000	-	–	60%	60%	Real estate development	Foreign equity joint venture

51. Particulars of Principal Subsidiaries of the Company (continued)

(i) Particulars of the principal subsidiaries as at 31 December 2020 and 2019 are set out below: (continued)

Name of subsidiary	Place and date of registration	Registered capital	Proportion of ownership interest/voting rights held by the Company				Principal activities	Legal form
			Direct		Indirect			
			2020	2019	2020	2019		
台州吉利嘉苑房地產開發有限公司 Taizhou Jilijiayuan Real Estate Development Co., Ltd.	The PRC 15 October 2001	RMB40,000,000	–	–	55%	55%	Real estate development	Limited liability company
杭州金馬房地產有限公司 Hangzhou Golden Horse Real Estate Co., Ltd.	The PRC 22 October 1992	USD50,000,000	–	–	51%	51%	Real estate development	Foreign equity joint venture
浙江報業綠城房地產開發有限公司 Zhejiang Newspapering Greentown Real Estate Development Co., Ltd.	The PRC 7 July 2008	RMB50,000,000	–	–	100%	100%	Real estate development	Wholly foreign-owned enterprise
杭州千島湖綠城實業有限公司 Hangzhou Qiandaohu Greentown Industrial Co., Ltd.	The PRC 15 June 2005	RMB30,000,000	–	–	80%	80%	Real estate development	Limited liability company
安徽綠城玫瑰園房地產開發有限公司 Anhui Greentown Rose Garden Real Estate Development Co., Ltd.	The PRC 23 December 2009	RMB200,000,000	–	–	100%	100%	Real estate development	Limited liability company
舟山市普陀綠城實業投資有限公司 Zhoushan Putuo Greentown Industry Investment Co., Ltd.	The PRC 5 November 2009	RMB2,500,000,000	–	–	100%	100%	Real estate development	Limited liability company
城建中稷(浙江) 實業發展有限公司 City-Urban Construction (Zhejiang) Industrial Development Co., Ltd.	The PRC 5 February 2005	RMB160,000,000	–	–	97%	97%	Real estate development	Sino-foreign equity joint venture
舟山市明程房地產開發有限公司 Zhoushan Mingcheng Real Estate Development Co., Ltd.	The PRC 31 October 2005	RMB10,000,000	–	–	97%	97%	Real estate development	Limited liability company

51. Particulars of Principal Subsidiaries of the Company (continued)

(i) Particulars of the principal subsidiaries as at 31 December 2020 and 2019 are set out below: (continued)

Name of subsidiary	Place and date of registration	Registered capital	Proportion of ownership interest/voting rights held by the Company				Principal activities	Legal form
			Direct		Indirect			
			2020	2019	2020	2019		
舟山市乾源房地產開發有限公司 Zhoushan Qianyuan Real Estate Development Co., Ltd.	The PRC 31 October 2005	RMB10,000,000	–	–	97%	97%	Real estate development	Limited liability company
河南錦江置業有限公司 Henan Jinjiang Real Estate Co., Ltd.	The PRC 8 August 2002	RMB80,000,000	–	–	100%	100%	Real estate development	Limited liability company
海南綠城高地投資有限公司 Hainan Greentown Gaodi Investment Co., Ltd.	The PRC 15 November 2007	RMB60,000,000	–	–	51%	51%	Real estate development	Limited liability company
杭州綠城玉園房地產開發有限公司 Hangzhou Greentown Yuyuan Real Estate Development Co., Ltd.	The PRC 11 November 2009	RMB10,000,000	–	–	– (note xiii)	100%	Real estate development	Wholly foreign-owned enterprise
大連綠城房地產開發有限公司 Dalian Greentown Real Estate Development Co., Ltd.	The PRC 11 November 2008	RMB120,000,000	–	–	80%	80%	Real estate development	Limited liability company
青島綠城膠州灣房地產開發有限公司 Qingdao Greentown Jiaozhouwan Real Estate Development Co., Ltd.	The PRC 25 November 2009	USD100,000,000	–	–	100%	100%	Real estate development	Wholly foreign-owned enterprise
新泰綠城置業有限公司 Xintai Greentown Real Estate Co., Ltd.	The PRC 12 January 2010	RMB98,000,000	–	–	70%	70%	Real estate development	Limited liability company
德清綠城酒店有限公司（原名：德清綠城房地產開發有限公司） Deqing Greentown Hotel Co., Ltd. (former name: Deqing Greentown Real Estate Development Co., Ltd.)	The PRC 1 February 2010	RMB100,000,000	–	–	100%	100%	Real estate development	Limited liability company
紹興綠城金昌置業有限公司 Shaoxing Greentown Jinchang Real Estate Co., Ltd.	The PRC 6 November 2009	RMB100,000,000	–	–	51%	51%	Real estate development	Limited liability company

51. Particulars of Principal Subsidiaries of the Company (continued)

(i) Particulars of the principal subsidiaries as at 31 December 2020 and 2019 are set out below: (continued)

Name of subsidiary	Place and date of registration	Registered capital	Proportion of ownership interest/voting rights held by the Company				Principal activities	Legal form
			Direct		Indirect			
			2020	2019	2020	2019		
台州綠城泰業房地產開發有限公司 Taizhou Greentown Taiye Real Estate Development Co., Ltd.	The PRC 18 February 2011	RMB130,000,000	–	–	51%	51%	Real estate development	Limited liability company
新疆鴻遠投資有限公司 Xinjiang Hongyuan Investment Co., Ltd.	The PRC 22 January 2003	RMB42,500,000	–	–	60%	60%	Real estate development	Limited liability company
浙江建德綠城置業有限公司 Zhejiang Jiande Greentown Real Estate Co., Ltd.	The PRC 6 December 2013	RMB608,000,000	–	–	100%	100%	Real estate development	Limited liability company
諸暨市越都置業有限公司 Zhuji Yuedu Real Estate Co., Ltd.	The PRC 31 October 2008	RMB300,000,000	–	–	90%	90%	Real estate development	Limited liability company
新昌綠城佳園房地產開發有限公司 Xinchang Greentown Jiayuan Real Estate Development Co., Ltd.	The PRC 25 February 2014	RMB10,000,000	–	–	80%	80%	Real estate development	Limited liability company
淄博綠城置業有限公司 Zibo Greentown Real Estate Co., Ltd.	The PRC 25 March 2014	RMB10,000,000	–	–	100%	100%	Real estate development	Wholly foreign-owned enterprise
湖州新錦江房地產開發有限公司 Huzhou Xinjinjiang Real Estate Development Co., Ltd.	The PRC 3 February 2004	RMB50,000,000	–	–	100%	100%	Real estate development	Limited liability company
新昌綠城置業有限公司 Xinchang Greentown Real Estate Co., Ltd.	The PRC 12 December 2006	RMB72,600,000	–	–	90%	90%	Real estate development	Limited liability company
北京興業萬發房地產開發有限公司 Beijing Xingye Wanfa Real Estate Development Co., Ltd.	The PRC 26 October 2000	RMB1,810,000,000	–	–	100%	100%	Real estate development	Limited liability company

51. Particulars of Principal Subsidiaries of the Company (continued)

(i) Particulars of the principal subsidiaries as at 31 December 2020 and 2019 are set out below: (continued)

Name of subsidiary	Place and date of registration	Registered capital	Proportion of ownership interest/voting rights held by the Company				Principal activities	Legal form
			Direct		Indirect			
			2020	2019	2020	2019		
上海華浙外灘置業有限公司 Shanghai Huazhe Bund Real Estate Co., Ltd.	The PRC 26 September 2002	RMB50,000,000	–	–	51%	51%	Real estate development	Limited liability company
浙江宏順房地產開發有限公司 Zhejiang Hongshun Real Estate Development Co., Ltd.	The PRC 11 March 2008	RMB100,000,000	–	–	80%	80%	Real estate development	Limited liability company
綠城恒基(大慶)置業有限公司 Greentown Hengji Daqing Real Estate Co., Ltd.	The PRC 30 August 2011	RMB250,000,000	–	–	100%	100%	Real estate development	Limited liability company
奉化綠城房地產開發有限公司 Fenghua Greentown Real Estate Development Co., Ltd.	The PRC 5 November 2013	RMB100,000,000	–	–	80%	80%	Real estate development	Limited liability company
寧波軌道交通寧興置業有限公司 Ningbo Railway Transportation Ningxing Real Estate Co., Ltd.	The PRC 30 December 2015	RMB204,090,000	–	–	51%	51%	Real estate development	Limited liability company
浙江綠城元和房地產開發有限公司 Zhejiang Greentown Yuanhe Real Estate Development Co., Ltd.	The PRC 4 May 2009	RMB60,000,000	–	–	85%	85%	Real estate development	Limited liability company
溫州綠城置業有限公司 Wenzhou Greentown Real Estate Co., Ltd.	The PRC 21 May 2007	RMB915,000,000	–	–	100%	100%	Real estate development	Sino-foreign equity joint venture
溫州綠景置業有限公司 Wenzhou Lvjing Real Estate Co., Ltd.	The PRC 26 November 2007	RMB915,000,000	–	–	100%	100%	Real estate development	Sino-foreign equity joint venture

51. Particulars of Principal Subsidiaries of the Company (continued)

(i) Particulars of the principal subsidiaries as at 31 December 2020 and 2019 are set out below: (continued)

Name of subsidiary	Place and date of registration	Registered capital	Proportion of ownership interest/voting rights held by the Company Direct 2020	Direct 2019	Indirect 2020	Indirect 2019	Principal activities	Legal form
溫州綠城房地產開發有限公司 Wenzhou Greentown Real Estate Development Co., Ltd.	The PRC 15 February 2007	RMB2,000,000	–	–	100%	100%	Real estate development	Sino-foreign equity joint venture
溫州綠城家景房地產開發有限公司 Wenzhou Greentown Jiajing Real Estate Development Co., Ltd.	The PRC 21 May 2007	RMB2,000,000	–	–	100%	100%	Real estate development	Sino-foreign equity joint venture
舟山綠城蔚藍海岸房地產開發有限公司 Zhoushan Greentown Weilanhai'an Real Estate Development Co., Ltd.	The PRC 6 May 2008	RMB50,000,000	–	–	100%	100%	Real estate development	Limited liability company
臨海綠城泰業房地產開發有限公司 Linhai Greentown Taiye Real Estate Development Co., Ltd.	The PRC 20 January 2014	RMB125,000,000	–	–	100%	100%	Real estate development	Limited liability company
西安國際陸港文遠置業有限公司 Xi'an International Land Port Wenyuan Real Estate Co., Ltd.	The PRC 30 December 2016	RMB400,000,000	–	–	51%	51%	Real estate development	Limited liability company
杭州碩櫟投資管理有限公司 Hangzhou Shuoli Investment Management Co., Ltd.	The PRC 25 January 2013	RMB100,000	–	–	100%	100%	Investment management	Limited liability company
余姚綠潤投資有限公司 Yuyao Lvrun Investment Co., Ltd.	The PRC 24 June 2013	RMB53,000,000	–	–	100%	100%	Investment management	Limited liability company
余姚綠城房地產開發有限公司 Yuyao Greentown Real Estate Development Co., Ltd.	The PRC 25 September 2013	RMB99,000,000	–	–	100%	100%	Real estate development	Limited liability company
西安國際陸港文廣置業有限公司 Xi'an International Land Port Wenguang Real Estate Co., Ltd.	The PRC 24 July 2017	RMB102,040,800	–	–	51%	51%	Real estate development	Limited liability company

51. Particulars of Principal Subsidiaries of the Company (continued)

(i) Particulars of the principal subsidiaries as at 31 December 2020 and 2019 are set out below: (continued)

Name of subsidiary	Place and date of registration	Registered capital	Proportion of ownership interest/voting rights held by the Company Direct 2020	Direct 2019	Indirect 2020	Indirect 2019	Principal activities	Legal form
舟山綠城海盛置業發展有限公司 Zhoushan Greentown Haisheng Real Estate Development Co., Ltd.	The PRC 25 September 2013	RMB100,000,000	–	–	100%	100%	Real estate development	Limited liability company
常熟市綠宸房地產開發有限公司 Changshu Lvchen Real Estate Development Co., Ltd.	The PRC 7 May 2018	RMB1,800,000,000	–	–	70%	70%	Real estate development	Limited liability company
溫州綠城浙遠房地產開發有限公司 Wenzhou Greentown Zheyuan Real Estate Development Co., Ltd.	The PRC 17 May 2018	RMB1,090,000,000	–	–	100%	100%	Real estate development	Limited liability company
杭州綠城亞運村開發有限公司 Hangzhou Greentown Asian Games Village Development Co., Ltd.	The PRC 3 September 2018	RMB3,000,000,000	–	–	80%	80%	Real estate development	Limited liability company
蘇州悦順房地產開發有限公司 Suzhou Yueshun	The PRC 24 May 2019	RMB2,500,000,000	–	–	75%	75%	Real estate development	Limited liability company
大連金石葡萄酒莊有限公司 Dalian Jinshi Wineyard	The PRC 8 February 2010	RMB274,052,561	–	–	60%	60%	Real estate development	Limited liability company
重慶綠城致嘉房地產開發有限公司 Chongqing Greentown Zhijia Real Estate Development Co., Ltd	The PRC 9 January 2019	RMB750,000,000	–	–	100%	100%	Real estate development	Limited liability company
杭州綠城浙帆置業有限公司 Hangzhou Greentown Zhefan Real Estate Co., Ltd	The PRC 21 August 2019	RMB470,000,000	–	–	100%	100%	Real estate development	Limited liability company

51. Particulars of Principal Subsidiaries of the Company (continued)

(i) Particulars of the principal subsidiaries as at 31 December 2020 and 2019 are set out below: (continued)

Name of subsidiary	Place and date of registration	Registered capital	Proportion of ownership interest/voting rights held by the Company				Principal activities	Legal form
			Direct		Indirect			
			2020	2019	2020	2019		
寧波綠城智翔置業有限公司 Ningbo Greentown Zhixiang Real Estate Co., Ltd.	The PRC 10 July 2020	RMB1,500,000,000	–	–	51% (note x)	–	Real estate development	Limited liability company
煙臺綠晟置業有限公司 Yantai Lvsheng Real Estate Co., Ltd.	The PRC 25 August 2020	RMB1,552,600,000	–	–	100% (note x)	–	Real estate development	Limited liability company
北京青茂置業有限公司 Beijing Qingmao Real Estate Co., Ltd.	The PRC 17 February 2020	RMB1,200,000,000	–	–	40% (note ii and x)	–	Real estate development	Limited liability company
成都浙中大地產有限公司 Chengdu Zhezhongda Real Estate Co., Ltd.	The PRC 23 January 2013	RMB380,000,000	–	–	N/A (note xi)	60%	Real estate development	Limited liability company
杭州綠城海企實業有限公司 Hangzhou Greentown Haiqi Industrial Co., Ltd.	The PRC 23 November 2007	RMB192,000,000	–	–	– (note xii)	100%	Real estate development	Limited liability company
杭州綠城九龍倉置業有限公司 Hangzhou Greentown Wharf Real Estate Co., Ltd.	The PRC 20 February 2014	USD2,000,000	–	–	– (note xiii)	50% (note ii)	Real estate development	Wholly foreign-owned enterprise

The above table lists the subsidiaries of the Group which, in the opinion of the directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

51. Particulars of Principal Subsidiaries of the Company (continued)

(i) Particulars of the principal subsidiaries as at 31 December 2020 and 2019 are set out below: (continued)

Notes:

(i) In 2020, the Group disposed of its 26.83% equity interest in Greentown Management. Details are set out in note 48(iii)(c). Greentown Real Estate Construction Management Group and Greentown Construction Management Group Co., Ltd. are the subsidiaries of Greentown Management, therefore were also disposed of 26.83% equity interest by the group.

(ii) The Group has the right to appoint a majority of directors to the board of directors. Hence the Group has the power over these entities and has the ability to use its power to affect its returns. Therefore, these entities are accounted for as subsidiaries of the Group.

(iii) Due to certain agreement of acting in concert with another shareholder which held the rest of 50% equity interests in Ji'nan Dongchuang, the shareholder is required to keep the concerted action in the board resolution. Hence the Group has the power over Ji'nan Dongchuang and has the ability to use its power to affect its returns. Therefore, Ji'nan Dongchuang is accounted for as a subsidiary of the Group.

(iv) In January 2020, the Group acquired additional 20% equity interest in Beijing Sunshine Greentown Real Estate Development Co., Ltd. from its non-controlling shareholder. Details are set out in note 48(iii)(a).

(v) In June 2020, the Group acquired additional 8% equity interest in Xinjiang Junfa Greentown Real Estate Development Co., Ltd. from its non-controlling shareholder. Details are set out in note 48(iii)(a).

(vi) In July 2020, the Group acquired 6% equity interest in Xi'an Xinhongye Investment Development Co., Ltd. from its non-controlling shareholder. Details are set out in note 48(iii)(a).

(vii) In September 2020, the Group acquired 5% equity interest in Hangzhou Xixi Villa Real Estate Development Co., Ltd. from its non-controlling shareholder. Details are set out in note 48(iii)(a).

(viii) In October 2020, the Group acquired 24% equity interest in Hangzhou Yinjia Real Estate Development Co., Ltd. from its non-controlling shareholder. Details are set out in note 48(iii)(a).

(ix) In November 2020, the Group acquired additional 10% equity interest in Zhoushan Putuo Greentown Real Estate Development Co., Ltd. from its non-controlling shareholder. Details are set out in note 48(iii)(a).

(x) These companies were newly established in 2020.

(xi) The Group disposed of its 59% equity interests in Chengdu Zhezhongda in 2020. Details are set out in note 38.

(xii) The Group disposed of its 100% equity interests in Greentown Haiqi in 2020. Details are set out in note 38.

(xiii) These company were liquidated in 2020.

The directors of the Company are of the opinion that none of the Group's subsidiaries that has non-controlling interests are material to the consolidated financial statements as a whole and therefore, the financial information in respect of those subsidiaries that has non-controlling interests are not presented.

Independent Auditor's Report

Deloitte. 德勤

TO THE MEMBERS OF GREENTOWN CHINA HOLDINGS LIMITED
(incorporated in the Cayman Islands with limited liability)

Opinion

We have audited the consolidated financial statements of Greentown China Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 117 to 282, which comprise the consolidated statement of financial position as at 31 December 2019, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
Net realisable value for properties under development and completed properties for sale	
We identified the net realisable value for properties under development and completed properties for sale as a key audit matter as a significant management estimate is required in assessing the net realisable value. Properties under development and completed properties for sale at the end of each reporting period are stated at the lower of cost and net realisable value. Net realisable value for properties under development is determined by reference to estimated selling price in the ordinary course of business less estimated costs to completion and the estimated costs necessary to make the sales. Net realisable value for completed properties for sale is determined by reference to estimated selling price in the ordinary course of business less the estimated costs necessary to make the sales. As disclosed in the consolidated financial statements, as at 31 December 2019, the carrying amounts of properties under development and completed properties for sale are RMB136,615,966,000 and RMB12,167,498,000 respectively (net of accumulated provision of RMB184,805,000 and RMB671,735,000 respectively).	Our procedures in relation to the management's assessment of the net realisable value of properties under development and completed properties for sale included, among others: • Obtaining an understanding of, evaluate and test the key controls over cost budgeting for estimated costs to completion; • Assessing the reasonableness of estimated selling prices by comparing, on a sample basis, the management's estimation with most recent average selling prices with contracted sales of the underlying properties made to date or from current market prices of properties of comparable standards and locations; and • Assessing, on a sample basis, the reasonableness of the management's estimated costs of completion by reviewing the terms and conditions of the construction contracts, inspecting the contract sum, budget information, and assessing the appropriateness of changes in the estimated cost of completion by inspecting the supporting documents including correspondence among the Group, subcontractors and suppliers; and • Assessing, on a sample basis, the appropriateness of the previous budgeted costs to actual development costs incurred, and checking to supporting documentation such as quantity surveyor reports and signed contracts.

Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
Valuation of investment properties stated at fair value We identified the valuation of investment properties stated at fair value as a key audit matter due to the involvement of management's judgement in determining the fair value. As disclosed in note 19 to the consolidated financial statements, investment properties are carried in the consolidated statement of financial position at 31 December 2019 at their fair value of approximately RMB4,032,818,000. The fair value was based on valuation on these properties conducted by the independent qualified professional valuer using property valuation techniques which adopt the investment approach by capitalising the net rental income derived from the existing tenancies with due provision for the reversionary income potential of the property interests, or where appropriate, by direct comparison approach by making reference to comparable sales transactions as available in the relevant markets. Assumptions such as rental yield and estimation of future rentals would affect the fair value of the Group's investment properties and corresponding adjustments to the amount of gain or loss reported in the consolidated statement of profit or loss and other comprehensive income.	Our procedures in relation to the valuation of investment properties included, among others: • Evaluating the appropriateness of the third party valuer's scope and assessed whether the third party valuer had sufficient expertise; • Obtaining an understanding of the valuation processes and the significant assumptions used in the valuation, namely the reversionary yield and market unit rent, from the management of the Group and the valuer; • Checking the source information provided by the management to the third party valuer to see if the source information is consistent with the supporting documentation such as signed contracts; and • Evaluating the appropriateness of the valuer's key assumptions by comparing yields on a sample of properties to external benchmark indices and comparing market unit rent used in the valuation on a sample of properties to comparable market transactions that we independently sourced from market data.

Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
Recognition of revenue from sales of properties over time As disclosed in note 5 to the consolidated financial statements, revenue from sales of properties is recognised over time when the Group's performance under a sales contract does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date; otherwise, the revenue is recognised at a point in time when the customer obtains control of the completed property. For the year ended 31 December 2019, revenue of the Group from sales of properties was RMB54,432,864,000, of which RMB15,602,151,000 was recognised over time. As disclosed in note 4 to the consolidated financial statements, the Group may not change or substitute the property unit or redirect the property unit for another use due to the contractual restrictions with the customer and thus the property unit does not have an alternative use to the Group. However, whether there is an enforceable right to payment depends on the terms of sales contract and the interpretation of the applicable laws that apply to the contract. Such determination requires significant judgments. The Group has obtained legal counsel opinion regarding the enforceability of the right to payment for such sales contracts. Management uses judgments, based on legal counsel opinion, to classify sales contracts into those with right to payment and those without the right. For the revenue from sales of properties recognised over time, the Group recognises revenue by measuring the progress towards complete satisfaction of the performance obligation at the reporting date. The progress is measured based on the Group's inputs to the satisfaction of the performance obligation, by reference to the contract costs incurred up to the end of reporting period as a percentage of total estimated costs for each property unit in the contract. The Group calculated the cost allocation based on phases of the projects and saleable floor areas. Significant judgments and estimations are required in determining the completeness of the estimated total costs and the accuracy of progress towards complete satisfaction of the performance obligation at the reporting date.	Our procedures in relation to the management's assessment of whether the Group has the enforceable right to payment in those sales contracts recognised over time included, among others: • Obtaining an understanding of management's procedures in identifying and classifying sales contracts with or without right to payment; • Reviewing the key terms of a sample of sales contracts to assess the presence of right to payment based on the contract terms; • Obtaining and reviewing the opinion of the Group's legal counsel, in particular, the legal counsel's interpretation of the applicable laws and their implication on the assessment of the enforceability of the right to payment; and • Assessing the competence, experience and objectivity of the legal counsel engaged by the management. Our procedures in relation to the management's assessment of the estimated total contract costs and the accuracy of progress towards complete satisfaction of the performance obligation included, among others: • Obtaining an understanding of, evaluate and test the key controls over cost budgeting for estimated costs to completion; and • Assessing, on a sample basis, the reasonableness of the management's estimated costs of completion by reviewing the terms and conditions of the construction contracts, inspecting the contract sum, budget information, and assessing the appropriateness of changes in the estimated cost of completion by inspecting the supporting documents including correspondence among the Group, subcontractors and suppliers; and • Assessing, on a sample basis, the appropriateness of the previous budgeted costs to actual development costs incurred, and checking to supporting documentation such as quantity surveyor reports and signed contracts.

Other Information

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors of the Company determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors of the Company.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in the independent auditor's report is Kay Man Wo, Dick.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
20 March 2020

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2019

	NOTES	2019 RMB'000	2018 RMB'000
Revenue	5	**61,592,939**	60,302,510
Cost of sales		**(45,952,531)**	(46,550,157)
Gross profit		**15,640,408**	13,752,353
Other income	6	**2,667,245**	1,860,271
Other gains and losses	7	**(40,372)**	(509,950)
Selling expenses		**(2,096,820)**	(1,844,396)
Administrative expenses		**(4,297,225)**	(3,895,426)
Finance costs	8	**(1,570,860)**	(1,551,663)
Impairment losses under expected credit loss model, net of reversal	9	**(796,887)**	(1,282,734)
Impairment losses on non-financial assets, net of reversal	10	**(579,195)**	(452,100)
(Loss) gain from changes in fair value of investment properties	19	**(41,866)**	132,128
Gain on re-measurement of an associate and joint ventures to acquisition date fair value in business combination achieved in stages	40	**43,487**	686,352
Net gain on disposal of subsidiaries	41	**98,269**	509,040
Share of results of associates		**1,002,893**	325,582
Share of results of joint ventures		**(75,951)**	174,515
Profit before taxation	11	**9,953,126**	7,903,972
Taxation	13	**(6,017,704)**	(5,528,742)
Profit for the year		**3,935,422**	2,375,230
Other comprehensive income:			
Item that will not be reclassified to profit or loss:			
Fair value gain on equity instruments at fair value through other comprehensive income		**256,752**	178,192
Other comprehensive income for the year (net of tax)		**256,752**	178,192
Total comprehensive income for the year		**4,192,174**	2,553,422
Profit for the year attributable to:			
Owners of the Company		**2,480,232**	1,003,285
Non-controlling interests		**1,455,190**	1,371,945
		3,935,422	2,375,230
Total comprehensive income for the year attributable to:			
Owners of the Company		**2,736,984**	1,181,477
Non-controlling interests		**1,455,190**	1,371,945
		4,192,174	2,553,422
Earnings per share	15		
Basic		**RMB0.55**	RMB0.18
Diluted		**RMB0.55**	RMB0.18

Consolidated Statement of Financial Position

As at 31 December 2019

	NOTES	2019 RMB'000	2018 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	16	**9,817,931**	9,399,753
Right-of-use assets	17	**1,038,724**	–
Prepaid lease payment	18	**–**	896,967
Investment properties	19	**4,032,818**	4,066,128
Goodwill	20	**769,241**	769,241
Interests in associates	21	**12,084,907**	8,998,556
Interests in joint ventures	22	**3,869,730**	1,839,788
Equity instruments at fair value through other comprehensive income	23	**1,511,985**	1,275,682
Rental paid in advance		**–**	18,332
Deferred tax assets	24	**3,238,893**	2,363,550
Deposit for acquisition of an associate	25	**–**	2,718,000
		36,364,229	32,345,997
CURRENT ASSETS			
Properties for development	26	**30,907,247**	22,842,799
Properties under development	27	**136,615,966**	117,876,867
Completed properties for sale		**12,167,498**	10,972,736
Inventories		**203,711**	119,503
Trade and other receivables, deposits and prepayments	28	**11,312,810**	6,253,199
Contract assets	29	**2,815,007**	1,887,085
Contract costs		**336,467**	332,268
Amounts due from related parties	51(ii)	**46,378,836**	31,847,932
Prepaid income taxes		**3,559,887**	3,068,258
Prepaid other taxes		**4,440,223**	3,996,968
Pledged bank deposits	30, 45	**5,326,761**	4,871,831
Bank balances and cash	30	**46,567,729**	43,347,301
		300,632,142	247,416,747
Assets classified as held for sale	31	**95,747**	–
		300,727,889	247,416,747

As at 31 December 2019

	NOTES	2019 RMB'000	2018 RMB'000
CURRENT LIABILITIES			
Trade and other payables	32	**43,453,333**	29,285,142
Contract liabilities	33	**76,324,981**	66,266,875
Amounts due to related parties	51(ii)	**28,653,456**	26,728,482
Income taxes payable		**10,473,519**	7,690,830
Other taxes payable		**8,420,517**	1,984,054
Lease liabilities		**27,397**	–
Bank and other borrowings	34	**13,950,984**	13,482,996
Senior notes	35	**7,712,382**	–
Corporate debt instruments	36	**11,643,848**	3,998,222
Receipts under securitisation arrangements	37	**1,633,966**	–
		202,294,383	149,436,601
Liabilities associated with assets classified as held for sale	31	**70,409**	–
		202,364,792	149,436,601
NET CURRENT ASSETS		**98,363,097**	97,980,146
TOTAL ASSETS LESS CURRENT LIABILITIES		**134,727,326**	130,326,143
NON-CURRENT LIABILITIES			
Bank and other borrowings	34	**45,642,189**	36,158,356
Senior notes	35	**–**	3,355,113
Corporate debt instruments	36	**14,993,416**	22,868,377
Receipts under securitisation arrangements	37	**–**	1,595,196
Lease liabilities		**89,038**	–
Deferred tax liabilities	24	**4,847,211**	6,230,261
		65,571,854	70,207,303
		69,155,472	60,118,840

As at 31 December 2019

	NOTES	2019 RMB'000	2018 RMB'000
CAPITAL AND RESERVES			
Share capital	38	**209,694**	209,501
Reserves		**27,434,904**	27,364,909
Equity attributable to owners of the Company		**27,644,598**	27,574,410
Perpetual securities	39	**21,229,002**	15,408,315
Non-controlling interests		**20,281,872**	17,136,115
		69,155,472	60,118,840

The consolidated financial statements on page 117 to 282 were approved and authorised for issue by the Board of Directors on 20 March 2020 and are signed on its behalf by:

ZHANG Yadong	**GENG Zhongqiang**
DIRECTOR	*DIRECTOR*

Consolidated Statement of Changes in Equity

For the year ended 31 December 2019

	Attributable to owners of the Company											
	Share capital RMB'000	Treasury Shares RMB'000	Share premium RMB'000	Special reserve RMB'000 (i)	Statutory reserve RMB'000 (ii)	Share-based payments reserve RMB'000	Investments revaluation reserve RMB '000	Retained earnings RMB'000	Subtotal RMB'000	Perpetual securities RMB'000	Non-controlling Interests RMB'000	Total RMB'000
At 1 January 2018	209,240	–	8,553,855	(1,586,918)	1,917,456	212,341	509,967	17,730,998	27,546,939	8,603,949	12,277,858	48,428,746
Profit for the year	–	–	–	–	–	–	–	1,003,285	1,003,285	–	1,371,945	2,375,230
Other comprehensive income for the year	–	–	–	–	–	–	178,192	–	178,192	–	–	178,192
Total comprehensive income for the year	–	–	–	–	–	–	178,192	1,003,285	1,181,477	–	1,371,945	2,553,422
Dividends recognised as distributions (note 14)	–	–	–	–	–	–	–	(433,536)	(433,536)	–	–	(433,536)
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–	–	(876,230)	(876,230)
Transfer (ii)	–	–	–	–	28,658	–	–	(28,658)	–	–	–	–
Recognition of equity-settled share-based payments	–	–	–	–	–	134,466	–	–	134,466	–	–	134,466
Exercise of share options	261	–	11,530	–	–	(3,512)	–	–	8,279	–	–	8,279
Issue of perpetual securities	–	–	–	–	–	–	–	–	–	6,804,366	–	6,804,366
Distribution relating to perpetual securities	–	–	–	–	–	–	–	(592,206)	(592,206)	–	–	(592,206)
Acquisition of subsidiaries (note 40)	–	–	–	–	–	–	–	–	–	–	1,252,070	1,252,070
Purchase of additional interest in subsidiaries	–	–	–	(260,656)	–	–	–	–	(260,656)	–	(488,298)	(748,954)
Partial disposal of interest in subsidiaries	–	–	–	29,302	–	–	–	–	29,302	–	641,437	670,739
Disposal of subsidiaries	–	–	–	–	–	–	–	–	–	–	(18,650)	(18,650)
Liquidation of subsidiaries	–	–	–	–	–	–	–	(39,655)	(39,655)	–	(141,538)	(181,193)
Capital contribution from non-controlling shareholders of subsidiaries	–	–	–	–	–	–	–	–	–	–	3,117,521	3,117,521
At 31 December 2018	209,501	–	8,565,385	(1,818,272)	1,946,114	343,295	688,159	17,640,228	27,574,410	15,408,315	17,136,115	60,118,840
Profit for the year	-	-	-	-	-	-	-	2,480,232	2,480,232	-	1,455,190	3,935,422
Other comprehensive income for the year	-	-	-	-	-	-	256,752	-	256,752	-	-	256,752
Total comprehensive income for the year	-	-	-	-	-	-	256,752	2,480,232	2,736,984	-	1,455,190	4,192,174
Dividends recognised as distributions (note 14)	-	-	-	-	-	-	-	(499,312)	(499,312)	-	-	(499,312)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-		-	-	(745,375)	(745,375)
Transfer (ii)	-	-	-	-	251,353	-	-	(251,353)	-	-	-	-
Issue of perpetual securities	-	-	-	-	-	-	-	-	-	10,924,228	-	10,924,228
Redemption of perpetual securities	-	-	-	-	-	-	-	-	-	(6,082,347)	-	(6,082,347)
Transfer on redemption of perpetual securities	-	-	-	-	-	-	-	(475,581)	(475,581)	475,581	-	-
Recognition of share award	-	-	-	-	-	15,760	-	-	15,760	-	-	15,760
Recognition of equity-settled share-based payments	-	-	-	-	-	42,763	-	-	42,763	-	-	42,763
Exercise of share options	193	-	12,713	-	-	(3,775)	-	-	9,131	-	-	9,131
Interest in perpetual securities recognised as distribution	-	-	-	-	-	-	-	(1,638,650)	(1,638,650)	1,638,650	-	-
Interest in perpetual securities paid	-	-	-	-	-	-	-	-	-	(1,135,425)	-	(1,135,425)
Acquisition of subsidiaries (note 40)	-	-	-	-	-	-	-	-	-	-	594,996	594,996
Purchase of additional interest in subsidiaries	-	-	-	(119,403)	-	-	-	-	(119,403)	-	(121,552)	(240,955)
Partial disposal of interest in subsidiaries	-	-	-	36,348	-	-	-	-	36,348	-	(209)	36,139
Disposal of subsidiaries (note 41)	-	-	-	-	-	-	-	-	-	-	(291,561)	(291,561)
Liquidation of subsidiaries	-	-	-	-	-	-	-	-	-	-	(97,456)	(97,456)
Shares repurchased (note 44)	-	(37,852)	-	-	-	-	-	-	(37,852)	-	-	(37,852)
Capital contribution from non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	-	2,351,724	2,351,724
At 31 December 2019	209,694	(37,852)	8,578,098	(1,901,327)	2,197,467	398,043	944,911	17,255,564	27,644,598	21,229,002	20,281,872	69,155,472

Notes:

(i) Special reserve mainly represents changes in equity attributable to owners' of the Company risen from partial acquisition or disposal of subsidiaries. The changes are calculated based on the difference between the amount by which non-controlling interests are adjusted and the fair value of the consideration paid or received for the partial acquisition or disposal.

(ii) The statutory reserve is non-distributable and the transfer to this reserve is determined by the board of directors of the relevant companies in accordance with the relevant laws and regulations of the People's Republic of China (the "PRC"). This reserve can be used to offset accumulated losses and increase capital upon approval from the relevant authorities.

Consolidated Statement of Cash Flows

For the year ended 31 December 2019

	2019 RMB'000	2018 RMB'000
OPERATING ACTIVITIES		
Profit before taxation	**9,953,126**	7,903,972
Adjustments for:		
Share of results of associates	**(1,002,893)**	(325,582)
Share of results of joint ventures	**75,951**	(174,515)
Depreciation and amortisation	**608,670**	471,451
Impairment losses under expected credit loss model, net of reversal	**796,887**	1,282,734
Impairment losses on non-financial assets, net of reversal	**579,195**	452,100
Interest income	**(1,687,971)**	(1,530,440)
Default penalty income	**(463,885)**	–
Dividends from equity instruments at fair value through other comprehensive income	**(105,179)**	(70,807)
Finance costs	**1,570,860**	1,551,663
Net foreign exchange losses	**268,181**	487,841
Net loss on disposal of property, plant and equipment	**16,587**	21,040
Loss (gain) from changes in fair value of investment properties	**41,866**	(132,128)
Share-based payment expense	**58,523**	134,466
Net gain on disposal of subsidiaries	**(98,269)**	(509,040)
Gain on acquisition of associates at discount	**(243,918)**	–
(Gain) loss on disposal of associates	**(478)**	1,069
Gain on re-measurement of an associate and joint ventures to acquisition date fair value in business combination achieved in stages	**(43,487)**	(686,352)
Operating cash flows before movements in working capital	**10,323,766**	8,877,472
(Increase) decrease in properties for development	**(10,354,326)**	7,390,680
Increase in properties under development	**(26,478,929)**	(35,088,238)
(Increase) decrease in completed properties for sale	**(1,656,041)**	9,740,223
(Increase) decrease in inventories	**(186,347)**	40,462
Increase in trade and other receivables, deposits and prepayments	**(2,887,852)**	(179,225)
Increase in contract assets and contract costs	**(1,029,653)**	(687,868)
Increase in prepaid other taxes	**(654,965)**	(792,014)
Increase in rental paid in advance	**–**	(7,372)
Decrease in pre-sale deposits	**–**	(71,532,056)
Increase in contract liabilities	**12,084,220**	66,266,876
Increase in trade and other payables	**12,447,028**	3,991,039
Increase in other taxes payable	**6,445,875**	750,486
Cash used in operations	**(1,947,224)**	(11,229,535)
Income taxes paid	**(6,228,881)**	(5,326,186)
NET CASH USED IN OPERATING ACTIVITIES	**(8,176,105)**	(16,555,721)

For the year ended 31 December 2019

	NOTES	2019 RMB'000	2018 RMB'000
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(562,462)**	(1,541,103)
Proceeds from disposal of property, plant and equipment		**19,564**	20,315
Purchase of investment property		**(78,290)**	(879,583)
Proceeds from disposal of investment property		**69,734**	–
Increase in prepaid lease payment		**–**	(170,866)
Investments in associates		**(2,374,638)**	(1,223,380)
Investments in joint ventures		**(2,084,205)**	(279,927)
Disinvestment in associates		**262,949**	157,000
Disinvestment in joint ventures		**30,000**	185,000
Dividends received from associates and joint ventures		**631,354**	1,443,376
Purchase of equity instruments at fair value through other comprehensive income		**(3,498)**	(64,702)
Dividends received from equity instruments at fair value through other comprehensive income		**105,179**	70,807
Consideration received for disposal of subsidiaries and an associate recognised in prior year		**92,000**	861,154
Consideration paid for acquisition of subsidiaries recognised in prior year		**(200,000)**	–
Acquisition of subsidiaries which constitute business (net of cash and cash equivalents acquired)	40	**(841,617)**	449,467
Disposal of subsidiaries (net of cash and cash equivalents disposed of)	41	**(1,664,085)**	(359,670)
Decrease (increase) in deposit paid for acquisition of an associate		**2,718,000**	(2,718,000)
Acquisition of associates and joint ventures		**(1,195,767)**	–
Proceeds from disposal of interests in associates		**6,366**	65,493
(Advance to) repayment from third parties		**(1,978,620)**	905,248
Advance to related parties		**(29,527,205)**	(29,113,709)
Repayment from related parties		**14,106,535**	15,146,206
(Increase) decrease in pledged bank deposits		**(454,930)**	1,035,507
Interest received		**1,897,451**	1,654,101
NET CASH USED IN INVESTING ACTIVITIES		**(21,026,185)**	(14,357,266)

For the year ended 31 December 2019

	2019 RMB'000	2018 RMB'000
FINANCING ACTIVITIES		
Bank and other borrowings raised	**38,930,123**	46,526,172
Repayment of bank and other borrowings	**(24,671,069)**	(32,444,333)
Repayments of leases liabilities	**(102,079)**	–
Interest paid	**(6,146,852)**	(4,965,174)
Advance from third parties	**4,610,226**	–
Advance from borrowings from related parties	**15,123,323**	33,661,370
Repayment to borrowings from related parties	**(3,023,509)**	(17,533,587)
Contribution by non-controlling shareholders of subsidiaries	**2,351,724**	3,117,521
Dividends paid to owners of the Company	**(499,312)**	(433,536)
Dividends paid to non-controlling interests	**(745,375)**	(876,230)
Repayment of non-controlling shareholders capital contribution upon liquidation of subsidiaries	**(97,456)**	(181,193)
Proceeds from issue of perpetual securities	**10,924,228**	6,804,366
Repayment of perpetual securities	**(6,082,347)**	–
Distribution relating to perpetual securities	**(1,135,425)**	(592,206)
Proceeds from issue of senior notes	**4,187,275**	–
Proceeds from issue of corporate debt instruments	**2,984,188**	13,094,505
Repayment of corporate debt instruments	**(4,000,000)**	(2,064,377)
Proceeds from exercise of share options	**9,131**	8,279
Payment on repurchase of shares	**(37,852)**	–
Purchase of additional interests in subsidiaries	**(240,955)**	(748,954)
Proceeds from partial disposal of subsidiaries	**36,139**	670,739
NET CASH FROM FINANCING ACTIVITIES	**32,374,126**	44,043,362
NET INCREASE IN CASH AND CASH EQUIVALENTS	**3,171,836**	13,130,375
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR	**43,347,301**	30,070,092
Effects of exchange rate changes on the balance of cash held in foreign currencies	**48,592**	146,834
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	**46,567,729**	43,347,301
REPRESENTED BY BANK BALANCES AND CASH	**46,567,729**	43,347,301

1. General

Greentown China Holdings Limited (the "Company") was incorporated in the Cayman Islands on 31 August 2005 as an exempted company with limited liability under the Companies Law (2004 Revision) and its shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") with effect from 13 July 2006. The address of the registered office of the Company is disclosed in the section headed "Corporate Information" of the annual report.

The consolidated financial statements are presented in Renminbi ("RMB"), which is also the functional currency of the Company.

The Company is an investment holding company. The principal activity of its subsidiaries (together with the Company referred to as the "Group") is the development for sale of residential properties in the PRC.

2. Application of New and Amendments to International Financial Reporting Standards ("IFRSs")

New and Amendments to IFRSs that are mandatorily effective for the current year

The Group has applied the following new and amendments to IFRSs issued by the International Accounting Standards Board ("IASB") for the first time in the current year:

IFRS 16	Leases
IFRIC 23	Uncertainty over Income Tax Treatments
Amendments to IFRS 9	Prepayment Features with Negative Compensation
Amendments to IAS 19	Plan Amendment, Curtailment or Settlement
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to IFRSs	Annual Improvements to IFRSs 2015-2017 Cycle

Except as described below, the application of the new and amendments to IFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2. Application of New and Amendments to International Financial Reporting Standards ("IFRSs") (continued)

Impacts and changes in accounting policies of application on IFRS 16 Leases

The Group has applied IFRS 16 for the first time in the current year. IFRS 16 superseded IAS 17 Leases ("IAS 17") and the related interpretations.

Definition of a lease

The Group has elected the practical expedient to apply IFRS 16 to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 *Determining whether an Arrangement contains a Lease* and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 January 2019, the Group applies the definition of a lease in accordance with the requirements set out in IFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Group has applied IFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 January 2019.

As 1 January 2019, the Group recognised additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities adjusted by any prepaid or accrued lease payments by applying IFRS 16.C8(b)(ii) transition. Any difference at the date of initial application is recognised in the opening retained earnings and comparative information has not been restated.

When applying the modified retrospective approach under IFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under IAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

i. relied on the assessment of whether leases are onerous by applying IAS 37 Provisions, Contingent Liabilities and Contingent Assets as an alternative of impairment review;

ii. elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application;

iii. excluded initial direct costs from measuring the right-of-use assets at the date of initial application;

iv. applied a single discount rate to a portfolio of leases with a similar remaining terms for similar class of underlying assets in similar economic environment. Specifically, discount rate for certain leases of office buildings in the PRC was determined on a portfolio basis; and

v. used hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Group's leases with extension and termination options.

2. Application of New and Amendments to International Financial Reporting Standards ("IFRSs") (continued)

Impacts and changes in accounting policies of application on IFRS 16 Leases (continued)

As a lessee (continued)

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average incremental borrowing rate applied is 5.4%.

	At 1 January 2019 RMB'000
Operating lease commitments disclosed as at 31 December 2018	222,828
Less: Recognition exemption – short-term leases	(38,385)
Eliminating the impact of value added taxes	(16,735)
Lease liabilities discounted at relevant incremental borrowing rates	(18,411)
Lease liabilities as at 1 January 2019	149,297
Analysed as:	
Current	56,717
Non-current	92,580
	149,297

The carrying amount of right-of-use assets as at 1 January 2019 comprises the following:

	Right-of-use assets RMB'000
Right-of-use assets recognised upon application of IFRS 16	149,297
Reclassified from rental paid in advance	18,332
Reclassified from prepaid lease payments	896,967
Reclassified from prepaid lease payments included in trade and other receivables, deposits and prepayments	26,154
Total	1,090,750
By class:	
Leasehold lands	923,121
Buildings	167,629
	1,090,750

Effective from 1 January 2019, leasehold lands which were classified as properties for/under development/completed properties for sale are measured under IFRS 16 at cost less any accumulated depreciation and any impairment losses.

2. Application of New and Amendments to International Financial Reporting Standards ("IFRSs") (continued)

Impacts and changes in accounting policies of application on IFRS 16 Leases (continued)

As a lessor

In accordance with the transitional provisions in IFRS 16, the Group is not required to make any adjustment on transition for leases in which the Group is a lessor but account for these leases in accordance with IFRS 16 from the date of initial application and comparative information has not been restated.

No impact of transition to IFRS 16 on retained earnings at 1 January 2019.

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 January 2019. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 31 December 2018 RMB'000	Adjustments RMB'000	**Carrying amounts under IFRS 16 at 1 January 2019 RMB'000**
Non-current Assets			
Prepaid lease payments	896,967	(896,967)	**–**
Right-of-use assets	–	1,090,750	**1,090,750**
Rental paid in advance	18,332	(18,332)	**–**
Current Assets			
Trade and other receivables, deposits and prepayments	6,253,199	(26,154)	**6,227,045**
Current Liabilities			
Lease liabilities	–	56,717	**56,717**
Non-current liabilities			
Lease liabilities	–	92,580	**92,580**

For the purpose of reporting cash flows from operating activities under indirect method for the year ended 31 December 2019, movements in working capital have been computed based on opening consolidated statement of financial position as at 1 January 2019 as disclosed above.

2. Application of New and Amendments to International Financial Reporting Standards ("IFRSs") (continued)

New and amendments to IFRSs in issue but not yet effective:

The Group has not early applied the following new and amendments to IFRSs that have been issued but are not yet effective:

IFRS 17	Insurance Contracts[1]
Amendments to IFRS 3	Definition of a Business[2]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to IAS 1	Classification of Liabilities as Current or Non-current[5]
Amendments to IAS 1 and IAS 8	Definition of Material[4]
Amendments to IAS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform[4]

1 Effective for annual periods beginning on or after 1 January 2021.
2 Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.
3 Effective for annual periods beginning on or after a date to be determined.
4 Effective for annual periods beginning on or after 1 January 2020.
5 Effective for annual periods beginning on or after 1 January 2022.

2. Application of New and Amendments to International Financial Reporting Standards ("IFRSs") (continued)

New and amendments to IFRSs in issue but not yet effective: (continued)

In addition to the above new and amendments to IFRSs, a revised Conceptual Framework for Financial Reporting was issued in 2018. Its consequential amendments, *the Amendments to References to the Conceptual Framework in IFRS Standards*, will be effective for annual periods beginning on or after 1 January 2020.

Except for the new and amendments to IFRSs mentioned below, the directors of the Company anticipate that the application of all other new and amendments to IFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

Amendments to IFRS 3 Definition of a Business

The amendments:

- add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The election on whether to apply the optional concentration test is available on transaction-by-transaction basis;

- clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs; and

- narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs.

The amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after the first annual reporting period beginning on or after 1 January 2020, with early application permitted. The optional concentration test and the amended definition of a business are not expected to have a significant impact to the Group.

3. Principal Accounting Policies

The consolidated financial statements have been prepared in accordance with IFRSs. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") and by the Hong Kong Companies Ordinance ("CO").

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments and investment properties which are measured at fair values, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

3. Principal Accounting Policies (continued)

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 *Share-based Payment*, leasing transactions that are within the scope of IFRS 16 (since 1 January 2019) or IAS 17 *Leases* (before application of IFRS 16), and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 *Inventories* or value in use in IAS 36 *Impairment of Assets*.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial instruments and investment properties which are transacted at fair value and a valuation technique that unobservable inputs is to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equals the transaction price.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

3. Principal Accounting Policies (continued)

Basis of consolidation (continued)

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

3. Principal Accounting Policies (continued)

Basis of consolidation (continued)

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 *Financial Instruments* ("IFRS 9") or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits* respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 *Share-based Payment* at the acquisition date (see the accounting policy below);

- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard; and

- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in IFRS 16) as if the acquired leases were new leases at the acquisition date, except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

3. Principal Accounting Policies (continued)

Business combinations (continued)

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognised in profit or loss or other comprehensive income, as appropriate. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income ("OCI") and measured under IFRS 9 would be accounted for on the same basis as would be required if the Group had disposed directly of the previously held equity interest.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted retrospectively during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

Acquisition of a subsidiary or a group of assets and liabilities not constituting a business

When the Group acquires a subsidiary or a group of assets and liabilities that do not constitute a business, the Group identifies and recognises the individual identifiable assets acquired and liabilities assumed by allocating the purchase price first to investment properties which are subsequently measured under fair value model and financial assets/financial liabilities at the respective fair values, the remaining balance of the purchase price is then allocated to the other identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction does not give rise to goodwill or bargain purchase gain.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

3. Principal Accounting Policies (continued)

Goodwill (continued)

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets of the unit on a pro-rata basis based on the carrying amount of each asset in the unit.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the cash-generating unit, the amount of goodwill disposed of is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

The Group's policy for goodwill arising on the acquisition of an associate and a joint venture is described below.

Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates and joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates and joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. Changes in net assets of the associate or joint venture other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate or joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

3. Principal Accounting Policies (continued)

Investments in associates and joint ventures (continued)

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Group assesses whether there is an objective evidence that the interest in an associate or a joint venture may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When the Group ceases to have significant influence over an associate or joint control over a joint venture, its accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset within the scope of IFRS 9, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate or joint venture and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in OCI in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in OCI by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal or partial disposal of the relevant associate or joint venture.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in OCI relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

3. Principal Accounting Policies (continued)

Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in the relevant subsidiary after the sale.

When the Group is committed to a sale plan involving disposal of an investment, or a portion of an investment, in an associate or joint venture, the investment or the portion of the investment that will be disposed of is classified as held for sale when the criteria described above are met, and the Group discontinues the use of the equity method in relation to the portion that is classified as held for sale from the time when the investment (or a portion of the investment) is classified as held for sale.

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell, except for financial assets within the scope of IFRS 9 and investment properties which continue to be measured in accordance with the accounting policies as set out in respective sections.

Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

3. Principal Accounting Policies (continued)

Revenue from contracts with customers (continued)

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with IFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation

Input method

The progress towards complete satisfaction of a performance obligation is measured based on input method, which is to recognise revenue on the basis of the Group's efforts or inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation, that best depict the Group's performance in transferring control of goods or services.

Variable consideration

For project management contracts that contain variable consideration based on the future pre-sales amount of the project (such as commission and share of profit for management service contracts), the Group estimates the amount of consideration to which it will be entitled using either (a) the expected value method or (b) the most likely amount, depending on which method better predicts the amount of consideration to which the Group will be entitled.

The estimated amount of variable consideration is included in the transaction price only to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future when the uncertainty associated with the variable consideration is subsequently resolved.

At the end of each reporting period, the Group updates the estimated transaction price (including updating its assessment of whether an estimate of variable consideration is constrained) to represent faithfully the circumstances present at the end of the reporting period and the changes in circumstances during the reporting period.

3. Principal Accounting Policies (continued)

Non-current assets held for sale (continued)

Existence of significant financing component

In determining the transaction price, the Group adjusts the promised amount of consideration for the effects of the time value of money if the timing of payments agreed (either explicitly or implicitly) provides the customer or the Group with a significant benefit of financing the transfer of goods or services to the customer. In those circumstances, the contract contains a significant financing component. A significant financing component may exist regardless of whether the promise of financing is explicitly stated in the contract or implied by the payment terms agreed to by the parties to the contract.

For contracts where the period between payment and transfer of the associated goods or services is less than one year, the Group applies the practical expedient of not adjusting the transaction price for any significant financing component.

For advance payments received from customers before the transfer of the associated goods or services in which the Group adjusts for the promised amount of consideration for a significant financing component, the Group applies a discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. The relevant interest expenses during the period between the advance payments were received and the transfer of the associated goods and services are accounted for on the same basis as other borrowing costs.

For contracts where the Group transferred the associated goods or services before payments from customers in which the Group adjusts for the promised amount of consideration for significant financing components, the Group applies a discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. The Group recognises interest income during the period between the transfer of the associated goods or services and the payment from customers.

Incremental costs of obtaining a contract

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained.

The Group recognises sales commissions for property sales as an asset if it expects to recover these costs. The asset so recognised is subsequently amortised to selling expenses on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the assets relate.

Leases

Definition of a lease (upon application of IFRS 16 in accordance with transitions in note 2)

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified or arising from business combinations on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

3. Principal Accounting Policies (continued)

Leases (continued)

The Group as a lessee (upon application of IFRS 16 in accordance with transitions in note 2)

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the consolidated financial statements would not differ materially from individual leases within the portfolio.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Except for those that are classified as investment properties and measured under fair value model, right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities.

3. Principal Accounting Policies (continued)

Leases (continued)

The Group as a lessee (upon application of IFRS 16 in accordance with transitions in note 2) (continued)

Right-of-use assets (continued)

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets that do not meet the definition of investment property or inventory as a separate line item on the consolidated statement of financial position. The right-of-use assets that meet the definition of investment property and inventory are presented within "investment properties" and "properties for development"/"properties under development"/"properties for sale"/"other (to specify)" respectively.

Refundable rental deposits

Refundable rental deposits paid are accounted under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be paid under residual value guarantees;
- the exercise price of a purchase option reasonably certain to be exercised by the Group; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

3. Principal Accounting Policies (continued)

Leases (continued)

The Group as a lessee (upon application of IFRS 16 in accordance with transitions in note 2) (continued)

Lease liabilities (continued)

Variable lease payments that reflect changes in market rental rates are initially measured using the market rental rates as at the commencement date. Variable lease payments that do not depend on an index or a rate are not included in the measurement of lease liabilities and right-of-use assets, and are recognised as expense in the period on which the event or condition that triggers the payment occurs.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

- the lease payments change due to changes in market rental rates following a market rent review, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

3. Principal Accounting Policies (continued)

Leases (continued)

The Group as a lessee (upon application of IFRS 16 in accordance with transitions in note 2) (continued)

Lease modifications (continued)

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset.

The Group as lessee (prior to 1 January 2019)

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognised as an expense on a straight-line basis over the lease term except for investment properties measured under fair value model.

The Group as a lessor (upon application of IFRS 16 in accordance with transitions in note 2)

Allocation of consideration to components of a contract

Effective on 1 January 2019, the Group applies IFRS 15 *Revenue from Contracts with Customers* ("IFRS 15") to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone selling prices.

Refundable rental deposits

Refundable rental deposits received are accounted under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

Lease modification

The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

3. Principal Accounting Policies (continued)

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchange prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. For properties under development for which revenue is recognised over time, the Group ceases to capitalise borrowing costs as soon as the properties are ready for the Group's intended sale.

Any specific borrowing that remain outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalisation rate on general borrowings. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the year in which they are incurred.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Retirement benefit costs

The Group participates in state-managed retirement benefit schemes, which are defined contribution schemes, pursuant to which the Group pays a fixed percentage of its qualifying staff's wages as contributions to the plans. Payments to such retirement benefit schemes are charged as an expense when employees have rendered service entitling them to the contributions.

3. Principal Accounting Policies (continued)

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another IFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees in respect of wages and salaries and annual leave in the period the related service is rendered at the undiscounted amount of the amount of benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "profit before taxation" as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income and expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

3. Principal Accounting Policies (continued)

Taxation (continued)

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax liabilities or deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities. For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 Income Taxes requirements to the leasing transaction as a whole. Temporary differences relating to right-of-use assets and lease liabilities are assessed on a net basis. Excess of depreciation on right-of-use assets over the lease payments for the principal portion of lease liabilities resulting in net deductible temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax is recognised in profit or loss, except when it relates to items that are recognised in OCI or directly in equity, in which case the current and deferred tax is also recognised in OCI or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Property, plant and equipment

Property, plant and equipment, are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes. Property, plant and equipment are stated in the consolidated statement of financial position at cost less accumulated depreciation and accumulated impairment losses, if any.

Property, plant and equipment in the course of construction for production, supply or administrative purposes are carried at cost less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

3. Principal Accounting Policies (continued)

Property, plant and equipment (continued)

Ownership interests in leasehold land and building

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition.

To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as "right-of-use assets" (upon application of IFRS 16) or "prepaid lease payments" (before application of IFRS 16) in the consolidated statement of financial position except for those that are classified and accounted for as investment properties under the fair value model. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment other than construction in progress less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties include land held for undetermined future use, which is regarded as held for capital appreciation purpose.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values, adjusted to exclude any prepaid or accrued operating lease income.

Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

Construction costs incurred for investment properties under construction are capitalised as part of the carrying amount of the investment properties under construction.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use or no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year in which the item is derecognised.

3. Principal Accounting Policies (continued)

Impairment on property, plant and equipment, right-of-use assets and contract costs other than goodwill

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and contract costs to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

The recoverable amount of property, plant and equipment and right-of-use assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In addition, corporates assets are allocated to individual cash generating units when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The Group assesses whether there is indication that corporate assets may be impaired. If such indication exists, the recoverable amount is determined for the cash-generating unit or group of cash-generating unites to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

Before the Group recognises an impairment loss for assets capitalised as contract costs under IFRS 15, the Group assesses and recognises any impairment loss on other assets related to the relevant contracts in accordance with applicable standards. Then, impairment loss, if any, for assets capitalised as contract costs is recognised to the extent the carrying amounts exceeds the remaining amount of consideration that the Group expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services that have not been recognised as expenses. The assets capitalised as contract costs are then included in the carrying amount of the cash-generating unit to which they belong for the purpose of evaluating impairment of that cash-generating unit.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash – generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash – generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised as gain immediately.

3. PRINCIPAL ACCOUNTING POLICIES (continued)

Properties for/under development/completed properties for sale

Properties for/under development which are intended to be sold upon completion of development and completed properties for sale are classified as current assets. Except for the leasehold land element which is measured at cost model in accordance with the accounting policies of right-of-use assets upon the application of IFRS 16, properties for/under development/completed properties for sale are carried at the lower of cost and net realisable value. Cost is determined on a specific identification basis including allocation of the related development expenditure incurred and where appropriate, borrowing costs capitalised. Net realisable value for properties for/under development is determined by reference to estimated selling price in the ordinary course of business less estimated cost to completion and the estimated costs necessary to make the sales. Net realisable value for completed properties for sale is determined by reference to estimated selling price in the ordinary course of business less estimated costs necessary to make the sales.

Properties for development are transferred to properties under development upon commencement of development. Properties under development are transferred to completed properties for sale upon completion of development.

The Group transfers a property from properties under development to investment property when there is a change in use to hold the property to earn rentals or/and for capital appreciation rather than for sale in the ordinary course of business, which is evidenced by the inception of an operating lease to another party. Any difference between the fair value of the property at the date of transfer and its previous carrying amount is recognised in profit or loss.

Inventories

Inventories other than properties for development, properties under development and completed properties for sale are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

3. Principal Accounting Policies (continued)

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at financial assets at FVTPL, except that at the date of initial application of IFRS 9/initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in OCI if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 *Business Combinations applies*.

3. Principal Accounting Policies (continued)

Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets (continued)

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

(ii) Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in OCI and accumulated in the investments revaluation reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to retained earnings.

Dividends from these investments in equity instruments are recognised in profit or loss when the Group’s right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the “other income” line item in profit or loss.

3. Principal Accounting Policies (continued)

Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets (continued)

(iii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the "other gains and losses" line item.

Impairment of financial assets and other items subject to impairment assessment under IFRS 9

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including trade receivables, other receivables, amounts due from related parties, pledged bank deposits, bank balances), contract assets and financial guarantee contracts which are subject to impairment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables and contract assets. The ECL on these assets are assessed individually for debtors with significant balances and/or collectively using a provision matrix with appropriate groupings.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

3. Principal Accounting Policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

- an actual or expected significant deterioration in the operating results of the debtor;

- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the aforegoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if i) it has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers pledged bank deposits and bank balances to have low credit risk because the counterparties are banks with high credit ratings assigned by international credit-rating agencies or with a good reputation.

3. Principal Accounting Policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(i) Significant increase in credit risk (continued)

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

3. Principal Accounting Policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

For a financial guarantee contract, the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed. Accordingly, the expected losses is the present value of the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments (i.e. the Group's trade receivables, other receivables and amounts due from related parties are each assessed as a separate group);
- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

3. Principal Accounting Policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(v) Measurement and recognition of ECL (continued)

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

For financial guarantee contracts, the loss allowances are recognised at the higher of the amount of the loss allowance determined in accordance with IFRS 9; and the amount initially recognised less, where appropriate, cumulative amount of income recognised over the guarantee period.

Except for financial guarantee contracts, the Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables and contract assets where the corresponding adjustment is recognised through a loss allowance account.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI upon application of IFRS 9, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

3. Principal Accounting Policies (continued)

Financial instruments (continued)

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

Financial liabilities at amortised cost

Financial liabilities at amortised cost including bank and other borrowings, trade and other payables, amounts due to related parties, liability portion of senior notes, corporate debt instruments and receipts under securitisation arrangements are subsequently measured at amortised cost, using the effective interest method.

Senior notes

Senior notes issued by the Company that contain both liability and early redemption option (which is not closely related to the host contract) are classified separately into respective items on initial recognition. At the date of issue, both the liability and early redemption option components are recognised at fair value.

In subsequent periods, the liability component of the senior notes is carried at amortised cost using the effective interest method. The early redemption option is measured at fair value with changes in fair value recognised in profit or loss.

Transaction costs that relate to the issue of the senior notes are allocated to the liability and early redemption option components in proportion to their relative fair values. Transaction costs relating to the early redemption option are charged to profit or loss immediately. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the senior notes using the effective interest method.

3. Principal Accounting Policies (continued)

Financial instruments (continued)

Financial liabilities and equity (continued)

Corporate bonds

Corporate bonds issued by a subsidiary of the Group that contain both liability and written put option (which is closely related to the host contract) are not separated from host contract and embedded derivatives on initial recognition. At the date of issue, the corporate bonds are recognised at fair value.

In subsequent periods, the corporate bonds are carried at amortised cost using the effective interest method.

Transaction costs that relate to the issue of the corporate bonds are included in the carrying amount of the corporate bonds and amortised over the period of the corporate bonds using the effective interest method.

Receipts under securitisation arrangements

Receipts under securitisation arrangements are recognised initially at fair value, net of transaction costs incurred and are subsequently stated at amortised cost, any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period using the effective interest method.

Transaction costs are included in the carrying amount of the receipts under assets backed securitization and amortised over the period of the arrangements using the effective interest method.

Perpetual Securities

Perpetual Securities issued by the Group, which includes no contractual obligation for the Group to deliver cash or another financial asset to the holders or to exchange financial assets or financial liabilities with the holders under conditions that are potentially unfavorable to the Group, are classified as equity instruments and are initially recorded at the proceeds received, net of direct issue costs.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument. Financial guarantee contract liabilities are measured initially at their fair values. It is subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with IFRS 9; and
- the amount initially recognised less, where appropriate, cumulative amortisation recognised over the guarantee period.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3. Principal Accounting Policies (continued)

Financial instruments (continued)

Derivative financial instruments

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss.

Share-based payment transactions

Equity-settled share-based payment transactions

Shares/share options granted to employees

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share-based payments reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payments reserve. For shares/share options that vest immediately at the date of grant, the fair value of the shares/share options granted is expensed immediately to profit or loss.

At the time when the shares/share options are exercised, the amount previously recognised in share-based payments reserve will be transferred to share premium. When the shares/share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share-based payments reserve will continue to be held in share-based payments reserve.

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

Critical judgements in applying accounting policies

The critical judgements, apart from those involving estimations (see below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements are disclosed below.

Timing of revenue recognition

Revenue from property sales is recognised over time when the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date; otherwise, revenue is recognised at a point in time when the customer obtains control of the completed property. The Group may not change or substitute the property unit or redirect the property unit for another use due to the contractual restrictions with the customer and thus the property unit does not have an alternative use to the Group. However, whether there is an enforceable right to payment depends on the terms of sales contract and the interpretation of the applicable laws that apply to the contract. Such determination requires significant judgments. The Group has obtained legal counsel opinion regarding the enforceability of the right to payment for sales contracts. Management uses judgments, based on legal counsel opinion, to classify sales contracts into those with right to payment and those without the right.

The Group recognises property sales revenue over time by reference to the progress towards complete satisfaction of the performance obligation at the reporting date. The progress is measured based on the Group's inputs to the satisfaction of the performance obligation, by reference to the contract costs incurred up to the end of reporting period as a percentage of total estimated costs for each property unit in the contract. The Group calculated the cost allocation based on phases of the projects and saleable floor areas. Significant judgments and estimations are required in determining the completeness of the estimated total costs and the accuracy of progress towards complete satisfaction of the performance obligation at the reporting date. The Group has a standard cost budgeting and estimate completion process in which management reviews the development progress and execution of the performance obligations. As part of this process, management reviews information including but not limited to, the cost occurred and accrued to achieve the schedule. Changes in cost estimates in future periods can have effect on the Group's revenue recognised. In making the above estimations, the Group relies on past experience and work of contractors and, if appropriate, surveyors. The Group recognised property sales revenue over time and a point in time amounted to RMB15,602,151,000 and RMB38,830,713,000 respectively for the year ended 31 December 2019 (for the year ended 31 December 2018: RMB9,337,145,000 and RMB45,937,061,000 respectively)

Deferred taxation on investment properties

For the purposes of measuring deferred tax liabilities or deferred tax assets arising from investment properties that are measured using the fair value model, the directors have reviewed the Group's investment property portfolio and concluded that the Group's investment properties are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, in measuring the Group's deferred taxation on investment properties, the directors have determined that the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is not rebutted. As a result, the Group has recognised deferred taxes of both enterprise income tax and land appreciation tax on changes in fair value of investment properties.

For the year ended 31 December 2019

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty (continued)

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed below.

Net realisable value for properties under development and completed properties for sale

Properties under development and completed properties remaining unsold at the end of each reporting period are stated at the lower of cost and net realisable value.

Net realisable value for properties under development is determined by reference to estimated selling price in the ordinary course of business less estimated costs to completion and the estimated costs necessary to make the sales. Net realisable value for completed properties for sale is determined by reference to estimated selling price in the ordinary course of business less the estimated costs necessary to make the sales. During the course of their assessment, the management will also make reference to property valuations conducted by independent qualified professional valuers based on comparable market prices. The management are required to revise these estimates if there is a change in market condition or demand. If actual market conditions are less favourable than those projected by management, additional adjustments to the value of properties for development, properties under development and completed properties for sale may be required. As at 31 December 2019, the carrying amounts of properties for development, properties under development and completed properties for sale are RMB30,907,247,000 (2018: RMB22,842,799,000), RMB136,615,966,000 (2018: RMB117,876,867,000) and RMB12,167,498,000 (2018: RMB10,972,736,000) respectively (net of accumulated provision of RMB56,454,000 (2018: RMB56,454,000), RMB184,805,000 (2018: RMB270,351,000) and RMB671,735,000 (2018: RMB379,741,000) respectively).

Fair value of investment properties

Investment properties are carried in the consolidated statement of financial position at 31 December 2019 at their fair value of approximately RMB4,032,818,000 (2018: RMB4,066,128,000).

The fair value was based on valuation on these properties conducted by the independent qualified professional valuers using property valuation techniques which adopt the income approach by capitalising the net rental income derived from the existing tenancies with due provision for the reversionary income potential of the property interests, or where appropriate, by market approach by making reference to comparable sales transactions as available in the relevant markets. Assumptions such as rental yield and estimation of future rentals would affect the fair value of the Group's investment properties and corresponding adjustments to the amount of gain or loss reported in the consolidated statement of profit or loss and other comprehensive income.

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty (continued)

Key sources of estimation uncertainty (continued)

Land Appreciation Tax

The provision for Land Appreciation Tax ("LAT") amounting to RMB7,819,209,000 (2018: RMB5,520,141,000) (included in income taxes payable) is estimated and made according to the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon completion of the property development projects and the tax authorities might disagree with the basis on which the provision for LAT is calculated. Accordingly, significant judgment is required in determining the amount of land appreciation and its related income tax provisions. The Group recognises land appreciation tax based on management's best estimates. The final tax outcome could be different from the amounts that were initially recorded, and these differences will impact the income tax expense and the related income tax provisions in the periods in which such tax is finalised with the local tax authorities.

ECL allowance

The Group recognises a loss allowance for ECL on financial assets,including trade receivables, other receivables, amount due from related parties, pledged bank deposits, bank balances, contract assets and financial guarantee contracts, which are subject to impairment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition. Significant judgements and estimations are required in determining the impairment assessment including the judgements on grouping basis for the provision matrix and the estimations on the expected loss rates used to calculate the ECL allowance. As at 31 December 2019, the carrying amount of trade receivables, contract assets, and other receivables and amounts due from related parties are RMB1,065,646,000, RMB2,815,007,000 and RMB53,299,898,000 respectively (2018: RMB878,236,000, RMB1,887,085,000 and RMB35,797,417,000 respectively) (net of accumulated ECL impairment loss of RMB75,566,000, RMB17,316,000 and RMB3,395,847,000 respectively (2018: RMB101,266,000, RMB nil, and RMB2,593,247,000 respectively)). Details of the determination of ECL allowance and set out in note 49(b).

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Where the discounted future cash flow estimations are less than expected, a material impairment loss may arise. The carrying amount of goodwill at 31 December 2019 was RMB769,241,000 (2018: RMB769,241,000) (net of accumulated impairment loss of RMB nil (2018: RMB nil)). Details of the impairment loss calculation are set out in note 20.

