不得在美國分發

香港交易及結算所有限公司及香港聯合交易所有限公司對本公告之內容概不負責，對其準確性或完整性亦不發表任何聲明，並明確表示，概不會就本公告全部或任何部分內容而產生或因倚賴該等內容而引致之任何損失承擔任何責任。

本公告僅供參考，並不構成收購、購買或認購證券的邀請或要約，或邀請就進行任何有關事項訂立協議，亦不得視為就收購、購買或認購任何證券提出要約的邀請。本公告並非在美國或任何國家或司法權區(在根據當地證券法進行登記或符合資格前，於有關地區進行有關發售、招攬或出售即屬違法)提呈出售或招攬購買證券的要約。本公告所述證券並無且亦不會根據一九三三年美國證券法(經修訂)登記，故在未經登記的情況下不得在美國發售或出售，除非獲豁免遵守美國證券法的登記規定或交易毋須遵守美國證券法的登記規定。於美國公開發售任何證券須以招股章程形式作出。該招股章程將載有關於提呈發售的公司及其管理的詳細資料以及財務報表。由於不適用於歐洲經濟區的散戶投資者，故並無編製零售及保險投資產品組合的重要資訊文件。

LANDSEA朗诗
— 引领绿色生活 —

LANDSEA GREEN GROUP CO., LTD.
朗詩綠色集團有限公司
(於百慕達註冊成立之有限公司)
(股份代號：106)

海外監管公告

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

茲提述朗詩綠色集團有限公司(「**本公司**」)日期為二零一九年六月十七日有關發行票據的公告(「**該等公告**」)。本公告所用詞彙與該等公告所界定者具相同涵義。

請參閱隨附有關票據的備忘錄(「**發售備忘錄**」)，發售備忘錄可於新交所網站上查閱。

於聯交所網站刊登發售備忘錄的目的僅為向香港投資者公平發佈資訊及遵守上市規則第13.10B條，別無任何其他目的。

發售備忘錄並不構成於任何司法權區向公眾提呈出售任何證券的章程、通告、通函、宣傳冊或廣告，亦非邀請公眾提呈認購或購買任何證券，且並不旨在邀請公眾提呈認購或購買任何證券。

發售備忘錄不應被視作認購或購買本公司任何證券的誘因，亦不擬構成該等誘因。投資決定不應以發售備忘錄所載資料為依據。

承董事局命
朗詩綠色集團有限公司
公司秘書
陳婉縈

香港，二零一九年六月二十四日

於本公告日期，董事局由五名執行董事田明先生、申樂瑩女士、王磊先生、周勤女士及謝遠建先生，一名非執行董事鄒益民先生以及四名獨立非執行董事許小年先生、李均雄先生、陳泰元先生及芮萌先生組成。

IMPORTANT NOTICE

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

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

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT), EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

THE FOLLOWING OFFERING MEMORANDUM MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT 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. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORIZED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE SECURITIES DESCRIBED THEREIN.

The following offering memorandum is not a prospectus for the purposes of the European Union's Directive 2003/71/EC as amended by Directive 2010/73/EC as implemented in the Member States of the European Economic Area (the "EU Prospectus Directive"). The following offering memorandum has been prepared on the basis that any offers of Notes offered hereby made to persons in any Member State of the European Economic Area will be made pursuant to an exemption under the EU Prospectus Directive from the requirement to publish a prospectus in connection with offers of such Notes.

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

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

Confirmation and your representation: In order to be eligible to view this offering memorandum or make an investment decision with respect to the Notes, investors must be outside the United States. By accepting the e-mail and accessing this offering memorandum, you shall be deemed to have represented to us that (1) you and any customers you represent are outside the United States and that the electronic mail address that you gave us and to which this e-mail has been delivered is not located in the United States, and to the extent you purchase the securities described in the attached offering memorandum, you will be doing so in an offshore transaction pursuant to and in compliance with Regulation S under the Securities Act and (2) that you consent to delivery of such offering memorandum by electronic transmission.

You are reminded that this offering memorandum has been delivered to you on the basis that you are a person into whose possession this offering memorandum may be lawfully delivered in accordance with the laws of jurisdiction in which you are located and you may not, nor are you authorized to, deliver or disclose the contents of this offering memorandum to any other person.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the initial purchasers or any affiliate of the initial purchasers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the initial purchasers or such affiliate on behalf of the issuer in such jurisdiction. This offering memorandum has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently, none of Guotai Junan Securities (Hong Kong) Limited and Haitong International Securities Company Limited as the joint global coordinators, joint bookrunners and joint lead managers (the ''Initial Purchasers''), or any person who controls any of them or any director, officer, employee or agent of any of them or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the offering memorandum distributed to you in electronic format and the hard copy version available to you on request from the Initial Purchasers.

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



Landsea Green Group Co., Ltd.
朗詩綠色集團有限公司

(incorporated in Bermuda with limited liability)

US$200,000,000
10.5% Senior Notes due 2022

Issue Price: 98.134%

The 10.5% Senior Notes due 2022 (the "Notes") will bear interest from June 20, 2019 at 10.5% per annum payable semi-annually in arrears on June 20 and December 20 of each year, beginning December 20, 2019 The Notes will mature on June 20, 2022.

The Notes are senior obligations of Landsea Green Group Co., Ltd. (the "Company"), guaranteed by certain of our existing subsidiaries (the "Subsidiary Guarantors"), other than (1) those organized under the laws of the PRC and (2) certain other subsidiaries specified in the section entitled "Description of the Notes." 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, we may at our option redeem the Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the Notes plus a premium (as set out in the section entitled "Description of the Notes" of this offering memorandum) as of, and accrued and unpaid interest, if any, to (but not including) the redemption date. At any time, we may redeem up to 35% of the Notes, at a redemption price of 110.5% of the principal amount of the Notes, plus accrued and unpaid interest, if any, to (but not including) the redemption date, with the net cash proceeds from sales of certain kinds of capital stock of the Company. Upon the occurrence of a Change of Control Triggering Event (as defined in the Indenture), we must make an offer to repurchase all Notes outstanding at a purchase price equal to 101% of their principal amount, plus accrued and unpaid interest, if any, to the date of repurchase.

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

For a more detailed description of the Notes, see the section entitled "Description of the Notes" beginning on page 130.

The Notes are being issued as "Green Bonds" under our Green Bond Framework. See the section entitled "Notes Being Issued as Green Bonds" beginning on page 50.

Investing in the Notes involves certain risks. Please see "Risk Factors" beginning on page 17 for a discussion of certain factors to be considered in connection with an investment in the Notes.

Approval in-principle has been received from the Singapore Exchange Securities Trading Limited (the "SGX-ST") for the listing and quotation of the Notes on the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in this offering memorandum. Approval in-principle from, admission to the Official List of, and listing and quotation of the Notes on, the SGX-ST are not to be taken as an indication of the merits of the Company, the Subsidiary Guarantors, the JV Subsidiary Guarantors (if any) or any other subsidiary or associated company of the Company, the Notes, the Subsidiary Guarantees or the JV Subsidiary Guarantees (if any).

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

The Notes are expected to be rated "B3" by Moody's, "B–" by S&P and "B" by Fitch. A rating is not recommendation to buy, sell or hold the Notes and may be subject to suspension, reduction or withdrawal at any time by the assigning agency. A suspension, reduction or withdrawal of the rating assigned to the Notes may adversely affect the market price of the Notes.

With reference to the Notice on Promoting the Reform of the Filing and Registration System for Issuance of Foreign Debt by Enterprises (國家發展改革委關於推進企業發行外債備案登記制管理改革的通知) (the "NDRC Notice") promulgated by National Development and Reform Commission (the "NDRC") of the PRC on September 14, 2015 which came into effect on the same day, we have registered the issuance of the Notes with the NDRC and obtained a certificate from the NDRC dated March 4, 2019 evidencing such registration. Pursuant to the registration certificate, we will cause relevant information relating to the issue of the Notes to be reported to the NDRC within ten working days after the issue date of the Notes.

It is expected that the delivery of the Notes will be made on or about June 20, 2019 through the book-entry facilities of Euroclear Bank SA/NV ("Euroclear") and Clearstream Banking S.A. ("Clearstream"), free of payment therefor in immediately available funds.

Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers

Guotai Junan International **Haitong International**

The date of this offering memorandum is June 17, 2019.

TABLE OF CONTENTS

	Page		Page
SUMMARY	1	**BUSINESS**	96
THE OFFERING	7	**DIRECTORS AND SENIOR MANAGEMENT**	121
SUMMARY CONSOLIDATED FINANCIAL INFORMATION	13	**SUBSTANTIAL SHAREHOLDERS**	126
RISK FACTORS	17	**RELATED PARTY TRANSACTIONS**	127
CAPITALIZATION AND INDEBTEDNESS	48	**DESCRIPTION OF THE NOTES**	130
USE OF PROCEEDS	49	**DESCRIPTION OF MATERIAL INDEBTEDNESS AND OTHER OBLIGATIONS**	196
NOTES BEING ISSUED AS GREEN BONDS	50	**REGULATIONS**	200
EXCHANGE RATE INFORMATION	53	**TAXATION**	226
SELECTED CONSOLIDATED FINANCIAL INFORMATION	55	**PLAN OF DISTRIBUTION**	229
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS	59	**TRANSFER RESTRICTIONS**	234
INDUSTRY OVERVIEW	82	**RATINGS**	236
CORPORATE STRUCTURE	93	**LEGAL MATTERS**	236
		INDEPENDENT AUDITORS	236
		GENERAL INFORMATION	237
		INDEX TO CONSOLIDATED FINANCIAL STATEMENTS	F-1

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

This offering memorandum is not a prospectus for the purposes of the European Union's Directive 2003/71/EC as amended by Directive 2010/73/EC as implemented in the Member States of the European Economic Area (the "EEA") (the "EU Prospectus Directive"). This offering memorandum has been prepared on the basis the offer of the Notes will be made pursuant to an exemption under the EU Prospectus Directive from the requirement to produce a prospectus in connection with offers of such Notes.

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

Within the United Kingdom, the communication of the following offering memorandum and any other document or materials relating to the issue of the Notes offered hereby is not being made, and such documents and/or materials have not been approved, by an authorised person for the purposes of section 21 of the United Kingdom's Financial Services and Markets Act 2000, as amended (''FSMA''). Accordingly, such documents and/or materials are not being distributed to, and must not be passed on to, the general public in the United Kingdom. The communication of such documents and/or materials as a financial promotion is only being made to those persons in the United Kingdom falling within the definition of investment professionals (as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the ''Financial Promotion Order'')), or within Article

49(2)(a) to (d) of the Financial Promotion Order, or to any other persons to whom it may otherwise lawfully be made under the Financial Promotion Order (all such persons together being referred to as ''Relevant Persons''). In the United Kingdom, the Notes offered hereby are only available to, and any investment or investment activity to which this document relates will be engaged in only with, Relevant Persons. Any person that is not a Relevant Person should not act or rely on the following offering memorandum or any of its contents.

IN CONNECTION WITH THIS OFFERING, EACH OF THE INITIAL PURCHASERS (OR ANY PERSON ACTING ON BEHALF OF IT) MAY PURCHASE AND SELL THE NOTES IN THE OPEN MARKET. THESE TRANSACTIONS MAY, TO THE EXTENT PERMITTED BY APPLICABLE LAWS AND REGULATIONS, INCLUDE SHORT SALES, STABILISING TRANSACTIONS AND PURCHASES TO COVER POSITIONS CREATED BY SHORT SALES. THESE ACTIVITIES MAY STABILISE, MAINTAIN OR OTHERWISE AFFECT THE MARKET PRICE OF THE NOTES. AS A RESULT, THE PRICE OF THE NOTES MAY BE HIGHER THAN THE PRICE THAT OTHERWISE MIGHT EXIST IN THE OPEN MARKET. IF THESE ACTIVITIES ARE COMMENCED, THEY MAY BE DISCONTINUED AT ANY TIME AND MUST IN ANY EVENT BE BROUGHT TO AN END AFTER A LIMITED TIME. THESE ACTIVITIES WILL BE UNDERTAKEN SOLELY FOR THE ACCOUNT OF THE INITIAL PURCHASERS, AND NOT FOR US ON OUR BEHALF.

We, having made all reasonable inquiries, confirm that: (i) this offering memorandum contains all information with respect to us referred to in this offering memorandum and the Notes and the Subsidiary Guarantees that is material in the context of the issue and offering of the Notes; (ii) the statements contained in this offering memorandum relating to us 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; (iv) there are no other facts in relation to us, the Notes and the Subsidiary Guarantees, the omission of which would, in the context of the issue and offering of the Notes, make this offering memorandum, as a whole, misleading in any material respect; and (v) we have made all reasonable enquiries to ascertain such facts and to verify the accuracy of all such information and statements. The Company accepts responsibility for the accuracy of the information contained in this offering memorandum accordingly.

This offering memorandum is strictly confidential. We are furnishing this offering memorandum solely for the purpose of enabling you to consider the purchase of the Notes. If you have any doubt about this offering memorandum, you should consult your bank manager, legal counsel, professional accountant or other professional advisor. You must not use this offering memorandum for any other purpose, or disclose any information in this offering memorandum to any other person.

In making an investment decision, each prospective investor must rely on its own examination of the Company and its subsidiaries (collectively, the ''Group'') and the terms of the Notes, including, without limitation, the merits and risks involved. Each person receiving this offering memorandum is advised to read and understand the contents of this offering memorandum, including the financial statements and the related notes thereto, before investing in the Notes. We have provided the information contained in this offering memorandum and have also relied on other identified sources. By purchasing the Notes, you will be deemed to have acknowledged that you have made certain acknowledgements, representations and agreements as set forth under the section entitled ''Plan of Distribution'' below.

No representation or warranty, expressed or implied, is made by Guotai Junan Securities (Hong Kong) Limited and Haitong International Securities Company Limited (collectively, the Initial Purchasers'' and each an ''Initial Purchaser''), DB Trustees (Hong Kong) Limited (the ''Trustee'') and Deutsche Bank AG, Hong Kong Branch (the ''Paying Agent'', the ''Transfer Agent'' and the ''Registrar'', collectively, the ''Agents'') or any of their respective directors, officers, employees, affiliates, advisers, agents or representatives as to the accuracy, sufficiency or completeness of such information, and you should not rely on anything contained in this offering memorandum as a promise or representation by the Initial Purchasers or the Trustee. To the fullest extent permitted by law, none of the Initial Purchasers, the Trustee or the Agents or any of their respective directors, officers and affiliates accept any responsibility or liability in relation to information contained in this offering memorandum, statement made or purported to be made by any of the Initial Purchasers, the Trustee or the Agents or on its behalf, or any other information provided by us in connection with the Company, the Notes, the Subsidiary Guarantees or the issue and offering of the Notes. 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 Initial Purchasers, the Trustee or the Agents that any recipient of this offering memorandum should purchase the Notes.

None of the Initial Purchasers or any of their respective affiliates undertakes to review the financial condition or affairs of the Company or the Subsidiary Guarantors for so long as the Notes remain outstanding, nor to advise any investor or potential investor of the Notes of any information coming to the attention of any of the Initial Purchasers or their respective affiliates. By accepting delivery of this offering memorandum, you agree to these terms.

Each prospective purchaser of the Notes must comply with all applicable laws and regulations in force in any jurisdiction in which it purchases, offers or sells the Notes or possesses or distributes this offering memorandum and must obtain any consents, approvals or permissions required for the purchase, offer or sale by it of the Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers or sales, and none of the Company, the Subsidiary Guarantors and the Initial Purchasers shall have any responsibility therefor.

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 the Trustee or any person affiliated with the Initial Purchasers or the Trustee 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 and our subsidiaries, the Notes or the Subsidiary Guarantees other than as contained herein.

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

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

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. Neither we nor the Initial Purchasers nor any of their respective directors, officers, employees, affiliates, advisers, agents or representatives are making any representations to you regarding the legality of an investment in the notes by you under any legal, investment or similar laws or regulations. You should not consider any information in this offering memorandum to be legal, business or tax advice.

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

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 ''Group'', the ''Company'' and words of similar import, we are referring to Landsea Green Group Co., Ltd. itself and its consolidated subsidiaries, as the context requires.

Market data, industry forecast, and the PRC and property industry statistics, and certain information and statistics in this offering memorandum have been obtained from both public and private sources, including market research, publicly available information and industry publications. Although we believe such information to be reliable, it has not been independently verified by us the Initial Purchasers, or our or their respective directors, officers, employees, affiliates, advisers, agents or representatives, and neither us, the Initial Purchasers, nor our or their respective directors, officers, employees, affiliates, advisers, agents or representatives make any representation as to the accuracy or completeness of such information. In addition, third-party information providers may have obtained information from market participants and such information may not have been independently verified. In making an investment decision, each investor must rely on its own examination of us and the terms of the offering and the Notes, including the merits and risks involved.

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

We prepare 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 RMB6.8755 to US$1.00, the noon buying rate in New York city for cable transfers payable in Renminbi for customs purposes by the Federal reserve bank of new York on December 31, 2018, and all translations from H.K. dollars into U.S. dollars were made at the rate of HK$7.8305 to US$1.00, the noon buying rate in New York city for cable transfers payable in H.K. dollars as certified for customs purposes by the Federal Reserve Bank of new York on December 31, 2018. 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.''

Our financial statements are prepared in accordance with Hong Kong Financial Reporting Standards (''HKFRS'') which may differ in certain material respects from generally accepted accounting principles in certain other countries. You should seek professional advice with respect to such differences in generally accepted accounting principles.

Unless the context otherwise requires, references to ''2016'', ''2017'' and ''2018'' in this offering memorandum are to our financial years ended December 31, 2016, 2017 and 2018, respectively.

References to the ''2015 Private Notes'' are to our 9.50% senior notes with an aggregate principal amount of US$100,000,000 due 2018 issued by us to Haitong International Securities Company Limited. We redeemed all outstanding 2015 Private Notes on April 30, 2018. No 2015 Private Note is outstanding as of the date of this offering memorandum.

References to the ''2018 Notes'' are to our 9.625% senior notes due 2020. For further information, see ''Description of Material Indebtedness and Other Obligations — 2018 Notes.''

References to ''GFA'' are to gross floor area.

References to ''ASP'' are to average selling price.

References to ''sq.m.'' are to the measurement unit of square meters.

References to "share" are to, unless the context indicates otherwise, an ordinary share, with a nominal value of HK$0.01, in our share capital.

References to "PRC" and "China", for the purposes of this offering memorandum, except where the context otherwise requires, do not include Hong Kong, Macau Special Administrative Region of the PRC ("Macau") or Taiwan. "PRC government" 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.

References to "public tender", "auction", or "listing-for-sale" are to the public tender, auction or listing at a land exchange administered by the local government, each of which is a competitive bidding process through which a purchaser acquires land use rights directly from the PRC government.

References to "residential property(ies)" are to the property(ies) designated for residential use. References to "saleable GFA" in relation to (i) completed property projects, are to the total GFA shown in the relevant completion documents, survey documents and/or property ownership certificates for sale purposes; and (ii) projects where we have obtained pre-sale permits, are to the saleable GFA as shown in the pre-sale permits, completion documents, survey documents and/or property ownership certificates for sales purposes.

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

In this offering memorandum, a land grant contract refers to a state-owned land use rights grant contract (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) 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 a construction project planning inspection and clearance certificate (建設工程規劃驗收合格證) issued by local urban zoning and planning bureaus or equivalent authorities or equivalent certificate issued by relevant authorities in China with respect to the completion of property projects subsequent to their on-

site examination and inspection; and a property ownership certificate refers to a property ownership and land use rights certificate (房地產權證) issued by a local real estate and land resources bureau with respect to the land use rights and the ownership rights of the buildings on the relevant land.

In this offering memorandum, where information has been presented in thousands or millions of units, amounts may have been rounded up or down. Accordingly, totals of columns or rows of numbers in tables may not equal to the apparent total of the individual terms 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 purposes only. In the event of any inconsistency, the Chinese name prevails.

PRESENTATION OF FINANCIAL INFORMATION

Our consolidated income statement and balance sheet data for the years ended and as of December 31, 2016, 2017 and 2018 have been extracted from the consolidated financial statements for the years ended December 31, 2017 and 2018 audited by PricewaterhouseCoopers and included elsewhere in this offering memorandum.

Such financial statements are prepared in accordance with the Hong Kong Financial Reporting Standards (''HKFRS''). HKFRS differs in certain material respects from generally accepted accounting principles in certain other countries. You should seek professional advice with respect to such differences from generally accepted accounting principles. Certain amounts and percentages included in this offering memorandum have been rounded. Accordingly, the sum of the numbers in a column may not exactly equal the total figure for that column.

FORWARD-LOOKING STATEMENTS

This offering memorandum includes "forward-looking statements". All statements other than statements of historical fact contained in this offering memorandum, including, without limitation, those regarding our future financial position and results of operations, strategies, plans, objectives, goals and targets, future developments in the markets where we participate or are seeking to participate, and any statements preceded by, followed by or that include the words "believe," "expect," "aim," "intend," "potential," "continue," "project," "ought to," "will," "may," "anticipate," "seek," "should," "estimate" or similar expressions or the negative thereof, are forward-looking statements. These forward-looking statements involve 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, among others, the following:

- our business 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;
- various business opportunities that we may pursue;
- the interpretation and implementation of the existing rules and regulations relating to land appreciation tax and its future changes in enactment, interpretation or enforcement;
- availability and costs of bank loans and other forms of financing;
- our dividend policy;
- projects under development or held for future development;
- the regulatory environment of our industry in general;
- 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, and 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;
- changes in currency exchange rates and interest rates; and

- other factors beyond our control.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed under ''Risk Factors'' and elsewhere in this offering memorandum. We caution you not to place undue reliance on these forward-looking statements which reflect our management's view only as of the date of this offering memorandum. All forward-looking statements contained in this offering memorandum are qualified by reference to the cautionary statements set out in this section. 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.

ENFORCEMENT OF CIVIL LIABILITIES

We are an exempted company incorporated in Bermuda with limited liability, and each Subsidiary Guarantor and JV Subsidiary Guarantors (if any) is also incorporated outside the United States, such as the British Virgin Islands (the "BVI") and Hong Kong. Bermuda 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, and all or some of the assets of the JV Subsidiary Guarantors (if any) may be, are located outside the United States.

In addition, all of our directors and officers and the Subsidiary Guarantors' and the JV Subsidiary Guarantors' (if any) 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 or may be located, as the case may be, outside the United States. As a result, it may be difficult for investors to effect service of process within the United States upon us, any of the Subsidiary Guarantors and the JV 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 and the JV 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 and the JV Subsidiary Guarantors in any state or the United States federal 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, or the Indenture governing the Notes and the Subsidiary Guarantees or the JV Subsidiary Guarantees (if any).

We have been advised by our Bermuda legal advisers, Conyers Dill & Pearman, that a final and conclusive judgment *in personam* obtained in a court of the United States under which a sum of money is payable (other than a sum of money payable in respect of multiple damages, taxes or other charges of a like nature or in respect of a fine or other penalty) would be recognised by the courts of Bermuda as a valid judgement and the courts of Bermuda would give a judgment based thereon provided that (i) such court had proper jurisdiction over the parties subject to such judgment; (ii) such court did not contravene the rules of natural justice of Bermuda; (iii) such judgment was not obtained by fraud; (iv) the enforcement of the judgment would not be contrary to the public policy of Bermuda; (v) no new admissible evidence relevant to the action is submitted prior to the rendering of the judgment by the courts of Bermuda; and (vi) there is due compliance with the correct procedures under the laws of Bermuda.

We have been advised by our British Virgin Islands legal advisers, Conyers Dill & Pearman, that a final and conclusive judgment *in personam* obtained in a court of the United States under which a sum of money is payable (other than a sum of money payable in respect of multiple damages, taxes or other charges of a like nature or in respect of a fine or other penalty) would be recognised by the courts of the British Virgin Islands as a valid judgement and the courts of the British Virgin Islands would give a judgment based thereon provided that (i) such court had proper jurisdiction over the parties subject to such judgment, (ii) such court did not contravene the rules of natural justice of the British Virgin Islands, (iii) such judgment was not obtained by fraud, (iv) the enforcement of the judgment would not be contrary to the public policy of the British Virgin Islands, (v) 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 (vi) 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 seeking summary or default judgment on the strength of the foreign judgment, provided that the foreign judgment is for debt or a definite sum of money and is final and conclusive on the merits. In addition, the Hong Kong courts may refuse to recognize or enforce a foreign judgment if such judgment:

(a) was obtained by fraud;

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

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

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

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

Further, we have been advised by our PRC legal advisers, King & Wood Mallesons, that there is uncertainty as to whether the courts of China would (i) enforce judgments of U.S. courts obtained against us, our directors or officers, any Subsidiary Guarantor or its directors or officers predicated upon the civil liability provisions of the U.S. federal or state securities laws or (ii) entertain original actions brought in China against us, our directors or officers, any Subsidiary Guarantor or its directors or officers predicated upon the U.S. federal or state securities laws.

SUMMARY

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

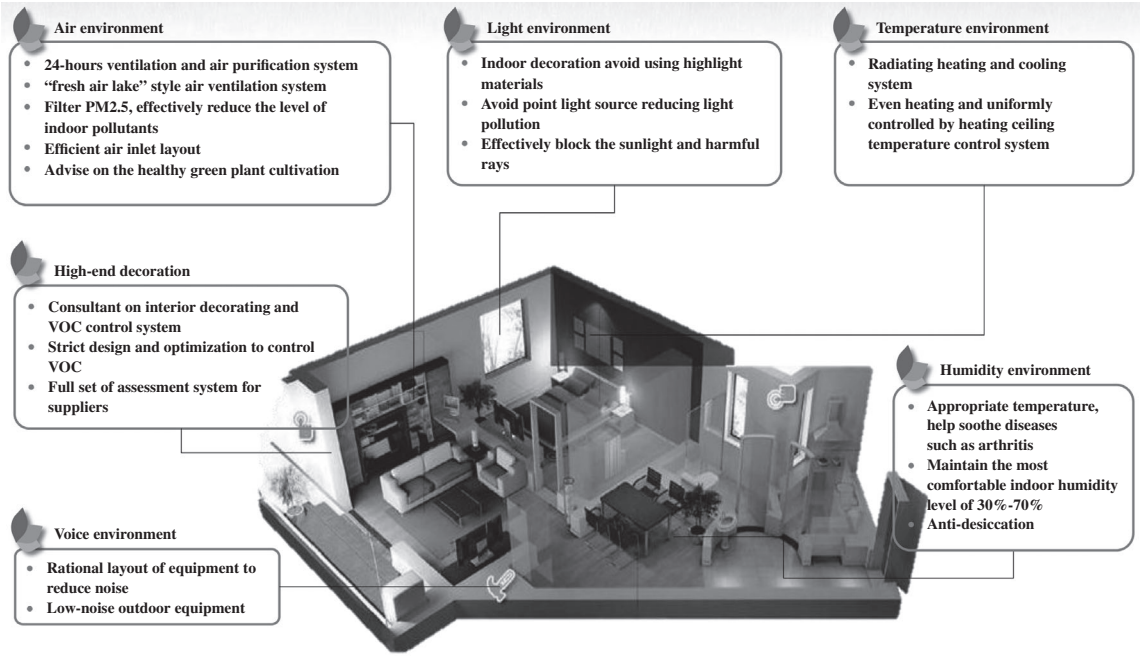
OVERVIEW

We are a PRC property developer focusing on the development of green, energy-saving and eco-friendly residential properties. According to China Real Estate Association, Shanghai Yiju Real Estate Research Institute and China Real Estate Evaluation and Assessment Center, we have been on the list of the Top 100 China Real Estate Enterprises for nine consecutive years since 2010. We have also been recognized as the China Green Property Developer of the Year for 2017 by the Boao Real Estate Forum in 2017. We have also received a number of awards or recognitions for our various property development projects. We have received the 2015 National Pioneer Award for Green Building from China Green Building Council in 2015, the platinum certification from the German Sustainable Building Committee of the German Sustainable Building Committee ("DGNB") for our Brucker Passive House project in 2016, which was the first time such certification was awarded to a PRC property developer, the Value Creation Award of China Elite Program organized by Yicai.com in 2017, Jingrui Prize Gold Award for our Landsea 8th Renmin Road project from the National Science and Technology Awards Studio of the Ministry of Science and Technology of the PRC in December 2017, 2018 Best 100 China Real Estate Listed Companies with Strongest Comprehensive Strengths from China Real Estate Association, Shanghai Yiju Real Estate Research Institute and China Real Estate Evaluation and Assessment Center in May 2018, and the PHI PLUS Gold Certification from the German Passive House Institute for our Beijing Yanqing Passive House project in 2018. Under our "product differentiation, asset-light transformation and market-internationalization" development strategies, we have expanded our operations into many first and second-tier cities in China, including Shanghai, Hangzhou, Suzhou, Nanjing, Wuhan, Chengdu, Changsha, Hefei, Tianjin and Wuxi, as well as certain other major international cities, such as New York, Boston, San Francisco and Los Angeles, in the United States.

We focus on the development of residential properties with innovative technologies and green ecological environment. We develop our business under the strategies of "product-differentiation, asset-light and market-internalization" and actively explore opportunities in our efforts to develop various types of green operation or services. We brought to market environmentally friendly and energy-saving properties, including the 1.0 version products represented by our Nanjing Landsea International Block, the 2.0 version products represented by our Landsea Zhongshan Green County and currently the 3.0 version products represented by our Landsea Xinhua Mansion which was launched in Nanjing in late 2015. We launched 4.0 version products, such as the Passive House in Yangqing District, Beijing, in 2018. For the year ended on December 31, 2018, we recorded approximately RMB38.2 billion (US$5.6 billion) in contracted sales with GFA of approximately 1,964,658 sq.m. under the brand "Product of Landsea". In 2017, we launched our "Banyan Tree Scheme," which focuses on offering comprehensive sub-brand systems including property financing, development and design, decoration, property and elderly care services in addition to our traditional residential development business. Leveraging our established market presence, we also launched long-term rental apartment projects in 2017, as part of our efforts to become a more asset-light business and further expand into the property rental market.

We place heavy emphasis on environmental protection and green construction, and are committed to delivering comfortable and eco-friendly residential properties to the market. We maintain a well-established green system throughout the cycle of our project development including green control, green construction, green procurement, and green assessment. See "— Our Property Development — Our Operations" in this offering memorandum. We believe our residential properties under our "Landsea" brand enjoy broad recognition among our customers, and "Landsea" has become one of the few brand names that are representative of eco-friendly building design and construction. We have, over the years, developed a technology system combining energy-saving and eco-friendly construction technologies and techniques designed to provide energy-saving and comfortable living experience to our customers.

The following diagram illustrates our typical design of a comfortable living environment:



We have adopted and implemented prudent business expansion and land acquisition strategies, and have built our land reserves in strategically important regions where our technologies can be widely applied under local climate conditions. As of December 31, 2018, we had a total of 99 projects in Nanjing, Shanghai, Suzhou, Ningbo, Changzhou, Nangtong, Xuzhou, Chongqing, Xian, Beijing, Jinan, Shijiazhuang, Suqian, Haining, Yancheng, Baoding, Tangshan, Zhangjiakou, Wuxi, Hangzhou, Wuhan, Chengdu, Changsha, Hefei, Tianjin and the U.S. These projects amounted to approximately 15,709,907 sq.m. in total planned GFA, of which approximately 4,435,863 sq.m. were attributable to the Group. We believe that our land reserves currently being developed will be sufficient to meet our development needs for the near future.

Our land reserves as of the date of December 31, 2018 were located in the following cities or country:

Location	Approximate Total GFA	Approximate GFA Attributable to the Group[1]
	(sq.m.)	(sq.m.)
Shanghai	375,075	360,542
Nangjing	3,082,931	623,734
Hangzhou	602,547	359,370
Hefei	335,758	38,220
Suzhou	1,165,326	404,633
Ningbo	94,282	94,282
Wuxi	1,015,129	246,084
Changzhou	365,486	—
Nangtong	350,602	—
Xuzhou	433,433	—
Suqian	624,561	213,263
Haining	203,088	59,437
Yancheng	209,251	—
Chongqing	405,196	121,559
Chengdu	3,570,525	847,946
Wuhan	547,423	53,847
Xian	153,545	85,104
Changsha	245,540	2,455
Beijing	45,860	—
Tianjing	299,248	161,599
Jinan	354,093	—
Shijiazhuang	162,479	41,432
Baoding	14,040	—
Zhangjiakou	128,446	—
Tangshan	134,625	—
U.S.	791,418	722,356
Total	15,709,907	4,435,863

Note:

(1) "Approximate GFA Attributable to the Group" means the approximate square meters in gross floor areas in which the Group held equity interest.

We intend to continue to expand our operations into new markets. We take into account a number of factors in selecting new markets for our expansion, such as economic growth, governmental policies and application of our technologies. We will also customize our product features according to local market conditions.

Historically, we have developed our property projects primarily through our wholly owned subsidiaries and joint ventures with third parties. When suitable opportunities arise, we may continue to enter into joint ventures with third parties including other property developers and real estate trusts or funds. We may enter into joint venture arrangements by forming new joint venture companies with third parties, securing shareholders' loans from our joint venture partners, acquiring equity interests in third parties.

For the year ended December 31, 2018, our revenue was RMB7,560.5 million (US$1,099.6 million), representing a significant increase in revenue of approximately 21.7% as compared with the year ended December 31, 2017. For the year ended December 31, 2018, the revenue from our property development and sales, management services, office property investment and long-term rental apartments was approximately RMB6,406.5 million (US$931.8 million), RMB999.7 million (US$145.4 million), RMB28.8 million (US$4.2 million) and RMB125.5 million (US$18.2 million), respectively. Our profit for the year ended December 31, 2018 amounted to approximately RMB1,440.6 million (US$209.5 million), representing a increase of 99.8% as compared with the year ended December 31, 2017. For the year ended December 31, 2018, our total contracted sales from equity-held projects for property and land amounted to approximately RMB23.6 billion (US$3.4 billion).

THE COMPETITIVE STRENGTHS

We believe we have the following competitive strengths:

- leading position and well-known brand name of "Landsea" in China's niche market of energy-saving, environmentally friendly and comfortable residential properties;
- advantageous position as the "green life pioneer" which may help us to benefit from strong government support;
- strategically located land bank catering to diversified customer base and strategic partnerships with other reputable property developers; and
- experienced management and research and development teams.

BUSINESS STRATEGIES

We intend to transform our business model to become a pioneer in property development business that is centered on the concept of "green life" by adopting the following business strategies.

- continue to strengthen our capabilities in adapting and offering diversified energy-saving technologies and products;
- continue to implement our asset-light strategy in our property development;
- expand our footprint to carefully selected locations and enhance our brand recognition;
- maximize sales and profit through continuous upgrades to our products;
- develop and build a network of quality and comprehensive senior care facilities; and
- maintain and continue to improve prudent financial management and risk control policies.

RECENT DEVELOPMENTS

Land Acquisition in Wuxi

On January 24, 2019, our wholly-owned subsidiary, Suzhou Langxu Management Consulting Co., Ltd., and a third party, Wuxi Xinli Lichuang Real Estate Development Group Co., Ltd., jointly won the bid for a residential land parcel in Wuxi, PRC for a reserve price of approximately RMB1.66 billion (US$0.24 billion). We hold 45% interest in the land parcel. The total construction area of the land is approximately 210,000 sq.m. We intend to co-develop the land into a green-living residential community.

Cooperation Agreement with Bridge Trust

On February 15, 2019, our wholly-owned subsidiary, Xi'an Langshiming Real Estate Development Co., Ltd. ("Xi'an Langshiming"), entered into an agreement with Bridge Trust Co., Ltd. ("Bridge Trust"), pursuant to which Xi'an Langshiming and Bridge Trust shall cooperate in the development of a land parcel in Xi'an, PRC, which was held by Xi'an Mingjing Real Estate Development Co., Ltd., an independent third party to us ("Xi'an Mingjing"). Xi'an Mingjing will establish a target company to develop the land parcel and will subsequently transfer 100% equity interest in the target company to a wholly-owned subsidiary of Xi'an Langshiming. Bridge Trust will then acquire 49% equity interest in Xi'an Langshiming and co-develop the land parcel with us. Upon fulfilling certain conditions, Xi'an Langshiming will buy back its 49% equity interest for a maximum amount of RMB600.0 million (US$87.3 million).

The land parcel is located in Weiyang District, Xi'an, PRC. It is well-connected to the local transportation network and close to a number of business, education and medical facilities. This property project will help us to further expand into Xi'an city in the PRC.

Cooperation Framework Agreement with Dening Fund

On February 21, 2019, our wholly-owned subsidiaries, Nanjing Langming Real Estate Co., Ltd. ("Nanjing Langming"), Xi'an Langshiming and Xi'an Jiapeng Real Estate Development Co., Ltd. (the "Project Company"), entered into a cooperation framework agreement with Nanjing Luode Dening Real Estate Investment Partnership ("Dening Fund"), pursuant to which Dening Fund agreed to invest in a real estate development project in Xi'an, PRC held by the Project Company, through acquisition of 70% equity interest of the Project Company ("Sale Shares") for a consideration of RMB14.0 million (US$2.0 million). In addition, Dening Fund conditionally agreed to provide a shareholder's loan of not exceeding RMB126.0 million (US$18.3 million) to the Project Company ("Dening Fund Shareholder's Loan"). Upon fulfilling the agreed conditions, Xi'an Langshiming agreed to buy back the Sales Shares and Dening Fund Shareholder's Loan for a maximum amount of RMB280.0 million (US$40.7 million). The real estate project involved is located in Xi'an city, PRC with a total site area of approximately 22,567.7

sq.m. We intend to develop the land for residential and commercial properties. We believe the partnership with Dening Fund will help us to diversify our investment risks and enhance our capital efficiency.

Buy Back of Certain Equity Interests

On April 4, 2019, our wholly-owned subsidiaries, Nanjing Langming Properties Group Limited (''Nanjing Langming'') and Nanjing Langshi Investment Management Co., Ltd. (''Nanjing Langshi''), entered into the agreement with (i) Xiu Chen Investment, an independent third party, (ii) Cang Chen Investment, an independent third party, and (iii) Suzhou Langwang Properties, an insignificant subsidiary of the Group, pursuant to which Nanjing Langming conditionally agreed to assign Nanjing Langshi to buy back certain equity interests in Suzhou Langwang Properties held by Xiu Chen Investment and Cang Chen Investment for a total consideration of RMB173.1 million (US$25.2 million). The relevant equity interests in Suzhou Langwang Properties were subscribed by Xiu Chen Investment and Cang Chen Investment pursuant to a capital injection agreement on April 10, 2015. Before the transaction, Suzhou Langwang Properties is owned as to 51% by our Group, and owned as to 48% and 1% by Xiu Chen Investment and Cang Chen Investment, respectively. Upon completion of this transaction, Suzhou Langwang Properties will become our wholly-owned subsidiary.

Layout in Greater Bay Area

On April 17, 2019, Shenzhen Landsea Dezhou Green Investment Co., Ltd., a JV with Dezhou Group, and Zhongshan Lianxing Real Estate Development Co., Ltd. held a signing ceremony for the acquisition of a project in Zhongshan, which marked our official entry into the Guangdong-Hong Kong-Macau Greater Bay Area as part of our expansion into Southern China.

Investment in Beijing Shipbuilding Heavy Industry Project

On May 14, 2019, our wholly-owned subsidiary, Shanghai Langkun Business Management Co., Ltd. (''Shanghai Langkun''), entered into the agreement with (i) Beijing Ronghui Jiazhi Investment Management Center (''Beijing Ronghui''), a third party, (ii) Sunshine Ronghui Capital Investment Management Co., Ltd. (''Sunshine Ronghui''), a third party, and (iii) Shanghai Rongmao Commercial Management Co., Ltd. (''Shanghai Rongmao''), a third party, pursuant to which Shanghai Langkun and Beijing Ronghui agreed to jointly develop Beijing Shipbuilding Heavy Industry Project, a property project in Beijing, PRC, through acquisition of 50% equity interest for a total consideration of RMB2 in Shanghai Rongmao, which won the bid of 100% equity interest in a target company that owns the property project. Shanghai Langkun also conditionally agreed to provide a shareholder loan of RMB200.0 million (US$29.1 million) to Shanghai Rongmao. The property project is a hotel adjacent to Beijing East Third Ring Road with convenient transportation. This property project will help us further expand into Beijing, PRC.

Disposal of Non-property Development Business

In May 2019, we entered into a number of agreements to sell our non-property development business, including the long-term rental apartment business, which have been loss-making, property management and design businesses to Landsea Group Co., Ltd., our controlling shareholder. We believe that, through such disposal, we will streamline our business and improve our profitability by focusing on our core business of green technology property development. Our Group is expected to record a total gain before tax of approximately RMB61.8 million (US$9.0 million) as a result of the disposal, which represent the difference between the consideration for the interests to be disposed of under the agreements and the unaudited net asset value of the relevant subsidiaries in relation to the disposal as of April 30, 2019. The net proceeds from disposal are approximately RMB981.1 million (US$142.7 million) and we expect to record a total gain before tax of approximately RMB61.8 million (US$9.0 million). We plan to use the net proceeds of approximately RMB880.0 million (US$128.0 million) to invest in certain of property projects in the Greater Bay, Yangtze River Delta, Beijing-Tianjin-Hebei and Chengdu-Chongqing regions, as well as certain second-tier cities.

GENERAL INFORMATION

We were incorporated in Bermuda as an exempted company with limited liability on May 30, 1990. We changed our name from Landsea Green Properties Co., Ltd. 朗詩綠色地產有限公司 to Landsea Green Group Co., Ltd. 朗詩綠色集團有限公司 with effect from March 2, 2018. Our shares have been listed on The Hong Kong Stock Exchange (stock code: 106) since March 26, 1986. Our head office and our principal place of business is Unit 5103, 51/F, The Center, 99 Queen's Road, Central, Hong Kong. Our registered office is located at Clarendon House, 2 Church Street, Hamilton, HM11, Bermuda. Our website is www.landsea.hk. Information contained on our website does not constitute part of this offering memorandum.

THE OFFERING

The following summary is provided solely for your convenience. This summary is not intended to be complete. You should read the full text and more specific details contained elsewhere in this offering memorandum. See ''Description of the Notes.'' Terms used in this summary and not defined shall have the same meanings given to them in ''Description of the Notes.''

Issuer	Landsea Green Group Co., Ltd.
Notes Offered	US$200,000,000 aggregate principal amount of 10.5% Senior Notes due 2022 (the ''Notes'').
Offering Price	98.134% of the principal amount of the Notes.
Issue Date of the Notes	June 20, 2019 (the ''Original Issue Date'').
Maturity Date	June 20, 2022.
Interest	The Notes bear interest from and including June 20, 2019 at the rate of 10.5% per annum, payable semi-annually in arrears.
Interest Payment Dates	June 20 and December 20 of each year, commencing December 20, 2019.
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 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 — The Subsidiary Guarantees and JV Subsidiary Guarantees'' and in ''Risk Factors — Risks Relating to the Subsidiary Guarantees and the JV Subsidiary Guarantees''; • effectively subordinated to the other secured obligations (if any) of the Company, the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any), to the extent of the value of the assets serving as security therefor; and • effectively subordinated to all existing and future obligations of the Non-Guarantor Subsidiaries.
Subsidiary Guarantees and JV Subsidiary Guarantees	Each of the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any) will, jointly and severally, guarantee the due and punctual payment of the principal of, premium, if any, and interest on, and all other amounts payable under, the Notes.

A Subsidiary Guarantee given by a Subsidiary Guarantor and a JV Subsidiary Guarantee (if any) given by a JV Subsidiary Guarantor may be released in certain circumstances. See ''Description of the Notes — Release of the Subsidiary Guarantees and JV Subsidiary Guarantees.''

As of the Original Issue Date, the initial Subsidiary Guarantors will consist of all of the Company's Restricted Subsidiaries other than (i) the PRC Restricted Subsidiaries, (ii) the U.S. Restricted Subsidiaries and (iii) Silver Knight Global Limited, Harvest Years Limited and Asia Pacific Business Link Limited. See ''Description of the Notes.'' All of the Subsidiary Guarantors are holding companies that do not have significant operations.

Any future Restricted Subsidiary (other than any PRC Restricted Subsidiaries, any Exempted Subsidiaries or any Listed Subsidiaries) will provide a guarantee of the Notes promptly and in any event within 30 days of becoming a Restricted Subsidiary.

Notwithstanding the foregoing, the Company may elect to have (x) any existing or future Restricted Subsidiary organized outside the PRC or (y) as soon as practicable after an Exempted Subsidiary or a Listed Subsidiary ceases to be an Exempted Subsidiary or a Listed Subsidiary, such Exempted Subsidiary or Listed Subsidiary, not provide a Subsidiary Guarantee or JV Subsidiary Guarantee (the ''New Non-Guarantor Subsidiaries''), provided that, after giving effect to the Consolidated Assets of such Restricted Subsidiary, (i) the Consolidated Assets of all U.S. Non-Guarantor Subsidiaries (including such New Non-Guarantor Subsidiaries) do not account for more than 35.0% of Total Assets and (ii) the Consolidated Assets of all Other Non-Guarantor Subsidiaries (including such New Non-Guarantor Subsidiaries) do not account for more than 10.0% of Total Assets.

If, at any time, the Consolidated Assets of (x) all U.S. Non-Guarantor Subsidiaries exceed 35.0% of Total Assets or (y) all Other Non-Guarantor Subsidiaries exceed 10.0% of Total Assets, the Company must promptly (i) remove the designation of one or more Non-Guarantor Subsidiaries and cause such Non-Guarantor Subsidiaries to execute and deliver to the Trustee a supplemental indenture to the Indenture pursuant to which such Non-Guarantor Subsidiaries will Guarantee the payment of the Notes with a Subsidiary Guarantee or JV Subsidiary Guarantee, (ii) designate one or more Non-Guarantor Subsidiaries as Unrestricted Subsidiaries and/or (iii) cause one or more Non-Guarantor Subsidiaries to pay dividends or make distributions on or with respect to their respective Capital Stock pro rata to their respective shareholders or on a basis more favorable to the Company in accordance with the terms of the Indenture and such that the Consolidated Assets of (1) all U.S. Non-Guarantor Subsidiaries no longer exceed 35.0% of Total Assets and (2) all Other Non-Guarantor Subsidiaries no longer exceed 10.0% of Total Assets. Such removal of designation as a Non-Guarantor Subsidiary, designation as an Unrestricted Subsidiary and/or payment of dividends or distributions, as the case may be, must be made as soon as practicable, and in any event no later than 30 days, after the date any 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) which show that the Consolidated Assets of (1) all U.S. Non-Guarantor Subsidiaries exceed 35.0% of Total Assets or (2) all Other Non-Guarantor Subsidiaries exceed 10.0% of Total Assets.

In the case of a Restricted Subsidiary that is, or is proposed by the Company or any Restricted Subsidiary to be, established after the Original Issue Date, or any entity in respect of which the Company or any Restricted Subsidiary, (x) in the case of a Restricted Subsidiary, is proposing to sell, whether through the sale of existing shares or the issuance of new shares, no less than 20% of the Capital Stock of such Restricted Subsidiary, or (y) in the case of any other entity, is proposing to purchase the Capital Stock of an Independent Third Party such that it becomes a non-Wholly Owned Subsidiary of the Company and designate such Subsidiary as a Restricted Subsidiary, the Company may (in each case, to the extent such Restricted Subsidiary is not an Exempted Subsidiary, a Listed Subsidiary or incorporated in the PRC), concurrently with or as soon as practicable after the consummation of such establishment, sale, issuance, or purchase, cause (a) such Restricted Subsidiary and (b) the Restricted Subsidiaries of such Restricted Subsidiary that are organized in any jurisdiction other than the PRC (other than Exempted Subsidiaries or Listed Subsidiaries) to provide a JV Subsidiary Guarantee instead of a Subsidiary Guarantee.

Ranking of Subsidiary Guarantees

The Subsidiary Guarantee of each Subsidiary Guarantor:

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

See "Risk Factors — Risks Relating to the Subsidiary Guarantees and the JV Subsidiary Guarantees."

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, 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). See "Risk Factors — Risks Relating to the Subsidiary Guarantees and the JV Subsidiary Guarantees."
Use of Proceeds	We intend to use the net proceeds for refinancing and in accordance with our Green Bond Framework.
Optional Redemption	The Company may at its option redeem the Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the Notes plus the Applicable Premium as of, and accrued and unpaid interest, if any, to (but not including) the redemption date. At any time and from time to time, the Company may redeem up to 35% of the aggregate principal amount of the Notes with the Net Cash Proceeds of one or more sales of Common Stock of the Company in an Equity Offering at a redemption price equal to 110.5% of the principal amount of the Notes being redeemed, plus accrued and unpaid interest, if any, to (but not including) the redemption date; provided that at least 65% of the aggregate principal amount of the Notes originally issued on the Original Issue Date remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related Equity Offering.
Repurchase of Notes Upon a Change of Control Triggering Event	Upon the occurrence of a Change of Control Triggering Event, the Company will make an offer to repurchase all outstanding Notes at a purchase price equal to 101% of their principal amount plus accrued and unpaid interest, if any, to (but not including) the repurchase date. See "Description of the Notes — Repurchase of Notes Upon a Change of Control Triggering Event."
Withholding Taxes, Additional Amounts	All payments of principal of, and premium (if any) and interest in respect of the Notes or the Subsidiary Guarantees or JV Subsidiary Guarantees (if any) 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 Relevant Jurisdiction (as defined in "Description of the Notes"), 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, holders of the Notes will receive Additional Amounts (subject to certain exceptions) 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. See "Description of the Notes — Additional Amounts."

Redemption for Taxation Reasons	Subject to certain exceptions and as more fully described in "Description of the Notes — Redemption for Taxation Reasons," the Company may redeem the Notes, as a whole but not in part, at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest (including any Additional Amounts), if any, to the date fixed by the Company for redemption, if the Company, 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 specified tax laws. See "Description of the Notes — Redemption for Taxation Reasons."
Covenants	The Indenture will limit the Company's ability and the ability of its Restricted Subsidiaries to, among other things: • incur or guarantee certain 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 the Company or Restricted Subsidiaries; • sell assets; • create liens; • enter into sale and leaseback transactions; • enter into agreements that restrict the Restricted Subsidiaries' ability to pay dividends, transfer assets or make intercompany loans; • enter into transactions with shareholders or affiliates; and • effect a consolidation or merger. These covenants are subject to a number of important qualifications and exceptions described in "Description of the Notes — Certain Covenants."
Ratings	The Notes are expected to be rated "B3" by Moody's, "B–" by S&P and "B" by Fitch. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agencies.
Transfer Restrictions	The Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any) have not been and will not be registered under the Securities Act or under any state securities laws of the United States, are being offered and sold in offshore transactions in compliance with Regulation S under the Securities Act, 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 registered in the name of the common depositary or its nominee for the accounts of Euroclear and Clearstream.
Book-Entry Only	The Notes will be issued in book-entry from through the facilities of Euroclear and Clearstream for the accounts of its participants. For a description of certain factors relating to clearance and settlement, see "Description of the Notes — Book-Entry; Delivery and Form."
Delivery of the Notes	The Company expects to make delivery of the Notes free of payment in same-day funds on or about June 20, 2019, which the Company expects will be the third business day following the date of this offering memorandum referred to as "T+3" You should note that initial trading of the Notes may be affected by the "T+3" settlement. See "Plan of Distribution".
Trustee	DB Trustees (Hong Kong) Limited.
Paying Agent, Transfer Agent and Registrar	Deutsche Bank AG, Hong Kong Branch.
Listing and trading	Approval in-principle has been received from the SGX-ST for the listing and quotation of the Notes on the SGX-ST. For so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require, the Notes, if traded on the SGX-ST, will be traded in a minimum board lot size of S$200,000 (or its equivalent in foreign currencies). Accordingly the Notes, if traded on the SGX-ST, will be traded in a minimum board lot size of US$200,000.
Governing Law	The Notes, the Subsidiary Guarantees, the JV Subsidiary Guarantees (if any) and the Indenture governing the Notes are governed by and will be construed in accordance with the laws of the State of New York.
Risk Factors	For a discussion of certain factors that should be considered in evaluating an investment in the Notes, see "Risk Factors".
ISIN/Common Code	ISIN: XS2015582716; Common Code: 201558271.

SUMMARY CONSOLIDATED FINANCIAL INFORMATION

The following tables set forth our summary consolidated financial information as of and for the years ended December 31, 2016, 2017 and 2018. The summary consolidated statement of comprehensive income for the years ended December 31, 2016, 2017 and 2018 and the summary consolidated statement of financial position as of December 31, 2016, 2017 and 2018 set forth below (except for EBITDA data) have been derived from the audited consolidated financial statements as of and for the years ended December 31, 2017 and 2018, which have been audited by PricewaterhouseCoopers, our current independent auditors and included elsewhere in this offering memorandum.

Our consolidated financial information included in this offering memorandum has been prepared in accordance with HKFRS. The information set out below (except for EBITDA data) should be read in conjunction with the section entitled ''Management's Discussion and Analysis of Financial Condition and Results of Operations'' and our consolidated financial statements and the notes to those statements included elsewhere in this offering memorandum.

Summary consolidated statement of comprehensive income and other financial data

	For the year ended December 31,			
	2016	2017	2018[3]	2018
	(RMB'000)	(RMB'000)	(RMB'000)	(US$'000) (Unaudited)
Revenue	4,845,008	6,213,931	7,560,526	1,099,633
Cost of sales and services	(4,086,294)	(4,690,410)	(5,406,474)	(786,339)
Gross profit	758,714	1,523,521	2,154,052	313,294
Other income	142,681	150,704	171,562	24,953
Selling expenses	(90,115)	(119,889)	(243,990)	(35,487)
Administrative expenses	(288,754)	(420,235)	(568,935)	(82,748)
Fair value gain on investment properties	41,750	28,910	7,363	1,071
Other gains/(losses), net	392,258	11,991	374,110	54,412
Operating profit	956,534	1,175,002	1,894,162	275,495
Finance costs, net	(194,085)	(238,925)	(299,268)	(43,527)
Share of net profit of associates	45,088	169,453	408,854	59,465
Share of net profit of a joint venture	24,930	21,881	257,991	37,523
Profit before income tax	832,467	1,127,411	2,261,739	328,956
Income tax expense	(225,631)	(406,570)	(821,169)	(119,434)
Profit for the year	606,836	720,841	1,440,570	209,522
Other comprehensive (loss)/income:				
Translation differences which may not be subsequently recycled to profit or loss	(122,282)	145,300	(126,796)	(18,442)
Revealuation gain on the property transferring from property, plant and equipment to investment property	—	—	14,515	2,111
Other comprehensive (loss)/income for the year, net of tax	(122,282)	145,300	(112,281)	(16,331)
Total comprehensive income for the year	484,554	866,141	1,328,289	193,191
Profit for the year attributable to:				
The shareholders of the Company	595,439	580,523	1,112,774	161,846
Non-controlling interests	11,397	140,318	327,796	47,676
	606,836	720,841	1,440,570	209,522
Other financial data				
EBITDA[1]	848,170	1,552,018	2,662,982	387,315
EBITDA margin[2]	17.5%	25.0%	35.2%	35.2%

Notes:

(1) EBITDA for any year refers to profit for the year before income tax expense, finance costs, interest expense recognized in cost of sales, net exchange gains/(losses), fair value gain on investment properties, gain on disposal of subsidiary/joint venture and depreciation. EBITDA is not a standard measure under HKFRS. EBITDA is a widely used financial indicator of a company's ability to service and incur debt. EBITDA should not be considered in isolation or construed as an alternative to cash flows, 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. For more details, see "Management's Discussion and Analysis of Financial Condition and Results of Operations — Non-GAAP Financial Measures."

(2) EBITDA margin is calculated by dividing EBITDA by revenue for the relevant year, expressed as a percentage.

(3) With effect from January 1, 2018, the Group has adopted HKFRS 9 and HKFRS 15 where the Group is required to reclassify and adjust certain of its financial line items in its financial statements.

Please refer to Note 2.2 of the Group's audited consolidated financial statements for the year ended December 31, 2018 for a discussion on the impact of the adoption of HKFRS 9 and HKFRS 15. As the Group has applied the transitional provisions set out in HKFRS 9 and the modified retrospective approach set out in HKFRS 15, each without requiring any restatement of the corresponding figures of the prior period before January 1, 2018, the Group's consolidated financial information as at and for the years ended December 31, 2016 and 2017 may not be directly comparable against the Group's consolidated financial information after January 1, 2018, including the Group's audited consolidated financial statements for the year ended December 31, 2018.

Summary consolidated statement of financial position

	As at December 31,			
	2016	2017	2018[1]	2018
	(RMB'000)	(RMB'000)	(RMB'000)	(US$'000) (Unaudited)
Non-current Assets				
Investment property	290,920	319,830	505,630	73,541
Property, plant and equipment	21,070	656,245	1,234,573	179,561
Intangible assets	—	—	2,279	331
Interests in associates	744,099	983,077	1,315,706	191,362
Interests in joint ventures	448,646	1,885,436	2,596,047	377,579
Other receivables, prepayments and deposits	425,516	181,826	2,168,445	315,388
Amounts due from related parties	—	1,370,535	—	—
Deferred tax assets	153,609	237,735	352,469	51,264
Goodwill	9,460	9,460	9,460	1,376
	2,093,320	5,644,144	8,184,609	1,190,403
Current assets				
Properties held for sale	395,323	847,831	876,881	127,537
Properties under development	10,379,261	6,658,882	8,688,579	1,263,701
Inventories	23,501	52,069	116,561	16,953
Contract assets	—	—	107,941	15,699
Deposits for purchase of land	42,000	212,125	240,262	34,945
Trade receivables	233,270	629,462	507,708	73,843
Other receivables, prepayments and deposits	328,934	381,341	1,009,187	146,781
Amount due from related parties	818,271	1,559,826	738,353	107,390
Amounts due from non-controlling interests	558,000	571,500	3,391	493
Financial assets at fair value through profit or loss	—	—	176,809	25,715
Prepaid taxes	158,394	139,534	177,738	25,851
Restricted cash	215,722	281,952	542,299	78,874
Cash and cash equivalents	2,761,130	3,341,835	5,404,956	786,118
	15,913,806	14,676,357	18,590,665	2,703,900
Total Assets	18,007,126	20,320,501	26,775,274	3,894,302
Current liabilities				
Creditors and accruals	1,367,759	2,001,908	3,594,198	522,754
Advanced proceeds received from customers	4,924,805	4,051,066	13,869	2,017
Amounts due to non-controlling interests	—	18,110	410,045	59,639
Amounts due to related parties	325,360	2,044,080	2,908,526	423,028
Contract liabilities	—	—	4,510,186	655,979
Borrowings	1,267,990	2,174,458	683,580	99,423
Taxation payable	201,691	270,499	600,761	87,377
	8,087,605	10,560,121	12,721,165	1,850,217
Non-current liabilities				
Borrowings	4,815,351	3,254,957	6,341,015	922,262
Deferred tax liabilities	52,850	75,537	122,556	17,825
Amounts due to related parties	1,787,112	2,714,606	2,804,826	407,946
Amounts due to non-controlling interests	211,492	17,217	—	—
Trade and other payables	—	—	24,817	3,609
	6,866,805	6,062,317	9,293,214	1,351,642
Total Liabilities	14,954,410	16,622,438	22,014,379	3,201,859
Equity				
Capital and reserves attributable to the shareholders of the Company				
Share capital	31,800	31,800	38,702	5,629
Convertible perpetual securities	484,204	495,425	—	—
Reserves	2,384,652	2,964,716	4,344,853	631,933
Non-controlling interests	152,060	206,122	377,340	54,881
Total equity	3,052,716	3,698,063	4,760,895	692,443
Total Liabilities and Equity	18,007,126	20,320,501	26,775,274	3,894,302

Note:

(1) With effect from January 1, 2018, the Group has adopted HKFRS 9 and HKFRS 15 where the Group is required to reclassify and adjust certain of its financial line items in its financial statements.

Please refer to Note 2.2 of the Group's audited consolidated financial statements for the year ended December 31, 2018 for a discussion on the impact of the adoption of HKFRS 9 and HKFRS 15. As the Group has applied the transitional provisions set out in HKFRS 9 and the modified retrospective approach set out in HKFRS 15, each without requiring any restatement of the corresponding figures of the prior period before January 1, 2018, the Group's consolidated financial information as at and for the years ended December 31, 2016 and 2017 may not be directly comparable against the Group's consolidated financial information after January 1, 2018, including the Group's audited consolidated financial statements for the year ended December 31, 2018.

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

RISKS RELATING TO OUR BUSINESS

Our business and revenue growth are dependent on favourable economic conditions in the PRC, particularly the performance of the PRC residential property market in the cities in which we develop our property development projects, and therefore any potential decline in demand for properties, property sales or property prices in the PRC, particularly in the cities where we have operations, could have a material adverse effect on our business, results of operations and financial condition

Our business and revenue growth is subject to favourable economic conditions in the PRC, particularly in the cities in the Yangtze River Delta where our property projects are located. As we focus on the development of residential developments in the PRC, if the property market, in particular the residential property market, in the PRC performed badly, it would have a direct adverse effect on us.

The PRC property market is affected by many factors, including changes in the PRC's social, political, economic and legal environments, changes in the PRC government's fiscal and monetary policy, the lack of a mature and active secondary market for residential properties and the limited availability of mortgage loans to individuals in the PRC. We are also sensitive to changes in the economic conditions, consumer confidence, consumer spending and customer preferences of the urban Chinese population. Other factors beyond our control, such as levels of personal disposable income, may also affect consumer confidence in our geographical markets and demand for our properties.

Demand for residential properties in the PRC has been growing rapidly over the past few years. However, such growth is often coupled with volatility in market conditions and fluctuations in housing prices. There have been concerns that the PRC property market has been overheating and may become a property "bubble." In response, the PRC government has taken measures to prevent the overheating of the PRC property market. Such measures may lead to changes in market conditions, price instability and an imbalance between the supply of and demand for properties in the PRC.

We cannot assure you that the PRC residential property market and housing prices will continue to grow at past levels or will not decline. Any potential decline in demand for properties, property sales or property prices in the PRC, particularly in the cities where we have operations, could have a material adverse effect on our business, results of operations and financial condition.

We face risks relating to the use or application of eco-friendly technologies, which may delay our design and on-site work progress and increase our costs

We have deployed a number of new eco-friendly, energy-saving technologies and have integrated them into our projects. As the deployment of these new eco-friendly technologies has a short history, and as these new eco-friendly technologies are in the relatively early stage of their adaptation to the current building environment, construction skills and materials and their application involves other new technical know-how, there are risks associated with the process of implementing these new eco-friendly technologies.

The scope of the laws and regulations on construction techniques changes with the development of the PRC economy and technical level of the construction industry. New laws and regulations governing the construction industry, particularly the green building segment, are normally examined and interpreted in the course of their implementation and such examinations and interpretations become effective stage by stage. The progress of our design and construction work may be delayed due to our

failure to comply with such new laws and regulations, owing to their ambiguity and lack of clear interpretations during the initial stage of enforcement. On the other hand, to meet the requirement of these new laws and regulations, the original plans for our work progress and purchase may need to be adjusted. These adjustments may increase our development costs and cause further delays to our construction work.

Further, we specialise in developing comfortable and eco-friendly properties in the PRC, while the concept of eco-friendly and sustainable development is relatively new in the PRC property market. As it takes time for the market to grow and mature, we cannot guarantee that there will be sustained demand for our properties in the market.

We may not be able to identify suitable land or acquire land use rights for future development at reasonable prices, or at all, and as a result, our business, results of operations and financial condition as well as prospects may be materially and adversely affected

We expect to derive substantially all of our revenue from the sale of properties that we developed. We must continuously acquire land use rights for sites suitable for future development at reasonable prices at an appropriate pace in order to generate sustainable revenue and maintain business growth. There is a limited supply of suitable land available for development in the cities or regions into which we plan to expand, and the costs of acquiring land use rights in many such cities have increased in recent years. We also face strong competition from other property developers for sites that we may target. We cannot assure you that we will be able to successfully acquire any or all of the land use rights for projects planned for future development at reasonable prices, or at all.

The PRC government has control over the supply of substantially all land and their approved usage, and regulates various aspects of the process through which land is acquired and developed. Such PRC government land policies have a direct impact on our ability to acquire land and our costs of acquisition. Any changes in PRC government land policies with regard to land supply and development may lead to increases in our costs of acquisition and limit our ability to successfully acquire land at reasonable prices, which would have a material adverse effect on our business, results of operations and financial condition. The various PRC regulatory measures may also intensify the competition for land in the PRC among property developers. Please refer to the section headed "— Risks relating to our industry — Our operations are subject to extensive governmental regulations and the frequent introduction of new regulations, and we may be affected by further measures by the PRC government to slow down the growth of the property sector" in this offering memorandum for further details.

If we fail to acquire land use rights for sites suitable for development in a timely manner, at reasonable prices or at all, or if further changes in government policies with regard to land supply and development lead to increases in our costs of acquisition, our business, results of operations and financial condition as well as prospects may be materially and adversely affected.

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

We have entered into joint ventures with other property developers to develop projects and may continue to do so in the future. We have limited experience in developing projects through joint ventures or in managing joint ventures and relationships with joint venture partners. The success of a joint venture depends on a number of factors, some of which are beyond our control. As a result, we may not be able to realize the anticipated economic and other benefits from our joint ventures. For the years ended December 31, 2016, 2017 and 2018, management services income from our joint ventures amounted to RMB187.8 million, RMB422.0 million and RMB548.9 million (US$79.8 million), respectively. In addition, in accordance with PRC law, certain matters relating to joint ventures require the consent of all parties to the joint ventures. Joint ventures may involve risks associated with, among others, the possibility that our joint venture partners may:

- have economic or business interests or goals inconsistent with ours;
- take actions contrary to our instructions, requests or our policies or objectives;

- be unable or unwilling to fulfil their obligations under the relevant joint venture agreements;
- have financial difficulties; or
- have disputes with us as to the scope of their responsibilities and obligations.

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

We rely on our external contractors for all of our construction works and if any of these contractors fail to deliver satisfactory services, our reputation, business, results of operations and financial condition may be materially and adversely affected

We outsource construction works of all our projects to external contractors. Such works include, among other things, foundation digging, general construction and installation of equipment. We consider a wide range of factors when selecting a contractor. We cannot assure you that any such external contractor will provide satisfactory services at the required quality level. If the performance of any external contractor is unsatisfactory, we may need to replace the external contractor or take other actions to remedy the situation, which may have a material adverse effect on the cost and construction progress of our projects.

In accordance with applicable PRC laws and regulations, we provide warranties on the quality of properties we construct or sell to our customers. We receive quality warranties from third-party contractors we engage to construct our development projects. If claims are brought against us under our warranties, and if the relevant third-party contractor fails to indemnify us for such claims in a timely manner or at all, or the indemnity provided is not sufficient, we could incur significant expenses to resolve such claims or face delays in rectifying such defects. The occurrence of these events may harm our reputation and have a material adverse effect on our business, results of operations and financial condition.

Furthermore, our external contractors may undertake projects from other developers, engage in risky undertakings or otherwise encounter financial or other difficulties, which may cause delay in the completion of our property projects or increase our project development costs. The occurrence of any of the above events may have a material adverse effect on our reputation, business, results of operations and financial condition.

Our results of operations are largely dependent on the development schedules and pre-sales of our projects and may therefore fluctuate significantly from period to period, and such fluctuations make it difficult to predict our future performance

Since we expect to derive our revenue primarily from the sale of properties developed by us, our future cash flows and revenue are heavily affected by the schedule of pre-sale and sale of our properties.

Our results of operations have varied significantly in the past and may continue to fluctuate significantly from period to period in the future. For the year ended December 31, 2018, our revenue was RMB7,560.5 million (US$1,099.6 million); our net profit attributable to our equity holders was RMB1,440.6 million (US$209.5 million). Our results of operations may vary in the future due to various factors, including the overall development and delivery schedule of our property projects, the level of acceptance by our customers of our properties, the timing of the pre-sale and sale of properties, our revenue recognition policies, any changes in our development costs and expenses and the general condition of the property market. Our property developments are often developed in multiple phases over the course of several years. According to our revenue recognition policy, we recognise revenue from sales of our properties upon delivery to purchasers. There is a time difference between pre-sales of projects under development and the completion of construction works. Periods in which we pre-sell a large amount of aggregate GFA may not be periods in which we generate a correspondingly high level of revenue, if the properties are not completed and delivered within the same period. Our revenue and profit for any period may decrease if the number of properties we deliver declines during such period.

The effect of timing of delivery on our results of operation is accentuated by the fact that we can only undertake a limited number of projects at a particular time, as we require substantial capital to fund land acquisition and construction costs.

Accordingly, our results of operations for any given period may not be indicative of the actual demand for our properties or the pre-sales or sales achieved during such period. Our revenue and profit during any given period generally reflect property purchases at a time in the past, typically in the prior fiscal period. Accordingly, our results of operations are not necessarily indicative of results that may be expected for any future period. Furthermore, our interim results may not be indicative of our annual results.

We may not be successful in managing our expansion into new geographical areas or new markets, and as a result our business, results of operation and financial condition may be materially and adversely affected

We have focused primarily on the development of eco-friendly residential properties in cities in the Yangtze River Delta region and expanded into certain tier-one cities in the U.S. We intend to gradually expand our operations into the northern and southern regions of China and further expand our geographical coverage in China and the U.S.. In addition, we intend to focus our expansion in first-time home buyer products.

Expanding into new geographical locations involves uncertainties and challenges as we may be less familiar with local regulatory practices and customs, customer preferences and behaviour, the reliability of local contractors and suppliers, business practices and business environments and municipal-planning policies. In addition, expanding our business into new geographical locations would entail competition with developers who may have a better-established local presence or greater access to local expertise and knowledge than we do. As we may face challenges not previously encountered, we may fail to recognise or properly assess risks or take full advantage of opportunities, or otherwise fail to adequately leverage our past experience to meet challenges encountered in these new markets. For example, we may have difficulty in accurately predicting market demand for our properties in the cities into which we expand. In addition, expanding into new geographic locations requires a significant amount of capital and management resources. We will also need to manage the growth in our workforce to match the expansion of our business. Any of these factors could have a material adverse effect on our business, results of operations, financial conditions as well as prospects.

When we enter into new markets, we may face intense competition from developers with experience or established presence in the segments that we plan to expand into and from other developers with similar expansion plans. Further, if we fail to integrate the new businesses effectively, our operating efficiency may be adversely affected. Our failure to manage any planned expansion into new markets may have a material adverse effect on our business, financial condition and results of operations.

Any deterioration in our brand image and failure to protect the intellectual property rights by us, including trademarks, patents and copyrights, could have a negative impact on our business

We rely on our reputation and brand image to attract potential customers. Reputation and brand image are based largely on consumer perceptions with a variety of subjective qualities and can be damaged by isolated business incidents that degrade consumer confidence. Any negative incident or negative publicity concerning us or our properties, whether accurate or not, may damage our reputation and have a material adverse effect on our business, results of operations and financial condition. In addition, any inaccurate or negative media reports may require us to engage in defensive actions, which may divert our management's attention and adversely affect our business and results of operations. We cannot assure you that there will not be any other false, inaccurate or negative media reports about us or our projects in the future.

In addition, we believe the intellectual property rights we use are critical to our success and in our provision of comfortable and eco-friendly properties. The trademarks and domain names we use are owned by wholly-owned subsidiaries of our controlling shareholder, Landsea Group Co., Ltd. We are authorized to use such intellectual property rights by their respective owners. Historically, the PRC has not protected intellectual property rights to the same extent as certain other countries, and infringement

of intellectual property rights continues to pose a serious risk of doing business in the PRC. Monitoring and preventing unauthorised use is difficult. The measures we take to protect our intellectual property rights may not be adequate. Furthermore, the application of laws governing intellectual property rights in the PRC and abroad is uncertain and evolving. If the intellectual property rights we use are unable to be adequately protected or their owners terminate the authorizations, we may lose the rights to continue to use these intellectual property rights and our business may suffer materially.

The interest of our controlling shareholder may not be aligned with those of us, our other shareholders and holders of the Notes

Landsea Group Co., Ltd. is our controlling shareholder and has approximately 50.1% of our total number of issued shares as of the date of this offering memorandum. As our controlling shareholder, Landsea Group Co., Ltd. may significantly influence most of our matters requiring our shareholders' approval, including the election of directors and the approval of significant corporate actions, including mergers and acquisitions. Our chairman and executive director, Mr. Tian Ming, is also the chairman and president of Landsea Group Co., Ltd., and there is no assurance that the interest of Landsea Group Co., Ltd. will be consistent with our interests and those of our creditors, including holders of the Notes. To the extent that there are conflicts of interest between Landsea Group Co., Ltd. and us or our creditors, we cannot assure you that Landsea Group Co., Ltd. will not cause us to enter into transactions or take, or omit to take, other actions or make decision that may not be in the best interests of our creditors, including holders of the Notes.

We may fail to obtain, or experience material delays in obtaining, requisite certificates, licences, permits or governmental approvals for our property development operations, and as a result our development plans, business, results of operations and financial condition may be materially and adversely affected

The property industry in the PRC is heavily regulated. During various stages of our property development projects, we are required to obtain and maintain various certificates, licences, permits, certificates and governmental approvals, including but not limited to qualification certificates, land use rights certificates, construction land planning permits, construction works planning permits, construction works commencement permits, pre-sale permits and completion certificates. Before the government authorities issue or renew any certificate, licence or permit, we must meet specific conditions.

We cannot assure you that we will be able to adapt to new PRC land policies that may come into effect from time to time with respect to the property development industry or that we will not encounter other material delays or difficulties in fulfiling the necessary conditions to obtain and/or renew all necessary certificates, licences or permits for our operations in a timely manner, or at all, in the future. If we fail to obtain or renew, or encounter significant delays in obtaining or renewing, the necessary certificates, licences or permits for any of our major property development projects, we will not be able to continue with our development plans or they may be delayed, and our business, results of operations and financial condition may be adversely affected.

We may be subject to fines due to the commencement of construction works prior to obtaining the relevant construction works commencement permit or building unauthorised construction without local government's permission

Pursuant to the Regulation on the Quality Management of Construction Projects (《建設工程質量管理條例》) promulgated by the State Council on January 10, 2000 and effective on January 30, 2000, a property developer shall apply for a construction works commencement permit from the relevant authority prior to the commencement of any construction works on the land. If a property developer fails to obtain the relevant construction works commencement permit before commencement of construction works, the relevant authorities may order the property developer to stop the construction and make corrections and impose a fine of no less than 1% but no more than 2% of the contractual price of the project to the property developer. Pursuant to the Administrative Measures for Construction Permits of Construction Projects (《建築工程施工許可管理辦法》) promulgated by the Ministry of Housing and Urban-Rural Development on 25 June 2014 and effective on 25 October 2014, where a fine is imposed on the property developer, a fine of no less than 5% but no more than 10% of the amount of the property developer's fine may be imposed on the directly liable person-in-charge and other directly liable persons

in the property developer. If any of our project companies commences construction without the construction work commencement permit, we may be subject to fines, which may have an adverse effect on our business, results of operation and financial condition.

We may not be able to complete or deliver our property development projects on time, which may subject us to liabilities as a result of such delays

The progress of a property development project may be materially and adversely affected by various factors, including delays in obtaining necessary licences, permits or governmental approvals, shortages of materials, equipment and skilled workers, labour disputes, negligence or poor work quality of contractors, construction accidents, natural catastrophes, adverse weather conditions and changes in governmental policies.

We make certain undertakings in our sales contracts including delivering completed properties and individual building ownership certificates to our customers within the period stipulated in the sales contracts. These sales contracts and the relevant PRC laws and regulations provide for remedies for breach of such undertakings. If we fail to complete the properties on time, our customers may seek compensation for late delivery pursuant to either their sales contracts with us or relevant PRC laws and regulations. If our delay extends beyond a specified period, our customers may terminate the sales contracts and claim compensation. Our customers may also elect to default on such sales contracts. We may also be liable to our customers for any delay in the delivery of individual building ownership certificates, which is caused by delays in the administrative approval process or other reasons beyond our control. We cannot assure you that we will not experience any significant delays in the completion or delivery of our properties, or that we will not be subject to any liabilities for any such delays. Liabilities arising from any delays in the completion or delivery of our properties may have a material adverse effect on our business, results of operations and financial condition. In addition, you should not unduly rely upon our contracted sales numbers (which have neither been audited nor reviewed by our auditors) contained in this offering memorandum as a measure or indication of our current or future operating performance.

The PRC government may impose fines or other penalties on us if we fail to comply with the terms of the land grant contracts or listing-for-sale confirmation letters, and we may not be able to obtain land use rights certificates with respect to certain parcels of land

Under PRC laws and regulations, the PRC government may issue a warning, impose a penalty and/or reclaim our land if we fail to develop a particular project according to the terms of the relevant land grant contracts, such as the approved land use, payment of land premiums and other fees, and the time for commencement and completion of development.

Under current PRC laws and regulations, we may be subject to late penalties as stipulated in the land grant contracts if we fail to pay any outstanding land premium by the stipulated deadline. If we fail to commence development for more than one year from the commencement date stipulated in the land grant contracts, the relevant PRC land bureau may serve an investigation notice and impose an idle land fee of up to 20% of the land premium on us if the delay is found out not to be caused by government actions or force majeure. If we fail to commence development for more than two years, the land may be subject to forfeiture by the PRC government unless the delay is caused by government actions or force majeure. Furthermore, even if we commence development in accordance with the land grant contracts, if the developed land area is less than one-third of the total land area, or if the total capital expenditure on land development is less than one-fourth of the total amount expected to be invested in the project as specified in the project registration or approval documents, not including the purchase price of the land, and the development of the land is suspended for over one year without government approval, the land will still be treated as idle land.

We cannot assure you that we will be able to fully comply with the obligations under the land grant contracts or listing-for-sale letters in the future due to factors which are beyond our control, or that our property development projects will not be subject to idle land penalties or be taken back by the government as a result of such delays. If we fail to comply with the terms of any land grant contract or listing-for-sale confirmation letter as a result of delays in project development or any other reasons, we may lose our previous investments in the land and the opportunity to develop the project, which may have a material adverse effect on our business, results of operations and financial condition.

We provide guarantees for mortgage loans of our customers and may become liable to mortgagee banks if our customers default on their mortgage loans

In line with industry practice, we provide guarantees for mortgage loans given by banks to our purchasers of properties developed by us. Typically, we guarantee mortgage loans given by banks to purchasers until the earlier of (i) the relevant properties are completed and the relevant building ownership certificates and the mortgage are registered in favour of the mortgagee bank, and (ii) the mortgage loans between the mortgagee bank and the purchaser are settled. If a purchaser defaults on a mortgage loan, we may be required to repurchase the underlying property by paying off the mortgage. If we fail to do so, the mortgagee bank may auction the underlying property and recover any additional amount outstanding from us as the guarantor of the mortgage loans. In line with industry practice, we do not conduct any independent credit checks on our customers and rely on the credit evaluation conducted by the mortgagee banks on such customers. These are contingent liabilities not reflected on our balance sheets.

As of December 31, 2018, our outstanding guarantees in respect of the mortgages for certain purchasers of our properties amounted to RMB2,110.4 million (US$306.9 million). If there is any material default and if we were called upon to honour our guarantees, our business, results of operations and financial condition may be materially and adversely affected.

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

We finance our property development projects primarily through proceeds from pre-sales and sales, bank borrowings and shareholder loan from our controlling shareholder, Landsea Group Co., Ltd. Changes in interest rates have affected, and will continue to affect, the financing costs for our property developments. Our bank borrowings are primarily denominated in Renminbi. The interest rates on our Renminbi bank borrowings are primarily affected by the benchmark interest rate set by the People's Bank of China ("PBOC"), which has fluctuated significantly in recent years. The PBOC benchmark one-year lending rates in the PRC (which directly affects the property mortgage rates offered by commercial banks in the PRC) as of December 31, 2016, 2017 and 2018 was 4.35% for each of the three years. Our average borrowing cost was approximately 6.5%, for the year ended December 31, 2018. The weighted average effective interest rate for our bank loans was 6.95% as of December 31, 2018. Most of our finance costs are capitalised and recognised as cost of sales upon the sale of properties. As a result, such capitalised finance costs may adversely affect our gross profit margin upon the sales of properties in future. In addition, changes 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. In the year ended December 31, 2018, our finance costs were RMB299.3 million (US$43.5 million).

We cannot assure you that the PBOC will not raise lending rates further or otherwise discourage bank lending. Further increases in lending rates may increase our finance costs, which may have a material adverse effect on our business, results of operations and financial condition.

Fluctuations in cost of construction materials or cost of labour may have a material adverse effect on our business, results of operations and financial condition

The cost of construction materials such as steel and cement, as well as contractors' labour costs, may fluctuate. We procure construction materials through our external contractors or by ourselves. If the price of construction materials increases beyond the agreed pre-determined percentage, we may be required to reimburse our contractors for any shortfall. If there is a material increase in the costs of construction materials and we cannot pass on such increase to our customers, our business, financial conditions and results of operations may be materially and adversely affected.

Our construction costs have also been affected by rising labour costs in the PRC in recent years, and we expect labour costs in the PRC to continue to increase in the future.

If the cost of construction materials or cost of labour deviate materially from our initial estimation, our business, results of operations and financial condition may be materially and adversely affected.

Any negative net operating cash flows may prevent us from meeting our payment obligations, our business, financial condition and results of operations may be materially and adversely affected

We recorded positive net cash flows from operating activities for the years ended December 31, 2016, 2017 and 2018. However, we cannot assure you that we will not experience negative net cash flows in the future. Negative net operating cash flows require us to obtain sufficient external financing to meet our financial needs and obligations. If we are unable to do so, we will be in default of our payment obligations, including those under the Notes and may not be able to develop our projects as planned or meet our capital expenditure requirements. As a result, our business, financial condition and results of operations may be materially and adversely affected.

Our business depends substantially on the continuing efforts of the members of our senior management and qualified personnel and our ability to attract and retain them

Our business depends, to a significant extent, on the capability and expertise of our senior management team members, including our executive directors and other members of our management who have operational experience in the real estate business. In particular, we rely on Mr. Tian Ming, our chairman, who has more than 13 years of experience in the development and management of real estate industry. If one or more of our senior management team members are unable or unwilling to continue in their present positions, we may not be able to identify and recruit suitable replacements in a timely manner, or at all, and the implementation of our business strategies may be affected, which could materially and adversely affect our operations. In addition, we rely on our employees, which include qualified administrative, customer services, supervisory and management personnel for our daily operations and business expansion. We cannot assure you that we will be able to continue to attract and retain sufficient skilled and experienced employees in the future. If we fail to recruit, retain or train skilled employees, our growth and business prospects could be adversely affected.

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

We face various risks in connection with our businesses and may lack adequate insurance coverage or may have no relevant insurance coverage. In addition, in line with general industry practice in the PRC, we do not maintain insurance in respect of litigation risks, business termination risks, product liability or important personnel of our Group. Please refer to the section headed ''Business — Insurance'' in this offering memorandum for further information. The occurrence of any of these events may result in an interruption of our operations and subject us to significant losses or liabilities. In addition, there are certain losses for which insurance is not available on commercially reasonable terms, such as losses suffered due to earthquake, war, civil unrest and certain other events of force majeure. If we incur substantial losses or liabilities and our insurance coverage is unavailable or inadequate to cover such losses or liabilities, our business, results of operations and financial condition may be materially and adversely affected.

We may be involved in disputes, administration, legal and other proceedings arising out of our operations from time to time and may face significant liabilities or damage to our reputation as a result

We may from time to time be involved in disputes with various parties involved in the development and sales of our properties, including contractors, suppliers, construction workers and purchasers. These disputes may lead to protests or legal or other proceedings and may result in damage to our reputation, substantial costs to our operations, and diversion of our management's attention. In addition, we may have disagreements with regulatory bodies in the ordinary course of our operations, which may subject us to administrative proceedings and unfavourable decrees that result in significant liabilities and cause delays to our property developments. 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 anti-corruption laws, any investigation in relation to such failure by any regulatory body, or any failure to comply with other applicable laws or regulations could materially and adversely affect our reputation and our business, results of operations and financial condition. We cannot assure you that we will not be so involved in any major legal or other proceedings in the future.

We are subject to certain restrictive covenants and risks normally associated with borrowings which may limit or otherwise materially and adversely affect our business, results of operations and financial condition

Certain of our banking facilities are subject to a number of material, customary affirmative and/or negative covenants. For example, certain of our subsidiaries are restricted from carrying out merger, restructuring, spin-off, material asset transfer, liquidation, change of control, reduction of registered capital, change of scope of business, declaration of dividends and incurring further indebtedness without the prior consent of the relevant banks. Certain of our banking facilities taken out by certain of our operating subsidiaries also contain cross default conditions which deem a breach of default conditions under relevant financing facilities by such operating subsidiaries and their guarantor(s) to be a default by such operating subsidiaries of the banking facilities. If any cross default occurs, these banks are entitled to accelerate payment of all or any part of the indebtedness owing under the relevant loan agreements and to enforce all or any of the security for such indebtedness. If we fail to comply with any of those covenants or repay these loans in part or in full at their respective maturity dates, there may be a material adverse effect on our business, results of operations and financial condition.

Investment in real property is relatively illiquid, and we may not be able to sell such investment properties at prices or on terms satisfactory to us, or at all

We intend to increase the proportion of commercial property projects while strategically retaining high quality commercial properties as investment properties for generating rental income. In general, investment in real property is relatively illiquid compared with other forms of investment. We may need to dispose of certain investment properties in the event of changing economic, financial and investment conditions. However, we cannot assure you that we will be able to sell such investment properties at prices or on terms satisfactory to us, or at all.

We may be subject to potential liability for environmental problems, which may result in losses

We are subject to a variety of laws and regulations concerning the protection of the environment. The applicable environmental laws and regulations may vary significantly depending on the location, environmental condition and present and former uses of the site. Project development activities can be severely restricted or prohibited in environmentally sensitive regions or areas. Compliance with health and environmental laws and conditions may result in delays or cause us to incur substantial compliance and other costs. Please refer to the sections headed ''Business — Environmental and Safety Matters'' in this offering memorandum for details.

As required by PRC laws, we have engaged independent third-party environmental consultants to conduct environmental impact assessments at all of our construction projects, and such environmental impact assessments were submitted to the relevant government authorities for approval before commencement of development. It is possible that the environmental impact assessment conducted may not reveal all environmental liabilities or their extent, and there may be material environmental liabilities of which we are unaware. If any portion of the project is found to be non-compliant with relevant environmental standards, we may be subject to suspension of our operations of such project as well as fines and penalties.

Future investments or acquisitions may have a material adverse effect on our ability to manage our business and harm our results of operations and financial condition

We may make strategic investments and acquisitions that complement our operations. However, our ability to make successful strategic investments and acquisitions will depend to a large extent on our ability to identify suitable acquisition targets that meet our investment and acquisition criteria, to obtain financing on favourable terms and, where relevant, to obtain the required regulatory approvals. In the event that we are unable to make, or are restricted from making, such strategic investments or acquisitions due to regulatory, financial or other constraints, we may not be able to effectively implement our investment or expansion strategies.

Acquisitions typically involve a number of risks, including, but not limited to:

- the difficulty of integrating the operations and personnel of the acquired business;
- the potential disruption to our ongoing business and the distraction of our management;
- the difficulty of maintaining uniform standards, controls, procedures and policies;
- the impairment of relationships with employees and customers as a result of integration of new management and personnel;
- unrevealed potential liabilities associated with acquired businesses;
- higher than planned requirements to preserve and grow the value of acquired businesses or assets; and
- impairment provisions for goodwill or other intangible assets associated with acquisitions, and losses sustained by acquired businesses after the date of acquisitions.

We may not be able to make acquisitions or investments on favourable terms or within a desired time frame. Even if we were able to make acquisitions or investments successfully as desired, we cannot assure you that we will achieve an intended level of return on such acquisitions or investments. In addition, we may require additional equity financing in order to make such acquisitions and investments. If obtained, any such additional equity financing may result in dilution to the holdings of existing shareholders. Any of these factors could have a material adverse effect on our business, results of operations, financial condition and prospects.

We mainly purchase from a small group of suppliers, and any disruption in their supply may have a material adverse effect on our business, results of operations and financial condition

Our major suppliers were mainly our construction contractors. Purchases from our five largest suppliers accounted for approximately 10.3% of our total purchases for the year ended December 31, 2018, and purchases from our largest supplier accounted for approximately 2.8% of our total purchases for the same period. Should there be a disruption in supply by one or more of our major suppliers and we fail to find replacement suppliers on favourable terms, or at all, our business, results of operations and financial condition may be materially and adversely affected.

Legislation enacted in Bermuda as to Economic Substance may affect our operations

Pursuant to The Economic Substance Act 2018 which came into force on December 31, 2018 (the "**Bermuda ES Act**"), a "registered entity" engaged in "relevant activities" is required to satisfy the economic substance test set out in the Bermuda ES Act. A "registered entity" includes an exempted company incorporated in Bermuda as is the Company; based on the current interpretation of the Bermuda ES Act, we believe that we are a pure equity holding entity since we only passively hold equity participations and earn revenue from dividends, distributions, capital gains and other incidental income derived from such equity participations.

Accordingly, for so long as the Company is a "pure equity holding company", we are only subject to the minimum economic substance requirements, which require us to have adequate employees and premises in Bermuda for holding and managing our equity participations and to file an annual economic substance declaration and monitor ongoing compliance. We are also required to comply with our statutory corporate governance requirements which we are already required to do under the Companies Act 1981.

Legislation enacted in the British Virgin Islands as to Economic Substance may affect our operations

Pursuant to the Economic Substance (Companies and Limited Partnerships) Act, 2018 of the British Virgin Islands ("**BVI ES Act**") that came into force on January 1, 2019, a "legal entity" engaged in "relevant activities" is required to satisfy the economic substance test set out in the BVI ES

Act. A ''legal entity'' includes a business company incorporated in the British Virgin Islands as is our BVI subsidiaries; based on the current interpretation of the BVI ES Act, we believe that our BVI subsidiaries are pure equity holding entities since we only passively hold equity participations and earn revenue from dividends, distributions, capital gains and other incidental income derived from such equity participations.

Accordingly, for so long as our BVI subsidiaries are ''pure equity holding entities'', we are only subject to the reduced economic substance requirements, which require us to have adequate employees and premises in the British Virgin Islands for holding and managing our equity participations and to comply with the statutory obligation which we are already required to do under the BVI Business Companies Act.

RISKS RELATING TO THE PRC REAL ESTATE INDUSTRY

We may not have adequate financing, whether through bank loans or other arrangements, to fund our property developments, and such capital resources may not be available on commercially reasonable terms, or at all

Property development is capital intensive. We finance our property development projects primarily through proceeds from sales of properties and bank borrowings. We may also access the capital markets to raise further financing. Our ability to obtain external financing in the future is subject to a variety of uncertainties, many of which are beyond our control, including:

- the condition of the international and domestic financial markets and financing availability;
- international markets;
- our future financial condition, results of operations and cash flow;
- general economic conditions in the PRC;
- performance and outlook of the property development industry in the PRC;
- changes in the monetary policy of the PRC government with respect to bank interest rates, lending practices and conditions; and
- changes in policies regarding regulation and control of the property market.

We cannot assure you that we will be able to meet our sales targets or that banks or other lenders will grant us sufficient financings in the future as we expect. Accordingly, we may not be able to raise enough funds for our continuing operations, existing and future capital expenditure requirements, acquisition and investment plans and other funding requirements.

There are certain PRC laws and regulations which govern financing policies on PRC financial institutions for the property development sector and tighten the criteria for banks to provide loans to property development enterprises and limit the accessibility of bank financing to our development projects.

The PRC government may further tighten financing policies on PRC financial institutions for the property development sector. These property-related financing policies may limit our ability and flexibility to use bank borrowings to finance our property projects and therefore may require us to maintain a relatively high level of internally generated cash.

We cannot assure you that the PRC government will not introduce other initiatives which may further limit our access to capital and the ways we finance our property development projects, or that we will be able to secure adequate financing or renew our existing credit facilities prior to their expiration on commercially reasonable terms, or at all. If we fail to secure adequate financing or renew our existing loans prior to their expiry as a result of these governmental actions and policy initiatives, there may be a material adverse effect on our business, results of operations and financial condition.

Our operations are subject to extensive governmental regulation, and we may be affected by further measures promulgated by the PRC government to slow down the growth of the property sector

Our business of developing and selling residential premises is extensively regulated in the PRC. We are required to comply with various PRC laws and regulations, as well as policies and procedures prescribed by local authorities 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, which, among other things, control foreign exchange, taxation, foreign investment and the supply of land for property development. Through these policies and measures, the PRC government may raise the benchmark interest rates of commercial banks, place additional limitations on the ability of commercial banks to make loans to property developers and property purchasers, impose additional taxes and levies on property sales, impose foreign exchange restriction on cross-border investment and financing related activities and restrict foreign investment in the PRC property sector and restrict or reduce the supply of land for property development. In the event that we breach any applicable laws, rules, regulations or restrictions, we may be subject to fines or penalties, which may have a material adverse effect on our business, results of operations and financial condition.

Over the past few years, the PRC government has introduced a number of policies to control the growth and curtail the overheating of, and the foreign investment in, the PRC property sector. The PRC government's measures and policies could restrict our ability to obtain financing and increase our operating costs, as well as limit our potential customers' ability to purchase our properties. Measures and policies adopted by the PRC government to restrict the ability of purchasers to obtain mortgages, to resell their properties or to increase the cost of mortgage financing may reduce market demand for our properties and therefore have a material adverse effect on our business, results of operations and financial condition. The PRC government may adopt further measures in the future which may further reduce market demand and slow down the growth of the property industry. These measures may have a material adverse effect on our business, results of operations and financial condition.

Changes in PRC laws and regulations with respect to pre-sale may have a material adverse effect on our business performance

We depend on cash flows from the pre-sale of properties as an important source of funding for our property development. Under current PRC laws and regulations, property developers must fulfil certain conditions before they can commence pre-sale of the relevant properties and may only use pre-sale proceeds to finance their development. We cannot assure you that the PRC government will not implement further restrictions on property pre-sale, such as imposing additional conditions for obtaining pre-sale permits or imposing further restrictions on the use of pre-sale proceeds. The adoption of any such measures may materially and adversely affect our cash flow position and force us to seek alternative sources of funding to finance our project development, which may not be available on commercially reasonable terms, or at all.

The relevant PRC tax authorities may challenge the basis on which we calculate our land appreciation tax obligations which could have a material adverse effect on our results of operations

In accordance with PRC regulations on land appreciation tax ("LAT"), all persons including companies and individuals that receive income from the sale or transfer of land use rights, properties and their attached facilities are subject to LAT at progressive rates ranging from 30% to 60% of the appreciated value of the property. Pursuant to a circular issued by the State Administration of Taxation, effective February 1, 2007, LAT obligations must be settled with the relevant tax bureaus within a specified time frame after the completion of a property development project.

We make prepaid LAT in accordance with the relevant PRC tax laws and regulations from time to time pending settlement of the same with the relevant tax authorities. As of December 31, 2016, 2017 and 2018, we made prepaid LAT of approximately RMB146.7 million, RMB129.1 million and RMB161.0 million (US$23.4 million), respectively. As we often develop our projects in several phases, deductible items for calculation of LAT, such as land costs, are apportioned amongst such different phases of development. Prepaid LAT are made on our own estimates based on, among others, our own

apportionment of deductible expenses which are subject to final confirmation by the relevant tax authorities upon settlement of the LAT. However, given the time gap between the point at which we make prepayment for and the point at which we settle the full amount of LAT payable, the relevant tax authorities may not necessarily agree with our own apportionment of deductible expenses or other bases on which we calculate LAT. If we substantially underestimated LAT for a particular period, a payment of the actual LAT assessed and levied on us by the tax authorities could have a material adverse effect on our results of operations for a subsequent period.

The terms on which mortgage loans are available, if at all, may affect our sales

Many purchasers of our properties rely on mortgages to finance their purchases. Any increase in interest rates may significantly increase the cost of mortgage financing, thus affecting the purchasers' affordability of properties. In addition, the PRC government and commercial banks may increase the down payment requirement, impose other conditions or otherwise change the regulatory framework in a manner that would make mortgage financing unavailable or unattractive to potential property purchasers.

From time to time, the PRC government issues laws, regulations or government policies regarding mortgage financing to regulate the PRC property market, in order to reduce perceived speculation in the property market. During the global financial crisis the PRC government implemented a number of measures designed to stimulate the economy, including lowering the down payment requirements for purchasing residential properties and PBOC benchmark bank lending rates. However, since the fourth quarter of 2009, the PRC government has again enacted policies intended to restrain property purchases for investment or speculation purposes and to keep property prices from rising too quickly. Measures include requiring and adjusting the minimum down payment for the acquisition of residential properties, requiring and adjusting the minimum mortgage loan interest rate for purchases of residential properties, requiring commercial banks to suspend mortgage loans to customers for purchase of multiple residential properties. For more details on the relevant PRC regulations, see "Regulations — Property Development Loans and Loans for Individual Housing Consumption."

We cannot assure you that the PRC government will not further increase down payment requirements, impose other conditions or otherwise change the regulatory framework in a manner that would make mortgage financing unavailable or unattractive to potential property purchasers. Nor can we assure you that such regulatory changes would not adversely affect our business, financial condition and results of operations.

In addition, in line with industry practice, we provide guarantees to banks for mortgages they offer to our purchasers up until the relevant property and the individual property ownership certificates with respect to the relevant properties are issued to our purchasers and the mortgage registrations for the relevant properties have been completed. If there are changes in laws, regulations, policies and practices that would prohibit property developers from providing guarantees to banks in respect of mortgages offered to property purchasers and the banks would not accept any alternative guarantees by third parties, or if no third party is available or willing in the market to provide such guarantees, it may become more difficult for property purchasers to obtain mortgages from banks and other financial institutions during sales and pre-sales of our properties. Such difficulties in financing could result in a substantially lower rate of sale and pre-sale of our properties, which would materially and adversely affect our cash flow, financial condition and results of operations." If the availability or attractiveness of mortgage financing is reduced or limited, many of our prospective customers may not be able to purchase our properties and, as a result, our business, results of operations and financial condition may be materially and adversely affected.

Intensified competition may materially and adversely affect our business, results of operations and financial condition

Competition within the PRC real estate industry is intense. Domestic and overseas property developers have also entered the property development markets in cities where we have operations. Many of them may have more financial, marketing, technical or other resources than us. Competition among property developers may cause an increase in land premium and raw material costs, shortages in quality construction contractors, surplus in property supply leading to decreasing property prices, further

delays in issuance of governmental approvals, and higher costs to attract or retain skilled employees. If we fail to compete effectively, our business, results of operations and financial condition materially and adversely affected.

We cannot prevent our competitors from engaging in similar development projects. We also face intense competition from other real estate developers. These factors may materially and adversely affect our business, results of operations and our financial position

We believe that our specialization in the development of high-quality, comfortable and eco-friendly properties that deploy energy-saving technologies is one of the main reasons for our success. If our competitors construct similar development projects, or use similar concepts to advertise their products, it may affect our customers' understanding of our products and the image of our brand. Further, demand for our development may fall if our competitors offer competing products similar to ours. This will affect our business and results of operations.

In recent years, a large number of property developers, including a number of leading Hong Kong property developers and other overseas developers, have begun undertaking property development and investment projects in the PRC. Some of these developers may have better track records, greater financial, land and other resources, broader name recognition and greater economies of scale than us.

Competition among property developers may result in an increase in acquisition costs of land for development, an increase in costs for raw materials, an over-supply of properties, a decrease in property prices in certain parts of the PRC or an inability to sell such properties, a slowdown in the rate at which new property developments are approved or reviewed by the relevant PRC government authorities and an increase in administrative costs for hiring or retaining qualified personnel, any of which may adversely affect our business, financial position and results of operations. In addition, recent market downturns in the PRC may further decrease property prices. If we cannot respond to changes in market conditions in the markets in which we operate more swiftly and effectively than our competitors, our business, financial position and results of operations may be materially and adversely affected.

RISKS RELATING TO CONDUCTING BUSINESS IN THE PRC

Most of our assets and operations are in the PRC, and substantially all of our revenue is derived from our operations in the PRC. Accordingly, our future business, results of operations, financial condition and prospects are subject, to a significant degree, to economic, political and legal developments in the PRC, including the following risks:

Political and economic policies of the PRC government may affect our business and results of operations and may result in our inability to sustain our growth and expansion strategies

The PRC economy has largely been a centrally planned economy, which differs from other developed economies of the world in many respects, including:

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

The PRC economy has been transitioning from a planned economy to a more market oriented economy. The PRC government has implemented economic reform measures emphasising utilization of market forces in the development of the PRC economy and is continuing to play a significant role in regulating industries by imposing industrial policies.

We cannot, however, predict whether changes in the political, economic and social conditions and policies in the PRC, or in the relevant laws and regulations, will have any material adverse effect on our current or future business, results of operations, financial condition and prospects.

Our ability to successfully expand our business operations in the PRC depends on a number of factors, including macro-economic and other market conditions, and credit availability from lending institutions. The PRC government has recently articulated the need to control economic growth, and to limit inflation. The PRC government implemented a series of macro-economic policies which included raising the benchmark interest rates, increasing the PBOC statutory deposit reserve ratio and imposing commercial bank lending guidelines that had the effect of restricting loans to certain industries. Certain of these macro-economic policies and stricter lending policies in the PRC may have a material adverse effect on our results of operations, financial condition and our ability to obtain financing, thus reducing our ability to implement our expansion strategies. We cannot assure you that the PRC government will not implement any additional measures to tighten lending, or that, if any such measure is implemented, it will not have a material adverse effect on our future results of operations or profitability. Furthermore, we cannot assure you that our historical economic and market conditions will continue, or that we will be able to sustain our growth.

A slowdown of the PRC economy may slow down our growth and may affect our business

The PRC economy has recorded one of the world's fastest growth rates in terms of GDP in the last two decades. However, we cannot assure you that such growth will sustain and continue in the future. 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. The full impact of the Moody's downgrade 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, China's economic growth may also slow down due to weakened exports as well as recent developments surrounding the trade-war with the United States. Starting in April 2018, the United States imposed tariffs on steel and aluminum imports from China, and later on July 6, 2018, the United States imposed 25% tariffs on US$34 billion worth of Chinese goods as part of President Donald Trump's tariffs policy. In return, the PRC responded with similarly sized tariffs on U.S. products. On September 18, 2018, President Donald Trump imposed 10% tariffs on approximately US$200 billion worth of Chinese goods and announced plans to further increase the rate to 25% in January 2019. In return, the PRC responded with tariffs on US$60 billion worth of U.S. goods. In May 2019, the United States proposed to impose 25% tariffs on an additional US$300 billion worth of Chinese goods. The rhetoric surrounding the trade war continues to escalate and no conclusive and meaningful resolutions have emerged from the sporadic trade negotiations. The amicable resolution of such a trade war remains elusive, and the lasting impacts any trade war may have on the PRC economy and the PRC real estate industry remain uncertain. Should the trade war between the United States and the PRC begin to materially impact the PRC economy, the purchasing power of our customers in the PRC would be negatively affected.

In addition, a slowdown in the economies of the United States, the European Union and certain Asian nations with which the PRC has important trade relationships or any future calamities may materially and adversely affect the economic growth of the PRC. If the PRC economy experiences a significant downturn, our business, results of operations, financial condition and prospects may be materially and adversely affected.

Rapid economic growth can lead to growth in money supply and inflation. If prices of our properties rise at a rate that is insufficient to compensate for the rise in our costs, our business, financial condition and operating results may be materially and adversely affected. To control inflation in the past, the PRC government has imposed control on bank credits, limits on loans for fixed assets and restrictions on State bank lending. Such an austerity measure can lead to a slowdown in the economic growth and may materially and adversely affect our business, results of operation and financial condition.

The global financial markets have experienced significant deterioration and volatility, which have negatively affected the global economy. Any further downturn may adversely affect our results of operations and financial condition

The global financial markets have been affected by a general slowdown of economic growth globally, resulting in substantial volatility in global equity securities markets and tightening of liquidity in global credit markets. Since 2011, the tightening monetary policies and high inflation in the PRC, global economic uncertainties and the euro zone sovereign debt crisis have resulted in adverse market conditions and increased volatility in the PRC and overseas financial markets. While it is difficult to predict how long these conditions will exist and the extent to which we may be affected, these developments may continue to present risks to our business operations for an extended period of time, including increase in interest expenses on our bank borrowings, or reduction in the amount of banking facilities currently available to us. These challenging market conditions have resulted in reduced liquidity, widening of credit spreads in credit markets, a reduction in available financing and a tightening of credit terms.

Should there be a further economic downturn or credit crisis for any reason, our ability to borrow funds from current or other funding sources may be further limited, causing our continued access to funds to become more expensive, which would adversely affect our business, liquidity, financial condition, results of operations, and most importantly, our property development projects. As such, we cannot assure you that our business operations will not suffer further adverse effects caused by the previous or future credit crisis.

Interpretation of PRC laws and regulations involve inherent uncertainties that could limit the legal protection available to us and to our shareholders

Our core business is conducted within China and is governed by PRC laws and regulations. The PRC legal system is based on written statutes, and prior court decisions can only be used as a reference. Since 1979, the PRC government has promulgated laws and regulations in relation to economic matters such as foreign investment, corporate organization and governance, commerce, taxation and trade, with a view to developing a comprehensive system of commercial law, including laws relating to property ownership and development. However, due to the fact that these laws and regulations have not been fully developed, and because of the limited volume of published cases and the non-binding nature of prior court decisions, interpretation of PRC laws and regulations involves a degree, sometimes a significant degree, of uncertainty. For example, on September 14, 2015, the NDRC issued the NDRC Notice, which provides that enterprises domiciled within the PRC and their overseas subsidiaries or branches should file and register with the NDRC prior to issuance of foreign debt instruments and report relevant information on the issuance of the foreign debt instruments in relation to foreign debt with a maturity of more than one year to the NDRC within ten business days in the PRC after the completion of each issuance. In practice, enterprises incorporated outside of the PRC and controlled by individuals (other than those controlled by PRC enterprises as expressly provided in the NDRC Notice) may also be required by the NDRC to comply with the NDRC Notice. We have registered the issuance of the Notes with the NDRC pursuant to the NDRC Notices. Nevertheless, there are still uncertainties regarding its interpretation, implementation and enforcement by the NDRC. Furthermore, the legal protections available to us under these laws, rules and regulations 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.''

Fluctuations in foreign exchange rates and changes in foreign exchange regulations may materially and adversely affect our business and results of operations and our ability to remit dividends

Our revenue and expenditure are mainly denominated in Renminbi, which is currently not a freely convertible currency. We do not have a formal hedging policy and have not entered into any foreign currency exchange contracts or derivative transactions to hedge our currency risk. In addition, we will require foreign currencies for dividend payment (if any) to our shareholders. As a result, we are exposed to foreign currency fluctuations.

The China Foreign Exchange Trade System and National Interbank Funding Center ("CFETS"), authorized by the PBOC, calculates and publishes the central parity of RMB against USD and other major foreign currencies on each business day. From 1994 to July 20, 2005, the conversion of Renminbi into foreign currencies, including Hong Kong dollars and U.S. dollars, was based on rates set daily by PBOC on the basis of the previous day's inter-bank foreign exchange market rates and then current exchange rates in the world financial markets. During this period, the official exchange rate for the conversion of Renminbi to U.S. dollars remained generally stable. Although the PRC government introduced policies in 1996 to reduce restrictions on the convertibility of Renminbi into foreign currencies for current account items, conversion of Renminbi into foreign currencies for capital items, such as foreign direct investment, loan principals and securities trading, still requires the approval of SAFE and other relevant authorities. On July 21, 2005, the PRC government introduced a managed floating exchange rate system to allow the value of the Renminbi to fluctuate within a regulated band based on market supply and demand and by reference to a basket of currencies. On the same day, the value of the Renminbi appreciated by approximately 2% against the U.S. dollar. On May 18, 2007, PBOC enlarged the floating band for the trading prices in the inter-bank foreign exchange market of the Renminbi against the U.S. dollar from 0.3% to 0.5% around the central parity rate, effective on May 21, 2007. This allows the Renminbi to fluctuate against the U.S. dollar by up to 0.5% above or below the central parity rate published by PBOC. The floating band was widened to 1.0% on April 16, 2012 and further to 2.0% on March 17, 2014. Effective since August 11, 2015, market makers are required to quote their central parity rates for Renminbi against the U.S. dollar to the China Foreign Exchange Trade System daily before the market opens by reference to the closing rate of the PRC inter-bank foreign exchange market on the previous trading day in conjunction with the demand and supply conditions in the foreign exchange markets and exchange rate movements of major currencies. The PBOC has further authorized the CFETS to announce its central parity rate for Renminbi against the U.S. dollar through a weighted averaging of the quotes from the market makers after removing the highest quote and the lowest quote. Any appreciation of Renminbi may result in the decrease in the value of foreign currency-denominated assets. Conversely, any depreciation of Renminbi may adversely affect our business, results of operations and financial condition.

Capital account transactions in foreign currencies are subject to significant exchange controls and generally require the approval of PRC government authorities, including SAFE. Under the existing PRC foreign exchange regulations, by complying with certain procedural requirements, we will be able to pay dividends (if any) in foreign currencies without prior approval from SAFE. However, in the future, the PRC government may, at its discretion, take measures to restrict access to foreign currencies for current account transactions under certain circumstances. In this case, we may not be able to pay dividends in foreign currencies to our shareholders.

PRC regulations relating to acquisition of PRC companies by offshore holding companies may limit our ability to acquire PRC companies and may materially and adversely affect the implementation of our acquisition strategies as well as our business and prospects

The Provisions on the Acquisition of Domestic Enterprises by Foreign Investors《關於外國投資者併購境內企業的規定》(the "M&A Provisions") issued by six PRC ministries, including MOFCOM, effective from September 8, 2006 and further amended on June 22, 2009, provide the rules with which foreign investors must comply should they seek to purchase by agreement the equities of the shareholders of a domestic non-foreign-invested enterprise or subscribe to the increased capital of a domestic non-foreign funded enterprise, and thus convert the domestic non-foreign-invested enterprise into a foreign invested enterprise to conduct asset merger and acquisition. It stipulates that the business scope upon acquisition of domestic enterprises must conform to the Special Administrative Measures on Access of Foreign Investment (Negative List) (2018 Edition) (外商投資准入特別措施(負面清單) (2018年版)) issued by the NDRC and the PRC Ministry of Commerce ("MOFCOM"), which restricts the

scope of permitted foreign investment. It also provides the takeover procedures for equity interests in domestic companies. On September 3, 2016, the National People's Congress Standing Committee (''NPCSC'') adopted a decision on amending the law of foreign invested companies which became effective from October 1, 2016. Upon the effectiveness of the decision, the establishment of the foreign invested enterprise and its subsequent changes will be required to be filed with the relevant authorities instead of obtaining approvals from relevant commerce authorities as required by the existing PRC laws, except for the foreign invested enterprises which are subject to the special administrative measures regarding foreign investment entry. On October 8, 2016, the NDRC and the MOFCOM jointly issued a notice regarding the scope of industries subject to the special administrative measures for foreign investment entry, according to which the M&A Provisions still apply to convert the domestic non-foreign-invested enterprises into foreign invested enterprises. On June 28, 2017, NDRC and MOFCOM jointly promulgated the Catalog of Guidance on Industries for Foreign Investments (2017) (外商投資產業指導目錄(2017年修訂)) to replace the Catalog of Guidance of Industries for Foreign Investment (2015), which came into effect on July 28, 2017.

On July 30, 2017, MOFCOM promulgated the Decision of the Ministry of Commerce to Amend the Interim Measures for the Filing Administration of the Formation and Modification of Foreign-Invested Enterprises (關於修改〈外商投資企業設立及變更備案管理暫行辦法〉的決定), which was further amended on June 29, 2018, under which filing administration shall apply to foreign investors' mergers and acquisitions of domestic non-foreign-invested enterprises and strategic investments in listed companies, provided that they do not involve special administrative measures stipulated in the Special Administrative Measures on Access of Foreign Investment (Negative List) (2018 Edition) (外商投資准入特別措施(負面清單)(2018年版)), or mergers and acquisitions of affiliates.

There are uncertainties as to how the M&A Provisions will be interpreted or implemented after the Decision of the Standing Committee of the National People's Congress on Revision of Four Laws Including the Law of the People's Republic of China on Wholly Foreign-owned Enterprises (全國人民代表大會常務委員會關於修改〈中華人民共和國外資企業法〉等四部法律的決定). If we decide to acquire a PRC enterprise, we cannot assure you that we or the owners of such PRC enterprise can successfully complete all necessary approval requirements under the M&A Provisions. This may restrict our ability to implement our acquisition strategies and may have a material adverse effect on our business, results of operations and financial condition.