Coupon rate of the corporate bonds

The corporate bonds amounting to RMB13,463,506,000 (2018: RMB11,098,976,000) contain coupon rate adjustment right that allow the issuer of the corporate bonds to adjust the coupon rates of the remaining outstanding bonds under certain terms and conditions. The corporate bonds also contain written put options granting the investors of the corporate bonds right to sell back the bonds that will be triggered with the exercise of the Coupon Rate Adjustment Right. As at the reporting date of the consolidated financial statements, the Group had no plan nor intention to exercise the Coupon Rate Adjustment Right of the corporate bonds, therefore the effective interest rate charged for the year on the corporate bonds was calculated according to the original coupon rates and maturity dates of the corporate bonds. If the Group decided to exercise the Coupon Rate Adjustment Right of the corporate bonds, the effective interest rate would be different because the coupon rates of any remaining outstanding corporate bonds would be adjusted and the corporate bonds would become immediately repayable. Details of the corporate bonds are set out in note 36.

5. Revenue and Segment Information

(i) Disaggregation of revenue from contracts with customers

	For the year ended 31 December 2019						
	Property sales RMB'000	Hotel operations RMB'000	Project management RMB'000	Design and decoration RMB'000	Sales of construction materials RMB'000	Other business RMB'000	Total RMB'000
Recognised at a point in time	**38,830,713**	**–**	**–**	**–**	**106,511**	**1,366,003**	**40,303,227**
Recognised over time	**15,602,151**	**878,271**	**1,828,968**	**2,815,922**	**–**	**–**	**21,125,312**
Revenue from contracts with customers	**54,432,864**	**878,271**	**1,828,968**	**2,815,922**	**106,511**	**1,366,003**	**61,428,539**

	For the year ended 31 December 2018						
	Property sales RMB'000	Hotel operations RMB'000	Project management RMB'000	Design and decoration RMB'000	Sales of construction materials RMB'000	Other business RMB'000	Total RMB'000
Recognised at a point in time	45,937,061	–	–	–	29,127	247,044	46,213,232
Recognised over time	9,337,145	776,452	1,366,485	2,523,700	–	–	14,003,782
Revenue from contracts with customers	55,274,206	776,452	1,366,485	2,523,700	29,127	247,044	60,217,014

(ii) Performance obligations for contracts with customers

Property sales

Revenue from property sales is recognised at a point in time in the ordinary course of business when the customers obtain control of the completed properties (ie. when the respective properties have been completed and delivered to the customers) except for revenue from certain properties which have no alternative use to the Group due to contractual reasons and the Group has an enforceable right to payment from the customer for performance completed to date is recognised over time in accordance with the input method for measuring progress.

The Group receives 20%-80% of the contract value as deposits from customers when they sign the sale and purchase agreement. However, depending on market conditions, the Group may offer customers a discount compared to the listed sales price, provided that the customers agree to pay the balance of the consideration early while construction is still ongoing. Such advance payment result in contract liabilities being recognised until the corresponding revenue is recognised.

The Group considers certain advance payment contain significant financing component and accordingly the amount of consideration is adjusted for the effects of the time value of money taking into consideration the credit characteristics of the Group. As this accrual increases the amount of the contract liability during the period of construction, it increases the amount of revenue recognised.

5. Revenue and Segment Information (continued)

(ii) Performance obligations for contracts with customers (continued)

Design and decoration service and project management service

Revenue from design and decoration service and project management service is recognised over time on input method based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs.

The design and decoration service and project management service fees are invoiced to the clients periodically on an agreed-upon payment schedule and/or milestone between the customers and the Group. The Group recognised a contract asset over the period in which the design and decoration service and project management service are performed representing the Group's right to consideration for the services performed because the rights are conditional on the Group's future performance in achieving specified milestones. Contract asset is transferred to trade receivables at the point at which the rights become unconditional. Payments received before the related service is performed are included in the consolidated statement of financial position as contract liabilities.

For project management contracts that contain variable consideration based on the future pre-sales amount of the project, the Group estimates the amount of consideration to which it will be entitled using either (a) the expected value method or (b) the most likely amount, depending on which method better predicts the amount of consideration to which the Group will be entitled.

The Group does not consider the advance payments pertain to design and decoration service and project management service to have contained significant financing component.

Hotel operations

The Group's performance obligation from hotel operations is mainly to provide accommodation services to guests. Revenue from accommodation service is recognised over time during the period when the rooms for accommodates are occupied.

Sales of construction materials

Revenue from sales of construction materials is recognised when control of the goods has transferred to the customer, being at the point the goods are delivered to the customer. Payment of the transaction price is due immediately at the point the customer accept the materials.

5. Revenue and Segment Information (continued)

(iii) Transaction price allocated to the remaining performance obligation for contracts with customers

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2019 and the expected timing of recognising revenue are as follows:

	Property sales RMB'000	Project management service RMB'000
Within one year	**43,790,957**	**1,696,330**
More than one year	**50,066,347**	**9,826,758**
	93,857,304	**11,523,088**

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2018 and the expected timing of recognising revenue are as follows:

	Property sales RMB'000	Project management service RMB'000
Within one year	42,879,582	1,490,714
More than one year	26,671,827	5,450,439
	69,551,409	6,941,153

These amounts disclosed above do not include transaction price allocated to performance obligations which have been satisfied but not yet recognised due to variable consideration constraint.

All design and decoration service, hotel operations and sales of construction materials are for periods of one year or less. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

5. Revenue and Segment Information (continued)

(iv) Segment information

The chief operating decision-maker of the Group has been identified as the executive directors and certain senior management (collectively referred to as the "CODM"). Operating segments are determined based on the Group's internal reports which are submitted to the CODM for performance assessment and resources allocation. This is also the basis upon which the Group is organised and managed.

The Group's consolidated revenue and results are attributable to the market in the PRC (country of domicile) and almost all of the Group's consolidated non-current assets are located in the PRC.

The Group's reportable segments under IFRS 8 are as follows:

1 Property development

2 Hotel operations

3 Property investment

4 Project management

For the property development reportable segment, the CODM reviews the financial information of each property development project, hence each property development project constitutes a separate operating segment. However, the property development projects possess similar economic characteristics, and are with similar development and selling activities as well as similar customer bases. Therefore, all property development projects are aggregated into one reportable segment for segment reporting purposes.

For the hotel operations reportable segment, the CODM reviews the financial information of each hotel, hence each hotel constitutes a separate operating segment. However, the hotels possess similar economic characteristics, and are with similar development and selling activities as well as similar customer bases. Therefore, all hotels are aggregated into one reportable segment for segment reporting purposes.

5. Revenue and Segment Information (continued)

(iv) Segment information (continued)

For the property investment reportable segment, the CODM reviews the financial information of each investment property, hence each investment property constitutes a separate operating segment. However, the investment properties possess similar economic characteristics, and are with similar development and selling activities as well as similar customer bases. Therefore, all investment properties are aggregated into one reportable segment for segment reporting purposes.

For the project management reportable segment, the CODM reviews the financial information of each project management project, hence each project management project constitutes a separate operating segment. However, the project management projects possess similar economic characteristics, and are with similar development and selling activities as well as similar customer bases. Therefore, all project management projects are aggregated into one reportable segment for segment reporting purposes.

Other operating segments include sales of construction materials, design and decoration and other business. None of these segments meet the quantitative thresholds for the reportable segments in both current and prior year. Accordingly, these are grouped in "Others".

The CODM assesses the performance of the operating segments based on the post-tax profit of the group entities engaged in the respective segment activities, which includes share of results of joint ventures and associates and related finance costs, but excludes certain administrative expenses, other income, finance costs and taxation. Financial information provided to the CODM is measured in a manner consistent with the accounting policies adopted in the preparation of the consolidated financial statements as described in note 3.

Sales between segments are carried out on terms agreed between the counterparties.

No customers account for 10% or more of the Group's revenue.

5. Revenue and Segment Information (continued)

(iv) Segment information (continued)

An analysis of the Group's revenue and results by segment is as follows:

	Property development RMB'000	Hotel operations RMB'000	Property investment RMB'000	Project management RMB'000	Others RMB'000	Segment total RMB'000	Eliminations RMB'000	Total RMB'000
For the year ended 31 December 2019								
Revenue from contracts with customers	54,432,864	878,271	–	1,828,968	4,288,436	61,428,539	–	61,428,539
Rental income	–	–	164,400	–	–	164,400	–	164,400
Total external segment revenue	54,432,864	878,271	164,400	1,828,968	4,288,436	61,592,939	–	61,592,939
Inter-segment revenue	–	1,090	–	240,707	1,588,297	1,830,094	(1,830,094)	–
Total	54,432,864	879,361	164,400	2,069,675	5,876,733	63,423,033	(1,830,094)	61,592,939
Segment results	3,697,880	40,205	100,223	381,124	12,057	4,231,489	(1,090)	4,230,399
Unallocated administrative expenses								(172,241)
Unallocated other income								3,052
Unallocated finance costs								(10,493)
Unallocated taxation								(115,295)
Profit for the year								3,935,422

	Property development RMB'000	Hotel operations RMB'000	Property investment RMB'000	Project management RMB'000	Others RMB'000	Segment total RMB'000	Eliminations RMB'000	Total RMB'000
For the year ended 31 December 2018								
Revenue from contracts with customers	55,274,206	776,452	–	1,366,485	2,799,871	60,217,014	–	60,217,014
Rental income	–	–	85,496	–	–	85,496	–	85,496
Total external segment revenue	55,274,206	776,452	85,496	1,366,485	2,799,871	60,302,510	–	60,302,510
Inter-segment revenue	–	2,045	–	65,892	1,361,254	1,429,191	(1,429,191)	–
Total	55,274,206	778,497	85,496	1,432,377	4,161,125	61,731,701	(1,429,191)	60,302,510
Segment results	2,101,885	98,181	103,613	345,475	45,066	2,694,220	8,041	2,702,261
Unallocated administrative expenses								(264,670)
Unallocated other income								40,591
Unallocated finance costs								(3,780)
Unallocated taxation								(99,172)
Profit for the year								2,375,230

5. Revenue and Segment Information (continued)

(iv) Segment information (continued)

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by segment:

Segment assets

	2019 RMB'000	2018 RMB'000
Property development	**311,117,245**	256,113,218
Hotel operations	**8,922,880**	9,483,752
Property investment	**4,183,051**	4,189,650
Project management	**3,164,715**	2,057,916
Others	**8,225,251**	6,820,664
Total segment assets	**335,613,142**	278,665,200
Unallocated	**1,478,976**	1,097,544
Consolidated assets	**337,092,118**	279,762,744

Segment liabilities

	2019 RMB'000	2018 RMB'000
Property development	**257,604,573**	211,484,567
Hotel operations	**251,621**	292,476
Property investment	**1,077,581**	635,451
Project management	**1,355,663**	1,012,518
Others	**6,733,581**	5,387,529
Total segment liabilities	**267,023,019**	218,812,541
Unallocated	**913,627**	831,363
Consolidated liabilities	**267,936,646**	219,643,904

For the purposes of monitoring segment performances and allocating resources among segments:

- all assets are allocated to operating segments other than certain bank balances and cash, pledge bank deposits, property, plant and equipment, equity instruments at FVTOCI, trade and other receivables, deposits and prepayments, prepaid income taxes, prepaid other taxes and amounts due from related parties pertaining to non-operating group entities.

- all liabilities are allocated to operating segments other than certain trade and other payables, amounts due to related parties, income taxes payable, other taxes payable and deferred tax liabilities pertaining to non-operating group entities.

5. Revenue and Segment Information (continued)

(iv) Segment information (continued)

Other segment information

For the year ended 31 December 2019

	Property development RMB'000	Hotel operations RMB'000	Property investment RMB'000	Project Management RMB'000	Others RMB'000	Segment total RMB'000	Unallocated RMB'000	Total RMB'000
Amounts included in the measure of segment profit or loss or segment assets:								
Addition to non current assets (note)	18,517,576	172,508	92,640	19,418	142,233	18,944,375	80,146	19,024,521
Interests in associates	11,285,655	–	–	55,554	743,698	12,084,907	–	12,084,907
Interests in joint ventures	3,832,241	–	–	37,489	–	3,869,730	–	3,869,730
Impairment loss on financial assets, net of reversal	778,049	–	–	7,775	(7,117)	778,707	18,180	796,887
Impairment loss on non-financial assets, net of reversal	513,551	65,644	–	–	–	579,195	–	579,195
Loss from changes in fair value of investment properties	–	–	25,001	16,865	–	41,866	–	41,866
Gain on re-measurement of an associate and joint ventures to acquisition date fair value in business combination achieved in stages	(43,487)	–	–	–	–	(43,487)	–	(43,487)
Net gain on disposal of subsidiaries	(113,383)	–	–	–	15,130	(98,253)	(16)	(98,269)
Depreciation of property, plant and equipment	185,595	293,107	53	11,548	16,606	506,909	2,877	509,786
Depreciation of right of use assets	43,324	25,173	1,554	3,698	28,028	101,777	2,551	104,328
Loss on disposal of property, plant and equipment	15,297	–	–	793	497	16,587	–	16,587
Interest income	(1,411,641)	(1,791)	(11,158)	(17,100)	(55,074)	(1,496,764)	(191,207)	(1,687,971)
Finance costs	1,468,647	7,895	63,027	1,573	19,225	1,560,367	10,493	1,570,860
Share of results of associates	(1,009,501)	–	–	6,605	–	(1,002,896)	3	(1,002,893)
Share of results of joint ventures	60,569	–	–	15,382	–	75,951	–	75,951
Taxation	5,705,982	3,976	3,685	136,563	52,203	5,902,409	115,295	6,017,704

5. Revenue and Segment Information (continued)

(iv) Segment information (continued)

Other segment information (continued)

For the year ended 31 December 2018

	Property development RMB'000	Hotel operations RMB'000	Property investment RMB'000	Project Management RMB'000	Others RMB'000	Segment total RMB'000	Unallocated RMB'000	Total RMB'000
Amounts included in the measure of segment profit or loss or segment assets:								
Addition to non current assets (note)	3,332,957	1,281,509	1,114,433	144,361	324,316	6,197,576	4,509	6,202,085
Interests in associates	8,364,698	–	–	58,561	488,212	8,911,471	87,085	8,998,556
Interests in joint ventures	1,831,350	–	–	8,438	–	1,839,788	–	1,839,788
Impairment loss on financial assets, net of reversal	1,206,182	–	–	–	15,729	1,221,911	60,823	1,282,734
Impairment loss on non-financial assets, net of reversal	468,875	(16,775)	–	–	–	452,100	–	452,100
Gain from changes in fair value of investment properties	–	–	(132,128)	–	–	(132,128)	–	(132,128)
Gain on re-measurement of joint ventures to acquisition date fair value in business combination achieved in stages	(686,352)	–	–	–	–	(686,352)	–	(686,352)
Net gain on disposal of subsidiaries	(509,194)	–	–	170	–	(509,024)	(16)	(509,040)
Depreciation of property, plant and equipment	171,842	256,174	10	11,336	11,383	450,745	1,360	452,105
Loss (gain) on disposal of property, plant and equipment	(251)	6	–	3,700	17,578	21,033	7	21,040
Interest income	(1,111,022)	(381)	(29)	(6,383)	(6,798)	(1,124,613)	(405,827)	(1,530,440)
Finance costs	1,514,115	6,321	12,846	327	14,274	1,547,883	3,780	1,551,663
Share of results of associates	(327,271)	–	–	1,684	2	(325,585)	3	(325,582)
Share of results of joint ventures	(201,944)	–	–	27,429	–	(174,515)	–	(174,515)
Taxation	5,293,594	4,593	51,601	–	79,782	5,429,570	99,172	5,528,742

Note: Non-current assets mainly included property, plant and equipment, investment properties (excluding gain from changes in fair value of investment properties), right-of-use assets, prepaid lease payment, interests in joint ventures, interests in associates and rental paid in advance and excluded financial instruments, goodwill and deferred tax assets.

6. Other Income

	2019 RMB'000	2018 RMB'000
Interest income	**1,687,971**	1,530,440
Government grants (note)	**69,662**	15,151
Dividends from equity instruments at FVTOCI	**105,179**	70,807
Default penalty income	**463,885**	–
Others	**340,548**	243,873
	2,667,245	1,860,271

Note: These grants are unconditional and accounted for as immediate financial support with neither future related costs expected to be incurred nor related to any assets.

7. Other Gains and Losses

	2019 RMB'000	2018 RMB'000
Net foreign exchange losses	**(268,181)**	(487,841)
Net loss on disposal of property, plant and equipment and right-of-use assets	**(16,587)**	(21,040)
Gain (loss) on disposal of associates	**478**	(1,069)
Gain on acquisition of associates at discount (note)	**243,918**	–
	(40,372)	(509,950)

Note: The gain on acquisition of associates at discount is mainly from the acquisition of Shanghai Xinhu Real Estate Development Co., Ltd. ("Shanghai Xinhu Real Estate"). Details of the transactions are set out in note 21.

8. Finance Costs

	2019 RMB'000	2018 RMB'000
Interest on bank and other borrowings and amounts due to related parties	**4,252,824**	3,803,559
Interest on senior notes (note 35)	**278,068**	240,556
Interest on corporate debt instruments (note 36)	**1,386,900**	1,292,779
Interest on receipts under securitisation arrangements (note 37)	**82,684**	79,768
Interest on leases	**9,006**	–
	6,009,482	5,416,662
Less: Capitalised in properties under development and construction in progress	**(4,438,622)**	(3,864,999)
	1,570,860	1,551,663

Borrowing costs capitalised during the year arose on the specific loan and general borrowing pool and are calculated by applying a capitalisation rate of 5.3% (2018: 5.4%) per annum to expenditure on the development of properties for sale and for own use.

For the year ended 31 December 2019

9. Impairment Losses Under Expected Credit Loss Model, Net of Reversal

	2019 RMB'000	2018 RMB'000
Impairment losses recognised (reversed) on:		
Contract assets	**17,316**	–
Trade receivables	**(23,029)**	13,590
Other receivables and amounts due from related parties	**802,600**	1,269,144
	796,887	1,282,734

10. Impairment Losses on Non-Financial Assets, Net of Reversal

	2019 RMB'000	2018 RMB'000
Impairment losses recognised (reversed) on:		
Properties for development	**–**	56,454
Properties under development	**184,805**	270,351
Completed properties for sale	**328,746**	123,648
Inventories	**–**	18,422
Property, plant and equipment	**65,644**	(16,775)
	579,195	452,100

11. Profit Before Taxation

	2019 RMB'000	2018 RMB'000
Profit before taxation has been arrived at after charging (crediting):		
Salaries and other benefits	**3,294,935**	3,069,591
Retirement benefits scheme contributions	**140,068**	117,351
Equity-settled share option expenses	**58,523**	134,466
Staff costs (including directors' emoluments)	**3,493,526**	3,321,408
Less: Capitalised in properties under development	**(855,624)**	(860,475)
	2,637,902	2,460,933
Depreciation of property, plant and equipment	**509,786**	452,105
Less: Capitalised in properties under development	**(5,444)**	(9,840)
	504,342	442,265
Depreciation of right-of-use assets	**104,328**	–
Amortisation of prepaid lease payment (included in administrative expenses)	**–**	29,186
Auditors' remuneration	**24,659**	19,951
Cost of properties and inventories recognised as an expense	**44,957,590**	46,128,362

12. Directors', Chief Executive's and Employees' Emoluments

The emoluments paid or payable to each of the 14 (2018: 12) directors and the chief executive of the Company were as follows:

	SONG Weiping[1] RMB'000	ZHANG Yadong[2] RMB'000	LIU Wensheng[3] RMB'000	LI Qing'an[4] RMB'000	LI Yongqian[4] RMB'000	GUO Jiafeng[5] RMB'000	ZHOU Lianying[5] RMB'000	GENG Zhongqiang[5] RMB'000	LI Jun RMB'000	2019 Total RMB'000
Executive directors										
Fees	631	1,200	1,200	631	631	569	569	569	1,200	7,200
Other emoluments:										
Salaries and other benefits	1,999	3,300	3,800	789	789	735	379	379	1,200	13,370
Contributions to retirement benefits/ pension schemes	16	113	116	60	60	45	60	60	116	646
Performance relate incentive payments (note)	2,625	4,500	4,990	1,473	1,473	1,311	953	953	2,000	20,278
Sub-total	5,271	9,113	10,106	2,953	2,953	2,660	1,961	1,961	4,516	41,494

The executive directors' emoluments shown above were paid for their services in connection with the management of the affairs of the Company and the Group.

	Tin Hoi NG[6] RMB'000
Non-executive director	
Fees	152
Other emoluments:	
Salaries and other benefits	–
Contributions to retirement benefits/pension schemes	–
Performance relate incentive payments (note)	–
Sub-total	152

The non-executive director's emoluments shown above was paid for his services as director of the Company.

	JIA Shenghua RMB'000	SZE Tsai Ping, Michael RMB'000	KE Huanzhang RMB'000	HUI Wan Fai RMB'000	2019 Total RMB'000
Independent non-executive directors					
Fees	320	320	320	320	1,280
Other emoluments:					
Salaries and other benefits	–	–	–	–	–
Contributions to retirement benefits/pension schemes	–	–	–	–	–
Performance relate incentive payments (note)	–	–	–	–	–
Sub-total	320	320	320	320	1,280

12. Directors', Chief Executive's and Employees' Emoluments (continued)

The independent non-executive directors' emoluments shown above were paid for their services as directors of the Company.

	2019 RMB'000
Total	**42,926**

	SONG Weiping RMB'000	LIU Wensheng RMB'000	SHOU Bainian[7] RMB'000	ZHANG Yadong[2] RMB'000	CAO Zhounan[8] RMB'000	LI Qing'an RMB'000	LI Yongqian RMB'000	LI Jun[9] RMB'000	2018 Total RMB'000
Executive directors									
Fees	1,200	1,200	320	500	700	1,200	1,200	880	7,200
Other emoluments:									
Salaries and other benefits	3,800	3,800	–	1,375	1,925	1,500	1,500	880	14,780
Contributions to retirement benefits/pension schemes	105	116	–	47	46	116	116	90	636
Performance relate incentive payments (note)	4,990	4,990	–	1,875	2,625	2,800	2,800	1,467	21,547
Sub-total	10,095	10,106	320	3,797	5,296	5,616	5,616	3,317	44,163

The executive directors' emoluments shown above were paid for their services in connection with the management of the affairs of the Company and the Group.

	JIA Shenghua RMB'000	SZE Tsai Ping, Michael RMB'000	KE Huanzhang RMB'000	HUI Wan Fai RMB'000	2018 Total RMB'000
Independent non-executive directors					
Fees	320	320	320	320	1,280
Other emoluments:	–	–	–	–	–
Salaries and other benefits	–	–	–	–	–
Contributions to retirement benefits/pension schemes	–	–	–	–	–
Performance relate incentive payments (note)	–	–	–	–	–
Sub-total	320	320	320	320	1,280

The independent non-executive directors' emoluments shown above were paid for their services as directors of the Company.

	2018 RMB'000
Total	45,443

Note: The performance related incentive payments is determined as a percentage of the results of the Group for both years.

12. Directors', Chief Executive's and Employees' Emoluments (continued)

Equity-settled share option and share award recognised as expenses for the directors of the Company were as follows:

	SONG Weiping RMB'000	ZHANG Yadong RMB'000	LIU Wensheng RMB'000	LI Qing'an RMB'000	LI Yongqian RMB'000	GUO Jiafeng RMB'000	ZHOU Lianying RMB'000	GENG Zhongqiang RMB'000	LI Jun RMB'000	2019 Total RMB'000
Executive directors										
Equity-settled share option expense	2,779	8,939	5,167	–	–	–	–	–	2,816	19,701
Share award	225	1,246	1,246	147	147	–	–	–	497	3,508
Total	3,004	10,185	6,413	147	147	–	–	–	3,313	23,209

	SONG Weiping RMB'000	LIU Wensheng RMB'000	SHOU Bainian RMB'000	ZHANG Yadong RMB'000	CAO Zhounan RMB'000	LI Qing'an RMB'000	LI Yongqian RMB'000	LI Jun RMB'000	2018 Total RMB'000
Executive directors									
Equity-settled share option	13,638	12,383	–	3,624	5,748	10,877	9,538	2,628	58,436

Equity-settled share option and share award were due to certain share option schemes and share award scheme disclosed in note 44 and the Group recognised the expense in the profit or loss over the vesting period no matter the equity-settled share option and share award were exercised or not. As at 31 December 2019, no directors of the Company exercised equity-settled share option or share award.

1 Mr. SONG Weiping was resigned as a co-chairman of the Board and an executive director on 11 July 2019.

2 Mr. ZHANG Yadong was appointed as an executive director, a member of the nomination committee and remuneration committee of the Company in place of Mr CAO Zhounan on 1 August 2018. He was appointed as a chairman of the Board on 11 July 2019.

3 Mr. LIU Wensheng was stepped down from his role as a co-chairman of the Board but remained as an executive director and a member of the nomination committee and remuneration committee of the Board on 11 July 2019.

4 Mr LI Qingan and Mr LI Yongqian were resigned as executive directors on 11 July 2019 and have not exercised the share options granted under 2016 Share Option Scheme as defined in note 44.

5 Mr. ZHOU Lianying, Mr. GUO Jiafeng and Mr. GENG Zhongqiang were appointed as executive directors and executive officers of the Company on 11 July 2019.

6 Mr. Tin Hoi NG was appointed as a non-executive director on 11 July 2019.

7 Mr. SHOU Bainian was resigned as an executive director and ceased to be a member of the nomination committee and remuneration committee of the Company on 6 April 2018.

8 Mr. CAO Zhounan was resigned as an executive director and ceased to be a member of the nomination committee of the Company on 1 August 2018 and has not exercised the share options granted under 2016 Share Option Scheme as defined in note 44.

9 Mr. LI Jun was appointed as an executive director on 6 April 2018.

Mr. ZHANG Yadong was appointed as a chief executive officer of the Company in place of Mr. CAO Zhounan on 1 August 2018 and their emoluments disclosed above include those for services rendered by them during their respective tenures as the chief executive officer.

No directors waived any emoluments in both years.

12. Directors', Chief Executive's and Employees' Emoluments (continued)

Of the five individuals with the highest emoluments in the Group, four of them (2018: all) were directors of the Company whose emoluments are included in the disclosure above. The emoluments of the remaining one (2018: nil) individual was as follows:

	2019 RMB'000	2018 RMB'000
Salaries and other benefits	750	–
Contributions to retirement benefits/pension schemes	88	–
Performance related incentive payments	960	–
Equity-settled share option expense	3,677	–
	5,475	–

The individual's emolument was within the following bands:

	2019 No. of employee	2018 No. of employee
HKD6,000,001 to HKD6,500,000	1	–

During the year, no emoluments were paid by the Group to any of the directors of the Company or the five highest paid individuals of the Group as an inducement to join or upon joining the Group or as compensation for loss of office (2018: 0).

13. Taxation

	2019 RMB'000	2018 RMB'000
Current tax:		
PRC enterprise income tax ("EIT")	3,287,569	2,373,034
PRC Land Appreciation Tax ("LAT")	5,072,490	4,782,105
	8,360,059	7,155,139
Over-provision in prior years:		
PRC enterprise income tax	(8,562)	(23,492)
Deferred tax:		
EIT	(1,286,079)	(709,860)
LAT	(1,047,714)	(893,045)
	(2,333,793)	(1,602,905)
	6,017,704	5,528,742

13. Taxation (continued)

The deferred tax current year is mainly due to the fair value adjustment which arises from the acquisition of subsidiaries.

No provision for income tax has been made for the Company and group entities incorporated in Hong Kong as they have no assessable profits derived from Hong Kong.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% or 15%. Greentown Decoration Project Group Co., Ltd. ("Greentown Decoration Project Group") and Zhejiang Greentown Lianhe Design Co., Ltd. are new technology enterprises and the applicable income tax rate is 15% from year 2018 to 2020 and year 2017 to 2019 respectively.

In addition, the EIT Law provides that qualified dividend income between two "resident enterprises" that have a direct investment relationship is exempted from income tax. Otherwise, such dividends will be subject to a 5% or 10% withholding tax under the EIT Law. A 10% withholding tax rate is applicable to the Group.

The tax charge for the year can be reconciled to the profit per the consolidated statement of profit or loss and other comprehensive income as follows:

	2019 RMB'000	2018 RMB'000
Profit before taxation	**9,953,126**	7,903,972
Tax at the applicable PRC enterprise income tax rate of 25%	**2,488,282**	1,975,993
Effect of different tax rates	**(9,663)**	(19,552)
Tax effect of share of results of associates	**(250,723)**	(81,396)
Tax effect of share of results of joint ventures	**18,988**	(43,629)
Tax effect of income not taxable for tax purposes	**(106,987)**	(191,190)
Tax effect of expenses not deductible for tax purposes	**558,983**	598,693
Over-provision in respect of prior year	**(8,562)**	(23,492)
Tax effect of deductible temporary differences not recognised	**145,353**	39,390
Tax effect of tax losses not recognised	**116,690**	289,773
Recognition of deferred tax assets on tax losses previously not recognised	**(39,634)**	(21,615)
Utilisation of tax losses previously not recognised	**(18,869)**	(1,588)
LAT provision for the year	**4,024,776**	3,889,060
Tax effect of LAT	**(1,006,194)**	(972,265)
Tax effect of undistributed profits	**105,264**	90,560
Tax charge for the year	**6,017,704**	5,528,742

Details of deferred taxation for the year ended 31 December 2019 are set out in note 24.

13. Taxation (continued)

PRC LAT

According to the requirements of the Provisional Regulations of the PRC on LAT (中華人民共和國土地增值稅暫行條例) effective from 1 January 1994, and the Detailed Implementation Rules on the Provisional Regulations of the PRC on LAT (中華人民共和國土地增值稅暫行條例實施細則) effective from 27 January 1995, all income from the sale or transfer of state-owned land use rights, buildings and their attached facilities in the PRC is subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value, with an exemption provided for property sales of ordinary residential properties (普通標準住宅) if their appreciation values do not exceed 20% of the sum of the total deductible items.

According to the Notices for the Strengthening of Administration on LAT (關於加强土地增值稅管理工作的通知), the Group is required to pre-pay LAT on pre-sale proceeds at 0.5% – 3% for ordinary residential properties and 1% – 6% for other properties.

For the year ended 31 December 2019, the Group estimated and made a provision for LAT in the amount of RMB4,024,776,000 (2018: RMB3,889,060,000), according to the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon completion of the property development projects and the tax authorities might disagree with the basis on which the provision for LAT is calculated.

14. Dividends

On 29 July 2019, a final dividend for 2018 of RMB0.23 per ordinary share, or RMB499,312,000 in total, was paid to the shareholders.

On 18 July 2018, a final dividend for 2017 of RMB0.20 per ordinary share, or RMB433,536,000 in total, was paid to the shareholders.

A final dividend of RMB0.30 per ordinary share (2018: RMB0.23 per ordinary share) for the year ended 31 December 2019 has been proposed by the directors and is subject to approval by the Shareholders at the forthcoming annual general meeting.

15. Earnings Per Share

The calculation of the basic and diluted earnings per share attributable to the ordinary shareholders of the Company is based on the following data:

Earnings

	2019 RMB'000	2018 RMB'000
Profit for the year attributable to the owners of the Company	**2,480,232**	1,003,285
Distribution related to perpetual securities	**(1,286,888)**	(611,589)
Earnings for the purpose of basic earnings per share	**1,193,344**	391,696
Earnings for the purpose of diluted earnings per share	**1,193,344**	391,696

Number of shares

	2019	2018
Weighted average number of ordinary shares for the purpose of basic earnings per share	**2,166,050,482**	2,167,671,034
Effect of dilutive potential ordinary shares:		
Share options	**4,246,162**	7,100,798
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**2,170,296,644**	2,174,771,832

The computation of 2019 and 2018 diluted earnings per share does not assume the exercise of some of the share options because the exercise price of some share options was higher than the average market price for shares for the year.

For the year ended 31 December 2019

16. Property, Plant and Equipment

	Hotel buildings RMB'000	Leasehold land and buildings RMB'000	Leasehold improvements RMB'000	Machinery RMB'000	Furniture, fixtures and equipment RMB'000	Transportation equipment RMB'000	Construction in progress RMB'000	Total RMB'000
COST								
At 1 January 2018	6,483,679	1,054,574	143,163	34,616	479,733	253,272	852,584	9,301,621
Additions	1,068,239	161,988	49,473	5,817	102,433	37,122	451,757	1,876,829
Transfer from properties under development	–	–	–	–	–	–	410,245	410,245
Transfer to prepaid lease payment	–	–	–	–	–	–	(35,983)	(35,983)
Transfer to investment properties	–	–	–	–	–	–	(98,147)	(98,147)
Transfer	952,486	261,855	–	–	–	–	(1,214,341)	–
Disposals	–	(26,571)	(2,597)	–	(34,637)	(1,823)	–	(65,628)
Acquisition of subsidiaries (note 40)	–	–	41	61	1,692	1,311	–	3,105
Disposal of subsidiaries	–	–	–	–	(885)	(2,316)	–	(3,201)
At 31 December 2018	8,504,404	1,451,846	190,080	40,494	548,336	287,566	366,115	11,388,841
Additions	1,945	76,215	54,469	30,471	54,440	26,198	335,766	579,504
Transfer from properties under development	–	–	–	–	–	–	460,981	460,981
Transfer	131,985	122,608	–	–	–	–	(254,593)	–
Eliminated on disposals	–	(17,110)	–	(160)	(25,412)	(41,125)	–	(83,807)
Acquisition of subsidiaries (note 40)	–	–	25	11	768	221	–	1,025
Disposal of subsidiaries (note 41)	–	(696)	(624)	(129)	(10,427)	(9,242)	–	(21,118)
Reclassification to held-for-sale (note 31)	–	(4,912)	(1,059)	(137)	(443)	(20)	–	(6,571)
At 31 December 2019	**8,638,334**	**1,627,951**	**242,891**	**70,550**	**567,262**	**263,598**	**908,269**	**12,318,855**

16. Property, Plant and Equipment (continued)

	Hotel buildings RMB'000	Leasehold land and buildings RMB'000	Leasehold improvements RMB'000	Machinery RMB'000	Furniture, fixtures and equipment RMB'000	Transportation equipment RMB'000	Construction in progress RMB'000	Total RMB'000
DEPRECIATION AND IMPAIRMENT								
At 1 January 2018	(895,088)	(135,118)	(99,586)	(30,645)	(256,252)	(171,673)	–	(1,588,362)
Provided for the year	(253,548)	(62,802)	(29,572)	(9,683)	(62,808)	(33,692)	–	(452,105)
Eliminated on disposals	–	5,300	2,245	–	25,561	1,317	–	34,423
Eliminated on disposal of subsidiaries	–	–	–	–	106	75	–	181
Reversal of impairment losses on property, plant and equipment	16,775	–	–	–	–	–	–	16,775
At 31 December 2018	(1,131,861)	(192,620)	(126,913)	(40,328)	(293,393)	(203,973)	–	(1,989,088)
Provided for the year	(294,218)	(68,284)	(30,169)	(12,447)	(64,979)	(39,689)	–	(509,786)
Eliminated on disposals	–	189	–	135	21,297	34,806	–	56,427
Eliminated on disposal of subsidiaries (note 41)	–	229	260	90	3,482	751	–	4,812
Reclassification to held-for-sale (note 31)	–	805	1,023	119	389	19	–	2,355
Impairment losses on property, plant and equipment, net of reversal	(65,644)	–	–	–	–	–	–	(65,644)
At 31 December 2019	**(1,491,723)**	**(259,681)**	**(155,799)**	**(52,431)**	**(333,204)**	**(208,086)**	**–**	**(2,500,924)**
CARRYING VALUES								
At 31 December 2019	**7,146,611**	**1,368,270**	**87,092**	**18,119**	**234,058**	**55,512**	**908,269**	**9,817,931**
At 31 December 2018	7,372,543	1,259,226	63,167	166	254,943	83,593	366,115	9,399,753

16. Property, Plant and Equipment (continued)

The above items of property, plant and equipment other than construction in progress are depreciated on a straight-line basis, taking into account their residual value, at the following rates per annum:

Hotel buildings	Over the shorter of the term of the land use rights or 40 years
Leasehold land and buildings	Over the shorter of the term of the land use rights or 40 years
Leasehold improvements	Over the shorter of the lease term or five years
Machinery	10% to 33 1/3%
Furniture, fixtures and equipment	10% to 33 1/3%
Transportation equipment	10% to 20%

Details of the hotel buildings, leasehold land and buildings and construction in progress pledged to secure banking facilities granted to the Group are disclosed in note 45.

During the current year, the Group engaged an independent qualified professional valuer to conduct review of one hotel building in Qingdao. It was determined that the hotel building was impaired on the basis of its projected performance. Accordingly, an impairment loss of RMB84,154,000 was recognised in the current year in respect of hotel buildings.

In view of the improving performance of the hotel operations in Xinchang, the Group engaged Cushman & Wakefield Limited to update their review of the Group's hotel buildings as at 31 December 2019 and as a result a reversal of impairment loss of RMB18,510,000 (2018: RMB16,775,000) of hotel buildings was reversed during the year in respect of hotel buildings based on their value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. The discount rate used in measuring value in use was 9% (2018: 9%).

17. Right-of-use Assets

	Buildings RMB'000	Leasehold lands RMB'000	Total RMB'000
COST			
As at 1 January 2019	167,629	1,066,428	1,234,057
Addition	66,631	20,255	86,886
Eliminated on disposal	(10,234)	–	(10,234)
Disposal of subsidiaries (note 41)	(27,737)	–	(27,737)
Transfer to held for sale (note 31)	(730)	–	(730)
At 31 December 2019	195,559	1,086,683	1,282,242
DEPRECIATION			
As at 1 January 2019	–	(143,307)	(143,307)
Provided for the year	(65,942)	(38,386)	(104,328)
Eliminated on disposal	1,460	–	1,460
Eliminated on disposal of subsidiaries (note 41)	2,657	–	2,657
As at 31 December 2019	(61,825)	(181,693)	(243,518)
CARRYING VALUES			
At 1 January 2019	167,629	923,121	1,090,750
At 31 December 2019	133,734	904,990	1,038,724

During the current year, the expense relating to short-term leases and other leases with lease terms end within 12 months of the date of initial application of IFRS 16 and leases of low-value assets was RMB122,897,000.

The total cash outflow for leases was RMB224,976,000.

For both years, the Group leases office buildings and apartments for its operations. Lease contracts are entered into for fixed term of 1 to 9 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

In addition, the Group owns several office buildings and hotel buildings. The Group is the registered owner of these property interests, including the underlying leasehold lands. Lump sum payments were made upfront to acquire these property interests. The leasehold land components of these owned properties are presented separately only if the payments made can be allocated reliably.

18. Prepaid Lease Payment

	2018 RMB'000
Analysed for reporting purposes as:	
Current asset (included in trade and other receivables)	26,154
Non-current asset	896,967
	923,121

19. Investment Properties

	RMB'000
Fair value	
At 1 January 2018	2,716,396
Additions	1,109,809
Transfer from property, plant and equipment and prepaid lease payment	107,795
Unrealised gain on property revaluation included in profit or loss	132,128
At 31 December 2018	4,066,128
Additions	78,290
Disposal	(69,734)
Net decrease in fair value recognised in profit or loss	(41,866)
At 31 December 2019	4,032,818
Unrealised gain on property revaluation included in profit or loss	(65,305)

The Group leases out various offices and retail stores under operating leases with rentals receivable monthly. The leases typically run for an initial period of 1 to 20 years, with unilateral rights to extend the lease beyond initial period held by lessees only.

The Group is not exposed to foreign currency risk as a result of the lease arrangements, as all leases are denominated in the respective functional currencies of group entities. The lease contracts do not contain residual value guarantee and/or lessee's option to purchase the property at the end of lease term.

All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

The fair value of the Group's investment properties at 31 December 2019 and 2018 has been arrived at on the basis of a valuation carried out on that date by Cushman & Wakefield Limited.

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

19. Investment Properties (continued)

The following table gives information about how the fair values of these investment properties are determined (in particular, the valuation techniques and inputs used), as well as the fair value hierarchy into which the fair value measurements are categorised (Level 3) based on the degree to which the inputs to the fair value measurements is observable.

Carrying value of investment properties held by the Group in the consolidated statement of financial positions	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Commercial property in Hangzhou RMB31,500,000 (2018: RMB31,500,000)	Level 3	Income approach The Key inputs are: 1. Reversionary yield; and 2. Market unit rent.	Reversionary yield, taking into account annual rental income potential and unit market value of the comparable properties, of 6.5% (2018:6.5%).	The higher the reversionary yield, the lower the fair value.
			Market unit rent, using direct market comparables and taking into account of similar character, location and sizes.	The higher the market unit rent, the higher the fair value.
Commercial property in Zhuji RMB1,219,167,000 (2018: RMB1,204,980,000)	Level 3	Income approach The Key inputs are: 1. Reversionary yield; and 2. Market unit rent.	Reversionary yield, taking into account annual rental income potential and unit market value of the comparable properties, of 4.5% (2018:5%).	The higher the reversionary yield, the lower the fair value.
			Market unit rent, using direct market comparables and taking into account of similar character, location and sizes.	The higher the market unit rent, the higher the fair value.
Commercial property in Dalian RMB940,000,000 (2018: RMB940,000,000)	Level 3	Income approach The Key inputs are: 1. Reversionary yield; and 2. Market unit rent.	Reversionary yield, taking into account annual rental income potential and unit market value of the comparable properties, of 6% (2018:6%).	The higher the reversionary yield, the lower the fair value.
			Market unit rent, using direct market comparables and taking into account of similar character, location and sizes.	The higher the market unit rent, the higher the fair value.

19. Investment Properties (continued)

Carrying value of investment properties held by the Group in the consolidated statement of financial positions	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Commercial property in Qingdao RMB290,000,000 (2018: RMB380,000,000)	Level 3	Income approach The Key inputs are: 1. Reversionary yield; and 2. Market unit rent.	Reversionary yield, taking into account annual rental income potential and unit market value of the comparable properties, of 6.5% (2018:6%).	The higher the reversionary yield, the lower the fair value.
			Market unit rent, using direct market comparables and taking into account of similar character, location and sizes.	The higher the market unit rent, the higher the fair value.
Commercial property in Hangzhou RMB147,143,000 (2018: RMB147,143,000)	Level 3	Income approach The Key inputs are: 1. Reversionary yield; and 2. Market unit rent.	Reversionary yield, taking into account annual rental income potential and unit market value of the comparable properties, of 5.5% (2018: 5.5%).	The higher the reversionary yield, the lower the fair value.
			Market unit rent, using direct market comparables and taking into account of similar character, location and sizes.	The higher the market unit rent, the higher the fair value.
Office building and commercial property in Ji'nan RMB1,268,558,000 (2018: RMB1,229,000,000)	Level 3	Income approach The Key inputs are: 1. Reversionary yield; and 2. Market unit rent.	Reversionary yield, taking into account annual rental income potential and unit market value of the comparable properties, of 7% and 5.5% for office building and commercial property respectively (2018: 7% and 5.5% respectively).	The higher the reversionary yield, the lower the fair value.
			Market unit rent, using direct market comparables and taking into account of similar character, location and sizes.	The higher the market unit rent, the higher the fair value.

19. Investment Properties (continued)

Carrying value of investment properties held by the Group in the consolidated statement of financial positions	**Fair value hierarchy**	**Valuation technique(s) and key input(s)**	**Significant unobservable input(s)**	**Relationship of unobservable inputs to fair value**
Hotel in Zhoushan RMB107,795,000 (2018: RMB107,795,000)	Level 3	Income approach The Key inputs are: 1. Reversionary yield; and 2. Market unit rent.	Reversionary yield, taking into account annual rental income potential and unit market value of the comparable properties,of 8% (2018: 5.5%).	The higher the reversionary yield, the lower the fair value.
			Market unit rent, using direct market comparables and taking into account of similar character, location and sizes.	The higher the market unit rent, the higher the fair value.
Commercial property and carpark units in Shengzhou RMB10,429,000 (2018: RMB25,710,000)	Level 3	Market approach The Key inputs are: Market observable transactions adjusted to reflect the locations and conditions of the subject property.	For commercial property: Price per square meter, using market direct comparable and taking into account of location, age and other individual factors which is RMB8,100 per square meter (2018: RMB20,500 per square meter)	The higher the price per square meter, the higher the fair value.
			For carpark units: Price per unit, which is RMB108,900 per unit (2018: RMB118,400 per unit).	The higher the price per unit, the higher the fair value.
Commercial store unit in Lin'an RMB17,178,000	Level 3	Market approach The Key inputs are: Market observable transactions adjusted to reflect the locations and conditions of the subject property.	For commercial property: Price per square meter, using market direct comparable and taking into account of location, age and other individual factors which is RMB21,599 per square meter	The higher the price per square meter, the higher the fair value.

19. Investment Properties (continued)

Carrying value of investment properties held by the Group in the consolidated statement of financial positions	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Commercial store unit in Huzhou RMB1,048,000	Level 3	Market approach The Key inputs are: Market observable transactions adjusted to reflect the locations and conditions of the subject property.	For commercial property: Price per square meter, using market direct comparable and taking into account of location, age and other individual factors which is RMB9,773 per square meter The higher the price per square meter, the higher the fair value.	The higher the price per unit, the higher the fair value.

Significant increases/(decreases) in the reversionary yield in isolation would result in a significantly lower/(higher) fair value of the investment properties. There is no indication that any slight increases/(decreases) in market unit rent in isolation would result in a significantly higher/(lower) fair value of the investment properties.

There were no transfer into or out of Level 3 during both years.

20. Goodwill

Cost

	2019 **RMB'000**	2018 RMB'000
At 1 January and at 31 December	**769,241**	769,241

The goodwill held by the Group as at 31 December 2019 arose on the acquisition of two subsidiaries that engaged in project management service in 2015. The detailed information is disclosed in the Group's 2015 consolidated financial statements.

Goodwill arose in the acquisition because the consideration paid for the acquisition effectively included the benefit of expected synergies, revenue growth and future market development. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

20. Goodwill (continued)

Impairment test on goodwill

For the purposes of impairment testing, goodwill set out above has been allocated to one cash generating unit ("CGU"). During the year ended 31 December 2019, the director considered that there is no impairment of CGU containing goodwill.

The basis of recoverable amount of the CGU and its major underlying assumptions is summarised below:

The recoverable amount of the CGU has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by management covering a five-year period, and discount rate of 13.2% (2018: 13.6%). Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows which include budgeted sales and gross margin, such estimation is based on the unit's past performance and director's expectations for the market development. The directors believe that any reasonably possible change in any of these assumptions would not cause the carrying amount to exceed its recoverable amount.

The table below sets forth the other key assumptions that are used in the calculation of the value in use of the CGU at 31 December 2018 and 2019.

	2019	2018
Annual incremental sales contract rate for first five years	**5%**	5%
Gross margin ratio	**20%-50%**	20%-50%
Long-term growth rate	**1%**	1%

21. Interests in Associates

	2019 RMB'000	2018 RMB'000
Cost of unlisted investments in associates	**11,128,778**	8,292,943
Share of post-acquisition profits, net of dividends received	**956,129**	705,613
	12,084,907	8,998,556

No associate was individually material to the Group for the year.

As at 31 December 2019 and 2018, the Group had interests in the following principal associates established and operating in the PRC:

Name of associate	Registered capital	Proportion of ownership interest/voting rights held by the Group 2019	2018	Principal activities
穎澤投資有限公司 Green Magic Investments Limited ("Green Magic")	HKD1,500,000,000	**40%** **(i)**	40% (i)	Investment holding
大連九龍倉綠城置業有限公司 Dalian Wharf Greentown Real Estate Co., Ltd. ("Dalian Wharf Greentown")	USD90,490,000	**40%** **(i)**	40% (i)	Real estate development
杭州濱綠房地產開發有限公司 Hangzhou Binlv Real Estate Development Co., Ltd. ("Hangzhou Binlv")	RMB60,000,000	**50%** **(ii)**	50% (ii)	Real estate development
網築集團有限公司 WZ Group Limited	USD50,000	**28%**	28%	Online Retailers
寧波都市房產開發有限公司 Ningbo Dushi Real Estate Development Co., Ltd.	USD200,000,000	**49%**	49%	Real estate development
上海浙鐵綠城房地產開發有限公司 Shanghai Zhetie Greentown Real Estate Development Co., Ltd.	RMB50,000,000	**38%**	38%	Real estate development
杭州翡翠城房地產開發有限公司 Hangzhou Hope Town Real Estate Development Co., Ltd.	RMB50,000,000	**45%**	45%	Real estate development

21. Interests in Associates (continued)

Name of associate	Registered capital	Proportion of ownership interest/voting rights held by the Group 2019	2018	Principal activities
濟南海爾綠城置業有限公司 Ji'nan Haier Greentown Real Estate Co., Ltd.	RMB140,000,000	**45%**	45%	Real estate development
台州浙能綠城置業有限公司 Taizhou Zheneng Greentown Real Estate Co., Ltd.	RMB300,000,000	**49%**	49%	Real estate development
杭州浙能綠城置業有限公司 Hangzhou Zheneng Greentown Real Estate Co., Ltd.	RMB300,000,000	**49%**	49%	Real estate development
浙江鐵建綠城房地產開發有限公司 Zhejiang Tiejian Greentown Real Estate Development Co., Ltd.	RMB100,000,000	**38%**	38%	Real estate development
杭州百大置業有限公司 Hangzhou Baida Real Estate Co., Ltd.	RMB1,965,500,000	**30%**	30%	Real estate development
杭州賽麗綠城申花置業有限公司 Hangzhou Saili Greentown Shenhua Real Estate Co., Ltd.	RMB100,000,000	**25%**	25%	Real estate development
杭州紫元綠西房地產有限公司 Hangzhou Ziyuan Lvxi Real Estate Co., Ltd.	RMB100,000,000	**33%**	33%	Real estate development
大冶有色綠城房地產開發有限公司 Daye Youse Greentown Real Estate Development Co., Ltd.	RMB60,000,000	**30%**	30%	Real estate development
山東財富縱橫置業有限公司 Shandong Caifu Zongheng Real Estate Co., Ltd.	RMB50,000,000	**39%**	39%	Real estate development
信陽市萬恒置業有限公司 Xinyang Wanheng Real Estate Co., Ltd.	RMB50,000,000	**20%**	20%	Real estate development
青島綠城華景置業有限公司 Qingdao Greentown Huajing Real Estate Co., Ltd	RMB2,000,000,000	**40%**	40%	Real estate development

21. Interests in Associates (continued)

Name of associate	Registered capital	Proportion of ownership interest/voting rights held by the Group 2019	2018	Principal activities
杭州綠城墅園置業有限公司 Hangzhou Greentown Shuyuan Real Estate Co., Ltd.	RMB10,000,000	**30%**	30%	Real estate development
杭州地鐵武林置業有限公司 Hangzhou Metro Wulin Real Estate Co., Ltd.	RMB2,800,000,000	**45%**	45%	Real estate development
杭州安景置業有限公司 Hangzhou Anjing Real Estate Co., Ltd.	RMB100,000,000	**25%**	25%	Real estate development
浙江西子綠城房地產集團有限公司 Zhejiang Xizi Lvcheng Real Estate Group Co., Ltd.	RMB100,000,000	**40%**	40%	Real estate development
杭州龍昊房地產開發有限公司 Hangzhou Longhao Real Estate Co., Ltd.	RMB1,500,000,000	**23%**	23%	Real estate development
杭州綠城桂溪房地產開發有限公司 Hangzhou Greentown Guixi Real Estate Co., Ltd.	RMB600,000,000	**20%**	20%	Real estate development
重慶綠華置業發展有限公司 Chongqin Lvhua Real Estate Co., Ltd.	RMB1,100,000,000	**49%**	49%	Real estate development
安徽綠雋置業有限公司 Anhui Lvjun Real Estate Co., Ltd.	RMB1,000,000,000	**50%**	50%	Real estate development
杭州綠城望溪房地產開發有限公司 Hangzhou Greentown Wangxi Real Estate Co., Ltd. ("Hangzhou Greentown Wangxi")	RMB600,000,000	**36% (iii)**	20%	Real estate development
廣州綠楨房地產開發有限公司 Guangzhou Lvzhen Real Estate Development Co., Ltd. ("Guangzhou Lvzhen")	RMB400,000,000	**30% (iv)**	–	Real estate development

21. Interests in Associates (continued)

Name of associate	Registered capital	Proportion of ownership interest/voting rights held by the Group 2019	2018	Principal activities
安徽舜鴻房地產開發有限公司 Anhui Shunhong Real Estate Development Co., Ltd. ("Anhui Shunhong")	RMB380,000,000	**50% (v)**	–	Real estate development
福州綠榕投資發展有限公司 Fuzhou Lvrong Investment Co., Ltd. ("Fuzhou Lvrong")	RMB640,000,000	**33% (vi)**	–	Investment holding
福州禎泰置業有限公司 Fuzhou Zhentai Property Co., Ltd. ("Fuzhou Zhentai")	RMB800,000,000	**26% (vi)**	–	Real estate development
上海新湖房地產開發有限公司 Shanghai Xinhu Real Estate	RMB200,000,000	**35% (vii)**	–	Real estate development
浙江銀潤藍城房地產開發有限公司 Zhejiang Yinrun Bluetown Real Estate Development Co., Ltd. ("Zhejiang Yinrun Real Estate")	RMB100,000,000	**40% (viii)**	–	Real estate development
廣州雋威房地產開發有限公司 Guangzhou Junwei Real Estate Development Co., Ltd.	RMB280,000,000	**43% (ix)**	–	Real estate development
杭州綠城致延城市發展投資有限公司 Hangzhou Zhiyan City Development Investment Co., Ltd.	RMB370,000,000	**48% (ix)**	–	Investment holding and consulting
北京東部綠城置業有限公司 Beijing Eastern Greentown Real Estate Co., Ltd. ("Beijing Eastern")	RMB50,000,000	**N/A (x)**	49%	Real estate development
杭州海航綠城置業有限公司 Hangzhou Haihang Greentown Real Estate Co., Ltd.	RMB322,750,100	**– (xi)**	40%	Real estate development

21. Interests in Associates (continued)

Name of associate	Registered capital	Proportion of ownership interest/voting rights held by the Group 2019	2018	Principal activities
義烏浙鐵綠城房地產開發有限公司 Yiwu Zhetie Greentown Real Estate Development Co., Ltd.	RMB200,000,000	– (xi)	35%	Real estate development
紹興金綠泉置業有限公司 Shaoxing Jinlvquan Real Estate Co., Ltd.	RMB580,000,000	– (xi)	35%	Real estate development

The above table lists the associates of the Group which, in the opinion of the directors, principally affected the results or assets of the Group. To give details of other associates would, in the opinion of the directors, result in particulars of excessive length.

Notes:

(i) Dalian Wharf Greentown is a subsidiary of Green Magic.

(ii) Only two out of five directors of Hangzhou Binlv are appointed by the Group, while a valid board resolution requires half of the total votes. The Group thus does not have the power to control or jointly control Hangzhou Binlv. Therefore, Hangzhou Binlv is accounted for as an associate of the Group.

(iii) In December 2019, the Group acquired 100% equity interest in Hangzhou Changrong Commercial Information Consulting Co., Ltd. ("Hangzhou Changrong"). Hangzhou Changrong indirectly held 16% equity interest in Hangzhou Greentown Wangxi. Details of the transaction are set out in note 40. After the acquisition, the Group held 36% equity interest in Hangzhou Greentown Wangxi and accounted it as an associate.

(iv) In January 2019, the Group disposed of its 70% equity interests in Hangzhou Zhaolian Investment Co., Ltd. ("Hangzhou Zhaolian") to an independent third party for a cash consideration of RMB5,019,000. Guangzhou Lvzhen is a wholly-owned subsidiary of Hangzhou Zhaolian before the disposal. After the disposal, the Group held a 30% equity interest in Hangzhou Zhaolian and Guangzhou Lvzhen, and therefore classified the investments as associates of the Group.

(v) In August 2019, the Group's equity interest was diluted from 83.3% to 50% in Anhui Shunhong due to capital injection by an independent third parties. Only two out of five directors of Anhui Shunhong are appointed by the Group, while a valid board resolution requires half of the total votes. The Group thus does not have the power to control or jointly control Anhui Shunhong. Therefore, Anhui Shunhong is accounted for as an associate of the Group.

(vi) In December 2019, the Group disposed of its 67.5% equity interests in Fuzhou Lvrong to two independent third parties. After the disposal, Fuzhou Lvrong was accounted for as an associate of the Group. Fuzhou Zhentai is an 80%-owned subsidiary of Fuzhou Lvrong, therefore was also accounted for as an associate of the Group.

(vii) In December 2019, Shanghai Zhiyao Property Co., Ltd., ("Shanghai Zhiyao"), a wholly-owned subsidiary of the Company, entered into the share transfer and cooperation agreement, pursuant to which Shanghai Zhiyao agreed to acquire 35% of the total shares of Shanghai Xinhu Real Estate, for a share transfer consideration of RMB550,000,000. The Group recognised the gain on acquisition of an associate at a discount of RMB212,300,000. After the acquisition, Shanghai Xinhu Real Estate was classified as an associate of the Group. Details of the transaction set out above are disclosed in the Company's announcement dated 17 December 2019.

(viii) In December 2019, Greentown Ideal Town Construction Group Co., Ltd., ("Greentown Ideal Town Construction Group"), a wholly-owned subsidiary of the Company, entered into the share transfer and cooperation agreement, pursuant which Greentown Ideal Town Construction Group agreed to acquire 40% share of the total shares of Zhejiang Yinrun, for a total cash consideration of approximately RMB320,000,000. After the acquisition, Zhejiang Yinrun was classified as for an associate of the Group. Details of the transaction set out above are disclosed in the Company's announcement dated 24 December 2019.

21. Interests in Associates (continued)

Notes: (continued)

(ix) These companies were newly established in 2019.

(x) In April 2019, Beijing Greentown Investment Co., Ltd., ("Beijing Greentown Investment"), a wholly-owned subsidiary of the Company, entered into a framework agreement to acquire the additional 51% equity interests of Beijing Eastern from an independent third party for a total cash consideration of RMB45,262,000. Details of the transactions are set out in note 40.

(xi) These companies were liquidated in 2019.

Aggregate information of associates that are not individually material:

	2019 RMB'000	2018 RMB'000
Group's share of total profit for the year	1,002,893	325,582
Aggregate carrying amount of the Group's interests in these associates	12,084,907	8,998,556

The Group has discontinued recognition of its share of losses of certain associates as its share of losses of those associates equals or exceeds its interests in those associates. The amounts of unrecognised share of losses of these associates, both for the year and cumulatively, are as follows:

	2019 RMB'000	2018 RMB'000
Unrecognised share of losses of associates for the year	372,581	258,066
Accumulated unrecognised share of losses of associates	698,560	549,599

22. Interests in Joint Ventures

	2019 RMB'000	2018 RMB'000
Cost of unlisted investments in joint ventures	3,886,742	1,692,393
Share of post-acquisition profits, net of dividends received	(17,012)	147,395
	3,869,730	1,839,788

22. Interests in Joint Ventures (continued)

As at 31 December 2019 and 2018, the Group had interests in the following principal joint ventures established and operating in the PRC:

Name of joint venture	Registered capital	Proportion of ownership interest/voting rights held by the Group		Principal activities
		2019	2018	
盈高有限公司 Profit Pointer Limited	HKD10,000	**50%** **(i)**	50% (i)	Investment holding
瀋陽全運村建設有限公司 Shenyang National Games Village Construction Co., Ltd. ("Shenyang National Games Village")	USD290,000,000	**50%** **(i)**	50% (i)	Real estate development
嵊州綠城越劇小鎮投資有限公司 Shengzhou Greentown Shaoxing Opera Town Investment Co., Ltd. ("Shengzhou Shaoxing Opera Town")	RMB100,000,000	**33%** **(ii)**	33% (ii)	Real estate development
徐州新盛綠城置業發展有限公司 Xuzhou Xinsheng Real Estate Co., Ltd. ("Xuzhou Xinsheng")	RMB100,000,000	**60%** **(iii)**	60% (iii)	Real estate development
浙江交投綠城投資有限公司 Zhejiang Jiaotou Greentown Investment Co., Ltd. ("Zhejiang Jiaotou Greentown Investment")	RMB80,000,000	**50%**	50%	Investment holding
浙江綠西房地產集團有限公司 Zhejiang Lvxi Real Estate Group Co., Ltd. and business consulting	RMB100,000,000	**50%**	50%	Investment holding, real estate development
杭州臨宜房地產開發有限公司 Hangzhou Linyi Real Estate Development Co., Ltd.	RMB239,800,000	**50%**	50%	Real estate development
杭州綠城鳳起置業有限公司 Hangzhou Greentown Fengqi Real Estate Co., Ltd.	RMB50,000,000	**50%**	50%	Real estate development
浙江綠城足球俱樂部有限公司 Zhejiang Greentown Football Club Co., Ltd.	RMB50,000,000	**50%**	50%	Club operation

22. Interests in Joint Ventures (continued)

Name of joint venture	Registered capital	Proportion of ownership interest/voting rights held by the Group 2019	2018	Principal activities
天津佳意房地產開發有限公司 Tianjin Jiayi Real Estate Development Co., Ltd. ("Tianjin Jiayi")	RMB900,000,000	**33% (iv)**	–	Real estate development
濟寧城投綠城置業有限公司 Ji'ning Chengtou Greentown Property Co., Ltd. ("Ji'ning Chengtou")	RMB1,859,255,700	**49% (v)**	–	Real estate development
天津華厦津典置業有限公司 Tianjin Huaxia Jindian Real Estate Development Co., Ltd. ("Tianjin Huaxia Jindian")	RMB200,000,000	**49% (vi)**	–	Real estate development
山東東城置業有限公司 Shandong Dongcheng Real Estate Co., Ltd. ("Shandong Dongcheng")	RMB200,000,000	**N/A (vii)**	49% (vii)	Real estate development
紹興綠城寶業房地產開發有限公司 Shaoxing Greentown Baoye Real Estate Co., Ltd. ("Shaoxing Greentown Baoye")	RMB100,000,000	**– (ix)**	51% (viii)	Real estate development
浙江金盈置業有限公司 Zhejiang Jinying Real Estate Co., Ltd.	RMB50,000,000	**– (ix)**	50%	Real estate development

The above table lists the joint ventures of the Group which, in the opinion of the directors, principally affected the results or assets of the Group. To give details of other joint ventures would, in the opinion of the directors, result in particulars of excessive length.

Notes:

(i) Shenyang National Games Village is a subsidiary of Profit Pointer Limited.

(ii) Two out of five directors of Shengzhou Shaoxing Opera Town are appointed by the Group, while a valid board resolution requires two-third above approval from all directors. Decisions about relevant activities of Shengzhou Shaoxing Opera Town require unanimous consent from the Group and the other equity holders. Therefore, Shengzhou Shaoxing Opera Town is accounted for as a joint venture of the Group.

22. Interests in Joint Ventures (continued)

Notes: (continued)

(iii) Three out of five directors of Xuzhou Xinsheng are appointed by the Group, while a valid board resolution requires unanimous approval from all directors. Therefore, Xuzhou Xinsheng is accounted for as a joint venture of the Group.

(iv) In May 2019, the Group's equity interest was diluted from 100% to 33% in Tianjin Jiayi due to capital injection by two independent third parties. Decisions about relevant activities of Tianjin Jiayi require unanimous consent from the Group and the other equity holders on the general meeting. Therefore, Tianjin Jiayi was accounted for as a joint venture of the Group after the deemed disposal.

(v) The company was newly established in 2019. One out of three directors of Ji'ning Chengtou is appointed by the Group, while a valid board resolution requires unanimous approval from all directors. Therefore, Ji'ning Chengtou is accounted for as a joint venture of the Group.

(vi) In September 2019, Tianjin Greentown Northern Property Co., Ltd. ("Tianjin Greentown"), a wholly-owned subsidiary of the Group, acquired 49% equity interest in Tianjin Huaxia Jindian, for a total cash consideration of approximately RMB340,003,000. Two out of five directors of Tianjin Huaxia Jindian are appointed by the Group, while a valid board resolution requires more than two thirds from all directors. Therefore, Tianjin Huaxia Jindian is accounted for as a joint venture of the Group.

(vii) Greentown Real Estate Group Co., Ltd. ("Greentown Real Estate"), a wholly-owned subsidiary of the Company, entered into a framework agreement to acquire the additional 51% equity interests of Shandong Dongcheng from an independent third party for a total cash consideration of RMB397,968,000. Details of the transaction are set out in note 40. Before the acquisition, two out of five directors of Shandong Dongcheng were appointed by the Group and the remaining three directors by the other equity holder, while a valid board resolution required four-fifths of the total votes. Decisions about relevant activities of Shandong Dongcheng required unanimous consent from the Group and the other equity holder. Therefore, Shandong Dongcheng was accounted for as a joint venture of the Group.

(viii) Three out of five directors of Shaoxing Greentown Baoye were appointed by the Group, while a valid board resolution requires unanimous approval from all directors. Therefore, Shaoxing Greentown Baoye was accounted for as a joint venture of the Group.

(ix) These companies were liquidated in 2019.

Summarised financial information of material joint ventures

Summarised financial information in respect of each of the Group's material joint ventures is set out below. The summarised financial information below represents amounts shown in the joint ventures' financial statements prepared in accordance with IFRSs.

The joint ventures are accounted for using the equity method in these consolidated financial statements.

Joint venture Company A

	2019 RMB'000	2018 RMB'000
Current assets	1,875,318	N/A
Non-current assets	65	N/A
Current liabilities	6,336	N/A
Non-current liabilities	–	N/A

22. Interests in Joint Ventures (continued)

Summarised financial information of material joint ventures (continued)

Joint venture Company A (continued)

The above amounts of assets and liabilities include the following:

	2019 RMB'000	2018 RMB'000
Cash and cash equivalents	881,052	N/A
Current financial liabilities (excluding trade and other payables and provisions)	–	N/A
Non-current financial liabilities (excluding trade and other payables and provisions)	–	N/A

	2019 RMB'000	2018 RMB'000
Revenue	–	N/A
Profit for the year	3,245	N/A

The above profit for the year includes the following:

	2019 RMB'000	2018 RMB'000
Depreciation and amortisation	–	N/A
Interest income	5,282	N/A
Income tax expense	1,082	N/A

22. Interests in Joint Ventures (continued)

Summarised financial information of material joint ventures (continued)

Joint venture Company A (continued)

Reconciliation of the above summarised financial information to the carrying amount of the interest in the joint venture recognised in the consolidated financial statements:

	2019 RMB'000	2018 RMB'000
Net assets of Joint venture Company A	1,869,047	N/A
Proportion of the Group's ownership interest in Joint venture Company A (note)	49%	N/A
Carrying amount of the Group's interest in Joint venture Company A	915,833	N/A

Note: Three out of five directors of Joint venture Company A are appointed by the Group, while a valid board resolution requires unanimous approval from all directors. Therefore, Joint venture Company A is accounted for as a joint venture of the Group.

Aggregate information of joint ventures that are not individually material:

	2019 RMB'000	2018 RMB'000
Group's share of (losses) profit for the year	(77,541)	174,515

22. Interests in Joint Ventures (continued)

Summarised financial information of material joint ventures (continued)

The above profit for the year includes the following:

The Group has discontinued recognition of its share of losses of certain joint ventures as its share of losses of those joint ventures equals or exceeds its interests in those joint ventures. The amounts of unrecognised share of losses of these joint ventures, both for the year and cumulatively, are as follows:

	2019 RMB'000	2018 RMB'000
Unrecognised share of losses of joint ventures for the year	136,633	10,126
Accumulated unrecognised share of losses of joint ventures	592,125	858,472

23. Equity Instruments at Fair Value through Other Comprehensive Income

	2019 RMB'000	2018 RMB'000
Listed investments:		
– Equity securities listed in Hong Kong (note i)	1,058,755	730,162
Unlisted equity securities (note ii)	453,230	545,520
	1,511,985	1,275,682

Notes:

(i) The above listed equity investments represent ordinary shares of an entity listed in Hong Kong. These investments are not held for trading, instead, they are held for long-term strategic purposes. The directors of the Company have elected to designate these investments in equity instruments as at FVTOCI as they believe that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance potential in the long run.

(ii) The above unlisted equity investments represent the Group's equity interest in a private entity established in the PRC. The directors of the Company have elected to designate these investments in equity instruments as at FVTOCI as they are held for the long term primarily with the objective of strengthening business relationships.

24. Deferred Taxation

The following are the major deferred tax assets (liabilities) recognised and movements thereon during the current and prior years:

	Temporary differences on revenue recognition and related cost of sales RMB'000	Impairment losses RMB'000	Tax losses RMB'000	Fair value adjustments RMB'000	LAT provision RMB'000	Undistributed profits RMB'000	Others RMB'000	Total RMB'000
At 1 January 2018	(385,364)	319,006	400,184	(4,685,674)	839,379	(522,184)	(148,525)	(4,183,178)
Charge to other comprehensive income	–	–	–	(52,851)	–	–	–	(52,851)
(Charge) credit to profit or loss	(500,740)	312,712	44,408	1,638,171	47,208	(35,000)	96,146	1,602,905
Acquisition of subsidiaries (note 40)	(49,009)	10,837	176,825	(1,379,092)	7,322	–	–	(1,233,117)
Disposal of subsidiaries	–	–	(470)	–	–	–	–	(470)
At 31 December 2018	(935,113)	642,555	620,947	(4,479,446)	893,909	(557,184)	(52,379)	(3,866,711)
Charge to other comprehensive income	**–**	**–**	**–**	**23,947**	**–**	**–**	**–**	**23,947**
(Charge) credit to profit or loss	**(49,883)**	**107,745**	**246,548**	**1,611,886**	**550,857**	**(80,000)**	**(53,360)**	**2,333,793**
Acquisition of subsidiaries (note 40)	**–**	**–**	**24,964**	**(81,790)**	**–**	**–**	**150**	**(56,676)**
Transfer to held for sale (note 31)	**–**	**–**	**–**	**–**	**–**	**–**	**(774)**	**(774)**
Disposal of subsidiaries (note 41)	**–**	**–**	**(41,363)**	**326**	**–**	**–**	**(860)**	**(41,897)**
At 31 December 2019	**(984,996)**	**750,300**	**851,096**	**(2,925,077)**	**1,444,766**	**(637,184)**	**(107,223)**	**(1,608,318)**

The addition in deferred tax liabilities during current year is mainly due to fair value adjustment of the properties under development from the acquisition of subsidiaries. Deferred tax liability credited to the profit or loss for the year was mainly due to sales of properties under development acquired with fair value adjustment and recognition of revenue from sales of properties over time.

Others represent mainly deferred tax liabilities recognised in respect of temporary differences arising from capitalised interest expense.

24. Deferred Taxation (continued)

The following is the analysis of the deferred tax balances for financial reporting purposes:

	2019 RMB'000	2018 RMB'000
Deferred tax assets	**3,238,893**	2,363,550
Deferred tax liabilities	**(4,847,211)**	(6,230,261)
	(1,608,318)	(3,866,711)

At the end of the reporting period, the Group had deductible temporary differences of RMB738,972,000 (2018: RMB157,561,000). No deferred tax asset has been recognised in relation to such deductible temporary differences as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

At the end of the reporting period, the Group had unutilised tax losses of RMB7,315,654,000 (2018: RMB6,619,705,000) available for offset against future profits. Deferred tax asset has been recognised in respect of RMB3,404,381,000 (2018: RMB2,483,781,000) of such losses.

Based on the latest budgets, the management believes that there will be sufficient future profits for the realisation of the deferred tax assets recognised in respect of these tax losses. No deferred tax asset has been recognised in respect of the remaining RMB3,911,273,000 (2018: RMB4,135,924,000) due to the unpredictability of future profit streams. Pursuant to the relevant laws and regulations in the PRC, the unrecognised tax losses at the end of the reporting period will expire in the following years:

	2019 RMB'000	2018 RMB'000
2019	**–**	478,184
2020	**829,632**	916,699
2021	**1,119,399**	1,146,284
2022	**433,169**	435,665
2023	**964,612**	1,159,092
2024	**564,461**	–
	3,911,273	4,135,924

Under the EIT Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of certain temporary differences attributable to accumulated profits of the PRC subsidiaries amounting to RMB12,901,158,000 (31 December 2018: RMB14,854,940,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

25. Deposit for Acquisition of an Associate

On 17 December 2018, Greentown Real Estate entered into a share transfer agreement (the "Agreement") to acquire 900,000,000 shares of Aeon Life Insurance Company, Ltd. ("Aeon Life"), representing 11.55% of its total shares as at the date of the Agreement, from an independent third party for a total cash consideration of RMB2,718,000,000 (the "Proposed Acquisition"). As the Group will be able to appoint one director to Aeon Life and have a significant influence on Aeon Life, Aeon Life will be accounted for as an associate after the completion of the Proposed Acquisition. As at 31 December 2018, the Group has fully paid the consideration according to the Agreement. The principal terms of the Proposed Acquisition are disclosed in the Group's 2018 consolidated financial statements.

According to the Agreement, where China Banking and Insurance Regulatory Commission has not issued its approval (the "Approval") regarding the Proposed Acquisition within the prescribed period after the payment of the purchase price and the Agreement is terminated therefore, the vendor shall refund all the purchase price paid to Greentown Real Estate. As of 31 December 2019, the Approval has not been issued. As such, the Agreement has been terminated pursuant to the terms and provisions thereof, and the vendor has been refunded all the purchase price paid to Greentown Real Estate.

26. Properties for Development

Included in properties for development as at 31 December 2019 is an amount of RMB10,066,178,000 (2018: RMB9,764,276,000) in respect of leasehold land for which the Group was in the process of obtaining the land use rights certificates.

All properties for development are expected to be recovered after more than 12 months from the end of the reporting period.

27. Properties Under Development

	2019 **RMB'000**	2018 RMB'000
Leasehold land – at cost	**81,552,082**	80,307,127
Development costs	**40,506,043**	25,948,690
Finance costs capitalised	**14,557,841**	11,621,050
	136,615,966	117,876,867

Properties under development for sale amounting RMB108,238,953,000 (2018: RMB82,333,319,000) are expected to be recovered after more than 12 months from the end of the reporting period.

28. Trade and Other Receivables, Deposits and Prepayments

	2019 **RMB'000**	2018 RMB'000
Trade receivables	**1,141,212**	979,502
Less: allowance for credit losses	**(75,566)**	(101,266)
Trade receivables, net of allowance for credit losses	**1,065,646**	878,236
Other receivables, net of allowance for credit losses	**6,850,336**	3,789,485
Prepayments and deposits	**3,326,102**	1,425,478
Consideration receivables from disposal of subsidiaries	**70,726**	160,000
	11,312,810	6,253,199

The Group allows an average credit period of 90 days to trade customers. The aged analysis of trade receivables, before allowance for credit losses, is based on invoice date and stated below:

	2019 **RMB'000**	2018 RMB'000
Within 90 days	**537,955**	548,217
91–180 days	**131,557**	55,317
181–365 days	**129,033**	125,062
Over 365 days	**342,667**	250,906
Trade receivables	**1,141,212**	979,502

Included in other receivables were advances to third parties of RMB3,080,667,000 (2018: RMB1,112,232,000) as at 31 December 2019. The advances are interest free, unsecured and expected to be recovered within one year except for RMB1,566,672,000 (2018: RMB nil) which carries interest at 6%-15% (2018: nil) per annum, is unsecured and is expected to be recovered within one year. The Group has concentration of credit risk as 75% (2018: 46%) of the total advances to third parties was due from the five largest counterparties.

Other receivables, other than advances to third parties which were mainly earnest money for potential projects, are repayable on demand. Prepayments and deposits are expected to be recovered after more than 12 months.

Details of impairment assessment of trade and other receivables are set out in note 49.

For the year ended 31 December 2019

29. Contract Assets

	2019 RMB'000	2018 RMB'000
Design and decoration (note)	**2,157,885**	1,632,114
Project management (note)	**299,394**	254,971
Construction	**375,044**	–
Less: allowance for credit losses	**(17,316)**	–
Contract assets, net of allowance for credit losses	**2,815,007**	1,887,085

Note: The contract assets primarily relate to the Group's right to consideration for work completed and not billed because the rights are conditioned on the Group's future performance in achieving specified milestones stipulated in the relevant contracts at the reporting date on design and decoration, project management service and construction service. The contract assets are transferred to trade receivables when the rights become unconditional. The Group typically transfer the contract assets to trade receivables when the relevant revenue is billed.

Details of impairment assessment are set out in note 49.

30. Bank Balances and Cash/Pledged Bank Deposits

Bank balances and cash comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less. Bank balances carry interest at market rates which range from 0.3% to 3.7% (2018: 0.3% to 4.2%) per annum.

Pledged bank deposits represent deposits pledged to banks to secure short-term banking facilities granted to the Group. The pledged bank deposits carry interest at fixed rates which range from 0.3% to 2.75% (2018: 0.3% to 2.75%) per annum.

As at 31 December 2019, the Group had bank balances and cash (including pledged bank deposits) denominated in Renminbi amounting to RMB50,096,776,000 (2018: RMB44,100,652,000). Renminbi is not freely convertible into other currencies.

Bank balances and cash/pledged bank deposits that are denominated in currencies other than the functional currency of the respective group entities are set out below:

	HKD RMB'000	USD RMB'000
As at 31 December 2019	**31,463**	**1,766,251**
As at 31 December 2018	11,357	4,107,123

31. Disposal Group Classified as Held for Sale

On 30 September 2019, the directors of Greentown Management Holdings Company Limited, a wholly-owned subsidiary of the Company, resolved to dispose of Zhejiang Greentown Landscape Garden Project Co., Ltd. and Zhejiang Greentown Public City Garden Construction Co., Ltd. Negotiation with interested party have subsequently taken place. The assets and liabilities attributable to the business, which are expected to be sold within 12 months, have been classified as a disposal group held for sale and are separately presented in the consolidated statement of financial position. The net proceeds of disposal are expected to exceed the net carrying amount of the relevant assets and liabilities and accordingly, no impairment loss has been recognised.

The major classes of assets and liabilities classified as held for sale are as follows:

	2019 RMB'000
Property, plant and equipment	4,216
Deferred tax assets	774
Right-of-use assets	730
Inventories	4,761
Trade and other receivables deposits and prepayments	25,025
Amounts due from related parties	47,850
Bank balances and cash	12,391
Assets classified as held for sale	95,747
Trade and other payables	60,258
Contract liabilities	482
Amounts due to related parties	8,762
Income taxes payable	140
Lease liabilities	767
Liabilities associated with assets classified as held for sale	70,409

32. Trade and Other Payables

The aged analysis of trade payables is stated as follows:

	2019 **RMB'000**	2018 RMB'000
Within 180 days	**24,376,904**	17,939,977
181–365 days	**4,524,362**	1,740,674
Over 365 days	**2,280,819**	1,680,180
Trade payables	**31,182,085**	21,360,831
Other payables and accrued expenses	**12,174,941**	7,924,311
Consideration payables on acquisition of associates	**96,307**	–
	43,453,333	29,285,142

Trade payables and other payables principally comprise amounts outstanding for trade purposes and ongoing costs.

33. Contract Liabilities

	2019 **RMB'000**	2018 RMB'000
Sales of properties (note)	**76,324,981**	66,266,875

RMB45,170,698,000 was recognised as revenue during the year which was included in contract liabilities as at 31 December 2018 (as at 1 January 2018: RMB39,439,870,000).

Note: The Group receives 20%-80% of the contract value as deposits from customers when they sign the sale and purchase agreement. However, depending on market conditions, the Group may offer customers a discount compared to the listed sales price, provided that the customers agree to pay the balance of the consideration early while construction is still ongoing. The deposits and advance payment schemes result in contract liabilities being recognized throughout the property construction period until the customer obtains control of the completed property.

34. Bank and Other Borrowings

	2019 RMB'000	2018 RMB'000
Secured bank loans (note 45)	**39,518,402**	28,501,377
Unsecured bank loans	**15,560,289**	14,125,008
	55,078,691	42,626,385
Secured other loans (note 45)	**2,119,000**	1,524,167
Unsecured other loans	**2,395,482**	5,490,800
	4,514,482	7,014,967
	59,593,173	49,641,352

	2019 RMB'000	2018 RMB'000
Carrying amount repayable*:		
Within one year	**13,950,984**	13,482,996
More than one year, but not exceeding two years	**16,938,008**	13,797,084
More than two years, but not exceeding three years	**18,032,153**	17,312,871
More than three years, but not exceeding four years	**5,061,897**	931,198
More than four years, but not exceeding five years	**2,035,911**	1,342,238
More than five years	**3,574,220**	2,774,965
	59,593,173	49,641,352
Less: Amounts due within one year shown under current liabilities	**13,950,984**	13,482,996
Amounts shown under non-current liabilities	**45,642,189**	36,158,356

* The amounts due are based on scheduled repayment dates set out in the loan agreements.

Bank and other borrowings can be further analysed as follows:

	2019 RMB'000	2018 RMB'000
Fixed-rate	**17,609,777**	9,199,900
Variable-rate	**41,983,396**	40,441,452
	59,593,173	49,641,352

34. Bank and Other Borrowings (continued)

Interest on variable-rate bank and other borrowings is based on:

	2019 RMB'000	2018 RMB'000
The People's Bank of China benchmark rate	**30,932,002**	30,081,987
London Interbank Offered Rate	**8,526,584**	7,699,922
Hong Kong Interbank Offered Rate	**2,524,810**	2,659,543
	41,983,396	40,441,452

The average effective interest rates were as follows:

	2019	2018
Bank loans	**5.08%**	4.98%
Other loans	**6.56%**	6.53%

Bank and other borrowings that are denominated in currencies other than the functional currency of the respective group entities are set out below:

	HKD RMB'000	USD RMB'000
As at 31 December 2019	**2,524,810**	**8,627,739**
As at 31 December 2018	2,659,543	7,699,922

At the end of the reporting period, certain bank loans are guaranteed by the following companies:

	2019 RMB'000	2018 RMB'000
Secured bank loans:		
Non-controlling shareholders of subsidiaries	**2,857,153**	2,583,695

35. Senior Notes

2015 USD Notes – Unsecured

On 11 August 2015, the Company issued senior notes with an aggregate principal amount of USD500,000,000, comprised of (i) notes in the aggregate principal amount of USD429,698,000 (the "New Notes") which were issued pursuant to the exchange offer memorandum dated 20 July 2015 in relation to the exchange of the 2018 USD Notes (as defined in Group's 2016 consolidated financial statements and fully repaid in 2016) and the 2019 USD Notes into new USD senior notes due 2020 and (ii) notes in the aggregate principal amount of USD70,302,000 (the "Additional New Notes") which formed a single series with and have the same terms and conditions as the new USD senior notes due 2020 (collectively, the "2015 USD Notes").

The 2015 USD Notes were issued at 100% of face value and carried interest at the rate of 5.875% per annum payable semi-annually in arrears. The net proceeds raised from the Additional New Notes, after deducting subscription discounts for odd lot of notes and subtracting expenses related to the issuance of the 2015 USD Notes, was approximately USD62,861,000 (approximately RMB391,611,000). The 2015 USD Notes will mature on 11 August 2020.

The principal terms of 2015 USD Notes are disclosed in the Group's 2015 consolidated financial statements.

The 2015 USD Notes contain a liability component and an issuer's early redemption option:

(i) Liability component represents the present value of the contractually determined stream of future cash flows discounted at the prevailing market interest rate at that time applicable to instruments of comparable credit status and providing substantially the same cash flows, on the same terms, but without the embedded derivatives.

The interest charged for the year is calculated by applying an effective interest rate of approximately 6.23% per annum to the liability component since the senior notes were issued.

(ii) Early redemption option is regarded as an embedded derivative not closely related to the host contract. The directors consider that the fair value of the early redemption options as at 31 December 2019 is insignificant (as at 31 December 2018: nil).

The movements of 2015 USD notes during the year are set out below:

	RMB'000
At 1 January 2019	3,355,113
Exchange realignment	58,792
Interest charged during the year	250,209
Interest paid during the year	(125,158)
At 31 December 2019	**3,538,956**

35. Senior Notes (continued)

2019 USD Notes – Unsecured

On 13 November 2019, the Company issued senior notes with an aggregate principal amount of USD600,000,000 at 100% of face value (the "2019 USD Notes"), which are listed on the Stock Exchange. The 2019 USD Notes carry interest at the rate of 4.55% per annum payable semi-annually in arrears. The net proceeds, after deduction of direct issuance costs, amounted to approximately USD597,960,000 (approximately RMB4,187,275,000). The 2019 USD Notes will mature on 10 November 2020.

The principal terms of the 2019 USD Notes are as follows:

The 2019 USD Notes are:

(i) general obligations of the Company;

(ii) senior in right of payment to any existing and future obligations of the Company expressly subordinated in right of payment to the 2019 USD Notes;

(iii) at least pari passu in right of payment with the 2019 USD Notes all other unsecured, unsubordinated indebtedness of the Company (subject to any priority rights of such unsubordinated indebtedness pursuant to applicable law);

(iv) guaranteed by certain offshore subsidiaries of the Company, on a senior basis, subject to certain limitations;

(v) effectively subordinated to secured obligations of the Company, and its subsidiaries guaranteeing the 2019 USD Notes, to the extent of the value of the assets serving as security therefor; and

(vi) effectively subordinated to all existing and future obligations of the subsidiaries of the Company that do not guarantee the 2019 USD Notes.

At any time prior to 10 November 2020, the Company may redeem up to 35% of the 2019 USD Notes, at a redemption price of 104.55% of the principal amount, plus accrued and unpaid interest, if any, to the redemption date in each case, using the net cash proceeds from sales of certain equity offerings. In addition, the Company may redeem the 2019 USD Notes in whole but not in part, at any time, at a price equal to 100% of the principal amount of 2019 USD Notes plus (i) accrued and unpaid interest (if any) to the redemption date and (ii) a premium at a redemption price of 104.55%.

The 2019 USD Notes contain a liability component and an issuer's early redemption option:

(i) Liability component represents the present value of the contractually determined stream of future cash flows discounted at the prevailing market interest rate at that time applicable to instruments of comparable credit status and providing substantially the same cash flows, on the same terms, but without the embedded derivatives.

The interest charged for the year is calculated by applying an effective interest rate of approximately 4.90% per annum to the liability component since the senior notes were issued.

(ii) Early redemption option is regarded as an embedded derivative not closely related to the host contract. The directors consider that the fair value of the early redemption options as at 31 December 2019 is insignificant.

35. Senior Notes (continued)

2019 USD Notes – Unsecured (continued)

The movements of 2019 USD notes during the year are set out below:

	RMB'000
Fair value at the dates of issuance	4,187,275
Exchange realignment	(15,786)
Interest charged during the year	27,859
Interest paid during the year	(25,922)
At 31 December 2019	**4,173,426**

The summary of movements of all senior notes during the year is set out below:

	RMB'000
At 1 January 2019	3,355,113
Fair value at the dates of issuance	4,187,275
Exchange realignment	43,006
Interest charged during the year	278,068
Interest paid during the year	(151,080)
At 31 December 2019	**7,712,382**

36. Corporate Debt Instruments

The summary of movements of corporate debt instruments during the year is set out below:

	RMB'000
At 1 January 2019	26,866,599
Fair value at the date of issuance (note)	2,984,188
Interest charged during the year	1,386,900
Interest paid during the year	(600,423)
Principal repaid during the current year upon maturity	(4,000,000)
At 31 December 2019	**26,637,264**
Less: Amounts due within one year shown under current liabilities	**8,067,853**
Amounts puttable within one year shown under current liabilities	**3,575,995**
Amounts shown under non-current liabilities	**14,993,416**

Note:

2019 Corporate Bonds

On 22 January 2019, Greentown Real Estate Group Co., Ltd. (the "Issuer") issued the first tranche of corporate bonds with an aggregate principal amount of RMB500,000,000 at 100% of face value (the "2019 First Bonds"). The 2019 First Bonds carry interest at the rate of 3.98% per annum payable annually in arrears. The net proceeds, after deduction of direct issuance costs, amounted to RMB496,113,000. The 2019 First Bonds will mature on 22 January 2024.

On 29 November 2019, the Issuer issued the second tranche of corporate bonds with an aggregate principal amount of RMB1,500,000,000 at 100% of face value comprising (i) RMB1,000,000,000 with a term of five years and an annual coupon rate of 3.78% (the "2019 Second Bonds"), and (ii) RMB500,000,000 with a term of seven years and an annual coupon rate of 4.34% (the "2019 Third Bonds"). The net proceeds, after deduction of direct issuance costs, amounted to RMB1,491,705,000. The 2019 Second Bonds and 2019 Third Bonds will mature on 29 November 2024 and 29 November 2026 receptively.

On 11 December 2019, the Issuer issued the third tranche of corporate bonds with an aggregate principal amount of RMB500,000,000 at 100% of face value (the "2019 Fourth Bonds"). The Fourth 2019 Bonds carry interest at the rate of 3.61% per annum payable annually in arrears. The net proceeds, after deduction of direct issuance costs, amounted to RMB497,340,000. The 2019 Fourth Bonds will mature on 11 December 2021.

The Issuer shall be entitled to adjust the coupon rate and the investors shall be entitled to sell back the 2019 First Bonds and the 2019 Second Bonds at the end of the third year, the 2019 Third Bonds at the end of the fifth year ("2019 Coupon Rate Adjustment Right").

36. Corporate Debt Instruments (continued)

Note: (continued)

2019 Corporate Bonds (continued)

The principal terms of the 2019 First Bonds, 2019 Second Bonds, 2019 Third Bonds and 2019 Fourth Bonds (collectively, the "2019 Corporate Bonds") are as follows:

(i) the 2019 First Bonds and the 2019 Second Bonds have fixed interest rate in the first three years. At the end of the third year, the Issuer has the right to adjust the coupon rate of the remaining outstanding bonds. If the Issuer choose to exercise the 2019 Coupon Rate Adjustment Right, the new fixed coupon rate for the remaining two years will be the coupon rate of the first three years plus adjusting basis points;

(ii) the investors of the 2019 First Bonds and the 2019 Second Bonds have option to sell back the bonds, in whole or in parts, at a redemption price equal to 100% of the principal amount of the bonds plus accrued and unpaid interest, if any, to (but not including) the redemption date when the Issuer issue the announcement concerning whether to adjust the coupon rate of the bonds at the end of the third year;

(iii) the 2019 Third Bonds has fixed interest rate in the first five years. At the end of the fifth year, the Issuer has the right to adjust the coupon rate of the remaining outstanding bonds. If the Issuer choose to exercise the 2019 Coupon Rate Adjustment Right, the new fixed coupon rate for the remaining two years will be the coupon rate of the first five years plus adjusting basis points;

(iv) the investors of the 2019 Third Bonds have option to sell back the bonds, in whole or in parts, at a redemption price equal to 100% of the principal amount of the bonds plus accrued and unpaid interest, if any, to (but not including) the redemption date when the Issuer issue the announcement concerning whether to adjust the coupon rate of the bonds at the end of the fifth year;

Further details of the 2019 Corporate Bonds are published on the website of the Shanghai Stock Exchange (www.sse.com.cn).

The 2019 Corporate Bonds contain a liability component and a written put option:

(i) Liability component represents the present value of the contractually determined stream of future cash flows discounted at the prevailing market interest rate at that time applicable to instruments of comparable credit status and providing substantially the same cash flows, on the same terms.

The interest charged for the year is calculated by applying an effective interest rate of approximately 3.98% per annum to the liability component since the corporate bonds were issued.

(ii) Written put option is regarded as an embedded derivative closely related to the economic characteristics and risks of the host contract, therefore, the written put option is not separated from the liability component.

As at 31 December 2019, the Group has had no plan nor intention to exercise the 2019 Coupon Rate Adjustment Right of the corporate bonds, therefore the interest expense for the interim period were calculated using the original coupon rates of the 2019 Corporate Bonds.

2019 Medium-term Notes

On 16 October 2019, the Issuer issued the medium-term notes with an aggregate principal amount of RMB500,000,000 at 100% of face value (the "2019 Medium-term Notes").The 2019 Medium-term Notes carry interest at the rate of 3.84% per annum payable annually in arrears. The net proceeds, after deduction of direct issuance costs, amounted to RMB499,030,000. The 2019 Medium-term Notes will mature on 16 October 2022.

37. Receipts Under Securitisation Arrangements

On 3 November 2017, Greentown Real Estate issued receipts under securitisation arrangements (the "Receipts Under Securitisation Arrangements") with an aggregate principal amount of RMB1,600,000,000 at 100% of face value comprising (i) RMB1,500,000,000 with a term of fixed annual coupon rate of 5.29% and provide distribution semi-annually (the "Senior Tranche Securities"), and (ii) RMB100,000,000 with a term of no annual coupon rate (the "Junior Tranche Securities"). The Receipts Under Securitisation Arrangements are listed on the Shanghai Stock Exchange. The net proceeds of the Receipts Under Securitisation Arrangements, after deduction of direct issuance costs, amounted to RMB1,590,140,000. Both Senior Tranche Securities and Junior Tranche Securities will mature on 21 July 2020.

The receipts under securitisation arrangements are assets backed securitisation collateralised by certain future trade receivables for the remaining receipts from sales of properties.

The movements of receipts under securitisation arrangements during the year are set out below:

	RMB'000
At 1 January 2019	1,595,196
Interest charged during the year	82,684
Interest paid during the year	(43,914)
At 31 December 2019	**1,633,966**

38. Share Capital

	Number of shares	Share capital HKD'000
Authorised		
Ordinary shares of HKD0.10 each At 31 December 2018 and 2019	10,000,000,000	1,000,000
Issued and fully paid		
Ordinary shares of HKD0.10 each At 31 December 2018	2,168,675,690	216,868
Exercise of share options	2,244,500	224
At 31 December 2019	**2,170,920,190**	**217,092**

	RMB'000
Shown on the consolidated statement of financial position	
As at 31 December 2019	**209,694**
As at 31 December 2018	209,501

All shares issued during the current year rank pari passu with other shares in issue in all respects.

39. Perpetual Securities

2014 USD Perpetual Securities

On 28 January 2014, Moon Wise Global Limited ("Moon Wise"), a wholly-owned subsidiary of the Company, issued USD denominated subordinated perpetual capital securities (the "2014 USD Perpetual Securities") with an aggregate principal amount of USD500,000,000. The Company has agreed to guarantee on a subordinated basis the due payment of all sums expressed to be payable by Moon Wise under the 2014 USD Perpetual Securities.

The principal terms of the 2014 USD Perpetual Securities are disclosed in the Group's 2014 consolidated financial statements.

On 28 January 2019, Moon Wise redeemed the 2014 USD Perpetual Securities with an outstanding principal of USD500,000,000 (approximately RMB3,394,479,000) in full face value and repaid all provided but not paid interest with an aggregate amount of USD522,500,000 (approximately RMB3,547,034,000).

2016 USD Perpetual Securities

On 22 April 2016, Apex Top Group Limited ("Apex Top"), a wholly-owned subsidiary of the Company, issued USD denominated senior perpetual capital securities callable 2019 (the "2016 USD Perpetual Securities") with an aggregate principal amount of USD400,000,000. The 2016 USD Perpetual Securities are unlisted, guaranteed by the Company, and benefit from a keepwell deed and deed of equity interest purchase undertaking provided by China Communications Construction Group (Limited) ("CCCG").

The principal terms of the 2016 USD Perpetual Securities are disclosed in the Group's 2016 consolidated financial statements.

On 22 April 2019, Apex Top redeemed the 2016 USD Perpetual Securities with an outstanding principal of USD400,000,000 (approximately RMB2,687,868,000) in full at face value and repaid all provided but not paid interest with an aggregate amount of USD411,000,000 (approximately RMB2,761,689,000).

2017 USD Perpetual Securities

On 19 July 2017, Wisdom Glory Group Limited ("Wisdom Glory"), a wholly-owned subsidiary of the Company, issued USD denominated guaranteed senior perpetual capital securities (the "2017 USD Perpetual Securities") with an aggregate principal amount of USD450,000,000. The Company has agreed to guarantee the due payment of all sums expressed to be payable by Wisdom Glory under the 2017 USD Perpetual Securities.

The principal terms of the 2017 USD Perpetual Securities are disclosed in the Group's 2017 consolidated financial statements.

39. Perpetual Securities (continued)

2018 USD Perpetual Securities

On 28 December 2018, Twinkle Lights Holdings Limited ("Twinkle Lights"), a wholly-owned subsidiary of the Company, issued USD denominated guaranteed senior perpetual capital securities (the "2018 USD Perpetual Securities") with an aggregate principal amount of USD500,000,000. The 2018 USD Perpetual Securities are unlisted, guaranteed by the Company, and also benefit from a keepwell deed and deed of equity interest purchase undertaking provided by CCCG.

The principal terms of the 2018 USD Perpetual Securities are disclosed in the Group's 2018 consolidated financial statements.

2019 First USD Perpetual Securities

On 8 February 2019, Champion Sincerity Holdings Limited ("Champion Sincerity"), a wholly-owned subsidiary of the Company, issued USD denominated guaranteed senior perpetual capital securities (the "2019 First USD Perpetual Securities") with an aggregate principal amount of USD400,000,000. The Company has agreed to guarantee on a subordinated basis the due payment of all sums expressed to be payable by Champion Sincerity under the 2019 First USD Perpetual Securities.

Under the terms and conditions of the 2019 First USD Perpetual Securities (the "2019 First USD Perpetual Securities T&Cs"), the holders of the 2019 First USD Perpetual Securities ("2019 First USD Perpetual Securities Holders") have a right to receive distribution at the applicable distribution rate from 8 February 2019 semi-annually in arrears. The distribution rate shall be (i) in respect of the period from, and including, 8 February 2019 to, but excluding, 8 February 2022, Initial Distribution Rate (as defined in the 2019 First USD Perpetual Securities T&Cs); and (ii) in respect of the periods (A) from, and including, 8 February 2022 to, but excluding, the immediately following Reset Date and (B) from, and including, each Reset Date falling after 8 February 2022 to, but excluding, the immediately following Reset Date, the Relevant Reset Distribution Rate (as defined in the 2019 First USD Perpetual Securities T&Cs). A "Reset Date" is defined as each day falling every 3 calendar years after 8 February 2022.

Champion Sincerity may at its sole discretion elect to defer any scheduled distribution to the next distribution payment date by giving prior written notice to the 2019 First USD Perpetual Securities Holders in accordance with the 2019 First Perpetual Securities T&Cs. Champion Sincerity may further defer any arrears of distribution following the notice requirement in accordance with the 2019 First USD Perpetual Securities T&Cs and is not subject to any limits as to the number of times distributions and arrears of distribution can be deferred but unless and until (i) Champion Sincerity or the Company satisfies in full all outstanding arrears of distribution and any additional distribution amount or (ii) it is permitted by a resolution passed by a majority of not less than three quarters of the votes casted at a duly convened meeting of 2019 First USD Perpetual Securities Holders, each of Champion Sincerity and the Company shall not (i) declare or pay any dividends, distributions or make payment on, and will procure that no dividend or other payment is made on any class of the share capital or other junior securities of Champion Sincerity and the Company (as applicable); or (ii) redeem, reduce, cancel, buy-back or acquire for any consideration any class of the share capital or other junior securities of Champion Sincerity and the Company, save that such restriction shall not apply to a repurchase or other acquisition of any securities in respect of an employee benefit plan or similar arrangement with or for the benefit of employees, officers, directors or consultants.

39. Perpetual Securities (continued)

2019 Second USD Perpetual Securities

On 8 February 2019, Champion Sincerity issued USD denominated guaranteed senior perpetual capital securities (the "2019 Second USD Perpetual Securities") with an aggregate principal amount of USD100,000,000. The Company has agreed to guarantee on a subordinated basis the due payment of all sums expressed to be payable by Champion Sincerity under the 2019 Second USD Perpetual Securities.

Under the terms and conditions of the 2019 Second USD Perpetual Securities (the "2019 Second USD Perpetual Securities T&Cs"), the holders of the 2019 Second USD Perpetual Securities ("2019 Second USD Perpetual Securities Holders") have a right to receive distribution at the applicable distribution rate from 8 February 2019 semi-annually in arrears. The distribution rate shall be (i) in respect of the period from, and including, 8 February 2019 to, but excluding, 8 February 2022, Initial Distribution Rate (as defined in the 2019 Second USD Perpetual Securities T&Cs); and (ii) in respect of the periods (A) from, and including, the 8 February 2022 to, but excluding, the immediately following Reset Date and (B) from, and including, each Reset Date falling after the 8 February 2022 to, but excluding, the immediately following Reset Date, the Relevant Reset Distribution Rate (as defined in the 2019 Second USD Perpetual Securities T&Cs). A "Reset Date" is defined as each day falling every 3 calendar years after 8 February 2022.

Champion Sincerity may at its sole discretion elect to defer any scheduled distribution to the next distribution payment date by giving prior written notice to the 2019 Second USD Perpetual Securities Holders in accordance with the 2019 Second USD Perpetual Securities T&Cs. Champion Sincerity may further defer any arrears of distribution following the notice requirement in accordance with the 2019 Second USD Perpetual Securities T&Cs and is not subject to any limits as to the number of times distributions and arrears of distribution can be deferred but unless and until (i) Champion Sincerity or the Company satisfies in full all outstanding arrears of distribution and any additional distribution amount or (ii) it is permitted by a resolution passed by a majority of not less than three quarters of the votes casted at a duly convened meeting of 2019 Second USD Perpetual Securities Holders, each of Champion Sincerity and the Company shall not (i) declare or pay any dividends, distributions or make payment on, and will procure that no dividend or other payment is made on any class of the share capital or other junior securities of Champion Sincerity and the Company (as applicable); or (ii) redeem, reduce, cancel, buy-back or acquire for any consideration any class of the share capital or other junior securities of Champion Sincerity and the Company, save that such restriction shall not apply to a repurchase or other acquisition of any securities in respect of an employee benefit plan or similar arrangement with or for the benefit of employees, officers, directors or consultants.

2018 First Domestic Perpetual Securities

On 26 October 2018, Greentown Real Estate issued listed and unsecured domestic perpetual securities (the "2018 First Domestic Perpetual Securities") with an aggregate principal amount of RMB1,400,000,000.

The principal terms of the 2018 First Domestic Perpetual Securities are disclosed in the Group's 2018 consolidated financial statements.

39. Perpetual Securities (continued)

2018 Second Domestic Perpetual Securities

On 3 December 2018, Greentown Real Estate issued listed and unsecured domestic perpetual securities (the "2018 Second Domestic Perpetual Securities") with an aggregate principal amount of RMB2,000,000,000.

The principal terms of the 2018 Second Domestic Perpetual Securities are disclosed in the Group's 2018 consolidated financial statements.

2019 First Domestic Perpetual Securities

On 29 January 2019, Greentown Real Estate issued listed and unsecured domestic perpetual securities (the "2019 First Domestic Perpetual Securities") with an aggregate principal amount of RMB2,000,000,000.

Under the terms and conditions of the 2019 First Domestic Perpetual Securities (the "2019 First Domestic Perpetual Securities T&Cs"), the holders of the 2019 First Domestic Perpetual Securities have a right to receive distribution at the applicable distribution rate from 29 January 2019 annually in arrears. The distribution rate shall be (i) in respect of the period from, and including, 29 January 2019 to, but excluding, 29 January 2022, Initial Distribution Rate (as defined in the 2019 First Domestic Perpetual Securities T&Cs); and (ii) in respect of the periods from, and including, each Reset Date falling after 29 January 2019 to, but excluding, the immediately following Reset Date, the Relevant Reset Distribution Rate (as defined in the 2019 First Domestic Perpetual Securities T&Cs). A Reset Date is defined as each day falling every 3 calendar years after 29 January 2019.

Greentown Real Estate may at its sole discretion elect to defer any scheduled distribution to the next scheduled distribution payment date by giving prior written notice. Greentown Real Estate may further defer any arrears of distribution following the foregoing notice requirement and is not subject to any limits as to the number of times distributions and arrears of distribution can be deferred. Unless and until Greentown Real Estate satisfies in full all outstanding arrears of distribution and any additional distribution amount, Greentown Real Estate shall not declare or pay any dividends or reduce any share capital.

39. Perpetual Securities (continued)

2019 Second Domestic Perpetual Securities

On 24 April 2019, Greentown Real Estate issued listed and unsecured domestic perpetual securities (the "2019 Second Domestic Perpetual Securities") with an aggregate principal amount of RMB2,600,000,000.

Under the terms and conditions of the 2019 Second Domestic Perpetual Securities (the "2019 Second Domestic Perpetual Securities T&Cs"), the holders of the 2019 Second Domestic Perpetual Securities have a right to receive distribution at the applicable distribution rate from 24 April 2019 annually in arrears. The distribution rate shall be (i) in respect of the period from, and including, 24 April 2019 to, but excluding, 24 April 2022, Initial Distribution Rate (as defined in the 2019 Second Domestic Perpetual Securities T&Cs); and (ii) in respect of the periods from, and including, each Reset Date falling after 24 April 2019 to, but excluding, the immediately following Reset Date, the Relevant Reset Distribution Rate (as defined in the 2019 Second Domestic Perpetual Securities T&Cs). A Reset Date is defined as each day falling every 3 calendar years after 24 April 2019.

Greentown Real Estate may at its sole discretion elect to defer any scheduled distribution to the next scheduled distribution payment date by giving prior written notice. Greentown Real Estate may further defer any arrears of distribution following the foregoing notice requirement and is not subject to any limits as to the number of times distributions and arrears of distribution can be deferred. Unless and until Greentown Real Estate satisfies in full all outstanding arrears of distribution and any additional distribution amount, Greentown Real Estate shall not declare or pay any dividends or reduce any share capital.

2019 Third Domestic Perpetual Securities

On 19 June 2019 and 30 August 2019, Greentown Real Estate issued unlisted and unsecured domestic perpetual securities with an aggregate principal amount of RMB500,000,000 and RMB1,500,000,000 respectively (collectively the "2019 Third Domestic Perpetual Securities")

Under the terms and conditions of the 2019 Third Domestic Perpetual Securities (the "2019 Third Domestic Perpetual Securities T&Cs"), the holders of the 2019 Third Domestic Perpetual Securities have a right to receive distribution at the applicable distribution rate from 19 June 2019 quarterly in arrears. The distribution rate shall be (i) in respect of the period from, and including, 19 June 2019 to, but excluding, 19 June 2021, Initial Distribution Rate (as defined in the 2019 Third Domestic Perpetual Securities T&Cs); and (ii) in respect of the periods from, and including, each Reset Date falling after 19 June 2019 to, but excluding, the immediately following Reset Date, the Relevant Reset Distribution Rate (as defined in the 2019 Third Domestic Perpetual Securities T&Cs). A Reset Date is defined as each day falling every calendar year after 19 June 2020.

Greentown Real Estate may at its sole discretion elect to defer any scheduled distribution to the next scheduled distribution payment date by giving prior written notice. Greentown Real Estate may further defer any arrears of distribution following the foregoing notice requirement and is not subject to any limits as to the number of times distributions and arrears of distribution can be deferred. Unless and until Greentown Real Estate satisfies in full all outstanding arrears of distribution and any additional distribution amount, Greentown Real Estate shall not declare or pay any dividends or reduce any share capital.

39. Perpetual Securities (continued)

2019 Fourth Domestic Perpetual Securities

On 26 December 2019, Tianjin CCCG Greentown Urban Construction Development Co., Ltd. ("Tianjin CCCG Greentown") issued unlisted and unsecured domestic perpetual securities (the "2019 Fourth Domestic Perpetual Securities") with an aggregate principal amount of RMB1,014,326,000.

Under the terms and conditions of the 2019 Fourth Domestic Perpetual Securities (the "2019 Fourth Domestic Perpetual Securities T&Cs"), the holders of the 2019 Fourth Domestic Perpetual Securities have a right to receive distribution at the applicable distribution rate from 26 December 2019 annually in arrears. The distribution rate shall be (i) in respect of the period from, and including, 26 December 2019 to, but excluding, 26 December 2021, Initial Distribution Rate (as defined in the 2019 Fourth Domestic Perpetual Securities T&Cs); and (ii) in respect of the periods from, and including, each Reset Date falling after 26 December 2019 to, but excluding, the immediately following Reset Date, the Relevant Reset Distribution Rate (as defined in the 2019 Fourth Domestic Perpetual Securities T&Cs). A Reset Date is defined as each day falling every calendar year after 26 December 2020.

Tianjin CCCG Greentown may at its sole discretion elect to defer any scheduled distribution to the next scheduled distribution payment date by giving prior written notice. Tianjin CCCG Greentown may further defer any arrears of distribution following the foregoing notice requirement and is not subject to any limits as to the number of times distributions and arrears of distribution can be deferred. Unless and until Tianjin CCCG Greentown satisfies in full all outstanding arrears of distribution and any additional distribution amount, Tianjin CCCG Greentown shall not declare or pay any dividends or reduce any share capital.

As the 2014 USD Perpetual Securities, 2016 USD Perpetual Securities, 2017 USD Perpetual Securities, 2018 USD Perpetual Securities, 2019 First USD Perpetual Securities, 2019 Second USD Perpetual Securities, 2018 First Domestic Perpetual Securities, 2018 Second Domestic Perpetual Securities, 2019 First Domestic Perpetual Securities, 2019 Second Domestic Perpetual Securities, 2019 Third Domestic Perpetual Securities and 2019 Fourth Domestic Perpetual Securities only impose contractual obligations on the Group to repay principal or to pay any distributions under certain circumstances which are at the Group's discretion, they have in substance confer the Group an unconditional right to avoid delivering cash or other financial asset to settle contractual obligations, therefore they do not meet the definition for classification as financial liabilities under IFRS 9 and are treated as equity.

In the current year, the total interest in perpetual securities recognised as distribution is RMB1,638,650,000. The weighted average interest rate in perpetual securities is 6.65% as at 31 December 2019.

40. Acquisition of Subsidiaries

Particulars of the subsidiaries acquired during 2019 were as follows:

Acquired company	Principal activities	Acquisition date	Equity interest acquired	Consideration
				RMB'000
山東東城置業有限公司 Shandong Dongcheng (Note (i))	Real estate development	21 February 2019	51%	397,968
山東綠城青和建築設計有限公司 Shandong Greentown Qinghe Architectural Design Co., Ltd. ("Shandong Qinghe") (Note (ii))	Design and decoration	6 March 2019	51%	–
北京東部綠城置業有限公司 Beijing Eastern (Note (iii))	Real estate development	22 April 2019	51%	45,262
蘇州悦順房地產開發有限公司 Suzhou Yueshun Real Estate Development Co., Ltd. ("Suzhou Yueshun") (Note (iv))	Real estate development	29 October 2019	40%	760,000
大連金石葡萄酒莊有限公司 Dalian Jinshi Wineyard Co., Ltd ("Dalian Jinshi Wineyard") (Note (v))	Real estate development	13 December 2019	60%	169,707
杭州昌榮商務信息諮詢有限公司 Hangzhou Changrong (Note (vi))	Investment holding	17 December 2019	100%	192,209
大連建中置業有限公司 Dalian Jianzhong Real Estate Co., Ltd. ("Dalian Jianzhong") (Note (vii))	Real estate development	29 November 2019	51%	–
				1,565,146

40. Acquisition of Subsidiaries (continued)

Particulars of the subsidiaries acquired during 2019 were as follows: (continued)

Notes:

(i) Greentown Real Estate acquired 51% equity interests of Shandong Dongcheng so as to continue the expansion of the Group's property development operation. Shandong Dongcheng was previously a 49%-owned joint venture of the Group.

(ii) Greentown Real Estate Project Management Group Co., Ltd. ("Greentown Real Estate Project Management Group"), a wholly-owned subsidiary of the Company, obtained 51% equity interest of Shandong Qinghe by capital injection of RMB3,120,000 so as to continue the expansion of the Group's design and decoration operation.

(iii) Beijing Greentown Investment Co., Ltd., a wholly-owned subsidiary of the Company, acquired 51% equity interests of Beijing Eastern so as to continue the expansion of the Group's property development operation. Beijing Eastern was previously a 49%-owned associate of the Group.

(iv) Shanghai Misheng Real Estate Development Co., Ltd., a subsidiary of the Company, acquired 40% equity interest of Suzhou Yueshun so as to continue the expansion of the Group's property development operation. Suzhou Yueshun was previously a 35%-owned associate of the Group.

(v) Beijing Woyi Real Estate Co., Ltd., a wholly-owned subsidiary of the Company, acquired 60% equity interests of Dalian Jinshi Wineyard so as to continue the expansion of the Group's property development operation.

(vi) Greentown Real Estate acquired 100% equity interest of Hangzhou Changrong so as to continue the expansion of the Group's property development operation. Hangzhou Zhenmao Investment Co., Ltd. and Hangzhou Greentown Wangxi are the associates of Hangzhou Changrong, therefore were also acquired by the Group. Hangzhou Zhenmao and Hangzhou Greentown Wangxi were previously 20%-owned associates of the Group.

(vii) Beijing Xinyi Real Estate Development Co., Ltd, a wholly-owned subsidiary of the Company, obtained 51% equity interests of Dalian Jianzhong by capital injection of RMB5,100,000 so as to continue the expansion of the Group's property development operation.

40. Acquisition of Subsidiaries (continued)

Particulars of the subsidiaries acquired during 2018 were as follows:

Acquired company	Principal activities	Acquisition date	Equity interest acquired	Consideration RMB'000
濟南東創置業有限公司 Ji'nan Dongchuang Real Estate Co., Ltd. ("Ji'nan Dongchuang") (Note (i))	Real estate development	1 January 2018	–	–
西安國際陸港文遠置業有限公司 Xi'an International Land Port Wenyuan Real Estate Co., Ltd. ("Xi'an Wenyuan") (Note (ii))	Real estate development	5 January 2018	51%	235,056
德清青城房地產開發有限公司 Deqing Qingcheng Real Estate Development Co., Ltd. ("Deqing Qingcheng") (Note (iii))	Real estate development	8 January 2018	90%	445,000
杭州碩櫟投資管理有限公司 Hangzhou Shuoli Investment Management Co., Ltd. ("Hangzhou Shuoli") (Note (iv))	Investment Holding	16 March 2018	100%	100
餘姚綠潤投資有限公司 Yuyao Lvrun Investment Co., Ltd. ("Yuyao Lvrun") (Note (iv))	Investment Holding	16 March 2018	93%	–
餘姚綠城房地產開發有限公司 Yuyao Greentown Real Estate Development Co., Ltd. ("Yuyao Greentown") (Note (iv))	Real estate development	16 March 2018	53%	–
西安國際陸港文廣置業有限公司 Xi'an International Land Port Wenguang Real Estate Co., Ltd. ("Xi'an Wenguang") (Note (v))	Real estate development	18 April 2018	51%	–
杭州西溪山莊房地產開發有限公司 Hangzhou Xixi Villa Real Estate Development Co., Ltd. ("Hangzhou Xixi") (Note (vi))	Real estate development	30 July 2018	30%	26,760
舟山綠城海盛置業發展有限公司 Zhoushan Greentown Haisheng Real Estate Development Co., Ltd. ("Zhoushan Greentown Haisheng") (Note (vii))	Real estate development	7 August 2018	49%	49,000
				755,916

40. Acquisition of Subsidiaries (continued)

Particulars of the subsidiaries acquired during 2018 were as follows: (continued)

Notes:

(i) Shandong Greentown Investment Real Estate Co., Ltd., a wholly-owned subsidiary of the Company, obtained control over Ji'nan Dongchuang by entering into the acting in concert agreement with another shareholder which held 50% equity interests of Ji'nan Dongchuang so as to continue the expansion of the Group's property development operation. Ji'nan Dongchuang was previously a 50%-owned joint venture of the Group.

(ii) Xi'an Greentown Gangcheng Real Estate Development Co., Ltd. ("Xi'an Greentown Gangcheng"), a wholly-owned subsidiary of the Company, acquired 51% equity interests of Xi'an Wenyuan so as to continue the expansion of the Group's property development operation.

(iii) Greentown Ideal Town Construction Group Co., Ltd., a wholly-owned subsidiary of the Company, acquired 90% equity interests of Deqing Qingcheng so as to continue the expansion of the Group's property development operation.

(iv) Zhejiang Greentown Real Estate Investment Co., Ltd., a wholly-owned subsidiary of the Company, acquired 100% equity interest of Hangzhou Shuoli so as to continue the expansion of the Group's property development operation. Yuyao Lvrun and Yuyao Greentown are the subsidiaries of Hangzhou Shuoli, therefore were also acquired by the Group. Yuyao Greentown was previously a 47%-owned joint venture of the Group and the Group owned 7.5% equity interests of Yuyao Lvrun and accounted it as available-for-sale investments in prior periods.

(v) Xi'an Greentown Gangcheng obtained 51% equity interests of Xi'an Wenguang so as to continue the expansion of the Group's property development operation.

(vi) Hangzhou Nuozhen Investment Co., Ltd., a wholly-owned subsidiary of the Company, acquired 30% equity interest of Hangzhou Xixi so as to continue the expansion of the Group's property development operation. Hangzhou Xixi was previously a 50%-owned joint venture of the Group.

(vii) Zhoushan Greentown Real Estate Development Co., Ltd., a wholly-owned subsidiary of the Company, acquired 49% equity interest of Zhoushan Greentown Haisheng so as to continue the expansion of the Group's property development operation. Zhoushan Greentown Haisheng was previously a 51%-owned joint venture of the Group.

40. Acquisition of Subsidiaries (continued)

A summary of the effects of the acquisition of these subsidiaries is as follows:

	Suzhou Yueshun RMB'000	Other companies RMB'000	**2019 Total RMB'000**	2018 Total RMB'000
Net assets acquired:				
Property, plant and equipment	25	1,000	**1,025**	3,105
Interest in associates	–	148,977	**148,977**	–
Prepaid lease payments	–	–	**–**	3,088
Deferred tax assets	457	24,758	**25,215**	194,984
Properties for development	–	599,610	**599,610**	4,822,396
Properties under development	3,365,325	2,873,593	**6,238,918**	8,851,652
Completed properties for sale	–	93,983	**93,983**	185,847
Trade and other receivables, deposits and prepayments	614	227,368	**227,982**	637,098
Contract assets and contract costs	–	–	**–**	46,374
Amounts due from related parties	–	781,311	**781,311**	5,197,392
Prepaid income taxes	–	59	**59**	278,296
Prepaid other taxes	41	5,829	**5,870**	514,896
Bank balances and cash	65,819	259,742	**325,561**	770,327
Trade and other payables	(621)	(486,641)	**(487,262)**	(2,859,175)
Contract liabilities	–	(10,863)	**(10,863)**	(11,674,079)
Amounts due to related parties	(1,530,931)	(1,597,598)	**(3,128,529)**	(110,055)
Income taxes payable	–	(168,936)	**(168,936)**	(5,879)
Other taxes payable	(9)	(30)	**(39)**	(104,456)
Bank and other borrowings	–	(1,320,000)	**(1,320,000)**	(2,257,000)
Deferred tax liabilities	(720)	(81,171)	**(81,891)**	(1,428,101)
	1,900,000	1,350,991	**3,250,991**	3,066,710
Non-controlling interests	(475,000)	(119,996)	**(594,996)**	(1,252,070)
	1,425,000	1,230,995	**2,655,995**	1,814,640
Less:				
Transferred from interests previously held and classified as joint ventures	(665,000)	(382,362)	**(1,047,362)**	(367,954)
Transferred from interests previously held and classified as investments in equity instrument at FVTOCI	–	–	**–**	(4,418)
Gain on re-measurement of an associate and joint ventures to acquisition date fair value in business combination achieved in stages	–	(43,487)	**(43,487)**	(686,352)
	760,000	805,146	**1,565,146**	755,916

40. Acquisition of Subsidiaries (continued)

A summary of the effects of the acquisition of these subsidiaries is as follows: (continued)

	Suzhou Yueshun RMB'000	Other companies RMB'000	**2019 Total RMB'000**	2018 Total RMB'000
Total consideration, satisfied by:				
Cash	760,000	407,178	**1,167,178**	555,916
Consideration payables	–	397,968	**397,968**	200,000
	760,000	805,146	**1,565,146**	755,916
Net cash inflow arising on acquisition				
Cash paid	(760,000)	(407,178)	**(1,167,178)**	(320,860)
Bank balances and cash acquired	65,819	259,742	**325,561**	770,327
	(694,181)	(147,436)	**(841,617)**	449,467

The acquisition of the subsidiaries has been accounted for using the acquisition method. The effect of the acquisitions was presented together as the assets and liabilities acquired from Shandong Dongcheng, Shandong Qinghe, Beijing Eastern, Dalian Jinshi Wineyard, Hangzhou Changrong, Dalian Jianzhong, were not material in comparison to the assets and liabilities acquired from Suzhou Yueshun.

The receivables acquired (which principally comprised trade and other receivables, amounts due from related parties) with a fair value of RMB1,009,293,000 at the date of acquisition had gross contractual amounts of RMB1,009,293,000, which were expected to be fully collected.

The non-controlling interest recognised at the acquisition date was measured by reference to the proportionate share of the recognised amounts of net assets of subsidiaries and amounted to RMB594,996,000.

The subsidiaries contributed RMB89,019,000 in revenue to the Group between the date of acquisition and the end of the year.

The losses attributable to the subsidiaries amounted to RMB69,889,000 has been recognised in the Group's profit for the year between the date of acquisition and the end of the year. The profits attributable to the subsidiaries amounted to RMB17,543,000 has been recognised in the Group's profit for the year between the date of acquisition and the end of the year.

40. Acquisition of Subsidiaries (continued)

Had the acquisition of the subsidiaries been effected at 1 January 2019, the Group's revenue and profit for the year ended 31 December 2019 would have been RMB61,594,075,000 and RMB3,862,874,000.

Acquisition-related costs were immaterial and had been recognised as an expense in the current year, within the administrative expenses line item in the consolidated statement of profit or loss and other comprehensive income.

Analysis of the summary of effects of acquisition of subsidiaries in 2018 are set out in the Group's consolidated financial statements for the year ended 31 December 2018.

41. Disposal of Subsidiaries

In January 2019, the Group disposed of its 70% equity interests in Hangzhou Zhaolian to an independent third party for a cash consideration of RMB5,019,000. Guangzhou Lvzhen is a wholly-owned subsidiary of Hangzhou Zhaolian, therefore was also disposed by the Group. After the disposal, Hangzhou Zhaolian and Guangzhou Lvzhen were accounted for as associates of the Group.

In April 2019, the Group disposed of its 80% equity interests in Greentown Yonglong Decoration and Construction Co., Ltd. to an independent third party for a cash consideration of RMB93,220,000.

In May 2019, the Group's equity interest in Tianjin Jiayi was diluted from 100% to 33% due to capital injection by two independent third parties. After the deemed disposal, Tianjin Jiayi was accounted for as a joint venture of the Group.

In June 2019, the Group disposed of its 50% equity interests in Hangzhou Zhaozhen Investment Co., Ltd. ("Hangzhou Zhaozhen") to an independent third party for a cash consideration of RMB25,000,000. Hangzhou Greentown Yinhu Real Estate Development Co., Ltd. ("Hangzhou Yinhu") is a wholly-owned subsidiary of Hangzhou Zhaozhen, therefore was also disposed by the Group. After the disposal, Hangzhou Zhaozhen and Hangzhou Yinhu were accounted for as joint ventures of the Group.

In June 2019, the Group disposed of its 50% equity interests in Foshan Lvkang Real Estate Development Co., Ltd. ("Foshan Lvkang") to an independent third party for a cash consideration of RMB2,500,000. After the disposal, Foshan Lvkang was accounted for as a joint venture of the Group.

In August 2019, the Group's equity interest was diluted from 83.3% to 50% in Anhui Shunhong due to capital injection by an independent third parties. After the deemed disposal, Anhui Shunhong was accounted for as an associate of the Group.

In September 2019, the Group entered an agreement with other shareholders of Zhengjiang Greentown Lipu Design Co., Ltd. ("Greentown Lipu") to revise the article of association of Greentown Lipu. All parties agreed that a valid board resolution of Greentown Lipu requires two-third above approval from all directors. Three out of five directors of Greentown Lipu are appointed by the Group. Therefore, Greentown Lipu is accounted for as a joint venture afterwards.

41. Disposal of Subsidiaries (continued)

In February 2019, The Group obtained 50.98% equity interest of Shandong Qinghe. Four out of five directors of Shandong Qinghe are appointed by the Group, while a valid board resolution of Shandong Qinghe requires two-third above of directors' votes. Therefore, The Group can exercise control over Shandong Qinghe by appointing majority of the board of directors formerly. In September 2019, the Group entered an agreement with other shareholders of Shandong Qinghe to revise the article of association of Shandong Qinghe. All parties agreed that a valid board resolution of Shandong Qinghe requires unanimous approval from all directors. Four out of five directors of Shandong Qinghe are appointed by the Group. Therefore, Shandong Qinghe is accounted for as a joint venture afterwards.

In October 2019, the Group disposed all of its 80% equity interests in Xi'an Hongji Property Management Co., Ltd. ("Xi'an Hongji") to an independent third party for a cash consideration of RMB3,227,000.

In October 2019, the Group disposed of its 100% equity interests in Greentown Xiuli Countryside Investment Co., Ltd., ("Xiuli Countryside") to an independent individual for a consideration of RMB34,680,000. Xintai Greentown Gardening Development Co., Ltd. is a wholly-owned subsidiary of Xiuli Countryside therefore was also disposed by the Group.

In November 2019, the Group disposed of its 100% equity interests in Nanjing Greentown Real Estate Co., Ltd. ("Nanjing Greentown") to an independent third party for a consideration of RMB147,500,000.

In November 2019, the Group's equity interest was diluted from 100% to 50% in Hangzhou Zheda Development Co., Ltd. ("Hangzhou Zheda") due to capital injection by an independent third party. After the deemed disposal, Hangzhou Zheda was accounted for as an associate of the Group since it only holds 49% voting right. Ningbo Zheda Development Co., Ltd. is a wholly – owned subsidiary of Hangzhou Zheda, therefore was also disposed by the Group.

In November 2019, the Group disposed of its 2% equity interests in Hangzhou Greentown Cabinet Group Co., Ltd. ("Greentown Cabinet") to an individual for a cash consideration of RMB200,000. After the disposal, Greentown Cabinet was accounted for as an associate of the Group.

In November 2019, the Group ceased its partnership with Dalian Xinghaiwan Sport Center LLP for nil considerations, and resulted in an insignificant loss.

In December 2019, the Group disposed of its 67.5% equity interests in Fuzhou Lvrong to two independent third parties for nil considerations with nil gain or loss. After the disposal, Fuzhou Lvrong was accounted for as an associate of the Group.

In December 2019, the Group disposed of its 10% equity interests in Nanjing Greentown Property Co., Ltd. ("Nanjing Property") to a joint venture for a cash consideration of RMB50,000,000. After the disposal, Nanjing Property was accounted for as a joint venture of the Group.

41. Disposal of Subsidiaries (continued)

A summary of the effects of the disposal of these subsidiaries is as follows:

	2019 RMB'000
Net assets disposed of:	
Property, plant and equipment	16,306
Right-of-use Assets	25,080
Deferred tax assets	43,630
Property for development	2,889,488
Property under development	17,759,988
Property for sales	226,516
Inventories	97,378
Trade and other receivables, deposits and prepayments	258,523
Amounts due from related parties	678,050
Prepaid income taxes	34,993
Prepaid other taxes	216,124
Contract assets	80,216
Bank balances and cash	1,877,704
Contract liabilities	(2,036,495)
Trade and other payables	(2,311,637)
Amounts due to related parties	(13,094,607)
Income taxes payables	(36,115)
Other taxes payables	(9,291)
Bank borrowings	(5,901,000)
Deferred tax liability	(1,733)
Lease liabilities	(25,908)
	787,210
Transferred to interests held and classified as associates and joint ventures	(232,572)
Net gain on disposal of subsidiaries	98,269
Non-controlling interests	(291,561)
Total consideration	361,346
Satisfied by:	
Cash received	361,346
Net cash inflow arising on disposal:	
Cash received	213,619
Bank balances and cash disposed of	(1,877,704)
	(1,664,085)

42. Operating Leases

The Group as lessee

	2018 RMB'000
Minimum lease payments made under operating leases in respect of buildings during the year	156,467

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2018 RMB'000
Within one year	67,470
In the second to fifth year inclusive	133,453
After the fifth year	21,905
	222,828

At 31 December 2018, operating lease payments represent rentals payable by the Group for certain office premises. Leases are negotiated for a term ranging from 1 to 6 years with fixed rentals.

The Group as lessor

	2019 **RMB'000**	2018 RMB'000
Property investment rental income, net of negligible outgoings	**164,400**	85,496

42. Operating Leases (continued)

Minimum lease payments receivable on leases are as follows:

	2019 RMB'000
Within one year	**206,367**
In the second year	**138,085**
In the third year	**68,761**
In the fourth year	**58,008**
In the fifth year	**53,478**
After five years	**363,056**
	887,755

The Group had contracted with tenants for the following future minimum lease payments:

	2018 RMB'000
Within one year	127,159
In the second to fifth year inclusive	411,100
After the fifth year	316,803
	855,062

Property rental income represents rentals receivable by the Group. Leases are negotiated for a term ranging from 1 to 20 years with fixed rentals.

43. Commitments

	2019 RMB'000	2018 RMB'000
Commitments contracted for but not provided in the consolidated financial statements in respect of:		
Properties for development and properties under development and construction in progress	**30,768,717**	25,908,743

In addition to the above, the Group's share of the commitments of its joint ventures are as follows:

	2019 RMB'000	2018 RMB'000
Contracted for but not provided in respect of properties for development and properties under development and construction in progress	**2,923,622**	3,008,069

44. Share-Based Payment Transactions

2006 Share Option Scheme

The Company's 2006 share option scheme (the "2006 Share Option Scheme") was adopted pursuant to the shareholders' resolution passed on 22 June 2006 for the primary purpose of providing incentives and/or reward to directors and employees of the Group. The 2006 Share Option Scheme has been terminated upon adoption of the new share option scheme ("2016 Share Option Scheme") by ordinary resolution of shareholders of the Company at the annual general meeting of the Company held on 17 June 2016 ("Effective Date"). Upon termination of the 2006 Share Option Scheme, no further options of the 2006 Share Option Scheme can be offered thereunder but the provisions of the 2006 Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any options granted prior to its termination and options granted prior to such termination shall continue to be valid and exercisable.

Share options granted under the 2006 Share Option Scheme may be exercised at any time from the date of grant of the share option to the expiry of the Share Option Scheme, unless otherwise specified in the Share Option Scheme. The exercise price is determined by the Board, and will not be less than the higher of (i) the closing price of the shares of the Company as stated in the Stock Exchange's daily quotations sheet on the date of grant; (ii) the average of the closing prices of the shares of the Company as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and (iii) the nominal value of the shares.

44. Share-based Payment Transactions (continued)

2006 Share Option Scheme (continued)

Details of specific categories of options granted in 2009 are as follows:

	Date of grant	Vesting period	Exercise period	Exercise price	Fair value
2009A	22/1/2009	22/1/2009-21/1/2011	22/1/2009-21/1/2019	HK$2.89	HK$1.19
2009B	13/5/2009	13/5/2009-12/5/2012	13/5/2009-12/5/2019	HK$7.16	HK$3.41
2009C	22/6/2009	22/6/2009-21/6/2011	22/6/2009-21/6/2019	HK$11.00	HK$4.71
2009D	17/7/2009	17/7/2009-16/7/2011	17/7/2009-16/7/2019	HK$11.59	HK$4.17

The closing prices of the Company's shares on 22 January, 13 May, 22 June and 17 July 2009, the dates of grant, were HK$2.75, HK$7.16, HK$11.00 and HK$11.52 respectively.

The share options are exercisable during the following periods:

2009A
(i) up to 50% of the share options granted to each grantee from 22 January 2009;
(ii) up to 75% of the share options granted to each grantee at any time after the expiration of 12 months from 22 January 2009; and
(iii) all the remaining share options granted to each grantee at any time after the expiration of 24 months from 22 January 2009, and in each case, not later than 21 January 2019.

2009B
(i) up to 33% of the share options granted to each grantee from 13 May 2009;
(ii) up to 67% of the share options granted to each grantee at any time after the expiration of 24 months from 13 May 2009; and
(iii) all the remaining share options granted to each grantee at any time after the expiration of 36 months from 13 May 2009, and in each case, not later than 12 May 2019.

2009C
(i) up to 50% of the share options granted to each grantee from 22 June 2009;
(ii) up to 75% of the share options granted to each grantee at any time after the expiration of 12 months from 22 June 2009; and
(iii) all the remaining share options granted to each grantee at any time after the expiration of 24 months from 22 June 2009, and in each case, not later than 21 June 2019.

2009D
(i) up to 50% of the share options granted to each grantee from 17 July 2009;
(ii) up to 75% of the share options granted to each grantee at any time after the expiration of 12 months from 17 July 2009; and
(iii) all the remaining share options granted to each grantee at any time after the expiration of 24 months from 17 July 2009, and in each case, not later than 16 July 2019.

44. Share-based Payment Transactions (continued)

2006 Share Option Scheme (continued)

The estimated fair values of the 2009A, 2009B, 2009C and 2009D share options at their respective dates of grant are RMB39,173,000, RMB30,023,000, RMB168,173,000 and RMB55,132,000 respectively.

No expense was recognised in the profit or loss (2018: nil) in relation to share options granted under 2006 Share Option Scheme.

2016 Share Option Scheme

The Company's 2016 Share Option Scheme was adopted pursuant to an ordinary resolution of shareholders of the Company at the annual general meeting of the Company held on 17 June 2016 for the primary purpose of providing incentives to directors and eligible employees.

Under the Scheme, the total number of shares in respect of which share options may be granted under the 2016 Share Option Scheme is not permitted to exceed 10% of the Shares in issue at any point of time, without prior approval from the Company's shareholders. The number of shares issued and to be issued in respect of which share options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares in issue at any point of time, without prior approval from the Company's shareholders. Share options granted to independent non-executive directors and substantial shareholders of the Company in excess of 0.1% of the Company's issued share capital and with a value in excess of HK$5,000,000 must be approved in advance by the Company's shareholders.

Share options shall only be exercised on a date on which the latest closing price per share as stated in the Stock Exchange's daily quotation sheets represents at least 30% above the exercise price and any shares under such share options shall only be issued on a date which the latest closing price per share as stated in the Stock Exchange's daily quotation sheets represents at least 30% above the exercise price. The exercise price is determined by the Board, and shall be at least the highest of (i) the closing price of the shares of the Company as stated in the Stock Exchange's daily quotations sheet on the date of grant; (ii) the average of the closing prices of the shares of the Company as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and (iii) the nominal value of the shares.

On 27 December 2017, 100,000,000 share options under 2016 Share Option Scheme were granted to eligible parties, (among the options granted, 35,350,000 share options were granted to directors), representing 4.62% of the ordinary shares of the Company in issue at that date. On 28 August 2018, 8,900,000 share options under 2016 Share Option Scheme were granted to eligible parties, representing 0.41% of the ordinary shares of the Company in issue at that date.

44. Share-based Payment Transactions (continued)

2016 Share Option Scheme (continued)

Details of options granted on 27 December 2017 ("2017") are as follows:

	Vesting period	Exercisable period
The first 30% of the grant	From date of grant to the 1st anniversary	From the 1st anniversary to 26 December 2027
The second 30% of the grant	From date of grant to the 2nd anniversary	From the 2nd anniversary to 26 December 2027
The third 20% of the grant	From date of grant to the 3rd anniversary	From the 3rd anniversary to 26 December 2027
The fourth 10% of the grant	From date of grant to the 4th anniversary	From the 4th anniversary to 26 December 2027
The remaining 10% of the grant	From date of grant to the 5th anniversary	From the 5th anniversary to 26 December 2027

Details of options granted on 28 August 2018 ("2018") are as follows:

	Vesting period	Exercisable period
The first 30% of the grant	From date of grant to the 1st anniversary	From the 1st anniversary to 27 August 2028
The second 30% of the grant	From date of grant to the 2nd anniversary	From the 2nd anniversary to 27 August 2028
The third 20% of the grant	From date of grant to the 3rd anniversary	From the 3rd anniversary to 27 August 2028
The fourth 10% of the grant	From date of grant to the 4th anniversary	From the 4th anniversary to 27 August 2028
The remaining 10% of the grant	From date of grant to the 5th anniversary	From the 5th anniversary to 27 August 2028

The fair values were calculated using the Binomial model. The inputs into the model were as follows:

	The options granted on 27 December 2017	The options granted on 28 August 2018
Share price at the date of grant	HK$9.1	HK$7.8
Exercise price	HK$9.1	HK$8.326
Expected life	10 years	10 years
Expected volatility of the Company's share price	55.28%	54.81%
Expected dividend yield	4.33%	3.1%
Risk-free rates of interest	1.94%	2.201%
Exercise market condition	at least 30% above the exercise price	at least 30% above the exercise price

Expected volatility was determined by using the historical volatility of the Company's share price over the previous 10 years. The expected dividend yield has taken into account the historical dividend yield of the Company. The risk-free interest rates are based on the yield curve fitted by market yields of the Hong Kong government bonds with similar duration to the expected life of the share option.

44. Share-based Payment Transactions (continued)

2016 Share Option Scheme (continued)

The Binomial model has been used to estimate the fair value of the options. The variables and assumptions used in computing the fair value of the share options are based on the Directors' best estimate. The value of an option varies with different variables of certain subjective assumptions.

The estimated fair value of the options granted on 27 December 2017 was HK$358,000,000 (approximately RMB299,753,000). The estimated fair value of the options granted on 28 August 2018 was HK$29,454,000 (approximately RMB25,534,000).

The Group has recognised the total expense of RMB42,763,000 (2018: RMB134,466,000) in the profit or loss in relation to share options granted under 2016 Share Option Scheme.

Share option movement

The following table discloses movements of the Company's share options held by directors and employees during the year:

Option type	Outstanding at 1/1/2019	Exercised during year	Forfeited during year	Outstanding at 31/12/2019
2009A	**2,060,000**	**(1,494,500)**	**(565,500)**	**–**
2009B	**3,359,000**	**(750,000)**	**(2,609,000)**	**–**
2009C	**29,100,500**	**–**	**(29,100,500)**	**–**
2017	**100,000,000**	**–**	**(41,150,000)**	**58,850,000**
2018	**8,900,000**	**–**	**–**	**8,900,000**
	143,419,500	**(2,244,500)**	**(73,425,000)**	**67,750,000**
Weighted average exercise price	**HK$9.30**	**HK$4.32**	**HK$9.74**	**HK$9.00**
Exercisable at the end of the year				**37,980,000**
Weighted average exercise price				**HK$9.05**

Option type	Outstanding at 1/1/2018	Granted during the year	Exercised during year	Forfeited during year	Outstanding at 31/12/2018
2009A	5,044,500	–	(2,984,500)	–	2,060,000
2009B	3,359,000	–	–	–	3,359,000
2009C	29,238,000	–	(113,000)	(24,500)	29,100,500
2009D	15,000,000	–	–	(15,000,000)	–
2017	100,000,000	–	–	–	100,000,000
2018	–	8,900,000	–	–	8,900,000
	152,641,500	8,900,000	(3,097,500)	(15,024,500)	143,419,500
Weighted average exercise price	HK$9.46	HK$8.33	HK$3.19	HK$11.59	HK$9.30
Exercisable at the end of the year					64,519,500
Weighted average exercise price					HK$9.66

44. Share-Based Payment Transactions (continued)

Share option movement (continued)

In respect of the share options exercised during the year, the weighted average share price at the dates of exercise is HK$6.44 (2018: HK$10.50).

HK$1.00 is payable for each acceptance of grant of share options. In addition, (i) in respect of the 2009A share options, certain grantees were required to pay an option premium of HK$1.00 per share option up front; and (ii) in respect of the 2009C share options, certain grantees were required to pay an option premium of HK$3.50 per share option in three annual instalments.

Share Award Scheme

On 21 March 2019, the Company adopted the share award scheme (the "Share Award Scheme"), pursuant to which the ordinary shares of the Company (the "Shares") to be awarded will be purchased by the trustee from the open market out of cash contributed by the Group and held on trust for the selected employees until such Shares are vested with the relevant selected employees in accordance with the provisions of the Share Award Scheme.

The purpose of the Share Award Scheme is to recognise and reward the contribution of the executives and employees (whether serving full-time or part-time) and directors of the Group to the growth and development of the Group through an award of the shares of the Company.

The Group has granted 7,414,000 shares to the employees and directors in the current year. The vesting period for the first 50% of the granted shares was from date of grant to the 1st anniversary of grant date and the vesting period for the second 50% of the granted shares was from date of grant to the 2nd anniversary of grant date.

The carrying amount of 7,414,000 shares repurchased on the Stock Exchange and held for the Share Award Scheme was RMB37,852,000 as at 31 December 2019. The Group has recognised the total expense of RMB15,760,000 in the profit or loss in relation to Shares granted under Share Award Scheme.