Failure to comply with the cross-border guarantee related regulations may materially and adversely affect our business, results of operations and financial condition

On May 12, 2014, SAFE issued the Notice on Issuing the Provisions of Foreign Exchange Administration of Cross-Border Guarantees (關於發佈<跨境擔保外匯管理規定>的通知) (''Circular 29''). According to Circular 29, the Provisions of Foreign Exchange Administration of Cross-Border Guarantees (跨境擔保外匯管理規定) and Practice Guidance of Foreign Exchange Administration of Cross-Border Guarantees (跨境擔保外匯管理操作指引) became effective on June 1, 2014, and 12 regulations and rules regarding the foreign guarantee regime in China were abolished at the same time. According to the provisions, onshore guarantees for offshore loans and offshore guarantees for onshore loans shall be subject to the registration administration of foreign exchange authorities, and the execution and performance of the guarantee contract for cross-border guarantee will not be subject to SAFE's prior approval in most situations. Further, upon the performance of the guarantee obligation by the offshore guarantor in favour of the onshore creditor, the onshore debtor will consequently incur foreign debt owed to the offshore guarantor. Thereafter, the onshore debtor shall register with SAFE for the foreign debt. The unpaid principal of foreign debt arising from the performance of the guarantee agreement owed by the onshore debtor is not allowed to exceed the onshore debtor's audited net assets in the previous year; if exceeded, the exceeded amount shall use up part of the foreign debt quota of the onshore debtor; if the foreign debt quota is not enough, the exceeded portion will be deemed and handled as foreign debt without SAFE's approval. Pursuant to the Practice Guidance of Foreign Exchange Administration of Cross-Border Guarantees, whoever fails to comply with the Circular 29 and other relevant provisions when engaging in cross-border guarantees will be punished by the foreign exchange authority under the Regulation of the People's Republic of China on Foreign Exchange Administration (中華人民共和國外匯管理條例). If we engage in cross-border guarantees and fail to comply with the Circular 29 and other foreign guarantee related regulations, such failure may subject us to fines and legal sanctions and may also materially and adversely affect our business, results of operations and financial condition.

Our income tax obligations may increase and dividends from certain PRC subsidiaries may be subject to withholding tax under PRC tax laws

The definition of "EIT Law" should refer to the PRC Enterprise Income Tax Law. Regulations on the Implementation of the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得税法實施條例) , or the *EIT Implementation Rules*, effective January 1, 2008, provide that any dividend payment to foreign investors will be subject to a withholding tax at a rate of 10%. 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税和防止偷漏税的安排) signed on August 21, 2006, a company incorporated in Hong Kong will be subject to withholding income tax at a rate of 5% on dividends it receives from its PRC subsidiaries if it holds directly 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. However, according to Circular 601 of the PRC State Administration of Taxation dated October 27, 2009, tax treaty benefits will be denied to "conduit" or shell companies without business substance. Therefore, it is unclear whether dividend payments made by our PRC subsidiaries to our Hong Kong subsidiaries, which hold the equity interests in our PRC subsidiaries, will continue to enjoy the 5% PRC tax rate.

We conduct a substantial portion of our operations through our Hong Kong and BVI subsidiaries, which hold operating subsidiaries located in the PRC. Dividend payments made by PRC subsidiaries to our BVI subsidiaries may be subject to the 10% PRC withholding tax.

Dividend payments made by PRC subsidiaries to our Hong Kong subsidiaries may not continue to enjoy the 5% PRC tax rate. As a result, our financial conditions may be materially and adversely impacted.

Interest payable by us to our foreign investors and gain on the sale of the Notes may be subject to taxes under PRC tax laws

Since we conduct, through our indirect subsidiaries, some operations in the PRC, the interest payable on the Notes may be considered to be sourced within China under the EIT Law. As such, PRC income tax at the rate of 10% may need to be withheld from interest payable on the Notes 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 realised on the transfer of the Notes by such investors will be subject to a 10% PRC income tax if such gain is regarded as income derived from sources within China.

If we are required under the EIT Law to withhold PRC income tax on our interest payable to non-resident holders who are "non-resident enterprises", we will be required, subject to certain exceptions based on the applicable tax treaty, to pay such additional amounts as will result in receipt by a holder of the Notes of such amounts as would have been received by the holder had no such withholding been required. The requirement to pay additional amounts will increase the cost of servicing interest payments on the Notes, and could have a material adverse effect on our ability to pay interest on, and repay the principal amount of, the Notes, as well as our profitability and cash flow. In addition, if you are required to pay PRC income tax on the transfer of the Notes, the value of your investment in the Notes may be materially and adversely affected. Prospective holders should consult their tax advisers as to whether they may be able to claim the benefit of income tax treaties or agreements entered into between China and other countries or areas if we are considered a PRC "resident enterprise".

It may be difficult to effect service of process in connection with disputes brought in courts outside the PRC on, or to enforce judgments obtained from non-PRC courts against, us or our management who reside in the PRC

Most of our management reside in the PRC and a significant portion of our assets and the assets of our management are located in the PRC. Accordingly, it may be difficult for you to effect service of process in connection with disputes brought in the courts outside the PRC on, or to enforce judgments obtained from non-PRC courts against, us or our management who reside in the PRC.

Furthermore, the PRC does not have treaties providing for the reciprocal recognition and enforcement of judgments awarded by courts in the BVI, Bermuda and most other western countries. Hence, the recognition and enforcement in the PRC of judgments of a court in any of these jurisdictions in relation to any matter not subject to a binding arbitration provision may be difficult or even impossible. An Arrangement between China and the Hong Kong Special Administrative Region on Reciprocal Recognition and Enforcement of Judgments of Civil and Commercial Cases under the Jurisdictions as Agreed to by the Parties Concerned was executed on July 14, 2006. However, there are many restrictions on such arrangement. As a result, it may not be possible for investors to effect service of process upon us or our management to the authority of non-PRC courts. Further, the recognition and enforcement in the PRC of judgments of courts outside the PRC might be difficult or impossible. In addition, on January 18, 2019,the Supreme People's Court of China (the "SPC") and the Hong Kong government signed the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排) (the "New Arrangement"). The New Arrangement extends the scope of judicial assistance, and the effective date shall be announced by SPC and Hong Kong after SPC issued the judicial interpretation and Hong Kong completed relevant procedures.

Acts of God, acts of war, epidemics and other disasters could affect our business

Our business is subject to the general and social conditions in the PRC. Natural disasters, epidemics, acts of God and other disasters that are beyond our control may materially and adversely affect the economy, infrastructure and livelihood of the people of the PRC. Some cities in the PRC are under the threat of flood, earthquake, sandstorm or drought. Our business, results of operations and financial condition may be materially and adversely affected if these natural disasters occur.

Epidemics threaten people's lives and may materially and adversely affect their livelihoods. The occurrence of an epidemic is beyond our control and there is no assurance that any future outbreak of severe acute respiratory syndrome, avian flu, Ebola virus disease, Middle East respiratory syndrome coronavirus, H1N1 flu, human swine flu or other epidemics occurring in areas in which we operate, or even in areas in which we do not operate, will not seriously interrupt our business, which may materially and adversely affect our results of operations and financial condition. Acts of war and terrorist attacks may cause damage or disruption to us, our employees, facilities, markets, suppliers and customers, any of which may materially and adversely affect our revenue, cost of sales, results of operations, financial condition or share price. Potential war or terrorist attacks may also cause uncertainty and cause our business to suffer in ways that we cannot currently predict.

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 substantially all of our business operations through our PRC subsidiaries and U.S. subsidiaries, but none of our current PRC subsidiaries or U.S. subsidiaries will provide a Subsidiary Guarantee or JV Subsidiary Guarantee upon issuance of the Notes. No existing or future PRC subsidiaries will provide a Subsidiary Guarantee or JV Subsidiary Guarantee at any time in the future. No existing or future offshore subsidiaries will provide a Subsidiary Guarantee or JV Subsidiary Guarantee at any time in the future, to the extent the consolidated assets of our U.S. subsidiaries do not exceed 35% of our total assets and the consolidated assets of other non-U.S. offshore subsidiaries do not exceed 10% of our total assets. Moreover, the Notes will not be guaranteed by certain of our other offshore subsidiaries upon issuance. See "Description of the Notes — The Subsidiary Guarantees and JV Subsidiary Guarantees" for a list of the Non-Guarantor Subsidiaries. Our primary assets are ownership interests in our PRC subsidiaries and U.S. subsidiaries, which are held through the Subsidiary Guarantors and certain Non-Guarantor Subsidiaries. The Subsidiary Guarantors do not, and the JV Subsidiary Guarantors (if any) may not, have significant operations. Accordingly, our ability to pay principal and interest on the Notes and the ability of the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any) to satisfy their obligations under the Subsidiary Guarantees or JV Subsidiary Guarantees (as the case may be) will depend upon our receipt of principal and interest payments on the intercompany loans and distributions of dividends from our PRC subsidiaries and U.S subsidiaries.

Creditors, including trade creditors of Non-Guarantor Subsidiaries and any holders of preferred shares in such entities, would have a claim on the Non-Guarantor Subsidiaries' assets that would be prior to the claims of holders of the Notes. As a result, our payment obligations under the Notes will be effectively subordinated to all existing and future obligations of our Non-Guarantor Subsidiaries, including their obligations under guarantees they have issued or will issue in connection with our business operations, and all claims of creditors of our Non-Guarantor Subsidiaries will have priority as to the assets of such entities over our claims and those of our creditors, including holders of the Notes.

As of December 31, 2018, our Non-Guarantor Subsidiaries had total debt in the amount of RMB5,298.1 million (US$770.6 million), capital commitments in the amount of RMB1,747.1 million (US$254.1 million) and contingent liabilities arising from guarantees in the amount of RMB2,294.7 million (US$333.8 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.

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

We have substantial indebtedness and may incur substantial additional indebtedness in the future, which could adversely affect our financial health and our ability to generate sufficient cash to satisfy our outstanding and future debt obligations

We now have, and will continue to have after the offering of the Notes, a substantial amount of indebtedness. Our total interest-bearing bank and other borrowings as of December 31, 2016, 2017 and 2018 were RMB6,083.3 million, RMB5,429.4 million and RMB7,024.6 million (US$1,021.7 million), respectively.

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

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

In the future, we may from time to time incur substantial additional indebtedness and contingent liabilities. Under the Indenture, our ability to incur additional debt is subject to limitations on indebtedness and preferred stock covenant. Under such covenant, we may incur (i) certain Permitted Indebtedness or (ii) additional indebtedness if we can, among other things, satisfy the Fixed Charge Coverage Ratio. The Fixed Charge Coverage Ratio is derived by dividing Consolidated EBITDA by

Consolidated Fixed Charges. Because our definition of Consolidated Net Income (which is a significant component of Consolidated EBITDA) for the Notes includes our unrealized gains on fair value adjustments on our investment properties, our Consolidated EBITDA and therefore our ability to incur additional debt under such covenants could be substantially larger when compared to other similarly situated PRC senior notes issuers whose covenants do not typically include such unrealized gains in the definition of consolidated net income. In addition, because our definition of Consolidated Interest Expense for the Notes excludes the interest expense on indebtedness of third parties that we guarantee (except to the extent that such interest expense is actually paid by us), our Consolidated Interest Expense and our ability to incur additional debt could be even larger when compared to other similarly situated PRC senior notes issuers whose covenants would typically include such interest expense in the definition of consolidated interest expense. If we or our subsidiaries incur additional debt, the risks that we face as a result of our already substantial indebtedness and leverage could intensify.

Our ability to generate sufficient cash to satisfy our outstanding and future debt obligations will depend upon our future operating performance, which will be affected by prevailing economic conditions and financial, business and other factors, many of which are beyond our control. We anticipate that our operating cash flow will be sufficient to meet our anticipated operating expenses and to service our debt obligations as they become due. However, there is no assurance that we will be able to generate sufficient cash flow for these purposes. If we are unable to service our indebtedness, including our obligations under the Notes, we will be forced to adopt an alternative strategy that may include actions such as reducing or delaying capital expenditures, selling assets, restructuring or refinancing our indebtedness or seeking equity capital. These strategies may not be instituted on satisfactory terms, if at all.

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

We may in the future designate certain subsidiaries as Unrestricted Subsidiaries under the Indenture, which will not be subject to various covenants under the Indenture; and we and our Restricted Subsidiaries may be able to make dividend payment in shares of our Unrestricted Subsidiaries under the Indenture

We have the flexibility under the terms of the Notes to designate any subsidiary in the Restructuring Group (as defined under ''Description of the Notes — Definitions'') as Unrestricted Subsidiaries, subject to certain conditions. The effects of designation of an entity as an Unrestricted Subsidiary include, but are not limited to:

- the business, assets and liabilities of such entity will no longer be part of the credit underlying the Notes;
- such entity will not be subject to the restrictive covenants applicable to Restricted Subsidiaries under the Indenture;
- as applicable, the Subsidiary Guarantees of such entity may be released, and the shares of such entity previously pledged to the collateral agent or the trustee for the benefit of the holders of the Notes may be released; and

- interest expenses on Indebtedness (as defined in the Indenture) of such entity will not be included in the calculation of our Consolidated Interest Expense (as defined under ''Description of the Notes — Definitions''), other than such interest expenses on indebtedness that is guaranteed and is actually paid by the Company or a Restricted Subsidiary.

As a result of any such designation, the value of assets subject to the restrictive covenants under the Indenture may decrease and the market pricing and trading of the Notes may be materially affected. In addition, we will be able to pay dividends or make distributions on or with respect to our or our Restricted Subsidiaries' capital stock in shares of capital stock of any Unrestricted Subsidiary, as long as there is no default at the time of, and after giving effect to, such dividend payment or distribution under the Indenture. Accordingly, you are cautioned as to our ability to designate further Unrestricted Subsidiaries subject to the conditions set forth in the Indenture.

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 principal and interest payments on intercompany loans or advances from our subsidiaries, including our PRC subsidiaries, to satisfy our obligations, including our obligations under the Notes. The ability of our subsidiaries to pay dividends and make payments on intercompany loans or advances to their shareholders is subject to, among other things, distributable earnings, cash flow conditions, restrictions contained in the articles of association of our subsidiaries, applicable laws and restrictions contained in the debt instruments or agreements of such subsidiaries. Pursuant to the loan agreements with certain PRC banks, several of our PRC subsidiaries are subject to certain dividend distribution limitations. See ''Description of Material Indebtedness and Other Obligations — PRC Loan Agreements.'' Such restrictions may adversely affect the calculation of our Consolidated EBITDA, and in turn our ability to undertake additional financing, investment or other transactions under the terms of the Notes. In addition, if any of our subsidiaries raises capital by issuing equity securities to third parties, dividends declared and paid with respect to such equity securities would not be available to us to make payments on the Notes. These restrictions could reduce the amounts that we receive from our subsidiaries, which would restrict our ability to meet our payment obligations under the Notes and the obligations of the Subsidiary Guarantors or JV Subsidiary Guarantors (if any) under the Subsidiary Guarantees or JV Subsidiary Guarantees as the case may be.

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

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

such shareholder loan, the PRC subsidiaries (as foreign-invested enterprises in China) must present evidence of payment of the withholding tax on the interest payable on any such shareholder loan and evidence of registration with SAFE, as well as any other documents that SAFE or its local branch may require.

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

The Notes and the Subsidiary Guarantees will be unsecured and effectively subordinated to our and our subsidiaries' existing and future secured indebtedness to the extent of the value of the collateral securing such indebtedness

Our obligations under the Notes and the Subsidiary Guarantors' obligations under the Subsidiary Guarantees are unsecured. However, the Indenture governing the Notes will allow us to incur certain additional secured indebtedness and the Notes will be effectively subordinated in right of payment to any of our secured indebtedness to the extent of the value of the collateral securing such indebtedness. Also, the Subsidiary Guarantees will be effectively subordinated to any secured indebtedness, to the extent of the value of the collateral securing such indebtedness, incurred in the future by the Subsidiary Guarantors. The effect of this subordination is that upon a default in payment on, or the acceleration of, any of our or any Subsidiary Guarantor's secured indebtedness or in the event of a bankruptcy, insolvency, liquidation, dissolution, reorganization or similar proceeding involving us or any of the Subsidiary Guarantors, the proceeds from the sale of assets securing our or any Subsidiary Guarantor's secured indebtedness will be available to pay obligations on the Notes or Subsidiary Guarantees, as applicable, only after all of our or any Subsidiary Guarantor's secured indebtedness has been paid in full. In any such event, it is possible that there would be no assets remaining from which the Noteholders' claims could be satisfied or, if any assets remained, they might be insufficient to satisfy the Noteholders' claims in full. See ''Description of Material Indebtedness and Other Obligations.''

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

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

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

Interest payable by us to our foreign investors and gain on the sale of our Notes may be subject to withholding taxes under PRC tax laws

We may be treated as a PRC resident enterprise for PRC tax purposes. See "— Risks Relating to Conducting Business in the PRC — Our income tax obligations may increase and dividends from certain PRC subsidiaries may be subject to withholding tax under PRC tax laws." If we are deemed a PRC resident enterprise, the interest payable on the Notes may be considered to be sourced within China. In that case, PRC income tax at the rate of 10% will be withheld from interest paid by us to 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 will be subject to a 10% PRC income tax if such gain is regarded as income derived from sources within China. Furthermore, if we are considered a PRC resident enterprise and the relevant PRC tax authorities consider interest we pay with respect to the Notes, or any gains realized from the transfer of Notes, to be income derived from sources within the PRC, such interest or gains earned by nonresident individuals may be subject to PRC income tax (which in the case of interest, may be withheld by us) at a rate of 20%. It is uncertain whether we will be considered a PRC "resident enterprise." If we are required under the EIT Law to withhold PRC income tax on interest payable to our foreign noteholders that are "non-resident enterprises," we will 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. The requirement to pay additional amounts will increase the cost of servicing interest payments on the Notes, and could have a material adverse effect on our ability to pay interest on, and repay the principal amount of, the Notes, as well as our profitability and cash flow. In addition, if you are required to pay PRC income tax on the transfer of our Notes, the value of your investment in our Notes may be materially and adversely affected. It is unclear whether, if we are considered a PRC "resident enterprise," holders of our Notes might be able to claim the benefit of income tax treaties or agreements entered into between China and other countries or areas.

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

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

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

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

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

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

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

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

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

In light of land prices, sizes of projects and other factors, we may from time to time consider developing property developments jointly with third parties, including other PRC property developers. As a result, we may need to make investments in joint ventures (including joint ventures in which we may own less than a 50% equity interest) and such joint ventures may or may not be Restricted Subsidiaries. Although the Indenture restricts us and our Restricted Subsidiaries from making investments in Unrestricted Subsidiaries or minority joint ventures, these restrictions are subject to important exceptions and qualifications, including, among others, that we may, subject to certain conditions, make investments in any minority owned joint ventures primarily engaged in permitted business up to an aggregate amount equal to 5% of our total assets, without satisfying the Fixed Charge Coverage Ratio requirement. We are also permitted to make investments in any minority owned joint venture which are Franchise Companies (as defined in the Indenture) that are engaged in property development, of which we, through contractual agreements, directly or indirectly, controls and managers operations, subject to conditions. See "Description of the Notes."

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

We pay dividends to our shareholders from time to time. Under the Indenture, any such dividend payment will be a "Restricted Payment", which could not be made unless we can, among other things, satisfy the Fixed Charge Coverage Ratio. However, such restriction is subject to important exceptions and qualifications. Under the terms of the Notes, we may pay dividends on our common stock in an aggregate amount up to 20% of our profit for the year without satisfying the Fixed Charge Coverage

Ratio. Additionally, such dividends will not reduce the ''restricted payment'' basket. With such an exception, we may be able pay substantial amount of dividends even when we are highly leveraged, which may materially and adversely affect our ability to service our indebtedness, including the Notes.

The Notes are subject to optional redemption by us

As set forth in ''Description of the Notes — Optional Redemption,'' the Notes may be redeemed at our option in the circumstances set out therein. An optional redemption feature is likely to limit the market value of the Notes. During any period when we may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This may also be the case prior to any redemption period. We may be expected to redeem Notes when the current financing cost is lower than the interest rate on the Notes. In such case, a Noteholder generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to reinvest so at a significantly lower rate. It may therefore cause a negative financial impact on the holders of the Notes. Potential investors should consider reinvestment risk in light of other investments available at that time.

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

We have developed our Green Bond Framework and intend to adopt certain obligations with respect to the issue of Green Bonds as described in the section titled ''Notes Being Issued as Green Bonds.'' We intend to issue Green Bonds to fund new and existing projects and businesses with environmental benefits in alignment with the Green Bond Principles, 2018. We cannot guarantee that we will be able to comply with the obligations as set out in the Green Bond Framework. However, it will not be an event of default under the terms of the Notes if we fail to comply with such obligations. Such failure may affect the value of the Notes and/or may have consequences for certain investors with portfolio mandates to invest in green asses. Therefore, the Notes may not be a suitable investment for all investors seeking exposure to green assets.

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

The Notes are a new issue of securities for which there is currently no trading market. We have been advised that the Initial Purchasers intend to make a market in the Notes, but the Initial Purchasers are not obligated to do so and may discontinue such market making activity at any time without notice. In addition, the Notes are being offered pursuant to exemptions from registration under the U.S. Securities Act and, as a result, you will only be able to resell your Notes in transactions that have been registered under the U.S. Securities Act or in transactions not subject to or exempt from registration under the U.S. Securities Act. See the section entitled ''Transfer Restrictions.'' No assurance can be given as to the liquidity of, or the development and continuation of an active trading market for the Notes. If an active trading market does not develop or is not continued, the market price and liquidity of the Notes could be adversely affected.

The ratings assigned to the Notes and our corporate ratings maybe lowered or withdrawn in the future.

We have received corporate ratings of ''B'' with a stable outlook from S&P, ''B'' with a positive outlook by Fitch and ''B2'' with a positive outlook by Moody's. The Notes are expected to be assigned a rating of ''B3'' by Moody's, ''B–'' by S&P and ''B'' by Fitch. The ratings address our ability to perform our obligations under the terms of the Notes and credit risks in determining the likelihood that payments will be made when due under the Notes. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time. We cannot assure you that a rating will remain for any given period of time or that a rating will not be lowered or withdrawn entirely by the relevant rating agency if in its judgment circumstances in the future so warrant. We have no obligation to inform holders of the Notes of any such revision, downgrade or withdrawal. A suspension, reduction or withdrawal at any time of the rating assigned to the Notes may adversely affect the market price of the Notes.

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

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

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

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

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

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

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

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

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

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

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

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

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

For so long as the Notes are listed on the SGX-ST, we will be subject to continuing listing obligations in respect of the Notes. The disclosure standards imposed by the SGX-ST may be different from those imposed by securities exchanges in other countries. As a result, the level of information that is available may not correspond to what investors in the Notes are accustomed to.

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

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

Unlike the holders of the Notes themselves, owners of book-entry interests will not have the direct right to act upon our solicitations for consents, requests for waivers or other actions from Noteholders. Instead, if you own a book-entry interest, you will be permitted to act only to the extent you have

received appropriate proxies to do so from Euroclear and Clearstream. The procedures implemented for the granting of such proxies may not be sufficient to enable you to vote on a timely basis. Similarly, upon the occurrence of an Event of Default under the Indenture, unless and until definitive registered notes are issued in respect of all book-entry interests, if you own a book-entry interest, you will be restricted to acting through Euroclear and Clearstream. The procedures to be implemented through Euroclear and Clearstream may not be adequate to ensure the timely exercise of rights under the Notes.

RISKS RELATING TO THE SUBSIDIARY GUARANTEES AND THE JV SUBSIDIARY GUARANTEES

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

We conduct substantially all of our business operations through our PRC subsidiaries and U.S. subsidiaries, but none of our current PRC subsidiaries or U.S. subsidiaries will provide a Subsidiary Guarantee or JV Subsidiary Guarantee upon issuance of the Notes. No existing or future PRC subsidiaries will provide a Subsidiary Guarantee or JV Subsidiary Guarantee at any time in the future. No existing or future offshore subsidiaries will provide a Subsidiary Guarantee or JV Subsidiary Guarantee at any time in the future, to the extent the consolidated assets of our U.S. subsidiaries do not exceed 35% of our total assets and the consolidated assets of other non-U.S. offshore subsidiaries do not exceed 10% of our total assets. Moreover, the Notes will not be guaranteed by certain of our other offshore subsidiaries upon issuance. See "Description of the Notes — The Subsidiary Guarantees and JV Subsidiary Guarantees" for a list of the Non-Guarantor Subsidiaries. As a result, the Notes will be effectively subordinated to all the debt and other obligations, including contingent obligations and trade payables, of such Non-Guarantor Subsidiaries. See "Description of the Notes — The Subsidiary Guarantees and JV Subsidiary Guarantees" for a list of the Non-Guarantor Subsidiaries.

The initial Subsidiary Guarantors which will guarantee the Notes do not have significant operations. We cannot assure you that the initial Subsidiary Guarantors or any subsidiaries that may become Subsidiary Guarantors or JV Subsidiary Guarantors in the future will have the funds necessary to satisfy our obligations under Notes if we are unable to do so.

Under the terms of the Notes, a Subsidiary Guarantor may be able to release its Subsidiary Guarantee if it sells or issues no less than 20% of the Capital Stock of such Subsidiary Guarantor to a third party, as long as the consolidated assets of all U.S. Non-Guarantor Subsidiaries (including the resulting New Non-Guarantor Subsidiary from such release) do not account for more than 35.0% of our total assets and (ii) all Other Non-Guarantor Subsidiaries (including such New Non-Guarantor Subsidiary) do not account for more than 10.0% of our total assets.

In addition, a Subsidiary Guarantee may be replaced by a limited-recourse JV Subsidiary Guarantee following the sale or issuance to a third party of certain minority interest in such subsidiary (subject to the satisfaction of certain conditions). Recovery under a JV Subsidiary Guarantee is limited to an amount equal to our proportional interest in the issued share capital of such JV Subsidiary Guarantor multiplied by the fair market value of the total assets in such JV Subsidiary Guarantor and its subsidiaries, on a consolidated basis, as of the date of our last fiscal year-end. See "— Risks Relating to the Notes — We are a holding company and payments with respect to the Notes are structurally subordinated to liabilities, contingent liabilities and obligations of our subsidiaries."

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

Under bankruptcy laws, fraudulent transfer laws, insolvency or unfair preference or similar laws in Bermuda, the BVI, 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 and where applicable, the guarantor, at the time it incurred the indebtedness evidenced by, or when it gives, its guarantee:

- incurred the debt with the intent to hinder, delay or defraud creditors (whenever the transaction took place and irrespective of insolvency) or was influenced by a desire to put the beneficiary of the guarantee in a position which, in the event of the guarantor's insolvency, would be better than the position the beneficiary would have been in had the guarantee not been given;

- received no consideration or received less than reasonably equivalent value or fair consideration for the incurrence of such guarantee;

- was insolvent or rendered insolvent by reason of the incurrence of such guarantee;

- in the case of guarantors incorporated outside of the British Virgin Islands only, was engaged in a business or transaction for which the guarantor's remaining assets constituted unreasonably small capital; or

- intended to incur, or believed that it would incur, debts beyond its ability to pay such debts as they mature.

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

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

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.

CAPITALIZATION AND INDEBTEDNESS

The following table sets forth our capitalization and indebtedness as of December 31, 2018 on an actual basis and as adjusted after giving effect to the issue of the Notes before deducting the underwriting commissions and other estimated expenses payable by us in connection with this offering. The following table should be read in conjunction with our consolidated financial statements and related notes included in this offering memorandum.

	As of December 31, 2018			
	Actual		As adjusted[1]	
	(RMB'000)	(US$'000) (Unaudited)	(RMB'000) (Unaudited)	(US$'000) (Unaudited)
Cash and cash equivalents[2]	5,404,956	786,118	6,754,397	982,286
Current borrowings[3]	683,580	99,423	683,580	99,423
Non-current borrowings[4]**:**				
Borrowings	6,341,015	922,262	6,341,015	922,262
Notes to be issued	—	—	1,349,441	196,268
Total non-current borrowings	6,341,015	922,262	7,690,456	1,118,530
Total equity	4,760,895	692,443	4,760,895	692,443
Total capitalization[5]	11,101,910	1,614,705	12,451,351	1,810,973

Notes:

(1) Figures in the "As adjusted" column reflect the issue of the Notes and the receipt of the gross proceeds thereof after deducting the underwriting commissions and discounts and other estimated expenses payable by us in connection with the issue of the Notes.

(2) Cash and cash equivalents do not include restricted cash of RMB542.3 million (US$78.9 million).

(3) Current borrowings includes the current portion of long-term bank borrowings and other borrowings.

(4) Our total non-current borrowings does not include any accrual for capital and other commitments.

(5) Total capitalization equals total non-current borrowings plus total equity.

Since December 31, 2018, we have entered into certain loan agreements with certain banks or companies. For details about such loans, see "Description of Material Indebtedness and Other Obligations."

Except as otherwise disclosed in this offering memorandum, there has been no material change in our capitalization and indebtedness since December 31, 2018.

USE OF PROCEEDS

We plan to use for refinancing and in accordance with our Green Bond Framework.

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

PURPOSE

This Green Bond Framework has been developed to demonstrate how we will issue Green Bonds to fund new and existing projects and businesses with environmental benefits in alignment with the *Green Bond Principles, 2018*.

ASSERTIONS FROM MANAGEMENT

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

1. Use of Proceeds

With reference to the *Green Bond Principles, 2018*, the proceeds of each Green Bond will be used exclusively for the financing or the re-financing of ''Eligible Projects'', including without limitation, the refinancing of existing debt in relation to, or for general corporate purposes related to, such projects.

''**Eligible Projects**'' refer to projects funded, in whole or in part, by us which that promote the transition to low-carbon and climate resilient growth as determined by us. Eligible Projects target climate mitigation and include investment in the development of sustainable properties.

Eligible Projects are any project that fulfils the following (i) criteria 1 and 2 or (ii) criterion 3 below.

1. Residential buildings environmentally certified in accordance with any one of the following selected certification systems (''Environmental Certification''):

   - New construction or renovation of existing buildings;
   - Chinese Green Building Label (minimum certification ''2 Star'' for Green Building Design Label or Green Building Operation Label); or
   - Any other equivalent Green Building label, that is an equivalent standard as the above.

2. Additional energy saving/performance data for projects mentioned above. Such data shall be anticipated by the management team before project completion and evidenced through third party energy reports as soon as practicable following the completion of the relevant project. Such energy saving/performance data shall provide at least (''Energy performance data''):

   - New construction of buildings.
   - 15% to 30% energy performance improvement or greater.
   - Renovation of existing of buildings.
   - 40% to 60% energy performance improvement, depending on location and other justifiable building benefits.

3. Research and development covering energy efficiency design and technologies for housing and construction (a maximum of 10% limit is established for financing such research and development).

2. Project Evaluation and Selection

Eligible Projects are selected by our treasury department together with the green research and development department.

We will review Environmental Certification and energy performance data for its projects. If such project is compliant with the criteria listed above, it may be earmarked as the use of proceed of Green Bonds issued under this framework, including by way of using the proceeds of the Green Bonds to refinance debt in relation to such projects.

We may commission a qualified third party to investigate and report on building energy performance and therefore determine eligibility for our Green Bond.

3. Management of Proceeds

We will establish a Green Bond eligible investment register for the Green Bond(s) issued. The register will contain, for each Green Bond issued, information including:

1. **Green Bond details:** Including details such as ISIN, issue date, maturity date, principal amount and coupon.

2. **Eligible green investment project list:** Information including:

    - confirmation that earmarked projects conform to our Green Bond Framework;
    - member within our Group that owns the project;
    - environmental Certification (including source and date);
    - energy Performance data (including source and date);
    - project location;
    - amount of investment (state currency);
    - date of investment;
    - progress or construction status; and
    - any other necessary information so that the aggregate of issuance proceeds earmarked to Eligible Projects is recorded.

Any balance of issuance proceeds not earmarked to fund eligible green investments will be held in accordance with our normal treasury or liquidity management policy.

4. Reporting

We will provide an annual update report including:

1. Details of the Green Bonds issued including details such as ISIN, issue date, maturity date, principal amount and coupon;

2. Confirmation of aggregate amount of proceeds earmarked to Eligible Projects;

3. The remaining balance of Green Bond proceeds yet to be earmarked;

4. A list of Eligible Projects earmarked to be funded by the proceeds of the Green Bonds, including information such as building certifications and energy performance data; and

5. A selection of more detailed project examples (where competition and confidentiality considerations allow).

The green bond update report will be available on our website or included in our annual report.

China

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

On May 18, 2007, PBOC enlarged, the floating band for the trading prices in the inter-bank foreign exchange market of the Renminbi against the U.S. dollar from 0.3% to 0.5% around the central parity rate, effective on May 21, 2007. This allows the Renminbi to fluctuate against the U.S. dollar by up to 0.5% above or below the central parity rate published by PBOC. The floating band was further widened to 1.0% on April 16, 2012 and 2.0% on March 17, 2014. The PBOC announces the closing price of a foreign currency traded against the Renminbi in the inter-bank foreign exchange market after the closing of the market on each working day, and makes it the central parity for trading against the Renminbi on the following working day. The changes in currency policy resulted in Renminbi appreciating against the U.S. dollar by approximately 33% from July 21, 2005 to December 31, 2014. For the year ended December 31, 2014, Renminbi depreciated 0.36% against the U.S. dollar, the first depreciation since the Renminbi exchange reform in 2005. The PBOC announced on August 11, 2015 that it would improve the middle price quotation mechanism for determining the USD-RMB exchange rates. On the same day, the daily reference rate for Renminbi against U.S. dollars depreciated by 1.9% to 6.2298 compared with 6.1162 for August 10, 2015. The PRC government may adopt further reforms of its exchange rate system, including making the Renminbi freely convertible in the future.

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

	Noon buying rate			
Period	**Period end**	**Average[(1)]**	**High**	**Low**
		(RMB per US$1.00)		
2012	6.2301	6.2990	6.3879	6.2221
2013	6.0537	6.1412	6.2438	6.0537
2014	6.2046	6.1704	6.2591	6.0402
2015	6.4778	6.2869	6.4896	6.1870
2016	6.9430	6.6400	6.9580	6.4480
2017	6.5063	6.7564	6.9060	6.5063
2018	6.8755	6.6079	6.9737	6.2649
December	6.8755	6.8839	6.9077	6.8343
2019				
January	6.6958	6.7863	6.8708	6.6958
February	6.6912	6.7367	6.7907	6.6822
March	6.7112	6.7119	6.7381	6.6916
April	6.7347	6.7161	6.7418	6.6870
May	6.9027	6.8519	6.9182	6.7319
June (through June 7)	6.9057	6.9065	6.9084	6.9028

Notes:

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

Hong Kong

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

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

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

	Noon buying rate			
Period	**Period end**	**Average[(1)]**	**High**	**Low**
		(HKD per US$1.00)		
2012	7.7507	7.7556	7.7699	7.7493
2013	7.7539	7.7565	7.7654	7.7503
2014	7.7531	7.7554	7.7669	7.7495
2015	7.7507	7.7519	7.7686	7.7495
2016	7.7534	7.7620	7.8270	7.7505
2017	7.7540	7.7949	7.8267	7.8128
2018	7.8305	7.8376	7.8499	7.8043
December	7.8305	7.8187	7.8321	7.8043
2019				
January	7.8463	7.8411	7.8463	7.8308
February	7.8496	7.8477	7.8486	7.8460
March	7.8498	7.8492	7.8499	7.8466
April	7.8451	7.8445	7.8497	7.8368
May	7.8387	7.8478	7.8497	7.8387
June (through June 7)	7.8413	7.8398	7.8419	7.8359

Notes:

(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.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

The following table presents our selected financial information. The selected consolidated statement of comprehensive income for the years ended December 31, 2016, 2017 and 2018 and the selected consolidated statement of financial position as of December 31, 2016, 2017 and 2018 (except for EBITDA data) set forth below have been derived from the audited consolidated financial statements as of and for the years ended December 31, 2017 and 2018, which have been audited by PricewaterhouseCoopers, the independent certified public accountants, and included elsewhere in this offering memorandum.

Our financial statements have been prepared and presented in accordance with HKFRS, which differ in certain respects from generally accepted accounting principles in other jurisdictions. The selected financial information below (except for EBITDA data) should be read in conjunction with the section entitled ''Management's discussion and Analysis of Financial condition and Results of Operations'' and our consolidated financial statements and the notes to those statements included elsewhere in this offering memorandum.

Selected consolidated statement of comprehensive income and other financial data

	For the year ended December 31,			
	2016	2017	2018[3]	2018
	(RMB'000)	(RMB'000)	(RMB'000)	(US$'000) (Unaudited)
Revenue	4,845,008	6,213,931	7,560,526	1,099,633
Cost of sales and services	(4,086,294)	(4,690,410)	(5,406,474)	(786,339)
Gross profit	758,714	1,523,521	2,154,052	313,294
Other income	142,681	150,704	171,562	24,953
Selling expenses	(90,115)	(119,889)	(243,990)	(35,487)
Administrative expenses	(288,754)	(420,235)	(568,935)	(82,748)
Fair value gain on investment properties	41,750	28,910	7,363	1,071
Other gains/(losses), net	392,258	11,991	374,110	54,412
Operating profit	956,534	1,175,002	1,894,162	275,495
Finance costs, net	(194,085)	(238,925)	(299,268)	(43,527)
Share of net profit of associates	45,088	169,453	408,854	59,465
Share of net profit of a joint venture	24,930	21,881	257,991	37,523
Profit before income tax	832,467	1,127,411	2,261,739	328,956
Income tax expense	(225,631)	(406,570)	(821,169)	(119,434)
Profit for the year	606,836	720,841	1,440,570	209,522
Other comprehensive (loss)/income				
Translation differences which may not be subsequently recycled to profit or loss	(122,282)	145,300	(126,796)	(18,442)
Revealuation gain on the property transferring from property, plant and equipment to investment property	—	—	14,515	2,111
Other comprehensive (loss)/income for the year, net of tax	(122,282)	145,300	(112,281)	(16,331)
Total comprehensive income for the year	484,554	866,141	1,328,289	193,191
Profit for the year attributable to:				
The shareholders of the Company	595,439	580,523	1,112,774	161,846
Non-controlling interests	11,397	140,318	327,796	47,676
	606,836	720,841	1,440,570	209,522
Other Financial Data				
EBITDA[1]	848,170	1,552,018	2,662,982	387,315
EBITDA margin[2]	17.5%	25.0%	35.2%	35.2%

Notes:

(1) EBITDA for any year refers to profit for the year before income tax expense, finance costs, interest expense recognized in cost of sales, net exchange gains/(losses), fair value gain on investment properties, gain on disposal of subsidiary/joint venture and depreciation. EBITDA is not a standard measure under HKFRS. EBITDA is a widely used financial indicator of a company's ability to service and incur debt. EBITDA should not be considered in isolation or construed as an alternative to cash flows, 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. For more details, see "Management's Discussion and Analysis of Financial Condition and Results of Operations — Non-GAAP Financial Measures."

(2) EBITDA margin is calculated by dividing EBITDA by revenue for the relevant year, expressed as a percentage.

(3) With effect from January 1, 2018, the Group has adopted HKFRS 9 and HKFRS 15 where the Group is required to reclassify and adjust certain of its financial line items in its financial statements.

Please refer to Note 2.2 of the Group's audited consolidated financial statements for the year ended December 31, 2018 for a discussion on the impact of the adoption of HKFRS 9 and HKFRS 15. As the Group has applied the transitional provisions set out in HKFRS 9 and the modified retrospective approach set out in HKFRS 15, each without requiring any restatement of the corresponding figures of the prior period before January 1, 2018, the Group's consolidated financial information as at and for the years ended December 31, 2016 and 2017 may not be directly comparable against the Group's consolidated financial information after January 1, 2018, including the Group's audited consolidated financial statements for the year ended December 31, 2018.

Selected consolidated statement of financial position

	As at December 31,			
	2016	2017	2018[1]	2018
	(RMB'000)	(RMB'000)	(RMB'000)	(US$'000) (Unaudited)
Non-current Assets				
Investment property	290,920	319,830	505,630	73,541
Property, plant and equipment	21,070	656,245	1,234,573	179,561
Intangible assets	—	—	2,279	331
Interests in associates	744,099	983,077	1,315,706	191,362
Interests in joint ventures	448,646	1,885,436	2,596,047	377,579
Other receivables, prepayments and deposits	425,516	181,826	2,168,445	315,388
Amounts due from related parties	—	1,370,535	—	—
Deferred tax assets	153,609	237,735	352,469	51,264
Goodwill	9,460	9,460	9,460	1,376
	2,093,320	5,644,144	8,184,609	1,190,402
Current assets				
Properties held for sale	395,323	847,831	876,881	127,537
Properties under development	10,379,261	6,658,882	8,688,579	1,263,701
Inventories	23,501	52,069	116,561	16,953
Contract assets	—	—	107,941	15,699
Deposits for purchase of land	42,000	212,125	240,262	34,945
Trade receivables	233,270	629,462	507,708	73,843
Other receivables, prepayments and deposits	328,934	381,341	1,009,187	146,781
Amount due from related parties	818,271	1,559,826	738,353	107,390
Amounts due from non-controlling interests	558,000	571,500	3,391	493
Financial assets at fair value through profit or loss	—	—	176,809	25,715
Prepaid taxes	158,394	139,534	177,738	25,851
Restricted cash	215,722	281,952	542,299	78,874
Cash and cash equivalents	2,761,130	3,341,835	5,404,956	786,118
	15,913,806	14,676,357	18,590,665	2,703,900
Total Assets	18,007,126	20,320,501	26,775,274	3,894,302
Current liabilities				
Creditors and accruals	1,367,759	2,001,908	3,594,198	522,754
Advanced proceeds received from customers	4,924,805	4,051,066	13,869	2,017
Amounts due to non-controlling interests	—	18,110	410,045	59,639
Amounts due to related parties	325,360	2,044,080	2,908,526	423,028
Contract liabilities	—	—	4,510,186	655,979
Borrowings	1,267,990	2,174,458	683,580	99,423
Taxation payable	201,691	270,499	600,761	87,377
	8,087,605	10,560,121	12,721,165	1,850,217
Non-current liabilities				
Borrowings	4,815,351	3,254,957	6,341,015	922,262
Deferred tax liabilities	52,850	75,537	122,556	17,825
Amounts due to related parties	1,787,112	2,714,606	2,804,826	407,946
Amounts due to non-controlling interests	211,492	17,217	—	—
Trade and other payables	—	—	24,817	3,609
	6,866,805	6,062,317	9,293,214	1,351,642
Total Liabilities	14,954,410	16,622,438	22,014,379	3,201,859
Equity				
Capital and reserves attributable to the shareholders of the Company				
Share capital	31,800	31,800	38,702	5,629
Convertible perpetual securities	484,204	495,425	—	—
Reserves	2,384,652	2,964,716	4,344,853	631,933
Non-controlling interests	152,060	206,122	377,340	54,881
Total equity	3,052,716	3,698,063	4,760,895	692,443
Total Liabilities and Equity	18,007,126	20,320,501	26,775,274	3,894,302

Note:

(1) With effect from January 1, 2018, the Group has adopted HKFRS 9 and HKFRS 15 where the Group is required to reclassify and adjust certain of its financial line items in its financial statements.

Please refer to Note 2.2 of the Group's audited consolidated financial statements for the year ended December 31, 2018 for a discussion on the impact of the adoption of HKFRS 9 and HKFRS 15. As the Group has applied the transitional provisions set out in HKFRS 9 and the modified retrospective approach set out in HKFRS 15, each without requiring any restatement of the corresponding figures of the prior period before January 1, 2018, the Group's consolidated financial information as at and for the years ended December 31, 2016 and 2017 may not be directly comparable against the Group's consolidated financial information after January 1, 2018, including the Group's audited consolidated financial statements for the year ended December 31, 2018.

The following discussion should be read in conjunction with the section entitled "Summary Consolidated Financial Information" and our consolidated financial statements, including the notes thereto, included elsewhere in this offering memorandum. All significant intra-group transactions, balances and unrealized gains on intra-group transactions have been eliminated. Our consolidated financial information were prepared in accordance with HKFRS, which differ in certain material respects from generally accepted accounting principles in other jurisdictions. In this section of the offering memorandum, references to "2016", "2017" and "2018" refer to our financial years ended December 31, 2016, 2017 and 2018, respectively.

OVERVIEW

We are a PRC property developer focusing on the development of green, energy-saving and eco-friendly residential properties. According to China Real Estate Association, Shanghai Yiju Real Estate Research Institute and China Real Estate Evaluation and Assessment Center, we have been on the list of the Top 100 China Real Estate Enterprises for nine consecutive years since 2010. We have also been recognized as the China Green Property Developer of the Year for 2017 by the Boao Real Estate Forum in 2017. We have also received a number of awards or recognitions for our various property development projects. We have received the 2015 National Pioneer Award for Green Building from China Green Building Council in 2015, the platinum certification from the German Sustainable Building Committee of the German Sustainable Building Committee ("DGNB") for our Brucker Passive House project in 2016, which was the first time such certification was awarded to a PRC property developer, the Value Creation Award of China Elite Program organized by Yicai.com in 2017, Jingrui Prize Gold Award for our Landsea 8th Renmin Road project from the National Science and Technology Awards Studio of the Ministry of Science and Technology of the PRC in December 2017, 2018 Best 100 China Real Estate Listed Companies with Strongest Comprehensive Strengths from China Real Estate Association, Shanghai Yiju Real Estate Research Institute and China Real Estate Evaluation and Assessment Center in May 2018, and the PHI PLUS Gold Certification from the German Passive House Institute for our Beijing Yanqing Passive House project in 2018. Under our "product differentiation, asset-light transformation and market-internationalization" development strategies, we have expanded our operations into many first and second-tier cities in China, including Shanghai, Hangzhou, Suzhou, Nanjing, Wuhan, Chengdu, Changsha, Hefei, Tianjin and Wuxi, as well as certain other major international cities, such as New York, Boston, San Francisco and Los Angeles, in the United States.

We develop, manage, lease and sell properties in China and the U.S. Under our "product-diversification, asset-light transformation and market-internationalization" strategy, we have transitioned from an asset-heavy real estate developer to an asset-light enterprise focusing on the provision of development, management and real estate financing services. We will continue to follow this strategy and expand our various new projects, instead of obtaining land parcels in prime locations. As of December 31, 2018, we had a total of 99 projects with a total planned GFA of approximately 15,709,907 sq.m., of which approximately 4,435,863 sq.m. were attributable to the Group.

In 2016, 2017 and 2018, our revenue was RMB4,845.0 million, RMB6,213.9 million and RMB7,560.5 million (US$1,099.6 million), respectively, and our profit for the year was RMB606.8 million, RMB720.8 million and RMB1,440.6 million (US$209.5 million), respectively.

SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS AND FINANCIAL CONDITION

We derive our revenue primarily from the sale of properties and leasing of our investment properties. Our results of operations and financial condition are primarily affected by a number of factors, many of which are beyond our control. See "Risk Factors". Such factors include the following:

- economic growth and demand for properties of the cities in which we conduct our business;
- regulatory environment and measures affecting the real estate industry in the PRC;
- availability and cost of financing;

- the product mix and geographic locations of our properties;
- fluctuation in the valuation of our investment property;
- increase in the price of raw materials and labor costs; and
- our execution capability to support further business expansion.

In addition, our business, results of operations and financial conditions are affected by a number of factors, many of which are beyond our control. See "Risk Factors."

Economic Growth of and Demand for Properties in the Cities in which We Conduct Our Business

Our business and results of operations are significantly affected by trends and developments in the PRC and the U.S. economies, including disposable income levels, urbanization rate, population growth and the availability of project and real estate financing, which affect demand for commercial and residential properties in China or the U.S. In the last decade, China has experienced significant economic growth, which has brought a growing and favorable market for us in the cities in which we operate, which are mainly in the Yangtze River Delta region and Northern China. In 2018, our revenue from the sale of properties in the PRC amounted to RMB3,879.1 million (US$564.2 million), which accounted for 51.3% of the total revenue for 2018. We expect continued economic growth and rising demand in the PRC market to support demand for commercial and residential properties over the next several years. In addition, as we continue to expand our business operations in the U.S., economic trends and real estate developments, including developments in the U.S. housing markets, will become increasingly important to our business and results of operations. In 2018, our revenue from the sale of properties in the U.S. amounted to RMB2,527.4 million (US$367.6 million) which accounted for approximately 33.4% of the total revenue for 2018.

Regulatory Environment and Measures Affecting the Real Estate Industry in the PRC

Our business and results of operations have been, and will continue to be, affected by the regulatory environment in the PRC, governmental policies and measures taken by the PRC government on property development and related industries. In recent years, the PRC government has implemented a series of measures with a view to control the growth of the real estate markets. While the real estate industry is regarded as a pillar industry by the PRC government, it has taken various restrictive measures to discourage speculation in the PRC real estate market and to increase the supply of affordable residential properties. From time to time, the PRC government adjusts or introduces macroeconomic control policies to encourage or restrict development in the private property sector by regulating, among others, land grants, pre-sales of properties, bank financing and taxation. Measures taken by the PRC government to control money supply, credit availability and fixed assets also have a direct impact on our business and results of operations. See "Regulations" for more details on the relevant PRC laws and regulations. While we believe it is in the PRC government's interest to stabilize the real estate market, and that the continuous increase of disposable income will continue to support the long-term growth of China's real estate market, we cannot assure that the PRC government will not adopt further measures in the near future that may adversely affect our business and financial performance.

The slowdown of the global economy from 2008 to early 2009 has affected the real estate industry in the PRC. It is difficult to determine the continued impact of the global economic slowdown and financial crisis on the property industry in the PRC due to its unprecedented nature. If the global economic slowdown and financial crisis worsen or become more severe than currently estimated, our business prospects, revenues, cash flows and financial condition could be materially and adversely affected.

Changes in the regulatory environment and measures affecting the real estate industry in general or in cities and regions in which we operate may affect the selling price of our properties as well as the time it will take us to pre-sell or sell the properties developed by us. Lower selling prices, without a corresponding decrease in costs, will adversely affect our gross profit and reduce cash flow generated from the sale of our properties, which may increase our reliance on external financing and negatively impact our ability to finance the continuing growth of our business. A prolonged selling period will

increase our selling and distribution costs as well as reduce the cash flow generated from the sale of our properties for a particular period. On the other hand, higher selling price and a shorter selling period may increase our gross profit, reduce our selling and distribution costs and increase our cash flow for a particular period to enable us to fund the continuing growth of our business.

Availability of Land and Cost of Financing

To have a steady stream of properties available for sale and to achieve continuous growth in the long-term, we need to replenish and increase suitable land reserves at commercially acceptable prices. Land acquisition costs are one of the primary components of our cost of sales for property development, which consists of land premium and where necessary, the cost of demolition of existing buildings and relocation of residents. The cost of acquiring land has a direct and substantial effect on our gross margins. We expect competition among property developers for land in China and the U.S. for suitable land reserves to remain intense, which affects land prices. In addition, PRC governmental land supply policies and implementation measures may further intensify competition for land in China among property developers. For example, in May 2014, the Ministry of Land and Resources promulgated Provisions on the Economical and Intensive Use of Land (節約集約利用土地規定), which set the land premium at no less than the lowest standard of land use fee stipulated by the PRC government. See "Regulations" for more information on the relevant PRC policies and measures. Such policy changes may materially and adversely affect our cash flow and our ability to acquire suitable land for our operations.

We require substantial capital investment for the acquisition of land use rights and the construction of our projects. As of December 31, 2016, 2017 and 2018, our outstanding bank loans amounted to approximately RMB3,273.7 million, RMB1,896.5 million and RMB2,450.7 million (US$356.4 million), respectively. In addition, we also issued the 2018 Notes in the offshore market in 2018. Our ability to secure financing for such purposes affects the number of projects we are able to develop at any time. On January 18, 2010, the PBOC decided to tighten the credit supply by increasing the reserve requirement ratio for commercial banks by 0.5%. On June 11, 2011, the PBOC raised this reserve requirement ratio to its peak of 21.5% for large commercial banks and 18% for small and medium-sized financial institutions. The PBOC then reduced the reserve requirement ratio for commercial banks five times in 2015 and one time in 2016. The reserve requirement ratio currently ranges from 15.5% to 17.0% with effect from February 29, 2016. Our access to capital and cost of financing are affected by restrictions imposed from time to time by the PRC government on bank lending for property development. Interest rates on our commercial bank borrowings vary and are linked to benchmark lending rates published by the PBOC, which fluctuate from time to time.

On the basis of the foregoing, we expect our interest expenses to fluctuate in the future as a result of changes in interest rates and the amount of our outstanding borrowings. See "Description of Material Indebtedness and Other Obligations." We expect our interest costs to fluctuate in future periods as a result of changes in interest rates and the amount of outstanding borrowings.

The Product Mix and Geographic Locations of Our Properties

Our principal source of revenue and cash from operations is derived from the sale of commercial and residential properties and, to a lesser extent, from property development and management services. We also derive recurring revenue from our investment property, which is held for recurring income and/or for capital appreciation. Our results of operations and the sources and amount of our cash from operations may vary significant from period to period depending on the type and volume of our completed projects that we sell or lease, which often depends on the timing of the completion of various stages in the property development process. Our results of operations and cash flows will also vary depending on the market demand at the time we sell or lease our properties, which affects the rental and occupancy rates of our investment property and the selling prices for units in our residential properties. The recurring income and selling prices we receive from, and the occupancy levels of, our property developments depend on local market prices which, in turn, depend on local supply and demand conditions, as well as the type of property being developed.

Fluctuation in the Valuation of Our Investment Property

Our investment property, namely Dawning Tower, is a residential building located in Shenzhen, the PRC. Our investment property is recorded as non-current asset on our consolidated balance sheet and stated at its fair value as of the end of each reporting period on the basis of valuation by independent property valuer based on our current business model. Gains or losses arising from changes in the fair market value of our investment property are accounted for as profit or loss upon revaluation increase or decrease in investment property in our consolidated income statements, which may have a substantial effect on our profits. The property valuation involves the exercise of professional judgement and requires the use of certain bases and assumptions. The bases and assumptions which the valuer uses for the valuation typically includes values realized in comparable precedent transactions in the market for properties of similar size, character and location. The fair market value of our investment property may have been higher or lower if the valuer used a different set of bases or assumptions or if the valuation was conducted by other qualified independent professional valuers using a different set of bases and assumptions. In addition, upward revaluation adjustments reflect unrealised capital gains on our investment properties as of the relevant reporting dates and are not profit generated from the sales or rentals of our investment properties, and do not generate any cash inflow to us until such investment properties are disposed of at similarly revalued amounts. The amounts of revaluation adjustments have been, and may continue to be, significantly affected by the prevailing property markets and may fluctuate significantly. We cannot assure you that we will record fair value gains, or that we will not record fair value losses, in the future. For 2016, 2017 and 2018, we recorded net fair value gains on investment properties net of tax of RMB41.8 million, RMB28.9 million and RMB7.4 million (US$1.1 million), respectively.

Increase in the Price of Raw Materials and Labor Costs

Our results of operations are affected by the costs of labor and raw materials used for construction such as steel and cement. In recent years, wages for construction workers and the prices of raw materials for construction have increased substantially. To the extent that we are not able to pass any increased costs on to our customers, our gross margin and our results of operations would be adversely affected.

To reduce our exposure to price volatility of raw material used for construction, we typically enter into contracts with third party construction contractors pursuant to which the construction contractors are responsible for procuring most of the construction materials for our property development projects. Such contracts usually set fixed or capped unit prices and the total price payable depends on our quantity requirement. Similarly, under the terms of most of our construction contracts, labor wages are paid by the construction contractors and increasing costs of labor are borne by the contractors during the term of such contracts. However, we are exposed to price volatility of labor and construction materials to the extent that we periodically enter into or renew our construction contracts at different terms during the life of a project, which may span over several years. Furthermore, we typically pre-sell our properties prior to their completion and we will not be able to pass the increased costs on to our customers if the labor or raw material costs increase subsequent to the time of such pre-sale.

Our Execution Capability to Support Further Business Expansion

We have been expanding our commercial and residential property development operations in the PRC and the U.S. In 2016, we acquired a total of 25 projects in Nanjing, Shanghai, Suzhou, Hangzhou, Wuhan, Chengdu, Changsha, Hefei, Tianjin and the U.S. 18 of those projects are in the PRC, including 12 projects in which we held equity interest and six development management projects by entrusted independent third parties, and seven projects are in the U.S., including one new project and six existing projects that were injected to our portfolio in 2016, which are mainly in tier-I and tier-II cities in the U.S. The development of projects in these high-growth impose significant demand on our management and other operational resources. Moreover, we will face increased competition and will need to established brand recognition and market acceptance for our developments in these markets. Each of our high-growth tier-I and tier-II cities has its own market conditions, customer requirements and local regulations related to the real estate industry. In addition, our expansion into the U.S. market, which is significantly different from China in terms of market conditions, regulatory compliance requirement and customers, imposes significant demands on our management and other operational resources.

CRITICAL ACCOUNTING POLICIES

We have identified certain accounting policies that are significant to the preparation of our consolidated financial statements. Our significant accounting policies, which are important for an understanding of our financial condition and results of operation, are set forth in detail in Note 4 to our consolidated financial statements included in this offering memorandum. Some of our accounting policies involve subjective assumptions and estimates, as well as complex judgments relating to accounting items such as revenue recognition, cost or expense allocation and provision. In each case, the determination of these items requires management judgments based on information and financial data that may change in future periods. When reviewing our consolidated financial statements, you should consider (i) our selection of critical accounting policies; (ii) the judgment and other uncertainties affecting the application of such policies; and (iii) the sensitivity of reported results to changes in conditions and assumptions. We set forth below those accounting policies that we believe involve the most significant estimates and judgments used in the preparation of our consolidated financial statements.

Revenue recognition for property development and sales

We recognize revenue from sales of properties over time when our performance do not create an asset with an alternative use to us and we have an enforceable right to payment for performance completed to date. For property development and sales contracts for which the control of the property is transferred at a point in time, revenue is recognized when the buyer obtains the physical possession or legal title of the completed property and the consideration amount is collected.

Revenue recognition for management services recognized over period

We recognize revenue from management services associated with fixed and variable fees over time where the customer simultaneously receives and consumers benefits provided by us or we have an enforceable right to payments for performance completed to date and the performance do not create an asset with an alternative use, by reference to completion of the specific transaction assessed on the basis of the actual costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract. Where the outcome of a contract cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are eligible to be recovered.

Classification of subsidiary, joint venture and associate

In the normal course of business, we develop properties together with other developers or institutions, through entering into co-operation agreements with these parties. Our rights and obligations and the other parties are stipulated by respective agreements or requirements, such as co-operation agreements and article of associations of the project companies. Given the complexity of the arrangements, significant judgement is involved in our determination of whether a project company is our subsidiary, joint venture or associate. We make such judgements based on the substance of the arrangements and the definition of subsidiary, joint venture and associate.

Estimated fair value of investment property

Our investment property is stated at fair value which is determined by an independent professional valuer. Such valuation is made based on certain assumptions, which are subject to uncertainties and might materially differ from the actual results. In making the judgement, reasonable consideration has been given to the underlying assumptions that are mainly based on market conditions existing at the reporting date. We regularly compare such estimates to actual market data and actual transactions in the market.

Net realizable value of inventory, properties held for sale and under development

We determine the net realizable value of inventory, properties held for sale and under development by using prevailing market data such as most recent sale transactions. We make such assessment based on certain assumptions, which are subject to uncertainties and might materially differ from the actual

result. In making the judgement, we give reasonable considerations to the underlying assumptions that are mainly based on market condition existing at the reporting date. We regularly compare such estimates to actual market data and actual transactions in the market.

Income taxes and deferred tax

We are subject to income taxes in Hong Kong, the United States and the PRC. We make significant judgement in our determination of the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain in the ordinary course of business. We recognize liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the year in which such determination is made.

We recognized deferred income tax assets relating to certain temporary differences and tax losses when we consider it is likely that future taxable profits will be available against which the temporary differences or tax losses can be utilized. When the expectations are different from the original estimates, such differences will impact the recognition of deferred income tax assets and income tax charges in the period in which such estimates are changed.

PRC land appreciation taxes

We are subject to land appreciation taxes in the PRC. However, the implementation and settlement of LAT varies among various tax jurisdictions in cities of the PRC, and we have not yet finalized our LAT calculation and payments with local tax authorities in the PRC for most of its property development projects. Accordingly, we used significant judgement in determining the amount of land appreciation and its related taxes. We recognize these liabilities based on our management's best estimates. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax expenses and provisions of land appreciation taxes in the period in which such determination is made.

Impairment of interests in associates and joint ventures

We follow the guidance of HKAS 36 in identifying any impairment indicator for interests in our associate and joint ventures. We use significant judgement in making such determinations. We evaluate, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and short-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

Assessment of the Impact of HKFRS new standards and amendments adopted by us

We have adopted HKFRS 15 and HKFRS 9 since January 1, 2018. We summarize the effect of the adoption of such standards as below:

- HKFRS 15 (Revenue from contracts with customers): Our revenue from pre-sales of properties under development is recognized when or as the control of the asset is transferred to the customer. Depending on the terms of the contract and the applicable laws that apply to the contract, control of the property under development may transfer over time or at a point in time. When the control of the property is transferred over time, revenue is recognized over the period of the contract by reference to the progress towards completion of the performance obligation. Otherwise, our revenue is recognized at a point in time when the customer obtains control of the completed property. Based on our assessment, the adoption of HKFRS 15 has some impact on our financial statements, including accounting for cost incurred to obtain a contract, presentation of liabilities or assets related to contracts with customers, and significant financing component.

- HKFRS 9 (Financial instruments): HKFRS 9 introduces a new model, the expected credit losses model, to replace the current incurred loss model for the recognition of impairment losses through a ''three-stage'' approach, which is based on the change in credit quality of financial assets since initial recognition. Under the new model, assets move through the three stages as credit quality changes and the stages dictate how an entity measures impairment losses and applies the effective interest rate method.

  HKFRS 9 introduces new classification requirements for financial assets, which are based on the entity's business model and its contractual cash flow characteristics. For non-derivative financial liabilities designated at fair value through profit or loss, changes in fair value due to changes in the liability's own credit risk will be recognized in other comprehensive income.

  Our financial assets and liabilities as previously measured at amortized costs continue with their respective classification and measurements. We revised our impairment methodology under HKFRS 9 for relevant financial assets that are subject to expected credit loss model.

  The detailed impact from the adoption of HKFRS 9 and HKFRS 15 are set forth in Note 2.2 to our consolidated financial statements included in this offering memorandum.

Assessment of the Potential Impact from HKFRS new standards or amendments that have not yet become effective nor adopted by us

The Hong Kong Institute of Certified Public Accountants has issued a number of new HKFRS standards and amendments which have not become effective as of the date of the issuance of the audited consolidated financial statements as of and for the year ended December 31, 2018. We have commenced an assessment of such new standards or amendments and believe that certain of which are relevant to our operations, financial performance and/or financial position. We do not intend to adopt such standards or amendments before their respective effective dates. We summarize the results of our preliminary assessment on HKFRS 16 below:

- HKFRS 16 (Leases): HKFRS 16 introduces new provisions for the accounting treatment of leases and will no longer allow lessees to recognize certain leases outside the balance sheet. Under the new standard, all non-current leases will be recognized in the form of an asset for the right to use and a financial liability for the payment obligation. Accordingly, each lease will be recorded in our consolidated balance sheet. The detailed impacts from the adoption of HKFRS 16 are set forth in Note 2.1 to our consolidated financial statements included in this offering memorandum.

DESCRIPTION OF CERTAIN STATEMENT OF COMPREHENSIVE INCOME ITEMS

Revenue

Our revenue in 2016, 2017 and 2018 consisted of (i) property development and management service fee income from third parties, associates and joint ventures and fellow subsidiaries, (ii) sale of properties in the PRC, the U.S. and Hong Kong, (iii) decoration service income and (iv) rental and management fee income.

The following table sets forth a breakdown of our revenue by sources for the periods indicated.

	For the year ended December 31,						
	2016		2017		2018		
	(RMB'000)	%	(RMB'000)	%	(RMB'000)	(US$'000) (Unaudited)	%
Sale of properties and lands in:							
the PRC	3,834,225	79.1	4,048,718	65.2	3,879,123	564,195	51.3
the U.S.	287,008	6.0	1,330,845	21.4	2,527,428	367,599	33.4
Management services fee income	623,171	12.8	753,225	12.1	999,699	145,400	13.2
Decoration service income	74,141	1.5	46,313	0.7	—	—	—
Rental and management fee on investment property income	26,463	0.6	26,548	0.4	28,826	4,192	0.4
Long-term rental apartment income	—	—	8,282	0.1	125,450	18,246	1.7
Total revenue	4,845,008	100.0	6,213,931	100.0	7,560,526	1,099,632	100.0

Sale of properties and lands

For sale of properties and lands, revenue is recognized when significant risks and rewards of ownership of the properties are transferred to our customers. We consider that the significant risks and rewards of ownership of our properties sold are transferred when the construction of relevant properties has been completed and the properties and lands have been delivered to the customers. As we derive our revenue primarily from sale of properties and lands, our results of operations for a given period are dependent on the total GFA and ASP of properties we delivered during such period. Our results of operations may vary significantly from period to period depending on the development and delivery schedules of our properties in any given period.

In 2016, 2017 and 2018, our revenue from sale of properties and lands amounted to RMB4,121.2 million, RMB5,379.6 million and RMB6,406.6 million (US$931.8 million), respectively, which accounted for 85.1%, 86.6% and 84.7% of our total revenue, respectively.

Management service fee income

For management service fee income, we generate revenue from the provision of general management service, sales management service, green technical system integration service and brand authorization service to third parties, our associates and joint venture and fellow subsidiaries. Revenue is recognized when the services are rendered.

In 2016, 2017 and 2018, our management service fee income amounted to RMB623.2 million, RMB753.2 million and RMB999.7 million (US$145.4 million), respectively, which accounted for 12.9%, 12.1% and 13.2% of our total revenue, respectively.

Decoration service income

For decoration service income, we generate revenue by providing decoration services to properties developed by us and other real estate developers. The revenue is recognized when the services are rendered.

In 2016 and 2017, our decoration service income amounted to RMB74.1 million and RMB46.3 million, respectively, which accounted for 1.5% and 0.7% of our total revenue, respectively.

Rental and management fee income

For rental and management fee income, we receive rental and management fee from our investment property in Shenzhen, the PRC. Revenue is recognized on a time proportion basis over the lease terms.

In 2016, 2017 and 2018, our rental and management fee income amounted to RMB26.5 million, RMB26.5 million and RMB28.8 million (US$4.2 million), respectively, which accounted for 0.5%, 0.4% and 0.4% of our total revenue, respectively.

Long-term rental apartment income

For long-term apartment rental income, we receive rental income from long-term rental apartments in the PRC. Revenue is recognized on a time proportion basis over the term of the lease.

In 2017 and 2018, our long-term apartment rental income amounted to RMB8.3 million and RMB125.5 million (US$18.2 million), which accounted for approximately 0.1% and 1.7% of our revenue for the year.

Cost of Sales and Services

Our cost of sales and services primarily includes cost of sale of properties and lands in the PRC and the U.S., cost of construction, capitalised finance, property tax, wages, salaries and allowances and other taxes.

Cost of sale of properties and lands are incurred directly for our property and land development activities. The main component of cost of sale of properties and lands for our property and land development business is the cost of properties sold, which includes the cost of construction, costs of land and capitalized finance costs on related borrowings during the period of construction.

- Construction costs include all the costs for the design and construction of a project, including payments to third party contractors and designers and costs of construction materials. Price movements of raw materials and other related supplies may increase our construction costs.

- Costs of land include costs relating to the acquisition of rights to occupy, use and develop land, and primarily represent land premiums incurred in connection with land grants from the PRC government or land obtained in the secondary market transfer, cooperative arrangement, corporate acquisition or otherwise. Our costs of land are influenced by a number of factors, including the location of the property, the timing of the acquisition, the project's size and/or plot ratios, the method of acquisition and changes in PRC regulations. We may also be required to pay demolition and resettlement costs.

Gross Profit

In 2016, 2017 and 2018, our gross profit was RMB758.7 million, RMB1,523.5 million and RMB2,154.1 million (US$313.3 million), respectively, and our gross profit margins were 15.7%, 24.5% and 28.5%, respectively. Our gross profit margins increased primarily because of an increase in revenue from the development and management services with higher gross profit margins in 2018.

Other Income

Our other income primarily include interest income from amounts due from joint ventures and associates, interest income from loan to third parties and deposits paid for acquisition of an associate, bank interest income, government grant and subsidy income. Our other income amounted to RMB142.7 million, RMB150.7 million and RMB171.6 million (US$25.0 million) in 2016, 2017 and 2018, respectively.

Selling Expenses

Our selling expenses primarily include sales commission, salaries of sales personnel, marketing and advertising cost and other operation costs of sales offices.

Our selling expenses amounted to RMB90.1 million, RMB119.9 million and RMB244.0 million (US$35.5 million) for 2016, 2017 and 2018, respectively.

Administrative Expenses

Our administrative expenses primarily include board meeting expense, depreciation, legal and professional fee, office rent and rates, provision of impairment loss of trade receivables, salary (including bonus), staff welfare and other administrative expenses.

Our administrative expenses amounted to RMB288.8 million, RMB420.2 million and RMB568.9 million (US$82.7 million) for 2016, 2017 and 2018, respectively.

Fair Value Gain on Investment Property

Investment property is interests in the land and buildings held to earn recurring rental income. Investment property is stated at their fair value as of each reporting date. Gains or losses arising from changes in the fair value of our investment property are included in our consolidated statements of profit or loss in the period in which they arise. Changes in the fair value of the investment property will affect our results of operation.

In 2016, 2017 and 2018, we recorded change in fair value of investment property of RMB41.8 million, RMB28.9 million and RMB7.4 million (US$1.1 million), respectively. These adjustments reflected unrealized capital gains on our investment property, and thus did not generate cash.

Net Other Gains/(Losses)

Our net other gains/(losses) primarily include net exchange gains/(losses), gain on disposal of subsidiaries and gains on disposal of property, plant and equipment. Our other net gains were RMB392.3 million, RMB12.0 million and RMB374.1 million (US$54.4 million) in 2016, 2017 and 2018, respectively.

Finance Costs

Our finance costs mainly include interest expense on borrowings a less capitalized interest and other finance charges. Our finance costs amounted to RMB194.1 million, RMB238.9 million and RMB299.3 million (US$43.5 million) in 2016, 2017 and 2018, respectively. Under HKFRS, borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalized as part of the cost of these assets. Furthermore, interest expenses can only be capitalized during the construction period and finance costs incurred prior to and after the construction period must be expensed. In 2016, 2017 and 2018, our interest expenses (excluding financial cost of financing component of contracts with customers) were RMB581.9 million, RMB534.3 million and RMB517.7 million (US$75.3 million), respectively.

Share of Gains/(Losses) of Associates

In 2016, our share of losses of associates was RMB45.1 million, mainly attributable to the loss in profits from Nanjing Xueheng Properties Co., Ltd. in 2016. In 2017 and 2018, our share of profits of associates were RMB169.5 million and RMB408.9 million (US$59.5 million), respectively, mainly attributable to the increase in profits in Suzhou Science and Technology Town Landsea Property Co., Ltd. and Nanjing Merchant Xingsheng Property Development Co., Ltd. for 2017, and Nanjing Aojian Properties Co., Ltd., Nanjing Xueheng Properties Co., Ltd. and Shanghai Kunhong Co., Ltd. for 2018.

Share of Gains/(Losses) of Joint Ventures

In 2016, our share of losses of joint ventures was RMB24.9 million, mainly attributable to the loss in profits from Suzhou Langhong Property Limited in 2016. In 2017 and 2018, our share of profits of joint venture were RMB21.9 million, and RMB258.0 million (US$37.5 million), respectively, mainly attributable to the increase in profits in Suzhou Langhong Property Limited, Avora and L.S. Boston Point LLC.

Income Tax Expense

Income tax expense represent PRC enterprise income tax and LAT payable by our subsidiaries in China and profits tax payable by our subsidiaries in Hong Kong and the U.S., respectively. In 2016, 2017 and 2018, our effective tax rate was 27.1%, 36.1% and 36.3%, respectively. Effective tax rates are derived by dividing total tax charge for the relevant period by profit before tax for that period. The following table sets forth a breakdown of our income tax expense for the periods indicated:

	For the year ended December 31,			
	2016	2017	2018	
	(RMB'000) (Restated)	(RMB'000)	(RMB'000)	(US$'000) (Unaudited)
Current tax:				
Hong Kong profits tax				
Tax expense for the year	—	1,770	—	—
Over-provision in prior years	(1,832)	—	—	—
PRC enterprise income tax				
Tax expense for the year	266,544	383,903	497,342	72,335
U.S. profits tax				
Tax expense for the year	170	—	76,194	11,082
PRC LAT	16,884	103,087	393,938	57,296
Deferred tax	(56,135)	(82,190)	(146,305)	(21,279)
Total income tax expense	225,631	406,570	821,169	119,434

The Hong Kong profits tax has been provided at 16.5% for each of the years of 2016, 2017 and 2018. The PRC enterprise income tax has been calculated at the applicable tax rate on the assessable profits for each of the 2016, 2017 and 2018. Under the EIT Law, the tax rate of the PRC subsidiaries is 25% except for Shanghai Landsea Planning Construction Design Co., Ltd. from 2016 to 2018.

LAT expense represents the LAT payable in relation to our properties delivered during the period. LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value in the ordinary course of sales and is recorded when the property is delivered and revenue is recognized.

Our U.S. subsidiaries were subject to the U.S. profits tax at the rate of 40.09%, 39.87% and 26.68% in 2016, 2017 and 2018, respectively.

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation taxable profit. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the tax rates that have been enacted or substantially enacted by the end of the reporting period. In 2016, 2017 and the 2018, our deferred tax liabilities mainly represented revaluation of investment properties, unrealized exchange gains and difference in capitalized interests.

RESULTS OF OPERATIONS

The following table sets forth our results of operations for the periods indicated which are derived from the consolidated statement of comprehensive income included in this offering memorandum. Our historical results presented below are not necessarily indicative of future results.

	Year ended December 31,			
	2016	2017	2018	2018
	(RMB'000)	(RMB'000)	(RMB'000)	(US$'000) (Unaudited)
Revenue	4,845,008	6,213,931	7,560,526	1,099,633
Cost of sales and services	(4,086,294)	(4,690,410)	(5,406,474)	(786,339)
Gross profit	758,714	1,523,521	2,154,052	313,294
Other income	142,681	150,704	171,562	24,953
Selling expenses	(90,115)	(119,889)	(243,990)	(35,487)
Administrative expenses	(288,754)	(420,235)	(568,935)	(82,748)
Fair value gain on investment properties	41,750	28,910	7,363	1,071
Other gains/(losses), net	392,258	11,991	374,110	54,412
Operating profit	956,534	1,175,002	1,894,162	275,495
Finance costs, net	(194,085)	(238,925)	(299,268)	(43,527)
Share of losses of associated companies	45,088	169,453	408,854	59,465
Share of loss of a joint venture	24,930	21,881	257,991	37,523
Profit before income tax	832,467	1,127,411	2,261,739	328,956
Income tax expense	(225,631)	(406,570)	(821,169)	(119,434)
Profit for the year	606,836	720,841	1,440,570	209,522
Other comprehensive (loss)/income:				
Translation differences which may not be subsequently recycled to profit or loss	(122,282)	145,300	(126,796)	(18,442)
Revealuation gain on the property transferring from property, plant and equipment to investment property	—	—	14,515	2,111
Other comprehensive (loss)/income for the year, net of tax	(122,282)	145,300	(112,281)	(16,331)
Total comprehensive income for the year	484,554	866,141	1,328,289	193,191
Profit for the year attributable to:				
The shareholders of the Company	595,439	580,523	1,112,774	161,846
Non-controlling interests	11,397	140,318	327,796	47,676
	606,836	720,841	1,440,570	209,522
Total comprehensive income for the year attributable to:				
The shareholders of the Company	454,413	744,968	998,260	145,191
Non-controlling interests	30,141	121,173	330,029	48,000
	484,554	866,141	1,328,289	193,191

The year ended December 31, 2018 compared to the year ended December 31, 2017

Revenue

Our revenue was RMB7,560.5 million (US$1,099.6 million) in 2018, compared with RMB6,213.9 million in 2017, representing an increase of RMB1,346.6 million or 21.7%, primarily due to an increase in revenue from sales of properties, development and management services income and rental and property management fee income.

Property development and sales

Our property development and sales income was RMB6,406.5 million (US$931.8 million) in the year ended December 31, 2018, compared with RMB5,425.9 million in the year ended December 31, 2017, primarily due to an increase in our property development and sales income in the U.S.

Management services

Our management services income was RMB999.7 million (US$145.4 million) in the year ended December 31, 2018, compared with RMB753.2 million in the year ended December 31, 2017, representing an increase of RMB246.5 million, or 32.7%, primarily due to an increase from development management services and sales management services.

Rental income from office property investment

Our rental income from office property investment was RMB28.8 million (US$4.2 million) in the year ended December 31, 2018, compared with RMB26.5 million in the year ended December 31, 2017, representing an increase of RMB2.3 million, or 8.7%, primarily due to the fact that our newly added investment property Wuxi Neighbourhood Union commenced operation in 2018.

Rental income from long-term rental apartments

Our rental income from long-term rental apartments was RMB125.5 million (US$18.3 million) in the year ended December 31, 2018, compared with RMB8.3 million in the year ended December 31, 2017, representing an increase of RMB117.2 million, or 1,412.0%, primarily due to an increase in number of our apartments in operation.

Cost of sales

Our cost of sales was RMB5,406.5 million (US$786.3 million) in the year ended December 31, 2018, compared with RMB4,690.4 million in the year ended December 31, 2017, representing an increase of RMB716.1 million, or 15.3%, primarily due to an increase in our revenue.

Gross Profit

As a result of the foregoing, our gross profit was RMB2,154.1 million (US$313.3 million) in the year ended December 31, 2018, compared with RMB1,523.5 million in the year ended December 31, 2017, representing an increase of RMB630.8 million, or 41.4%, from the year ended December 31, 2017 to 2018.

Gross profit margin

Our gross profit margin increased to 28.5% in the year ended December 31, 2018 from 24.5% in the year ended December 31, 2017, primarily due to an increase in revenue from the development and management services with higher gross profit margin.

Other income

Our other income was RMB171.6 million (US$24.9 million) in the year ended December 31, 2018, compared with RMB150.7 million in the year ended December 31, 2017, representing an increase of RMB20.9 million, or 13.9%, primarily due to an increase in government grants.

Selling expenses

Our selling expenses were RMB244.0 million (US$35.5 million) in the year ended December 31, 2018, compared with RMB119.9 million in the year ended December 31, 2017, representing an increase of RMB124.1 million, or 103.5%, primarily due to an increase in our contract sales from consolidated projects resulting in an increase in pre-project promotion fees and sales commission.

Administrative expenses

Our administrative expenses were RMB568.9 million (US$82.7 million) in the year ended December 31, 2018, compared with RMB420.2 million in the year ended December 31, 2017, representing an increase of RMB148.7 million, or 35.4%, primarily due to an increase in the number of our employees.

Fair value gain on investment properties

Our fair value gain on investment properties was RMB7.4 million (US$1.1 million) in the year ended December 31, 2018, compared with RMB28.9 million in the year ended December 31, 2017, representing a decrease of RMB21.5 million, or 74.4%, primarily due to the decrease in appreciation of our investment properties, which primarily due to the stable real estate market.

Other losses/(gains), net

Our net other gains were RMB374.1 million (US$54.4 million) in the year ended December 31, 2018, compared with the other gains of RMB12.0 million in the year ended December 31, 2017, representing an increase of RMB362.1 million, or 3,017.5%, primarily because we recorded unrealized foreign gains in 2018 arising from foreign currency loans and current accounts between the subsidiaries of the Group.

Finance costs

Our finance costs were RMB323.0 million (US$47.0 million) in the year ended December 31, 2018, compared with RMB249.0 million in the year ended December 31, 2017, representing an increase of RMB74.0 million, or 29.7%, primarily because we adopted asset-light strategy and our new projects mainly include non-consolidated projects of joint ventures and association, resulting that the capitalized portion of interest payable decreased, while the portion charged to finance costs recognized for 2018 has increased.

Share of gains of associates

Our share of gains were RMB408.9 million (US$59.5 million) in the year ended December 31, 2018, compared with RMB169.5 million in the year ended December 31, 2017, primarily due to the increase in net profits from our associated companies such as Nanjing Aojian Properties Co., Ltd., Nanjing Xueheng Properties Co., Ltd. and Shanghai Kunhong Co., Ltd..

Share of gains of joint ventures

Our share of gains of joint ventures were RMB258.0 million (US$37.5 million) in the year ended December 31, 2018, compared with RMB21.9 million in the year ended December 31, 2017, primarily due to the increase in net profits from our joint ventures such as Suzhou Langhong Property Limited, Avora and L.S. Boston Point LLC.

Income tax expense

Our income tax expense was RMB821.2 million (US$119.4 million) in the year ended December 31, 2018, compared with RMB406.6 million in the year ended December 31, 2017, representing an increase of RMB414.6 million, or 102.0%, primarily due to a significant increase of assessable profit in 2018.

Profit for the year

As a result of the foregoing, our profit for the year increased by RMB719.8 million, or 99.9% to RMB1,440.6 million (US$209.5 million) in the year ended December 31, 2018.

The year ended December 31, 2017 compared to the year ended December 31, 2016

Revenue

Our revenue was RMB6,213.9 million in 2017, compared with RMB4,845.0 million in 2016, representing an increase of RMB1,368.9 million, or 28.3%, primarily due to an increase in the sale of properties in the PRC and the United States of RMB5,379.6 million.

Sale of properties and lands

Our sale of properties and lands was RMB5,379.6 million in the year ended December 31, 2017, compared with RMB4,121.2 million in the year ended December 31, 2016, representing an increase of RMB1,258.3 million, or 30.5%, primarily due to the increase in the ASP for the projects and the number of projects that we delivered in the year ended December 31, 2017.

Management service fee income

Our property management fee income was RMB753.2 million in the year ended December 31, 2017, compared with RMB623.2 million in the year ended December 31, 2016, representing an increase of RMB130.0 million, or 20.9%, primarily due to an increase in our management services to independent third parties.

Decoration service income

Our decoration service income was RMB46.3 million in the year ended December 31, 2017, compared with RMB74.1 million in the year ended December 31, 2016, representing an decrease of RMB27.8 million, or 37.5%, primarily due to the decrease of decoration service provided to third parties.

Rental and management fee income

Our rental and management fee income was RMB26.5 million in the year ended December 31, 2017, compared with RMB26.5 million in the year ended December 31, 2016. This is primarily because there was no rental income from an unit on the second floor of our investment property, Landsea Tower, in Shenzhen, the PRC, from February to June 2017, due to improvement works performed during that period.

Cost of sales

Our cost of sales was RMB4,690.4 million in the year ended December 31, 2017, compared with RMB4,086.3 million in the year ended December 31, 2016, representing an increase of RMB604.1 million, or 14.8%, primarily due to the increase in our revenue and the margins of sales of properties and land which are of low gross profit.

Gross Profit

As a result of the foregoing, our gross profit was RMB1,523.5 million in the year ended December 31, 2017, compared with RMB758.7 million in the year ended December 31, 2016, representing an increase of RMB764.8 million, or 100.8%, from the year ended December 31, 2016 to 2017.

Gross profit margin

Our gross profit margin decreased to 24.5% in the year ended December 31, 2017 from 15.7% in the year ended December 31, 2016, primarily due to the changes in the proportion of income from traditional property sales.

Other income

Our other income was RMB150.7 million in the year ended December 31, 2017, compared with RMB142.7 million in the year ended December 31, 2016, representing an increase of RMB8.0 million, or 5.6%, primarily due to the increase in interest income from joint ventures and associates and an increase in interest income from non-controlling interests.

Selling expenses

Our selling expenses were RMB119.9 million in the year ended December 31, 2017, compared with RMB90.1 million in the year ended December 31, 2016, representing a decrease of RMB29.8 million, or 33.1%, primarily due to an decrease in our pre-sale marketing and advertising fees and sales commissions.

Administrative expenses

Our administrative expenses were RMB420.2 million in the year ended December 31, 2017, compared with RMB288.8 million in the year ended December 31, 2016, representing an increase of RMB131.4 million, or 45.5%, primarily due to our significant expansion of business scale as compared to last year, including the expansion into new businesses such as long-term rental apartment and significant increase in staff number.

Fair value gain on an investment property

Our fair value gain on an investment property was RMB28.9 million in the year ended December 31, 2017, compared with RMB41.8 million in the year ended December 31, 2016, representing a decrease of RMB12.9 million, or 30.9%, primarily due to the change in fair value of our investment property, Landsea Tower, in Shenzhen, the PRC.

Other losses/(gains), net

Our net other losses were RMB12.0 million in the year ended December 31, 2017, compared with the other gains of RMB392.3 million in the year ended December 31, 2016, representing a decrease of RMB380.3 million, or 96.7%, primarily due to our net exchange losses for the year 2017 which were due to the period end retranslation of RMB-denominated borrowing from RMB to HK$ or US$.

Finance costs

Our finance costs were RMB238.9 million in the year ended December 31, 2017, compared with RMB194.1 million in the year ended December 31, 2016, representing an increase of RMB44.8 million, or 23.1%, primarily due to the increase in interests payables related to certain projects of our joint ventures and associates, which were no longer consolidated and capitalized as a result of our asset-light strategy but were charged to our finance costs.

Share of gains of associates

Our share of gains were RMB169.5 million in the year ended December 31, 2017, compared with RMB45.1 million in the year ended December 31, 2016, primarily due to the increase in revenue from Suzhou Science and Technology Town Landsea Property Co., Ltd..

Share of losses of joint ventures

Our share of losses of joint ventures were RMB21.9 million in the year ended December 31, 2017, compared with RMB24.9 million in the year ended December 31, 2016, primarily due to the decrease in losses from Nanjing Langrun Property Development Company Limited.

Income tax expense

Our income tax expense was RMB406.6 million in the year ended December 31, 2017, compared with RMB225.6 million in the year ended December 31, 2016, representing an increase of RMB181.0 million, or 80.2%, primarily due to the significant increase in our taxable profit in 2017.

Profit for the year

As a result of the foregoing, our profit for the year increased by RMB114.0 million, or 18.8% to RMB720.8 million in the year ended December 31, 2017.

LIQUIDITY AND CAPITAL RESOURCES

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

	For the year ended December 31,			
	2016	2017	2018	
	(RMB'000)	(RMB'000)	(RMB'000)	(US$'000) (Unaudited)
Net cash generated from operating activities	1,793,175	631,998	1,326,754	192,968
Net cash used in investing activities	(1,302,510)	(1,875,739)	(1,101,653)	(160,229)
Net cash generated from financing activities	987,564	1,795,415	1,704,655	247,932
Net (decrease)/increase in cash and cash equivalents	1,478,229	551,674	1,929,756	280,671
Cash and cash equivalents at beginning of year	1,262,269	2,761,130	3,341,835	486,050
Cash and cash equivalents at the end of the year	2,761,130	3,341,835	5,404,956	786,118

Cash flows generated from operating activities

We generate cash flow from operating activities primarily from the proceeds from our property sales, including pre-sales of properties under development, and payables from creditors and accruals. We primarily use cash in operating activities for property developments and deposits for purchase of land.

Net cash generated from operating activities was RMB1,326.8 million (US$193.0 million) in the year ended December 31, 2018, which was primarily due to net cash generated from operations of RMB2,526.3 million (US$367.4 million), partially offset by (i) tax paid of RMB675.4 million (US$98.2 million) and (ii) interest paid of RMB524.2 million (US$76.2 million). Cash generated from operations prior to changes in working capital was RMB1,865.9 million (US$271.4 million). Changes in working capital contributed to a net cash inflow of RMB1,208.5 million (US$175.8 million), primarily attribute to (i) an increase in trade and other payables of RMB1,662.8 million (US$241.8 million), (ii) a decrease in properties under development of RMB326.2 million (US$47.4 million), and (iii) a decrease in contract assets of RMB105.3 million (US$15.3 million), partially offset by (i) an increase in trade and other receivables, prepayments and deposits of RMB680.2 million (US$98.9 million), (ii) an increase in properties held for sale of RMB149.6 million (US$21.8 million), and (iii) an increase in employ share trust of RMB19.6 million (US$2.9 million).

Net cash generated from operating activities was RMB632.0 million in the year ended December 31, 2017, which was primarily due to net cash generated from operations of RMB1,532.0 million, partially offset by (i) tax paid of RMB401.1 million and (ii) interest paid of RMB415.0 million. Cash generated from operations prior to changes in working capital was RMB875.0 million. Changes in working capital contributed to a net cash inflow of RMB8,573.2 million, primarily attribute to (i) a decrease in properties under development of RMB1,430.0 million, (ii) an increase in creditors and accruals of RMB1,394.2 million and (iii) an increase in amount due to related parties of RMB1,019.4 million, partially offset by (i) an increase in amount due from related parties of RMB1,223.8 million, (ii) a decrease in advanced proceeds received from customers of RMB873.7 million, and (iii) increase in trade receivables of RMB461.8 million.

Net cash generated from operating activities was RMB1,793.2 million in 2016, which was primarily due to net cash generated in operations of RMB2,411.6 million, partially offset by (i) income tax paid of RMB268.8 million, (ii) interest paid of RMB233.5 million and (iii) PRC LAT and other tax prepaid of RMB116.1 million. Cash generated from operations prior to changes in working capital was RMB761.7 million. Changes in working capital contributed to a net cash inflow of RMB1,649.9 million, primarily attributable to (i) an increase in advanced proceeds received from customers of RMB1,943.0 million, (ii) an increase in payables from creditors and accruals of RMB1,567.6 million and (iii) a decrease in deposits for purchase of land of RMB687.3 million, partially offset by (i) an increase in properties under development of RMB1,220.8 million, (ii) an increase in other receivables, prepayments and deposits of RMB905.4 million and (iii) an increase in properties held for sale of RMB223.3 million.

Investing Activities

Our net cash used in investing activities was RMB1,101.7 million (US$160.2 million) in the year ended December 31, 2018, primarily attributable to (i) funding to related parties of RMB1,872.8 million (US$272.4 million), (ii) capital injection to joint ventures of RMB669.8 million (US$97.4 million), and (iii) purchases of property, plant and equipment of RMB668.7 million (US$97.3 million), partially offset by collection of funding to related parties of RMB1,892.8 million (US$275.3 million) and dividend from joint ventures of RMB239.7 million (US$34.9 million).

Our net cash used in investing activities was RMB1,875.7 million in the year ended December 31, 2017, primarily attributable to (i) payments for acquisitions of subsidiaries of RMB1,946.6 million, (ii) an increase in interests in joint ventures of RMB1,000.4 million, (iii) Purchases of property, plan and equipment of RMB646.8 million, partially offset by collection of funding to related parties of RMB1,278.3 million and proceeds from disposal of subsidiaries (net of cash and cash equivalents) of RMB776.2 million.

Our net cash used in investing activities was RMB1,302.5 million in 2016, primarily attributable to (i) payments for acquisitions of subsidiaries of RMB1,686.0 million, (ii) an increase in amount due from non-controlling interests of RMB558.0 million, (iii) an increase in other receivables, prepayments and deposits of RMB338.3 million and (iv) an increase in interests in associates of RMB324.9 million, partially offset by a decrease in amounts due from related parties of RMB1,421.0 million and proceeds from disposal of subsidiaries (net of cash and cash equivalents) of RMB312.6 million.

Financing Activities

Our net cash generated from financing activities was RMB1,704.7 million (US$247.9 million) in the year ended December 31, 2018, primarily attributable to proceeds from borrowings of RMB6,248.4 million (US$908.8 million) and proceeds from related parties of RMB2,320.1 million (US$337.4 million), partially offset by repayment of borrowings of RMB4,789.1 million (US$696.5 million) and repayment to related parties of RMB1,374.9 million (US$200.0 million).

Our net cash generated from financing activities was RMB1,795.4 million in the year ended December 31, 2017, primarily attributable to proceeds from borrowings of RMB2,887.0 million and proceeds from related parties of RMB2,080.0 million, partially offset by repayment of borrowings of RMB2,319.1 million and repayment to related parties of RMB453.2 million.

Our net cash generated from financing activities was RMB987.6 million in 2016, primarily attributable to proceeds from borrowings of RMB4,579.7 million and the increase in amounts due to related parties of RMB1,533.6 million, partially offset by repayment of borrowings of RMB4,315.2 million and repayment of issuance of the 2014 Private Notes of RMB667.8 million.

INDEBTEDNESS AND CONTINGENT LIABILITIES

Indebtedness

The following table sets forth a breakdown of our secured bank and other borrowings as of the dates indicated by maturity:

	As of December 31,			
	2016	2017	2018	
	(RMB'000)	(RMB'000)	(RMB'000)	(US$'000) (Unaudited)
Indebtedness by maturity:				
Within one year	1,267,990	2,174,458	683,580	99,423
Between one and two years	2,022,747	188,019	4,441,395	645,974
Over two years	2,792,604	3,066,938	1,899,620	276,288
	6,083,341	5,429,415	7,024,595	1,021,685

The following table sets forth a breakdown of our secured bank and other borrowings as of the dates indicated by type:

	As of December 31,			
	2016	2017	2018	
	(RMB'000)	(RMB'000)	(RMB'000)	(US$'000) (Unaudited)
Loans from the ultimate holding company	1,662,177	1,665,000	1,665,000	242,164
Bank borrowings:				
in RMB	2,852,685	1,447,900	1,176,600	171,129
in US$	212,131	217,888	928,180	141,135
in HK$	208,912	230,708	345,924	44,176
Sell and buyback arrangement (in US$)	—	270,345	285,967	41,592
Senior private notes in US$	685,457	659,534	1,380,528	200,789
Junior private notes in US$	309,000	—	—	—
EB-5 loans in US$	152,979	521,334	575,112	83,647
Loan under asset management scheme	—	326,706	350,306	50,950
Discounted bank accepted note	—	90,000	316,983	46,103
Total	6,083,341	5,429,415	7,024,595	1,021,685
Less: short-term borrowings and current portion of long-term borrowings	(1,267,990)	(2,174,458)	(683,580)	(99,423)
Non-current portion of borrowings	4,815,351	3,254,957	6,341,015	922,262

Our bank borrowings consist of long-term and short-term loans by us and our subsidiaries from banks in the PRC, the United States and Hong Kong. Our bank borrowings carry interest ranging from 3.19% to 8.6% per annum and certain of our bank borrowings and other borrowings are secured by, among others, guarantees from our ultimate holding company, restricted cash, properties held for sale owned by subsidiaries of the ultimate holding company, property under development, equity interest of certain subsidiaries of the Company and investment property. For more details on the bank borrowings, see "Description of Material Indebtedness and Other Obligations — PRC Loan Agreements" and "Description of Material Indebtedness and Other Obligations — Offshore Facility Agreements." We maintain stable long-term relationships with various financial institutions, such as Bank of China, Agricultural Bank of China, Pingan Bank, Industrial and Commercial Bank of China, Bank of Jiangsu, China Jianshang Bank, China Minsheng Bank and China Construction Bank.

Our other borrowings mainly consist of the senior notes which include the 2018 Notes, trust financing agreement with trust companies and loans from our ultimate holding company. For more details on these borrowings, see "Description of Material Indebtedness and Other Obligations — PRC Loan Agreements," and "Description of Material Indebtedness and Other Obligations — Offshore Facility Agreements."

Contingent liabilities

We entered into agreements with various financial institutions to provide mortgage loan facilities to our customers to purchase our properties. In accordance with industry practice, we are required to provide guarantees to these banks in respect of mortgages provided to such customers. Guarantees for such mortgages are generally discharged at the earlier of: (i) registration of mortgage interest to the bank, or (ii) the settlement of mortgage loans between the mortgagee banks and the purchasers. If a purchaser defaults on the mortgage loan, we are typically required to purchase the underlying property by paying off the mortgage loan with any accrued and unpaid interest and penalty based on the loan agreement. If we fail to do so, the mortgagee banks will auction the underlying property and recover the balance from us if the outstanding loan amount exceeds the net foreclosure sale proceeds. In line with the industry practice, we do not conduct independent credit checks on our customers but rely on the credit checks conducted by the mortgagee. As of December 31, 2016, 2017 and 2018, our maximum amount of guarantees provided to banks for mortgage facilities granted to our customers amounted to RMB2,649.0 million, RMB2,140.6 million and RMB2,110.4 million (US$306.9 million), respectively.

In addition to guarantees we provided in respect of mortgage facilities to our customers, as of December 31, 2018, we provided a guarantee of RMB184.3 million (US$26.8 million) to a subsidiary of our joint venture, LS-Boston Point LLC, for the joint venture, Fenway Ventures Point Properties LLC's bank borrowings. As of December 31, 2018, certain of our subsidiaries provided corporate guarantees to each other in respect of their borrowings. We believe that our subsidiaries have sufficient financial resources to fulfill their obligations under these borrowings.

Commitments

In 2016, 2017 and 2018, our contractual commitments consisted of primarily of capital commitments we made in relation to purchase of leasehold land and development expenditure, including construction cost design fees and consultation fees.

Capital commitments

Our capital commitments primarily relate to the development costs. We had the following capital commitments as of the dates indicated:

	As of December 31,			
	2016	2017	2018	
	(RMB'000) (Restated)	(RMB'000)	(RMB'000)	(US$'000) (Unaudited)
Authorized but not contracted for:				
Development expenditure	2,157,049	864,765	—	—
Contracted but not provided for:				
Development expenditure	1,909,406	1,534,328	567,194	82,495
Purchase of leasehold land payments	—	854,724	863,122	125,536
Renovation expenditure	—	84,527	316,795	46,076

MARKET RISK

We are exposed to various types of market risks, including interest rate risk, foreign currency risk, credit risk and liquidity risk in the normal course of our business.

Interest rate risk

We have no significant interest-bearing assets and liabilities other than our bank deposits and borrowings. Borrowings at variable rates expose us to cash flow interest rate risk which is partially offset by cash held at variable rates. Borrowings at fixed rates expose us to fair value interest rate risk. We closely monitor trend of interest rate and its impact on our interest rate risk exposure. We currently do not use any interest rate swap arrangements but will consider hedging interest rate risk should the need arise.

An increase in interest rates may also adversely affect our prospective purchasers' ability to obtain financing and depress overall housing demand. Higher interest rates may adversely affect our revenue, gross profits and profits.

Foreign currency risk

We and our subsidiaries mainly operate in the PRC, the United States and Hong Kong and most of our transactions are denominated in Renminbi, U.S. dollars and Hong Kong dollars, respectively. RMB is currently not a freely convertible currency. The PRC government controls the convertibility of RMB into foreign currencies and, in certain cases, the remittance of currency out of the PRC. Accordingly, our foreign currency risk mainly arises from our and our U.S. subsidiaries' certain borrowings and other current liabilities that are denominated in Renminbi. We recognize foreign exchange gain or loss on our statement of comprehensive income due to changes in value of assets and liabilities denominated in foreign currencies during the relevant accounting period. We did not enter into forward exchange contracts to hedge our exposure to foreign exchange risk.

Credit risk

We do not have concentrations on credit risk and our cash transactions are limited to high credit quality institutions. Our maximum exposure to credit risk in relation to financial assets is the carrying amounts of cash and cash equivalents, restricted cash and trade and other receivables shown in the consolidated balance sheets. As of December 31, 2016, 2017 and 2018, substantially all our bank deposits were placed with major financial institutions in the PRC, which we believe are of high credit quality without significant credit risk. For the trade receivables arising from sales of properties, we manage the credit risk by fully receiving cash or properly arranging the purchasers' mortgage loan financing procedures before delivery of properties unless strong credit records of the purchasers could be established. We closely monitor the collection of progress payments from the purchasers in accordance with payment schedule agreed with customers and have policies in place to ensure that sales are made to purchasers with an appropriate financial strength and appropriate amount of down-payments. Meanwhile, we have the right to cancel the contracts if the purchasers are in default of payment

obligations. We also have monitoring procedures to ensure that follow-up actions are taken to recover overdue balances. We have no significant concentrations of credit risk, with exposure spread over a number of counterparties and customers. We have provided guarantees to secure obligations of purchasers of our properties under their mortgage loans. See the section headed ''-Indebtedness and Contingent Liabilities-Contingent Liabilities'' for detailed disclosure of such guarantees. For other receivables, we assess the credit quality of the counter parties by taking into account their financial position, credit history and other factors. We also regularly review the recoverability of these receivables and follow up the disputes or amounts overdue, if any. We believe that the risk of default by our counter parties is low.

Liquidity risk

Our primary cash requirements have been for the payments for property development projects and operating expenses. We finance our working capital requirements mainly through internal resources and borrowings from shareholders and banks.

We monitor our current and expected liquidity requirements with the objective of ensuring that it maintains sufficient cash balances and adequate credit facilities to meet our liquidity requirements. See ''— Indebtedness and Contingent Liabilities — Indebtedness'' for more details on our borrowings.

Non-GAAP Financial Measures

We use EBITDA to provide additional information about our operating performance. EBITDA refer to our profit before the following items:

- finance costs;
- interest expense recognized in cost of sales;
- fair value gain on investment properties;
- net exchange gains/(losses);
- gain on disposal of subsidiary/joint venture;
- income tax expense; and
- depreciation.

EBITDA is not a standard measure under HKFRS. As the property development business is capital intensive, capital expenditure requirements and levels of debt and interest expenses may have a significant impact on the profit for the year of companies with similar operating results. Therefore, we believe the investor community commonly uses this type of financial measure to assess the operating performance of companies in our market sector.

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

The following table reconciles our profit for the year under HKFRS to our definition of EBITDA for the years indicated.

	Year ended December 31,			
	2016	2017	2018	
	(RMB'000)	(RMB'000)	(RMB'000)	(US$'000) (Unaudited)
Profit for the year	606,836	720,841	1,440,570	209,522
Adjustment				
Income tax expense	225,631	406,570	821,169	119,434
Finance costs	194,085	238,925	299,269	43,527
Interest expense recognized in cost of sales	243,153	219,241	423,927	61,658
Net exchange gains/(losses)	(226,898)	270,320	(185,188)	(26,934)
Fair value gain on investment properties	(41,750)	(28,910)	(7,363)	(1,071)
Gain on disposal of subsidiary/joint venture	(165,304)	(286,227)	(186,475)	(27,122)
Depreciation	12,417	11,258	57,073	8,301
EBITDA	848,170	1,552,018	2,662,982	387,315

Unless otherwise specified, the information set forth in this section has been extracted, in part, from various official government publications. Such information has not been independently verified by us, the Initial Purchasers, or any of our and their affiliates or advisors. The information may be inaccurate, incomplete, out-of-date or inconsistent with other information compiled within or outside the PRC.

OVERVIEW OF THE PRC ECONOMY REVIEW OF THE PRC ECONOMY

The PRC economy has grown significantly since the PRC government introduced economic reforms in the late 1970s. China's accession to the World Trade Organization in 2001 has further accelerated the reform of the PRC economy. China's GDP increased from approximately RMB9,921 billion in 2000 to approximately RMB90,031 billion in 2018, reflecting a CAGR of approximately 11.56%.

The table below sets out selected economic statistics for China for the years indicated.

Economic statistics of the PRC

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Nominal GDP (RMB billion)	21,944	27,023	31,952	34,090	41,303	48,930	54,037	59,524	64,397	68,905	74,413	82,075	90,031
Real GDP growth rate . . .	12.70%	14.20%	9.70%	9.40%	10.60%	9.50%	7.90%	7.80%	7.30%	6.90%	6.70%	6.80%	6.60%
Per capita GDP (RMB). . .	16,738	20,505	24,121	26,222	30,876	36,403	40,007	43,852	47,203	49,229	53,980	59,201	64,644
Total investment in fixed assets (RMB billion) . .	11,000	13,732	17,283	22,460	25,168	31,149	37,468	44,629	51,202	56,200	60,647	64,124	64,568

Source: National Bureau of Statistics of China, MOFCOM

Notes:

(1) CAGR refers to compound annual growth rate

(2) NA means not applicable

(3) NA means not available

During each of the years from 2004 to 2007, the PRC's real GDP recorded double-digit growth. In 2008, the global economic crisis caused a slowdown in the global capital and credit markets as well as the world economy, which in turn adversely affected the domestic market in the PRC, including our target cities. In 2008, the PRC's real GDP growth declined significantly to 9.7% compared to 14.2% in 2007. In view of the negative impact of the global economic crisis on the PRC economy, the PRC government launched a RMB4 trillion economic stimulus plan in November 2008. Since the inception of the economic stimulus plan, the PRC stock market has shown signs of recovery. Stock prices of companies in sectors such as real estate, construction, raw materials, machinery and energy have generally increased. In addition, the economic stimulus plan has had a positive impact on domestic consumption and demand in the PRC.

By the end of 2009, it appeared that the PRC economy was showing signs of recovery. By 2010, real GDP growth of the PRC climbed back to the double-digit growth rate with 10.6%. The PRC was poised to move from export dependency to development of an internal market. In mid-2010, the PRC became the world's second largest economy, surpassing Japan's economy and second only to the U.S. economy. In the second quarter of 2010, the PRC's economy was valued at US$1.33 trillion, as compared with the Japan's economy at US$1.28 trillion. Despite the fact that its real GDP slowed down to 9.5% in 2011, the PRC remained one of the fastest growing economies in the world.

Currently, the Chinese economy is undergoing a transition from investment-driven economy to a consumption-driven one. Its GDP growth rate fell below 7% in 2015, which is the first time since 2009. The GDP growth rate is 6.6% in 2018.

THE PRC PROPERTY MARKET

Overview

We believe the economic growth of the PRC, the increase in disposable income, the emergence of the mortgage lending market and the increase in the urbanization rate, are key factors in sustaining the growth of the PRC's property market. Government housing reforms continue to encourage private ownership and it is expected that an increasing proportion of urban residents who will own private properties will continue to increase over the coming years in the near future. According to the National Bureau of Statistics of China, the PRC's urbanization rate, i.e., the proportion of the population residing in urban areas, rose from approximately 44.9% in 2007 to approximately 59.6% in 2018. Increases in the urban population of the PRC will likely result in increases in demand for residential properties. The table below describes the PRC's urbanization rate for the years indicated.

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Urban population (million)	594	607	622	666	691	712	731	749	771	793	813	831
Total population (million)	1,321	1,328	1,335	1,341	1,347	1,354	1,361	1,368	1,375	1,383	1,390	1,395
Urbanization rate (%)	44.9	45.7	46.6	49.7	51.3	52.6	53.7	54.8	56.1	57.3	58.5	59.6

Source: National Bureau of Statistics of China

Property price and supply

Supply of properties in the PRC also increased from approximately 606 million sq.m. in 2007 to approximately 936 million sq.m. in 2018.

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Total GFA completed (million sq.m.)	606	665	727	787	926	994	1,014	1,075	1,000	1,061	1,015	936
Total GFA sold (million sq.m.)	774	660	948	1,048	1,094	1,113	1,306	1,207	1,285	1,574	1,694	1,717
GFA of residential properties sold (million sq.m.)	701	593	862	934	965	985	1,157	1,052	1,124	1,375	1,448	1,479
Average price of commodity properties (RMB per sq.m.)	3,864	3,800	4,681	5,032	5,357	5,709	6,237	6,323	6,793	7,476	7,892	8,737
Average price of residential properties (RMB per sq.m.)	3,645	3,576	4,459	4,725	4,993	5,430	5,850	5,932	6,473	7,203	7,614	8,544

Source: National Bureau of Statistics of China

The total GFA sold was different from the total GFA completed in the years indicated because of the difference in timing of completion and sales of properties. Total GFA completed and GFA of residential properties sold increased from approximately 606 million sq.m. and 701 million sq.m. in 2007 to approximately 936 million sq.m. and 1,479 million sq.m. in 2018 due to continuation of urbanization and hence construction and sales of residential units.

The average price of commodity properties sold in the PRC increased from RMB3,864 per sq.m. in 2007 to RMB8,737 per sq.m. in 2018, while the average price of residential properties sold increased from RMB3,645 per sq.m. to RMB8,544 per sq.m. during the same period.

Key real estate reforms and policies in the PRC

For details of recent real estate reforms and recent regulatory developments, please refer to the section headed "Laws and Regulations — Regulations on the Real Estate Project Development" in this prospectus.

REAL ESTATE INDUSTRY IN OUR MAIN TARGET CITIES

Changsha

Changsha is the capital city of Hunan Province and is a major port, handling rice, cotton, timber and livestock. Being the distribution point on the railway from Hankou to Guangzhou, it is also a commercial and industrial center in south central China.

According to the Changsha Municipal Bureau of Statistics, Changsha had a population of approximately 8.2 million at the end of 2018 In 2018 its GDP reached approximately RMB1,100 billion. The table below sets forth selected economic indicators relating to Changsha for the years indicated.

Changsha economic indicators

													2007–2018 CAGR	
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Changsha	China
GDP (RMB billion)	219	300	374	455	562	640	715	782	851	932	1,054	1,100	15.81%	11.56%
GDP per capita (RMB)	33,711	45,765	56,620	69,941	79,530	89,903	99,570	107,683	115,443	123,681	135,388	139,000	13.74%	11.00%
Disposable income for urban households (RMB)	16,153	18,282	20,238	22,814	26,451	30,288	33,662	36,826	39,961	43,294	46,948	50,792	10.98%	9.98%

Source: Changsha Municipal Bureau of Statistics

According to the Changsha Municipal Bureau of Statistics in 2017 and 2018, residential properties with a total GFA of approximately 8.1 million sq.m. and 9.8 million sq.m., respectively, were completed and residential properties with a total GFA of approximately 18.2 million sq.m. and 19.7 million sq.m., respectively, were sold in Changsha. The average selling price per sq.m. in 2018 was RMB7,797.

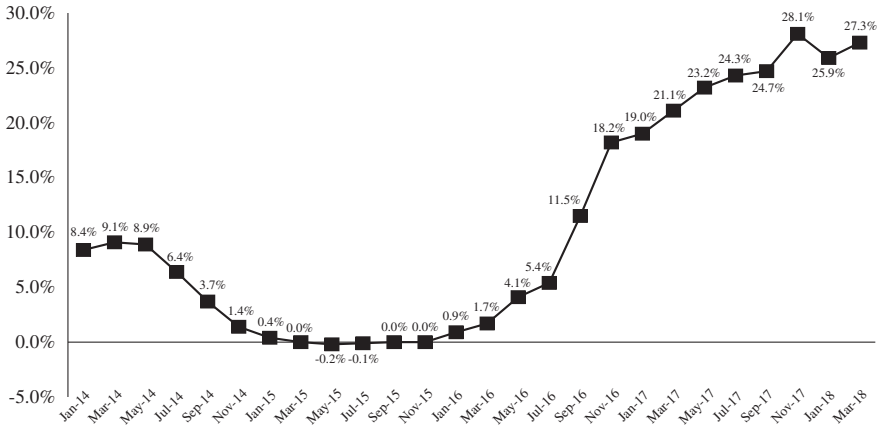
Changsha property market indicators

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
GFA Completed ('000 sq.m.)	5,831	6,429	11,046	11,613	11,637	11,310	10,676	10,423	9,495	11,060	8,051	9,768
GFA under construction ('000 sq.m.)	25,999	35,779	50,985	54,466	59,608	53,310	61,117	65,628	62,028	62,158	61,803	68,430
GFA sold ('000 sq.m.)	9,285	8,023	13,580	16,240	13,942	13,853	16,595	13,314	16,871	23,082	18,238	19,733
Average price (RMB/sq.m.)	3,191	3,165	3,533	4,322	5,481	5,603	5,759	5,458	5,544	6,160	7,286	7,797

Source: Changsha Municipal Bureau of Statistics

The sales price of residential properties in Changsha has continued to increase but the growth rate has slowed down in recent years. The following chart shows the changes in Changsha new residential housing price as compared to 2015 price level.

Changsha new residential housing price as compared to 2014 and 2015 price level



Hefei

Hefei is the capital of Anhui Province in Eastern China. Due to its central location relative to the Eastern regions, it is a major railroad hub and a regional hub for industrial production in Anhui Province.

According to the Hefei Municipal Bureau of Statistics, Hefei had a population of approximately 8.0 million at the end of 2018. In 2018, its GDP reached approximately RMB782 billion, representing a per capita GDP of RMB97,470. The table below sets forth selected economic indicators relating to Hefei for the years indicated.

Hefei economic indicator

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2007–2018 CAGR Hefei	2007–2018 CAGR China
GDP (RMB billion)	133	166	210	270	364	416	467	516	566	627	721	782	17.48%	11.56%
GDP per capita (RMB)	28,125	34,482	41,543	47,392	48,563	55,186	61,555	67,394	73,102	80,136	91,113	97,470	11.96%	11.00%
Disposable income for urban households (RMB)	13,427	15,591	17,158	19,051	22,459	25,434	28,083	29,348	31,989	34,852	37,972	41,484	10.80%	9.98%

Source: Jiujiang Municipal Bureau of Statistics

According to the Hefei Municipal Bureau of Statistics, in 2017 and 2018, residential properties with a total GFA of approximately 7.8 million sq.m. and 9.1 million sq.m., respectively, were completed and residential properties with a total GFA of approximately 9.6 million sq.m. and 11.0 million sq.m., respectively, were sold in Hefei. The average selling price per sq.m. in 2016 was RMB13,068.

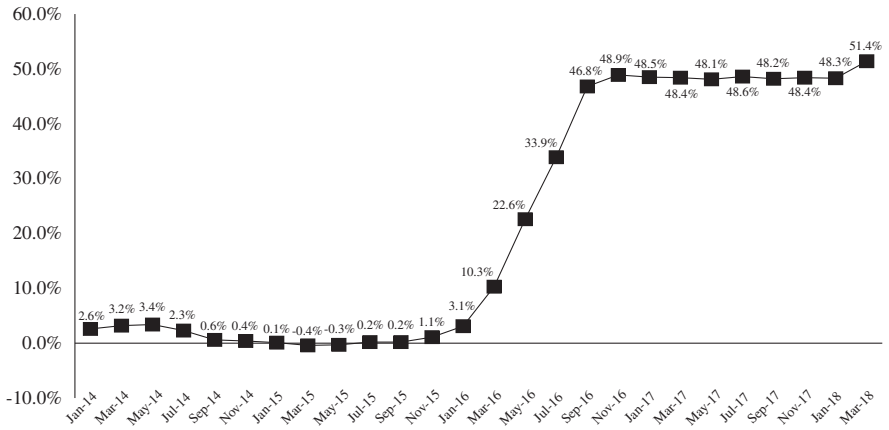
Hefei property market indicators

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
GFA Completed ('000 sq.m.)	5,121	4,634	4,777	5,794	6,642	7,253	10,723	7,007	7,095	8,606	7,799	9,092
GFA under construction ('000 sq.m.)	33,579	38,149	44,323	51,797	41,199	42,359	46,798	44,856	43,264	46,804	48,546	49,186
GFA sold ('000 sq.m.)	9,392	8,674	11,803	8,639	10,584	11,173	14,517	13,262	12,859	17,057	9,605	11,039
Average price (RMB/sq.m.)	3,154	3,425	4,095	5,502	5,608	5,754	6,084	6,917	7,512	9,312	11,442	13,068

Source: Hefei Municipal Bureau of Statistics

The following chart shows the changes in Hefei new residential housing price as compared to 2015 price level.

Hefei new residential housing price as compared to 2014 and 2015 price level



Wuhan

Wuhan is the capital of Hubei Province in Central China. Historically, Wuhan has become a commerce center since Sui Dynasty. Today, Wuhan is one of the most important industrial center, transportation hub and education base in China.

According to the Wuhan Municipal Bureau of Statistics, Wuhan had a population of approximately 11.1 million at the end of 2018. In 2018, its GDP reached approximately RMB1,485 billion, representing a per capita GDP of RMB135,136. The table below sets forth selected economic indicators relating to Wuhan for the years indicated.

Wuhan economic indicator

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2007–2018 CAGR Wuhan	2007–2018 CAGR China
GDP (RMB billion)	314	396	456	552	676	800	905	1,007	1,091	1,191	1,341	1,485	15.17%	11.56%
GDP per capita (RMB)	35,258	44,148	50,117	56,310	67,427	79,089	88,564	97,403	104,132	111,469	123,831	135,136	12.99%	11.00%
Disposable income for urban households (RMB)	14,358	16,712	18,385	20,806	23,738	27,061	29,821	33,270	36,436	39,737	43,405	47,359	11.46%	9.98%

Source: Wuhan Municipal Bureau of Statistics

According to the Wuhan Municipal Bureau of Statistics in 2017 and 2018, residential properties with a total GFA of approximately 6.0 million sq.m. and 3.1 million sq.m., respectively, were completed and residential properties with a total GFA of approximately 30.9 million sq.m. and 32.3 million sq.m., respectively, were sold in Wuhan. The average selling price per sq.m. in 2018 was RMB12,678.

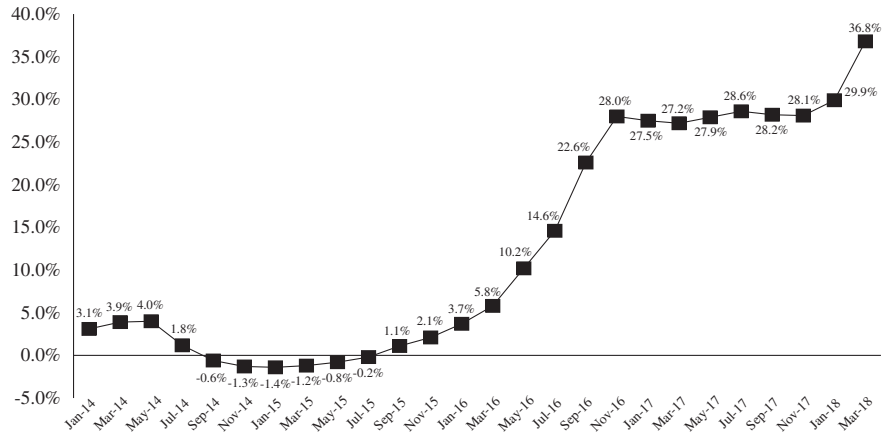
Wuhan property market indicators

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
GFA Completed ('000 sq.m.)	8,116	7,682	8,246	7,335	9,692	9,009	5,297	6,460	6,546	6,001	5,978	3,057
GFA under construction ('000 sq.m.)	26,596	32,221	35,810	38,117	44,895	50,690	62,257	73,054	79,744	83,348	84,199	82,639
GFA sold ('000 sq.m.)	10,699	6,832	10,414	10,915	11,822	13,905	17,504	19,790	24,138	29,311	30,858	32,298
Average price (RMB/sq.m.)	4,516	4,680	5,199	5,552	6,676	6,895	7,238	7,399	8,404	9,819	11,453	12,678

Source: Wuhan Municipal Bureau of Statistics

The following chart shows the changes in Wuhan new residential housing price as compared to 2015 price level.

Wuhan new residential housing price as compared to 2014 and 2015 price level



Shanghai

Shanghai is the biggest finance center in China, also one of the most populous city in the world. For centuries, Shanghai has played an important role in China as a shipping and trading town. In 1990s, Pudong Development Policy boosted Shanghai's economy, and in 2013, Shanghai became the first free trade zone in mainland China.

According to the Shanghai Municipal Bureau of Statistics, Shanghai had a population of approximately 24.2 million at the end of 2018. In 2018, its GDP reached approximately RMB3,268 billion. The table below sets forth selected economic indicators relating to Shanghai for the years indicated.

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2007–2018 CAGR Shanghai	2007–2018 CAGR China
GDP (RMB billion)	1,200	1,370	1,490	1,687	1,920	2,010	2,160	2,356	2,496	2,747	3,013	3,268	9.54%	11.56%
GDP per capita (RMB)	64,592	72,536	77,556	73,297	81,772	84,444	89,444	97,131	103,363	113,731	N/A	N/A	N/A	11.00%
Disposable income for urban households (RMB)	23,623	26,675	28,838	31,838	36,230	40,188	43,851	47,710	49,867	54,305	58,988	64,183	9.51%	9.98%

Source: Shanghai Municipal Bureau of Statistics, National Bureau of Statistics

According to the National Bureau of Statistics in 2017 and 2018, residential properties with a total GFA of approximately 18.6 million sq.m. and 17.3 million sq.m., respectively, were completed and residential properties with a total GFA of approximately 13.4 million sq.m. and 13.3 million sq.m., respectively, were sold in Shanghai. The average selling price per sq.m. in 2018 was RMB28,981.

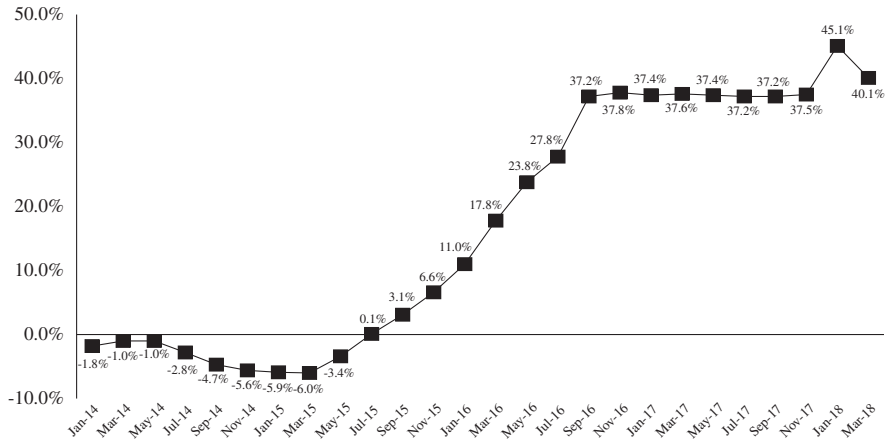
Shanghai Residential properties

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
GFA Completed ('000 sq.m.)	28,436	18,994	15,221	14,154	15,497	16,091	14,174	15,355	15,890	15,329	18,627	17,303
GFA under construction ('000 sq.m.)	77,899	70,602	65,812	73,441	83,863	83,157	81,255	85,259	83,721	80,739	80,138	75,204
GFA sold ('000 sq.m.)	32,792	19,659	29,280	16,854	14,737	15,926	20,158	17,809	20,092	20,198	13,416	13,333
Average price (RMB/sq.m.)	8,253	8,182	12,364	14,213	13,448	13,870	16,192	19,650	21,501	25,910	24,866	28,981

Source: National Bureau of Statistics

The following chart shows the changes in Shanghai new residential housing price as compared to 2015 price level.

Shanghai new residential housing price as compared to 2014 and 2015 price level



Suzhou

Suzhou, a city west of Shanghai, is known for its canals, bridges and classical gardens. Today, Suzhou is one of the most important business hub and logistic center in Yangtze River Delta region.

According to the Suzhou Municipal Bureau of Statistics, Suzhou had a population of approximately 10.7 million at the end of 2018. In 2018, its GDP reached approximately RMB1,850 billion. The table below sets forth selected economic indicators relating to Suzhou for the years indicated.

Suzhou economic indicator

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2007–2018 CAGR Suzhou	2007–2018 CAGR China
GDP (RMB billion)	570	670	774	923	1,050	1,201	1,302	1,376	1,450	1,548	1,730	1,850	11.30%	11.56%
GDP per capita (RMB)	64,617	73,395	82,604	88,159	102,129	114,029	123,200	130,000	136,300	145,556	N/A	N/A	N/A	11.00%
Disposable income for urban households (RMB)	21,260	23,862	26,320	29,219	33,070	37,531	41,143	46,677	50,400	54,341	58,806	63,500	10.46%	9.98%

Source: Suzhou Municipal Bureau of Statistics

According to the Suzhou Municipal Bureau of Statistics in 2017 and 2018, residential properties with a total GFA of approximately 14.7 million sq.m. and 10.1 million sq.m., respectively, were completed and residential properties with a total GFA of approximately 16.9 million sq.m. and 17.9 million sq.m., respectively, were sold in Suzhou. The average selling price per sq.m. in 2018 was RMB16,212.

Suzhou Residential properties

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
GFA Completed ('000 sq.m.)	25,251	12,295	15,094	12,215	11,024	13,862	12,275	11,294	12,746	14,028	14,720	10,072
GFA under construction ('000 sq.m.)	N/A	N/A	N/A	58,181	58,417	60,494	68,559	76,524	79,386	85,547	84,008	83,371
GFA sold ('000 sq.m.)	N/A	N/A	N/A	11,829	9,835	12,631	16,334	14,461	19,409	22,586	16,879	17,883
Average price (RMB/sq.m.)	N/A	N/A	N/A	8,213	9,028	8,980	9,479	9,639	10,335	13,596	15,414	16,212

Source: Suzhou Municipal Bureau of Statistics

Nanjing

Nanjing is the capital of Jiangsu province. Situated in the heartland of Yangtze River Delta, it has been a major center of culture, education, research, economy and tourism.

According to the Nanjing Municipal Bureau of Statistics, Nanjing had a population of approximately 8.4 million at the end of 2018. In 2018, its GDP reached approximately RMB1,282 billion, representing a per capita GDP of RMB152,886. The table below sets forth selected economic indicators relating to Nanjing for the years indicated.

Nanjing economic indicator

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2007–2018 CAGR Nanjing	2007–2018 CAGR China
GDP (RMB billion)	328	378	423	501	615	720	801	882	972	1,050	1,172	1,282	13.19%	11.56%
GDP per capita (RMB)	44,852	50,327	52,290	62,594	75,785	88,525	98,011	107,545	118,171	127,264	141103	152,886	11.79%	11.00%
Disposable income for urban households (RMB)	20,317	23,123	25,504	28,312	32,200	36,322	39,881	42,568	46,104	49,997	54,538	59,308	10.23%	9.98%

Source: Nanjing Municipal Bureau of Statistics

According to the Nanjing Municipal Bureau of Statistics in 2017 and 2018, residential properties with a total GFA of approximately 8.1 million sq.m. and 8.5 million sq.m., respectively, were completed and residential properties with a total GFA of approximately 12.1 million sq.m. and 9.8 million sq.m., respectively, were sold in Nanjing. The average selling price per sq.m. in 2018 was RMB19,708.

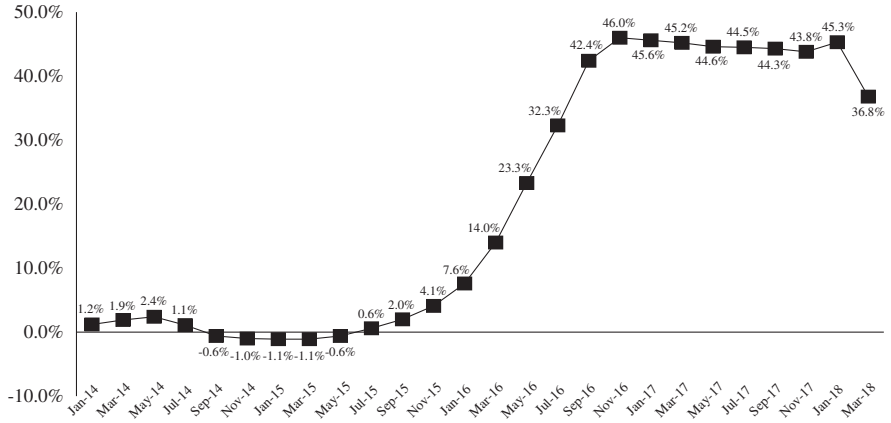
Nanjing Residential properties

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
GFA Completed ('000 sq.m.)	5,786	8,929	12,279	7,374	8,642	13,622	7,540	7,223	10,639	9,116	8,059	8,453
GFA under construction ('000 sq.m.)	28,487	31,801	31,882	31,745	40,484	42,291	41,317	44,011	47,750	52,478	53,950	56,027
GFA sold ('000 sq.m.)	10,645	6,591	11,140	7,548	6,809	8,763	11,432	11,247	14,292	14,063	12,090	9,827
Average price (RMB/sq.m.)	5,011	4,786	6,893	9,227	8,415	9,675	11,078	10,964	11,260	17,884	15,259	19,708

Source: Nanjing Municipal Bureau of Statistics

The following chart shows the changes in Nanjing new residential housing price as compared to 2015 price level.

Nanjing new residential housing price as compared to 2014 and 2015 price level



Chengdu

Chengdu is the capital of Sichuan Province, located in the southwestern part of China. The city experienced a high GDP growth rate for the period from 2007 to 2018. In 2018, Chengdu's GDP reached approximately RMB1,534 billion representing a CAGR of 14.9%. The table below sets out selected economic statistics of Chengdu for the periods indicated.

													2007–2018 CAGR	
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Chengdu	China
GDP (RMB billion)	332	390	450	555	685	814	911	1,006	1,080	1,217	1,389	1,534	14.93%	11.56%
GDP per capita (RMB)	26,525	30,855	35,215	48,510	49,438	57,624	63,977	70,019	74,273	76,960	86,911	94,782	12.27%	11.00%
Disposable income for urban households (RMB)	14,849	15,580	17,589	19,920	23,048	27,194	29,968	30,996	33,476	35,902	38,918	42,128	9.94%	9.98%

Source: CEIC

Notes:

(1) CAGR refers to compound annual growth rate

(2) NA means not applicable

According to CEIC in 2018, a total GFA of approximately 26.6 million sq.m. of residential properties was sold in Chengdu at an average selling price of RMB9,783 per sq.m.

The table below sets out the total investment in property development, GFA of commodity properties completed, GFA of residential properties sold and the average selling price of residential properties in Chengdu for the periods indicated.

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
GFA Completed ('000 sq.m.)	8,853	10,265	14,627	13,012	11,782	15,902	13,531	13,842	8,586	17,385	10,751	10,363
GFA under construction ('000 sq.m.)	53,432	60,209	67,368	75,503	93,397	98,551	101,069	106,979	110,588	118,320	112,616	111,488
GFA sold ('000 sq.m.)	20,848	13,574	25,476	22,899	22,849	24,246	25,558	24,763	24,471	32,792	29,765	26,600
Average price (RMB/sq.m.)	4,198	4,778	4,864	5,827	6,361	6,678	6,708	6,536	6,584	7,377	8,595	9,783

Tianjin

Tianjin is located on the Bohai Rim of Northern China. It is 120 km away from Beijing, the capital of China. Tianjin is a municipality under the administration of the central government of the PRC. Since the Jingjin Express Railway began service in August 2008, the travel time between Tianjin and Beijing has shortened significantly to approximately 30 minutes. In 2018, Tianjin's GDP reached approximately RMB1,881 billion, representing a 2007 to 2018 CAGR of 12.3%. The table below sets out select economic statistics of Tianjin for the periods indicated.

													2007–2018 CAGR	
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Tianjin	China
GDP (RMB billion)	525	672	752	922	1,131	1,289	1,444	1,573	1,654	1,789	1,860	1,881	12.30%	11.56%
GDP per capita (RMB)	47,970	58,656	62,574	72,994	85,213	93,173	100,105	105,231	107,960	114,494	N/A	N/A	N/A	11.00%
Disposable income for urban households (RMB)	16,357	19,423	21,402	24,293	26,921	29,626	28,984	31,506	34,101	37,110	40,278	42,976	9.18%	9.98%

Source: CEIC

Notes:

(1) CAGR refers to compound annual growth rate

(2) NA means not applicable

(3) NA means not available

According to CEIC, in 2018 a total GFA of approximately 11.4 million sq.m. of residential properties was sold in Tianjin. The average selling price rose from RMB5,575.7 in 2007 to RMB15,924 in 2018.

The table below sets out the total investment in property development, GFA of commodity properties completed and GFA of residential properties sold in Tianjin for the periods indicated.

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
GFA Completed ('000 sq.m.)	13,986	14,925	15,808	16,036	16,451	19,140	21,177	21,302	21,830	21,891	14,332	15,223
GFA under construction ('000 sq.m.)	37,449	43,063	45,178	51,177	66,240	69,235	75,625	72,045	69,687	63,117	59,110	71,512
GFA sold ('000 sq.m.)	14,018	11,354	14,615	13,526	13,657	15,114	17,203	14,836	16,748	25,219	13,429	11,407
Average price (RMB/sq.m.)	5,576	5,598	6,605	7,940	8,548	8,010	8,390	8,828	9,931	12,870	15,139	15,924

Hangzhou

Hangzhou is located at the southern wing of the Yangtze River Delta. It is the capital of Zhejiang Province and is one of the most important central cities in southern wing of the Yangtze River Delta and a hub of transportation in southeast China. The city has a total area of 16,596 square kilometers, including an urban area of 3,068 square kilometers. Hangzhou's GDP in 2018 reached RMB1,351 billion, representing 11.5% CAGR from 2007 to 2018 whilst per capita disposable income for urban households reached RMB61,172. The table below sets out selected economic statistics for Hangzhou for the periods indicated.

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2007–2018 CAGR Hangzhou	2007–2018 CAGR China
GDP (RMB billion) . . .	410	478	509	595	702	780	834	921	1,005	1,131	1,256	1,351	11.45%	11.56%
GDP per capita (RMB) .	52,590	60,414	63,333	69,828	80,478	88,962	94,566	103,813	112,230	124,286	134,607	140,180	9.32%	11.00%
Disposable income for urban households (RMB)	21,689	23,534	26,171	30,035	32,434	35,704	40,909	44,632	48,316	52,185	56,276	61,172	9.88%	9.98%

Source: CEIC

Notes:

(1) CAGR refers to compound annual growth rate

(2) NA means not applicable

According to CEIC, total GFA of approximately 13.3 million sq.m. of residential properties was sold in Hangzhou in 2018.

The table below sets out various statistics regarding the investment in and completion and sales of properties in Hangzhou for the periods indicated.

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
GFA Completed ('000 sq.m.)	7,716	7,727	6,266	8,023	8,409	6,740	8,451	9,280	10,703	11,134	11,708	8,420
GFA under construction ('000 sq.m.).	36,143	36,234	36,665	42,492	48,753	50,204	55,091	57,826	59,288	60,054	59,442	61,606
GFA sold ('000 sq.m.)	10,437	6,770	13,144	7,976	6,002	9,203	9,688	9,525	12,924	18,883	15,202	13,294
Average price (RMB/sq.m.).	7,432	8,212	10,613	14,259	12,749	13,292	14,679	14,035	14,748	16,211	21,225	24,360

Source: CEIC

Notes:

(1) CAGR refers to compound annual growth rate

(2) NA means not applicable

Wuxi

Wuxi is a prefecture-level city located in the south of Jiangsu province. It is a part of the Yangtze River Delta region and is bordered by Changzhou in the west and Suzhou to the east. It has an area of approximately 4,627 square kilometers. Wuxi has experienced significant GDP growth in recent years from approximately RMB446.1 billion in 2008 to approximately RMB1144 billion in 2018, representing a CAGR of approximately 10.3%.

In line with the economic growth of Wuxi, investment in properties has increased significantly in recent years. The table below sets forth data relating to the property market in Wuxi for the years indicated:

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2007–2018 CAGR Wuxi	2007–2018 CAGR China
GDP (RMB billion)	388	446	499	579	688	757	807	821	852	921	1051	1144	10.33%	11.56%
GDP per capita (RMB)	65,570	73,733	81,146	92,167	107,437	117,357	124,640	126,389	130,938	141,258	N/A	N/A	N/A	11.00%
Disposable income for urban households (RMB).	20,898	23,263	25,027	27,750	31,638	35,663	38,426	41,731	45,129	48,628	52,659	56,989	9.55%	9.98%

Source: CEIC

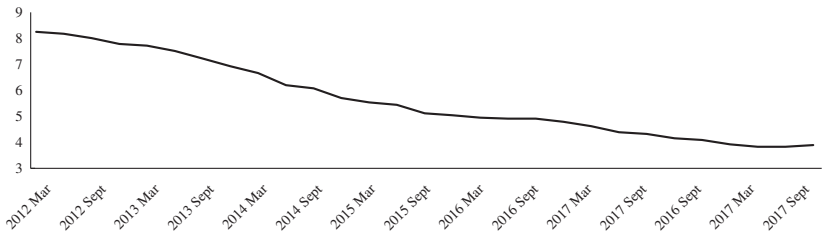
THE PROPERTY MARKET OF THE UNITED STATES

Overview

Despite the downturn in the U.S. residential market in late 2008 to 2009, the property market has been improving alongside improving employment data and other economic factors. In addition, housing construction volume and housing prices have also increased steadily since 2012. Although the U.S. housing market had previously dragged the U.S. economy into a deep recession in late 2008 to 2009, the recovery process is well underway on the backdrop of an improving U.S. economy.

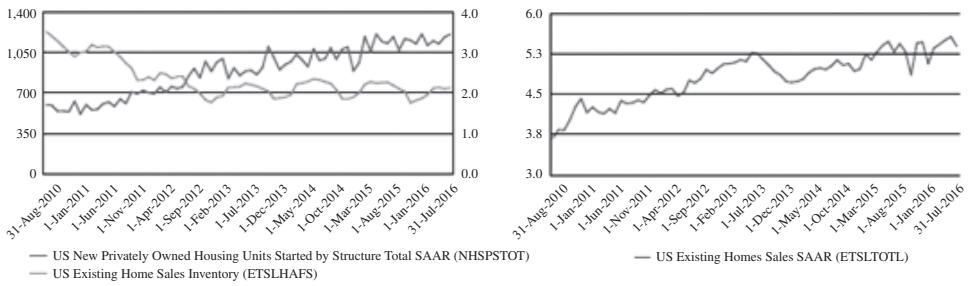
Unemployment Rates

The U.S. national unemployment rate is an important indicator and driving factor of the housing market. U.S. unemployment rate has remained at below 8% and latest data indicate the current level at 3.9% as of March 2018. The following graph sets forth the decreasing unemployment rate in the United States for the periods presented.



Source: U.S. Bureau of Labor

Housing starts and home inventory

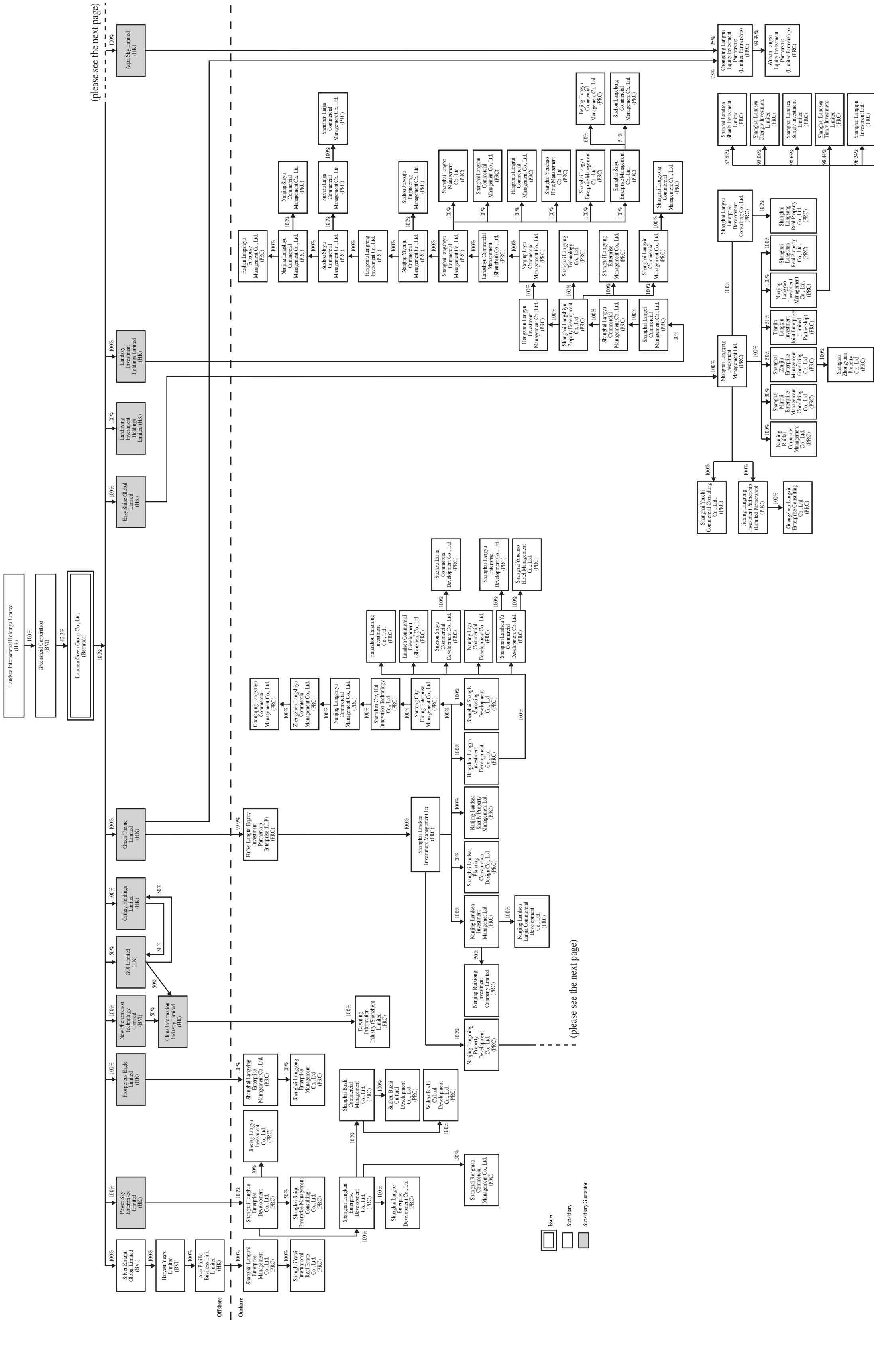


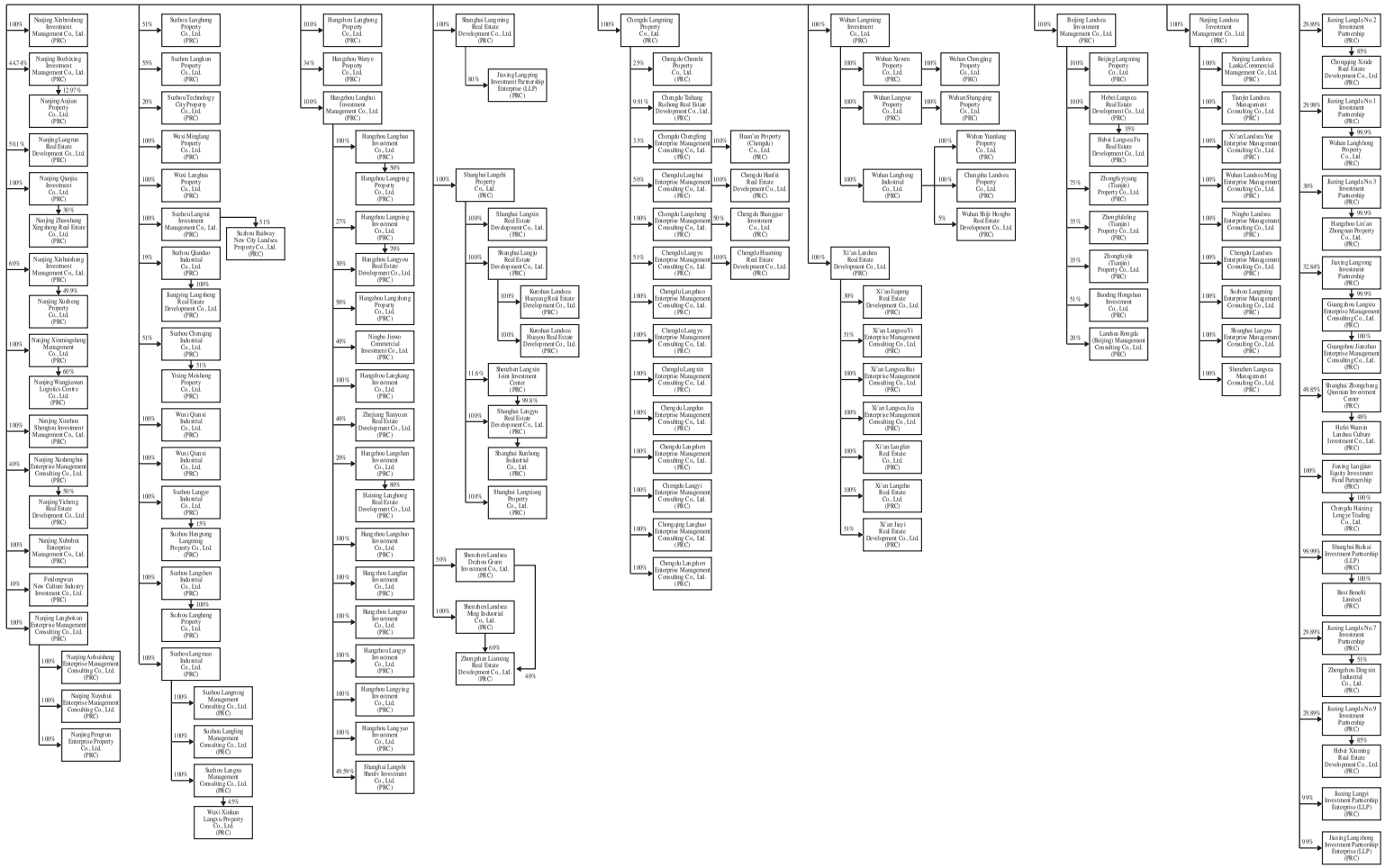
Sources: U.S. Census Bureau

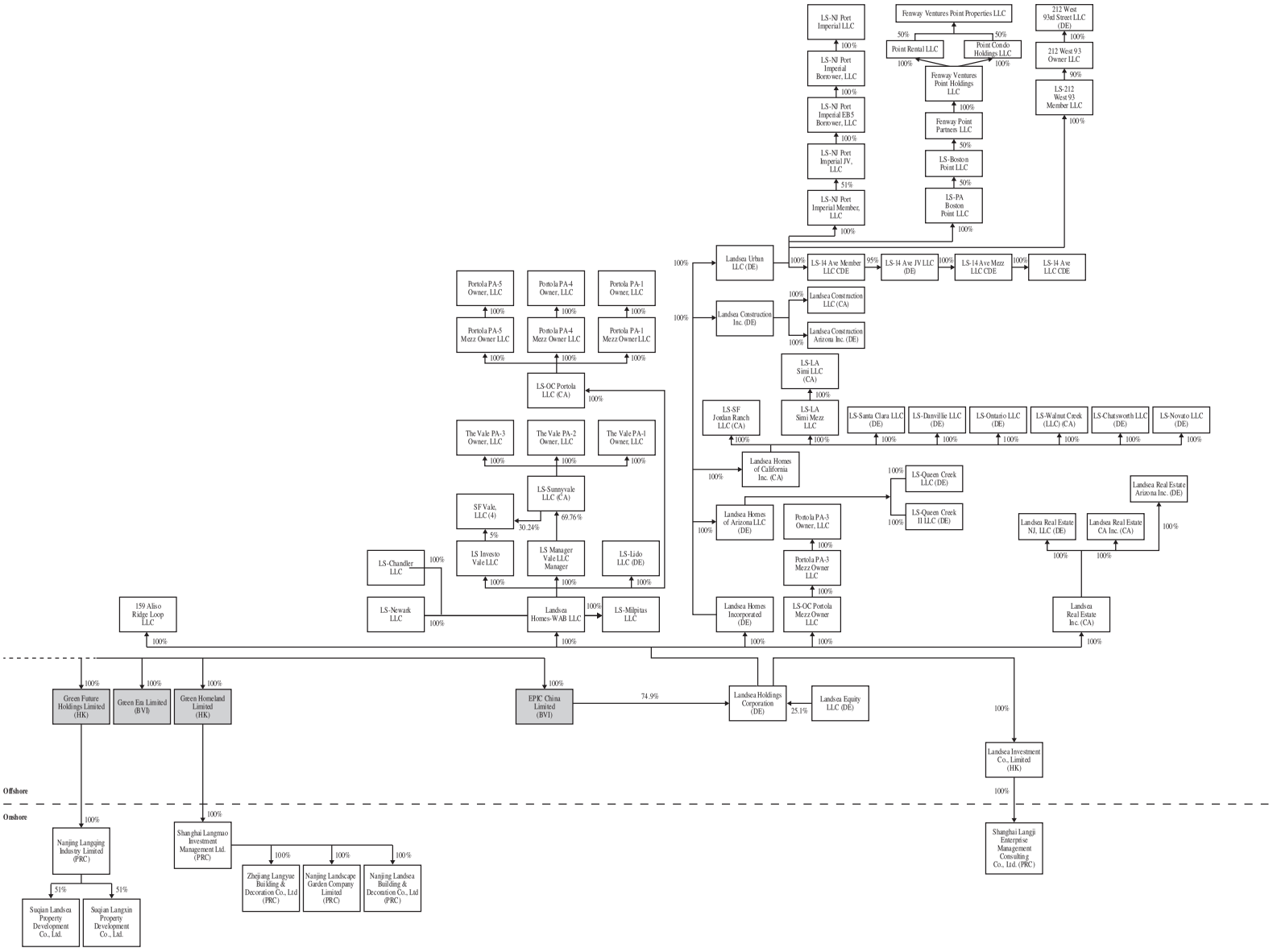
The recent data on new housing starts and home inventory has suggested a recovery in US housing market. The housing starts has recovered from their low. The recent change in housing starts reflected an increase in new building activity in U.S. The aggregate new housing inventory has in general continued to fall which likely reflected that completed homes have been selling relatively quickly recently.

CORPORATE STRUCTURE

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




Nanjing Xinbeisheng Investment Management Co., Ltd. (PRC)
Nanjing Baihixing Investment Management Co., Ltd. (PRC)
Nanjing Anjian Property Co., Ltd. (PRC)
Nanjing Langyun Real Estate Development Co., Ltd. (PRC)
Nanjing Qianjia Investment Co., Ltd. (PRC)
Nanjing Zhaoshang Xingcheng Real Estate Co., Ltd. (PRC)
Nanjing Xinhuisheng Investment Management Co., Ltd. (PRC)
Nanjing Xicheng Property Co., Ltd. (PRC)
Nanjing Ximingsheng Management Co., Ltd. (PRC)
Nanjing Wangjiawan Logistics Centre Co., Ltd. (PRC)
Nanjing Ximhou Shengtou Investment Management Co., Ltd. (PRC)
Nanjing Xicheng hui Enterprise Management Consulting Co., Ltd. (PRC)
Nanjing Yicheng Real Estate Development Co., Ltd. (PRC)
Nanjing Xizhehui Enterprise Management Co., Ltd. (PRC)
Feilongwan Now Culture Industry Investment Co., Ltd. (PRC)
Nanjing Laijhokun Enterprise Management Consulting Co., Ltd. (PRC)
Nanjing Anhuisheng Enterprise Management Consulting Co., Ltd. (PRC)
Nanjing Xuyuhui Enterprise Management Consulting Co., Ltd. (PRC)
Nanjing Pengyun Enterprise Property Co., Ltd. (PRC)
Suzhou Langhong Property Co., Ltd. (PRC)
Suzhou Langkun Property Co., Ltd. (PRC)
Suzhou Technology City Property Co., Ltd. (PRC)
Wuxi Mingfang Property Co., Ltd. (PRC)
Wuxi Langhui Property Co., Ltd. (PRC)
Suzhou Langmi Investment Management Co., Ltd. (PRC)
Suzhou Railway New City Landwa Property Co., Ltd. (PRC)
Suzhou Qianke Industrial Co., Ltd. (PRC)
Jiangning Langsheng Real Estate Development Co., Ltd. (PRC)
Suzhou Chengxing Industrial Co., Ltd. (PRC)
Yixing Meisheng Property Co., Ltd. (PRC)
Wuxi Qianxi Industrial Co., Ltd. (PRC)
Wuxi Qianxi Industrial Co., Ltd. (PRC)
Suzhou Langye Industrial Co., Ltd. (PRC)
Suzhou Hongtong Langming Property Co., Ltd. (PRC)
Suzhou Langshen Industrial Co., Ltd. (PRC)
Suzhou Langfeng Property Co., Ltd. (PRC)
Suzhou Langmao Industrial Co., Ltd. (PRC)
Suzhou Langrong Management Consulting Co., Ltd. (PRC)
Suzhou Langfeng Management Consulting Co., Ltd. (PRC)
Suzhou Langsu Management Consulting Co., Ltd. (PRC)
Wuxi Xinkun Langxu Property Co., Ltd. (PRC)
Hangzhou Langhong Property Co., Ltd. (PRC)
Hangzhou Wanye Property Co., Ltd. (PRC)
Hangzhou Langhui Investment Management Co., Ltd. (PRC)
Hangzhou Langhan Investment Co., Ltd. (PRC)
Hangzhou Langrong Property Co., Ltd. (PRC)
Hangzhou Langxing Investment Co., Ltd. (PRC)
Hangzhou Langchang Property Co., Ltd. (PRC)
Hangzhou Langyou Investment Co., Ltd. (PRC)
Ningbo Jinwo Commercial Investment Co., Ltd. (PRC)
Hangzhou Langkang Investment Co., Ltd. (PRC)
Zhejiang Tianyuan Real Estate Development Co., Ltd. (PRC)
Hangzhou Langshan Investment Co., Ltd. (PRC)
Haining Langhong Real Estate Development Co., Ltd. (PRC)
Hangzhou Langshuo Investment Co., Ltd. (PRC)
Hangzhou Langfan Investment Co., Ltd. (PRC)
Hangzhou Langtuo Investment Co., Ltd. (PRC)
Hangzhou Langyi Investment Co., Ltd. (PRC)
Hangzhou Langying Investment Co., Ltd. (PRC)
Hangzhou Langyao Investment Co., Ltd. (PRC)
Shanghai Langshi Shenlv Investment Co., Ltd. (PRC)
Shanghai Langming Real Estate Development Co., Ltd. (PRC)
Jiaxing Langqing Investment Partnership Enterprise (LLP) (PRC)
Shanghai Langshi Property Co., Ltd. (PRC)
Shanghai Langxin Real Estate Development Co., Ltd. (PRC)
Shanghai Langju Real Estate Development Co., Ltd. (PRC)
Kunshan Landwa Huayang Real Estate Development Co., Ltd. (PRC)
Kunshan Landwa Huayou Real Estate Development Co., Ltd. (PRC)
Shenzhen Langxin Joint Investment Center (PRC)
Shanghai Langyu Real Estate Development Co., Ltd. (PRC)
Shanghai Kunhong Industrial Co., Ltd. (PRC)
Shanghai Langxiang Property Co., Ltd. (PRC)
Shenzhen Landwa Dezhou Gram Investment Co., Ltd. (PRC)
Shenzhen Landwa Ming Industrial Co., Ltd. (PRC)
Zhongshan Liuxiang Real Estate Development Co., Ltd. (PRC)
Chengdu Langming Property Co., Ltd. (PRC)
Chengdu Chenshi Property Co., Ltd. (PRC)
Chengdu Tailong Ruihong Real Estate Development Co., Ltd. (PRC)
Chengdu Chengfeng Enterprise Management Consulting Co., Ltd. (PRC)
Chengdu Langhui Enterprise Management Consulting Co., Ltd. (PRC)
Chengdu Langsheng Enterprise Management Consulting Co., Ltd. (PRC)
Chengdu Langyu Enterprise Management Consulting Co., Ltd. (PRC)
Chengdu Langhuo Enterprise Management Consulting Co., Ltd. (PRC)
Chengdu Langyu Enterprise Management Consulting Co., Ltd. (PRC)
Chengdu Langxin Enterprise Management Consulting Co., Ltd. (PRC)
Chengdu Langhe Enterprise Management Consulting Co., Ltd. (PRC)
Chengdu Langshen Enterprise Management Consulting Co., Ltd. (PRC)
Chengdu Langyi Enterprise Management Consulting Co., Ltd. (PRC)
Chongqing Langhao Enterprise Management Consulting Co., Ltd. (PRC)
Chengdu Langshen Enterprise Management Consulting Co., Ltd. (PRC)
Huan'an Property (Chengdu) Co., Ltd. (PRC)
Chengdu Hanfei Real Estate Development Co., Ltd. (PRC)
Chengdu Shangguo Investment Co., Ltd. (PRC)
Chengdu Huaming Real Estate Development Co., Ltd. (PRC)
Wuhan Langming Investment Co., Ltd. (PRC)
Wuhan Xuwen Property Co., Ltd. (PRC)
Wuhan Chongjing Property Co., Ltd. (PRC)
Wuhan Langyue Property Co., Ltd. (PRC)
Wuhan Shengqing Property Co., Ltd. (PRC)
Wuhan Langheng Industrial Co., Ltd. (PRC)
Wuhan Yuanlang Property Co., Ltd. (PRC)
Changsha Landwa Property Co., Ltd. (PRC)
Wuhan Shiji Hongbo Real Estate Development Co., Ltd. (PRC)
Xi'an Landwa Real Estate Development Co., Ltd. (PRC)
Xi'an Jiupeng Development Co., Ltd. (PRC)
Xi'an Langwuyi Enterprise Management Consulting Co., Ltd. (PRC)
Xi'an Langwen Rui Enterprise Management Consulting Co., Ltd. (PRC)
Xi'an Langwen Jia Enterprise Management Consulting Co., Ltd. (PRC)
Xi'an Langfan Real Estate Co., Ltd. (PRC)
Xi'an Langhu Real Estate Development Co., Ltd. (PRC)
Xi'an Jiuyi Real Estate Development Co., Ltd. (PRC)
Beijing Landwa Investment Management Co., Ltd. (PRC)
Beijing Langming Property Co., Ltd. (PRC)
Hebei Langwen Real Estate Development Co., Ltd. (PRC)
Hebei Langwen Fu Real Estate Development Co., Ltd. (PRC)
Zhongfuyiyang (Tianjin) Property Co., Ltd. (PRC)
Zhongfuleling (Tianjin) Property Co., Ltd. (PRC)
Zhongfuyile (Tianjin) Property Co., Ltd. (PRC)
Baoding Hongshun Investment Co., Ltd. (PRC)
Landwa Rongda (Beijing) Management Consulting Co., Ltd. (PRC)
Nanjing Landwa Investment Management Co., Ltd. (PRC)
Nanjing Landwa Lanka Commercial Management Co., Ltd. (PRC)
Tianjin Landwa Management Consulting Co., Ltd. (PRC)
Xi'an Landwa Yue Enterprise Management Consulting Co., Ltd. (PRC)
Wuhan Landwa Ming Enterprise Management Consulting Co., Ltd. (PRC)
Ningbo Landwa Enterprise Management Consulting Co., Ltd. (PRC)
Chengdu Landwa Enterprise Management Consulting Co., Ltd. (PRC)
Suzhou Langming Enterprise Management Consulting Co., Ltd. (PRC)
Shanghai Langqu Enterprise Management Consulting Co., Ltd. (PRC)
Shenzhen Langwa Management Consulting Co., Ltd. (PRC)
Jiaxing Langla No.2 Investment Partnership (PRC)
Chongqing Xinde Real Estate Development Co., Ltd. (PRC)
Jiaxing Langla No.1 Investment Partnership (PRC)
Wuhan Langhong Property Co., Ltd. (PRC)
Jiaxing Langla No.3 Investment Partnership (PRC)
Hangzhou Lin'an Zhongnan Property Co., Ltd. (PRC)
Jiaxing Langrong Investment Partnership (PRC)
Guangzhou Langxin Enterprise Management Consulting Co., Ltd. (PRC)
Guangzhou Jianzhao Enterprise Management Consulting Co., Ltd. (PRC)
Shanghai Zhongchuang Qunxian Investment Center (PRC)
Hefei Wanxin Landwa Culture Investment Co., Ltd. (PRC)
Jiaxing Langlian Equity Investment Fund Partnership (PRC)
Chengdu Haixing Longye Trading Co., Ltd. (PRC)
Shanghai Rukai Investment Partnership (LLP) (PRC)
Best Benefit Limited (PRC)
Jiaxing Langla No.7 Investment Partnership (PRC)
Zhengzhou Dingxin Industrial Co., Ltd. (PRC)
Jiaxing Langla No.9 Investment Partnership (PRC)
Hebei Xinming Real Estate Development Co., Ltd. (PRC)
Jiaxing Langyi Investment Partnership Enterprise (LLP) (PRC)
Jiaxing Langzhong Investment Partnership Enterprise (LLP) (PRC)


LS-NJ Port Imperial LLC
LS-NJ Port Imperial Borrower, LLC
LS-NJ Port Imperial EB5 Borrower, LLC
LS-NJ Port Imperial JV, LLC
LS-NJ Port Imperial Member, LLC
Fenway Ventures Point Properties LLC
Point Rental LLC
Point Condo Holdings LLC
Fenway Ventures Point Holdings LLC
Fenway Point Partners LLC
LS-Boston Point LLC
LS-PA Boston Point LLC
212 West 93rd Street LLC (DE)
212 West 93 Owner LLC
LS-212 West 93 Member LLC
Landsea Urban LLC (DE)
LS-14 Ave Member LLC CDE
LS-14 Ave JV LLC (DE)
LS-14 Ave Mezz LLC CDE
LS-14 Ave LLC CDE
Landsea Construction Inc. (DE)
Landsea Construction LLC (CA)
Landsea Construction Arizona Inc. (DE)
LS-LA Simi LLC (CA)
LS-LA Simi Mezz LLC
LS-SF Jordan Ranch LLC (CA)
LS-Santa Clara LLC (DE)
LS-Danville LLC (DE)
LS-Ontario LLC (DE)
LS-Walnut Creek (LLC) (CA)
LS-Chatsworth LLC (DE)
LS-Novato LLC (DE)
Portola PA-5 Owner, LLC
Portola PA-4 Owner, LLC
Portola PA-1 Owner, LLC
Portola PA-5 Mezz Owner LLC
Portola PA-4 Mezz Owner LLC
Portola PA-1 Mezz Owner LLC
LS-OC Portola LLC (CA)
The Vale PA-3 Owner, LLC
The Vale PA-2 Owner, LLC
The Vale PA-1 Owner, LLC
LS-Sunnyvale LLC (CA)
SF Vale, LLC (4)
30.24%
69.76%
5%
LS Investo Vale LLC
LS Manager Vale LLC Manager
LS-Lido LLC (DE)
LS-Chandler LLC
LS-Newark LLC
Landsea Homes-WAB LLC
LS-Milpitas LLC
159 Aliso Ridge Loop LLC
Landsea Homes of California Inc. (CA)
Landsea Homes of Arizona LLC (DE)
Portola PA-3 Owner, LLC
Portola PA-3 Mezz Owner LLC
Landsea Homes Incorporated (DE)
LS-OC Portola Mezz Owner LLC
LS-Queen Creek LLC (DE)
LS-Queen Creek II LLC (DE)
Landsea Real Estate Arizona Inc. (DE)
Landsea Real Estate NJ, LLC (DE)
Landsea Real Estate CA Inc. (CA)
Landsea Real Estate Inc. (CA)
Green Future Holdings Limited (HK)
Green Ein Limited (BVI)
Green Homeland Limited (HK)
EPIC China Limited (BVI)
74.9%
Landsea Holdings Corporation (DE)
25.1%
Landsea Equity LLC (DE)
Landsea Investment Co., Limited (HK)
Offshore
Onshore
Nanjing Langqing Industry Limited (PRC)
Shanghai Langmao Investment Management Ltd. (PRC)
Zhejiang Langyue Building & Decoration Co., Ltd (PRC)
Nanjing Landscape Garden Company Limited (PRC)
Nanjing Landsea Building & Decoration Co., Ltd (PRC)
Suqian Landsea Property Development Co., Ltd.
Suqian Langxin Property Development Co., Ltd.
Shanghai Langji Enterprise Management Consulting Co., Ltd. (PRC)

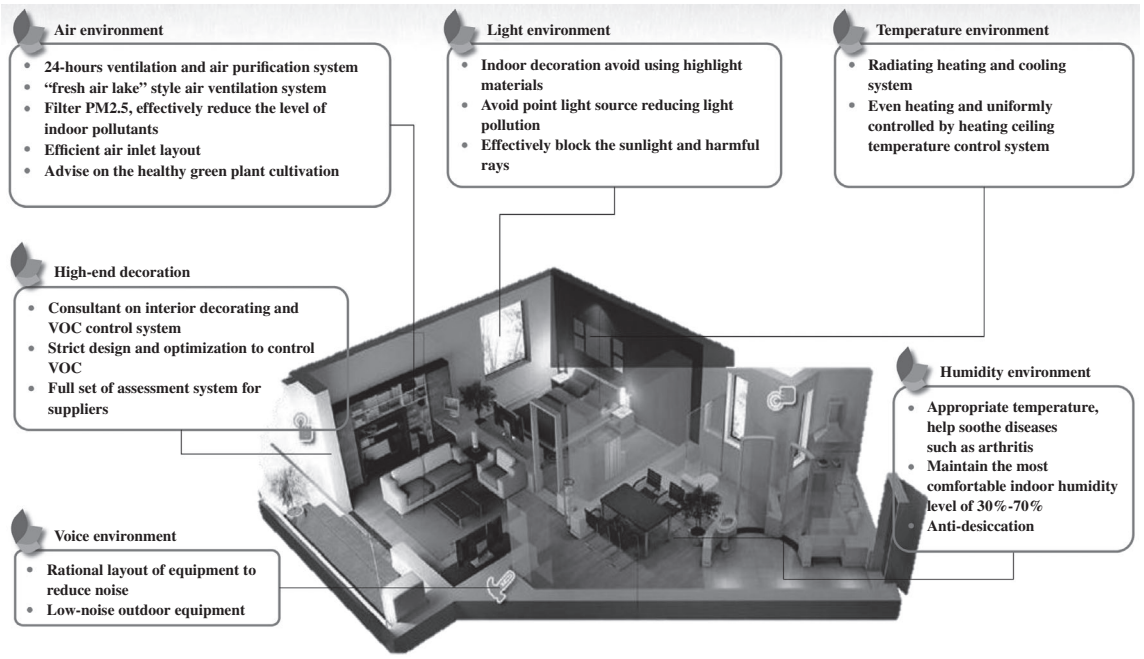
OVERVIEW

We are a PRC property developer focusing on the development of green, energy-saving and eco-friendly residential properties. According to China Real Estate Association, Shanghai Yiju Real Estate Research Institute and China Real Estate Evaluation and Assessment Center, we have been on the list of the Top 100 China Real Estate Enterprises for nine consecutive years since 2010. We have also been recognized as the China Green Property Developer of the Year for 2017 by the Boao Real Estate Forum in 2017. We have also received a number of awards or recognitions for our various property development projects. We have received the 2015 National Pioneer Award for Green Building from China Green Building Council in 2015, the platinum certification from the German Sustainable Building Committee of the German Sustainable Building Committee ("DGNB") for our Brucker Passive House project in 2016, which was the first time such certification was awarded to a PRC property developer, the Value Creation Award of China Elite Program organized by Yicai.com in 2017, Jingrui Prize Gold Award for our Landsea 8th Renmin Road project from the National Science and Technology Awards Studio of the Ministry of Science and Technology of the PRC in December 2017, 2018 Best 100 China Real Estate Listed Companies with Strongest Comprehensive Strengths from China Real Estate Association, Shanghai Yiju Real Estate Research Institute and China Real Estate Evaluation and Assessment Center and the PHI PLUS Gold Certification from the German Passive House Institute for our Beijing Yanqing Passive House project in 2018. Under our "product differentiation, asset-light transformation and market-internationalization" development strategies, we have expanded our operations into many first and second-tier cities in China, including Shanghai, Hangzhou, Suzhou, Nanjing, Wuhan, Chengdu, Changsha, Hefei, Tianjin and Wuxi, as well as certain other major international cities, such as New York, Boston, San Francisco and Los Angeles, in the United States.

We focus on the development of residential properties with innovative technologies and green ecological environment. We develop our business under the strategies of "product-differentiation, asset-light and market-internalization" and actively explore opportunities in our efforts to develop various types of green operation or services. We brought to market environmentally friendly and energy-saving properties, including the 1.0 version products represented by our Nanjing Landsea International Block, the 2.0 version products represented by our Landsea Zhongshan Green County and currently the 3.0 version products represented by our Landsea Xinhua Mansion which was launched in Nanjing in late 2015. We launched 4.0 version products, such as the Passive House in Yangqing District, Beijing, in 2018. For the year ended on December 31, 2018, we recorded approximately RMB38.2 billion (US$5.6 billion) in contracted sales with GFA of approximately 1,964,658 million sq.m. under the brand "Product of Landsea". In 2017, we launched our "Banyan Tree Scheme," which focuses on offering comprehensive sub-brand systems including property financing, development and design, decoration, property and elderly care services in addition to our traditional residential development business. Leveraging our established market presence, we also launched long-term rental apartment projects in 2017, as part of our efforts to become a more asset-light business and further expand into the property rental market.

We place heavy emphasis on environmental protection and green construction, and are committed to delivering comfortable and eco-friendly residential properties to the market. We maintain a well-established green system throughout the cycle of our project development including green control, green construction, green procurement, and green assessment. See "— Our Property Development — Our Operations" in this offering memorandum. We believe our residential properties under our "Landsea" brand enjoy broad recognition among our customers, and "Landsea" has become one of the few brand names that are representative of eco-friendly building design and construction. We have, over the years, developed a technology system combining energy-saving and eco-friendly construction technologies and techniques designed to provide energy-saving and comfortable living experience to our customers.

The following diagram illustrates our typical design of a comfortable living environment:



We have adopted and implemented prudent business expansion and land acquisition strategies, and have built our land reserves in strategically important regions where our technologies can be widely applied under local climate conditions. As of December 31, 2018, we had a total of 99 projects in Nanjing, Shanghai, Suzhou, Ningbo, Changzhou, Nangtong, Xuzhou, Chongqing, Xian, Beijing, Jinan, Shijiazhuang, Suqian, Haining, Yancheng, Baoding, Tangshan, Zhangjiakou, Wuxi, Hangzhou, Wuhan, Chengdu, Changsha, Hefei, Tianjin and the U.S. These projects amounted to approximately 15,709,907 sq.m. in total planned GFA, of which approximately 4,435,863 sq.m. were attributable to the Group. We believe that our land reserves currently being developed will be sufficient to meet our development needs for the near future.

Our land reserves as of the date of December 31, 2018 were located in the following cities or country:

Location	Approximate Total GFA	Approximate GFA Attributable to the Group[(1)]
	(sq.m.)	(sq.m.)
Shanghai	375,075	360,542
Nangjing	3,082,931	623,734
Hangzhou	602,547	359,370
Hefei	335,758	38,220
Suzhou	1,165,326	404,633
Ningbo	94,282	94,282
Wuxi	1,015,129	246,084
Changzhou	365,486	—
Nangtong	350,602	—
Xuzhou	433,433	—
Suqian	624,561	213,263
Haining	203,088	59,437
Yancheng	209,251	—
Chongqing	405,196	121,559
Chengdu	3,570,525	847,946
Wuhan	547,423	53,847
Xian	153,545	85,104
Changsha	245,540	2,455
Beijing	45,860	—
Tianjing	299,248	161,599
Jinan	354,093	—
Shijiazhuang	162,479	41,432
Baoding	14,040	—
Zhangjiakou	128,446	—
Tangshan	134,625	—
U.S.	791,418	722,356
Total	15,709,907	4,435,863

Note:

(1) "Approximate Planned GFA Attributable to the Group" means the approximate square meters in planned gross floor areas in which the Group held equity interest.

We intend to continue to expand our operations into new markets. We take into account a number of factors in selecting new markets for our expansion, such as economic growth, governmental policies and application of our technologies. We will also customize our product features according to local market conditions.

Historically, we have developed our property projects primarily through our wholly owned subsidiaries and joint ventures with third parties. When suitable opportunities arise, we may continue to enter into joint ventures with third parties including other property developers and real estate trusts or funds. We may enter into joint venture arrangements by forming new joint venture companies with third parties, securing shareholders' loans from our joint venture partners, acquiring equity interests in third parties.

For the year ended December 31, 2018, our revenue was RMB7,560.5 million (US$1,099.6 million), representing a significant increase in revenue of approximately 21.7% as compared with the year ended December 31, 2017. For the year ended December 31, 2018, the revenue from our property development and sales, management services, office property investment and long-term rental apartments was approximately RMB6,406.5 million (US$931.8 million), RMB999.7 million (US$145.4 million), RM28.8 million (US$4.2 million) and RMB125.5 million (US$18.2 million), respectively. Our profit for the year ended December 31, 2018 amounted to approximately RMB1,440.6 million (US$209.5 million), representing a increase of 99.9% as compared with the year ended December 31, 2017. For the year ended December 31, 2018, our total contracted sales from equity-held projects for property and land amounted to approximately RMB23.6 billion (US$3.4 billion).

RECENT DEVELOPMENTS

Land Acquisition in Wuxi

On January 24, 2019, our wholly-owned subsidiary, Suzhou Langxu Management Consulting Co., Ltd., and a third party, Wuxi Xinli Lichuang Real Estate Development Group Co., Ltd., jointly won the bid for a residential land parcel in Wuxi, PRC for a reserve price of approximately RMB1.66 billion (US$0.24 billion). We hold 45% interest in the land parcel. The total construction area of the land is approximately 210,000 sq.m. We intend to co-develop the land into a green-living residential community.

Cooperation Agreement with Bridge Trust

On February 15, 2019, our wholly-owned subsidiary, Xi'an Langshiming Real Estate Development Co., Ltd. ("Xi'an Langshiming"), entered into an agreement with Bridge Trust Co., Ltd. ("Bridge Trust"), pursuant to which Xi'an Langshiming and Bridge Trust shall cooperate in the development of a land parcel in Xi'an, PRC, which was held by Xi'an Mingjing Real Estate Development Co., Ltd., an independent third party to us ("Xi'an Mingjing"). Xi'an Mingjing will establish a target company to develop the land parcel and will subsequently transfer 100% equity interest in the target company to a wholly-owned subsidiary of Xi'an Langshiming. Bridge Trust will then acquire 49% equity interest in Xi'an Langshiming and co-develop the land parcel with us. Upon fulfilling certain conditions, Xi'an Langshiming will buy back its 49% equity interest for a maximum amount of RMB600.0 million (US$87.3 million).

The land parcel is located in Weiyang District, Xi'an, PRC. It is well-connected to the local transportation network and close to a number of business, education and medical facilities. This property project will help us to further expand into Xi'an city in the PRC.

Cooperation Framework Agreement with Dening Fund

On February 21, 2019, our wholly-owned subsidiaries, Nanjing Langming Real Estate Co., Ltd. (''Nanjing Langming''), Xi'an Langshiming and Xi'an Jiapeng Real Estate Development Co., Ltd. (the ''Project Company''), entered into a cooperation framework agreement with Nanjing Luode Dening Real Estate Investment Partnership (''Dening Fund''), pursuant to which Dening Fund agreed to invest in a real estate development project in Xi'an, PRC held by the Project Company, through acquisition of 70% equity interest of the Project Company (''Sale Shares'') for a consideration of RMB14.0 million (US$2.0 million). In addition, Dening Fund conditionally agreed to provide a shareholder's loan of not exceeding RMB126.0 million (US$18.3 million) to the Project Company (''Dening Fund Shareholder's Loan''). Upon fulfilling the agreed conditions, Xi'an Langshiming agreed to buy back the Sales Shares and Dening Fund Shareholder's Loan for a maximum amount of RMB280.0 million (US$40.7 million). The real estate project involved is located in Xi'an city, PRC with a total site area of approximately 22,567.7 sq.m. We intend to develop the land for residential and commercial properties. We believe the partnership with Dening Fund will help us to diversify our investment risks and enhance our capital efficiency.

Buy Back of Certain Equity Interests

On April 4, 2019, our wholly-owned subsidiaries, Nanjing Langming Properties Group Limited (''Nanjing Langming'') and Nanjing Langshi Investment Management Co., Ltd. (''Nanjing Langshi''), entered into the agreement with (i) Xiu Chen Investment, an independent third party, (ii) Cang Chen Investment, an independent third party, and (iii) Suzhou Langwang Properties, an insignificant subsidiary of the Group, pursuant to which Nanjing Langming conditionally agreed to assign Nanjing Langshi to buy back certain equity interests in Suzhou Langwang Properties held by Xiu Chen Investment and Cang Chen Investment for a total consideration of RMB173.1 million (US$25.2 million). The relevant equity interests in Suzhou Langwang Properties were subscribed by Xiu Chen Investment and Cang Chen Investment pursuant to a capital injection agreement on April 10, 2015. Before the transaction, Suzhou Langwang Properties is owned as to 51% by our Group, and owned as to 48% and 1% by Xiu Chen Investment and Cang Chen Investment, respectively. Upon completion of this transaction, Suzhou Langwang Properties will become our wholly-owned subsidiary.

Layout in Greater Bay Area

On April 17, 2019, Shenzhen Landsea Dezhou Green Investment Co., Ltd., a company jointly established with Dezhou Group, and Zhongshan Lianxing Real Estate Development Co., Ltd. held a signing ceremony for the acquisition of a project in Zhongshan, which marked our official entry into the Guangdong-Hong Kong-Macau Greater Bay Area as part of our expansion into Southern China.

Investment in Beijing Shipbuilding Heavy Industry Project

On May 14, 2019, our wholly-owned subsidiary, Shanghai Langkun Business Management Co., Ltd. (''Shanghai Langkun''), entered into the agreement with (i) Beijing Ronghui Jiazhi Investment Management Center (''Beijing Ronghui''), a third party, (ii) Sunshine Ronghui Capital Investment Management Co., Ltd. (''Sunshine Ronghui''), a third party, and (iii) Shanghai Rongmao Commercial Management Co., Ltd. (''Shanghai Rongmao''), a third party, pursuant to which Shanghai Langkun and Beijing Ronghui agreed to jointly develop Beijing Shipbuilding Heavy Industry Project, a property project in Beijing, PRC, through acquisition of 50% equity interest for a total consideration of RMB2 in Shanghai Rongmao, which won the bid of 100% equity interest in a target company that owns the property project. Shanghai Langkun also conditionally agreed to provide a shareholder loan of RMB200.0 million (US$29.1 million) to Shanghai Rongmao. The property project is a hotel adjacent to Beijing East Third Ring Road with convenient transportation. This property project will help us further expand into Beijing, PRC.

Disposal of Non-property Development Business

In May 2019, we entered into a number of agreements to sell our non-property development business, including the long-term rental apartment business, which have been loss-making, property management and design businesses to Landsea Group Co., Ltd., our controlling shareholder. We believe that, through such disposal, we will streamline our business and improve our profitability by focusing on

our core business of green technology property development. Our Group is expected to record a total gain before tax of approximately RMB61.8 million (US$9.0 million) as a result of the disposal, which represent the difference between the consideration for the interests to be disposed of under the agreements and the unaudited net asset value of the relevant subsidiaries in relation to the disposal as of April 30, 2019. The net proceeds from disposal are approximately RMB981.1 million (US$142.7 million) and we expect to record a total gain before tax of approximately RMB61.8 million (US$9.0 million). We plan to use the net proceeds of approximately RMB880.0 million (US$128.0 million) to invest in certain of property projects in the Greater Bay, Yangtze River Delta, Beijing-Tianjin-Hebei and Chengdu-Chongqing regions, as well as certain second-tier cities.

OUR COMPETITIVE STRENGTHS

Leading position and well-known brand name in China's niche market of energy-saving, environmental friendly, comfortable residential properties

We believe that we are a leader in the ''green property'' market in terms of brand recognition and execution capability with dedicated research and development resources and technical expertise. We maintain a well-established green system throughout the cycle of our project development including green control, green construction, green procurement, and green assessment. See ''— Our Property Development — Research and Development'' in this offering memorandum.

''Green property'' development requires not only certain design elements and construction techniques, but also an integrated approach employing select design elements and construction techniques to cater to project-specific factors such as location, climate, geographic environment and customer requirements. Through years of dedicated research and development and industry experience, we have put in place and continue to improve a versatile green technology system, under which its experienced design and project execution personnel have at their disposal a wide variety of tested design and construction concepts and modules to ensure that our key design philosophies and technical standards are implemented consistently throughout our developments in different locations.

We place heavy emphasis on corporate environmental protection, and are committed to delivering comfortable, energy-saving and eco-friendly residential properties to the market. The properties we are developing typically consume less energy and are installed with temperature and humidity control, noise and light reduction, air ventilation systems and remote control and/or intelligent interactive systems. We believe that these distinctive features of our developments have helped distinguish us from most of the other property developers in China and contributed to our strong profit margins. Our gross profit margin was 28.5% for the year ended December 31, 2018. In addition, we believe that these design and technical features have resonated with our target customers and helped enhance our brand value. Later phases of our developments often achieve higher average selling prices than earlier ones, due to the reputation established over time among local customers.

We believe leveraging our experience and research and development resources as well as its well-known brand name, we are well positioned in China's niche market of energy-saving, environmentally friendly and comfortable residential properties to achieve sustainable long-term growth.

Advantageous position to become the "green life pioneer" which may help us to benefit from strong government support

We believe that we have an advantageous position to become the ''green life pioneer'' in China which may allow us to benefit from the PRC government's directives for energy conservation and environmental protection. In April 2012, the PRC Ministry of Finance and MOHURD promulgated certain ''Implementation Opinions on Expediting the Development of Green Buildings in China'' (關於加快推動我國綠色建築發展的實施意見), which for the first time specified PRC government grants on green buildings to the real property developer: ''Three Star Green Buildings'' would be entitled to RMB80 per sq.m. and ''Two Star Green Buildings'' would be entitled to RMB45 per sq.m. It is provided in the 12th Five Year Plan for Green Building and City (住房城鄉建設部關於印發「十二五」綠色建築和綠色生態城區發展規劃的通知) promulgated by MOHURD in April 2013, such incentive standard will be adjusted along with the development of technology and change of cost. In addition, the implementation opinions are targeting to have more than one billion sq.m. in GFA of green buildings by 2015 and more than 30% of new buildings as green buildings by 2020 in China, which we believe is a

positive policy gesture from the PRC government. We believe China's strong government support of energy conservation and environmental protection, together with continued economic development and increased living standards in the country, will bolster our growth and expansion in the development of green properties.

Strategically located land bank catering to diversified customer base and strategic partnerships with other reputable property developers

As of December 31, 2018, we had 99 property development projects in various stages of development. These property developments have an aggregate site area of approximately 15,709,907 sq.m. of which approximately 4,435,863 sq.m. were attributable to the Group. We focus on the development of residential properties with innovative technologies and green ecological environment. We have introduced series of environmentally friendly and energy-saving properties, including the 1.0 version products represented by our Nanjing Landsea International Block, the 2.0 version products represented by our Landsea Zhongshan Green County and currently the 3.0 version products represented by our Landsea Xinhua Mansion which was launched in Nanjing in late 2015. We aim to further launch our 4.0 version products, which will be represented by our Passive House Landsea Le Mansion in 2018. We also target and offer different products to different types of home buyers, including first-time home buyers, first-time or subsequent home upgrade buyers, and buyers looking for tailor-made properties in desirable locations.

In recent years, we have strategically partnered with various leading PRC property developers and other partners, including China Vanke Co., Ltd, Jiangsu Guotai International Group and Ping An Insurance (Group) Company of China, Ltd. to develop various projects in Hangzhou province, Nanjing province and Suzhou province. We believe that, leveraging the support and contribution of these property developers, we will further enhance our financial and operational management capabilities and practices, strengthen our overall risk control and management systems and achieve stable long term development.

Experienced management and research and development teams

The key members of our management team have an average of over 20 years of experience in the PRC real estate industry, and are well versed in areas of strategic planning, business management, resource operations and sustainable development. Our chairman, Mr. Tian Ming, with his insight on the PRC real estate market, has been instrumental in our strategic development since our founding. Mr. Xie Yuanjian, an executive director and our chief technology officer, is a national first class registered architect and senior engineer in the green architecture field in China, with more than 20 years of professional experience in the fields of architectural design and technology research and development. Our other senior management members collectively have significant experience in the fields of engineering, marketing, project development, capital operations, financial management and human resource management and extensive experience in real estate development and property operation and management. Under our management's direction, we have built up our research and development bases with a strong emphasis on innovative, environmentally friendly and energy-saving technologies and the aim to stay on the forefront of the field of green construction. For example, our Landsea Taihu Lake Green Building Research and Development Base is one of the only four green building research and development bases of housing and urban-rural development in the PRC and the only one located in central and downstream regions of Yangtze River. Our Landsea Taihu Lake Green Building Research and Development Base has been awarded the medal of ''Green Building R&D Demonstration Base'' in 2017.

We believe that we have benefited, and will continue to benefit, from our management's extensive experience and knowledge of the PRC property market and research and development team's expertise in green design and construction.

BUSINESS STRATEGIES

We intend to continue transforming our business model to become a pioneer in property development business that is centered on the concept of ''green life'' by adopting the following business strategies.

Continue to strengthen our capabilities in adapting and offering differentiated energy-saving technologies and products

Our capabilities in research and development and integration of green energy-saving technologies differentiate us from other PRC property developers and afford us with a competitive advantage in the PRC real estate market. We will continue to keep abreast of the latest developments in construction and building materials using energy-saving technologies and products in both the PRC and the rest of the world. In order to enhance the quality, comfort level, energy efficiency of our property developments, we will continue to strengthen our research on building techniques and materials to save energy, water, construction materials and space. We will continue to optimise our green system in terms of design, installation and scope of application. We will also promote the use of standardised modules in building energy-saving residences in new projects. In addition, we have upgraded our energy-saving properties twice and currently use our 3.0 version products which are represented by Landsea Xihua Manson which was launched in Nanjing in 2015. The 3.0 version products include the construction of passive houses, which use more advanced and energy-saving technologies, particularly in products aimed at reducing air pollution. For example, 3.0 version products such as our new air control system which offers a haze elimination rate of approximately 95% and meets Finland's national S1 control standards on formaldehyde. Our 3.0 version products also offers an independent air ventilation system that keeps circulating fresh air into the room and discharging polluted air. Through product diversification, we were able to increase the potential for higher price premium on our properties and charge higher rent in second hand market.

Continue to implement our asset-light strategy in our property development

We actively cooperate with financial institutions and developers which we believe offer complementary services and/or products to those of our own under our asset-light strategy. This business model includes three types of cooperation with our partners. The first type is joint development through which we invest and develop projects by cooperating with financial institutions and developers, where we and our relevant cooperative partner each hold 50% equity interests in such projects. The second type is projects in which we hold minority interests and cooperate with one or more of our cooperative partners, where we are responsible for the overall development of the project even though we hold a minority equity interest in the project. The third type is entrusted development, by which we are responsible for the overall development of the projects which the entrusted investors hold 100% equity interest while we charge a fee for our development and management services, technology services and shares the excess gain on the operation of projects. The type of business model that is adopted by us for any project is determined on a case-by-case basis. We believe these three business model types help us to become a more vertically integrated real estate company while increasing our capacity, investment, property development and management, operation and development of property management.

Expand our footprint to carefully selected locations and enhance our brand recognition

With respect to the PRC real estate market as a whole, we intend to leverage our brand recognition and reputation in Yangtz River Delta region and draw on our successful experience there to expand our operations in markets where our products have competitive advantages. We take into account a number of factors in selecting new markets for our expansion, including local market conditions, geography and climate and the prospects of applying our technologies.

As of December 31, 2018, we had successfully expanded our operations to, among others, Shanghai, Tianjin, Jiangsu province, Sichuan province and Zhejiang province as well as certain major cities in the U.S., which will enhance our brand recognition. We intend to expand to regions adjacent to these locations where we have accumulated experience in dealing with the local markets. We will continue to customise our energy-efficient, eco-friendly properties in new markets according to local market conditions.

In 2013, we expanded our businesses into the United States with the view to pursuing a significant role in certain local markets in the long term. We mainly focused on 'gateway' cities across the United States such as Boston, New York, San Francisco and Los Angeles. As of December 31, 2018, we had 18 projects in such cities, which mainly consist of high-end urban apartments and suburban villas. We believe our U.S. business is an integral part of our development portfolio and will continue to seek opportunities in the international market.

We believe we have established ''Landsea'' as a reputable brand in the PRC real estate market and that our brand is associated with high-quality and comfortable communities. These factors enable us to enjoy a competitive advantage over our competitors in terms of demand and pricing for our products. In order to further enhance our brand recognition, we intend to continue to devote ourselves to perfecting our energy-saving development technologies and integrating such technologies into our property developments. We also believe that customer loyalty is a key factor to our success and contributes to our reputation. As such, we will continue to foster our customer-oriented values in all stages of our operations from product design to sales and marketing.

Maximize sales and profit through continuous upgrades to our products

We are focused on building residential properties with innovative and green technologies in environmentally friendly communities. Over the years, we have upgraded our residential products from 1.0 version products, through 2.0 and 3.0 version products, to the current 4.0 version products, which is represented by our Passive House Landsea Le Mansion in one of the commercial centers of Hangzhou, the PRC. The continuous upgrades, such as the provision of automatic light adjustments and anti-haze ventilation system, lowering energy consumption by adopting various energy-saving features and elevating the living experience by introducing innovative products such as intelligent interactive systems have improved resident's living experience. Our upgrades are tailored for various markets in which we have operations, taking into account the differences in market conditions, customers' preferences and spending power, so as to increase the popularity of our products in different markets and improve our sales and maximize our profitability.

We intend to make necessary adaptations to tailor our products to the needs of local customers, taking into consideration local market conditions, geography and climate and the prospects of applying our technologies, which we believe will enable us to effectively penetrate local markets.

Maintain and continue to improve prudent financial management and risk control policies

We will continue to closely monitor our capital and cash positions, gauge our development scale and time our land acquisition and development schedule accordingly. We have budget and financing planning and cash management at the project level as well as the group level. We will continue to carefully manage our development cost for each project during the course of its development, with an emphasis on cost reduction and cost efficiency. We will actively manage our sales and pre-sales to ensure adequate cash flow for our ongoing capital requirements. We also plan to continue to develop and improve our comprehensive risk control policies by establishing a centralized command system under which our specialized teams/committee will formulate funding risk classification, contingency plans for risk warning and emergency management and report directly to the board. We will continue to review and update project management and project investment evaluation and approval procedures in order to closely monitor any risks that may arise at different planning, assessment and execution stages of any given project. See ''— Our Principal Business — Risk Control System for Funding Projects'' for more details. We also plan to continue to seek business opportunities to cooperate with business partners to jointly develop property projects, to reduce our capital commitment. We will also remain disciplined in our capital commitments and seek to maintain a balanced capital structure.

OUR PRINCIPAL BUSINESS

We mainly have three principal business segments, namely, property development, property development and management services and property investment.

Property Development

As of December 31, 2018, we had a total of 99 projects with a total planned GFA of approximately 15,709,907 sq.m., of which approximately 4,435,863 sq.m. were attributable to the Group.

These property developments are classified into three categories:

- Completed property developments, including property projects for which we have completed the construction of all their constituent buildings;

- Properties under development, including property projects with respect to which we have held our on-site commencement ceremony to start our preparatory work, such as geological survey and project and design planning, despite the fact that we may not have received the relevant construction permit; and

- Properties held for future development, including property projects we plan to develop with respect to which a more detailed development plan is not yet available.

The above classification of properties reflects the basis on which we operate our business and may differ from classifications employed for other purposes or by other developers. In general, it takes us approximately 18 months to 27 months to construct a building or a building complex. Depending on the size of a development and other factors, however, the entire development period may last substantially longer. We also adjust the pace of our property developments to monitor selling prices, sales volume and the level of our land reserves. As a result, we may obtain multiple sets of governmental approvals and permits, including land use rights certificates from the relevant authorities for a group of property developments that we view as a single property development for business purposes.

The table below sets forth the GFA information of our 99 projects as of and for the year ended December 31, 2018. Many of our property developments consist of more than one parcel of land and require multiple land use rights certificates during the course of these property developments. Where our application for the land use rights certificate in respect of a parcel of land is still pending and we have not paid the land premium in full, we do not assign any value to the land and the properties on such land for the purpose of this offering memorandum. Our GFA information in this offering memorandum is based on our internal records.

	Projects	GFA	Developed GFA	Developing GFA	GFA for Future Development	GFA Sold	Saleable GFA	Attributable GFA	Attributable Interest
		(Square Meters)	(Square Meters)	(Square Meters)	(Square Meters)	(Square Meters)	(Square Meters)	(Square Meters)	(%)
PRC projects									
1	Shanghai Future Block	233,791	233,791	—	—	110,893	38,662	233,791	100.0%
2	Hangzhou Mer De Fleus	180,474	180,474	—	—	120,849	—	180,474	100.0%
3	Shanghai The Course of The Future	106,622	106,622	—	—	79,500	1,477	106,622	100.0%
4	Nanjing Youth Block	314,894	257,285	57,610	—	244,562	852	314,894	100.0%
5	Nanjing Future Home	133,530	133,530	—	—	109,579	—	66,899	50.1%
6	Suzhou 8 Renmin Road	85,983	85,983	—	—	54,592	9,961	43,851	51.0%
7	Suzhou Green County of Landsea	432,732	325,192	107,540	—	315,536	11,745	238,003	55.0%
8	Wuxi Tiancui	48,772	48,772	—	—	34,681	312	48,772	100.0%
9	Wuxi Luka Small Town	139,689	133,919	—	5,770	93,451	5,770	139,689	100.0%
10	Nanjing Poly Landsea Weilan	250,567	104,271	146,296	—	195,384	2,142	75,020	29.9%
11	Nanjing Landsea Xihua Mansion	201,116	178,725	22,391	—	149,295	3,178	38,212	19.0%
12	Chengdu Southern Gate Green	235,149	151,020	84,129	—	151,552	4,215	58,787	25.0%
13	Shanghai New Mansion	15,787	15,787	—	—	11,110	3,924	15,787	100.0%
14	Hangzhou Landsea Xihua Mansion	139,152	—	139,152	—	86,901	1,859	68,184	49.0%
15	Hangzhou Le Mansion	80,602	—	80,602	—	53,523	1,316	40,301	50.0%
16	Chengdu Golden Sand City	685,684	—	685,684	—	190,361	167,371	67,951	9.9%
17	Tianjin Zhong Xin Eco-City Project	142,156	—	141,048	1,108	102,459	5,801	106,617	75.0%
18	Tianjin Huoli Gang Project	97,760	—	97,760	—	—	69,491	34,216	35.0%
19	Tianjin Cuiweilan Pavilion	59,332	—	59,332	—	35,855	6,282	20,766	35.0%
20	Shanghai Putuo Changfeng, Project	18,875	18,875	—	—	16,877	1,529	4,341	23.0%
21	Suzhou High-Speed Rail New Town Project	91,368	—	91,368	—	—	63,634	46,598	51.0%
22	Wuhan Xudong Project	140,270	—	—	140,270	—	98,974	42,081	30.0%
23	Chengdu Muhua Road Project	1,022,400	—	—	1,022,400	—	724,177	49,586	4.9%
24	Wuhan Yue Mansion Project	235,316	—	235,316	—	129,366	33,251	11,766	5.0%
25	Changsha Lu Island Project	245,540	25,803	82,673	137,064	74,602	87,699	2,455	1.0%
26	Chengdu Landsea Xihua Mansion	367,753	—	367,753	—	227,036	28,375	121,358	33.0%
27	Hangzhou Yuhang North Upper Loop Bridge Project	48,574	—	48,574	—	18,563	18,766	24,287	50.0%
28	Hefei Wanxin Hi-tech District Project	129,919	—	49,065	80,854	—	90,370	32,480	25.0%
29	Hangzhou Xiasha Project	94,095	—	94,095	—	72,627	176	37,638	40.0%
30	Hangzhou Ningbo Jiangbei Project	94,282	—	94,282	—	14,046	58,764	94,282	100.0%
31	Chengdu Landsea Future Home	146,733	—	146,733	—	96,714	11,108	73,367	50.0%
32	Chengdu North Jianshe Road	30,316	—	30,316	—	1,690	9,543	15,158	50.0%
33	Xian Jiapeng Project	85,104	—	—	85,104	—	57,345	85,104	100.0%
34	Hefei Feidong Jade Garden	57,398	—	57,398	—	—	40,422	5,740	10.0%
35	Yixing Xindu Mansion	221,630	—	172,755	48,874	50,010	112,653	57,624	26.0%
36	Suqian Weilan Court	224,663	—	122,061	102,602	—	161,276	114,578	51.0%
37	Suqian Weilan Elegant Court	193,500	—	100,921	92,580	38,114	100,693	98,685	51.0%
38	Chongqing Caijia Project	405,196	—	216,981	188,215	39,233	228,512	121,559	30.0%
39	Haining University District Project	108,993	—	108,993	—	27,482	55,078	21,799	20.0%
40	Nanjing Lishui Project	209,516	—	209,516	—	—	151,153	41,903	20.0%
41	Suzhou Liuyuan	12,485	—	12,485	—	—	7,311	12,485	100.0%
42	Hangzhou Linglongyue	153,746	—	—	153,746	—	127,214	46,124	30.0%
43	Chengdu Jintang	384,307	—	—	384,307	—	287,548	195,997	51.0%
44	Chengdu Shanglin Xihua Mansion	265,743	—	101,884	163,859	28,433	163,913	265,743	100.0%
45	Suzhou Hengtong Project	129,571	—	58,572	70,999	—	87,604	19,436	15.0%
46	Kunshan Huaqiao Project	44,102	—	—	44,102	—	26,248	22,492	51.0%
47	Kunshan Zhoushi Project	42,683	—	—	42,683	—	27,504	21,768	51.0%
48	Shijiazhuang Luquan Project	162,479	—	53,960	108,519	53,960	69,083	41,432	25.5%
49	Nanjing Wangjiawan Project	144,677	—	—	144,677	—	72,484	86,806	60.0%
50	Nanjing Xinglong Avenue Project	278,748	278,748	—	—	205,135	—	—	0.0%

	Projects	GFA	Developed GFA	Developing GFA	GFA for Future Development	GFA Sold	Saleable GFA	Attributable GFA	Attributable Interest
		(Square Meters)	(Square Meters)	(Square Meters)	(Square Meters)	(Square Meters)	(Square Meters)	(Square Meters)	(%)
51	Nanjing Jinpu Project	307,241	—	307,241	—	148,462	69,370	—	0.0%
52	Nanjing Jiulonghu Plot C	44,271	—	44,271	—	—	40,916	—	0.0%
53	Nanjing Jiulonghu Plot A/B	115,000	115,000	—	—	80,432	8,337	—	0.0%
54	Changhou Landsea Garden	224,574	224,574	—	—	160,774	4,900	—	0.0%
55	Hefei Wanxin's Green County	148,441	148,441	—	—	102,268	655	—	0.0%
56	Wuxi New County Project	205,189	99,227	105,962	—	136,836	11,115	—	0.0%
57	Baoding Xishanyue Project	14,040	—	14,040	—	5,378	8,662	—	0.0%
58	Wuzhong Hongzhuang Project in Suzhou	130,001	—	122,242	7,759	13,941	28,163	—	0.0%
59	Chengdu Jixian Xipu Project	51,934	—	51,934	—	32,214	3,346	—	0.0%
60	Century Plaze Project in Yancheng Dongtai	209,251	—	72,079	137,172	32,158	122,927	—	0.0%
61	Nanjing Project G68	191,800	—	191,800	—	—	150,000	—	0.0%
62	Wuxi New County Project 2A3	268,752	—	—	268,752	—	188,000	—	0.0%
63	Jiangyin Lingang Project	131,098	—	131,098	—	33,959	70,912	—	0.0%
64	Beijing Kangzeyuan Project	45,860	—	—	45,860	—	33,998	—	0.0%
65	Xuzhou Peixian Fankuai Road Project	433,433	—	—	433,433	—	333,498	—	0.0%
66	Ma'anshan Hori Hill Road	330,339	—	147,756	182,583	45,324	198,263	—	0.0%
67	Jurong Baohua Project	192,905	—	192,905	—	34,026	81,587	—	0.0%
68	Beijing Zhangjiakou Project	128,446	—	—	128,446	—	75,699	—	0.0%
69	Tangshan Yutian Project	134,625	—	—	134,625	—	124,046	—	0.0%
70	Nanjing Jiangning Project G45	132,555	—	132,555	—	—	105,000	—	0.0%
71	Shangfang Project G22 in Nanjing Jiangning	101,138	—	—	101,138	—	75,324	—	0.0%
72	Shangfang Project G62 in Nanjing Jiangning	134,633	—	134,633	—	—	101,237	—	0.0%
73	Siyang Wisdom City	206,398	—	—	206,398	—	206,398	—	0.0%
74	Wuhan West Coast	171,838	43,779	128,059	—	82,707	26,964	—	0.0%
75	Jinan Zhangqiu Casting and Forging Center	354,093	—	—	354,093	—	243,600	—	0.0%
76	Rugao Langshi Jinding City	350,602	—	—	350,602	—	250,086	—	0.0%
77	Wujiang Shangyi Automobile City Phase II	196,400	—	—	196,400	—	97,950	—	0.0%
78	Xi'an Yannan 5th Road Project	68,441	—	—	68,441	—	44,301	—	0.0%
79	Changzhou Central Art Park	140,912	—	—	140,912	—	103,072	—	0.0%
80	Chengdu PAG Waterfront Residence	188,652	—	188,652	—	—	106,727	—	0.0%
81	Chengdu PAG Wulongshanyu Mansion	191,853	—	191,853	—	—	108,310	—	0.0%
	US projects								
82	Avora	31,776	16,930	14,846	—	7,612	12,474	16,206	51.0%
83	The Westerly	34,559	6,224	6,060	22,275	7,223	27,337	34,559	100.0%
84	Pierce Boston	39,202	39,202	—	—	33,264	780	9,801	25.0%
85	Portola Center South (IronRidge)	143,781	26,773	47,106	69,902	65,785	77,996	143,781	100.0%
86	Stoney Ridge & Stoney Hill	4,969	1,988	2,981	—	4,043	926	4,969	100.0%
87	The Vale	77,694	54,887	22,807	—	61,416	16,278	54,386	70.0%
88	Sanctuary — Village II	259,745	—	227,899	31,846	226,026	33,719	259,744	100.0%
89	Siena	12,079	—	12,079	—	7,479	4,599	12,079	100.0%
90	Lido Villas	4,350	—	4,350	—	—	4,350	4,350	100.0%
91	Synagogue	4,049	641	3,408	—	—	3,408	3,644	90.0%
92	Abigail Place	5,086	—	299	4,787	—	5,086	5,086	100.0%
93	Catalina	8,779	—	—	8,779	—	8,779	8,779	100.0%
94	Sonora Crossing	14,978	—	—	14,978	—	14,978	14,978	100.0%
95	14th & 6th	7,550	—	4,853	2,697	—	5,920	7,173	95.0%
96	Tevelde	110,248	—	—	110,248	—	110,248	110,247	100.0%
97	Catalina II	6,304	—	—	6,304	—	6,304	6,304	100.0%
98	Deerlake	15,640	—	—	15,640	—	15,640	15,640	100.0%
99	Novato	10,629	—	—	10,628	—	10,630	10,629	100.0%
	Total	15,709,907	3,056,463	6,581,013	6,072,431	4,555,298	6,719,580	4,435,863	

The total saleable GFA listed in the above table includes residential units intended for sale and commercial and office space that may be sold or leased at our choice. We lease some of our properties where we believe that the economic benefits of leasing are likely to exceed that of selling. We also lease properties at flexible terms until we sell them when we expect the sale of the relevant property development will take a considerable period of time.

In general, land use rights in the PRC are granted for a term of 70 years for residential properties, 40 years for commercial properties and 50 years for ancillary use properties including parking spaces. The relevant authorities will not issue the formal land use rights certificate in respect of a piece of land until the construction land use approval and the land planning permit have been obtained by the developer and the developer has paid the land premium in full and completed the resettlement process. As a result, in order to adjust to the pace of development, the land for a property development may be divided into one or more parcels for which multiple land use rights certificates were granted at different stages of development.

As of December 31, 2018, we had a total of 99 projects with a total planned GFA of approximately 15,709,907 sq.m. in total planned GFA, of which approximately 4,435,863 sq.m. were attributable to the Group.

Location	Approximate Total GFA	Approximate GFA Attributable to the Group[(1)]
	(sq.m.)	(sq.m.)
Shanghai	375,075	360,542
Nangjing	3,082,931	623,734
Hangzhou	602,547	359,370
Hefei	335,758	38,220
Suzhou	1,165,326	404,633
Ningbo	94,282	94,282
Wuxi	1,015,129	246,084
Changzhou	365,486	—
Nangtong	350,602	—
Xuzhou	433,433	—
Suqian	624,561	213,263
Haining	203,088	59,437
Yancheng	209,251	—
Chongqing	405,196	121,559
Chengdu	3,570,525	847,946
Wuhan	547,423	53,847
Xian	153,545	85,104
Changsha	245,540	2,455
Beijing	45,860	—
Tianjing	299,248	161,599
Jinan	354,093	—
Shijiazhuang	162,479	41,432
Baoding	14,040	—
Zhangjiakou	128,446	—
Tangshan	134,625	—
U.S.	791,418	722,356
Total	15,709,907	4,435,863

Note:

(1) "Approximate GFA Attributable to the Group" means the approximate square meters in gross floor areas in which the Group held equity interest.

Our site area information in this offering memorandum is based on our land grant contracts or land use rights transfer agreements. Our GFA information in this offering memorandum is based on our internal records. The commencement dates described in this offering memorandum refer to the dates on which we hold the on-site commencement ceremony for the project. This date may be prior or subsequent to the receipt of the relevant construction permit.

As used in this offering memorandum, the completion date of a property development refers to the completion of the entire development and is determined on the following basis:

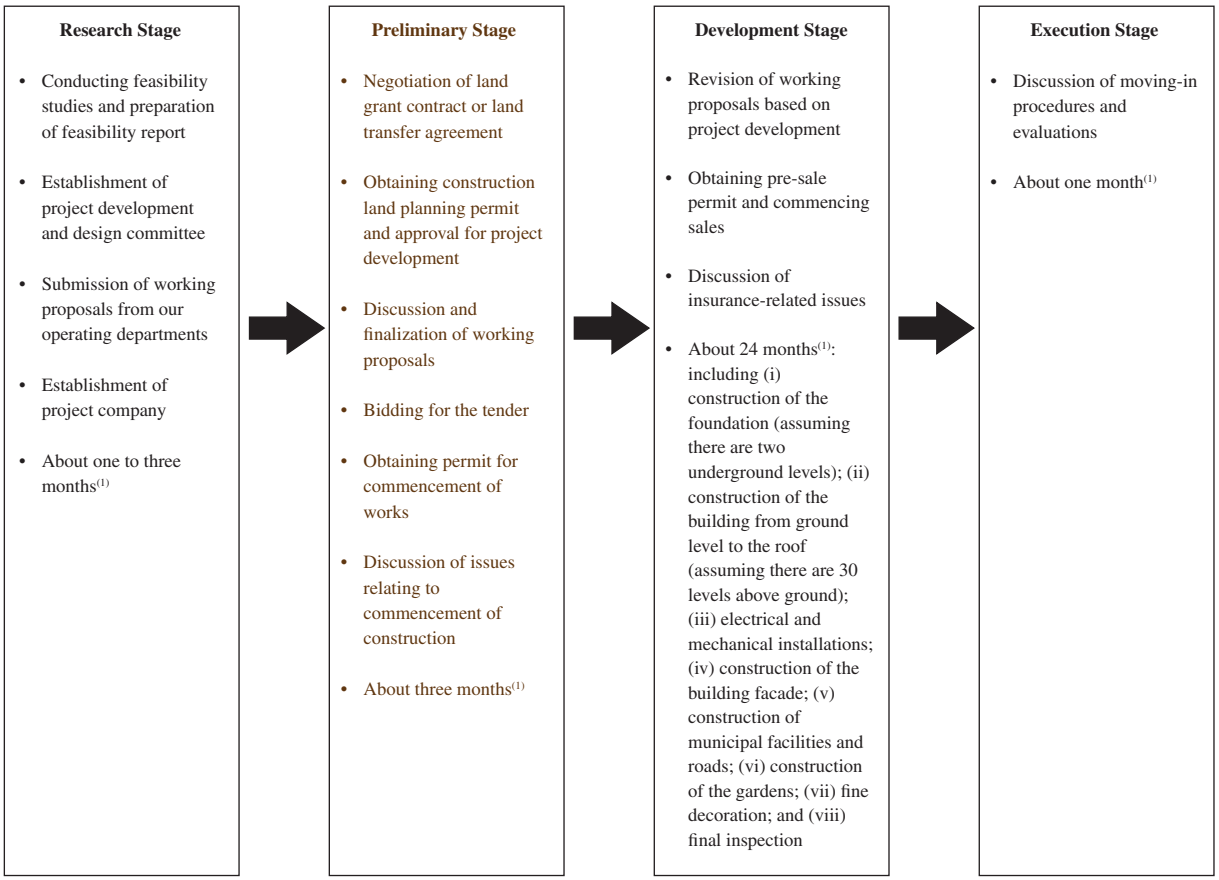
- where the construction of all constituent buildings of the property development has been completed, the completion date of that property development is taken to be the date on which the construction is completed; and

- where the construction of all constituent buildings of the property development has not yet been completed, the completion date of that property development represents our Directors' best estimate based on our current development plans.

Property development. We primarily engage in the development and sale of quality private residential properties to the middle to upper-middle income residents in Shanghai, Hangzhou, Nanjing, Suzhou and Wuxi in the PRC and certain selected cities in the U.S., such as San Francisco, Los Angeles, Boston and New York. We will continue to focus on the property markets where we have existing operations and pursue quality business opportunities in other fast growing Chinese and U.S. cities.

Although each concept and project development is unique in its own way as it is designed to cater to the preferences of specific target markets, we adopt a systematic operational approach beginning with planning, design and construction to pre-sale and after-sale support. A summary of the stages and elements of our property development process is outlined below.

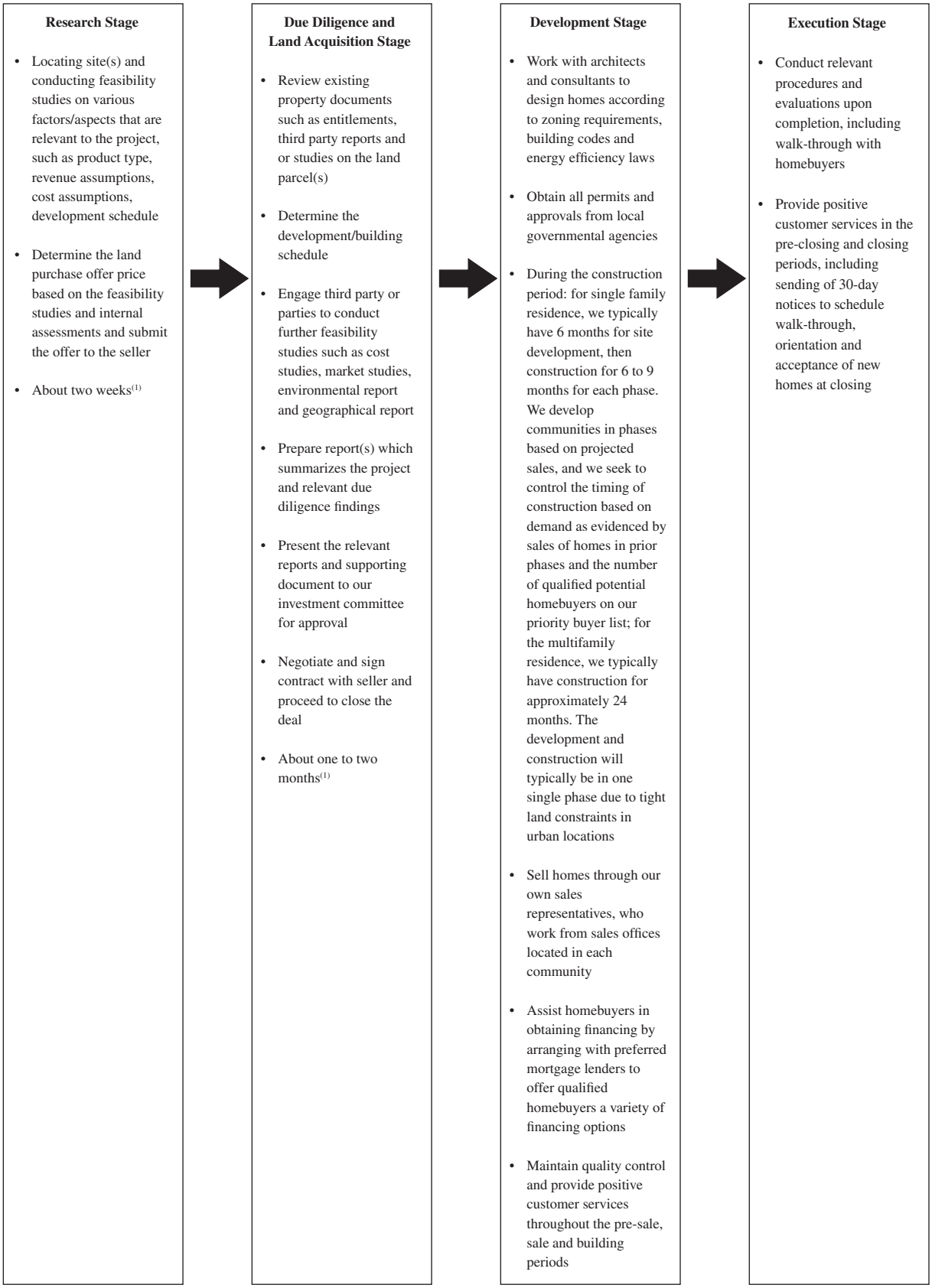
For the PRC market



Note:

(1) This is an estimated range as the required time for each property development stage may vary among projects depending on the geographical location and the size of the projects. As mentioned above, the sequence of specific planning and execution activities may also vary among projects as they may be subject to the requirement of local laws and regulations.

For the U.S. market



Note:

(1) This is an estimated range as the required time for each property development stage may vary among projects depending on the geographical location and the size of the projects. As mentioned above, the sequence of specific planning and execution activities may also vary among projects as they may be subject to the requirement of local laws and regulations.

Site selection. We consider the site selection process to be fundamental to the success of our property development. The scope of our market research and the extent to which we conduct feasibility studies before launching a property development varies, depending on our knowledge and experience in the locality, the nature of the proposed development and the availability of information from other sources. In general, we apply the following criteria in selecting sites for development:

- estimated cost, investment and financial return ratios;
- consumer demand for properties in that area;
- amenities close to the site (such as natural parks, greenery, schools, rivers and commercial facilities);
- existing infrastructure;
- government development plans for the relevant site and the neighbouring area; and
- competition from other developments in the locality.

In line with our prudent financial practices, we determine the maximum offer price for a parcel of land based on our cost estimates and target returns before bidding for or negotiating the purchase of the land. Based on our current developments and growth targets, we expect to maintain sufficient land reserves to fulfil our development requirements for a period of three years on a rolling basis. As of December 31, 2018, we have approximately a total planned GFA of approximately 15,709,907 sq.m. of which our attributable interest was 4,435,863 sq.m. We continually search for land sites which meet our selection criteria.

Land acquisition. We obtained our land reserves through the following methods:

- participation in government-organised tenders, auctions and listings-for-sale; and
- cooperation with third-party property developers that hold land use rights to jointly develop a project.

We primarily acquire land through tender, auction and listings-for-sale from the PRC government in accordance with relevant PRC laws and regulations.

The Provisions on the Assignment of State-owned Land Use Right through Bid Invitation, Auction and Quotation (招標拍賣掛牌出讓國有土地使用權規定) issued by the Ministry of Land and Resources provide that, from July 1, 2002, land use rights for the purposes of commercial use, tourism, entertainment and commodity residential property development in the PRC may be granted by the government only through public tender, auction or listing-for-sale. When deciding whom to grant land use rights, the relevant authorities will consider not only the tender price, but also the credit history, qualifications and tender proposal of the tenderer. We believe these measures have resulted in a more transparent land grant process, which has enabled developers to compete more effectively. We have been prudent in our financial management and we endeavour to maintain sufficient cash flows for our operations in addition to land acquisition. We therefore believe that these measures will not have a material adverse effect on our land acquisition strategy and operations. Under current regulations, grantees of land use rights are generally allowed to dispose of the land use rights granted to them in the secondary market. Subject to the terms of the land use right grant and relevant registration requirements, we may choose to acquire land from such third parties. The availability of privately held land will, however, remain limited and subject to uncertainties. As of December 31, 2016, in terms of GFA, all of our current land bank has been acquired directly from the local governments.

On June 5, 2003, the PBOC published the Notice on Further Strengthening the Administration of Real Estate Loans (中國人民銀行關於進一步加強房地產信貸業務管理的通知). This notice prohibits commercial banks from advancing loans to fund the payments of land premiums. As a result, real estate developers may only use their own funds to pay for land premiums.

In September 2007, the Ministry of Land and Resources further promulgated the Provisions on the Assignment of State-owned Construction Land Use Right through Bid Invitation, Auction and Quotation (招標拍賣掛牌出讓國有建設用地使用權規定) to require that land for industrial use, except land for mining, must also be granted by public tender, auction and invitation for bidding. 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.

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). This Notice raises the minimum down-payment for land premium 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.

The Ministry of Land and Resources promulgated the Notice on Issues Regarding Strengthening Control and Monitor of Real Estate Land Supply (關於加強房地產用地供應和監管有關問題的通知) (the "**Notice**") on March 8, 2010. According to the Notice, the land provision for affordable housing, redevelopment of shanty towns and small/medium residential units for occupier owner should be no less than 70% of total land supply, and the land supply for large residential units will be strictly controlled and land supply for villa projects will be banned. The Notice also requires that the lowest land grant price should not be less than 70% of the basic land price of the place where the granted land is located and the real estate developers' bid deposit should not be less than 20% of the lowest grant price. The land grant agreement must be executed within 10 working days after the land transaction is confirmed. The minimum down payment of the land premium should be 50% and must be paid within one month after the execution of the land grant agreement. The rest payment should be paid in accordance with the agreement, but no later than one year. If the land grant agreement is not executed in accordance with the requirement above, the land should not be handed over and the deposit will not be returned. If no grant premium is paid after the execution of the agreement, the land must be withdrawn.

On September 21, 2010, the Ministry of Land and Resources and the MOHURD issued the Notice of the Ministry of Land and Resources and the MOHURD on Further Strengthening the Administration and Control of the Lands for Real Estates and the Construction of Real Estates (國土資源部、住房和城鄉建設部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. It specifies that when the bidders take part in the bidding or auction of the transferred land, the competent authority of land and resources shall, in addition to requiring proof of identity documents and payment of the bid security, require an undertaking letter stating that the bid security is not from any bank loan, shareholders' borrowing, on-lending or raised funds and the credit certificate issued by commercial financial institutions. If the bidders are found to have conducted any of the following illegal or irregular activities the competent authority of land and resources shall forbid the bidders and their controlling shareholders from participating in land bidding activities: (1) committing crimes such as forgery of instruments with an aim to illegally sell the land; (2) conducting illegal activities such as illegal transfers of land use right; (3) where the land is idling for a period of more than one year due to the enterprises' reasons; or (4) where the development and construction enterprise develops and takes advantage of the land in contravention of the conditions as agreed in the transfer contract. The relevant authorities of land and resources at all levels are required to strictly implement the regulations.

In order to control and facilitate the procedure of obtaining land use rights, several local governments have stipulated standard provisions for land grant contracts. Such provisions usually include terms such as use of land, land premium and manner of payment, building restrictions including site coverage, total gross floor area and height limitations, construction of public facilities, submission of building plans and approvals, deadlines for completion of construction, town planning requirements, restrictions against alienation before payment of premium and completion of prescribed development and liabilities for breach of contract. Any change requested by the land user in the specified use of land after the execution of a land grant contract will be subject to approvals from the relevant local land bureau and the relevant urban planning department, and a new land use contract may have to be signed and the land premium may have to be adjusted to reflect the added value of the new use. Registration procedures must then be carried out immediately.

Pursuant to the Notice on Further Strengthening the Administration and Control of Land-Use and 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) jointly promulgated by the Ministry of Land and Resources and the MOHURD on September 21, 2010, the grant of two or more bundled parcels of lands or uncleared lands (毛地) is prohibited.

According to the Urgent Notice to Further Tighten Up Real Property Land Administration and Consolidate the Achievement of Macroeconomic Control of 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) promulgated by the Ministry of Land and Resources and the MOHURD on July 19, 2012, the grant of land shall not exceed the upper limit of prescribed area limit and the plot ratio of the land shall not be less than one.

We have also employed land acquisition strategies to acquire land at competitive costs by cooperation with leading third-party property developers through joint ventures. We believe that by sharing common business concepts and leveraging our respective strengths and experiences in project development, such cooperation can achieve ''win-win'' resolutions for us as well as our joint venture partners.

Financing of our property developments. We have three main sources of funding for our property developments: shareholder loan from our controlling shareholder, Landsea Group Co., Ltd, external financing including bank loans, L/C financing, trust financing and proceeds from offerings of senior notes and proceeds from pre-sales. Our financing methods vary from project to project. Nevertheless, in order to reduce the level of external funding, our policy is to finance our property developments with internal resources to the extent practicable and pre-sell the development as soon as we meet the regulatory requirements for pre-sale and market conditions allow.

When we obtain bank loans to fund our property developments, the banks will typically require guarantees from us, our affiliates or third parties and/or mortgages over our assets. As of December 31, 2018, our outstanding borrowings consist bank borrowings in the amounts of RMB2,450.7 million (US$356.4 million), sell and buy-back arrangement in the amount of RMB286.0 million (US$41.6 million), discounted bank acceptance note in the amount of RMB317.0 million (US$46.1 million), loans from other financial institutions in the amount of RMB350.3 million (US$50.9 million), senior notes in the amount of RMB1,380.5 million (US$200.8 million), loan from the ultimate controlling shareholder of RMB1,665.0 million (US$242.2 million) and EB-5 loans of RMB575.1 million (US$83.6 million).

Project design and interior design work. We have been applying the concept of ''energy-saving, environmentally-friendly, healthy, comfortable, safe'' to our designs. Leveraging our core energy-saving technologies we have managed to promote low-carbon lifestyles and favourable living environment and build comfortable and quality ecological residence with reasonable planning, full function, convenient access, lush surroundings and cultural elements. We also pay attention to protect the ecological environment in community and enhance the living quality through reasonable allocation and utilization of resources, which fully presents the intention of sustainable development. We have a dedicated team of designers and engineers, which comprises architects, planning experts, landscaping specialists, interior designers as well as structural, mechanical, electrical and plumbing engineers. In determining the design of a particular property development, the designers and engineers will consider the targeted market segment, the size and surrounding environment of the site, the type of development, and the GFA to site area ratio (commonly known as the plot ratio) determined by the relevant government authorities.

Construction work. All of our construction work is outsourced to qualified construction companies. Pursuant to the Tender Law of the People's Republic of China (中華人民共和國招標投標法), effective January 1, 2000, and its implementing regulations, we are required to select construction companies through a tender process for each construction project where the estimated total investment for the project would exceed RMB30 million or where the estimated sum payable under a single property development related contract would exceed RMB2 million. We select most of our construction contractors through this tender process as most of our property developments fall within the above category. Under PRC tender laws and regulations, during the tender process, the minimum tendering prices are determined in accordance with the construction pricing criteria prescribed by provincial or municipal construction authorities and the quality standards for the construction of the main structure of a building are required to satisfy criteria prescribed by the PRC Government. The Tender Law provides for two types of tender process, namely, public tender and tender by invitation. For construction projects that involve state-owned assets, developers are required to use a public tender process. However, as a

private developer, following receipt of an approval from the local authority we are allowed to organise the tender by inviting no fewer than three qualified construction companies to submit bids for the construction of a project. A tender assessment committee, no less than two-thirds of which must be made up of government-certified experts, will review the bids and select the construction company based on criteria pre-set by the committee on a case-by-case basis. We are allowed to select up to one-third of the committee members, but for most of our property developments we have selected all the committee members at random from the pool of government-certified experts to take advantage of their expertise. According to the Panel of Experts and the Management of the Experts Database Provisional Measure (評標專家和評標專家庫管理暫行辦法):

(1) the expert database, which must consist of at least 500 experts, is set up by the PRC provincial governments or tender agent organizations in accordance with the Tender Law;

(2) the relevant PRC provincial government or tender agent organization supervises the panel of experts and the expert database;

(3) the experts in the expert database are required to competently, impartially, honestly and sincerely perform their duties. They are not allowed to initiate contact with the tenderer in private or receive bribery, or benefit in any kind;

(4) the experts are included in the expert database by way of individual application or recommendation. The experts must be individually assessed by the relevant PRC provincial government or tender agent organization before they are selected for the expert database and their inclusion in the database is subject to annual review; and

(5) an expert will receive a warning from the relevant PRC provincial government if he or she breaches his or her duties and is subject to removal from the expert database if the breach is considered serious.

Since the promulgation of the Tender Law, we have selected our construction contractors through the tender by invitation process for most of our property developments. We intend to continue this practice for our future developments.

We enter into construction contracts with construction companies selected from the bidding process based on the terms of the tender documents. The construction contracts contain warranties from the construction companies in respect of quality and timely completion of the construction. We require construction companies to comply with PRC laws and regulations on quality of construction products as well as our own standards and specifications. The contractors are also subject to our quality control procedures, including examination of materials and supplies, on-site inspection and production of progress reports. Construction payments are determined primarily on the basis of the estimated labour and material costs and fitting requirements and usually are computed on a per sq.m. basis. In the event of delay in construction or unsatisfactory quality of workmanship, we may withhold construction payments or require the construction companies to pay a penalty or provide other remedies under PRC law and our contracts to recover any loss.

Procurement. We have established a full set of assessment system for suppliers. In selecting candidates for our project development suppliers, we require the suppliers must have ISO14001 (Environment Management System) certification to be qualified. Our procurement department, design department, engineering and technical departments carry out onsite visits to review our suppliers' complete business procedure from production to transportation and its management system. We prioritise green suppliers and green energy-saving products.

We require suppliers to meet our unique ''5E'' standard, namely ''Ecologic, Economic, Effective, Empirical and Excellent''. We also enter into integrity agreements with each of our suppliers.

Quality control. We place a strong emphasis on quality control to ensure that the quality of our products and services complies with relevant regulations and meets market standards. We have quality control procedures in place in our different functional departments as well as in each construction supervisory company.

We engage third-party construction supervisory companies to supervise the construction of our property developments pursuant to relevant PRC regulations. These construction supervisory companies are qualified entities specialised in construction supervision. The construction supervisory company engaged for a property development oversees the progress and quality of the construction work from beginning to end. Under our construction supervisory contracts, construction supervisory companies are empowered to inspect, advise and request rectification of any non-compliance, as well as to order suspension of construction in specific circumstances.