For the year ended 31 December 2019

45. Pledge of Assets

At the end of the reporting period, the following assets were pledged to banks and other parties to secure credit facilities granted to the Group:

	2019 RMB'000	2018 RMB'000
Property plant and equipment	**3,063,257**	2,632,015
Right-of-use assets	**360,381**	–
Prepaid lease payment	**–**	308,532
Properties for development	**2,504,272**	831,446
Properties under development	**81,984,914**	54,505,737
Completed properties for sale	**76,563**	793,258
Investment properties	**2,355,701**	2,423,938
Trade and other receivables, deposits and prepayments	**123,642**	500,000
Pledged bank deposits	**5,326,761**	4,871,831
Interests in associates	**72,355**	147,881
	95,867,846	67,014,638

46. Retirement Benefits Plans

The employees of the Group's subsidiaries in the PRC are members of the state-managed retirement benefits schemes operated by the PRC government. The PRC subsidiaries are required to contribute a certain percentage of payroll costs to the retirement benefits schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefits schemes is to make the specified contributions.

47. Contingent Liabilities

(i) Guarantees

The Group provided guarantees of RMB35,651,192,000 (2018: RMB33,937,731,000) at 31 December 2019 to banks in favour of its customers in respect of the mortgage loans provided by the banks to those customers for the purchase of the Group's developed properties. These guarantees provided by the Group to the banks will be released upon receiving the building ownership certificates of the respective properties by the banks from the customers as a pledge for security to the mortgage loans granted.

The Group also provided guarantees to banks and other parties in respect of credit facilities utilised by the following companies:

	2019 RMB'000	2018 RMB'000
Credit guarantees provided to:		
Associates	**8,199,419**	7,831,428
Joint ventures	**12,879,126**	8,338,367
	21,078,545	16,169,795

	2019 RMB'000	2018 RMB'000
Mortgage and charge guarantees provided to:		
Associates	**4,275,000**	175,000
Total	**25,353,545**	16,344,795

Contingent liabilities arising from interests in associates at the end of the reporting period:

	2019 RMB'000	2018 RMB'000
Share of mortgage loan guarantees provided by associates to banks in favour of its customers	**2,170,782**	5,494,304

Contingent liabilities arising from interests in joint ventures at the end of the reporting period:

	2019 RMB'000	2018 RMB'000
Share of mortgage loan guarantees provided by joint ventures to banks in favour of its customers	**1,445,244**	1,076,336

The directors consider that the fair value of the above guarantees is insignificant on initial recognition and there was no loss allowance recognised for expected credit losses during the year 2019 and 2018.

48. Capital Risk Management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt, which includes the borrowings disclosed in notes 34, 35, 36, 37 and 51(ii) (net of cash and cash equivalents), and capital and reserves.

The directors of the Company review the capital structure on a regular basis. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt.

49. Financial Instruments

(a) Categories of financial instruments

	2019 RMB'000	2018 RMB'000
Financial assets		
Financial assets at amortised cost	**109,075,041**	87,188,465
Equity instruments at FVTOCI	**1,511,985**	1,275,682
Financial liabilities		
Amortised cost	**167,059,031**	136,645,999

(b) Financial risk management objectives and policies

The Group's major financial instruments include equity instruments at FVTOCI, trade and other receivables, amounts due from related parties, pledged bank deposits, bank balances and cash, trade and other payables, amounts due to related parties, bank and other borrowings, corporate debt instruments, senior notes and receipts under securitisation arrangements. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner. There has been no significant change in the Group's exposure to these risks or the manner in which it manages and measures risks.

49. Financial Instruments (continued)

(b) Financial risk management objectives and policies (continued)

Market risk

(i) Currency risk

The Group has bank balances, equity instruments at FVTOCI, other receivables, amounts due from related parties, other payables, amounts due to related parties, bank and other borrowings and senior notes denominated in foreign currencies, which expose the Group to foreign currency risk.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Assets		Liabilities	
	2019	2018	**2019**	2018
	RMB'000	RMB'000	**RMB'000**	RMB'000
Hong Kong dollars ("HKD")	**1,090,893**	741,519	**2,714,028**	2,788,659
United States dollars ("USD")	**5,680,369**	6,189,099	**16,501,216**	12,397,613

The Group does not use any derivative contracts to hedge against its exposure to currency risk. The management closely monitors foreign currency exposure and will consider hedging significant foreign currency exposure should the need arise.

Sensitivity analysis

The Group is mainly exposed to the fluctuations in exchange rates between RMB and HKD/USD. The exposure in HKD/USD arises mainly from the Group's bank balances and cash, equity instruments at FVTOCI, other receivables, other payables, bank and other borrowings, senior notes and amounts due from/to related parties.

The following table details the Group's sensitivity to a 5% (2018: 5%) increase and decrease in RMB against the relevant foreign currencies. 5% represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 5% change in foreign currency rates. A positive (negative) number below indicates an increase (decrease) in post-tax profit and other comprehensive income where RMB strengthens 5% against the relevant currency. For a 5% weakening of RMB against the relevant currency, there would be an equal and opposite impact on post-tax profit and other comprehensive income.

	HKD Impact		USD Impact	
	2019	2018	**2019**	2018
	RMB'000	RMB'000	**RMB'000**	RMB'000
Profit or loss	**47,633**	104,149	**405,782**	232,819
Other comprehensive income (note)	**(52,938)**	(36,508)	**–**	–

Note: This is attributable to foreign currency exposure on listed equity instruments at FVTOCI.

49. Financial Instruments (continued)

(b) Financial risk management objectives and policies (continued)

Market risk (continued)

(ii) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate bank deposits, amounts due from/to related parties, bank and other borrowings, senior notes, corporate debt instruments and receipts under securitisation arrangements (see notes 30, 34, 35, 36, 37 and 51 for details).

The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank deposits, amounts due from/to related parties and bank and other borrowings (see notes 30, 34 and 51 for details).

The Group does not use any derivative contracts to hedge against its exposure to interest rate risk.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to market deposit and lending interest rates for non-derivative instruments. For variable-rate bank deposits, bank and other borrowings and amounts due from/to related parties, the analysis is prepared assuming the balances outstanding at the end of the reporting period were outstanding for the whole year. A 5 basis point (2018: 5 basis point) increase or decrease in market deposit interest rates and a 50 basis point (2018: 50 basis point) increase or decrease in market lending interest rates represent management's assessment of the reasonably possible change in interest rates.

If the market deposit interest rates had been 5 basis points higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 December 2019 would have increased/decreased by RMB19,460,000 (2018: increased/decreased by RMB16,691,000). This is mainly attributable to the Group's exposure to interest rates on its variable-rate bank deposits.

If the market lending interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 December 2019 would have decreased/increased by RMB128,184,000 (2018: decreased/increased by RMB123,469,000). This is mainly attributable to the Group's exposure to interest rates on its variable-rate bank and other borrowings and amounts due from/to related parties.

49. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Market risk (continued)

(iii) Other price risk

The Group is exposed to equity price risk through its investments in listed equity securities in Hong Kong and unlisted equity securities. In addition, the Group has appointed a special team to monitor the price risk and will consider hedging the risk exposure should the need arise.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity price risk at the reporting date.

If the prices of the equity instruments had been 10% (2018: 10%) higher/lower, investments revaluation reserve would increase/decrease by RMB151,199,000 (2018: increase/decrease by RMB127,568,000).

Credit risk and impairment assessment

As at 31 December 2019 and 2018, the Group's maximum exposure to credit risk which will cause a financial loss to the Group is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position and the amount of contingent liabilities in relation to financial guarantee issued by the Group as disclosed in note 47.

The Group's credit risk is primarily attributable to its trade receivables, other receivables, amounts due from related parties, pledged bank deposits, bank balances, contract assets and financial guarantee contracts.

Trade receivables and contract assets arising from contracts with customers

In order to minimise the credit risk, The Group has policies in place to ensure that sales are made to purchasers with an appropriate financial strength and appropriate percentage of down payments. It also has other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group performs impairment assessment under ECL model on trade balances individually or based on provision matrix, as appropriate.

Other receivables

The credit risk of other receivables is managed through an internal process. The Group actively monitors the outstanding amounts owed by each debtor and uses past due information to assess whether credit risk has increased significantly since initial recognition.

49. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Amounts due from related parties

The credit risk of amounts due from related parties is managed through an internal process. The credit quality of each counterparty is investigated before an advance is made. The Group also actively monitors the outstanding amounts owed by each debtor and uses past due information to assess whether credit risk has increased significantly since initial recognition.

Bank balances and cash and pledged bank deposit

Cash deposits are mainly placed with state-owned financial institutions and reputable banks which are all high-credit-quality financial institutions, therefore the Group's credit risk on liquid funds is limited.

Contingent liabilities in relation to the financial guarantees

For properties that are still under construction, the Group typically provides guarantees to banks in connection with the customers' borrowing of mortgage loans to finance their purchase of the properties. If a purchaser defaults on the payment of its mortgage during the term of the guarantee, the bank holding the mortgage may demand the Group to repay the outstanding amount under the loan and any accrued interest thereon. Under such circumstances, the Group is able to retain the customer's deposits and sell the property to recover any amounts paid by the Group to the bank. Unless the selling price drop significantly, which the probability is remote, the Group would not be in a loss position in selling those properties out. In this regard, the directors of the Company consider that the Group's credit risk in relation to financial guarantees from mortgage loans is largely mitigated.

The Group's concentration of credit risk by geographical locations is mainly in the PRC. Other than the concentration of credit risk on liquid funds which are deposited with several large state-owned banks and commercial banks in the PRC, the Group does not have any other significant concentration of credit risk, with exposure spread over a number of counterparties and customers.

49. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

The Group's internal credit risk grading assessment for trade receivables and contract assets comprises the following categories:

Internal credit rating	Description	Basis for recognition of expected credit loss provision
Low risk	The counterparty has a low risk of default or counterparty frequently repays after due dates but usually settle in full after due date.	Lifetime ECL – not credit impaired
Doubtful	The balances are 90 days past due, the Group considers that default has occurred.	Lifetime ECL – credit impaired
Loss	There is evidence indicating the asset is credit-impaired.	Lifetime ECL – credit impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery.	Amount is written-off

The Group's internal credit risk grading assessment for other receivables and amounts due from related parties comprises the following categories:

Internal credit rating	Description	Basis for recognition of expected credit loss provision
Performing	The counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
Low risk	Interest and/or principal repayments are 30 days past due, but the counterparty still has a strong capacity to meet contractual cash flows.	Lifetime ECL – not credit impaired
Watch list	Interest and/or principal repayments are 30 days past due, or the Group considers that there is significant increases in credit risk since initial recognition.	Lifetime ECL – not credit impaired
Doubtful	Interest and/or principal repayments are 90 days past due, the Group considers that default has occurred.	Lifetime ECL – credit impaired
Loss	There is evidence indicating the asset is credit-impaired.	Lifetime ECL – credit impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery.	Amount is written-off

49. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

The tables below detail the credit risk exposures of the Group's financial assets, contract assets and financial guarantee contracts which are subject to ECL assessment:

	Notes	External credit rating	Internal credit rating	12-month or lifetime ECL	2019 Gross carrying amount RMB'000	2018 Gross carrying amount RMB'000
Financial assets at amortised cost						
Trade receivable	28	N/A	Note 1	Lifetime ECL (provision matrix)	1,084,808	920,634
			Loss	Lifetime ECL (credit impaired)	56,404	58,868
					1,141,212	979,502
Other receivables and amounts due from related parties	28 & 51	N/A	Performing	12-month ECL	45,783,833	27,140,517
			Low risk & Watch list	Lifetime ECL (not credit impaired)	9,812,912	10,109,574
			Doubtful & Loss	Lifetime ECL (credit impaired)	1,099,000	1,140,573
					56,695,745	38,390,664
Pledged bank deposits	30	AAA – A (Note 2)	N/A	12-month ECL	5,326,761	4,871,831
Bank balances and cash	30	AAA – A (Note 2)	N/A	12-month ECL	46,567,729	43,347,301
Contract assets	29	N/A	Note 1	Lifetime ECL (provision matrix)	2,832,323	1,887,085
Financial guarantee contracts	47	N/A	Note 3	12-month ECL	64,620,763	56,853,166

Notes:

1. For trade receivables and contract assets, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. Except for debtors with significant outstanding balances or credit-impaired, the Group determines the expected credit losses on these items by using a provision matrix based on aged days.

2. External credit rating disclosed by the counterparty financial institutions and banks, majority of which are located in the PRC.

3. For financial guarantee contracts, the gross carrying amount represents the maximum amount the Group has guaranteed under the respective contracts. The maximum amount that the Group has guaranteed under the respective contracts was RMB64,620,763,000 as at 31 December 2019 (2018: RMB56,853,166,000). At the end of the reporting period, the directors of the Company have performed impairment assessment, and concluded that there has been no significant increase in credit risk since initial recognition of the financial guarantee contracts. Accordingly, the loss allowance for financial guarantee contracts issued by the Group is measured at an amount equal to 12m ECL. The directors of the Company considered that the 12m ECL allowance is insignificant at December 31, 2018 and December 31, 2019.

49. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Provision matrix – debtors' aging

As part of the Group's credit risk management, the Group uses debtors' aging to assess the impairment for its customers in relation to its property sales, hotel operations, project management, design and decoration and sales of construction materials operating segments because these operating segments have large number of small customers with common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The Group assessed the impairment for its customers from these operating segments separately, and the information about the exposure to credit risk for these trade receivables based on provision matrix within lifetime ECL (not credit impaired) are presented below. Debtors with significant outstanding balances with gross carrying amounts of RMB56,404,000 that was defaulted as at 31 December 2019 (2018: RMB58,868,000) were assessed individually.

	2019		2018	
	Range of loss rate	**Trade receivables RMB'000**	Range of loss rate	Trade receivables RMB'000
Gross carrying amount				
Within 90 days	**0.3%-0.5%**	**537,668**	0.03%-1.0%	548,324
91–180 days	**0.6%-1.3%**	**131,557**	0.5%-3.4%	55,317
181–365 days	**0.7%-2.6%**	**129,030**	0.5%-4.8%	125,062
Over 365 days	**1.9%-29.3%**	**286,553**	4.2%-20.0%	191,931
		1,084,808		920,634

49. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Provision matrix – debtors' aging (continued)

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort.

The following table shows the movement in lifetime ECL that has been recognised for trade receivables and contract assets under the simplified approach.

	Lifetime ECL (not credit impaired) RMB'000	Lifetime ECL (credit impaired) RMB'000	Total RMB'000
As at 1 January 2018	32,123	56,375	88,498
Transfer to credit-impaired	(1,558)	1,558	–
Impairment losses recognised	11,833	2,343	14,176
Impairment losses reversed	–	(585)	(585)
Write-offs	–	(823)	(823)
As at 31 December 2018	42,398	58,868	101,266
Impairment losses recognised	17,316	207	17,523
Impairment losses reversed	(23,236)	–	(23,236)
Disposal of a subsidiary	–	(2,671)	(2,671)
As at 31 December 2019	**36,478**	**56,404**	**92,882**

The impairment losses recognised in lifetime ECL (not credit impaired) during the year 2019 is mainly due to the decrease in the long-aging gross carry amount of trade receivables.

49. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Provision matrix – internal credit rating

The following table provides information about the exposure to credit risk and ECL for other receivables and amounts due from related parties which are assessed collectively. In addition to the internal credit ratings as stated above, the Group further assessed the impairment for other receivables and amounts due from related parties from the different operating segments separately, and the information about the exposure to credit risk for these other receivables and amounts due from related parties based on provision matrix within 12-month ECL and life time (not credit impaired) are presented below. Debtors with significant outstanding balances with gross carrying amounts of RMB5,682,141,000 respectively as at 31 December 2019 (2018: RMB6,033,597,000) were assessed individually.

	2019		2018	
	Range of loss rate	**Other receivables and amounts due from related parties RMB'000**	Range of loss rate	Other receivables and amounts due from related parties RMB'000
Gross carrying amount				
Performing	**0.1%-1.4%**	**45,783,833**	0.1%-1.0%	27,140,516
Low risk	**1.5%-7.6%**	**3,630,796**	1.6%-6.9%	4,502,598
Watch list	**12.1%-29.6%**	**1,598,975**	16.2%-38.0%	713,953
		51,013,604		32,357,067

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

49. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Provision matrix – internal credit rating (continued)

The following table shows the movement in lifetime ECL that has been recognised for other receivables and amounts due from related parties under the simplified approach.

	12-month ECL RMB'000	Lifetime ECL (not credit impaired) RMB'000	Lifetime ECL (credit impaired) RMB'000	Total RMB'000
As at 1 January 2018	59,973	244,190	981,658	1,285,821
Transfer to lifetime ECL	(37)	37	–	–
Transfer to credit-impaired	–	(62,411)	62,411	–
Impairment losses recognized	156	1,211,814	217,402	1,429,372
Impairment losses reversed	(1,048)	–	(159,181)	(160,229)
Other	–	–	38,283	38,283
As at 31 December 2018	59,044	1,393,630	1,140,573	2,593,247
Transfer to lifetime ECL	(1,184)	1,184	–	–
Impairment losses recognized	36,653	868,978	58,427	964,058
Impairment losses reversed	–	(61,458)	(100,000)	(161,458)
As at 31 December 2019	**94,513**	**2,202,334**	**1,099,000**	**3,395,847**

Changes in the loss allowance for other receivables and amounts due from related parties are mainly due to:

		31/12/2019	
		Increase in lifetime ECL	
	Increase in 12-month ECL RMB'000	**Not credit-impaired RMB'000**	**Credit-impaired RMB'000**
One debtor with a gross carrying amount of RMB58,427,000 defaulted	**–**	**–**	**58,427**
Several debtors with a gross carrying amount of RMB4,159,674,000 recognised impairment loss	**–**	**813,243**	**–**
Total	**–**	**813,243**	**58,427**

49. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

	31/12/2018		
		Increase in lifetime ECL	
	Increase in 12-month ECL RMB'000	Not credit-impaired RMB'000	Credit-impaired RMB'000
One debtor with a gross carrying amount of RMB184,000,000 defaulted	–	–	184,000
Several debtors with a gross carrying amount of RMB4,702,577,000 recognised impairment loss	–	954,050	–
Total	–	954,050	184,000

Impairment losses reversed in lifetime ECL (credit impaired) during the year 2018 and 2019 is due to the repayment from the debtor.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of borrowings and ensures compliance with loan covenants.

The Group relies on bank and other borrowings, senior notes, corporate debt instruments, receipts under securitisation arrangements and amounts due to related parties as a significant source of liquidity.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates. The table includes both interest and principal cash flows.

49. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Liquidity risk (continued)

Liquidity and interest risk tables

	Weighted average interest rate	On demand or less than 1 year RMB'000	1-5 years RMB'000	>5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount at 31/12/2019 RMB'000
2019						
Non-derivative financial liabilities						
Trade and other payables	–	41,862,944	965,846	–	42,828,790	42,828,790
Bank and other borrowings						
– fixed-rate	5.65%	6,579,952	12,501,254	1,026,910	20,108,116	17,609,777
– variable-rate	5.13%	10,517,569	34,345,966	2,735,588	47,599,123	41,983,396
Amounts due to related parties						
– interest-free	–	8,195,339	–	–	8,195,339	8,195,339
– fixed-rate	6.16%	20,766,868	–	–	20,766,868	19,605,405
– variable-rate	4.70%	912,402	–	–	912,402	852,712
Senior notes	5.69%	7,891,388	–	–	7,891,388	7,712,382
Corporate debt instruments	5.38%	8,618,387	20,014,085	541,592	29,174,064	26,637,264
Receipts under securitisation arrangements	5.29%	1,646,288	–	–	1,646,288	1,633,966
Leases liabilities	5.40%	27,397	101,990	7,764	137,151	116,435
Financial guarantee contracts	–	64,620,763	–	–	64,620,763	–
		171,639,297	67,929,141	4,311,854	243,880,292	167,175,466

49. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Liquidity risk (continued)

Liquidity and interest risk tables (continued)

	Weighted average interest rate	On demand or less than 1 year RMB'000	1-5 years RMB'000	>5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount at 31/12/2018 RMB'000
2018						
Non-derivative financial liabilities						
Trade and other payables	–	26,779,077	1,680,180	–	28,459,257	28,459,257
Bank and other borrowings						
– fixed-rate	5.60%	2,290,201	7,921,497	–	10,211,698	9,199,900
– variable-rate	5.02%	13,737,837	28,910,807	2,914,259	45,562,903	40,441,452
Amounts due to related parties						
– interest-free	–	9,527,370	–	–	9,527,370	9,527,370
– fixed-rate	6.96%	17,818,288	–	–	17,818,288	16,659,500
– variable-rate	1.17%	547,975	–	–	547,975	541,612
Senior notes	5.88%	197,858	3,563,506	–	3,761,364	3,355,113
Corporate debt instruments	5.39%	5,385,946	25,649,684	–	31,035,630	26,866,599
Receipts under securitisation arrangements	5.29%	79,350	1,725,638	–	1,804,988	1,595,196
Financial guarantee contracts	–	56,853,166	–	–	56,853,166	–
		133,217,068	69,451,312	2,914,259	205,582,639	136,645,999

The amounts included above for financial guarantee contracts are the maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Group considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

The amounts included above for variable interest rate non-derivative financial liabilities is subject to change if changes in variable interest rate differ from those interest rate estimates determined at the end of the reporting period.

49. Financial Instruments (continued)

(c) Fair value measurements of financial instruments

Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used).

Financial instrument	Fair value RMB'000	Fair value hierarchy	Valuation technique and key inputs	Significant unobservable inputs
Listed equity investment	1,058,755 (31 December 2018: 730,162)	Level 1	Quoted bid prices in an active market.	N/A
Unquoted equity investments	453,230 (31 December 2018: 545,520)	Level 3	Income approach – in this approach, the discounted cash flow method was used to capture the present value of the expected dividend income and ultimate disposal proceed.	Long-term pre-tax operating margin taking into account management's experience and knowledge of market conditions of the specific industries, ranging from 2.8-36.3 per cent (2018: 10.7-48.0 per cent).

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

Except as detailed in the following table, the directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values:

	2019		2018	
	Carrying amount of liability component RMB'000	Fair value RMB'000	Carrying amount of liability component RMB'000	Fair value RMB'000
Financial liabilities				
Senior notes (Level 2)	7,632,119[1]	7,719,263[2]	3,355,113	3,360,155[2]
Corporate debt instruments (Level 2)	25,905,349[1]	26,343,132[2]	26,866,599	27,353,999[2]
Receipts under securitisation arrangements (Level 2)	1,598,530[1]	1,600,000[2]	1,595,196	1,600,000[2]

1 The carrying amount of liability component represented the principle of the financial liability.

2 Based on quoted price.

There were no transfer into or out of Level 2 during both years.

50. Reconciliation of Liabilities Arising from Financial Activities

The tables below details change in the Group's liabilities arising from financing activities, including both cash and non-cash change. Liabilities arising from financing activities are those for which cash flow were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Bank and other borrowings RMB'000 (note 34)	Senior notes RMB'000 (note 35)	Corporate debt instruments RMB'000 (note 36)	Receipts under securitisation arrangements RMB'000 (note 37)	Leases liabilities RMB'000	Amount due to related parties RMB'000 (note 51(ii))	Dividend payable RMB'000	Total RMB'000
At 1 January 2018	37,182,665	3,149,003	15,782,704	1,591,891	–	29,895,503	–	87,601,766
Financing cash flows	10,914,417	(199,295)	9,791,116	(76,463)	–	15,844,801	(1,309,766)	34,964,810
Acquisition of subsidiaries (note 40)	2,257,000	–	–	–	–	110,055	–	2,367,055
Disposal of subsidiaries	(4,349,978)	–	–	–	–	(18,989,859)	–	(23,339,837)
Foreign exchange translation	316,671	164,849	–	–	–	–	–	481,520
Interest expenses	3,320,577	240,556	1,292,779	79,768	–	482,982	–	5,416,662
Net off amount due from an associate	–	–	–	–	–	(615,000)	–	(615,000)
Dividends declared	–	–	–	–	–	–	1,309,766	1,309,766
At 31 December 2018	49,641,352	3,355,113	26,866,599	1,595,196	–	26,728,482	–	108,186,742
Adjustment upon application of IFRS 16	**–**	**–**	**–**	**–**	**149,297**	**–**	**–**	**149,297**
As at 1 January 2019 (restated)	**49,641,352**	**3,355,113**	**26,866,599**	**1,595,196**	**149,297**	**26,728,482**	**–**	**108,336,039**
Financing cash flows	**9,459,542**	**4,036,195**	**(1,616,235)**	**(43,914)**	**(102,079)**	**11,547,891**	**(1,244,687)**	**22,036,713**
Acquisition of subsidiaries (note 40)	**1,320,000**	**–**	**–**	**–**	**–**	**3,128,529**	**–**	**4,448,529**
Disposal of subsidiaries (note 41)	**(5,901,000)**	**–**	**–**	**–**	**(25,908)**	**(13,094,607)**	**–**	**(19,021,515)**
Transfer to held for sales (note 31)	**–**	**–**	**–**	**–**	**(767)**	**(8,762)**	**–**	**(9,529)**
New leases entered/lease modified	**–**	**–**	**–**	**–**	**86,886**	**–**	**–**	**86,886**
Foreign exchange translation	**1,372,378**	**43,006**	**–**	**–**	**–**	**–**	**–**	**1,415,384**
Interest expenses	**3,700,901**	**278,068**	**1,386,900**	**82,684**	**9,006**	**551,923**	**–**	**6,009,482**
Consideration paid for acquisition of a subsidiary recognised in prior year	**–**	**–**	**–**	**–**	**–**	**(200,000)**	**–**	**(200,000)**
Dividends declared	**–**	**–**	**–**	**–**	**–**	**–**	**1,244,687**	**1,244,687**
At 31 December 2019	**59,593,173**	**7,712,382**	**26,637,264**	**1,633,966**	**116,435**	**28,653,456**	**–**	**124,346,676**

51. Related Party Disclosures

(i) During the year, in addition to those disclosed in other notes to the consolidated financial statements, the Group entered into the following transactions with related parties:

	2019 RMB'000	2018 RMB'000
Construction service income from associates (note)	**68,391**	9,159
Construction service income from joint ventures (note)	**109,783**	–
Construction design fees paid to Shareholders' Companies	**486,029**	–
Construction design fees paid to joint ventures	**434,619**	–
Rental expenses paid/payable to Shareholders' Companies	**7,818**	8,737
Purchases from joint ventures and associates (note)	**192,531**	78,929
Purchase of property from an associate (note)	**100,894**	–
Interest income arising from amounts due from:		
– associates (note)	**384,964**	319,013
– joint ventures (note)	**614,899**	638,793
– non-controlling shareholders	**6,241**	30,907
Interest expense arising from amounts due to:		
– associates (note)	**41,318**	55,619
– joint ventures (note)	**154,757**	74,319
– non-controlling shareholders	**327,398**	352,443
– directors	**21,010**	–
– Shareholders' Companies	**7,440**	27,508
Advertising expenses paid/payable to joint ventures (note)	**103,774**	94,340
Comprehensive service income from associates (note)	**77,598**	2,721
Interior decoration service income from:		
– joint ventures and associates (note)	**603,610**	704,127
– Shareholders' Companies	**160**	293
Healthcare service fee to Shareholders' Companies	**–**	111
Landscape construction fee to associates (note)	**4,003**	12,952
Educational services framework fee to Shareholders' Companies	**6,932**	6,660

Note: The transactions with associates and joint ventures are presented gross before elimination of unrealised profits or losses attributable to the Group.

The transactions above are presented net of taxes.

The directors considered that the transactions above were carried out in accordance with the terms agreed with the counterparties.

Before May 2019, Mr SONG Weiping, Ms XIA Yibo and CCCG were each a "Shareholder", and collectively the "Shareholders", of the Company. After May 2019, CCCG is a "Shareholder" of the Company. Shareholders' Companies represent companies owned by the Shareholders and affiliates.

51. Related Party Disclosures (continued)

(ii) As at the end of the reporting period, the Group had balances with related parties, which are all unsecured, as follows:

	2019						
	Project-related		Non-project related		Sub Total		
	Interest bearing RMB'000	Non-interest bearing RMB'000	Interest bearing RMB'000	Non-interest bearing RMB'000	Interest bearing RMB'000	Non-interest bearing RMB'000	Total RMB'000
Due from Shareholders' Companies	–	20,462	–	1,589	–	22,051	22,051
Non-controlling shareholders	722,349	16,188,868	–	–	722,349	16,188,868	16,911,217
Associates	8,658,934	4,465,250	–	358,563	8,658,934	4,823,813	13,482,747
Joint ventures	14,541,263	2,321,311	–	1,231,754	14,541,263	3,553,065	18,094,328
Officers	–	31,316	45,008	–	45,008	31,316	76,324
	23,922,546	23,027,207	45,008	1,591,906	23,967,554	24,619,113	48,586,667
Due to Shareholders' Companies	–	120,390	–	–	–	120,390	120,390
Non-controlling shareholders	6,377,686	977,240	–	73,783	6,377,686	1,051,023	7,428,709
Associates	11,085,201	5,407,204	–	50,321	11,085,201	5,457,525	16,542,726
Joint ventures	2,995,230	1,399,073	–	–	2,995,230	1,399,073	4,394,303
Officers	–	167,328	–	–	–	167,328	167,328
	20,458,117	8,071,235	–	124,104	20,458,117	8,195,339	28,653,456

	2018						
	Project-related		Non-project related		Sub Total		
	Interest bearing RMB'000	Non-interest bearing RMB'000	Interest bearing RMB'000	Non-interest bearing RMB'000	Interest bearing RMB'000	Non-interest bearing RMB'000	Total RMB'000
Due from Shareholders' Companies	–	38,264	–	10,076	–	48,340	48,340
Non-controlling shareholders	885,169	12,600,165	–	–	885,169	12,600,165	13,485,334
Associates	6,839,448	743,065	–	8,491	6,839,448	751,556	7,591,004
Joint ventures	8,802,207	3,325,787	–	123,274	8,802,207	3,449,061	12,251,268
	16,526,824	16,707,281	–	141,841	16,526,824	16,849,122	33,375,946
Due to Shareholders' Companies	149,089	92,115	–	–	149,089	92,115	241,204
Non-controlling shareholders	10,723,450	2,310,218	–	72,588	10,723,450	2,382,806	13,106,256
Associates	4,423,255	6,144,620	–	25,961	4,423,255	6,170,581	10,593,836
Joint ventures	1,905,318	827,578	–	–	1,905,318	827,578	2,732,896
Officers	–	–	–	37,237	–	37,237	37,237
Shareholder	–	–	–	17,053	–	17,053	17,053
	17,201,112	9,374,531	–	152,839	17,201,112	9,527,370	26,728,482

The above amounts due from related parties are presented before accumulative impairment losses of RMB2,207,831,000 (2018: RMB1,528,014,000).

51. Related Party Disclosures (continued)

(ii) As at the end of the reporting period, the Group had balances with related parties, which are all unsecured, as follows: (continued)

In respect of project-related balances with related parties:

(a) The trade balances due from Shareholders' Companies are mainly construction receivables and trade receivables.

Construction receivables are billed according to the construction contracts and are settled within one to two months after the construction cost incurred are verified and agreed.

Trade receivables arise mainly from materials sales and are with a normal credit terms of two months.

(b) The project-related balances due from non-controlling shareholders and officer are mainly prepaid distributions. The project-related balances due from joint ventures/associates are mainly project advances to these joint ventures/associates and are tied to the project development cycle. In the opinion of the directors, these balances are expected to be settled when the projects concerned commence pre-sales.

(c) The amounts due to Shareholders' Companies arise mainly from construction payables of a CCCG's fellow subsidiary.

(d) The project-related balances due to non-controlling shareholders and officer are mainly project advances from these non-controlling shareholders and officer and are tied to the project development cycle. In the opinion of the directors, these balances are repayable on demand and are expected to be settled when the projects concerned commence pre-sales.

(e) The project-related balances due to joint ventures/associates are mainly prepaid distributions.

The non-project related balances with related parties are mainly unsecured advances and repayable on demand.

The non-interest bearing balances due to shareholder and officers are emoluments payable. The maximum outstanding amount of amount due from shareholder is RMB nil in 2019 (2018: RMB800,000). The other non-interest bearing balances due from (to) related parties are unsecured and repayable on demand.

51. Related Party Disclosures (continued)

(ii) As at the end of the reporting period, the Group had balances with related parties, which are all unsecured, as follows: (continued)

The key terms of the interest bearing balances due from (to) related parties are as follows:

(a) The project-related amounts due from non-controlling shareholders of RMB107,059,000 (2018: RMB107,059,000) at 31 December 2019 carried interest at fixed rate of 6.30% (2018: 6.30%) per annum.

(b) The project-related amounts due from non-controlling shareholders of RMB615,290,000 (2018: RMB778,110,000) at 31 December 2019 carried interest at a variable rate of 5.46% (2018: 5.46%) per annum.

(c) The project-related amounts due from associates of RMB657,077,000 (2018: RMB1,345,084,000) at 31 December 2019 carried interest at a variable rate from 1.40% to 8.80% (2018: 5.00% to 5.40%) per annum.

(d) The project-related amounts due from associates of RMB8,001,858,000 (2018: RMB5,494,364,000) at 31 December 2019 carried interest at fixed rates ranging from 3.70% to 9.00% (2018: 1.40% to 8.80%) per annum.

(e) The project-related amounts due from joint ventures of RMB2,191,947,000 (2018: RMB1,484,038,000) at 31 December 2019 carried interest at a variable rate of 1.40% to 4.75% (2018: 5.00%) per annum.

(f) The project-related amounts due from joint ventures of RMB12,349,316,000 (2018: RMB7,318,169,000) at 31 December 2019 carried interest at fixed rates ranging from 1.00% to 9.00% (2018: 1.40% to 8.80%) per annum.

(g) The project-related amounts due to non-controlling shareholders of RMB852,712,000 (2018: RMB35,639,000) at 31 December 2019 carried interest at a variable rate of 7.00% (2018: 5.50%) per annum.

(h) The project-related amounts due to non-controlling shareholders of RMB5,524,974,000 (2018: RMB10,687,811,000) at 31 December 2019 carried interest at fixed rates ranging from 2.00% to 9.00% (2018: 2.00% to 9.00%) per annum.

(i) The project-related amounts due to associates of RMB nil (2018: RMB505,974,000) at 31 December 2019 carried interest at a variable rate (2018: ranging from 0.35% to 5.46%) per annum.

(j) The project-related amounts due to associates of RMB11,085,202,000 (2018: RMB3,917,281,000) at 31 December 2019 carried interest at fixed rates ranging from 0.35% to 7.00% (2018: 2.00% to 7.00%) per annum.

(k) The project-related amounts due to joint ventures of RMB2,995,230,000 (2018: RMB1,905,318,000) at 31 December 2019 carried interest at fixed rates ranging from 1.80% to 6.70% (2018: 1.80% to 6.70%) per annum.

51. Related Party Disclosures (continued)

(iii) (a) During the year, in addition to those disclosed in note 40, the Group made acquisitions from related parties as follows:

	2019 RMB'000	2018 RMB'000
Purchase of additional interests in subsidiaries from non-controlling shareholders of subsidiaries	**240,955**	748,954

2019:

In January 2019, the Group entered into an agreement with a non-controlling shareholder to acquire 32.06% equity interest in Zhoushan Dinghai Greentown Real Estate Development Co., Ltd. for a consideration of approximately RMB38,530,000.

In April 2019, the Group entered into an agreement with a non-controlling shareholder to acquire 12.36% equity interest in Greentown Decoration Project Group Co., Ltd. for a consideration of approximately RMB55,837,000.

In April 2019, the Group entered into an agreement with a non-controlling shareholder to acquire 25% equity interest in Greentown Ideal Life Technology Co., Ltd. for a consideration of approximately RMB3,200,000.

In July 2019, the Group entered into an agreement with a non-controlling shareholder to acquire 10% equity interest in Dalian Greentown Property Co., Ltd. for a consideration of approximately RMB23,008,000.

In November 2019, the Group entered into an agreement with a non-controlling shareholder to acquire 6.67% equity interest in Beijing Liangma Real Estate Co., Ltd. for a consideration of approximately RMB10,000,000.

In December 2019, the Group entered into an agreement with a non-controlling shareholder to acquire 40% equity interest in Ningbo Fenghua Greentown Zhehong Real Estate Development Co., Ltd. for a consideration of approximately RMB110,380,000.

51. Related Party Disclosures (continued)

(iii) (a) During the year, in addition to those disclosed in note 40, the Group made acquisitions from related parties as follows: (continued)

2018:

On 15 January 2018, the Group entered into an agreement with a non-controlling shareholder to acquire 1% equity interest in Greentown Hotel Assets Management Co., Ltd. for a consideration of approximately RMB354,000.

On 15 January 2018, the Group entered into an agreement with a non-controlling shareholder to acquire 3.5% equity interest in Hainan Greentown Gaodi Hotel Management Co., Ltd. for a consideration of RMB nil.

On 15 January 2018, the Group entered into an agreement with a non-controlling shareholder to acquire 12.36% equity interest in Zhejiang Greentown Construction Industry Co., Ltd. for a consideration of RMB nil.

On 26 April 2018, the Group entered into an agreement with non-controlling shareholders to acquire 7% equity interest in Xi'an Xinhongye for a consideration of RMB287,500,000.

On 31 August 2018, the Group entered into an agreement with non-controlling shareholders to acquire 50% equity interest in Zhejiang Greentown Rongxin Property Co., Ltd. for a consideration of RMB461,100,000. Beijing Ya'ao Greentown Real Estate Development Co., Ltd. is a wholly-owned subsidiary of Zhejiang Greentown Rongxin Property Co., Ltd., therefore the Group also acquired 50% equity interest in Beijing Ya'ao Greentown Real Estate Development Co., Ltd..

(b) On 4 January 2019, the Group entered into a framework agreement with other parties and CCCC Urban Investment Holding Co., Limited, a subsidiary of CCCG, thereto in relation to develop a piece of land in Nansha district of Guangzhou, The PRC, into residential properties. Pursuant to the framework agreement, the Group will transfer 30% equity interest of Hangzhou Zhaolian Investment Co., Ltd., a wholly-owned subsidiary of the Company, to CCCC Urban Investment Holding Co., Limited. The above piece of land is owned indirectly by Hangzhou Zhaolian Investment Co., Ltd. through its wholly-owned subsidiary. The transfer of equity interest was completed in January 2019.

On 14 January 2019, Xi'an Wenguang, a non-wholly owned subsidiary of the Company, entered into a construction agreement with CCCC-SHEC Fifth Engineering Co., Ltd. a subsidiary of CCCG, pursuant to which Xi'an Wenguang, agreed to engage CCCC-SHEC Fifth Engineering Co., Ltd. as the main contractor to carry out the construction works of Phase Three of Plots 3, 4, 7 and 8 of Xi'an National Games Village.

51. Related Party Disclosures (continued)

(iii) (b) (continued)

On 19 March 2019, Greentown Real Estate and Greentown Lipu were notified of the success of the bid in the tender for the project, together with an independent thirty party and China First Highway Engineering Company Ltd, a non-wholly subsidiary of the CCCG. The project involves the contracts for the undertaking of survey, design, and construction works for the infrastructure and common facilities on the Land including the civil engineering works, installation works, outdoor plumbing and drainage, heating and ventilation, swimming pool and parking lots for Haikou National Hi-tech Area Development Holding Co. Ltd., which is the principle.

On 17 May 2019, the Group and Hangzhou Bluetown Zhisheng Investment Management Co., Ltd., an associate of a director and hence a connected person of the Company, as joint bidders were notified of their successful bid for the land from HangZhou Bureau of Planning and Natural Resources at the land consideration of RMB260.92 million. The shareholders' agreement was in order to facilitate the development of the land. Pursuant to the shareholders' agreement, the project company will be contributed by the Group and Hangzhou Bluetown Zhisheng Investment Management Co., Ltd., accounting for 51% and 49% of the total registered capital, respectively. The contribution was completed in June 2019.

On 15 July 2019, the Group entered into a share transfer and shareholders' cooperation agreement with other party and CCCC Southwest Investment and Development Co., Ltd., a subsidiary of CCCG, in relation to the Chengdu Greentown Sichuan Cuisine Town Business Co., Ltd., a wholly owned subsidiary of the Company. Pursuant to the agreement, Chengdu Greentown Sichuan Cuisine Town Business Co., Ltd., would be owned by the Group, CCCC Southwest Investment and Development Co., Ltd., and other party as to 60%, 20% and 20%, respectively, and would remain a subsidiary of the Company. The transfer of equity interest was completed in August 2019.

On 24 September 2019, the Group, entered into the agreement with CCCC Northeast Investment Co., Ltd. and other party in relation to the formation of the Harbin Young City Real Estate Co., Ltd. Harbin Young City Real Estate Co., Ltd. is proposed to be established for carrying out the preliminary works of the project. Pursuant to the agreement, Harbin Young City Real Estate Co., Ltd. will be contributed by the Group, CCCC Northeast Investment Co., Ltd. and other party, accounting for 46%, 10% and 44%, respectively. The company was established in September 2019.

On 20 December 2019, Tianjin CCCC Greentown Urban Construction Development Company Limited, a non-wholly owned subsidiary of the Company, entered into the construction agreements with No. 2 Engineering Company Ltd. of CCCC First Harbor Engineering Company Ltd., a subsidiary of CCCG, pursuant to which Tianjin CCCC Greentown Urban Construction Development Company Limited agreed to engage No. 2 Engineering Company Ltd. of CCCC First Harbor Engineering Company Ltd. as the main contractor to carry out the construction works of Plots W1, W2 and 3 of Tianjin Chentang Science and Technology Commercial District.

51. Related Party Disclosures (continued)

(iii) (b) (continued)

On 27 December 2019, Beijing Zhishun Real Estate Development Co., Ltd., a non-wholly owned subsidiary of the Company, entered into the construction agreement with CCCC First Highway Engineering Group Co., Ltd., a subsidiary of CCCG, pursuant to which Beijing Zhishun Real Estate Development Co., Ltd. agreed to engage with CCCC First Highway Engineering Group Co., Ltd. as the main contractor to carry out the construction works of the Beijing Shunyi Construction Project.

On 30 December 2019, the Group entered into the agreement with Hangzhou Bluetown Jialan Construction Management Co., Ltd., a subsidiary of Bluetown Property Construction Management Group Co., Ltd., and Jiaxing Bluetown Cultural Tourism Development Co., Ltd., pursuant to which the Group agreed to purchase and Hangzhou Bluetown Jialan Construction Management Co., Ltd. agreed to sell 20% of equity interests in Jiaxing Bluetown Cultural Tourism Development Co., Ltd. On the same date, the Group entered into the agreement with Zhejiang Bluetown Jiaren Construction Management Co., Ltd., a subsidiary of Bluetown Property Construction Management Group Co., Ltd., and Jiaxing Bluetown Cultural Rehabilitation Property Development Co., Ltd., pursuant to which the Group agreed to purchase and Zhejiang Bluetown Jiaren Construction Management Co., Ltd., agreed to sell 20% of equity interests in Jiaxing Bluetown Cultural Rehabilitation Property Development Co., Ltd. Both of the transfer of equity interest was completed in December 2019.

(iv) Compensation of key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	2019 RMB'000	2018 RMB'000
Short-term benefits	**49,708**	51,080
Post-employment benefits	**359**	337
Equity-settled share option expense	**30,300**	77,439
Share award	**3,508**	–
	83,875	128,856

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

52. Statement of Financial Position of the Company

	2019 RMB'000	2018 RMB'000
NON-CURRENT ASSETS		
Property, plant and equipment	**146**	153
Right-of-use assets	**2,808**	–
Investment in subsidiaries	**2,123,006**	1,713,006
	2,125,960	1,713,159
CURRENT ASSETS		
Other receivables	**453**	674
Amounts due from subsidiaries and related parties	**27,769,598**	23,426,020
Bank balances and cash	**1,846,523**	3,538,143
	29,616,574	26,964,837
CURRENT LIABILITIES		
Other payables	**68,637**	111,336
Amounts due to related parties	**12,806,179**	13,263,958
Other taxes payable	**7,161**	7,161
Bank and other borrowings	**2,255,296**	1,994,457
Senior notes	**7,712,382**	–
	22,849,655	15,376,912
NET CURRENT ASSETS	**6,766,919**	11,587,925
TOTAL ASSETS LESS CURRENT LIABILITIES	**8,892,879**	13,301,084
NON-CURRENT LIABILITIES		
Bank and other borrowings	**8,796,098**	8,365,008
Senior notes	**–**	3,355,113
Lease liabilities	**3,070**	–
	8,799,168	11,720,121
	93,711	1,580,963
CAPITAL AND RESERVES		
Share capital	**209,694**	209,501
Reserves (note)	**(115,983)**	1,371,462
	93,711	1,580,963

52. Statement of Financial Position of the Company (continued)

Note:

The movement of the reserves of the Company is as follows:

	RMB'000
At 1 January 2018	1,443,594
Profit for the year	218,920
Dividend	(433,536)
Exercise of share options	8,018
Recognition of equity-settled share-based payments	134,466
At 31 December 2018	1,371,462
Loss for the year	**(1,017,742)**
Dividend	**(499,312)**
Shares repurchased	**(37,852)**
Exercise of share options	**8,938**
Recognition of equity-settled share-based payments	**58,523**
At 31 December 2019	**(115,983)**

53. Events After the End of the Reporting Period

The following significant events took place subsequent to 31 December 2019:

On 28 February 2020, Greentown Management Holdings Company Limited ("Greentown Management") submitted a listing application form to the Stock Exchange to apply for the listing of, and permission to deal in, the ordinary shares of Greentown Management on the Main Board of the Stock Exchange. A full version of the application proof of the listing document of Greentown Management has been available for viewing and downloading on the Stock Exchange's website on 28 February 2020.

For the year ended 31 December 2019

53. Events After the End of the Reporting Period (continued)

The outbreak of coronavirus disease ("COVID-19")

The outbreak of COVID-19 and the subsequent quarantine measures as well as the travel restrictions imposed by many countries have had a certain negative impact on the operations of the Group, as most of the Group's operations are located in the Yangtze River Delta Area in Mainland China. The Group had to stop its property development since January 2020 due to mandatory government quarantine measures in an effort to contain the spread of the epidemic.

Even though the Group had resumed its property development since February 2020, they are still not fully operating at normal capacity due to mandatory government quarantine measures.

In addition, the operations of certain of the Group's customers, suppliers, associates, joint ventures and investees are also located in the Yangtze River Delta Area, the outbreak of COVID-19 is expected to have negative/adverse effect to these parties in different aspects, which in turn, may affect the recoverability of Group's trade receivables and other financial assets that are subject to ECL assessment and also the carrying amounts of the Group's properties for development, properties under development, completed properties for sales, interest in associates and joint ventures and other non-current assets.

Given the dynamic nature of these circumstances and unpredictability of future development, the directors of the Company consider that the financial effects on the Group's consolidated financial statements cannot be reasonably estimated as at the date these financial statements are authorised for issue, but will be reflected in the Group's future financial statements.

54. Particulars Of Principal Subsidiaries Of The Company

(i) Particulars of the principal subsidiaries as at 31 December 2019 and 2018 are set out below:

Name of subsidiary	Place and date of registration	Registered capital	Proportion of ownership interest/voting rights held by the Company Direct 2019	Direct 2018	Indirect 2019	Indirect 2018	Principal activities	Legal form
綠城管理控股有限公司 Greentown Management	Cayman Islands 12 December 2016	HKD0.03	**100%**	100%	**–**	–	Investment management	Wholly foreign-owned enterprise
綠城房地產集團有限公司 Greentown Real Estate	The PRC 6 January 1995	RMB10,000,000,000	**–**	–	**100%**	100%	Real estate development	Wholly foreign-owned enterprise
綠城房地產建設管理集團有限公司 Greentown Real Estate Project Management Group	The PRC 21 March 2012	RMB200,000,000	**–**	–	**100%**	100%	Project management	Limited liability company
綠城資產管理集團有限公司 Greentown Assets Management Group Co., Ltd.	The PRC 11 August 2016	RMB15,000,000,000	**–**	–	**100%**	100%	Assets management	Limited liability company
綠城理想小鎮建設集團有限公司 Greentown Ideal Town Construction Group Co., Ltd.	The PRC 21 July 2016	RMB2,000,000,000	**–**	–	**100%**	100%	Real estate development	Limited liability company
綠城理想生活科技有限公司 Greentown Ideal Life Technology Co., Ltd.	The PRC 21 March 2017	RMB200,000,000	**–**	–	**100%**	100%	Technology research and development	Limited liability company
綠城裝飾工程集團有限公司 Greentown Decoration Project Group	The PRC 25 September 1993	RMB100,000,000	**–**	–	**100% (note ii)**	88%	Design and decoration	Limited liability company
新疆俊發綠城房地產開發有限公司 Xinjiang Junfa Greentown Real Estate Development Co., Ltd.	The PRC 16 January 2008	RMB211,079,000	**–**	–	**50% (note i)**	50% (note i)	Real estate development	Limited liability company
杭州綠城九龍倉置業有限公司 Hangzhou Greentown Wharf Real Estate Co., Ltd.	The PRC 20 Feb 2014	USD60,000,000	**–**	–	**50% (note i)**	50% (note i)	Real estate development	Wholly foreign-owned enterprise

54. Particulars Of Principal Subsidiaries Of The Company (continued)

(i) Particulars of the principal subsidiaries as at 31 December 2019 and 2018 are set out below: (continued)

Name of subsidiary	Place and date of registration	Registered capital	Proportion of ownership interest/voting rights held by the Company				Principal activities	Legal form
			Direct		Indirect			
			2019	2018	2019	2018		
臨安金基房地產開發有限公司 Lin'an Jinji Real Estate Development Co., Ltd.	The PRC 22 March 2004	RMB140,000,000	–	–	18% (note i)	18% (note i)	Real estate development	Limited liability company
北京亮馬置業有限公司 Beijing Liangma Real Estate Co., Ltd. ("Beijing Liangma")	The PRC 26 February 2016	RMB100,000,000	–	–	40% (note x)	50% (note i)	Real estate development	Limited liability company
湖南青竹湖國際商務社區開發有限公司 Hunan Bamboo Lake International Business Community Development Co., Ltd.	The PRC 26 September 2003	RMB50,600,000	–	–	49% (note i)	49% (note i)	Real estate development	Limited liability company
杭州綠城朝陽置業有限公司 Hangzhou Greentown Chaoyang Real Estate Co., Ltd.	The PRC 28 December 2017	RMB100,000,000	–	–	50% (note i)	50% (note i)	Real estate development	Limited liability company
天津綠城全運村建設開發有限公司 Tianjin National Games Village	The PRC 27 November 2014	RMB2,500,000,000	–	–	41% (note i)	41% (note i)	Real estate development	Limited liability company
濟南東創置業有限公司 Ji'nan Dongchuang Real Estate Co., Ltd. ("Ji'nan Dongchuang")	The PRC 26 December 2013	RMB300,000,000	–	–	50% (note iii)	50% (note iii)	Real estate development	Limited liability company
大連綠城置業有限公司 Dalian Greentown Real Estate Co., Ltd.	The PRC 15 March 2010	RMB100,000,000	–	–	100% (note iv)	90%	Real estate development	Limited liability company
北京亞奧綠城房地產開發有限公司 Beijing Ya'ao Greentown Real Estate Development Co., Ltd.	The PRC 19 August 2008	RMB50,000,000	–	–	100%	100%	Real estate development	Limited liability company

54. Particulars Of Principal Subsidiaries Of The Company (continued)

(i) Particulars of the principal subsidiaries as at 31 December 2019 and 2018 are set out below: (continued)

Name of subsidiary	Place and date of registration	Registered capital	Proportion of ownership interest/voting rights held by the Company				Principal activities	Legal form
			Direct		Indirect			
			2019	2018	2019	2018		
浙江綠城天臺山蓮花度假村有限公司 Zhejiang Greentown Tiantaishan Lianhua Resort Co., Ltd.	The PRC 8 August 2011	RMB170,000,000	–	–	100%	100%	Real estate development	Limited liability company
舟山綠城房地產開發有限公司 Zhoushan Greentown Real Estate Development Co., Ltd.	The PRC 16 December 1999	RMB100,000,000	–	–	100%	100%	Real estate development	Limited liability company
北京陽光綠城房地產開發有限公司 Beijing Sunshine Greentown Real Estate Development Co., Ltd.	The PRC 11 January 2001	RMB50,000,000	–	–	80%	80%	Real estate development	Limited liability company
杭州余杭綠城房地產開發有限公司 Hangzhou Yuhang Greentown Real Estate Development Co., Ltd.	The PRC 12 November 1999	RMB30,000,000	–	–	64%	64%	Real estate development	Limited liability company
杭州余杭金騰房地產開發有限公司 Hangzhou Yuhang Jinteng Real Estate Development Co., Ltd.	The PRC 25 December 2001	RMB100,000,000	–	–	85%	85%	Real estate development	Limited liability company
青島綠城華川置業有限公司 Qingdao Greentown Huachuan Real Estate Co., Ltd.	The PRC 21 August 2007	RMB517,764,600	–	–	80%	80%	Real estate development	Sino-foreign equity joint venture
寧波太平洋實業有限公司 Ningbo Pacific Industrial Co., Ltd.	The PRC 11 July 2003	USD29,000,000	–	–	60%	60%	Real estate development	Foreign equity joint venture

54. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

(i) Particulars of the principal subsidiaries as at 31 December 2019 and 2018 are set out below: (continued)

Name of subsidiary	Place and date of registration	Registered capital	Proportion of ownership interest/voting rights held by the Company				Principal activities	Legal form
			Direct		Indirect			
			2019	2018	2019	2018		
台州吉利嘉苑房地產開發有限公司 Taizhou Jilijiayuan Real Estate Development Co., Ltd.	The PRC 15 October 2001	RMB40,000,000	–	–	55%	55%	Real estate development	Limited liability company
杭州綠城海企實業有限公司 Hangzhou Greentown Haiqi Industrial Co., Ltd.	The PRC 23 November 2007	RMB1,000,000,000	–	–	100%	100%	Real estate development	Limited liability company
杭州金馬房地產有限公司 Hangzhou Golden Horse Real Estate Development Co., Ltd.	The PRC 22 October 1992	USD50,000,000	–	–	51%	51%	Real estate development	Foreign equity joint venture
浙江報業綠城房地產開發有限公司 Zhejiang Newspapering Greentown Real Estate Development Co., Ltd.	The PRC 7 July 2008	RMB50,000,000	–	–	100%	100%	Real estate development	Wholly foreign-owned enterprise
杭州千島湖綠城實業有限公司（原名：杭州千島湖綠城投資置業有限公司） Hangzhou Qiandaohu Greentown Industrial Co., Ltd. (former name: Hangzhou Qiandaohu Greentown Investment Real Estate Co., Ltd.)	The PRC 15 June 2005	RMB30,000,000	–	–	80%	80%	Real estate development	Limited liability company
安徽綠城玫瑰園房地產開發有限公司 Anhui Greentown Rose Garden Real Estate Development Co., Ltd.	The PRC 23 December 2009	RMB200,000,000	–	–	100%	100%	Real estate development	Limited liability company
舟山市普陀綠城房地產開發有限公司 Zhoushan Putuo Greentown Real Estate Co., Ltd.	The PRC 5 November 2009	RMB50,000,000	–	–	90%	90%	Real estate development	Limited liability company

54. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

(i) Particulars of the principal subsidiaries as at 31 December 2019 and 2018 are set out below: (continued)

Name of subsidiary	Place and date of registration	Registered capital	Proportion of ownership interest/voting rights held by the Company				Principal activities	Legal form
			Direct		Indirect			
			2019	2018	2019	2018		
舟山市普陀綠城實業投資有限公司 Zhoushan Putuo Greentown Industry Investment Co., Ltd.	The PRC 5 November 2009	RMB100,000,000	–	–	100%	100%	Real estate development	Limited liability company
城建中稷（浙江）實業發展有限公司 City-Urban Construction (Zhejiang) Industrial Development Co., Ltd.	The PRC 5 February 2005	RMB160,000,000	–	–	97%	97%	Real estate development	Sino-foreign equity joint venture
舟山市明程房地產開發有限公司 Zhoushan Mingcheng Real Estate Development Co., Ltd.	The PRC 31 October 2005	RMB10,000,000	–	–	97%	97%	Real estate development	Limited liability company
舟山市乾源房地產開發有限公司 Zhoushan Qianyuan Real Estate Development Co., Ltd.	The PRC 31 October 2005	RMB10,000,000	–	–	97%	97%	Real estate development	Limited liability company
河南錦江置業有限公司 Henan Jinjiang Real Estate Co., Ltd.	The PRC 8 August 2002	RMB80,000,000	–	–	100%	100%	Real estate development	Limited liability company
海南綠城高地投資有限公司 Hainan Greentown Gaodi Investment Co., Ltd.	The PRC 15 November 2007	RMB60,000,000	–	–	51%	51%	Real estate development	Limited liability company
杭州綠城玉園房地產開發有限公司 Hangzhou Greentown Yuyuan Real Estate Development Co., Ltd.	The PRC 11 November 2009	RMB1,300,000,000	–	–	100%	100%	Real estate development	Wholly foreign-owned enterprise
大連綠城房地產開發有限公司 Dalian Greentown Real Estate Development Co., Ltd.	The PRC 11 November 2008	RMB120,000,000	–	–	80%	80%	Real estate development	Limited liability company
青島綠城膠州灣房地產開發有限公司 Qingdao Greentown Jiaozhouwan Real Estate Development Co., Ltd.	The PRC 25 November 2009	USD100,000,000	–	–	100%	100%	Real estate development	Wholly foreign-owned enterprise

54. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

(i) Particulars of the principal subsidiaries as at 31 December 2019 and 2018 are set out below: (continued)

Name of subsidiary	Place and date of registration	Registered capital	Proportion of ownership interest/voting rights held by the Company				Principal activities	Legal form
			Direct		Indirect			
			2019	2018	2019	2018		
新泰綠城置業有限公司 Xintai Greentown Real Estate Co., Ltd.	The PRC 12 January 2010	RMB98,000,000	–	–	70%	70%	Real estate development	Limited liability company
德清綠城房地產開發有限公司 Deqing Greentown Real Estate Development Co., Ltd.	The PRC 1 February 2010	RMB100,000,000	–	–	100%	100%	Real estate development	Limited liability company
紹興綠城金昌置業有限公司 Shaoxing Greentown Jinchang Real Estate Co., Ltd.	The PRC 6 November 2009	RMB100,000,000	–	–	51%	51%	Real estate development	Limited liability company
杭州銀嘉房地產開發有限公司 Hangzhou Yinjia Real Estate Development Co., Ltd.	The PRC 17 September 2003	RMB100,000,000	–	–	56%	56%	Real estate development	Limited liability company
台州綠城泰業房地產開發有限公司 Taizhou Greentown Taiye Real Estate Development Co., Ltd.	The PRC 18 February 2011	RMB130,000,000	–	–	51%	51%	Real estate development	Limited liability company
新疆鴻遠投資有限公司 Xinjiang Hongyuan Investment Co., Ltd.	The PRC 22 January 2003	RMB42,500,000	–	–	60%	60%	Real estate development	Limited liability company
浙江建德綠城置業有限公司 Zhejiang Jiande Greentown Real Estate Co., Ltd.	The PRC 6 December 2013	RMB608,000,000	–	–	100%	100%	Real estate development	Limited liability company
諸暨市越都置業有限公司 Zhuji Yuedu Real Estate Co., Ltd.	The PRC 31 October 2008	RMB300,000,000	–	–	90%	90%	Real estate development	Limited liability company
新昌綠城佳園房地產開發有限公司 Xinchang Greentown Jiayuan Real Estate Development Co., Ltd.	The PRC 25 February 2014	RMB100,000,000	–	–	80%	80%	Real estate development	Limited liability company

54. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

(i) Particulars of the principal subsidiaries as at 31 December 2019 and 2018 are set out below: (continued)

Name of subsidiary	Place and date of registration	Registered capital	Proportion of ownership interest/voting rights held by the Company				Principal activities	Legal form
			Direct		Indirect			
			2019	2018	2019	2018		
淄博綠城置業有限公司 Zibo Greentown Real Estate Co., Ltd.	The PRC 25 March 2014	RMB500,000,000	–	–	100%	100%	Real estate development	Wholly foreign-owned enterprise
湖州新錦江房地產開發有限公司 Huzhou Xinjinjiang Real Estate Development Co., Ltd.	The PRC 3 February 2004	RMB50,000,000	–	–	100%	100%	Real estate development	Limited liability company
新昌綠城置業有限公司 Xinchang Greentown Real Estate Co., Ltd.	The PRC 12 December 2006	RMB72,600,000	–	–	90%	90%	Real estate development	Limited liability company
北京興業萬發房地產開發有限公司 Beijing Xingye Wanfa Real Estate Development Co., Ltd.	The PRC 26 October 2000	RMB50,000,000	–	–	100%	100%	Real estate development	Limited liability company
上海華浙外灘置業有限公司 Shanghai Huazhe Bund Real Estate Co., Ltd.	The PRC 26 September 2002	RMB50,000,000	–	–	51%	51%	Real estate development	Limited liability company
浙江宏順房地產開發有限公司 Zhejiang Hongshun Real Estate Development Co., Ltd.	The PRC 11 March 2008	RMB100,000,000	–	–	80%	80%	Real estate development	Limited liability company
綠城恒基（大慶）置業有限公司 Greentown Hengji Daqing Real Estate Co., Ltd.	The PRC 30 August 2011	RMB250,000,000	–	–	100%	100%	Real estate development	Limited liability company
綠城建設管理集團有限公司 Greentown Project Management Group Co., Ltd.	The PRC 8 September 2016	RMB1,050,000,000	–	–	100%	100%	Project management	Wholly foreign-owned enterprise
奉化綠城房地產開發有限公司 Fenghua Greentown Real Estate Development Co., Ltd.	The PRC 5 November 2013	RMB100,000,000	–	–	80%	80%	Real estate development	Limited liability company

54. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

(i) Particulars of the principal subsidiaries as at 31 December 2019 and 2018 are set out below: (continued)

Name of subsidiary	Place and date of registration	Registered capital	Proportion of ownership interest/voting rights held by the Company				Principal activities	Legal form
			Direct		Indirect			
			2019	2018	2019	2018		
寧波軌道交通寧興置業有限公司 Ningbo Railway Transportation Ningxing Real Estate Co., Ltd.	The PRC 30 December 2015	RMB204,090,000	–	–	51%	51%	Real estate development	Limited liability company
浙江綠城元和房地產開發有限公司 Zhejiang Greentown Yuanhe Real Estate Development Co., Ltd.	The PRC 4 May 2009	RMB60,000,000	–	–	85%	85%	Real estate development	Limited liability company
溫州綠城置業有限公司 Wenzhou Greentown Real Estate Co., Ltd.	The PRC 21 May 2007	RMB915,000,000	–	–	100%	100%	Real estate development	Sino-foreign equity joint venture
溫州綠景置業有限公司 Wenzhou Lvjing Real Estate Co., Ltd.	The PRC 26 November 2007	RMB915,000,000	–	–	100%	100%	Real estate development	Sino-foreign equity joint venture
溫州綠城房地產開發有限公司 Wenzhou Greentown Real Estate Development Co., Ltd.	The PRC 15 February 2007	RMB768,000,000	–	–	100%	100%	Real estate development	Sino-foreign equity joint venture
溫州綠城家景房地產開發有限公司 Wenzhou Greentown Jiajing Real Estate Development Co., Ltd.	The PRC 21 May 2007	RMB386,000,000	–	–	100%	100%	Real estate development	Sino-foreign equity joint venture
舟山綠城蔚藍海岸房地產開發有限公司 Zhoushan Greentown Weilanhai'an Real Estate Development Co., Ltd.	The PRC 6 May 2008	RMB50,000,000	–	–	100%	100%	Real estate development	Limited liability company
臨海綠城泰業房地產開發有限公司 Linhai Greentown Taiye Real Estate Development Co., Ltd.	The PRC 20 January 2014	RMB125,000,000	–	–	100%	100%	Real estate development	Limited liability company
成都浙中大地產有限公司 Chengdu Zhezhongda Real Estate Co., Ltd.	The PRC 23 January 2013	RMB380,000,000	–	–	60%	60%	Real estate development	Limited liability company

54. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

(i) Particulars of the principal subsidiaries as at 31 December 2019 and 2018 are set out below: (continued)

Name of subsidiary	Place and date of registration	Registered capital	Proportion of ownership interest/voting rights held by the Company				Principal activities	Legal form
			Direct		Indirect			
			2019	2018	2019	2018		
西安新鴻業投資發展有限公司 Xi'an Xinhongye Investment Development Co., Ltd.	The PRC 6 June 2003	RMB200,000,000	–	–	80%	80%	Real estate development	Limited liability company
西安國際陸港文遠置業有限公司 Xi'an International Land Port Wenyuan Real Estate Co., Ltd.	The PRC 30 December 2016	RMB400,000,000	–	–	51%	51%	Real estate development	Limited liability company
杭州碩櫟投資管理有限公司 Hangzhou Shuoli Investment Management Co., Ltd.	The PRC 25 January 2013	RMB100,000	–	–	100%	100%	Investment management	Limited liability company
余姚綠潤投資有限公司 Yuyao Lvrun Investment Co., Ltd.	The PRC 24 June 2013	RMB53,000,000	–	–	100%	100%	Investment management	Limited liability company
余姚綠城房地產開發有限公司 Yuyao Greentown Real Estate Development Co., Ltd.	The PRC 25 September 2013	RMB99,000,000	–	–	100%	100%	Real estate development	Limited liability company
西安國際陸港文廣置業有限公司 Xi'an International Land Port Wenguang Real Estate Co., Ltd.	The PRC 24 July 2017	RMB102,040,800	–	–	51%	51%	Real estate development	Limited liability company
杭州西溪山莊房地產開發有限公司 Hangzhou Xixi Villa Real Estate Development Co., Ltd.	The PRC 23 November 2000	RMB80,000,000	–	–	80%	80%	Real estate development	Limited liability company
舟山綠城海盛置業發展有限公司 Zhoushan Greentown Haisheng Real Estate Development Co., Ltd.	The PRC 25 September 2013	RMB100,000,000	–	–	100%	100%	Real estate development	Limited liability company
常熟市綠宸房地產開發有限公司 Changshu Lvchen Real Estate Development Co., Ltd.	The PRC 7 May 2018	RMB1,800,000,000	–	–	70%	70%	Real estate development	Limited liability company

54. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

(i) Particulars of the principal subsidiaries as at 31 December 2019 and 2018 are set out below: (continued)

Name of subsidiary	Place and date of registration	Registered capital	Proportion of ownership interest/voting rights held by the Company				Principal activities	Legal form
			Direct		Indirect			
			2019	2018	2019	2018		
溫州綠城浙遠房地產開發有限公司 Wenzhou Greentown Zheyuan Real Estate Development Co., Ltd.	The PRC 17 May 2018	RMB100,000,000	–	–	100%	100%	Real estate development	Limited liability company
杭州綠城亞運村開發有限公司 Hangzhou Greentown Asian Games Village Development Co., Ltd.	The PRC 03 September 2018	RMB3,000,000,000	–	–	80%	80%	Real estate development	Limited liability company
蘇州悦順房地產開發有限公司 Suzhou Yueshun Real Estate Development Co., Ltd.	The PRC 24 May 2019	RMB2,500,000,000	–	–	75% (note v) (note vii)	–	Real estate development	Limited liability company
大連金石葡萄酒莊有限公司 Dalian Jinshi Wineyard Co., Ltd.	The PRC 8 February 2010	RMB274,052,561	–	–	60% (note v)	–	Real estate development	Limited liability company
蘇州禦泰房地產開發有限公司 Suzhou Yutai Real Estate Development Co., Ltd	The PRC 7 August 2019	RMB330,000,000	–	–	50% (note vi)	–	Real estate development	Limited liability company
重慶綠城致嘉房地產開發有限公司 Chongqing Greentown Zhijia Real Estate Development Co., Ltd	The PRC 9 January 2019	RMB50,000,000	–	–	100% (note vi)	–	Real estate development	Limited liability company
杭州綠城浙帆置業有限公司 Hangzhou Greentown Zhefan Real Estate Co., Ltd	The PRC 21 August 2019	RMB470,000,000	–	–	100% (note vi)	–	Real estate development	Limited liability company
義烏濱盛房地產開發有限公司 Yiwu Binsheng Real Estate Development Co., Ltd	The PRC 2 August 2019	RMB500,000,000	–	–	26% (note vii)	–	Real estate development	Limited liability company

54. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

(i) Particulars of the principal subsidiaries as at 31 December 2019 and 2018 are set out below: (continued)

Name of subsidiary	Place and date of registration	Registered capital	Proportion of ownership interest/voting rights held by the Company				Principal activities	Legal form
			Direct		Indirect			
			2019	2018	2019	2018		
綠城永隆裝飾工程有限公司 Greentown Yonglong Decoration Project Co., Ltd. ("Greentown Yonglong")	The PRC 20 January 1998	RMB50,000,000	–	–	– (note viii)	70%	Design and decoration	Limited liability company
南京天浦置業有限公司 Nanjing Tianpu Real Estate Co., Ltd.	The PRC 21 November 2002	RMB50,000,000	–	–	– (note ix)	70%	Real estate development	Limited liability company
浙江嘉和實業有限公司 Zhejiang Jiahe Industrial Co., Ltd.	The PRC 25 April 1995	RMB50,000,000	–	–	– (note ix)	100%	Real estate development	Limited liability company
杭州綠城東友房產開發有限公司 Hangzhou Greentown Dongyou Real Estate Development Co., Ltd.	The PRC 11 January 2013	RMB500,000,000	–	–	– (note ix)	100%	Real estate development	Sino-foreign equity joint venture
杭州臨安綠城置業有限公司 Hangzhou Lin'an Greentown Real Estate Co., Ltd.	The PRC 2 July 2009	RMB50,000,000	–	–	– (note ix)	100%	Real estate development	Limited liability company
溫州景楊置業有限公司 Wenzhou Jingyang Real Estate Co., Ltd.	The PRC 19 July 2010	RMB340,000,000	–	–	– (note ix)	100%	Real estate development	Sino-foreign equity joint venture

The above table lists the subsidiaries of the Group which, in the opinion of the directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

54. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

(i) Particulars of the principal subsidiaries as at 31 December 2019 and 2018 are set out below: (continued)

Notes:

(i) The Group has the right to appoint a majority of directors to the board of directors. Hence the Group has the power over these entities and has the ability to use its power to affect its returns. Therefore, these entities are accounted for as subsidiaries of the Group.