We place heavy emphasis on safety and health management at construction sites and has established and continued to improve procedures for construction safety management and guidelines on the practice for safe and civilised construction. Every chief project manager is vested with responsibility for safe and civilised construction, which is stringently linked up with the team and individual performance evaluation. We encourage our contractors to apply for the ISO9001 (Quality Management System) certification, OHSMS18001 (Occupational Health, Safety and Management System) certification and ISO14001 (Environmental Management System) certification, and apply these standardised procedures as criteria in selecting contractors. We also include the material sources of danger and safety risks in construction sites to the criteria of third party assessment and adopt the ''one defect is enough for elimination'' system for strict management of a safe, civilised healthy construction.

We also carry out detailed assessment on the eco-friendly aspects to our properties by assessing criteria including the light and wind environment, building thermal design, noise reduction and water conservation measures. Below is a list of assessment factors that we consider:

Specification	Description
Planning	Design Concept
	Community Light Environment
	Community Acoustic Environment
	Community Wind Environment
	Green Configuration
	Permeable Ground
Construction	Underground Space
	Thermal Calculation
	Dew Point Temperature
	Adjustable Shading
	Natural Ventilation
	Indoor Lighting
	Acoustic Insulation
	Building Materials
Water Supply and Drainage	Integrated Planning
	Water Saving Appliances
	Water Saving Irrigation
Electricity	Lighting Power Density
	Intelligence Community

We have received the Excellence in Design for Greater Efficiency (EDGE) certification from the International Finance corporation and the platinum certification from the German Sustainable Building Committee of the DGNB. In addition, as of December 31, 2018, 35 of our property development projects in China have received the National Green Three-Star identification, a certification awarded only to properties that have met the Green Building Assessment Standards (GB/T 50378-2014) from the Ministry of Housing and Urban-Rural Development of the PRC and the General Administration of Quality Supervision, Inspection and Quarantine of the PRC, which account for approximately 29.7% of our total number of projects as of December 31, 2018, making us the company with the most property projects with such certification in the PRC as of December 31, 2018.

Pre-sale. Under the PRC Law of the Administration of Urban Real Estate (城市房地產管理法) and the Administrative Measures Governing the Pre-sale of Urban Real Estate (城市商品房預售管理辦法), we must meet the following conditions before the pre-sale of a particular property can commence:

- the land premium must have been paid in full and the relevant land use rights certificate been obtained;
- the construction planning permit and the construction permit must have been obtained;
- the funds earmarked for the development of a property development must not be less than 25% of the total amount to be invested in the project and the progress and the expected completion date of the construction work must have been confirmed; and
- the pre-sale permit must have been issued.

Sales and marketing. Our internal sales and marketing department is responsible for managing our sales and marketing functions. Our sales managers and our marketing managers cooperate closely to determine appropriate advertising and sales plans for a particular property development. They also work together to plan and organise efficient and orderly on-site sales procedures, conduct market research, design sales and pricing strategies, arrange promotional activities and collect customer data and comments. They also prepare feasibility studies based on market analysis. In addition, we engage professional advertising and consulting firms for some of our projects which provide us with marketing and strategic consulting services.

As part of our sales and marketing strategy, we advertise in newspapers, magazines, on television, radio and outdoor advertising boards. We organise customer events and product exhibitions to improve customer relations and enhance their confidence in our products. In addition, we offer referral rewards to existing customers, such as souvenirs. We believe that these measures encourage referrals by our existing customers.

We provide shuttle services to potential purchasers who are interested in visiting our property developments. The shuttle buses pick up potential purchasers at designated points and take them to selected property developments, mainly large residential property developments for sale. We also set up on-site sales centres for each of our property developments.

In 2016, 2017 and 2018, our sales and marketing efforts have successfully attracted customers from the middle to upper-middle income class, including white collar employees, small business owners and middle to senior management in enterprises. We will continue to target the middle to upper-middle income residents in Shanghai, Hangzhou, Nanjing, Suzhou, Wuxi, Chongqing, Chengdu, Wuhan and Beijing in the PRC and certain selected cities in the U.S., such as San Francisco, Los Angeles, Boston and New York in which we currently operate or into which we expect to expand our operations.

Payment and end-user financing. Purchasers may pay for our properties by way of a lump sum payment or payment in instalments. If a purchaser chooses to pay by instalments, the last instalment must generally be made no later than the time of delivery of the property.

We make arrangements with various domestic banks to provide mortgage facilities to purchasers of our properties. In accordance with market practice, we are required to provide guarantees to these banks in respect of mortgages offered to our customers. In most cases, guarantees for mortgages on residential properties are discharged when we submit the individual property ownership certificates and certificates of other interests in the property to the mortgagee bank. In such cases, the guarantee periods normally last for around 12 to 24 months, taking into account the approximate one year needed to complete construction and the additional two years for the application for and issuance of the individual property ownership certificates. Guarantees provided for mortgages on some of our commercial and residential properties, however, will not be discharged until the relevant mortgage loan has been paid off. In general, the maximum mortgage terms in respect of residential properties and commercial properties are 30 years and 10 years, respectively, after the mortgage loans have been drawn down. The existing full-term guarantees are expected to be discharged upon the full repayment of the underlying loans. If a purchaser defaults on a mortgage, we may have to repurchase the underlying property by paying off the

mortgage. If we fail to do so, the mortgagee bank may auction the underlying property and recover any remaining amount outstanding from us. In recent years, the banks in the PRC do not normally require developers to provide full-term guarantees for mortgages.

When a purchaser defaults on a mortgage, we may decide to repurchase the underlying property by paying off the mortgage loan if we believe we can re-sell the property at a profit. In other cases, the mortgagee bank would auction the underlying property and recover any amount outstanding from us if the proceeds from the foreclosure are not sufficient to satisfy the delinquent loan. 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. There have not been defaults where we have been called upon to honour our guarantees in the past three years. As of December 31, 2018, our outstanding guarantees in respect of the mortgages for certain purchasers of our properties amounted to approximately RMB2,110.4 million (US$306.9 million). In addition, an December 31, 2018, we provided a guarantee of RMB184.3 million (US$26.8 million) to a wholly-owned subsidiary of a 50% joint venture for its bank borrowings. For more information relating to the risks associated with our guarantees provided to support our customers, please refer to the section entitled "Risk Factors — Risks Relating to Our Business — We provide guarantees for mortgage loans of our customers and may become liable to mortgagee banks if our customers default on their mortgage loans" in this offering memorandum.

Delivery of property. We endeavour to deliver quality products to our customers on a timely basis. We closely monitor the progress of construction of our property developments as well as conduct property inspections to ensure timely delivery. Our pre-sale or sale contracts provide for the time frame for delivery. Once a property development has passed the requisite government inspections and is therefore ready for delivery, our customer service staff will notify our customers and hand over keys and possession to the properties.

After-sale services. We provide after-sale services to our customers through different functional departments. Our finance department works with our sales and marketing department to assist our customers in arranging for and providing information relating to financing, including information on potential mortgage banks and the mortgage terms they offer. Our development centre assists our customers with various title registration procedures relating to the property. Our customer services department organises various customer functions and coordinates with the property management companies to handle customer complaints.

We conduct customer satisfaction surveys on a regular basis and have set up a telephone hotline and an online forum that provide channels of communication between us and our customers. We believe that our aftersale services inspire customer confidence and are effective in enhancing our brand name and in encouraging customers to purchase, or recommend others to purchase, properties we have developed.

Property Development and Management Services

Under our asset-light business model, we cooperate with various financial institutions or corporations to provide property development management services to projects, which include management of properties, sales management service, integration services involving green products or technologies and brand authorization service. For the year 2018, we generated RMB999.7 million (US$145.4 million) in revenue from our property development and management services.

Our operations. Our property development and management services are complement to our property development business. We are able to provide our customers, whether external or related parties, with one-stop solutions because we are able to offer various development and management services that enhance the overall customer experience and create greater efficiency and convenience. Currently, our property development and management services provide the following main products or services:

- *Property management.* We provide various property management services needed by residents of properties developed by us or third parties, including security and cleaning staff, design work for properties under development and decoration services. For example, we can introduce specialized and tailored green technologies such as zero-formaldehyde control to our customers to improve the environmental quality of properties. We provide project

management and consultancy services to our controlling shareholder, Landsea Group Co., Ltd. On February 23, 2014, we entered into the Property Development and Management Services Agreement with our controlling shareholder, Landsea Group Co., Ltd. to provide comprehensive development and management services including project management, sales management and financing advisory for Landsea Group Co., Ltd.'s existing projects. In addition, fees derived from such services will also bring in substantial revenue and cash inflow for us. The Property Development and Management Service Agreement ended on December 31, 2016. During the year ended December 31, 2016, we received a total of approximately RMB74.0 million from Landsea Group Co., Ltd. for the property development and management services provided.

- *Sales management service.* We lend sales personnel to assist with activities or events associated with property sales, which may include promotional events for pre-sales and, marketing campaigns and training of sales force of third parties.

- *Integration services involving green products or technologies.* We mainly offer our integration services to related parties which include various integrated green technologies or products, such as the integration of geothermal heat pump technology and roof radiation technology.

- *Brand authorization service.* We authorize third parties or related parties to use our Landsea brand (or sub-brands), as our projects or products are recognized by customers in various markets for their advanced green and energy-saving technologies and environmental awareness, attracting the interests from financial institutions and developers for strategic cooperation and project development. We usually enter into agreement with the cooperative partners with respect to our brand authorization fees depending on the type of projects or work involved, for their products or services.

Property Investment

As of December 31, 2018, we had three investment properties, namely Landsea Tower in Shenzhen, Huafei Apartment in Nanjing and Neighbourhood Union in Wuxi. Leveraging prime location and quality property management services, our investment properties maintain a high occupancy rate. In the year ended December 31, 2018, our fair value gain on the investment properties was approximately RMB7.4 million (US$1.1 million).

We believe that our access to execution ability in implementing our product strategies, experience with and knowledge about the local markets and financial resources for our projects set us apart from other potential and existing competitors that also operate long-term rental apartment business.

Risk Control System for Funding Projects

We place a strong emphasis on monitoring and managing risks associated with funding for our projects. From the project management perspective, we have procedures in place to ensure that each stage of a project is carefully monitored to ensure that decisions are made after taking into account of all variables could affect the outcome of a project, from examination of market position, target customer, products and technologies to the implementation of technical and financial plans and strategies. From the project investment perspective, we have set out specific requirements for each stage of a project and established different monitoring criteria for different levels of investment depending on the investment amount. We have established four levels of risk indicators for funding, consisting of (i) serious crisis, which is for projects with a balance of less than RMB1.2 billion and a cash ratio of less than 4%, (ii) crisis, which is for projects with a balance of less than RMB1.5 billion and a cash ratio of less than 5.5%, (iii) serious, which is projects with a balance of less than RMB2.0 billion and a cash ratio of less than 7%, and (iv) normal, which is for projects with a balance of over RMB2.4 billion and a cash ratio of more than 7%. We have formulated detailed assessment criteria and procedures for each of the four categories and closely monitor our project teams follow such procedures to ensure that the projects are reviewed and approved by a number of responsible teams before gaining the approval of investment committee and eventual approval by the Board. We believe that our risk classification system and risk control policies will help us to better develop responses to any risk related to our project funding.

Research and Development

We rely on the research and development capabilities of our controlling shareholder, Landsea Group Co., Ltd., for planning and designing our projects and managing the entire process from making the proposal to creating the construction drawing.

The building of a comfortable and environmentally friendly property requires not only certain construction techniques used in isolation. It also requires an integrated approach in applying all construction techniques in order to overcome problems caused by differences in the construction environment and, changes in customers' needs, and to overcome various obstacles in the design and construction process. Such an approach enables the transformation from design to the finished product which meets market requirements for eco-friendly buildings. We have accumulated a wealth of experience, through years of development and practice, in the integration and practical application of energy-saving technology, which has helped shape our green technology system. Further, in order to target the need of each construction project, we have prepared a wide variety of options to meet differing weather, environment and customers' needs. Following continuous development and practical application, we continue to improve our existing technology, explore new technology and perfect our green technology systems.

Competition

We believe that the property markets in the Yangtze River Delta are highly fragmented. Our existing and potential competitors include major domestic developers and, to a lesser extent, foreign developers primarily from Asia, including several leading developers from Hong Kong. Some of our competitors target different segments of the PRC real estate market; some engage in other activities in addition to real estate development; and some are focused only regionally or nationally. However, we may not compete directly with them due to different focuses. In addition, our competitors may, however, have more experience and resources than us. For more information on competition, please refer to the section entitled "Risk Factors — Risks Relating to the Real Estate Industry in China — Increasing competition in the property industry in China".

Intellectual Property Rights

We conduct business mainly under the "Landsea" or "朗詩綠色地產" brand names and logos. We use domain names "landsea.hk," "landsea.com.hk," "landsea.co.nz" and "landsea.cn." As of the date of this offering memorandum, we are not aware of any material incidence of intellectual property rights infringement claims or litigation initiated by others and vice versa. As of December 31, 2018, we had 105 patents related to construction using green or innovative technologies.

Employees

As of December 31, 2018, we had 2,662 full time employees responsible for management, executive, technical and general functions in Hong Kong, the United States and the PRC.

In order to achieve continuous and long-term development, we provide a variety of learning resources to our employees and encourage them to develop and upgrade themselves through various channels. We design different training programmes based on different specialties and levels of our employees, such as training and tutorial with motivation stimulation for new employees, training for mid-level managers, training for mid-to-high level management, training for project general managers and functional and professional clubs. We encourage and support our employees for lifelong learning by subsidising them a proportion of the fees and expenses as support upon obtaining their degrees or professional certificates during their tenure of office, and endeavour to create and enhance atmosphere and space for all employees to develop and grow.

We are subject to social insurance contribution plans organised by the PRC local governments. In accordance with the relevant national and local labour and social welfare laws and regulations, we are required to pay on behalf of our employees monthly social insurance premium covering pension insurance, medical insurance, unemployment insurance and housing reserve fund. We believe the salaries and benefits that our employees receive are competitive with market rates. In addition to the medical insurance for our employees in accordance with relevant national laws and regulations, we also provide annual coverage of other supplementary business insurance for all employees and their children, such as outpatient care, inpatient care and accident insurance. At the same time, we also provide family supplementary medical insurance for our employees' voluntary participation. We provide domestic and overseas travelling opportunities to all employees annually. Furthermore, we provide interest-free loan scheme for eligible employees to relieve their pressure of home purchase. Moreover, we have routine physical examination for our employees annually and provide health evaluation reports.

Insurance

Real estate developers in China are not required to maintain insurance coverage in respect of their property development operations. Nonetheless we have provided insurance coverage in respect of the property under development. In addition, we do not carry insurance against personal injuries that may occur during the construction of our properties except that we purchase accident insurance against personal injuries that may occur to construction workers on behalf of our construction contractors. The construction companies, however, are responsible for the quality and safety control during the course of the construction and are required to maintain accident insurance for their construction workers pursuant to PRC law. To ensure construction quality and safety, we require our construction contractors to strictly comply with relevant PRC laws and regulations in respect of construction quality and safety as well as our own standards and specifications. We also engage qualified supervision companies to oversee the construction process. Under PRC law, the owner or manager of properties under construction bears civil liability for personal injuries arising out of construction work unless the owner or manager can prove that he is not at fault. Since we have taken the above positive steps to prevent construction accidents and personal injuries, the Directors believe that we will have sufficient evidence to prove that we are not at fault as the property owner in the event that a personal injury claim is brought against us. In addition, according to our construction contracts, any liability that may arise from tortious act committed on work sites will be borne by the construction companies.

We believe our insurance policy is in line with the industry practice in the PRC. However, there are risks that we do not have sufficient insurance coverage for losses, damages and liabilities that may arise in our business operations. See the section entitled "Risk Factors — Risks Relating to Our Business — We may not have adequate insurance coverage to cover our potential liability or losses and as a result our business, results of operations and financial condition may be materially and adversely affected" for details.

Environmental and Safety Matters

The laws and regulations governing the environmental protection for real estate developments in China include the PRC Environmental Protection Law (中華人民共和國環境保護法), the PRC Environmental 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 Administrative Regulations on Environmental Protection for Development Projects (建設項目環境保護管理條例). Pursuant to these laws and regulations, depending on the impact of the project on the environment, an environmental impact report, an environmental impact analysis table or an environmental impact registration form must be submitted by a developer before the relevant authorities grant approval for the commencement of construction of the real estate development. In addition, upon completion of the real estate development, the relevant environmental regulatory authorities will also inspect the property project to ensure compliance with the applicable environmental protection standards and regulations before the property project may be delivered to the purchasers.

We seek to an environment-friendly, society-friendly and sustainable business model and provide green, low-carbon and safe products and services to clients following the principle of minimising total consumption of construction resources in the entire lifecycle with aim to advocate green and health lifestyles.

Legal Proceedings

We are involved in various legal proceedings arising out of the ordinary course of our business, including claims relating to our guarantees for mortgages provided to our purchasers and contract disputes with our purchasers and suppliers. We do not anticipate significant legal costs or legal fees will be required to defend ourselves in these proceedings.

As of the date of this offering memorandum, we are not aware of any material legal proceedings, claims or disputes currently existing or pending against us. However, we cannot assure you that material legal proceedings, claims or disputes will not arise in the future. See "Risk Factors — Risks Relating to Our Business — We may be involved in disputes, legal and other proceedings arising out of our operations from time to time and may face significant liabilities as a result."

As at the date of the offering memorandum, the members of the board of directors (the "Board") and senior management of the Company are as follows:

Name	Position
Mr. TIAN Ming (田明)	Chairman, Executive Director and Chief Executive Officer
Ms. SHEN Leying (申樂瑩)	Executive Director and Co-Chief Executive Officer
Mr. WANG Lei (王磊)	Executive Director and Co-Chief Executive Director
Ms. ZHOU Qin (周勤)	Executive Director and Vice President
Mr. XIE Yuanjian (謝遠建先生)	Executive Director, Vice President and Chief Technology Officer
Mr. ZHOU Yimin (鄒益民)	Non-executive Director
Mr. XU Xiaonian (許小年)	Independent Non-executive Director
Mr. LEE Kwan Hung (李均雄)	Independent Non-executive Director
Mr. CHEN Tai-yuan (陳泰元)	Independent Non-executive Director
Mr. Rui Meng (芮萌)	Independent Non-executive Director

CHAIRMAN AND EXECUTIVE DIRECTOR

Mr. TIAN Ming (田明), aged 58, serves as our chairman of the board and executive director since July 31, 2013. He is also the Chief Executive Officer of the Company. Mr. Tian has a master of business Administration degree from China Europe International Business School. Mr. Tian founded our controlling shareholder, Landsea Group Co. Ltd. (朗詩集團股份有限公司) in 2001 and is now the largest shareholder and also the chairman and president of the Landsea Group Co., Ltd. and its subsidiaries. Mr. Tian has more than 18 years' extensive experience in the fields of competitive strategy, operation management and property investment and development. Mr. Tian is widely recognised by industry peers as a pioneer in green property industry.

EXECUTIVE DIRECTORS

Please see "Chairman and Executive Director" for the description of the experience of **Mr. TIAN Ming (田明)**.

Ms. SHEN Leying (申樂瑩), aged 41, serves as our executive director since July 31, 2013 and our co-chief executive officer since February 23, 2014 and the Chief Financial Officer of the Company. Ms. Shen oversees the Group's financial management, investment and financing as well as capital management functions, and also serves as the person-in-charge of the business department of Green Fir Investment of the Company. Ms. Shen has a master's of media communication degree from Shanghai University. Ms. Shen joined Landsea Group in 2011 and served as the general manager of Marketing and Sales Center, general manager of Nanjing property regional company, vice president of investment and financing, finance management, and legal in Landsea Group. Before joining Landsea Group, Ms. Shen had been working in Gallup Consulting for nine years and served in the positions such as research and consulting director, member of the Management Committee of Shanghai Office. Ms. Shen has more than 17 years' experience in various areas including management consulting, market and customer strategy, property development management, investment and financing, financial management, etc.

Mr. WANG Lei (王磊), aged 40, was appointed as an executive Director and a Co-Chief Executive Officer on November 23, 2018. He is also the Chief Executive Officer of the China real estate division of the Company. He was appointed as the executive vice president and chief executive officer of Real Estates Division of Landsea Group on May 9, 2018. He had been the general manager of Shanghai regional properties company of the Group. He obtained a bachelor degree from Architectural Engineering Department of Tongji University and an EMBA master degree in China Europe International Business School. He had worked for Jingrui Properties (Group) Limited, China Overseas Land & Investment Limited as the regional general manager and project manager. He has extensive experience in construction management, project operational management and corporate governance in real estate industry.

Ms. ZHOU Qin (周勤), aged 45, was appointed as a non-executive Director on January 5, 2015 and was re-designated as an executive Director on August 15, 2016. She is also a member of the remuneration committee of the Company. Ms. Zhou is also the Vice President and Chief International Business Officer of the Company. Ms. Zhou earned her Executive Master of Business Administration degree from China Europe International Business School in 2001 and MBA degree from Nanjing University. Ms. Zhou has nearly 23 years' experience in business development, investment and operation management in real estate. She joined Landsea Group in 2002 and served as the regional general manager in multiple locations, such as Nanjing, Suzhou and Shanghai. After that Ms. Zhou led Landsea Group's global strategic deployment while serving as the assistant to Chairman, general manager of Shanghai Landsea Architecture Technology Co., Ltd., and general manager of Landsea Architecture Design Institute.

Currently, Ms. Zhou is the vice president of Landsea Group and responsible for overseas business exploration. She played the fundamental role to facilitate Landsea Group's US business development and investment. Since December 1, 2014, she served on the board of directors in a Landsea Group's company in U.S.A. and also the chairman of its investment committee.

Mr. XIE Yuanjian (謝遠建), aged 54, was appointed as an executive Director on July 31, 2013. He is also the Vice President and the Chief Technology Officer of the Company. He is a member of the sustainable development supervision committee of the Company. He has a Bachelor of Architecture from Logistical Engineering University of PLA, Masters of Business Administration in China Europe International Business School, and is a national first class registered architect and senior engineer. Mr. Xie joined Landsea Group in 2003 and served as the general manager of research and development and design institute, general manager of product center, and vice president of products in Landsea Group, where he had been in charge of the work related to green architectural products and technology for a long time. Mr. Xie has more than 21 years' working experience in the fields of architectural design and technology research and development.

NON-EXECUTIVE DIRECTOR

Mr. ZHOU Yimin (鄒益民), aged 60, was appointed as a non-executive Director on November 17, 2015. He is the chairman and chief executive officer of Ping An Real Estate Company Limited. Mr. Zhou joined Ping An Insurance (Group) Company of China, Ltd. in early 2010 after spending more than 12 years in Sun Hung Kai Properties Limited, one of the largest global real estate developers headquartered in Hong Kong. During his time at Sun Hung Kai Properties Limited, Mr. Zhou was the chairman of Sun Hung Kai Real Estate (Shanghai) Limited, overseeing its real estate business in the China market and the significant growth in its land bank and investment portfolio. Prior to his term at Sun Hung Kai Properties Limited, Mr. Zhou was the vice chairman of Chu Kong Shipping Enterprises (Group) Co., Ltd. (formerly known as "Chu Kong Shipping Development Co., Ltd"), which was successfully listed on the Stock Exchange in 1997. Mr. Zhou has been a non-executive director of CIFI Holdings (Group) Co. Ltd. (Stock Code: 884) from December 2017 to November 2018, whose shares are listed on the Stock Exchange. Mr. Zhou graduated from Fudan University with a doctorate degree.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. XU Xiaonian (許小年), aged 65, serves as our independent non-executive director since July 31, 2013. Mr. Xu obtained his doctor of philosophy degree in Economics from University of California Davis in 1991. Mr. Xu was the managing director and head of research department in China International Capital Corporation Limited, and senior economist of Merrill Lynch (Asia Pacific) and

consultant of World Bank. Currently, Mr. Xu serves as the professor of Economics and Finance in China Europe International Business School and his research areas include macroeconomics, finance, financial institutions and markets, transition economics and China's economic reforms. Mr. Xu is a famous Chinese economist and was granted the highest award of economics study in China, the "Sun Yefang Economic Science Award". Mr. Xu has more than 33 years' experience in economics analysis.

Mr. LEE Kwan Hung (李均雄), aged 53, serves as our independent non-executive director since July 31, 2013. He is a member of the Audit Committee and the Nomination Committee. Mr. Lee received his bachelor's degree of laws and postgraduate certificate in laws from the University of Hong Kong in 1988 and 1989 respectively. Mr. Lee was then admitted as a solicitor in Hong Kong in 1991 and in England and Wales in 1997, and is currently a practising lawyer. Mr. Lee is currently a consultant of Howse Williams Bowers. He was a senior manager of the Listing Division of The Stock Exchange of Hong Kong Limited from 1993 to 1994. Mr. Lee is experienced in initial public offerings and corporate financing, including assisting the listing of Country Garden Holdings Company Limited in Hong Kong. Mr. Lee is currently an independent non-executive director of Embry Holdings Limited, NetDragon Websoft Inc., Newton Resources Limited, Tenfu (Cayman) Holdings Company Limited, China BlueChemical Ltd., China Goldjoy Group Limited, FSE Service Group Limited (formerly known as FSE Engineering Holdings Limited), Red Star Macalline Group Corporation Ltd. and Ten Pao Group Holdings Limited, the shares of these companies are currently listed on The Stock Exchange of Hong Kong Limited. Mr. Lee was an independent non-executive director of each of Vestate Group Holdings Limited (formerly known as "Walker Group Holdings Limited") and Futong Technology Development Holdings Limited, until his resignation on April 1, 2016 and November 18, 2017 respectively, the shares of these companies are listed on the Hong Kong Stock Exchange.

Mr. CHEN Tai-yuan (陳泰元), aged 43, was appointed as an independent non-executive Director on March 22, 2019. He is a tenured Full Professor of Accounting, and Associate Dean and the Director of MBA programs at the School of Business and Management at Hong Kong University of Science and Technology. He earned his Bachelor of Business Administration from National Cheng-Chi University (Taiwan), Master of Science from University of Illinois at Urbana Champaign, and P.H.D. in Accounting from University of Texas. His research interests are corporate governance, auditing, and earnings quality. His research has been published in top tier journals including The Accounting Review, Journal of Accounting and Economics, Journal of Financial Economics, Journal of Financial and Quantitative Analysis, and Accounting Organizations and Society. His article in Journal of Accounting and Economics (2007) ("JAE") is one of the most cited JAE articles in the year. His research has been featured in CFO.com, Accounting Today, Thomson Reuters and American Accounting Association's monthly newsletter. Mr. Chen has more than 10 years of experience of teaching financial and managerial accounting to MBA and EMBA students and in Executive Education programs. He has won numerous teaching awards including the Franklin Teaching Prize, the Best 10 Lecturers, and Faculty of the Year by EMBA students.

Mr. Rui, aged 51, was appointed as an independent non-executive Director on May 27, 2019. He graduated from University of International Relations (國際關係學院) in the PRC in July 1990, where he obtained a bachelor degree in international economics. He also received a master of science in economics from Oklahoma State University in the United States as well as a master of business administration and a doctor of philosophy in business administration from the University of Houston in the United States in May 1993, December 1996 and August 1997 respectively. Mr. Rui has been a Professor of Finance and Accounting at China Europe International Business School (中歐國際工商學院) ("**CEIBS**") January 2012, and has held the title of Zhongkun Group Chair in Finance at CEIBS from October 2015 to May 2019 and Parkland Chair in Finance at CEIBS from May 2019. Mr. Rui has been professionally designated as a Certified Financial Analyst by the Association for Investment Management and Research since September 2000 and a Financial Risk Manager by the Global Association of Risk Professionals since April 2010. Mr. Rui currently serves as an independent non-executive director and a member of the audit committee of COSCO Shipping Energy Transportation Co., Ltd. (stock code: 1138 and stock code: 600026; a company listed on both the Main Board of the Stock Exchange and the Shanghai Stock Exchange respectively), an independent non-executive director and the chairman of the audit committee of Shanghai Winner Information Technology Co., Inc.* (上海匯納信息科技股份有限公司) (stock code: 300609; a company listed on the Shenzhen Stock Exchange), an independent non-executive director of Shang Gong Group Co., Ltd.* (上工申貝(集團)股份有限公司) (stock code: 600843: a company listed on the Shanghai Stock Exchange) and an independent non-executive director and the chairman of the audit committee of Chian Education Group Holdings Limited

(stock code: 839; a company listed on the Main Board of the Stock Exchange) and he has been appointed as an independent non-executive director, chairman of the audit committee and a member of nomination committee of Country Garden Services Holdings Company Limited (stock code: 6098; a company listed on the main Board of the Stock Exchange) since May 2018. Mr. Rui has been an independent non-executive director and the chairman of the audit committee of Midea Group (美的集團股份有限公司) (stock code: 000333; a company listed on the Shenzhen Stock Exchange) from September 2015 to September 2018. Save as aforesaid, Mr. Rui has not held any directorships in any public listed companies in the last three years.

SENIOR MANAGEMENT

Mr. John HO, aged 37, was appointed as the Vice President and the Chief Executive Officer of the Company in the United States on March 18, 2016. He graduated from USC Marshall School of Business and obtained bachelor degree in Business Administration. He worked in various international renowned real estate investment management and advisory firms including Colliers International, Jones Lang LaSalle. He served as a director, a vice president and the head of PRC business division in Jones Lang LaSalle, and was responsible for the provision of a wide range of services, such as acquisition, consultation, leasing and comprehensive investment management of real estate, to the PRC enterprises focusing on the expansion into the international market.

Mr. ZHANG Lin (章林), aged 41, was appointed as the General Manager of Long-term Rental Apartments Business Division on October 12, 2017. He was also appointed as the Vice President of the Company on November 23, 2018. Mr. Zhang had worked in the marketing and strategic management centers of the Group. He graduated from the East China Normal University and Shanghai Jiao Tong University and obtained a master degree in International Business Administration. He had worked in Budweiser and Shanghai Office of the Gallup Organization. He has extensive experience in strategic management in rental apartments industry and corporate governance.

Mr. JIANG Chao (蔣超), aged 41, was appointed as assistant to president and Chief Investment Officer of Lansea Group on January 12, 2017, and is also in charge of the strategic expansion center. He was also appointed as the Vice President of the Company on November 23, 2018. He graduated from Shenyang Jianzhu University with specialization in Real Estate Management. He has joined several enterprises including Longfor Group Holdings Limited and China Vanke Co., Ltd., and served as the person-in-charge of the investment center and manager of the development department for regional projects of the group. He has extensive experience in real estate industry, land acquisition as well as project acquisitions and mergers.

COMPANY SECRETARY

Ms. CHAN Yuenying, Stella (陳婉縈) was appointed as our company secretary and authorised representative with effect from November 1, 2006. Ms. Chan is a fellow member of The Institute of Chartered Secretaries and Administrators and a fellow member of The Hong Kong Institute of Company Secretaries. She is also a member of the Hong Kong Institute of Directors. Ms. Chan has more than 20 years' experience in handling listed company secretarial matters.

BOARD COMMITTEE

Audit Committee

We established the Audit Committee with written terms of reference, as amended, in compliance with the Listing Rules. The Audit Committee comprises one non-executive director, namely Mr. Zhou Yimin and three independent non-executive directors, namely Mr. Rui Meng (as chairman), Mr. Lee Kwan Hung and Mr. Chen Tai-yuan.

The Audit Committee is mainly responsible for making recommendations to the Board on the appointment, re-appointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of its resignation or dismissal of such auditor; reviewing the interim and annual reports and financial statements of the Group; and overseeing

the Company's financial reporting system including the adequacy of resources, qualifications and experience of staff in charge of the Company's financial reporting function and their training arrangement and budget, and to review the risk management and internal control systems.

The Audit Committee meets the external auditor regularly to discuss any area of concern during the audit and reviews the interim and annual reports before submission to the Board. The Audit Committee focuses not only on the impact of the changes in accounting policies and practices but also on the compliance with reporting and accounting standards, the Listing Rules and the legal requirements in the review of the Company's interim and annual report.

Remuneration Committee

We established the Remuneration Committee with written terms of reference in compliance with the Listing Rules. The Remuneration Committee currently comprises one executive director, Ms. Zhou Qin, and three independent non-executive directors, namely, Mr. Chen Tai-yuan (as chairman), Mr. Xu Xiaonian and Mr. Rui Meng.

The Remuneration Committee makes recommendations to the Board on the Company's policy and structure on the remuneration packages for all directors' and senior management's remuneration and on the establishment of a formal and transparent procedural process for developing remuneration policies, to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives, to make recommendations to the Board on the remuneration packages of individual executive directors and senior management, and to make recommendations to the Board on the remuneration of non-executive directors.

Nomination Committee

We established the Nomination Committee with written terms of reference in compliance with the Listing Rules. The Nomination committee currently consists of four independent non-executive directors, namely, Mr. Xu Xiaonian (as chairman), Mr. Lee Kwan Hung, Mr. Rui Meng and Mr. Chen Tai-yuan.

The Nomination Committee reviews and monitors the structure, size and diversity of the Board and makes recommendations on any proposed changes to the Board to complement the Company's strategy; to identify qualified individuals to become members of the Board; to assess the independence of independent non-executive directors; and to make recommendations to the Board on the appointment or re-election of directors and succession planning for directors, in particular the Chairman and the Chief Executive Officer.

DIRECTORS'S REMUNERATION

The remuneration received by our directors (including fees, salaries, discretionary bonus, allowances and benefits in kind, contribution to retirement benefits scheme and restricted share award) for the years ended December 31, 2016, 2017 and 2018 was approximately RMB18.3 million, RMB16.6 million and RMB18.7 million (US$2.7 million), respectively.

SUBSTANTIAL SHAREHOLDERS

As of December 31, 2018, so far as the directors are aware, the following persons or institutions beneficially owned more than 5% of our outstanding shares, as recorded in the register maintained by us pursuant to Section 352 of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (''SFO''):

Name of shareholder	Capacity	Approximate number of shares held	Approximate percentage of shareholding
Landsea Group Co., Ltd.[(1)]	Beneficial owner	2,802,697,771	59.35%
Landsea International Holdings Limited[(1)]	Interest of corporation controlled by the substantial shareholder	2,802,697,771	59.35%
Greensheid Corporation[(1)]	Interest of corporation controlled by the substantial shareholder	1,997,961,187	42.31%
Easycorps Group Limited	Beneficial owner	313,448,907	6.63%
Ping An Insurance (Group) Company of China, Ltd.[(2)]	Interest of corporation controlled by the substantial shareholder	327,002,604	6.92%
Ping An Life Insurance Company of China Ltd.[(2)]	Interest of corporation controlled by the substantial shareholder	327,002,604	6.92%
Ping An Real Estate Company Ltd.[(2)]	Interest of corporation controlled by the substantial shareholder	327,002,604	6.92%
Ping An Real Estate Company Capital Ltd.[(2)]	Interest of corporation controlled by the substantial shareholder	327,002,604	6.92%
Fuji Investment Management Limited[(2)]	Interest of corporation controlled by the substantial shareholder	327,002,604	6.92%

Notes:

(1) These include (i) 1,997,961,187 ordinary shares held through Greensheid; and (ii) 804,736,584 ordinary shares, including 463,560,113 derivative shares being converted into ordinary shares on 19 November 2018 upon exercise of conversion rights attached to the convertible perpetual securities in an aggregate principal amount of HK$432,687,009 by Landsea International, held through Landsea International, as well as 341,176,471 ordinary shares issued and allotted to Landsea International on 21 December 2018 for the capitalization of the outstanding principal amount of the loan of HK$290 million provided by Landsea International to the Company.

Greensheid is wholly-owned by Landsea International, which is in turn wholly-owned by Landsea Group. Therefore, Landsea International is deemed to be interested in the shares held by Greensheid, and Landsea Group is deemed to be interested in the shares held by Landsea International and Greensheid pursuant to the SFO.

(2) These include (i) 327,002,604 ordinary shares, held by Fuji Investment Management Limited. Fuji Investment Management Limited is wholly-owned by Pingan Real Estate Capital Limited which in turn is wholly-owned by Ping An Real Estate Company Limited. Ping An Real Estate Company Limited is owned as to 49% by Ping An Life Insurance Company of China Ltd., which in turn is owned as to 99.51% by Ping An Insurance (Group) Company of China, Ltd. Therefore, each of Ping An Insurance (Group) Company of China, Ltd., Ping An Life Insurance Company of China Ltd., Ping An Real Estate Company Ltd. and Pingan Real Estate Capital Ltd. is deemed to be interested in the shares held by Fuji Investment Management Limited pursuant to the SFO. The convertible perpetual securities issued by the Company in an aggregate principal amount of HK$130,000,000 were fully redeemed by the Company in whole amount. Therefore, upon such full redemption, the Pingan CPS have been cancelled by the Company.

Save as disclosed above, we have not been notified of any other relevant interests or short positions in the shares and underlying shares of the Company as of December 31, 2018.

RELATED PARTY TRANSACTIONS

The table below sets forth certain material transactions between us and our related parties as of December 31, 2016, 2017 and 2018:

	As of December 31,			
	2016	2017	2018	
	(RMB'000)	(RMB'000)	(RMB'000)	(US$'000) (Unaudited)
Balances Due from Related Parties				
Non-current amounts due from associates[1]	—	285,364	278,162	40,457
Non-current amounts due from joint ventures[2]	187,036	1,085,171	1,353,333	196,834
Current amounts due from associates[1]	650,919	768,465	89,209	12,975
Current amounts due from joint venture[2]	167,352	791,361	656,091	95,424
Ultimate controlling shareholder and its fellow subsidiaries	—	—	511	74
Balances Due to Related Parties				
Non-current amounts due to the ultimate controlling shareholder and its fellow subsidiaries[3]	869,830	189,912	—	—
Non-current amounts due to associates[4]	707,182	1,761,220	1,581,829	230,067
Non-current amount due to a joint venture[5]	210,100	763,474	1,222,997	177,878
Current amounts due to associates[4]	220,000	298,200	2,175,106	316,356
Current amounts due to the ultimate controlling shareholder and is fellow subsidiaries[3]	105,360	1,720,482	56,666	8,242
Current amount due to a joint venture[5]	—	25,398	676,754	98,430
Loans from the ultimate holding company[8]	1,662,177	1,665,000	1,665,000	242,164
Other Related Party Transactions				
Property development and management service fee from associates and joint ventures[6]	187,845	421,983	548,884	79,832
Property development and management service fee income from fellow subsidiaries[7]	74,045	612	23,238	3,380
Interest income received from associates[1]	75,841	52,454	36,085	5,248
Interest income received from joint ventures[2]	19,223	52,948	69,650	10,130
Interest expense on loans from the ultimate holding company[3][8]	100,296	126,888	95,483	13,887
Interest expense on loans from a joint venture[5]	15,817	29,789	15,448	2,247
Interest expense on loans from associates	13,058	11,388	18,543	2,697
Interest expense on loans from a fellow subsidiary[6]	830	58,098	27,963	4,067
Purchase from fellow subsidiaries of ultimate controlling shareholder	—	—	32,382	4,710
Employee Benefit Expenses				
Short-term employee benefits	29,776	42,641	37,681	5,480
Restricted share award	5,825	—	—	—
Contributions to retirement benefits schemes	820	1,267	1,110	161

	As of December 31, 2018	
	(RMB'000)	(US$'000) (Unaudited)
Funding with Related Parties		
Funding to associates (operating)	19	3
Funding to associates (investing)	42,000	6,109
Funding to joint ventures (operating)	1,856,146	269,965
Funding to joint ventures (investing)	1,830,775	266,275
Funding to ultimate controlling shareholder and its fellow subsidiaries (operating)	511	74
Collection of funding to associates (operating)	280,306	40,769
Collection of funding to associates (investing)	157,000	22,835
Collection of funding to joint ventures (operating)	1,460,784	212,462
Collection of funding to joint ventures (investing)	1,735,797	252,461
Proceeds from associates (operating)	1,369,803	199,230
Proceeds from associates (financing)	438,080	63,716
Proceeds from joint ventures (operating)	2,117,434	307,968
Proceeds from joint ventures (financing)	674,000	98,029
Proceeds from ultimate controlling shareholder and its fellow subsidiaries (operating)	5,866,725	853,280
Proceeds from ultimate controlling shareholder and its fellow subsidiaries (financing)	1,207,973	175,692
Repayment to associates (operating)	86,600	12,595
Repayment to associates (financing)	32,000	4,654
Repayment to joint ventures (operating)	1,481,847	215,526
Repayment to joint ventures (financing)	200,000	29,089
Repayment to ultimate controlling shareholder and its fellow subsidiaries (operating)	7,530,540	1,095,272
Repayment to ultimate controlling shareholder and its fellow subsidiaries (financing)	1,142,887	166,226

Notes:

(1) As of December 31, 2018, non-current amounts due from associates generates interest at 8% per annum. Current amount due from associates includes RMB83,541,000 generating interest at 14.00% and the remaining is interest-free. As of December 31, 2017, non-current amounts due from associates generate interest at 8% per annum. Current amounts due from associates include RMB204,104,000 generating interest at 14% per annum and the remaining is interest-free.

(2) As of December 31, 2018, non-current amounts due from joint ventures generates interest ranging from 5% to 13%. Current amounts due from joint ventures includes RMB226.6 million (US$33.0 million) generating interest ranging from 6.5% to 12% per annum and the remaining is interest-free.

As of December 31, 2017, non-current amounts due from joint ventures generate interest ranging from 5% to 12% per annum. Current amounts due from joint ventures include RMB159.0 million generating interest ranging from 5% to 12% per annum and the remaining is interest free.

As of December 31, 2016, the amounts due from our joint ventures were unsecured and repayable on demand. The balance of RMB100.0 million bears interest at 8% and the remaining balance is interest-free.

(3) As of December 31, 2018, current amounts due to the ultimate controlling shareholder and its fellow subsidiaries are interest free.

As of December 31, 2017, non-current amounts due to the ultimate controlling shareholder and its fellow subsidiaries bear interest at 5.5% per annum. Current amounts due to ultimate controlling shareholder and its fellow subsidiaries are interest-free.

(4) As of December 31, 2018, non-currents amounts due to associates is interest-free. Current amounts due to associates includes RMB736.4 million (US$107.1 million) bearing interest at 5.7% per annum and the remaining is interest-free. As of December 31, 2017, non-current amounts due to associates are interest-free. Current amounts due to associates includes RMB293.7 million bearing interest at 8.5% per annum and the remaining is interest-free. As of December 31, 2016, non-current amounts due to associates is interest-free. Current amounts due to associates bears interest ranging from 5.5% to 6.2% per annum.

(5) As of December 31, 2018, both non-current and current amounts due to joint ventures are interest-free. As of December 31, 2017, non-current amounts due to joint ventures includes RMB315.2 million bearing interest ranging from 6% to 7.5% per annum and the remaining is interest-free. Current amounts due to joint ventures is interest-free. As of December 31, 2016, the amount due to joint ventures includes RMB160.0 million bearing interest at 7.5% per annum, and the remaining balance is interest free.

(6) The Company provided property development and management services to its associates and joint ventures, and the prices of these services are based on the prevailing market prices of similar services.

(7) The Company provided certain project and sales management to fellow subsidiaries in accordance with the Property Development and Management Services Agreement entered into between the Company and its controlling shareholder, Landsea Group Co., Ltd.. We have provided certain project management, sales management and financing advisory services to fellow subsidiaries since April 1, 2014. The prices of the services are based on prevailing market prices of similar services provided by us to independent third parties.

(8) The ultimate holding company provided interest bearing loans to the Company and the interest expense on the loans is based on the prevailing market interest rate ranging from 5.3% to 6.6% per annum.

The above transactions were entered into in the ordinary course of business of our Company.

DESCRIPTION OF THE NOTES

For purposes of this "Description of the Notes," the term "Company" refers only to Landsea Green Group Co., Ltd. (朗詩綠色集團有限公司), a company incorporated in Bermuda with limited liability, and any successor obligor on the Notes, and not to any of its Subsidiaries. Each Subsidiary of the Company that 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 provides a JV Subsidiary Guarantee (as defined herein) is referred to as a "JV Subsidiary Guarantor."

The Notes are to be issued under an indenture (the "Indenture"), to be dated as of the Original Issue Date, among the Company, the Subsidiary Guarantors and the JV Subsidiary Guarantor, as guarantors, and DB Trustees (Hong Kong) Limited, as trustee (the "Trustee").

The following is a summary of certain 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 on or after the Original Issue Date at the corporate trust office of the Trustee at Level 52, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong.

Brief Description of the Notes

The Notes are:

- general obligations of the Company;
- senior in right of payment to any existing and future obligations of the Company expressly subordinated in right of payment to the Notes;
- at least *pari passu* in right of payment with all other unsecured, unsubordinated Indebtedness (including the 2020 Notes) 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 on a senior basis, subject to the limitations described below under the caption "— The Subsidiary Guarantees and JV Subsidiary Guarantees" and in "Risk Factors — Risks Relating to the Subsidiary Guarantees and the JV Subsidiary Guarantees";
- effectively subordinated to other secured obligations of the Company, the Subsidiary Guarantors and the JV Subsidiary Guarantors, to the extent of the value of the assets serving as security therefor; and
- effectively subordinated to all existing and future obligations of the Non-Guarantor Subsidiaries.

The Notes will mature on June 20, 2022. Except as described under "Optional Redemption," "Redemption for Tax 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 to be issued from time to time (the "Additional Notes"), subject to certain limitations described under the caption "— Further Issues." Unless the context requires otherwise, references to the "Notes" for all purposes of the Indenture and this "Description of the Notes" include any Additional Notes that are actually issued. The Notes will bear interest at 10.5% 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 June 20 and December 20 of each year (each an "Interest Payment Date"), commencing December 20, 2019.

Interest on the Notes will be paid to Noteholders (''Holders'') of record at the close of business on June 5 or December 5 immediately preceding an Interest Payment Date (each, a ''Record Date''), notwithstanding any transfer, exchange or cancellation thereof after a Record Date and prior to the immediately following Interest Payment Date. In any case in which the date of the payment of principal of, premium (if any) or interest on the Notes is not a Business Day in the relevant place of payment or in the place of business of the Trustee, then payment of such principal, premium (if any) or interest need not be made in such place on such date but may be made on the next succeeding Business Day in such place. Any payment made on such Business Day shall have the same force and effect as if made on the date on which such payment is due, and no interest on the Notes shall accrue for the period after such date. Furthermore, Holders will not be entitled to any interest or other payment if the Holder is late in surrendering its certificate of Note (as applicable, if required to do so) or if a payment timely mailed arrives after the due date for payment. Interest on the Notes will be calculated on the basis of a 360-day year comprised of twelve 30-day months.

The Notes will be issued only in fully registered form, without coupons, in denominations of US$200,000 and integral multiples of US$1,000 in excess thereof. No service charge will be made for any registration of transfer or exchange of Notes, but the Company may require payment of a sum sufficient to cover any transfer tax or other similar governmental charge payable in connection therewith.

All payments on the Notes will be made in U.S. dollars by the Company at the office or agency of the Company maintained for that purpose (which initially will be the specified office of the Paying Agent, currently located at Level 52, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong, and the Notes may be presented for registration of transfer or exchange at such office or agency. Interest payable on the Notes held through Euroclear or Clearstream will be available to Euroclear or Clearstream participants on the Business Day following payment thereof.

The Subsidiary Guarantees and JV Subsidiary Guarantees

The initial Subsidiary Guarantors that will execute the Indenture on the Original Issue Date consist of all of the Company's Restricted Subsidiaries other than (i) the PRC Restricted Subsidiaries, (ii) the U.S. Restricted Subsidiaries and (iii) Silver Knight Global Limited, Harvest Years Limited and Asia Pacific Business Link Limited. All of the Subsidiary Guarantors are holding companies that do not have significant operations.

None of the existing or future PRC Restricted Subsidiaries, Exempted Subsidiaries or Listed Subsidiaries (if any) (as long as they continue to be Exempted Subsidiaries or Listed Subsidiaries) will at any time in the future provide a Subsidiary Guarantee or JV Subsidiary Guarantee. Although the Indenture contains limitations on the amount of additional Indebtedness that the Non-Guarantor Subsidiaries may incur, the amount of such additional Indebtedness could be substantial.

In the event of a bankruptcy, liquidation or reorganization of any Non-Guarantor Subsidiary, any such Non-Guarantor Subsidiary will pay the holders of its debt and its trade creditors before it will be able to distribute any of its assets to the Company.

As of December 31, 2018,

- the Company and its consolidated subsidiaries had total consolidated indebtedness (including short term borrowings and long term borrowings) of approximately RMB7,024.6 million (US$1,021.7 million); and

- the Non-Guarantor Subsidiaries had total borrowings (excluding intra-group balances) of approximately RMB5,298.0 million (US$770.6 million).

In addition, as of December 31, 2018, the Non-Guarantor Subsidiaries had capital commitments and contingent liabilities of approximately RMB4,041.8 million (US$587.9 million).

The Subsidiary Guarantee of each Subsidiary Guarantor is:

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

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

- a general obligation of such JV Subsidiary Guarantor;
- enforceable only up to the JV Entitlement Amount;
- effectively subordinated to secured obligations of such JV Subsidiary Guarantor, to the extent of the value of the assets serving as security therefor;
- 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;
- 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); and
- effectively subordinated to all existing and future obligations of the Non-Guarantor Subsidiaries.

The Company will cause each of its future Restricted Subsidiaries (other than any PRC Restricted Subsidiaries, any Exempted Subsidiaries or any Listed Subsidiaries), as soon as practicable and in any event within 30 days after it becomes 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. The Company will cause each of its Restricted Subsidiaries that is an Exempted Subsidiary or a Listed Subsidiary, as soon as practicable after ceasing to be an Exempted Subsidiary or a Listed Subsidiary, to execute and deliver to the Trustee a supplemental indenture to the Indenture, pursuant to which such Restricted Subsidiary will Guarantee the payment of the Notes as either a Subsidiary Guarantor or a JV Subsidiary Guarantor. Each Restricted Subsidiary that Guarantees the Notes after the Original Issue Date (other than a JV Subsidiary Guarantor) is referred to as a ''Future Subsidiary Guarantor'' and upon execution of the applicable supplemental indenture to the Indenture will be a ''Subsidiary Guarantor.''

Notwithstanding the foregoing, the Company may elect to have (x) any existing or future Restricted Subsidiary organized outside the PRC or (y) as soon as practicable after an Exempted Subsidiary or a Listed Subsidiary ceases to be an Exempted Subsidiary or a Listed Subsidiary, such Exempted Subsidiary or Listed Subsidiary, not provide a Subsidiary Guarantee or JV Subsidiary Guarantee (the ''New Non-Guarantor Subsidiaries''), *provided* that, after giving effect to the Consolidated Assets of such Restricted Subsidiary, (i) the Consolidated Assets of all U.S. Non-Guarantor Subsidiaries (including such New Non-Guarantor Subsidiaries) do not account for more than 35.0% of Total Assets and (ii) the Consolidated Assets of all Other Non-Guarantor Subsidiaries (including such New Non-Guarantor Subsidiaries) do not account for more than 10.0% of Total Assets.

If, at any time, the Consolidated Assets of (x) all U.S. Non-Guarantor Subsidiaries exceed 35.0% of Total Assets or (y) all Other Non-Guarantor Subsidiaries exceed 10.0% of Total Assets, the Company must promptly (i) remove the designation of one or more Non-Guarantor Subsidiaries and cause such Non-Guarantor Subsidiaries to execute and deliver to the Trustee a supplemental indenture to the Indenture pursuant to which such Non-Guarantor Subsidiaries will Guarantee the payment of the Notes with a Subsidiary Guarantee or JV Subsidiary Guarantee, (ii) designate one or more Non-Guarantor Subsidiaries as Unrestricted Subsidiaries and/or (iii) cause one or more Non-Guarantor Subsidiaries to pay dividends or make distributions on or with respect to their respective Capital Stock pro rata to their respective shareholders or on a basis more favorable to the Company in accordance with the terms of the Indenture and such that the Consolidated Assets of (1) all U.S. Non-Guarantor Subsidiaries no longer exceed 35.0% of Total Assets and (2) all Other Non-Guarantor Subsidiaries no longer exceed 10.0% of Total Assets. Such removal of designation as a Non-Guarantor Subsidiary, designation as an Unrestricted Subsidiary and/or payment of dividends or distributions, as the case may be, must be made as soon as practicable, and in any event no later than 30 days, after the date any 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) which show that the Consolidated Assets of (1) all U.S. Non-Guarantor Subsidiaries exceed 35.0% of Total Assets or (2) all Other Non-Guarantor Subsidiaries exceed 10.0% of Total Assets.

In the case of a Restricted Subsidiary that is, or is proposed by the Company or any Restricted Subsidiary to be, established after the Original Issue Date, or any entity in respect of which the Company or any Restricted Subsidiary, (x) in the case of a Restricted Subsidiary, is proposing to sell, whether through the sale of existing shares or the issuance of new shares, no less than 20% of the Capital Stock of such Restricted Subsidiary, or (y) in the case of any other entity, is proposing to purchase the Capital Stock of an Independent Third Party such that it becomes a non-Wholly Owned Subsidiary of the Company and designate such Subsidiary as a Restricted Subsidiary, the Company may (in each case, to the extent such Restricted Subsidiary is not an Exempted Subsidiary, a Listed Subsidiary or incorporated in the PRC), concurrently with or as soon as practicable after the consummation of such establishment, sale, issuance, or purchase, cause (a) such Restricted Subsidiary and (b) the Restricted Subsidiaries of such Restricted Subsidiary that are organized in any jurisdiction other than the PRC (other than Exempted Subsidiaries or Listed Subsidiaries) to provide a JV Subsidiary Guarantee (as defined below) instead of a Subsidiary Guarantee, if the following conditions, in the case of both (a) and (b), are satisfied:

- as of the date of execution of the JV Subsidiary Guarantee, no document exists that is binding on the Company or any of the Restricted Subsidiaries that would have the effect of (1) prohibiting the Company or any of the Restricted Subsidiaries from providing such JV Subsidiary Guarantee or (2) 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 (in the case of a sale or issuance) or no more than (in the case of a purchase) the Fair Market Value of such Capital Stock;

- concurrently with providing the JV Subsidiary Guarantee, the Company shall or shall cause such JV Subsidiary Guarantor to deliver to the Trustee:

  (i) (A) a duly executed JV Subsidiary Guarantee of such JV Subsidiary Guarantor and each Restricted Subsidiary of such JV Subsidiary Guarantor that is not organized under the laws of the PRC (other than any Non-Guarantor Subsidiary designated pursuant to the Indenture) 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 of such JV Subsidiary Guarantor will be limited to the JV Entitlement Amount;

(ii) an Officers' Certificate certifying a copy of the Board Resolution to the effect that such JV Subsidiary Guarantee has been approved by a majority of the disinterested members of the Board of Directors; and

(iii) an Opinion of Counsel 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 the JV Subsidiary Guarantee (subject to customary qualifications and assumptions).

Under the Indenture, and any supplemental indenture to the Indenture, as applicable, each of the Subsidiary Guarantors and JV Subsidiary Guarantor will jointly and severally Guarantee the due and punctual payment of the principal of, premium, if any, and interest on, and all other amounts payable under, the Notes *provided* that any JV Subsidiary Guarantee will be limited to the JV Entitlement Amount. The Subsidiary Guarantors and the JV Subsidiary Guarantor will (1) agree that their respective obligations under the Subsidiary Guarantees and the JV Subsidiary Guarantee, as the case may be, will be enforceable irrespective of any invalidity, irregularity or unenforceability of the Notes or the Indenture and (2) waive their right to require the Trustee to pursue or exhaust its legal or equitable remedies against the Company prior to exercising its rights under the Subsidiary Guarantees and the JV Subsidiary Guarantee, 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 Guarantee, as the case may be, will be reinstated with respect to such payments as though such payment had not been made. All payments under the Subsidiary Guarantees and JV Subsidiary Guarantees are required to be made in U.S. dollars.

Under the Indenture, and any supplemental indenture to the Indenture, as applicable,

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

- each JV Subsidiary Guarantee will be limited to an amount which is the lower of (i) the JV Entitlement Amount and (ii) an amount not to exceed the maximum amount that can be Guaranteed by the applicable JV Subsidiary Guarantor without rendering the JV Subsidiary Guarantee, as it relates to such JV Subsidiary Guarantor, voidable under applicable law relating to fraudulent conveyance or fraudulent transfer or similar laws affecting the rights of creditors generally.

No assurance can be given that the preceding provision limiting the maximum amount of each Subsidiary Guarantee or JV Subsidiary Guarantee will be given effect. If a Subsidiary Guarantee or a JV Subsidiary Guarantee were to be rendered voidable, it could be subordinated by a court to all other Indebtedness (including Guarantees and other contingent liabilities) of the applicable Subsidiary Guarantor or JV Subsidiary Guarantor, as the case may be, and, depending on the amount of such indebtedness, a Subsidiary Guarantor's liability on its Subsidiary Guarantee or a JV Subsidiary Guarantor's liability on its JV Subsidiary Guarantee, as the case may be, could in each case be reduced to zero.

The obligations of each Subsidiary Guarantor under its 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 the Subsidiary Guarantees and the 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 satisfaction and discharge as described under the caption "— Defeasance" and "— Satisfaction and Discharge";
- in the case of a Subsidiary Guarantee, upon the replacement of such Subsidiary Guarantee with a JV Subsidiary Guarantee in compliance with the terms of the Indenture;
- upon the designation by the Company of a Subsidiary Guarantor or a JV Subsidiary Guarantor, as the case may be, as an Unrestricted Subsidiary in compliance with the terms of the Indenture;
- upon the sale, disposition or merger of a Subsidiary Guarantor or a JV Subsidiary Guarantor, as the case may be, in compliance with the terms of the Indenture (including the covenants under the captions "— Certain Covenants — Limitation on Sales and Issuances of Capital Stock in Restricted Subsidiaries," "— Certain Covenants — Limitation on Asset Sales" and "— Consolidation, Merger and Sale of Assets") resulting in such Subsidiary Guarantor or JV Subsidiary Guarantor, as the case may be, no longer being a Restricted Subsidiary, so long as (1) such Subsidiary Guarantor or JV Subsidiary Guarantor is simultaneously released from its obligations in respect of any of the Company's other Indebtedness or any Indebtedness of any other Restricted Subsidiary and (2) the proceeds from such sale, disposition or merger are used for the purposes permitted or required by the Indenture;
- in the case of a Subsidiary Guarantee or JV Subsidiary Guarantor, upon it becoming an Exempted Subsidiary or a Listed Subsidiary; or
- in the case of a Subsidiary Guarantor or a JV Subsidiary Guarantor, upon it becoming a New Non-Guarantor Subsidiary, in compliance with the terms of the Indenture.

In the case of a Subsidiary Guarantor with respect to which the Company or any of its Restricted Subsidiaries is proposing to sell, whether through the sale of existing shares or the issuance of new shares, no less than 20% of the Capital Stock of such Subsidiary Guarantor, the Company may concurrently with or, as soon as practicable after, the consummation of such sale or issuance of Capital Stock, instruct the Trustee to release the Subsidiary Guarantees provided by such Subsidiary Guarantor and each of its Restricted Subsidiaries organized outside the PRC, and upon such release such Subsidiary Guarantor and its Restricted Subsidiaries organized outside the PRC will become New Non-Guarantor Subsidiaries (such that each New Non-Guarantor Subsidiary will no longer Guarantee the Notes), *provided* that after the release of such Subsidiary Guarantees and after giving effect to the Consolidated Assets of such Restricted Subsidiary, the Consolidated Assets of (i) all U.S. Non-Guarantor Subsidiaries (including such New Non-Guarantor Subsidiaries) do not account for more than 35.0% of Total Assets and (ii) all Other Non-Guarantor Subsidiaries (including such New Non-Guarantor Subsidiaries) do not account for more than 10.0% of Total Assets. A Subsidiary Guarantee of a Subsidiary Guarantor may only be released pursuant to this paragraph if as of the date of such proposed release, no document exists that is binding on the Company or such Restricted Subsidiary that would have the effect of (a) prohibiting the Company or such Restricted Subsidiary from releasing such Subsidiary Guarantee or (b) requiring the Company or such Subsidiary Guarantor to deliver or keep in place a Guarantee of other Indebtedness of the Company by such Subsidiary Guarantor.

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 Officers' Certificate stating that all requirements relating to such release have been complied with and that such release is authorized and permitted by the terms of the Indenture. The Trustee shall be entitled to conclusively rely on such certificate without investigating the accuracy, authenticity and validity of the certificate and without any liability or responsibility to any person.

Replacement of Subsidiary Guarantees with JV Subsidiary Guarantees

A Subsidiary Guarantee given by a Subsidiary Guarantor may be released and replaced by a JV Subsidiary Guarantee following the sale or issuance by the Company or any 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% of the issued the 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 is made to an Independent Third Party at a consideration that is not less than the Fair Market Value of such Capital Stock;

- concurrently with the release of such Subsidiary Guarantee, the Company shall or shall cause such JV Subsidiary Guarantor to deliver to the Trustee:

  (i) (A) a duly executed JV Subsidiary Guarantee of such JV Subsidiary Guarantor and each Restricted Subsidiary of such JV Subsidiary Guarantor that is not organized under the laws of the PRC (other than any Non-Guarantor Subsidiary designated pursuant to the Indenture) 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 of such JV Subsidiary Guarantor will be limited to the JV Entitlement Amount;

  (ii) an Officers' Certificate certifying a copy of a Board Resolution to the effect that such JV Subsidiary Guarantee has been approved by a majority of the disinterested members of the Board of Directors; and

  (iii) an Opinion of Counsel by a law firm of recognized international standing confirming that under New York law such JV Subsidiary Guarantee is valid, binding and enforceable against the JV Subsidiary Guarantor providing such JV Subsidiary Guarantee (subject to customary qualifications and assumptions).

Notwithstanding the foregoing paragraph, any such sale or issuance of the Capital Stock of the relevant Subsidiary Guarantor (including where such sale results in the relevant Subsidiary Guarantor ceasing to be a Restricted Subsidiary) will need to comply with the other covenants set forth in the Indenture, including the "Limitation on Asset Sales" and "Limitation on Restricted Payments" covenants.

Any Net Cash Proceeds from the sale of such Capital Stock shall be applied by the Company (or any Restricted Subsidiary) in accordance with the "Limitation on Asset Sales" covenant.

As of the Original Issue Date, all of the Company's Subsidiaries will be "Restricted Subsidiaries." However, under the circumstances described below under the caption "— Certain Covenants-Designation of Restricted and Unrestricted Subsidiaries," the Company will be permitted to designate certain of its Subsidiaries as "Unrestricted Subsidiaries." The Company's Unrestricted Subsidiaries will generally not be subject to the restrictive covenants in the Indenture, and will not Guarantee the Notes.

Further Issues

Subject to the covenants described below and in accordance with the terms of the Indenture, the Company may, from time to time, without notice to or the consent of the Holders, create and issue Additional Notes having the same terms and conditions as the Notes (including the benefit of the Subsidiary Guarantees and JV Subsidiary Guarantees) in all respects (or in all respects except for the issue date, issue price and the first payment of interest on them and, to the extent necessary, certain temporary securities law transfer restrictions) (a ''Further Issue'') so that such Additional Notes may be consolidated and form a single class with the previously outstanding Notes and vote together as one class on all matters with respect to the Notes; *provided* that the issuance of any such Additional Notes shall then be permitted under the Indenture.

Optional Redemption

At any time, the Company may at its option redeem the Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the Notes plus the Applicable Premium as of, and accrued and unpaid interest, if any, to (but not including) the redemption date. Neither the Trustee nor any of the Agents will be responsible for calculating or verifying the Applicable Premium.

At any time and from time to time, the Company may redeem up to 35% of the aggregate principal amount of the Notes with the Net Cash Proceeds of one or more sales of Common Stock of the Company in an Equity Offering at a redemption price equal to 110.5% of the principal amount of the Notes being redeemed, plus accrued and unpaid interest, if any, to (but not including) the redemption date; *provided* that at least 65% of the aggregate principal amount of the Notes originally issued on the Original Issue Date remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related Equity Offering.

The Company will give not less than 30 days' nor more than 60 days' notice of any redemption. If less than all of the Notes are to be redeemed at any time, the Notes for redemption will be selected as follows:

(1) if the Notes are listed on any recognized securities exchange and/or held through a clearing system, in compliance with the requirements of the principal recognized 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 recognized securities exchange or held through a clearing system, on a pro rata basis, by lot or by such method as the Trustee deems fair and appropriate in its sole and absolute discretion, unless otherwise required by law.

A Note of US$200,000 in principal amount or less shall not be redeemed in part. If any Note is to be redeemed in part only, the notice of redemption relating to such Note will state the portion of the principal amount to be redeemed. With respect to any certificated Note, a new Note in principal amount equal to the unredeemed portion will be issued upon cancellation of the original Note; *provided*, *however*, that no such partial redemption shall be allowed if it would result in the issuance of a new Note, representing the unredeemed portion, in an amount of less than US$1,000. On and after the redemption date, interest will cease to accrue on Notes or portions of them called for redemption.

Repurchase of Notes Upon a Change of Control Triggering Event

Not later than 30 days following a Change of Control Triggering Event, the Company will make an Offer to Purchase all outstanding Notes (a ''Change of Control Offer'') at a purchase price equal to 101% of the principal amount thereof plus accrued and unpaid interest, if any, to (but not including) the Offer to Purchase Payment Date.

The Company has agreed in the Indenture that it will timely repay all Indebtedness or obtain consents as necessary under, or terminate, agreements or instruments that would otherwise prohibit a Change of Control Offer required to be made pursuant to the Indenture. Notwithstanding this agreement of the Company, it is important to note that if the Company is unable to repay (or cause to be repaid) all of the Indebtedness, if any, that would prohibit repurchase of the Notes or is unable to obtain the requisite consents of the holders of such Indebtedness, or terminate any agreements or instruments that

would otherwise prohibit a Change of Control Offer, it would continue to be prohibited from purchasing the Notes. In that case, the Company's failure to purchase tendered Notes would constitute an Event of Default under the Indenture.

Certain of the events constituting a Change of Control Triggering Event under the Notes may also constitute an event of default under certain debt instruments of the Company and its Subsidiaries. Future debt of the Company may also (1) prohibit the Company from purchasing Notes in the event of a Change of Control Triggering Event; (2) provide that a Change of Control Triggering Event is a default; or (3) require repurchase of such debt upon a Change of Control Triggering Event. Moreover, the exercise by the Holders of their right to require the Company to purchase the Notes could cause a default under other Indebtedness, even if the Change of Control Triggering Event itself does not, due to the financial effect of the purchase on the Company. The Company's ability to pay cash to the Holders following the occurrence of a Change of Control Triggering Event may be limited by the Company's and the Subsidiary 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 definition of Change of Control includes a phrase relating to the sale of "all or substantially all" the assets of the Company. Such phrase will likely be interpreted under applicable law of the relevant jurisdictions. Accordingly, the ability of a Holder of Notes to require the Company to repurchase such Holder's Notes as a result of a sale of less than all the assets of the Company to another person or group is uncertain and will be dependent upon particular facts and circumstances. As a result, there may be a degree of uncertainty in ascertaining whether a sale or transfer of "all or substantially all" the assets of the Company has occurred.

Notwithstanding the above, the Company will not be required to make a Change of Control Offer following a Change of Control Triggering Event if a third party makes the Change of Control Offer in the manner at the same time and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by the Company and purchases all Notes validly tendered and not withdrawn under such Change of Control Offer.

Except as described above with respect to a Change of Control Triggering Event, the Indenture does not contain provisions that permit the Holders to require that the Company purchase or redeem the Notes in the event of a takeover, recapitalization or similar transaction.

The Trustee and the Agents shall not be obliged to take any steps to ascertain whether 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 of the Notes or any other person for not doing so.

No Mandatory Redemption or Sinking Fund

There will be no mandatory redemption or sinking fund payments for the Notes.

Additional Amounts

All payments of principal of, and premium (if any) and interest on the Notes or under the Subsidiary Guarantees or JV Subsidiary Guarantees will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or within any jurisdiction in which the Company, a Surviving Person (as defined under the caption "— Consolidation, Merger and Sale of Assets") or an applicable Subsidiary Guarantor or an applicable JV Subsidiary Guarantor is organized or resident for tax purposes or through which payment is made (or any political subdivision or taxing authority thereof or therein), including, without limitation, the PRC (each, as applicable, a "Relevant Jurisdiction"), unless such withholding or deduction is required by law or by regulation or governmental policy having the force of law. In the event that any such withholding or deduction is so required, the Company, a Surviving Person or the applicable Subsidiary Guarantor or the applicable JV Subsidiary Guarantor, as the case may be, will pay such additional amounts ("Additional Amounts") as will result in receipt by the Holder of each Note the

Subsidiary Guarantee or the JV Subsidiary Guarantee, as the case may be, of such amounts as would have been received by such Holder had no such withholding or deduction been required, except that no Additional Amounts shall be payable:

(1) for or on account of:

(a) any tax, duty, assessment or other governmental charge that would not have been imposed but for:

(i) the existence of any present or former connection between the Holder or beneficial owner of such Note or Subsidiary Guarantee or JV Subsidiary Guarantee, as the case may be, and the Relevant Jurisdiction other than merely holding such Note or the receipt of payments thereunder or under a Subsidiary Guarantee or JV Subsidiary Guarantee or the enforcement of or exercise of rights thereunder, including, without limitation, such Holder or beneficial owner being or having been a national, domiciliary or resident of such Relevant Jurisdiction or treated as a resident thereof or being or having been physically present or engaged in a trade or business therein or having or having had a permanent establishment therein;

(ii) the presentation of such Note (in cases in which presentation is required) more than 30 days after the later of the date on which the payment of the principal of, premium, if any, and interest on, such Note became due and payable pursuant to the terms thereof or was made or duly provided for, except to the extent that the Holder thereof would have been entitled to such Additional Amounts if it had presented such Note for payment on any date within such 30-day period;

(iii) the failure of the Holder or beneficial owner to comply with a timely request of the Company, a Surviving Person or any Subsidiary Guarantor or JV Subsidiary Guarantor addressed to the Holder or beneficial owner, as the case may be, to provide information concerning such Holder's or beneficial owner's nationality, residence, identity or connection with any Relevant Jurisdiction, if and to the extent that due and timely compliance with such request is required by statute or regulation of a Relevant Jurisdiction to reduce or eliminate any withholding or deduction as to which Additional Amounts would have otherwise been payable to such Holder;

(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 or other governmental charge that is payable otherwise than by withholding or deduction from payments of principal, premium (if any) and interest on the Notes or from payments under the Subsidiary Guarantees or JV Subsidiary Guarantees (if any); or

(d) any tax, assessment, withholding or deduction required by sections 1471 through 1474 of the Internal Revenue Code of 1986, as amended ("FATCA"), any current or future Treasury Regulations or rulings promulgated thereunder, any law, regulation or other official guidance enacted in any jurisdiction implementing FATCA, any intergovernmental agreement between the United States and any other jurisdiction to implement FATCA, or any agreement with the U.S. Internal Revenue Service under FATCA;

(e) any combination of taxes, duties, assessments or other governmental charges referred to in the preceding clauses (a), (b), (c) and (d); or

(2) to a Holder that is a fiduciary, partnership or person other than the sole beneficial owner of any payment to the extent that such payment would be required to be included in the income under the laws of a 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.

The Paying Agent and the Trustee will make payments free of withholdings or deductions on account of taxes unless required by applicable law. If such a deduction or withholding is required, the Paying Agent or the Trustee will not be obligated to pay any Additional Amount to the recipient unless such an Additional Amount is received by the Paying Agent or the Trustee (as the case may be) in accordance with the Indenture.

Redemption for Taxation Reasons

The Notes may be redeemed, at the option of the Company or a Surviving Person with respect to the Company, as a whole but not in part, upon giving not less than 30 days' nor more than 60 days' notice to the Holders (which notice shall be irrevocable) and the Trustee, at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest (including any Additional Amounts), if any, to the date fixed by the Company or the Surviving Person, as the case may be, for redemption if, as a result of:

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

(2) any change in the existing official position or the stating of an official position regarding the application or interpretation of such laws, regulations or rulings (including a holding, judgment or order by a court of competent jurisdiction),

which change or amendment is proposed and becomes effective or, in the case of an official position, is announced (i) with respect to the Company or any initial Subsidiary Guarantor, on or after the Original Issue Date, or (ii) with respect to any Future Subsidiary Guarantor, JV Subsidiary Guarantor or Surviving Person, on or after the date such Future Subsidiary Guarantor, JV Subsidiary Guarantor or Surviving Person becomes a Subsidiary Guarantor, JV Subsidiary Guarantor or Surviving Person, with respect to any payment due or to become due under the Notes or the Indenture, the Company, a Surviving Person or a Subsidiary Guarantor or JV Subsidiary Guarantor, as the case may be, is, or on the next Interest Payment Date would be, required to pay Additional Amounts, and such requirement cannot be avoided by the taking of reasonable measures by the Company, a Surviving Person or a Subsidiary Guarantor or JV Subsidiary Guarantor, as the case may be; *provided* that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Company, a Surviving Person or a Subsidiary Guarantor or JV Subsidiary Guarantor, as the case may be, would be obligated to pay such Additional Amounts if a payment in respect of the Notes were then due.

Prior to the giving of any notice of redemption of the Notes pursuant to the foregoing, the Company, a Surviving Person or a Subsidiary Guarantor or JV Subsidiary Guarantor, as the case may be, will deliver to the Trustee at least 30 days but not more than 60 days before a redemption date:

(1) an Officers' Certificate stating that such change, amendment or statement of an official position referred to in the prior paragraph has occurred, describing the facts related thereto and stating that such requirement cannot be avoided by the Company, a Surviving Person or a Subsidiary Guarantor or JV Subsidiary Guarantor, as the case may be, taking reasonable measures available to it; and

(2) an Opinion of Counsel or an opinion of a tax consultant, in either case of recognized standing with respect to tax matters of the Relevant Jurisdiction, stating that the requirement to pay such Additional Amounts results from such change, amendment or statement 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 and any Subsidiary Guarantor or 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 2.5 to 1.0. Notwithstanding the foregoing, the Company will not permit any Restricted Subsidiary to Incur any Disqualified Stock (other than Disqualified Stock of Restricted Subsidiaries held by the Company or a Subsidiary Guarantor, so long as it is so held).

(2) Notwithstanding the foregoing, the Company and, to the extent provided below, any Restricted Subsidiary may Incur each and all of the following (''Permitted Indebtedness''):

(a) Indebtedness under the Notes (excluding any Additional Notes and each Subsidiary Guarantee and JV Subsidiary Guarantee;

(b) Pari Passu Guarantee;

(c) Indebtedness of the Company or any Restricted Subsidiary outstanding on the Original Issue Date excluding Indebtedness permitted under clause (2)(d); *provided* that such Indebtedness of Non-Guarantor Subsidiaries shall be included in the calculation of Permitted Subsidiary Indebtedness (other than any such Indebtedness excluded in the proviso contained in the definition of Permitted Subsidiary Indebtedness);

(d) Indebtedness of the Company or any Restricted Subsidiary owed to the Company or any Restricted Subsidiary; *provided* that (i) any event which results in any such Restricted Subsidiary ceasing to be a Restricted Subsidiary or any subsequent transfer of such Indebtedness (other than to the Company or any Restricted Subsidiary) shall be deemed, in each case, to constitute an Incurrence of such Indebtedness not permitted by this clause (2)(d) and (ii) if the Company is the obligor on such Indebtedness, such Indebtedness must be unsecured and 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 a Subsidiary Guarantor or a JV Subsidiary Guarantor is not the obligee, such Indebtedness must be unsecured and expressly subordinated in right of payment to the Subsidiary Guarantee of such Subsidiary Guarantor or the JV Subsidiary Guarantee of such JV Subsidiary Guarantor, as applicable;

(e) Indebtedness of the Company or any Restricted Subsidiary (''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 Incurred under the immediately preceding paragraph (1) or clauses

(a), (c), (e), (h), (p), (q), (r), (s), (v) and (w) 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 (2)(e) if (A) in case the Notes are refinanced in part or the Indebtedness to be refinanced is *pari passu* with the Notes or a Subsidiary Guarantee or a JV Subsidiary Guarantee, as the case may be, such new Indebtedness, by its terms or by the terms of any agreement or instrument pursuant to which such new Indebtedness is issued or remain outstanding, is *pari passu* with, or expressly made subordinate in right of payment to, the remaining Notes or such Subsidiary Guarantee or such JV Subsidiary Guarantee, 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 at least to the extent that the Indebtedness to be refinanced is subordinated to the Notes or such Subsidiary Guarantee or such JV Subsidiary Guarantee, (ii) such new Indebtedness, determined as of the date of Incurrence of such new Indebtedness, does not mature prior to the Stated Maturity of the Indebtedness to be refinanced, and the Average Life of such new Indebtedness is at least equal to the remaining Average Life of the Indebtedness to be refinanced, (iii) in no event may Indebtedness of the Company or any Subsidiary Guarantor or any JV Subsidiary Guarantor be refinanced pursuant to this clause (2)(e) by means of any Indebtedness of any Restricted Subsidiary that is not a Subsidiary Guarantor or a JV Subsidiary Guarantor and (iv) in no event may Indebtedness of the Company or any Subsidiary Guarantor be refinanced pursuant to this clause by means of any Indebtedness of any JV Subsidiary Guarantor;

(f) Indebtedness Incurred by the Company or any Restricted Subsidiary pursuant to Hedging Obligations designed solely to reduce or manage the exposure of the Company or any of its Restricted Subsidiaries from fluctuations in interest rates, currencies or the price of commodities;

(g) Pre-Registration Mortgage Guarantees by the Company or any Restricted Subsidiary;

(h) Indebtedness Incurred by the Company or any Restricted Subsidiary for the purpose of financing (x) all or any part of the purchase price of assets, real or personal property (including the lease purchase price of land use rights) or equipment to be used in the ordinary course of business by the Company or a Restricted Subsidiary in the Permitted Business, including any such purchase through the acquisition of Capital Stock of any Person that owns such real or personal property or equipment which will, upon acquisition, become a Restricted Subsidiary, or (y) all or any part of the purchase price or the cost of development, construction or improvement of assets, real or personal property (including the lease purchase price of land use rights) or equipment to be used in the ordinary course of business by the Company or such Restricted Subsidiary in the Permitted Business; *provided* that in the case of clauses (x) and (y), (A) the aggregate principal amount of such Indebtedness shall not exceed such purchase price or cost, (B) such Indebtedness shall be Incurred no later than 180 days after the acquisition of such assets, property or equipment or completion of such development, construction or improvement and (C) on the date of the Incurrence of such Indebtedness and after giving effect thereto, the sum of (1) the aggregate principal amount outstanding of all such Indebtedness permitted by this clause (2)(h) (together with refinancings thereof, but excluding any Contractor Guarantee Incurred under this clause (2)(h) to the extent the amount of such Contractor Guarantee is otherwise reflected in such aggregate principal amount), plus (2) the aggregate principal amount outstanding of all Indebtedness permitted under clauses (2)(p), (2)(q), (2)(r), (2)(s), (2)(u) and (2)(v) below (together with refinancings thereof, but excluding any Guarantee Incurred under clauses (2)(p), (2)(q), (2)(r) and (2)(s) below to the extent the amount of such Guarantee is otherwise reflected in such aggregate principal amount) does not exceed an amount equal to 35.0% of Total Assets;

(i) Indebtedness Incurred by the Company or any Restricted Subsidiary constituting reimbursement obligations with respect to workers' compensation claims or self-insurance obligations or bid, performance or surety bonds (in each case other than for an obligation for borrowed money);

(j) Indebtedness Incurred by the Company or any Restricted Subsidiary constituting reimbursement obligations with respect to letters of credit, trade Guarantees or similar instruments issued in the ordinary course of business to the extent that such letters of credit, trade Guarantees or similar instruments are not drawn upon or, if drawn upon, to the extent such drawing is reimbursed no later than 30 days following receipt by the Company or such Restricted Subsidiary of a demand for reimbursement;

(k) Indebtedness arising from agreements providing for indemnification, adjustment of purchase price or similar obligations, or from Guarantees or letters of credit, surety bonds or performance bonds securing any obligation of the Company or any Restricted Subsidiary pursuant to such agreements, in any case, Incurred in connection with the disposition of any business, assets or Restricted Subsidiary, other than Guarantees of Indebtedness Incurred by any Person acquiring all or any portion of such business, assets or Restricted Subsidiary for the purpose of financing such acquisition; *provided* that the maximum aggregate liability in respect of all such Indebtedness shall at no time exceed the gross proceeds actually received from the disposition of such business, assets or Restricted Subsidiary;

(l) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds in the ordinary course of business *provided* that such Indebtedness is extinguished within five Business Days of Incurrence;

(m) (i) Guarantees by the Company or any Subsidiary Guarantor of Indebtedness of the Company or any Restricted Subsidiary (other than U.S. Non-Guarantor Subsidiaries) that was permitted to be Incurred by another provision of this covenant; or (ii) Guarantees by any Restricted Subsidiary of Indebtedness of the Company or another Restricted Subsidiary that was permitted to be Incurred by another provision of this covenant; or (iii) Guarantees by any JV Subsidiary Guarantor of Indebtedness of any other JV Subsidiary Guarantor that is a direct or indirect Subsidiary or parent of such JV Subsidiary Guarantor, in each case, which Indebtedness was permitted to be Incurred by another provision of this covenant;

(n) Indebtedness of the Company or any Restricted Subsidiary maturing within one year used by the Company or any Restricted Subsidiary for working capital; *provided* that the aggregate principal amount of Indebtedness permitted by this clause (n) at any time outstanding does not exceed US$35.0 million (or the Dollar Equivalent thereof);

(o) Indebtedness Incurred constituting a Subordinated Shareholder Loan;

(p) Indebtedness Incurred by the Company or any Restricted Subsidiary which is secured by Investment Properties, and Guarantees thereof by the Company or any 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 permitted by this clause (2)(p) (together with refinancings thereof, but excluding any Guarantee Incurred under this clause (2)(p) to the extent the amount of such Guarantee is otherwise reflected in such aggregate principal amount) plus (2) the aggregate principal amount outstanding of all Indebtedness permitted under clause (2)(h) above and clauses (2)(q), (2)(r), (2)(s), (2)(u) and (2)(v) below (together with refinancings thereof, but excluding any Contractor Guarantee Incurred under clause (2)(h) above or any Guarantee Incurred under clauses (2)(q), (2)(r) and (2)(s) below to the extent the amount of such Contractor Guarantee or Guarantee, as the case may be, is otherwise reflected in such aggregate principal amount) does not exceed an amount equal to 35.0% of Total Assets;

(q) Indebtedness Incurred the Company or by Restricted Subsidiaries constituting Bank Deposit Secured Indebtedness; *provided* that on the date of the Incurrence of such Indebtedness and after giving effect thereto, the sum of (1) the aggregate amount outstanding of all Indebtedness permitted under this clause (2)(q) (together with refinancings thereof, but

excluding any Guarantee Incurred under this clause (2)(q) to the extent the amount of such Guarantee is otherwise reflected in such aggregate principal amount) plus (2) the aggregate principal amount outstanding of all Indebtedness permitted under clauses (2)(h) and (2)(p) above and clauses (2)(r), (2)(s), (2)(u) and (2)(v) below (together with refinancings thereof, but excluding any Contractor Guarantee Incurred under clause (2)(h) above or any Guarantee Incurred under clause (2)(p) above and clause (2)(r) and (2)(s) below to the extent the amount of such Contractor Guarantee or Guarantee, as the case may be, is otherwise reflected in such aggregate principal amount) does not exceed an amount equal to 35.0% of Total Assets;

(r) 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 Restricted Subsidiary; *provided* that on the date of the Incurrence of such Indebtedness or issuance of such Preferred Stock and after giving effect thereto, the aggregate principal amount outstanding of all such Indebtedness and Preferred Stock permitted by this clause (2)(r) (together with refinancings thereof, but excluding any Guarantee Incurred under this clause (2)(r) to the extent the amount of such Guarantee is otherwise reflected in such aggregate principal amount) and the aggregate principal amount outstanding of Indebtedness that was permitted to be Incurred under clauses (2)(h), (2)(p) and (2)(q) above and clause (2)(s), (2)(u) and (2)(v) below (together with refinancings thereof, but excluding any Contractor Guarantee Incurred under clause (2)(h) above or any Guarantee Incurred under clauses (2)(p) and (2)(q) above and clause (s) below to the extent the amount of such Contractor Guarantee or Guarantee, as the case may be, is otherwise reflected in such aggregate principal amount) does not exceed an amount equal to 35.0% of Total Assets;

(s) Acquired Indebtedness of any Restricted Subsidiary Incurred and outstanding on the date on which such Person becomes a Restricted Subsidiary (other than Indebtedness Incurred (A) to provide all or any portion of the funds utilized to consummate the transaction or series of transactions pursuant to which a Person becomes a Restricted Subsidiary or (B) 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 or any Preferred Stock and after giving effect thereto, the aggregate principal amount outstanding of all such Indebtedness and Preferred Stock permitted by this clause (2)(s) (together with refinancings thereof, but excluding any Guarantee Incurred under this clause (2)(s) to the extent the amount of such Guarantee is otherwise reflected in such aggregate principal amount) and the aggregate principal amount outstanding of Indebtedness that was permitted to be Incurred under clauses (2)(h), (2)(p), (2)(q) and (2)(r) above and clauses (2)(u) and (2)(v) below (together with refinancings thereof, but excluding any Contractor Guarantee Incurred under clause (2)(h) above or any Guarantee Incurred under clauses (2)(p), (2)(q) and (2)(r) above to the extent the amount of such Contractor Guarantee or Guarantee, as the case may be, is otherwise reflected in such aggregate principal amount) does not exceed an amount equal to 35.0% of Total Assets;

(t) Indebtedness of the Company or any Restricted Subsidiary constituting an obligation to pay the deferred purchase price of Capital Stock of a Person pursuant to a Staged Acquisition Agreement or Minority Interest Staged Acquisition Agreement, to the extent that such deferred purchase price is paid within 12 months after the date the Company or such Restricted Subsidiary becomes obligated to pay such deferred purchase price under such Staged Acquisition Agreement or Minority Interest Staged Acquisition Agreement;

(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 aggregate principal amount outstanding of all such Indebtedness permitted by this clause (2)(u) and the aggregate principal amount outstanding of Indebtedness that was permitted to be Incurred under clauses (2)(h), (2)(p), (2)(q), (2)(r) and (2)(s) above and clause (2)(v) below (together with refinancings thereof, but excluding any Contractor Guarantee Incurred under clause (2)(h) above or any Guarantee Incurred under clauses (2)(p), (2)(q), (2)(r) and (2)(s) above to the extent the amount of such Contractor Guarantee or Guarantee, as the case may be, is otherwise reflected in such aggregate principal amount) does not exceed an amount equal to 35.0% of Total Assets;

(v) Indebtedness Incurred by the Company or any Restricted Subsidiary under Credit Facilities; *provided* that on the date of the Incurrence of such Indebtedness and after giving effect thereto, the aggregate principal amount outstanding of all such Indebtedness Incurred pursuant to this clause (v) (together with refinancings thereof) does not exceed an amount equal to 15.0% of Total Assets; *provided further* that, on the date of the Incurrence of such Indebtedness and after giving effect thereto, the aggregate principal amount outstanding of all such Indebtedness Incurred pursuant to this clause (v) and the aggregate principal amount outstanding of Indebtedness that was permitted to be Incurred under clauses (2)(h), (2)(p), (2)(q), (2)(r), (2)(s) and (2)(u) above (together with refinancings thereof, but excluding any Contractor Guarantee Incurred under clause (2)(h) above or any Guarantee Incurred under clauses (2)(p), (2)(q), (2)(r) and (2)(s) above to the extent the amount of such Contractor Guarantee or Guarantee, as the case may be, is otherwise reflected in such aggregate principal amount) does not exceed an amount equal to 35.0% of Total Assets.

(w) Indebtedness of the Company or any Restricted Subsidiary in an aggregate principal amount outstanding at any time (together with refinancings thereof) not to exceed US$20.0 million (or the Dollar Equivalent thereof).

(3) For purposes of determining compliance with this "Limitation on Indebtedness and Preferred Stock" covenant, in the event that an item of Indebtedness or Preferred Stock meets the criteria of more than one of the types of the Permitted Indebtedness or is entitled to be Incurred or issued pursuant to the proviso in the first sentence of clause (a) of this covenant, the Company, in its sole discretion, shall classify, and from time to time may reclassify, such item of Indebtedness or Preferred Stock as one or more of such types.

(4) Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that may be Incurred or Preferred Stock that may be issued pursuant to this covenant will not be deemed to be exceeded with respect to any outstanding Indebtedness due solely to the result of fluctuations in the exchange rates of currencies; *provided* that such Indebtedness was permitted to be Incurred at the time of such Incurrence. For purposes of determining compliance with any U.S. dollar denominated restriction on the Incurrence of Indebtedness, the U.S. dollar-equivalent principal amount of Indebtedness denominated in a foreign currency shall be calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was Incurred, in the case of term Indebtedness, or first committed, in the case of revolving credit Indebtedness; *provided* that if such Indebtedness is Incurred to refinance other Indebtedness denominated in a foreign currency, and such refinancing would cause the applicable U.S. dollar-denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such U.S. dollar-denominated restriction shall be deemed not to have been exceeded so long as the principal amount of such refinancing Indebtedness does not exceed the principal amount of such Indebtedness being refinanced. The principal amount of any Indebtedness Incurred to refinance other Indebtedness, if Incurred in a different currency from the Indebtedness being refinanced, shall be calculated based on the currency exchange rate applicable to the currency in which such refinancing Indebtedness is denominated that is in effect on the date of such refinancing.

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 solely in shares of the Company's Capital Stock (other than Disqualified Stock or Preferred Stock) or in options, warrants or other rights to acquire shares of such Capital Stock) held by Persons other than the Company or any Restricted Subsidiary;

(2) purchase, call for redemption or redeem, retire or otherwise acquire for value any shares of Capital Stock of the Company or any Restricted Subsidiary (including options, warrants or other rights to acquire such shares of Capital Stock) or any direct or indirect parent of the

Company held by any Persons other than the Company or any Restricted Subsidiary other than the purchase of Capital Stock of a Restricted Subsidiary pursuant to a Staged Acquisition Agreement;

(3) make any voluntary or optional principal payment, or voluntary or optional redemption, repurchase, defeasance, or other acquisition or retirement for value, of Indebtedness that is subordinated in right of payment to the Notes or any of the Subsidiary Guarantees or any of the JV Subsidiary Guarantees (excluding any intercompany Indebtedness between or among the Company and any Restricted Subsidiary); or

(4) make any Investment, other than a Permitted Investment;

if, at the time of, and after giving effect to, the proposed Restricted Payment:

(a) a Default has occurred and is continuing or would occur as a result of such Restricted Payment;

(b) the Company could not Incur at least US$1.00 of Indebtedness under the proviso in the first sentence of clause (a) of the covenant under the caption "— Limitation on Indebtedness and Preferred Stock"; or

(c) such Restricted Payment (including Restricted Payments permitted by clause (1) of the next succeeding paragraph, together with the aggregate amount of all (1) Restricted Payments made by the Company and its Restricted Subsidiaries after the Original Issue Date and (2) payments made by the Company and its Restricted Subsidiaries after the Measurement Date but on or before the Original Issue Date that would have been Restricted Payments had they been made after the Original Issue Date, but excluding all other Restricted Payments permitted by the next succeeding paragraph), shall exceed the sum (without duplication) of:

(i) 50% of the aggregate amount of the Consolidated Net Income of the Company (or, if the Consolidated Net Income is a loss, minus 100% of the amount of such loss) accrued on a cumulative basis during the period (taken as one accounting period) beginning on July 1, 2017 and ending on the last day of the Company's most recently ended fiscal quarter period for which consolidated financial statements of the Company (which the Company shall use its reasonable best efforts to compile in a timely manner) are available (which may include internal consolidated financial statements); plus

(ii) 100% of the aggregate Net Cash Proceeds received by the Company after the Measurement Date (1) as a capital contribution to its common equity or from the issuance and sale of its Capital Stock (other than Disqualified Stock) to a Person who is not a Restricted Subsidiary of the Company, including any such Net Cash Proceeds received upon (A) the conversion of any Indebtedness (other than Subordinated Indebtedness) of the Company into Capital Stock (other than Disqualified Stock) of the Company, or (B) the exercise by a Person who is not a Restricted Subsidiary of the Company of any options, warrants or other rights to acquire Capital Stock of the Company (other than Disqualified Stock) in each case excluding the amount of any such Net Cash Proceeds used to redeem, repurchase, defease or otherwise acquire or retire for value any Subordinated Indebtedness or Capital Stock of the Company; plus

(iii) the amount by which Indebtedness of the Company or any of its Restricted Subsidiaries is reduced on the Company's consolidated balance sheet upon the conversion or exchange (other than by a Restricted Subsidiary of the Company) subsequent to the Measurement Date of any Indebtedness of the Company or any 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, or (D) from redesignations of Unrestricted Subsidiaries as Restricted Subsidiaries, not to exceed, in each case, the amount of Investments (other than Permitted Investments) made by the Company or a Restricted Subsidiary after the Measurement Date in any such Person; plus

(v) US$20.0 million (or the Dollar Equivalent thereof).

The foregoing provision shall not be violated by reason of:

(1) the payment of any dividend or redemption of any Capital Stock within 60 days after the related date of declaration or call for redemption if, at said date of declaration or call for redemption, such payment or redemption would comply with the preceding paragraph;

(2) the redemption, repurchase, defeasance or other acquisition or retirement for value of Subordinated Indebtedness of the Company or any of the Subsidiary Guarantors or JV Subsidiary Guarantors with the Net Cash Proceeds of, or in exchange for, a substantially concurrent Incurrence of Permitted Refinancing Indebtedness;

(3) the redemption, repurchase or other acquisition of Capital Stock of the Company or any Subsidiary Guarantor or JV Subsidiary Guarantors (or options, warrants or other rights to acquire such Capital Stock) in exchange for, or out of the Net Cash Proceeds of a substantially concurrent capital contribution or sale (other than to a Restricted Subsidiary of the Company) of, shares of Capital Stock (other than Disqualified Stock) of the Company, any Subsidiary Guarantor or JV Subsidiary Guarantor (or options, warrants or other rights to acquire such Capital Stock); *provided* that the amount of any such Net Cash Proceeds that are utilized for any such Restricted Payment will be excluded from clause (c)(ii) of the preceding paragraph;

(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 Restricted Subsidiary of the Company) of, shares of Capital Stock (other than Disqualified Stock) of the Company (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;

(5) the purchase by the Company or a Restricted Subsidiary of Capital Stock of any Restricted Subsidiary that is not Wholly Owned, directly or indirectly, by the Company from an Independent Third Party pursuant to an agreement entered into between or among the Company or any Restricted Subsidiary and such Independent Third Party solely for the purpose of acquiring real property or land use rights, *provided* that (x) such purchase occurs within 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 Officers' Certificate confirming that, in the opinion of the Board of Directors, the purchase price of such Capital Stock is less than or equal to the Fair Market Value of such Capital Stock;

(6) 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;

(7) dividends paid to, or the purchase of Capital Stock of any PRC Restricted Subsidiary held by, any Trust Company Investor in respect of any Indebtedness or Preferred Stock outstanding on the Original Issue Date or permitted to be Incurred or issued under clause (2)(r) of the covenant described under ''— Limitation on Indebtedness and Preferred Stock'';

(8) the declaration and payment of dividends on or repurchase of Capital Stock of the Company by the Company with respect to any financial year up to an aggregate amount not to exceed 20.0% of the Company's profit for the year in such financial year;

(9) (A) the repurchase, redemption or other acquisition or retirement for value of the Capital Stock of the Company or any Restricted Subsidiary (directly or indirectly, including through any trustee, agent or nominee) in connection with an employee benefit plan, and any corresponding Investment by the Company or any Restricted Subsidiary in any trust or similar arrangements to the extent of such repurchased, redeemed, acquired or retired Capital Stock, or (B) the repurchase, redemption or other acquisition or retirement for value of any Capital Stock of the Company or any Restricted Subsidiary held by an employee benefit plan of the Company or any Restricted Subsidiary, any current or former officer, director, consultant, or employee of the Company or any Restricted Subsidiary (or permitted transferees, estates or heirs of any of the foregoing); *provided* that the aggregate consideration paid for all such repurchased, redeemed, acquired or retired Capital Stock shall not exceed US$5.0 million (or the Dollar Equivalent thereof using the Original Issue Date as the date of determination);

(10) repurchases of Capital Stock deemed to occur upon the exercise of stock options if such Capital Stock represents a portion of the exercise price thereof;

(11) cash payments in lieu of the issuance of fractional shares in connection with the exercise of warrants, options or other securities convertible into or exchangeable for Capital Stock of the Company; *provided* that, any such cash 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 of the Company); or

(12) the distributions or payments of Securitization Fees in connection with Receivable Financing permitted under the Indenture;

provided that, in the case of clause (2), (3), (4) or (8) 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) of the preceding paragraph shall be included in calculating whether the conditions of clause (c) of the first paragraph of this ''Limitation on Restricted Payments'' covenant have been met with respect to any subsequent Restricted Payments.

The amount of any Restricted Payments (other than cash) will be the Fair Market Value on the date of the Restricted Payment of the asset(s) or securities proposed to be transferred or issued by the Company or the Restricted Subsidiary, as the case may be, pursuant to the Restricted Payment. The value of any assets or securities that are required to be valued by this covenant will be the Fair Market Value. The Board of Directors' determination of the Fair Market Value of a Restricted Payment or any such assets or securities (other than any Restricted Payments set forth in clauses (5) through (12) above) must be based upon an opinion or appraisal issued by an appraisal or investment banking firm of recognized international standing if the Fair Market Value exceeds US$10.0 million (or the Dollar Equivalent thereof).

Not later than the date of making any Restricted Payment in excess of US$10.0 million (or the Dollar Equivalent thereof) (other than any Restricted Payments set forth in clauses (5) through (12) above), the Company will deliver to the Trustee an Officers' Certificate stating that such Restricted Payment is permitted and setting forth the basis upon which the calculations required by this ''— Limitation on Restricted Payments'' covenant were computed, together with a copy of any fairness opinion or appraisal required by the Indenture.

For purposes of determining compliance with this "— Limitation on Restricted Payments" covenant, in the event that an item of Investment meets the criteria of both the first paragraph of this "— Limitation on Restricted Payments" covenant and paragraph (19) of the definition of "Permitted Investment" at any time, the Company, in its sole discretion, shall classify, and from time to time may reclassify, such item of Investment in either or both of them.

Limitation on Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries

(1) Except as provided below, the Company will not, and will not permit any Restricted Subsidiary to, create or otherwise cause or permit to exist or become effective any encumbrance or restriction on the ability of any Restricted Subsidiary to:

(a) pay dividends or make any other distributions on any Capital Stock of such Restricted Subsidiary owned by the Company or any other Restricted Subsidiary;

(b) pay any Indebtedness or other obligation owed to the Company or any other Restricted Subsidiary;

(c) make loans or advances to the Company or any other Restricted Subsidiary; or

(d) sell, lease or transfer any of its property or assets to the Company or any other Restricted Subsidiary.

provided that for the avoidance of doubt the following shall not be deemed to constitute such an encumbrance or restriction: (i) the priority of any Preferred Stock in receiving dividends or liquidating distributions prior to dividends or liquidating distributions being paid on Common Stock; (ii) the subordination of loans or advances made to the Company or any Restricted Subsidiary to other Indebtedness Incurred by the Company or any Restricted Subsidiary; and (iii) the provisions contained in documentation governing Indebtedness requiring transactions between or among the Company and any Restricted Subsidiary or between or among any Restricted Subsidiary to be on fair and reasonable terms or on an arm's length basis.

(2) The provisions of paragraph (1) do not apply to any encumbrances or restrictions:

(a) existing in agreements as in effect on the Original Issue Date, or in the Notes, the Subsidiary Guarantees, the JV Subsidiary Guarantees, the Indenture, Pari Passu Guarantee or any Indebtedness of the Company, any Subsidiary Guarantor or JV Subsidiary Guarantor guaranteed by any Pari Passu Guarantee, and any extensions, refinancings, renewals or replacements of any of the foregoing agreements; *provided* that the encumbrances and restrictions in any such extension, refinancing, renewal or replacement, taken as a whole, are no more restrictive in any material respect to the Holders than those encumbrances or restrictions that are then in effect and that are being extended, refinanced, renewed or replaced;

(b) existing under or by reason of applicable law, rule, regulation or order;

(c) existing with respect to any Person or the property or assets of such Person acquired by the Company or any Restricted Subsidiary, at the time of such acquisition and not Incurred in contemplation thereof, which encumbrances or restrictions are not applicable to any Person or the property or assets of any Person other than such Person or the property or assets of such Person so acquired, and any extensions, refinancings, renewals or replacements thereof; *provided* that the encumbrances and restrictions in any such extension, refinancing, renewal or replacement, taken as a whole, are no more restrictive in any material respect to the Holders than those encumbrances or restrictions that are then in effect and that are being extended, refinanced, renewed or replaced;

(d) that otherwise would be prohibited by the provision described in clause (1)(d) of this covenant if they arise, or are agreed to, in the ordinary course of business and, that (i) restrict in a customary manner the subletting, assignment or transfer of any property or asset that is subject to a lease or license, (ii) exist by virtue of any Lien on, or agreement to transfer,

option or similar right with respect to any property or assets of the Company or any Restricted Subsidiary not otherwise prohibited by the Indenture, or (iii) do not relate to any Indebtedness, and that do not, individually or in the aggregate, detract from the value of the property or assets of the Company or any Restricted Subsidiary in any manner material to the Company or any Restricted Subsidiary;

(e) with respect to a Restricted Subsidiary and imposed pursuant to an agreement that has been entered into for the sale or disposition of all or substantially all of the Capital Stock of, or property and assets of, such Restricted Subsidiary that is permitted by the ''— Limitation on Sales and Issuances of Capital Stock in Restricted Subsidiaries,'' ''— Limitation on Indebtedness and Preferred Stock'' and ''— Limitation on Asset Sales'' covenants;

(f) existing in customary provisions in joint venture agreements and other similar agreements, to the extent such encumbrance or restriction relates to the activities or assets of a Restricted Subsidiary that is a party to such joint venture and if (as determined in good faith by the Board of Directors) (i) the encumbrances or restrictions are customary for a 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 adversely affect the ability of (x) the Company to make 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;

(g) with respect to any Restricted Subsidiary and imposed pursuant to an agreement that has been entered into for the Incurrence of Indebtedness permitted under the ''Limitation on Indebtedness and Preferred Stock'' covenant if, as determined by the Board of Directors, the encumbrances or restrictions are (i) customary for such types of agreements and (ii) would not, at the time agreed to, be expected to materially and adversely affect the ability of the Company to make required payment on the Notes and any extensions, refinancings, renewals or replacements of any of the foregoing agreements; *provided* that the encumbrances and restrictions in any such extension, refinancing, renewal or replacement, taken as a whole, are no more restrictive in any material respect to the Holders than those encumbrances or restrictions that are then in effect and that are being extended, refinanced, renewed or replaced;

(h) any encumbrance or restriction existing by reason of any Lien permitted under the ''— Limitation on Liens'' covenant to the extent limiting the right of the debtor to dispose of the assets securing such Indebtedness;

(i) existing with respect to Hedging Obligation permitted to be Incurred under clause (2)(f) of the covenant described under the caption ''— Limitation on Indebtedness and Preferred Stock'' covenant solely to the extent that such restriction or encumbrance is only encumbering customary initial deposits or margin deposits or is otherwise within the general parameters customary in the industry with respect to such Hedging Obligations; and

(j) existing with respect to any Unrestricted Subsidiary or the property or assets of such Unrestricted Subsidiary that is designated as a Restricted Subsidiary in accordance with the terms of the Indenture at the time of such designation and not Incurred in contemplation of such designation, which encumbrances or restrictions are not applicable to any Person or the property or assets of any Person other than such Unrestricted Subsidiary or its subsidiaries or the property or assets of such Unrestricted Subsidiary or its subsidiaries, and any extensions, refinancing, renewals or replacements thereof; *provided* that the encumbrances and restrictions in any such extension, refinancings, renewal or replacement, taken as a whole, are no more restrictive in any material respect to the Holders than those encumbrances or restrictions that are then in effect and that are being extended, refinanced, renewed or replaced.

Limitation on Sales and Issuances of Capital Stock in Restricted Subsidiaries

The Company will not sell, and will not permit any Restricted Subsidiary, directly or indirectly, to issue or sell any shares of Capital Stock of a Restricted Subsidiary (including options, warrants or other rights to purchase shares of such Capital Stock) except:

(1) to the Company or a Wholly Owned Restricted Subsidiary, or in the case of a Restricted Subsidiary that is not Wholly Owned, pro rata to its shareholders or incorporators or on a basis more favorable to the Company and its Restricted Subsidiaries;

(2) to the extent such Capital Stock represents director's qualifying shares or is required by applicable law to be held by a Person other than the Company or a Wholly Owned Restricted Subsidiary;

(3) the issuance or sale of Capital Stock of a Restricted Subsidiary if, immediately after giving effect to such issuance or sale, such Restricted Subsidiary would no longer constitute a Restricted Subsidiary and any remaining Investment in such Person would have been permitted to be made under the "Limitation on Restricted Payments" covenant if made on the date of such issuance or sale and *provided* that the Company complies with the "— Limitation on Asset Sales" covenant; or

(4) the issuance or sale of Capital Stock of a Restricted Subsidiary (which remains a Restricted Subsidiary after any such issuance or sale); *provided* that the Company or such Restricted Subsidiary applies the Net Cash Proceeds of such issuance or sale in accordance with the "— Limitation on Asset Sales" covenant.

Limitation on Issuances of Guarantees by Restricted Subsidiaries

The Company will not permit any Restricted Subsidiary which is not a Subsidiary Guarantor or 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 Subsidiary Guarantor) or JV Subsidiary Guarantee (in the case of 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 are permitted by clauses (2)(c), (2)(d) or (2)(q) (in the case of (2)(q), with respect to the Guarantee provided by any Restricted Subsidiary that is not a Subsidiary Guarantor or a JV Subsidiary Guarantor through the pledge of cash deposits, bank accounts or other assets to secure (or the use of any Guarantee, letter of credit or similar instrument to Guarantee), directly, or indirectly, any Bank Deposit Secured Indebtedness of the Company, any Subsidiary Guarantor or any JV Subsidiary Guarantor) under the caption "— Limitation on Indebtedness and Preferred Stock."

If the Guaranteed Indebtedness (1) ranks *pari passu* in right of payment with the Notes or any Subsidiary Guarantee or any JV Subsidiary Guarantee, then the Guarantee of such Guaranteed Indebtedness shall rank *pari passu* in right of payment with, or subordinated to, the Subsidiary Guarantee or JV Subsidiary Guarantee, as the case may be, or (2) is subordinated in right of payment to the Notes or any Subsidiary Guarantee or any JV Subsidiary Guarantee, then the Guarantee of such Guaranteed Indebtedness shall be subordinated in right of payment to the Subsidiary Guarantee or the JV Subsidiary Guarantee at least to the extent that the Guaranteed Indebtedness is subordinated to the Notes or 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$5.0 million (or the Dollar Equivalent thereof), a Board Resolution set forth in an Officers' Certificate certifying that such Affiliate Transaction complies with this covenant and such Affiliate Transaction has been approved by a majority of the disinterested members of the Board of Directors; and

    (b) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of US$10.0 million (or the Dollar Equivalent thereof), in addition to the Board Resolution required in clause 2(a) above, an opinion as to the fairness of the transaction to the Company or the relevant Restricted Subsidiary, as the case may be, from a financial point of view or confirming that the terms of such Affiliate Transaction are no less favorable to the Company or the relevant Restricted Subsidiary than terms available to (or from, as applicable) a Person that is not an Affiliate of the Company issued by an accounting, appraisal or investment banking firm of international standing.

The foregoing limitation does not limit, and shall not apply to:

(1) the payment of reasonable and customary regular fees and other reasonable and customary compensation for service to directors of the Company or any Restricted Subsidiary who are not employees of the Company or any Restricted Subsidiary;

(2) transactions between or among the Company and any of its Wholly Owned Restricted Subsidiaries or between or among Wholly Owned Restricted Subsidiaries;

(3) any Restricted Payment of the type described in 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;

(5) the payment of compensation to officers and directors of the Company or any Restricted Subsidiary pursuant to an employee stock or share option or other incentive scheme, so long as such scheme is in compliance with the Listing Rules, which as of the Original Issue Date require a majority shareholder approval of any such scheme;

(6) any employment, consulting, service or termination agreement, or reasonable and customary indemnification arrangements, entered into by the Company or any of its Restricted Subsidiaries with directors, officers, employees and consultants in the ordinary course of business and the payment of compensation pursuant thereto;

(7) any Affiliate Transaction relating to property development, property management, property sales, elderly care property management and operations, decoration services or green technology consulting services, in each case in the ordinary course of business and consistent with industry practice and otherwise in compliance with the terms of the Indenture, which are fair to the Company and the Restricted Subsidiaries, or are on terms at least as favorable as might reasonably have been obtained at such time from a Person that is not an Affiliate of the Company, as determined by the Board of Directors acting in good faith; and

(8) any purchase of Capital Stock of a Person pursuant to a Staged Acquisition Agreement or Minority Interest Staged Acquisition Agreement, and any purchase of Capital Stock of a Restricted Subsidiary held by a Trust Company Investor, in each case, to the extent permitted under the''— Limitation on Restricted Payments'' covenant.

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 (19) 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 and (iii) any transaction between or among 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 or between or among the Company or a Restricted Subsidiary on the one hand and a Minority Joint Venture or an Unrestricted Subsidiary on the other hand; *provided* that in the case of clause (iii), (a) such transaction is entered into in the ordinary course of business and (b) none of the shareholders or partners (other than the Company or any Restricted Subsidiary) of or in such Restricted Subsidiary that is not a Wholly Owned Restricted Subsidiary, Minority Joint Venture or Unrestricted Subsidiary, as the case may be, is a Person described in clauses (x) or (y) of the first paragraph of this covenant (other than by reason of such other shareholder or other partner being an officer or director of such Restricted Subsidiary, Minority Joint Venture or Unrestricted Subsidiary, as the case may be, or by reason of being a Restricted Subsidiary, Minority Joint Venture or Unrestricted Subsidiary, as the case may be).

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 Offshore Subsidiary Share (other than Liens described in clauses (1) or (7) of the definition of Permitted Liens), unless the Notes are secured equally and ratably with (or, if the obligation or liability to be secured by such Lien is subordinated in right of payment to the Notes, prior to) 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 (other than Offshore Subsidiary Shares), whether owned at the Original Issue Date or thereafter acquired, except Permitted Liens, unless the Notes are equally and ratably secured by (or, if the obligation or liability to be secured by such Lien is subordinated in right of payment to the Notes, prior to) such Lien, for so long as any other obligation or liability of the Company or any Restricted Subsidiary is secured by such Lien.

In the event that one or more Liens (and documents relating thereto) are to be established or maintained to effect equal and ratable security arrangements in respect of the Notes (as contemplated under the preceding paragraph) with regards to Indebtedness proposed to be or previously Incurred by the Company or any Subsidiary Guarantor in compliance with the terms of the Indenture, the Company may instruct the Trustee to directly, or through its Affiliates (in its capacity as Trustee or that of a collateral agent on such terms as it shall require) and without the consent of any Holders, (a) enter into one or more intercreditor agreements, pledge agreements, collateral and security agreements or other arrangements intended to effect the shared security arrangements contemplated by this paragraph among

holders of such Indebtedness and (b) complete or facilitate the completion by itself or other parties of filings, registrations or other actions necessary to effect or perfect the relevant Liens or related arrangements.

Limitation on 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, as the case may be, could have (a) Incurred Indebtedness in an amount equal to the Attributable Indebtedness relating to such Sale and Leaseback Transaction under the covenant described above under the caption ''— 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, as the case may be, applies the proceeds of such transaction in compliance with, the covenant described below under the caption ''— Limitation on Asset Sales.''

Limitation on Asset Sales

The Company will not, and will not permit any Restricted Subsidiary to, consummate any Asset Sale, unless:

(1) no Default shall have occurred and be continuing or would occur as a result of such Asset Sale;

(2) the consideration received by the Company or such Restricted Subsidiary, as the case may be, is at least equal to the Fair Market Value of the assets sold or disposed of; and

(3) at least 75.0% 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$10.0 million (or the Dollar Equivalent thereof), the Company shall deliver to the Trustee an opinion as to the fairness to the Company or such Restricted Subsidiary of such Asset Sale from a financial point of view issued by an accounting, appraisal or investment banking firm of recognized 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, a Subsidiary Guarantor or a JV Subsidiary Guarantor or any Indebtedness of a Restricted Subsidiary that is not a Subsidiary Guarantor or JV 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;

pending application of such Net Cash Proceeds as set forth in clause (1) or (2) above, the Company or any Restricted Subsidiary may make an Investment in cash or Temporary Cash Investments.

Any Net Cash Proceeds from Asset Sales that are not applied or invested as provided in clauses (1) and (2) in the immediately preceding paragraph will constitute ''Excess Proceeds.'' Excess Proceeds of less than US$10.0 million (or the Dollar Equivalent thereof) will be carried forward and accumulated. When accumulated Excess Proceeds exceeds US$10.0 million (or the Dollar Equivalent thereof), within 10 days thereof, the Company must make an Offer to Purchase Notes having a principal amount equal to:

(1) accumulated Excess Proceeds, multiplied by

(2) a fraction (x) the numerator of which is equal to the outstanding principal amount of the Notes and (y) the denominator of which is equal to the outstanding principal amount of the Notes and all *pari passu* Indebtedness similarly required to be repaid, redeemed or tendered for in connection with the Asset Sale,

rounded down to the nearest US$1,000.

The offer price in any Offer to Purchase will be equal to 100% of the principal amount plus accrued and unpaid interest to (but not including) 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 in such Offer to Purchase exceeds the amount of Excess Proceeds, the Notes (and such other *pari passu* Indebtedness) will be purchased on a pro rata basis by the Company. Upon completion of each Offer to Purchase, the amount of Excess Proceeds will be reset at zero.

Limitation on the Company's Business Activities

The Company will not, and will not permit any Restricted Subsidiary to, directly or indirectly, engage in any business other than a Permitted Business; provided, however, that the Company or any Restricted Subsidiary may own Capital Stock of an Unrestricted Subsidiary or joint venture or other entity that is engaged in a business other than Permitted Businesses as long as any Investment therein was not prohibited when made by the covenant under the caption ''— Limitation on Restricted Payments.''

Use of Proceeds

The Company will not, and will not permit any Restricted Subsidiary to, use the net proceeds from the sale of the Notes, in any amount, for any purpose other than (1) in the approximate amounts and for the purposes specified, including any adjustment in response to changes in acquisition or development plans as contemplated, under the caption ''Use of Proceeds'' in this offering memorandum (or in the case of Additional Notes, the offering 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 Guarantees or 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 as a result of such designation; (4) such Restricted Subsidiary does not own any Disqualified Stock of the Company or Disqualified or Preferred Stock of another Restricted Subsidiary or hold any Indebtedness of, or any Lien on any property of, the Company or any Restricted Subsidiary, if such Disqualified or Preferred Stock or Indebtedness could not be Incurred under the covenant described under the caption ''— Limitation on Indebtedness and Preferred Stock'' or such Lien would violate the covenant described under the caption ''— Limitation on Liens''; (5) such Restricted Subsidiary does not own any Voting Stock of another Restricted Subsidiary, and all of its Subsidiaries are Unrestricted Subsidiaries or are being concurrently designated to be Unrestricted Subsidiaries in accordance with this paragraph; and (6) the Investment deemed to have been made thereby in such newly-designated Unrestricted Subsidiary and each other newly-designated Unrestricted Subsidiary being concurrently redesignated would be permitted to be made by the covenant described under the caption ''— 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 organized under the laws of the PRC and is not a New 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 in accordance with the terms under the Indenture.

Government Approvals and Licenses; Compliance with Law

The Company will, and will cause each Restricted Subsidiary to, (1) obtain and maintain in full force and effect all governmental approvals, authorizations, consents, permits, concessions and licenses as are necessary to engage in the Permitted Businesses; (2) preserve and maintain good and valid title to its properties and assets (including land-use rights) free and clear of any Liens other than Permitted Liens; and (3) comply with all laws, regulations, orders, judgments and decrees of any governmental body, except to the extent that failure so to obtain, maintain, preserve and comply would not reasonably be expected to have a material adverse effect on (a) the business, results of operations or prospects of the Company and its Restricted Subsidiaries, taken as a whole, or (b) the ability of the Company, any Subsidiary Guarantor or any JV Subsidiary Guarantor to perform its obligations under the Notes, the relevant Subsidiary Guarantee, the relevant JV Subsidiary Guarantee or the Indenture.

Anti-Layering

The Company will not Incur, and will not permit any Subsidiary Guarantor or JV Subsidiary Guarantor to Incur, any Indebtedness if such Indebtedness is contractually subordinated in right of payment to any other Indebtedness of the Company or 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 Original Issue Date, the Notes have a rating of Investment Grade from two of the three Rating Agencies and no Default has occurred and is continuing (a "Suspension Event"), then, beginning on that day and continuing until such time, if any, at which the Notes cease to have a rating of Investment Grade from at least two of the three Rating Agencies, the provisions of the Indenture summarized under the following captions will be suspended:

(1) "— Certain Covenants — Limitation on Indebtedness and Preferred Stock";

(2) "— Certain Covenants — Limitation on Restricted Payments";

(3) "— Certain Covenants — Limitation on Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries";

(4) "— Certain Covenants — Limitation on Sales and Issuances of Capital Stock in Restricted Subsidiaries";

(5) "— Certain Covenants — Limitation on Issuances of Guarantees by Restricted Subsidiaries";

(6) "— Certain Covenants — Limitation on the Company's Business Activities";

(7) "— Certain Covenants — Limitation on Sale and Leaseback Transactions";

(8) "— Certain Covenants — Limitation on Asset Sales"; and

(9) clauses (3), (4) and (5)(x) of the first and second paragraph under "— Consolidation, Merger and Sale of Assets."

During any period that the foregoing covenants have been suspended, the Board of Directors may not designate any of the Restricted Subsidiaries as Unrestricted Subsidiaries pursuant to the covenant summarized under the caption "— Certain Covenants — Designation of Restricted and Unrestricted Subsidiaries" or the definition of "Unrestricted Subsidiary."

Such covenants will be reinstituted and apply according to their terms as of and from the first day on which a Suspension Event ceases to be in effect. Such covenants will not, however, be of any effect with regard to actions of the Company or any Restricted Subsidiary properly taken in compliance with the provisions of the Indenture during the continuance of the Suspension Event, and following reinstatement the calculations under the covenant summarized under "— Certain Covenants — Limitation on Restricted Payments" will be made as if such covenant had been in effect since the Original Issue Date except that no Default will be deemed to have occurred solely by reason of a Restricted Payment made while that covenant was suspended.

There can be no assurance that the Notes will ever achieve a rating of Investment Grade or that any such rating will be maintained.

Provision of Financial Statements and Reports

(1) So long as any of the Notes remain outstanding, the Company will file with the Trustee and furnish to the Holders upon request, as soon as they are available but in any event not more than 10 calendar days after they are filed with the Stock Exchange of Hong Kong Limited or any other recognized exchange on which the Company's Common Stock 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 the Stock Exchange of Hong Kong Limited or any other recognized stock exchange, the Company will file with the Trustee and furnish to the Holders:

(a) as soon as they are available, but in any event within 90 calendar days after the end of the fiscal year of the Company, copies of its financial statements (on a consolidated basis and in the English language) in respect of such financial year (including a statement of income, balance sheet and cash flow statement) audited by a member firm of an internationally-recognized firm of independent accountants;

(b) as soon as they are available, but in any event within 60 calendar days after the end of the second fiscal quarter of the Company, copies of its financial statements (on a consolidated basis and in the English language) in respect of such half-year period (including a statement of income, balance sheet and cash flow statement) reviewed by a member firm of an internationally-recognized firm of independent accountants; and

(c) as soon as they are available, but in any event within 60 calendar days after the end of each of the first and third fiscal quarter of the Company, copies of its unaudited financial statements (on a consolidated basis and in the English language) in respect of the relevant quarterly period (including a statement of income, balance sheet and cash flow statement) prepared on a basis consistent with the audited financial statements of the Company together with a certificate signed by the person then authorized to sign financial statements on behalf of the Company to the effect that such financial statements are true in all material respects and present fairly the financial position of the Company as at the end of, and the results of its operations for, the relevant quarterly period.

(2) In addition, so long as any of the Notes remain outstanding, the Company will provide to the Trustee (a) within 120 days after the close of each fiscal year ending after the Original Issue Date, an Officers' Certificate stating the Fixed Charge Coverage Ratio with respect to the four most recent fiscal quarter 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, together 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 10 days after the Company becomes aware or should reasonably become aware of the occurrence of a Default, an Officers' Certificate setting forth the details of the Default, and the action which the Company proposes to take with respect thereto.

Events of Default

The following events will be defined as "Events of Default" in the Indenture:

(1) default in the payment of principal of (or premium, if any, on) the Notes when the same becomes due and payable at maturity, upon acceleration, redemption or otherwise;

(2) default in the payment of interest on any Note when the same becomes due and payable, and such default continues for a period of 30 consecutive days;

(3) default in the performance or breach of the provisions of the covenants described under the caption ''— Consolidation, Merger and Sale of Assets,'' the failure by the Company to make or consummate an Offer to Purchase in the manner described under the captions ''— Repurchase of Notes upon a Change of Control Triggering Event'' or ''— Limitation on Asset Sales'';

(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 of such default or breach to the Company by the Holders of 25% or more in aggregate principal amount of the Notes then outstanding or the Trustee at the written direction of such Holders;

(5) there occurs with respect to any Indebtedness of the Company or any Restricted Subsidiary having an outstanding principal amount of US$10.0 million (or the Dollar Equivalent thereof) or more in the aggregate for all such Indebtedness of all such Persons, whether such Indebtedness now exists or shall hereafter be created, (a) an event of default that has caused the holder thereof to declare such Indebtedness to be due and payable prior to its Stated Maturity and/or (b) the failure to make a payment of principal when due;

(6) one or more final judgments or orders for the payment of money are rendered against the Company or any of its Restricted Subsidiaries and are not paid or discharged, and there is a period of 60 consecutive days following entry of the final judgment or order that causes the aggregate amount for all such final judgments or orders outstanding and not paid or discharged against all such Persons to exceed US$10.0 million (or the Dollar Equivalent thereof) (in excess of amounts which the Company's insurance carriers have unconditionally agreed to pay under applicable policies) during which a stay of enforcement, by reason of a pending appeal or otherwise, is not in effect;

(7) an involuntary case or other proceeding is commenced against the Company or any Significant Restricted Subsidiary with respect to it or its debts under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect seeking the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Company or any Significant Restricted Subsidiary or for any substantial part of the property and assets of the Company or any Significant Restricted Subsidiary and such involuntary case or other proceeding remains undismissed and unstayed for a period of 60 consecutive days; or an order for relief is entered against the Company or any Significant Restricted Subsidiary under any applicable bankruptcy, insolvency or other similar law as now or hereafter in effect;

(8) the Company or any Significant Restricted Subsidiary (a) commences a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or consents to the entry of an order for relief in an involuntary case under any such law, (b) consents to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Company or any Significant Restricted Subsidiary or for all or substantially all of the property and assets of the Company or any Significant Restricted Subsidiary or (c) effects any general assignment for the benefit of creditors (other than, in each case under (b), any of the foregoing that arises from any solvent liquidation or restructuring of a Significant Subsidiary in the ordinary course of business that shall result in the net assets of such Significant Restricted 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, or the Holders of at least 25% in aggregate principal amount of the Notes then outstanding, by written notice to the Company (and to the Trustee if such notice is given by the Holders), may, and the Trustee at the written request of such Holders (subject to being indemnified and/or secured to its satisfaction) shall, declare the principal of, premium, if any, and accrued and unpaid interest on the Notes to be immediately due and payable. Upon a declaration of acceleration, such principal of, premium, if any, and accrued and unpaid interest shall be immediately due and payable. If an Event of Default specified in clause (7) or (8) above occurs with respect to the Company or any Significant Restricted Subsidiary, the principal of, premium, if any, and accrued and unpaid interest on the Notes then outstanding shall automatically become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Holder.

The Holders of at least a majority in principal amount of the outstanding Notes by written notice to the Company and to the Trustee may on behalf of all 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 non-payment 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, and *provided* that it is secured and/or indemnified to its satisfaction, shall upon request of Holders of at least 25% in aggregate principal amount of outstanding Notes, in its own name or as trustee of an express trust, any available remedy by proceeding at law or in equity to collect the payment of principal of, premium, if any, and interest on the Notes or to enforce the performance of any provision of the Notes or the Indenture. The Trustee may maintain a proceeding even if it does not possess any of the Notes or does not produce any of them in the proceeding.

The Holders of at least a majority in aggregate principal amount of the outstanding Notes may direct in writing 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, subject to the Trustee being indemnified and/or secured to its satisfaction in advance of the proceedings. However, the Trustee may refuse to follow any direction that conflicts with applicable law or the Indenture or that may involve the Trustee in personal liability, and may take any other action it deems proper that is not inconsistent with any such written direction received from Holders. In addition, the Trustee will not be required to expend its own funds in following such direction if it does not believe that reimbursement or satisfactory indemnification and/or security is assured to it.

A Holder may not institute any proceeding, judicial or otherwise, with respect to the Indenture or the Notes, or for the appointment of a receiver or trustee, or for any other remedy under the Indenture or the Notes, unless:

(1) the Holder has previously given the Trustee written notice of a continuing Event of Default;

(2) the Holders of at least 25% in aggregate principal amount of outstanding Notes make a written request to the Trustee to pursue the remedy;

(3) such Holder or Holders offer the Trustee indemnity and/or security satisfactory to the Trustee against any costs, liability or expense to be Incurred in compliance with such written request;

(4) the Trustee does not comply with the request within 60 days after receipt of the written request and the offer of indemnity and/or security; and

(5) during such 60-day period, the Holders of a majority in aggregate principal amount of the outstanding Notes do not give the Trustee a written direction that is inconsistent with the request.

However, such limitations do not apply to the right of any Holder of a Note to receive payment of the principal of, premium, if any, or interest on, such Note, or to bring suit for the enforcement of any such payment, on or after the due date expressed in the Notes, which right shall not be impaired or affected without the consent of the Holder.

Officers of the Company must certify to the Trustee in writing, on or before a date not more than 120 days after the end of each fiscal year, that a review has been conducted of the activities of the Company and its Restricted Subsidiaries and the Company's and its Restricted Subsidiaries' performance under the Indenture and that the Company and the Restricted Subsidiaries have fulfilled all obligations thereunder, or, if there has been a default in the fulfillment of any such obligation, specifying each such default and the nature and status thereof. The Company will also be obligated to notify the Trustee of any default or defaults in the performance of any covenants or agreements under the Indenture. See "— Provision of Financial Statements and Reports."

The Trustee and the Agents need not do anything to ascertain whether any Event of Default has occurred and is continuing and will not be responsible to Holders or any other person for any loss arising from any failure by it to do so, and, the Trustee or the Agents may assume that no such event has occurred and that the Company is performing all its obligations under the Indenture and the Notes unless the Trustee has received written notice of the occurrence of such event or facts establishing that the Company is not performing all of its obligations under the Indenture and the Notes. The Trustee is entitled to conclusively rely, without liability, on any Opinion of Counsel or Officers' Certificate regarding whether an Event of Default has occurred.

Consolidation, Merger and Sale of Assets

The Company will not consolidate with, merge with or into another Person, permit any Person to merge with or into it, or sell, convey, transfer, lease or otherwise dispose of all or substantially all of its and its Restricted Subsidiaries' properties and assets (computed on a consolidated basis) (as an entirety or substantially an entirety in one transaction or a series of related transactions) to another Person, unless:

(1) the Company shall be the continuing Person, or the Person (if other than it) formed by such consolidation or merger or that acquired or leased such property and assets (the "Surviving Person") shall be a corporation organized and validly existing under the laws of the Cayman Islands, Hong Kong, Bermuda or the British Virgin Islands and shall expressly assume, by a supplemental indenture to the Indenture, executed and delivered to the Trustee, all the obligations of the Company under the Indenture and the Notes, as the case may be, including the obligation to pay Additional Amounts with respect to any jurisdiction in which it is organized or resident for tax purposes or through which payment is made, and the Indenture and the Notes, as the case may be, shall remain in full force and effect;

(2) immediately after giving effect to such transaction, no Default shall have occurred and be continuing;

(3) immediately after giving effect to such transaction on a pro forma basis, the Company or the Surviving Person, as the case may be, shall have a Consolidated Net Worth equal to or greater than the Consolidated Net Worth of the Company immediately prior to such transaction;

(4) immediately after giving effect to such transaction on a pro forma basis the Company or the Surviving Person, as the case may be, could Incur at least US$1.00 of Indebtedness under the proviso in the first sentence of clause (a) of the covenant under the caption "— Limitation on Indebtedness and Preferred Stock";

(5) the Company delivers to the Trustee (x) an Officers' Certificate (attaching the arithmetic computations to demonstrate compliance with clauses (3) and (4)) and (y) an Opinion of Counsel, in each case stating that such consolidation, merger or transfer and the relevant supplemental indenture complies with this provision and that all conditions precedent provided for in the Indenture relating to such transaction have been complied with;

(6) each Subsidiary Guarantor and JV Subsidiary Guarantor, unless such Subsidiary Guarantor or JV Subsidiary Guarantor is the Person with which the Company has entered into a transaction described under the caption ''— Consolidation, Merger and Sale of Assets,'' shall execute and deliver a supplemental indenture to the Indenture confirming that its Subsidiary Guarantee or JV Subsidiary Guarantee, as applicable, shall apply to the obligations of the Company or the Surviving Person in accordance with the Notes and the Indenture; and

(7) no Rating Decline shall have occurred.

No Subsidiary Guarantor or JV Subsidiary Guarantor will consolidate with or merge with or into another Person, permit any Person to merge with or into it, or sell, convey, transfer, lease or otherwise dispose of all or substantially all of its and its Restricted Subsidiaries' properties and assets (computed on a consolidated basis) (as an entirety or substantially an entirety in one transaction or a series of related transactions) to another Person (other than the Company or another Subsidiary Guarantor or, in the case of a JV Subsidiary Guarantor, other than another JV Subsidiary Guarantor, the Company or another Subsidiary Guarantor), unless:

(1) such Subsidiary Guarantor or JV Subsidiary Guarantor shall be the continuing Person, or the Person (if other than it) formed by such consolidation or merger or that acquired or leased such property and assets shall be the Company, another Subsidiary Guarantor or 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 the 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 payment is made, and the Indenture and the Notes, as the case may be, shall remain in full force and effect;

(2) immediately after giving effect to such transaction, no Default shall have occurred and be continuing;

(3) immediately after giving effect to such transaction on a pro forma basis, the Company shall have a Consolidated Net Worth equal to or greater than the Consolidated Net Worth of the Company immediately prior to such transaction;

(4) immediately after giving effect to such transaction on a pro forma basis, the Company could Incur at least US$1.00 of Indebtedness under the proviso in the first sentence of clause (a) of the covenant under the caption ''— Limitation on Indebtedness and Preferred Stock'';

(5) the Company delivers to the Trustee (x) an Officers' Certificate (attaching the arithmetic computations to demonstrate compliance with clauses (3) and (4)) and (y) an Opinion of Counsel, in each case stating that such consolidation, merger or transfer and the relevant supplemental indenture complies with this provision and that all conditions precedent provided for in the Indenture relating to such transaction have been complied with; and

(6) no Rating Decline shall have occurred;

provided that this paragraph shall not apply to any sale or other disposition that complies with the ''— Limitation on Asset Sales'' covenant or any Subsidiary Guarantor or JV Subsidiary Guarantor whose Subsidiary Guarantee or JV Subsidiary Guarantee, as the case may be, is unconditionally released in accordance with the provisions described under ''— The Subsidiary Guarantees and the JV Subsidiary Guarantees — Release of the Subsidiary Guarantees and the JV Subsidiary Guarantees.''

Although there is a limited body of case law interpreting the phrase ''substantially all,'' there is no precise established definition of the phrase under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve ''all or substantially all'' of the property or assets of a Person.

The foregoing requirements shall not apply to a consolidation or merger of any Subsidiary Guarantor or JV Subsidiary Guarantor with and into the Company or any other Subsidiary Guarantor or JV Subsidiary Guarantor, so long as the Company or such Subsidiary Guarantor or JV Subsidiary Guarantor survives such consolidation or merger.

The foregoing provisions would not necessarily afford Holders protection in the event of highly-leveraged or other transactions involving the Company 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 or the Notes in connection with an exchange or tender offer, the Company and any Restricted Subsidiary may exclude Holders or beneficial owners of the Notes in any jurisdiction where the inclusion of such Holders or beneficial owners (i) would require the Company or any Restricted Subsidiary to comply with the registration requirements or other similar requirements under any securities laws of such jurisdiction, which the Company determines (acting in good faith) would be materially burdensome or (ii) the solicitation of such consent, waiver or amendment from, or the granting of such consent or waiver, or the approval of such amendment by, Holders or beneficial owners in such jurisdiction would be unlawful, in each case as determined by the Company in its sole discretion.

Defeasance

Defeasance and Discharge

The Indenture will provide that the Company will be deemed to have paid and will be discharged from any and all obligations in respect of the Notes on the 183rd day after the deposit referred to below, and the provisions of the Indenture will no longer be in effect with respect to the Notes (except for, among other matters, certain obligations to register the transfer or exchange of the Notes, to replace stolen, lost or mutilated Notes, to maintain paying agencies, to pay Additional Amounts and to hold monies for payment in trust) if, among other things:

(1) the Company (a) has deposited with the Trustee (or its agent), in trust, money or U.S. Government Obligations or any combination thereof that through the payment of interest and principal in respect thereof in accordance with their terms will provide money in an amount sufficient to pay the principal of, premium, if any, and accrued interest on the Notes on the Stated Maturity of such payments in accordance with the terms of the Indenture and the Notes and (b) delivers to the Trustee an Opinion of Counsel or a certificate of an internationally-recognized firm of independent accountants to the effect that the amount deposited by the Company is sufficient to provide payment for the principal of, premium, if any, and accrued interest on, the Notes on the Stated Maturity of such payment in accordance with the terms of the Indenture;

(2) to the extent that the defeasance trust is organized under the laws of the United States (or any state thereof) or at the request of the Trustee, 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 the JV Subsidiary Guarantees will terminate.

Defeasance of Certain Covenants

The Indenture further will provide that (A) the provisions of the Indenture will no longer be in effect with respect to clauses (3), (4), (5)(x) and (7) under the first paragraph and clauses (3), (4), (5)(x) and (6) under the second paragraph of "— Consolidation, Merger and Sale of Assets" and all the covenants described herein under the caption "— Certain Covenants," other than as described under the caption "— Certain Covenants — Government Approvals and Licenses; Compliance with Law" and "— Certain Covenants — Anti-Layering," and (B) (i) clause (3) under "Events of Default" with respect to such clauses (3), (4), (5)(x) and (7) under the first paragraph and such clauses (3), (4), (5)(x) and (6) under the second paragraph under "Consolidation, Merger and Sale of Assets" and with respect to the other events set forth in such clause, (ii) clause (4) under "Events of Default" with respect to such other covenants or agreements in the Indenture and (iii) 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 or U.S. Government Obligations or any combination thereof that through the payment of interest and principal in respect thereof in accordance with their terms will provide money in an amount sufficient to pay the principal of, premium, if any, and accrued interest on the Notes on the Stated Maturity of such payments in accordance with the terms of the Indenture and the Notes, and 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 with respect to the Notes as described in the immediately preceding paragraph and the Notes are declared due and payable because of the occurrence of an Event of Default that remains applicable, the amount of money and/or U.S. Government Obligations on deposit with the Trustee 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 Paying Agent for cancellation; or

(2) all Notes not theretofore delivered to the Paying Agent 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 to pay and discharge the entire indebtedness on the Notes not theretofore delivered to the Paying Agent for cancellation, for principal of, premium, if any, and interest on the Notes to the date of deposit together with irrevocable instructions from the Company directing the Trustee to apply such funds to the payment thereof at maturity or redemption, as the case may be;

(b) the Company or any Subsidiary Guarantor has paid all other sums payable under the Indenture by the Company; and

(c) no Default or Event of Default will have occurred and be continuing on the date of such deposit or will occur as a result of such deposit and such deposit will not result in a breach or violation of, or constitute a default under, any other instruments to which the Company or any Subsidiary Guarantor is a party or by which the Company or any Subsidiary Guarantor is bound.

The Trustee will acknowledge the satisfaction and discharge of the Indenture if the Company has delivered to the Trustee an Officers' Certificate stating that all conditions precedent under the Indenture relating to the satisfaction and discharge of the Indenture have been complied with. The Trustee shall be entitled to conclusively rely on such certificate without investigating the accuracy, authenticity and validity of those certifications and without any liability or responsibility to any person.

Amendments and Waiver

Amendments Without Consent of Holders

The Indenture, the Notes, the Guarantees and the JV Subsidiary Guarantees (if any) may be amended, without the consent of any Holder, to:

(1) cure any ambiguity, defect, omission or inconsistency in the Indenture or the Notes;

(2) comply with the provisions described under ''— Consolidation, Merger and Sale of Assets'';

(3) evidence and provide for the acceptance of appointment by a successor Trustee;

(4) add any Subsidiary Guarantor or JV Subsidiary Guarantor, or any Subsidiary Guarantee or JV Subsidiary Guarantee, or release any Subsidiary Guarantor or JV Subsidiary Guarantor from any Subsidiary Guarantee or JV Subsidiary Guarantee, as the case may be, as provided or permitted by the terms of the Indenture;

(5) provide for the issuance of Additional Notes in accordance with the limitations set forth in the Indenture;

(6) add collateral to secure the Notes, any Subsidiary Guarantee and any JV Subsidiary Guarantee and create or register Liens on such collateral or enter into any intercreditor agreement to share the collateral in accordance with the Indenture;

(7) in any other case where a supplemental indenture to the Indenture is required or permitted to be entered into pursuant to the provisions of the Indenture without the consent of any Holder;

(8) effect any changes to the Indenture in a manner necessary to comply with the procedures of Euroclear or Clearstream;

(9) make any other change that provides additional rights or benefits to Holders or 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

Amendments of the Indenture, the Notes, the Guarantees and the JV Subsidiary Guarantees (if any) may be made by the Company, the Subsidiary Guarantors, the JV Subsidiary Guarantors and the Trustee with the consent of the Holders of not less than a majority in aggregate principal amount of the outstanding Notes, and the holders of a majority in principal amount of the outstanding Notes may waive future compliance by the Company with any provision of the Indenture or the Notes; provided, however, that no such modification, amendment or waiver may, without the consent of each Holder affected thereby:

(1) change the Stated Maturity of the principal of, or any installment of interest on, any Note;

(2) reduce the principal amount of, or premium, if any, or interest on, any Note;

(3) change the currency of payment of principal of, or premium, if any, or interest on, any Note;

(4) impair the right to institute suit for the enforcement of any payment on or after the Stated Maturity (or, in the case of a redemption, on or after the redemption date) of any Note;

(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, any Subsidiary Guarantor or 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 or any Subsidiary Guarantee or JV Subsidiary Guarantee in a manner which adversely affects the Holders.

Unclaimed Money

Claims against the Company, any Subsidiary Guarantor or any JV Subsidiary Guarantor for the payment of principal of, premium, if any, or interest, on the Notes, any Subsidiary Guarantee or any JV Subsidiary Guarantee will become void unless presentation for payment is made as required in the Indenture within a period of six years.

No Personal Liability of Incorporators, Stockholders, Officers, Directors or Employees

No recourse for the payment of the principal of, premium, if any, or interest on any of the Notes or for any claim based thereon or otherwise in respect thereof, and no recourse under or upon any obligation, covenant or agreement of the Company, any of the Subsidiary Guarantors or any of the JV Subsidiary Guarantors in the Indenture, or in any of the Notes, the Subsidiary Guarantees or the JV Subsidiary Guarantees or because of the creation of any Indebtedness represented thereby, shall be had against any incorporator, stockholder, officer, director, employee or controlling person of the Company, any of the Subsidiary Guarantors, any of the JV Subsidiary Guarantors, or any of the Subsidiary Guarantors or of any successor Person thereof. Each Holder, by accepting the Notes, waives and releases all such liability. The waiver and release are part of the consideration for the issuance of the Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees. Such waiver may not be effective to waive liabilities under the federal securities laws.

Concerning the Trustee and the Agents

DB Trustees (Hong Kong) Limited has been appointed as Trustee under the Indenture and Deutsche Bank AG, Hong Kong Branch has been appointed as the registrar (the ''Registrar''), the paying agent (the ''Paying Agent'') and the transfer agent (the ''Transfer Agent'') with regard to the Notes. Except during the continuance of a Default, the Trustee undertakes to perform such duties and only such duties as are specifically set forth in the Indenture, and no implied covenant or obligation shall be read into the Indenture against the Trustee. If an Event of Default has occurred and is continuing, the Trustee will use the same degree of care and skill in its exercise of the rights and powers vested in it under the Indenture as a prudent person would exercise under the circumstances in the conduct of such person's own affairs. The Trustee will be under no obligation to exercise any of its rights or powers under the Indenture at the request of any Holder, unless such Holder shall have instructed the Trustee in writing and offered to the Trustee security and/or indemnity satisfactory to it against any loss, liability or expense.

Whenever there is mentioned in any context the authentication of the Notes, such mention shall be deemed to include authentication of the Notes by an authenticating agent.

The Indenture contains limitations on the rights of the Trustee, should they become creditors of the Company or any of the Subsidiary Guarantors, to obtain payment of claims in certain cases or to realize on certain property received by it in respect of any such claims, as security or otherwise. The Trustee is permitted to engage in other transactions with the Company and its Affiliates and can profit therefrom without being obliged to account for such profit; *provided*, *however*, that if it acquires any conflicting interest, it must eliminate such conflict or resign. The Trustee may have interest in or may be providing or may in the future provide financial or other services to other parties.

Book-Entry; Delivery and Form

The Notes will be represented by one or more global notes in registered form without interest coupons attached (each a ''Global Note''). On the Original Issue Date, the Global Note will be deposited with a common depositary and registered in the name of the common depositary or its nominee for the accounts of Euroclear and Clearstream.

Global Notes

Ownership of beneficial interests in the Global Notes (the "book-entry interests") will be limited to persons that have accounts with Euroclear and/or Clearstream or persons that may hold interests through such participants. Book-entry interests will be shown on, and transfers thereof will be effected only through, records maintained in book-entry form by Euroclear and Clearstream and their participants.

Except as set forth below under "— Individual Definitive Notes," the book-entry interests will not be held in definitive form. Instead, Euroclear and/or Clearstream will credit on their respective book-entry registration and transfer systems a participant's account with the interest beneficially owned by such participant. The laws of some jurisdictions may require that certain purchasers of securities take physical delivery of such securities in definitive form. The foregoing limitations may impair the ability to own, transfer or pledge book-entry interests.

So long as the Notes are held in global form, the common depositary for Euroclear and/or Clearstream (or its nominee) will be considered the sole holder of the Global Notes for all purposes under the Indenture and "holders" of book-entry interests will not be considered the owners or "Holders" of Notes for any purpose. As such, participants must rely on the procedures of Euroclear and Clearstream and indirect participants must rely on the procedures of the participants through which they own book-entry interests in order to transfer their interests in the Notes or to exercise any rights of Holders under the Indenture.

None of the Company, any Subsidiary Guarantor or JV Subsidiary Guarantor, the Trustee, 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 Notes

Payments of any amounts owing in respect of the Global Notes (including principal, premium, interest and Additional Amounts) will be made to the Paying Agent. The Paying Agent will, in turn, make such payments to the common depositary for Euroclear and Clearstream or its nominee, which will distribute such payments to participants in accordance with their procedures. The Company will make payments of all such amounts without deduction or withholding for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature, except as may be required by law and as described under the caption "— Additional Amounts."

Under the terms of the Indenture, the Company, the Trustee and the Agents 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, any Subsidiary Guarantor or JV Subsidiary Guarantor, the Trustee, the Agents or any of their respective agents has or will have any responsibility or liability for:

- any aspect of the records of Euroclear, Clearstream or any participant or indirect participant relating to or payments made on account of a book-entry interest, for any such payments made by Euroclear, Clearstream or any participant or indirect participants, or for maintaining, supervising or reviewing any of the records of Euroclear, Clearstream or any participant or indirect participant relating to or payments made on account of a book-entry interest; or

- 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 or its nominee, 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 Notes in accordance with the normal procedures of Euroclear and Clearstream and in accordance with the provisions of the Indenture.

Book-entry interests in the Global Note will be subject to the restrictions on transfer discussed under "Offering and 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 free of 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 Agents 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 Notes. Upon receipt of such notice from the common depositary or the Trustee, as the case may be, the Company will use its best efforts to make arrangements with the common depositary for the exchange of interests in the Global Notes for individual definitive notes and cause the requested individual definitive notes to be executed and delivered to the Registrar in sufficient quantities and authenticated by the Trustee for delivery to Holders. Persons exchanging interests in a Global Note for individual definitive notes will be required to provide the Trustee, through the relevant clearing system, with written instruction and other information required by the Company and the Trustee 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, first-class postage prepaid, in mails of the relevant jurisdiction (if intended for the Company or any Subsidiary Guarantor) addressed to the Company, such Subsidiary Guarantor or such other address as the Company may advise the Trustee in writing from time to time, of (if intended for the Trustee) at the corporate trust office of the Trustee; and (if intended for any Holder) addressed to such Holder at such Holder's last address as it appears in the Note register.

Any such notice or demand will be deemed to have been sufficiently given or served when so sent or deposited and, if to the Holders, when delivered in accordance with the applicable rules and procedures of Euroclear or Clearstream, as the case may be. Any such notice shall be deemed to have been delivered on the day such notice is delivered to Euroclear or Clearstream, as the case may be, or if by mail, when so sent or deposited.

Consent to Jurisdiction; Service of Process

The Company and each of the Subsidiary Guarantors will irrevocably (1) submit to the non-exclusive jurisdiction of any U.S. federal or New York state court located in the Borough of Manhattan, The City of New York in connection with any suit, action or proceeding arising out of, or relating to, the Notes, any Subsidiary Guarantee, any JV Subsidiary Guarantee, the Indenture or any transaction contemplated thereby; and (2) designate and appoint Cogency Global Inc. for receipt of service of process in any such suit, action or proceeding.

Governing Law

Each of the Notes, the Subsidiary Guarantees, the JV Subsidiary Guarantees and the Indenture will be governed by, and construed in accordance with, the laws of the State of New York.

Definitions

Set forth below are defined terms used in the covenants and other provisions of the Indenture. Reference is made to the Indenture for other capitalized terms used in this "Description of the Notes" for which no definition is provided.

"2020 Notes" means the 9.625% Senior Notes due 2020 issued by the Company pursuant to the 2020 Notes Indenture.

"2020 Notes Indenture" means the indenture dated April 25, 2018, as amended or supplemented from time to time, governing the 2020 Notes.

"Acquired Indebtedness" means Indebtedness of a Person existing at the time such Person becomes a Restricted Subsidiary or Indebtedness of a Restricted Subsidiary assumed in connection with an Asset Acquisition by such Restricted Subsidiary whether or not Incurred in connection with, or in contemplation of, the Person merging with or into or becoming a Restricted Subsidiary.

"Adjusted Treasury Rate" means, with respect to any redemption date, (i) the yield, under the heading which represents the average for the immediately preceding week, appearing in the most recently published statistical release designated "H.15(519)" or any successor publication which is published weekly by the Board of Governors of the Federal Reserve System and which establishes yields on actively traded United States Treasury securities adjusted to constant maturity under 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 June 20, 2022, yields for the two published maturities most closely corresponding to the Comparable Treasury Issue shall be determined and the Adjusted Treasury Rate shall be interpolated or extrapolated from such yields on a straight line basis, rounding to the nearest month) or (ii) if such release (or any successor release) is not published during the week preceding the calculation date or does not contain such yields, the rate per year equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date, in each case calculated on the third Business Day immediately preceding the redemption date.

"Affiliate" means, with respect to any Person, any other Person (1) directly or indirectly controlling, controlled by, or under direct or indirect common control with, such Person; (2) who is a director or officer of such Person or any Subsidiary of such Person or of any Person referred to in clause (1) of this definition; or (3) who is a spouse or any person cohabiting as a spouse, child or step-child, parent or step-parent, brother, sister, step-brother or step-sister, parent-in-law, grandchild, grandparent, uncle, aunt, nephew and niece of a Person described in clause (1) or (2). For purposes of this definition, "control" (including, with correlative meanings, the terms "controlling," "controlled by" and "under common control with"), as applied to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise.

"Applicable Premium" means with respect to a Note at any redemption date, the greater of (1) 1.00% of the principal amount of such Note and (2) the excess of (A) the present value at such redemption date of (x) the principal amount of the Notes at the maturity date of the Notes, plus (y) all required remaining scheduled interest payments due on such Note through the maturity date of the Notes (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.

"Asset Acquisition" means (1) an investment by the Company or any of its Restricted Subsidiaries in any other Person pursuant to which such Person shall become a Restricted Subsidiary or shall be merged into or consolidated with the Company or any of its Restricted Subsidiaries; or (2) an acquisition by the Company or any of its Restricted Subsidiaries of the property and assets of any Person other than the Company or any of its Restricted Subsidiaries that constitute substantially all of a division or line of business of such Person.

"Asset Disposition" means the sale or other disposition by the Company or any of its Restricted Subsidiaries (other than to the Company or another Restricted Subsidiary) of (1) all or substantially all of the Capital Stock of any Restricted Subsidiary; or (2) all or substantially all of the assets that constitute a division or line of business of the Company or any of its Restricted Subsidiaries.

"Asset Sale" means any sale, transfer or other disposition (including by way of merger, consolidation or Sale and Leaseback Transaction) of any of its property or assets (including any sale or issuance of Capital Stock of a Restricted Subsidiary) 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, transfers or other dispositions of inventory, receivables and other current assets (including properties under development for sale and completed properties for sale) in the ordinary course of business;

(2) sales or other dispositions of cash and Temporary Cash Investments;

(3) 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;

(4) sales, transfers or other dispositions of assets with a Fair Market Value not in excess of US$1 million (or the Dollar Equivalent thereof) in any transaction or series of related transactions;

(5) 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;

(6) any transfer, assignment or other disposition deemed to occur in connection with creating granting any Permitted Lien;

(7) a transaction covered by the covenant under the caption "— Consolidation, Merger and Sale of Assets"; and

(8) any sale, transfer or other disposition by the Company or any of its Restricted Subsidiaries, including the sale or issuance by the Company or any Restricted Subsidiary of any Capital Stock of any Restricted Subsidiary, to the Company or any Restricted Subsidiary.

"Attributable Indebtedness" means, in respect of a Sale and Leaseback Transaction, at the time of determination, the present value, discounted at the interest rate implicit in the Sale and Leaseback Transaction, of the total obligations of the lessee for rental payments during the remaining term of the lease in the Sale and Leaseback Transaction.

"Average Life" means, at any date of determination with respect to any Indebtedness, the quotient obtained by dividing (1) the sum of the products of (a) the number of years from such date of determination to the dates of each successive scheduled principal payment of such Indebtedness and (b) the amount of such principal payment by (2) the sum of all such principal payments.

"Bank Deposit Secured Indebtedness" means Indebtedness of the Company or any Restricted Subsidiary that is (i) secured by cash deposits, bank accounts or other assets of the Company or a Restricted Subsidiary and/or (ii) guaranteed by a guarantee or a letter of credit (or similar instruments) from or arranged by the Company or a Restricted Subsidiary and is used by the Company and its Restricted Subsidiaries to in effect exchange foreign currencies or remit money onshore or offshore.

"Board of Directors" means the board of directors of the Company or any committee of such board duly authorized to take the action purported to be taken by such committee.

"Board Resolution" means any resolution of the Board of Directors taking an action which it is authorized to take and adopted at a meeting duly called and held at which a quorum of disinterested members (if so required) was present and acting throughout or adopted by written resolution executed by every member of the Board of Directors.

"Business Day" means any day which is not a Saturday, Sunday, legal holiday or other day on which banking institutions in The City of New York or in London or in Hong Kong (or in any other place in which payments on the Notes are to be made) are authorized by law or governmental regulation to close.

"Capitalized Lease" means, with respect to any Person, any lease of any property (whether real, personal or mixed) which, in conformity with GAAP, is required to be capitalized on the balance sheet of such Person.

"Capitalized Lease Obligations" means the discounted present value of the rental obligations under a Capitalized Lease.

"Capital Stock" means, with respect to any Person, any and all shares, interests, participations or other equivalents (however designated, whether voting or non-voting) in equity of such Person, whether outstanding on the Original Issue Date or issued thereafter, including, without limitation, all Common Stock and Preferred Stock, but excluding debt securities convertible or exchangeable into such equity.

"Change of Control" means the occurrence of one or more of the following events:

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

(2) the Company consolidates or amalgamates with, or merges with or into, any Person (other than one or more Permitted Holders), or any Person consolidates with, or merges with or into, the Company, in any such event pursuant to a transaction in which any of the outstanding Voting Stock of the Company or such other Person is converted into or exchanged for cash, securities or other property, other than any such transaction where the Voting Stock of the Company outstanding immediately prior to such transaction is converted into or exchanged for (or continues as) Voting Stock (other than Disqualified Stock) of the surviving or transferee Person constituting a majority of the outstanding shares of Voting Stock of such surviving or transferee Person (immediately after giving effect to such issuance) and in substantially the same proportion as before the transaction;

(3) any "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act) is or becomes the "beneficial owner" (as such term is used in Rule 13d-3 of the Exchange Act), directly or indirectly, of total voting power of the Voting Stock of the Company greater than such total voting power held beneficially by the Permitted Holders;

(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 a majority of the members of the Board of Directors then still in office who were the members of the Board of Directors on the Original Issue Date or whose election was previously so approved, cease for any reason to constitute a majority of the members of the Board of Directors then in office; or

(5) the adoption of a plan relating to the liquidation or dissolution of the Company.

"Change of Control Triggering Event" means the occurrence of both a Change of Control and a Rating Decline.

"Clearstream" means Clearstream Banking S.A.

"Commodity Hedging Agreement" means any spot, forward or option commodity price protection agreements or other similar agreement or arrangement designed to reduce or manage exposure to fluctuations in commodity prices.

"Common Stock" means, with respect to any Person, any and all shares, interests or other participations in, and other equivalents (however designated and whether voting or non-voting) of such Person's common stock or ordinary shares, whether or not outstanding on the Original Issue Date, and include, without limitation, all series and classes of such common stock or ordinary shares.

"Comparable Treasury Issue" means the U.S. Treasury security having a comparable maturity to June 20, 2022 that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities with a comparable maturity to June 20, 2022.

"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 received by the Trustee) Reference Treasury Dealer Quotations for such redemption date.

"Consolidated Assets" means, with respect to any Restricted Subsidiary at any date of determination, the Company and its Restricted Subsidiaries' proportionate interest in the total consolidated assets of that Restricted Subsidiary and its Restricted Subsidiaries measured in accordance with GAAP as of the last day of the most recent fiscal quarter period for which consolidated financial statements of the Company and its Restricted Subsidiaries (which the Company shall use its reasonable best efforts to compile in a timely manner) are available (which may be internal consolidated financial statements).

"Consolidated EBITDA" means, for any period, Consolidated Net Income for such period plus, to the extent such amount was deducted in calculating such Consolidated Net Income:

(1) Consolidated Interest Expense,

(2) income taxes (other than income taxes attributable to extraordinary and non-recurring gains (or losses) or sales of assets), and

(3) depreciation expense, amortization expense and all other non-cash items reducing Consolidated Net Income (other than non-cash items in a period which reflect cash expenses paid or to be paid in another period and other than losses on Investment Properties arising from fair value adjustments made in conformity with GAAP), less all non-cash items increasing Consolidated Net Income (other than accrual of revenue in the ordinary course of business and gains on Investment Properties arising from fair value adjustments made in conformity with GAAP),

all as determined on a consolidated basis for the Company and its Restricted Subsidiaries in conformity with GAAP; *provided* that (1) if any Restricted Subsidiary is not a Wholly Owned Restricted Subsidiary, Consolidated EBITDA shall be reduced (to the extent not otherwise reduced in accordance with GAAP) by an amount equal to (A) the amount of the Consolidated Net Income attributable to such Restricted Subsidiary multiplied by (B) the percentage ownership interest in the income of such Restricted

Subsidiary not owned on the last day of such period by the Company or any of its Restricted Subsidiaries and (2) in the case of any PRC CJV (consolidated in accordance with GAAP), Consolidated EBITDA shall be reduced (to the extent not already reduced in accordance with GAAP) by any payments, distributions or amounts (including the Fair Market Value of any non-cash payments, distributions or amounts) required to be made or paid by such PRC CJV to the PRC CJV Partner, or to which the PRC CJV Partner otherwise has a right or is entitled, pursuant to the joint venture agreement governing such PRC CJV.

"Consolidated Fixed Charges" means, for any period, the sum (without duplication) of (1) Consolidated Interest Expense for such period and (2) all cash and non-cash dividends paid, declared, accrued or accumulated during such period on any Disqualified Stock or Preferred Stock of the Company or any Restricted Subsidiary held by Persons other than the Company or any Wholly Owned Restricted Subsidiary, except for dividends payable in the Company's Capital Stock (other than Disqualified Stock) or paid to the Company or to a Wholly Owned Restricted Subsidiary.

"Consolidated Interest Expense" means, for any period, the amount that would be included in gross interest expense on a consolidated income statement prepared in accordance with GAAP for such period of the Company and its Restricted Subsidiaries, plus, to the extent not included in such gross interest expense, and to the extent Incurred, accrued or payable during such period by the Company and its Restricted Subsidiaries, without duplication, (1) interest expense attributable to Capitalized Lease Obligations, (2) amortization of debt issuance costs and original issue discount expense and non-cash interest payments in respect of any Indebtedness, (3) the interest portion of any deferred payment obligation, (4) all commissions, discounts and other fees and charges with respect to letters of credit or similar instruments issued for financing purposes or in respect of any Indebtedness, (5) the net costs associated with Hedging Obligations (including the amortization of fees), (6) interest accruing on Indebtedness of any other Person that is Guaranteed by, or secured by a Lien on any asset of, the Company or any Restricted Subsidiary (other than Pre-Registration Mortgage Guarantees), in each case of indebtedness so Guaranteed or secured, interest accruing shall be included only to extent that such interest is actually paid by the Company or any Restricted Subsidiary and (7) any capitalized interest, *provided* that interest expense attributable to interest on any Indebtedness bearing a floating interest rate will be computed on a pro forma basis as if the rate in effect on the date of determination had been the applicable rate for the entire relevant period.

"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 (3) or (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 (i) a dividend or other distribution or (ii) as distribution in the form of intercompany loans or otherwise that is treated as dividend in advance prior to any recognition of income on the consolidated financial statements of such Person (to the extent that the amounts actually received in dividends in a future period are less than such loans or advances, with a deduction for the difference in such future period); *provided* that, in the case of such distribution in the form of intercompany loans or otherwise, such amount shall not be again included in the Consolidated Net Income in the same period or another period when it is later recognized as income (subject, in the case of a dividend or other distribution paid to a Restricted Subsidiary, to the limitations contained in clause (3) below); and

    (b) the Company's equity in a net loss of any such Person for such period shall be included in determining such Consolidated Net Income to the extent funded with cash or other assets of the Company or Restricted Subsidiaries;

(2) the net income (or loss) of any Person accrued prior to the date it becomes a Restricted Subsidiary or is merged into or consolidated with the Company or any of its Restricted Subsidiaries or all or substantially all of the property and assets of such Person are acquired by the Company or any of its Restricted Subsidiaries;

(3) the net income (but not loss) of any Restricted Subsidiary to the extent that the declaration or payment of dividends or similar distributions by such Restricted Subsidiary of such net income is not at the time permitted by the operation of the terms of its charter, articles of association or other similar constitutive documents, or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to such Restricted Subsidiary;

(4) the cumulative effect of a change in accounting principles;

(5) any net after tax gains realized on the sale or other disposition of (a) any property or assets of the Company or any Restricted Subsidiary which is not sold in the ordinary course of its business or (b) any Capital Stock of any Person (including any gains by the Company realized on sales of Capital Stock of the Company or other Restricted Subsidiaries);

(6) any translation gains and losses due solely to fluctuations in currency values and related tax effects; and

(7) any net after-tax extraordinary or non-recurring gains.

provided that (A) solely for purposes of calculating Consolidated EBITDA and the Fixed Charge Coverage Ratio, any net after tax gains derived from direct or indirect sale by the Company or any Restricted Subsidiary of (i) Capital Stock of a Restricted Subsidiary primarily engaged in the holding of Investment Property or (ii) an interest in any Investment Property arising from the difference between the current book value and the cash sale price shall be added to Consolidated Net Income; (B) for purposes of this Consolidated Net Income calculation (but not for purposes of calculating Consolidated EBITDA and the Fixed Charge Coverage Ratio) any net after tax gains derived from direct or indirect sale by the Company or any Restricted Subsidiary of (i) Capital Stock of a Restricted Subsidiary primarily engaged in the holding of Investment Property or (ii) an interest in any Investment Property arising from the difference between the original cost basis and the cash sale price shall be added to Consolidated Net Income to the extent not already included in the net income for such period as determined in conformity with GAAP and Consolidated Net Income and (C) solely for the purposes of calculating Consolidated EBITDA and the Fixed Charge Coverage Ratio, any net after tax gains on Investment Properties arising from fair value adjustments made in conformity with GAAP shall be added to Consolidated Net Income.

"Consolidated Net Worth" means, at any date of determination, stockholders' equity as set forth on the most recently available fiscal quarterly, semi-annual or annual consolidated balance sheet (which may be internal consolidated balance sheet) of the Company prepared in accordance with GAAP (which the Company shall use its reasonable best efforts to compile in a timely manner) plus, to the extent not included, any Preferred Stock of the Company, less any amounts attributable to Disqualified Stock or any equity security convertible into or exchangeable for Indebtedness, the cost of treasury stock and the principal amount of any promissory notes receivable from the sale of the Capital Stock of the Company or any of its Restricted Subsidiaries, each item to be determined in conformity with GAAP.

"Contractor Guarantees" means any Guarantee by the Company or any Restricted Subsidiary of Indebtedness of any contractor, builder or other similar Person engaged by the Company or such Restricted Subsidiary in connection with the development, construction or improvement of real or personal property or equipment to be used in a Permitted Business by the Company or any Restricted Subsidiary in the ordinary course of business, which Indebtedness was Incurred by such contractor, builder or other similar Person to finance the cost of such development, construction or improvement.

"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 financings (including without limitation through the sale of receivables or assets to such institutions or to special purpose entities formed to borrow from such institutions against such receivables or assets or the

creation of any Liens in respect of such receivables or assets in favor of such institutions), letters of credit or other Indebtedness, in each case, including all agreements, instruments and documents executed and delivered pursuant to or in connection with any of the foregoing, including but not limited to any notes and letters of credit issued pursuant thereto and any guarantee and collateral agreement, patent and trademark security agreement, mortgages or letter of credit applications and other guarantees, pledge agreements, security agreements and collateral documents, in each case as the same may be amended, supplemented, waived or otherwise modified from time to time, or refunded refinanced, restructured, replaced, renewed, repaid, increased or extended from time to time (whether in whole or in part, whether with the original banks, lenders or institutions or other banks, lenders or institutions or otherwise, and whether provided under any original Credit Facility or one or more other credit agreements, indentures, financing agreements or other Credit Facilities or otherwise). Without limiting the generality of the foregoing, the term "Credit Facility" shall include any agreement (1) changing the maturity of any Indebtedness Incurred thereunder or contemplated thereby, (2) adding Subsidiaries as additional borrowers or guarantors thereunder, (3) increasing the amount of Indebtedness Incurred thereunder or available to be borrowed thereunder (provided that such increase is permitted under the covenant described under "Certain Covenants — Limitation on Indebtedness and Preferred Stock") or (4) otherwise altering the terms and conditions thereof.

"Currency Agreement" means any foreign exchange forward contract, currency swap agreement or other similar agreement or arrangement designed to reduce or manage exposure to fluctuations in foreign exchange rates.

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

"Disqualified Stock" means any class or series of Capital Stock of any Person that by its terms or otherwise is (1) required to be redeemed prior to the Stated Maturity of the Notes, (2) redeemable at the option of the holder of such class or series of Capital Stock at any time prior to the Stated Maturity of the Notes or (3) convertible into or exchangeable for Capital Stock referred to in clause (1) or (2) above or Indebtedness having a scheduled maturity prior to the Stated Maturity of the Notes; *provided* that any Capital Stock that would not constitute Disqualified Stock but for provisions thereof giving holders thereof the right to require such Person to repurchase or redeem such Capital Stock upon the occurrence of an "asset sale" or "change of control" occurring prior to the Stated Maturity of the Notes shall not constitute Disqualified Stock if the "asset sale" or "change of control" provisions applicable to such Capital Stock are no more favorable to the holders of such Capital Stock than the provisions contained in the "— Limitation on Asset Sales" and "— Repurchase of Notes upon a Change of Control Triggering Event" covenants and such Capital Stock specifically provides that such Person will not repurchase or redeem any such stock pursuant to such provision prior to the Company's repurchase of such Notes as are required to be repurchased pursuant to the "— Limitation on Asset Sales" and "— Repurchase of Notes upon a Change of Control Triggering Event" covenants.

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

"Entrusted Loans" means borrowings by a Non-Guarantor Subsidiary from the Company or another Non-Guarantor Subsidiary (whether directly or through or facilitated by a bank or other financial institution), *provided* that such borrowings are not reflected as borrowings on the consolidated balance sheet of the Company.

"Equity Offering" means (i) any bona fide underwritten primary public offering or private placement of Common Stock of the Company after the Original Issue Date or (ii) any bona fide underwritten secondary public offering or secondary private placement of Common Stock of the Company beneficially owned by a Permitted Holder, after the Original Issue Date, to the extent that a Permitted Holder or a company controlled by a Permitted Holder concurrently with such public offering or private placement purchases in cash an equal amount of Common Stock from the Company at the same price as the public offering or private placing price, in each case to a person other than a

Restricted Subsidiary or Permitted Holder; *provided* that any offering or placing referred to in (A) clause (i), (B) clause (ii), or (C) a combination of clauses (i) and (ii) result in the aggregate gross cash proceeds received by the Company being no less than US$20 million (or the Dollar Equivalent thereof).

"Euroclear" means Euroclear Bank SA/NV.

"Exchange Act" means the United States Securities Exchange Act of 1934, as amended.

"Exempted Subsidiary" means any Restricted Subsidiary organized in any jurisdiction other than the PRC that is prohibited by applicable law or regulation to provide a Subsidiary Guarantee or a JV Subsidiary Guarantee; *provided* that (x) the Company shall have failed, upon using commercially reasonable efforts, to obtain any required governmental or regulatory approval or registration with respect to such Subsidiary Guarantee or JV Subsidiary Guarantee, to the extent that such approval or registration is available under any applicable law or regulation and (y) such Restricted Subsidiary shall cease to be an Exempted Subsidiary immediately upon such prohibition ceasing to be in force or apply to such Restricted Subsidiary or upon the Company having obtained such applicable approval or registration.

"Fair Market Value" means the price that would be paid in an arm's-length transaction between an informed and willing seller under no compulsion to sell and an informed and willing buyer under no compulsion to buy, as determined in good faith by the Board of Directors, whose determination shall be conclusive if evidenced by a Board Resolution, except in the case of a determination of Fair Market Value of total assets for the purposes of determining a JV Entitlement Amount, in which case such price shall be determined by an accounting, appraisal or investment banking firm of international standing appointed by the Company.

"Fitch" means Fitch Ratings, Ltd., and its successors.

"Fixed Charge Coverage Ratio" means, on any Transaction Date, the ratio of (1) the aggregate amount of Consolidated EBITDA for the then most recent four fiscal 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 Four Quarter Period shall be calculated as if the Company or such Restricted Subsidiary had not earned any interest income actually earned during such Four Quarter 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 Subsidiaries and Unrestricted Subsidiaries as if such creation, designation or redesignation had occurred on the first day of such Reference Period;

(d) pro forma effect shall be given to Asset Dispositions and Asset Acquisitions (including giving pro forma effect to the application of proceeds of any Asset Disposition) that occur during such Reference Period as if they had occurred and such proceeds had been applied on the first day of such Reference Period; and

(e) pro forma effect shall be given to asset dispositions and asset acquisitions (including giving pro forma effect to the application of proceeds of any asset disposition) that have been made by any Person that has become a Restricted Subsidiary or has been merged with or into the Company or any Restricted Subsidiary during such Reference Period and that would have constituted Asset Dispositions or Asset Acquisitions had such transactions occurred when such Person was a Restricted Subsidiary as if such asset dispositions or asset acquisitions were Asset Dispositions or Asset Acquisitions that occurred on the first day of such Reference Period;

provided that to the extent that clause (d) or (e) of this paragraph requires that pro forma effect be given to an Asset Acquisition or Asset Disposition (or asset acquisition or asset disposition), such pro forma calculation shall be based upon the four full fiscal quarter periods immediately preceding the Transaction Date of the Person, or division or line of business of the Person, that is acquired or disposed for which financial information is available.

"Franchise Company" means any Minority Joint Venture engaged in property development, of which the Company or a Restricted Subsidiary, through contractual agreements, directly or indirectly, controls and manages operations, including controlling the property planning, development, sales and management of such Minority Joint Venture; *provided*, *however*, that the occurrence of any event as a result of which such corporation, association or other business entity ceases to be a Franchise Company, the Company shall be deemed to make an Investment in such entity equal to the Fair Market Value of any Investment that the Company retains, directly or indirectly, in such entity immediately following such event, which shall be made in compliance with the covenant under the caption "— Limitation on Restricted Payments" other than pursuant to clause (19) of the definition of Permitted Investment.

"GAAP" means Hong Kong Financial Reporting Standards as in effect from time to time. All ratios and computations contained or referred to in the Indenture shall be computed in conformity with GAAP applied on a consistent basis.

"Guarantee" means any obligation, contingent or otherwise, of any Person directly or indirectly Guaranteeing any Indebtedness or other obligation of any other Person and, without limiting the generality of the foregoing, any obligation, direct or indirect, contingent or otherwise, of such Person (1) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation of such other Person (whether arising by virtue of partnership arrangements, or by agreements to keep-well, to purchase assets, goods, securities or services, to take-or-pay, or to maintain financial statement conditions or otherwise) or (2) entered into for purposes of assuring in any other manner the obligee of such Indebtedness or other obligation of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part); *provided* that the term "Guarantee" shall not include endorsements for collection or deposit in the ordinary course of business. The term "Guarantee" used as a verb has a corresponding meaning.

"Hedging Obligation" of any Person means the obligations of such Person pursuant to any Commodity Hedging Agreement, Currency Agreement or Interest Rate Agreement.

"Holder" means the Person in whose name a Note is registered in the Note register.

"Hong Kong" means the Hong Kong Special Administrative Region of the People's Republic of China.

"Incur" means, with respect to any Indebtedness or Capital Stock, to incur, create, issue, assume, Guarantee or otherwise become liable for or with respect to, or become responsible for, the payment of, contingently or otherwise, such Indebtedness or Capital Stock; *provided* that (1) any Indebtedness and Capital Stock of a Person existing at the time such Person becomes a Restricted Subsidiary (or fails to meet the qualifications necessary to remain an Unrestricted Subsidiary) will be deemed to be Incurred by such Restricted Subsidiary at the time it becomes a Restricted Subsidiary and (2) the accretion of

original issue discount, the accrual of interest or dividends, the payment of interest in the form of additional Indebtedness with the same terms, and the payment of dividends in the form of additional shares of Preferred Stock or Disqualified Stock of same class shall not be considered an Incurrence of Indebtedness. The terms ''Incurrence,'' ''Incurred'' and ''Incurring'' have meanings correlative with the foregoing.

''Indebtedness'' means, with respect to any Person at any date of determination (without duplication):

(1) all indebtedness of such Person for borrowed money;

(2) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;

(3) all obligations of such Person in respect of letters of credit, bankers' acceptances or other similar instruments;

(4) all obligations of such Person to pay the deferred and unpaid purchase price of property or services, except Trade Payables;

(5) all Capitalized Lease Obligations and Attributable Indebtedness;

(6) all Indebtedness of other Persons secured by a Lien on any asset of such Person, whether or not such Indebtedness is assumed by such Person; *provided* that the amount of such Indebtedness shall be the lesser of (a) the Fair Market Value of such asset at such date of determination and (b) the amount of such Indebtedness;

(7) all Indebtedness of other Persons Guaranteed by such Person to the extent such Indebtedness is Guaranteed by such Person;

(8) to the extent not otherwise included in this definition, Hedging Obligations; and

(9) all Disqualified Stock issued by such Person valued at the greater of its voluntary or involuntary liquidation preference and its maximum fixed repurchase price plus accrued dividends.

Notwithstanding the foregoing, Indebtedness shall not include (1) any capital commitments, deferred payment obligation, pre-sale receipts in advance from customers or similar obligations Incurred in the ordinary course of business in connection with the acquisition, development, construction or improvement of real or personal property (including land use rights) to be used in a Permitted Business or (2) Entrusted Loans; *provided* that such Indebtedness is not reflected on the consolidated balance sheet of the Company as borrowings (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

(1) that the amount outstanding at any time of any Indebtedness issued with original issue discount is the face amount of such Indebtedness less the remaining unamortized portion of the original issue discount of such Indebtedness at such time as determined in conformity with GAAP,

(2) that money borrowed and set aside at the time of the Incurrence of any Indebtedness in order to prefund the payment of the interest on such Indebtedness shall not be deemed to be ''Indebtedness'' so long as such money is held to secure the payment of such interest, and

(3) 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 or (ii) equal to the net amount payable by such Person if such Hedging Obligation were terminated at that time if not Incurred pursuant to such paragraph.

''Independent Third Party'' means any Person that is not an Affiliate of the Company.

''Interest Rate Agreement'' means any interest rate protection agreement, interest rate future agreement, interest rate option agreement, interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, interest rate hedge agreement, option or future contract or other similar agreement or arrangement designed to reduce or manage exposure to fluctuations in interest rates.

''Investment'' means:

(1) any direct or indirect advance, loan or other extension of credit to another Person;

(2) any capital contribution to another Person (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others);

(3) any purchase or acquisition of Capital Stock, Indebtedness, bonds, notes, debentures or other similar instruments or securities issued by another Person; or

(4) any Guarantee of any obligation of another Person, to the extent such obligation is outstanding and to the extent Guaranteed by such Person.

For the purposes of the provisions of the ''Designation of Restricted and Unrestricted Subsidiaries'' and ''Limitation on Restricted Payments'' covenants: (1) the Company will be deemed to have made an Investment in an Unrestricted Subsidiary in an amount equal to the Company's proportional interest in the Fair Market Value of the assets (net of the Company's proportional interest in the liabilities owed to any Person other than the Company or a Restricted Subsidiary and that are not Guaranteed by the Company or a Restricted Subsidiary) of a Restricted Subsidiary that is designated an Unrestricted Subsidiary at the time of such designation, (2) if the Company or any Restricted Subsidiary sells or otherwise disposes of any Capital Stock of any direct or indirect Restricted Subsidiary of the Company such that, after giving effect to any such sale or disposition, such Person is no longer a Restricted Subsidiary, the Company will be deemed to have made an Investment on the date of any such sale or disposition equal to the Fair Market Value of the Capital Stock of such Person not sold or disposed of and (3) 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 or a rating of ''Aaa,'' or ''Aa,'' ''A'' or ''Baa,'' as modified by a ''1,'' ''2'' or ''3'' indication, or an equivalent rating representing one of the four highest Rating Categories, by Moody's, or any of its successors or assigns, or a rating of ''AAA'', ''AA'', ''A'', ''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 Restricted Subsidiary for long-term rental yields or for capital appreciation or both, or any hotel owned by the Company or any Restricted Subsidiary from which the Company or any Restricted Subsidiary derives or expects to derive operating income.

''JV Entitlement Amount'' means, with respect to any JV Subsidiary Guarantor 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 interest of the Company and its Restricted Subsidiaries expressed as a percentage in the JV Subsidiary Guarantor and its Subsidiaries.

"JV Subsidiary Guarantee" has the meaning set forth under the caption "— The Subsidiary Guarantees and JV Subsidiary Guarantees."

"JV Subsidiary Guarantor" means a Restricted Subsidiary that executes a JV Subsidiary Guarantee.

"Lien" means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind (including, without limitation, any conditional sale or other title retention agreement or lease in the nature thereof or any agreement to create any mortgage, pledge, security interest, lien, charge, easement or encumbrance of any kind).

"Listed Subsidiary" means any Restricted Subsidiary any class of the Voting Stock of which is listed on a Qualifying 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 Qualifying Exchange, or (y) such Restricted Subsidiary ceasing to be a Restricted Subsidiary of a Listed Subsidiary.

"Listing Rules" means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Ltd.

"Measurement Date" means April 25, 2018.

"Minority Interest Staged Acquisition Agreement" means an agreement between the Company and/or any Restricted Subsidiary on the one hand and an Independent Third Party on the other (x) pursuant to which the Company and/or such Restricted Subsidiary agrees to acquire less than a majority of the Capital Stock of a Person for a consideration that is not more than the Fair Market Value of such Capital Stock at the time the Company and/or such Restricted Subsidiary enters into such agreement and (y) which provides that the payment of the purchase price for such Capital Stock is made in more than one instalment over a period of time.

"Minority Joint Venture" means any corporation, association or other business entity that is accounted for by the equity method of accounting in accordance with GAAP by the Company or a Restricted Subsidiary and primarily engaged in the Permitted Businesses, and such Minority Joint Venture's Subsidiaries.

"Moody's" means Moody's Investors Service, Inc. and its successors.

"Net Cash Proceeds" means:

(1) with respect to any Asset Sale, the proceeds of such Asset Sale in the form of cash or cash equivalents, including payments in respect of deferred payment obligations (to the extent corresponding to the principal, but not interest, component thereof) when received in the form of cash or cash equivalents and proceeds from the conversion of other property received when converted to cash or cash equivalents, net of:

    (a) brokerage commissions and other fees and expenses (including fees and expenses of counsel and investment banks) related to such Asset Sale;

    (b) provisions for all taxes (whether or not such taxes will actually be paid or are payable) as a result of such Asset Sale without regard to the consolidated results of operations of the Company and its Restricted Subsidiaries, taken as a whole;

    (c) payments made to repay Indebtedness or any other obligation outstanding at the time of such Asset Sale that either (x) is secured by a Lien on the property or assets sold or (y) is required to be paid as a result of such sale;

(d) appropriate amounts to be provided by the Company or any Restricted Subsidiary as a reserve against any liabilities associated with such Asset Sale, including, without limitation, pension and other post-employment benefit liabilities, liabilities related to environmental matters and liabilities under any indemnification obligations associated with such Asset Sale, all as determined in conformity with GAAP; and

(2) with respect to any issuance or sale of Capital Stock or securities convertible or exchangeable into Capital Stock, the proceeds of such issuance or sale in the form of cash or cash equivalents, including payments in respect of deferred payment obligations (to the extent corresponding to the principal, but not interest, component thereof) when received in the form of cash or cash equivalents and proceeds from the conversion of other property received when converted to cash or cash equivalents, net of attorneys' fees, accountants' fees, underwriters' or placement agents' fees, discounts or commissions and brokerage, consultant and other fees Incurred in connection with such issuance or sale and net of taxes paid or payable as a result thereof.

"Non-Guarantor Subsidiary" means any Restricted Subsidiary that is not a Subsidiary Guarantor or a JV Subsidiary Guarantor.

"Offer to Purchase" means an offer to purchase Notes by the Company from the Holders commenced by the Company mailing a notice by first class mail, postage prepaid, to the Trustee, the Paying Agent and each Holder at its last address appearing in the Note register stating:

(1) the provision of the Indenture pursuant to which the offer is being made and that all Notes validly tendered will be accepted for payment on a pro rata basis;

(2) the purchase price and the date of purchase (which shall be a Business Day no earlier than 30 days nor later than 60 days from the date such notice is mailed) (the "Offer to Purchase Payment Date");

(3) that any Note not tendered will continue to accrue interest pursuant to its terms;

(4) that, unless the Company defaults in the payment of the purchase price, any Note accepted for payment pursuant to the Offer to Purchase shall cease to accrue interest on and after the Offer to Purchase Payment Date;

(5) that Holders electing to have a Note purchased pursuant to the Offer to Purchase will be required to surrender the Note, together with the form entitled "Option of the Holder to Elect Purchase" on the reverse side of the Note completed, to the Paying Agent at the address specified in the notice prior to the close of business on the Business Day immediately preceding the Offer to Purchase Payment Date;

(6) that Holders will be entitled to withdraw their election if the Paying Agent receives, not later than the close of business on the third Business Day immediately preceding the Offer to Purchase Payment Date, a facsimile transmission or letter setting forth the name of such Holder, the principal amount of Notes delivered for purchase and a statement that such Holder is withdrawing his election to have such Notes purchased; and

(7) that Holders whose Notes are being purchased only in part will be issued new Notes equal in principal amount to the unpurchased portion of the Notes surrendered; *provided* that each Note purchased and each new Note issued shall be in a principal amount of US$200,000 or integral multiples of US$1,000.

On the Offer to Purchase Payment Date, the Company shall (a) accept for payment on a pro rata basis Notes or portions thereof tendered pursuant to an Offer to Purchase; and (b) deliver, or cause to be delivered, to the Trustee all Notes or portions thereof so accepted together with an Officers' Certificate specifying the Notes or portions thereof accepted for payment by the Company and one Business Day prior to the Offer to Purchase Payment Date, the Company shall deposit with the Paying Agent money sufficient to pay the purchase price of all Notes or portions thereof so accepted. The Trustee shall be entitled to rely on such certificate without any liability or responsibility to any person. The Paying

Agent shall promptly mail (at the expense of the Company) to the Holders of Notes so accepted payment in an amount equal to the purchase price, and the Trustee shall promptly authenticate and mail to such Holders a new Note equal in principal amount to any unpurchased portion of the Note surrendered; *provided* that each Note purchased and each new Note issued shall be in a principal amount of US$200,000 or integral multiples of US$1,000 in excess thereof. The Company will publicly announce the results of an Offer to Purchase as soon as practicable after the Offer to Purchase Payment Date. The Company will comply with all applicable securities laws and regulations thereunder, 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 this 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 this 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 Issuer and purchases all Notes properly tendered and not withdrawn under the Offer to Purchase.

The materials used in connection with an Offer to Purchase are 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.

"Officers' Certificate" means a certificate signed by two Officers; *provided*, *however*, with respect to the Officers' Certificate required to be delivered by any Subsidiary Guarantor or any JV Subsidiary Guarantor, as the case may be, under the Indenture, Officers' Certificate means a certificate signed by one Officer if there is only one Officer in such Subsidiary Guarantor or any JV Subsidiary Guarantor, as the case may be, at the time such certificate is required to be delivered.

"Offshore Subsidiary Share" means any share of Capital Stock of any Restricted Subsidiary (other than a PRC Restricted Subsidiary, a U.S. Restricted Subsidiary, Silver Knight Global Limited, Harvest Years Limited and Asia Pacific Business Link Limited) that is held by the Company or any Restricted Subsidiary.

"Opinion of Counsel" means a written opinion from legal counsel who is reasonably acceptable to the Trustee.

"Ordinary Course Operating Lease" means a lease entered into by a PRC Restricted Subsidiary in the ordinary course of its business with respect to a real property in China which has been developed and sold by another PRC Restricted Subsidiary to one or more investors, pursuant to which the PRC Restricted Subsidiary will (i) agree to pay the investors a pre-determined amount over a term of no more than 10 years and (ii) be entitled to manage such real property by providing management services and retaining any rental proceeds that may be collected from third party tenants of such real property.

"Original Issue Date" means the date on which the Notes are originally issued under the Indenture.

"Other Non-Guarantor Subsidiary" means any Non-Guarantor Subsidiary that is not a U.S. Non-Guarantor Subsidiary, a PRC Restricted Subsidiary, an Exempted Subsidiary or a Listed Subsidiary.

"Pari Passu Guarantee" means a guarantee by the Company, any Subsidiary Guarantor or any JV Subsidiary Guarantor of Indebtedness of the Company (including Additional Notes), any Subsidiary Guarantor or any JV Subsidiary Guarantor; *provided* that (1) the Company, such Subsidiary Guarantor or such JV Subsidiary Guarantor was permitted to Incur such Indebtedness under the covenant described

under "— Certain Covenants — Limitation on Indebtedness and Preferred Stock" and (2) such guarantee ranks *pari passu* with the Notes, any outstanding Subsidiary Guarantee of such Subsidiary Guarantor, or with any outstanding JV Subsidiary Guarantee of such JV Subsidiary Guarantor, as the case may be.

"Permitted Business" means any business which is the same as or related, ancillary or complementary to any of the businesses of the Company and its Restricted Subsidiaries on the Original Issue Date.

"Permitted Holders" means any or all of the following:

(1) Mr. Tian Ming, or any estate or trust established by him or the legal representative of any of the foregoing;

(2) any Affiliate (other than an Affiliate as defined in clause (2) or (3) of the definition of Affiliate) of the Persons specified in clause (1); and

(3) any Person both the Capital Stock and the Voting Stock of which (or in the case of a trust, the beneficial interests in which) are owned 80% or more by 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 reduce or manage the exposure of the Company or any Restricted Subsidiary to fluctuations in commodity prices, interest rates or foreign currency exchange rates;

(7) receivables owing to the Company or any Restricted Subsidiary, if created or acquired in the ordinary course of business and payable or dischargeable in accordance with customary trade terms;

(8) Investments made by the Company or any Restricted Subsidiary consisting of consideration received in connection with an Asset Sale made in compliance with the covenant under the caption "— Limitation on Asset Sales" other than Replacement Assets consisting of Capital Stock of any Person that is not and will not become a Restricted Subsidiary;

(9) pledges or deposits (x) with respect to leases or utilities provided to third parties in the ordinary course of business or (y) otherwise described in the definition of "Permitted Liens" or made in connection with Liens permitted under the covenant described under the caption "— Limitation on Liens";

(10) any Investment pursuant to Pre-Registration Mortgage Guarantees or Contractor Guarantees by the Company or any Restricted Subsidiary otherwise permitted to be Incurred under the Indenture;

(11) Investments in securities of trade creditors, trade debtors or customers received pursuant to any plan of reorganization or similar arrangement upon the bankruptcy or insolvency of such trade creditor, trade debtor or customer;

(12) advances to contractors and suppliers for the acquisition of assets or consumables or services in the ordinary course of business that are recorded as deposits or prepaid expenses on the Company's consolidated balance sheet;

(13) deposits of pre-sale proceeds made in order to secure the completion and delivery of pre-sold properties and issuance of the related land use title in the ordinary course of business;

(14) deposits made in order to comply with statutory or regulatory obligations to maintain deposits for workers compensation claims and other purposes specified by statute or regulation from time to time in the ordinary course of business;

(15) deposits made in order to secure the performance of the Company or any of its Restricted Subsidiaries and prepayments made in connection with the acquisition of real property or land use rights by the Company or any of its Restricted Subsidiaries, in each case in the ordinary course of business;

(16) advances or deposits paid to government authorities or government-affiliated or supervised entities in the PRC in connection with the financing of land acquisition, land development or land re-development activities in the ordinary course of business that are recorded as assets in the Company's balance sheet;

(17) repurchases of the Notes;

(18) an acquisition of assets, Capital Stock or other securities by the Company or a Restricted Subsidiary for consideration to the extent such consideration consists solely of Common Stock of the Company;

(19) any Investment (including any deemed Investment upon the redesignation of a Restricted Subsidiary as an Unrestricted Subsidiary or upon the sale of Capital Stock of a Restricted Subsidiary) by the Company or any Restricted Subsidiary in any Person; *provided* that:

(i) the aggregate of all Investments made under this clause (19) since the Original Issue Date shall not exceed in aggregate an amount equal to 15.0% of Total Assets. Such aggregate amount of Investments shall be calculated after deducting an amount equal to the net reduction in all Investments made under this clause (19) since the Original Issue Date resulting from:

(A) payments of interest on Indebtedness, dividends or repayments of loans or advances made under this clause (19), in each case to the Company or any Restricted Subsidiary (except, in each case, to the extent any such payment or proceeds are included in the calculation of Consolidated Net Income),

(B) the unconditional release of a Guarantee provided by the Company or a Restricted Subsidiary after the Original Issue Date under this clause (19) of an obligation of any such Person,

(C) to the extent that an Investment made after the Original Issue Date under this clause (19) is sold or otherwise liquidated or repaid for cash, the lesser of (x) cash return of capital with respect to such Investment (less the cost of disposition, if any) and (y) the initial amount of such Investment, not to exceed, in each case, the amount of Investments made by the Company or a Restricted Subsidiary after the Original Issue Date in any such Person pursuant to this clause (19), or

(D) such Person becoming a Restricted Subsidiary (whereupon all Investments (other than Permitted Investments) made by the Company or any Restricted Subsidiary in such Person since the Original Issue Date shall be deemed to have been made pursuant to clause (1) of this ''Permitted Investment'' definition),

not to exceed, in each case, the amount of Investments made by the Company or a Restricted Subsidiary after the Original Issue Date in any such Person pursuant to this clause (19);

(ii) the Person into which such Investment is made is primarily engaged in the Permitted Businesses;

(iii) if any of the other shareholders or partners in such Person in which such Investment was made pursuant to this clause (19) is a Person described in clauses (a) or (b) of the first paragraph of the covenant under the caption ''— Limitation on Transactions with Shareholders and Affiliates'' (other than by reason of such shareholder or partner being an officer or director of the Company, a Restricted Subsidiary, Minority Joint Venture or Unrestricted Subsidiary, as the case may be, or by reason of being a Restricted Subsidiary, Minority Joint Venture or Unrestricted Subsidiary, as the case may be), such Investment shall comply with the requirements set forth under the ''— Limitation on Transactions with Shareholders and Affiliates'' covenant;

(iv) no Default has occurred and is continuing or would occur as a result of such Investment; and

(v) in the case of any Investment by the Company or any Restricted Subsidiary in a Person of which less than 50% of the voting power of the outstanding Voting Stock is owned, directly or indirectly, by the Company or any of its Restricted Subsidiaries, at the time of such Investment, the Company could Incur at least US$1.00 of Indebtedness under the proviso in the first sentence of clause (a) of the covenant under the caption ''— Limitation on Indebtedness and Preferred Stock''; *provided* that shall not apply if such Investment would otherwise have been permitted under this clause (19) and such Investment, together with the aggregate amount of all other Investments made in reliance on this proviso since the Original Issue Date, shall not exceed in aggregate an amount equal to 5% of Total Assets (such aggregate amount of Investments shall be calculated after deducting an amount equal to the net reduction in all Investments made in reliance on this proviso since the Original Issue Date resulting from the events set forth in paragraphs (i)(A) through (i)(C) above, where references in such paragraphs to ''under this clause (19)'' or ''under this clause (i)'' shall be substituted with ''in reliance on the proviso in this paragraph (v)'');

for the avoidance of doubt, the value of each Investment made pursuant to this clause (19) shall be valued at the time such Investment is made;

(20) Any Investment in a Franchise Company (including, among others, any deemed Investment in a Person that was a Restricted Subsidiary but becomes a Franchise Company after the issuance or sale of Capital Stock of such Person); *provided that:*

(i) if any of the other shareholders or partners in such Franchise Company in which such Investment was made pursuant to this clause (20) is a Person described in clauses (a) or (b) of the first paragraph of the covenant under the caption ''— Limitation on Transactions with Shareholders and Affiliates'' (other than by reason of such shareholder or partner being an officer or director of the Company, a Restricted Subsidiary, Minority Joint Venture or Unrestricted Subsidiary, as the case may be, or by reason of being a Minority Joint Venture, a Restricted Subsidiary or an Unrestricted Subsidiary), such Investment shall comply with the requirements set forth under the ''— Limitation on Transactions with Shareholders and Affiliates'' covenant;

(ii) no Default has occurred and is continuing or would occur as a result of such Investment; and

(iii) at the time of such Investment, the Company could Incur at least US$1.00 of Indebtedness under the proviso in the first sentence of clause (a) of the covenant under the caption ''— Limitation on Indebtedness and Preferred Stock'', except that solely for purpose of this clause (iii) references to ''2.5 to 1.0'' thereunder shall be replaced with ''1.0 to 1.0''; and

(21) Guarantees permitted by the covenant described under the caption entitled ''— Limitation on Indebtedness and Preferred Stock.''

''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, in each case in the ordinary course of business, 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) (i) 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 or (ii) Liens in favor of any bank having a right of setoff, revocation, refund or chargeback with respect to money or instruments of the Company or any Restricted Subsidiary on deposit with or in possession of such bank;

(10) Liens encumbering customary initial deposits and margin deposits, and other Liens that are within the general parameters customary in the industry and Incurred in the ordinary course of business, in each case, securing Indebtedness under Hedging Obligations permitted by clause (f) of the second paragraph of the covenant under the caption ''— Limitation on Indebtedness and Preferred Stock'';

(11) Liens existing on the Original Issue Date;

(12) Liens securing Indebtedness which is Incurred to refinance secured Indebtedness which is permitted to be Incurred under clause (e) of the second paragraph of the covenant described under the caption entitled ''— Limitation on Indebtedness and Preferred Stock''; *provided* that such Liens do not extend to or cover any property or assets of the Company or any Restricted Subsidiary other than the property or assets securing the Indebtedness being refinanced;

(13) 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 covenant under the caption ''— Limitation on Indebtedness and Preferred Stock'';

(15) easements, rights-of-way, municipal and zoning ordinances or other restrictions as to the use of properties in favor of governmental agencies or utility companies that do not materially adversely affect the value of such properties or materially impair the use for the purposes of which such properties are held by the Company or any Restricted Subsidiary;

(16) Liens (including extensions and renewals thereof) upon real or personal property acquired; *provided* that (a) such Lien is created solely for the purpose of securing Indebtedness of the type described under clause (2)(h) of the covenant under the caption entitled ''— Limitation on Indebtedness and Preferred Stock'' and such Lien is created prior to, at the time of or within 180 days after the later of the acquisition or the completion of development, construction or improvement of such property, (b) the principal amount of the Indebtedness secured by such Lien does not exceed 100% of the cost of such property, development, construction or improvement and (c) such Lien shall not extend to or cover any property or assets other than such item of property and any improvements on such item, *provided* that, in the case of clauses (b) and (c), such Lien may cover other property or assets (instead of or in addition to such item of property or improvements) and the principal amount of Indebtedness secured by such Lien may exceed 100% of such cost if (x) such Lien is Incurred in the ordinary course of business and (y) the aggregate book value of property or assets (as reflected in the most recent available consolidated financial statements of the Company (which may be internal consolidated statements) or, if any such property or assets have been acquired since the date of such financial statements, the cost of such property or assets) subject to Liens Incurred pursuant to this clause (18) does not exceed 130% of the aggregate principal amount of Indebtedness secured by such Liens;

(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 Investment Properties, or Restricted Subsidiaries that own Investment Properties, securing Indebtedness of the Company or any Restricted Subsidiary permitted to be Incurred under clause (2)(p) of the covenant described under ''— Certain Covenants — Limitation on Indebtedness and Preferred Stock'';

(19) Liens securing Bank Deposit Secured Indebtedness permitted to be Incurred under clause 2(q) of the covenant described under ''— Certain Covenants — Limitation on Indebtedness and Preferred Stock'';

(20) Liens on deposits made in order to comply with statutory obligations to maintain deposits for workers compensation claims and other purposes specified by statute made in the ordinary course of business and not securing Indebtedness of the Company or any Restricted Subsidiary;

(21) Liens on deposits made in order to secure the performance of the Company or any of its Restricted Subsidiaries in connection with the acquisition of real property or land use rights by the Company or any of its Restricted Subsidiaries in the ordinary course of business and not securing Indebtedness of the Company or any Restricted Subsidiary;

(22) Liens on the Capital Stock of a PRC Restricted Subsidiary granted by the Company or any PRC Restricted Subsidiary in favor of any Trust Company Investor in respect of, and to secure, the Indebtedness or Preferred Stock permitted to be Incurred under clause (2)(r) of the covenant described under "— Certain Covenants — Limitation on Indebtedness and Preferred Stock";

(23) Liens securing Indebtedness permitted to be Incurred under clause (2)(n) of the covenant described under "— Certain Covenants — Limitation on Indebtedness and Preferred Stock;"

(24) Liens securing Indebtedness Incurred under clause (2)(s) of the covenant described under "— Certain Covenants — Limitation on Indebtedness and Preferred Stock;"

(25) Liens on the Capital Stock of the Person that is to be acquired under the relevant Staged Acquisition Agreement securing Indebtedness which is permitted to be Incurred under clause (2)(t) of the covenant described under "— Certain Covenants — Limitation on Indebtedness and Preferred Stock;"

(26) Liens securing Indebtedness Incurred under clause (2)(u) of the covenant described under "— Certain Covenants-Limitation on Indebtedness and Preferred Stock;"

(27) Liens securing Indebtedness Incurred under clause (2)(v) of the covenant described under "— Certain Covenants-Limitation on Indebtedness and Preferred Stock;"

(28) Liens securing Indebtedness Incurred under clause (2)(w) of the covenant described under "— Certain Covenants-Limitation on Indebtedness and Preferred Stock;"

(29) Liens on assets of a Non-Guarantor Subsidiary (other than Offshore Subsidiary Share) securing any Permitted Subsidiary Indebtedness of any Non-Guarantor Subsidiary permitted to be Incurred under the proviso in paragraph (1) of the covenant described under "— Certain Covenants-Limitation on Indebtedness and Preferred Stock;" and

(30) Liens incurred or deposits made to secure Entrusted Loans.

"Permitted Subsidiary Indebtedness" means any Indebtedness of, and all Preferred Stock issued by any Non- Guarantor Subsidiaries, *provided* that, on the date of the Incurrence of such Indebtedness or issuance of such Preferred Stock, as the case may be, and after giving effect thereto and the application of the proceeds thereof, the aggregate principal amount outstanding of all such Indebtedness and Preferred Stock (excluding the amount of any Indebtedness of any Non-Guarantor Subsidiary permitted under clauses (2)(a), (2)(b), (2)(d) or (2)(g) of the covenant described under "— Certain Covenants — Limitation on Indebtedness and Preferred Stock") does not exceed an amount equal to 20.0% of Total Assets.

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

"PRC" means the People's Republic of China, excluding Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan.

"Pre-Registration Mortgage Guarantee" means any Indebtedness of the Company or any Restricted Subsidiary consisting of a Guarantee in favor of any bank or other similar financial institutions in the ordinary course of business of secured loans of purchasers of individual units of properties from the Company or any Restricted Subsidiary; *provided* that, any such Guarantee shall be released in full on or before the perfection of a security interest in such properties under applicable law in favor of the relevant lender.

"Preferred Stock" as applied to the Capital Stock of any Person means Capital Stock of any class or classes that by its term is preferred as to the payment of dividends, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over shares of Capital Stock of any other class of such Person.

"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 and the Detailed Rules for the Implementation of the Law of the People's Republic of China on Sino-foreign Cooperative Joint Ventures promulgated on September 4, 1995, as such laws may be amended.

"PRC CJV Partner" means with respect to a PRC CJV, the other party to the joint venture agreement relating to such PRC CJV with the Company or any Restricted Subsidiary.

"PRC Restricted Subsidiary" means a Restricted Subsidiary organized under the laws of the PRC.

"Qualifying Exchange" means either (1) The New York Stock Exchange, the Nasdaq Stock Market, the London Stock Exchange, The Stock Exchange of Hong Kong Limited, Singapore Exchange Securities Trading Limited, the Shanghai Stock Exchange, The Shenzhen Stock Exchange or the Taiwan Stock Exchange or (2) a national securities exchange (as such term is defined in Section 6 of the Exchange Act) or a designated offshore securities market (as such term is defined in Rule 902(b) under the Securities Act).

"Rating Agencies" means (1) S&P, (2) Moody's and (3) Fitch; *provided* that if S&P, Moody's or Fitch, two of the three or all three of them shall not make a rating of the Notes publicly available, one or more nationally recognized securities rating agency or agencies, as the case may be, selected by the Company, which shall be substituted for S&P, Moody's, Fitch, two 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); (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 "+" 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:

(a) 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;

(b) 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;

(c) 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

(d) in the event the Notes are rated by three or less than three Rating Agencies and 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, mortgages, royalty, other revenue streams, assets or interests therein (including without limitation, all security interests in goods financed thereby (including equipment and property), the proceeds of such receivables, and other assets which are customarily 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, 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. (New York City Time) on the third Business Day preceding such redemption date.

"Replacement Assets" means, on any date, (1) properties or assets that replace the properties and assets that were the subject of such Asset Sale or (2) property or assets (other than current assets) of a nature or type or that are used in a Permitted Business, including the Capital Stock of any Person holding such property or assets that is primarily engaged in a Permitted Business.

"Restricted Subsidiary" means any Subsidiary of the Company other than an Unrestricted Subsidiary.

"S&P" means Standard & Poor's Ratings Group, a division of The McGraw-Hill Companies, and its successors.

"Sale and Leaseback Transaction" means any direct or indirect arrangement relating to property (whether real, personal or mixed), now owned or hereafter acquired whereby the Company or any Restricted Subsidiary transfers such property to another Person and the Company or any Restricted Subsidiary leases it from such Person. Notwithstanding the foregoing, "Sale and Leaseback Transaction" shall not include the sale or transfer of real property to another Person that is leased by the Company or any Restricted Subsidiary pursuant to an Ordinary Course Operating Lease.

"Securities Act" means the United States Securities Act of 1933, as amended.

"Securitization Fees" means distributions or payments made directly or by means of discounts with respect to any Receivable Financing Assets or participation in interest therein issued or sold in connection with and other fees paid to a Person that is not a Restricted Subsidiary in connection with any Receivable Financing.

"Senior Indebtedness" of the Company or a Restricted Subsidiary, as the case may be, means all Indebtedness of the Company or the Restricted Subsidiary, as relevant, whether outstanding on the Original Issue Date or thereafter created, except for Indebtedness which, in the instrument creating or evidencing the same, is expressly stated to be subordinated in right of payment to (a) in respect of the Company, the Notes or, (b) in respect of any Restricted Subsidiary that is a Subsidiary Guarantor, its Subsidiary Guarantee or, (c) in respect of any Restricted Subsidiary that is a JV Subsidiary Guarantor, its JV Subsidiary Guarantee; *provided* that Senior Indebtedness does not include (1) any obligation to the Company or any Restricted Subsidiary, (2) trade payables or (3) Indebtedness Incurred in violation of the Indenture.

"Significant Restricted Subsidiary" means a Restricted Subsidiary, or group of Restricted Subsidiaries, that would, when taken together, be a "Significant Restricted Subsidiary" within the meaning of the definition of "Significant Restricted Subsidiary" in Article 1, Rule 1–02(w) of Regulation S-X, promulgated pursuant to the Securities Act, as such Regulation is in effect on the Original Issue Date; *provided* that in each instance in such definition in which the term "10 percent" is used, the term "5 percent" shall be substituted therefor.

"Staged Acquisition Agreement" means an agreement between the Company or a Restricted Subsidiary and an Independent Third Party (x) pursuant to which the Company or such Restricted Subsidiary agrees to acquire not less than a majority of the Capital Stock of a Person for consideration that is not more than the Fair Market Value of such Capital Stock of such Person at the time the Company or such Restricted Subsidiary enters into such agreement and (y) which provides that the payment of the purchase price for such Capital Stock is made in more than one installment over a period of time.

"Stated Maturity" means, (1) with respect to any Indebtedness, the date specified in such debt security as the fixed date on which the final installment of principal of such Indebtedness is due and payable as set forth in the documentation governing such Indebtedness and (2) with respect to any scheduled installment of principal of or interest on any Indebtedness, the date specified as the fixed date on which such installment is due and payable as set forth in the documentation governing such Indebtedness.

"Subordinated Indebtedness" means any Indebtedness of the Company, any Subsidiary Guarantor or any JV Subsidiary Guarantor which is contractually subordinated or junior in right of payment to the Notes, any Subsidiary Guarantee or any JV Subsidiary Guarantee, as applicable, pursuant to a written agreement to such effect.

"Subordinated Shareholder Loan" means any loan to the Company or any Restricted Subsidiary from Permitted Holders which (i) is subordinated in right of payment to the Notes, (ii) by its terms (and by the terms of any security into which it is convertible or for which it is exchangeable) does not mature and is not required to be repaid, pursuant to a sinking fund obligation event of default or otherwise, in whole or in part, on or prior to the date that is one year after the Stated Maturity of the Notes and (iii) does not provide any cash payment of interest.

"Subsidiary" means, with respect to any Person, any corporation, association or other business entity of which (i) more than 50% of the voting power of the outstanding Voting Stock is owned, directly or indirectly, by such Person and one or more other Subsidiaries of such Person or (ii) of which 50% or less of the voting power of the outstanding Voting Stock is owned, directly or indirectly, by such Person and one or more other Subsidiaries of such Person and, in each case of (i) and (ii), which is "controlled" and consolidated by such Person in accordance with GAAP.

"Subsidiary Guarantee" means any Guarantee of the obligations of the Company under the Indenture and the Notes by any Subsidiary Guarantor.

"Subsidiary Guarantor" means any initial Subsidiary Guarantor named herein and any other Restricted Subsidiary which Guarantees the payment of the Notes pursuant to the Indenture and the Notes; *provided* that Subsidiary Guarantor will not include (a) any Person whose Subsidiary Guarantee has been released in accordance with the Indenture and the Notes or (b) any JV Subsidiary Guarantor.

"Temporary Cash Investment" means any of the following:

(1) direct obligations of the United States of America, the United Kingdom, any state of the European Economic Area, the People's Republic of China, Hong Kong and Singapore or any agency of any of the foregoing or obligations fully and unconditionally Guaranteed by the United States of America, the United Kingdom, any other state of the European Economic Area, the People's Republic of China, Hong Kong and Singapore or any agency of any of the foregoing, in each case maturing within one year;

(2) demand or time deposit accounts, certificates of deposit and money market deposits maturing within 180 days of the date of acquisition thereof issued by a bank or trust company which is organized under the laws of the United States of America, any state thereof, the United Kingdom, any state of the European Economic Area, Hong Kong, Singapore or Australia, and which bank or trust company has capital, surplus and undivided profits aggregating in excess of US$100 million (or the Dollar Equivalent thereof) and has outstanding debt which is rated "A" (or such similar equivalent rating) or higher by at least one nationally recognized statistical rating organization (as defined in Rule 436 under the Securities Act) or any money market fund sponsored by a registered broker dealer or mutual fund distributor;

(3) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clause (1) above entered into with a bank or trust company meeting the qualifications described in clause (2) above;

(4) commercial paper, maturing not more than 180 days after the date of acquisition thereof, issued by a corporation (other than an Affiliate of the Company) organized and in existence under the laws of the United States of America, any state thereof or any foreign country recognized by the United States of America with a rating at the time as of which any investment therein is made of "P-1" (or higher) according to Moody's, "A-1" (or higher) according to S&P or "F1" (or higher) according to Fitch;

(5) securities, maturing within one year of the date of acquisition thereof, issued or fully and unconditionally Guaranteed by any state, commonwealth or territory of the United States of America, or by any political subdivision or taxing authority thereof, and rated at least "A" by S&P, Moody's or Fitch; and

(6) any money market fund that has at least 95% of its assets continuously invested in investments of the types described in clauses (1) through (5) above;

(7) time deposit accounts, certificates of deposit, overnight or call deposits and money market deposits with any bank, trust company or other financial institution organized under the laws of the United States of America, the PRC or Hong Kong or anywhere the Company or any Restricted Subsidiary conducts business operations; and

(8) structured deposit products that are principal protected with any bank or financial institution organized under the laws of the PRC, Hong Kong or anywhere the Company or any Restricted Subsidiary conducts business operations if held to maturity (which shall not be more than one year) and can be withdrawn at any time with no more than six months' notice.

"Total Assets" means, as of any date, the total consolidated assets of the Company and its Restricted Subsidiaries measured in accordance with GAAP as of the last day of the most recent fiscal quarter for which consolidated financial statements of the Company (which the Company shall use its best efforts to compile on a timely manner) are available (which may be internal consolidated financial statements); *provided* that only with respect to clause (2)(h) of "— Certain Covenants — Limitation on Indebtedness and Preferred Stock" covenant and the definition of "Permitted Subsidiary Indebtedness," Total Assets shall be calculated after giving pro forma effect to include the cumulative value of all of the real or personal property or equipment the acquisition, development, construction or improvement of which requires or required the Incurrence of Indebtedness and calculation of Total Assets thereunder in each case as of such date, as measured by the purchase price or cost therefor or budgeted cost provided in good faith by the Company or any of its Restricted Subsidiaries to the bank or other similar financial institutional lender providing such Indebtedness.

"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 Restricted Subsidiaries arising in the ordinary course of business in connection with the acquisition of goods or services or the long-term apartment rental business.

"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, or an Affiliate thereof, that Invests in any Capital Stock of a Restricted Subsidiary.

"Unrestricted Subsidiary" means (1) any Subsidiary of the Company that at the time of determination shall be designated an Unrestricted Subsidiary by the Board of Directors in the manner provided in the Indenture; and (2) any Subsidiary of an Unrestricted Subsidiary.

"U.S. Government Obligations" means securities that are (1) direct obligations of the United States of America for the payment of which its full faith and credit is pledged or (2) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the United States of America the payment of which is unconditionally Guaranteed as a full faith and credit obligation by the United States of America, which, in either case, are not callable or redeemable at the option of the issuer thereof at any time prior to the Stated Maturity of the Notes, and shall also include a depository receipt issued by a bank or trust company as custodian with respect to any such U.S. Government Obligation or a specific payment of interest on or principal of any such U.S. Government Obligation held by such custodian for the account of the holder of a depository receipt; *provided* that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depository receipt from any amount received by the custodian in respect of the U.S. Government Obligation or the specific payment of interest on or principal of the U.S. Government Obligation evidenced by such depository receipt.

"U.S. Non-Guarantor Subsidiary" means any U.S. Restricted Subsidiary that is not a Subsidiary Guarantor or a JV Subsidiary Guarantor.

"U.S. Restricted Subsidiary" means a Restricted Subsidiary organized under the laws of the United States.

"Voting Stock" means, with respect to any Person, Capital Stock of any class or kind ordinarily having the power to vote for the election of directors, managers or other voting members of the governing body of such Person.

"Wholly Owned" means, with respect to any Subsidiary of any Person, the ownership of all of the outstanding Capital Stock of such Subsidiary (other than any director's qualifying shares or Investments by foreign nationals mandated by applicable law) by such Person or one or more Wholly Owned Subsidiaries of such Person; *provided* that Subsidiaries that are PRC CJVs shall not be considered Wholly Owned Subsidiaries unless such Person or one or more Wholly Owned Subsidiaries of such Person is entitled to 95% or more of the economic benefits distributable by such Subsidiary.

To fund our existing property projects and to finance our working capital requirements, we have entered into financing agreements with various financial institutions and enterprises. As of December 31, 2018, our total borrowing amounted to RMB7,024.6 million (US$1,021.7 million). Set forth below is a summary of the material terms and conditions of these loans and other indebtedness.

PRC LOAN AGREEMENTS

Certain of our PRC subsidiaries have entered into loan agreements with local branches of various PRC banks and financial institutions, these banks and financial institutions include, but not limited to, Bank of Ningbo, China Minsheng Bank, Dalian Bank, Hua Xia Bank, The Bank of East Asia (China) Limited, Jiangsu Huajian Construction Co., Ltd. (江蘇省華建建設股份有限公司). These loans include project loans to finance the construction of our projects, acquisition loans to finance our acquisition of projects and working capital loans. They have terms ranging from 1 year to 3 years. As of December 31, 2018, the aggregate outstanding amount under these loans totaled approximately RMB1,843.9 million (US$268.2 million), of which RMB533.6 million (US$77.6 million) was due within one year and RMB1,310.3 million (US$190.6 million) was due between two to three years. Our PRC loans are typically secured by mortgage of state-owned land use right and construction in progress, pledges over shares of project companies, as well as guaranteed by certain of our other PRC subsidiaries.

Interest

The principal amounts outstanding under the PRC loans generally bear interest as floating rates calculated with reference to the PBOC benchmark interest rate. Floating interest rates are generally subject to annual or quarterly review by the lending banks. Most of the interest payments are on each payment date as provided in the particular loan agreement. As of December 31, 2018, the weighted average interest rate on the aggregate outstanding amount of the PRC loans was 6.95% per annum.

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:

- engage in contracting, leasing, shareholding reform, joint venture, mergers, dividends, capital reduction, equity changes, major asset transfers and other actions that may adversely affect their ability to repay their loans;
- make any major changes in project budget, planning and working process;
- make dividend distribution to its shareholders;
- make any changes in its board members, articles of association or make any change of control;
- create encumbrances on any part of their project assets;
- incur any material additional debts; and
- transfer part or all of their liabilities under the loans to a third party.

Events of Default

The project loans contain certain customary events of default, including, among other things, failure to pay the amount payable on the due date, insolvency, bankruptcy, false representation, breach of covenants and any other terms of the loan agreements. The lenders are entitled to terminate their respective agreements and/or demand immediate repayment of the loans and any accrued interest upon the occurrence of an event of default.

Guarantee and Security

Certain of our PRC subsidiaries have entered into guarantee agreements with the PRC financial institutions in connection with some of the PRC loans pursuant to which these subsidiaries have guaranteed all liabilities of the subsidiary borrowers under these loans. Further, as of December 31, 2018, RMB1,703.9 million (US$247.8 million) of the project loans were secured by land use rights, properties and/or equity interests accounts receivable, cash and deposit certificate held by the subsidiary borrowers and/or our other PRC subsidiaries.

Dividend Restrictions

Pursuant to some loans with certain PRC financial institutions, some of our PRC subsidiaries also agreed not to distribute any dividend, including, but not limited to:

- before the principal amount of and accrued interest on the relevant project loan have been fully paid;
- if the borrower's after-tax profit is nil or negative.

OFFSHORE FINANCING

Offshore Facility Agreements

We have entered into facility agreements with a number of offshore banks and financial institutions, including but not limited to, LS-LA Simi EB-5 LLC, The Bank of East Asia, Limited, New York Branch, East West Bank, Farmers and Merchants Bank of Long Beach, LS-SF Jordan Ranch EB-5 LLC and Mechanics Bank. Our offshore facilities typically have a term ranging from one to five years. As of the date of this offering memorandum, the aggregate outstanding principal amount under these offshore facilities is approximately US$247.8 million.

Shareholder Loans

Our wholly-owned U.S. subsidiary, Landsea Holdings Corporation, has entered into three shareholder loan agreements with our controlling shareholder, Landsea Group Co., Ltd. in 2015 and 2016 (the "Shareholder Loans"), pursuant to which Landsea Group Co., Ltd. has made loans of RMB900.0 million, RMB600.0 million and RMB500.0 million to Landsea Holdings Corporation, respectively. Under these agreements, the interest rate during the term of the Shareholder Loans is at a floating rate of 12 Month Shanghai Interbank Offered Rate for Chinese Renminbi ("SHIBOR") rate plus 2.25% per annum.

As of the date of this offering memorandum, RMB1,665.0 million (US$242.2 million) of these Shareholder Loans remain outstanding.

THE 2018 NOTES

On April 25, 2018, we entered into an indenture (as amended and supplemented from time to time, the "2018 Indenture") pursuant to which we issued US$150 million principal amount of the 2018 Notes on April 25, 2018 and US$50 million principal amount of additional 2018 Notes on May 18, 2018. As of the date of this offering memorandum, the entire principal amount of the 2018 Notes is outstanding.

Guarantee

The obligations pursuant to the 2018 Notes are guaranteed by our existing subsidiaries (the "2018 Subsidiary Guarantors") other than those organized under the laws of the PRC and certain other subsidiaries specified in the 2018 Notes.

Each of the 2018 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 2018 Notes.

Interest

The 2018 Notes bear an interest rate of 9.625% per annum, payable semi annually in arrears on April 25 and October 25 of each year.

Covenants

Subject to certain conditions and exceptions, the 2018 Indenture contains certain covenants, restricting us and each of the related restricted subsidiaries from, among other things:

- incurring or guaranteeing additional indebtedness and issuing disqualified or preferred stock;
- declaring dividends on its capital stock or purchasing or redeeming capital stock;
- making investments or other specified restricted payments;
- issuing or selling capital stock of the related restricted subsidiaries;
- guaranteeing indebtedness of the related restricted subsidiaries;
- selling assets;
- creating liens;
- entering into sale and leaseback transactions;
- entering into agreements that restrict the related restricted subsidiaries' ability to pay dividends, transfer assets or make intercompany loans;
- entering into transactions with shareholders or affiliates; and
- effecting a consolidation or merger.

Events of Default

The 2018 Notes have certain customary events of default, including default in the payment of principal, or of any premium, on the 2018 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 2018 Indenture. If an event of default occurs and is continuing, the trustee under the 2018 Indenture or the holders of at least 25% of the outstanding 2018 Private Notes may declare the principal of the 2018 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 2018 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 2018 Notes is April 25, 2020.

At any time, we may redeem the 2018 Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the 2018 Notes, plus a premium and any accrued and unpaid interest to (but not including) the redemption date. At any time and from time to time, we may redeem up to 35% of the aggregate principal amount of the 2018 Notes with the net cash proceeds of one or more sales of our common stock in an equity offering at a redemption price equal to 109.625% of the principal amount of the 2018 Notes being redeemed, plus accrued and unpaid interest, if any,to (but not

including) the redemption date; provided that at least 65% of the aggregate principal amount of the 2018 Notes remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related equity offering.

Additionally, if we or a subsidiary guarantor under the 2018 Indenture would become obligate to pay certain additional amounts as a result of certain changes in specified tax law, we may redeem the 2018 Notes at a redemption price equal to 100% of the principal amount of the 2018 Notes, plus any accrued and unpaid interest, subject to certain exceptions.

GUARANTEES FOR JOINT VENTURE

We provided a guarantee to a joint venture, Fenway Ventures Point Properties LLC, for its bank borrowings. Such guarantee is limited to our proportionate interest in the joint venture. For more details, please see ''Management's Discussion and Analysis of Financial Condition and Results of Operations — Indebtedness and Contingent Liabilities — Contingent liabilities.''

This section sets out summaries of certain aspects of PRC laws and regulations, which are relevant to our operations and business. These include laws relating to land, real estate development, foreign investment enterprises, taxation and foreign exchange control. For a description of the legal risks relating to government regulation of our business, and in particular the land system in China, see "Risk Factors".

ESTABLISHMENT OF A REAL ESTATE DEVELOPMENT ENTERPRISE AND FOREIGN INVESTMENT IN REAL ESTATE DEVELOPMENT INDUSTRY

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), or the *Urban Real Estate Law*, promulgated by the Standing Committee of NPC on July 5, 1994, effective on January 1, 1995 and amended on August 30, 2007 and August 27, 2009, 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), or the *Development Regulations*, promulgated and implemented by the Stated Council on July 20, 1998, amended on January 8, 2011, March 19, 2018 and March 24, 2019, an enterprise engaging in development of real estate must satisfy the following requirements:

- Its registered capital must be RMB1.0 million or more; and
- It must have four or more full-time professional property/construction technicians and two or more full-time accounting officers, each of whom should hold relevant qualification certificates.

The *Development Regulations* also stipulate that the local government of a province, autonomous region or provincial-level municipality may, based on local circumstances, impose more stringent requirements on the registered capital and the number of professional personnel of a real estate developer.

Pursuant to the *Development Regulations*, to establish a real estate development enterprise, the developer shall apply for registration with local Administration for Industry and Commerce at or above county level and report its establishment to the real estate development authority in the location of its registration, within 30 days of the receipt of its business licence. Where a foreign-invested enterprise is to be established to engage in the development and operation of real estate, it must also comply with the relevant requirements under the PRC laws and administrative regulations regarding foreign-invested enterprises and apply for approvals in accordance with the laws and regulations governing the foreign investments in China.

Subject to the approval by the relevant foreign investment regulatory authorities, a foreign investor intending to engage in the development and operation of real estate in China may establish a Sino-foreign equity joint venture, a Sino-foreign cooperative joint venture or a wholly foreign owned enterprise in accordance with the PRC laws and regulations governing foreign-invested enterprises.

Pursuant to the *Notice of the State Council on Adjusting the Percentage of Capital Fund for Investment Projects in Fixed Assets* (國務院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 on May 25, 2009, the minimum capital ratio of ordinary commodity housing projects and social security housing projects has been reduced to 20%, while that for other real estate projects has been decreased to 30%. Furthermore, pursuant to the *Notice on Adjusting and Perfecting the System of Capital Fund for Investment Projects in Fixed Assets* (關於調整和完善固定資產投資項目資本金制度的通知) issued by the State Council on September 9, 2015, the minimum capital ratio of ordinary commodity housing projects and social security housing projects remains unchanged at 20%, while it has been adjusted from 30% to 25% for other real estate projects.

On July 11, 2006, MOHURD, MOFCOM, NDRC, PBOC, SAIC and SAFE jointly issued the *Opinions 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), or the *171 Opinions*. According to the *171 Opinions*, subject to further adjustments made on August 19, 2015 in *Opinion on Adjusting Policies on 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) as explained below, the admittance and administration of foreign capital in the real estate market must comply with the following requirements:

- Foreign institutions or individuals who purchase properties not for their own use in China should follow the principle of "commercial presence" and apply for the establishment of foreign-invested enterprises pursuant to the regulations of foreign investment in properties. After obtaining the approvals from the relevant authorities and upon completion of the relevant registrations, foreign institutions and individuals can then carry on their business pursuant to their approved business scope.

- For the establishment of a foreign-invested real estate enterprise ("FIREE"), the MOFCOM authorities and the SAIC authorities will be responsible for the approval and registration of the FIREE and the issuance of a temporary Approval Certificate for a Foreign-invested Enterprise (which is effective for one year) and a temporary business licence. Upon full payment of the land premium for the land-use rights, the FIREE should apply for the land use rights certificate. With such land use rights certificate, the real estate developer can obtain a formal Approval Certificate for a Foreign-Invested Enterprise from the MOFCOM authorities and a formal business licence with the same approved business term as the formal Approval Certificate for Foreign-Invested Enterprise from the State Administration for Industry & Commence ("SAIC") authorities.

- Transfers of projects or equity interests in FIREEs or acquisitions of domestic real estate development enterprises by foreign investors must strictly follow the relevant PRC laws, regulations and policies and obtain the relevant approvals. The investor will need to submit: (i) a written undertaking to fulfil the "State-owned land use rights Grant Contract" (國有土地使用權出讓合同), "Construction Land Planning Permit" (建設用地規劃許可證) and "Construction Work Planning Permit" (建設工程規劃許可證); (ii) Land Use Rights Certificate; (iii) documents evidencing the filing for modification with MOHURD authorities; and (iv) documents evidencing the payment of tax from the relevant tax authorities.

- When acquiring domestic real estate development enterprises by way of share transfer or otherwise, or purchasing shares from Chinese parties in Sino-foreign equity joint ventures, the foreign investors must make proper arrangements for the employees, properly deal with the bank loans and pay the consideration in one single payment with their capital. Foreign investors with records showing that they have not complied with relevant employment laws, with unsound financial track records, or who have not fully paid any previous acquisition consideration will not be allowed to undertake the aforementioned activities.

On August 19, 2015, MOHURD, MOFCOM, NDRC, PBOC, SAIC and SAFE jointly issued the *Opinion on Adjusting Policies on the Admittance and Administration of Foreign Capital in the Real Estate Market* which provided, among others, that (i) the ratio of registered capital to total investment of foreign invested real estate enterprises shall be subject to the *Tentative Regulations on the Proportion of the Registered Capital to the Total Amount of Investment of Sino-foreign Equity Joint Ventures* (關於中外合資經營企業註冊資本與投資總額比例的暫行規定); (ii) the requirement that a foreign invested real estate company must fully pay its registered capital before handling the procedures for domestic loans, foreign loans, and settlement of foreign exchange loans shall be canceled; (iii) the branches and representative offices of foreign institutions established in China (except the enterprises that are approved to operate real estate businesses) and the foreign individuals who work or study in China may purchase commodity houses for the purposes of self-use or living.

The *Opinion on Adjusting Policies on the Admittance and Administration of Foreign Capital in the Real Estate Market* further provided that the relevant provisions from the *Tentative Regulations on the Proportion of the Registered Capital to the Total Amount of Investment of Sino-foreign Equity Joint Ventures* (關於中外合資經營企業註冊資本與投資總額比例的暫行規定) issued by the SAIC on February 17, 1987 applies with respect to the proportion of registered capital to the total amount of investment of a Sino-foreign equity joint venture from August 19, 2015:

- If the total amount of investment of a Sino-foreign equity joint venture is less than US$3.0 million (including US$3.0 million), its registered capital shall be at least 7/10 of the total investment;

- If the total amount of investment of a Sino-foreign equity joint venture is from US$3.0 million to US$10.0 million (including US$10 million), the registered capital shall be at least one-half of the total amount of investment; within this, if the total amount of investment is less than US$4.2 million, the registered capital shall not be less than US$2.1 million;

- If the total amount of investment of a Sino-foreign equity joint venture is from US$10.0 million to US$30.0 million (including US$30.0 million), the registered capital shall be at least 2/5 of the total amount of investment; within this, if the total amount of investment is less than US$12.5 million, the registered capital shall not be less than US$5 million; and

- If the total amount of investment of a Sino-foreign equity joint venture is more then US$30.0 million, the registered capital shall be at least 1/3 of the total amount of investment; within this, if the total amount of investment is less than US$36.0 million,of the registered capital shall be not less than US$12.0 million.