(ii) In April 2019, the Group acquired additional 12.36% equity interest in Greentown Decoration Project Group from its non-controlling shareholder. Please refer to note 51(iii) for details.

(iii) Due to certain agreement of acting in concert with another shareholder which held the rest of 50% equity interests in Ji'nan Dongchuang, the shareholder is required to keep the concerted action in the board resolution. Hence the Group has the power over Ji'nan Dongchuang and has the ability to use its power to affect its returns. Therefore, Ji'nan Dongchuang is accounted for as a subsidiary of the Group.

(iv) In July 2019, the Group acquired additional 10% equity interest in Dalian Greentown Real Estate Co., Ltd. from its non-controlling shareholder. Details are set out in note 51(iii).

(v) These companies became subsidiaries of the Group in 2019 as the Group acquired equity interests in it. Details are set out in note 40.

(vi) These companies were newly established in 2019.

(vii) The entity is a subsidiary of non-wholly owned subsidiaries of the Group.

(viii) The Group disposed of its 80% equity interests in Greentown Yonglong in 2019. Details are set out in note 41.

(ix) These companies were liquidated in 2019.

(x) In April 2019, the Group disposed of 33.3% equity interest in Hangzhou Zhenmei Investment Co., Ltd. ("Hangzhou Zhenmei") to an independent third party. Beijing Liangma was a 50%-owned subsidiary of Hangzhou Zhenmei, thus was disposed its partial interest and became a 33.3%-owned subsidiary of the Group. In November 2019, Hangzhou Zhenmei acquired additional 10% equity interest in Beijing Liangma from its non-controlling shareholder. Details are set out in note 51(iii). After the acquisition, Beijing Liangma become a 40%-owned subsidiary of the Group.

(ii) Details of non-wholly owned subsidiaries that have material non-controlling interests

The table below shows details of non-wholly-owned subsidiaries of the Group that have material non-controlling interests:

Name of subsidiary	Place of incorporation and Principal place of business	Proportion of ownership interest/voting rights held by non-controlling		(Loss) profit allocated to non-controlling interests		Accumulated non-controlling interests	
		2019	2018	**2019**	2018	**2019**	2018
				RMB'000	RMB'000	**RMB'000**	RMB'000
Tianjin National Games Village	The PRC	**59%/43%**	59%/43%	**(59,300)**	148,784	**3,588,929**	3,648,228

54. Particulars of Principal Subsidiaries of the Company (continued)

(ii) Details of non-wholly owned subsidiaries that have material non-controlling interests (continued)

Summarised financial information of Tianjin National Games Village is set out below. The summarised financial information below represents amounts before intragroup eliminations.

	2019 RMB'000	2018 RMB'000
Current assets	**8,399,529**	11,155,577
Non-current assets	**40,205**	41,313
Current liabilities	**1,914,553**	3,938,831
Non-current liabilities	**49,288**	681,998
Equity attributable to owners of the Company	**2,886,964**	2,927,833
Non-controlling interests of Tianjin National Games Village	**3,588,929**	3,648,228

	Year ended 31 December 2019 RMB'000	Year ended 31 December 2018 RMB'000
Revenue	**2,536,682**	11,542,441
Expenses	**2,649,510**	11,185,343
(Loss) profit and total comprehensive (expenses) income for the year	**(100,169)**	251,325
(Loss) profit and total comprehensive (expenses) income attributable to owners of the Company	**(40,869)**	102,541
(Loss) profit and total comprehensive (expenses) income attributable to the non-controlling interests of Tianjin National Games Village	**(59,300)**	148,784
Dividends paid to non-controlling interests of Tianjin National Games Village	**–**	–
Net cash inflow from operating activities	**(435,631)**	(479,840)

Independent Auditor's Report

Deloitte. 德勤

TO THE MEMBERS OF GREENTOWN CHINA HOLDINGS LIMITED
(incorporated in the Cayman Islands with limited liability)

Opinion

We have audited the consolidated financial statements of Greentown China Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 123 to 290, which comprise the consolidated statement of financial position as at 31 December 2018, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Net realisable value for properties for development, properties under development and completed properties for sale	
We identified the net realisable value for properties for development, properties under development and completed properties for sale as a key audit matter as a significant management estimate is required in assessing the net realisable value. Properties for development, properties under development and completed properties for sale at the end of each reporting period are stated at the lower of cost and net realisable value.	Our procedures in relation to the management's assessment of the net realisable value of properties for development, properties under development and completed properties for sale included, among others: • Obtaining an understanding of key controls over cost budgeting for estimated costs to completion;

Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
Net realisable value for properties for development, properties under development and completed properties for sale	
Net realisable value for properties for development, properties under development is determined by reference to estimated selling price in the ordinary course of business less estimated costs to completion and the estimated costs necessary to make the sales. Net realisable value for completed properties for sale is determined by reference to estimated selling price in the ordinary course of business less the estimated costs necessary to make the sales. As disclosed in the consolidated financial statements, as at 31 December 2018, the carrying amounts of properties for development, properties under development and completed properties for sale are RMB22,842,799,000 (2017: RMB25,467,537,000), RMB117,876,867,000 (2017: RMB83,149,261,000) and RMB10,972,736,000 (2017: RMB20,650,760,000) respectively (net of accumulated impairment losses of RMB56,454,000 (2017: RMB nil), RMB270,351,000 (2017: RMB nil) and RMB379,741,000 (2017: RMB386,330,000) respectively).	• Assessing the reasonableness of estimated selling prices by comparing, on a sample basis, the management's estimation with most recent average selling prices with contracted sales of the underlying properties made to date or from current market prices of properties of comparable standards and locations; and • Assessing the reasonableness of estimated costs of completion by comparing, on a sample basis, the previous budgeted costs to actual development costs incurred, and checking to supporting documentation such as quantity surveyor reports and signed contracts.

Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
Valuation of investment properties stated at fair value	
We identified the valuation of investment properties stated at fair value as a key audit matter due to the involvement of management's judgement in determining the fair value. As disclosed in note 16 to the consolidated financial statements, investment properties are carried in the consolidated statement of financial position at 31 December 2018 at their fair value of approximately RMB4,066,128,000 (2017: RMB2,716,396,000). The fair value was based on valuation on these properties conducted by the independent qualified professional valuer using property valuation techniques which adopt the investment approach by capitalising the net rental income derived from the existing tenancies with due provision for the reversionary income potential of the property interests, or where appropriate, by direct comparison approach by making reference to comparable sales transactions as available in the relevant markets. Favourable or unfavourable changes to the assumptions such as rental yield and estimation of future rentals would result in changes in the fair value of the Group's investment properties and corresponding adjustments to the amount of gain or loss reported in the consolidated statement of profit or loss and other comprehensive income.	Our procedures in relation to the valuation of investment properties included, among others: • Evaluating the appropriateness of the third party valuer's scope and assessed whether the third party valuer had sufficient expertise; • Obtaining an understanding of the valuation processes and the significant assumptions used in the valuation, namely the reversionary yield and market unit rent, from the management of the Group and the valuer; • Checking the source information provided by the management to the third party valuer to see if the source information is consistent with our records; and • Evaluating the appropriateness of the valuer's key assumptions by comparing yields on a sample of properties to external benchmark indices and comparing market unit rent used in the valuation on a sample of properties to comparable market transactions that we independently sourced from market data.

Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
Recognition of revenue from sales of properties over time	
As disclosed in note 5 to the consolidated financial statements, revenue from sales of properties is recognised over time when the Group's performance under a sales contract does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date; otherwise, the revenue is recognised at a point in time when the customer obtains control of the completed property. For the year ended 31 December 2018, revenue of the Group from sales of properties was RMB55,274,206,000, of which RMB9,337,145,000 was recognised over time. As disclosed in note 4 to the consolidated financial statements, the Group may not change or substitute the property unit or redirect the property unit for another use due to the contractual restrictions with the customer and thus the property unit does not have an alternative use to the Group. However, whether there is an enforceable right to payment depends on the terms of sales contract and the interpretation of the applicable laws that apply to the contract. Such determination requires significant judgments. The Group has obtained legal counsel opinion regarding the enforceability of the right to payment for such sales contracts. Management uses judgments, based on legal counsel opinion, to classify sales contracts into those with right to payment and those without the right.	Our procedures in relation to the management's assessment of whether the Group has the enforceable right to payment in those sales contracts recognised over time, we have: • Obtaining an understanding of management's procedures in identifying and classifying sales contracts with or without right to payment; • Reviewing the key terms of a sample of sales contracts to assess the presence of right to payment based on the contract terms; • Obtaining and reviewing the opinion of the Group's legal counsel, in particular, the legal counsel's interpretation of the applicable laws and their implication on the assessment of the enforceability of the right to payment; and • Assessing the competence, experience and objectivity of the legal counsel engaged by the management.

Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
Recognition of revenue from sales of properties over time	
For the revenue from sales of properties recognised over time, the Group recognises revenue by measuring the progress towards complete satisfaction of the performance obligation at the reporting date. The progress is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation, by reference to the contract costs incurred up to the end of reporting period as a percentage of total estimated costs for each property unit in the contract. The Group calculated the cost allocation based on phases of the projects and saleable floor areas. Significant judgments and estimations are required in determining the completeness of the estimated total costs and the accuracy of progress towards complete satisfaction of the performance obligation at the reporting date.	Our procedures in relation to the management's assessment of the estimated total contract costs and the accuracy of progress towards complete satisfaction of the performance obligation included, among others: • Obtaining an understanding of key controls over cost budgeting for estimated costs to completion; and • Assessing the reasonableness of estimated costs of completion by comparing, on a sample basis, the previous budgeted costs to actual development costs incurred, and checking to supporting documentation such as quantity surveyor reports and signed contracts.

Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
Provision for Land Appreciation Tax ("LAT") We identified the provision for LAT as a key audit matter due to the complexity of estimation of LAT. The Group is subject to LAT in the PRC, as disclosed in note 4 to the consolidated financial statements, the provision for LAT amounting to RMB5,520,141,000 (2017: RMB3,463,172,000) (included in income taxes payable) is estimated and made according to the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon completion of the property development projects and the tax authorities might disagree with the basis on which the provision for LAT is calculated. Accordingly, significant judgment is required in determining the amount of land appreciation and its related income tax provisions. The Group recognises land appreciation tax based on management's best estimates. The final tax outcome could be different from the amounts that were initially recorded, and these differences will impact the income tax expense and the related income tax provisions in the periods in which such tax is finalised with local tax authorities.	Our procedures in relation to the provision for LAT included, among others: • Obtaining an understanding from the management of the Group in respect of the principal assumptions and judgements made in arriving at the provision for LAT; • Assessing the Group's provision for LAT computation prepared by the management of the Group with reference to relevant rules and regulations with the assistance of our taxation specialists; and • Checking the financial information, such as land costs, borrowing costs and the relevant property development expenditures, used in the calculation of provision for LAT to the Group's historical financial data. Furthermore, we assessed the adequacy and appropriateness of the disclosures in respect to the provision for LAT.

Other Information

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors of the Company determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors of the Company.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in the independent auditor's report is Kay Man Wo, Dick.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
21 March 2019

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2018

	NOTES	2018 RMB'000	2017 RMB'000
Revenue			
Goods and services	5	**60,217,014**	41,883,043
Rental		**85,496**	69,709
Total Revenue	5	**60,302,510**	41,952,752
Cost of sales		**(46,550,157)**	(33,877,152)
Gross profit		**13,752,353**	8,075,600
Other income	6	**1,860,271**	711,902
Other gains and losses	7	**(509,950)**	632,885
Selling expenses		**(1,844,396)**	(1,616,716)
Administrative expenses		**(3,895,426)**	(2,859,701)
Finance costs	8	**(1,551,663)**	(1,476,671)
Impairment losses on financial assets, net of reversal	9	**(1,282,734)**	(647,325)
Impairment losses on non-financial assets, net of reversal	9	**(452,100)**	(332,668)
Gain from changes in fair value of investment properties	16	**132,128**	253,400
Fair value changes on senior notes' early redemption options	32	**–**	(156,700)
Gain on re-measurement of associates and joint ventures to acquisition date fair value in business combination achieved in stages	37	**686,352**	1,623,535
Gain on acquisition of subsidiaries	37	**–**	13,806
Net gain on disposal of subsidiaries	38	**509,040**	1,619,765
Share of results of associates		**325,582**	557,962
Share of results of joint ventures		**174,515**	(8,306)
Profit before taxation	10	**7,903,972**	6,390,768
Taxation	12	**(5,528,742)**	(3,719,803)
Profit for the year		**2,375,230**	2,670,965
Other comprehensive income:			
Item that will not be reclassified to profit or loss:			
Fair value gain on equity instruments at fair value through other comprehensive income		**178,192**	–
Item that may be reclassified subsequently to profit or loss:			
Fair value gain on available-for-sale investments		**–**	383,776
Other comprehensive income for the year (net of tax)		**178,192**	383,776
Total comprehensive income for the year		**2,553,422**	3,054,741
Profit for the year attributable to:			
Owners of the Company		**1,003,285**	2,189,598
Non-controlling interests		**1,371,945**	481,367
		2,375,230	2,670,965
Total comprehensive income for the year attributable to:			
Owners of the Company		**1,181,477**	2,573,374
Non-controlling interests		**1,371,945**	481,367
		2,553,422	3,054,741
Earnings per share	14		
Basic		**RMB0.18**	RMB0.77
Diluted		**RMB0.18**	RMB0.77

Consolidated Statement of Financial Position

As at 31 December 2018

	NOTES	2018 RMB'000	2017 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	15	**9,399,753**	7,713,259
Investment properties	16	**4,066,128**	2,716,396
Goodwill	17	**769,241**	769,241
Interests in associates	18	**8,998,556**	7,777,384
Interests in joint ventures	19	**1,839,788**	1,897,467
Equity instruments at fair value through other comprehensive income	20	**1,275,682**	–
Available-for-sale investments	21	**–**	983,830
Prepaid lease payment	22	**896,967**	738,163
Rental paid in advance		**18,332**	12,149
Deferred tax assets	23	**2,363,550**	1,586,225
Deposit for acquisition of an associate	24	**2,718,000**	–
		32,345,997	24,194,114
CURRENT ASSETS			
Properties for development	25	**22,842,799**	25,467,537
Properties under development	26	**117,876,867**	83,149,261
Completed properties for sale		**10,972,736**	20,650,760
Inventories		**119,503**	406,754
Trade and other receivables, deposits and prepayments	27	**6,253,199**	9,028,797
Contract assets and contract costs	28	**2,219,353**	–
Amounts due from related parties	48(ii)	**31,847,932**	28,346,684
Prepaid income taxes		**3,068,258**	4,266,197
Prepaid other taxes		**3,996,968**	3,001,285
Pledged bank deposits	29, 42	**4,871,831**	5,907,338
Bank balances and cash	29	**43,347,301**	30,070,092
		247,416,747	210,294,705
Assets classified as held for sale	38	**–**	1,339,427
		247,416,747	211,634,132
CURRENT LIABILITIES			
Trade and other payables	30	**29,285,142**	21,255,077
Pre-sale deposits		**–**	65,900,213
Contract liabilities	30	**66,266,875**	–
Amounts due to related parties	48(ii)	**26,728,482**	29,895,503
Income taxes payable		**7,690,830**	7,067,640
Other taxes payable		**1,984,054**	656,693
Bank and other borrowings	31	**13,482,996**	12,732,906
Corporate debt instruments	33	**3,998,222**	4,951,618
		149,436,601	142,459,650
Liabilities associated with assets classified as held for sale	38	**–**	1,128,538
		149,436,601	143,588,188

As at 31 December 2018

	NOTES	2018 RMB'000	2017 RMB'000
NET CURRENT ASSETS		**97,980,146**	68,045,944
TOTAL ASSETS LESS CURRENT LIABILITIES		**130,326,143**	92,240,058
NON-CURRENT LIABILITIES			
Bank and other borrowings	31	**36,158,356**	24,449,759
Senior notes	32	**3,355,113**	3,149,003
Corporate debt instruments	33	**22,868,377**	10,831,086
Receipts under securitisation arrangements	34	**1,595,196**	1,591,891
Deferred tax liabilities	23	**6,230,261**	5,423,880
		70,207,303	45,445,619
		60,118,840	46,794,439
CAPITAL AND RESERVES			
Share capital	35	**209,501**	209,240
Reserves		**27,364,909**	26,269,450
Equity attributable to owners of the Company		**27,574,410**	26,478,690
Perpetual securities	36	**12,018,615**	8,603,949
Domestic perpetual securities	36	**3,389,700**	–
Non-controlling interests		**17,136,115**	11,711,800
		60,118,840	46,794,439

The consolidated financial statements on page 123 to 290 were approved and authorised for issue by the board of directors on 21 March 2019 and are signed on its behalf by:

ZHANG Yadong
DIRECTOR

LI Qingan
DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 31 December 2018

	Attributable to owners of the Company											
	Share capital RMB'000	Share premium RMB'000	Special reserve RMB'000 (i)	Statutory reserve RMB'000 (ii)	Share option reserve RMB'000	Investments revaluation reserve RMB '000	Retained earnings RMB'000	Subtotal RMB'000	Perpetual securities RMB'000	Domestic perpetual securities RMB'000	Non-controlling Interests RMB'000	Total RMB'000
At 1 January 2017	209,034	8,545,667	(1,508,393)	1,860,989	212,992	86,498	15,283,531	24,690,318	5,598,919	–	9,037,406	39,326,643
Profit for the year	–	–	–	–	–	–	2,189,598	2,189,598	–	–	481,367	2,670,965
Other comprehensive income for the year	–	–	–	–	–	383,776	–	383,776	–	–	–	383,776
Total comprehensive income for the year	–	–	–	–	–	383,776	2,189,598	2,573,374	–	–	481,367	3,054,741
Dividends recognised as distributions	–	–	–	–	–	–	(259,583)	(259,583)	–	–	–	(259,583)
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–	–	(1,147,769)	(1,147,769)
Transfer (ii)	–	–	–	56,467	–	–	(56,467)	–	–	–	–	–
Recognition of equity-settled share-based payments	–	–	–	–	1,778	–	–	1,778	–	–	–	1,778
Exercise of share options	206	8,188	–	–	(2,429)	–	–	5,965	–	–	–	5,965
Issue of perpetual securities (note 36)	–	–	–	–	–	–	–	–	3,005,030	–	–	3,005,030
Distribution relating to perpetual securities (note 36)	–	–	–	–	–	–	(454,637)	(454,637)	–	–	–	(454,637)
Acquisition of subsidiaries (note 37)	–	–	–	–	–	–	–	–	–	–	3,726,434	3,726,434
Purchase of additional interest in subsidiaries	–	–	(75,560)	–	–	–	–	(75,560)	–	–	(852,540)	(928,100)
Partial disposal of interest in subsidiaries	–	–	(2,965)	–	–	–	–	(2,965)	–	–	131,581	128,616
Disposal of subsidiaries	–	–	–	–	–	–	–	–	–	–	(34,119)	(34,119)
Liquidation of subsidiaries	–	–	–	–	–	–	–	–	–	–	(116,069)	(116,069)
Capital contribution from non-controlling shareholders of subsidiaries	–	–	–	–	–	–	–	–	–	–	485,509	485,509
At 31 December 2017	209,240	8,553,855	(1,586,918)	1,917,456	212,341	470,274	16,702,442	26,478,690	8,603,949	–	11,711,800	46,794,439
Adjustment on adoption of IFRS 9 and IFRS 15, net of tax (note 2)	–	–	–	–	–	39,693	1,028,556	1,068,249	–	–	566,058	1,634,307
At 1 January 2018 (restated)	209,240	8,553,855	(1,586,918)	1,917,456	212,341	509,967	17,730,998	27,546,939	8,603,949	–	12,277,858	48,428,746
Profit for the year	–	–	–	–	–	–	1,003,285	1,003,285	–	–	1,371,945	2,375,230
Other comprehensive income for the year	–	–	–	–	–	178,192	–	178,192	–	–	–	178,192
Total comprehensive income for the year	–	–	–	–	–	178,192	1,003,285	1,181,477	–	–	1,371,945	2,553,422
Dividends recognised as distributions (note 13)	–	–	–	–	–	–	(433,536)	(433,536)	–	–	–	(433,536)
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–	–	(876,230)	(876,230)
Transfer (ii)	–	–	–	28,658	–	–	(28,658)	–	–	–	–	–
Recognition of equity-settled share-based payments	–	–	–	–	134,466	–	–	134,466	–	–	–	134,466
Exercise of share options	261	11,530	–	–	(3,512)	–	–	8,279	–	–	–	8,279
Issue of perpetual securities (note 36)	–	–	–	–	–	–	–	–	3,414,666	3,389,700	–	6,804,366
Distribution relating to perpetual securities (note 36)	–	–	–	–	–	–	(592,206)	(592,206)	–	–	–	(592,206)
Acquisition of subsidiaries (note 37)	–	–	–	–	–	–	–	–	–	–	1,252,070	1,252,070
Purchase of additional interest in subsidiaries	–	–	(260,656)	–	–	–	–	(260,656)	–	–	(488,298)	(748,954)
Partial disposal of interest in subsidiaries	–	–	29,302	–	–	–	–	29,302	–	–	641,437	670,739
Disposal of subsidiaries (note 38)	–	–	–	–	–	–	–	–	–	–	(18,650)	(18,650)
Liquidation of subsidiaries	–	–	–	–	–	–	(39,655)	(39,655)	–	–	(141,538)	(181,193)
Capital contribution from non-controlling shareholders of subsidiaries	–	–	–	–	–	–	–	–	–	–	3,117,521	3,117,521
At 31 December 2018	209,501	8,565,385	(1,818,272)	1,946,114	343,295	688,159	17,640,228	27,574,410	12,018,615	3,389,700	17,136,115	60,118,840

Notes:

(i) Special reserve mainly represents changes in equity attributable to owners' of the Company risen from partial acquisition or disposal of subsidiaries. The changes are calculated based on the difference between the amount by which non-controlling interests are adjusted and the fair value of the consideration paid or received for the partial acquisition or disposal.

(ii) The statutory reserve is non-distributable and the transfer to this reserve is determined by the board of directors of the relevant companies in accordance with the relevant laws and regulations of the People's Republic of China (the "PRC"). This reserve can be used to offset accumulated losses and increase capital upon approval from the relevant authorities.

Consolidated Statement of Cash Flows

For the year ended 31 December 2018

	2018 RMB'000	2017 RMB'000
OPERATING ACTIVITIES		
Profit before taxation	**7,903,972**	6,390,768
Adjustments for:		
Share of results of associates	**(325,582)**	(557,962)
Share of results of joint ventures	**(174,515)**	8,306
Depreciation and amortisation	**471,451**	342,322
Impairment losses on financial assets, net of reversal	**1,282,734**	647,325
Impairment losses on non-financial assets, net of reversal	**452,100**	332,668
Interest income	**(1,530,440)**	(486,615)
Dividends from available-for-sale investments	**–**	(18,052)
Dividends from equity instruments at fair value through other comprehensive income	**(70,807)**	–
Finance costs	**1,551,663**	1,476,671
Net foreign exchange losses (gains)	**487,841**	(511,187)
Net loss on disposal of property, plant and equipment	**21,040**	5,626
Gain from changes in fair value of investment properties	**(132,128)**	(253,400)
Fair value changes on senior notes' early redemption options	**–**	156,700
Share-based payment expense	**134,466**	–
Gain on acquisition of subsidiaries	**–**	(13,806)
Net gain on disposal of subsidiaries	**(509,040)**	(1,619,765)
Gain on acquisition of associates	**–**	(36,337)
Loss (gain) on disposal of associates	**1,069**	(6,405)
Gain on re-measurement of associates and joint ventures to acquisition date fair value in business combination achieved in stages	**(686,352)**	(1,623,535)
Gain on fair value of acquisition of associates and a joint venture in stages	**–**	(78,956)
Operating cash flows before movements in working capital	**8,877,472**	4,154,366
Decrease (increase) in properties for development	**7,390,680**	(11,232,109)
Increase in properties under development	**(35,088,238)**	(15,085,535)
Decrease in completed properties for sale	**9,740,223**	9,497,500
Decrease (increase) in inventories	**40,462**	(260,221)
Increase in trade and other receivables, deposits and prepayments	**(179,225)**	(2,001,223)
Increase in contract assets and contract costs	**(687,868)**	–
Increase in prepaid other taxes	**(792,014)**	(400,261)
Increase in rental paid in advance	**(7,372)**	(3,523)
(Decrease) increase in pre-sale deposits	**(71,532,056)**	6,421,050
Increase in contract liabilities	**66,266,876**	–
Increase (decrease) in trade and other payables	**3,991,039**	(2,610,917)
Increase in other taxes payable	**750,486**	214,577
Cash used in operations	**(11,229,535)**	(11,306,296)
Income taxes paid	**(5,326,186)**	(3,777,065)
NET CASH USED IN OPERATING ACTIVITIES	**(16,555,721)**	(15,083,361)

For the year ended 31 December 2018

	NOTES	2018 RMB'000	2017 RMB'000
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(1,541,103)**	(390,679)
Proceeds from disposal of property, plant and equipment		**20,315**	23,984
Purchase of investment property		**(879,583)**	(171,666)
Increase in prepaid lease payment		**(170,866)**	(22,606)
Investments in associates		**(1,223,380)**	(805,466)
Investments in joint ventures		**(279,927)**	(239,070)
Disinvestment in associates		**157,000**	8,000
Disinvestment in joint ventures		**185,000**	105,000
Dividends received from associates and joint ventures		**1,443,376**	1,063,102
Purchase of available-for-sale investments		**–**	(92,758)
Purchase of equity instruments at fair value through other comprehensive income		**(64,702)**	–
Dividends received from available-for-sale investments		**–**	18,052
Dividends received from equity instruments at fair value through other comprehensive income		**70,807**	–
Consideration paid for acquisition of subsidiaries and associates and relevant shareholders' loan recognised in prior year		**–**	(226,892)
Consideration received for disposal of subsidiaries and an associate recognised in prior year		**861,154**	91,635
Acquisition of subsidiaries which constitute business (net of cash and cash equivalents acquired)	37	**449,467**	1,536,263
Disposal of subsidiaries (net of cash and cash equivalents disposed of)	38	**(359,670)**	1,899,909
Increase in deposit for acquisition of an associate		**(2,718,000)**	–
Receipt in advance for a subsidiary held for sale		**–**	190,157
Proceeds from disposal of interests in associates		**65,493**	30,358
Repayment from (advance to) third parties		**905,248**	(28,234)
Advance to related parties		**(29,113,709)**	–
Repayment from related parties		**15,146,206**	2,012,091
Decrease (increase) in pledged bank deposits		**1,035,507**	(3,617,983)
Interest received		**1,654,101**	166,793
NET CASH (USED IN) FROM INVESTING ACTIVITIES		**(14,357,266)**	1,549,990

For the year ended 31 December 2018

	2018 RMB'000	2017 RMB'000
FINANCING ACTIVITIES		
Bank and other borrowings raised	**46,526,172**	29,231,582
Repayment of bank and other borrowings	**(32,444,333)**	(28,219,908)
Interest paid	**(4,965,174)**	(4,025,873)
Senior notes repaid	**–**	(1,577,941)
Advance from borrowings from related parties	**33,661,370**	14,457,270
Repayment to borrowings from related parties	**(17,533,587)**	–
Contribution by non-controlling shareholders of subsidiaries	**3,117,521**	485,509
Dividends paid to owners of the Company	**(433,536)**	(259,583)
Dividends paid to non-controlling interests	**(876,230)**	(1,147,769)
Repayment of non-controlling shareholders capital contribution upon liquidation of subsidiaries	**(181,193)**	(116,069)
Proceeds from issue of domestic perpetual securities	**3,389,700**	–
Proceeds from issue of perpetual securities	**3,414,666**	3,005,030
Distribution relating to perpetual securities	**(592,206)**	(454,637)
Proceeds from issue of corporate debt instruments	**13,094,505**	8,834,377
Repayment of corporate debt instruments	**(2,064,377)**	–
Proceeds from issue of receipts under securitisation arrangements	**–**	1,590,140
Proceeds from exercise of share options	**8,279**	5,965
Purchase of additional interests in subsidiaries	**(748,954)**	(928,100)
Proceeds from partial disposal of subsidiaries	**670,739**	128,616
NET CASH FROM FINANCING ACTIVITIES	**44,043,362**	21,008,609
NET INCREASE IN CASH AND CASH EQUIVALENTS	**13,130,375**	7,475,238
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR	**30,070,092**	22,677,917
Effects of exchange rate changes on the balance of cash held in foreign currencies	**146,834**	(83,063)
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	**43,347,301**	30,070,092
REPRESENTED BY BANK BALANCES AND CASH	**43,347,301**	30,070,092

1. General

Greentown China Holdings Limited (the "Company") was incorporated in the Cayman Islands on 31 August 2005 as an exempted company with limited liability under the Companies Law (2004 Revision) and its shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") with effect from 13 July 2006. The address of the registered office of the Company is disclosed in the section headed "Corporate Information" of the annual report.

The consolidated financial statements are presented in Renminbi ("RMB"), which is also the functional currency of the Company.

The Company is an investment holding company. The principal activity of its subsidiaries (together with the Company referred to as the "Group") is the development for sale of residential properties in the PRC.

2. Application of New and Amendments to International Financial Reporting Standards ("IFRSs")

New and Amendments to IFRSs that are mandatorily effective for the current year

The Group has applied the following new and amendments to IFRSs issued by the International Accounting Standards Board ("IASB") for the first time in the current year:

IFRS 9	Financial Instruments
IFRS 15	Revenue from Contracts with Customers and the related Amendments
IFRIC-Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts
Amendments to IAS 28	As part of the Annual Improvements to IFRSs 2014-2016 Cycle
Amendments to IAS 40	Transfers of Investment Property

Except as described below, the application of the new and amendments to IFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2. Application of New and Amendments to International Financial Reporting Standards ("IFRSs") (continued)

2.1 IFRS 15 Revenue from Contracts with Customers

The Group has applied IFRS 15 for the first time in the current year. IFRS 15 superseded IAS 18 *Revenue*, IAS 11 *Construction Contracts* and the related interpretations.

The Group has applied IFRS 15 retrospectively with the cumulative effect of initially applying this standard recognised at the date of initial application, 1 January 2018. Any difference at the date of initial application is recognised in the opening retained earnings and comparative information has not been restated. Furthermore, in accordance with the transition provisions in IFRS 15, the Group has elected to apply the standard retrospectively only to contracts that are not completed at 1 January 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under IAS 18 *Revenue* and IAS 11 *Construction Contracts* and the related interpretations.

The Group recognises revenue from contracts with customers under IFRS 15 from the following major sources:

- property sales
- hotel operations
- project management
- design and decoration
- sales of construction materials

Information about the Group's performance obligations and the accounting policies resulting from application of IFRS 15 are disclosed in notes 5 and 3 respectively.

Summary of effects arising from initial application of IFRS 15

The following table summarises the impacts of transition to IFRS 15 on retained earnings at 1 January 2018:

	Notes	Impact of adopting IFRS 15 at 1 January 2018 RMB'000
Retained earnings		
Revenue from property sales recognised over time, net of tax	(a)	643,753
Recognition of contract costs, net of tax	(b)	103,282
Effects on share of results of associates and joint ventures, net of tax	(c)	515,938
Impact at 1 January 2018		1,262,973

2. Application of New and Amendments to International Financial Reporting Standards ("IFRSs") (continued)

2.1 IFRS 15 Revenue from Contracts with Customers (continued)

Summary of effects arising from initial application of IFRS 15 (continued)

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 January 2018. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 31 December 2017 RMB'000	Reclassification RMB'000 notes (e)(f)	Remeasurement RMB'000 notes (a)(b)(c)(d)	**Carrying amounts under IFRS 15 at 1 January 2018* RMB'000**
Non-current Assets				
Interests in associates	7,777,384	–	334,698	**8,112,082**
Interests in joint ventures	1,897,467	–	181,240	**2,078,707**
Deferred tax assets	1,586,225	–	(85,284)	**1,500,941**
Current Assets				
Properties under development	83,149,261	–	(2,822,850)	**80,326,411**
Inventories	406,754	(228,333)	–	**178,421**
Trade and other receivables, deposits and prepayments	9,028,797	(254,670)	–	**8,774,127**
Contract assets and contract costs	–	483,003	1,002,108	**1,485,111**
Prepaid income taxes	4,266,197	–	(265,456)	**4,000,741**
Prepaid other taxes	3,001,285	–	(305,906)	**2,695,379**
Capital and Reserves				
Reserves	26,269,450	–	1,262,973	**27,532,423**
Non-controlling interests	11,711,800	–	566,058	**12,277,858**
Current Liabilities				
Trade and other payables	21,255,077	–	1,368,302	**22,623,379**
Pre-sale deposits	65,900,213	(65,900,213)	–	**–**
Income taxes payable	7,067,640	–	75,733	**7,143,373**
Other taxes payable	656,693	–	473,878	**1,130,571**
Contract liabilities	–	65,900,213	(6,033,541)	**59,866,672**
Non-current liabilities				
Deferred tax liabilities	5,423,880	–	325,147	**5,749,027**

* The amounts in this column are before the adjustments from the application of IFRS 9.

2. Application of New and Amendments to International Financial Reporting Standards ("IFRSs") (continued)

2.1 IFRS 15 Revenue from Contracts with Customers (continued)

Summary of effects arising from initial application of IFRS 15 (continued)

Notes:

(a) The Group's contracts with customers for property sales are with no alternative use to the Group. Taking into account the contract terms, the legal and regulatory environment in the PRC, the contracts which are fully paid, non-mortgaged and online registered provide the Group an enforceable right to payment for performance completed to date and hence should be recognised overtime upon application of IFRS 15. The corresponding tax effect has been adjusted in respective tax assets or liabilities, as appropriate.

(b) The Group incurred incremental commission paid/payable to intermediaries/employees in connection with obtaining sales of properties contracts with customers. These amounts were previously expensed as incurred and were recognised in contract costs and amortised to selling expenses on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the assets relate upon the initial application of IFRS 15. The corresponding tax effect has been adjusted in respective tax assets or liabilities, as appropriate.

(c) The net effects arising from the initial application of IFRS 15 resulted in an increase in the carrying amounts of interests in associates/joint ventures respectively with corresponding adjustments to retained earnings.

(d) The Group adjusted the transaction price for the effects of any significant financing component for the contracts if the timing of payments agreed (either explicitly or implicitly) provides the customer or the Group with a significant benefit of financing the transfer of goods or services to the customer.

(e) At the date of initial application, unbilled revenue arising from project management contracts and decoration and design contracts are conditional on the Group's achieving specified milestones as stipulated in the contracts, and hence were reclassified from trade and other receivables, deposits and prepayments and inventories to contract assets accordingly.

(f) At the date of initial application, pre-sale deposits was reclassified to contract liabilities.

The following tables summarise the impacts of applying IFRS 15 on the Group's consolidated statement of financial position as at 31 December 2018 and its consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows for the current year for each of the line items affected. Line items that were not affected by the changes have not been included.

2. Application of New and Amendments to International Financial Reporting Standards ("IFRSs") (continued)

2.1 IFRS 15 Revenue from Contracts with Customers (continued)

Summary of effects arising from initial application of IFRS 15 (continued)

Impact on the consolidated statement of financial position

	As reported RMB'000	Adjustments RMB'000	Amounts without application of IFRS 15 RMB'000
Non-current Assets			
Interests in associates	8,998,556	(380,520)	8,618,036
Interests in joint ventures	1,839,788	(246,611)	1,593,177
Deferred tax assets	2,363,550	(3,844)	2,359,706
Current Assets			
Properties under development	117,876,867	6,912,081	124,788,948
Inventories	119,503	504,455	623,958
Trade and other receivables, deposits and prepayments	6,253,199	1,994,589	8,247,788
Contract assets and contract costs	2,219,353	(2,219,353)	–
Prepaid income taxes	3,068,258	265,456	3,333,714
Prepaid other taxes	3,996,968	235,766	4,232,734
Capital and Reserves			
Reserves	27,364,909	(2,212,388)	25,152,521
Non-controlling interests	17,136,115	(843,387)	16,292,728
Current Liabilities			
Trade and other payables	29,285,142	53,734	29,338,876
Pre-sale deposits	–	78,023,184	78,023,184
Income taxes payable	7,690,830	(432,246)	7,258,584
Other taxes payable	1,984,054	(473,878)	1,510,176
Contract liabilities	66,266,875	(66,266,875)	–
Non-current liabilities			
Deferred tax liabilities	6,230,261	(786,125)	5,444,136

2. Application of New and Amendments to International Financial Reporting Standards ("IFRSs") (continued)

2.1 IFRS 15 Revenue from Contracts with Customers (continued)

Summary of effects arising from initial application of IFRS 15 (continued)

Impact on the consolidated statement of profit and loss and other comprehensive income

	As reported RMB'000	Adjustments RMB'000	Amounts without application of IFRS 15 RMB'000
Revenue	60,302,510	(7,988,691)	52,313,819
Cost of sales	(46,550,157)	5,982,591	(40,567,566)
Gross profit	13,752,353	(2,006,100)	11,746,253
Selling expenses	(1,844,396)	28,762	(1,815,634)
Finance costs	(1,551,663)	133,424	(1,418,239)
Share of results of associates	325,582	(45,822)	279,760
Share of results of joint ventures	174,515	(65,371)	109,144
Profit before taxation	7,903,972	(1,955,107)	5,948,865
Taxation	(5,528,742)	728,363	(4,800,379)
Profit for the year	2,375,230	(1,226,744)	1,148,486
Total comprehensive income for the year	2,553,422	(1,226,744)	1,326,678
Profit for the year attributable to:			
Owners of the Company	1,003,285	(949,415)	53,870
Non-controlling interests	1,371,945	(277,329)	1,094,616
	2,375,230	(1,226,744)	1,148,486
Total comprehensive income attributable to:			
Owners of the Company	1,181,477	(949,415)	232,062
Non-controlling interests	1,371,945	(277,329)	1,094,616
	2,553,422	(1,226,744)	1,326,678

2. Application of New and Amendments to International Financial Reporting Standards ("IFRSs") (continued)

2.1 IFRS 15 Revenue from Contracts with Customers (continued)

Summary of effects arising from initial application of IFRS 15 (continued)

Impact on the consolidated statement of cash flows

	As reported RMB'000	Adjustments RMB'000	Amounts without application of IFRS 15 RMB'000
OPERATING ACTIVITIES			
Profit before taxation	7,903,972	(1,955,107)	5,948,865
Adjustments for:			
Share of results of associates	(325,582)	45,822	(279,760)
Share of results of joint ventures	(174,515)	65,371	(109,144)
Finance costs	1,551,663	(133,424)	1,418,239
Operating cash flows before movements in working capital	8,877,472	(1,977,338)	6,900,134
Increase in properties under development	(35,088,238)	(5,982,591)	(41,070,829)
Increase in trade and other receivables, deposits and prepayments	(179,225)	(716,630)	(895,855)
Increase in contract assets and contract costs	(687,868)	687,868	–
(Decrease) increase in pre-sale deposits	(71,532,056)	75,054,436	3,522,380
Increase in contract liabilities	66,266,876	(66,266,876)	–
Increase (decrease) in other taxes payable	750,486	(798,869)	(48,383)
Cash used in operations	(11,229,535)	–	(11,229,535)
Net cash used in operating activities	(16,555,721)	–	(16,555,721)

2.2 IFRS 9 Financial Instruments

In the current year, the Group has applied IFRS 9 Financial Instruments and the related consequential amendments to other IFRSs. IFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) expected credit losses ("ECL") for financial assets, contract assets and financial guarantee contracts and 3) general hedge accounting.

The Group has applied IFRS 9 in accordance with the transition provisions set out in IFRS 9. i.e. applied the classification and measurement requirements (including impairment) retrospectively to instruments that have not been derecognised as at 1 January 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 January 2018. The difference between carrying amounts as at 31 December 2017 and the carrying amounts as at 1 January 2018 are recognised in the opening retained earnings and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under IAS 39 *Financial Instruments: Recognition and Measurement*.

Accounting policies resulting from application of IFRS 9 are disclosed in note 3.

For the year ended 31 December 2018

2. Application of New and Amendments to International Financial Reporting Standards ("IFRSs") (continued)

2.2 IFRS 9 Financial Instruments (continued)

Summary of effects arising from initial application of IFRS 9

The table below illustrates the classification and measurement of financial assets and financial liabilities and other items subject to ECL under IFRS 9 and IAS 39 at the date of initial application, 1 January 2018.

	Notes	Available-for-sale investments RMB'000	Equity instruments designated at fair value through other comprehensive income ("FVTOCI") RMB'000	Financial assets at amortised cost (previously classified as loans and receivables) RMB'000	Contract assets and contract costs RMB'000	Deferred tax assets/ (liabilities), net RMB'000	Investment revaluation reserve RMB'000	Retained earnings RMB'000
Closing balance at 31 December 2017 – IAS 39		983,830	–	69,680,192	–	(3,837,655)	470,274	16,702,442
Effect arising from initial application of IFRS 15		–	–	(254,670)	1,485,111	(410,431)	–	1,262,973
Effect arising from initial application of IFRS 9								
Reclassification								
From available-for-sale investments	(a)	(983,830)	983,830	–	–	–	–	–
Remeasurement								
Impairment under ECL model	(b)	–	–	(312,556)	–	78,139	–	(234,417)
From cost to fair value	(a)	–	52,924	–	–	(13,231)	39,693	–
Opening balance at 1 January 2018		–	1,036,754	69,112,966	1,485,111	(4,183,178)	509,967	17,730,998

Notes:

(a) Available-for-sale investments

The Group elected to present in other comprehensive income ("OCI") for the fair value changes of all its equity investments previously classified as available-for-sale investments. These investments are not held for trading and not expected to be sold in the foreseeable future. At the date of initial application of IFRS 9, all its equity investments were reclassified from available-for-sale investments to equity instruments designated at FVTOCI. The fair value gains (net of tax) relating to those unquoted equity investments previously carried at cost less impairment under IAS 39 were adjusted to revaluation reserve as at 1 January 2018 with corresponding adjustments to equity instruments designated at FVTOCI and deferred tax liabilities respectively. The fair value gains relating to those investments previously carried at fair value continued to accumulate in revaluation reserve.

2. Application of New and Amendments to International Financial Reporting Standards ("IFRSs") (continued)

2.2 IFRS 9 Financial Instruments (continued)

Summary of effects arising from initial application of IFRS 9 (continued)

Notes: (continued)

(b) Impairment under ECL model

The Group applies the IFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all contract assets and trade receivables. To measure the ECL, contract assets and trade receivables have been grouped based on shared credit risk characteristics and debtors' aging. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for the trade receivables are a reasonable approximation of the loss rates for the contract assets.

Loss allowances for other financial assets at amortised cost mainly comprise of pledged bank deposits, bank balances, other receivables, deposits and amounts due from related parties, are measured on 12-month ECL ("12m ECL") basis and there had been no significant increase in credit risk since initial recognition, except for certain other receivables and amounts due from related parties which are measured on lifetime ECL basis as those credit risk had increased significantly since initial recognition.

As at 1 January 2018, the additional credit loss allowance has been recognised against retained earnings with corresponding tax effect being adjusted. The additional loss allowance is charged against the respective asset.

All loss allowances for financial assets including trade receivables and other financial assets at amortised cost as at 31 December 2017 reconcile to the opening loss allowance as at 1 January 2018 is as follows:

	Trade receivables RMB'000	**Other financial assets at amortised cost** RMB'000
At 31 December 2017 – IAS 39	56,375	1,005,388
Amounts remeasured through opening retained earnings	32,123	280,433
At 1 January 2018	88,498	1,285,821

2. Application of New and Amendments to International Financial Reporting Standards ("IFRSs") (continued)

2.3 Impacts on opening consolidated statement of financial position arising from the application of all new standards

As a result of the changes in the entity's accounting policies above, the opening consolidated statement of financial position had to be restated. The following table show the adjustments recognised for each of the line items affected.

	31 December 2017 (Audited) RMB'000	IFRS 15 RMB'000	IFRS 9 RMB'000	**1 January 2018 (Restated) RMB'000**
Non-current Assets				
Interests in associates	7,777,384	334,698	–	**8,112,082**
Interests in joint ventures	1,897,467	181,240	–	**2,078,707**
Equity instruments at FVTOCI	–	–	1,036,754	**1,036,754**
Available-for-sale investments	983,830	–	(983,830)	**–**
Deferred tax assets	1,586,225	(85,284)	78,139	**1,579,080**
Others with no adjustments	11,949,208	–	–	**11,949,208**
	24,194,114	430,654	131,063	**24,755,831**
Current Assets				
Properties under development	83,149,261	(2,822,850)	–	**80,326,411**
Inventories	406,754	(228,333)	–	**178,421**
Trade and other receivables, deposits and prepayments	9,028,797	(254,670)	(129,601)	**8,644,526**
Amounts due from related parties	28,346,684	–	(182,955)	**28,163,729**
Contract assets and contract costs	–	1,485,111	–	**1,485,111**
Prepaid income taxes	4,266,197	(265,456)	–	**4,000,741**
Prepaid other taxes	3,001,285	(305,906)	–	**2,695,379**
Others with no adjustments	82,095,727	–	–	**82,095,727**
	210,294,705	(2,392,104)	(312,556)	**207,590,045**
Assets classified as held for sale	1,339,427	–	–	**1,339,427**
	211,634,132	(2,392,104)	(312,556)	**208,929,472**
Current Liabilities				
Trade and other payables	21,255,077	1,368,302	–	**22,623,379**
Pre-sale deposits	65,900,213	(65,900,213)	–	**–**
Income taxes payable	7,067,640	75,733	–	**7,143,373**
Other taxes payable	656,693	473,878	–	**1,130,571**
Contract liabilities	–	59,866,672	–	**59,866,672**
Others with no adjustments	47,580,027	–	–	**47,580,027**
	142,459,650	(4,115,628)	–	**138,344,022**
Liabilities associated with assets classified as held for sale	1,128,538	–	–	**1,128,538**
	143,588,188	(4,115,628)	–	**139,472,560**
Net Current Assets	68,045,944	1,723,524	(312,556)	**69,456,912**
Total Assets less Current Liabilities	92,240,058	2,154,178	(181,493)	**94,212,743**

2. Application of New and Amendments to International Financial Reporting Standards ("IFRSs") (continued)

2.3 Impacts on opening consolidated statement of financial position arising from the application of all new standards (continued)

	31 December 2017 (Audited) RMB'000	IFRS 15 RMB'000	IFRS 9 RMB'000	**1 January 2018 (Restated) RMB'000**
Non-current liabilities				
Deferred tax liabilities	5,423,880	325,147	13,231	**5,762,258**
Others with no adjustments	40,021,739	–	–	**40,021,739**
	45,445,619	325,147	13,231	**45,783,997**
	46,794,439	1,829,031	(194,724)	**48,428,746**
Capital and Reserves				
Reserves	26,269,450	1,262,973	(194,724)	**27,337,699**
Non-controlling interests	11,711,800	566,058	–	**12,277,858**
Others with no adjustments	8,813,189	–	–	**8,813,189**
Total Equity	46,794,439	1,829,031	(194,724)	**48,428,746**

Note: For the purposes of reporting cash flows from operating activities under indirect method for the year ended 31 December 2018, movements in working capital have been computed based on opening statement of financial position as at 1 January 2018 as disclosed above.

2.4 New and amendments to IFRSs in issue but not yet effective:

The Group has not early applied the following new and amendments to IFRSs that have been issued but are not yet effective:

IFRS 16	Leases[1]
IFRS 17	Insurance Contracts[3]
IFRIC 23	Uncertainty over Income Tax Treatments[1]
Amendments to IFRS 3	Definition of a Business[4]
Amendments to IFRS 9	Prepayment Features with Negative Compensation[1]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendments to IAS 1 and IAS 8	Definition of Material[5]
Amendments to IAS 19	Plan Amendment, Curtailment or Settlement[1]
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures[1]
Amendments to IFRSs	Annual Improvements to IFRSs 2015-2017 Cycle[1]

1 Effective for annual periods beginning on or after 1 January 2019.
2 Effective for annual periods beginning on or after a date to be determined.
3 Effective for annual periods beginning on or after 1 January 2021.
4 Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.
5 Effective for annual periods beginning on or after 1 January 2020.

2. Application of New and Amendments to International Financial Reporting Standards ("IFRSs") (continued)

2.4 New and amendments to IFRSs in issue but not yet effective: (continued)

Except for the new and amendments to IFRSs mentioned below, the directors of the Company anticipate that the application of all other new and amendments to IFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

IFRS 16 *Leases*

IFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. IFRS 16 will supersede IAS 17 Leases and the related interpretations when it becomes effective.

IFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. In addition, IFRS 16 requires sales and leaseback transactions to be determined based on the requirements of IFRS 15 as to whether the transfer of the relevant asset should be accounted as a sale. IFRS 16 also includes requirements relating to subleases and lease modifications.

Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others.

For the classification of cash flows, the Group currently present upfront prepaid lease payments as investing cash flows in relation to leasehold lands for own use and those classified as investment properties while operating lease payments are presented as operating cash flows. Upon application of IFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows by the Group, upfront prepaid lease payments will continue to be presented as investing or operating cash flows in accordance to the nature, as appropriate.

Other than certain requirements which are also applicable to lessor, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by IFRS 16.

As at 31 December 2018, the Group has non-cancellable operating lease commitments of RMB222,828,000 as disclosed in note 39. A preliminary assessment indicates that these arrangements will meet the definition of a lease. Upon application of IFRS 16, the Group will recognise a right-of use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases.

2. Application of New and Amendments to International Financial Reporting Standards ("IFRSs") (continued)

2.4 New and amendments to IFRSs in issue but not yet effective: (continued)

IFRS 16 *Leases* (continued)

The application of new requirements may result in changes in measurement, presentation and disclosure as indicated above. The Group intends to elect the practical expedient to apply IFRS 16 to contracts that were previously identified as leases applying IAS 17 and IFRIC-Int 4 Determining whether an arrangement contains a Lease and not apply this standard to contracts that were not previously identified as containing a lease applying IAS 17 and IFRIC-Int 4. Therefore, the Group will not reassess whether the contracts are, or contain a lease which already existed prior to the date of initial application. The Group also elected the practical expedient not to apply for leases for which the lease term ends within 12 months at the date of initial application. Furthermore, the Group intends to elect the modified retrospective approach for the application of IFRS 16 as lessee and will recognise the cumulative effect of initial application to opening retained earnings without restating comparative information.

Amendments to IFRS 3 Definition of a Business

The amendments clarify the definition of a business and provide additional guidance with the objective of assisting entities to determine whether a transaction should be accounted for as a business combination or an asset acquisition. Furthermore, an optional concentration test is introduced to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The amendments will be mandatorily effective to the Group prospectively for acquisition transactions completed on or after 1 January 2020. The directors of the Company considered the amendments will have no material impact on the consolidated financial statements in the foreseeable future.

3. Principal Accounting Policies

The consolidated financial statements have been prepared in accordance with IFRSs. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") and by the Hong Kong Companies Ordinance ("CO").

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments and investment properties which are measured at fair values, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 *Share-based Payment*, leasing transactions that are within the scope of IAS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 *Inventories* or value in use in IAS 36 *Impairment of Assets*.

3. Principal Accounting Policies (continued)

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

3. Principal Accounting Policies (continued)

Basis of consolidation (continued)

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/ permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9/IAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

3. Principal Accounting Policies (continued)

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 *Share-based Payment* at the acquisition date (see the accounting policy below); and

- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognised in profit or loss or other comprehensive income, as appropriate. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in OCI and measured under IFRS 9/IAS 39 would be accounted for on the same basis as would be required if the Group had disposed directly of the previously held equity interest.

3. Principal Accounting Policies (continued)

Business combinations (continued)

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted retrospectively during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

Acquisition of a subsidiary or a group of assets and liabilities not constituting a business

When the Group acquires a subsidiary or a group of assets and liabilities that do not constitute a business, the Group identifies and recognises the individual identifiable assets acquired and liabilities assumed by allocating the purchase price first to investment properties which are subsequently measured under fair value model and financial assets/financial liabilities at the respective fair values, the remaining balance of the purchase price is then allocated to the other identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction does not give rise to goodwill or bargain purchase gain.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets of the unit on a pro-rata basis based on the carrying amount of each asset in the unit.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the cash-generating unit, the amount of goodwill disposed of is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

The Group's policy for goodwill arising on the acquisition of an associate and a joint venture is described below.

3. Principal Accounting Policies (continued)

Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates and joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates and joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. Changes in net assets of the associate or joint venture other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate or joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

3. Principal Accounting Policies (continued)

Investments in associates and joint ventures (continued)

The Group assesses whether there is an objective evidence that the interest in an associate or a joint venture may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When the Group ceases to have significant influence over an associate or joint control over a joint venture, its accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset within the scope of IFRS 9/IAS 39, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate or joint venture and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in OCI in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in OCI by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal or partial disposal of the relevant associate or joint venture.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in OCI relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

3. Principal Accounting Policies (continued)

Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in the relevant subsidiary after the sale.

When the Group is committed to a sale plan involving disposal of an investment, or a portion of an investment, in an associate or joint venture, the investment or the portion of the investment that will be disposed of is classified as held for sale when the criteria described above are met, and the Group discontinues the use of the equity method in relation to the portion that is classified as held for sale from the time when the investment (or a portion of the investment) is classified as held for sale.

Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell, except for financial assets within the scope of IFRS 9/IAS 39, investment properties which continue to be measured in accordance with the accounting policies as set out in respective sections.

Revenue from contracts with customers (upon application of IFRS 15 in accordance with transitions in note 2)

Under IFRS 15, the Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

3. Principal Accounting Policies (continued)

Revenue from contracts with customers (upon application of IFRS 15 in accordance with transitions in note 2) (continued)

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with IFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation

Input method

The progress towards complete satisfaction of a performance obligation is measured based on input method, which is to recognise revenue on the basis of the Group's efforts or inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation, that best depict the Group's performance in transferring control of goods or services.

Variable consideration

For project management contracts that contain variable consideration based on the future pre-sales amount of the project, the Group estimates the amount of consideration to which it will be entitled using either (a) the expected value method or (b) the most likely amount, depending on which method better predicts the amount of consideration to which the Group will be entitled.

The estimated amount of variable consideration is included in the transaction price only to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future when the uncertainty associated with the variable consideration is subsequently resolved.

At the end of each reporting period, the Group updates the estimated transaction price (including updating its assessment of whether an estimate of variable consideration is constrained) to represent faithfully the circumstances present at the end of the reporting period and the changes in circumstances during the reporting period.

3. Principal Accounting Policies (continued)

Revenue from contracts with customers (upon application of IFRS 15 in accordance with transitions in note 2) (continued)

Existence of significant financing component

In determining the transaction price, the Group adjusts the promised amount of consideration for the effects of the time value of money if the timing of payments agreed (either explicitly or implicitly) provides the customer or the Group with a significant benefit of financing the transfer of goods or services to the customer. In those circumstances, the contract contains a significant financing component. A significant financing component may exist regardless of whether the promise of financing is explicitly stated in the contract or implied by the payment terms agreed to by the parties to the contract.

For contracts where the period between payment and transfer of the associated goods or services is less than one year, the Group applies the practical expedient of not adjusting the transaction price for any significant financing component.

For advance payments received from customers before the transfer of the associated goods or services in which the Group adjusts for the promised amount of consideration for a significant financing component, the Group applies a discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. The relevant interest expenses during the period between the advance payments were received and the transfer of the associated goods and services are accounted for on the same basis as other borrowing costs.

For contracts where the Group transferred the associated goods or services before payments from customers in which the Group adjusts for the promised amount of consideration for significant financing components, the Group applies a discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception.

Incremental costs of obtaining a contract

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained.

The Group recognises sales commissions for property sales as an asset if it expects to recover these costs. The asset so recognised is subsequently amortised to selling expenses on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the assets relate.

For the year ended 31 December 2018

3. Principal Accounting Policies (continued)

Revenue recognition (prior to 1 January 2018)

Revenue is measured at the fair value of the consideration received or receivable and represents amounts received or receivable for goods sold and services provided in the normal course of business, net of discounts and sales-related taxes.

Revenue from sales of properties in the ordinary course of business is recognised when the respective properties have been completed and delivered to the buyers. Deposits received from pre-sales of properties are carried as pre-sale deposits.

Revenue from sales of other goods is recognised when the goods are delivered and title has passed.

Service income is recognised when services are provided.

Comprehensive service income is recognised on sales or pre-sales of properties by comprehensive service users at agreed fee rates.

Dividend income from investments is recognised when the rights to receive payment have been established.

Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

The Group's accounting policy for recognition of revenue from operating leases is described in the accounting policy for leasing below.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

3. Principal Accounting Policies (continued)

Leases (continued)

Leasehold land and buildings

When the Group makes payments for a property interest which includes both leasehold land and building elements, the Group assesses the classification of each element separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire property is accounted as an operating lease. Specifically, the entire consideration (including any lump-sum upfront payments) are allocated between the leasehold land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element at initial recognition.

To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis except for those that are classified and accounted for as investment properties under the fair value model. When the payments cannot be allocated reliably between the leasehold land and building elements, the entire property is generally classified as if the leasehold land is under finance lease.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchange prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the year in which they are incurred.

3. Principal Accounting Policies (continued)

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Retirement benefit costs

The Group participates in state-managed retirement benefit schemes, which are defined contribution schemes, pursuant to which the Group pays a fixed percentage of its qualifying staff's wages as contributions to the plans. Payments to such retirement benefit schemes are charged as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another IFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees in respect of wages and salaries and annual leave in the period the related service is rendered at the undiscounted amount of the amount of benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "profit before taxation" as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income and expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

3. Principal Accounting Policies (continued)

Taxation (continued)

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax liabilities or deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax is recognised in profit or loss, except when it relates to items that are recognised in OCI or directly in equity, in which case the current and deferred tax is also recognised in OCI or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

3. Principal Accounting Policies (continued)

Property, plant and equipment

Property, plant and equipment, including land and buildings held for use in the production or supply of goods or services, or for administrative purposes other than construction in progress, are stated in the consolidated statement of financial position at cost less accumulated depreciation and accumulated impairment losses.

Property, plant and equipment in the course of construction for production, supply or administrative purposes are carried at cost less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy and, where appropriate, the amortisation of prepaid lease payments provided during the construction period. Such properties are classified to the appropriate category of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment other than construction in progress less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Investment properties

Investment properties are properties (including the leasehold interest under an operating lease for a property which would otherwise meet the definition of an investment property) held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values using the fair value model. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

Construction costs incurred for investment properties under construction are capitalised as part of the carrying amount of the investment properties under construction.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use or no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year in which the item is derecognised.

3. Principal Accounting Policies (continued)

Impairment of tangible assets and contract costs

At the end of the reporting period, the Group reviews the carrying amounts of its tangible assets and contract costs to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

When it is not possible to estimate the recoverable amount of an asset individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash – generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Before the Group recognises an impairment loss for assets capitalised as contract costs under IFRS 15, the Group assesses and recognises any impairment loss on other assets related to the relevant contracts in accordance with applicable standards. Then, impairment loss, if any, for assets capitalised as contract costs is recognised to the extent the carrying amounts exceeds the remaining amount of consideration that the Group expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services that have not been recognised as expenses. The assets capitalised as contract costs are then included in the carrying amount of the cash-generating unit to which they belong for the purpose of evaluating impairment of that cash-generating unit.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or a cash – generating unit for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying mount of each asset in the unit. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as gain immediately.

3. Principal Accounting Policies (continued)

Properties for development

Properties for development, representing leasehold land located in the PRC for development for future sale in the ordinary course of business, are stated at the lower of cost and net realisable value. Cost comprises the costs of land use rights and other directly attributable costs. Net realisable value represents the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale. Properties for development are transferred to properties under development upon commencement of development.

Properties under development

Properties under development, representing leasehold land and buildings located in the PRC under development for future sale in the ordinary course of business, are stated at the lower of cost and net realisable value. Cost comprises the costs of land use rights, construction costs, borrowing costs capitalised and other direct development expenditure. Net realisable value represents the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale. Properties under development are transferred to completed properties for sale upon completion of development.

Completed properties for sale

Completed properties for sale are stated at the lower of cost and net realisable value. Cost comprises the costs of land use rights, construction costs, borrowing costs capitalised and other direct development expenditure. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

The Group transfers a property from completed properties for sale to investment property when there is a change of intention to hold the property to earn rentals or/and for capital appreciation rather than for sale in the ordinary course of business, which is evidenced by the commencement of an operating lease to another party. Any difference between the fair value of the property at the date of transfer and its previous carrying amount is recognised in profit or loss.

Inventories

Inventories other than properties for development, properties under development and completed properties for sale are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

3. Principal Accounting Policies (continued)

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15 since 1 January 2018. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets (upon application of IFRS 9 in accordance with transitions in note 2)

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at financial assets at fair value through profit or loss ("FVTPL"), except that at the date of initial application/initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in OCI if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 *Business Combinations* applies.

3. Principal Accounting Policies (continued)

Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets (upon application of IFRS 9 in accordance with transitions in note 2) (continued)

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

(ii) Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in OCI and accumulated in the investments revaluation reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to retained earnings.

Dividends from these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "other income" line item in profit or loss.

3. Principal Accounting Policies (continued)

Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets (upon application of IFRS 9 in accordance with transitions in note 2) (continued)

(iii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the "other gains and losses" line item.

Impairment of financial assets (upon application of IFRS 9 in accordance with transitions in note 2)

The Group recognises a loss allowance for ECL on financial assets which are subject to impairment under IFRS 9 (including trade receivables, other receivables, amounts due from related parties, pledged bank deposits, bank balances), contract assets and financial guarantee contracts. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables and contract assets. The ECL on these assets are assessed individually for debtors with significant balances and/or collectively using a provision matrix with appropriate groupings.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

3. Principal Accounting Policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (upon application of IFRS 9 in accordance with transitions in note 2) (continued)

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the aforegoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if i) it has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers pledged bank deposits and bank balances to have low credit risk because the counterparties are banks with high credit ratings assigned by international credit-rating agencies or with a good reputation.

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

3. Principal Accounting Policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (upon application of IFRS 9 in accordance with transitions in note 2) (continued)

(i) Significant increase in credit risk (continued)

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

3. Principal Accounting Policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (upon application of IFRS 9 in accordance with transitions in note 2) (continued)

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

For a financial guarantee contract, the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed. Accordingly, the expected losses is the present value of the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments (i.e. the Group's trade receivables, other receivables and amounts due from related parties are each assessed as a separate group);
- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

For financial guarantee contracts, the loss allowances are recognised at the higher of the amount of the loss allowance determined in accordance with IFRS 9; and the amount initially recognised less, where appropriate, cumulative amount of income recognised over the guarantee period.

3. Principal Accounting Policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (upon application of IFRS 9 in accordance with transitions in note 2) (continued)

(v) Measurement and recognition of ECL (continued)

Except for financial guarantee contracts, the Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables where the corresponding adjustment is recognised through a loss allowance account.

Classification and subsequent measurement of financial assets (before application of IFRS 9 on 1 January 2018)

The Group's financial assets are classified into the following specified categories: FVTPL, loans and receivables and available-for-sale investments. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

(i) Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either (i) held for trading or (ii) it is designated as at FTVPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

3. Principal Accounting Policies (continued)

Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets (before application of IFRS 9 on 1 January 2018) (continued)

(i) Financial assets at FVTPL (continued)

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. Fair value is determined in the manner described in note 46(c).

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables, amounts due from related parties, pledged bank deposits, bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

(iii) Available-for-sale investments

Available-for-sale investments are non-derivatives that are either designated or not classified as financial assets at FVTPL, loans and receivables or held-to-maturity investments.

Equity held by the Group that are classified as available-for-sale and are traded in an active market are measured at fair value at the end of each reporting period except for unquoted equity investments whose fair value cannot be reliably measured. Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established. Other changes in the carrying amount of available-for-sale investments are recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, they are measured at cost less any identified impairment losses at the end of the reporting period (see accounting policy on impairment loss on financial assets below).

3. Principal Accounting Policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (before application of IFRS 9 on 1 January 2018)

Financial assets other than those FVTPL are assessed for indicators of impairment at the end of the reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For available-for-sale equity investments, a significant or prolonged decline in the fair value of that investment below cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade and other receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 90 days, observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade or other receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

When an available-for-sale investment is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

3. Principal Accounting Policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (before application of IFRS 9 on 1 January 2018) (continued)

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity investments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in OCI.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI upon application of IFRS 9, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

On derecognition of an available-for-sale investment the cumulative gain or loss previously accumulated in the available-for-sale revaluation reserve is reclassified to profit or loss.

3. Principal Accounting Policies (continued)

Financial instruments (continued)

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

Financial liabilities at amortised cost

Financial liabilities at amortised cost including bank and other borrowings, trade and other payables, amounts due to related parties, liability portion of senior notes, corporate debt instruments and receipts under securitisation arrangements are subsequently measured at amortised cost, using the effective interest method.

Senior notes

Senior notes issued by the Company that contain both liability and early redemption option (which is not closely related to the host contract) are classified separately into respective items on initial recognition. At the date of issue, both the liability and early redemption option components are recognised at fair value.

In subsequent periods, the liability component of the senior notes is carried at amortised cost using the effective interest method. The early redemption option is measured at fair value with changes in fair value recognised in profit or loss.

Transaction costs that relate to the issue of the senior notes are allocated to the liability and early redemption option components in proportion to their relative fair values. Transaction costs relating to the early redemption option are charged to profit or loss immediately. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the senior notes using the effective interest method.

3. Principal Accounting Policies (continued)

Financial instruments (continued)

Financial liabilities and equity (continued)

Corporate bonds

Corporate bonds issued by a subsidiary of the Group that contain both liability and written put option (which is closely related to the host contract) are not separated into host contract and embedded derivatives on initial recognition. At the date of issue, the corporate bonds are recognised at fair value.

In subsequent periods, the corporate bonds are carried at amortised cost using the effective interest method.

Transaction costs that relate to the issue of the corporate bonds are included in the carrying amount of the corporate bonds and amortised over the period of the corporate bonds using the effective interest method.

Receipts under securitisation arrangements

Receipts under securitisation arrangements are recognised initially at fair value, net of transaction costs incurred and are subsequently stated at amortised cost, any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period using the effective interest method.

Transaction costs are included in the carrying amount of the receipts under assets backed securitization and amortised over the period of the arrangements using the effective interest method.

Perpetual Securities

Perpetual Securities issued by the Group, which includes no contractual obligation for the Group to deliver cash or another financial asset to the holders or to exchange financial assets or financial liabilities with the holders under conditions that are potentially unfavorable to the Group, are classified as equity instruments and are initially recorded at the proceeds received, net of direct issue costs.

3. Principal Accounting Policies (continued)

Financial instruments (continued)

Financial liabilities and equity (continued)

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument. Financial guarantee contract liabilities are measured initially at their fair values. It is subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with IFRS 9 (since 1 January 2018)/IAS 37 Provisions, Contingent Liabilities and Contingent Assets (before application of IFRS 9 on 1 January 2018); and

- the amount initially recognised less, where appropriate, cumulative amortisation recognised over the guarantee period.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss.

Generally, multiple embedded derivatives in a single instrument that are separated from the host contracts are treated as a single compound embedded derivative unless those derivatives relate to different risk exposures and are readily separable and independent of each other.

Embedded derivatives (under IFRS 9 since 1 January 2018)

Derivatives embedded in hybrid contracts that contain financial asset hosts within the scope of IFRS 9 are not separated. The entire hybrid contract is classified and subsequently measured in its entirety as either amortised cost or fair value as appropriate.

Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of IFRS 9 are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

Embedded derivatives (before application of IFRS 9 on 1 January 2018)

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3. Principal Accounting Policies (continued)

Share-based payment transactions

Equity-settled share-based payment transactions

Share options granted to employees

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share options reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share options reserve. For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

At the time when the share options are exercised, the amount previously recognised in share option reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share option reserve will continue to be held in share option reserve.

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

Critical judgements in applying accounting policies

The critical judgements, apart from those involving estimations (see below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements are disclosed below.

Timing of revenue recognition

Revenue from property sales is recognised over time when the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date; otherwise, revenue is recognised at a point in time when the customer obtains control of the completed property. The Group may not change or substitute the property unit or redirect the property unit for another use due to the contractual restrictions with the customer and thus the property unit does not have an alternative use to the Group. However, whether there is an enforceable right to payment depends on the terms of sales contract and the interpretation of the applicable laws that apply to the contract. Such determination requires significant judgments. The Group has obtained legal counsel opinion regarding the enforceability of the right to payment for sales contracts. Management uses judgments, based on legal counsel opinion, to classify sales contracts into those with right to payment and those without the right.

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty (continued)

Critical judgements in applying accounting policies (continued)

Timing of revenue recognition (continued)

The Group recognises property sales revenue over time by reference to the progress towards complete satisfaction of the performance obligation at the reporting date. The progress is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation, by reference to the contract costs incurred up to the end of reporting period as a percentage of total estimated costs for each property unit in the contract. The Group calculated the cost allocation based on phases of the projects and saleable floor areas. Significant judgments and estimations are required in determining the completeness of the estimated total costs and the accuracy of progress towards complete satisfaction of the performance obligation at the reporting date. The Group has a standard cost budgeting and estimate completion process in which management reviews the development progress and execution of the performance obligations. As part of this process, management reviews information including but not limited to, the cost occurred and accrued to achieve the schedule. Changes in cost estimates in future periods can have effect on the Group's revenue recognised. In making the above estimations, the Group relies on past experience and work of contractors and, if appropriate, surveyors. The Group recognised property sales revenue over time and a point in time amounted to RMB45,937,061,000 and RMB9,337,145,000 respectively for the year ended 31 December 2018.

Deferred taxation on investment properties

For the purposes of measuring deferred tax liabilities or deferred tax assets arising from investment properties that are measured using the fair value model, the directors have reviewed the Group's investment property portfolio and concluded that the Group's investment properties are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, in measuring the Group's deferred taxation on investment properties, the directors have determined that the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is not rebutted. As a result, the Group has recognised deferred taxes of both enterprise income tax and land appreciation tax on changes in fair value of investment properties.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed below.

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty (continued)

Key sources of estimation uncertainty (continued)

Net realisable value for properties for development, properties under development and completed properties for sale

Properties for development, properties under development and completed properties remaining unsold at the end of each reporting period are stated at the lower of cost and net realisable value.

Net realisable value for properties for development and properties under development is determined by reference to management estimates of the selling price based on prevailing market conditions, less applicable variable selling expenses and the anticipated costs to completion. Net realisable value for completed properties for sale is determined by reference to management estimates of the selling price based on prevailing market conditions, less applicable variable selling expenses. During the course of their assessment, the management will also make reference to property valuations conducted by independent qualified professional valuers based on comparable market prices. The management are required to revise these estimates if there is a change in market condition or demand. If actual market conditions are less favourable than those projected by management, additional adjustments to the value of properties for development, properties under development and completed properties for sale may be required. As at 31 December 2018, the carrying amounts of properties for development, properties under development and completed properties for sale are RMB22,842,799,000 (2017: RMB25,467,537,000), RMB117,876,867,000 (2017: RMB83,149,261,000) and RMB10,972,736,000 (2017: RMB20,650,760,000) respectively (net of accumulated impairment losses of RMB56,454,000 (2017: RMB nil), RMB270,351,000 (2017: RMB nil) and RMB379,741,000 (2017: RMB386,330,000) respectively).

Fair value of investment properties

Investment properties are carried in the consolidated statement of financial position at 31 December 2018 at their fair value of approximately RMB4,066,128,000 (2017: RMB2,716,396,000).

The fair value was based on valuation on these properties conducted by the independent qualified professional valuers using property valuation techniques which adopt the investment approach by capitalising the net rental income derived from the existing tenancies with due provision for the reversionary income potential of the property interests, or where appropriate, by direct comparison approach by making reference to comparable sales transactions as available in the relevant markets. Favourable or unfavourable changes to the assumptions such as rental yield and estimation of future rentals would result in changes in the fair value of the Group's investment properties and corresponding adjustments to the amount of gain or loss reported in the consolidated statement of profit or loss and other comprehensive income.

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty (continued)

Key sources of estimation uncertainty (continued)

Land Appreciation Tax

The provision for Land Appreciation Tax ("LAT") amounting to RMB5,520,141,000 (2017: RMB3,463,172,000) (included in income taxes payable) is estimated and made according to the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon completion of the property development projects and the tax authorities might disagree with the basis on which the provision for LAT is calculated. Accordingly, significant judgment is required in determining the amount of land appreciation and its related income tax provisions. The Group recognises land appreciation tax based on management's best estimates. The final tax outcome could be different from the amounts that were initially recorded, and these differences will impact the income tax expense and the related income tax provisions in the periods in which such tax is finalised with the local tax authorities.

ECL allowance

The Group recognises a loss allowance for ECL on financial assets, including trade receivables, other receivables, amount due from related parties, pledged bank deposits, bank balances, contract assets and financial guarantee contracts, which are subject to impairment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition. Significant judgements and estimations are required in determining the impairment assessment including the judgements on grouping basis for the provision matrix and the estimations on the expected loss rates used to calculate the ECL allowance. As at 31 December 2018, the carrying amount of trade receivables, contract assets, and other receivables and amounts due from related parties are RMB878,236,000, RMB1,887,085,000 and RMB35,797,417,000 respectively (net of accumulated ECL impairment loss of RMB101,266,000, RMB nil, and RMB2,593,247,000 respectively).

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Where the discounted future cash flow estimations are less than expected, a material impairment loss may arise. The carrying amount of goodwill at 31 December 2018 was RMB769,241,000 (2017: RMB769,241,000) (net of accumulated impairment loss of RMB nil (2017: RMB nil)). Details of the impairment loss calculation are set out in note 17.

For the year ended 31 December 2018

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty (continued)

Key sources of estimation uncertainty (continued)

Coupon rate of the corporate bonds

The corporate bonds amounting to RMB11,098,976,000 (2017: RMB6,936,088,000) contain coupon rate adjustment right that allow the issuer of the corporate bonds to adjust the coupon rates of the remaining outstanding bonds under certain terms and conditions. The corporate bonds also contain written put options granting the investors of the corporate bonds right to sell back the bonds that will be triggered with the exercise of the Coupon Rate Adjustment Right. As at the reporting date of the consolidated financial statements, the Group had no plan nor intention to exercise the Coupon Rate Adjustment Right of the corporate bonds, therefore the effective interest rate charged for the year on the corporate bonds was calculated according to the original coupon rates and maturity dates of the corporate bonds. If the Group decided to exercise the Coupon Rate Adjustment Right of the corporate bonds, the effective interest rate would be different because the coupon rates of any remaining outstanding corporate bonds would be adjusted and the corporate bonds would become immediately repayable. Details of the corporate bonds are set out in note 33.

5. Revenue and Segment Information

A. For the year ended 31 December 2018

(i) Disaggregation of revenue from contracts with customers

	For the year ended 31 December 2018						
	Property sales RMB'000	Hotel operations RMB'000	Project management RMB'000	Design and decoration RMB'000	Sales of construction materials RMB'000	Other business RMB'000	Total RMB'000
Recognised at a point in time	45,937,061	–	–	–	29,127	247,044	46,213,232
Recognised over time	9,337,145	776,452	1,366,485	2,523,700	–	–	14,003,782
Revenue from contracts with customers	55,274,206	776,452	1,366,485	2,523,700	29,127	247,044	60,217,014

(ii) Performance obligations for contracts with customers

Property sales

Revenue from property sales is recognised at a point in time in the ordinary course of business when the customers obtain control of the completed properties (ie. when the respective properties have been completed and delivered to the customers) expect for revenue from certain properties which have no alternative use to the Group due to contractual reasons and the Group has an enforceable right to payment from the customer for performance completed to date is recognised over time in accordance with the input method for measuring progress.

The Group receives 20%-80% of the contract value as deposits from customers when they sign the sale and purchase agreement. However, depending on market conditions, the Group may offer customers a discount compared to the listed sales price, provided that the customers agree to pay the balance of the consideration early while construction is still ongoing. Such advance payment result in contract liabilities being recognised until the corresponding revenue is recognised.

The Group considers certain advance payment contain significant financing component and accordingly the amount of consideration is adjusted for the effects of the time value of money taking into consideration the credit characteristics of the Group. As this accrual increases the amount of the contract liability during the period of construction, it increases the amount of revenue recognised.

5. Revenue and Segment Information (continued)

A. For the year ended 31 December 2018 (continued)

(ii) Performance obligations for contracts with customers (continued)

Design and decoration service and project management service

Revenue from design and decoration service and project management service is recognised over time on input method based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs.

The design and decoration service and project management service fees are invoiced to the clients periodically on an agreed-upon payment schedule and/or milestone between the customers and the Group. The Group recognised a contract asset over the period in which the design and decoration service and project management service are performed representing the Group's right to consideration for the services performed because the rights are conditional on the Group's future performance in achieving specified milestones. Contract asset is transferred to trade receivables at the point at which the rights become unconditional. Payments received before the related service is performed are included in the consolidated statement of financial position as contract liabilities.

For project management contracts that contain variable consideration based on the future pre-sales amount of the project, the Group estimates the amount of consideration to which it will be entitled using either (a) the expected value method or (b) the most likely amount, depending on which method better predicts the amount of consideration to which the Group will be entitled.

The Group does not consider the advance payments pertain to design and decoration service and project management service to have contained significant financing component.

Hotel operations

The Group's performance obligation from hotel operations is mainly to provide accommodation services to guests. Revenue from accommodation service is recognised over time during the period when the rooms for accommodates are occupied.

Sales of construction materials

Revenue from sales of construction materials is recognised when control of the goods has transferred to the customer, being at the point the goods are delivered to the customer. Payment of the transaction price is due immediately at the point the customer purchases the materials.

5. Revenue and Segment Information (continued)

A. For the year ended 31 December 2018 (continued)

(iii) Transaction price allocated to the remaining performance obligation for contracts with customers

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2018 and the expected timing of recognising revenue are as follows:

	Property sales RMB'000	Project management RMB'000
Within one year	**42,879,582**	**1,490,714**
More than one year	**26,671,827**	**5,450,439**
	69,551,409	**6,941,153**

These amounts disclosed above do not include transaction price allocated to performance obligations which have been satisfied but not yet recognised due to variable consideration constraint.

All design and decoration service, hotel operations and sales of construction materials are for periods of one year or less. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

B. For the year ended 31 December 2017

An analysis of the Group's revenue from its major products and services is as follows:

	2017 RMB'000
Property sales	37,936,017
Hotel operations	717,153
Project management	931,145
Property rental income	69,709
Design and decoration	2,090,621
Sales of construction materials	67,556
Other business	140,551
	41,952,752

5. Revenue and Segment Information (continued)

C. Segment information

The chief operating decision-maker of the Group has been identified as the executive directors and certain senior management (collectively referred to as the "CODM"). Operating segments are determined based on the Group's internal reports which are submitted to the CODM for performance assessment and resources allocation. This is also the basis upon which the Group is organised and managed.

The Group's consolidated revenue and results are attributable to the market in the PRC (country of domicile) and almost all of the Group's consolidated non-current assets are located in the PRC.

In the current year, the Group reorganised its internal reporting structure which resulted in changes to the composition of its reportable segments, specifically, project management became an independent reportable segment. Prior year segment disclosures have been represented to conform with the current year's presentation.

The Group's reportable segments under IFRS 8 are as follows:

1 Property development

2 Hotel operations

3 Property investment

4 Project management

For the property development reportable segment, the CODM reviews the financial information of each property development project, hence each property development project constitutes a separate operating segment. However, the property development projects possess similar economic characteristics, and are with similar development and selling activities as well as similar customer bases. Therefore, all property development projects are aggregated into one reportable segment for segment reporting purposes.

For the hotel operations reportable segment, the CODM reviews the financial information of each hotel, hence each hotel constitutes a separate operating segment. However, the hotels possess similar economic characteristics, and are with similar development and selling activities as well as similar customer bases. Therefore, all hotels are aggregated into one reportable segment for segment reporting purposes.

5. Revenue and Segment Information (continued)

C. Segment information (continued)

For the property investment reportable segment, the CODM reviews the financial information of each investment property, hence each investment property constitutes a separate operating segment. However, the investment properties possess similar economic characteristics, and are with similar development and selling activities as well as similar customer bases. Therefore, all investment properties are aggregated into one reportable segment for segment reporting purposes.

For the project management reportable segment, the CODM reviews the financial information of each project management project, hence each project management project constitutes a separate operating segment. However, the project management projects possess similar economic characteristics, and are with similar development and selling activities as well as similar customer bases. Therefore, all project management projects are aggregated into one reportable segment for segment reporting purposes.

Other operating segments include sales of construction materials, design and decoration and other business. None of these segments met the quantitative thresholds for the reportable segments in both current and prior year. Accordingly, these were grouped in "Others".

The CODM assesses the performance of the operating segments based on the post-tax profit of the group entities engaged in the respective segment activities, which includes share of results of joint ventures and associates and related finance costs, but excludes certain administrative expenses, other income, finance costs and taxation. Financial information provided to the CODM is measured in a manner consistent with the accounting policies adopted in the preparation of the consolidated financial statements as described in note 3.

Sales between segments are carried out on terms agreed between the counterparties.

No customers account for 10% or more of the Group's revenue.

For the year ended 31 December 2018

5. Revenue and Segment Information (continued)

C. Segment information (continued)

An analysis of the Group's revenue and results by segment is as follows:

	Property development RMB'000	Hotel operations RMB'000	Property investment RMB'000	Project management RMB'000	Others RMB'000	Segment total RMB'000	Eliminations RMB'000	Total RMB'000
For the year ended 31 December 2018								
Revenue from contracts with customers	**55,274,206**	**776,452**	**–**	**1,366,485**	**2,799,871**	**60,217,014**	**–**	**60,217,014**
Rental income	**–**	**–**	**85,496**	**–**	**–**	**85,496**	**–**	**85,496**
Total external segment revenue	**55,274,206**	**776,452**	**85,496**	**1,366,485**	**2,799,871**	**60,302,510**	**–**	**60,302,510**
Inter-segment revenue	**–**	**2,045**	**–**	**65,892**	**1,361,254**	**1,429,191**	**(1,429,191)**	**–**
Total	**55,274,206**	**778,497**	**85,496**	**1,432,377**	**4,161,125**	**61,731,701**	**(1,429,191)**	**60,302,510**
Segment results	**2,101,885**	**98,181**	**103,613**	**345,475**	**45,066**	**2,694,220**	**8,041**	**2,702,261**
Unallocated administrative expenses								**(264,670)**
Unallocated other income								**40,591**
Unallocated finance costs								**(3,780)**
Unallocated taxation								**(99,172)**
Profit for the year								**2,375,230**

(restated)	Property development RMB'000	Hotel operations RMB'000	Property investment RMB'000	Project management RMB'000	Others RMB'000	Segment total RMB'000	Eliminations RMB'000	Total RMB'000
For the year ended 31 December 2017								
Segment revenue								
External revenue	37,936,017	717,153	69,709	931,145	2,298,728	41,952,752	–	41,952,752
Inter-segment revenue	–	1,207	–	2,645	617,941	621,793	(621,793)	–
Total	37,936,017	718,360	69,709	933,790	2,916,669	42,574,545	(621,793)	41,952,752
Segment results	2,004,969	117,606	443,036	164,781	41,521	2,771,913	(2,176)	2,769,737
Unallocated administrative expenses								(90,936)
Unallocated other income								48,867
Unallocated finance costs								(4,822)
Unallocated taxation								(51,881)
Profit for the year								2,670,965

5. Revenue and Segment Information (continued)

C. Segment information (continued)

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by segment:

Segment assets

	2018 RMB'000	2017 RMB'000 (restated)
Property development	**256,113,218**	216,864,883
Hotel operations	**9,483,752**	7,481,372
Property investment	**4,189,650**	3,446,170
Project management	**2,057,916**	2,227,307
Others	**6,820,664**	4,371,302
Total segment assets	**278,665,200**	234,391,034
Unallocated	**1,097,544**	1,437,212
Consolidated assets	**279,762,744**	235,828,246

Segment liabilities

	2018 RMB'000	2017 RMB'000 (restated)
Property development	**211,484,567**	181,559,336
Hotel operations	**292,476**	533,160
Property investment	**635,451**	91,933
Project management	**1,012,518**	720,298
Others	**5,387,529**	5,253,825
Total segment liabilities	**218,812,541**	188,158,552
Unallocated	**831,363**	875,255
Consolidated liabilities	**219,643,904**	189,033,807

For the purposes of monitoring segment performances and allocating resources among segments:

- all assets are allocated to operating segments other than bank balances and cash, pledge bank deposits, property, plant and equipment, available-for-sale investments, equity instruments at FVTOCI, trade and other receivables, deposits and prepayments, prepaid income taxes, prepaid other taxes and amounts due from related parties pertaining to non-operating group entities.

- all liabilities are allocated to operating segments other than trade and other payables, amounts due to related parties, income taxes payable, other taxes payable and deferred tax liabilities pertaining to non-operating group entities.

For the year ended 31 December 2018

5. Revenue and Segment Information (continued)

C. Segment information (continued)

Other segment information

For the year ended 31 December 2018

	Property development RMB'000	Hotel operations RMB'000	Property investment RMB'000	Project Management RMB'000	Others RMB'000	Segment total RMB'000	Unallocated RMB'000	Total RMB'000
Amounts included in the measure of segment profit or loss or segment assets:								
Addition to non current assets (note)	3,332,957	1,281,509	1,114,433	144,361	324,316	6,197,576	4,509	6,202,085
Interests in associates	8,364,698	–	–	58,561	488,212	8,911,471	87,085	8,998,556
Interests in joint ventures	1,831,350	–	–	8,438	–	1,839,788	–	1,839,788
Impairment loss on financial assets, net of reversal	1,206,182	–	–	–	15,729	1,221,911	60,823	1,282,734
Impairment loss on non-financial assets, net of reversal	468,875	(16,775)	–	–	–	452,100	–	452,100
Gain from changes in fair value of investment properties	–	–	(132,128)	–	–	(132,128)	–	(132,128)
Gain on re-measurement of joint ventures to acquisition date fair value in business combination achieved in stages	(686,352)	–	–	–	–	(686,352)	–	(686,352)
Net gain on disposal of subsidiaries	(509,194)	–	–	170	–	(509,024)	(16)	(509,040)
Depreciation of property, plant and equipment	171,842	256,174	10	11,336	11,383	450,745	1,360	452,105
Loss (gain) on disposal of property, plant and equipment	(251)	6	–	3,700	17,578	21,033	7	21,040
Interest income	(1,111,022)	(381)	(29)	(6,383)	(6,798)	(1,124,613)	(405,827)	(1,530,440)
Finance costs	1,514,115	6,321	12,846	327	14,274	1,547,883	3,780	1,551,663
Share of results of associates	(327,271)	–	–	1,684	2	(325,585)	3	(325,582)
Share of results of joint ventures	(201,944)	–	–	27,429	–	(174,515)	–	(174,515)
Taxation	5,293,594	4,593	51,601	–	79,782	5,429,570	99,172	5,528,742

5. Revenue and Segment Information (continued)

C. Segment information (continued)

Other segment information (continued)

For the year ended 31 December 2017 (restated)

	Property development RMB'000	Hotel operations RMB'000	Property investment RMB'000	Project Management RMB'000	Others RMB'000	Segment total RMB'000	Unallocated RMB'000	Total RMB'000
Amounts included in the measure of segment profit or loss or segment assets:								
Addition to non current assets (note)	896,513	225,860	171,666	18,516	351,467	1,664,022	12,522	1,676,544
Interests in associates	7,349,227	–	–	63,099	365,058	7,777,384	–	7,777,384
Interests in joint ventures	1,888,486	–	–	8,981	–	1,897,467	–	1,897,467
Impairment loss on financial assets, net of reversal	631,344	–	–	(11,747)	7,728	627,325	20,000	647,325
Impairment loss on non-financial assets, net of reversal	352,348	(19,680)	–	–	–	332,668	–	332,668
Gain from changes in fair value of investment properties	–	–	(253,400)	–	–	(253,400)	–	(253,400)
Gain on re-measurement of associates and a joint venture to acquisition date fair value in business combination achieved in stages	(1,620,517)	–	–	–	(3,018)	(1,623,535)	–	(1,623,535)
Gain on acquisition of subsidiaries	–	–	–	(280)	(13,526)	(13,806)	–	(13,806)
Net gain on disposal of subsidiaries	(1,240,939)	–	(375,805)	–	(3,021)	(1,619,765)	–	(1,619,765)
Depreciation of property, plant and equipment	126,099	170,691	184	11,688	10,547	319,209	1,970	321,179
Loss (gain) on disposal of property, plant and equipment	6,710	–	(122)	(679)	(299)	5,610	16	5,626
Interest income	(423,332)	(2,053)	(17)	(7,859)	(4,487)	(437,748)	(48,867)	(486,615)
Finance costs	1,442,853	686	11,977	658	15,675	1,471,849	4,822	1,476,671
Share of results of associates	(546,310)	–	–	(9,651)	(2,001)	(557,962)	–	(557,962)
Share of results of joint ventures	(355)	–	–	8,661	–	8,306	–	8,306
Taxation	3,320,469	5,430	224,334	87,706	29,983	3,667,922	51,881	3,719,803

Note: Non-current assets mainly included property, plant and equipment, investment properties (excluding gain from changes in fair value of investment properties), prepaid lease payment, interests in joint ventures, interests in associates and rental paid in advance and excluded financial instruments, goodwill and deferred tax assets.

For the year ended 31 December 2018

6. Other Income

	2018 RMB'000	2017 RMB'000
Interest income	**1,530,440**	486,615
Government grants (note)	**15,151**	6,704
Dividends from equity instruments at FVTOCI	**70,807**	–
Dividends from available-for-sale investments	**–**	18,052
Others	**243,873**	200,531
	1,860,271	711,902

Note: These grants are unconditional and accounted for as immediate financial support with neither future related costs expected to be incurred nor related to any assets.

7. Other Gains and Losses

	2018 RMB'000	2017 RMB'000
Net foreign exchange (losses) gains	**(487,841)**	511,187
Net loss on disposal of property, plant and equipment	**(21,040)**	–
(Loss) gain on disposal of associates	**(1,069)**	6,405
Gain on fair value of acquisition of associates and a joint venture in stages	**–**	78,956
Gain on acquisition of associates	**–**	36,337
	(509,950)	632,885

8. Finance Costs

	2018 RMB'000	2017 RMB'000
Interest on bank and other borrowings	**3,803,559**	2,630,914
Interest on senior notes (note 32)	**240,556**	366,084
Interest on corporate debt instruments (note 33)	**1,292,779**	680,681
Interest on receipts under securitisation arrangements (note 34)	**79,768**	40,074
	5,416,662	3,717,753
Less: capitalised in properties under development and construction in progress	**(3,864,999)**	(2,241,082)
	1,551,663	1,476,671

Borrowing costs capitalised during the year arose on the specific loan and general borrowing pool and are calculated by applying a capitalisation rate of 5.4% (2017: 5.4%) per annum to expenditure on the development of properties for sale and for own use.

For the year ended 31 December 2018

9. Impairment Losses on Financial Assets and Non-financial Assets, Net of Reversal

	2018 RMB'000	2017 RMB'000
Impairment for financial assets		
Impairment losses on trade and other receivables	**769,379**	216,226
Impairment losses on amounts due from related parties	**513,355**	431,099
	1,282,734	647,325
Impairment for non-financial assets		
Impairment losses on properties for development	**56,454**	–
Impairment losses on properties under development	**270,351**	–
Impairment losses on completed properties for sale	**123,648**	352,348
Impairment losses on inventories	**18,422**	–
Reversal of impairment losses on property, plant and equipment	**(16,775)**	(19,680)
	452,100	332,668
	1,734,834	979,993

10. Profit Before Taxation

	2018 RMB'000	2017 RMB'000
Profit before taxation has been arrived at after charging (crediting):		
Salaries and other benefits	**3,069,591**	2,515,126
Retirement benefits scheme contributions	**117,351**	88,747
Equity-settled share option expenses	**134,466**	1,778
Staff costs (including directors' emoluments)	**3,321,408**	2,605,651
Less: Capitalised in properties under development	**(860,475)**	(674,301)
	2,460,933	1,931,350
Depreciation of property, plant and equipment	**452,105**	321,179
Less: Capitalised in properties under development	**(9,840)**	(4,590)
	442,265	316,589
Amortisation of prepaid lease payment (included in administrative expenses)	**29,186**	25,733
Auditors' remuneration	**19,951**	17,315
Cost of properties and inventories recognised as an expense	**46,128,362**	33,564,920
Net loss on disposal of property, plant and equipment	**21,040**	5,626

11. Directors', Chief Executive's and Employees' Emoluments

The emoluments paid or payable to each of the 12 (2017: 11) directors and the chief executive of the Company were as follows:

	SONG Weiping RMB'000	LIU Wensheng RMB'000	SHOU Bainian[1] RMB'000	ZHANG Yadong[2] RMB'000	CAO Zhounan[3] RMB'000	LI Qingan RMB'000	LI Yongqian RMB'000	LI Jun[4] RMB'000	2018 Total RMB'000
Executive directors									
Fees	1,200	1,200	320	500	700	1,200	1,200	880	7,200
Other emoluments:									
Salaries and other benefits	3,800	3,800	–	1,375	1,925	1,500	1,500	880	14,780
Contributions to retirement benefits/pension schemes	105	116	–	47	46	116	116	90	636
Performance relate incentive payments (note)	4,990	4,990	–	1,875	2,625	2,800	2,800	1,467	21,547
Equity-settled share option expense	13,638	12,383	–	3,624	5,748	10,877	9,538	2,628	58,436
Sub-total	23,733	22,489	320	7,421	11,044	16,493	15,154	5,945	102,599

The executive directors' emoluments shown above were paid for their services in connection with the management of the affairs of the Company and the Group.

	JIA Shenghua RMB'000	SZE Tsai Ping, Michael RMB'000	KE Huanzhang RMB'000	HUI Wan Fai RMB'000	2018 Total RMB'000
Independent non-executive directors					
Fees	320	320	320	320	1,280
Other emoluments:	–	–	–	–	–
Salaries and other benefits	–	–	–	–	–
Contributions to retirement benefits/pension schemes	–	–	–	–	–
Performance relate incentive payments (note)	–	–	–	–	–
Sub-total	320	320	320	320	1,280

11. Directors', Chief Executive's and Employees' Emoluments (continued)

The independent non-executive directors' emoluments shown above were paid for their services as directors of the Company.

	2018 RMB'000
Total	103,879

	SONG Weiping RMB'000	LIU Wensheng RMB'000	SHOU Bainian RMB'000	SUN Guoqiang[5] RMB'000	CAO Zhounan RMB'000	LI Qingan RMB'000	LI Yongqian RMB'000	2017 Total RMB'000
Executive directors								
Fees	–	–	–	–	–	–	–	–
Other emoluments:								
Salaries and other benefits	5,000	1,200	1,200	1,200	4,500	1,500	1,500	16,100
Contributions to retirement benefits/pension schemes	86	–	–	–	75	105	105	371
Performance relate incentive payments (note)	4,990	–	2,760	–	4,500	4,000	4,000	20,250
Equity-settled share option expense	179	162	–	–	167	143	125	776
Sub-total	10,255	1,362	3,960	1,200	9,242	5,748	5,730	37,497

The executive directors' emoluments shown above were paid for their services in connection with the management of the affairs of the Company and the Group.

	JIA Shenghua RMB'000	SZE Tsai Ping, Michael RMB'000	KE Huanzhang RMB'000	HUI Wan Fai RMB'000	2017 Total RMB'000
Independent non-executive directors					
Fees	320	320	320	320	1,280
Other emoluments:	–	–	–	–	–
Salaries and other benefits	–	–	–	–	–
Contributions to retirement benefits/pension schemes	–	–	–	–	–
Performance relate incentive payments (note)	–	–	–	–	–
Sub-total	320	320	320	320	1,280

11. Directors', Chief Executive's and Employees' Emoluments (continued)

The independent non-executive directors' emoluments shown above were paid for their services as directors of the Company.

	2017 RMB'000
Total	38,777

1 Mr. SHOU Bainian was resigned as an executive director and ceased to be a member of the nomination committee and remuneration committee of the Company on 6 April 2018.

2 Mr. ZHANG Yadong was appointed as an executive director, a member of the nomination committee and remuneration committee of the Company in place of Mr CAO Zhounan on 1 August 2018.

3 Mr. CAO Zhounan was resigned as an executive director and ceased to be a member of the nomination committee of the Company on 1 August 2018.

4 Mr. LI Jun was appointed as an executive director on 6 April 2018.

5 Mr. SUN Guoqiang was resigned as an executive director and ceased to be a member of the remuneration committee of the Company on 1 August 2018.

Mr. ZHANG Yadong was appointed as a Chief Executive Office of the Company in place of Mr. CAO Zhounan on 1 August 2018 and their emoluments disclosed above include those for services rendered by them during their respective tenures as the Chief Executive Officer.

Note: The performance related incentive payments is determined as a percentage of the results of the Group for both years.

No directors waived any emoluments in both years.

Of the five individuals with the highest emoluments in the Group, all of them (2017: five) were directors of the Company whose emoluments are included in the disclosure above.

11. Directors', Chief Executive's and Employees' Emoluments (continued)

The individuals' emoluments were within the following bands:

	2018 No. of directors	2017 No. of directors
HKD4,500,001 to HKD5,000,000	**–**	1
HKD6,500,001 to HKD7,000,000	**–**	2
HKD10,500,001 to HKD11,000,000	**–**	1
HKD11,500,001 to HKD12,000,000	**–**	1
HKD13,000,001 to HKD13,500,000	**1**	–
HKD17,500,001 to HKD18,000,000	**1**	–
HKD19,000,001 to HKD19,500,000	**1**	–
HKD26,500,001 to HKD27,000,000	**1**	–
HKD28,000,001 to HKD28,500,000	**1**	–

During the year, no emoluments were paid by the Group to any of the directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office (2017: five).

12. Taxation

	2018 RMB'000	2017 RMB'000
Current tax:		
PRC enterprise income tax ("EIT")	**2,373,034**	2,770,357
PRC Land Appreciation Tax ("LAT")	**4,782,105**	3,329,311
	7,155,139	6,099,668
(Over) under-provision in prior years:		
PRC enterprise income tax	**(23,492)**	28,426
Deferred tax:		
EIT	**(709,860)**	(1,228,591)
LAT	**(893,045)**	(1,179,700)
	(1,602,905)	(2,408,291)
	5,528,742	3,719,803

12. Taxation (continued)

The deferred tax current year is mainly due to the fair value adjustment which arises from the acquisition of subsidiaries.

No provision for income tax has been made for the Company and group entities incorporated in Hong Kong as they have no assessable profits derived from Hong Kong.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% or 15%. Greentown Decoration Project Group Co., Ltd. ("Greentown Decoration Project Group") is a new technology enterprise and the applicable income tax rate from year 2018 to 2020 is 15%.

In addition, the EIT Law provides that qualified dividend income between two "resident enterprises" that have a direct investment relationship is exempted from income tax. Otherwise, such dividends will be subject to a 5% or 10% withholding tax under the EIT Law. A 10% withholding tax rate is applicable to the Group.

The tax charge for the year can be reconciled to the profit per the consolidated statement of profit or loss and other comprehensive income as follows:

	2018 RMB'000	2017 RMB'000
Profit before taxation	**7,903,972**	6,390,768
Tax at the applicable PRC enterprise income tax rate of 25%	**1,975,993**	1,597,692
Effect of different tax rates	**(19,552)**	(162,364)
Tax effect of share of results of associates	**(81,396)**	(139,490)
Tax effect of share of results of joint ventures	**(43,629)**	2,077
Tax effect of income not taxable for tax purposes	**(191,190)**	(430,136)
Tax effect of expenses not deductible for tax purposes	**598,693**	772,116
(Over) under-provision in respect of prior year	**(23,492)**	28,426
Tax effect of deductible temporary differences not recognised	**39,390**	62,903
Tax effect of tax losses not recognised	**289,773**	366,646
Recognition of deferred tax assets on tax losses previously not recognised	**(21,615)**	–
Utilisation of tax losses previously not recognised	**(1,588)**	(73,830)
LAT provision for the year	**3,889,060**	2,149,611
Tax effect of LAT	**(972,265)**	(537,403)
Tax effect of undistributed profits	**90,560**	83,555
Tax charge for the year	**5,528,742**	3,719,803

Details of deferred taxation for the year ended 31 December 2018 are set out in note 23.

12. Taxation (continued)

PRC LAT

According to the requirements of the Provisional Regulations of the PRC on LAT (中華人民共和國土地增值稅暫行條例) effective from 1 January 1994, and the Detailed Implementation Rules on the Provisional Regulations of the PRC on LAT (中華人民共和國土地增值稅暫行條例實施細則) effective from 27 January 1995, all income from the sale or transfer of state-owned land use rights, buildings and their attached facilities in the PRC is subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value, with an exemption provided for property sales of ordinary residential properties (普通標準住宅) if their appreciation values do not exceed 20% of the sum of the total deductible items.

According to the Notices for the Strengthening of Administration on LAT (關於加強土地增值稅管理工作的通知), the Group is required to pre-pay LAT on pre-sale proceeds at 0.5% – 3% for ordinary residential properties and 1% – 6% for other properties.

For the year ended 31 December 2018, the Group estimated and made a provision for LAT in the amount of RMB3,889,060,000 (2017: RMB2,149,611,000), according to the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon completion of the property development projects and the tax authorities might disagree with the basis on which the provision for LAT is calculated.

13. Dividends

On 18 July 2018, a final dividend for 2017 of RMB0.20 per ordinary share, or RMB433,536,000 in total, was paid to the shareholders.

A final dividend of RMB0.23 per ordinary share (2017: RMB0.20 per ordinary share) for the year ended 31 December 2018 has been proposed by the directors and is subject to approval by the Shareholders at the forthcoming annual general meeting.

14. Earnings Per Share

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

Earnings

	2018 **RMB'000**	2017 RMB'000
Profit for the year attributable to the owners of the Company	**1,003,285**	2,189,598
Distribution related to perpetual securities and domestic perpetual securities	**(611,589)**	(527,144)
Earnings for the purpose of basic earnings per share	**391,696**	1,662,454
Earnings for the purpose of diluted earnings per share	**391,696**	1,662,454

Number of shares

	2018	2017
Weighted average number of ordinary shares for the purpose of basic earnings per share	**2,167,671,034**	2,164,326,605
Effect of dilutive potential ordinary shares:		
Share options	**7,100,798**	4,789,104
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**2,174,771,832**	2,169,115,709

The computation of 2018 and 2017 diluted earnings per share does not assume the exercise of some of the share options because the exercise price of these share options was higher than the average market price for shares for the year.

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15. Property, Plant and Equipment

	Hotel buildings RMB'000	Leasehold land and buildings RMB'000	Leasehold improvements RMB'000	Machinery RMB'000	Furniture, fixtures and equipment RMB'000	Transportation equipment RMB'000	Construction in progress RMB'000	Total RMB'000
COST								
At 1 January 2017	5,851,000	394,631	104,118	26,780	450,615	309,651	895,303	8,032,098
Additions	–	17,283	38,488	5,784	77,827	33,508	359,164	532,054
Transfer from properties under development	–	–	–	–	–	–	1,120,724	1,120,724
Transfer	865,284	657,323	–	–	–	–	(1,522,607)	–
Disposals	–	(15,998)	(2,653)	(263)	(18,554)	(83,903)	–	(121,371)
Acquisition of subsidiaries (note 37)	–	1,335	3,210	4,252	15,187	3,829	–	27,813
Reclassification to held for sale	(232,605)	–	–	(1,937)	(6,729)	(4,580)	–	(245,851)
Disposal of subsidiaries	–	–	–	–	(38,613)	(5,233)	–	(43,846)
At 31 December 2017	6,483,679	1,054,574	143,163	34,616	479,733	253,272	852,584	9,301,621
Additions	1,068,239	161,988	49,473	5,817	102,433	37,122	451,757	1,876,829
Transfer from properties under development	–	–	–	–	–	–	410,245	410,245
Transfer to prepaid lease payment	–	–	–	–	–	–	(35,983)	(35,983)
Transfer to investment properties	–	–	–	–	–	–	(98,147)	(98,147)
Transfer	952,486	261,855	–	–	–	–	(1,214,341)	–
Disposals	–	(26,571)	(2,597)	–	(34,637)	(1,823)	–	(65,628)
Acquisition of subsidiaries (note 37)	–	–	41	61	1,692	1,311	–	3,105
Disposal of subsidiaries (note 38)	–	–	–	–	(885)	(2,316)	–	(3,201)
At 31 December 2018	**8,504,404**	**1,451,846**	**190,080**	**40,494**	**548,336**	**287,566**	**366,115**	**11,388,841**

For the year ended 31 December 2018

15. Property, Plant and Equipment (continued)

	Hotel buildings RMB'000	Leasehold land and buildings RMB'000	Leasehold improvements RMB'000	Machinery RMB'000	Furniture, fixtures and equipment RMB'000	Transportation equipment RMB'000	Construction in progress RMB'000	Total RMB'000
DEPRECIATION AND IMPAIRMENT								
At 1 January 2017	(801,386)	(96,288)	(77,136)	(25,674)	(266,986)	(217,993)	–	(1,485,463)
Provided for the year	(170,719)	(42,684)	(25,103)	(6,630)	(46,314)	(29,729)	–	(321,179)
Eliminated on disposals	–	3,854	2,653	232	17,303	67,719	–	91,761
Reclassification to held for sale	57,337	–	–	1,427	5,643	3,433	–	67,840
Eliminated on disposal of subsidiaries	–	–	–	–	34,102	4,897	–	38,999
Reversal of impairment losses on property, plant and equipment	19,680	–	–	–	–	–	–	19,680
At 31 December 2017	(895,088)	(135,118)	(99,586)	(30,645)	(256,252)	(171,673)	–	(1,588,362)
Provided for the year	(253,548)	(62,802)	(29,572)	(9,683)	(62,808)	(33,692)	–	(452,105)
Eliminated on disposals	–	5,300	2,245	–	25,561	1,317	–	34,423
Eliminated on disposal of subsidiaries (note 38)	–	–	–	–	106	75	–	181
Reversal of impairment losses on property, plant and equipment	16,775	–	–	–	–	–	–	16,775
At 31 December 2018	**(1,131,861)**	**(192,620)**	**(126,913)**	**(40,328)**	**(293,393)**	**(203,973)**	**–**	**(1,989,088)**
CARRYING VALUES								
At 31 December 2018	**7,372,543**	**1,259,226**	**63,167**	**166**	**254,943**	**83,593**	**366,115**	**9,399,753**
At 31 December 2017	5,588,591	919,456	43,577	3,971	223,481	81,599	852,584	7,713,259

15. Property, Plant and Equipment (continued)

The above items of property, plant and equipment other than construction in progress are depreciated on a straight-line basis, taking into account their residual value, at the following rates per annum:

Hotel buildings	Over the shorter of the term of the land use rights or 40 years
Leasehold land and buildings	Over the shorter of the term of the land use rights or 20 years
Leasehold improvements	Over the shorter of the lease term or five years
Machinery	10% to $33^1/_3$%
Furniture, fixtures and equipment	10% to $33^1/_3$%
Transportation equipment	10% to 20%

Details of the hotel buildings, leasehold land and buildings and construction in progress pledged to secure banking facilities granted to the Group are disclosed in note 42.

In view of the improving performance of the hotel operations, the Group engaged Cushman & Wakefield Limited to update their review of the Group's hotel buildings as at 31 December 2018 and as a result an impairment loss of RMB16,775,000 (as at 31 December 2017: RMB19,680,000) of hotel buildings was reversed during the year in respect of hotel buildings based on their value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. The discount rate used in measuring value in use was 9% (2017: 9%).

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16. Investment Properties

	RMB'000
Fair value	
At 1 January 2017	1,981,500
Additions	171,666
Transfer from completed properties for sale	2,259,830
Disposal of a subsidiary	(1,950,000)
Unrealised gain on property revaluation included in profit or loss	253,400
At 31 December 2017	2,716,396
Additions	1,109,809
Transfer from property, plant and equipment and prepaid lease payment	107,795
Unrealised gain on property revaluation included in profit or loss	132,128
At 31 December 2018	4,066,128

During the year, the Group changed the purpose of hotel in Zhoushan Greentown Weilanhai'an Hotel Management Co., Ltd. from holding for its hotel operation to holding for earning rentals, accordingly the Group transferred the classification of the hotel building from property, plant and equipment and prepaid lease payment to investment property amounting to RMB107,795,000.

All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

The fair value of the Group's investment properties at 31 December 2018 and 2017 has been arrived at on the basis of a valuation carried out on that date by Cushman & Wakefield Limited.

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

16. Investment Properties (continued)

The following table gives information about how the fair values of these investment properties are determined (in particular, the valuation techniques and inputs used), as well as the fair value hierarchy into which the fair value measurements are categorised (Level 3) based on the degree to which the inputs to the fair value measurements is observable.

Carrying value of investment properties held by the Group in the consolidated statement of financial positions	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Commercial property in Hangzhou RMB31,500,000 (2017: RMB31,500,000)	Level 3	Investment approach The Key inputs are: 1. Reversionary yield; and	Reversionary yield, taking into account annual rental income potential and unit market value of the comparable properties, of 6.5% (2017:6.5%).	The higher the reversionary yield, the lower the fair value.
		2. Market unit rent.	Market unit rent, using direct market comparables and taking into account of similar character, location and sizes.	The higher the market unit rent, the higher the fair value.
Commercial property in Zhuji RMB1,204,980,000 (2017: RMB1,204,980,000)	Level 3	Investment approach The Key inputs are: 1. Reversionary yield; and	Reversionary yield, taking into account annual rental income potential and unit market value of the comparable properties, of 5% (2017:5%).	The higher the reversionary yield, the lower the fair value.
		2. Market unit rent.	Market unit rent, using direct market comparables and taking into account of similar character, location and sizes.	The higher the market unit rent, the higher the fair value.
Commercial property in Dalian RMB940,000,000 (2017: RMB940,000,000)	Level 3	Investment approach The Key inputs are: 1. Reversionary yield; and	Reversionary yield, taking into account annual rental income potential and unit market value of the comparable properties, of 6% (2017:6.5%).	The higher the reversionary yield, the lower the fair value.
		2. Market unit rent.	Market unit rent, using direct market comparables and taking into account of similar character, location and sizes.	The higher the market unit rent, the higher the fair value.

16. Investment Properties (continued)

Carrying value of investment properties held by the Group in the consolidated statement of financial positions	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Commercial property in Qingdao RMB380,000,000 (2017: RMB367,063,000)	Level 3	Investment approach The Key inputs are: 1. Reversionary yield; and	Reversionary yield, taking into account annual rental income potential and unit market value of the comparable properties, of 6% (2017:6%).	The higher the reversionary yield, the lower the fair value.
		2. Market unit rent.	Market unit rent, using direct market comparables and taking into account of similar character, location and sizes.	The higher the market unit rent, the higher the fair value.
Commercial property in Hangzhou RMB147,143,000 (2017: RMB147,143,000)	Level 3	Investment approach The Key inputs are: 1. Reversionary yield; and	Reversionary yield, taking into account annual rental income potential and unit market value of the comparable properties, of 5.5% (2017:6%).	The higher the reversionary yield, the lower the fair value.
		2. Market unit rent.	Market unit rent, using direct market comparables and taking into account of similar character, location and sizes.	The higher the market unit rent, the higher the fair value.
Commercial property and carpark units in Shengzhou RMB25,710,000 (2017: RMB25,710,000)	Level 3	Direct comparison approach The Key inputs are: Market observable transactions adjusted to reflect the locations and conditions of the. subject property.	For commercial property: Price per square meter, using market direct comparable and taking into account of location, age and other individual factors which is RMB20,500 per square meter (2017: RMB20,500 per square meter)	The higher the price per square meter, the higher the fair value.
			For carpark units: Price per unit, which is RMB118,400 per unit (2017: RMB118,400 per unit).	The higher the price per unit, the higher the fair value.

16. Investment Properties (continued)

Carrying value of investment properties held by the Group in the consolidated statement of financial positions	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Office building and commercial property in Ji'nan RMB1,229,000,000	Level 3	Investment approach The Key inputs are: 1. Reversionary yield; and 2. Market unit rent.	Reversionary yield, taking into account annual rental income potential and unit market value of the comparable properties, of 7% and 5.5% for office building and commercial property respectively.	The higher the reversionary yield, the lower the fair value.
			Market unit rent, using direct market comparables and taking into account of similar character, location and sizes.	The higher the market unit rent, the higher the fair value.
Hotel in Zhoushan RMB107,795,000	Level 3	Investment approach The Key inputs are: 1. Reversionary yield; and 2. Market unit rent.	Reversionary yield, taking into account annual rental income potential and unit market value of the comparable properties, of 5.5%.	The higher the reversionary yield, the lower the fair value.
			Market unit rent, using direct market comparables and taking into account of similar character, location and sizes.	The higher the market unit rent, the higher the fair value.

Significant increases/(decreases) in the reversionary yield in isolation would result in a significantly lower/(higher) fair value of the investment properties. There is no indication that any slight increases/(decreases) in market unit rent in isolation would result in a significantly higher/(lower) fair value of the investment properties.

There were no transfer into or out of Level 3 during both years.

17. Goodwill

Cost

	2018 RMB'000	2017 RMB'000
At 1 January and at 31 December	**769,241**	769,241

The goodwill held by the Group as at 31 December 2018 arose on the acquisition of two subsidiaries that engaged in project management service in 2015. The detailed information is disclosed in the Group's 2015 consolidated financial statements.

Goodwill arose in the acquisition because the consideration paid for the acquisition effectively included the benefit of expected synergies, revenue growth and future market development. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

Impairment test on goodwill

For the purposes of impairment testing, goodwill set out above has been allocated to one cash generating unit ("CGU"). During the year ended 31 December 2018, the director considered that there is no impairment of CGU containing goodwill.

The basis of recoverable amount of the CGU and its major underlying assumptions is summarised below:

The recoverable amount of the CGU has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by management covering a five-year period, and discount rate of 13.6% (2017: 12.5%). Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows which include budgeted sales and gross margin, such estimation is based on the unit's past performance and director's expectations for the market development. The directors believe that any reasonably possible change in any of these assumptions would not cause the carrying amount to exceed its recoverable amount.

18. Interests in Associates

	2018 RMB'000	2017 RMB'000
Cost of unlisted investments in associates	**8,292,943**	6,491,250
Share of post-acquisition profits, net of dividends received	**705,613**	1,286,134
	8,998,556	7,777,384

No associate was individually material to the Group for the year.

18. Interests in Associates (continued)

As at 31 December 2018 and 2017, the Group had interests in the following principal associates established and operating in the PRC:

Name of associate	Registered capital	Proportion of ownership interest/voting rights held by the Group		Principal activities
		2018	2017	
穎澤投資有限公司 Green Magic Investments Limited ("Green Magic")	HKD1,500,000,000	**40%** **(i)**	40% (i)	Investment holding
大連九龍倉綠城置業有限公司 Dalian Wharf Greentown Real Estate Co., Ltd. ("Dalian Wharf Greentown")	USD90,490,000	**40%** **(i)**	40% (i)	Real estate development
杭州濱綠房地產開發有限公司 Hangzhou Binlv Real Estate Development Co., Ltd. ("Hangzhou Binlv")	RMB60,000,000	**50%** **(ii)**	50% (ii)	Real estate development
網築集團有限公司 WZ Group Limited	USD50,000	**28%** **(iii)**	23%	Online Retailers
寧波都市房產開發有限公司 Ningbo Dushi Real Estate Development Co., Ltd.	USD200,000,000	**50%**	49%	Real estate development
上海浙鐵綠城房地產開發有限公司 Shanghai Zhetie Greentown Real Estate Development Co., Ltd.	RMB50,000,000	**38%**	38%	Real estate development
杭州翡翠城房地產開發有限公司 Hangzhou Hope Town Real Estate Development Co., Ltd.	RMB50,000,000	**45%**	45%	Real estate development
紹興金綠泉置業有限公司 Shaoxing Jinlvquan Real Estate Co., Ltd.	RMB580,000,000	**35%**	35%	Real estate development
濟南海爾綠城置業有限公司 Jinan Haier Greentown Real Estate Co., Ltd.	RMB140,000,000	**45%**	45%	Real estate development

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18. Interests in Associates (continued)

Name of associate	Registered capital	Proportion of ownership interest/voting rights held by the Group		Principal activities
		2018	2017	
台州浙能綠城置業有限公司 Taizhou Zheneng Greentown Real Estate Co., Ltd.	RMB300,000,000	**49%**	49%	Real estate development
杭州浙能綠城置業有限公司 Hangzhou Zheneng Greentown Real Estate Co., Ltd.	RMB300,000,000	**49%**	49%	Real estate development
浙江鐵建綠城房地產開發有限公司 Zhejiang Tiejian Greentown Real Estate Development Co., Ltd.	RMB100,000,000	**38%**	38%	Real estate development
杭州百大置業有限公司 Hangzhou Baida Real Estate Co., Ltd.	RMB1,965,500,000	**30%**	30%	Real estate development
杭州賽麗綠城申花置業有限公司 Hangzhou Saili Greentown Shenhua Real Estate Co., Ltd.	RMB100,000,000	**25%**	25%	Real estate development
杭州紫元綠西房地產有限公司 Hangzhou Ziyuan Lvxi Real Estate Co., Ltd.	RMB100,000,000	**33%**	33%	Real estate development
北京東部綠城置業有限公司 Beijing Eastern Greentown Real Estate Co., Ltd.	RMB50,000,000	**49%**	49%	Real estate development
杭州海航綠城置業有限公司 Hangzhou Haihang Greentown Real Estate Co., Ltd.	RMB322,750,100	**40%**	40%	Real estate development
大冶有色綠城房地產開發有限公司 Daye Youse Greentown Real Estate Development Co., Ltd.	RMB160,000,000	**30%**	30%	Real estate development

18. Interests in Associates (continued)

Name of associate	Registered capital	Proportion of ownership interest/voting rights held by the Group		Principal activities
		2018	2017	
山東財富縱橫置業有限公司 Shandong Caifu Zongheng Real Estate Co., Ltd.	RMB50,000,000	**39%**	39%	Real estate development
信陽市萬恒置業有限公司 Xinyang Wanheng Real Estate Co., Ltd.	RMB50,000,000	**20%**	20%	Real estate development
青島綠城華景置業有限公司 Qingdao Greentown Huajing Real Estate Co., Ltd	RMB2,000,000,000	**40%**	40%	Real estate development
義烏浙鐵綠城房地產開發有限公司 Yiwu Zhetie Greentown Real Estate Development Co., Ltd.	RMB200,000,000	**35%**	35%	Real estate development
杭州綠城墅園置業有限公司 Hangzhou Greentown Shuyuan Real Estate Co., Ltd.	RMB10,000,000	**30%**	30%	Real estate development
杭州地鐵武林置業有限公司 Hangzhou Metro Wulin Real Estate Co., Ltd.	RMB2,800,000,000	**45%**	45%	Real estate development
杭州安景置業有限公司 Hangzhou Anjing Real Estate Co., Ltd.	RMB100,000,000	**25%**	25%	Real estate development
浙江西子綠城房地產集團有限公司 Zhejiang Xizi Lvcheng Real Estate Group Co., Ltd.	RMB100,000,000	**40%**	40%	Real estate development
杭州龍昊房地產開發有限公司 Hangzhou Longhao Real Estate Co., Ltd.	RMB1,500,000,000	**23%**	23%	Real estate development
杭州綠城望溪房地產開發有限公司 Hangzhou Greentown Wangxi Real Estate Co., Ltd.	RMB600,000,000	**20%**	20%	Real estate development

18. Interests in Associates (continued)

Name of associate	Registered capital	Proportion of ownership interest/voting rights held by the Group 2018	2017	Principal activities
杭州綠城桂溪房地產開發有限公司 Hangzhou Greentown Guixi Real Estate Co., Ltd.	RMB600,000,000	**20%**	20%	Real estate development
重慶綠華置業發展有限公司 Chongqin Lvhua Real Estate Co., Ltd.	RMB900,000,000	**49% (iv)**	–	Real estate development
安徽綠雋置業有限公司 Anhui Lvjun Real Estate Co., Ltd.	RMB100,000,000	**50% (iv)**	–	Real estate development
杭州余杭綠城九洲房地產開發有限公司 Hangzhou Yuhang Greentown Jiuzhou Real Estate Development Co., Ltd.	RMB85,000,000	**– (v)**	35%	Real estate development
杭州綠城金久房地產開發有限公司 Hangzhou Greentown Jinjiu Real Estate Development Co., Ltd.	RMB20,000,000	**– (v)**	40%	Real estate development
浙江中青旅綠城投資置業有限公司 Zhejiang Zhongqinglv Greentown Investment Real Estate Co., Ltd.	RMB200,000,000	**– (v)**	49%	Investment holding and consulting

The above table lists the associates of the Group which, in the opinion of the directors, principally affected the results or assets of the Group. To give details of other associates would, in the opinion of the directors, result in particulars of excessive length.

Notes:

(i) Dalian Wharf Greentown is a subsidiary of Green Magic.

(ii) Only two out of five directors of Hangzhou Binlv are appointed by the Group, while a valid board resolution requires half of the total votes. The Group thus does not have the power to control or jointly control Hangzhou Binlv. Therefore, Hangzhou Binlv is accounted for as an associate of the Group.

(iii) In 2018, Eternity Wealth Investments Limited, a wholly-owned subsidiary of the Company, entered into a framework agreement to acquire additional 5% equity interest in WZ Group Limited, an online retailers company, for a total cash consideration of approximately RMB118,009,000. The Group previously held 27,799,207 ordinary shares in WZ Group Limited, equivalent to 23% equity interest, and classified the investments as an associate.

(iv) These companies were newly established in 2018.

(v) These companies were liquidated in 2018.

18. Interests in Associates (continued)

Aggregate information of associates that are not individually material:

	2018 RMB'000	2017 RMB'000
Group's share of total profit for the year	**325,582**	557,962
Aggregate carrying amount of the Group's interests in these associates	**8,998,556**	7,777,384

The Group has discontinued recognition of its share of losses of certain associates as its share of losses of those associates equals or exceeds its interests in those associates. The amounts of unrecognised share of losses of these associates, both for the year and cumulatively, are as follows:

	2018 RMB'000	2017 RMB'000
Unrecognised share of losses of associates for the year	**258,066**	138,563
Accumulated unrecognised share of losses of associates	**549,599**	291,533

19. Interests in Joint Ventures

	2018 RMB'000	2017 RMB'000
Cost of unlisted investments in joint ventures	**1,692,393**	1,760,576
Share of post-acquisition profits, net of dividends received	**147,395**	136,891
	1,839,788	1,897,467

19. Interests in Joint Ventures (continued)

As at 31 December 2018 and 2017, the Group had interests in the following principal joint ventures established and operating in the PRC:

Name of joint venture	Registered capital	Proportion of ownership interest/voting rights held by the Group		Principal activities
		2018	2017	
浙江鐵投綠城投資有限公司 Zhejiang Tietou Greentown Investment Co., Ltd. ("Zhejiang Tietou Greentown Investment")	RMB80,000,000	**50% (i)**	50% (i)	Investment holding
浙江鐵投綠城房地產開發有限公司 Zhejiang Tietou Greentown Real Estate Development Co., Ltd. ("Zhejiang Tietou Greentown Real Estate")	RMB80,000,000	**– (i)**	50% (i)	Real estate development
盈高有限公司 Profit Pointer Limited	HKD10,000	**50% (ii)**	50% (ii)	Investment holding
瀋陽全運村建設有限公司 Shenyang National Games Village Construction Co., Ltd. ("Shenyang National Games Village")	USD290,000,000	**50% (ii)**	50% (ii)	Real estate development
紹興綠城寶業房地產開發有限公司 Shaoxing Greentown Baoye Real Estate Co., Ltd. ("Shaoxing Greentown Baoye")	RMB100,000,000	**51% (iii)**	51% (iii)	Real estate development
山東東城置業有限公司 Shandong Dongcheng Real Estate Co., Ltd. ("Shandong Dongcheng")	RMB200,000,000	**49% (iv)**	49% (iv)	Real estate development
嵊州綠城越劇小鎮投資有限公司 Shengzhou Greentown Shaoxing Opera Town Investment Co., Ltd. ("Shengzhou Shaoxing Opera Town")	RMB100,000,000	**33% (v)**	33% (v)	Real estate development
寧波軌道交通綠城置地有限公司 Ningbo Rail Transit Greentown Real Estate Co., Ltd. ("Ningbo Rail Transit")	RMB100,000,000	**51% (vi)**	51% (vi)	Real estate development

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19. Interests in Joint Ventures (continued)

Name of joint venture	Registered capital	Proportion of ownership interest/voting rights held by the Group		Principal activities
		2018	2017	
浙江綠西房地產集團有限公司 Zhejiang Lvxi Real Estate Group Co., Ltd.	RMB100,000,000	**50%**	50%	Investment holding, real estate development and business consulting
浙江金盈置業有限公司 Zhejiang Jinying Real Estate Co., Ltd.	RMB50,000,000	**50%**	50%	Real estate development
杭州臨宜房地產開發有限公司 Hangzhou Linyi Real Estate Development Co., Ltd.	RMB239,800,000	**50%**	50%	Real estate development
杭州綠城鳳起置業有限公司 Hangzhou Greentown Fengqi Real Estate Co., Ltd.	RMB50,000,000	**50%**	50%	Real estate development
浙江綠城足球俱樂部有限公司 Zhejiang Greentown Football Club Co., Ltd. ("Football Club")	RMB50,000,000	**50% (vii)**	–	Club operation
濟南東創置業有限公司 Jinan Dongchuang Real Estate Co., Ltd. ("Ji'nan Dongchuang")	RMB300,000,000	**N/A (viii)**	50%	Real estate development
余姚綠城房地產開發有限公司 Yuyao Greentown Real Estate Development Co., Ltd. ("Yuyao Greentown")	RMB99,000,000	**N/A (ix)**	47% (ix)	Real estate development
舟山綠城海盛置業發展有限公司 Zhoushan Greentown Haisheng Real Estate Development Co., Ltd. ("Zhoushan Greentown Haisheng")	RMB100,000,000	**N/A (x)**	51% (x)	Real estate development
杭州西溪山莊房地產開發有限公司 Hangzhou Xixi Villa Real Estate Development Co., Ltd. ("Hangzhou Xixi")	RMB80,000,000	**N/A (xi)**	50%	Real estate development

19. Interests in Joint Ventures (continued)

Name of joint venture	Registered capital	Proportion of ownership interest/voting rights held by the Group 2018	2017	Principal activities
徐州新盛綠城置業發展有限公司 Xuzhou Xinsheng Real Estate Development Co., Ltd. ("Xuzhou Xinsheng")	RMB100,000,000	**60%** **(xii)**	60% (xii)	Real estate development
海寧綠城新湖房地產開發有限公司 Haining Greentown Sinhoo Real Estate Development Co., Ltd.	RMB20,000,000	**–** **(xiii)**	50%	Real estate development
杭州綠城北秀置業有限公司 Hangzhou Greentown Beixiu Real Estate Co., Ltd.	RMB50,000,000	**–** **(xiii)**	50%	Real estate development

The above table lists the joint ventures of the Group which, in the opinion of the directors, principally affected the results or assets of the Group. To give details of other joint ventures would, in the opinion of the directors, result in particulars of excessive length.

Notes:

(i) Zhejiang Tietou Greentown Real Estate was a subsidiary of Zhejiang Tietou Greentown Investment and was liquidated in 2018.

(ii) Shenyang National Games Village is a subsidiary of Profit Pointer Limited.

(iii) Three out of five directors of Shaoxing Greentown Baoye are appointed by the Group, while a valid board resolution requires unanimous approval from all directors. Therefore, Shaoxing Greentown Baoye is accounted for as a joint venture of the Group.

(iv) Two out of five directors of Shandong Dongcheng are appointed by the Group and the remaining three directors by the other equity holder, while a valid board resolution requires four-fifths of the total votes. Decisions about relevant activities of Shandong Dongcheng require unanimous consent from the Group and the other equity holder. Therefore, Shandong Dongcheng is accounted for as a joint venture of the Group.

(v) Two out of five directors of Shengzhou Shaoxing Opera Town are appointed by the Group, while a valid board resolution requires two-third above approval from all directors. Decisions about relevant activities of Shengzhou Shaoxing Opera Town require unanimous consent from the Group and the other equity holders. Therefore, Shengzhou Shaoxing Opera Town is accounted for as a joint venture of the Group.

(vi) Decisions about relevant activities of Ningbo Rail Transit require unanimous consent from the Group and the other equity holders on the general meeting. Therefore, Ningbo Rail Transit is accounted for as a joint venture of the Group.

(vii) In January 2018, the Group disposed of its entire 100% equity interests in Hangzhou Rose Garden Resort Co., Ltd. ("Hangzhou Rose Garden Resort") to a shareholder's company for an acquisition of 50% equity interest in Football Club held by the shareholder's company at the consideration of RMB331,370,000. For details, please refer to note 38.

19. Interests in Joint Ventures (continued)

Notes: (continued)

(viii) The Group obtained control over Ji'nan Dongchuang by agreement of acting in concert with another shareholder which held the rest of 50% equity interests in 2018. Ji'nan Dongchuang was previously a joint venture of the Group. For details, please refer to note 37.

(ix) In 2018, the Group acquired 100% equity interest of Hangzhou Shuoli Investment Management Co., Ltd. ("Hangzhou Shuoli") from an independent third party, for a total cash consideration of RMB100,000. Yuyao Greentown was previously a 47%-owned joint venture of the Group and Hangzhou Shuoli held 53% equity interests of Yuyao Greentown, therefore Yuyao Greentown were also acquired by the Group. For details, please refer to note 37. Before the acquisition, two out of five directors of Yuyao Greentown are appointed by the Group, while a valid board resolution requires unanimous approval from all directors. Therefore, Yuyao Greentown was accounted for as a joint venture of the Group then.

(x) In 2018, Zhoushan Greentown Real Estate Co., Ltd. ("Zhoushan Greentown"), a wholly-owned subsidiary of the Company, entered into a framework agreement to acquire the remaining 49% equity interest in Zhoushan Greentown Haisheng from an independent third party, for a total cash consideration of RMB49,000,000. For details, please refer to note 37. Before the acquisition, three out of four directors of Zhoushan Greentown Haisheng are appointed by the Group, while decisions about relevant activities of Zhoushan Greentown Haisheng require unanimous consent from the Group and the other equity holders. Therefore, Zhoushan Greentown Haisheng was accounted for as a joint venture of the Group then.

(xi) In 2018, Hangzhou Nuozhen Investment Co., Ltd., a wholly-owned subsidiary of the Company, entered into a framework agreement to acquire the additional 30% equity interest in Hangzhou Xixi from an independent third party, for a total cash consideration of RMB26,760,000.00. For details, please refer to note 37.

(xii) Three out of five directors of Xuzhou Xinsheng are appointed by the Group, while a valid board resolution requires unanimous approval from all directors. Therefore, Xuzhou Xinsheng is accounted for as a joint venture of the Group.

(xiii) These companies were liquidated in 2018.

Summarised financial information of material joint ventures

Summarised financial information in respect of each of the Group's material joint ventures is set out below. The summarised financial information below represents amounts shown in the joint ventures' financial statements prepared in accordance with IFRSs.

The joint ventures are accounted for using the equity method in these consolidated financial statements.

Joint venture Company A

	2018 RMB'000	2017 RMB'000
Current assets	**1,257,098**	2,073,910
Non-current assets	**1,146**	20,524
Current liabilities	**859,110**	2,103,894
Non-current liabilities	**3,950**	–

19. Interests in Joint Ventures (continued)

Summarised financial information of material joint ventures (continued)

Joint venture Company A (continued)

The above amounts of assets and liabilities include the following:

	2018 RMB'000	2017 RMB'000
Cash and cash equivalents	**359,950**	193,057
Current financial liabilities (excluding trade and other payables and provisions)	**–**	–
Non-current financial liabilities (excluding trade and other payables and provisions)	**–**	–

	2018 RMB'000	2017 RMB'000
Revenue	**2,218,882**	772,905
Profit (loss) for the year	**336,763**	(21,058)

The above profit for the year includes the following:

	2018 RMB'000	2017 RMB'000
Depreciation and amortisation	**575**	284
Interest income	**14,242**	1,895
Income tax expense	**327,132**	(5,987)

For the year ended 31 December 2018

19. Interests in Joint Ventures (continued)

Summarised financial information of material joint ventures (continued)

Joint venture Company A (continued)

Reconciliation of the above summarised financial information to the carrying amount of the interest in the joint venture recognised in the consolidated financial statements:

	2018 **RMB'000**	2017 RMB'000
Net assets (liabilities) of Joint venture Company A	**395,184**	(9,460)
Proportion of the Group's ownership interest in Joint venture Company A (note i)	**60%**	60%
Other adjustments (note ii)	**–**	5,676
Carrying amount of the Group's interest in Joint venture Company A	**237,110**	–

Note i: Three out of five directors of Joint venture Company A are appointed by the Group, while a valid board resolution requires unanimous approval from all directors. Therefore, Joint venture Company A is accounted for as a joint venture of the Group.

ii: The other adjustment is the unrecognised loss in Joint venture Company A.

Aggregate information of joint ventures that are not individually material:

	2018 **RMB'000**	2017 RMB'000
Group's share of losses for the year	**(27,543)**	(1,347)

19. Interests in Joint Ventures (continued)

Summarised financial information of material joint ventures (continued)

Aggregate information of joint ventures that are not individually material: (continued)

The Group has discontinued recognition of its share of losses of certain joint ventures as its share of losses of those joint ventures equals or exceeds its interests in those joint ventures. The amounts of unrecognised share of losses of these joint ventures, both for the year and cumulatively, are as follows:

	2018 **RMB'000**	2017 RMB'000
Unrecognised share of losses of joint ventures for the year	**10,126**	346,252
Accumulated unrecognised share of losses of joint ventures	**858,472**	1,503,968

20. Equity Instruments at Fair Value through Other Comprehensive Income

	2018 **RMB'000**
Listed investments:	
– Equity securities listed in Hong Kong (note i)	**730,162**
Unlisted equity securities (note ii)	**545,520**
	1,275,682

Notes:

(i) The above listed equity investments represent ordinary shares of an entity listed in Hong Kong. These investments are not held for trading, instead, they are held for long-term strategic purposes. The directors of the Company have elected to designate these investments in equity instruments as at FVTOCI as they believe that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance potential in the long run.

(ii) The above unlisted equity investments represent the Group's equity interest in a private entity established in the PRC. The directors of the Company have elected to designate these investments in equity instruments as at FVTOCI as they are held for the long term primarily with the objective of strengthening business relationships.

For the year ended 31 December 2018

21. Available-For-Sale Investments

Available-for-sale investments comprise:

	2017 RMB'000
Equity securities listed in Hong Kong, at fair value	710,519
Unlisted equity securities, at cost	273,311
	983,830

22. Prepaid Lease Payment

	2018 RMB'000	2017 RMB'000
Analysed for reporting purposes as:		
Current asset (included in trade and other receivables)	**26,154**	23,983
Non-current asset	**896,967**	738,163
	923,121	762,146

23. Deferred Taxation

The following are the major deferred tax assets (liabilities) recognised and movements thereon during the current and prior years:

	Temporary differences on revenue recognition and related cost of sales RMB'000	Impairment losses RMB'000	Tax losses RMB'000	Fair value adjustments RMB'000	LAT provision RMB'000	Undistributed profits RMB'000	Others RMB'000	Total RMB'000
At 1 January 2017	160,423	145,443	437,787	(3,933,632)	543,984	(572,184)	(221,815)	(3,439,994)
(Charge) credit to profit or loss	(6,113)	95,424	(174,703)	2,138,799	231,593	50,000	73,290	2,408,290
Acquisition of subsidiaries (note 37)	–	–	151,130	(3,130,082)	–	–	–	(2,978,952)
Disposal of subsidiaries	–	–	–	194,536	–	–	–	194,536
Transfer to held for sale	–	–	(14,030)	–	(7,505)	–	–	(21,535)
At 31 December 2017	154,310	240,867	400,184	(4,730,379)	768,072	(522,184)	(148,525)	(3,837,655)
Adjustments (note 2)	(539,674)	78,139	–	44,705	71,307	–	–	(345,523)
At 1 January 2018 (restated)	**(385,364)**	**319,006**	**400,184**	**(4,685,674)**	**839,379**	**(522,184)**	**(148,525)**	**(4,183,178)**
Charge to other comprehensive income	**–**	**–**	**–**	**(52,851)**	**–**	**–**	**–**	**(52,851)**
(Charge) credit to profit or loss	**(500,740)**	**312,712**	**44,408**	**1,638,171**	**47,208**	**(35,000)**	**96,146**	**1,602,905**
Acquisition of subsidiaries (note 37)	**(49,009)**	**10,837**	**176,825**	**(1,379,092)**	**7,322**	**–**	**–**	**(1,233,117)**
Disposal of subsidiaries (note 38)	**–**	**–**	**(470)**	**–**	**–**	**–**	**–**	**(470)**
At 31 December 2018	**(935,113)**	**642,555**	**620,947**	**(4,479,446)**	**893,909**	**(557,184)**	**(52,379)**	**(3,866,711)**

The addition in deferred tax liabilities during current year is mainly due to fair value adjustment of properties under development from the acquisition of subsidiaries. Deferred tax liability credited to the profit or loss for the year was mainly due to sales of properties under development acquired with fair value adjustment and recognition of revenue from sales of properties over time.

Others represent mainly deferred tax liabilities recognised in respect of temporary differences arising from accelerated tax depreciation and capitalised interest expense.

23. Deferred Taxation (continued)

The following is the analysis of the deferred tax balances for financial reporting purposes:

	2018 RMB'000	2017 RMB'000
Deferred tax assets	**2,363,550**	1,586,225
Deferred tax liabilities	**(6,230,261)**	(5,423,880)
	(3,866,711)	(3,837,655)

At the end of the reporting period, the Group had deductible temporary differences of RMB157,561,000 (2017: RMB259,200,000). No deferred tax asset has been recognised in relation to such deductible temporary differences as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

At the end of the reporting period, the Group had unutilised tax losses of RMB6,619,705,000 (2017: RMB5,596,655,000) available for offset against future profits. Deferred tax asset has been recognised in respect of RMB2,483,781,000 (2017: RMB1,600,727,000) of such losses.

Based on the latest budgets, the management believes that there will be sufficient future profits for the realisation of the deferred tax assets recognised in respect of these tax losses. No deferred tax asset has been recognised in respect of the remaining RMB4,135,924,000 (2017: RMB3,995,928,000) due to the unpredictability of future profit streams. Pursuant to the relevant laws and regulations in the PRC, the unrecognised tax losses at the end of the reporting period will expire in the following years:

	2018 RMB'000	2017 RMB'000
2018	**–**	883,605
2019	**478,184**	448,424
2020	**916,699**	908,523
2021	**1,146,284**	1,151,891
2022	**435,665**	603,485
2023	**1,159,092**	–
	4,135,924	3,995,928

Under the EIT Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of certain temporary differences attributable to accumulated profits of the PRC subsidiaries amounting to RMB14,854,940,000 (31 December 2017: RMB14,371,980,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

24. Deposit for Acquisition of an Associate

On 17 December 2018, the Group entered into a share transfer agreement to acquire 900,000,000 shares of Aeon Life Insurance Company, Ltd. ("Aeon Life"), representing 11.55% of its total shares as at the date of the share transfer agreement, from an independent third party for a total cash consideration of RMB2,718,000,000 (the "Acquisition"). At 31 December 2018, the Group has fully paid the consideration according to the share transfer agreement.

Completion of the Acquisition is conditional upon the satisfaction of certain conditions precedent including, among other things, (i) the approval of the China Banking and Insurance Regulatory Commission having been obtained in respect of the change of shareholders of Aeon Life pursuant to the Acquisition; and (ii) all necessary consent, permit, licence or approval under the applicable laws and regulations (including but not limited to the shareholders' approval of the Company under the Listing Rules, if required) having been obtained in respect of the share transfer agreement and the transactions contemplated thereunder.

Up to the date of the issuance of these consolidated financial statements, the above Acquisition has not been completed according to the agreements. As the Group will have a significant influence on Aeon Life because the Group is able to appoint one director to Aeon Life, it will be accounted for as an associate after the completion of the above Acquisition.

25. Properties for Development

Included in properties for development as at 31 December 2018 is an amount of RMB9,764,276,000 (2017: RMB17,927,640,000) in respect of long-term leasehold land for which the Group was in the process of obtaining the land use rights certificates.

All properties for development are expected to be recovered after more than 12 months from the end of the reporting period.

26. Properties Under Development

	2018 **RMB'000**	2017 RMB'000
Long-term leasehold land – at cost	**80,307,127**	56,812,084
Development costs	**25,948,690**	17,984,802
Finance costs capitalised	**11,621,050**	8,352,375
	117,876,867	83,149,261

Properties under development for sale amounting RMB82,333,319,000 (2017: RMB67,503,121,000) are expected to be recovered after more than 12 months from the end of the reporting period.