On August 14, 2006, the General Office of MOFCOM issued a *Notice on Relevant Issues Concerning the Carrying out the Opinion on Standardising the Admittance and Administration of Foreign Capital in the Real Estate Market* (關於貫徹落實《關於規範房地產市場外資准入和管理的意見》有關問題的通知), or the *Notice on the Real Estate Market*. According to the *Notice on the Real Estate Market*, when a foreign investor acquires a domestic real estate development enterprise through transfer of equity interest or other means, proper arrangements must be made for the original employees of the acquired companies, bank debts must be settled and the entire consideration for the transfer must be paid off within three months after the earlier of the issuance of the business licence or the effective day of the equity transfer agreement.

On May 23, 2007, MOFCOM and SAFE jointly issued *the Circular on Further Strengthening and Regulating the Approval and Supervision on Foreign Direct Investment in Real Estate Sector* (關於進一步加強、規範外商直接投資房地產業審批和監管的通知) as revised by the MOFCOM on October 28, 2015, or *Circular 50*, which sets forth the following requirements for approving and supervising of foreign investment in real estate sector:

- Foreign investment in the real estate sector in the PRC relating to high-end properties should be strictly controlled;

- Before applying for the establishment of FIREEs, (i) the land use rights certificates or property ownership certificates should have been obtained or (ii) contracts for obtaining land use rights or property ownership rights should be entered into;

- Existing foreign invested enterprises need to obtain approval before expanding their business operations into the real estate sector and existing FIREEs need to obtain new approval in case they wish to expand their existing real estate business operations;

- Acquisitions of domestic real estate entities and foreign investment in real estate sector in a way of a round-trip investment channel should be strictly regulated. Foreign investors may not avoid approval procedures through changes in actual controlling persons;

- Equity holders of FIREEs should not in any matters, conclude any provisions in order to guarantee a fixed investment return to any party;

- Filing with MOFCOM must be promptly executed according to applicable law once the establishment of FIREEs is approved by local government authorities;

- SAFE authorities and banks authorised to conduct foreign exchange business should not effectuate foreign exchange settlements or sales regarding capital account items to those entities failing to file with the MOFCOM; and

- For those FIREEs, which are wrongfully approved by local authorities for their establishment, (i) the MOFCOM will carry out investigation order punishment and corrections, and (ii) SAFE authorities should not carry out foreign exchange registrations for these entities.

On July 10, 2007, SAFE issued the *Notice on the Distribution of the List of the First Group of Foreign Invested Real Estate Projects Filed with MOFCOM* (關於下發第一批通過商務部備案的外商投資房地產項目名單的通知), or *Notice 130*, together with a list of FIREEs that had effected their filings with MOFCOM. According to *Notice 130*, SAFE will no longer process foreign debt registrations or applications by FIREEs for permission to purchase foreign exchange to service their foreign debt if such FIREEs have not obtained their approval certificates from the government and finish the filing with MOFCOM before June 1, 2007. SAFE further provided in its *Notice 130* that it will not process any foreign exchange registration (or change of such registration) or exchange settlement under capital account of FIREE that obtained their foreign-invested enterprise approval certificates from local commerce departments on or after June 1, 2007 but has not completed its filing with MOFCOM. Although Notice 130 was abolished in May 2013, the principles it set are still followed. According to the Guidelines of Operation and Administration of Foreign Debt Registration (《外債登記管理操作指引》) became effective on May 13, 2013 and was amended on May 4, 2015:

(i) SAFE no longer processes foreign debt registrations by FIREEs if such FIREEs obtained their approval certificates from the relevant PRC governmental authorities and had effected their filings with MOFCOM after June 1, 2007 (including June 1, 2007).

(ii) FIREEs established before June 1, 2007 shall still have the right to incur foreign debts within the statutory limit, which equals the outstanding balance between total investment and registered capital prior to the increase, or the outstanding balance between total investment and registered capital of such enterprises upon and after the increase, whichever is less.

(iii) FIREEs cannot borrow foreign debt and process foreign debt registrations if the land use rights certificates has not been obtained or its capital ratio has not reached 35%.

In connection with the filing requirement, on June 18, 2008, the MOFCOM issued the *Notice on Properly Archiving the Filings for Foreign Investment in Real Estate Sector* (關於做好外商投資房地產業備案工作的通知). According to the notice, since July 1, 2008, the MOFCOM entrusts its provincial level branch to review the filing materials with respect to FIREEs and check and confirm the legality, authenticity and accuracy of the materials. The MOFCOM will archive the filing after receiving the archival form duly completed and submitted by the provincial level branches. The notice also requires that the establishment (including the increase of registered capital) of a FIREE must comply with the principle of one project company engaging in one approved real estate project only.

On June 24, 2014, the MOFCOM and the SAFE jointly promulgated the *Circular on Improving the Record-filing of Foreign Investments in Real Estate* (關於改進外商投資房地產備案工作的通知), which required the commerce departments at the provincial level to review the project filings of FIREEs and to submit relevant materials to the MOFCOM for approval. The MOFCOM conducts spot check of the submitted FIREE filings. The project filings that have been approved or have not selected for spot check by the MOFCOM are published on the website of the MOFCOM (the "FRIEE filing announcement procedures"). In addition, this Circular simplified the record-filing process by transitioning from paper to electronic forms.

On March 30, 2015, SAFE issued the *Notice on Reforming the Management Mode on the Conversion of Foreign Exchange Capital Contribution of Foreign-Invested Enterprises* (國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知), or *Notice 19*, pursuant to which, Renminbi converted from foreign exchange capital contribution can be used for domestic equity investment by the Foreign-Invested Enterprises.

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.

On November 6, 2015, the MOFCOM and the SAFE jointly promulgated the *Circular on Further Improving the Record-filing of Foreign Investments in Real Estate* (關於進一步改進外商投資房地產備案工作的通知), which further simplified the record-filing procedures for FRIEEs and removed the FRIEE filing announcement procedures from the MOFCOM's website.

According to the *Several Opinions of the State Council on Further Strengthening the Utilization of Foreign Investment* (關於進一步做好利用外資工作的若干意見), promulgated by the State Council on April 6, 2010, except where approval by the relevant departments under the State Council is required by the *Catalogue of the Projects which Shall be Approved by the Government* (政府核准的投資項目目錄), foreign investment in encouraged and permitted industries with a total investment (including increase of investment) less than US$300 million must be examined and approved by NDRC branches at the provincial level.

QUALIFICATIONS OF A REAL ESTATE DEVELOPER

Under the *Provisions on Administration of Qualification of Real Estate Developers* (房地產開發企業資質管理規定), as amended in May 2015, or the *Provisions on Administration of Qualifications of Real Estate Developers*, promulgated by MOHURD and implemented on March 29, 2000, a real estate developer must apply for registration of its qualification according to the *Provisions on Administration of Qualifications*. An enterprise may not engage in the development and sale of properties without a qualification classification certificate for real estate development. MOHURD oversees the qualifications of real estate developers with national operations, and local MOHURD authorities at or above the county level oversee the qualifications of local real estate developers.

In accordance with the Provisions on Administration of Qualifications of Real Estate Developers, the qualification of a real estate development enterprise is classified into four classes: class1, class 2, class 3 and class 4. Different classes of qualification should be examined and approved by corresponding authorities.

- Class 1 qualifications are subject to preliminary examination by MOHURD authorities at the provincial level and the final approval of MOHURD. 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 throughout the country.

- Class 2 or lower qualifications are regulated by MOHURD authorities at the provincial level subject to delegation to lower level government agencies. A real estate developer of class 2 or lower may undertake a project with a total GFA of less than 250,000 sq.m. subject to confirmation by MOHURD authorities at the provincial level.

Under the relevant PRC laws and regulations, MOHURD authorities will examine applications for registration of qualifications submitted by real estate developers by considering the professional personnel in their employment, 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 holding any specific 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 and qualified real estate developer, the MOHURD authorities will issue a provisional qualification certificate within 30 days upon the receipt of the application by the authority. The provisional qualification certificate will be effective for one year since its issuance, and MOHURD authorities may extend the validity to a period of no longer than 2 years considering the actual business

situation of the enterprise. The real estate developer should apply for qualification of classification to the relevant MOHURD authorities within one month before expiration of its provisional qualification certificate.

Pursuant to the *Provisions on Administration of Qualifications of Real Estate Developers*, the qualification of a real estate developer should be subject to annual inspection. The construction authority under the State Council or its authorised institution is responsible for conducting the annual inspection of the qualification of class 1 real estate developers. Measures for annual inspection of developers of class 2 or lower qualification shall be formulated by the construction authorities under the people's government of the relevant province, autonomous region or provincial-level municipality.

LAND FOR PROPERTY DEVELOPMENT

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), or the *Interim Regulations on Grant and Assignment*, promulgated by the State Council in May 1990, China adopted a system to grant and assign the rights 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 parcel within a specified period of time, and land user may assign, lease out, mortgage or otherwise commercially exploit the land use rights within the terms of use. Under the *Urban Real Estate Law* and the *Interim Regulations on Grant and Assignment*, the land administration authority at the city or county level may enter into a land grant contract with the land user to grant the land use rights. The land user must pay the land premium as specified in the land grant contract. After the full payment of the land premium, the land user may register the land use rights for a site intended for real estate development. Land use rights may be obtained through grant or allocation and in the latter case the user is not required to pay compensation pursuant to the PRC laws and regulations. Government-allocated land is not allowed to be transferred without the approval by the relevant PRC government authorities and the full payment of land premium as determined by the relevant PRC government authorities.

Under the *Urban Real Estate Law*, those who have been granted the land use rights must develop the land in accordance with the use and construction period as prescribed by the land use right grant contract. However, the concern of the Ministry of Land and Resources ("MLR") on handling of idle land began in 1999. On April 28, 1999, the MLR promulgated the *Measures on the Disposal of Idle Land* (閒置土地處置辦法) which provides the definition of idle land and sets out the corresponding punishment measures, including payment of idle land fee at no more than 20% of the land grant fee and resumption of idle land without compensation by the county-level and municipal administrative authorities.

To strengthen the handling of idle land, the MLR promulgated the *Notice on Strengthening the Handling of Idle Land* (關於加大閒置土地處置力度的通知) on September 8, 2007, which stipulates that owners of idle land will be charged a fee equal to 20% of the land grant/allocation fee for their land. The notice further emphasises that the land that has been unused for more than 2 years should be forfeited. The notice also prescribes that the Land Use Right Certificate shall not be issued before the land grant premium for acquisition of land has been paid in full, nor be issued separately according to the ratio of payment of land grant premium.

On January 3, 2008, the State Council issued a *Notice on Promoting the Economic Use of Land* (關於促進節約集約用地的通知) to enforce the policies concerning dealing with idle land. If a parcel of land has been idle for two years or more, it must be resolutely taken back without any compensation. If the land does not meet the statutory conditions for resumption, it must be dealt with in a timely manner and fully used after changing its original use, replacement by parity value, and arrangement of a temporary use of incorporation into governmental land reserves. If a parcel of land has been idle for more than one year but less than two years, an idle land fee must be charged, which shall be 20% of the land grant fee. The notice also establishes an additional land premium surcharges on idle land and authorises MLR to formulate regulations to implement such surcharges. The notice further urges financial institutions to exercise caution when they process loan applications from property developers that have failed to commence construction, 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.

On July 1, 2012, the amendment of the *Measures on the Disposal of Idle Land* (閒置土地處置辦法), or the *New Idle Land Measures*, became effective. According to the *New Idle Land Measures,* a parcel of land shall be defined as idle land if a state-owned construction land user fails to commence development and construction of construction land within one year after the starting date of the development and construction prescribed by the contract for paid use of state-owned construction land or the land allocation decision; while a parcel of land can be defined as idle land if the development and construction of the land has commenced, but the area developed and constructed is less than one third of the total area to be developed or the invested amount is less than 25% of the total amount of investment, and development and construction has been continuously suspended for one year.

County-level and municipal administrative authorities may, with regard to discovery of a suspected idle land, conduct an investigation and verification on the relevant land within thirty days and give an Idle Land Investigation Notice to the land user. After the above investigation and verification procedure, if the very land has been confirmed to be idle, county-level and municipal administrative authorities should issue a Confirmation Letter of Idle Land to the land user and make public the relevant information on their official website.

With the exception that the delay in commencement of construction is caused by force majeure or acts of government under certain circumstances, an idle land should be disposed of according to the following circumstances:

- If the construction work has not yet started after one year from the construction commencement date as stated above, county-level and municipal administrative authorities will, after obtained approval from the people's governments at the corresponding levels, issue a Decision on the Collection and Payment of Idle Land Fee to the land user, and a fine for idle land at 20% of the price of land granting or land allocation shall be imposed on the land user; or

- If the construction work has not begun after two years from the construction commencement date as stated above, a Decision on the Withdrawal of the Land-Use Right will be issued to the land user and the right to use the land shall be taken back by the state without any compensation.

However, before making the decision of the above sanctions, the county-level and municipal administrative authorities should give a written notice to the land user informing its right to apply for a hearing. If the land user applies for a hearing, the county-level and municipal administrative authorities should organise it in accordance with the *Regulations on the Hearings of Land Resources* (國土資源聽證規定) promulgated by MLR on January 9, 2004 and became effective from May 1, 2004.

Moreover, county-level and municipal administrative authorities will not accept the new land use application by the very land user who has been identified as violating laws and regulations and disobeying the contract of paid use of construction land or land allocation decision and hoarding land or elevating land price with malice, or conduct the registration of transferring, lease, mortgage and amendment of the idle land before completing the treatments under the *New Idle Land Measures*.

With regard to the delay in commencement of construction is caused by force majeure or acts of government under certain circumstances, county-level and municipal administrative authorities may, after negotiating with the land user, choose a way of disposing the idle land, including, but not limited to, extending the time period for development and construction by concluding a supplementary contract (but the extended period shall be no longer than one year after the starting date provided by the supplementary contract), changing the use of the land, arranging for temporary use and taking back the related land for value, and arranging for a land exchange.

Under current PRC laws and regulations on land administration, land for real estate development may be obtained by grant or by allocation. Under the *Regulations on the Grant of State-Owned Land Use Right 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) promulgated by the MLR on May 9, 2002 and as amended on September 28, 2007, land for industry (except land for mining), commercial use, tourism, entertainment and residential commodity properties must be granted by way of public tender, public auction or listing-for-sale. The procedures are as follows:

- The land authority of the municipal and county government, as the grantor, must make an announcement at least 20 days prior to the date of the proposed public tender, public auction or listing-for-sale. The announcement must include basic particulars such as land parcel, qualification requirement of the bidder and auction applicants, methods and criteria on confirming the winning tender or winning bidder, and other conditions such as the deposit of the bid.

- After determining the winning tender or the winning bidder by the public tender, public auction or listing-for-sale, the grantor and the winning tender or winning bidder must then enter into a confirmation. The grantor should return the bidding or tender deposit to other bidding or auction applicants.

- The grantor and the winning tender or winning bidder must enter into a land grant contract according to the time and venue set out in the confirmation. The deposit of the bid paid by the winning tender or winning bidder will be used to set off part of the land premium of the state-owned land use rights.

- The winning tender or winning bidder should apply for the land use rights registration after paying off the land premium in full under the land grant contract. The local governments at or above the county level will issue the land use rights certificates.

Under the *Regulation on Grant of State-Owned Land Use Rights by Agreement* (協議出讓國有土地使用權規定) promulgated by the MLR on June 11, 2003, except for the project that must be granted through public tender, auction and listing-for-sale as required by the relevant laws and regulations, land-use rights may be granted via transfer agreements, and the land premium for the transfer agreements of the state-owned land use rights must not be lower than the bottom price fixed by the state's regulations; and in terms with the areas where there is a benchmark land price, the lowest land premium for the transfer agreements shall not be lower than 70% of the benchmark land price for the level in which the target land falls within.

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 farmlands.

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.

In March 2007, NPC adopted the *PRC Property Rights Law* (中華人民共和國物權法), or the *Property Rights Law*, which became effective on October 1, 2007. According to the *Property Rights Law*, when the term of the right to use construction land for residential (but not other) purposes expires, it will be renewed automatically. Unless it is otherwise prescribed by any law, the owner of construction land use rights has the right to transfer, exchange, use such land use rights as equity contributions, gift or collateral for financing. If the state reclaims the properties owned by entities or individuals, it must compensate the property owner in accordance with laws and regulations and protect the lawful rights and interests of the owners.

On September 30, 2007, MLR issued the *Notice on Implementation of the State Council's Certain Opinions on Resolving Difficulties in Housing of Urban Low-Income Family and Further Strengthening the 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, to further enhance the control of land supply, which stipulates that the supply of the land to be developed for low-rent housing, economically affordable housing and low or medium priced and small or medium sized housing must be no less than 70% of the total land supply of the current year.

In order to control the land market and promote reasonable land utility, MLR, MOF and PBOC jointly promulgated the *Administrative Measures on Land Reserve* (土地儲備管理辦法) on November 19, 2007, which was further amended on January 3, 2018, pursuant to which, local authorities should in accordance with the national economic and social development planning, national land planning, overall land use planning as well as urban and rural planning, prepare a three-year rolling plan for land reserve, rationally determine the size of the land reserve for the next three years, and make overall arrangements for the total amount, structure, layout, timing and other aspects of the land resources that can be collected and stored within three years, and give priority to reserve stock of construction land that is idle or used inefficiently.

On November 18, 2009, MOF, MLR, PBOC, the Ministry of Supervision and the National Audit Office jointly issued the *Notice on Further Strengthen the Management of Revenue and Expenditure from Land Granting* (關於進一步加強土地出讓收支管理的通知) to require a minimum down payment of 50% of the land premium. The notice also provides that the instalment period stipulated in the relevant land grant contracts may not exceed one year generally, provided that, for special projects, upon collective approval by the relevant government authorities, the instalment period stipulated in the relevant land grant contracts can be two years. Developers will not be permitted to buy new land if they fail to pay such land premium in time in full. The new rules also forbid local governments from giving discounts to developers or allowing developers to delay payments except as stipulated by the State Council.

MLR promulgated the *Notice on Problems Regarding Strengthening Control and Monitor of Real Estate Land Supply* (關於加強房地產用地供應和監管有關問題的通知) on March 8, 2010. According to this notice, the land provision for social security housing projects, redevelopment of shanty towns and self-occupied small or medium sized housing should be no less than 70% of total land supply, and the land supply for large sized housing will be strictly controlled and land supply for villa projects will be banned. This Notice also requires that the lowest land premium should not be less than 70% of the benchmark land price in which the granted land is located and the real estate developers' bid deposit should not be less than 20% of the lowest grant price. The land grant contract must be executed within 10 working days after the land transaction is confirmed. The minimum down payment of the land premium should be 50% and must be paid within one month after the execution of the land grant contract. The remaining payment must be paid in accordance with the land grant contract, but not later than one year. If the land grant contract is not executed in accordance with the requirement above, the land may not be delivered and the deposit may not be returned. If no land premium is paid after the execution of the land grant contract, the land must be withdrawn.

On September 21, 2010, MLR and 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 redevelopment of shanty towns and small to medium-sized ordinary commercial housing; in areas with high housing prices, the supply of land designated for small or 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) noncompliance 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, MLR 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 or medium

sized housing 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 MLR and provincial land and resource authorities, respectively regarding land with a premium rate of more than 50%; (iii) land designated for social security 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 17, 2012, the MLR promulgated the *Measures on Administration of Plot Ratio of Construction Land* (建設用地容積率管理辦法) which came into effect on March 1, 2012. The Measures require that any entity or individual should comply with the plot ratio indicators determined according to the regulatory detailed planning approved legally and should not adjust the same randomly. If the adjustment is indeed required, the prescribed procedures should not be replaced in the form of government meeting minutes, etc. The measures stipulate that any construction entity or individual is not allowed to arbitrarily change the determined plot ratio, once the state-owned land use right is granted or allocated, except that it meets certain conditions. According to the Measures, as for a parcel of land of which plot ratio or other planning conditions have not been determined, its state-owned land use right is not allowed to be granted. If the plot ratio or other planning conditions are not included in the land use right grant contract, such contract is null and void.

On May 1, 2012, the MLR promulgated the *Notice on Further Strengthening and Improving the Pre-examination of Land for Construction Projects* (關於進一步加強和改進建設項目用地預審工作的通知) which reinforces the importance of pre-examination administration of land for commercial and industrial purposes. Taking advantage of tender, auction and listing-for-sale to avoid the pre-examination of the utility of land is strictly prohibited, so is entering into a land use right grant contract in advance or issuing a land use right certificate in substitute for a pre-examination opinion. Without passing a pre-examination, no application may be raised in terms of a project permit or construction land permit. On-line filing for records and tracking supervision shall also be strengthened.

DEVELOPMENT OF A REAL ESTATE PROJECT

Commencement of Development of a Property Project

When making project filings and obtaining approvals for a construction project, the construction entity or the developer must make a preliminary application for construction on the relevant site to the relevant land administration authorities in accordance with the *Measures for Administration of Examination and Approval for Construction Land* (建設用地審查報批管理辦法) promulgated by the MLR on March 2, 1999 and amended on November 30, 2010 and November 29, 2016, and the *Measures for Administration of Preliminary Examination of Construction Project Land* (建設項目用地預審管理辦法) promulgated by the MLR in July 2001, as amended on October 29, 2004, November 12, 2008 and November 29, 2016. After receiving the preliminary application, the land administration authorities 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 authorities at the relevant municipal or county level will enter into a land grant contract with land user and issue an approval to the construction entity or the developer.

Planning for a Real Estate Project

Under the *Measures for the Administration of Planning 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 MOHURD in December 1992, as amended on January 26, 2011, the grantee under a land grant contract, i.e. a real estate developer, must further apply for a Construction Land Planning Permit from the relevant municipal planning authority. After obtaining such permit, a real estate developer will organise the necessary planning and design work in accordance with planning and design requirements. Pursuant to the *PRC Law on Urban and Rural Planning* (中華人民共和國城鄉規劃法) promulgated by the Standing Committee of NPC in October 2007, effective as of January 1, 2008, as amended on April 24, 2015 and April 23, 2019, the real estate developer must apply to the planning administration authorities at the municipal or county level for a Construction Work Planning Permit before the construction of buildings, structures, roads, pipelines and other construction projects.

However, if a construction project is proceed without obtaining Construction Work Planning Permit or by violating the provisions of the Construction Work Planning Permit, the competent department of urban and rural planning of the local government at or above the county level shall order it to stop construction. If it is still possible for the construction entity or individual to take measures to eliminate the impact on the implementation of urban and rural planning, the department shall order it or him to correct within a certain time limit and impose a fine of not less than 5% but not more than 10% of construction cost; if it is impossible to take measures to eliminate the impact, the department shall order the construction entity or individual to dismantle the building or structure within a certain time limit and confiscate the real objects or the relevant income, and may also impose a fine not more than 10% of construction cost.

Expropriation of and Compensation for Housing on State-owned Land

In accordance with the *Regulations for the Expropriation of and 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 makes housing expropriation decision to 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 value of housing being expropriated shall not be less than market price of the real estate similar to it on the announcement date of the housing expropriation decision. The value of housing being expropriated shall be appraised and determined by a real estate price appraisal institution with corresponding qualification according to the housing expropriation appraisal measures. A party that objects to the value of the housing being expropriated appraised and determined 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 with housing being expropriated may choose monetary compensation, or may choose to exchange the property right of housing. If the parties with housing being expropriated choose to exchange the property right of housing, governments at municipal and county levels shall provide housing used for the exchange of property right, and calculate and settle the difference between the value of housing being expropriated and the value of housing used for the exchange of property right. If residential housing of an individual is expropriated due to renovation of old urban district and individual chooses to exchange for the property right of housing in the area being renovated, governments at municipal and county levels that make the housing expropriation decision shall provide the housing in the area being renovated or the nearby area.

Construction of a Property Project

When the construction site has been properly prepared and is ready for the commencement of construction works, a developer must apply for a Construction Work Commencement Permit (建設工程施工許可證) from 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 MOHURD in October 1999, as amended in July 2001 and June 25, 2014, which became effective on October 25, 2014 was further amended on September 19, 2018.

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 fulfil 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 work commencement permit or construction start-up report.

Completion of a Property Project

The development of a real estate project must comply with various laws and legal requirements on construction quality, safety standards and technical guidance on architecture, design and construction work, as well as provisions of the relevant contracts. On January 30, 2000, the State Council promulgated and implemented the *Regulation on the Quality Management of Construction Projects* (建設工程質量管理條例), as further amended on October 7, 2017, and on 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 came into effect on October 1, 2008, 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 neither 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 government authorities and experts according to the *Provision on Inspection Upon completion of Housing Construction and Municipal Infrastructure Projects* (房屋建築和市政基礎設施工程竣工驗收規定) promulgated by MOHURD in December 2013, 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 *Provisional Measures for Reporting Details Regarding Acceptance Examination Upon Completion of Buildings and Municipal Infrastructure* (房屋建築工程和市政基礎設施工程竣工驗收備案管理暫行辦法) promulgated by MOHURD in April 2000, as amended in October 2009. The developer must also report details of the acceptance examination. 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.

TRANSFER OF REAL ESTATE

According to the PRC Law and the *Provisions on Administration of Transfer of Urban Real Estate* (城市房地產轉讓管理規定) promulgated by the MOHURD on August 7, 1995 and as amended on August 15, 2001, a real estate owner may sell, gift or otherwise legally transfer 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 simultaneously. The parties to a transfer must enter into a written property 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 were originally obtained by grant, the real property may only be transferred on the condition that:

- the land premium has been paid in full for the grant of the land use rights as required by the land grant contract and a land use rights certificate has been obtained;

- development has been carried out according to the land grant contract 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;

- in case of a whole land lot development project, construction works have been carried out as planned, and water supply, sewerage, electricity supply, heat supply, access roads, telecommunications and other infrastructure or utilities have been made available, and the site has been levelled and made ready for industrial or other construction purposes; or

- in case of where the building has been completed in construction, the property ownership certificate must have been obtained.

If the land use rights were originally obtained by allocation, such allocation may be changed to land use rights grant if approved by the government vested with the necessary approval power as required by the State Council. After the competent government authorities 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 laws and regulations.

SALE OF COMMODITY PROPERTIES

Under the *Measures for Administration of Sale of Commodity Properties* (商品房銷售管理辦法) promulgated by MOHURD in April 2001, which became effective in June 2001, sale of commodity houses may 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 Urban Commodity Properties* (城市商品房預售管理辦法), or the *Urban Pre-sale Regulation*, promulgated by MOHURD in November 1994, as amended in August 2001 and July 2004, and the 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 the pre-sale of a commodity building. 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. The pre-sale proceeds of commodity buildings must be used to develop the relevant project so pre-sold. A commodity building may be sold before completion only if:

- the land premium 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 works planning permit and a construction work commencement permit have been properly obtained;
- the funds invested in the development of the commodity buildings put to pre-sale represent 25% or more of the total investment in the project and the progress of works and the completion and delivery dates have been properly ascertained; and
- a pre-sale permit has been obtained through pre-sale registration.

In accordance with the *Measures for Administration of Sale Commodity Property* (商品房銷售管理辦法), commodity buildings may be put to post-completion sale and delivery after they have passed the completion examination and satisfy various preconditions for such sale. Before the post-completion sale of a commodity building, the developer must, among other things, submit the real estate development project manual and other documents relating to the project evidencing the satisfaction of the preconditions for post-completion sale to the real estate development authority for its record.

According to the *Regulations on Administration of Development of Urban Property* (城市房地產開發經營管理條例) and the *Urban Pre-sale Regulation*, for the pre-sale of a commodity property, the developer must sign a contract on the pre-sale of the commodity property with the purchaser. The developer must, within 30 days of signing the contract, apply for registration and filing of the contract for pre-sale of commodity property at the relevant departments of the municipal or county-level governments. Property administrative departments are required to use network information technology to gradually implement a web-based registration of pre-sale contracts.

On April 30, 2005, MOHURD and other departments issued *the Opinion on Stabilising Residential Property Prices* (關於做好穩定住房價格工作的意見) which provided the following with respect to commodity property pre-sales and sales:

- The purchaser of a pre-sold commodity property is prohibited from transferring such property that is still under construction. Before a pre-sold commodity property is completed and delivered and the purchaser obtains the individual property ownership certificate, the property administrative department must not give effect to any transfer of the commodity property. If there is discrepancy between the name of the applicant for property ownership and the name of the purchaser in the pre-sales contract, the property ownership registration administration must not record the application of property ownership; and

- A real name identification system must be applied to house purchase and an immediate record filing network system for pre-sale contracts of commodity buildings must be established.

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的有關問題的通知). 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, any real estate developer or real estate agency (''real estate operators'') is required to mark the selling price explicitly and clearly for both newly-build and second-hand commodity properties. The 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 properties purchasers with false or irregular price marking, nor engage in price fraud by using false or misleading price marking methods.

On October 10, 2016, MOHURD promulgated the *Circular on Further Regulating the Operation of Real Estate Developers to Protect the Real Estate Market Discipline* (關於進一步規範房地產開發企業經營行為維護房地產市場秩序的通知), which requires that improper operations of real estate developers shall be investigated and punished according to the applicable laws. The improper operations include releasing or spreading false housing information and advertisements, maliciously pushing higher and artificially inflating housing prices by fabricating or spreading information on rising property price and other operations.

MORTGAGE OF REAL ESTATE AND REAL ESTATE LOANS

Mortgage of Real Estate

Under the *Urban Real Estate Law,* the *PRC Guarantee Security Law* (中華人民共和國擔保法) promulgated by the Standing Committee of the NPC on June 30, 1995 and implemented on October 1, 1995, and the *Measures on the Administration of Mortgages of Urban Real Estate* (城市房地產抵押管理辦法) promulgated by MOHURD in May 1997 and as amended on August 15, 2001, when a mortgage is created on a property legally obtained, such mortgage must be simultaneously created on the land use rights of the land on which the property is situated. The land use rights of state-owned lands acquired through means of grant, when being mortgaged, the properties on the land must also be mortgaged at the same time. The mortgager and the mortgagee must sign a mortgage contract in writing. Within 30 days after a property mortgage contract is signed, the parties to the mortgage must register the mortgage with the property administrative authority at the location where the property is situated. A property mortgage contract will become effective on the date of registration of the mortgage. If a mortgage is created on the property in respect of which a building ownership certificate has been obtained, the registration authority must make an entry under the''third party rights'' item on the original building ownership certificate and then issue a certificate of third party rights to the mortgagee. If a mortgage is created on the commodity property put to pre-sale or under construction, the registration authority will record the details on the mortgage contract. If construction of a property is completed during the term of a mortgage, the parties involved must re-register the mortgage of the property after issuance of the certificates evidencing the ownership of the property.

The *Property Rights 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.

Property Development Loans and Loans for Individual Housing Consumption

PBOC issued the *Circular on Further Strengthening the Management of Loans for Property Business* (關於進一步加強房地產信貸業務管理的通知) on June 5, 2003 to specify the requirements for banks to provide loans for the purposes of residential development, individual residential properties and individual commercial properties as follows:

- The property loan by commercial banks to property enterprises must be granted only by the item of property development rather than cash flow loan item or other loan item. Any kind of loan cannot be granted for the projects which do not have land-use rights certificates, construction land planning permits, construction works planning permits and construction work commencement permits;

- Property loans may be granted to property enterprises which are qualified for property development, rank high in credibility and have no overdue payment for construction. Such loans must be given in full support of residential housing projects which conform to the purchasing capacity of families with medium-to-low income, and must be properly restricted where projects involve building properties of large size and/or cover large area, such as luxury commodity houses and villas. For property enterprises with commodity houses of high vacancy rate and debt ratio, strict approval procedures must be applied for their new property development loans and their activities must also be subject to close monitoring;

- Commercial banks shall not grant loans to property developers to pay off land premium;

The first instalment requirement was subsequently increased to 30% of the property price for residential units with a unit floor area of 90 sq.m. or more, effective on June 1, 2006. See ''— Measures on Property Price Stabilization'' below.

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 economically affordable houses, increasing the supply of ordinary commodity houses and controlling the construction of high quality commodity houses. Besides, the

government also staged a series of measures on the lending for residential development. They included, among others, strengthen efforts in housing provident fund collection and the granting of loans, improving the guarantee mechanism of individual home loans and strengthening the monitoring over property loans. It is expected that the circular will have a positive effect on the development of the PRC property market in the long run by facilitating a continuously healthy growth of the property market in China.

Pursuant to the *Guidance on Risk Management of Property Loans of Commercial Banks* (商業銀行房地產貸款風險管理指引) issued by CBRC on August 30, 2004, any property developer applying for property development loans must have at least 35% of capital required for the development.

According to the *171 Opinions*, FIREEs which have not paid up their registered capital, or failed to obtain a land-use rights certificate, or with less than 35% of the capital for the project, will be prohibited from obtaining a loan in or outside China, and SAFE may not approve the registration of foreign loans for such enterprises.

In September 2007, PBOC and CBRC promulgated a *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), supplemented by a supplemental circular issued in December 2007. The circular aims to tighten the control over real-estate loans from commercial banks to prevent excessive credit granting. The measures adopted 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 square meters 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 110% of the relevant PBOC benchmark one-year bank lending interest rate. If a member of a family (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 110% of the relevant PBOC benchmark lending interest rate, (iv) limiting the terms of such bank loans to no more than 10 years, although the commercial banks are allowed flexibility based on its risk assessment;

- for a purchaser 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;

- prohibiting commercial banks from providing loans to real-estate developers who have been found by relevant government authorities to be hoarding land and properties;

- prohibiting commercial banks from lending to real estate developers solely for the payment of land premiums; and

- commercial properties purchase by loans must have been completed and passed completion acceptance inspection.

On December 5, 2007, PBOC and CBRC jointly issued the *Supplemental Circular on Strengthening the Management of Commercial Real-estate Credit Loans* (關於加強商業性房地產信貸管理的補充通知), which clarifies that the times of property mortgage loans should be calculated on a family basis, including the borrower and his spouse and minor children.

On July 29, 2008, PBOC and CBRC jointly issued the *Notice on Promoting Economic Use of Land through Finance* (關於金融促進節約集約用地的通知). Commercial banks must provide financial support preferentially to the projects with economic use of land, such as the development of low-rent

housing, economically affordable housing, price-capped housing and properties with a total GFA of less than 90 sq.m. The commercial banks are prohibited from granting loans to the property developers for payment of land premium. The Notice emphasises tightening the policy requirements and management of loans to certain projects, including:

- the management of loans for construction projects. The commercial banks are prohibited from providing loans to (i) the projects which do not meet the relevant planning and control requirements, (ii) the projects which have illegal land use and (iii) the projects for which the relevant land falls into the catalogue of banned land use projects. Where a loan has already been granted to such a project, it must be gradually recovered provided that necessary protection measures have been taken. A financial institution must exercise caution in granting a loan to projects falls into the catalogue of restricted land use projects.

- the examination of loans for municipal infrastructures and industrial land use projects.

- the management of loans for rural collective construction land use projects. The commercial banks are prohibited from providing loans to the commercial projects which using rural collective land.

- the management of credit for commercial property development projects.

With respect to loans provided for land reservation in the form of mortgage, a land use rights certificate must be obtained. In addition, the maximum mortgage ratio must not exceed 70% of the appraised value of the underlying collateral and, in principle, the term of loan must not exceed two years. When the relevant land and resource authority confirms that an enterprise has developed less than 1/3 of the site area of land or has invested less than 1/4 of the total investment for the project after one year from the date of construction commencement as stipulated in the land grant contract, the commercial bank must exercise caution in granting loans to the enterprise and strictly control extended loans or rolling credits to it.

In December 2008, the General Office of State Council issued the *Opinions on Promoting the Healthy Development of Real Estate Market* (關於促進房地產市場健康發展的若干意見). The opinion provides that in order to expand domestic demand and encourage purchase of ordinary residential housing, residents who purchase ordinary self-used housing for the first-time by borrowing a mortgage loan must enjoy preferential policies in relation to loan interest rates and down payment. For residents who have already borrowed a mortgage loan and purchased self-occupied housing for the first time, if the GFA per person of that first housing is lower than the local average, such residents may still enjoy the preferential policies in relation to loan interest rates and down payment when they purchase a second self-occupied house. For any other application on mortgage loans for purchasing a second or subsequent housing unit, the interest rate must be determined by the commercial banks based on the benchmark interest rate and the banks' risk assessments.

In September 2010, PBOC and the CBRC jointly issued the *Notice on Relevant Issues Regarding the Improvement of Differential Mortgage Loan Policies* (關於完善差別化住房信貸政策有關問題的通知), which provides, among other things, that all property companies with records of being involved in idle land, changing the use of land, postponing the construction commencement or completion date, hoarding properties or other non-compliance will be restricted from obtaining bank loans for new projects or extension of credit facilities.

MEASUREMENTS ON PROPERTY PRICE STABILIZATION

On May 24, 2006, the General Office of State Council issued the *Notice on the Opinions on Adjusting the Housing Supply Structures and Stabilising Property Prices* (關於調整住房供應結構穩定住房價格的意見). The opinion stated, among other things, 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, at the same time, local government should focus on controlling the construction of high-end residential houses;

- To curb any speculation in the real estate market, a business tax, which is calculated based on the revenue of the property sale, would be levied from June 1, 2006 on the total revenue arising from any transfer by individuals of houses within five years from their purchase thereof or on the difference between the transfer price and the original price for any transfer of non-ordinary houses by individuals after five or more years from their initial purchase thereof; and

- 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 square meters or more, effective from June 1, 2006.

The *171 Opinions* aims to tighten the access of foreign capital into the PRC real estate market and to restrict property purchases in China by foreign institutions or individuals. It provides, among other things, 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$ 10.0 million. Branches and representative offices of foreign institutions in China as well as foreign individuals who work or study in China for more than one year may purchase commodity properties for their own use but not for any other purposes; foreign institutions which have no branches or representative offices in China or foreign individuals who work or study in China for less than one year are prohibited from purchasing any commodity properties in China. In September 2006, SAFE and MOHURD jointly issued the *Notice on Regulating Issues Relating to Management of Foreign Exchange of Real Estate Market* (關於規範房地產市場外匯管理有關問題的通知), or the *47 Notice*, to implement the *171 Opinions*. The *47 Notice* provides specific procedures for purchasing properties by foreign institutions and foreign individuals. The 47 Notice which was amended by *Notice of SAFE on Repealing and Amending Regulatory Documents Relating to Reform of Registered Capital Registration System* (國家外匯管理局關於廢止和修改涉及註冊資本登記制度改革相關規範性文件的通知) 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 relevant project.

In January 7, 2010, the General Office of State Council issued a *Notice on Facilitating the Stable and Healthy Development of Property Market* (關於促進房地產市場平穩健康發展的通知), which adopted a series of measures to strengthen and improve the regulation of the property market, stabilise market expectation and facilitate the stable and healthy development of the property market, which include, among others, measures to increase the supply of economic affordable housing and low-rent housing, provide guidance for the purchase of property, restrain speculation of properties, and strengthen risk prevention and market supervision. Additionally, it explicitly provides that the minimum down payment of a second or further residential property through mortgage financing for a family (including the borrower, the borrower's spouse and minor children) that has already purchased a residential property through mortgage financing shall be no less than 40% of the purchase price.

On April 17, 2010, the State Council issued a *Notice on Strict Control of the Escalation of Property Price in Certain Cities* (關於堅決遏制部分城市房價過快上漲的通知) to adopt a series of new measures to keep the property price from surging in certain cities in China. The new measures include, among others: Higher minimum down-payment requirement, control over bank lending, punishment of speculative developers and disclosure of property ownership.

On September 29, 2010, 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 PBOC for the purchase of a second residential property; and (ii) in municipalities directly under the central 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 March 30, 2015, MOF 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税政策的通知). Pursuant to the notice, business tax will be levied upon the transfer of a residential property held by an individual for less than two 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 two 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 two years or more will be exempted from the business tax.

The MLR 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) on February 15, 2012. 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 central 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 or medium sized residential housing. 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 ones, 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; bundled transfer of more than one parcel of land; 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; 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.

The Notice of the General Office of the State Council on Effectively Regulate the Real Estate Market (國務院辦公廳關於繼續做好房地產市場調控工作的通知) issued by the General Office of the State Council on February 26, 2013 provides that, with the view to continuing the regulation of the real estate market in 2013 and promoting the stable and healthy development of the real estate market, the following measures shall be taken:

- The provincial and municipal governments shall take their respective responsibilities in stabilising the prices in the real estate market;

- Purchase of properties for investment purposes shall be firmly restricted. Firstly, the measures of commodity properties purchase restriction shall be performed and further improved. All administrative regions of a municipality are covered by the aforementioned restriction policy no matter the property to be purchased is newly developed or second hand. A non-locally-registered family which (i) already has one or more properties; (ii) cannot provide the evidence of tax levy or social insurance payment for a certain term, is not allowed to purchase a new property within the local administrative region. Secondly, the policy of differentiated housing credit shall be strictly enforced. At last, tax authorities shall closely cooperate with departments of housing and urban-rural development of levy the individual income tax, which is payable on the sales of owner-occupied properties at 20% of the transfer income if the original value of the properties can be verified through historical information (such as tax collection and administration, property registration, etc.);

- The supply of ordinary commodity properties and land for property construction shall be increased;

- The planning and construction of affordable housing projects shall be accelerated;

- Market regulation and expectation management shall be strengthened. From 2013 onward, all regions shall raise the threshold of commodity properties pre-sale. Besides, the credit management of real estate development enterprises shall be reinforced. Relevant departments shall establish a joint action mechanism to mete out heavier punishments against real estate development enterprises that hold idle land, engage in land speculation, hoard properties, drive up prices or commit other illegalities or irregularities. Departments of land and resources shall prohibit such real estate development enterprises from bidding for new land plots, banking financial institutions shall not grant loans for their new development projects, securities regulatory authorities shall suspend the approval of their applications for listing, refinancing or major asset restructuring, and banking regulatory authorities shall prohibit them from raising funds through trust schemes.

PROPERTY MANAGEMENT

According to the *Regulation on Property Management* (物業管理條例) enacted by the State Council on June 8, 2003, effective September 1, 2003, and as amended on August 26, 2007, February 6, 2016 and further amended in March 19, 2018, which has deleted qualifications of property service enterprises, the government implements a qualification scheme system in monitoring the property service enterprises.

In accordance with the *Property Rights Law*, owners in a property project may engage or dismiss its property management company with the consent of more than half of the owners who in the aggregate hold more than 50% of the total non-communal area of the project.

MAJOR TAXES APPLICABLE TO PROPERTY DEVELOPERS

Income Tax

According to the *PRC Enterprise Income Tax Law* (中華人民共和國企業所得稅法), promulgated by the Standing Committee on March 16, 2007 as amended by the SCNPC on February 24, 2017 and December 29, 2018, or the *EIT Law*, a uniform income tax rate of 25% is currently applied to foreign invested enterprises in China as well as PRC enterprises. In addition, under the *EIT Law*, enterprises established under the laws of jurisdictions outside China with their "*de facto* management bodies"

located within mainland China may be considered PRC resident enterprises and therefore subject to PRC enterprise income tax at the rate of 25% on their worldwide income. The *EIT Law* provides that "*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.

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, 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 *EIT 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.

Furthermore, pursuant to the *EIT Law* and the *Implementation Rules on the Enterprise Income Tax* (企業所得稅法實施條例) promulgated by the State Council on December 6, 2007 and effective January 1, 2008, a reduced withholding tax rate of 10% will be applicable to any dividend payable by foreign-invested enterprises to their non-PRC enterprise investors. 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 will 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 of 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. According to the *Notice of the State Administration of Taxation, or SAT on issues regarding the Administration of Dividend Provisions in Tax Treaties* (國家稅務總局關於執行稅收協定股息條款有關問題的通知), which was promulgated on February 20, 2009, recipients of dividends paid by PRC enterprises must satisfy certain requirements in order to obtain a preferential income tax rate pursuant to a tax treaty. One such requirement is that the taxpayer must be the "beneficiary owner" of relevant dividends. In order for a corporate recipient of dividends paid by a PRC enterprise to enjoy preferential tax treatment pursuant to a tax treaty, such recipient must be the direct owner of a certain proportion of the share capital of the PRC enterprise at all times during the 12 months preceding its receipt of the dividends. In addition, the Announcement of the State Administration of Taxation on Issues concerning "Beneficial Owners" in Tax Treaties (國家稅務總局關於稅收協定中"受益所有人"的通知), promulgated by SAT on February 3, 2018 and effective April 1, 2018, defined the "beneficial owner" as a party who holds ownership and control over incomes or the rights or assets from which the incomes are derived.

Business Tax and Value Added Tax

Pursuant to the *Interim Regulations of the PRC on Business Tax* (中華人民共和國營業稅暫行條例(2008年修訂)) promulgated by the State Council on December 13, 1993 and implemented on January 1, 1994 and as amended on November 10, 2008, and the *Detailed Implementation Rules of the Interim Regulation of the PRC on Business Tax* (中華人民共和國營業稅暫行條例實施細則(2011年修訂)) issued and implemented by MOF on December 25, 1993 and as amended on December 15, 2008 and October 28, 2011, services in China are subject to business tax. The business tax rate is from 3% to 20% depending on the type of services provided. Taxable services include sale of real property in China. Sale of real properties and other improvements on the land attract a business tax at the rate of 5% of the turnover of the selling enterprise payable to the relevant local tax authorities.

On November 16, 2011, as approved by the State Council, the Ministry of Finance and the State Administration of Taxation promulgated the Pilot Plan for the Imposition of Value-Added Tax to Replace Business Tax (營業稅改征增值稅試點方案) (the "Pilot Plan"). According to the Pilot Plan, business establishments as specified in the Pilot Plan would pay Value-Added Tax ("**VAT**") instead of

business tax and the industries under the Pilot Plan would start from transportation services and certain modern services. The Pilot Plan also stated that leasing of tangible movable property would be subject to the VAT rate of 17%, transportation and construction services being subject to the rate of 11% and other modern services being subject to the rate of 6%. The Pilot Plan initially applied only to the transportation industry and certain modern service industries in Shanghai and expanded to nationwide in 2013.The industries under the Pilot Plan have also been expanded in the past years and at present include industries involving postal services, transportation services, research and development and technical services, information technology services, cultural and creative services, logistics and ancillary services, the leasing of tangible movable property, certification and consulting services, radio and television services and telecom services. On March 23, 2016, MOF and SAT issued Notice on Adjustment of Transforming Business Tax to Appreciation Tax (關於全面推開營業税改增值税試點的通知), which was became effective on May 1, 2016, providing that the sale of self-developed old real estate projects (refers to real estate projects launched time before April 30, 2016 as stated on the construction works commencement permit) by a general taxpayer among real estate developers shall be subject to a simple tax rate of 5%. Real estate developers selling real estate project by advance payment will be subject to an appreciation tax of 3% when receiving advance payment.

Pursuant to the Interim measures on the Management of Value Added Tax of Self-developed Real Estate Project by the Sale of Real Estate Developers (房地產開發企業銷售自行開發的房地產項目增值税徵收管理暫行辦法) issued on March 31, 2016 and effective on May 1, 2016 by SAT, ''self-development'' means infrastructure facilities and building erected on the land with land use rights which are developed by a real estate development company (''taxpayer''). These measures are also applicable to a development completed by a taxpayer after such project is taken over. The applicable rate of VAT is 11%. Nevertheless, for taxpayer conducting old real estate projects and who have chosen to apply the simplified tax method, the simplified rate of 5% will be applied in calculating the prepaid VAT. Once the simplified tax method is chosen, it will be applicable for 36 months.

On November 19, 2017, the Interim Regulations on Business Tax (中華人民共和國營業税暫行條例) was abolished and the Interim Regulations on Value added Tax (中華人民共和國增值税暫行條例) was revised by the State Council. According to the revised Interim Regulations on Value added Tax (中華人民共和國增值税暫行條例), selling goods, providing labor services of repair or maintenance, selling intangible assets or real property in the PRC and importing goods to the PRC shall be subject to value added tax.

Land Appreciation Tax

Under the *Provisional Regulations of the PRC on Land Appreciation Tax* (中華人民共和國土地增值税暫行條例) promulgated by the State Council on December 13, 1993 and became effective on January 1, 1994 and was amended on January 8, 2011 and its implementation rules which were promulgated by the MOF on January 27, 1995, any appreciation gain from a transfer of property is subject to LAT. LAT must be charged at four levels of progressive rates: 30% for the appreciation amount not more than 50% of the sum of deductible items; 40% for the appreciation amount more than 50% but not more than 100% of the sum of deductible items; 50% for the appreciation amount more than 100% but not more than 200% of the sum of deductible items; and 60% for the appreciation amount more than 200% of the sum of deductible items. The related deductible items aforesaid include the following:

- amount paid for obtaining the land use rights;
- costs and expenses for development of land;
- costs and expenses of new buildings and ancillary facilities;
- appraisal of old buildings and constructions;
- related tax payable for transfer of property; and
- other deductible items as specified by MOF.

SAT issued the *Notice on Improvement of the Administration of the Collection of Land Appreciation Tax* (關於認真做好土地增值稅徵收管理工作的通知) on July 10, 2002 to require local tax authorities to modify their management system of LAT collection and operational details, to formulate and implement a sound taxpaying declaration system for LAT, to improve the methods of prepayment of LAT.

On March 2, 2006, MOF and SAT issued the *Notice on Several Matters on Land Appreciation Tax* (關於土地增值稅若干問題的通知), as amended by the Notice of the MOF and the SAT on Relevant Land Appreciation Tax Policies for Enterprise Restructuring and Reorganization (財政部、國家稅務總局關於企業改制重組有關土地增值稅政策的通知), to clarify the relevant issues regarding LAT as follows:

- The notice clarifies the application of LAT exemption on sales of ordinary residential properties built by real estate developer and transfer of ordinary residential properties by individuals;

- The notice also provides that, where any developer develops ordinary residential properties as well as commercial properties, the land appreciation amount must be separately calculated and verified;

- As to the advance collection and settlement of LAT, the notice requires all local LAT collection departments to design their LAT prepayment rate in a reasonable manner, and to adjust it on a timely basis according to the appreciation of the property, the local market development and the specific property categories, such as ordinary residential properties, non-ordinary residential properties and commercial properties. The notice also require that LAT settlement be conducted upon the completion of a property project in a timely manner, and return the overcharge and demand the payment of the shortage;

- As to any LAT that has not been prepaid within the advance collection period, the overdue fines must be imposed and collected as of the day following the expiration of the prescribed advance collection period according to the PRC law on the Administration of Tax Collection and its implementation rules; and

- As to any property has received its certificate of completion, and the saleable GFA of the project that has been transferred constitutes more than 85% of the total saleable GFA, the tax authorities may require the relevant taxpayer to settle LAT on the transferred properties in proportion to the income generated from, and items of deduction relating to, the transferred properties, with the specific LAT settlement procedures to be provided by local tax authorities at provincial-level governments.

On December 28, 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 further amended on June 15, 2018. Pursuant to the notice, a real estate developer must settle the LAT payment in full with the relevant tax authorities at the applicable LAT rates with respect to its property projects that have come to meet the LAT settlement criteria. For projects developed in stages, LAT must also be settled in stages. LAT must be settled if (i) the property project has been completed and fully sold; or (ii) the property developer has transferred the whole incomplete property project to another party; or (iii) the underlying land use rights with respect to a property project has been transferred. In addition, the relevant tax authorities may require the developer to settle the LAT if any one of the following criteria is met: (i) for completed property projects, the sold GFA represents more than 85% of total saleable GFA or, if such proportion is less than 85%, the remaining saleable GFA is subject to leasing arrangements or is used by the developer; (ii) the property project has not been completely sold for more than three years after obtaining the pre-sale permit or the certificate of completion; (iii) the developer is applying for cancellation of its tax registration without having settled the relevant LAT; and (iv) other situations stipulated by the local provincial tax authorities.

The notice also provides that, if a property developer has committed any of the following acts, the tax authorities are required to levy and collect LAT at a rate no lower than the LAT pre-payment rate of enterprises with a similar development scale and income level in the locality: (i) failure to maintain its

accounting books required by the laws and regulations; (ii) destruction of its accounting books without authorization or failure to provide its tax information; (iii) its accounting books are not in proper order, with its supporting income and cost vouchers damaged and incomplete, so as to make it difficult to determine the sales revenue or the proper amount of deductible items; (iv) failure to complete the LAT settlement within the prescribed period, and such failure is not cured within the period required by the relevant tax authorities; or (v) the basis for tax calculation as submitted is obviously lower than supportable. Local tax authorities at the provincial level may formulate their implementation rules according to the notice and local circumstances.

On May 12, 2009, SAT issued the *Administrative Rules for the Settlement of Land Appreciation Tax* (土地增值税清算管理規程), which became effective on June 1, 2009. The rules reiterate the LAT settlement requirements, and further stipulate procedures for the examination and verification with respect to the LAT settlement to be followed by the tax authorities.

On May 19, 2010, SAT promulgated the *Notice on Issues Regarding Land Appreciation Tax Settlement* (關於土地增值税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 Tax* (關於加強土地增值税徵管工作的通知), 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 delegate to the local tax authorities to determine the applicable LAT prepayment rates based on the types of the properties in their respective regions.

Deed Tax

Pursuant to the *Interim Regulations of the People's Republic of China on Deed Tax* (中華人民共和國契税暫行條例) promulgated by the State Council on July 7, 1997, implemented on October 1, 1997 and further amended on March 2, 2019, a deed tax is chargeable to transferees of land use rights and/or property ownership within the territory of China. The rate of deed tax ranges from 3% to 5% to be determined by the governments at the provincial level and reported to MOF and SAT for record.

Urban Land Use Tax

Pursuant to the *Provisional Regulations of the People's Republic of China Governing Land Use Tax in Urban Areas* (中華人民共和國城鎮土地使用税暫行條例) promulgated by the State Council on September 27, 1988, further amended by the State Council on December 7, 2013 and March 2, 2019, the land use tax in respect of urban land is levied on the units (including FIREEs) and individuals using the land within cities, counties, administrative towns, industries and mining areas. The annual tax on each sq.m. of urban land is between RMB0.6 and RMB30 in terms of the location of lands and is to be collected according to the tax rate determined by the local tax authorities.

Building Tax

Under the *Interim Regulations of the People's Republic of China on Real Property Tax* (中華人民共和國房產税暫行條例) promulgated by the State Council on September 15, 1986, implemented on October 1, 1986, and amended on January 8, 2011, real property tax is levied at 1.2% calculated on the basis of the residual value of a property and at 12% calculated on the basis of the rental income.

ENVIRONMENTAL PROTECTION

The laws and regulations governing the environmental protection for real estate developments in China include the *PRC Environmental Protection Law* (中華人民共和國環境保護法), the *PRC Environmental 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 *Administrative Regulations on Environmental Protection for Development Projects* (建設項目環境保護管理條例). Pursuant to these laws and regulations, depending on the impact of the project on the environment, an environmental impact report, an environmental impact analysis table or an

environmental impact registration form must be submitted by a developer before the relevant authorities will grant approval for the commencement of construction of the real estate development. In addition, upon completion of the real estate development, the relevant environmental regulatory authorities will also inspect the property project to ensure compliance with the applicable environmental protection standards and regulations before the property project may be delivered to the purchasers.

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 government 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 foreign currency payments received under current account may be retained pursuant to the relevant regulations. Payments of current-account items may be remitted in foreign currencies without prior approval from the relevant SAFE authorities by complying with certain procedural requirements. The foreign currency receipts and remittances under current account should have a genuine and legitimate basis, and financial institutions processing such transactions must verify the authenticity of the relevant transaction documents and their consistency with the foreign currency receipts or remittances. However, to keep or convert any foreign currency payment under capital account requires pre-approval from the relevant SAFE authorities, unless specifically exempted under applicable regulations. If a regulatory pre-approval is not specifically required, payment of capital-account items may be remitted in foreign currency directly to financial institutions, provided that valid documentation is presented. Foreign exchange transactions involving foreign direct investment, foreign debts and outbound investment in securities and derivatives are subject to limitations and require approvals from the relevant SAFE authorities.

The *Notice on Regulating Issues Relevant to Administration of Foreign Exchange in Real Estate Market* (關於規範房地產市場外匯管理有關問題的通知) jointly issued by SAFE and MOHURD On September 1, 2006 which was amended by *Notice of SAFE on Repealing and Amending Regulatory Documents Relating to Reform of Registered Capital Registration System* (國家外匯管理局關於廢止和修改涉及註冊資本登記制度改革相關規範性文件的通知), provided: (i) where a FIREE fails to acquire a land use rights certificate or to make its capital funding for a development project amounting to 35% of the total investment to the project, the SAFE authorities will not handle its foreign debt registration or approve its settlement of foreign exchange funds; (ii) where a foreign institution or individual merges a domestic real estate enterprise by way of share transfer or any other ways, or acquires shares of the Chinese partner of an equity joint venture, but fails to pay the transfer price in a lump sum with its/his own fund, the SAFE authorities will not process the registration of foreign exchange proceeds from transfer of equities; (iii) the domestic and foreign investors of a FIREE may not enter into an agreement or undertaking that promises a fixed return in any form to any party, or the SAFE authorities will not process the foreign exchange registration or registration modification for the FIREE, and (iv) the funds in the foreign exchange account in the name of a foreign investor in a domestic bank may not be used for the property development or operation of the FIREE.

On July 4, 2014, the SAFE issued the Notice on Issues Relating to the Administration of Foreign Exchange for Overseas Investment and Financing and Reverse Investment by Domestic Residents via Special Purpose Vehicles《關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》, or Notice 37, which replaced the Notice on Issues Relating to the Administration of Foreign Exchange for the Financing and Reverse Investment by Domestic Residents via Offshore Special Purpose Vehicles issued by SAFE in October 2005, or Notice 75. Pursuant to Notice 37, any PRC residents, including both PRC institutions and individual residents, are required to register with the local SAFE branch before making contribution to a company set up or controlled by the PRC residents outside of the PRC for the purpose of overseas investment or financing with their legally owned domestic or offshore assets or interests, referred to in this Notice as a "special purpose vehicle." Under Notice 37, the term "PRC institutions" refers to entities with legal person status or other economic organizations established within the territory of the PRC. The term "PRC individual residents" includes all PRC citizens (also including PRC citizens abroad) and foreigners who habitually reside in the PRC for economic benefits. A registered special purpose vehicle is required to amend its SAFE registration in the event of any change of basic information including PRC individual resident shareholder, name, term of operation, or PRC individual resident's increase or decrease of capital, transfer or exchange of shares, merger, division or other material changes. In addition, if a non-listed special purpose vehicle grants any

equity incentives to directors, supervisors or employees of domestic companies under its direct or indirect control, the relevant PRC individual residents could register with the local SAFE branch before exercising such options. The SAFE simultaneously issued a series of guidance to its local branches with respect to the implementation of Notice 37.

On March 30, 2015, SAFE issued the Circular on Reforming the Management Approach Concerning the Settlement of Foreign Currency Capital 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》, effective as of June 1, 2015, which provides that, (i) the capital of foreign-invested enterprises and capital in Renminbi obtained from foreign exchange settlement shall not be (a) directly or indirectly used for the payment beyond the business scope of the enterprises or the payment prohibited by national laws and regulations; (b) directly or indirectly used for investment in securities unless otherwise provided by laws and regulations; (c) directly or indirectly used for granting the entrust loans in Renminbi (unless permitted by the scope of business), repaying the inter-enterprise borrowings (including advances by the third party) or repaying the bank loans in Renminbi that have been sub-lent to the third party; and (d) used for paying the expenses related to the purchase of real estate not for self-use, except for the foreign-invested real estate enterprises; (ii) except for transfer of equity investment in the original currency, foreign-invested enterprises with investment as the primary business are permitted to directly settle the foreign exchange capital or transfer the capital in Renminbi in the Account Pending for Foreign Exchange Settlement Payment to the account of invested enterprises based on the actual investment scale on the premise that the domestic investment project is authentic and compliant.

On June 9, 2016, SAFE issued the Circular on Reforming and Regulating the Policies on the Control over Foreign Exchange Settlement of Capital Account 《關於改革和規範資本項目結匯管理政策的通知》which provides that, among others, (i) foreign invested enterprise may go through the foreign exchange settlement for their foreign debts at its own discretion; (ii) foreign exchange receipts of capital account, including foreign exchange capital, foreign debts, and repatriated funds raised through overseas listing, subject to discretionary settlement as expressly prescribed in the relevant policies, provisionally, may be settled up to 100% with banks according to the actual need of domestic enterprises for business operation and (iii) foreign exchange receipts of capital account and the receipt in Renminbi obtained from foreign exchange settlement shall not be (a) directly or indirectly used for the payment beyond the business scope of the enterprises or the payment prohibited by national laws and regulations; (b) directly or indirectly used for investment in securities unless otherwise provided by law and regulations; (c) used for the granting of loans to non-affiliated enterprises unless otherwise permitted in business scope of licenses; and (d) except for real estate enterprises, used for the construction or purchase of real estate for purposes other than self-use.

DIVIDEND DISTRIBUTION

The principal PRC regulations governing the distribution of dividends by our PRC subsidiaries are (i) The Company Law, as amended in 2005 and 2014, (ii) The Wholly Foreign-Owned Enterprise Law (as amended); and (iii) The Sino-foreign Equity Joint Venture Law (as amended).

Under these regulations, FIEs in China may only pay dividends out of their accumulated profits, if any, determined in accordance with PRC accounting standards and regulations. In addition, a FIE in China is required to set aside at least 10% of its post-tax income each year, if any, to fund a reserve fund until the accumulated reserve amounts to 50% of its registered capital. These reserves are not distributable as cash dividends.

TAXATION

The following summary of certain Bermuda, British Virgin Islands, Hong Kong and PRC tax consequences of the purchase, ownership and disposition of the Notes is based upon applicable laws, regulations, rulings and decisions in effect as of the date of this offering memorandum, all of which are subject to change (possibly with retroactive effect). This discussion does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Notes and does not purport to deal with consequences applicable to all categories of investors, some of which may be subject to special rules. Neither these statements nor any other statements in this offering memorandum are to be regarded as advice on the tax position of any holder of the Notes or any persons acquiring, selling or otherwise dealing in the Notes or on any tax implications arising from the acquisition, sale or other dealings in respect of the Notes. Persons considering the purchase of the Notes should consult their own tax advisers concerning the possible tax consequences of buying, holding or selling any Notes under the laws of their country of citizenship, residence or domicile.

BERMUDA

Tax

At the present time, there are no Bermuda taxes on profits, income or dividends, nor is there any capital gains tax, estate duty or inheritance tax payable by the Issuer. The Issuer is required to pay an annual government fee (the "Government Fee"), which is determined on a sliding scale by reference to the Issuer's authorised share capital and share premium account, with the minimum fee being BD$2,095 and the maximum fee being BD$32,676 (the Bermuda dollar is treated at par with the US dollar). The Government Fee is payable at the end of January in every year and is based on the authorised share capital and share premium account as they stood at August 31 in the preceding year.

The Bermuda government has enacted legislation under which the Minister of Finance of Bermuda is authorised to give an assurance to an exempted company or a partnership that, in the event of there being enacted in Bermuda any legislation imposing tax computed on profits or income or computed on any capital asset, gain or appreciation, then the imposition of any such tax shall not be applicable to such entity or any of its operations. In addition, there may be included an assurance that any such tax or any tax in the nature of estate duty or inheritance tax, shall not be applicable to the shares, LLC interest, debentures or other obligations of such entity. An assurance has been obtained by the Issuer for a period ending March 31, 2035, but this assurance will not prevent the imposition of Bermuda tax payable in relation to any land in Bermuda leased or let to the Issuer or to persons ordinarily resident in Bermuda.

Stamp Duty

The Issuer is exempt from all stamp duties except on transactions involving "Bermuda property". This term relates, essentially, to real and personal property physically situated in Bermuda, including shares in local companies (as opposed to exempted companies).

BRITISH VIRGIN ISLANDS

A British Virgin Islands business company is exempt from all provisions of the Income Tax Ordinance of the British Virgin Islands including with respect to all dividends, interests, rents, royalties, compensations and other amounts payable by the company to persons who are not resident in the British Virgin Islands. There is no capital gain tax, estate or inheritance tax payable by persons who are not persons resident in the British Virgin Islands.

HONG KONG

Withholding Tax

No withholding tax is payable in Hong Kong in respect of payments of principal, premium (if any) or interest in respect of the Notes or in respect of any capital gains arising from the sale of the Notes.

Profits Tax

Hong Kong profits tax is chargeable on every person carrying on a trade, profession or business in Hong Kong in respect of 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 by the Inland Revenue Department, Hong Kong profits tax may be charged on revenue profits arising on the sale, disposal or redemption of the Notes where such sale, disposition or redemption is or forms part of a trade, profession or business carried on in Hong Kong. Interest payments on the Notes will be subject to Hong Kong profits tax where such payments have a Hong Kong source, and are received by or accrue to:

(a) a financial institution (as defined in the Inland revenue Ordinance) and arise through or form the carrying on by the financial institution of its business in Hong Kong; or

(b) a corporation carrying on a trade, profession or business in Hong Kong; or

(c) a person, other than a corporation, carrying on a trade, profession or business in Hong Kong and such interest payment 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 disposition of the Notes where such transactions are or form part of a trade, profession or business carried on in Hong Kong.

Stamp Duty

No Hong Kong stamp duty will be chargeable upon the issue or transfer of a Note (for so long as the register of holder of the Notes is maintained outside Hong Kong).

PRC

The following summary of certain PRC tax consequences of the purchase, ownership and disposition of 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 Notes and does not purport to deal with consequences applicable to all categories of investors, some of which may be subject to special rules. Persons considering the purchase of Notes should consult their own tax advisers concerning the tax consequences of the purchase, ownership and disposition of Notes, including such possible consequences under the laws of their country of citizenship, residence or domicile.

Taxation on Interest

The EIT Law and the Implementation Rules on the Enterprise Income Tax, effective January 1, 2008, impose a tax at the rate of 10% on interest paid to holders of the Notes that are ''non-resident enterprises'' so long as any such ''non-resident enterprise'' holder does not have an establishment or place of business in China or, despite the existence of establishment or place of business in China, the relevant income is not effectively connected with such establishment or place of business in China, to the extent such interest is sourced within China. Pursuant to these provisions of the EIT Law, if we are considered a PRC resident enterprise, interest payable to non-resident enterprise holders on the Notes will be treated as income derived from sources within China and be subject to the PRC withholding tax.

To the extent that China has entered into arrangements relating to the avoidance of double-taxation with any jurisdiction, such as Hong Kong, that allow a lower rate of withholding tax, such lower rate may apply to qualified investors in the Notes.

Taxation on Capital Gains

The EIT Law and the Implementation Rules on the Enterprise Income Tax impose a tax at the rate of 10% on capital gains realised by holders of the Notes that are ''non-resident enterprises'' so long as any such ''non-resident enterprise'' holder does not have an establishment or place of business in China or, despite the existence of establishment or place of business in China, the relevant gain is not effectively connected with such establishment or place of business in China, to the extent such capital gains are sourced within China. Pursuant to these provisions of the EIT Law, if we are considered a PRC resident enterprise, the capital gains realised by non-resident enterprise holders of the Notes will be treated as income derived from sources within China and be subject to the PRC tax. To the extent that China has entered into arrangements relating to the avoidance of double-taxation with any jurisdiction, such as Hong Kong, that allow a lower rate of withholding tax, such lower rate may apply to qualified investors in the Notes.

Stamp Duty

No PRC stamp tax will be chargeable upon the issue or transfer (for so long as the register of holders of the Notes is maintained outside PRC) of the Notes.

PLAN OF DISTRIBUTION

Guotai Junan Securities (Hong Kong) Limited and Haitong International Securities Company Limited are the initial purchasers (the "Initial Purchasers") to this offering and are acting as the Joint Global Coordinators, the Joint Bookrunners and Joint Lead Managers to this offering. Subject to the terms and conditions contained in a purchase agreement dated June 17, 2019 (the "Purchase Agreement"), each Initial Purchaser has agreed to purchase from us, and we have agreed to sell to such Initial Purchaser, the following principal amount of the Notes set forth opposite such Initial Purchaser's name.

Initial Purchasers	Principal Amount
	US$
Guotai Junan Securities (Hong Kong) Limited	US$100,000,000
Haitong International Securities Company Limited	US$100,000,000
Total	US$200,000,000

The Purchase Agreement provides that the obligation of each of the Initial Purchasers to pay for and accept delivery of the Notes is several and not joint and subject to certain other conditions. The Purchase Agreement may be terminated by the Initial Purchasers in certain circumstances prior to the payment of the Notes.

The Initial Purchasers initially propose to offer the Notes to investors at the offering price set forth on the cover page of this offering memorandum outside the United States in reliance on Regulation S under the Securities Act. See "Transfer Restrictions." After the initial offering, the Initial Purchasers may change the offering price and any other selling terms. The Initial Purchasers may offer and sell Notes through certain of their affiliates.

We and the Subsidiary Guarantors have agreed to jointly and severally indemnify the Initial Purchasers against certain liabilities, including liabilities under the Securities Act, and to contribute to payments which the Initial Purchasers may be required to make in respect thereof. We and the Subsidiary Guarantors will pay the Initial Purchasers customary fees and commissions in connection with the offering and will reimburse the Initial Purchasers for certain expenses incurred in connection with this offering. In addition, we have agreed with the Initial Purchasers that certain private banks will be paid a commission in connection with the purchase of the Notes by their private bank clients. This commission will be based on the principal amount of the Notes so distributed, and may be deducted from the purchase price for the Notes payable by such private banks upon settlement.

The Notes are a new issue of securities with no established trading market. We will seek a listing of the Notes on the SGX-ST. Approval in-principle has been received from the SGX-ST for the listing and quotation of the Notes on the SGX-ST. In connection with this offering of the Notes, each of the Initial Purchasers (or any person acting on behalf of it) may, to the extent permitted by applicable laws and regulations, engage in transactions that stabilize, maintain or otherwise affect the price of the Notes. Specifically, the Initial Purchasers may over allot the offering, creating a syndicate short position. In addition, the Initial Purchasers may bid for, and purchase, the Notes in the open market to cover syndicate shorts or to stabilize the price of the Notes. Any of these activities, which may be effected in the over-the-counter market or otherwise, may stabilize or maintain the market price of the Notes above independent market levels. However, the Initial Purchasers are not obligated or required to engage in these activities, and may end any of these activities at any time at their sole discretion without prior notice. No assurance can be given as to the liquidity of, or the trading market for, the Notes.

We have agreed that, for a period of 30 days from the date of this offering memorandum, we will not, without the prior written consent of the Initial Purchasers, offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, or announce the offering of, any debt securities issued or guaranteed by us and having a tenor of more than one year (other than (i) the Notes and (ii) any such debt securities offered in any private placement). The Initial Purchasers in their sole discretion may consent to the offering and sales of debt securities by us at any time without notice.

We expect that delivery of the Notes will be made free of payment therefor on or about the date specified on the cover page of this offering memorandum, which we expect will be on or about the third business day following the pricing date of the Notes (this settlement cycle being referred to as "T+3"). Purchasers who wish to trade Notes prior to that date will be required, by virtue of the fact that the Notes initially will settle in T+3, to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement and should consult their own legal adviser.

Investors who purchase Notes from the Initial Purchasers may be required to pay stamp taxes and other charges in accordance with the laws and practices of the country of purchase in addition to the offering price set forth on the cover page of this offering memorandum.

The Initial Purchasers and their affiliates may have in the past engaged, and may in the future engage, in transactions with and perform services, including financial advisory services brokerage, wealth management, private equity, trading and investment banking services, for us and our affiliates in the ordinary course of business, for which they received or will receive customary fees and expenses. Furthermore, we may enter into hedging or other derivative transactions as part of our risk management strategy with the Initial Purchasers, which may include transactions relating to our obligations under the Notes. Our obligations under these transactions may be secured by cash or other collateral.

In connection with this offering of the Notes, the Initial Purchasers and/or their affiliate(s) may act as an investor for its own account and may take up Notes in this offering and in that capacity may retain, purchase or sell for its own account such securities and any securities of the Issuer or related investments and may offer or sell such securities or other investments otherwise than in connection with this offering. Accordingly, references herein to the Notes being offered should be read as including any offering of the 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.

Selling Restrictions

General

No action is being taken or is contemplated in any jurisdiction that would permit a public offering of the Notes or possession or distribution of any preliminary offering memorandum or offering memorandum or any amendment thereof, any supplement thereto or any other offering material relating to the Notes in any jurisdiction where, or in any other circumstance in which, action for those purposes is required.

United States

The Notes and the Subsidiary Guarantees have not been and will not be registered under the Securities Act and, subject to certain exceptions, may not be offered or sold within the United States.

The Notes and the Subsidiary Guarantees are being offered and sold outside of the United States in reliance on Regulation S.

In addition, until 40 days after the commencement of the offering of the Notes and the Subsidiary Guarantees, an offer or sale of the Notes or the Subsidiary Guarantees within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

Prohibition of sales to EEA retail investors

Each of the initial purchasers has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the EEA.

For the purposes of this provision, the expression ''retail investor'' means a person who is one (or more) of the following:

(a) a retail client as defined in point (11) of Article 4(1) of MiFID II; or

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

United Kingdom

Each Initial Purchaser has represented and agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Subsidiary Guarantors and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

Singapore

Each Initial Purchaser has acknowledged that this offering memorandum has not been and will not be registered as a prospectus with the Monetary Authority of Singapore (the ''MAS'') under the Securities and Futures Act (Chapter 289 of Singapore) (the ''SFA''). Accordingly, each Initial Purchaser has represented and agreed that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this offering memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor under Section 274 of the SFA, (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

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

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

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

(1) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(2) where no consideration is or will be given for the transfer;

(3) where the transfer is by operation of law;

(4) as specified in Section 276(7) of the SFA; or

(5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore.

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

Hong Kong

Each Initial Purchaser has represented and agreed that:

(a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (i) to ''professional investors'' as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (ii) 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 or which do not constitute an offer to the public within the meaning of that Ordinance; and

(b) 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 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 Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to ''professional investors'' as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the ''Financial Instruments and Exchange Act''). Accordingly, each Initial Purchaser has represented and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

PRC

Each Initial Purchaser has represented and agreed that the Notes are not being offered or sold and may not be offered or sold, directly or indirectly, in the People's Republic of China (for such purposes, not including the Hong Kong and Macau Special Administrative Regions or Taiwan), except as permitted by the securities laws of the People's Republic of China.

Bermuda

No offer or invitation may be made to the public in Bermuda to subscribe for the Notes and each Initial Purchaser has represented and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes to any person, firm or company regarded as a resident of Bermuda for exchange control purposes or in Bermuda.

British Virgin Islands

Each Initial Purchaser has represented and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes to any person resident or domiciled in the British Virgin Islands, other than a Business Company incorporated in the British Virgin Islands that is not resident in the British Virgin Islands, and the Notes will not be offered or sold, directly or indirectly, in the British Virgin Islands.

TRANSFER RESTRICTIONS

Because of the following restrictions, purchasers are advised to consult their legal counsel prior to making any offer, sale, resale, pledge or other transfer of the Notes.

The Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any) have not been and will not be registered under the Securities Act and may not be offered or sold within the United States except in accordance with Regulation S or pursuant to another exemption from the registration requirements of the Securities Act. Accordingly, the Notes are being offered and sold only outside the United in offshore transactions in reliance on Regulation S under the Securities Act. As used herein, the term ''United States'' has the meaning given to them in Regulation S.

By its purchase of the Notes, including the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any), each purchaser will be deemed to have:

1. represented that it is purchasing the Notes in an offshore transaction in accordance with Regulation S;

2. represented that it is purchasing the Notes, including the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any), for its own account or an account with respect to which it exercises sole investment discretion and that it and any such account is outside the United States;

3. acknowledged that the Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any) have not been and will not be registered under the Securities Act and that the Notes may not be offered or sold within the United States except in accordance with Regulation S, pursuant to registration under the Securities Act, or pursuant to an available exemption from registration;

4. agreed that it will inform each person to whom it transfers the Notes of any restrictions on the transfer of such Notes;

5. acknowledged that neither we nor the Initial Purchasers nor any person representing us or the Initial Purchasers have made any representation to you with respect to us or the offering of the Notes, other than the information contained in this offering memorandum. You represented that you are relying only on this offering memorandum in making your investment decision with respect to the Notes. You agreed that you have had access to such financial and other information concerning us and the Notes as you have deemed necessary in connection with your decision to purchase the Notes including an opportunity to ask questions of and request information from us;

6. represented that you are purchasing the 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 Notes in violation of the Securities Act;

7. acknowledged that the Notes will be represented by the Global Note; and

8. acknowledged that each Note will contain a legend substantially to the following effect:

   THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE ''SECURITIES ACT''), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, SUCH REGISTRATION.

You also acknowledge that the Company, the Subsidiary Guarantors, the JV Subsidiary Guarantors (if any), the Transfer Agent, the Registrar, the Initial Purchasers and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements. You agree that if any of the acknowledgements, representations or agreements you are deemed to have made by your purchase of the Notes is no longer accurate, you will promptly notify the Company, the Subsidiary Guarantors, the JV Subsidiary Guarantors (if any), the Transfer Agent, the Registrar and the Initial Purchaser. If you are acquiring any Notes as a fiduciary or agent for one or more investor accounts, you represent that you have sole investment discretion with respect to each such account and that you have full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

RATINGS

The Notes are expected to be assigned a rating of "B3" by Moody's, "B–" by S&P and "B" by Fitch. We have received corporate ratings of "B" with a stable outlook from S&P, "B" with a positive outlook by Fitch and "B2" with a positive outlook 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. We cannot assure you that the ratings will remain in effect for any given period or that the ratings will not be revised by such rating agencies in the future if in their judgment circumstances so warrant.

LEGAL MATTERS

Certain legal matters with respect to the Notes will be passed upon for us by Sidley Austin as to matters of the United states federal and New York law and Hong Kong law, King & Wood Mallesons as to matters of PRC law, Conyers Dill & Pearman as to matters of Bermuda law and British Virgin Islands law.

Certain legal matters will be passed upon for the Initial Purchasers by Linklaters as to the matters of the United States federal and New York law and JunHe LLP as to matters of PRC law.

INDEPENDENT AUDITORS

The consolidated financial statements as of and for the years ended December 31, 2016, 2017 and 2018 included in this offering memorandum have been extracted from our audited consolidated financial statements as of and for the years ended December 31, 2017 and 2018, which have been audited by PricewaterhouseCoopers, independent certified public accountants, as stated in their reports appearing herein.

Clearing Systems and Settlement

The Notes have been accepted for clearance through the facilities of Euroclear and Clearstream. Certain trading information with respect to the Securities is set forth below:

	ISIN	Common Code
The Notes	XS2015582716	201558271

Listing of the Notes

Approval in-principle has been received from the SGX-ST for the listing and quotation of the Notes on the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in this offering memorandum. Approval in-principle from, admission to the Official List of, and listing and quotation of the Notes on, the SGX-ST are not to be taken as an indication of the merits of the Company, the Subsidiary Guarantors, the JV Subsidiary Guarantors (if any) or any other subsidiary or associated company of the Company, the Notes, the Subsidiary Guarantees or the JV Subsidiary Guarantees. For so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require, the Notes, if traded on the SGX-ST, will be traded in a minimum board lot size of S$200,000 (or its equivalent in foreign currencies). Accordingly the Notes, if traded on the SGX-ST, will be traded in a minimum board lot size of US$200,000.

For so long as any Notes are listed on the SGX-ST and the rules of the SGX-ST so require, in the event that the Global Note is exchanged for individual definitive notes, we shall appoint and maintain a paying agent in Singapore, where the individual definitive notes may be presented or surrendered for payment or redemption. In addition, in the event that the Global note is exchanged for individual definitive notes, an announcement of such exchange shall be made by or on behalf of us through the SGX-ST. Such announcement will include all material information with respect to the delivery of the definitive notes, including the details of the paying agent in Singapore.

No Material Adverse Change

There has been no adverse change, or any development reasonably likely to involve an adverse change, in the condition (financial or otherwise) of our general affairs since December 31, 2017 that is material in the context of the issue of the Notes.

Consents

We have obtained all the necessary consents, approvals and authorizations in Bermuda, the British Virgin Islands and Hong Kong in connection with the issue and performance of the Notes and the Subsidiary Guarantee. The entering into of the Indenture and the issue of the Notes have been authorized by a resolution of our board of directors dated June 11, 2019.

Litigation

Except as disclosed in this offering memorandum, there are no legal or arbitration proceedings against or affecting us, any of our subsidiaries or any of our assets, nor are we aware of any pending or threatened proceedings, which are or might be material in the context of this issue of the Notes or the Subsidiary Guarantees.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Audited consolidated financial statements as of and for the year ended December 31, 2018

	Page	2018 Annual Report[(1)]
Independent Auditor's Report	F-2	107
Consolidated Statement of Comprehensive Income	F-11	116
Consolidated Balance Sheet	F-14	119
Consolidated Statement of Changes in Equity	F-17	122
Consolidated Statement of Cash Flows	F-19	124
Notes to the Consolidated Financial Statements	F-21	126

Audited consolidated financial statements as of and for the year ended December 31, 2017

	Page	2017 Annual Report[(1)]
Independent Auditor's Report	F-230	103
Consolidated Statement of Comprehensive Income	F-239	112
Consolidated Balance Sheet	F-241	114
Consolidated Statement of Changes in Equity	F-244	117
Consolidated Statement of Cash Flows	F-246	119
Notes to the Consolidated Financial Statements	F-248	121

Note:

(1) The audited consolidated financial statements set out herein have been reproduced from our annual reports for the years ended December 31, 2017 and 2018 and page references are referred to pages set forth in the relevant annual reports.

pwc

羅兵咸永道

To the Shareholders of Landsea Green Group Co., Ltd.
(incorporated in Bermuda with limited liability)

OPINION
WHAT WE HAVE AUDITED

The consolidated financial statements of Landsea Green Group Co., Ltd. (the "Company") and its subsidiaries (the "Group") set out on pages 116 to 334, which comprise:

- the consolidated balance sheet as at 31 December 2018;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

致朗詩綠色集團有限公司股東
(於百慕達註冊成立之有限公司)

意見
我們已審計的內容

朗詩綠色集團有限公司(以下簡稱「貴公司」)及其附屬公司(以下統稱「貴集團」)列載於第116至334頁的綜合財務報表，包括：

- 於二零一八年十二月三十一日的綜合資產負債表；
- 截至該日止年度的綜合全面收益表；
- 截至該日止年度的綜合權益變動表；
- 截至該日止年度的綜合現金流量表；及
- 綜合財務報表附註，包括主要會計政策概要。

22/F Prince's Building, Central, Hong Kong
Tel: +852 2289 8888 Fax: +852 2810 9888

香港中環太子大廈廿二樓
電話: +852 2289 8888 傳真: +852 2810 9888

OUR OPINION

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

我們的意見

我們認為，該等綜合財務報表已根據香港會計師公會頒佈的《香港財務報告準則》真實而中肯地反映了貴集團於二零一八年十二月三十一日的綜合財務狀況及其截至該日止年度的綜合財務表現及綜合現金流量，並已遵照香港《公司條例》的披露規定妥為擬備。

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

意見的基礎

我們已根據香港會計師公會頒佈的《香港審計準則》進行審計。我們在該等準則下承擔的責任已在本報告「核數師就審計綜合財務報表承擔的責任」部分中作進一步闡述。

我們相信，我們所獲得的審計憑證能充足及適當地為我們的意見提供基礎。

INDEPENDENCE

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.

獨立性

根據香港會計師公會頒佈的《專業會計師道德守則》(以下簡稱「守則」)，我們獨立於貴集團，並已履行守則中的其他專業道德責任。

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 year. 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 identified in our audit are summarised as follows:

- Classification of Subsidiary, Joint Venture and Associate;
- Revenue recognition for development management service.

關鍵審計事項

關鍵審計事項是根據我們的專業判斷，認為對本年綜合財務報表的審計最為重要的事項。這些事項是在我們審計整體綜合財務報表及出具意見時進行處理的。我們不會對這些事項提供單獨的意見。

從我們的審計中識別出的關鍵審計事項概述如下：

- 附屬公司、合營企業及聯營公司的分類；
- 開發管理服務收入確認。

Key Audit Matter 關鍵審計事項	How our audit addressed the Key Audit Matter 我們的審計如何處理關鍵審計事項
Classification of Subsidiary, Joint Venture and Associate ***附屬公司、合營企業及聯營公司的分類*** Refer to note 4(a) (Classification of subsidiary, joint venture and associate), note 16 (Interests in associates), note 17 (Interests in joint ventures) and note 38 (Disposal of subsidiaries) of the consolidated financial statements. 請參閱綜合財務報表附註4(a)(附屬公司、合營企業及聯營公司的分類)、附註16(於聯營公司的權益)、附註17(於合營企業的權益)及附註38(出售附屬公司)。 The Group invests in certain properties projects with various other parties under various arrangements. According to the terms of these arrangements, the Group classifies the investments into subsidiary, joint venture or associate. As of 31 December 2018, the Group had investments in joint ventures and associates with carrying amount of RMB2,596.05 million and RMB1,315.71 million, respectively. At the same time, the Group has non-wholly owned subsidiaries with total non-controlling interest of RMB377.34 million. For the year ended 31 December 2018, the Group recognized gain from derecognition of subsidiaries due to loss of control while retained these investments as joint ventures and associates. These gains amounted to RMB150.10 million which represents 6.64% of profit before tax. 貴集團根據各項安排與不同其他各方投資若干物業項目。根據該等安排的條款，貴集團將該等投資分類為附屬公司、合營企業或聯營公司。於二零一八年十二月三十一日， 貴集團擁有合營企業及聯營公司，賬面值分別為人民幣2,596.05百萬元及人民幣1,315.71百萬元。同時，貴集團擁有非全資附屬公司，其非控制性權益總額人民幣377.34百萬元。截至二零一八年十二月三十一日止年度，貴集團終止確認失去控制權的附屬公司而確認利得，該等投資保留為合營企業及聯營公司。其利得為人民幣150.10百萬元，相當於除税前利潤的6.64%。	We understood, evaluated and tested the relevant control over the Group's classification of subsidiary, joint venture and associate. 我們瞭解、評估並檢驗貴集團附屬公司、合營企業及聯營公司的分類所用相關控制因素。 For material investments, individually or in aggregate, we challenged management's assessment and performed the following audit procedures: 就重大投資(個別或合計)而言，我們質疑管理層的評估，並進行以下審計程序： We examined the legal documents associated with the investments, to determine the key terms, including rights of the investors, terms of shareholders' agreements, dispute resolution provisions, termination provisions, governance structures and profit-sharing arrangements, and assessed these key terms against the classification criteria. 我們審查與投資有關的法律文件，以釐定關鍵條款，包括投資者的權利、股東協議的條款、爭議解決條文、終止條文、管治架構及利潤分成安排，然後基於分類準則評估該等條款。 When there have been subsequent changes to the shareholders' agreements or governance structures, we assessed whether these changes would impact the initial assessments by management. 在股東協議或管治結構出現後續變動時，我們評估該等變動是否影響了管理層的初步評估。

Key Audit Matter 關鍵審計事項	How our audit addressed the Key Audit Matter 我們的審計如何處理關鍵審計事項
The classification and change of classification of the Group's investment involves significant judgement in determining the levels of control and influence based on a number of criteria. The classification has significant impact on the Group's consolidated statements of comprehensive income and consolidated balance sheet due to their effect on consolidation scope. 貴集團投資以按多項準則釐定不同層次的控制權及影響力進行分類及分類變動涉及重要判斷。分類因其在綜合範圍的影響使然，其對貴集團的綜合全面收益表及綜合資產負債表有重大影響。 We, therefore, consider classification of subsidiary, joint venture and associate a Key Audit Matter. 因此，我們認為附屬公司、合營企業及聯營公司的分類屬關鍵審計事項。	We sought for written confirmations or communicated verbally with co-operating parties, to confirm the contract clauses and completeness of contracts and agreements we obtained and whether there are any subsequent supplementary contracts and agreements or amendments. 我們通過書面確認或與合作方口頭溝通，尋求確認我們取得的合約及協議的條款及完整性，以及是否有後續補充合約及協議或修訂。 We assessed whether the considerations paid for acquisitions or received from disposals of investments represent the fair market value in an arm's length transactions when there was acquisition or disposal. 我們評估了於收購投資時支付或出售投資時收取的代價是否代表於收購或投資的公平交易中的公平市價。 We evaluated the adequacy of the Group's disclosures in respect of the classification and carrying values of subsidiary, joint venture, and associate against the accounting standards adopted by the Group. 我們評估了貴集團對附屬公司、合營企業及聯營公司的分類及其賬面值的披露依據以及貴集團採納的會計準則是否充分。 Based on our audit procedures performed, we consider the judgements made by management regarding the classification of subsidiary, joint venture and associate were supported by evidences we gathered. 基於我們執行的審計程序，我們認為管理層對附屬公司、合營企業及聯營公司的分類的判斷得到我們所收集憑證的支持。

Key Audit Matter 關鍵審計事項	How our audit addressed the Key Audit Matter 我們的審計如何處理關鍵審計事項

Revenue recognition for development management services recognized over period
於期內確認的開發管理服務收入確認

Refer to note 2.29 (a) (ii) (Accounting policy for revenue recognition of management services), note 4 (h) (Critical accounting estimates and judgements for revenue recognition for management services recognized over period) and note 5 (Revenue) of the consolidated financial statements.
請參閱綜合財務報表附註2.29(a)(ii)(管理服務收入確認的會計政策)、附註4(h)(於期內確認的管理服務費收入確認的關鍵會計估計及判斷)及附註5(收入)。

For the year ended 31 December 2018, the Group recorded revenue from development management services recognized over period amounted to RMB394.28 million (note 5), representing approximately 5.2% of the Group's total revenue.
截至二零一八年十二月三十一日止年度，貴集團的於期內確認的開發管理服務收入為人民幣394.28百萬元(附註5)，相當於貴集團總收入約5.2%。

The Group provides development management services for fixed amount or variable amount and recognizes revenue from services over period of time. Significant accounting estimate is involved in the determination of progress towards complete satisfaction of performance, the cost budget and the projected sales and there is significant audit effort on revenue.
貴集團按固定及浮動金額提供開發管理服務，並於期內確認服務收入。釐定完工履約進度時涉及重大會計估計，包括成本預算及估計銷售額，該等收入相關審計工作量非常重大。

We, therefore, consider the revenue recognition for development management services recognized over period a Key Audit Matter.
因此，我們認為於期內確認的開發管理服務收入確認為關鍵審計事項。

We understood, evaluated and tested the controls over revenue recognition for development management services recognized over period.
我們了解、評估及檢驗於期內確認的開發管理服務收入確認所用控制因素。

We assessed if the estimate on progress towards complete satisfaction of performance obligation based on the Group's inputs is reasonable and consistently applied. In respect of cost incurred and cost to completion, we tested actual costs incurred to supporting evidence, performed site visit to project, and agreed cost to completion to approved budgets. We compared, with hindsight, the actual costs incurred with the budget of previous years to assess the reliability of the budget.
我們評估根據本集團的輸入資料計算的達成完工履約責任的進度估計是否合理且貫徹應用。關於已產生成本及竣工成本，我們檢查實際產生成本至支持性憑證，進行項目實地考察，並檢查竣工成本是否與獲批預算相符。我們以實際產生成本與過往年度的預算作事後比較，從而評估該預算的可靠性。

We assessed the reasonableness and sensitivity of management estimation for cost to completion with comparison to similar projects of the Group and actual costs variance to budget by stage.
我們通過比較貴集團的類似項目、各階段實際成本與預算之間的差異評估管理層對竣工成本之估計的合理性及敏感性。

For estimation in respect of projected sales, we compared projected sales volume and price to similar projects and available market data including registered selling prices for transaction, and also offer prices of properties nearby with similar characteristics.
預計銷售估計方面，我們比較類似項目的預計銷售額及價格和交易所定售價及特徵相若的鄰近物業報價等現有市場數據。

We considered the accounting estimates used in revenue recognition for development management services recognized over period were supported by the evidences we gathered.
我們認為我們所收集憑證能夠支持於期內確認的開發管理服務收入確認所採用的會計估計。

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the chairman's statement and management discussion and analysis (but not include the consolidated financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the corporate information, financial summary/financial review, financial highlights, breakdown of major properties, directors and senior management, report of the directors and corporate governance report which are expected to be made available to us after that date.

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.

When we read the corporate information, financial summary/financial review, financial highlights, breakdown of major properties, directors and senior management, report of the directors and corporate governance report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and take appropriate action considering our legal rights and obligations.

其他信息

貴公司董事須對其他信息負責。其他信息包括我們於本核數師報告日期前取得的主席報告及管理層討論及分析所載信息(但不包括綜合財務報表及我們的核數師報告),以及我們預期於該日後始獲提供的公司資料、財務概要／財務回顧、財務摘要、主要物業詳情、董事及高級管理層、董事局報告及企業管治報告。

我們對綜合財務報表的意見並不涵蓋其他信息,我們亦不對該等其他信息發表任何形式的鑒證結論。

結合我們對綜合財務報表的審計,我們的責任是閱讀其他信息,在此過程中,考慮其他信息是否與綜合財務報表或我們在審計過程中所了解的情況存在重大抵觸或者似乎存在重大錯誤陳述的情況。

基於我們已執行的工作,如果我們認為其他信息存在重大錯誤陳述,我們需要報告該事實。在這方面,我們沒有任何報告。

當我們閱讀公司資料、財務概要／財務回顧、財務摘要、主要物業詳情、董事及高級管理層、董事局報告及企業管治報告時,倘我們認為當中有重大錯誤陳述,我們須與董事就該等事宜溝通,並應我們的法律權利及責任採取適當行動。

RESPONSIBILITIES OF DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is 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. We report our opinion solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda 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 scepticism throughout the audit. We also:

董事及審核委員會就綜合財務報表須承擔的責任

貴公司董事須負責根據香港會計師公會頒佈的《香港財務報告準則》及香港《公司條例》的披露規定擬備真實而中肯的綜合財務報表，並對其認為為使綜合財務報表的擬備不存在由於欺詐或錯誤而導致的重大錯誤陳述所需的內部控制負責。

在擬備綜合財務報表時，董事負責評估貴集團持續經營的能力，並在適用情況下披露與持續經營有關的事項，以及使用持續經營為會計基礎，除非董事有意將貴集團清盤或停止經營，或別無其他實際的替代方案。

審核委員會須負責監督貴集團的財務報告過程。

核數師就審計綜合財務報表承擔的責任

我們的目標，是對綜合財務報表整體是否不存在由於欺詐或錯誤而導致的重大錯誤陳述取得合理保證，並出具包括我們意見的核數師報告。我們僅按照百慕達一九八一年《公司法》第90條向閣下(作為整體)報告我們的意見，除此之外本報告別無其他目的。我們不會就本報告的內容向任何其他人士負責或承擔任何法律責任。合理保證是高水平的保證，但不能保證按照《香港審計準則》進行的審計，在某一重大錯誤陳述存在時總能發現。錯誤陳述可以由欺詐或錯誤引起，如果合理預期它們單獨或滙總起來可能影響綜合財務報表使用者依賴綜合財務報表所作出的經濟決定，則有關的錯誤陳述可被視作重大。

在根據《香港審計準則》進行審計的過程中，我們運用了專業判斷，保持了專業懷疑態度。我們亦：

- 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.

- 識別和評估由於欺詐或錯誤而導致綜合財務報表存在重大錯誤陳述的風險，設計及執行審計程序以應對這些風險，以及獲取充足和適當的審計憑證，作為我們意見的基礎。由於欺詐可能涉及串謀、偽造、蓄意遺漏、虛假陳述，或凌駕於內部控制之上，因此未能發現因欺詐而導致的重大錯誤陳述的風險高於未能發現因錯誤而導致的重大錯誤陳述的風險。

- 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.

- 了解與審計相關的內部控制，以設計適當的審計程序，但目的並非對貴集團內部控制的有效性發表意見。

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- 評價董事所採用會計政策的恰當性及作出會計估計和相關披露的合理性。

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- 對董事採用持續經營會計基礎的恰當性作出結論。根據所獲取的審計憑證，確定是否存在與事項或情況有關的重大不確定性，從而可能導致對貴集團的持續經營能力產生重大疑慮。如果我們認為存在重大不確定性，則有必要在核數師報告中提請使用者注意綜合財務報表中的相關披露。假若有關的披露不足，則我們應當發表非無保留意見。我們的結論是基於核數師報告日止所取得的審計憑證。然而，未來事項或情況可能導致貴集團不能持續經營。

- 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.

- 評價綜合財務報表的整體列報方式、結構和內容，包括披露，以及綜合財務報表是否中肯反映相關交易和事項。

- 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.

- 就貴集團內實體或業務活動的財務信息獲取充足、適當的審計憑證，以便對綜合財務報表發表意見。我們負責集團審計的方向、監督和執行。我們為審計意見承擔全部責任。

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

除其他事項外，我們與審核委員會溝通了計劃的審計範圍、時間安排、重大審計發現等，包括我們在審計中識別出內部控制的任何重大缺陷。

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

我們還向審核委員會提交聲明，說明我們已符合有關獨立性的相關專業道德要求，並與他們溝通有可能合理地被認為會影響我們獨立性的所有關係和其他事項，以及在適用的情況下，相關的防範措施。

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

從與審核委員會溝通的事項中，我們確定哪些事項對本期間綜合財務報表的審計最為重要，因而構成關鍵審計事項。我們在核數師報告中描述這些事項，除非法律法規不允許公開披露這些事項，或在極端罕見的情況下，如果合理預期在我們報告中溝通某事項造成的負面後果超過產生的公眾利益，則我們決定不應在報告中溝通該事項。

The engagement partner on the audit resulting in this independent auditor's report is Esmond S. C. Kwan.

出具本獨立核數師報告的審計項目合夥人是關瑞翔。

PricewaterhouseCoopers
Certified Public Accountants

羅兵咸永道會計師事務所
執業會計師

Hong Kong, 22 March 2019

香港，二零一九年三月二十二日

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
綜合全面收益表

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

		Note 附註	For the year ended 截至十二月三十一日止年度 31 December 2018 二零一八年 RMB'000 人民幣千元	31 December 2017 二零一七年 RMB'000 人民幣千元
Revenue	收入	5	**7,560,526**	6,213,931
Cost of sales and services	銷售及服務成本	9	**(5,406,474)**	(4,690,410)
Gross profit	**毛利**		**2,154,052**	1,523,521
Other income	其他收益	7	**171,562**	150,704
Selling expenses	銷售費用	9	**(243,990)**	(119,889)
Administrative expenses	行政費用	9	**(568,935)**	(420,235)
Fair value gain on investment properties	投資性物業的公允價值利得	18	**7,363**	28,910
Other gains/(losses) — net	其他利得／(損失)淨額	8	**374,110**	11,991
Operating profit	**經營利潤**		**1,894,162**	1,175,002
Finance income	財務收入	10	**23,750**	10,120
Finance costs	財務費用	10	**(323,018)**	(249,045)
Finance costs — net	財務費用淨額	10	**(299,268)**	(238,925)
Share of net profit of associates	應佔聯營公司利得	16	**408,854**	169,453
Share of net profit of joint ventures	應佔合營企業利得	17	**257,991**	21,881
Profit before income tax	**除所得稅前利潤**		**2,261,739**	1,127,411
Income tax expenses	所得稅費用	11	**(821,169)**	(406,570)
Profit for the year	**年度利潤**		**1,440,570**	720,841

		Note 附註	For the year ended 截至十二月三十一日止年度 **31 December 2018** **二零一八年** **RMB'000** **人民幣千元**	31 December 2017 二零一七年 RMB'000 人民幣千元
Other comprehensive (loss)/income	**其他全面(虧損)／收益**			
Items that may be reclassified to profit or loss:	*可能重新分類至損益的項目：*			
— Exchange difference on translation of foreign operations	— 換算海外業務產生的匯兑差額		**(126,796)**	145,300
Items that will not be reclassified to profit or loss:	*將不會重新分類至損益的項目：*			
— Revaluation gain on the property transferring from property, plant and equipment to investment properties	— 自不動產、工廠及設備轉移至投資性物業的物業重估利得	18	**14,515**	–
Other comprehensive (loss)/income for the year, net of tax	**本年度其他全面(虧損)／收益，扣除税項**		**(112,281)**	145,300
Total comprehensive income for the year	**年度全面收益總額**		**1,328,289**	866,141
Profit for the year attributable to:	**年度利潤歸屬於：**			
— The shareholders of the Company	— 本公司股東		**1,112,774**	580,523
— Non-controlling interests	— 非控制性權益		**327,796**	140,318
			1,440,570	720,841

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
綜合全面收益表

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

		Note 附註	For the year ended 截至十二月三十一日止年度 31 December 2018 二零一八年 RMB'000 人民幣千元	31 December 2017 二零一七年 RMB'000 人民幣千元
Total comprehensive income for the year attributable to:	**年度全面收益總額歸屬於：**			
— The shareholders of the Company	— 本公司股東		**998,260**	744,968
— Non-controlling interests	— 非控制性權益		**330,029**	121,173
			1,328,289	866,141
Earnings per share attributable to the shareholders of the Company for the year (expressed in RMB per share)	**歸屬於本公司股東的年度每股收益（以每股人民幣列示）**			
Basic earnings per share	每股基本收益		**RMB 人民幣元**	RMB 人民幣元
		12	**0.27**	0.14
Diluted earnings per share	每股稀釋收益		**RMB 人民幣元**	RMB 人民幣元
		12	**0.24**	0.13

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

上述綜合全面收益表應與隨附附註一併閱讀。

CONSOLIDATED BALANCE SHEET
綜合資產負債表

As at 31 December 2018 於二零一八年十二月三十一日

		Note 附註	**31 December 2018 二零一八年十二月三十一日 RMB'000 人民幣千元**	31 December 2017 二零一七年十二月三十一日 RMB'000 人民幣千元
ASSETS	**資產**			
Non-current assets	**非流動資產**			
Investment properties	投資性物業	18	**505,630**	319,830
Property, plant and equipment	不動產、工廠及設備	19	**1,234,573**	656,245
Intangible assets	無形資產	20	**2,279**	–
Interests in associates	於聯營公司的權益	16	**1,315,706**	983,077
Interests in joint ventures	於合營企業的權益	17	**2,596,047**	1,885,436
Trade and other receivables, prepayments and deposits	應收賬款及其他應收款、預付款及訂金	25	**2,168,445**	1,552,361
Deferred income tax assets	遞延所得稅資產	30	**352,469**	237,735
Goodwill	商譽		**9,460**	9,460
			8,184,609	5,644,144
Current assets	**流動資產**			
Properties held for sale	持作銷售物業	21	**876,881**	847,831
Properties under development	開發中房地產	23	**8,688,579**	6,658,882
Inventories	庫存	22	**116,561**	52,069
Contract assets	合約資產	5	**107,941**	–
Trade and other receivables, prepayments and deposits	應收賬款及其他應收款、預付款及訂金	25	**2,676,639**	3,493,788
Financial assets at fair value through profit or loss	按公允價值計入損益的金融資產	26	**176,809**	–
Restricted cash	受限制現金	27	**542,299**	281,952
Cash and cash equivalents	現金及現金等價物	27	**5,404,956**	3,341,835
			18,590,665	14,676,357
Total assets	**總資產**		**26,775,274**	20,320,501

CONSOLIDATED BALANCE SHEET
綜合資產負債表

As at 31 December 2018 於二零一八年十二月三十一日

		Note 附註	31 December 2018 二零一八年十二月三十一日 RMB'000 人民幣千元	31 December 2017 二零一七年十二月三十一日 RMB'000 人民幣千元
LIABILITIES	**負債**			
Non-current liabilities	**非流動負債**			
Trade and other payables	應付賬款及其他應付款	28	**2,829,643**	2,731,823
Borrowings	借款	29	**6,341,015**	3,254,957
Deferred income tax liabilities	遞延所得稅負債	30	**122,556**	75,537
			9,293,214	6,062,317
Current liabilities	**流動負債**			
Trade and other payables	應付賬款及其他應付款	28	**6,912,769**	4,064,098
Advanced proceeds received from customers	向客戶收取的預付款項		**13,869**	4,051,066
Contract liabilities	合約負債	5	**4,510,186**	–
Borrowings	借款	29	**683,580**	2,174,458
Current income tax liabilities	即期所得稅負債		**600,761**	270,499
			12,721,165	10,560,121
Total liabilities	**總負債**		**22,014,379**	16,622,438

		Note 附註	**31 December 2018 二零一八年 十二月三十一日 RMB'000 人民幣千元**	31 December 2017 二零一七年 十二月三十一日 RMB'000 人民幣千元
EQUITY	**權益**			
Capital and reserves attributable to the shareholders of the Company	**歸屬於本公司股東的資本及儲備**			
Share capital	股本	31	**38,702**	31,800
Convertible perpetual securities	可換股永久證券	33	**–**	495,425
Reserves	儲備	34	**4,344,853**	2,964,716
			4,383,555	3,491,941
Non-controlling interests	非控制性權益	35	**377,340**	206,122
Total equity	**總權益**		**4,760,895**	3,698,063
Total liabilities and equity	**總負債及權益**		**26,775,274**	20,320,501

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

上述綜合資產負債表應與隨附附註一併閱讀。

The financial statements on pages 116 to 334 were approved by the Board of Directors on 22 March 2019 and were signed on its behalf.

第116至334頁所載的財務報表已於二零一九年三月二十二日經董事局批准，並由以下人士代表簽署。

Zhou Qin
周勤
Director
董事

Shen Leying
申樂瑩
Director
董事

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
綜合權益變動表

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

		Notes 附註	Attributable to the shareholders of the Company 歸屬於本公司股東					
			Share Capital (note 31) 股本（附註 31） RMB'000 人民幣千元	Convertible Perpetual securities (note 33) 可換股永久證券（附註 33） RMB'000 人民幣千元	Reserves (note 34) 儲備（附註 34） RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元	Non-controlling interests (note 34) 非控制性權益（附註 34） RMB'000 人民幣千元	Total equity 總權益 RMB'000 人民幣千元
At 1 January 2018 as originally presented	**於二零一八年一月一日，按原先呈列**		**31,800**	**495,425**	**2,964,716**	**3,491,941**	**206,122**	**3,698,063**
Changes in accounting policies	會計政策變動	2.2.1	**–**	**–**	**(44,671)**	**(44,671)**	**(1,006)**	**(45,677)**
Restated balance at 1 January 2018	**二零一八年一月一日經重列結餘**		**31,800**	**495,425**	**2,920,045**	**3,447,270**	**205,116**	**3,652,386**
Profit for the year	**年度利潤**		**–**	**–**	**1,112,774**	**1,112,774**	**327,796**	**1,440,570**
Other comprehensive loss	**其他全面虧損**							
Exchange differences on translation of foreign operations	換算海外業務產生的匯兑差額		**–**	**–**	**(129,029)**	**(129,029)**	**2,233**	**(126,796)**
Revaluation gain on the property transferring from property, plant and equipment to investment properties	自不動產、工廠及設備轉移至投資性物業的物業重估利得	18	**–**	**–**	**14,515**	**14,515**	**–**	**14,515**
Total comprehensive income for the year	**年度全面收益總額**		**–**	**–**	**998,260**	**998,260**	**330,029**	**1,328,289**
Issue of ordinary shares as capitalisation of shareholder loans	就股東貸款資本化發行普通股	31	**3,000**	**–**	**251,997**	**254,997**	**–**	**254,997**
Shares held for share award scheme	就股份獎勵計劃而持有的股份	32	**–**	**–**	**(17,486)**	**(17,486)**	**–**	**(17,486)**
Contribution from non-controlling interests	非控制性權益注資	35	**–**	**–**	**–**	**–**	**13,498**	**13,498**
Acquisition of subsidiaries	收購附屬公司	37	**–**	**–**	**–**	**–**	**17,247**	**17,247**
Distribution to non-controlling interests	向非控制性權益分派	35	**–**	**–**	**–**	**–**	**(188,550)**	**(188,550)**
Accrued distribution to holders of convertible perpetual securities	可換股永久證券持有人應計分派	33	**–**	**29,599**	**(29,599)**	**–**	**–**	**–**
Distributions to holders of convertible perpetual securities	向可換股永久證券持有人分派	33	**–**	**(51,648)**	**–**	**(51,648)**	**–**	**(51,648)**
Conversion of convertible perpetual securities to ordinary shares	將可換股永久證券兑換為普通股	33	**3,902**	**(364,220)**	**360,318**	**–**	**–**	**–**
Redemption of convertible perpetual securities	贖回可換股永久證券	33	**–**	**(109,156)**	**–**	**(109,156)**	**–**	**(109,156)**
Dividend declared	已宣派股息	13	**–**	**–**	**(138,682)**	**(138,682)**	**–**	**(138,682)**
Subtotal of transactions with shareholders	**與股東交易小計**		**6,902**	**(495,425)**	**426,548**	**(61,975)**	**(157,805)**	**(219,780)**
At 31 December 2018	**於二零一八年十二月三十一日**		**38,702**	**–**	**4,344,853**	**4,383,555**	**377,340**	**4,760,895**

			Attributable to the shareholders of the Company 歸屬於本公司股東					
		Notes 附註	Share Capital (note 31) 股本（附註31） RMB'000 人民幣千元	Convertible Perpetual securities (note 33) 可換股永久證券（附註33） RMB'000 人民幣千元	Reserves (note 34) 儲備（附註34） RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元	Non–controlling interests (note 34) 非控制性權益（附註34） RMB'000 人民幣千元	Total equity 總權益 RMB'000 人民幣千元
At 1 January 2017	**於二零一七年一月一日**		31,800	484,204	2,384,652	2,900,656	152,060	3,052,716
Profit for the year	**年度利潤**		–	–	580,523	580,523	140,318	720,841
Other comprehensive income	**其他全面收益**							
Exchange differences on translation of foreign operations	換算海外業務產生的匯兑差額		–	–	164,445	164,445	(19,145)	145,300
Total comprehensive income for the year	**年度全面收益總額**		–	–	744,968	744,968	121,173	866,141
Shares held for share award scheme	就股份獎勵計劃持有的股份		–	–	(6,543)	(6,543)	–	(6,543)
Accrued distribution of holders of convertible perpetual securities	可換股永久證券持有人應計分派	33	–	19,679	(19,679)	–	–	–
Contribution from non-controlling interests	非控制性權益注資	35	–	–	–	–	24,674	24,674
Acquisition of subsidiaries	收購附屬公司		–	–	–	–	137,010	137,010
Transaction with non-controlling interests	與非控制性權益的交易	35	–	–	–	–	(134,044)	(134,044)
Distribution to non-controlling interests	向非控制性權益分派	35	–	–	–	–	(61,344)	(61,344)
Distributions to holders of convertible perpetual securities	向可換股永久證券持有人分派	33	–	(8,458)	–	(8,458)	–	(8,458)
Deemed disposal of subsidiaries	視作出售附屬公司						(33,407)	(33,407)
Dividend declared	已宣派股息	13	–	–	(138,682)	(138,682)	–	(138,682)
Subtotal of transactions with shareholders	**與股東交易小計**		–	11,221	(164,904)	(153,683)	(67,111)	(220,794)
At 31 December 2017	**於二零一七年十二月三十一日**		31,800	495,425	2,964,716	3,491,941	206,122	3,698,063

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

上述綜合權益變動表應與隨附附註一併閱讀。

CONSOLIDATED STATEMENT OF CASH FLOWS
綜合現金流量表

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

		Note 附註	For the year ended 截至十二月三十一日止年度 31 December 2018 二零一八年 RMB'000 人民幣千元	31 December 2017 二零一七年 RMB'000 人民幣千元
Cash flows from operating activities	**經營活動的現金流量**			
Cash generated from operations	經營所得現金	36	**2,526,325**	1,448,120
Taxes paid	已付稅項		**(675,417)**	(401,092)
Interest paid	已付利息		**(524,154)**	(415,030)
Net cash generated from operating activities	*經營活動所得現金淨額*		**1,326,754**	631,998
Cash flows from investing activities	**投資活動的現金流量**			
Interest received	已收利息		**94,489**	10,120
Capital injection to joint ventures	於合營企業注資	17	**(669,792)**	(1,000,444)
Capital injection to associates	於聯營公司注資	16	**(400)**	(12,138)
Dividend from joint ventures	來自合營企業的股息	17	**239,724**	–
Dividend from associates	來自聯營公司的股息	16	**33,200**	72,000
Proceeds from disposal of subsidiaries, net of cash and cash equivalents	出售附屬公司所得款項，扣除現金及現金等價物	38	**134,268**	776,199
Payment for acquisition of subsidiaries, net of cash and cash equivalents	就收購附屬公司付款，扣除現金及現金等價物	37	**(184,368)**	(1,946,561)
Proceeds from disposal of joint ventures	出售合營企業所得款項	17	**24,000**	24,850
Purchases of property, plant and equipment	購買不動產、工廠及設備		**(668,727)**	(646,760)
Proceeds from disposal of property, plant and equipment	出售不動產、工廠及設備所得款項		**1**	21
Development expenditure for internally generated software	內部開發軟件開發成本	20	**(2,279)**	–
Funding to related parties	向關聯方出資	39(f)	**(1,872,775)**	(324,319)
Collection of funding to related parties	收回向關聯方提供的資金	39(f)	**1,892,797**	1,278,253
Advance to non-controlling interests	向非控制性權益墊款		**(49,550)**	(13,500)
Collection of advance to non-controlling interests	收回向非控制性權益墊款		**112,091**	–
Lendings to third parties	貸款予第三方		**–**	(93,460)
Collection of lending to third parties	收回向第三方作出的借款		**19,802**	–
Acquisition of financial assets at fair value through profit or loss	收購按公允價值計入損益的金融資產		**(174,134)**	–
Decrease in investing related restricted cash	投資相關受限制現金減少	27	**(30,000)**	–
Net cash used in investing activities	*投資活動所用現金淨額*		**(1,101,653)**	(1,875,739)

			For the year ended 截至十二月三十一日止年度	
			31 December 2018 二零一八年	31 December 2017 二零一七年
		Note 附註	**RMB'000 人民幣千元**	RMB'000 人民幣千元
Cash flows from financing activities	**融資活動的現金流量**			
Proceeds from borrowings	借款所得款項	29	**6,248,362**	2,887,033
Repayment of borrowings	償還借款	29	**(4,789,111)**	(2,319,051)
Proceeds from related parties	來自關聯方的所得款項	39(f)	**2,320,053**	2,080,044
Repayment to related parties	向關聯方還款	39(f)	**(1,374,887)**	(453,230)
Funding from non-controlling interests	來自非控制性權益的資金		**3,373**	17,813
Repayment of funding from non-controlling interests	向非控制性權益還款		**(14,167)**	(110,651)
Contribution from non-controlling interests	非控制性權益注資	35	**13,498**	24,674
Distribution to non-controlling interests	非控制性權益的分派	35	**(188,550)**	(61,344)
Dividends to shareholders of the Company	已付本公司股東的股息	13	**(136,537)**	(138,682)
Distributions to holders of convertible perpetual securities	可換股永久證券持有人的分派	33	**(51,648)**	(8,458)
Redemption of convertible perpetual securities	贖回可換股永久證券	33	**(109,156)**	–
Acquisition of additional interest in a subsidiary	收購一間附屬公司的額外權益		**–**	(81,900)
Increase in financing related restricted cash	融資相關受限制現金增加	27	**(216,575)**	(40,833)
Net cash generated from financing activities	*融資活動所得現金淨額*		**1,704,655**	1,795,415
Net increase in cash and cash equivalents	**現金及現金等價物增加淨額**		**1,929,756**	551,674
Cash and cash equivalents at 1 January	於一月一日的現金及現金等價物		**3,341,835**	2,761,130
Effect of foreign exchange rate changes	外幣匯率變動影響		**133,365**	29,031
Cash and cash equivalents at 31 December	**於十二月三十一日的現金及現金等價物**	27	**5,404,956**	3,341,835

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

上述綜合現金流量表應與隨附附註一併閱讀。

1 GENERAL INFORMATION

Landsea Green Group Co., Ltd. (the "Company") was incorporated in Bermuda as an exempted company with limited liability. The addresses of its registered office and principal place of business are Clarendon House, 2 Church Street, Hamilton, HM11, Bermuda and Unit 5103, 51/F., The Center, 99 Queen's Road Central, Hong Kong. The Company's shares are listed on The Stock Exchange of Hong Kong Limited ("SEHK").