27. Trade and Other Receivables, Deposits and Prepayments

	2018 RMB'000	2017 RMB'000
Trade receivables	**979,502**	1,052,445
Less: allowance for credit losses	**(101,266)**	(56,375)
Trade receivables, net of allowance for credit losses	**878,236**	996,070
Other receivables, net of allowance for credit losses	**3,789,485**	5,365,456
Prepayments and deposits	**1,425,478**	1,806,117
Consideration receivables from disposal of subsidiaries and an associate	**160,000**	861,154
	6,253,199	9,028,797

The Group allows an average credit period of 90 days to trade customers. The aged analysis of trade receivables is stated below.

	2018 RMB'000	2017 RMB'000
Within 90 days	**548,217**	546,487
91–180 days	**55,317**	41,217
181–365 days	**125,062**	131,418
Over 365 days	**250,906**	333,323
Trade receivables	**979,502**	1,052,445

As at 31 December 2017, included in the Group's trade receivable balance are debtors with aggregate carrying amount of RMB453,602,000 which are past due as at the reporting date for which the Group has not provided for impairment loss.

Aging of trade receivables which are past due but not impaired:

	2017 RMB'000
91–180 days	41,217
181–365 days	92,452
Over 365 days	319,933
Trade receivables	453,602

27. Trade and Other Receivables, Deposits and Prepayments (continued)

The Group made allowance for doubtful debts for trade receivables amounted to RMB46,502,000 and no write off of allowance during the year 2017. The Group also made allowance for doubtful debts for other receivables amounted to RMB169,724,000 and no write off of allowance during the year 2017.

Included in other receivables were advances to third parties of RMB1,112,232,000 (2017: RMB1,732,693,000) as at 31 December 2018. All the advances are interest free, unsecured and expected to be recovered within one year both in 2017 and 2018. The advances comprise mainly earnest money for potential projects. The Group has concentration of credit risk as 46% (2017: 63%) of the total advances to third parties was due from the five largest counterparties. As at 31 December 2017, the Group does not notice any significant changes in the credit quality of its advances to third parties and the amounts are considered to be recoverable.

Other receivables, other than advances to third parties which were mainly earnest money for potential projects, are repayable on demand. Prepayments and deposits are expected to be recovered after more than 12 months.

Details of impairment assessment of trade and other receivables for the year ended 31 December 2018 are set out in note 46.

28. Contract Assets and Contract Costs

	As at 31 December 2018 RMB'000	As at 1 January 2018* RMB'000
Contract assets:		
Design and decoration (note (i))	**1,632,114**	1,032,647
Project management (note (i))	**254,971**	180,289
Contract costs:		
Costs for obtaining property sale contracts (note (ii))	**332,268**	272,175
	2,219,353	1,485,111

* The amounts in this column are after the adjustments from the application of IFRS 15.

Notes:

(i) The contract assets primarily relate to the Group's right to consideration for work completed and not billed because the rights are conditioned on the Group's future performance in achieving specified milestones stipulated in the relevant contracts at the reporting date on design and decoration and project management service. The contract assets are transferred to trade receivables when the rights become unconditional. The Group typically transfer the contract assets to trade receivables when the relevant revenue is billed.

(ii) Management expects the incremental costs, primarily sale commission paid/payable, as a result of obtaining the property sale contracts are recoverable. The Group has capitalised the amounts and amortised when the related revenue are recognised.

The Group has assessed that the expected credit loss for the contract assets is insignificant.

29. Bank Balances and Cash/Pledged Bank Deposits

Bank balances and cash comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less. Bank balances carry interest at market rates which range from 0.3% to 4.2% (2017: 0.3% to 2.5%) per annum.

Pledged bank deposits represent deposits pledged to banks to secure short-term banking facilities granted to the Group. The pledged bank deposits carry interest at fixed rates which range from 0.3% to 2.75% (2017: 0.3% to 2.75%) per annum.

As at 31 December 2018, the Group had bank balances and cash (including pledged bank deposits) denominated in Renminbi amounting to RMB44,100,652,000 (2017: RMB34,047,295,000). Renminbi is not freely convertible into other currencies.

Bank balances and cash/pledged bank deposits that are denominated in currencies other than the functional currency of the respective group entities are set out below:

	HKD RMB'000	**USD** RMB'000
As at 31 December 2018	**11,357**	**4,107,123**
As at 31 December 2017	39,423	1,890,712

30. Trade and Other Payables/Contract Liabilities

Trade and other payables

The aged analysis of trade payables is stated as follows:

	2018 **RMB'000**	2017 RMB'000
Within 180 days	**17,939,977**	11,542,628
181–365 days	**1,740,674**	789,770
Over 365 days	**1,680,180**	1,562,879
Trade payables	**21,360,831**	13,895,277
Other payables and accrued expenses	**7,924,311**	7,110,774
Receipt in advance for a subsidiary held for sale	**–**	248,000
Consideration payables on acquisition and partial acquisition of subsidiaries	**–**	1,026
	29,285,142	21,255,077

Trade payables and other payables principally comprise amounts outstanding for trade purposes and ongoing costs.

30. Trade and Other Payables/Contract Liabilities (continued)

Contract liabilities

	As at 31 December 2018 RMB'000	As at 1 January 2018* RMB'000
Sales of properties (note)	**66,266,875**	59,866,672

* The amounts in this column are after the adjustments from the application of IFRS 15.

RMB39,439,870,000 was recognised revenue during the year which was included in contract liabilities as at 1 January 2018.

Note: The Group receives 20%-80% of the contract value as deposits from customers when they sign the sale and purchase agreement. However, depending on market conditions, the Group may offer customers a discount compared to the listed sales price, provided that the customers agree to pay the balance of the consideration early while construction is still ongoing. The deposits and advance payment schemes result in contract liabilities being recognized throughout the property construction period until the customer obtains control of the completed property.

31. Bank and Other Borrowings

	2018 RMB'000	2017 RMB'000
Secured bank loans (note 42)	**28,501,377**	21,660,041
Unsecured bank loans	**14,125,008**	9,007,628
	42,626,385	30,667,669
Secured other loans (note 42)	**1,524,167**	2,114,996
Unsecured other loans	**5,490,800**	4,400,000
	7,014,967	6,514,996
	49,641,352	37,182,665

	2018 RMB'000	2017 RMB'000
Carrying amount repayable*:		
Within one year	**13,482,996**	12,732,906
More than one year, but not exceeding two years	**13,797,084**	16,065,223
More than two years, but not exceeding three years	**17,312,871**	5,711,536
More than three years, but not exceeding four years	**931,198**	330,000
More than four years, but not exceeding five years	**1,342,238**	326,950
More than five years	**2,774,965**	2,016,050
	49,641,352	37,182,665
Less: Amounts due within one year shown under current liabilities	**(13,482,996)**	(12,732,906)
Amounts shown under non-current liabilities	**36,158,356**	24,449,759

* The amounts due are based on scheduled repayment dates set out in the loan agreements.

Bank and other borrowings can be further analysed as follows:

	2018 RMB'000	2017 RMB'000
Fixed-rate	**9,199,900**	13,076,576
Variable-rate	**40,441,452**	24,106,089
	49,641,352	37,182,665

31. Bank and Other Borrowings (continued)

Interest on variable-rate bank and other borrowings is based on:

	2018 RMB'000	2017 RMB'000
The People's Bank of China benchmark rate	**30,081,987**	14,760,279
London Interbank Offered Rate	**7,699,922**	9,345,810
Hongkong Interbank Offered Rate	**2,659,543**	–
	40,441,452	24,106,089

The average effective interest rates were as follows:

	2018	2017
Bank loans	**4.98%**	5.02%
Other loans	**6.53%**	6.99%

Bank and other borrowings that are denominated in currencies other than the functional currency of the respective group entities are set out below:

	HKD RMB'000	USD RMB'000
As at 31 December 2018	**2,659,543**	**7,699,922**
As at 31 December 2017	–	9,345,810

At the end of the reporting period, certain bank loans are guaranteed by the following companies:

	2018 RMB'000	2017 RMB'000
Secured bank loans:		
Non-controlling shareholders of subsidiaries (note 42)	**2,583,695**	1,892,400

32. Senior Notes

2020 USD Notes – Unsecured

On 11 August 2015, the Company issued senior notes with an aggregate principal amount of USD500,000,000, comprised of (i) notes in the aggregate principal amount of USD429,698,000 (the "New Notes") which were issued pursuant to the exchange offer memorandum dated 20 July 2015 in relation to the exchange of the 2018 USD Notes (as defined in Group's 2016 consolidated financial statements and fully repaid in 2016) and the 2019 USD Notes into new USD senior notes due 2020 and (ii) notes in the aggregate principal amount of USD70,302,000 (the "Additional New Notes") which formed a single series with and have the same terms and conditions as the new USD senior notes due 2020 (collectively, the "2020 USD Notes").

The 2020 USD Notes were issued at 100% of face value and carried interest at the rate of 5.875% per annum payable semi-annually in arrears. The net proceeds raised from the Additional New Notes, after deducting subscription discounts for odd lot of notes and subtracting expenses related to the issuance of the 2020 USD Notes, was approximately USD62,861,000 (approximately RMB391,611,000). The 2020 USD Notes will mature on 11 August 2020.

The principal terms of 2020 USD Notes are disclosed in the Group's 2015 consolidated financial statements.

The 2020 USD Notes contain a liability component and an early redemption option:

(i) Liability component represents the present value of the contractually determined stream of future cash flows discounted at the prevailing market interest rate at that time applicable to instruments of comparable credit status and providing substantially the same cash flows, on the same terms, but without the embedded derivatives.

The interest charged for the year is calculated by applying an effective interest rate of approximately 5.875% per annum to the liability component since the senior notes were issued.

(ii) Early redemption option is regarded as an embedded derivative not closely related to the host contract. The directors consider that the fair value of the early redemption option is insignificant on 31 December 2018 and 31 December 2017.

The movements of 2020 USD notes during the year are set out below:

	RMB'000
At 1 January 2018	3,149,003
Exchange realignment	164,849
Interest charged during the year	240,556
Interest paid/payable during the year	(199,295)
At 31 December 2018	**3,355,113**

33. Corporate Debt Instruments

2015 Corporate Bonds

On 28 August 2015, Greentown Real Estate Group Co., Ltd. ("Greentown Real Estate") (the "Issuer"), a wholly-owned subsidiary of the Company, issued the first tranche of corporate bonds with an aggregate principal amount of RMB3,000,000,000 at 100% of face value (the "2015 First Bonds") which are listed on Shanghai Stock Exchange. The 2015 First Bonds carry interest at the rate of 4.70% per annum payable annually in arrears. The net proceeds, after deduction of direct issuance costs, amounted to RMB2,952,000,000. The 2015 First Bonds will mature on 27 August 2020.

On 18 September 2015, the Issuer issued the second tranche of the corporate bonds in an aggregate principal amount of RMB4,000,000,000 at 100% of face value comprising (i) RMB2,000,000,000 with a term of five years and an annual coupon rate of 4.40% payable annually in arrears (the "2015 Five-year Bonds"), and (ii) RMB2,000,000,000 with a term of seven years and an annual coupon rate of 5.16% payable annually in arrears (the "2015 Seven-year Bonds", together with the 2015 Five-year Bonds, the "2015 Second Bonds"). The net proceeds, after deduction of direct issuance costs, amounted to RMB3,940,000,000. The 2015 Five-year Bonds will mature on 16 September 2020. The 2015 Seven-year Bonds will mature on 16 September 2022.

The Issuer shall be entitled to unconditionally adjust the coupon rate and the investors shall be entitled to unconditionally sell back the 2015 First Bonds and 2015 Five-year Bonds, both at the end of the third year and the 2015 Seven-year Bonds at the end of the fifth year, respectively ("2015 Coupon Rate Adjustment Right").

The principal terms of 2015 First Bonds and 2015 Second Bonds (collectively, the "2015 Corporate Bonds") are disclosed in the Group's 2015 consolidated financial statements.

The 2015 Corporate Bonds contain a liability component and a written put option:

(i) Liability component represents the present value of the contractually determined stream of future cash flows discounted at the prevailing market interest rate at that time applicable to instruments of comparable credit status and providing substantially the same cash flows, on the same terms.

The interest charged for the year is calculated by applying an effective interest rate of approximately 5.14% per annum to the liability component since the 2015 Corporate Bonds were issued.

(ii) Written put option is regarded as an embedded derivative closely related to the economic characteristics and risks of the host contract, therefore, the written put option is not separated from the liability component.

33. Corporate Debt Instruments (continued)

2015 Corporate Bonds (continued)

On 16 July 2018, the Group decided to exercise the 2015 Coupon Rate Adjustment Right of the 2015 First Bonds and raised interest at the rate of 5.35% per annum payable annually in arrears from 27 August 2018 to 27 August 2020. Certain investors sold back the 2015 First Bonds amounted to RMB1,566,629,000 to the Issuer after the declaration of the coupon rate adjustment.

On 6 August 2018, the Group decided to exercise the 2015 Coupon Rate Adjustment Right of the 2015 Five-year Bonds and raised interest at the rate of 4.91% per annum payable annually in arrears from 16 September 2018 to 16 September 2020. Certain investors sold back the 2015 Five-year amounted to RMB491,865,000 to the Issuer after the declaration of the coupon rate adjustment.

As at 31 December 2018, the Group has had no plan nor intention to exercise the 2015 Coupon Rate Adjustment Right of the 2015 Seven-year Bonds, therefore the interest expense for the year were calculated using the original coupon rates of the 2015 Seven-year Bonds.

Further details of the results of execution 2015 Coupon Rate Adjustment Right are published on the website of the Shanghai Stock Exchange (www.sse.com.cn).

The movements of corporate bonds during the year are set out below:

	RMB'000
At 1 January 2018	6,936,088
Principal repaid during the year	(2,064,377)
Interest charged during the year	326,489
Interest paid/payable during the year	(305,616)
At 31 December 2018	**4,892,584**

Medium-term Notes

On 6 March 2017, the Issuer issued the first of medium-term notes with an aggregate principal amount of RMB3,000,000,000 at 100% of face value (the "First Medium-term Notes").The First Medium-term Notes carry interest at the rate of 5.50% per annum payable annually in arrears. The net proceeds, after deduction of direct issuance costs, amounted to RMB2,977,009,000. The First Medium-term Notes will mature on 6 March 2022.

On 21 April 2017, the Issuer issued the second of medium-term notes with an aggregate principal amount of RMB2,000,000,000 at 100% of face value (the "Second Medium-term Notes"). The Second Medium-term Notes carry interest at the rate of 5.19% per annum payable annually in arrears. The net proceeds, after deduction of direct issuance costs, amounted to RMB1,987,538,000. The Second Medium-term Notes will mature on 21 April 2020.

33. Corporate Debt Instruments (continued)

Medium-term Notes (continued)

On 13 June 2017, the Issuer issued the third of medium-term notes with an aggregate principal amount of RMB2,500,000,000 at 100% of face value (the "Third Medium-term Notes"). The Third Medium-term Notes carry interest at the rate of 5.47% per annum payable annually in arrears. The net proceeds, after deduction of direct issuance costs, amounted to RMB2,484,460,000. The Third Medium-term Notes will mature on 13 June 2020.

On 8 August 2017, the Issuer issued the fourth medium-term notes with an aggregate principal amount of RMB1,400,000,000 at 100% of face value (the "Fourth Medium-term Notes"). The Fourth Medium-term Notes carry interest at the rate of 5.30% per annum payable annually in arrears. The net proceeds, after deduction of direct issuance costs, amounted to RMB1,385,370,000. The Fourth Medium-term Notes will mature on 8 August 2022.

The movements of medium-term notes during the year are set out below:

	RMB'000
At 1 January 2018	8,846,616
Interest charged during the year	492,978
Interest paid/payable during the year	(475,408)
At 31 December 2018	**8,864,186**

Short-term Notes

On 19 March 2018, the Issuer issued the first of short-term notes with an aggregate principal amount of RMB1,000,000,000 at 100% of face value (the "First Short-term Notes"). The First Short-term Notes carry interest at the rate of 5.42% per annum. The net proceeds, after deduction of direct issuance costs, amounted to RMB997,655,000. The First Short-term Notes will mature on 19 March 2019 and pay the interest at a time.

On 19 March 2018, the Issuer issued the second of short-term notes with an aggregate principal amount of RMB1,000,000,000 at 100% of face value (the "Second Short-term Notes"). The Second Short-term Notes carry interest at the rate of 5.42% per annum. The net proceeds, after deduction of direct issuance costs, amounted to RMB997,749,000. The Second Short-term Notes will mature on 19 March 2019 and pay the interest at a time.

On 26 April 2018, the Issuer issued the third of short-term notes with an aggregate principal amount of RMB1,000,000,000 at 100% of face value (the "Third Short-term Notes"). The Third Short-term Notes carry interest at the rate of 4.97% per annum. The net proceeds, after deduction of direct issuance costs, amounted to RMB997,741,000. The Third Short-term Notes will mature on 26 April 2019 and pay the interest at a time.

On 17 May 2018, the Issuer issued the fourth of short-term notes with an aggregate principal amount of RMB1,000,000,000 at 100% of face value (the "Fourth Short-term Notes"). The Fourth Short-term Notes carry interest at the rate of 5.08% per annum. The net proceeds, after deduction of direct issuance costs, amounted to RMB997,741,000. The Fourth Short-term Notes will mature on 17 May 2019 and pay the interest at a time.

33. Corporate Debt Instruments (continued)

Short-term Notes (continued)

The movement of short-term notes during the year is set out below:

	RMB'000
Fair value at the date of issuance	3,990,886
Interest charged during the year	158,209
Interest paid/payable during the year	(150,873)
At 31 December 2018	**3,998,222**

2018 Corporate Bonds

On 12 March 2018, the Issuer issued the first tranche of corporate bonds with an aggregate principal amount of RMB2,000,000,000 at 100% of face value (the "2018 First Bonds"). The 2018 First Bonds carry interest at the rate of 5.5% per annum payable annually in arrears. The net proceeds, after deduction of direct issuance costs, amounted to RMB1,989,571,000. The 2018 First Bonds will mature on 12 March 2023.

On 13 April 2018, the Issuer issued the second tranche of corporate bonds with an aggregate principal amount of RMB3,000,000,000 at 100% of face value comprising (i) RMB2,500,000,000 with a term of five years and an annual coupon rate of 5.99% (the "2018 Second Bonds"), and (ii) RMB500,000,000 with a term of four years and an annual coupon rate of 5.7% (the "2018 Third Bonds"). The net proceeds, after deduction of direct issuance costs, amounted to RMB2,984,440,000. The 2018 Second Bonds and 2018 Third Bonds will mature on 12 April 2023 and 12 April 2022 receptively.

On 25 May 2018, the Issuer issued third tranche of corporate bonds with an aggregate principal amount of RMB1,000,000,000 at 100% of face value (the "2018 Fourth Bonds"). The 2018 Fourth Bonds carry interest at the rate of 6.00% per annum payable annually in arrears. The net proceeds, after deduction of direct issuance costs, amounted to RMB996,980,000. The 2018 Fourth Bonds will mature on 25 May 2022.

On 10 August 2018, the Issuer issued fourth of corporate bonds with an aggregate principal amount of RMB1,650,000,000 at 100% of face value (the "2018 Fifth Bonds"). The 2018 Fifth Bonds carry interest at the rate of 4.73% per annum payable annually in arrears. The net proceeds, after deduction of direct issuance costs, amounted to RMB1,639,808,000. The 2018 Fifth Bonds will mature on 9 August 2023.

On 4 September 2018, the Issuer issued fifth tranche of corporate bonds with an aggregate principal amount of RMB500,000,000 at 100% of face value (the "2018 Sixth Bonds"). The 2018 Sixth Bonds carry interest at the rate of 4.98% per annum payable annually in arrears. The net proceeds, after deduction of direct issuance costs, amounted to RMB497,840,000. The 2018 Sixth Bonds will mature on 4 September 2023.

On 21 September 2018, the Issuer issued sixth tranche of corporate bonds with an aggregate principal amount of RMB1,000,000,000 at 100% of face value(the "2018 Seventh Bonds"). The 2018 Seventh Bonds carry interest at the rate of 5.7% per annum payable annually in arrears. The net proceeds, after deduction of direct issuance costs, amounted to RMB994,980,000. The 2018 Seventh Bonds will mature on 21 September 2023.

33. Corporate Debt Instruments (continued)

2018 Corporate Bonds (continued)

The Issuer shall be entitled to adjust the coupon rate and the investors shall be entitled to sell back the 2018 First Bonds, the 2018 Second Bonds, the 2018 Fifth Bonds, the 2018 Sixth Bonds and the 2018 Seventh Bonds at the end of the third year, the 2018 Third Bonds and the 2018 Fourth Bonds at the end of the second year, respectively ("2018 Coupon Rate Adjustment Right").

The principal terms of the 2018 Corporate Bonds are as follows:

(i) the 2018 First Bonds, the 2018 Second Bonds, the 2018 Fifth Bonds, the 2018 Sixth Bonds and the 2018 Seventh Bonds have fixed interest rate in the first three years. At the end of the third year, the Issuer has the right to adjust the coupon rate of the remaining outstanding bonds. If the Issuer choose to exercise the 2018 Coupon Rate Adjustment Right, the new fixed coupon rate for the remaining two years will be the coupon rate of the first three years plus adjusting basis points;

(ii) the 2018 Third Bonds and the 2018 Fourth Bonds have fixed interest rate in the first two years. At the end of the second year, the Issuer has the right to exercise the 2018 Coupon Rate Adjustment Right. If the Issuer choose to do so, the new fixed coupon rate for the remaining two years will be the coupon rate of the first two years plus adjusting basis points;

(iii) the investors of the 2018 First Bonds, the 2018 Second Bonds, the 2018 Fifth Bonds, the 2018 Sixth Bonds and the 2018 Seventh Bonds have option to sell back the bonds, in whole or in parts, at a redemption price equal to 100% of the principal amount of the bonds plus accrued and unpaid interest, if any, to (but not including) the redemption date when the Issuer issue the announcement concerning whether to adjust the coupon rate of the bonds at the end of the third year;

(iv) the investors of the 2018 Third Bonds and the 2018 Fourth Bonds have option to sell back the bonds, in whole or in parts, at a redemption price equal to 100% of the principal amount of the bonds plus accrued and unpaid interest, if any, to (but not including) the redemption date when the Issuer issue the announcement concerning whether to adjust the coupon rate of the bonds at the end of the second year;

33. Corporate Debt Instruments (continued)

2018 Corporate Bonds (continued)

Further details of the 2018 Corporate Bonds are published on the website of the Shanghai Stock Exchange (www.sse.com.cn).

The 2018 Corporate Bonds contain a liability component and a written put option:

(i) Liability component represents the present value of the contractually determined stream of future cash flows discounted at the prevailing market interest rate at that time applicable to instruments of comparable credit status and providing substantially the same cash flows, on the same terms.

The interest charged for the year is calculated by applying an effective interest rate of approximately 5.55% per annum to the liability component since the corporate bonds were issued.

(ii) Written put option is regarded as an embedded derivative closely related to the economic characteristics and risks of the host contract, therefore, the written put option is not separated from the liability component.

As at 31 December 2018, the Group has had no plan nor intention to exercise the Coupon Rate Adjustment Right of the corporate bonds, therefore the interest expense for the year were calculated using the 2018 original coupon rates of the corporate bonds.

The movement of the 2018 Corporate Bonds during the year is set out below:

	RMB'000
Fair value at the date of issuance	9,103,619
Interest charged during the year	315,103
Interest paid/payable during the year	(307,115)
At 31 December 2018	**9,111,607**

The summary of movements of corporate bonds, medium-term notes and short-term notes during the year is set out below:

	RMB'000
At 1 January 2018	15,782,704
Fair value at the date of issuance	13,094,505
Principal repaid during the year	(2,064,377)
Interest charged during the year	1,292,779
Interest paid/payable during the year	(1,239,012)
At 31 December 2018	**26,866,599**
Less: Amounts due within one year	3,998,222
Amounts shown under non-current liabilities	22,868,377

34. Receipts Under Securitisation Arrangements

On 3 November 2017, Greentown Real Estate, a wholly-owned subsidiary of the Company, issued receipts under securitisation arrangements (the "Receipts Under Securitisation Arrangements") with an aggregate principal amount of RMB1,600,000,000 at 100% of face value comprising (i) RMB1,500,000,000 with a term of fixed annual coupon rate of 5.29% and provide distribution semi-annually (the "Senior Tranche Securities"), and (ii) RMB100,000,000 with a term of no annual coupon rate (the "Junior Tranche Securities"). The Receipts Under Securitisation Arrangements are listed on the Shanghai Stock Exchange. The net proceeds of the Receipts Under Securitisation Arrangements, after deduction of direct issuance costs, amounted to RMB1,590,140,000. Both Senior Tranche Securities and Junior Tranche Securities will mature on 21 July 2020.

The receipts under securitisation arrangements are assets backed securitisation collateralised by certain future trade receivables for the remaining receipts from sales of properties.

The movements of receipts under securitisation arrangements during the year are set out below:

	RMB'000
At 1 January 2018	1,591,891
Interest charged during the year	79,768
Interest paid/payable during the year	(76,463)
At 31 December 2018	**1,595,196**

35. Share Capital

	Number of shares	**Share capital** HKD'000
Authorised		
Ordinary shares of HKD0.10 each At 31 December 2017 and 2018	10,000,000,000	1,000,000
Issued and fully paid		
Ordinary shares of HKD0.10 each At 31 December 2017	2,165,578,190	216,558
Exercise of share options	3,097,500	310
At 31 December 2018	**2,168,675,690**	**216,868**

	RMB'000
Shown on the consolidated statement of financial position	
As at 31 December 2018	**209,501**
As at 31 December 2017	209,240

All shares issued during the year rank pari passu with other shares in issue in all respects.

36. Perpetual Securities and Domestic perpetual securities

2014 USD Perpetual Securities

On 28 January 2014, Moon Wise Global Limited ("Moon Wise"), a wholly-owned subsidiary of the Company, issued USD denominated subordinated perpetual capital securities (the "2014 USD Perpetual Securities") with an aggregate principal amount of USD500,000,000. The Company has agreed to guarantee on a subordinated basis the due payment of all sums expressed to be payable by Moon Wise under the 2014 USD Perpetual Securities.

The principal terms of the First 2014 Perpetual Securities are disclosed in the Group's 2014 consolidated financial statements.

As the 2014 USD Perpetual Securities only impose contractual obligations on the Group to repay principal or to pay any distributions under certain circumstances which are at the Group's discretion, they have in substance confer the Group an unconditional right to avoid delivering cash or other financial asset to settle contractual obligations, therefore they do not meet the definition for classification as financial liabilities under IAS 39/IFRS 9. As a result, the whole instrument is classified as equity, and distributions if and when declared are treated as equity dividends. Distribution of RMB295,618,000 for the year ended 31 December 2018 (2017: RMB306,263,000) has been provided and paid by the Company.

2016 USD Perpetual Securities

On 22 April 2016, Apex Top Group Limited ("Apex Top"), a wholly-owned subsidiary of the Company, issued USD denominated senior perpetual capital securities callable 2019 (the "2016 USD Perpetual Securities") with an aggregate principal amount of USD400,000,000. The 2016 USD Perpetual Securities are unlisted, guaranteed by the Company, and benefit from a keepwell deed and deed of equity interest purchase undertaking provided by China Communications Construction Group (Limited) ("CCCG").

The principal terms of the 2016 USD Perpetual Securities are disclosed in the Group's 2016 consolidated financial statements.

As the 2016 USD Perpetual Securities only impose contractual obligations on the Group to repay the principal or to pay any distributions under certain circumstances which are at the Group's discretion, they have in substance conferred upon the Group an unconditional right to avoid delivering cash or other financial asset to settle contractual obligations, therefore they do not meet the definition for classification as financial liabilities under IAS 39/IFRS 9. As a result, the whole instrument is classified as equity, and distributions if and when declared are treated as equity dividends. Distribution of RMB145,318,000 for the year ended 31 December 2018 (2017: RMB148,374,000) has been provided and paid by the Company.

2017 USD Perpetual Securities

On 19 July 2017, Wisdom Glory Group Limited ("Wisdom Glory"), a wholly-owned subsidiary of the Company, issued USD denominated guaranteed senior perpetual capital securities (the "2017 USD Perpetual Securities") with an aggregate principal amount of USD450,000,000. The Company has agreed to guarantee the due payment of all sums expressed to be payable by Wisdom Glory under the 2017 USD Perpetual Securities.

The principal terms of the 2017 USD Perpetual Securities are disclosed in the Group's 2017 consolidated financial statements.

36. Perpetual Securities (continued)

2017 USD Perpetual Securities (continued)

As the 2017 USD Perpetual Securities only impose contractual obligations on the Group to repay principal or to pay any distributions under certain circumstances which are at the Group's discretion, they have in substance confer the Group an unconditional right to avoid delivering cash or other financial asset to settle contractual obligations, therefore they do not meet the definition for classification as financial liabilities under IAS 39/IFRS 9. As a result, the whole instrument is classified as equity, and distributions if and when declared are treated as equity dividends. Distribution of RMB151,270,000 for the year ended 31 December 2018 (2017: RMB nil) has been provided and paid by the Company.

2018 USD Perpetual Securities

On 28 December 2018 (the "Issue Date"), Twinkle Lights Holdings Limited ("Twinkle Lights"), a wholly-owned subsidiary of the Company, issued USD denominated guaranteed senior perpetual capital securities (the "2018 USD Perpetual Securities") with an aggregate principal amount of USD500,000,000. The 2018 USD Perpetual Securities are guaranteed by the Company, and also benefit from a keepwell deed and deed of equity interest purchase undertaking provided by CCCG.

Under the terms and conditions of the 2018 USD Perpetual Securities (the "2018 Perpetual Securities T&Cs"), the holders of the 2018 USD Perpetual Securities ("2018 Perpetual Securities Holders") has a right to receive distribution at the applicable distribution rate from the Issue Date semi-annually in arrears. The distribution rate shall be (i) in respect of the period from, and including, the Issue Date to, but excluding, 28 December 2021 (the "First Reset Date"), 10.00% per annum; and (ii) in respect of the periods (A) from, and including, the First Reset Date to, but excluding, the immediately following Reset Date and (B) from, and including, each Reset Date falling after the First Reset Date to, but excluding, the immediately following Reset Date, the Relevant Reset Distribution Rate. A "Reset Date" is defined as each of the First Reset Date and each day falling every 3 calendar years after the First Reset Date. "Relevant Reset Distribution Rate" is the Treasury Rate (as defined in the 2018 Perpetual Securities T&Cs) with respect to the relevant Reset Date plus 7.342% plus 5.00% per annum.

Twinkle Lights may at its sole discretion elect to defer any scheduled distribution to the next distribution payment date by giving prior written notice to the 2018 Perpetual Securities Holders. Twinkle Lights may further defer any arrears of distribution following the notice requirement in accordance with the 2018 Perpetual Securities T&Cs and is not subject to any limits as to the number of times distributions and arrears of distribution can be deferred but unless and until (i) Twinkle Lights or the Company satisfies in full all outstanding arrears of distribution and any additional distribution amount or (ii) it is permitted by a resolution passed by a majority of not less than three quarters of the votes casted at a duly convened meeting of the 2018 Perpetual Securities Holders, each of Twinkle Lights and the Company shall not (i) declare or pay any dividends, distributions or make payment on, and will procure that no dividend or other payment is made on any class of the share capital or other junior securities of Twinkle Lights and the Company (as applicable); or (ii) redeem, reduce, cancel, buy-back or acquire for any consideration any class of the share capital or other junior securities of Twinkle Lights and the Company (as applicable).

As the 2018 USD Perpetual Securities only impose contractual obligations on the Group to repay principal or to pay any distributions under certain circumstances which are at the Group's discretion, they have in substance confer the Group an unconditional right to avoid delivering cash or other financial asset to settle contractual obligations, therefore they do not meet the definition for classification as financial liabilities under IFRS 9. As a result, the whole instrument is classified as equity, and distributions if and when declared are treated as equity dividends.

36. Perpetual Securities (continued)

First Domestic Perpetual Securities

On 26 October 2018, Greentown Real Estate issued listed and unsecured domestic perpetual securities (the "First Domestic Perpetual Securities") with an aggregate principal amount of RMB1,400,000,000.

The First Domestic Perpetual Securities confer the holders a right to receive distribution at the applicable distribution rate from 26 October 2018 annually in arrears. The distribution rate shall be (i) in respect of the period from, and including, 26 October 2018 to, but excluding, 26 October 2021, 6.20% per annum; and (ii) in respect of the periods from , and including, each Reset Date falling after 26 October 2018 to, but excluding, the immediately following Reset Date, the Relevant Reset Distribution Rate. A Reset Date is defined as each day falling every 3 calendar years after the 26 October 2018. Relevant Reset Distribution Rate is the treasury rate with respect to the relevant Reset Date plus 3.00% plus 3.00% per annum.

Greentown Real Estate may at its sole discretion elect to defer any scheduled distribution to the next scheduled distribution payment date by giving prior written notice. Greentown Real Estate may further defer any arrears of distribution following the foregoing notice requirement and is not subject to any limits as to the number of times distributions and arrears of distribution can be deferred. Unless and until Greentown Real Estate satisfies in full all outstanding arrears of distribution and any additional distribution amount, Greentown Real Estate shall not declare or pay any dividends or reduce any share capital.

As the First Domestic Perpetual Securities only impose contractual obligations on the Group to repay principal or to pay any distributions under certain circumstances which are at the Group's discretion, they have in substance confer the Group an unconditional right to avoid delivering cash or other financial asset to settle contractual obligations, therefore they do not meet the definition for classification as financial liabilities under IFRS 9. As a result, the whole instrument is classified as equity, and distributions if and when declared are treated as equity dividends. No distribution has been provided or paid by the Group for the year ended 31 December 2018.

36. Perpetual Securities (continued)

Second Domestic Perpetual Securities

On 3 December 2018, Greentown Real Estate issued listed and unsecured domestic perpetual securities (the "Second Domestic Perpetual Securities") with an aggregate principal amount of RMB2,000,000,000.

The Second Domestic Perpetual Securities confer the holders a right to receive distribution at the applicable distribution rate from 3 December 2018 annually in arrears. The distribution rate shall be (i) in respect of the period from, and including, 3 December 2018 to, but excluding, 3 December 2021, 5.89% per annum; and (ii) in respect of the periods form, and including, each Reset Date falling after the 3 December 2018 to , but excluding, the immediately following Reset Date, the Relevant Reset Distribution Rate. A Reset Date is defined as each of the First Reset Date and each day falling every 3 calendar years after 3 December 2018. Relevant Reset Distribution Rate is the treasury rate with respect to the relevant Reset Date plus 2.88% plus 3.00% per annum.

Greentown Real Estate may at its sole discretion elect to defer any scheduled distribution to the next scheduled distribution payment date by giving prior written notice. Greentown Real Estate may further defer any arrears of distribution following the foregoing notice requirement and is not subject to any limits as to the number of times distributions and arrears of distribution can be deferred. Unless and until Greentown Real Estate satisfies in full all outstanding arrears of distribution and any additional distribution amount, Greentown Real Estate shall not declare or pay any dividends or reduce any share capital.

As the Second Domestic Perpetual Securities only impose contractual obligations on the Group to repay principal or to pay any distributions under certain circumstances which are at the Group's discretion, they have in substance confer the Group an unconditional right to avoid delivering cash or other financial asset to settle contractual obligations, therefore they do not meet the definition for classification as financial liabilities under IFRS 9. As a result, the whole instrument is classified as equity, and distributions if and when declared are treated as equity dividends. No distribution has been provided or paid by the Group for the year ended 31 December 2018.

37. Acquisition of Subsidiaries

Particulars of the subsidiaries acquired during 2018 were as follows:

Acquired company	Principal activities	Acquisition date	Equity interest acquired	Consideration RMB'000
濟南東創置業有限公司 Ji'nan Dongchuang (Note (i))	Real estate development	1 January 2018	–	–
西安國際陸港文遠置業有限公司 Xi'an International Lugang Wenyuan Real Estate Co., Ltd. ("Xi'an Wenyuan") (Note (ii))	Real estate development	5 January 2018	51%	235,056
德清青城房地產開發有限公司 Deqing Qingcheng Real Estate Development Co., Ltd. ("Deqing Qingcheng") (Note (iii))	Real estate development	8 January 2018	90%	445,000
杭州碩櫟投資管理有限公司 Hangzhou Shuoli (Note (iv))	Investment Holding	16 March 2018	100%	100
余姚綠潤投資有限公司 Yuyao Lvrun Investment Co., Ltd. ("Yuyao Lvrun") (Note (iv))	Investment Holding	16 March 2018	93%	–
余姚綠城房地產開發有限公司 Yuyao Greentown (Note (iv))	Real estate development	16 March 2018	53%	–
西安國際陸港文廣置業有限公司 Xi'an International Lugang Wenguang Real Estate Co., Ltd. ("Xi'an Wenguang") (Note (v))	Real estate development	18 April 2018	51%	–

37. Acquisition of Subsidiaries (continued)

Particulars of the subsidiaries acquired during 2018 were as follows: (continued)

Acquired company	Principal activities	Acquisition date	Equity interest acquired	Consideration
				RMB'000
杭州西溪山莊房地產開發有限公司 Hangzhou Xixi (Note (vi))	Real estate development	30 July 2018	30%	26,760
舟山綠城海盛置業發展有限公司 Zhoushan Greentown Haisheng (Note (vii))	Real estate development	7 August 2018	49%	49,000
				755,916

Notes:

(i) Shandong Greentown Investment Real Estate Co., Ltd., a wholly-owned subsidiary of the Company, obtained control over Ji'nan Dongchuang by entering into the acting in concert agreement with another shareholder which held 50% equity interests of Ji'nan Dongchuang so as to continue the expansion of the Group's property development operation. Ji'nan Dongchuang was previously a 50%-owned joint venture of the Group.

(ii) Xi'an Greentown Gangcheng Real Estate Development Co., Ltd. ("Xi'an Greentown Gangcheng"), a wholly-owned subsidiary of the Company, acquired 51% equity interests of Xi'an Wenyuan so as to continue the expansion of the Group's property development operation.

(iii) Greentown Ideal Town Construction Group Co., Ltd., a wholly-owned subsidiary of the Company, acquired 90% equity interests of Deqing Qingcheng so as to continue the expansion of the Group's property development operation.

(iv) Zhejiang Greentown Real Estate Investment Co., Ltd., a wholly-owned subsidiary of the Company, acquired 100% equity interest of Hangzhou Shuoli so as to continue the expansion of the Group's property development operation. Yuyao Lvrun and Yuyao Greentown are the subsidiaries of Hangzhou Shuoli, therefore were also acquired by the Group. Yuyao Greentown was previously a 47%-owned joint venture of the Group and the Group owned 7.5% equity interests of Yuyao Lvrun and accounted it as available-for-sale investments in prior periods.

(v) Xi'an Greentown Gangcheng obtained 51% equity interests of Xi'an Wenguang so as to continue the expansion of the Group's property development operation.

(vi) Hangzhou Nuozhen Investment Co., Ltd., a wholly-owned subsidiary of the Company, acquired 30% equity interest of Hangzhou Xixi so as to continue the expansion of the Group's property development operation. Hangzhou Xixi was previously a 50%-owned joint venture of the Group.

(vii) Zhoushan Greentown Real Estate Development Co., Ltd., a wholly-owned subsidiary of the Company, acquired 49% equity interest of Zhoushan Greentown Haisheng so as to continue the expansion of the Group's property development operation. Zhoushan Greentown Haisheng was previously a 51%-owned joint venture of the Group.

37. Acquisition of Subsidiaries (continued)

Particulars of the subsidiaries acquired during 2017 were as follows:

Acquired company	Principal activities	Acquisition date	Equity interest acquired	Consideration
				RMB'000
天津團泊湖裕泰置業有限公司 Tianjin Tuanbohu Yutai Real Estate Co., Ltd. ("Tianjin Tuanbohu Yutai")(note (i))	Real estate development	18 January 2017	100%	421,287
上海銘藝木業有限公司 Shanghai Mingyi Wood Co., Ltd. ("Shanghai Mingyi")(note (ii))	Design and decoration	18 April 2017	60%	165
寧波泰谷房地產開發有限公司 Ningbo Taigu Real Estate Development Co., Ltd. ("Ningbo Taigu")(note (iii))	Real estate development	27 April 2017	100%	32,502
浙江綠城利普建築設計有限公司 Zhejiang Greentown Lipu Construction Design Co., Ltd. ("Zhejiang Greentown Lipu")(note (iv))	Design and decoration	26 June 2017	51%	–
安吉騰迅旅遊開發有限公司 Anji Tengxun Travelling Development Co., Ltd. ("Anji Tengxun ")(note (v))	Travel development	15 August 2017	100%	800
浙江綠城聯合建設有限公司 Zhejiang Greentown United Construction Development Co., Ltd. ("Zhejiang Greentown United")(note (vi))	Design and decoration	12 October 2017	60%	12,000
杭州綠城櫥櫃有限公司 Hangzhou Greentown Cabinet Co., Ltd. ("Hangzhou Greentown Cabinet")(note (vi))	Design and decoration	12 October 2017	51%	–

37. Acquisition of Subsidiaries (continued)

Particulars of the subsidiaries acquired during 2017 were as follows: (continued)

Acquired company	Principal activities	Acquisition date	Equity interest acquired	Consideration
				RMB'000
天津綠城全運村建設開發有限公司 Tianjin Greentown National Games Village Construction Development Co., Ltd. ("Tianjin National Games Village") (note (vii))	Real estate development	13 November 2017	–	–
成都浙中大地產有限公司 Chengdu Zhezhongda Real Estate Co., Ltd. ("Chengdu Zhezhongda")(note (viii))	Real estate development	14 November 2017	60%	292,208
西安新鴻業投資發展有限公司 Xi'an Xinhongye Investment Development Co., Ltd. ("Xi'an Xinhongye")(note (ix))	Real estate development	1 December 2017	83%	481,689
西安鴻登城市建設有限公司 Xi'an Hongdeng City Construction Co., Ltd. ("Xi'an Hongdeng")(note (ix))	Real estate development	1 December 2017	83%	–
西安鴻基物業管理有限公司 Xi'an Hongji Property Management Co., Ltd. ("Xi'an Hongji")(note (ix))	Property management service	1 December 2017	83%	–
綠城永隆裝飾工程有限公司 (原名「山東省永隆裝飾工程有限公司」) Greentown Yonglong Decoration Project Co., Ltd. ("Greentown Yonglong") (the former name "Shandong Yonglong Decoration Project Co., Ltd.") (note (x))	Design and decoration	4 December 2017	80%	95,617
浙江綠城房屋服務系統有限公司 Zhejiang Greentown Housing Service System Co., Ltd. ("Zhejiang Greentown Housing") (note (xi))	Housing service	19 December 2017	100%	13,800
				1,350,068

37. Acquisition of Subsidiaries (continued)

Particulars of the subsidiaries acquired during 2017 were as follows: (continued)

Notes:

(i) Tianjin Greentown Northern Real Estate Co., Ltd., a wholly-owned subsidiary of the Company, acquired 100% equity interest of Tianjin Tuanbohu Yutai so as to continue the expansion of the Group's property development operation.

(ii) Zhejiang Greentown Wood Development Co., Ltd., a wholly-owned subsidiary of the Company, acquired 60% equity interest of Shanghai Mingyi so as to continue the expansion of the Group's design and decoration operation.

(iii) Hangzhou Greentown Zhizhen Investment Co., Ltd., a wholly-owned subsidiary of the Company, acquired 100% equity interest of Ningbo Taigu so as to continue the expansion of the Group's property development operation.

(iv) Greentown Real Estate Project Management Group Co., Ltd., a wholly-owned subsidiary of the Company, obtained 51% equity interest of Zhejiang Greentown Lipu so as to continue the expansion of the Group's design and decoration operation.

(v) Zhejiang Greentown Yuanhe Real Estate Development Co., Ltd., an 85%-owned subsidiary of the Company, acquired 100% equity interest of Anji Tengxun so as to continue the expansion of the Group's travel development operation.

(vi) Greentown Decoration Project Group Co., Ltd. ("Greentown Decoration Project Group"), an 87.64%-owned subsidiary of the Company, acquired additional 60% equity interest of Zhejiang Greentown United so as to continue the expansion of the Group's design and decoration operation. Zhejiang Greentown United was previously a 40%-owned associate of the Group. Hangzhou Greentown Cabinet is a subsidiary of Zhejiang Greentown United, therefore was also acquired by the Group.

(vii) Greentown Real Estate obtained control over Tianjin National Games Village by amendments to the articles of association so as to continue the expansion of the Group's property development operation. Tianjin National Games Village was previously a 40.8%-owned joint venture of the Group.

(viii) Greentown Real Estate, a wholly-owned subsidiary of the Company, acquired 60% equity interest of Chengdu Zhezhongda so as to continue the expansion of the Group's property development operation.

(ix) Beijing Greentown Investment Co., Ltd., a wholly-owned subsidiary of the Company, acquired 83% equity interest of Xi'an Xinhongye so as to continue the expansion of the Group's property development operation. Xi'an Hongdeng and Xi'an Hongji are wholly-owned subsidiaries of Xi'an Xinhongye, therefore were also acquired by the Group.

(x) Greentown Decoration Project Group acquired 80% equity interest of Greentown Yonglong so as to continue the expansion of the Group's design and decoration operation.

(xi) Greentown Ideal housing Technology Service Co., Ltd., a 58%-owned subsidiary of the Company, acquired 100% equity interest of Zhejiang Greentown Housing so as to continue the expansion of the Group's housing service operation.

37. Acquisition of Subsidiaries (continued)

A summary of the effects of the acquisition of these subsidiaries is as follows:

	Ji'nan Dongchuang RMB'000 (note i)	Other companies RMB'000	**2018 Total RMB'000**	2017 Total RMB'000
Net assets acquired:				
Property, plant and equipment	1,196	1,909	**3,105**	27,813
Available-for-sale investments	–	–	**–**	95
Prepaid lease payments	–	3,088	**3,088**	1,449
Deferred tax assets	7,322	187,662	**194,984**	151,130
Properties for development	2,600,000	2,222,396	**4,822,396**	1,162,725
Properties under development	2,827,795	6,023,857	**8,851,652**	9,018,563
Completed properties for sale	–	185,847	**185,847**	18,254,124
Inventories	–	–	**–**	58,667
Trade and other receivables, deposits and prepayments	50,505	586,593	**637,098**	1,188,666
Contract assets and contract costs	13,606	32,768	**46,374**	–
Amounts due from related parties	760,000	4,437,392	**5,197,392**	6,298,252
Prepaid income taxes	122,102	156,194	**278,296**	1,608,586
Prepaid other taxes	86,283	428,613	**514,896**	871,651
Bank balances and cash	508,089	262,238	**770,327**	2,486,123
Trade and other payables	(587,587)	(2,271,588)	**(2,859,175)**	(6,335,112)
Contract liabilities	(2,924,437)	(8,749,642)	**(11,674,079)**	–
Pre-sale deposits	–	–	**–**	(22,080,373)
Amounts due to related parties	(225)	(109,830)	**(110,055)**	(625,464)
Income taxes payable	(5,742)	(137)	**(5,879)**	(65,716)
Other taxes payable	(1,450)	(103,006)	**(104,456)**	(6,051)
Bank and other borrowings	(567,000)	(1,690,000)	**(2,257,000)**	(1,035,000)
Deferred tax liabilities	(1,063,497)	(364,604)	**(1,428,101)**	(3,130,082)
	1,826,960	1,239,750	**3,066,710**	7,850,046
Non-controlling interests	(913,480)	(338,590)	**(1,252,070)**	(3,726,434)
	913,480	901,160	**1,814,640**	4,123,612
Less:				
Transferred from interests previously held and classified as associates and joint ventures	(322,728)	(45,226)	**(367,954)**	(1,136,203)
Transferred from interests previously held and classified as investments in equity instrument at FVTOCI	–	(4,418)	**(4,418)**	–
Gain on re-measurement of associates and joint ventures to acquisition date fair value in business combination achieved in stages (note ii)	(590,752)	(95,600)	**(686,352)**	(1,623,535)
Gain on acquisition of subsidiaries	–	–	**–**	(13,806)
	–	755,916	**755,916**	1,350,068

37. Acquisition of Subsidiaries (continued)

A summary of the effects of the acquisition of these subsidiaries is as follows: (continued)

	Ji'nan Dongchuang RMB'000 (note i)	Other companies RMB'000	**2018 Total RMB'000**	2017 Total RMB'000
Total consideration, satisfied by:				
Cash	–	555,916	**555,916**	1,350,068
Consideration payables	–	200,000	**200,000**	–
	–	755,916	**755,916**	1,350,068
Net cash inflow arising on acquisition				
Cash paid	–	(320,860)	**(320,860)**	(949,860)
Bank balances and cash acquired	508,089	262,238	**770,327**	2,486,123
	508,089	(58,622)	**449,467**	1,536,263

Note: i. Ji'nan Dongchuang was previously a 50% owned-joint venture of the Group. Due to certain agreement of acting in concert with another shareholder which held the rest of 50% equity interests in Ji'nan Dongchuang, the shareholder is required to keep the concerted action in the board resolution. The acting in concert agreement became effective from 1 January 2018 and would be effective during the whole continuing period of Ji'nan Dongchuang.

Upon the effective period of the acting in concert agreement, the Group has obtained control over Ji'nan Dongchuang with no consideration, and Ji'nan Dongchuang became a 50%-owned subsidiary of the Group.

Note: ii. The Group's 50%, 50% and 51% equity interest in Ji'nan Dongchuang, Hangzhou Xixi, and Zhoushan Greentown Haisheng respectively which was previously accounted for as a joint venture, was remeasured to its fair value upon acquisition, resulting in a total gain of RMB686,352,000 in the year.

The acquisition of the subsidiaries has been accounted for using the acquisition method. The effect of the acquisitions was presented together as the assets and liabilities acquired from Xi'an Wenyuan, Deqing Qingcheng, Hangzhou Shuoli, Yuyao Lvrun, Yuyao Greentown, Xi'an Wenguang, Hangzhou Xixi and Zhoushan Greentown Haisheng were not material in comparison to the assets and liabilities acquired from Ji'nan Dongchuang.

The receivables acquired (which principally comprised trade and other receivables, deposits and prepayments, amounts due from related parties) with a fair value of RMB5,834,490,000 at the date of acquisition had gross contractual amounts of RMB5,834,490,000, which were expected to be fully collected.

The non-controlling interest recognised at the acquisition date was measured by reference to the proportionate share of the recognised amounts of net assets of subsidiaries and amounted to RMB1,252,070,000.

The subsidiaries contributed RMB7,762,693,000 in revenue to the Group between the date of acquisition and the end of the year.

The losses attributable to the subsidiaries amounted to RMB23,216,000 has been recognised in the Group's profit for the year between the date of acquisition and the end of the period. The profits attributable to the subsidiaries amounted to RMB626,578,000 has been recognised in the Group's profit for the year between the date of acquisition and the end of the year.

37. Acquisition of Subsidiaries (continued)

Had the acquisition of the subsidiaries been effected at 1 January 2018, the Group's revenue and profit for the year ended 31 December 2018 would have been RMB61,116,244,000 and RMB2,519,560,000.

Acquisition-related costs were immaterial and had been recognised as an expense in the current year, within the administrative expenses line item in the consolidated statement of profit or loss and other comprehensive income.

For analysis of the summary of effects of acquisition of subsidiaries in 2017, please refer to the Group's consolidated financial statements for the year ended 31 December 2017.

38. Disposal of Subsidiaries

In January 2018, the Group disposed of its entire 60% equity interests in Liuzhou Greentown Investment Co., Ltd.("Liuzhou Greentown Investment") to an independent third party for a cash consideration of RMB408,000,000. Liuzhou Greentown Real Estate Development Co., Ltd. is a wholly-owned subsidiary of Liuzhou Greentown Investment, therefore was also disposed by the Group. The entire equity interests of Liuzhou Greentown Investment was previously accounted as disposal groups held for sale.

In January 2018, the Group disposed of its entire 100% equity interests in Hangzhou Rose Garden Resort to a shareholder's company for an acquisition of 50% equity interest in Football Club held by the shareholder's company at the consideration of RMB331,370,000 ("Transaction"). The consideration for the Transaction was satisfied in part by the entire equity interest in Hangzhou Rose Garden Resort amounted to RMB286,741,000 and RMB44,629,000 in cash. Hangzhou Greentown Imports and Exports Trading Co., Ltd. is a 90%-owned subsidiary of Hangzhou Rose Garden Resort, therefore was also disposed by the Group. After the Transaction, Football Club became a 50%-owned joint venture of the Group. The entire equity interests of Hangzhou Rose Garden was previously accounted as disposal groups held for sale. Details of the Transaction set out above are disclosed in the Company's announcement dated 27 December 2017.

In March 2018, the Group disposed of its 49% equity interests in Hangzhou Greentown Binfeng Project Management Co., Ltd. to an independent third party for RMB nil consideration and resulted an insignificant disposal loss. After the disposal, Hangzhou Greentown Binfeng Project Management Co., Ltd. was accounted for as a joint venture of the Group.

In June 2018, the Group disposed of its 65% equity interests in Greentown Commercial Factoring (Shanghai) Co., Ltd. to an associate for a cash consideration of approximately RMB130,000,000. After the disposal, Greentown Commercial Factoring (Shanghai) Co., Ltd. was accounted for as an associate of the Group.

In June 2018, the Group disposed of its 100% equity interests in Zhejiang Greentown Materials and Equipments Co., Ltd. ("Zhejiang Greentown Materials") to an associate for a cash consideration of approximately RMB50,710,000. Hong Kong Greentown Decoration Trading Development Limited and Hong Kong Greentown Trading and Development Co., Ltd. are whollyowned subsidiaries of Zhejiang Greentown Materials, therefore were also disposed by the Group. After the disposal, Hong Kong Greentown Decoration Trading Development Limited, Hong Kong Greentown Trading and Development Co., Ltd. and Zhejiang Greentown Materials were accounted for as associates of the Group.

In August 2018, the Group disposed of its 66.5% equity interests in Hangzhou Shengtuo Investment Co., Ltd. ("Hangzhou Shengtuo") to a joint venture for a cash consideration of approximately RMB5,000,000. Beijing Jingxi Real Estate Development Co., Ltd. is a wholly-owned subsidiary of Hangzhou Shengtuo, therefore was also disposed by the Group. After the disposal, Hangzhou Shengtuo and Beijing Jingxi Real Estate Development Co., Ltd. were accounted for as joint ventures of the Group.

38. Disposal of Subsidiaries (continued)

In September 2018, the Group lost its 50% equity interests in Shanghai Lvlong Real Estate Development Co., Ltd. ("Shanghai Lvlong"), as an independent third party make capital increment of RMB20,000,000 to Shanghai Lvlong.

A summary of the effects of the disposal of these subsidiaries is as follows:

	2018 RMB'000
Net assets disposed of:	
Property, plant and equipment	3,020
Rental paid in advance	1,189
Deferred tax assets	470
Property under development	9,579,638
Inventories	34
Trade and other receivables, deposits and prepayments	217,759
Amounts due from related parties	13,716,337
Prepaid income taxes	196
Prepaid other taxes	31
Other current assets	5,289
Bank balances and cash	364,670
Assets classified as held for sale	1,339,427
Contract liabilities	(8,695)
Trade and other payables	(293,605)
Amounts due to related parties	(18,989,859)
Income taxes payables	(449)
Other taxes payables	(1,459)
Bank borrowings	(4,349,978)
Liabilities associated with assets classified as held for sale	(1,128,538)
	455,477
Transferred to interests held and classified as an associate and joint ventures	(64,963)
Transferred to interests held and classified as an investment in equity instrument at FVTOCI	(453)
Net gain on disposal of subsidiaries	509,040
Non-controlling interests	(18,650)
Total consideration	880,451
Satisfied by:	
Cash received	5,000
Cash received in prior years	248,000
Consideration receivable	340,710
Interest in joint ventures	286,741
	880,451
Net cash inflow arising on disposal:	
Cash received	5,000
Bank balances and cash disposed of	(364,670)
	(359,670)

39. Operating Leases

The Group as lessee

	2018 RMB'000	2017 RMB'000
Minimum lease payments made under operating leases in respect of buildings during the year	**156,467**	117,743

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2018 RMB'000	2017 RMB'000
Within one year	**67,470**	47,705
In the second to fifth year inclusive	**133,453**	89,368
After the fifth year	**21,905**	25,760
	222,828	162,833

Operating lease payments represent rentals payable by the Group for certain office premises. Leases are negotiated for a term ranging from 1 to 6 years with fixed rentals.

The Group as lessor

	2018 RMB'000	2017 RMB'000
Property rental income, net of negligible outgoings	**154,064**	89,528

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments:

	2018 RMB'000	2017 RMB'000
Within one year	**127,159**	79,352
In the second to fifth year inclusive	**411,100**	157,629
After the fifth year	**316,803**	355,764
	855,062	592,745

Property rental income represents rentals receivable by the Group. Leases are negotiated for a term ranging from 1 to 20 years with fixed rentals.

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40. Commitments

	2018 **RMB'000**	2017 RMB'000
Commitments contracted for but not provided in the consolidated financial statements in respect of:		
Properties for development and properties under development and construction in progress	**25,908,743**	19,815,145

In addition to the above, the Group's share of the commitments of its joint ventures are as follows:

	2018 **RMB'000**	2017 RMB'000
Contracted for but not provided in respect of properties for development and properties under development	**3,008,069**	2,372,988

41. Share-Based Payment Transactions

2006 Share Option Scheme

The Company's 2006 share option scheme (the "2006 Share Option Scheme") was adopted pursuant to the shareholders' resolution passed on 22 June 2006 for the primary purpose of providing incentives and/or reward to directors and employees of the Group. The 2006 Share Option Scheme has been terminated upon adoption of the new share option scheme ("2016 Share Option Scheme") by ordinary resolution of shareholders of the Company at the annual general meeting of the Company held on 17 June 2016 ("Effective Date"). Upon termination of the 2006 Share Option Scheme, no further options of the 2006 Share Option Scheme can be offered thereunder but the provisions of the 2006 Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any options granted prior to its termination and options granted prior to such termination shall continue to be valid and exercisable.

Share options granted under the 2006 Share Option Scheme may be exercised at any time from the date of grant of the share option to the expiry of the Share Option Scheme, unless otherwise specified in the Share Option Scheme. The exercise price is determined by the Board, and will not be less than the higher of (i) the closing price of the shares of the Company as stated in the Stock Exchange's daily quotations sheet on the date of grant; (ii) the average of the closing prices of the shares of the Company as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and (iii) the nominal value of the shares.

41. Share-Based Payment Transactions (continued)

2006 Share Option Scheme (continued)

Details of specific categories of options granted in 2009 are as follows:

	Date of grant	Vesting period	Exercise period	Exercise price	Fair value
2009A	22/1/2009	22/1/2009-21/1/2011	22/1/2009-21/1/2019	HK$2.89	HK$1.19
2009B	13/5/2009	13/5/2009-12/5/2012	13/5/2009-12/5/2019	HK$7.16	HK$3.41
2009C	22/6/2009	22/6/2009-21/6/2011	22/6/2009-21/6/2019	HK$11.00	HK$4.71
2009D	17/7/2009	17/7/2009-16/7/2011	17/7/2009-16/7/2019	HK$11.59	HK$4.17

The closing prices of the Company's shares on 22 January, 13 May, 22 June and 17 July 2009, the dates of grant, were HK$2.75, HK$7.16, HK$11.00 and HK$11.52 respectively.

The share options are exercisable during the following periods:

2009A
(i) up to 50% of the share options granted to each grantee from 22 January 2009;
(ii) up to 75% of the share options granted to each grantee at any time after the expiration of 12 months from 22 January 2009; and
(iii) all the remaining share options granted to each grantee at any time after the expiration of 24 months from 22 January 2009, and in each case, not later than 21 January 2019.

2009B
(i) up to 33% of the share options granted to each grantee from 13 May 2009;
(ii) up to 67% of the share options granted to each grantee at any time after the expiration of 24 months from 13 May 2009; and
(iii) all the remaining share options granted to each grantee at any time after the expiration of 36 months from 13 May 2009, and in each case, not later than 12 May 2019.

2009C
(i) up to 50% of the share options granted to each grantee from 22 June 2009;
(ii) up to 75% of the share options granted to each grantee at any time after the expiration of 12 months from 22 June 2009; and
(iii) all the remaining share options granted to each grantee at any time after the expiration of 24 months from 22 June 2009, and in each case, not later than 21 June 2019.

2009D
(i) up to 50% of the share options granted to each grantee from 17 July 2009;
(ii) up to 75% of the share options granted to each grantee at any time after the expiration of 12 months from 17 July 2009; and
(iii) all the remaining share options granted to each grantee at any time after the expiration of 24 months from 17 July 2009, and in each case, not later than 16 July 2019.

41. Share-Based Payment Transactions (continued)

2006 Share Option Scheme (continued)

The estimated fair values of the 2009A, 2009B, 2009C and 2009D share options at their respective dates of grant are RMB39,173,000, RMB30,023,000, RMB168,173,000 and RMB55,132,000 respectively.

No expense was recognised in the profit or loss (2017: Nil) in relation to share options granted under 2006 Share Option Scheme.

2016 Share Option Scheme

The Company's 2016 Share Option Scheme was adopted pursuant to an ordinary resolution of shareholders of the Company at the annual general meeting of the Company held on 17 June 2016 for the primary purpose of providing incentives to directors and eligible employees.

Under the Scheme, the total number of shares in respect of which share options may be granted under the 2016 Share Option Scheme is not permitted to exceed 10% of the Shares in issue at any point of time, without prior approval from the Company's shareholders. The number of shares issued and to be issued in respect of which share options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares in issue at any point of time, without prior approval from the Company's shareholders. Share options granted to independent non-executive directors and substantial shareholders of the Company in excess of 0.1% of the Company's issued share capital and with a value in excess of HK$5,000,000 must be approved in advance by the Company's shareholders.

Share options shall only be exercised on a date on which the latest closing price per share as stated in the Stock Exchange's daily quotation sheets represents at least 30% above the exercise price and any shares under such share options shall only be issued on a date which the latest closing price per share as stated in the Stock Exchange's daily quotation sheets represents at least 30% above the exercise price. The exercise price is determined by the Board, and shall be at least the highest of (i) the closing price of the shares of the Company as stated in the Stock Exchange's daily quotations sheet on the date of grant; (ii) the average of the closing prices of the shares of the Company as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and (iii) the nominal value of the shares.

On 27 December 2017, 100,000,000 share options under 2016 Share Option Scheme were granted to eligible parties, (among the options granted, 35,350,000 share options were granted to directors), representing 4.62% of the ordinary shares of the Company in issue at that date. On 28 August 2018, 8,900,000 share options under 2016 Share Option Scheme were granted to eligible parties, representing 0.41% of the ordinary shares of the Company in issue at that date.

41. Share-Based Payment Transactions (continued)

2016 Share Option Scheme (continued)

Details of options granted on 27 December 2017 ("2017") are as follows:

	Vesting period	Exercisable period
The first 30% of the grant	From date of grant to the 1st anniversary	From the 1st anniversary to 26 December 2027
The second 30% of the grant	From date of grant to the 2nd anniversary	From the 2nd anniversary to 26 December 2027
The third 20% of the grant	From date of grant to the 3rd anniversary	From the 3rd anniversary to 26 December 2027
The fourth 10% of the grant	From date of grant to the 4th anniversary	From the 4th anniversary to 26 December 2027
The remaining 10% of the grant	From date of grant to the 5th anniversary	From the 5th anniversary to 26 December 2027

Details of options granted on 28 August 2018 ("2018") are as follows:

	Vesting period	Exercisable period
The first 30% of the grant	From date of grant to the 1st anniversary	From the 1st anniversary to 27 August 2028
The second 30% of the grant	From date of grant to the 2nd anniversary	From the 2nd anniversary to 27 August 2028
The third 20% of the grant	From date of grant to the 3rd anniversary	From the 3rd anniversary to 27 August 2028
The fourth 10% of the grant	From date of grant to the 4th anniversary	From the 4th anniversary to 27 August 2028
The remaining 10% of the grant	From date of grant to the 5th anniversary	From the 5th anniversary to 27 August 2028

The fair values were calculated using the Binomial model. The inputs into the model were as follows:

	The options granted on 27 December 2017	The options granted on 28 August 2018
Share price at the date of grant	HK$9.1	HK$7.8
Exercise price	HK$9.1	HK$8.326
Expected life	10 years	10 years
Expected volatility of the Company's share price	55.28%	54.81%
Expected dividend yield	4.33%	3.1%
Risk-free rates of interest	1.94%	2.201%
Exercise market condition	at least 30% above the exercise price	at least 30% above the exercise price

Expected volatility was determined by using the historical volatility of the Company's share price over the previous 10 years. The expected dividend yield has taken into account the historical dividend yield of the Company. The risk-free interest rates are based on the yield curve fitted by market yields of the Hong Kong government bonds with similar duration to the expected life of the share option.

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41. Share-Based Payment Transactions (continued)

2016 Share Option Scheme (continued)

The Binomial model has been used to estimate the fair value of the options. The variables and assumptions used in computing the fair value of the share options are based on the Directors' best estimate. The value of an option varies with different variables of certain subjective assumptions.

The estimated fair value of the options granted on 27 December 2017 was HK$358,000,000 (approximately RMB299,753,000). The estimated fair value of the options granted on 28 August 2018 was HK$29,454,000 (approximately RMB25,534,000).

The Group has recognised the total expense of RMB134,466,000 in the profit or loss in relation to share options granted under 2016 Share Option Scheme.

Share option movement

The following table discloses movements of the Company's share options held by directors and employees during the year:

Option type	Outstanding at 1/1/2018	Granted during the year	Exercised during year	Forfeited during year	Outstanding at 31/12/2018
2009A	**5,044,500**	**–**	**(2,984,500)**	**–**	**2,060,000**
2009B	**3,359,000**	**–**	**–**	**–**	**3,359,000**
2009C	**29,238,000**	**–**	**(113,000)**	**(24,500)**	**29,100,500**
2009D	**15,000,000**	**–**	**–**	**(15,000,000)**	**–**
2017	**100,000,000**	**–**	**–**	**–**	**100,000,000**
2018	**–**	**8,900,000**	**–**	**–**	**8,900,000**
	152,641,500	**8,900,000**	**(3,097,500)**	**(15,024,500)**	**143,419,500**
Weighted average exercise price	**HK$9.46**	**HK$8.33**	**HK$3.19**	**HK$11.59**	**HK$9.30**
Exercisable at the end of the year					**64,519,500**
Weighted average exercise price					**HK$9.66**

Option type	Outstanding at 1/1/2017	Granted during the year	Exercised during year	Forfeited during year	Outstanding at 31/12/2017
2009A	7,374,500	–	(2,383,000)	53,000	5,044,500
2009B	3,359,000	–	–	–	3,359,000
2009C	29,238,000	–	–	–	29,238,000
2009D	15,000,000	–	–	–	15,000,000
2017	–	100,000,000	–	–	100,000,000
	54,971,500	100,000,000	(2,383,000)	53,000	152,641,500
Weighted average exercise price	HK$9.84	HK$9.10	HK$2.89	HK$2.89	HK$9.46
Exercisable at the end of the year					52,641,500
Weighted average exercise price					HK$10.15

41. Share-Based Payment Transactions (continued)

Share option movement (continued)

In respect of the share options exercised during the year, the weighted average share price at the dates of exercise is HK$10.50 (2017: HK$8.96).

HK$1.00 is payable for each acceptance of grant of share options. In addition, (i) in respect of the 2009A share options, certain grantees were required to pay an option premium of HK$1.00 per share option up front; and (ii) in respect of the 2009C share options, certain grantees were required to pay an option premium of HK$3.50 per share option in three annual instalments. As at 31 December 2018, share option premiums receivable amounting to RMB nil (31 December 2017: RMB62,844,000) were included in other receivables according to the payment terms of the share option premiums.

42. Pledge of Assets

At the end of the reporting period, the following assets were pledged to banks and other parties to secure credit facilities granted to the Group:

	2018 RMB'000	2017 RMB'000
Property plant and equipment	**2,632,015**	3,979,070
Prepaid lease payment	**308,532**	405,927
Properties for development	**831,446**	2,776,070
Properties under development	**54,505,737**	27,430,019
Completed properties for sale	**793,258**	130,095
Investment properties	**2,423,938**	940,000
Amount due from related parties	**500,000**	–
Pledged bank deposits	**4,871,831**	5,907,338
Interests in associates	**147,881**	499,938
Interests in joint ventures	**–**	290,418
	67,014,638	42,358,875

43. Retirement Benefits Plans

The employees of the Group's subsidiaries in the PRC are members of the state-managed retirement benefits schemes operated by the PRC government. The PRC subsidiaries are required to contribute a certain percentage of payroll costs to the retirement benefits schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefits schemes is to make the specified contributions.

44. Contingent Liabilities

(i) Guarantees

The Group provided guarantees of RMB33,973,731,000 (2017: RMB30,777,464,000) at 31 December 2018 to banks in favour of its customers in respect of the mortgage loans provided by the banks to those customers for the purchase of the Group's developed properties. These guarantees provided by the Group to the banks will be released upon receiving the building ownership certificates of the respective properties by the banks from the customers as a pledge for security to the mortgage loans granted.

The Group also provided guarantees to banks and other parties in respect of credit facilities utilised by the following companies:

	2018 **RMB'000**	2017 RMB'000
Credit guarantees provided to:		
Associates	**7,831,428**	9,300,000
Joint ventures	**8,338,367**	7,464,340
	16,169,795	16,764,340

	2018 **RMB'000**	2017 RMB'000
Mortgage and charge guarantees provided to:		
Associates	**175,000**	–
Total	**16,344,795**	16,764,340

Contingent liabilities arising from interests in associates at the end of the reporting period:

	2018 **RMB'000**	2017 RMB'000
Share of mortgage loan guarantees provided by associates to banks in favour of its customers	**5,494,304**	3,588,963

Contingent liabilities arising from interests in joint ventures at the end of the reporting period:

	2018 **RMB'000**	2017 RMB'000
Share of mortgage loan guarantees provided by joint ventures to banks in favour of its customers	**1,076,336**	4,098,424

The directors consider that the fair value of the above guarantees is insignificant on initial recognition and there was no loss allowance recognised for expected credit losses during the reporting period (2017: it is not probable that an outflows in settlement will be required).

45. Capital Risk Management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt, which includes the borrowings disclosed in notes 31, 32, 33, 34 and 48(ii) (net of cash and cash equivalents), and capital and reserves.

The directors of the Company review the capital structure on a regular basis. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt.

46. Financial Instruments

(a) Categories of financial instruments

	2018 RMB'000	2017 RMB'000
Financial assets		
Financial assets at amortised cost	87,188,465	N/A
Loans and receivables (including cash and cash equivalents)	N/A	69,680,192
Available-for-sale investments	–	983,830
Equity instruments at FVTOCI	1,275,682	–
Financial liabilities		
Amortised cost	136,645,999	107,642,442

(b) Financial risk management objectives and policies

The Group's major financial instruments include equity instruments at FVTOCI, senior notes' early redemption options, trade and other receivables, amounts due from related parties, pledged bank deposits, bank balances and cash, trade and other payables, amounts due to related parties, bank and other borrowings, corporate debt instruments, senior notes and receipts under securitisation arrangements. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner. There has been no significant change in the Group's exposure to these risks or the manner in which it manages and measures risks.

46. Financial Instruments (continued)

(b) Financial risk management objectives and policies (continued)

Market risk

(i) Currency risk

The Group has bank balances, equity instruments at FVTOCI, other receivables, amounts due from related parties, other payables, amounts due to related parties, bank and other borrowings and senior notes denominated in foreign currencies, which expose the Group to foreign currency risk.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Assets		Liabilities	
	2018 RMB'000	2017 RMB'000	**2018 RMB'000**	2017 RMB'000
Hong Kong dollars ("HKD")	**741,519**	1,039,284	**2,788,659**	22,122
United States dollars ("USD")	**6,189,099**	3,872,532	**12,397,613**	12,494,813

The Group does not use any derivative contracts to hedge against its exposure to currency risk. The management closely monitors foreign currency exposure and will consider hedging significant foreign currency exposure should the need arise.

Sensitivity analysis

The Group is mainly exposed to the fluctuations in exchange rates between RMB and HKD/USD. The exposure in HKD/USD arises mainly from the Group's bank balances and cash, equity instruments at fair value through other comprehensive income, other receivables, other payables, bank and other borrowings, senior notes and amounts due from/to related parties.

The following table details the Group's sensitivity to a 5% (2017: 5%) increase and decrease in RMB against the relevant foreign currencies. 5% represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 5% change in foreign currency rates. A positive number below indicates an increase in post-tax profit and other comprehensive income where RMB strengthens 5% against the relevant currency. For a 5% weakening of RMB against the relevant currency, there would be an equal and opposite impact on post-tax profit and other comprehensive income.

	HKD Impact		USD Impact	
	2018 RMB'000	2017 RMB'000	**2018 RMB'000**	2017 RMB'000
Profit or loss	**104,149**	(11,499)	**232,819**	323,336
Other comprehensive income (note)	**(36,508)**	(35,526)	**–**	–

Note: This is attributable to foreign currency exposure on listed equity instruments at FVTOCI.

46. Financial Instruments (continued)

(b) Financial risk management objectives and policies (continued)

Market risk (continued)

(ii) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate bank deposits, amounts due from/to related parties, bank and other borrowings, senior notes, corporate debt instruments and receipts under securitisation arrangements (see notes 29, 31, 32, 33, 34 and 48 for details).

The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank deposits, amounts due from/to related parties and bank and other borrowings (see notes 29, 31 and 48 for details).

The Group does not use any derivative contracts to hedge against its exposure to interest rate risk.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to market deposit and lending interest rates for non-derivative instruments. For variable-rate bank deposits, bank and other borrowings and amounts due from/to related parties, the analysis is prepared assuming the balances outstanding at the end of the reporting period were outstanding for the whole year. A 5 basis point (2017: 5 basis point) increase or decrease in market deposit interest rates and a 50 basis point (2017: 50 basis point) increase or decrease in market lending interest rates represent management's assessment of the reasonably possible change in interest rates.

If the market deposit interest rates had been 5 basis points higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 December 2018 would have increased/decreased by RMB16,691,000 (2017: increased/decreased by RMB12,216,000). This is mainly attributable to the Group's exposure to interest rates on its variable-rate bank deposits.

If the market lending interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 December 2018 would have decreased/increased by RMB123,469,000 (2017: decreased/increased by RMB76,737,000). This is mainly attributable to the Group's exposure to interest rates on its variable-rate bank and other borrowings and amounts due from/to related parties.

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46. Financial Instruments (continued)

(b) Financial risk management objectives and policies (continued)

Market risk (continued)

(iii) Other price risk

The Group is exposed to equity price risk through its investments in listed equity securities in Hong Kong and unlisted equity securities. In addition, the Group has appointed a special team to monitor the price risk and will consider hedging the risk exposure should the need arise.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity price risk at the reporting date.

If the prices of the equity instruments had been 10% (2017: 10%) higher/lower, investments revaluation reserve would increase/decrease by RMB127,568,000 (2017: increase/decrease by RMB71,052,000).

Credit risk and impairment assessment

As at 31 December 2018, the Group's maximum exposure to credit risk which will cause a financial loss to the Group is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position and the amount of contingent liabilities in relation to financial guarantee issued by the Group as disclosed in note 44.

The Group's credit risk is primarily attributable to its trade receivables, other receivables, amounts due from related parties, pledged bank deposits, bank balances, contract assets and financial guarantee contracts.

Trade receivables and contract assets arising from contracts with customers

In order to minimise the credit risk, The Group has policies in place to ensure that sales are made to purchasers with an appropriate financial strength and appropriate percentage of down payments. It also has other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group performs impairment assessment under ECL model upon application of IFRS 9 on trade balances based on provision matrix (2017: incurred loss model).

Other receivables

The credit risk of other receivables is managed through an internal process. The Group actively monitors the outstanding amounts owed by each debtor and uses past due information to assess whether credit risk has increased significantly since initial recognition.

46. Financial Instruments (continued)

(b) Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Amounts due from related parties

The credit risk of amounts due from related parties is managed through an internal process. The credit quality of each counterparty is investigated before an advance is made. The Group also actively monitors the outstanding amounts owed by each debtor and uses past due information to assess whether credit risk has increased significantly since initial recognition.

Bank balances and cash and pledged bank deposit

Cash deposits are mainly placed with state-owned financial institutions and reputable banks which are all high-credit-quality financial institutions, therefore the Group's credit risk on liquid funds is limited.

Contingent liabilities in relation to the financial guarantees

For properties that are still under construction, the Group typically provides guarantees to banks in connection with the customers' borrowing of mortgage loans to finance their purchase of the properties. If a purchaser defaults on the payment of its mortgage during the term of the guarantee, the bank holding the mortgage may demand the Group to repay the outstanding amount under the loan and any accrued interest thereon. Under such circumstances, the Group is able to retain the customer's deposits and sell the property to recover any amounts paid by the Group to the bank. Unless the selling price drop significantly, which the probability is remote, the Group would not be in a loss position in selling those properties out. In this regard, the directors of the Company consider that the Group's credit risk in relation to financial guarantees from mortgage loans is largely mitigated.

The Group's concentration of credit risk by geographical locations is mainly in the PRC. Other than the concentration of credit risk on liquid funds which are deposited with several large state-owned banks and commercial banks in the PRC, the Group does not have any other significant concentration of credit risk, with exposure spread over a number of counterparties and customers.

46. Financial Instruments (continued)

(b) Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

The Group's internal credit risk grading assessment for trade receivables and contract assets comprises the following categories:

Internal credit rating	Description	Basis for recognition of expected credit loss provision
Low risk	The counterparty has a low risk of default or counterparty has past due debts but usually settles after due date.	Lifetime ECL – not credit impaired
Doubtful	Interest and/or principal repayments are 90 days past due, the Group considers that default has occurred.	Lifetime ECL – credit impaired
Loss	There is evidence indicating the asset is credit-impaired.	Lifetime ECL – credit impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery.	Amount is written-off

The Group's internal credit risk grading assessment for other receivables and amounts due from related parties comprises the following categories:

Internal credit rating	Description	Basis for recognition of expected credit loss provision
Performing	The counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
Low risk	Interest and/or principal repayments are 30 days past due, but the counterparty still has a strong capacity to meet contractual cash flows.	Lifetime ECL – not credit impaired
Watch list	Interest and/or principal repayments are 30 days past due, or the Group considers that there is significant increases in credit risk since initial recognition.	Lifetime ECL – not credit impaired
Doubtful	Interest and/or principal repayments are 90 days past due, the Group considers that default has occurred.	Lifetime ECL – credit impaired
Loss	There is evidence indicating the asset is credit-impaired.	Lifetime ECL – credit impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery.	Amount is written-off

46. Financial Instruments (continued)

(b) Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

The tables below detail the credit risk exposures of the Group's financial assets, contract assets and financial guarantee contracts which are subject to ECL assessment:

2018	Notes	External credit rating	Internal credit rating	12-month or lifetime ECL	Gross carrying amount RMB'000
Financial assets at amortised cost					
Trade receivable	27	N/A	Note 1	Lifetime ECL (provision matrix)	920,634
			Loss	Lifetime ECL (credit impaired)	58,868
					979,502
Other receivables and amounts due from	27 & 48	N/A	Performing	12-month ECL	27,140,517
			Low risk & Watch list	Lifetime ECL (not credit impaired)	10,109,574
			Doubtful & Loss	Lifetime ECL (credit impaired)	1,140,573
					38,390,664
Pledged bank deposits	29	AAA – A (Note 2)	N/A	12-month ECL	4,871,831
Bank balances and cash	29	AAA – A (Note 2)	N/A	12-month ECL	43,347,301
Contract assets	28	N/A	Note 1	Lifetime ECL (not credit impaired)	1,887,085
Financial guarantee contracts	44	N/A	Note 3	12-month ECL	56,853,166

Notes:

1. For trade receivables and contract assets, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. Except for debtors with significant outstanding balances or credit-impaired, the Group determines the expected credit losses on these items by using a provision matrix based on aged days.

2. External credit rating disclosed by the counterparty financial institutions and banks, majority of which are located in the PRC.

3. For financial guarantee contracts, the gross carrying amount represents the maximum amount the Group has guaranteed under the respective contracts. The maximum amount that the Group has guaranteed under the respective contracts was RMB56,853,166,000 as at 31 December 2018. At the end of the reporting period, the directors of the Company have performed impairment assessment, and concluded that there has been no significant increase in credit risk since initial recognition of the financial guarantee contracts. Accordingly, the loss allowance for financial guarantee contracts issued by the Group is measured at an amount equal to 12m ECL. The directors of the Company considered that the 12m ECL allowance is insignificant at January 1, 2018 and December 31, 2018.

46. Financial Instruments (continued)

(b) Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Provision matrix – debtors' aging

As part of the Group's credit risk management, the Group uses debtors' aging to assess the impairment for its customers in relation to its property sales, hotel operations, project management, design and decoration and sales of construction materials operating segments because these operating segments have large number of small customers with common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The Group assessed the impairment for its customers from these operating segments separately, and the information about the exposure to credit risk for these trade receivables based on provision matrix as at 31 December 2018 within lifetime ECL (not credit impaired) are presented below. Debtors with significant outstanding balances with gross carrying amounts of RMB58,868,000 respectively that was defaulted as at 31 December 2018 were assessed individually.

	Range of loss rate	**Trade receivables** RMB'000
Gross carrying amount		
Within 90 days	0.03%-1.0%	548,324
91–180 days	0.5%-3.4%	55,317
181–365 days	0.5%-4.8%	125,062
Over 365 days	4.2%-20%	191,931
		920,634

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort.

46. Financial Instruments (continued)

(b) Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Provision matrix – debtors' aging (continued)

The following table shows the movement in lifetime ECL that has been recognised for trade receivables and contract assets under the simplified approach.

	Lifetime ECL (not credit impaired) RMB'000	Lifetime ECL (credit impaired) RMB'000	Total RMB'000
As at 31 December 2017 under IAS 39	–	56,375	56,375
Adjustment upon application of IFRS 9	32,123	–	32,123
As at 1 January 2018 – As restated	32,123	56,375	88,498
– Transfer to credit-impaired	(1,558)	1,558	–
– Impairment losses recognised	11,833	2,343	14,176
– Impairment losses reversed	–	(585)	(585)
– Others	–	(823)	(823)
As at 31 December 2018	**42,398**	**58,868**	**101,266**

The impairment losses recognised in lifetime ECL (not credit impaired) during the year 2018 is mainly due to the increase in the gross carry amount of trade receivables.

46. Financial Instruments (continued)

(b) Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Provision matrix – internal credit rating

The following table provides information about the exposure to credit risk and ECL for other receivables and amounts due from related parties which are assessed collectively. In addition to the internal credit ratings as stated above, the Group further assessed the impairment for other receivables and amounts due from related parties from the different operating segments separately, and the information about the exposure to credit risk for these other receivables and amounts due from related parties based on provision matrix as at 31 December 2018 within 12-month ECL and life time (not credit impaired) are presented below. Debtors with significant outstanding balances with gross carrying amounts of RMB6,033,597,000 respectively as at 31 December 2018 were assessed individually.

	Range of loss rate	Other receivables and amounts due from related parties RMB'000
Gross carrying amount		
Normal risk	0.1%-1.0%	27,140,516
Low risk	1.6%-6.9%	4,502,598
Watch list	16.2%-38.0%	713,953
		32,357,067

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

46. Financial Instruments (continued)

(b) Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

The following table shows the movement in lifetime ECL that has been recognised for other receivables and amounts due from related parties under the simplified approach.

	12-month ECL RMB'000	Lifetime ECL (not credit impaired) RMB'000	Lifetime ECL (credit impaired) RMB'000	Total RMB'000
As at 31 December 2017 under IAS 39	–	23,730	981,658	1,005,388
Adjustment upon application of IFRS 9	59,973	220,460	–	280,433
As at 1 January 2018 – As restated	59,973	244,190	981,658	1,285,821
As at 1 January – As restated:				
– Transfer to lifetime ECL	(37)	37	–	–
– Transfer to credit-impaired	–	(62,411)	62,411	–
– Impairment losses recognized	156	1,211,814	217,402	1,429,372
– Impairment losses reversed	(1,048)	–	(159,181)	(160,229)
– Other	–	–	38,283	38,283
As at 31 December 2018	**59,044**	**1,393,630**	**1,140,573**	**2,593,247**

Changes in the loss allowance for other receivables and amounts due from related parties are mainly due to:

	31/12/2018		
		Increase in lifetime ECL	
	Increase in 12-month ECL RMB'000	Not credit-impaired RMB'000	Credit-impaired RMB'000
One debtors with a gross carrying amount of RMB184,000,000 defaulted	**–**	**–**	**184,000**
Serval debtors with a gross carrying amount of RMB4,702,577,000 recognised impairment loss	**–**	**954,050**	**–**
Total	**–**	**954,050**	**184,000**

Impairment losses reversed in lifetime ECL (credit impaired) during the year 2018 is due to the repayment from the debtor.

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46. Financial Instruments (continued)

(b) Financial risk management objectives and policies (continued)

Liquidity risk

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank loans with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates. The table includes both interest and principal cash flows.

Liquidity and interest risk tables

	Weighted average interest rate	On demand or less than 1 year RMB'000	1-5 years RMB'000	>5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount at 31/12/2018 RMB'000
2018						
Non-derivative financial liabilities						
Trade and other payables	–	26,779,077	1,680,180	–	28,459,257	28,459,257
Bank and other borrowings						
– fixed-rate	5.60%	2,290,201	7,921,497	–	10,211,698	9,199,900
– variable-rate	5.02%	13,737,837	28,910,807	2,914,259	45,562,903	40,441,452
Amounts due to related parties						
– interest-free	–	9,527,370	–	–	9,527,370	9,527,370
– fixed-rate	6.96%	17,818,288	–	–	17,818,288	16,659,500
– variable-rate	1.17%	547,975	–	–	547,975	541,612
Senior notes	5.88%	197,858	3,563,506	–	3,761,364	3,355,113
Corporate debt instruments	5.39%	5,385,946	25,649,684	–	31,035,630	26,866,599
Receipts under securitisation arrangements	5.29%	79,350	1,725,638	–	1,804,988	1,595,196
Financial guarantee contracts	–	56,853,166	–	–	56,853,166	–
		133,217,068	69,451,312	2,914,259	205,582,639	136,645,999

46. Financial Instruments (continued)

(b) Financial risk management objectives and policies (continued)

Liquidity risk (continued)

Liquidity and interest risk tables (continued)

	Weighted average interest rate	On demand or less than 1 year RMB'000	1-5 years RMB'000	>5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount at 31/12/2017 RMB'000
2017						
Non-derivative financial liabilities						
Trade and other payables	–	18,477,797	1,562,879	–	20,040,676	20,040,676
Bank and other borrowings						
– fixed-rate	6.27%	6,493,870	7,673,885	410,266	14,578,021	13,076,576
– variable-rate	4.41%	8,121,623	16,623,248	1,701,831	26,446,702	24,106,089
Amounts due to related parties						
– interest-free	–	14,781,870	–	–	14,781,870	14,781,870
– fixed-rate	7.77%	14,006,681	–	–	14,006,681	12,997,036
– variable-rate	6.14%	2,246,635	–	–	2,246,635	2,116,597
Senior notes	5.88%	197,858	3,596,864	–	3,794,722	3,149,003
Corporate debt instruments	5.07%	5,746,617	12,421,542	–	18,168,159	15,782,704
Receipts under securitisation arrangements	5.29%	79,350	1,725,638	–	1,804,988	1,591,891
Financial guarantee contracts	–	47,541,804	–	–	47,541,804	–
		117,694,105	43,604,056	2,112,097	163,410,258	107,642,442

The amounts included above for financial guarantee contracts are the maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Group considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

The amounts included above for variable interest rate non-derivative financial liabilities is subject to change if changes in variable interest rate differ from those interest rate estimates determined at the end of the reporting period.

46. Financial Instruments (continued)

(c) Fair value measurements of financial instruments

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

Financial instrument	Fair value RMB'000	Fair value hierarchy	Valuation technique and key inputs	Significant unobservable inputs
Listed equity investment	Equity instruments at FVTOCI: 730,162 (31 December 2017: Available-for-sale investments: 710,519)	Level 1	Quoted bid prices in an active market.	N/A
Unquoted equity investments	Equity instruments at FVTOCI: 545,520 (31 December 2017: Available-for-sale investments: at cost)	Level 3	Income approach – in this approach, the discounted cash flow method was used to capture the present value of the expected dividend income and ultimate disposal proceed.	Long-term pre-tax operating margin taking into account management's experience and knowledge of market conditions of the specific industries, ranging from 10.7-17.7 per cent (2017: 10.7-17.7 per cent).

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

Except as detailed in the following table, the directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values:

	2018		2017	
	Carrying amount of liability component RMB'000	**Fair value RMB'000**	Carrying amount of liability component RMB'000	Fair value RMB'000
Financial liabilities				
Senior notes (Level 2)	**3,355,113**	**3,360,155**[1]	3,149,003	3,371,909[1]
Corporate debt instruments (Level 2)	**26,866,599**	**27,353,999**[1]	15,782,704	15,754,165[1]
Receipts under securitisation arrangements (Level 2)	**1,595,196**	**1,600,000**[1]	1,591,891	1,600,000[1]

1 Based on quoted price

There were no transfer into or out of Level 2 during both years.

47. Reconcilation of Liabilities Arising from Financial Activities

The tables below details change in the Group's liabilities arising from financing activities, including both cash and non-cash change. Liabilities arising from financing activities are those for which cash flow were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Bank and other borrowings RMB'000 (note 31)	Senior notes RMB'000 (note 32)	Corporate debt instruments RMB'000 (note 33)	Receipts under securitisation arrangements RMB'000 (note 34)	Amount due to related parties RMB'000 (note 48(ii))	Dividend payable RMB'000	Total RMB'000
At 1 January 2018	37,182,665	3,149,003	15,782,704	1,591,891	29,895,503	–	87,601,766
Financing cash flows	10,914,417	(199,295)	9,791,116	(76,463)	15,844,801	(1,309,766)	34,964,810
Acquisition of subsidiaries (note 37)	2,257,000	–	–	–	110,055	–	2,367,055
Disposal of subsidiaries (note 38)	(4,349,978)	–	–	–	(18,989,859)	–	(23,339,837)
Foreign exchange translation	316,671	164,849	–	–	–	–	481,520
Interest expenses	3,320,577	240,556	1,292,779	79,768	482,982	–	5,416,662
Net off amount due from an associate	–	–	–	–	(615,000)	–	(615,000)
Dividends declared	–	–	–	–	–	1,309,766	1,309,766
At 31 December 2018	49,641,352	3,355,113	26,866,599	1,595,196	26,728,482	–	108,186,742

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47. Reconcilation of Liabilities Arising from Financial Activities (continued)

	Bank and other borrowings RMB'000 (note 31)	Senior notes RMB'000 (note 32)	Corporate debt instruments RMB'000 (note 33)	Receipts under securitisation arrangements RMB'000 (note 34)	Amount due to related parties RMB'000 (note 48(ii))	Dividend payable RMB'000	Total RMB'000
At 1 January 2017	36,021,313	4,896,445	6,916,290	–	17,072,087	–	64,906,135
Financing cash flows	(388,387)	(1,855,364)	8,185,733	1,551,817	12,795,848	(1,407,352)	18,882,295
Acquisition of subsidiaries (note 37)	1,035,000	–	–	–	625,464	–	1,660,464
Disposal of subsidiaries	(549,234)	–	–	–	(1,399,174)	–	(1,948,408)
Foreign exchange translation	(737,119)	(258,162)	–	–	–	–	(995,281)
Interest expenses	1,801,092	366,084	680,681	40,074	829,822	–	3,717,753
Dividends declared	–	–	–	–	–	1,407,352	1,407,352
Transfer to held for sales	–	–	–	–	(28,544)	–	(28,544)
At 31 December 2017	37,182,665	3,149,003	15,782,704	1,591,891	29,895,503	–	87,601,766

48. Related Party Disclosures

(i) During the year, in addition to those disclosed in other notes to the consolidated financial statements, the Group entered into the following transactions with related parties:

	2018 RMB'000	2017 RMB'000
Sale of materials to joint ventures and associates (note)	–	5,094
Construction service income from associates (note)	9,159	–
Rental expenses paid/payable to Shareholders' Companies	8,737	9,109
Purchases from joint ventures and associates (note)	78,929	604
Purchase of investment property from a joint venture (note)	–	150,000
Interior decoration service fees paid/payable to Shareholders' Companies	–	2,471
Interest income arising from amounts due from:		
– associates (note)	319,013	379,838
– joint ventures (note)	638,793	105,631
– non-controlling shareholders	30,907	48,522
Interest expense arising from amounts due to:		
– associates (note)	55,619	503,240
– joint ventures (note)	74,319	109,018
– non-controlling shareholders	352,443	368,321
– Shareholders' Companies	27,508	27,071
Advertising expenses paid/payable to:		
– joint ventures (note)	94,340	–
– Shareholders' Companies	–	70,000
Comprehensive service income from joint ventures and associates (note)	2,721	74,881
Hotel service income from associates (note)	–	288
Interior decoration service income from:		
– joint ventures and associates (note)	704,127	449,912
– Shareholders' Companies	293	827
Healthcare service fee to Shareholders' Companies	111	867
Landscape construction fee to associates (note)	12,952	35,866
Educational services framework fee to Shareholders' Companies	6,660	757

Note: The transactions with associates and joint ventures are presented gross before elimination of unrealised profits or losses attributable to the Group.

The transactions above are presented net of taxes.

The directors considered that the transactions above were carried out in accordance with the terms agreed with the counterparties.

Mr SONG Weiping, Ms XIA Yibo and CCCG are each a "Shareholder", and collectively the "Shareholders", of the Company. Shareholders' Companies represent companies owned by the Shareholders and affiliates.

48. Related Party Disclosures (continued)

(ii) As at the end of the reporting period, the Group had balances with related parties, which are all unsecured, as follows:

	2018						
	Project-related		Non-project related		Sub Total		
	Interest bearing RMB'000	Non-interest bearing RMB'000	Interest bearing RMB'000	Non-interest bearing RMB'000	Interest bearing RMB'000	Non-interest bearing RMB'000	Total RMB'000
Due from Shareholders' Companies	–	38,264	–	10,076	–	48,340	48,340
Non-controlling shareholders	885,169	12,600,165	–	–	885,169	12,600,165	13,485,334
Associates	6,839,448	743,065	–	8,491	6,839,448	751,556	7,591,004
Joint ventures	8,802,207	3,325,787	–	123,274	8,802,207	3,449,061	12,251,268
Officers	–	–	–	–	–	–	–
Shareholder	–	–	–	–	–	–	–
	16,526,824	16,707,281	–	141,841	16,526,824	16,849,122	33,375,946
Due to Shareholders' Companies	149,089	92,115	–	–	149,089	92,115	241,204
Non-controlling shareholders	10,723,450	2,310,218	–	72,588	10,723,450	2,382,806	13,106,256
Associates	4,423,255	6,144,620	–	25,961	4,423,255	6,170,581	10,593,836
Joint ventures	1,905,318	827,578	–	–	1,905,318	827,578	2,732,896
Officers	–	–	–	37,237	–	37,237	37,237
Shareholder	–	–	–	17,053	–	17,053	17,053
	17,201,112	9,374,531	–	152,839	17,201,112	9,527,370	26,728,482

	2017						
	Project-related		Non-project related		Sub Total		
	Interest bearing RMB'000	Non-interest bearing RMB'000	Interest bearing RMB'000	Non-interest bearing RMB'000	Interest bearing RMB'000	Non-interest bearing RMB'000	Total RMB'000
Due from Shareholders' Companies	–	35,148	–	923	–	36,071	36,071
Non-controlling shareholders	1,738,993	10,282,891	–	31,420	1,738,993	10,314,311	12,053,304
Associates	5,255,245	3,093,995	–	–	5,255,245	3,093,995	8,349,240
Joint ventures	1,071,535	7,642,245	–	–	1,071,535	7,642,245	8,713,780
Officers	–	25,193	–	–	–	25,193	25,193
Shareholder	–	–	–	800	–	800	800
	8,065,773	21,079,472	–	33,143	8,065,773	21,112,615	29,178,388
Due to Shareholders' Companies	600,086	4,210	–	7,388	600,086	11,598	611,684
Non-controlling shareholders	8,929,816	5,379,046	–	–	8,929,816	5,379,046	14,308,862
Associates	2,207,621	7,818,463	–	–	2,207,621	7,818,463	10,026,084
Joint ventures	3,376,110	1,546,406	–	–	3,376,110	1,546,406	4,922,516
Officers	–	–	–	7,545	–	7,545	7,545
Shareholder	–	–	–	18,812	–	18,812	18,812
	15,113,633	14,748,125	–	33,745	15,113,633	14,781,870	29,895,503

The above amounts due from related parties are presented before accumulative impairment losses of RMB1,528,014,000 (2017: RMB831,704,000).

48. Related Party Disclosures (continued)

(ii) As at the end of the reporting period, the Group had balances with related parties, which are all unsecured, as follows: (continued)

In respect of project-related balances with related parties:

(a) The trade balances due from Shareholders' Companies are mainly construction receivables and trade receivables.

Construction receivables are billed according to the construction contracts and are settled within one to two months after the construction cost incurred are verified and agreed.

Trade receivables arise mainly from materials sales and are with a normal credit terms of two months.

(b) The project-related balances due from non-controlling shareholders are mainly prepaid distributions. The project-related balances due from joint ventures/associates are mainly project advances to these joint ventures/associates and are tied to the project development cycle. In the opinion of the directors, these balances are expected to be settled when the projects concerned commence pre-sales.

(c) The amounts due to Shareholders' Companies arise mainly from loan of a CCCG's fellow subsidiary.

(d) The project-related balances due to non-controlling shareholders are mainly project advances from these non-controlling shareholders and are tied to the project development cycle. In the opinion of the directors, these balances are repayable on demand and are expected to be settled when the projects concerned commence pre-sales.

(e) The project-related balances due to joint ventures/associates are mainly prepaid distributions.

The non-project related balances with related parties are mainly unsecured advances and repayable on demand.

The non-interest bearing balances due to shareholder and officers are emoluments payable. The maximum outstanding amount of amount due from shareholder is RMB800,000 both in 2018 and 2017. The maximum outstanding amount of amount due from officers are RMB nil in 2018 and 2017. The other non-interest bearing balances due from (to) related parties are unsecured and repayable on demand.

48. Related Party Disclosures (continued)

(ii) As at the end of the reporting period, the Group had balances with related parties, which are all unsecured, as follows: (continued)

The key terms of the interest bearing balances due from (to) related parties are as follows:

(a) The project-related amounts due from non-controlling shareholders of RMB107,059,000 (2017: RMB205,200,000) at 31 December 2018 carried interest at fixed rate of 6.30% (2017: 1.50%) per annum.

(b) The project-related amounts due from non-controlling shareholders of RMB778,110,000 (2017: RMB1,533,793,000) at 31 December 2018 carried interest at a variable rate of 5.46% (2017: 5.46%) per annum.

(c) The project-related amounts due from associates of RMB1,345,084,000 (2017: RMB823,340,000) at 31 December 2018 carried interest at a variable rate from 5.00% to 5.40% (2017: 5.46%) per annum.

(d) The project-related amounts due from associates of RMB5,494,364,000 (2017: RMB4,431,905,000) at 31 December 2018 carried interest at fixed rates ranging from 1.40% to 8.80% (2017: 1.30% to 7.50%) per annum.

(e) The project-related amounts due from joint ventures of RMB1,484,038,000 (2017: RMB144,876,000) at 31 December 2018 carried interest at a variable rate of 5.00% (2017: 7.5%) per annum.

(f) The project-related amounts due from joint ventures of RMB7,318,169,000 (2017: RMB926,659,000) at 31 December 2018 carried interest at fixed rates ranging from 1.40% to 8.80% (2017: 6.43% to 8.80%) per annum.

(g) The project-related amounts due to non-controlling shareholders of RMB35,639,000 (2017: RMB2,061,001,000) at 31 December 2018 carried interest at a variable rate of 5.50% (2017: 6.30%) per annum.

(h) The project-related amounts due to non-controlling shareholders of RMB10,687,811,000 (2017: RMB6,868,815,000) at 31 December 2018 carried interest at fixed rates ranging from 2.00% to 9.00% (2017: 5.50% to 9.00%) per annum.

(i) The project-related amounts due to associates of RMB505,974,000 (2017: RMB55,596,000) at 31 December 2018 carried interest at a variable rate ranging from 0.35% to 5.46% (2017: 0.35%) per annum.

(j) The project-related amounts due to associates of RMB3,917,281,000 (2017: RMB2,152,025,000) at 31 December 2018 carried interest at fixed rates ranging from 2.00% to 7.00% (2017: 5.46% to 10.98%) per annum.

(k) The project-related amounts due to joint ventures of RMB1,905,318,000(2017: RMB3,376,110,000) at 31 December 2018 carried interest at fixed rates ranging from 1.80% to 6.70% (2017: 1.50% to 7.40%) per annum.

(l) The project-related amounts due to Shareholders' Companies of RMB149,089,000 (2017: RMB600,086,000) at 31 December 2018 carried interest at a fixed rate of 7.52% (2017: 7.50%) per annum.

48. Related Party Disclosures (continued)

(iii) (a) During the year, in addition to those disclosed in note 37, the Group made acquisitions from related parties as follows:

	2018 RMB'000	2017 RMB'000
Purchase of additional interests in subsidiaries from non-controlling shareholders of subsidiaries and a shareholder	**748,953**	928,100

2018:

On 15 January 2018, the Group entered into an agreement with a non-controlling shareholder to acquire 1% equity interest in Greentown Hotel Assets Management Co., Ltd. for a consideration of approximately RMB353,000.

On 15 January 2018, the Group entered into an agreement with a non-controlling shareholder to acquire 3.5% equity interest in Hainan Greentown Gaodi Hotel Management Co., Ltd. for a consideration of RMB nil.

On 15 January 2018, the Group entered into an agreement with a non-controlling shareholder to acquire 12.36% equity interest in Zhejiang Greentown Construction Industry Co., Ltd. for a consideration of RMB nil.

In 26 April 2018, the Group entered into an agreement with non-controlling shareholders to acquire 7% equity interest in Xi'an Xinhongye for a consideration of RMB287,500,000.

On 31 August 2018, the Group entered into an agreement with non-controlling shareholders to acquire 50% equity interest in Zhejiang Greentown Rongxin Property Co., Ltd. for a consideration of RMB461,100,000. Beijing Ya'ao Greentown Real Estate Development Co., Ltd. is a wholly-owned subsidiary of Zhejiang Greentown Rongxin Property Co., Ltd., therefore the Group also acquired 50% equity interest in Beijing Ya'ao Greentown Real Estate Development Co., Ltd..

2017:

On 21 April 2017, the Group entered into an agreement with a non-controlling shareholder to acquire 40% equity interest in Zhoushan Greentown Weilanhai'an Real Estate Development Co., Ltd. ("Zhoushan Greentown Weilanhai'an") for a consideration of RMB18,000,000.

On 21 April 2017, the Group entered into an agreement with a non-controlling shareholder to acquire 40% equity interest in Zhoushan Greentown Weilanhai'an Hotel Management Co., Ltd. for a consideration of RMB8,000,000.

48. Related Party Disclosures (continued)

(iii) (a) During the year, in addition to those disclosed in note 37, the Group made acquisitions from related parties as follows: (continued)

On 31 October 2017, the Group entered into a series of agreements with a non-controlling shareholder to acquire 40% equity interest in Wenzhou Greentown Jiajing Real Estate Development Co., Ltd., 40% equity interest in Wenzhou Greentown Real Estate Development Co., Ltd., 20% equity interest in Wenzhou Greentown Real Estate Co., Ltd. and 10% equity interest in Wenzhou Lvjing Real Estate Co., Ltd. respectively for a total consideration of RMB736,100,000.

On 27 November 2017, the Group entered into an agreement with a non-controlling shareholder to acquire 40% equity interest in Wenzhou Jingyang Real Estate Co., Ltd. for a consideration of RMB136,000,000.

On 22 December 2017, the Group entered into an agreement with a non-controlling shareholder to acquire 40% equity interest in Greentown Hotel Assets Management Co., Ltd. for a consideration of RMB30,000,000.

(iii) (b) In 2017, the Group made disposals to related parties as follows:

	2018 **RMB'000**	2017 RMB'000
Disposal of subsidiaries to non-controlling shareholders	–	898
Partial disposal of interests in a subsidiary to non-controlling shareholders	–	128,616

In July 2017, the Group entered into an agreement to dispose of its 51% equity interest in Hangzhou Greentown Hengyu Environment Design Co., Ltd. for a cash consideration of RMB898,000 to a non-controlling shareholder.

In February 2017, the Group entered into an agreement to dispose of its 30% equity interest in Hangzhou Greentown Wharf Qi'ao Real Estate Co., Ltd. for a cash consideration of RMB30,000,000 to a non-controlling shareholder.

In December 2017, the Group entered into an agreement to dispose of its 12.36% equity interest in Greentown Decoration Project Group for a cash consideration of RMB98,616,000 to a non-controlling shareholder.

48. Related Party Disclosures (continued)

(iii) (c) On 29 January 2018, the Group entered into a framework agreement with Wharf Group and other parties thereto in relation to develop a piece of land in Xiaoshan district of Hangzhou, The PRC, into residential properties by Zhejiang Lvjiu. Pursuant to the framework agreement, the Group will transfer the entire equity interest of Hangzhou Zhiqian Investment Co., Ltd., a wholly-owned subsidiary of the Company, to Zhejiang Lvjiu. The above piece of land is owned indirectly by Hangzhou Zhiqian Investment Co., Ltd. through its wholly-owned subsidiary. The framework agreement was passed on the board of directors held on 14 April 2018 and the transfer of equity interest was accomplished in May 2018.

On 1 February 2018, the Group entered into a framework agreement with CCCC Investment Co., Ltd. and CCCC Southwest Investment and Development Co., Ltd. wholly-owned subsidiaries of CCCG, pursuant to which the parties will jointly register a company, on a 45%, 46% and 9% ownership basis respectively, for carrying out the preliminary works of the China Agricultural Expo Town Project in Chengdu, jointly building characteristic towns, pastoral complexes and other projects. The joint venture company, which constituted an associate of the Company, was established in February 2018.

On 29 March 2018, the Group entered into a financial lease arrangements with CCCC Financial Leasing Co., Ltd. a non-wholly owned subsidiary of CCCG, pursuant to which CCCC Financial Leasing Co., Ltd. would purchase the leased assets from the Greentown Financial Leasing (Shanghai) Co., Ltd., a wholly-owned subsidiary of the Company. The leased assets would be leased back by Greentown Financial Leasing (Shanghai) Co., Ltd., for a lease period of 24 months.

On 20 September 2018, the Group entered into the framework agreement with an independent party and CCCC Haixi Investment Co., Ltd., a wholly-owned subsidiary of the CCCG. Pursuant to which the parties would jointly develop a piece of land in Cangshan District of Fuzhou, the PRC, on a 80%, 10% and 10% ownership basis respectively, into residential and commercial properties. The framework agreement was passed on the board of directors held on 19 December 2018 and the joint venture company, which constituted a joint venture of the Company, was established in November 2018.

On 31 October 2018, the Group entered into the framework agreement with CCCC First Harbor Engineering Real Estate Development Co., Ltd., a non-wholly owned subsidiary of the CCCG and CCCC Beijing-Tianjin-Hebei Investment Development Company Co., Ltd., a non-wholly owned subsidiary of the CCCG. Pursuant to which the parties would jointly develop a piece of land in Hexi District of Tianjin, the PRC, on a 41%, 39% and 20% ownership basis respectively, into residential and commercial properties. The joint venture company, which constituted a subsidiary of the Company, was established in August 2018.

48. Related Party Disclosures (continued)

(iii) (c) (continued)

On 23 November 2018, the Group entered into the framework agreement with Zhichang (Beijing) Corporate Management Co., Ltd., a wholly-owned subsidiary of the Wharf Group. Pursuant to which, Hangzhou Zhenmei Investment Co., Ltd., a wholly-owned subsidiary of the Company, agreed to acquire 10% equity interest in Beijing Liangma Property Co., Ltd., from Zhichang (Beijing) Corporate Management Co., Ltd..

On 28 March 2017, the Group entered into the framework agreement with China Harbour Engineering Company Ltd and CCCG Overseas Real Estate Pte. Ltd., non-wholly owned subsidiaries of the CCCG, Pursuant to which the parties will jointly develop a piece of land in Jakarta, Indonesia, on a 10.1%, 69.7% and 20.2% ownership basis respectively, into residential and commercial properties. The framework agreement was passed on the board of directors held on 24 March 2017 and the joint venture company, which constituted an associate of the Company, was established in March 2017.

(iii) (d) On 27 December 2017, Greentown Real Estate entered into an acquisition agreement with Shareholder's Companies, Greentown Holdings and Football Club, pursuant to which Greentown Real Estate agreed to acquire and Greentown Holdings agreed to sell 50% equity interest in Football Club at the consideration of RMB331,370,000. The consideration for the acquisition will be satisfied in part by Greentown Real Estate transferring the entire equity interest in Hangzhou Rose Garden Resort and in part in cash. Please refer to note 38 for details.

(iv) Compensation of key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	2018 **RMB'000**	2017 RMB'000
Short-term benefits	**128,519**	43,311
Post-employment benefits	**337**	212
	128,856	43,523

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

49. Statement of Financial Position of the Company

	2018 RMB'000	2017 RMB'000
NON-CURRENT ASSETS		
Property, plant and equipment	**153**	162
Investment in subsidiaries	**1,713,006**	1,713,006
	1,713,159	1,713,168
CURRENT ASSETS		
Other receivables	**674**	97,283
Amounts due from subsidiaries and related parties	**23,426,020**	19,914,459
Bank balances and cash	**3,538,143**	157,921
	26,964,837	20,169,663
CURRENT LIABILITIES		
Other payables	**111,336**	97,356
Amounts due to related parties	**13,263,958**	9,769,180
Other taxes payable	**7,161**	7,161
Bank and other borrowings	**1,994,457**	1,381,201
	15,376,912	11,254,898
NET CURRENT ASSETS	**11,587,925**	8,914,765
TOTAL ASSETS LESS CURRENT LIABILITIES	**13,301,084**	10,627,933
NON-CURRENT LIABILITIES		
Bank and other borrowings	**8,365,008**	5,826,096
Senior notes	**3,355,113**	3,149,003
	11,720,121	8,975,099
	1,580,963	1,652,834
CAPITAL AND RESERVES		
Share capital	**209,501**	209,240
Reserves (note)	**1,371,462**	1,443,594
	1,580,963	1,652,834

Note:

The movement of the reserves of the Company is as follows:

	RMB'000
At 1 January 2017	2,860,936
Profit for the year	(1,165,296)
Dividend	(259,583)
Exercise of share options	5,759
Recognition of equity-settled share-based payments	1,778
At 31 December 2017	1,443,594
Profit for the year	218,920
Dividend	(433,536)
Exercise of share options	8,018
Recognition of equity-settled share-based payments	134,466
At 31 December 2018	1,371,462

50. Events after the end of the Reporting Period

The following significant events took place subsequent to 31 December 2018:

On 4 January 2019, the Group entered into a framework agreement with other parties and CCCC Urban Investment Holding Co., Limited, a subsidiary of CCCG, thereto in relation to develop a piece of land in Nansha district of Guangzhou, The PRC, into residential properties. Pursuant to the framework agreement, the Group will transfer 30% equity interest of Hangzhou Zhaolian Investment Co., Ltd., a wholly-owned subsidiary of the Company, to CCCC Urban Investment Holding Co., Limited. The above piece of land is owned indirectly by Hangzhou Zhaolian Investment Co., Ltd. through its wholly-owned subsidiary. The transfer of equity interest was completed in January 2019.

On 14 January 2019, Xi'an International Land Port Development Co., Ltd., a non-wholly owned subsidiary of the Company, entered into a construction agreement with CCCC-SHEC Fifth Engineering Co., Ltd. a subsidiary of CCCG, pursuant to which Xi'an International Land Port Development Co., Ltd., agreed to engage CCCC-SHEC Fifth Engineering Co., Ltd. as the main contractor to carry out the construction works of Phase Three of Plots 3, 4, 7 and 8 of Xi'an National Games Village.

On 19 March 2019, Greentown Real Estate, a wholly-owned subsidiary of the Company , and Zhejiang Greentown Lipu, a non-wholly owned subsidiary of the Company, were notified of the success of the bid in the tender for the Project, together with an independent thirty party and China First Highway Engineering Company Ltd, a non-wholly subsidiary of the CCCG. The Project involves the contracts for the undertaking of survey, design, and construction works for the infrastructure and common facilities on the Land including the civil engineering works, installation works, outdoor plumbing and drainage, heating and ventilation, swimming pool and parking lots for Haikou National Hi-tech Area Development Holding Co. Ltd., which is the principle.

51. Particulars of Principal Subsidiaries of the Company

(i) Particulars of the principal subsidiaries as at 31 December 2018 and 2017 are set out below:

Name of subsidiary	Place and date of registration	Registered capital	Proportion of ownership interest/ voting rights held by the Company Direct		Indirect		Principal activities	Legal form
			2018	2017	**2018**	2017		
綠城管理控股有限公司 Greentown Management Holdings Company Limited	Cayman Islands 12 December 2016	HKD0.03	**100%**	100%	**–**	–	Investment management	Wholly foreign-owned enterprise
綠城房地產集團有限公司 Greentown Real Estate	The PRC 6 January 1995	RMB4,000,000,000	**–**	–	**100%**	100%	Real estate development	Wholly foreign-owned enterprise
綠城房地產建設管理集團有限公司 Greentown Real Estate Project Management Group Co., Ltd.	The PRC 21 March 2012	RMB200,000,000	**–**	–	**100%**	100%	Project management	Limited liability company
綠城資產管理集團有限公司 Greentown Assets Management Group Co., Ltd.	The PRC 11 August 2016	RMB5,000,000,000	**–**	–	**100%**	100%	Assets management	Limited liability company
綠城理想小鎮建設集團有限公司 Greentown Ideal Town Construction Group Co., Ltd.	The PRC 21 July 2016	RMB2,000,000,000	**–**	–	**100%**	100%	Real estate development	Limited liability company
綠城理想生活科技有限公司 Greentown Ideal Life Technology Co., Ltd.	The PRC 21 March 2017	RMB200,000,000	**–**	–	**100%**	100%	Technology research and development	Wholly foreign-owned enterprise
綠城裝飾工程集團有限公司 Greentown Decoration Project Group	The PRC 25 September 1993	RMB100,000,000	**–**	–	**88%**	88%	Design and decoration	Limited liability company

51. Particulars of Principal Subsidiaries of the Company (continued)

(i) Particulars of the principal subsidiaries as at 31 December 2018 and 2017 are set out below: (continued)

Name of subsidiary	Place and date of registration	Registered capital	Proportion of ownership interest/ voting rights held by the Company Direct 2018	Direct 2017	Indirect 2018	Indirect 2017	Principal activities	Legal form
新疆俊發綠城房地產開發有限公司 Xinjiang Junfa Greentown Real Estate Development Co., Ltd.	The PRC 16 January 2008	RMB211,079,000	–	–	50% (note i)	50% (note i)	Real estate development	Limited liability company
北京亞奧綠城房地產開發有限公司 Beijing Ya'ao Greentown Real Estate Development Co., Ltd.	The PRC 19 August 2008	RMB50,000,000	–	–	100% (note xi)	50% (note i)	Real estate development	Limited liability company
杭州綠城九龍倉置業有限公司 Hangzhou Greentown Wharf Real Estate Co., Ltd.	The PRC 20 Feb 2014	USD 210,000,000	–	–	50% (note i)	50% (note i)	Real estate development	Wholly foreign-owned enterprise
臨安金基房地產開發有限公司 Lin'an Jinji Real Estate Development Co., Ltd.	The PRC 22 March 2004	RMB140,000,000	–	–	18% (note i)	18% (note i)	Real estate development	Limited liability company
北京亮馬置業有限公司 Beijing Liangma Real Estate Co., Ltd.	The PRC 26 February 2016	RMB100,000,000	–	–	50% (note i)	50% (note i)	Real estate development	Limited liability company
湖南青竹湖國際商務社區開發有限公司 Hunan Bamboo Lake International Business Community Development Co., Ltd.	The PRC 26 September 2003	RMB50,600,000	–	–	49% (note ii)	49% (note ii)	Real estate development	Limited liability company
浙江綠城天臺山蓮花度假村有限公司 Zhejiang Greentown Tiantaishan Lianhua Resort Co., Ltd.	The PRC 8 August 2011	RMB170,000,000	–	–	100%	100%	Real estate development	Limited liability company
舟山綠城房地產開發有限公司 Zhoushan Greentown Real Estate Development Co., Ltd.	The PRC 16 December 1999	RMB100,000,000	–	–	100%	100%	Real estate development	Limited liability company
北京陽光綠城房地產開發有限公司 Beijing Sunshine Greentown Real Estate Development Co., Ltd.	The PRC 11 January 2001	RMB50,000,000	–	–	80%	80%	Real estate development	Limited liability company
杭州余杭綠城房地產開發有限公司 Hangzhou Yuhang Greentown Real Estate Development Co., Ltd.	The PRC 12 November 1999	RMB30,000,000	–	–	64%	64%	Real estate development	Limited liability company

51. Particulars of Principal Subsidiaries of the Company (continued)

(i) Particulars of the principal subsidiaries as at 31 December 2018 and 2017 are set out below: (continued)

Name of subsidiary	Place and date of registration	Registered capital	Proportion of ownership interest/ voting rights held by the Company Direct 2018	Direct 2017	Indirect 2018	Indirect 2017	Principal activities	Legal form
杭州余杭金騰房地產開發有限公司 Hangzhou Yuhang Jinteng Real Estate Development Co., Ltd.	The PRC 25 December 2001	RMB100,000,000	-	–	85%	85%	Real estate development	Limited liability company
青島綠城華川置業有限公司 Qingdao Greentown Huachuan Real Estate Co., Ltd.	The PRC 21 August 2007	RMB517,764,600	-	–	80%	80%	Real estate development	Sino-foreign equity joint venture
寧波太平洋實業有限公司 Ningbo Pacific Industrial Co., Ltd.	The PRC 11 July 2003	USD29,000,000	-	–	60%	60%	Real estate development	Foreign equity joint venture
台州吉利嘉苑房地產開發有限公司 Taizhou Jilijiayuan Real Estate Development Co., Ltd.	The PRC 15 October 2001	RMB40,000,000	-	–	55%	55%	Real estate development	Limited liability company
杭州綠城海企實業有限公司 （原名：杭州綠城海企房地產開發有限公司） Hangzhou Greentown Haiqi Industrial Co., Ltd. (former name: Hangzhou Greentown Haiqi Real Estate Development Co., Ltd.)	The PRC 23 November 2007	RMB1,000,000,000	-	–	100%	100%	Real estate development	Limited liability company
杭州金馬房地產有限公司 Hangzhou Golden Horse Real Estate Development Co., Ltd.	The PRC 22 October 1992	USD50,000,000	-	–	51%	51%	Real estate development	Foreign equity joint venture
浙江報業綠城房地產開發有限公司 Zhejiang Newspapering Greentown Real Estate Development Co., Ltd.	The PRC 7 July 2008	RMB1,200,000,000	-	–	100%	100%	Real estate development	Wholly foreign-owned enterprise
杭州千島湖綠城投資置業有限公司 Hangzhou Qiandaohu Greentown Investment Real Estate Co., Ltd.	The PRC 15 June 2005	RMB30,000,000	-	–	80%	80%	Real estate development	Limited liability company
南京天浦置業有限公司 Nanjing Tianpu Real Estate Co., Ltd.	The PRC 21 November 2002	RMB50,000,000	-	–	70%	70%	Real estate development	Limited liability company
浙江嘉和實業有限公司 Zhejiang Jiahe Industrial Co., Ltd.	The PRC 25 April 1995	RMB50,000,000	-	–	100%	100%	Real estate development	Limited liability company

For the year ended 31 December 2018

51. Particulars of Principal Subsidiaries of the Company (continued)

(i) Particulars of the principal subsidiaries as at 31 December 2018 and 2017 are set out below: (continued)

Name of subsidiary	Place and date of registration	Registered capital	Proportion of ownership interest/ voting rights held by the Company Direct		Indirect		Principal activities	Legal form
			2018	2017	2018	2017		
安徽綠城玫瑰園房地產開發有限公司 Anhui Greentown Rose Garden Real Estate Development Co., Ltd.	The PRC 23 December 2009	RMB200,000,000	–	–	100%	100%	Real estate development	Limited liability company
舟山市普陀綠城房地產開發有限公司 Zhoushan Putuo Greentown Real Estate Co., Ltd.	The PRC 5 November 2009	RMB50,000,000	–	–	90%	90%	Real estate development	Limited liability company
舟山市普陀綠城實業投資有限公司 Zhoushan Putuo Greentown Industry Investment Co., Ltd.	The PRC 5 November 2009	RMB100,000,000	–	–	100%	100%	Real estate development	Limited liability company
城建中稷(浙江)實業發展有限公司 City-Urban Construction (Zhejiang) Industrial Development Co., Ltd.	The PRC 5 February 2005	RMB160,000,000	–	–	97%	97%	Real estate development	Limited liability company
舟山市明程房地產開發有限公司 Zhoushan Mingcheng Real Estate Development Co., Ltd.	The PRC 31 October 2005	RMB10,000,000	–	–	97%	97%	Real estate development	Limited liability company
舟山市乾源房地產開發有限公司 Zhoushan Qianyuan Real Estate Development Co., Ltd.	The PRC 31 October 2005	RMB10,000,000	–	–	97%	97%	Real estate development	Limited liability company
河南錦江置業有限公司 Henan Jinjiang Real Estate Co., Ltd.	The PRC 8 August 2002	RMB80,000,000	–	–	100%	100%	Real estate development	Limited liability company
海南綠城高地投資有限公司 Hainan Greentown Gaodi Investment Co., Ltd.	The PRC 15 November 2007	RMB60,000,000	–	–	51%	51%	Real estate development	Limited liability company
杭州綠城玉園房地產開發有限公司 Hangzhou Greentown Yuyuan Real Estate Development Co., Ltd.	The PRC 11 November 2009	RMB1,300,000,000	–	–	100%	100%	Real estate development	Wholly foreign-owned enterprise
大連綠城房地產開發有限公司 Dalian Greentown Real Estate Development Co., Ltd.	The PRC 11 November 2008	RMB120,000,000	–	–	80%	80%	Real estate development	Limited liability company

51. Particulars of Principal Subsidiaries of the Company (continued)

(i) Particulars of the principal subsidiaries as at 31 December 2018 and 2017 are set out below: (continued)

Name of subsidiary	Place and date of registration	Registered capital	Proportion of ownership interest/ voting rights held by the Company Direct 2018	Direct 2017	Indirect 2018	Indirect 2017	Principal activities	Legal form
青島綠城膠州灣房地產開發有限公司 Qingdao Greentown Jiaozhouwan Real Estate Development Co., Ltd.	The PRC 25 November 2009	USD100,000,000	–	–	100%	100%	Real estate development	Wholly foreign-owned enterprise
新泰綠城置業有限公司 Xintai Greentown Real Estate Co., Ltd.	The PRC 12 January 2010	RMB98,000,000	–	–	70%	70%	Real estate development	Limited liability company
大連綠城置業有限公司 Dalian Greentown Real Estate Co., Ltd.	The PRC 15 March 2010	RMB100,000,000	–	–	90%	90%	Real estate development	Limited liability company
德清綠城房地產開發有限公司 Deqing Greentown Real Estate Development Co., Ltd.	The PRC 1 February 2010	RMB100,000,000	–	–	100%	100%	Real estate development	Limited liability company
紹興綠城金昌置業有限公司 Shaoxing Greentown Jinchang Real Estate Co., Ltd.	The PRC 6 November 2009	RMB100,000,000	–	–	51%	51%	Real estate development	Limited liability company
杭州銀嘉房地產開發有限公司 Hangzhou Yinjia Real Estate Development Co., Ltd.	The PRC 17 September 2003	RMB100,000,000	–	–	56%	56%	Real estate development	Limited liability company
台州綠城泰業房地產開發有限公司 Taizhou Greentown Taiye Real Estate Development Co., Ltd.	The PRC 18 February 2011	RMB130,000,000	–	–	51%	51%	Real estate development	Limited liability company
新疆鴻遠投資有限公司 Xinjiang Hongyuan Investment Co., Ltd.	The PRC 22 January 2003	RMB42,500,000	–	–	60%	60%	Real estate development	Limited liability company
浙江建德綠城置業有限公司 Zhejiang Jiande Greentown Real Estate Co., Ltd.	The PRC 6 December 2013	RMB608,000,000	–	–	100%	100%	Real estate development	Limited liability company
杭州綠城東友房產開發有限公司 Hangzhou Greentown Dongyou Real Estate Development Co., Ltd.	The PRC 11 January 2013	RMB500,000,000	–	–	100%	100%	Real estate development	Sino-foreign equity joint venture
杭州臨安綠城置業有限公司 (原名:臨安綠城置業有限公司) Hangzhou Lin'an Greentown Real Estate Co., Ltd. (former name: Lin'an Greentown Real Estate Co., Ltd.)	The PRC 2 July 2009	RMB50,000,000	–	–	100%	100%	Real estate development	Limited liability company

51. Particulars of Principal Subsidiaries of the Company (continued)

(i) Particulars of the principal subsidiaries as at 31 December 2018 and 2017 are set out below: (continued)

Name of subsidiary	Place and date of registration	Registered capital	Proportion of ownership interest/ voting rights held by the Company Direct 2018	Direct 2017	Indirect 2018	Indirect 2017	Principal activities	Legal form
諸暨市越都置業有限公司 Zhuji Yuedu Real Estate Co., Ltd.	The PRC 31 October 2008	RMB300,000,000	-	–	90%	90%	Real estate development	Limited liability company
新昌綠城佳園房地產開發有限公司 Xinchang Greentown Jiayuan Real Estate Development Co., Ltd.	The PRC 25 February 2014	RMB100,000,000	-	–	80%	80%	Real estate development	Limited liability company
淄博綠城置業有限公司 Zibo Greentown Real Estate Co., Ltd.	The PRC 25 March 2014	RMB500,000,000	-	–	100%	100%	Real estate development	Wholly foreign-owned enterprise
湖州新錦江房地產開發有限公司 Huzhou Xinjinjiang Real Estate Development Co., Ltd.	The PRC 3 February 2004	RMB50,000,000	-	–	100%	100%	Real estate development	Limited liability company
新昌綠城置業有限公司 Xinchang Greentown Real Estate Co., Ltd.	The PRC 12 December 2006	RMB72,600,000	-	–	90%	90%	Real estate development	Limited liability company
北京興業萬發房地產開發有限公司 Beijing Xingye Wanfa Real Estate Development Co., Ltd.	The PRC 26 October 2000	RMB50,000,000	-	–	100%	100%	Real estate development	Limited liability company
上海華浙外灘置業有限公司 Shanghai Huazhe Bund Real Estate Co., Ltd.	The PRC 26 September 2002	RMB50,000,000	-	–	51%	51%	Real estate development	Limited liability company
浙江宏順房地產開發有限公司 Zhejiang Hongshun Real Estate Development Co., Ltd.	The PRC 11 March 2008	RMB100,000,000	-	–	80%	80%	Real estate development	Limited liability company
綠城恒基(大慶)置業有限公司 Greentown Hengji Daqing	The PRC 30 August 2011	RMB250,000,000	-	–	100%	100%	Real estate development	Limited liability company
綠城建設管理集團有限公司 (原名：杭州藍城致信建設管理有限公司) Greentown Project Management Group Co., Ltd. (former name: Hangzhou Bluetown Zhixin Project Management Co., Ltd.)	The PRC 8 September 2016	RMB1,050,000,000	-	–	100%	100%	Project management	Wholly foreign-owned enterprise

51. Particulars of Principal Subsidiaries of the Company (continued)

(i) Particulars of the principal subsidiaries as at 31 December 2018 and 2017 are set out below: (continued)

Name of subsidiary	Place and date of registration	Registered capital	Proportion of ownership interest/ voting rights held by the Company Direct		Indirect		Principal activities	Legal form
			2018	2017	2018	2017		
奉化綠城房地產開發有限公司 Fenghua Greentown Real Estate Development Co., Ltd.	The PRC 5 November 2013	RMB100,000,000	-	-	80%	80%	Real estate development	Limited liability company
寧波軌道交通寧興置業有限公司 Ningbo Railway Transportation Ningxing Real Estate Co., Ltd.	The PRC 30 December 2015	RMB204,090,000	-	-	51%	51%	Real estate development	Limited liability company
浙江綠城元和房地產開發有限公司 Zhejiang Greentown Yuanhe Real Estate Development Co., Ltd.	The PRC 4 May 2009	RMB60,000,000	-	-	85%	85%	Real estate development	Limited liability company
溫州綠城置業有限公司 Wenzhou Greentown Real Estate Co., Ltd.	The PRC 21 May 2007	RMB915,000,000	-	-	100%	100%	Real estate development	Sino-foreign equity joint venture
溫州綠景置業有限公司 Wenzhou Lvjing Real Estate Co., Ltd.	The PRC 26 November 2007	RMB915,000,000	-	-	100%	100%	Real estate development	Sino-foreign equity joint venture
溫州綠城房地產開發有限公司 Wenzhou Greentown Real Estate Development Co., Ltd.	The PRC 15 February 2007	RMB768,000,000	-	-	100%	100%	Real estate development	Sino-foreign equity joint venture
溫州綠城家景房地產開發有限公司 Wenzhou Greentown Jiajing Real Estate Development Co., Ltd.	The PRC 21 May 2007	RMB386,000,000	-	-	100%	100%	Real estate development	Sino-foreign equity joint venture
溫州景楊置業有限公司 Wenzhou Jingyang Real Estate Co., Ltd.	The PRC 19 July 2010	RMB340,000,000	-	-	100%	100%	Real estate development	Sino-foreign equity joint venture
舟山綠城蔚藍海岸房地產開發有限公司 Zhoushan Greentown Weilanhai'an	The PRC 6 May 2008	RMB50,000,000	-	-	100%	100%	Real estate development	Limited liability company
臨海綠城泰業房地產開發有限公司 Linhai Greentown Taiye Real Estate Development Co., Ltd.	The PRC 20 January 2014	RMB125,000,000	-	-	100%	100%	Real estate development	Limited liability company

For the year ended 31 December 2018

51. Particulars of Principal Subsidiaries of the Company (continued)

(i) Particulars of the principal subsidiaries as at 31 December 2018 and 2017 are set out below: (continued)

Name of subsidiary	Place and date of registration	Registered capital	Proportion of ownership interest/ voting rights held by the Company Direct 2018	Direct 2017	Indirect 2018	Indirect 2017	Principal activities	Legal form
成都浙中大地產有限公司 Chengdu Zhezhongda	The PRC 23 January 2013	RMB380,000,000	–	–	60%	60%	Real estate development	Limited liability company
綠城永隆裝飾工程有限公司 (「原名：山東省永隆裝飾工程有限公司」) Greentown Yonglong (former name: Shandong Yonglong Decoration Project Co., Ltd.)	The PRC 20 January 1998	RMB50,000,000	–	–	70%	70%	Design and decoration	Limited liability company
天津綠城全運村建設開發有限公司 Tianjin National Games Village	The PRC 27 November 2014	RMB2,500,000,000	–	–	41%	41%	Real estate development	Limited liability company
杭州綠城朝陽置業有限公司 Hangzhou Greentown Chaoyang Real Estate Co., Ltd. ("Hangzhou Greentown Chaoyang").	The PRC 28 December 2017	RMB100,000,000	–	–	50% (note iii)	100%	Real estate development	Limited liability company
西安新鴻業投資發展有限公司 Xi'an Xinhongye	The PRC 6 June 2003	RMB200,000,000	–	–	80% (note iv)	83%	Real estate development	Limited liability company
濟南東創置業有限公司 Ji'nan Dongchuang	The PRC 26 December 2013	RMB300,000,000	–	–	50% (note vi)	50%	Real estate development	Limited liability company
杭州玫瑰園度假村有限公司 Hangzhou Rose Garden Resort	The PRC 15 August 2006	RMB184,410,000	–	–	– (note v)	100%	Real estate development	Limited liability company
杭州綠城進出口貿易有限公司 Hangzhou Greentown Imports and Exports Trading Co., Ltd.	The PRC 29 April 2008	RMB1,000,000	–	–	– (note v)	100%	Trading	Limited liability company
柳州綠城投資有限公司 Liuzhou Greentown Investment	The PRC 01 April 2014	RMB80,000,000	–	–	– (note v)	60%	Real estate development	Limited liability company

51. Particulars of Principal Subsidiaries of the Company (continued)

(i) Particulars of the principal subsidiaries as at 31 December 2018 and 2017 are set out below: (continued)

Name of subsidiary	Place and date of registration	Registered capital	Proportion of ownership interest/ voting rights held by the Company Direct 2018	Direct 2017	Indirect 2018	Indirect 2017	Principal activities	Legal form
柳州綠城房地產開發有限公司 Liuzhou Greentown	The PRC 7 May 2014	RMB80,000,000	-	–	- (note v)	60%	Real estate development	Limited liability company
西安國際陸港文遠置業有限公司 Xi'an Wenyuan	The PRC 30 December 2016	RMB400,000,000	-	–	51% (note vii)	–	Real estate development	Limited liability company
杭州碩櫟投資管理有限公司 Hangzhou Shuoli	The PRC 25 January 2013	RMB100,000	-	–	100% (note vii)	–	Investment management	Limited liability company
余姚綠潤投資有限公司 Yuyao Lvrun	The PRC 24 June 2013	RMB53,000,000	-	–	100% (note vii)	7.5%	Investment management	Limited liability company
余姚綠城房地產開發有限公司 Yuyao Greentown	The PRC 25 September 2013	RMB99,000,000	-	–	100% (note vii)	47%	Real estate development	Limited liability company
西安國際陸港文廣置業有限公司 Xi'an Wenguang	The PRC 24 July 2017	RMB102,040,800	-	–	51% (note vii)	–	Real estate development	Limited liability company
杭州西溪山莊房地產開發有限公司 Hangzhou Xixi	The PRC 23 November 2000	RMB80,000,000	-	–	80% (note vii)	50%	Real estate development	Limited liability company
舟山綠城海盛置業發展有限公司 Zhoushan Haisheng	The PRC 25 September 2013	RMB100,000,000	-	–	100% (note vii)	51%	Real estate development	Limited liability company
常熟市綠宸房地產開發有限公司 Changshu Lvchen Real Estate Development Co., Ltd.	The PRC 7 May 2018	RMB1,800,000,000	-	–	70% (note viii)	–	Real estate development	Limited liability company

51. Particulars of Principal Subsidiaries of the Company (continued)

(i) Particulars of the principal subsidiaries as at 31 December 2018 and 2017 are set out below: (continued)

Name of subsidiary	Place and date of registration	Registered capital	Proportion of ownership interest/ voting rights held by the Company Direct		Indirect		Principal activities	Legal form
			2018	2017	2018	2017		
溫州綠城浙遠房地產開發有限公司 Wenzhou Greentown Zheyuan Real Estate Development Co., Ltd.	The PRC 17 May 2018	RMB100,000,000	–	–	100% (note ix)	–	Real estate development	Limited liability company
杭州綠城亞運村開發有限公司 Hangzhou Greentown Asian Games Village Development Co., Ltd.	The PRC 03 September 2018	RMB3,000,000,000	–	–	80% (note ix)	–	Real estate development	Limited liability company
杭州休博園湖畔綠景休閑開發有限公司 Hangzhou Xiuboyuan Hupan Lvjing Xiuxian Development Co., Ltd.	The PRC 2 April 2008	RMB120,000,000	–	–	– (note x)	50% (note i)	Real estate development	Limited liability company
杭州綠城北盛置業有限公司 Hangzhou Greentown Beisheng Real Estate Co., Ltd.	The PRC 1 December 2009	RMB530,000,000	–	–	– (note x)	100%	Real estate development	Wholly foreign-owned enterprise
慈溪綠城房地產發展有限公司 Cixi Greentown Property Development Co., Ltd.	The PRC 7 July 2011	RMB98,000,000	–	–	– (note x)	100%	Real estate development	Limited liability company
綠城時代城市建設發展有限公司 Greentown Shidai	The PRC 17 September 2012	RMB50,000,000	–	–	– (note x)	100%	Project management	Limited liability company

The above table lists the subsidiaries of the Group which, in the opinion of the directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

51. Particulars of Principal Subsidiaries of the Company (continued)

(i) Particulars of the principal subsidiaries as at 31 December 2018 and 2017 are set out below: (continued)

Notes:

(i) The Group has the right to appoint a majority of directors to the board of directors. Hence the Group has the power over these entities and has the ability to use its power to affect its returns. Therefore, these entities are accounted for as subsidiaries of the Group.

(ii) The entity is a subsidiary of non-wholly owned subsidiaries of the Group.

(iii) The Group disposed of 50% equity interests in Hangzhou Greentown Chaoyang. Because the Group has the right to appoint a majority of directors to the board of directors, and hence the Group has the power over these entities and has the ability to use its power to affect its returns, Hangzhou Greentown Chaoyang is still under the control of the Group after the disposal.

(iv) In April 2018, the Group acquired additional 7% equity interest in Xi'an Xinhongye from its non-controlling shareholder in 2018. In November 2018, the Group partial disposed 10% equity interest in Xi'an Xinhongye to an independent thirty party. Please refer to note 48(iii) for details.

(v) The Group disposed of equity interests in these companies in 2018. Please refer to note 38 for details.

(vi) The Group obtained control over Ji'nan Dongchuang by entering into the acting in concert agreement with another shareholder which held 50% equity interests of Ji'nan Dongchuang so as to continue the expansion of the Group's property development operation. Please refer to note 37 for details.

(vii) These companies became subsidiaries of the Group in 2018 as the Group acquired equity interests in it. Please refer to note 37 for details.

(viii) The company was newly established in 2018 and the Group partial disposed its 30% equity interest to an independent third party in 2018.

(ix) These companies were newly established in 2018.

(x) These companies were liquidated in 2018.

(xi) In August 2018, the Group acquired additional 50% equity interest in Beijing Ya'ao Greentown Real Estate Development Co., Ltd. from its non-controlling shareholders. Please refer to note 48(iii) for details.

(ii) Details of non-wholly owned subsidiaries that have material non-controlling interests

The table below shows details of non-wholly-owned subsidiaries of the Group that have material non-controlling interests:

Name of subsidiary	Place of incorporation and Principal place of business	Proportion of ownership interest and voting rights held by non-controlling		Profit allocated to non-controlling interests		Accumulated non-controlling interests	
		2018	2017	**2018 RMB'000**	2017 RMB'000	**2018 RMB'000**	2017 RMB'000
Tianjin National Games Village	The PRC	**41%**	41%	**148,784**	106,726	**3,648,228**	3,499,444

51. Particulars of Principal Subsidiaries of the Company (continued)

(ii) Details of non-wholly owned subsidiaries that have material non-controlling interests (continued)

Summarised financial information of Tianjin National Games Village is set out below. The summarised financial information below represents amounts before intragroup eliminations.

	2018 RMB'000	2017 RMB'000
Current assets	**11,155,577**	24,289,929
Non-current assets	**41,313**	2,657
Current liabilities	**3,938,831**	16,062,029
Non-current liabilities	**681,998**	1,905,821
Equity attributable to owners of the Company	**2,927,833**	2,825,292
Non-controlling interests of Tianjin National Games Village	**3,648,228**	3,499,444

	Year ended 31 December 2018 RMB'000	Period from 13 November 2017 (acquisition date) to 31 December 2017 RMB'000
Revenue	**11,542,441**	5,915,523
Expenses	**11,185,343**	5,646,997
Profit and total comprehensive income for the year	**251,325**	180,280
Profit and total comprehensive income attributable to owners of the Company	**102,541**	73,554
Profit and total comprehensive income attributable to the non-controlling interests of Tianjin National Games Village	**148,784**	106,726
Dividends paid to non-controlling interests of Tianjin National Games Village	**–**	–
Net cash inflow from operating activities	**(479,840)**	189,514

52. Reclassification

The group reclassified net foreign exchange gains, net loss on disposal of property, plant and equipment, gain on disposal of associates, gain on fair value of acquisition of associates and a joint venture in stages and gain on acquisition of associates to the line item "other gains and losses" in the consolidated statement of profit or loss and other comprehensive income, the comparative amounts have also been reclassified.

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HSBC **Credit Suisse**

February 17, 2022