The Company is an investment holding company. Details of the activities of its principal subsidiaries are set out in note 42 to the consolidated financial statements. The Company and its subsidiaries are referred to as the "Group" hereinafter. The Group is principally engaged in development and sales of properties, provision of management services and leasing of long-term rental apartments.

The immediate holding company and the ultimate controlling shareholder of the Company are Greensheid Corporation, a company established in the British Virgin Islands (the "BVI") and 朗詩集團股份有限公司 (Landsea Group Co., Ltd. ("Landsea Group")), a company established in the People's Republic of China (the "PRC"), respectively.

The financial statements are presented in thousands of Renminbi ("RMB'000") unless otherwise stated.

The financial statements were approved for issue by the board of directors on 22 March 2019.

1 一般資料

朗詩綠色集團有限公司(「本公司」)為於百慕達註冊成立的獲豁免有限公司。註冊辦事處地址及主要業務地點為Clarendon House, 2 Church Street, Hamilton, HM11, Bermuda以及香港中環皇后大道中99號中環中心51樓5103室。本公司股份於香港聯合交易所有限公司(「香港聯交所」)上市。

本公司為投資控股公司，主要附屬公司的業務詳情載於綜合財務報表附註42。本公司及其附屬公司於下文統稱為「本集團」。本集團主要從事房地產開發與銷售、提供管理服務及出租長租公寓業務。

本公司的直系控股公司及最終控股股東分別為Greensheid Corporation(於英屬維爾京群島註冊成立的公司)及朗詩集團股份有限公司(「朗詩集團」，於中華人民共和國(「中國」)成立的公司)。

除非另有所指，否則本財務報表以人民幣千元(「人民幣千元」)呈報。

本財務報表經由董事局於二零一九年三月二十二日批准刊發。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 BASIS OF PREPARATION

(a) Compliance with HKFRS and HKCO

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") and disclosure requirements of Hong Kong Companies Ordinance Cap. 622.

(b) Historical cost convention

The consolidated financial statements have been prepared under the historical cost convention, except for certain financial assets and investment properties measured at fair value.

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

2 主要會計政策摘要

編製本綜合財務報表所應用的主要會計政策載於下文。除另有説明外，此等政策已於所列報的全部年度貫徹應用。

2.1 編製基準

(a) 遵守香港財務報告準則及香港公司條例

本集團的綜合財務報表已按照香港財務報告準則(「香港財務報告準則」)及第622章香港公司條例的披露條文編製。

(b) 歷史成本慣例

綜合財務報表已根據歷史成本慣例編製，惟若干金融資產及投資性物業按公允價值計量除外。

編製符合香港財務報告準則的財務報表須使用若干關鍵會計估計。管理層亦須在應用本集團會計政策過程中作出判斷。涉及高度判斷或高度複雜性的範疇，或涉及對綜合財務報表作出重大假設及估計的範疇於附註4披露。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.1 BASIS OF PREPARATION *(Continued)*

(c) New and amended standards adopted by the Group

A number of new or revised standards, amendments and interpretations to existing standards are mandatory for the financial year beginning on 1 January 2018:

- *HKFRS 9 — Financial instruments ("HKFRS 9")*
- *HKFRS 15 — Revenue from contracts with customers ("HKFRS 15")*
- *Amendments to HKFRS 2 — Classification and Measurement of Share-based Payment Transactions*
- *Amendments to HKFRS 4 — Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts*
- *Annual improvements 2014–2016 cycle*
- *Amendments to HKFRS 40 — Transfers of investment Property, and*
- *HK (IFRIC) 22 Foreign Currency Transactions and Advance Consideration.*

The effects of the adoption of HKFRS 9 and HKFRS 15 are disclosed in note 2.2. The other standards, amendments and interpretations described above are either currently not relevant to the Group or had no material impact on the Group's financial performance and position.

2 主要會計政策摘要*(續)*

2.1 編製基準*(續)*

(c) 本集團採納的新訂及經修訂準則

多項新訂或經修訂準則、現有準則的修改及詮釋於二零一八年一月一日開始的財政年度強制生效：

- *香港財務報告準則第9號 — 金融工具(「香港財務報告準則第9號」)*
- *香港財務報告準則第15號 — 與客戶的合約收益(「香港財務報告準則第15號」)*
- *香港財務報告準則第2號(修改) — 以股份為基礎的支付交易的分類及計量*
- *香港財務報告準則第4號(修改) — 應用香港財務報告準則第4號保險合約時一併應用香港財務報告準則第9號金融工具*
- *二零一四年至二零一六年週期的年度改進*
- *香港財務報告準則第40號(修改) — 轉讓投資性物業；及*
- *香港(國際財務報告詮釋委員會)第22號外幣交易及預付代價。*

採納香港財務報告準則第9號及香港財務報告準則第15號的影響於附註2.2披露。上文所述其他準則、修改及詮釋目前與本集團無關或對本集團的財務表現及狀況並無重大影響。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.1 BASIS OF PREPARATION *(Continued)*

(d) New standards and interpretations not yet adopted

Certain new accounting standards, amendments and interpretations to existing standards have been published that are not mandatory for the financial year beginning 1 January 2018 and relevant to the Group and have not been early adopted by the Group.

2 主要會計政策摘要*(續)*

2.1 編製基準*(續)*

(d) 尚未採納的新訂準則及詮釋

若干已頒佈但尚未於二零一八年一月一日開始的財政年度強制生效並與本集團有關且本集團並無提前採納的新會計準則、現有準則的修改及詮釋。

Standards, amendments and interpretations **準則、修改及詮釋**		**Effective for annual periods beginning on or after** **於以下日期或之後開始的年度期間生效**
HKFRS 16	Leases	1 January 2019
香港財務報告準則第16號	租賃	二零一九年一月一日
HK (IFRIC) 23	Uncertainty over income tax treatments	1 January 2019
香港(國際財務報告詮釋委員會)第23號	具有不確定性的所得稅的處理	二零一九年一月一日
Amendment to HKFRS 9	Prepayment features with negative compensation	1 January 2019
香港財務報告準則第9號(修改)	提早還款特性及負補償	二零一九年一月一日
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures	1 January 2019
香港會計準則第28號(修改)	於聯營公司及合營企業的長期權益	二零一九年一月一日
Annual improvements to HKFRS	2015–2017 cycle (HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23)	1 January 2019
香港財務報告準則的年度改進	二零一五年至二零一七年週期(香港財務報告準則第3號、香港財務報告準則第11號、香港會計準則第12號及香港會計準則第23號)	二零一九年一月一日
Amendments to HKFRS 19	Plan amendment, curtailment or settlement	1 January 2019
香港財務報告準則第19號(修改)	計劃修訂、縮減或結算	二零一九年一月一日
HKFRS 17	Insurance contracts	1 January 2022
香港財務報告準則第17號	保險合約	二零二二年一月一日
Amendments to HKFRS 10 and HKRFS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined
香港財務報告準則第10號及香港財務報告準則第28號(修改)	投資者與聯營公司或合營企業之間的資產出售或出資	待定

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.1 BASIS OF PREPARATION *(Continued)*

***(d) New standards and interpretations not yet adopted** (Continued)*

The Group has already commenced an assessment of the impact of these new standards or amendments, certain of which are relevant to the Group's operation. According to the preliminary assessment made by the directors, no significant impact on the financial performance and position of the Group is expected when they become effective with the exception of HKFRS 16.

Nature of change

HKFRS 16 was issued in January 2016. It will result in almost all leases being recognized on the balance sheet by lessees, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognized. The only exceptions are short-term and low-value leases.

Impact

The Group is the lessee of certain buildings which are currently classified as operating lease. The Group has set up a project team which has reviewed all of the Group's leasing arrangements over the last year in light of the new lease accounting rules in HKFRS 16. The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of RMB8,790,894,000, see note 41. Of these commitments, approximately RMB317,000 relate to short-term leases and low value leases which will both be recognized on a straight-line basis as expense in profit or loss. For the remaining lease commitments the Group expects to recognize right-of-use assets and lease liabilities of amount ranging from approximately RMB 5 billion to RMB 6.5 billion. Overall net assets before fair value adjustment made to right-of-use assets leased out as long-term apartments will be the same.

2 主要會計政策摘要*(續)*

2.1 編製基準*(續)*

***(d) 尚未採納的新訂準則及詮釋**(續)*

本集團已開始評估該等新準則或修改的影響，其中部份與本集團的營運有關。根據董事作出的初步評估，除香港財務報告準則第16號外，預期該等準則或修改生效後將不會對本集團的財務表現及狀況帶來重大影響。

變動性質

香港財務報告準則第16號於二零一六年一月頒佈。由於經營及融資租賃的區分被移除，其將導致幾乎所有租賃均於承租人資產負債表中確認。根據新訂準則，資產(租賃項目的使用權)及支付租金的金融負債均獲確認，惟短期及低價值的租賃屬例外。

影響

本集團為若干樓宇的承租人，該等樓宇現分類為經營租賃。根據香港財務報告準則第16號內的新租賃會計規則，本集團已成立一個項目團隊審閱本公司去年的所有租賃安排。該準則將主要影響本集團有關經營租賃的會計處理。於報告日期，本集團擁有不可撤銷經營租賃承擔人民幣8,790,894,000元，詳見附註41。於該等承擔中，約人民幣317,000元為短期租賃及低價值租賃，均將以直線法於損益內確認為費用。至於其餘的租賃承擔，本公司預期確認使用權資產及租賃負債介乎人民幣50億元至人民幣65億元。對出租長租公寓使用權資產調整公允價值前的整體資產淨值將維持不變。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.1 BASIS OF PREPARATION *(Continued)*

***(d) New standards and interpretations not yet adopted** (Continued)*

Impact (Continued)

The Group is the lessor of long-term rental apartments, most of which are held under operating lease. For right-of-use assets together with leasehold improvements leased out as long-term apartment, the Group will classify them as investment properties carried at fair value. The Group has already commenced an assessment of the fair value for the furnished right-of-use assets that meet the definition of investment property. However, some additional disclosures will be required from next year. No other major changes are expected related to the accounting treatment where the Group acts as a lessor.

Date of adoption by Group

The Group will apply the standard from its mandatory adoption date of 1 January 2019. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. Right-of-use assets will be measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses). For leases previously accounted for as operating lease that will be accounted for as investment property using fair value model, the right-of-use asset will be measured at fair value at the date of initial application.

2 主要會計政策摘要*(續)*

2.1 編製基準*(續)*

***(d) 尚未採納的新訂準則及詮釋**(續)*

影響(續)

本集團為長租公寓的出租人，大部分長租公寓均根據經營租賃持有。本集團會將使用權資產及長租公寓租賃樓宇裝修分類為按公允價值入賬的投資性物業。本集團已開始評估符合投資性物業定義的裝修使用權資產的公允價值。然而，未來數年將須作出更多披露。預期並不會令本集團作為出租人的會計處理作出其他重大變動。

本集團採納日期

本集團將於準則於二零一九年一月一日強制採納當日採用準則。本集團擬應用簡化過渡法且不會就首次採納前之年度重列比較數字。使用權資產將於採用時按租賃負債的金額計量(經任何預付或應付租賃開支調整)。至於過往入賬為經營租賃且將使用公允價值模型入賬為投資性物業的租賃，使用權資產將於初始應用日期按公允價值計量。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.2 CHANGES IN ACCOUNTING POLICIES

This note explains the impact of the adoption of HKFRS 9 and HKFRS 15 on the Group's consolidated financial statements.

2.2.1 Impact on the financial statements

The Group has elected to apply the practical expedients and the modified retrospective approach permitted under HKFRS 9 and HKFRS 15 respectively. The effects of adopting HKFRS 15 for uncompleted contracts with customers as at 31 December 2017 are adjusted at the opening balance of equity as at 1 January 2018 and prior period comparatives are not restated. In accordance with the transitional provisions in HKFRS 9, comparative figures have not been restated. Consequently, any adjustments to carrying amounts of financial assets or liabilities are recognized at the beginning of the current reporting period, with the difference recognized in opening retained earnings.

(a) The following tables show the adjustments recognized for each financial statements line item. Line items that were not affected by the changes have not been included. As a result, the sub-totals and totals disclosed cannot be recalculated from the numbers provided. The adjustments are explained in more detail by standard below.

2 主要會計政策摘要*(續)*

2.2 會計政策變更

本附註解釋採納香港財務報告準則第9號及香港財務報告準則第15號對本集團綜合財務報表造成的影響。

2.2.1 對財務報表的影響

本集團已選擇分別應用香港財務報告準則第9號及香港財務報告準則第15號所允許的實務處理方法及經修訂追溯方法。本集團亦就採納香港財務報告準則第15號對於二零一七年十二月三十一日未完成與客戶之間的合約的影響於二零一八年一月一日的期初權益結餘進行調整，前期比較數字並無重列。根據香港財務報告準則第9號的過渡性條文，毋須重列比較數字。因此，金融資產或負債賬面值的任何調整均於本報告期初確認，而差異則於期初留存收益確認。

(a) 下表顯示就各財務報表個別項目確認的調整。未受變動影響的項目則不包括在內。因此，所披露的小計及總計不能按所列數字重新計算。下文將根據準則更詳細解釋有關調整。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.2 CHANGES IN ACCOUNTING POLICIES *(Continued)*

***2.2.1 Impact on the financial statements** (Continued)*

(a) (Continued)

2 主要會計政策摘要*(續)*

2.2 會計政策變更*(續)*

2.2.1 對財務報表的影響(續)

(a) (續)

Consolidated balance sheet (extract)	綜合資產負債表(摘錄)	Note 附註	31 December 2017 as originally presented 二零一七年十二月三十一日原定呈列 RMB'000 人民幣千元	HKFRS 9 香港財務報告準則第9號 RMB'000 人民幣千元	HKFRS 15 香港財務報告準則第15號 RMB'000 人民幣千元	1 January 2018 Restated 二零一八年一月一日重列 RMB'000 人民幣千元
Non-current assets	**非流動資產**					
Trade and other receivables, prepayments and deposits	應收賬款及其他應收款、預付款及訂金	2.2.2	1,552,361	(14,091)	–	1,538,270
Deferred income tax assets	遞延所得稅資產	2.2.2	237,735	13,139	–	250,874
Interests in joint ventures	於合營企業的權益	2.2.3	1,885,436	–	(165)	1,885,271
Current assets	**流動資產**					
Properties under development	開發中房地產	2.2.3	6,658,882	–	120,984	6,779,866
Trade and other receivables, prepayments and deposits	應收賬款及其他應收款、預付款及訂金	2.2.2, 2.2.3	3,493,788	(31,708)	(225,267)	3,236,813
Contract assets	合約資產	2.2.2, 2.2.3	–	(6,758)	225,267	218,509
Total assets	**總資產**		20,320,501	(39,418)	120,819	20,401,902
Current liabilities	**流動負債**					
Advanced proceeds received from customers	向客戶收取的預付款項	2.2.3	4,051,066	–	(4,051,066)	–
Contract liabilities	合約負債	2.2.3	–	–	4,178,144	4,178,144
Total liabilities	**總負債**		16,622,438	–	127,078	16,749,516
Equity	**權益**					
Retained earnings	留存收益	2.2.2, 2.2.3	2,232,712	(39,418)	(5,253)	2,188,041
Non-controlling interests	非控制性權益	2.2.3	206,122	–	(1,006)	205,116
Total equity	**總權益**		3,698,063	(39,418)	(6,259)	3,652,386

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.2 CHANGES IN ACCOUNTING POLICIES *(Continued)*

***2.2.1 Impact on the financial statements** (Continued)*

(b) The amount by each financial statements line items affected in the current year by the application of HKFRS 9 and HKFRS 15 is as follows:

2 主要會計政策摘要*(續)*

2.2 會計政策變更*(續)*

***2.2.1 對財務報表的影響**(續)*

(b) 本年度因應用香港財務報告準則第9號及香港財務報告準則第15號而受影響的財務報表項目如下：

		As at 31 December 2018 於二零一八年十二月三十一日			
Consolidated balance sheet (extract)	**綜合資產負債表(摘錄)**	**Amounts without the adoption of HKFRS 9 and 15 採納香港財務報告準則第9號及第15號前所呈報的金額 RMB'000 人民幣千元**	**Effects of the adoption of HKFRS 9 採納香港財務報告準則第9號的影響 RMB'000 人民幣千元**	**Effects of the adoption of HKFRS 15 採納香港財務報告準則第15號的影響 RMB'000 人民幣千元**	**Amounts as reported 所呈報的金額 RMB'000 人民幣千元**
Non-current assets	**非流動資產**				
Trade and other receivables, prepayments and deposits	應收賬款及其他應收款、預付款及訂金	**2,189,920**	**(21,475)**	**–**	**2,168,445**
Deferred income tax assets	遞延所得稅資產	**341,106**	**11,363**	**–**	**352,469**
Current assets	**流動資產**				
Properties under development	開發中房地產	**8,631,499**	**–**	**57,080**	**8,688,579**
Trade and other receivables, prepayments and deposits	應收賬款及其他應收款、預付款及訂金	**2,808,556**	**(11,983)**	**(119,934)**	**2,676,639**
Contract assets	合約資產	**–**	**(11,993)**	**119,934**	**107,941**
Current liabilities	**流動負債**				
Advanced proceeds received from customers	向客戶收取的預付款項	**4,466,975**	**–**	**(4,453,106)**	**13,869**
Contract liabilities	合約負債	**–**	**–**	**4,510,186**	**4,510,186**
Equity	**權益**				
Retained earnings	留存收益	**3,112,121**	**(34,088)**	**–**	**3,078,033**

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.2 CHANGES IN ACCOUNTING POLICIES *(Continued)*

***2.2.1 Impact on the financial statements** (Continued)*

(b) (Continued)

2 主要會計政策摘要*(續)*

2.2 會計政策變更*(續)*

2.2.1 對財務報表的影響(續)

(b) (續)

		For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度			
Consolidated statement of comprehensive income (extract)	**綜合全面收益表(摘錄)**	**Amounts without the adoption of HKFRS 9 and 15 採納香港財務報告準則第9號及第15號前所呈報的金額 RMB'000 人民幣千元**	**Effects of the adoption of HKFRS 9 採納香港財務報告準則第9號的影響 RMB'000 人民幣千元**	**Effects of the adoption of HKFRS 15 採納香港財務報告準則第15號的影響 RMB'000 人民幣千元**	**Amounts as reported 所呈報的金額 RMB'000 人民幣千元**
Revenue	收入	**7,336,019**	**–**	**224,507**	**7,560,526**
Cost of sales and services	銷售及服務成本	**(5,181,967)**	**–**	**(224,507)**	**(5,406,474)**
Administrative expenses	行政費用	**(576,041)**	**7,106**	**–**	**(568,935)**
Income tax expenses	所得稅費用	**(819,393)**	**(1,776)**	**–**	**(821,169)**
Profit for the year:	年度利潤：				
– profit attribute to the shareholders of the Company	– 歸屬於本公司股東的利潤	**1,107,444**	**5,330**	**–**	**1,112,774**

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.2 CHANGES IN ACCOUNTING POLICIES *(Continued)*

2.2.2 HKFRS 9 — Impact of adoption

HKFRS 9 replaces the provisions of HKAS 39 Financial Instruments ("HKAS 39") that relate to the recognition, classification and measurement of financial assets and financial liabilities; derecognition of financial instruments; impairment of financial assets and hedge accounting. HKFRS 9 also significantly amends other standards dealing with financial instruments such as HKFRS 7 Financial Instruments — Disclosures.

The adoption of HKFRS 9 from 1 January 2018 resulted in changes in accounting policies and adjustments to the amounts recognized in the consolidated financial statements. The new accounting policies are set out in note 2.18 below. The total impact on the Group's retained earnings due to the impairment of financial instruments as at 1 January 2018 is as follows:

2 主要會計政策摘要*(續)*

2.2 會計政策變更*(續)*

2.2.2 香港財務報告準則第9號 — 採納的影響

香港財務報告準則第9號取代香港會計準則第39號金融工具(「香港會計準則第39號」)中涉及金融資產及金融負債的確認、分類及計量;金融工具的終止確認;金融資產的減值及對沖會計處理的條文。香港財務報告準則第9號亦對其他與金融工具相關的準則(例如香港財務報告準則第7號:金融工具 — 披露)作出重大修訂。

自二零一八年一月一日起採納香港財務報告準則第9號導致會計政策出現變動及對綜合財務報表的已確認金額作出調整。新訂會計政策載於下文附註2.18。於二零一八年一月一日,金融工具的減值對本集團留存收益的總影響如下:

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2 主要會計政策摘要*(續)*

2.2 CHANGES IN ACCOUNTING POLICIES *(Continued)*

2.2 會計政策變更*(續)*

***2.2.2 HKFRS 9 — Impact of adoption** (Continued)*

***2.2.2 香港財務報告準則第9號 — 採納的影響**(續)*

		Note 附註	RMB'000 人民幣千元
Opening retained earnings — under previous accounting policy (note 34)	期初留存收益 — 根據過往會計政策(附註34)		2,232,712
Increase in provision for contract assets	合約資產的撥備增加	(b),3.1(b)(i)	(6,758)
Increase in provision for trade receivables	應收賬款的撥備增加	(b),3.1(b)(i)	(8,659)
Increase in provision for deposits for purchase of land	購買土地的按金撥備增加	(b),3.1(b)(ii)	(2,121)
Increase in provision for amounts due from non-controlling interests	應收非控制性權益款項的撥備增加	(b),3.1(b)(ii)	(5,715)
Increase in provision for amounts due from related parties	應收關聯方款項的撥備增加	(b),3.1(b)(ii)	(29,304)
Increase in deferred income tax assets relating to impairment provision	與減值撥備有關的遞延所得稅資產增加		13,139
Adjustment to retained earnings from adoption of HKFRS 9	自採納香港財務報告準則第9號起對留存收益的調整		(39,418)
Opening retained earnings — after HKFRS 9	**期初留存收益 — 香港財務報告準則第9號後**		2,193,294

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.2 CHANGES IN ACCOUNTING POLICIES *(Continued)*

2.2.2 HKFRS 9 — Impact of adoption (Continued)

(a) Classification and measurement

HKFRS 9 categorizes financial assets into three principal classification categories: measured at amortized cost, FVOCI and FVPL. These supersede HKAS 39's categories of held-to-maturity investments, loans and receivables, available-for-sale financial assets and financial assets measured at FVPL. The classification of financial assets under HKFRS 9 is based on the business model under which the financial asset is managed and its contractual cash flow characteristics.

On 1 January 2018 (the date of initial application of HKFRS 9), the Group's management has assessed which business models apply to the financial assets held by the Group and has classified its financial assets into the appropriate HKFRS 9 categories. The Group classifies all its financial assets into amortized cost which is the same under HKAS 39.

(b) Impairment of financial assets

The Group was required to revise its impairment methodology under HKFRS 9 for relevant financial assets. The impact of change in impairment methodology on the Group's retained earnings is disclosed in the table above.

Please refer to note 3.1 (b) for details about the calculation of expected credit losses.

2 主要會計政策摘要*(續)*

2.2 會計政策變更*(續)*

2.2.2 香港財務報告準則第9號 — 採納的影響(續)

(a) 分類及計量

香港財務報告準則第9號將金融資產分為三個主要類別：按攤銷成本計量、按公允價值計入其他全面收益及按公允價值計入損益。該等類別代替香港會計準則第39號的持至到期投資、貸款及應收款、可供出售金融資產及按公允價值計入損益之金融資產的類別。香港財務報告準則第9號下金融資產的分類以管理金融資產的業務模式及其合約現金流量特點為基礎。

於二零一八年一月一日(香港財務報告準則第9號的初始應用日期)，本集團管理層評估應就本集團所持有的金融資產採用何種業務模式，並已將其金融資產分類至香港財務報告準則第9號項下適當的類別。本集團將所有金融資產分類至按攤銷成本計量，與香港會計準則第39號相同。

(b) 金融資產減值

本集團須根據香港財務報告準則第9號修訂有關金融資產的減值方法。減值方法變動對本集團留存收益的影響於上表披露。

計算預期信貸虧損的詳情載於附註3.1 (b)。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.2 CHANGES IN ACCOUNTING POLICIES *(Continued)*

2.2.2 HKFRS 9 — Impact of adoption (Continued)

(c) Accounting policies applied until 31 December 2017

The Group has applied HKFRS 9 retrospectively, but has elected not to restate comparative information. As a result, the comparative information provided continues to be accounted for in accordance with the Group's previous accounting policy.

Classification

The Group classifies all its financial assets in the following categories as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled or expected to be settled more than 12 months after the end of the balance sheet date. These are classified as non-current assets. The Group's loans and receivables also include trade and other receivables, amounts due from related parties and non-controlling interests and cash and cash equivalents in the consolidated balance sheet.

2 主要會計政策摘要*(續)*

2.2 會計政策變更*(續)*

2.2.2 香港財務報告準則第9號 — 採納的影響(續)

(c) 二零一七年十二月三十一日前應用的會計政策

本集團已追溯應用香港財務報告準則第9號，但選擇不會重列比較資料。因此，所提供的比較資料繼續根據本集團過往應用的會計準則入賬。

分類

本集團將以下類別的所有金融資產分類為貸款及應收款。分類取決於所收購的金融資產用途。管理層於初步確認時決定金融資產的分類。

貸款及應收款為具有固定或可確定付款額且在活躍市場上並無報價的非衍生金融資產。此等項目計入流動資產，惟於結算日結束後超過12個月結算或預期將於該等時間結算的金額則分類為非流動資產。本集團的貸款及應收款包括綜合資產負債表內的應收賬款及其他應收款、應收關聯方及非控制性權益款項以及現金及現金等價物。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.2 CHANGES IN ACCOUNTING POLICIES *(Continued)*

***2.2.2 HKFRS 9 — Impact of adoption** (Continued)*

(c) Accounting policies applied until 31 December 2017 (Continued)

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

2 主要會計政策摘要*(續)*

2.2 會計政策變更*(續)*

***2.2.2 香港財務報告準則第9號 — 採納的影響**(續)*

(c) 二零一七年十二月三十一日前應用的會計政策(續)

金融資產減值

本集團於各報告期末評估有否客觀證據證明某項金融資產或某組金融資產經已減值。倘因於初始確認資產後發生的一項或多項事件(「虧損事件」)而出現客觀減值證據，而該(等)虧損事件對一項金融資產或一組金融資產的估計未來現金流量造成能可靠估計的影響，該項金融資產或該組金融資產方視為減值及產生減值虧損。

減值的證據可能包括以下指標：債務人或一組債務人正處於重大財政困難、違約或拖欠利息或本金付款，彼等有可能破產或進行其他財務重組，以及有可觀察數據顯示估計未來現金流量有可計量的減少，例如欠款變動或與違約相關的經濟狀況。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.2 CHANGES IN ACCOUNTING POLICIES *(Continued)*

2.2.2 HKFRS 9 — Impact of adoption (Continued)

(c) Accounting policies applied until 31 December 2017 (Continued)

Impairment of financial assets (Continued)

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognized in the consolidated statement of comprehensive income. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in the consolidated statement of comprehensive income.

2 主要會計政策摘要*(續)*

2.2 會計政策變更*(續)*

2.2.2 香港財務報告準則第9號 — 採納的影響(續)

(c) 二零一七年十二月三十一日前應用的會計政策(續)

金融資產減值(續)

就貸款及應收款類別而言，虧損金額按資產賬面值與估計未來現金流量(不包括尚未產生的未來信貸虧損)按金融資產原實際利率折現的現值兩者的差額計量。資產賬面值予以減少，而虧損金額於綜合全面收益表確認。倘貸款按浮動利率計息，則計量任何減值虧損的折現率乃根據合約釐定的現行實際利率。在實際操作上，本集團可能採用可觀察的市價以工具的公允價值為基準計量減值。

倘於其後期間減值虧損金額減少，而該減少可客觀地與確認減值後發生的事件(如債務人信貸評級改善)有關，則過往確認的減值虧損撥回於綜合全面收益表確認。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.2 CHANGES IN ACCOUNTING POLICIES *(Continued)*

2.2.3 HKFRS 15 — Impact of adoption

HKFRS 15 replaces the provisions of HKAS 18 Revenue ("HKAS 18") and HKAS 11 Construction contracts ("HKAS 11") that relate to the recognition, classification and measurement of revenue and costs.

The adoption of HKFRS 15 from 1 January 2018 resulted in changes in accounting policies and adjustments to the amounts recognized in the consolidated financial statements. The new accounting policies are set out in note 2.29 below. In summary, the following adjustments were made to the amounts recognized in the consolidated balance sheet at the date of initial application (1 January 2018):

2 主要會計政策摘要*(續)*

2.2 會計政策變更*(續)*

2.2.3 香港財務報告準則第15號 — 採納的影響

香港財務報告準則第15號取代香港會計準則第18號「收入」(「香港會計準則第18號」)及香港會計準則第11號「建造合約」(「香港會計準則第11號」)中涉及收入和成本的確認、分類及計量的條文。

自二零一八年一月一日起採納香港財務報告準則第15號導致會計政策變動及對綜合財務報表確認的金額作出調整。新會計政策載於下文附註2.29。總括而言，已對首次應用日期(二零一八年一月一日)綜合資產負債表內確認的金額作出以下調整：

		Note 附註	31 December 2017 as previously stated 於二零一七年十二月三十一日，如先前呈列 RMB'000 人民幣千元	Reclassifications under HKFRS 15 根據香港財務報告準則第15號重新分類 RMB'000 人民幣千元	Adjustments under HKFRS 15 根據香港財務報告準則第15號作出調整 RMB'000 人民幣千元	1 January 2018 restated 二零一八年一月一日重列 RMB'000 人民幣千元
Interests in joint ventures	於合營企業的權益	(a)	1,885,436	–	(165)	1,885,271
Properties under development	開發中房地產	(a), (c)	6,658,882	–	120,984	6,779,866
Advanced proceeds received from customers	向客戶收取的預付款項	(b)	4,051,066	(4,051,066)	–	–
Contract liabilities	合約負債	(b), (c)	–	4,051,066	127,078	4,178,144
Trade and other receivables, prepayments and deposits	應收賬款及其他應收款、預付款及按金	(b)	3,493,788	(225,267)	–	3,268,521
Contract assets	合約資產	(b)	–	225,267	–	225,267
Retained earnings	留存收益	(a)	2,232,712	–	(5,253)	2,227,459
Non-controlling interests	非控制性權益	(a)	206,122	–	(1,006)	205,116

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.2 CHANGES IN ACCOUNTING POLICIES *(Continued)*

***2.2.3 HKFRS 15 — Impact of adoption** (Continued)*

The impact on the Group's retained earnings as at 1 January 2018 is as follows:

2 主要會計政策摘要*(續)*

2.2 會計政策變更*(續)*

2.2.3 香港財務報告準則第15號 — 採納的影響(續)

對本集團二零一八年一月一日留存收益的影響如下：

		Note 附註	RMB'000 人民幣千元
Retained earnings — after HKFRS 9 (note 2.2.2)	**留存收益 — 香港財務報告準則第9號後**(附註2.2.2)		2,193,294
Restatement of cost incurred to obtain a contract	重列取得合約產生的成本	(a)	(6,094)
Decrease in interests in joint ventures	於合營企業的權益減少	(a)	(165)
Total equity adjustments from adoption of HKFRS 15	採納香港財務報告準則第15號起對總權益的調整		(6,259)
Less: adjustment to non-controlling interests	減：對非控制性權益的調整		1,006
Opening retained earnings — after HKFRS 9 and HKFRS 15	**年初留存收益 — 香港財務報告準則第9號及香港財務報告準則第15號後**		2,188,041

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.2 CHANGES IN ACCOUNTING POLICIES *(Continued)*

***2.2.3 HKFRS 15 — Impact of adoption** (Continued)*

(a) Accounting for cost incurred to obtain a contract

In prior reporting periods, costs amounting to RMB6,094,000 were capitalized. However, the costs were not incremental costs of obtaining a contract which should be expensed under HKFRS 15. The Group unified the accounting policy of the joint ventures, resulting in adjustment to interests in joint ventures of RMB165,000.

(b) Presentation of liabilities or assets related to contracts with customers

Contract liabilities in relation to property development and sales contracts and management services contracts were previously included in "advanced proceeds received from customers" and were reclassified to "contract liabilities" under HKFRS 15. Contract liabilities with the amount of RMB4,430,387,000 as at 31 December 2018 (1 January 2018: RMB4,051,066,000), mainly consisted of prepayments received from sales of properties which the consideration received were in advance of performance obligation fulfilment.

Contract assets in relation to property development and sales contracts and management services contracts were previously included in "trade and other receivables, prepayments and deposits" and were reclassified to "contract assets" under HKFRS 15. Contract assets with the amount of RMB119,934,000 as at 31 December 2018 (1 January 2018: RMB225,267,000), mainly consisted of unbilled amounts resulting from sales of land located in the United States of America ("US") where the revenue recognized exceeds the amounts billed to customers.

2 主要會計政策摘要*(續)*

2.2 會計政策變更*(續)*

***2.2.3 香港財務報告準則第15號 — 採納的影響**(續)*

(a) 獲取合約產生的成本的會計處理

於上個報告期間，獲取成本人民幣6,094,000元已撥充資本。然而，有關成本並非應根據香港財務報告準則第15號支銷的獲取合約的增加成本。本集團統一合營企業的會計政策，導致對於合營企業的權益作出調整人民幣165,000元。

(b) 呈列與客戶合約有關的負債或資產

與物業發展及銷售合約以及管理服務合約有關的合約負債先前計入「向客戶收取的預付款」，並根據香港財務報告準則第15號重新分類為「合約負債」。於二零一八年十二月三十一日的合約負債人民幣4,430,387,000元(二零一八年一月一日：人民幣4,051,066,000元)主要包括銷售物業收取的預付款，有關已收代價為履行履約責任的墊款。

與物業發展及銷售合約以及管理服務合約有關的合約資產先前計入「應收賬款及其他應收款、預付款及按金」，並根據香港財務報告準則第15號重新分類為「合約資產」。於二零一八年十二月三十一日的合約資產人民幣119,934,000元(二零一八年一月一日：人民幣225,267,000元)主要包括銷售美利堅合眾國(「美國」)土地的未開單款項，有關已確認收入超出向客戶開單的款項。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.2 CHANGES IN ACCOUNTING POLICIES *(Continued)*

2.2.3 HKFRS 15 — Impact of adoption (Continued)

(c) Significant financing component

In determining the transaction price, the Group adjusted the promised amount of consideration for the effects of time value of money considering the timing of payments agreed by the parties to the contract provides the Group with a significant benefit of financing. As at 1 January 2018, the Group capitalized finance cost, arising from significant financing component, amounting to RMB127,078,000. During the year ended 31 December 2018, an additional amount of RMB154,509,000 (note 10) was capitalized. At the same time, RMB224,507,000 were recognized as revenue and cost of sales simultaneously upon delivering of the relevant properties to customers.

(d) Accounting policies applied until 31 December 2017

Revenue is measured at the fair value of the consideration received or receivable. The Group recognizes revenue when the amount of revenue can be reliably measured and when it is probable that future economic benefits will flow to the entity.

2 主要會計政策摘要*(續)*

2.2 會計政策變更*(續)*

2.2.3 香港財務報告準則第15號 — 採納的影響(續)

(c) 重大融資部分

於釐定交易價格時，考慮到合約訂約方協定付款的時間為本集團提供重大融資利益，本集團就金錢時間價值的影響調整已承諾的代價金額。於二零一八年一月一日，本集團將重大融資部分所產生的財務費用人民幣127,078,000元撥充資本。截至二零一八年十二月三十一日止年度，額外款項人民幣154,509,000元(附註10)已撥充資本。與此同時，人民幣224,507,000元已於向客戶交付相關物業時同時確認為收入及銷售成本。

(d) 二零一七年十二月三十一日前應用的會計政策

收入按已收或應收代價的公允價值計量。當收入金額能夠可靠計量及未來經濟利益有可能流入實體時，本集團將確認收入。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.2 CHANGES IN ACCOUNTING POLICIES *(Continued)*

***2.2.3 HKFRS 15 — Impact of adoption** (Continued)*

(d) Accounting policies applied until 31 December 2017 (Continued)

Revenue from sale of properties and lands held for sale in the ordinary course of business is recognised when all the following conditions are satisfied:

(i) the Group has transferred to the buyer the significant risks and rewards of ownership of the properties, which is when the construction of relevant properties has been completed, upon delivery, and collectability of related receivables is reasonably assured;

(ii) the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the properties are sold;

(iii) the amount of revenue can be measured reliably;

(iv) it is probable that the economic benefits associated with the transaction will flow to the Group; and

(v) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2 主要會計政策摘要*(續)*

2.2 會計政策變更*(續)*

***2.2.3 香港財務報告準則第15號 — 採納的影響**(續)*

(d) 二零一七年十二月三十一日前應用的會計政策(續)

於日常業務過程中，當符合以下條件時，則會確認銷售持作銷售物業及土地的收入：

(i) 本集團將物業擁有權的重大風險及回報轉移予買方，即相關物業的建築工程已竣工、於物業交付時及可合理確保能收取有關應收款時；

(ii) 本集團並無保留一般與已售物業擁有權有關的持續管理權或實際控制權；

(iii) 收入金額能夠可靠地計量；

(iv) 與交易相關的經濟利益有可能流入本集團；及

(v) 有關交易產生或將產生的成本能夠可靠地計量。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.2 CHANGES IN ACCOUNTING POLICIES *(Continued)*

***2.2.3 HKFRS 15 — Impact of adoption** (Continued)*

(d) Accounting policies applied until 31 December 2017 (Continued)

Deposits and instalments received from purchasers prior to meeting the above criteria for revenue recognition are included in the consolidated balance sheet under current liabilities.

Revenue from sales of land improvements is recognised by using the 'percentage-of-completion' method to determine the appropriate amount to recognise in a given period. The percentage of completion is established by reference to the costs incurred to date compared to the total costs to be incurred under the transaction. Provision is made for foreseeable losses as soon as they are anticipated by management. Where contract costs incurred to date plus recognized profits less recognized losses exceed progress billings, the surplus is treated as trade receivables. Where progress billings exceed contract costs incurred to date plus recognized profits less recognized losses, the surplus is treated as an amount advanced proceeds received from customers.

The Group provides property management services to its customers which including brand authorisation service, sales management service, green product integration service and development management services. The Group recognizes revenue on different types of service by reference to the service's stage of completion at the balance sheet date when the outcome of the rending of services can be estimated reliably:

2 主要會計政策摘要*(續)*

2.2 會計政策變更*(續)*

***2.2.3 香港財務報告準則第15號 — 採納的影響**(續)*

(d) 二零一七年十二月三十一日前應用的會計政策(續)

在符合上述收入確認條件前，向買方收取的按金及分期款項計入綜合資產負債表的流動負債。

出售土地改進服務所得收入使用「完成百分比」法確認，以釐定於特定期間確認的合適款額。完成百分比乃參照迄今產生的成本相比根據交易將予產生的總成本確定。管理層於預期出現可預見虧損時計提撥備。倘迄今產生的合約成本加已確認利潤減已確認虧損超逾進度付款，盈餘款項視為應收賬款處理。倘進度付款超逾迄今產生的合約成本加已確認利潤減已確認虧損，盈餘款項視為來自客戶的預收款項處理。

本集團向客戶提供房地產管理服務，包括品牌授權服務、銷售管理服務、綠色產品集成服務及開發管理服務。當提供服務的結果能可靠估計時，本集團參考於結算日服務的完成階段確認各類服務的收入：

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.2 CHANGES IN ACCOUNTING POLICIES *(Continued)*

***2.2.3 HKFRS 15 — Impact of adoption** (Continued)*

(d) Accounting policies applied until 31 December 2017 (Continued)

— Revenue from brand authorisation, sales management service and green-technical system integration service fees is recognised in accounting period in which the services are rendered.

— Revenue from development management services associated with both floating and fixed fees is recognised by using the 'percentage-of-completion' method to determine the appropriate amount to recognise in a given period. The percentage of completion is established by reference to the costs incurred to date compared to the total costs to be incurred under the transaction. Where the outcome of a contract cannot be measured reliably, revenue is recognised only to the extent that the expenses incurred are eligible to be recovered. Provision is made for foreseeable losses as soon as they are anticipated by management. Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is treated as trade receivables. Where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is treated as an amount advanced proceeds received from customers.

Rental income under operating leases is recognised on a straight-line method over the term of the relevant lease.

Decoration service income is recognised when the related services are provided.

2 主要會計政策摘要*(續)*

2.2 會計政策變更*(續)*

***2.2.3 香港財務報告準則第15號 — 採納的影響**(續)*

(d) 二零一七年十二月三十一日前應用的會計政策(續)

— 品牌授權、銷售管理服務及綠色技術系統集成服務費用的收入於提供服務的會計期間確認。

— 與浮動費用及固定費用有關的開發管理服務收入使用「完成百分比」法釐定特定期間確認的適當金額而確認。完成百分比乃參照迄今產生的成本相比根據交易將予產生的總成本確定。倘合約結果未能可靠計量，收益僅以已產生的開支符合資格收回者為限確認。管理層於預期出現可預見虧損時計提撥備。倘迄今產生的合約成本加已確認利潤減已確認虧損超逾進度付款，盈餘款項視為應收賬款處理。倘進度付款超逾迄今產生的合約成本加已確認利潤減已確認虧損，盈餘款項視為來自客戶的預收款項處理。

經營租賃的租金收益於相關租期以直線法確認。

裝飾服務收益於提供有關服務時確認。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.3 SUBSIDIARIES

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group (refer to note 2.8).

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated balance sheet, consolidated statement of comprehensive income and consolidated statement of changes in equity respectively.

2.4 ASSOCIATES

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (see note 2.6 below), after initially being recognized at cost.

2 主要會計政策摘要*(續)*

2.3 附屬公司

附屬公司指本集團對其擁有控制權的所有實體(包括特殊目的實體)。當本集團因參與該實體而承擔可變回報的風險或享有可變回報的權益，並有能力透過對該實體的權力影響該等回報時，本集團即控制該實體。附屬公司在控制權轉移至本集團當日起綜合入賬，並於控制權終止當日起不再綜合入賬。

本集團使用會計收購法為業務合併入賬(請參閱附註2.8)。

集團內公司間交易、結餘及集團公司間交易的未變現利得會予對銷。除非交易提供證據顯示所轉讓資產已減值，否則未變現虧損亦會對銷。附屬公司的會計政策已於必要時作出調整，確保與本集團所採納的政策一致。

附屬公司業績及權益內的非控制性權益分別於綜合資產負債表、綜合全面收益表及綜合權益變動表列示。

2.4 聯營公司

聯營公司指本集團對其有重大影響力但無控制權或共同控制權的所有實體，通常是本集團持有20%至50%之間的投票權。於聯營公司的投資於初始按成本確認後以權益會計法入賬(請參閱下文附註2.6)。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.5 JOINT ARRANGEMENTS

Joint arrangements are classified as either joint ventures or joint operations depending on the contracted rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures.

Interests in joint ventures are accounted for using the equity method (see note 2.6 below), after initially being recognized at cost in the consolidated balance sheet.

2.6 EQUITY ACCOUNTING

Under the equity method of accounting, the investments are initially recognized at cost and adjusted thereafter to recognize the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognized as a reduction in the carrying amount of the investment.

When the Group's share of net loss in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealized gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in note 2.15.

2 主要會計政策摘要*(續)*

2.5 聯合安排

聯合安排分類為合營企業或合資營運，視各投資者的合約權利及義務而定。本集團已評估聯合安排的性質及釐定聯合安排為合營企業。

於聯合安排的投資於綜合資產負債表初始按成本確認後使用權益會計法入賬(請參閱下文附註2.6)。

2.6 權益會計法

根據權益會計法，投資初始按成本確認，隨後進行調整以確認本集團應佔該投資對象損益賬上的收購後損益，以及本集團應佔該投資對象於其他全面收益的其他全面收益變動。已收或應收聯營公司及合營企業的股息確認為削減投資的賬面值。

當本集團所佔以權益入賬投資的淨虧損相等於或超逾其於該實體的權益(包括任何其他無抵押長期應收款)，本集團不會確認進一步虧損，除非其代表其他實體產生責任或作出付款則屬例外。

本集團與其聯營公司及合營企業交易的未變現利得會作出對銷，以本集團於該等實體的權益為限。除非有證據顯示交易中所轉讓資產出現減值，否則未變現虧損亦會對銷。以權益入賬的投資對象的會計政策已於必要時作出變動，確保與本集團所採納的政策一致。

以權益入賬投資的賬面值根據附註2.15所述政策進行減值測試。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.7 CHANGES IN OWNERSHIP INTERESTS

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity shareholders of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling interests and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognized in a separate reserve within equity attributable to shareholders of the Company.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognized in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income are reclassified to profit or loss where appropriate.

2 主要會計政策摘要*(續)*

2.7 擁有權權益的變動

本集團視與非控制性權益進行不導致失去控制權的交易為與本集團權益股東進行的交易。擁有權權益的變動導致於控制性權益或非控制性權益的賬面值作出調整，以反映彼等於附屬公司的相關權益。非控制性權益調整的款額與已付或已收任何代價之間的差額於本公司股東應佔權益確認為獨立儲備。

當本集團因失去控制權、共同控制權或重大影響而不再將投資綜合入賬或以權益入賬，於實體的保留權益按在損益中的賬面值變動重新計量公允價值。該公允價值就其後聯營公司、合營企業或金融資產的保留權益的入賬而言成為初始賬面值。此外，先前於其他全面收益確認與該實體有關的任何金額按猶如本集團已直接出售有關資產或負債的方式入賬。此舉意味先前在其他全面收益確認的金額按適用香港財務報告準則規定／許可重新分類至損益或轉撥至另一類權益。

倘於合營企業或聯營公司的擁有權權益減少但仍保留共同控制權或重大影響，則僅先前已於其他全面收益內確認的按比例應佔金額會於適當情況下重新分類至損益。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.8 BUSINESS COMBINATIONS

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former shareholders of the acquired business
- equity interests issued by the Group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognizes any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

2 主要會計政策摘要*(續)*

2.8 業務合併

會計收購法用於入賬所有業務合併，而不論所收購者為權益工具或是其他資產。就收購附屬公司轉讓的代價為：

- 所轉讓資產的公允價值
- 所收購業務的前股東所招致的負債
- 本集團所發行的股本權益
- 或然代價安排產生的任何資產或負債的公允價值，及
- 附屬公司任何之前既有的股本權益的公允價值。

於業務合併所收購的可識別資產及所承擔的負債及或然負債，除於有限的例外情況外，初步以彼等於收購日期的公允價值計量，本集團按個別收購基準，按公允價值或按非控制性權益應佔被收購實體的可識別淨資產比例確認在被收購實體的任何非控制性權益。

收購相關成本在產生時支銷。

以下超逾所收購可識別淨資產公允價值的部份

- 所轉讓的代價
- 於所收購實體的任何非控制性權益款額，及
- 於所收購實體的任何過往股本權益的收購日期公允價值

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.8 BUSINESS COMBINATIONS *(Continued)*

Over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognized directly in profit or loss as a bargain purchase.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognized in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognized in profit or loss.

2.9 SEPARATE FINANCIAL STATEMENTS

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2 主要會計政策摘要*(續)*

2.8 業務合併*(續)*

入賬為商譽。倘該等款額低於所收購業務的可識別淨資產的公允價值，有關差額直接於損益確認為議價收購。

或然負債分類為權益或金融負債。分類為金融負債的款額其後按於損益確認的公允價值變動重新計量公允價值。

如業務合併分階段進行，收購方之前在被收購方持有股本權益於收購日期的賬面值，於收購日期重新計量公允價值。重新計量產生的任何盈虧在損益確認。

2.9 獨立財務報表

於附屬公司的投資按成本扣除減值入賬。成本包括投資的直接應佔成本。附屬公司的業績由本公司按已收及應收股息入賬。

倘收到附屬公司投資的股息時，所收股息超過附屬公司於宣派股息期間的全面收益總額，或倘該投資於單獨財務報表內的賬面值超過投資對象淨資產(包括商譽)於綜合財務報表內的賬面值時，則須對該投資進行減值測試。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.10 SEGMENT REPORTING

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors for their decisions about resources allocation to the Group's business components and for their review of the performance of those components. The business components in the internal financial information reported to the executive directors are determined following the Group's major business and service lines.

2.11 FOREIGN CURRENCY TRANSLATION

(a) Functional and presentation currency

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"), which is Hong Kong dollars (HK$), Renminbi (RMB) and US dollars (US$) respectively. The consolidated financial statements are presented in RMB.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

All foreign exchange gains and losses are presented in the consolidated statement of comprehensive income within "other gains/(losses) — net".

2 主要會計政策摘要*(續)*

2.10 分部報告

本集團根據定期向執行董事呈報的內部財務資料確定經營分部及編製分部資料，該等財務資料乃供執行董事決定分配資源至本集團各業務分部及檢討該等業務分部表現的基準。向執行董事呈報的內部財務資料的業務分部按本集團的主要業務及服務類別劃分。

2.11 外幣換算

(a) 功能及呈報貨幣

綜合財務報表所列項目均以實體營運所在主要經濟環境的貨幣(「功能貨幣」)(即分別為港元、人民幣及美元)計量。綜合財務報表以人民幣呈報。

(b) 交易及結餘

外幣交易採用交易日的現行匯率換算為功能貨幣。結算有關交易所產生的匯兑利得及虧損以及將外幣貨幣資產及負債以年終匯率換算所產生的匯兑利得及虧損一般於損益內確認。倘外幣交易與合資格現金流對沖及合資格投資淨額對沖有關或應佔外國業務淨資產的部份，則於權益列為遞延項目。

所有匯兑利得及虧損於綜合全面收益表的「其他利得／(虧損)淨額」呈列。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.11 FOREIGN CURRENCY TRANSLATION *(Continued)*

(c) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet are translated at the date of that balance sheet;
- income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation), all of the currency translation differences accumulated in equity in respect of that operation attributable to the shareholders of the Company are reclassified to profit or loss.

2 主要會計政策摘要*(續)*

2.11 外幣換算*(續)*

(c) 集團公司

功能貨幣有別於呈報貨幣的海外業務(概無來自嚴重通貨膨脹經濟體的貨幣)的業績及財務狀況均按以下方式換算為呈報貨幣:

- 各資產負債表所呈列的資產與負債按該資產負債表日期換算;
- 各全面收益表的收益及費用按平均匯率換算,除非該平均匯率並非各交易日的現行匯率累積影響的合理約數,在此情況下,收益及費用按各交易日的匯率換算;及
- 所有由此產生的匯兑差額於其他全面收益內確認。

收購海外實體所產生的商譽及公允價值調整視作該海外實體的資產及負債,並按收市匯率換算。

於出售海外業務(即出售本集團於該海外業務的全部權益,或涉及失去包括海外業務的附屬公司的控制權的出售)時,就歸屬於本公司股東的業務於權益累計的所有匯兑差額重新分類至損益。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.12 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other costs, such as repairs and maintenance, are charged to profit or loss during the year in which they are incurred.

Depreciation is provided to write off the cost of property, plant and equipment to their residual values using the straight-line method over their estimated useful lives:

Leasehold improvements	Over the lease terms
Furniture, fixtures and office equipment	3–10 years
Motor vehicles	5–10 years
Buildings	20 years

The assets' residual value and useful life are reviewed and adjusted, if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 2.15).

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognized as "other gains/(losses) — net" in the consolidated statement of comprehensive income.

2 主要會計政策摘要*(續)*

2.12 不動產、工廠及設備

不動產、工廠及設備按歷史成本減累計折舊及減值虧損列賬。資產成本包括購買價格及將資產達致運作狀況及地點以供擬定用途的任何直接應佔成本。

後續成本只有在該項目很可能為本集團帶來與之有關的未來經濟利益，且成本能可靠計量時，方會計入資產的賬面值或確認為一項單獨資產(倘適用)。所有其他成本(例如維修及保養費用)在產生的財政年度內於損益扣除。

不動產、工廠及設備的折舊採用以下估計可使用年期將成本按直線法分攤至剩餘價值計算：

租賃樓宇裝修	按租賃年期
傢俱、裝置及辦公設備	3至10年
汽車	5至10年
樓宇	20年

資產的剩餘價值及可使用年期在各報告期末進行檢討，並於適當時候作出調整。

倘資產的賬面值高於其估計可收回金額，則即時將資產的賬面值撇減至其可收回金額(附註2.15)。

出售的利得或虧損按比較所得款與資產賬面值釐定，並在綜合全面收益表內確認為「其他所得／(虧損)淨額」。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.13 INVESTMENT PROPERTIES

Investment properties, principally comprising leasehold land and buildings, are held for long-term rental yields or for capital appreciation or both, and that are not occupied by the Group. It also include properties that are being constructed or developed for future use as investment properties.

Investment properties are initially measured at cost, including related transaction costs and where applicable borrowing costs. After initial recognition, investment properties are carried at fair value, representing open market value determined at each reporting date by external valuers. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If the information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. Changes in fair values are recorded in the consolidated statement of comprehensive income in fair value gains or losses on investment properties.

If an item of owner-occupied property becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this item as at the date of transfer is treated in the same way as a revaluation under HKAS 16. Any resulting increase in the carrying amount of the property is recognized in profit or loss to the extent that it reverses a previous impairment loss, with any remaining increase recognized in other comprehensive income and increased directly to equity in revaluation surplus within equity. Any resulting decrease in the carrying amount of the property is initially charged in other comprehensive income against any previously recognized revaluation surplus, with any remaining decrease charged to profit or loss.

2 主要會計政策摘要*(續)*

2.13 投資性物業

投資性物業(主要包括租賃土地及樓宇)為持作獲得長期租金收益或作資本升值或為上述兩者且並非由本集團佔用的物業。投資性物業亦包括為日後作投資性物業用途而興建或發展的物業。

投資性物業初始按成本(包括相關交易成本及(如適用)借款成本)計量。於初始確認後,投資性物業按公允價值(即外部估值師於各報告日期所釐定的公開市值)列賬。公允價值按活躍市價得出,當中已就特定資產的性質、地點或狀況的任何差異作出調整(如必要)。倘並無有關資料,則本集團會使用其他估值法,如活躍程度較低市場的近期價格或折現現金流量預測。公允價值變動於綜合全面收益表以投資性物業公允價值利得或虧損確認。

倘擁有人佔用物業項目因用途改變而成為投資性物業,則項目於轉讓日期的賬面值與公允價值的差額按與根據香港會計準則第16號進行重估的相同方式處理。由此產生之物業賬面值增加於撥回過往減值虧損時於損益確認,而剩餘增加則於其他綜合收益確認及與權益直接相關之增加則於權益內重估盈餘確認。由此產生之物業賬面值減少初始於之前確認的重估盈餘於其他綜合收益扣除,而任何剩餘減少則於損益扣除。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.14 INTANGIBLE ASSETS

(a) Goodwill

Goodwill is measured as described in note 2.8. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortized but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments (note 6).

(b) Software

Costs associated with maintaining software programs are recognized as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognized as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use
- management intends to complete the software and use or sell it
- there is an ability to use or sell the software

2 主要會計政策摘要*(續)*

2.14 無形資產

(a) 商譽

商譽如附註2.14所述計量。於收購附屬公司時所產生的商譽計入無形資產。商譽不會攤銷，但會每年進行減值測試，或倘出現商譽可能減值的事宜或情況的變動，則更頻密進行測試，並以成本減累計減值虧損入賬。出售一間實體的盈虧包括有關出售實體的商譽賬面值。

就減值測試而言，商譽被分配至現金產生單位。有關分配乃對預期能從產生商譽的業務合併獲益的該等現金產生單位或每組現金產生單位作出。每個或每組單位被識別為該商譽就內部管理而被監察的最低層，即營運分部(附註6)。

(b) 軟件

與維護軟件程式有關的成本於產生時確認為開支。當符合以下條件時，設計及測試由本集團控制的可識別及獨特軟件產品的直接應佔開發成本確認為無形資產：

- 完成該軟件以使其能使用，在技術上是可行的
- 管理層擬完成該軟件並將其使用或出售
- 有能力使用或出售該軟件

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.14 INTANGIBLE ASSETS *(Continued)*

***(b) Software** (Continued)*

- it can be demonstrated how the software will generate probable future economic benefits
- adequate technical, financial and other resources to complete the development and to use or sell the software are available, and
- the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalized as part of the software include employee costs and an appropriate portion of relevant overheads.

Capitalized development costs are recorded as intangible assets and amortized from the point at which the asset is ready for use.

(c) Research and development

Research expenditure and development expenditure that do not meet the criteria in (iii) above are recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

(d) Amortisation methods and periods

The group amortizes intangible assets with a limited useful life using the straight-line method over 10 years.

Software	10 Years

2 主要會計政策摘要*(續)*

2.14 無形資產*(續)*

(b) 軟件(續)

- 能顯示該軟件如何產生可能出現的未來經濟利益
- 有足夠的技術、財務及其他資源完成開發並可使用或出售該軟件，及
- 該軟件在開發期內的應佔開支能可靠地計量。

資本化為部分軟件的直接應佔成本包括僱員成本及相關經常性費用的合適部分。

已資本化的開發成本入賬為無形資產及由資產可供使用起攤銷。

(c) 研究及開發

不符合上述(iii)標準的研究開支及開發開支於產生時確認為開支。先前確認為開支的開發成本不會在後續期間確認為資產。

(d) 攤銷方法及年期

本集團使用直線法於有限可使用年期10年將無形資產攤銷。

軟件	10年

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.15 IMPAIRMENT OF NON-FINANCIAL ASSETS

Goodwill is not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2 主要會計政策摘要*(續)*

2.15 非金融資產的減值

商譽不會攤銷，但會每年進行減值測試，或倘出現商譽可能減值的事宜或情況的變動，則更頻密進行測試。其他資產在出現賬面值可能無法收回的事宜或情況的變動時進行減值測試。減值虧損按資產的賬面值超出可收回金額的差額確認。可收回金額以資產的公允價值減出售成本與使用價值兩者的較高者為準。就評估減值而言，資產按主要獨立於其他資產或各類資產的可分開識別現金流量的最低級別(現金產生單位)分組。已蒙受減值的非金融資產(商譽除外)在各報告期結束時均就減值是否撥回進行檢討。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.16 PROPERTIES UNDER DEVELOPMENT OR HELD FOR SALE

Properties under development and held for sale are stated at the lower of cost and net realizable value. Development cost of properties comprises cost of leasehold or freehold land payments, construction costs and borrowing costs incurred during the construction period. Upon completion, the properties are transferred to completed properties held for sale.

Net realizable value takes into account the price ultimately expected to be realized, less applicable variable selling expenses and the anticipated costs to completion.

Properties under development and held for sale are classified as current assets unless the construction period of the relevant property development project is expected to complete beyond normal operating cycle.

All land in the Mainland China is stated-owned or collectively-owned and no individual ownership right exists. Land use rights are acquired by the Group for development of properties. Land use rights held for development for sale are inventories and measured at lower of cost and net realizable value, of which those within normal operating cycle are classified as current assets and included in properties under development or held for sale, while those out of the normal operating cycle are classified as non-current assets. Land use rights fall within investment properties are classified as investment properties (note 2.13).

2.17 INVENTORIES

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted average method. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2 主要會計政策摘要*(續)*

2.16 開發中房地產及持作銷售物業

開發中房地產及持作銷售物業按成本及可變現淨值兩者的較低者列賬。物業發展成本包括於施工期間產生的租賃土地或永久業權土地付款成本、建築成本及借款成本。於竣工時，物業會轉撥至持作銷售已落成物業。

可變現淨值按預期最終將予變現的價格減適用的變動銷售費用及估計竣工成本計量。

除非預期相關房地產開發項目施工期於正常營運週期之後結束，否則開發中及持作銷售物業分類為流動資產。

中國內地的所有土地均為國有或集體所有，不存在個人所有權。本集團收購土地使用權以開發物業。持作開發以供出售的土地使用權為存貨，按成本與可變現淨值的較低者計量，其中正常營運週期內的土地使用權分類為流動資產，計入開發中房地產或持作銷售物業，而於正常營運週期以外的土地使用權則分類為非流動資產。屬於投資性物業的土地使用權分類為投資性物業(附註2.13)。

2.17 庫存

庫存按成本及可變現淨值兩者的較低者列賬。成本以加權平均基準釐定。可變現淨值為在一般業務過程中的估計售價減適用的變動銷售費用。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.18 INVESTMENTS AND OTHER FINANCIAL ASSETS

(a) Classification

From 1 January 2018, the Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income (OCI)), or through profit or loss, and
- those to be measured at amortized cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at financial assets at fair value through other comprehensive income (FVOCI).

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

2 主要會計政策摘要*(續)*

2.18 投資及其他金融資產

(a) 分類

自二零一八年一月一日起，本集團將其金融資產分類為以下計量類別：

- 其後按公允價值(透過其他全面收益或透過損益)計量的金融資產，及
- 按攤銷成本計量的金融資產。

分類取決於本集團管理金融資產的商業模式及現金流的合約條款而定。

就按公允價值計量的資產而言，其盈虧於損益或其他全面收入列賬。至於並非持作買賣的權益工具投資，則取決於本集團有否於初始確認時不可撤銷地選擇將股權投資金融資產按公允價值計入其他全面收入列賬。

當且僅當管理該等資產的業務模式有變時，本集團方重新分類債務投資。

(b) 確認及折舊

金融資產的日常買賣於交易日(即本集團承諾購買或出售資產當日)確認。當收取金融資產現金流的權利已屆滿或已轉讓及本集團已轉移擁有權的幾乎所有風險及回報，則金融資產終止確認。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.18 INVESTMENTS AND OTHER FINANCIAL ASSETS *(Continued)*

(c) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at financial assets at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in "other gains/(losses) — net", together with foreign exchange gains and losses.

2 主要會計政策摘要*(續)*

2.18 投資及其他金融資產*(續)*

(c) 計量

初步確認時，本集團按公允價值加(倘屬並非按公允價值計入損益的金融資產)收購該金融資產的直接相關交易成本計量金融資產。按公允價值計入損益的金融資產的交易成本於損益支銷。

附帶嵌入衍生工具的金融資產於釐定其現金流量是否純粹為支付本金及利息時以整體作出考慮。

債務工具

其後計量債務工具視乎本集團管理資產及資產的現金流量特徵的業務模式。本集團將其債務工具分為三個計量類別：

- 攤銷成本：持作收回合約現金流量的資產按攤銷成本計量，有關現金流量純粹指本金及利息付款。來自該等金融資產的利息收入按實際利率法計入其他收入。終止確認產生的收益或虧損於損益中直接確認，並連同外匯收益及虧損呈列於「其他收益／(虧損)淨額」。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.18 INVESTMENTS AND OTHER FINANCIAL ASSETS *(Continued)*

***(c) Measurement** (Continued)*

Debt instruments (Continued)

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in profit and loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in "other gains/(losses) — net". Interest income from these financial assets is included in "other income" using the effective interest rate method. Foreign exchange gains and losses are presented in "other gains/(losses) — net".

- FVPL: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognized and presented net in profit or loss within "other gains/(losses) — net" in the period in which it arises.

2 主要會計政策摘要*(續)*

2.18 投資及其他金融資產*(續)*

***(c) 計量**(續)*

債務工具(續)

- 按公允價值計入其他全面收益：持作收回合約現金流量及出售金融資產的資產，倘該等資產現金流量僅指支付本金及利息，則按公允價值計入其他全面收益計量。賬面值的變動乃計入其他全面收益，惟於損益確認的減值收益或虧損、利息收入及外匯收益及虧損的確認除外。金融資產終止確認時，先前於其他全面收益確認的累計收益或虧損由權益重新分類至損益，並於「其他收益／(虧損)淨額」內確認。該等金融資產的利息收入乃按實際利率法計入「其他收入」。外匯收益及虧損於「其他收益／(虧損)淨額」內呈列。

- 按公允價值計入損益：倘資產不符合按攤銷成本計量或按公允價值計入其他全面收益的標準，會按公允價值計入損益計量。其後按公允價值計入損益計量的債務投資的收益或虧損於其產生期間於損益中確認及呈列為「其他收益／(虧損)淨額」。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.18 INVESTMENTS AND OTHER FINANCIAL ASSETS *(Continued)*

***(c) Measurement** (Continued)*

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investments. Dividends from such investments continue to be recognized in profit or loss as "other income" when the Group's right to receive payments is established.

Changes in the fair value of financial assets carried at FVPL are recognized in "other gains/(losses) — net" in profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(d) Impairment of financial assets

From 1 January 2018, the Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortized cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 3.1 (b) details how the Group determines whether there has been a significant increase in credit risk.

For contract assets and trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables, see note 3.1(b) for further details.

2 主要會計政策摘要*(續)*

2.18 投資及其他金融資產*(續)*

***(c) 計量**(續)*

權益工具

本集團其後按公允價值計量所有股權投資。倘本集團管理層選擇於其他全面收益呈列股權投資的公允價值收益及虧損，則於終止確認有關投資後不會將公允價值收益及虧損後續重新分類至損益。當確立本集團收取有關投資股息的權利時，有關付款繼續於損益中確認為「其他收入」。

按公允價值計入損益的金融資產的公允價值變動於損益中確認為「其他收益／(虧損)淨額」(如適用)。按公允價值計入其他全面收益計量的股權投資的減值虧損(及減值虧損撥回)不會與公允價值其他變動分開呈報。

(d) 金融資產減值

自二零一八年一月一日起，本集團按前瞻性基準評估與按攤銷成本及按公允價值計入其他全面收益的債務工具有關的預期信貸虧損。應用的減值方法取決於信貸風險是否大幅增加。附註3.1 (b)詳述本集團如何釐定信貸風險是否大幅增加。

就合約資產及應收賬款而言，本集團應用香港財務報告準則第9號批准的簡化方法，其規定初始確認應收款時予以確認的預計可使用年期虧損，詳見附註3.1(b)。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.19 OFFSETTING FINANCIAL INSTRUMENTS

Financial assets and liabilities are offset and the net amount reported in consolidated balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

2.20 TRADE AND OTHER RECEIVABLES

Trade receivables are amounts due from customers arising from sales of properties or providing management services. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. See note 2.18 for further information about the Group's accounting for trade receivables and a description of the Group's impairment policies.

2.21 CASH AND CASH EQUIVALENTS

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Restricted cash is excluded from cash and cash equivalents.

2 主要會計政策摘要*(續)*

2.19 抵銷金融工具

當有合法可執行權利將已確認金額抵銷並有意按淨額基準結算或同時變現資產及結算負債時，金融資產及負債予以抵銷，並於綜合資產負債表以淨額報告。

2.20 應收賬款及其他應收款

應收賬款為銷售物業或提供管理服務而應收客戶的款項。倘應收賬款及其他應收款預期可於一年或以內(或倘時間更長，則在業務的正常營運週期)收款，則分類為流動資產。倘未能於一年或以內收款的，則呈列為非流動資產。

應收賬款及其他應收款初始按公允價值確認，其後則以實際利率法按攤銷成本計量，並須扣除減值撥備。有關本集團應收賬款的會計入賬及本集團減值政策的說明請參閱附註2.18。

2.21 現金及現金等價物

就現金流量表的呈列而言，現金及現金等價物包括手頭現金、銀行通知存款、其他原到期日為三個月或以內並可隨時轉換為已知金額的現金且不存在重大價值變動風險的短期高流通性投資。受限制現金不包括在現金及現金等價物內。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.22 SHARE CAPITAL

Ordinary shares are classified as equity. Share capital is determined using the nominal value of shares that have been issued.

Any transaction costs associated with the issue of shares are deducted from share premium to the extent they are incremental costs directly attributable to the equity transaction.

2.23 TRADE AND OTHER PAYABLES

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within twelve months after the reporting period (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

2.24 BORROWINGS AND BORROWING COSTS

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates.

2 主要會計政策摘要*(續)*

2.22 股本

普通股分類為權益。股本按已發行股份的面值釐定。

任何與發行股份有關的交易成本自股份溢價中扣除，惟以可直接歸屬於股權交易的增量成本為限。

2.23 應付賬款及其他應付款

應付賬款及其他應付款為在日常業務過程中向供應商購買商品或服務而應支付的債務。倘應付賬款及其他應付款於報告期後12個月內(或於正常業務經營週期(如較長))到期，則分類為流動負債。否則，分類為非流動負債。

應付賬款及其他應付款初始按公允價值確認，其後則以實際利率法按攤銷成本計量。

2.24 借款及借款成本

借款初始按公允價值(扣除已產生的交易成本)確認。借款其後按攤銷成本計量；所得款項(扣除交易成本)與贖回價值兩者間的任何差額於借款期間以實際利率法在損益確認。設立貸款融資支付的費用，於可能提取部分或所有融資時確認為貸款的交易成本。在此情況下，該費用會遞延至提取融資為止。倘若並無任何證據顯示將會提取部分或所有融資，則有關費用將資本化作流動資金服務的預付款項，並在融資相關期間攤銷。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.24 BORROWINGS AND BORROWING COSTS *(Continued)*

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss as finance costs.

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognized in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get 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.

Other borrowing costs are expensed in the period in which they are incurred.

2 主要會計政策摘要*(續)*

2.24 借款及借款成本*(續)*

當合約中規定的責任解除、取消或屆滿時，借貸從資產負債表中剔除。已消除或轉讓給另一方的金融負債的賬面值與已支付代價(包括已轉讓的非現金資產或所承擔的負債)之間的差額，在損益中確認為財務費用。

如金融負債的條款重新商討，而實體向債權人發行股權工具，以消除全部或部分負債(權益與債務掉期)，該項金融負債賬面值與所發行權益工具公允價值的差額在損益表中確認為收益或虧損。

除非本集團擁有無條件權利可將償還負債的日期遞延至報告期結束後至少12個月，否則借款分類為流動負債。

收購、建造或生產合資格資產直接應佔的一般及特定借款成本於須完成及預備資產作其擬定用途或銷售的期間資本化。合資格資產為必須經過頗長時間籌備以作預定用途或出售的資產。

就特定借貸，因有待合資格資產的支出而臨時投資賺取的投資收入，應自合資格資本化的借貸成本中扣除。

其他借貸成本在產生期內支銷。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.25 CURRENT AND DEFERRED INCOME TAX

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current and deferred tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current income tax also includes Mainland China land appreciation tax which is levied on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including land cost, borrowing costs and all property development expenditures.

2 主要會計政策摘要*(續)*

2.25 即期及遞延所得稅

期內所得稅費用或抵免為本期間應課稅收入的應付稅項，乃基於按暫時性差額及未使用稅項虧損應佔的遞延稅項資產及負債變動而調整的各司法權區適用所得稅稅率計算。

即期及遞延稅項於損益中確認，惟其與於其他全面收益或直接於權益所確認項目有關者則除外。在此情況下，該稅項則於其他全面收益或直接於權益確認。

(a) 即期所得稅

即期所得稅費用按照本公司附屬公司及聯營公司經營及產生應課稅收入所在國家於結算日已頒佈或已大致頒佈的稅法計算。管理層就適用稅務法規有待詮譯的情況定期評估報稅狀況並於適當情況下基於預期向稅務機關支付的金額作出撥備。

即期所得稅亦包括中國土地增值稅（按土地價值的升幅徵收），即銷售物業所得款減可扣減開支，包括土地成本、借款成本及所有房地產開發支出。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.25 CURRENT AND DEFERRED INCOME TAX *(Continued)*

(b) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

The deferred tax liability in relation to investment properties that are measured at fair value is determined assuming the property will be recovered entirely through sale.

Deferred tax assets are recognized only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Deferred tax liabilities and assets are not recognized for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

2 主要會計政策摘要*(續)*

2.25 即期及遞延所得稅*(續)*

(b) 遲延所得稅

遞延所得稅利用負債法全數撥備資產和負債的稅基與資產和負債在綜合財務報表的賬面值的差額而產生的暫時性差額。然而，若遞延稅項負債來自對商譽的初始確認，則遞延稅項負債不予確認。倘遞延所得稅來自在交易(不包括業務合併)中對資產或負債的初始確認，而在交易時不影響會計損益或應課稅利潤或虧損，亦不予入賬。遞延所得稅採用在各報告期末已頒佈或實質上已頒佈，並在有關的遞延所得稅資產實現或遞延所得稅負債結算時預期將會適用的稅率(及法例)而釐定。

與投資性物業有關並以公允價值計量的遞延稅項負債乃假設物業將通過出售全數收回而釐定。

遞延所得稅資產於有未來應課稅利潤可用於該等暫時差額及虧損時方予確認。

遞延稅項負債及資產不會就海外業務投資的賬面值與稅基之間的暫時性差額確認，而本公司可控制撥回暫時性差額的時間及該差額於可見將來可能不會撥回。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.25 CURRENT AND DEFERRED INCOME TAX *(Continued)*

***(b) Deferred income tax** (Continued)*

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

2.26 EMPLOYEE BENEFITS

(a) Employee leave entitlements

Employee entitlements to annual leave are recognized when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by the employees up to the balance sheet date.

Employee entitlements to sick leave and maternity leave are not recognized until the time of leave.

(b) Pension obligations

The Group participates in defined contribution retirement benefit plans which are available to all relevant employees. These plans are generally funded through payments to schemes established by governments or trustee administered funds. A defined contribution plan is a pension plan under which the Group pays contributions on mandatory, contractual or voluntary basis into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee services in the current and prior periods. The Group's contributions to the defined contribution plans are expensed as incurred and, in most cases, are not reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions.

2 主要會計政策摘要*(續)*

2.25 即期及遞延所得稅*(續)*

***(b) 遞延所得稅**(續)*

當有法定可執行權利將即期稅項資產與即期稅項負債抵銷，且遞延稅項結餘涉及相同稅務機關，則可將遞延所得稅資產與負債互相抵銷。當實體擁有法定可執行抵銷權且有意按淨值結算或同時變現資產及結清負債，則將即期稅項資產與即期稅項負債抵銷。

2.26 僱員福利

(a) 僱員應享假期

僱員獲享的年假在僱員可享有時確認。本集團會對僱員服務至結算日所累積的年假估算負債作出撥備。

僱員獲享的病假及產假直至僱員休假時方予確認。

(b) 退休金責任

本集團針對全體相關僱員參與界定供款退休福利計劃。該等計劃一般以向政府成立的計劃或信託管理基金支付款項的方式運作。界定供款計劃指本集團以強制、合約或自願基準向獨立實體作出供款的退休金計劃。倘基金並無足夠資產就目前及過往期間的僱員服務向所有僱員支付福利，本集團並無法定或推定責任作出進一步供款。本集團向界定供款計劃所作的供款於發生時支銷，在大部分情況下，不會以沒收於供款悉數歸屬前離開計劃的僱員的供款方式扣減。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.26 EMPLOYEE BENEFITS *(Continued)*

(c) Bonus entitlements

The expected cost of bonus payments is recognized as a liability when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made. Liabilities of bonus plan are expected to be settled within twelve months and are measured at the amounts expected to be paid when they are settled.

(d) Restricted share award scheme

The Group operates a restricted share award scheme to recognise the contributions by employees. The fair value of the employee services received in exchange for the grant of restricted share is recognized as employee benefit expense.

The total amount to be expensed over the vesting period is determined by reference to the value of the restricted shares granted:

- including any market performance conditions;
- excluding the impact of any service and non-market performance vesting conditions; and
- including the impact of any non-vesting conditions.

The total expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

At each balance sheet date, the Group revises its estimates of the number of restricted share awards that are expected to be vested. It recognizes the impact of the revision of original estimates, if any, in profit or loss, with a corresponding adjustment to other reserves.

2 主要會計政策摘要*(續)*

2.26 僱員福利*(續)*

(c) 應享花紅

支付花紅的預計成本，於因僱員提供服務而使本集團產生現有法定或推定責任，並能夠可靠估計時確認為負債。花紅計劃的負債預期將於十二個月內償付，並按償付時預期須予支付的金額計算。

(d) 限制性股份獎勵計劃

本集團設有限制性股份獎勵計劃，以確認僱員的貢獻。僱員提供服務以獲授限制性股份的公允價值確認為僱員福利費用。

於歸屬期內將予支銷的總金額參考獲授限制性股份的價值釐定：

- 包括任何市場表現情況；
- 不包括任何服務及非市場表現歸屬條件的影響；及
- 包括任何非歸屬條件的影響。

總費用於歸屬期內確認，歸屬期指將符合所有特定歸屬條件的期間。

於各結算日，本集團修訂對將予歸屬限制性股份獎勵數目的估計。本集團於損益內確認對原來估計作出修訂的影響(如有)，並在其他儲備內作出相應調整。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.26 EMPLOYEE BENEFITS *(Continued)*

***(d) Restricted share award scheme** (Continued)*

Employee share trust is established, for the purposes of awarding shares to eligible employees under the restricted share award scheme.

The employee share trust is administered by an independent trustee and is funded by the Group's cash contributions and recorded as contributions to employee share trusts, an equity component. The administrator of the employee share trust buys the Company's shares in the open market for award to employees.

Upon vesting, the corresponding awards in the share-based compensation reserve will be transferred to the employee share trust for shares awarded to employees.

2.27 PROVISIONS

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

2 主要會計政策摘要*(續)*

2.26 僱員福利*(續)*

***(d) 限制性股份獎勵計劃**(續)*

僱員股份信託乃為根據限制性股份獎勵計劃向合資格僱員授出獎勵股份而設。

僱員股份信託由獨立信託人管理，並由本集團以現金撥付供款，於權益入賬作僱員股份信託供款。僱員股份信託管理人於公開市場購入本公司股份以向僱員作出獎勵。

於歸屬時，以股份為基礎補償儲備內的相應獎勵轉撥至僱員股份信託，以向僱員作出股份獎勵。

2.27 撥備

當本集團因過往事件承擔現有法律或推定責任，而解除責任很有可能導致資源流出，且金額能夠可靠計算的情況下，方會確認撥備。概不會就未來經營虧損確認撥備。

倘承擔若干類似責任，於釐定解除責任會否導致資源流出時，將考慮整體責任類別。即使同類責任當中任何一項導致資源流出可能性甚低，亦會確認撥備。

撥備採用稅前利率按照預期結算有關責任所需的開支現值計量，該利率反映當時市場對貨幣時間值和有關責任固有風險的評估。隨著時間過去而增加的撥備確認為利息費用。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.28 FINANCIAL GUARANTEE CONTRACTS

Financial guarantee contracts are recognized as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of

- the amount determined in accordance with the expected credit loss model under HKFRS 9, and
- the amount initially recognized less, where appropriate, the cumulative amount of income recognized in accordance with the principles of HKFRS 15.

The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Where guarantees in relation to loans or other payables of associates are provided for no compensation, the fair values are accounted for as contributions and recognized as part of the cost of the investment.

2 主要會計政策摘要*(續)*

2.28 財務擔保合約

財務擔保合約於發出擔保時確認為金融負債。負債初步按公允價值計量，其後按以下之較高者計量：

- 根據香港財務報告準則第9號之預期信貸虧損模型釐定的金額；或
- 初步確認金額減(如適用)根據香港財務報告準則第15號所確認累計收入金額。

財務擔保的公允價值釐定為債務工具所需合約付款與無擔保情況下所須付款的現金流量差額現值，或第三方承擔責任而應付第三方的估計金額。

倘聯營公司的貸款或其他應付款擔保為無償提供，相關公允價值作為注資入賬，確認為投資成本一部分。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.29 REVENUE RECOGNITION

(a) The Group develops and sells properties, and provides management services to its customers. Revenues are recognized when the control of the asset is transferred to the customer. Depending on the terms of the contract and the laws and rules that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer; or
- creates and enhances an asset that the customer controls as the Group performs; or
- do not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the asset transfers over time, revenue is recognized over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognized at a point in time when the customer obtains control of the asset.

2 主要會計政策摘要*(續)*

2.29 收入確認

(a) 本集團開發及銷售物業，並向客戶提供管理服務。收入於資產控制權轉移至客戶時確認。視乎合約條款及適用於合約的法律及規例，資產控制權可經過一段時間或於某一時間點轉移。倘本集團在履約過程中滿足下列條件，資產控制權將經過一段時間轉移：

- 提供全部利益，而客戶亦同步收到並消耗有關利益；或
- 創建並提升本集團履約時客戶所控制的資產；或
- 並無創建對本集團而言有其他用途的資產，而本集團可強制執行其權利收回累計至今已完成履約部份的款項。

倘資產控制權經過一段時間轉移，收入將於整個合約期間參考已完成履約責任的進度確認。否則，收入於客戶獲得資產控制權的時間點確認。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.29 REVENUE RECOGNITION *(Continued)*

(a) (Continued)

(i) *Property development and sales*

The Group develops and sells residential properties in Mainland China and US. Revenue is recognized at a point in time when the property is delivered to the customer, the customer has accepted the property in accordance with the sales contract, the acceptance provision have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied. Otherwise, revenue is recognized over the development period by reference to the costs incurred up to the end of reporting period as a percentage of the total expected costs to complete the contract. Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by the Group.

(ii) *Management services*

The Group provides management services to its customers at fixed or variable amount. If the consideration is variable, revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur. The Group recognizes revenue from management services over period of time where the customer simultaneously receives and consumes the benefits provided by the Group or the Group has an enforceable right to payments for performance completed to date and the performance do not create an asset with an alternative use. Otherwise revenue was recognized at a point in time. For revenue recognized over period of time, the Group measures the progress towards complete satisfaction of performance obligation on the basis of the actual costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract. Where the outcome of a contract cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are eligible to be recovered. Provision is made for foreseeable losses as soon as they are anticipated by the Group.

2 主要會計政策摘要*(續)*

2.29 收入確認*(續)*

(a) （續）

(i) *物業發展及銷售*

本集團於中國內地及美國開發及銷售住宅物業。當物業交付予客戶時，客戶根據銷售合約接收物業，接收撥備已失效，或本集團有客觀證據證明所有接收條件已達成，則會將收入於某一時點確認。否則，收入會參照截至報告期末已產生成本佔預計完工總成本的百分比，於開發期間確認。倘情況有變，則會修訂收入、成本或完工進度的估計。估計收入或成本的增減會於本集團得悉導致修訂的情況發生期間於損益反映。

(ii) *管理服務*

本集團按固定及可變金額向客戶提供管理服務。倘代價可變，則只會在很大可能不會撥回重大金額的情況下確認收入。倘客戶同時收取並消耗本集團提供的利益或本集團就迄今已完成的履約擁有可執行的支付權利，且履約並無產生對本集團具有替代用途的資產，則本集團於一段時間確認管理服務收入，否則收入於某一時間點確認。就於一段期內確認的收入而言，本集團會計量截至報告期完工履約責任進度產生的實際成本佔各合約估計成本總額的百分比評估特定交易的完成情況。倘無法可靠計量合約的結果，則僅在所產生費用合資格收回的情況下確認收入。本集團預期產生可預見虧損時作出撥備。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.29 REVENUE RECOGNITION *(Continued)*

(b) Contract costs — costs of obtaining a contract

The costs of obtaining a contract with a customer are immaterial and are expensed when incurred.

(c) Financing component

The Group adjusts the transaction price for the time value of money where the period between the transfer of the promised goods or services to the customer and payments by the customer exceeds one year considering it provides a potential significant benefit. The transaction price is adjusted by the discount rate that would be reflected in a separate financing transaction between the Group and its customer at contract inception.

(d) Multiple performance obligations

Where the contracts include multiple performance obligations, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices. Where these are not directly observable, they are estimated based on expected cost plus margin.

(e) Contract assets and contract liabilities

As agreed in the contracts, the customer pays fixed or variable amount based on a payment schedule. If the services or goods rendered by the Group exceed the payment, a contract asset is recognized. If the payments exceed the services or goods rendered, a contract liability is recognized. Any unconditional rights to consideration are presented separately as receivables.

2 主要會計政策摘要*(續)*

2.29 收入確認*(續)*

(b) 合約成本 — 獲取合約的成本

獲得客戶合約的成本並不重大，並於產生時入賬。

(c) 融資部分

倘向客戶轉移承諾的產品或服務至客戶付款的期間超過一年，本集團會就金錢時間值對交易價格作出調整，皆因當中有重大利益。交易價格會使用本集團與客戶於合約開始時另行進行金融交易的貼現率調整。

(d) 多項履約責任

倘合約涉及多項履約責任，交易價格將基於獨立售價分配至各項履約責任。倘有關數據不可直接觀察獲得，則基於預期成本加利潤率估算。

(e) 合約資產及合約負債

如合約內所擬定，客戶根據付款時間表支付固定或浮動金額。倘本集團提供的服務或產品超過付款，則確認合約資產。倘付款超過所提供的服務或產品，則確認合約負債。任何收取代價的無條件權利均另行呈列為應收款。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.30 INTEREST INCOME

Interest income from financial assets at FVPL is included in the net fair value gains/(losses) on these assets.

Interest income on financial assets at amortized cost and financial assets at FVOCI calculated using the effective interest method is recognized in profit or loss as part of "other income".

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes, see note 10 below.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the expected credit loss).

2.31 DIVIDEND INCOME

Dividends are received from financial assets measured at FVPL and at FVOCI. Dividends are recognized as "other income" in profit or loss when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits, unless the dividend clearly represents a recovery of part of the cost of an investment. In this case, the dividend is recognized in OCI if it relates to an investment measured at FVOCI. However, the investment may need to be tested for impairment as a consequence.

2 主要會計政策摘要*(續)*

2.30 利息收益

以公允價值計量且其變動計入損益的金融資產的利息收入計入該等資產的公允價值淨利得╱(損失)。

以攤攤成本計量的金融資產和按公允價值計入其他合面收益的金融資產的利息收入採用實際利率法計算，並計入損益內的「其他收益」。

出於現金管理目的而持有的金融資產的利息收入列示為財務收入，參見下文附註10。

利息收入是用實際利率乘以金融資產賬面總額計算得出，後續已發生信用減值的金融資產除外。後續已發生信用減值的金融資產使用實際利率乘以金融資產(經扣除預期信貸虧損)的賬面淨值。

2.31 股息收益

股息來自按公允價值計入損益及按公允價值計入其他全面收益的金融資產。當確立收取付款的權利時會於損益將股息確認為「其他收入」。此做法亦適用於預先收購溢利的派付，除非清楚顯示股息是收回投資成本的一部分。在此情況下，倘股息有關按公允價值計入其他全面收益的投資，則於其他全面收益確認。然而，投資可能因此須接受減值測試。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.32 GOVERNMENT GRANTS

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants relating to costs are deferred and recognized in profit or loss over the period necessary to match them with the costs they are intended to compensate. Government grants that become receivable as compensation for expenses or losses already incurred are recognized as income of the period in which they become receivable.

2.33 EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to shareholders of the Company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(b) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

2 主要會計政策摘要*(續)*

2.32 政府補助

倘能合理保證可收到政府補助而本集團將遵循所有附帶條件時，則有關政府補助按公允價值確認。有關成本的政府補助遞延至政府補助與其擬補償的成本配對時，方於損益確認。就經已產生的開支或虧損而應收作為補償的政府補助在其成為應收的期間確認為收入。

2.33 每股收益

(a) 每股基本收益

每股基本收益乃：

- 歸屬於本公司股東的利潤(不包括除普通股以外的任何服務權益的成本)除以
- 財政年度已發行普通股的加權平均數(就年內已發行普通股的花紅部分作出調整及不包括庫存股份)。

(b) 稀釋每股收益

稀釋每股收益已就釐定每股基本收益使用的數字作出調整，當中包括：

- 與稀釋潛在普通股相關的税後利息和其他融資成本，及
- 假設所有稀釋潛在普通股的轉換所額外發行普通股數量的加權平均數。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.34 LEASES

The Group leases certain properties. Leases of properties where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in finance lease liabilities. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases (note 41). Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

Lease income from operating leases where the Group is a lessor is recognized in income on a straight-line basis over the lease term (note 18). The respective leased assets are included in the balance sheet based on their nature.

2.35 DIVIDEND DISTRIBUTION

Dividend distribution to the Shareholders of the Company is recognized as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Shareholders of the Company.

2 主要會計政策摘要*(續)*

2.34 租賃

本集團租賃若干物業。凡物業的擁有權所涉及的大部份風險及回報由本集團擁有的租賃，分類為融資租賃。融資租賃於租賃開始時按租賃物業的公允價值及最低租金付款的現值兩者中的較低者資本化。相應的租金責任(扣除融資費用)計入融資租賃負債。各租賃付款於負債及融資費用之間分配。融資費用於租賃期以固定利率將負債餘額自每個期間的損益表中扣除。倘未能合理確定本集團將於租期結束時取得擁有權，則根據融資租賃收購的不動產、工廠及設備於資產使用年期按資產使用年期與租期之間的較短者折舊。

凡擁有權所涉及大部分風險及回報由出租人保留的租賃，分類為經營租賃(附註41)。根據經營租賃所付租金在扣除來自出租人的任何優惠後，在租期以直線法在損益扣除。

倘本集團為出租人，來自經營租賃之租賃收入於租期內按直線法確認收入(附註18)。各出租資產根據其性質計入資產負債表。

2.35 股息分派

向本公司股東分派的股息於本公司股東批准股息的期間內，在本集團及本公司的財務報表內確認為負債。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.36 EQUITY INSTRUMENTS AND SHARES HELD FOR SHARE AWARD SCHEME

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs. Respective distributions if and when declared are treated as equity dividends.

Convertible perpetual securities issued by the Group that have the above characteristics are classified as equity instruments.

Where any group company purchases the Company's equity instruments, for example as the result of a share buy-back or a share-based payment plan, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Shareholders of the Company as treasury shares until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Shareholders of the Company.

Shares held by the Company's Employee Share Trust are disclosed as treasury shares and deducted from equity attributable to the Shareholders of the Company.

2 主要會計政策摘要*(續)*

2.36 股本工具及為股份獎勵計劃持有之股份

股本工具為證明實體於扣減所有負債後的資產中擁有剩餘權益的任何合約。本集團所發行的股本工具按已收所得款項扣除直接發行成本確認。各自之分派於宣派時被視為權益股息。

本集團所發行的可換股永久證券具有上述特徵，故分類為股本工具。

倘任何集團公司購買本公司之權益工具(例如股份回購或以股份為基礎的支付)，則所支付的對價(包括任何直接應佔的增加成本(扣除所得稅))乃從本公司股權持有人應佔權益中扣除，作為庫存股份，直至該等股份被註銷或重新發行為止。倘該等普通股其後被重新發行，則任何已收取的對價(扣除任何直接應佔的增加交易成本及相關所得稅影響)計入本公司股東應佔權益中。

本公司僱員股份信託持有之股份披露為庫存股份，於本公司股東應佔權益內扣除。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.37 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognized because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognized but is disclosed in the notes to the consolidated financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognized as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group.

Contingent assets are not recognized but are disclosed in the notes to the consolidated financial statements when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognized.

2 主要會計政策摘要*(續)*

2.37 或然負債及或然資產

或然負債指因過往事件可能引致的責任，其存在與否僅可透過日後會否發生一宗或多宗本集團不能完全控制的不明朗事件來確定。或然負債亦可能是過往事件所產生的現時責任，但由於可能無需消耗經濟資源或有關責任金額不能可靠計量而未有入賬。

或然負債不予確認，但會於綜合財務報表附註中披露。當消耗資源的可能性變動致使可能消耗資源，則會確認或然負債為撥備。

或然資產指因過往事件可能產生的資產，其存在與否僅可透過日後會否發生一宗或多宗本集團不能完全控制的不明朗事件來確定。

或然資產不予確認，但會於經濟利益可能流入時於綜合財務報表附註中披露。於基本確定流入時確認資產。

3 FINANCIAL RISK MANAGEMENT

3.1 FINANCIAL RISK FACTORS

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk. According to the Group's risk management policies, the financial risks shall be assessed continuously by the management taking into account of the prevailing conditions of the financial market and other relevant variables to avoid excessive concentrations of risk. The Group has not used any derivatives or other instruments for hedging purpose. The most significant financial risks to which the Group is exposed to are described as below.

(a) Market risk

(i) Foreign currency risk

Currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group mainly operates and invests in Mainland China, Hong Kong and US and with most of the transactions denominated and settled in RMB, HK$ and US$ respectively. Foreign exchange risk mainly arises from certain borrowings and other current liabilities of the Company (with functional currency of HK$) and other subsidiaries located in US (with functional currency of US$) which are denominated in RMB.

At 31 December 2018, if RMB had weakened/strengthened by 5% against HK$ and US$, respectively, with all other variables held constant, pre-tax profit for the year ended 31 December 2018 would have been approximately RMB279,007,000 (2017: RMB215,142,000) higher/lower, mainly as a result of foreign exchange differences on translation of RMB denominated borrowings.

3 財務風險管理

3.1 財務風險因素

本集團業務承受多種財務風險：市場風險(包括外匯風險及利率風險)、信貸風險及流動資金風險。根據本集團的風險管理政策，管理層應持續評估財務風險，透過考慮現行金融市況及其他相關變數以避免風險過度集中。本集團並無利用任何衍生或其他工具作對沖用途。本集團承受的最重大財務風險闡述如下。

(a) 市場風險

(i) 外匯風險

外幣風險指因外幣匯率變動而導致金融工具的公允價值或未來現金流量出現波動的風險。本集團主要在中國內地、香港及美國經營業務及投資，當中大部分交易分別以人民幣、港元及美元計值及結算。外匯風險主要因本公司(功能貨幣為港元)及位於美國的其他附屬公司(功能貨幣為美元)若干以人民幣計值的借款及其他流動負債而產生。

於二零一八年十二月三十一日，倘人民幣兑港元及美元的匯率分別貶值／升值5%，而所有其他變數維持不變，截至二零一八年十二月三十一日止年度除税前利潤將增加／減少約人民幣279,007,000元(二零一七年：人民幣215,142,000元)，主要因換算以人民幣計值的借款而產生的外匯差額所致。

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 FINANCIAL RISK FACTORS *(Continued)*

***(a) Market risk** (Continued)*

(ii) Interest rate risk

The Group has no significant interest — bearing assets and liabilities other than bank deposits and borrowings. Bank balances and borrowings at floating rates expose the Group to cash flow interest rate risk. The Group's exposure to market risk for changes in interest rates relates primarily to bank balances which bear floating interest rates. Management monitors the interest rate risk and performs sensitivity analysis on a regular basis.

At 31 December 2018, if interest rates on bank balances and borrowings had been 50 basis points higher/lower with all other variables held constant, the Group's profit for the year would have been approximately RMB10,779,000 (2017:RMB7,240,000) lower/higher. The sensitivity analysis has been determined assuming that the change in interest rates had occurred at the balance sheet date.

(b) Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Group. The credit risk of the Group mainly arises from cash and cash equivalents, restricted cash, contract assets, trade and other receivables and deposits. The carrying amounts of these balances represent the Group's maximum exposure to credit risk in relation to financial assets. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

3 財務風險管理*(續)*

3.1 財務風險因素*(續)*

(a) 市場風險(續)

(ii) 利率風險

除銀行存款及借款外，本集團並無重大計息資產及負債。以浮動利率計息的銀行結餘與借款令本集團承受現金流量利率風險。本集團就利率變動承受的市場風險主要涉及以浮動利率計息的銀行結餘。管理層監控利率風險並定期進行敏感性分析。

於二零一八年十二月三十一日，倘銀行結餘及借款的利率上升／減少50個基點，而所有其他變數維持不變，本集團年度利潤將減少／增加約人民幣10,779,000元(二零一七年：人民幣7,240,000元)。敏感性分析乃假設結算日發生利率變動而釐定。

(b) 信貸風險

信貸風險指金融工具的交易對手未能根據金融工具的條款履行責任，令本集團蒙受財務損失的風險。本集團的信貸風險主要因現金及現金等價物、受限制現金、合約資產、應收賬款及其他應收款及存款而產生。該等結餘的賬面值即本集團就金融資產所承受的最大信貸風險。管理層已制定信貸政策並持續監控此等信貸風險。

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 FINANCIAL RISK FACTORS *(Continued)*

***(b) Credit risk** (Continued)*

The credit risk on Group's cash and cash equivalents is limited because the counterparties are banks with high credit ratings. The credit risk on the Group's investments in debt instruments measured at FVPL is limited because the debt instruments are either bonds issued by policy bank or wealth management product managed by large multinational bank. In respect of contract assets, trade and other receivables and deposits, individual credit evaluations are performed on all debtors. These evaluations focus on the debtors' past history of making payments when due and current ability to pay, and take into account information specific to the debtors as well as pertaining to the economic environment in which the debtors operate. The Group has no significant concentrations of credit risk, with exposure spread over a large number of counterparties and customers. The Group does not obtain collateral from customers or counterparties in respect of certain receivables.

The Group typically provides guarantees to banks in connection with the customers' borrowing of mortgage loans to finance their purchase of properties for an amount up to 70% of the total purchase price of the property. If a purchaser defaults on the payment of its mortgage loan during the guarantee period, the bank holding the guarantee may demand the Group to repay the outstanding amount under the loan and any interest accrued thereon. Under such circumstances, the Group is able to retain the customer's deposit and re-sell the property to recover any amounts paid by the Group to the bank. In this regard, the directors consider that the Group's credit risk is significantly reduced. Detailed disclosure of these guarantees is made in note 40.

3 財務風險管理*(續)*

3.1 財務風險因素*(續)*

***(b) 信貸風險**(續)*

本集團現金及現金等價物的信貸風險有限，原因為交易對手均為擁有較高信用評級的銀行。本集團按公允價值計入損益的債務公具投資的信貸風險有限，因為債務公具為政策銀行發出的債券或大型跨國銀行管理的資產管理產品。就合約資產、應收賬款及其他應收款及存款而言，須對所有債務人進行個別信貸評估。該等評估主要針對債務人過往到期還款記錄及當前支付能力，並考慮債務人運營所在經濟環境的特定資料。鑑於所承受風險與眾多交易對手及客戶有關，故本集團並無重大集中信貸風險。本集團並無就若干應收款收取客戶或交易對手任何抵押品。

本集團一般為借取按揭貸款以撥資購買物業的客戶向銀行提供擔保，最高以物業總購買價的70%為限。倘買家於擔保期內拖欠償還按揭貸款，承保銀行可能要求本集團償還貸款結欠金額連同任何應計利息。於該等情況下，本集團有權沒收客戶按金並重售物業，以收回本集團應付予銀行的任何金額。就此而言，董事認為本集團的信貸風險已大大減少。有關該等擔保的詳情於附註40披露。

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 FINANCIAL RISK FACTORS *(Continued)*

***(b) Credit risk** (Continued)*

The Group provides guarantees in respect of related parties' borrowings to banks jointly with other investors of the related parity. Typically, the related party guaranteed by the Group is a property development or property holding entity which could liquidate or sell some or all of its assets to repay the borrowings immediately. In this regard, the directors consider that the Group's credit risk is significantly reduced. Detailed disclosure of these guarantees is made in note 40.

From 1 January 2018, the following credit risk modelling applies:

The Group has the following types of financial assets that are subject to expected credit loss model:

- Trade receivables
- Contract assets
- Amount due from related parties
- Amount due from non-controlling interests
- Other financial assets carried at amortized cost

While cash and cash equivalents are also subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

3 財務風險管理*(續)*

3.1 財務風險因素*(續)*

***(b) 信貸風險**(續)*

本集團就有關關聯方借款與關聯方的其他投資者共同向銀行提供擔保。一般而言，本集團擔保的關聯方為物業開發或物業持有實體，可即時清盤或出售其部分或全部資產償還借款。在此方面，董事認為本集團的信貸風險可大幅減少。該等擔保的詳情載於附註40。

自二零一八年一月一日起，應用以下信貸風險模式：

本集團有以下應用預期信貸虧損模式的金融資產種類：

- 應收賬款
- 合約資產
- 應收關聯方款項
- 應收非控制性權益款項
- 其他按攤銷成本計量的金融資產

現金及現金等價物亦遵守香港財務報告準則第9號的減值規定，已識別之減值虧損並不重大。

本集團於初步確認資產時考慮違約概率，以及各報告期內信貸風險是否持續大幅增加。

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 FINANCIAL RISK FACTORS *(Continued)*

***(b) Credit risk** (Continued)*

To assess whether there is a significant increase in credit risk, the Group compares the risk of default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information, which could include:

- internal credit rating
- external credit rating
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations
- actual or expected significant changes in the operating results of the borrower
- significant increases in credit risk on other financial instruments of the same borrower
- significant changes in the expected performance and behavior of the borrower, including changes in the payment status of borrowers in the Group and changes in the operating results of the borrower.

(i) Contract assets and trade receivables

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9, which permits the use of lifetime expected credit loss provision for contract assets and trade receivables. To measure the expected credit losses, contract assets and trade receivables were grouped based on shared credit risk characteristics and the days past due.

3 財務風險管理*(續)*

3.1 財務風險因素*(續)*

***(b) 信貸風險**(續)*

為評估信貸風險是否顯著增加，本集團將資產於報告日期發生的違約風險與初步確認日期的違約風險進行比較。其考慮所得合理且具支持性的前瞻資訊，包括：

- 內部信貸評級
- 外部信貸評級
- 預期導致借款人償還債務能力出現重大變動的商業、財務及經濟環境的實際或預期重大不利變動
- 借款人經營業績的實際或預期重大變動
- 同一借款人的其他金融工具的信貸風險顯著增加
- 借款人的預期業績及行為出現重大變動，包括借款人於本集團的付款狀況變動及借款人經營業績的變動。

(i) 合約資產及應收賬款

本集團根據香港財務報告準則第9號應用簡化方式就預期信貸虧損作出撥備，該準則允許就合約資產及應收賬款使用整個年期的預期信貸虧損撥備。為計量預期信貸虧損，合約資產及應收賬款根據共同信貸風險特徵及逾期日數分組。

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 FINANCIAL RISK FACTORS *(Continued)*

***(b) Credit risk** (Continued)*

(i) Contract assets and trade receivables (Continued)

As at 31 December 2018, the expected credit loss provision was determined as follows. The expected credit loss provision below also incorporated forward-looking information.

3 財務風險管理*(續)*

3.1 財務風險因素*(續)*

(b) 信貸風險(續)

(i) 合約資產及應收賬款(續)

二零一八年十二月三十一日，預期信貸虧損撥備如下。以下預期信貸虧損撥備包括前瞻性資料。

31 December 2018 二零一八年十二月三十一日		Related parties 關聯方	Third parties 第三方 Less than 1 year 少於1年	1–2 years 1至2年	2–3 years 2至3年	3–4 years 3至4年	4–5 years 4至5年	More than 5 years 超過5年	Total 總計
Expected credit loss rate	預期信貸虧損率	1%	3%	10%	20%	50%	80%	100%	
Gross carrying amount	賬面總值								
– Contract assets	– 合約資產	–	–	119,934	–	–	–	–	119,934
– Trade receivables (note 25)	– 應收賬款(附註25)	335,294	123,315	61,664	598	350	–	–	521,221
		335,294	123,315	181,598	598	350	–	–	641,155
Expected credit loss provision	預期信貸虧損撥備								
– Contract assets	– 合約資產	–	–	(11,993)	–	–	–	–	(11,993)
– Trade receivables	– 應收賬款	(3,353)	(3,699)	(6,166)	(120)	(175)	–	–	(13,513)
		(3,353)	(3,699)	(18,159)	(120)	(175)	–	–	(25,506)
Total contract assets and trade receivables	合約資產及應收賬款總額	331,941	119,616	163,439	478	175	–	–	615,649

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 FINANCIAL RISK FACTORS *(Continued)*

***(b) Credit risk** (Continued)*

(i) Contract assets and trade receivables (Continued)

As at 1 January 2018, the expected credit loss provision was determined as follows. The expected credit loss provision below also incorporated forward-looking information.

3 財務風險管理*(續)*

3.1 財務風險因素*(續)*

***(b) 信貸風險**(續)*

(i) 合約資產及應收賬款(續)

二零一八年一月一日，預期信貸虧損撥備如下。以下預期信貸虧損撥備包括前瞻性資料。

			Third parties 第三方						
1 January 2018	二零一八年一月一日	Related parties 關聯方	Less than 1 year 少於1年	1-2 years 1至2年	2-3 years 2至3年	3-4 years 3至4年	4-5 years 4至5年	More than 5 years 超過5年	Total 總計
Expected credit loss rate	預期信貸虧損率	1%	3%	10%	20%	50%	80%	100%	
Gross carrying amount	賬面總值								
– Contract assets	– 合約資產	–	225,267	–	–	–	–	–	225,267
– Trade receivables	– 應收賬款	223,651	118,468	52,720	14,698	–	–	–	409,537
		223,651	343,735	52,720	14,698	–	–	–	634,804
Expected credit loss provision	預期信貸虧損撥備								
– Contract assets	– 合約資產	–	(6,758)	–	–	–	–	–	(6,758)
– Trade receivables	– 應收賬款	(2,237)	(3,553)	(5,271)	(2,940)	–	–	–	(14,001)
		(2,237)	(10,311)	(5,271)	(2,940)	–	–	–	(20,759)
Total contract assets and trade receivables	合約資產及應收賬款總額	221,414	333,424	47,449	11,758	–	–	–	614,045

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 FINANCIAL RISK FACTORS *(Continued)*

***(b) Credit risk** (Continued)*

(i) Contract assets and trade receivables (Continued)

The expected credit loss provision for contract assets and trade receivables as at 31 December 2018 reconciles to the opening expected credit loss provision are as follows:

3 財務風險管理*(續)*

3.1 財務風險因素*(續)*

(b) 信貸風險(續)

(i) 合約資產及應收賬款(續)

合約資產及應收賬款於二零一八年十二月三十一日的預期信貸虧損撥備與期初預期信貸虧損撥備的對賬如下：

		Contract assets 合約資產 RMB'000 人民幣千元	Trade receivables 應收賬款 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Opening provision – under previous accounting policy	**期初撥備 – 根據過往會計政策**	–	(5,342)	(5,342)
Amounts restated through opening retained earnings	透過期初留存收益重列金額	(6,758)	(8,659)	(15,417)
Opening expected credit loss provision – HKFRS 9	**期初預期信貸虧損撥備 – 香港財務報告準則第9號**	(6,758)	(14,001)	(20,759)
Additional provision – under previous accounting policy	額外撥備 – 根據過往會計政策	–	(1,374)	(1,374)
Recoveries – HKFRS 9 adjustment	收回 – 香港財務報告準則第9號調整	–	1,862	1,862
Additional expected credit loss provision – HKFRS 9 adjustment	額外預期信貸虧損撥備 – 香港財務報告準則第9號調整	(5,235)	–	(5,235)
Closing expected credit loss provision as at 31 December 2018	**於二零一八年十二月三十一日期末預期信貸虧損撥備**	(11,993)	(13,513)	(25,506)

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 FINANCIAL RISK FACTORS *(Continued)*

***(b) Credit risk** (Continued)*

(ii) Amounts due from related parties, non-controlling interests and other financial assets at amortized cost

The Group uses three categories for other receivables which reflect their credit risk and how the expected credit loss provision is determined for each of those categories. The Group accounts for its credit risk by appropriately providing for expected credit losses on a timely basis. In calculating the expected credit loss rates, the Group considers both historical loss rates and forward-looking macroeconomic data. A summary of the assumptions underpinning the Group's expected credit loss model is as follows:

3 財務風險管理*(續)*

3.1 財務風險因素*(續)*

***(b) 信貸風險**(續)*

(ii) 應收關聯方款項、非控制性權益及按攤銷成本計量的其他金融資產

本集團就其他應收款採用三個類別，以反映其信貸風險及如何就各類釐定預期信貸虧損撥備。本集團透過適時就預期信貸虧損作出適當撥備，以將其信貸風險入賬。在計算預期信貸虧損率時，本集團考慮歷史虧損率及前瞻宏觀經濟數據。本集團預期信貸虧損模型的假設概要如下：

Category 類別	Group definition of category 本集團就類別所下定義	Basis for recognition of expected credit loss provision 確認預期信貸虧損撥備的基準	Expected credit loss rate 預期信貸虧損率
Stage one 第一階段	Customers have a low risk of default and a strong capacity to meet contractual cash flows 違約風險偏低及應付合約現金流量能力強勁的客戶	12 months expected credit losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime 12個月預期信貸虧損。倘資產的預期年期少於12個月，則預期虧損按預期年期計量	1%–3%
Stage two 第二階段	Receivables for which there is a significant increase in credit risk since initial recognition 自初步確認以來信貸風險大幅上升的應收款	Lifetime expected credit losses 年期預期信貸虧損	3%–10%
Stage three 第三階段	Receivables for which there is credit loss since initial recognition 自初步確認以來錄得信貸虧損的應收款	Lifetime expected credit losses 年期預期信貸虧損	10%–100%

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 FINANCIAL RISK FACTORS *(Continued)*

***(b) Credit risk** (Continued)*

(ii) Amounts due from related parties, non-controlling interests and other financial assets at amortized cost (Continued)

As at 31 December 2018, the Group provided for expected credit loss provision against other receivables as follows:

3 財務風險管理*(續)*

3.1 財務風險因素*(續)*

(b) 信貸風險(續)

(ii) 應收關聯方款項、非控制性權益及按攤銷成本計量的其他金融資產(續)

於二零一八年十二月三十一日，本集團就其他應收款計提預期信貸虧損撥備如下：

31 December 2018 二零一八年十二月三十一日	Category 類別	Expected credit loss rate 預期信貸虧損率	Estimated gross carrying amount at default 估計違約總賬面值 RMB'000 人民幣千元	Expected credit loss provision 預期信貸虧損撥備 RMB'000 人民幣千元	Carrying amount (net of impairment provision) 賬面值（已扣減減值撥備） RMB'000 人民幣千元
Amounts due from related parties 應收關聯方款項	Stage one 第一階段	1%	**2,377,306**	**(23,773)**	**2,353,533**
Amounts due from non-controlling interests 應收非控制性權益款項	Stage one 第一階段	1%	**519,390**	**(5,194)**	**514,196**
Deposits for purchase of land 購買土地的按金	Stage one 第一階段	1%	**242,689**	**(2,427)**	**240,262**
Others 其他	Stage one 第一階段	1%–3%	**308,596**	**(7,721)**	**300,875**
			3,447,981	**(39,115)**	**3,408,866**

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 FINANCIAL RISK FACTORS *(Continued)*

***(b) Credit risk** (Continued)*

(ii) Amounts due from related parties, non-controlling interests and other financial assets at amortized cost (Continued)

As at 1 January 2018, the Group provided for expected credit loss provision against other receivables as follows:

3 財務風險管理*(續)*

3.1 財務風險因素*(續)*

***(b) 信貸風險**(續)*

(ii) 應收關聯方款項、非控制性權益及按攤銷成本計量的其他金融資產(續)

於二零一八年一月一日，本集團就其他應收款計提預期信貸虧損撥備如下：

1 January 2018 二零一八年一月一日	Category 類別	Expected credit loss rate 預期信貸虧損率	Estimated gross carrying amount at default 估計違約總賬面值 RMB'000 人民幣千元	Expected credit loss provision 預期信貸虧損撥備 RMB'000 人民幣千元	Carrying amount (net of impairment provision) 賬面值（已扣減減值撥備） RMB'000 人民幣千元
Amounts due from related parties 應收關聯方款項	Stage one 第一階段	1%	2,930,361	(29,304)	2,901,057
Amounts due from non-controlling interests 應收非控制性權益款項	Stage one 第一階段	1%	571,500	(5,715)	565,785
Deposits for purchase of land 購買土地的按金	Stage one 第一階段	1%	212,125	(2,121)	210,004
Others 其他	Stage one 第一階段	1%–3%	278,936	(7,436)	271,500
			3,992,922	(44,576)	3,948,346

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 FINANCIAL RISK FACTORS *(Continued)*

***(b) Credit risk** (Continued)*

(ii) Amounts due from related parties, non-controlling interests and other financial assets at amortized cost (Continued)

The expected credit loss provision for amounts due from related parties, non-controlling interests and other financial assets at amortized cost as at 31 December 2018 reconciles to the opening expected credit loss provision are as follows:

3 財務風險管理*(續)*

3.1 財務風險因素*(續)*

(b) 信貸風險(續)

(ii) 應收關聯方款項、非控制性權益及按攤銷成本計量的其他金融資產(續)

應收關聯方款項、非控制性權益及按攤銷成本計量的其他金融資產於二零一八年十二月三十一日的預期信貸虧損撥備與期初預期信貸虧損撥備的對賬如下：

		Amounts due from related parties 應收關聯方款項 RMB'000 人民幣千元	Amounts due from non-controlling interests 應收非控制性權益款項 RMB'000 人民幣千元	Deposits for purchase of land 購買土地的按金 RMB'000 人民幣千元	Others 其他 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Opening provision- under previous accounting policy	**期初撥備 – 根據過往會計政策**	–	–	–	(7,436)	(7,436)
Amounts restated through opening retained earnings	透過期初留存收益重列金額	(29,304)	(5,715)	(2,121)	–	(37,140)
Opening expected credit loss provision – HKFRS 9	**期初預期信貸虧損撥備 – 香港財務報告準則第9號**	(29,304)	(5,715)	(2,121)	(7,436)	(44,576)
Additional provision – under previous accounting policy	額外撥備 – 根據過往會計政策	(4,733)	–	–	(285)	(5,018)
Recoveries – HKFRS 9 adjustment	收回 – 香港財務報告準則第9號調整	10,264	521	–	–	10,785
Additional expected credit loss provision – HKFRS 9 adjustment	額外預期信貸虧損撥備 – 香港財務報告準則第9號調整	–	–	(306)	–	(306)
Closing expected credit loss provision at 31 December 2018	**於二零一八年十二月三十一日期末預期信貸虧損撥備**	(23,773)	(5,194)	(2,427)	(7,721)	(39,115)

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 FINANCIAL RISK FACTORS *(Continued)*

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and the availability of funding through an adequate amount of committed credit facilities.

The Group's primary cash requirements have been for the payments of property development projects and operating expenses. The Group finances its working capital requirements mainly through internal resources and borrowings from shareholders, banks and other financial institutes. The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient cash and cash equivalents and adequate credit facilities to meet its liquidity requirements in the short and long term.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows based on the earliest date on which the Group can be required to pay as of 31 December 2018.

3 財務風險管理*(續)*

3.1 財務風險因素*(續)*

(c) 流動資金風險

審慎的流動資金風險管理指維持充足的現金及現金等價物，並透過充裕的信貸融資額度取得資金。

本集團的主要現金需求用於支付房地產開發項目及經營費用。本集團的營運資金需求主要透過內部資源及向股東、銀行及其他財務機構借款撥付。本集團的政策為定期監控當前及預期的流動資金需求，確保維持充足的現金及現金等價物及充裕的信貸額度，以滿足短期及長期的流動資金需求。

下表載列根據結算日至合約到期日的剩餘期限，按照相關到期組別劃分的本集團金融負債分析。表內披露的金額為於二零一八年十二月三十一日根據本集團可被要求的最早支付日期計算的合約未折現現金流量。

3 FINANCIAL RISK MANAGEMENT *(Continued)*
3.1 FINANCIAL RISK FACTORS *(Continued)*
***(c) Liquidity risk** (Continued)*

3 財務風險管理*(續)*
3.1 財務風險因素*(續)*
***(c) 流動資金風險**(續)*

		Less than 1 year or repayable on demand 少於一年或按要求償還 RMB'000 人民幣千元	Between 1 and 2 years 一至兩年 RMB'000 人民幣千元	Over 2 years 兩年以上 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
At 31 December 2018	**於二零一八年十二月三十一日**				
Trade and other payables	應付賬款及其他應付款	**6,973,115**	**1,024,894**	**1,880,468**	**9,878,477**
Borrowings and interest thereon	借款及相關利息	**1,175,125**	**4,715,095**	**2,004,384**	**7,894,604**
Guarantee in respect of mortgage facilities for certain purchasers	就若干買家之按揭融資所提供擔保	**591,253**	**1,453,048**	**66,132**	**2,110,433**
Guarantee in respect of related parties' borrowings	就關聯方之借款提供擔保	**61,770**	**–**	**122,508**	**184,278**
At 31 December 2017	**於二零一七年十二月三十一日**				
Trade and other payables	應付賬款及其他應付款	3,856,198	521,436	2,291,850	6,669,484
Borrowings and interest thereon	借款及相關利息	2,495,178	362,004	3,175,999	6,033,181
Guarantee in respect of mortgage facilities for certain purchasers	就若干買家之按揭融資所提供擔保	685,369	1,280,692	174,537	2,140,598
Guarantee in respect of related parties' borrowings	就關聯方之借款提供擔保	105,889	124,427	–	230,316

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.2 FAIR VALUE ESTIMATION

The different levels of valuation method for financial instruments carried at fair value are as follows:

(a) Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).

(b) Inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).

(c) Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

3 財務風險管理*(續)*

3.2 公允價值估計

下文載列利用估值法分析按公允價值入賬的金融工具之不同層級：

(a) 相同資產或負債於活躍市場的報價(未經調整)(第1層)。

(b) 除第1層所包括的報價外，就資產或負債可觀察的直接(即價格)或間接(即源自價格)輸入數據(第2層)。

(c) 資產或負債並非依據可觀察市場數據的輸入數據(即不可觀察輸入數據)(第3層)。

		Note 附註	**Level 1 第1層** RMB'000 人民幣千元	**Level 2 第2層** RMB'000 人民幣千元	**Level 3 第3層** RMB'000 人民幣千元	**Total 總計** RMB'000 人民幣千元
Financial assets at fair value through profit or loss	**按公允價值計入損益的金融資產**					
At 31 December 2018	於二零一八年十二月三十一日	26	**125,669**	**–**	**51,140**	**176,809**
At 31 December 2017	於二零一七年十二月三十一日	26	–	–	–	–
Investment properties	**投資性物業**					
At 31 December 2018	於二零一八年十二月三十一日	18	**–**	**–**	**505,630**	**505,630**
At 31 December 2017	於二零一七年十二月三十一日	18	–	–	319,830	319,830

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.2 FAIR VALUE ESTIMATION *(Continued)*

There were no transfers between level 1, level 2 and level 3 during the year ended 31 December 2018.

The fair value of financial instruments traded in active markets is based on quoted market prices as at 31 December 2018. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

As financial assets at fair value through profit or loss amounted to RMB125,669,000 is listed bonds traded in active market whose fair value is based on quoted market price as at 31 December 2018. Therefore, they are included in level 1.

The remaining financial assets at fair value through profit or loss, and investment properties held by the Group are not traded in active markets nor does the fair value determined by using valuation techniques that use observable market data. Therefore, they are included in level 3.

3 財務風險管理*(續)*

3.2 公允價值估計*(續)*

截至二零一八年十二月三十一日止年度內，第一、二及三級間並無轉移。

在活躍市場買賣的金融工具的公允價值根據二零一八年十二月三十一日的市場報價列賬。當報價可即時和定期從證券交易所、交易商、經紀、業內人士、定價服務或監管代理獲得，而該等報價代表按公平交易基準進行的實際和常規市場交易時，該市場被視為活躍。

並非於活躍市場買賣的金融工具(例如場外衍生工具)的公允價值以估值技術計算。該等估值技術充分利用可獲得的可觀察市場數據，從而盡量減少依賴實體的特有估計數據。若按公允價值計量的工具所需的所有重大輸入數據均可從觀察取得，則該項工具會納入第二層。

若一項或多項重大輸入數據並非根據可觀察市場數據釐定，則該項工具會納入第三層。

由於按公允價值計入損益的金融公具人民幣125,669,000元為於活躍市場買賣的上市債券，公允價值根據二零一八年十二月三十一日的市場報價列賬，因此分類為第一級。

其餘按公允價值計入損益的金融公具及本集團持有的投資性物業並無於活躍市場買賣，亦無使用可觀察市場數據的估值技術釐定公允價值，因此分類為第三級。

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.2 FAIR VALUE ESTIMATION *(Continued)*

As at 31 December 2018, fair value of the wealth management product was estimated based on the transaction price, as they were acquired close to year end. Accordingly, no quantitative information about significant unobservable inputs were disclosed.

See note 18 for disclosures of the investment properties that are measured at fair value.

The carrying amounts of the Group's other current financial assets and financial liabilities approximate their fair values due to their short maturities.

3.3 CAPITAL RISK MANAGEMENT

The Group's capital management objectives are:

- to ensure the Group's ability to continue as a going concern; and
- to provide an adequate return to shareholders.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or obtain borrowings.

The Group monitors its capital structure on a basis of gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents and restricted cash pledged for the Group's borrowing. Total capital is calculated as net debt plus total equity as shown in the consolidated balance sheet.

3 財務風險管理*(續)*

3.2 公允價值估計*(續)*

於二零一八年十二月三十一日，資產管理工具的公允價值使用交易價格估計，因為乃於接近年底購入。因此，並無披露有無重大不可觀察輸入數據的量貨資料。

按公允價值計量的投資性物業的披露載於附註18。

由於本集團的其他流動金融資產及金融負債期限短，故賬面值與公允價值相若。

3.3 資本風險管理

本集團的資本管理目標為：

- 確保本集團持續經營的能力；及
- 為股東提供理想回報。

為維持或調整資本架構，本集團或會調整向股東派付的股息金額、向股東退還資本、發行新股或取得借款。

本集團根據資產負債比率監控資本架構。該比率以債務淨額除以資本總額計算。債務淨額以借款總額減現金及現金等價物及已就本集團借款抵押的受限制現金計算。資本總額以債務淨額加綜合資產負債表所示的總權益計算。

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.3 CAPITAL RISK MANAGEMENT *(Continued)*

The gearing ratios as at 31 December 2018 and 2017 were as follows:

3 財務風險管理*(續)*

3.3 資本風險管理*(續)*

於二零一八年及二零一七年十二月三十一日的資產負債比率如下：

		31 December 2018 二零一八年十二月三十一日 RMB'000 人民幣千元	31 December 2017 二零一七年十二月三十一日 RMB'000 人民幣千元
Borrowings (note 29)	借款(附註29)	**7,024,595**	5,429,415
Less: Cash and cash equivalents (note 27)	減：現金及現金等價物(附註27)	**(5,404,956)**	(3,341,835)
Restricted cash (note 27)	受限制現金(附註27)	**(268,866)**	(129,290)
Net debt	債務淨額	**1,350,773**	1,958,290
Total equity	總權益	**4,760,895**	3,698,063
Total capital	資本總額	**6,111,668**	5,656,353
Gearing ratio	資產負債比率	**22%**	35%

Restricted cash was pledged as securities for borrowings of the Group and the Group considers that such restricted cash should be included in the calculation of net debt in order to reflect an appropriate gearing ratio of the Group.

受限制現金已就本集團借款作抵押，本集團認為，有關受限制現金應納入債務淨額的計算中，以反映本集團合適的資產負債比率。

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Group makes judgements, estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(A) CLASSIFICATION OF SUBSIDIARY, JOINT VENTURE AND ASSOCIATE

In the normal course of business, the Group develops properties together with other developers or institutions, through entering into co-operation agreements with these parties. The rights and obligations of the Group and the other parties are stipulated by respective co-operation agreements, article of associations of the project companies and etc. Due to the complexity of the arrangements, significant judgement is needed in determining whether the project company is subsidiary, joint venture or associate to the Group. The Group makes judgement based on the substance of the arrangements and the definition of subsidiary, joint venture and associate as disclosed in notes 2.3, 2.4 and 2.5.

(B) ESTIMATES OF FAIR VALUE OF INVESTMENT PROPERTIES

The Group's investment properties are stated at fair value which is determined by independent professional valuers. Such valuation is made based on certain assumptions, which are subject to uncertainties and might materially differ from the actual results. In making the judgement, reasonable consideration has been given to the underlying assumptions that are mainly based on market conditions existing at the balance sheet date. These estimates are regularly compared to actual market data and actual transactions in the market.

4 關鍵會計估計及判斷

本集團作出有關未來情況的判斷、估計及假設，顧名思義，會計估計結果極少相等於有關實際結果。估計及假設很可能導致須對下一個財政年度的資產及負債賬面值作出重大調整，詳情如下：

(A) 附屬公司、合營企業及聯營公司的分類

於一般業務過程中，本集團與其他發展商或機構透過與該等合作方訂立合作協議，共同開發房地產。本集團與其他方的權利及責任由各自之合作協議、項目公司之組織章程細則等訂明。鑑於該等安排之複雜性，釐定項目公司是否屬本集團之附屬公司、合營企業或聯營公司需要重大判斷。本集團乃基於該等安排之實質性及附屬公司、合營企業及聯營公司之定義作出判斷，見附註2.3、2.4及2.5。

(B) 投資性物業的估計公允價值

本集團的投資性物業以獨立專業估值師所釐定的公允價值列賬。估值乃基於若干假設，其中涉及不確定因素，可能與實際結果相距甚遠。作出判斷時須主要根據結算日的市況對相關假設作出合理考慮。該等估計須定期與實際市場資料及實際交易情況作比較。

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)*

(C) NET REALIZABLE VALUE OF INVENTORY, PROPERTIES UNDER DEVELOPMENT AND HELD FOR SALE

The Group estimates the net realizable value of inventory, properties under development and held for sale based on the current market condition and the historical experience of selling properties and products of a similar nature. It could change significantly as a results of change in market conditions. Management reassesses these estimates at each balance sheet date.

(D) INCOME TAXES AND DEFERRED TAX

The Group is subject to income taxes in Mainland China, Hong Kong and US. Significant judgement is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain in the ordinary course of business. The Group recognizes liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the year when such determination is made.

Deferred income tax assets relating to certain temporary differences and tax losses are recognized when the Group considers it is likely that future taxable profits will be available against which the temporary differences or tax losses can be utilized. When the expectations are different from the original estimates, such differences will impact the recognition of deferred income tax assets and income tax charges in the period in which such estimates are changed.

4 關鍵會計估計及判斷*(續)*

(C) 庫存、開發中房地產及持作銷售物業的可變現淨值

本集團根據當時市況及銷售同類物業及產品的過往經驗，估計存貨、開發中房地產及持作銷售物業的可變現淨值。市況可造成重大變動。管理層於各結算日重新評估該等估計。

(D) 所得稅及遞延稅項

本集團須繳納中國內地、香港及美國所得稅。釐定所得稅撥備時，須作出重大判斷。在日常業務中有若干未能確定最終稅項的交易及計算。本集團按照額外稅項是否將會到期之估計確認預計稅務事宜之負債。倘該等事宜的最終稅務結果有別於最初記錄的數額，則有關差額會影響釐定有關數額期間的所得稅及遞延稅項撥備。

與若干暫時差額及稅項虧損有關的遞延所得稅資產於管理層認為未來有可能出現應課稅利潤可用作抵銷該等暫時差額或稅項虧損時確認。當預期金額與原定估計有差異時，則該差異將於估計改變期間影響遞延所得稅資產的確認及所得稅費用。

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)*

(E) MAINLAND CHINA LAND APPRECIATION TAXES

The Group is subject to land appreciation taxes ("LAT") in Mainland China. However, the implementation and settlement of LAT varies among various tax jurisdictions in cities of Mainland China, and the Group has not finalized its LAT calculation and payments with local tax authorities in Mainland China for most of its property development projects. Accordingly, significant judgement is required in determining the amount of land appreciation and its related taxes. The Group recognizes these liabilities based on its best estimates. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax expenses and provisions of LAT taxes in the period when such determination is made.

(F) IMPAIRMENT OF INTERESTS IN ASSOCIATES AND JOINT VENTURES

The Group follows the guidance of HKAS 36 to identify any impairment indicator for interests in associate and joint ventures. This determination requires significant judgement. In making this judgement, the Group evaluates the fair value of an investment by taking into account a market participant's ability in such interests in its highest and best use or by selling it to another market participant that would invest in interests in its highest and best use. The Group considers the financial health of and short-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

4 關鍵會計估計及判斷*(續)*

(E) 中國土地增值税

本集團須繳納中國土地增值税。然而，中國各城市不同税收管轄區對土地增值税的執行及結算不盡相同，而本集團尚未與中國地方税務局落實大部份房地產開發項目土地增值税的計算及付款方法。因此，釐定土地增值額及相關税項時須作出重大判斷。本集團根據管理層作出的最佳估計確認該等負債。倘該等事宜的最終税務結果有別於最初記錄的數額，則有關差額會影響釐定有關數額期間的所得税費用及土地增值税撥備。

(F) 於聯營公司及合營企業的權益減值

本集團根據香港會計準則第36號的指引識別聯營公司及合營企業權益中的任何減值跡象。有關釐定須作出重大判斷。於作出判斷時，本集團會評估投資的公允價值，當中計及市場參與者能自最大限度於該權益達致最佳用途，或將該權益出售予將最大限度投資該權益達致最佳用途的另一市場參與者。本集團考慮投資對象的財政是否穩健及短期業務展望，包括行業及分部表現、技術變動及經營和融資現金流量等因素。

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)*

(G) REVENUE RECOGNITION FOR PROPERTY DEVELOPMENT AND SALES

The Group develops and sells properties to its customers in different countries. Revenue from sales of properties is recognized over time when the Group's performance do not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. 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 applicable laws that apply to the contract. To assess the enforceability of right to payment, the Group has reviewed the terms of its contracts, the relevant local laws, the local regulators' views and obtained legal advice, when necessary, and a significant judgement is required.

For property development and sales contracts for which the control of the property is transferred at a point in time, revenue is recognized when the buyer obtains the physical possession or legal title of the completed property and the consideration amount is collected. The Group seldom provides long credit or payment terms to its property buyer.

4 關鍵會計估計及判斷*(續)*

(G) 物業發展及銷售的收入確認

本集團為不同國家的客戶開發及銷售物業。當本集團的履約並無產生對本集團具有替代用途的資產且本集團就迄今已完成的履約擁有可執行的支付權利時，則確認銷售物業的收入。由於與客戶的合約限制，本集團不得更改或替換物業單位，或改變物業單位的用途，因此本集團並不能將該物業單位用於其他用途。然而，本集團是否擁有可執行的支付權利，取決於銷售合約的條款和適用於該合約的適用法例詮釋。為評估支付權利的可執行性，本集團已審閱其合約條款、相關當地法例、當地監管機關意見以及於必要時取得法律意見，並須作出重大判斷。

就於一個時間點轉移物業控制權的房地產開發銷售合約而言，當買房者都獲得已完成的物業的實物所有權或法定所有權並收回對價時，本集團對收入進行確認。本集團很少向其物業買家提供長期的信貸或付款方式。

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)*

(H) REVENUE RECOGNITION FOR MANAGEMENT SERVICES RECOGNIZED OVER PERIOD

The Group provides management services to its customers at fixed and variable amounts. If the consideration is variable, the Group estimates the amount of consideration to which it will be entitled in exchange for the promised services. The estimated amount of variable consideration is included in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The Group recognizes revenue from management services associated with fixed and variable fees over time where the customer simultaneously receives and consumes the benefits provided by the Group or the Group has an enforceable right to payments for performance completed to date and the performance do not create an asset with an alternative use, by reference to completion of the specific transaction assessed on the basis of the actual costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract.

Where the outcome of a contract cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are eligible to be recovered.

(I) IMPAIRMENT OF FINANCIAL ASSETS

The provision for expected credit loss for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in the note 3.1 (b).

4 關鍵會計估計及判斷*(續)*

(H) 於一段時間確認的管理服務的收入確認

本集團按固定及可變金額向客戶提供管理服務。倘代價可變，本集團估計其有權收取的代價金額，以換取承諾服務。僅當可變代價的相關不確定因素其後得以解決，致使估計可變代價金額很大可能不會導致撥回已確認重大累計收入，則估計可變代價金額計入交易價格。

倘客戶同時收取並消耗本集團提供的利益或本集團就迄今已完成的履約擁有可執行的支付權利，且履約並無產生對本集團具有替代用途的資產，則本集團於一段時間確認與固定及可變費用相關的管理服務收入，並經參考截至報告期末產生的實際成本佔各合約估計成本總額的百分比評估特定交易的完成情況。

倘無法可靠計量合約的結果，則僅在所產生費用合資格收回的情況下確認收入。

(I) 金融資產減值

金融資產預期信貸虧損撥備乃基於有關違約風險及預期虧損率的假設作出。於各報告期末，本集團根據其過往記錄、現時市況及前瞻性估計，通過判斷作出該等假設及選擇減值計算的輸入數據。有關主要假設及所用輸入數據的詳情於附註3.1 (b)披露。

5 REVENUE
5.1 REVENUE FROM CONTRACTS WITH CUSTOMERS

5 收入
5.1 客戶合約收入

		For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度 RMB'000 人民幣千元	For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度 RMB'000 人民幣千元
Revenue recognised at a point in time	於某一時間點確認的收入		
Property development and sales	房地產開發及銷售		
— Mainland China	— 中國	**3,879,123**	4,095,031
— US	— 美國	**2,323,310**	1,330,845
Management services (a)	管理服務(a)		
— Mainland China	— 中國	**580,273**	455,753
— US	— 美國	**25,144**	19,997
		6,807,850	5,901,626
Revenue recognised over period	於期內確認的收入		
Property development and sales	房地房開發及銷售		
— US	— 美國	**204,118**	–
Management services	管理服務		
— development management services (a)	— 開發管理服務(a)		
— Mainland China	— 中國	**394,282**	277,475
		598,400	277,475
Rental income	租金收入		
— Office investment properties	— 辦公投資性物業	**28,826**	26,548
— Long-term rental apartments	— 長租公寓	**125,450**	8,282
		154,276	34,830
		7,560,526	6,213,931

5 REVENUE *(Continued)*

5.1 REVENUE FROM CONTRACTS WITH CUSTOMERS *(Continued)*

(a) Breakdown of the revenue from management services is as follows:

5 收入*(續)*

5.1 客戶合約收入*(續)*

(a) 管理服務收入明細如下：

		For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度 RMB'000 人民幣千元	For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度 RMB'000 人民幣千元
Revenue from development management services	開發管理服務收入	**419,426**	297,472
Revenue from sales management services	銷售管理服務收入	**383,513**	281,572
Revenue from green product integration services	綠色產品整合服務收入	**169,000**	152,775
Revenue from brand authorisation services	品牌授權服務收入	**27,760**	21,406
		999,699	753,225

5 REVENUE *(Continued)*

5.2 ASSETS AND LIABILITIES RELATED TO CONTRACTS WITH CUSTOMERS

The Group has recognized the following assets and liabilities related to contracts with customers:

5 收入*(續)*

5.2 與客戶合約有關的資產及負債

本集團已確認以下與客戶合約有關的資產及負債：

		31 December 2018 二零一八年十二月三十一日 RMB'000 人民幣千元	1 January 2018 (note 2.2.3) 二零一八年一月一日（附註2.2.3） RMB'000 人民幣千元
Contract assets related to property development and sales	與房地產開發及銷售有關的合約資產	**119,934**	225,267
Less: Provision for bad debt (note 3.1(b)(i))	減：壞賬撥備（附註3.1(b)(i)）	**(11,993)**	(6,758)
		107,941	218,509
Contract liabilities related to	與以下項目有關的合約負債		
— Property development and sales	— 房地產開發及銷售	**4,456,933**	4,156,608
— Management services	— 管理服務	**53,253**	21,536
		4,510,186	4,178,144

(a) Significant changes in contract assets and liabilities

Contract assets consist of unbilled amount resulting from property development and sales in US when revenue recognized over the development period by reference to the costs incurred up to the end of reporting period as a percentage of the total expected costs to complete the contract exceeds the amount billed to customers.

The Group receives payments from customers based on billing schedule as established in contracts. Payments are usually received in advance of the performance under the contracts which are mainly from sales of properties in Mainland China.

(a) 合約資產及負債重大變動

當於開發期間確認的收益（參照截至報告期末所產生成本佔合約完工預期總成本的百分比釐定）超過向客戶開單的金額，合約資產會包含美國房地產開發及銷售的未開單款項。

本集團根據與客戶於合約中訂立的收款時間表收取付款。付款一般於履行合約責任前預收，該等合約主要涉及於中國銷售物業。

5 REVENUE *(Continued)*

5.2 ASSETS AND LIABILITIES RELATED TO CONTRACTS WITH CUSTOMERS *(Continued)*

(b) Revenue recognised in relation to contract liabilities

The following table shows how much of the revenue recognized in the current reporting period relates to carried-forward contract liabilities.

5 收入*(續)*

5.2 與客戶合約有關的資產及負債*(續)*

(b) 就合約負債確認的收益

下表列示本報告期間內已確認收益與轉結合約負債有關的部分。

		For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度 RMB'000 人民幣千元
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	年初計入合約負債結餘的已確認收益	
— Property development and sales	— 房地產開發及銷售	**3,084,941**
— Management services	— 管理服務	**21,536**
		3,106,477

5 REVENUE *(Continued)*

5.2 ASSETS AND LIABILITIES RELATED TO CONTRACTS WITH CUSTOMERS *(Continued)*

(c) Contracted amounts to be recognized in future

(i) Property development and sales

The following table shows the contracted amounts to be recognized in future resulting from property development and sales.

5 收入*(續)*

5.2 與客戶合約有關的資產及負債*(續)*

(c) 將於未來確認的訂約金額

(i) 房地產開發及銷售

下表列示來自房地產開發及銷售的並將於未來確認的訂約金額。

		31 December 2018 於二零一八年十二月三十一日 RMB'000 人民幣千元
Expected to be recognised within one year	預期於一年內確認	**1,998,099**
Expected to be recognised after one year	預期於一年後確認	**2,458,834**
		4,456,933

(ii) Management services

Most of the management services are billed based on time incurred. As permitted by HKFRS 15, the unsatisfied contract amount was not disclosed.

(ii) 管理服務

大部分管理服務的發票均以提供服務的時間為基礎。因香港財務報告準則第15號所允許，未達成合約金額不予披露。

(d) Contract cost

Costs directly attributable to obtaining a contract such as stamp duty and sales commissions are immaterial and expensed when they were incurred.

(d) 合約成本

取得合約所直接產生的成本(如印花稅及銷售佣金)於產生時入賬列為支出，金額並不重大。

6 SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the executive directors that are used to make strategic decisions. The reports are prepared on the same basis as consolidated financial statements.

The executive directors consider the business from services perspective and have identified the following operating segments:

- Property development and sales;
- Management services;
- Office property investment; and
- Long-term rental apartments.

The Group established the business of long-term rental apartments in late 2017. To better measure the performance, a separate segment is reported for the year ended 31 December 2018.

The executive directors assess the performance of operating segments based on a measure of segment revenue and segment profit.

Segment profit includes net profit from subsidiaries, share of net profit of joint ventures and associates. This represents the profit earned by each segment without allocation of interest income on bank deposits, corporate expenses and finance costs charged in the consolidated statement of comprehensive income. This is the measure reported to the management of the Group for the purposes of resource allocation and performance assessment.

6 分部資訊

管理層根據由經執行董事審閱及用作策略決定的報告釐定經營分部。該等報告乃根據此等綜合財務報表相同的基準編製。

執行董事從服務角度考慮業務，並確認以下經營分部：

- 房地產開發及銷售；
- 管理服務；
- 辦公物業投資；及
- 長租公寓。

本集團於二零一七年底設立長租公寓業務。為作出更佳表現計量，已就截至二零一八年十二月三十日止年度呈報獨立分部。

執行董事根據分部收入及分部利潤計量評估經營分部的表現。

分部利潤包括附屬公司純利、應佔合營企業及應佔聯營公司純利。分部利潤指各分部所賺取的利潤，惟不包括銀行存款利息收益、計入綜合全面收益表的公司費用及財務費用。本集團管理層根據所報告的計量分配資源和評估表現。

6 SEGMENT INFORMATION *(Continued)*

The segment information provided to the executive directors for the reportable segments for the year ended 31 December 2018 is as follows:

6 分部資訊*(續)*

截至二零一八年十二月三十一日止年度，向執行董事提供的報告分部資訊如下：

		For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度				
		Property development and sales 房地產開發及銷售 RMB'000 人民幣千元	Management services 管理服務 RMB'000 人民幣千元	Office property investment 辦公物業投資 RMB'000 人民幣千元	Long-term rental apartments 長租公寓 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Segment revenue (from external customers) (note 5)	分部收入(來自外部客戶)(附註5)					
— Revenue recognized at a point in time under HKFRS 15	— 根據香港財務報告準則第15號於某一時間點確認的收入	**6,202,433**	**605,417**	**–**	**–**	**6,807,850**
— Revenue recognized over period under HKFRS 15	— 根據香港財務報告準則第15號於期內確認的收入	**204,118**	**394,282**	**–**	**–**	**598,400**
— Rental income	— 租金收入	**–**	**–**	**28,826**	**125,450**	**154,276**
		6,406,551	**999,699**	**28,826**	**125,450**	**7,560,526**
Segment profit/(loss)	分部利潤／(虧損)	**2,465,355**	**456,816**	**26,116**	**(190,205)**	**2,758,082**
Depreciation of property, plant and equipment (note 19)	不動產、工廠及設備折舊(附註19)	**(7,959)**	**(7,677)**	**(13)**	**(41,424)**	**(57,073)**
Fair value gain on investment properties (note 18)	投資性物業的公允價值利得(附註18)	**–**	**–**	**7,363**	**–**	**7,363**
Share of net profit of associates (note 16)	應佔聯營公司純利(附註16)	**408,854**	**–**	**–**	**–**	**408,854**
Share of net profit of joint ventures (note 17)	應佔合營企業純利(附註17)	**257,991**	**–**	**–**	**–**	**257,991**
At 31 December 2018	**於二零一八年十二月三十一日**					
Segment assets	分部資產	**21,628,232**	**3,424,012**	**515,642**	**1,207,388**	**26,775,274**
Interests in associates (note 16)	於聯營公司的權益(附註16)	**1,315,706**	**–**	**–**	**–**	**1,315,706**
Interests in joint ventures (note 17)	於合營企業的權益(附註17)	**2,596,047**	**–**	**–**	**–**	**2,596,047**
Additions to non-current assets (excluding financial assets)	增加非流動資產(不包括金融資產)	**75,178**	**6,831**	**190,352**	**494,046**	**766,407**
Segment liabilities	分部負債	**19,496,811**	**2,081,024**	**73,569**	**362,975**	**22,014,379**

6 SEGMENT INFORMATION *(Continued)*

The segment information provided to the executive directors for the reportable segments for the year ended 31 December 2017 is as follows:

6 分部資訊*(續)*

截至二零一七年十二月三十一日止年度，向執行董事提供的報告分部資訊如下：

		For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度				
		Property development and sales 房地產開發及銷售 RMB'000 人民幣千元	Management services 管理服務 RMB'000 人民幣千元	Office property investment 辦公物業投資 RMB'000 人民幣千元	Long-term rental apartments 長租公寓 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Segment revenue (from external customers) (note 5)	分部收入(來自外部客戶)(附註5)	5,425,876	753,225	26,548	8,282	6,213,931
Segment profit/(loss)	分部利潤／(虧損)	1,113,465	410,885	45,511	(44,170)	1,525,691
Depreciation of property, plant and equipment (note 19)	不動產、工廠及設備折舊(附註19)	(9,374)	(1,739)	(3)	(142)	(11,258)
Fair value gain on an investment property (note 18)	投資性物業的公允價值利得(附註18)	–	–	28,910	–	28,910
Share of net profit of associates (note 16)	應佔聯營公司純利(附註16)	169,453	–	–	–	169,453
Share of net profit of joint ventures (note 17)	應佔合營企業純利(附註17)	21,881	–	–	–	21,881
At 31 December 2017	**於二零一七年十二月三十一日**					
Segment assets	分部資產	17,140,908	2,526,845	349,941	302,807	20,320,501
Interests in associates (note 16)	於聯營公司的權益(附註16)	983,077	–	–	–	983,077
Interests in joint ventures (note 17)	於合營企業的權益(附註17)	1,885,436	–	–	–	1,885,436
Additions to non-current assets (excluding financial assets)	增加非流動資產(不包括金融資產)	220,746	13,814	28,925	156,910	420,395
Segment liabilities	分部負債	15,772,957	662,542	83,313	103,626	16,622,438

6 SEGMENT INFORMATION *(Continued)*

The Group does not have any single customer which contributed to more than 10% of the Group's revenue. The Group's revenue from external customers and non-current assets are divided into the following geographical areas:

6 分部資訊*(續)*

本集團並無任何佔本集團收入10%以上的單一客戶。本集團來自外部客戶的收入及非流動資產乃按以下地理區域劃分：

		Revenue from external customers 外部客戶收入		Non-current assets 非流動資產	
		For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度 RMB'000 人民幣千元	For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度 RMB'000 人民幣千元	**31 December 2018 於二零一八年十二月三十一日 RMB'000 人民幣千元**	31 December 2017 二零一七年十二月三十一日 RMB'000 人民幣千元
Mainland China	中國	**5,007,954**	4,863,089	**7,239,353**	5,064,967
US	美國	**2,552,572**	1,350,842	**463,253**	578,475
Hong Kong (domicile)	香港(註冊地)	**–**	–	**60**	702
		7,560,526	6,213,931	**7,702,666**	5,644,144

The revenue information above is based on the location of the customers. Non-current assets information above is based on the location of the assets.

以上收入資訊乃按客戶所在位置而作出。以上非流動資產資訊乃按資產所在地而作出。

6 SEGMENT INFORMATION *(Continued)*

Reconciliation of segment profit to profit before income tax is as follows:

6 分部資訊*(續)*

分部利潤與除所得稅前利潤的對賬如下：

		For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度 RMB'000 人民幣千元	For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度 RMB'000 人民幣千元
Segment profit	分部利潤	**2,758,082**	1,525,691
Finance costs, net (note 10)	財務費用淨額(附註10)	**(299,268)**	(238,925)
Unallocated corporate expenses	未分配公司費用	**(197,075)**	(159,355)
Profit before income tax	除所得稅前利潤	**2,261,739**	1,127,411

Reconciliations of segments' assets and liabilities to total assets and total liabilities are as follows:

分部資產及負債與總資產及總負債的對賬如下：

		31 December 2018 二零一八年十二月三十一日 RMB'000 人民幣千元	31 December 2017 二零一七年十二月三十一日 RMB'000 人民幣千元
Segment assets	分部資產	**26,775,274**	20,320,501
Unallocated assets	未分配資產	**–**	–
Total assets	資產總值	**26,775,274**	20,320,501
Segment liabilities	分部負債	**22,014,379**	16,622,438
Unallocated liabilities	未分配負債	**–**	–
Total liabilities	負債總額	**22,014,379**	16,622,438

7 OTHER INCOME 7 其他收益

		For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度 RMB'000 人民幣千元	For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度 RMB'000 人民幣千元
Interest income from:	利息收益來自：		
— Amounts due from joint ventures and associates (note 39)	— 應收合營企業及聯營公司款項（附註39）	**105,735**	105,402
— Amounts due from non-controlling interests	— 應收非控制性權益款項	**22,338**	23,764
— Loan to third parties and deposit paid for acquisition of an associate	— 應收第三方貸款及收購一間聯營公司所付按金	**8,751**	13,362
Government grants	政府補助	**34,738**	5,083
Sundry income	雜項收益	**–**	3,093
		171,562	150,704

8 OTHER GAINS/(LOSSES) — NET 8 其他利得／(損失)淨額

		For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度 RMB'000 人民幣千元	For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度 RMB'000 人民幣千元
Gain on disposal of subsidiaries (note 38)	出售附屬公司之利得(附註38)	**166,822**	285,619
Gain on re-measurement of existing interest in a joint venture upon conversion to a subsidiary (note 37)	於合營企業轉換為附屬公司後重新計量現有權益的收益（附註37）	**19,653**	–
Gain on disposal of a joint venture	出售合營企業之利得	**–**	608
Loss on disposal of property, plant and equipment	出售不動產、工廠及設備之虧損	**(10)**	(2)
Net exchange gains/(losses)	匯兑利得／(虧損)淨額	**185,188**	(270,320)
Gain on FVPL (note 26 (b))	按公允價值計入損益的收益(附註26(b))	**2,675**	–
Others	其他	**(218)**	(3,914)
		374,110	11,991

9 EXPENSES BY NATURE

9 按性質分類的費用

		For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度 RMB'000 人民幣千元	For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度 RMB'000 人民幣千元
Employee benefit expenses	僱員福利費用		
Directors' remuneration (note 14)	董事薪酬(附註14)		
— Fees	— 袍金	**900**	900
— Salaries and allowances	— 薪金及津貼	**17,350**	15,324
— Retirement benefit scheme contributions	— 退休福利計劃供款	**482**	355
— Restricted share award (note 32 (b))	— 限制性股份獎勵(附註32(b))	**–**	–
		18,732	16,579
Other staff costs	其他職工費用		
— Wages, salaries and allowances	— 工資、薪金及津貼	**345,528**	218,675
— Retirement benefit scheme contributions	— 退休福利計劃供款	**41,114**	18,682
— Other staff benefit	— 其他職工福利	**34,016**	15,875
— Restricted share award (note 32 (b))	— 限制性股份獎勵(附註32(b))	**–**	–
		420,658	253,232

9 EXPENSES BY NATURE *(Continued)* 9 按性質分類的費用*(續)*

		For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度 RMB'000 人民幣千元	For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度 RMB'000 人民幣千元
Cost of property development and sales	房地產開發及銷售成本		
— Mainland China (a)	— 中國(a)	**2,612,402**	2,991,577
— US	— 美國	**2,042,662**	1,183,222
Cost of management services	管理服務成本		
— Mainland China	— 中國	**479,647**	391,784
Rental expense in respect of properties	物業租賃費用	**196,079**	47,447
Operating costs in respect of investment properties	投資性物業的營運費用	**5,687**	5,700
Other taxes	其他稅項	**79,756**	140,073
Advertising and promotion expenses	廣告及推廣費用	**157,281**	72,133
Legal and professional fees	法律及專業費用	**55,310**	25,216
Depreciation of property, plant and equipment (note 19)	不動產、工廠及設備折舊（附註19）	**57,073**	11,258
Provision for impairment of financial assets (note 3.1 (b) (ii))	金融資產減值撥備（附註3.1(b)(ii)）	**(714)**	2,783
Auditor's remuneration	核數師薪酬		
— Audit services	— 審核服務	**1,446**	1,298
— Non-audit services	— 非審核服務	**953**	864
Provision for decline in the value of properties under development and held for sale (note 21 & 23)	開發中及持作銷售物業價值下跌撥備（附註21及23）	**5,873**	1,032
Others (b)	其他(b)	**86,554**	86,336
		5,780,009	4,960,723
		6,219,399	5,230,534
Representing:	指：		
Cost of sales and services	銷售及服務成本	**5,406,474**	4,690,410
Administrative expenses	行政費用	**568,935**	420,235
Selling expenses	銷售費用	**243,990**	119,889
		6,219,399	5,230,534

(a) Cost of property development and sales includes decoration materials used of RMB119,830,000 (2017: RMB4,788,000).

(b) Others include subsidiaries' statutory and non-statutory audit fee of RMB 4,059,000 to their respective auditors (2017: RMB 3,727,000).

(a) 房地產開發及銷售費用包括已用裝飾物料人民幣119,830,000元（二零一七年：人民幣4,788,000元）。

(b) 其他包括附屬公司向各核數師支付的法定及非法定審核費用人民幣4,059,000元（二零一七年：人民幣3,727,000元）。

10 FINANCE COSTS, NET

10 財務費用淨額

		For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度 RMB'000 人民幣千元	For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度 RMB'000 人民幣千元
Financial cost	財務費用		
— Bank borrowings	— 銀行借款	**133,245**	151,084
— Loans from the ultimate controlling shareholder (note 39)	— 來自最終控股股東的貸款（附註39）	**95,483**	126,888
— Senior private notes	— 優先私募債券	**118,620**	78,195
— EB-5 loans	— EB–5貸款	**20,327**	21,626
— Loans from other financial institutes	— 其他融資機構的貸款	**19,634**	18,062
— Junior private notes	— 次級私募債券	**–**	14,942
— Interest expense on amounts due to related parties (note 39)	— 應付關聯方款項的利息費用（附註39）	**61,954**	99,275
— Sell and buy-back arrangement	— 出售及回購安排	**45,538**	9,733
— Discounted bank accepted notes	— 已貼現銀行承兑票據	**15,529**	4,380
— Loans from non-controlling interests	— 來自非控制性權益貸款	**7,368**	2,628
— Financing component of contracts with customers	— 客戶合約的融資部分	**154,509**	–
— Other finance charges	— 其他財務費用	**–**	7,518
		672,207	534,331
Less: interest capitalised	減：資本化利息	**(349,189)**	(285,286)
		323,018	249,045
Finance income	財務收益		
— Bank interest income	— 銀行利息收益	**(23,750)**	(10,120)
		299,268	238,925

The average interest rate of borrowing costs capitalized for the year ended 31 December 2018 was approximately 6.54% per annum (2017: 6.50%).

截至二零一八年十二月三十一日止年度，資本化借款費用的平均年利率約為6.54%（二零一七年：6.50%）。

11 INCOME TAX EXPENSE

11 所得稅費用

		For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度 RMB'000 人民幣千元	For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度 RMB'000 人民幣千元
Current income tax	即期稅項		
— Hong Kong profit tax (a)	— 香港利得稅(a)		
Tax expense for the year	年度稅項費用	**–**	1,770
— Mainland China enterprise income tax (b)	— 中國企業所得稅(b)		
Tax expense for the year	年度稅項費用	**497,342**	383,903
— US profit tax (d)	— 美國利得稅(d)		
Tax expense for the year	年度稅項費用	**76,194**	–
		573,536	385,673
Mainland China land appreciation tax (b)	中國土地增值稅(b)	**393,938**	103,087
Deferred income tax (note 30)	遞延所得稅(附註30)	**(146,305)**	(82,190)
		821,169	406,570

(a) Hong Kong profit tax has been provided at 16.5% (2017: 16.5%) on the assessable profits arising in Hong Kong for the year.

(a) 香港利得稅乃以本年度於香港產生的應課稅利潤按稅率16.5%(二零一七年:16.5%)作出撥備。

(b) The Group's subsidiaries in the Mainland China are subject to enterprise income tax at the rate of 25% (2017: 25%) for the year ended 31 December 2018, except for Shanghai Landsea Planning and Architectural Design Co., Ltd. (上海朗詩規劃建築設計有限公司) which enjoys a preferential income tax rate of 15% as approved by relevant tax authorities.

(b) 截至二零一八年十二月三十一日止年度本集團的中國附屬公司須按25%(二零一七年:25%)的稅率繳交企業所得稅。惟上海朗詩規劃建築設計有限公司經有關稅務部門批准享有15%的優惠所得稅稅率則除外。

11 INCOME TAX EXPENSE *(Continued)*

(b) (Continued)

Land appreciation tax in Mainland China is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including cost of land use rights and all property development expenditures. The tax is incurred upon transfer of property ownership.

As of 31 December 2018, the Group has unused tax losses RMB30,689,000 (2017: RMB31,298,000) available for offset against future profits for certain entities in Mainland China which have not been recognized due to the unpredictability of future profit streams. The tax losses would expire within five years.

(c) Under the Law of the Mainland China on Enterprise Income Tax (the "EIT Law") and implementation regulations of the EIT Law, a withholding tax at 10% is imposed for dividends distributed by a Mainland China-resident enterprise to its immediate holding company outside Mainland China for earnings generated beginning 1 January 2008. A lower 5% withholding tax rate may be applied when the immediate holding company is established in Hong Kong according to the tax treaty arrangement between Mainland China and Hong Kong. The Group controls the dividend policies of subsidiaries in Mainland China. The directors of the Company confirmed that the remaining retained earnings of the Group's subsidiaries in Mainland China as at 31 December 2018 will not be distributed to its immediate holding company in the foreseeable future. As at 31 December 2018, deferred income tax liability of RMB354,702,000 (2017: RMB259,722,000) on the remaining unremitted distributable profit generated by the Group's subsidiaries in Mainland China attributable to its immediate holding company with the amount of RMB3,547,020,000 (2017:RMB2,597,218,000) was not recognized.

(d) In accordance with US tax law, the statutory tax rate for both federal and state tax purposes was 28.28%. This is then adjusted for items which are not assessable or deductible to arrive at an effective tax rate of 26.68%.

11 所得稅費用*(續)*

(b) (續)

中國土地增值稅以銷售物業所得款項減去可扣減開支(包括土地使用權及所有物業開發開支)的土地增值按介乎30%至60%的累進稅率徵收。土地增值稅於物業所有權轉移時產生。

於二零一八年十二月三十一日，由於若干中國實體的不可預見未來利潤流，故本集團並無確認可用作抵銷未來利潤的未動用稅項虧損人民幣30,689,000元(二零一七年：人民幣31,298,000元)。稅項虧損將於五年內屆滿。

(c) 根據中國企業所得稅法(「企業所得稅法」)及其實施條例，中國居民企業就二零零八年一月一日起產生的收益向其中國境外的直接控股公司派發的股息須繳納10%的預扣稅。根據中國與香港訂立的稅收協定安排，若直接控股公司成立於香港，可應用較低的5%預扣稅稅率。本集團控制中國附屬公司的股息政策。本公司董事確定本集團中國附屬公司於二零一八年十二月三十一日的留存收益將不會於可見未來分派予其直系控股公司。於二零一八年十二月三十一日，本集團並未就本集團中國附屬公司產生的其直系控股公司應佔餘下未匯出可供分配利潤金額人民幣3,547,020,000元(二零一七年：人民幣2,597,218,000元)確認遞延所得稅負債人民幣354,702,000元(二零一七年：人民幣259,722,000)。

(d) 根據美國稅務法律，有關聯邦稅及州稅的法定稅率為28.28%。該稅率其後會就毋須課稅或不可扣減項目調整至實際稅率26.68%。

11 INCOME TAX EXPENSE *(Continued)*

Taxes on profit assessable elsewhere have been calculated at the applicable rates of tax prevailing in the jurisdictions in which the Group operates, based on existing legislations, interpretations and practices in respect thereof.

Reconciliation between profit before income tax and income tax expense is as follows:

11 所得稅費用*(續)*

其他地區應課稅利潤的稅項按本集團經營業務所在司法權區的現行適用稅率計算，並根據該等司法權區的現行法例、詮釋及慣例作出。

除所得稅前利潤與所得稅費用的對賬如下：

		For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度 RMB'000 人民幣千元	For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度 RMB'000 人民幣千元
Profit before income tax	除所得稅前利潤	**2,261,739**	1,127,411
Mainland China land appreciation tax	中國土地增值稅	**(393,938)**	(103,087)
		1,867,801	1,024,324
Tax on profit before income tax, calculated at the rate of 25% (2017: 25%)	除所得稅前利潤的稅項，按稅率25%（二零一七年：25%）計算	**466,950**	256,081
Effect of different tax rates of the Group's subsidiaries operating in other jurisdictions	於其他司法權區經營的本集團附屬公司不同稅率的影響	**11,247**	(248)
Tax effect of non-taxable income (i)	毋須課稅收益的稅務影響(i)	**(129,124)**	(50,953)
Tax effect of non-deductible expenses	不可扣減開支的稅務影響	**22,235**	29,175
Tax effect of unrecognized tax losses	未確認稅項虧損的稅務影響	**53,804**	52,900
Others (ii)	其他(ii)	**2,119**	16,528
		427,231	303,483
Mainland China land appreciation tax	中國土地增值稅	**393,938**	103,087
		821,169	406,570

(i) Non-taxable income are mainly share of net profit of associates and joint ventures.

(ii) Others mainly represent tax effect of realization of unrecognized temporary difference in prior years.

(i) 毋須課稅收益主要為所分佔聯營公司及合營企業利得。

(ii) 其他主要指變現過往年度未確認暫時差額的稅務影響。

12 EARNINGS PER SHARE

(A) BASIC EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the year.

12 每股收益

(A) 每股基本收益

每股基本收益乃按歸屬於本公司股東的利潤除以年度已發行普通股的加權平均數計算。

		For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度 RMB'000 人民幣千元	For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度 RMB'000 人民幣千元
Profit attributable to shareholders of the Company	歸屬於本公司股東的利潤	**1,112,774**	580,523
Accrued distribution of the convertible perpetual securities (note 14 & 33)	可換股永久證券的應計分派（附註14及33）	**(29,599)**	(19,679)
Profit used to determine basic earnings per share	用作釐定每股基本收益的利潤	**1,083,175**	560,844
Weighted average number of ordinary shares in issue (in thousands)	已發行普通股的加權平均數（千股）	**3,981,529**	3,917,571
— Basic Earnings per share	— 每股基本收益	**RMB人民幣0.27元**	RMB人民幣0.14元

12 EARNINGS PER SHARE *(Continued)*

(B) DILUTED EARNINGS PER SHARE

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has one category of dilutive potential ordinary shares: convertible perpetual securities. The convertible perpetual securities are assumed to have been converted into ordinary shares.

12 每股收益*(續)*

(B) 每股稀釋收益

每股稀釋收益乃假設悉數轉換具稀釋影響的潛在普通股而調整已發行普通股的加權平均數計算。本公司有一類具稀釋影響的潛在普通股：可換股永久證券。假設可換股永久證券獲悉數轉換為普通股。

		For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度 RMB'000 人民幣千元	For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度 RMB'000 人民幣千元
Profit attributable to shareholders of the Company	歸屬於本公司股東的利潤	**1,112,774**	580,523
Weighted average number of ordinary shares in issue (in thousands)	已發行普通股的加權平均數（千股）	**3,981,529**	3,917,571
Adjustment for:	經以下各項調整：		
— Assumed conversion of convertible perpetual securities (in thousands)	— 假設轉換可換股永久證券（千股）	**586,646**	660,530
Adjusted weighted average number of ordinary shares for diluted earnings per share (in thousands)	用作釐定每股稀釋收益的普通股經調整加權平均數（千股）	**4,568,175**	4,578,101
— Diluted Earnings per share	— 每股稀釋收益	**RMB 人民幣 0.24 元**	RMB 人民幣 0.13 元

13 DIVIDEND

13 股息

		For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度 RMB'000 人民幣千元	For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度 RMB'000 人民幣千元
Final dividend for the year ended 31 December 2017 of RMB3.54 cents (2016: RMB3.54 cents) per fully paid share	截至二零一七年十二月三十一日止年度末期股息每股繳足股份人民幣3.54分(二零一六年:人民幣3.54分)	**138,682**	138,682
Dividend of convertible perpetual securities	可換股永久證券股息	**29,599**	19,679

		For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度 RMB'000 人民幣千元	For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度 RMB'000 人民幣千元
Proposed distribution of final dividend out of contributed surplus account of HK$ cents 4.50 (equivalent to RMB cents 3.83) (2017: HK$ cents 4.42 (equivalent to RMB cents 3.54)) per ordinary share	建議自實繳盈餘賬派發末期股息每股普通股4.50港仙(相當於人民幣3.83分)(二零一七年:4.42港仙(相當於人民幣3.54分))	**180,990**	138,682

13 DIVIDEND *(Continued)*

A final dividend relating to the year ended 31 December 2017 amounted to RMB138,682,000 was fully paid on 15 June 2018.

The Board proposed to make a distribution out of contributed surplus account of HK$ cents 4.50 (equivalent to RMB cents 3.83) (2017: HK$ cents 4.42 cents (equivalent to RMB cents 3.54)) per ordinary share amounting to a total of RMB180,990,000. The proposed distribution is based on 4,722,307,545 (2017: 3,917,570,961) shares issued as at 22 March 2019. The proposed final dividend is not reflected as a dividend payable as of 31 December 2018, but will be recorded as a distribution for the year ending 31 December 2019.

The proposed distribution out of contributed surplus account is subject to the passing of an ordinary resolution for approving the distribution of final dividend out by the shareholders at the annual general meeting of the Company to be held on 27 May 2019.

13 股息*(續)*

截至二零一七年十二月三十一日止年度的末期股息人民幣138,682,000元已於二零一八年六月十五日全數派發。

董事局建議自實繳盈餘賬作出每股普通股4.50港仙(相當於人民幣3.83分)(二零一七年：4.42港仙(相當於人民幣3.54分))的分派，總金額為人民幣180,990,000元。建議分派乃根據二零一九年三月二十二日的已發行股份4,722,307,545股(二零一七年：3,917,570,961股)釐定。擬派末期股息並不視為二零一八年十二月三十一日的應付股息，但將列作截至二零一九年十二月三十一日止年度作出的分派。

建議自實繳盈餘賬作出的分派須待股東於二零一九年五月二十七日舉行的本公司股東週年大會通過批准自本公司實繳盈餘賬作出末期股息分派的普通決議案後，方可作實。

14 BENEFITS AND INTERESTS OF DIRECTORS

(A) DIRECTORS' EMOLUMENTS

The remuneration of each director is set out below:

For the year ended 31 December 2018:

14 董事福利及權益

(A) 董事酬金

各董事的酬金載列如下：

截至二零一八年十二月三十一日止年度：

		Fees 袍金 RMB'000 人民幣千元	Salaries, allowances and bonus 工資、津貼及花紅 RMB'000 人民幣千元	Contribution to retirement and other benefits 退休供款及其他福利 RMB'000 人民幣千元	Restricted share award 限制性股份獎勵 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
For the year ended 31 December 2018	**截至二零一八年十二月三十一日止年度**					
Executive directors	**執行董事**					
Tian Ming	田明	**–**	**4,786**	**143**	**–**	**4,929**
Wang Lei (e)	王磊(e)	**–**	**579**	**11**	**–**	**590**
Shen Leying	申樂瑩	**–**	**4,033**	**117**	**–**	**4,150**
Xie Yuanjian	謝遠建	**–**	**2,795**	**88**	**–**	**2,883**
Zhou Qin	周勤	**–**	**3,426**	**47**	**–**	**3,473**
Xiang Jiong (f)	向炯(f)	**–**	**1,731**	**76**	**–**	**1,807**
Independent non-executive directors	**獨立非執行董事**					
Xu Xiaonian	許小年	**300**	**–**	**–**	**–**	**300**
Ding Yuan	丁遠	**300**	**–**	**–**	**–**	**300**
Lee Kwan Hung	李均雄	**300**	**–**	**–**	**–**	**300**
Non-executive directors	**非執行董事**					
Zhou Yimin	鄒益民	**–**	**–**	**–**	**–**	**–**
		900	**17,350**	**482**	**–**	**18,732**

14 BENEFITS AND INTERESTS OF DIRECTORS *(Continued)* 14 董事福利及權益*(續)*

(A) DIRECTORS' EMOLUMENTS *(Continued)* (A) 董事酬金*(續)*

		Fees 袍金 RMB'000 人民幣千元	Salaries, allowances and bonus 工資、津貼及花紅 RMB'000 人民幣千元	Contribution to retirement and other benefits 退休供款及其他福利 RMB'000 人民幣千元	Restricted share award 限制性股份獎勵 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
For the year ended 31 December 2017	**截至二零一七年十二月三十一日止年度**					
Executive directors	**執行董事**					
Tian Ming	田明	–	4,504	69	–	4,573
Xiang Jiong (f)	向炯(f)	–	2,994	75	–	3,069
Shen Leying	申樂瑩	–	3,041	98	–	3,139
Xie Yuanjian	謝遠建	–	2,646	75	–	2,721
Zhou Qin	周勤	–	2,139	38	–	2,177
Independent non-executive directors	**獨立非執行董事**					
Xu Xiaonian	許小年	300	–	–	–	300
Ding Yuan	丁遠	300	–	–	–	300
Lee Kwan Hung	李均雄	300	–	–	–	300
Non-executive director	**非執行董事**					
Zhou Yimin	鄒益民	–	–	–	–	–
		900	15,324	355	–	16,579

14 BENEFITS AND INTERESTS OF DIRECTORS *(Continued)*

(A) DIRECTORS' EMOLUMENTS *(Continued)*

14 董事福利及權益*(續)*

(A) 董事酬金*(續)*

Aggregate emoluments paid to or receivable by directors in respect of their services as directors, whether of the company or its subsidiary undertaking 已付予董事或董事應收董事在任酬金總額（不論為公司或其附屬公司）		Aggregate emoluments paid to or receivable by directors in respect of their other services in connection with the management of the affairs of the company or its subsidiary undertaking 已付予董事或董事應收董事在任酬金總額（有關管理公司或附屬公司事宜）		Total 總計	Total 總計
2018 **二零一八年** **RMB'000** **人民幣千元**	2017 二零一七年 RMB'000 人民幣千元	**2018** **二零一八年** **RMB'000** **人民幣千元**	2017 二零一七年 RMB'000 人民幣千元	**2018** **二零一八年** **RMB'000** **人民幣千元**	2017 二零一七年 RMB'000 人民幣千元
18,732	16,579	**4,805**	–	**23,537**	16,579

(B) DIRECTORS' RETIREMENT BENEFITS AND TERMINATION BENEFITS

None of the directors received or will receive any retirement benefits or termination benefits during the year (2017: Ditto).

(B) 董事的退休福利及終止僱用福利

於本年度，概無董事已收取或將收取任何退休福利及終止僱用福利(二零一七年：相同)。

(C) CONSIDERATION PROVIDED TO THIRD PARTIES FOR MAKING AVAILABLE DIRECTORS' SERVICES

During the year ended 31 December 2018, the Company did not pay consideration to any third parties for making available directors' services (2017: Ditto).

(C) 就提供董事服務向第三方提供的代價

截至二零一八年十二月三十一日止年度，本公司概無就提供董事服務向任何第三方支付代價(二零一七年：相同)。

14 BENEFITS AND INTERESTS OF DIRECTORS *(Continued)*

(D) INFORMATION ABOUT LOANS, QUASI-LOANS AND OTHER DEALINGS IN FAVOR OF DIRECTORS, CONTROLLED BODIES CORPORATE BY AND CONNECTED ENTITIES WITH SUCH DIRECTORS

There are no loans, quasi-loans and other dealing arrangements in favor of directors, controlled bodies corporate by and controlled entities with such directors (2017: Ditto).

(E) Appointed as an executive director on 23 November 2018.

(F) Resigned on 23 November 2018.

(G) DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

No significant transactions, arrangements and contracts in relation to the Group's business to which the Group was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year (2017: Nil).

14 董事福利及權益*(續)*

(D) 有關以董事、其受控法團或其關連實體為受益人的貸款、準貸款及其他交易的資料

概無以董事、其受控法團或其關連實體為受益人的貸款、準貸款及其他交易安排(二零一七年：相同)。

(E) 於二零一八年十一月二十三日獲委任為執行董事。

(F) 於二零一八年十一月二十三日辭任。

(G) 董事於交易、安排或合約的重大權益

本公司概無訂立與本集團業務有關，而本公司董事直接或間接擁有重大權益且於年末或年內任何時間存在的重大交易、安排及合約(二零一七年：無)。

15 FIVE HIGHEST PAID INDIVIDUALS AND SENIOR MANAGEMENT'S EMOLUMENTS

The five individuals whose emoluments were the highest in the Group for the year included four existing (2017: Three) directors whose emoluments are reflected in the analysis presented in note 14.

The emoluments of the remaining one (2017: Two) individual during the year ended 31 December 2018 and 2017 were as follows:

15 五名最高薪酬人士及高級管理層的薪酬

於本年度，本集團五位最高薪酬人士包括四名(二零一七年：三名)現任董事，其酬金於附註14的分析內反映。

截至二零一八年及二零一七年十二月三十一日止年度，餘下一名(二零一七年：兩名)人士的薪酬如下：

		For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度 RMB'000 人民幣千元	For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度 RMB'000 人民幣千元
Basic salaries, allowances and bonuses	基本工資、津貼及花紅	**4,840**	9,788
Contribution to retirement benefits schemes	退休福利計劃供款	**97**	148
Restricted share award	限制性股份獎勵	**–**	–
		4,937	9,936

The number of above remaining employees whose remuneration fee within the following band was as follows:

其薪酬在下列組別範圍內的上述其餘僱員數目：

		Numbers of individuals 僱員數目	
		2018 二零一八年	2017 二零一七年
RMB3,000,000 to RMB4,000,000	人民幣3,000,000元至人民幣4,000,000元	**–**	–
RMB4,000,000 to RMB5,000,000	人民幣4,000,000元至人民幣5,000,000元	**1**	1
RMB5,000,000 to RMB6,000,000	人民幣5,000,000元至人民幣6,000,000元	**–**	1

15 FIVE HIGHEST PAID INDIVIDUALS AND SENIOR MANAGEMENT'S EMOLUMENTS *(Continued)*

The senior management's emoluments(excluding the five highest paid individuals and directors) during the year ended 31 December 2018 and 2017 fell within the following bands:

15 五名最高薪酬人士及高級管理層的薪酬*(續)*

截至二零一八年及二零一七年十二月三十一日止年度，高級管理層的薪酬(五名最高薪酬人士及董事除外)在下列組別範圍內：

		Numbers of individuals 僱員數目	
		2018 二零一八年	2017 二零一七年
		RMB'000 人民幣千元	RMB'000 人民幣千元
RMB0 to RMB1,000,000	人民幣0元至人民幣1,000,000元	**1**	1
RMB1,000,000 to RMB2,000,000	人民幣1,000,000元至人民幣2,000,000元	**1**	9
RMB2,000,000 to RMB3,000,000	人民幣2,000,000元至人民幣3,000,000元	**3**	1
RMB3,000,000 to RMB4,000,000	人民幣3,000,000元至人民幣4,000,000元	**–**	–

16 INTERESTS IN ASSOCIATES

16 於聯營公司的權益

		For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度 RMB'000 人民幣千元	For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度 RMB'000 人民幣千元
At 1 January	於一月一日	**983,077**	744,099
Additions:	增加：		
— Additional investments in an existing associate	— 於現有聯營公司的額外投資	**400**	4,000
— Subsidiaries becoming associates	— 附屬公司成為聯營公司	**–**	335,627
Share of net profit of associates (note 6)	應佔聯營公司純利（附註6）	**408,854**	169,453
Elimination of transactions with associates	對銷與聯營公司的交易	**(46,418)**	(198,102)
Reversal of recognized share of net loss of associates	撥回已確認應佔聯營公司淨虧損	**2,993**	–
Dividends from associates	來自聯營公司的股息	**(33,200)**	(72,000)
At 31 December	於十二月三十一日	**1,315,706**	983,077

16 INTERESTS IN ASSOCIATES *(Continued)*

Set out below are the associates of the Group as at 31 December 2018 which, in the opinion of the directors, are material to the Group. The entities listed below have share capital consisting solely of ordinary shares, which are held directly by the Group. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

16 於聯營公司的權益*(續)*

下文所載為本集團於二零一八年十二月三十一日的聯營公司，而董事局認為該等公司對本集團屬重大。下文所列實體擁有僅包含本集團直接持有普通股的股本。註冊成立或註冊國家亦為其主要營業地點，而持股比例與持有投票權的比例相同。

		Place of business/country of incorporation 營業地點／註冊成立國家	% of ownership interest 持有權益%		Measurement method 計算方法	Carrying amount 賬面值	
			31 December 2018 二零一八年十二月三十一日	31 December 2017 二零一七年十二月三十一日		**31 December 2018 二零一八年十二月三十一日**	31 December 2017 二零一七年十二月三十一日
Nanjing Aojian Properties Co.,Ltd. ("Nanjing Aojian")	南京奧建置業有限公司（「南京奧建」）	Mainland China 中國	**12.97**	12.97	Equity method 權益法	**403,020**	225,123
Nanjing Xueheng Properties Co.,Ltd. ("Nanjing Xueheng")	南京學衡置業有限公司（「南京學衡」）	Mainland China 中國	**49.90**	49.90	Equity method 權益法	**476,221**	305,877
Chengdu Chengfeng Enterprise Management and Consultant Limited ("Chengdu Chengfeng")	成都城峰企業管理諮詢有限公司（「成都城峰」）	Mainland China 中國	**33.00**	33.00	Equity method 權益法	**198,784**	214,389
Immaterial associates (c)	非重大聯營公司(c)					**237,681**	237,688
Total interests in associates	於聯營公司的總權益					**1,315,706**	983,077

None of the Group's associates has quoted price available.

本集團聯營公司並無可得報價。

16 INTERESTS IN ASSOCIATES *(Continued)*

(A) COMMITMENTS AND CONTINGENT LIABILITIES IN RESPECT OF ASSOCIATES

16 於聯營公司的權益*(續)*

(A) 關於聯營公司的承擔及或然負債

		31 December 2018 二零一八年十二月三十一日 RMB'000 人民幣千元	31 December 2017 二零一七年十二月三十一日 RMB'000 人民幣千元
Commitments	承擔		
— Commitment to pay up the subscription capital	— 繳付認購資本的承擔	**14,589**	–

(B) SUMMARIZED FINANCIAL INFORMATION FOR MATERIAL ASSOCIATES

The tables below provide summarized financial information for those associates that are material to the Group. The information disclosed reflects the amounts presented in the financial statements of the relevant associates and not the Group's share of those amounts. They have been amended to reflect adjustments made when using the equity method, including fair value adjustments and modifications of differences in accounting policies adopted.

(B) 重大聯營公司的財務資料概要

下表載列對本集團屬重大之聯營公司財務資料概要。所披露資料反映相關聯營公司的財務報表所呈列的數額，而非本集團所分佔有關數額。該等資料已修訂，從而反映使用權益法所作之調整，包括就採納的會計政策差異所作之公允價值調整及修改。

16 INTERESTS IN ASSOCIATES *(Continued)*
16 於聯營公司的權益*(續)*

(B) SUMMARIZED FINANCIAL INFORMATION FOR MATERIAL ASSOCIATES *(Continued)*
(B) 重大聯營公司的財務資料概要*(續)*

		Nanjing Aojian 南京奧建		Nanjing Xueheng 南京學衡		Chengdu Chengfeng 成都城峰	
		31 December 2018 二零一八年十二月三十一日 RMB'000 人民幣千元	31 December 2017 二零一七年十二月三十一日 RMB'000 人民幣千元	**31 December 2018 二零一八年十二月三十一日 RMB'000 人民幣千元**	31 December 2017 二零一七年十二月三十一日 RMB'000 人民幣千元	**31 December 2018 二零一八年十二月三十一日 RMB'000 人民幣千元**	31 December 2017 二零一七年十二月三十一日 RMB'000 人民幣千元
Current assets	流動資產						
Cash and cash equivalents	現金及現金等價物	**385,008**	976,803	**1,030,688**	1,027,249	**1,196,231**	802,316
Other current assets	其他流動資產	**2,659,483**	5,360,060	**3,324,006**	4,808,783	**4,392,292**	2,577,482
Total current assets	流動資產總值	**3,044,491**	6,336,863	**4,354,694**	5,836,032	**5,588,523**	3,379,798
Non-current assets	非流動資產	**267**	7,468	**242**	17,467	**157,615**	55,467
Current liabilities	流動負債						
Other current liabilities	其他流動負債	**(1,092,823)**	(4,378,232)	**(3,375,274)**	(5,205,934)	**(5,056,977)**	(1,652,506)
Total current liabilities	流動負債總額	**(1,092,823)**	(4,378,232)	**(3,375,274)**	(5,205,934)	**(5,056,977)**	(1,652,506)
Non-current liabilities	非流動負債						
Financial liabilities (excluding trade payables)	金融負債（不包括應付賬款）	**–**	–	**–**	–	**–**	(1,069,440)
Total non-current liabilities	非流動負債總額	**–**	–	**–**	–	**–**	(1,069,440)
Net assets	資產淨值	**1,951,935**	1,966,099	**979,662**	647,565	**689,161**	713,319
The Group's share in %	本集團應佔%	**12.97%**	12.97%	**49.90%**	49.90%	**33.00%**	33.00%
The Group's share	本集團應佔	**253,166**	255,003	**488,851**	323,135	**227,423**	235,395
Adjustments	調整	**149,854**	(29,880)	**(12,630)**	(17,258)	**(28,639)**	(21,006)
Carrying amount	賬面值	**403,020**	225,123	**476,221**	305,877	**198,784**	214,389
Revenue	收入	**5,168,289**	–	**2,106,612**	–	**–**	–
Income tax expense	所得稅費用	**(264,189)**	4,058	**(110,699)**	6,041	**11,024**	27,594
Profit/(loss) for the year	年度溢利／(虧損)	**785,836**	(12,175)	**332,096**	(18,233)	**(24,159)**	(82,512)
Adjustment	調整	**75,974**	–	**4,628**	–	**(7,633)**	–
The Group's share	本集團應佔	**177,897**	(1,579)	**170,344**	(9,098)	**(15,605)**	(27,229)

16 INTERESTS IN ASSOCIATES *(Continued)*

(C) INDIVIDUALLY IMMATERIAL ASSOCIATES

In addition to the interests in associates disclosed above, the Group also has interests in a number of individually immaterial associates that are accounted for using the equity method.

16 於聯營公司的權益*(續)*

(C) 個別非重大聯營公司

除上文披露的聯營公司權益外，本集團亦擁有若干個別非重大聯營公司的權益，以權益法入賬。

		31 December 2018 二零一八年十二月三十一日 RMB'000 人民幣千元	31 December 2017 二零一七年十二月三十一日 RMB'000 人民幣千元
Aggregate carrying amounts of individually immaterial associates	個別非重大聯營公司的賬面值總額	**237,681**	237,688

		For the year ended 截至十二月三十一日止年度	
		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Aggregate amounts of the Group's share of net profit of individually immaterial associates	本集團應佔個別非重大聯營公司淨利潤總額	**76,218**	207,359

(D) UNRECOGNIZED SHARE OF NET LOSS OF ASSOCIATES

(D) 未確認應佔聯營公司淨虧損

		31 December 2018 二零一八年十二月三十一日 RMB'000 人民幣千元	31 December 2017 二零一七年十二月三十一日 RMB'000 人民幣千元
Aggregate unrecognized share of net loss of associates	未確認應佔聯營公司淨虧損總額	**31,388**	50,197

17 INTERESTS IN JOINT VENTURES 17 於合營企業的權益

		For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度 RMB'000 人民幣千元	For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度 RMB'000 人民幣千元
At 1 January, as previously stated	於一月一日，按原先呈列	**1,885,436**	261,610
Adjustment on adoption of HKFRS 15, net of tax (note 2.2.1)	就採納香港財務報告準則第15號作出調整，扣除稅項（附註2.2.1）	**(165)**	–
At 1 January, after the adoption of HKFRS 15	於一月一日，於採納香港財務報告準則第15號之後	**1,885,271**	261,610
Additions:	增加：		
— Additional investments in existing joint ventures	— 於現有合營企業的額外投資	**669,792**	1,382,121
— Subsidiaries becoming joint ventures (note 38)	— 附屬公司成為合營企業（附註38）	**303,877**	234,721
Disposals:	出售：		
— Disposal of joint ventures in subsidiaries	— 出售附屬公司的合營企業	**(143,216)**	–
— Partial disposal of shares of joint ventures	— 部分出售合營企業股份	**(24,000)**	(24,850)
Share of net profit of joint ventures (note 6)	應佔合營企業純利淨額（附註6）	**257,991**	21,881
Elimination of transactions with joint ventures	對銷與合營企業的交易	**(196,367)**	16,262
Reversal of recognized share of net loss of joint ventures	撥回已確認應佔合營企業淨虧損	**64,048**	–
Dividends from joint ventures	來自合營企業的股息	**(239,724)**	–
Exchange difference	匯兑差額	**18,375**	(6,309)
At 31 December	於十二月三十一日	**2,596,047**	1,885,436

17 INTERESTS IN JOINT VENTURES *(Continued)*

Set out below are joint ventures of the Group as at 31 December 2018 which, in the opinion of the directors, are material to the Group. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

17 於合營企業的權益*(續)*

下文所載為本集團於二零一八年十二月三十一日的合營企業，而董事局認為該等實體對本集團屬重大。註冊成立或註冊國家亦為其主要營業地點，而持股比例與持有投票權的比例相同。

		Place of business/ country of incorporation 營業地點／註冊成立國家	**% of ownership interest 持有權益%**		**Measurement method 計算方法**	**Carrying amount 賬面值**	
			31 December 2018 二零一八年十二月三十一日	31 December 2017 二零一七年十二月三十一日		**31 December 2018 二零一八年十二月三十一日**	31 December 2017 二零一七年十二月三十一日
Zhongcheng Qiannian Investment Company (Limited Partnership) ("Zhongcheng Qiannian")	上海中城乾念投資中心（有限合夥(「中城乾念」))	Mainland China 中國內地	**50.00**	50.00	Equity method 權益法	**346,561**	**335,931**
Jiaxin Langda II Investment Company (Limited Partnership) ("Jiaxin Langda II")	嘉興朗達二號投資合夥企業(有限合夥)(「嘉興朗達二號」)	Mainland China 中國內地	**29.98**	29.98	Equity method 權益法	**604,352**	**513,446**
LS-NJ Port Imperial JV LLC ("LS-NJ Port")	LS-NJ Port Imperial JV LLC(「LS-NJ Port」)	US 美國	**51.00**	51.00	Equity method 權益法	**358,566**	**363,980**
Immaterial joint ventures (d)	非重大合營企業(d)					**1,286,569**	**672,079**
Total interests in joint ventures	於合營企業的權益總額					**2,596,048**	**1,885,436**

None of the Group's joint ventures has quoted price available.

本集團合營企業並無可得報價。

17 INTERESTS IN JOINT VENTURES *(Continued)*

(A) COMMITMENTS AND CONTINGENT LIABILITIES IN RESPECT OF JOINT VENTURES

17 於合營企業的權益*(續)*

(A) 關於合營企業的承擔及或然負債

		31 December 2018 二零一八年 十二月三十一日 RMB'000 人民幣千元	31 December 2017 二零一七年 十二月三十一日 RMB'000 人民幣千元
Commitments	承擔		
— Commitment to pay up the subscription capital	— 繳付認購資本的承擔	**1,738,467**	–

(B) UNRECOGNIZED COMMITMENTS TO ACQUIRE JOINT VENTURE PARTNERS' OWNERSHIP INTERESTS

As of 31 December 2018, the Group has commitments to acquire certain joint venture partners' ownership interests in joint ventures at market price in the future upon fulfilling predetermined conditions.

These unrecognized commitments are disclosed below and were not recognized by the Group due to uncertainties of one or more particular events in the future which are not controlled by the Group.

(B) 收購合營企業合夥擁有權益的未確認承擔

於二零一八年十二月三十一日，本集團承諾日後在達到若干條件後以市場價格收購合營企業的合營企業合夥擁有權益。

該等未確認承擔於下文披露，尚未由本集團確認，因為涉及一項或多項並非由本集團控制的未來事件不確認性影響。

17 INTERESTS IN JOINT VENTURES *(Continued)*

(B) UNRECOGNIZED COMMITMENTS TO ACQUIRE JOINT VENTURE PARTNERS' OWNERSHIP INTERESTS *(Continued)*

17 於合營企業的權益*(續)*

(B) 收購合營企業合夥擁有權益的未確認承擔*(續)*

	% of ownership interest held by the Group 本集團持有的擁有權益百分比	% of ownership interest committed to acquire 承諾收購的擁有權益百分比
南京朗潤房地產開發有限公司 Nanjing Langrun Real Estate Development Co., Ltd.*	50.10%	49.90%
合肥皖新朗詩文化投資有限公司 Hefei Wanxin Cultural Investment Co., Ltd. *	25.00%	24.00%
蘇州朗宏置業有限公司 Suzhou Langhong Property Limited*	51.00%	49.00%
杭州朗平置業有限公司 Hangzhou Langping Property Co., Ltd. *	50.00%	50.00%
成都朗輝企業管理諮詢有限公司 Chengdu Langhui Corporate Management and Consulting Co., Ltd. *	50.00%	50.00%
成都尚高投資有限公司 Chengdu Shanggao Investment Co., Limited*	50.00%	50.00%
重慶星德房地產開發有限公司 Chongqing Xingde Real Estate Development Co. Ltd. *	30.00%	70.00%

* English translations are for identification purpose only

* 英名名稱僅供識別。

17 INTERESTS IN JOINT VENTURES *(Continued)*
17 於合營企業的權益*(續)*

(C) SUMMARIZED FINANCIAL INFORMATION FOR MATERIAL JOINT VENTURES
(C) 重大合營企業的財務資料概要

		Zhongcheng Qiannian 中城乾念		Jiaxin Langda II 嘉興朗達二號		LS-NJ Port LS-NJ Port	
		31 December 2018 二零一八年十二月三十一日 RMB'000 人民幣千元	31 December 2017 二零一七年十二月三十一日 RMB'000 人民幣千元	**31 December 2018 二零一八年十二月三十一日 RMB'000 人民幣千元**	31 December 2017 二零一七年十二月三十一日 RMB'000 人民幣千元	**31 December 2018 二零一八年十二月三十一日 RMB'000 人民幣千元**	31 December 2017 二零一七年十二月三十一日 RMB'000 人民幣千元
Current assets	流動資產						
Cash and cash equivalents	現金及現金等價物	**7,438**	17,830	**345,983**	17,431	**54,679**	101,418
Other current assets	其他流動資產	**731,257**	629,320	**4,915,783**	1,600,550	**–**	1,123,859
Total current assets	流動資產總值	**738,695**	647,150	**5,261,766**	1,617,981	**54,679**	1,225,277
Non-current assets	非流動資產	**–**	24,850	**18,566**	94,642	**1,012,518**	10,180
Current liabilities	流動負債						
Other current liabilities	其他流動負債	**(13,613)**	(139)	**(2,445,897)**	–	**(30,006)**	(127,840)
Total current liabilities	流動負債總額	**(13,613)**	(139)	**(2,445,897)**	–	**(30,006)**	(127,840)
Non-current liabilities	非流動負債						
Financial liabilities (excluding trade payables)	金融負債（不包括應付賬款）	**–**	–	**(750,000)**	–	**–**	–
Other non-current liabilities	其他非流動負債	**–**	–	**–**	–	**(404,656)**	(412,075)
Total non-current liabilities	非流動負債總額	**–**	–	**(750,000)**	–	**(404,656)**	(412,075)
Net assets	資產淨值	**725,082**	671,861	**2,084,435**	1,712,623	**632,535**	695,542
The Group's share in %	本集團應佔%	**50.00%**	50.00%	**29.98%**	29.98%	**51.00%**	51.00%
The Group's share	本集團應佔	**362,541**	335,931	**624,914**	513,444	**322,593**	354,726
Adjustment	調整	**(15,980)**	–	**(20,562)**	2	**35,973**	9,254
Carrying amount	賬面值	**346,561**	335,931	**604,352**	513,446	**358,566**	363,980
Revenue	收入	**93,987**	–	**14**	–	**492,937**	–
Income tax expense	所得稅費用	**(885)**	–	**13,083**	888	**–**	–
Profit/(loss) for the year	年度溢利／(虧損)	**53,221**	(139)	**(53,861)**	(2,655)	**18,154**	(4,684)
Adjustment	調整	**(795)**	–	**(8,759)**	–	**–**	–
The Group's share	本集團應佔	**25,815**	(70)	**(24,907)**	(796)	**9,259**	(2,389)

17 INTERESTS IN JOINT VENTURES *(Continued)*

(D) INDIVIDUALLY IMMATERIAL JOINT VENTURES

In addition to the interests in joint ventures disclosed above, the Group also has interests in a number of individually immaterial joint ventures that are accounted for using the equity method.

17 於合營企業的權益*(續)*

(D) 個別非重大合營企業

除上文披露的合營企業權益外，本集團亦擁有若干個別非重大合營企業的權益，以權益法入賬。

		31 December 2018 二零一八年十二月三十一日 RMB'000 人民幣千元	31 December 2017 二零一七年十二月三十一日 RMB'000 人民幣千元
Aggregate carrying amounts of individually immaterial joint ventures	個別非重大合營企業的賬面總值	**1,286,569**	672,079

		For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度 RMB'000 人民幣千元	For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度 RMB'000 人民幣千元
Aggregate amounts of the Group's share of net profit of individually immaterial joint ventures	本集團應佔個別非重大合營企業淨利潤總額	**247,824**	25,198

(E) UNRECOGNIZED SHARE OF NET LOSS OF JOINT VENTURES

(E) 未確認應佔合營企業淨虧損

		31 December 2018 二零一八年十二月三十一日 RMB'000 人民幣千元	31 December 2017 二零一七年十二月三十一日 RMB'000 人民幣千元
Aggregate unrecognized share of net loss of joint ventures	未確認應佔合營企業淨虧損總額	**25,947**	24,460

18 INVESTMENT PROPERTIES

As at 31 December 2018, the Group held certain properties located in Mainland China. Changes to the carrying amount of investment properties in the consolidated balance sheet are summarized as follows:

18 投資性物業

於二零一八年十二月三十一日，本集團持有位於中國的若干物業。於綜合資產負債表的投資性物業賬面值變動概述如下：

		For the year ended 截至十二月三十一日止年度	
		31 December 2018 二零一八年 RMB'000 人民幣千元	31 December 2017 二零一七年 RMB'000 人民幣千元
At 1 January	於一月一日	**319,830**	290,920
Transfer from property, plant and equipment (a)	轉移自不動產、工廠及設備(a)	**60,780**	–
Transfer from properties held for sale (b)	轉移自持作銷售物業(b)	**117,657**	–
Fair value gain	公允價值利得	**7,363**	28,910
At 31 December	於十二月三十一日	**505,630**	319,830

For the year ended 31 December 2018, rental income and operating expense arising from leasing of investment properties are as follows:

截至二零一八年十二月三十一日止年度，租賃投資性物業產生的租金收入及經營費用如下：

		For the year ended 截至十二月三十一日止年度	
		31 December 2018 二零一八年 RMB'000 人民幣千元	31 December 2017 二零一七年 RMB'000 人民幣千元
Rental income	租金收入	**31,662**	26,463
Direct operating expense from properties that generate rental income	來自產生租金收入的物業的直接經營費用	**10,977**	5,700
Direct operating expense from properties that did not generate income	來自不產生租金收入的物業的直接經營費用	**1,471**	–

18 INVESTMENT PROPERTIES *(Continued)*

The Group's rights on investment properties at its carrying amount is analyzed as follows:

18 投資性物業*(續)*

本集團於投資性物業的產權按其賬面值分析如下：

		31 December 2018 二零一八年十二月三十一日 RMB'000 人民幣千元	31 December 2017 二零一七年十二月三十一日 RMB'000 人民幣千元
In Mainland China, held on:	在中國持有：		
Lease of 40–70 years	40至70年期租賃	**505,630**	319,830

(A) In June 2018, the Group commenced the leasing of an apartment building (Nanjing Huafei Apartment) located in Nanjing, Jiangsu Province, Mainland China, which represents a change in use of the apartment building. Accordingly the Group reclassified the apartment building from property, plant and equipment to investment property. As at the transfer date, the carrying amount and the fair value of the property is RMB41,427,000 (note 19)and RMB60,780,000 respectively. The difference between the carrying amount and the fair value at the transfer date was credited to other comprehensive income.

(A) 二零一八年六月，本集團變更其一幢位於中國江蘇省南京的公寓樓宇(南京華飛公寓)的用途，並開始出租公寓。因此，本集團將公寓由不動產、工廠及設備重新分類至投資性物業。於轉移當日，物業之賬面值與公允價值分別為人民幣41,427,000元(附註19)及人民幣60,780,000元。於轉移日期賬面值與公允價值間之差額已計入其他全面收益。

(B) In September 2018, the Group commenced the leasing of a commercial building (Landsea Neighborhood Union) located in Wuxi, Jiangsu Province, Mainland China, which represents a change in use of the commercial building. Accordingly the Group reclassified the commercial building from properties held for sale to investment property. As at the transfer date, the carrying amount and the fair value of the property is RMB117,657,000 and RMB117,700,000 (note 21) respectively. The difference between the carrying amount and the fair value at the transfer date was credited as fair value gain in the consolidated statement of comprehensive income.

(B) 二零一八年九月，本集團變更其一幢位於中國江蘇省無錫的商業樓宇(朗詩鄰里薈)的用途，並開始出租商業樓宇。因此，本集團將商業樓宇由持作銷售物業重新分類至投資性物業。於轉移當日，物業之賬面值與公允價值分別為人民幣117,657,000元及人民幣117,700,000元(附註21)。於轉讓日期賬面值與公允價值間之差額已計入綜合全面收益表內之公允價值利得。

18 INVESTMENT PROPERTIES *(Continued)*

(C) Investment properties were valued at 31 December 2018 by an independent professionally qualified valuer, Jones Lang LaSalle Corporate Appraisal and Advisory Limited, who is a member of Hong Kong Institute of Surveyors and has appropriate qualifications and recent experiences in the valuation of similar properties.

(D) As at 31 December 2018, investment properties with carrying amount of RMB401,210,000 (2017: RMB319,830,000) was pledged as collateral for the Group's borrowings (note 29 (a) & (g)).

(E) FAIR VALUE HIERARCHY

Independent valuations of the Group's investment properties were performed by an independent and professionally qualified valuer to determine the fair value of investment properties as at 31 December 2018 and 2017.

As at 31 December 2018 and 2017, all of the Group's investment properties were within level 3 of the fair value hierarchy as valuations were arrived at by reference to certain significant unobservable inputs. There were no transfers between levels 1, 2 and 3 during the year.

Valuation processes of the Group

The Group's investment properties were valued at 31 December 2018 by an independent professionally qualified valuer who holds a recognized relevant professional qualification and has recent experiences in the locations and segments of the investment properties being valued. For all investment properties, their current use equates to the best use.

The Group's finance department includes a team that reviews the valuations performed by the independent valuer for financial reporting purposes. Discussions of valuation processes and results were held between the finance department and the valuer at least once every six months.

18 投資性物業*(續)*

(C) 投資性物業由獨立專業合資格估值師仲量聯行企業評估及諮詢有限公司於二零一八年十二月三十一日進行估值，仲量聯行企業評估及諮詢有限公司乃香港測量師學會會員，並持有適當資格及擁有類似物業估值的近期經驗。

(D) 於二零一八年十二月三十一日，賬面值為人民幣401,210,000元(二零一七年：人民幣319,830,000元)的投資性物業已抵押作為本集團取得借款的抵押品(附註29(a)及(g))。

(E) 公允價值層級

本集團的投資性物業已由獨立專業合資格估值師進行獨立估值，以釐定投資性物業於二零一八年及二零一七年十二月三十一日的公允價值。

因估值參考若干重大不可觀察輸入數據後得出，於二零一八年及二零一七年十二月三十一日，本集團所有投資性物業均屬公允價值層級的第三級。年內第一、二及三級間並無轉移。

本集團的估值流程

本集團的投資性物業於二零一八年十二月三十一日由獨立專業合資格估值師進行估值，該估值師具有相關認可專業資格，對所估值的投資性物業所處位置和所屬類別有近期估值經驗。目前所有投資性物業均已達致最佳用途。

本集團財務部門有團隊審閱獨立估值師的估值，以便作出財務申報。財務部門及估值師每六個月最少舉行一次會議，以討論估值流程及結果。

18 INVESTMENT PROPERTIES *(Continued)*

(E) FAIR VALUE HIERARCHY *(Continued)*

***Valuation processes of the Group** (Continued)*

At the end of each reporting period, finance department:

- Verifies all major inputs in the independent valuation report;
- Assesses property valuations movements when compared to the prior year valuation report;
- Holds discussions with the independent valuer.

Valuation techniques

In valuing the properties, income approach and discounted cash flow analysis ("DCF analysis") had been adopted by the Group. When using income approach, the Group takes into account the net rental income of the properties derived from its existing leases and/or achievable in the existing market with due allowance for the reversionary income potential of the leases, which have been then capitalized to determine the fair value at an appropriate capitalization rate. DCF analysis involves discounting future cash flow of the property to its present value by using an appropriate discount rate with due allowance for the reversionary net income of the property, which is capitalized with a terminal capitalization rate. In the course of valuation, the Group assumed the property is available for lease. With regards to the existing market conditions, the incomes and expenses, stabilization period and rental growth for each component of the property are estimated to reflect the property performance in the market. Where appropriate, reference has also been made to the comparable sale transactions as available in the relevant market.

18 投資性物業*(續)*

(E) 公允價值層級*(續)*

***本集團的估值流程**(續)*

財務部門於每個報告期末：

- 核實獨立估值報告的全部主要輸入數據；
- 評估物業估值相較上一年度估值報告的變動；
- 與獨立估值師進行討論。

估值方法

對物業進行估值時，本集團採用收入法及現金流折現法。採用收入法時，本集團會計及自現有租約所獲取及／或於現有市場中可取得的物業租金收入淨額，並已就租賃的復歸潛在收益作出適當撥備，再將該租金收益淨額按適當的資本化比率資本化以釐定公允價值。現金流折現法牽涉使用合適貼現率將物業未來現金流量貼現至其現值，並就物業的復歸潛收入淨額作出適當撥備，使用最終資本化資進行資本化。在估值過程中，本集團假設物業可供出租。另外亦會估計當前市場狀況、收支、穩定期及物業各部分的租金增長，以反映物業在市場上的表現。有需要時亦會參考相關市場上的可比銷售交易。

18 INVESTMENT PROPERTIES *(Continued)*

(E) FAIR VALUE HIERARCHY *(Continued)*

***Valuation techniques** (Continued)*

Information about fair value measurements using significant unobservable inputs (level 3) is as follows:

18 投資性物業*(續)*

(E) 公允價值層級*(續)*

***估值方法**(續)*

有關使用重大不可觀察輸入數據進行的公允價值計量(第三級)的資料如下：

Description 描述	Fair value at 公允價值		Valuation technique(s) 估值方法	Unobservable inputs 不可觀察輸入數據	Unobservable inputs (probability-weighted average) 不可觀察輸入數據(加權平均概率)		Relationship of unobservable inputs to fair value 不可觀察輸入數據對公允價值的關係
	31 Dec 2018 二零一八年十二月三十一日 (RMB'000) (人民幣千元)	31 Dec 2017 二零一七年十二月三十一日 (RMB'000) (人民幣千元)			**2018 二零一八年**	2017 二零一七年	
Landsea Tower-commercial building 朗詩大廈－商業樓宇	**323,570**	319,830	Term and reversionary method 年期及復歸法	Term yields 年期收益率	**5.00%**	5.50%	The higher the term yields, the lower the fair value 年期收益率越高，公允價值越低
				Reversionary yields 復歸收益率	**5.50%**	4.50%	The higher the reversionary yields, the lower the fair value 復歸收益率越高，公允價值越低
				Vacancy rate 空置率	**5.00%**	6.00%	The higher the vacancy rate, the lower the fair value 空置率越高，公允價值越低
				Average daily rental per square meter 每平方米平均日租金	**2.89**	3.20	The higher the average daily rental per square meter, the higher the fair value 每平方米平均日租金越高，公允價值越高
Nanjing Huafei Apartment 南京華飛公寓	**64,360**	n/a 不適用	DCF analysis 現金流折現法	Term yields 年期收益率	**6.00%**	n/a 不適用	The higher the term yields, the lower the fair value 年期收益率越高，公允價值越低
				Vacancy rate 空置率	**10.00%**	n/a 不適用	The higher the vacancy rate, the lower the fair value 空置率越高，公允價值越低
				Average daily rental per square meter 每平方米平均日租金	**3.47**	n/a 不適用	The higher the average daily rental per square meter, the higher the fair value 每平方米平均日租金越高，公允價值越高

18 INVESTMENT PROPERTIES *(Continued)*

(E) FAIR VALUE HIERARCHY *(Continued)*

***Valuation techniques** (Continued)*

18 投資性物業*(續)*

(E) 公允價值層級*(續)*

估值方法(續)

Description 描述	Fair value at 公允價值		Valuation technique(s) 估值方法	Unobservable inputs 不可觀察輸入數據	Unobservable inputs (probability-weighted average) 不可觀察輸入數據 (加權平均概率)		Relationship of unobservable inputs to fair value 不可觀察輸入數據 對公允價值的關係
	31 Dec 2018 二零一八年 十二月三十一日 (RMB'000) (人民幣千元)	31 Dec 2017 二零一七年 十二月三十一日 (RMB'000) (人民幣千元)			**2018 二零一八年**	2017 二零一七年	
Landsea Neighbourhood Union 朗詩鄰里薈	**117,700**	n/a 不適用	Term and reversionary method 年期及復歸法	Term yields 年期收益率	**5.00%**	n/a 不適用	The higher the term yields, the lower the fair value 年期收益率越高，公允價值越低
				Reversionary yields 復歸收益率	**5.50%**	n/a 不適用	The higher the reversionary yields, the lower the fair value 復歸收益率越高，公允價值越低
				Vacancy rate 空置率	**5.00%**	n/a 不適用	The higher the vacancy rate, the lower the fair value 空置率越高，公允價值越低
				Average daily rental per square meter 每平方米平均日租金	**1.45**	n/a 不適用	The higher the average daily rental per square meter, the higher the fair value 每平方米平均日租金越高，公允價值越高

19 PROPERTY, PLANT AND EQUIPMENT 19 不動產、工廠及設備

		Buildings 樓宇 RMB'000 人民幣千元	Leasehold improvements 租賃樓宇裝修 RMB'000 人民幣千元	Furniture, fixtures and office equipment 傢俱、裝置及辦公設備 RMB'000 人民幣千元	Motor vehicles 汽車 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
At 1 January 2017	**於二零一七年一月一日**					
Cost	成本	–	13,843	23,964	3,021	40,828
Accumulated depreciation	累計折舊	–	(11,673)	(6,353)	(1,732)	(19,758)
Net carrying amount	賬面淨值	–	2,170	17,611	1,289	21,070
Year ended 31 December 2017	**截至二零一七年十二月三十一日止年度**					
Opening net carrying amount	年初賬面淨值	–	2,170	17,611	1,289	21,070
Additions	增加	449,074[a]	174,337[b]	22,983	365	646,759
Depreciation	折舊	–	(5,213)	(5,632)	(413)	(11,258)
Disposals	出售	–	–	(23)	–	(23)
Exchange difference	匯兑差額	–	(61)	(232)	(10)	(303)
Closing net carrying amount	年末賬面淨值	449,074	171,233	34,707	1,231	656,245
At 31 December 2017	**於二零一七年十二月三十一日**					
Cost	成本	449,074	188,180	46,919	3,386	687,559
Accumulated depreciation	累計折舊	–	(16,947)	(12,212)	(2,155)	(31,314)
Net carrying amount	賬面淨值	449,074	171,233	34,707	1,231	656,245
Year ended 31 December 2018	**截至二零一八年十二月三十一日止年度**					
Opening net carrying amount	年初賬面淨值	449,074	171,233	34,707	1,231	656,245
Acquisition of subsidiaries (note 37)	收購附屬公司(附註37)	325,881	–	–	–	325,881
Additions	增加	100,215	582,869[b]	26,501	569	710,154
Depreciation	折舊	(1,791)	(44,556)	(9,667)	(1,059)	(57,073)
Disposals of subsidiaries (note 38)	出售附屬公司(附註38)	(325,880)	(34,045)	(146)	–	(360,071)
Disposals	出售	–	–	(11)	–	(11)
Transfer to investment properties (note 18)	轉移至投資性物業(附註18)	(41,427)	–	–	–	(41,427)
Exchange difference	匯兑差額	–	–	970	(95)	875
Closing net carrying amount	年末賬面淨值	506,072	675,501	52,354	646	1,234,573
At 31 December 2018	**於二零一八年十二月三十一日**					
Cost	成本	507,863	737,004	74,233	3,860	1,322,960
Accumulated depreciation	累計折舊	(1,791)	(61,503)	(21,879)	(3,214)	(88,387)
Net carrying amount	賬面淨值	506,072	675,501	52,354	646	1,234,573

19 PROPERTY, PLANT AND EQUIPMENT *(Continued)*

(a) For the year ended 31 December 2017, the Group acquired two buildings for self-use and management which both located in Shanghai at the cost of RMB322,960,000 and RMB126,114,000 respectively. As of 31 December 2018, the Group has obtained the title certificates for the two buildings. One of the buildings with a carrying amount of RMB175,389,000 has been put into use and another one was still under decoration and not yet ready for use as at 31 December 2018.

(b) Additions of leasehold improvements were mainly decoration costs on leased properties to be used as long-term rental apartments.

(c) As at 31 December 2018, property, plant and equipment with carrying amount of RMB502,576,000 (2017: Nil) was pledged as collateral for the Group's borrowings (note 29).

19 不動產、工廠及設備*(續)*

(a) 截至二零一七年十二月三十一日止年度，本集團收購兩項位於上海的自用及管理樓宇，成本分別為人民幣322,960,000元及人民幣126,114,000元。於二零一八年十二月三十一日，本集團已取得兩項樓宇之業權證明書。一幢賬面值人民幣175,389,000元的樓宇經已投入使用，另一樓宇正進行裝修，於二零一八年十二月三十一日仍未供使用。

(b) 租賃樓宇裝修的增加主要為租賃物業的裝飾成本，有關物業將用作長租公寓。

(c) 於二零一八年十二月三十一日，賬面值為人民幣502,576,000元(二零一七年：無)的不動產、工廠及設備已抵押作為本集團取得借款的抵押品(附註29)。

20 INTANGIBLE ASSETS

20 無形資產

		Intangible assets 無形資產 RMB'000 人民幣千元
At 1 January 2018	**於二零一八年一月一日**	
Opening net carrying amount	年初賬面淨值	–
Additions — internal development (a)	添置 — 內部開發(a)	2,279
Amortization charge	攤銷	–
Closing net carrying amount	年末賬面淨值	2,279
At 31 December 2018	**於二零一八年十二月三十一日**	
Cost	成本	2,279
Accumulated amortization	累計攤銷	–
Net carrying amount	賬面淨值	2,279

(a) The Group internally designed softwares further to be used in its long-term rental apartment business. As of 31 December 2018, the development is still in progress and not yet ready for use.

(a) 本集團的內部開發軟件將用於其長租公寓業務。於二零一八年十二月三十一日仍在開發，尚未投入使用。

21 PROPERTIES HELD FOR SALE

Analysis of properties held for sale is as follows:

21 持作銷售物業

持作銷售物業的分析如下：

		31 December 2018 二零一八年十二月三十一日 RMB'000 人民幣千元	31 December 2017 二零一七年十二月三十一日 RMB'000 人民幣千元
Properties held for sale:	持作銷售物業：		
— Mainland China	— 在中國內地	**882,923**	830,982
— US	— 在美國	**–**	20,038
		882,923	851,020
Less: provision for decline in the value of properties held for sale	減：持作銷售物業價值下跌撥備	**(6,042)**	(3,189)
		876,881	847,831

Movements of properties held for sale are as follows:

持作銷售物業的變動如下：

		For the year ended 截至十二月三十一日止年度	
		31 December 2018 二零一八年 RMB'000 人民幣千元	31 December 2017 二零一七年 RMB'000 人民幣千元
As at 1 January	於一月一日	**851,020**	397,490
Transfer from properties under development (note 23)	轉移自開發中房地產（附註23）	**4,684,794**	4,987,120
Transfer to investment properties (note 18)	轉移至投資性物業（附註18）	**(117,657)**	–
Cost of property development and sales (note 9)	房地產開發及銷售成本（附註9）	**(4,535,234)**	(4,533,590)
As at 31 December	於十二月三十一日	**882,923**	851,020

21 PROPERTIES HELD FOR SALE *(Continued)*

All of the properties held for sale are within normal operating cycle and hence included under current assets. The amounts of properties held for sale expected to be recovered after more than one year is RMB67,083,000 (2017: RMB31,060,000).

Movements of provision for decline in the value of properties held for sale are as follows:

21 持作銷售物業*(續)*

所有持作銷售物業均於正常經營週期內持有，故列作流動資產。預期將於超過一年收回的持作銷售物業數額為人民幣67,083,000元(二零一七年：人民幣31,060,000元)。

持作銷售物業價值下跌撥備變動如下：

		For the year ended 截至十二月三十一日止年度	
		31 December 2018 二零一八年 RMB'000 人民幣千元	31 December 2017 二零一七年 RMB'000 人民幣千元
As at 1 January	於一月一日	**3,189**	2,157
Provision during the year	年內撥備	**2,853**	1,032
As at 31 December	於十二月三十一日	**6,042**	3,189

For the year ended 31 December 2018, the Group recognized impairment losses of RMB2,853,000 (2017: RMB1,032,000) on properties held for sale (note 9).

截至二零一八年十二月三十一日止年度，本集團就持作銷售物業確認減值虧損人民幣2,853,000元(二零一七年：人民幣1,032,000元)(附註9)。

As at 31 December 2018, properties held for sale with carrying amount of RMB52,630,000 (2017: RMB526,511,000) were mortgaged as collateral for the Group's borrowings (note 29).

於二零一八年十二月三十一日，賬面值為人民幣52,630,000元(二零一七年：人民幣526,511,000元)的持作銷售物業已按揭作為本集團取得借款的抵押品(附註29)。

22 INVENTORIES

22 庫存

		31 December 2018 二零一八年十二月三十一日 RMB'000 人民幣千元	31 December 2017 二零一七年十二月三十一日 RMB'000 人民幣千元
Decoration materials	裝飾物料	**116,561**	52,069

The cost of inventories included in cost of property development and sales amounted to RMB119,830,000 for the year ended 31 December 2018 (2017: RMB4,788,000) (note 9).

截至二零一八年十二月三十一日止年度，計入房地產開發及銷售成本的庫存費用為人民幣119,830,000元（二零一七年：人民幣4,788,000元）（附註9）。

23 PROPERTIES UNDER DEVELOPMENT

23 開發中房地產

		31 December 2018 二零一八年十二月三十一日 RMB'000 人民幣千元	31 December 2017 二零一七年十二月三十一日 RMB'000 人民幣千元
Properties under development located in:	開發中房地產位於：		
— Mainland China	— 中國內地	**4,506,998**	3,277,259
— US	— 美國	**4,184,601**	3,381,623
		8,691,599	6,658,882
Less: provision for decline in the value of properties under development	減：開發中房地產價值下跌撥備	**(3,020)**	–
		8,688,579	6,658,882
Amount comprises:	款項包括：		
— Land payments	— 土地付款	**4,824,473**	3,849,021
Leasehold land, Mainland China	中國內地土地使用權	**3,029,651**	2,179,574
Freehold land, US	美國永久業權土地	**1,794,822**	1,669,447
— Development expenditures and improvements	— 開發支出及改進服務	**3,071,764**	2,097,565
— Interest capitalized	— 利息資本化	**795,362**	712,296
		8,691,599	6,658,882

23 PROPERTIES UNDER DEVELOPMENT *(Continued)*

23 開發中房地產*(續)*

Movements of properties under development are as follows:

開發中房地產的變動如下：

		For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度 RMB'000 人民幣千元	For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度 RMB'000 人民幣千元
As at 1 January	於一月一日	**6,658,882**	10,379,261
Additions	增加	**4,787,294**	5,958,140
Acquisition of subsidiaries (note 37)	收購附屬公司(附註37)	**2,692,768**	–
Disposal of subsidiaries (note 38)	出售附屬公司(附註38)	**(762,551)**	(4,691,399)
Transfer to properties held for sale (note 21)	轉移至持作銷售物業(附註21)	**(4,684,794)**	(4,987,120)
As at 31 December	於十二月三十一日	**8,691,599**	6,658,882

All of the properties under development are within normal operating cycle and hence included under current assets. The amount of properties under development expected to be completed after more than one year is RMB1,660,010,000 (2017: RMB3,005,694,000). The remaining balance is expected to be completed within one year.

所有開發中房地產均於正常經營週期內持有，故列作流動資產。預期將於超過一年竣工的開發中房地產數額為人民幣1,660,010,000元(二零一七年：人民幣3,005,694,000元)。餘額為預期一年內完成之款項。

As at 31 December 2018, properties under development with carrying amount of RMB3,033,882,000 (2017: RMB2,138,953,000) were mortgaged as collateral for the Group's borrowings (note 29).

二零一八年十二月三十一日，賬面值為人民幣3,033,882,000元(二零一七年：人民幣2,138,953,000元)的開發中房地產按揭作為本集團的借款抵押品(附註29)。

23 PROPERTIES UNDER DEVELOPMENT *(Continued)*

On 11 October 2017, certain subsidiary of the Group signed an agreement with a third party at a consideration of RMB869,586,000 to sell a parcel of leasehold land located in Tianjin, Mainland China. As at 31 December 2018, RMB600,000,000 had been received and were recorded as contract liabilities, related leasehold land with carrying amount of RMB194,379,000 was pledged for the third party's borrowing. The disposal of the leasehold land has not been completed as at 31 December 2018.

Certain subsidiary of the Group located in US entered into sell and buy-back agreements with a third party, whereby properties under development were sold and the Group has the option to repurchase the properties under development on a predetermined schedule at a nominated value. Such properties under development are not derecognized, considering the borrowing substance of the arrangements. However, the asset is restricted under the agreement as the title of freehold land has been transferred to the third party. As at 31 December 2018, properties under this restriction amounted to US$66,254,000 (equivalent to RMB454,713,000) (2017: US$104,656,000 (equivalent to RMB683,843,000)), and related borrowing amounted to US$41,667,000 (equivalent to RMB285,967,000) (2017: US$41,374,000 (equivalent to RMB270,345,000)) (note 29).

23 開發中房地產*(續)*

於二零一七年十月十一日，本集團一間附屬公司與一名第三方簽訂協議，以代價869,586,000元出售一塊位於中國天津的土地使用權。於二零一八年十二月三十一日，已收取人民幣600,000,000元並入賬為合約負債，且賬面價值為人民幣194,379,000元的有關租賃土地已就該第三方的借款作抵押。該租賃土地出售事項於二零一八年十二月三十一日尚未完成。

有本集團美國附屬公司與一名第三方訂立出售及買回購安排，據此開發中房地產獲出售及本集團有選擇權按名義價值在預訂時間表購回該開發中房地產。有關開發中房地產因安排的借款性質而沒有取消確認。然而，由於永久業權土地已轉至該第三方，故資產須受該協議限制。於二零一八年十二月三十一日，受此限制之房地產價值66,254,000美元(相等於人民幣454,713,000元)(二零一七年：104,656,000美元(相等於人民幣683,843,000元))，及相關借款為41,667,000美元(相等於人民幣285,967,000元)(二零一七年：41,374,000美元(相等於人民幣270,345,000元))(附註29)。

24 FINANCIAL INSTRUMENTS BY CATEGORY

The Group hold the following financial instruments as at the respective balance sheet date as follows:

24 分類呈列的金融工具

本集團於以下各結算日持有下列金融工具：

		Notes 附註	**31 December 2018 二零一八年十二月三十一日 RMB'000 人民幣千元**	31 December 2017 二零一七年十二月三十一日 RMB'000 人民幣千元
Financial assets*	**金融工具***			
Financial assets at amortised cost	按攤銷成本計量之金融資產			
Trade receivables	應收賬款	25	**507,708**	629,462
Amounts due from related parties	應收關聯方款項	25	**2,353,533**	2,930,361
Amounts due from non-controlling interests	應收非控制性權益款項	25	**514,196**	571,500
Other receivables	其他應收款	25	**300,875**	271,500
Deposits for purchase of land	收購土地按金	25	**240,262**	212,125
Restricted cash and cash and cash equivalents	受限制現金以及現金及現金等價物	27	**5,947,255**	3,623,787
			9,863,829	8,238,735
Financial assets at fair value through profit or loss	按公允價值計入損益之金融資產	26	**176,809**	–
Financial liabilities	**金融負債**			
Financial liabilities at amortised cost	按攤銷成本計量之金融負債			
Trade and other payables**	應付賬款及其他應付款**	28	**9,283,959**	6,509,619
Borrowings	借款	29	**7,024,595**	5,429,415
			16,308,554	11,939,034

* See note 2.2 for details about the impact from changes in accounting policies.

** Excluding non-financial liabilities

* 會計政策變動的影響詳情載於附註2.2。

** 不包括非金融負債。

The Group's exposure to various risks associated with the financial instruments is disclosed in note 3. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.

本集團承受有關金融工具的各種風險於附註3披露。報告期末承受的信貸風險上限為上述各級金融資產的賬面值。

25 TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

25 應收賬款及其他應收款、預付款及按金

		31 December 2018 二零一八年十二月三十一日 RMB'000 人民幣千元	31 December 2017 二零一七年十二月三十一日 RMB'000 人民幣千元
Included in non-current assets:	計入非流動資產：		
Prepayments	預付款		
— Prepayments for acquisition of subsidiaries	— 收購附屬公司的預付款	**3,539**	55,539
— Value added tax ("VAT") to be offset (b)	— 待抵扣增值税(b)	**–**	1,000
		3,539	56,539
Amounts due from related parties (note 39)	應收關聯方款項(附註39)	**1,631,495**	1,370,535
Less: provision for bad debt (note 3.1 (b) (ii))	減：壞賬撥備(附註3.1 (b) (ii))	**(16,315)**	–
		1,615,180	1,370,535
Amounts due from non-controlling interests (d)	應收非控制性權益款項(d)	**515,965**	–
Less: provision for bad debt (note 3.1 (b) (ii))	減：壞賬撥備(附註3.1 (b) (ii))	**(5,160)**	–
		510,805	–
Other receivables	其他應收款		
— Lendings to third parties (e)	— 向第三方作出的借款(e)	**27,652**	113,460
— Deposits for property maintenance (g)	— 物業維護按金(g)	**12,385**	12,385
		40,037	125,845
Less: provision for bad debt (note 3.1 (b) (ii))	減：壞賬撥備(附註3.1 (b) (ii))	**(1,116)**	(558)
		38,921	125,287
		2,168,445	1,552,361

25 TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS *(Continued)*

25 應收賬款及其他應收款、預付款及按金*(續)*

		31 December 2018 二零一八年十二月三十一日 RMB'000 人民幣千元	31 December 2017 二零一七年十二月三十一日 RMB'000 人民幣千元
Included in current assets:	計入流動資產：		
Trade receivables (a)	應收賬款(a)		
— Related parties (note 39)	— 關聯方(附註39)	**335,294**	223,651
— Third parties	— 第三方	**185,927**	411,153
		521,221	634,804
Less: provision for bad debt	減：壞賬撥備		
— Related parties (note 3.1 (b) (i))	— 關聯方(附註3.1 (b) (i))	**(3,353)**	–
— Third parties (note 3.1 (b) (i))	— 第三方(附註3.1 (b) (i))	**(10,160)**	(5,342)
		(13,513)	(5,342)
		507,708	629,462
Prepayments	預付款		
— Prepaid taxes (b)	— 預付税項(b)	**177,738**	139,534
— Prepaid VAT and other surcharges (b)	— 預付增值税及其他附加費(b)	**208,947**	152,596
— Prepayments for rental fee (c)	— 預付租金費用(c)	**309,131**	59,916
— Prepayments for land bidding	— 預付土地按金	**89,439**	–
— Other prepayments	— 其他預付款	**139,716**	22,616
		924,971	374,662
Amounts due from related parties (note 39)	應收關聯方款項(附註39)	**745,811**	1,559,826
Less: provision for bad debt (note 3.1 (b) (ii))	減：壞賬撥備(附註3.1 (b) (ii))	**(7,458)**	–
		738,353	1,559,826

25 TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS *(Continued)*

25 應收賬款及其他應收款、預付款及按金*(續)*

		31 December 2018 二零一八年十二月三十一日 RMB'000 人民幣千元	31 December 2017 二零一七年十二月三十一日 RMB'000 人民幣千元
Amounts due from non-controlling interests (d)	應收非控制性權益款項(d)	**3,425**	571,500
Less: provision for bad debt (note 3.1(b)(ii))	減：壞賬撥備（附註3.1(b)(ii)）	**(34)**	–
		3,391	571,500
Deposits for purchase of land (f)	購買土地的按金(f)	**242,689**	212,125
Less: provision for bad debt (note 3.1(b)(ii))	減：壞賬撥備（附註3.1(b)(ii)）	**(2,427)**	–
		240,262	212,125
Other receivables	其他應收款		
— Deposits for apartments rental	— 公寓租金按金	**85,002**	33,483
— Deposits for building construction	— 樓宇建築按金	**2,284**	20,540
— Deposits in housing fund	— 住房公積金按金	**16,874**	18,712
— Lendings to third parties (e)	— 向第三方借貸(e)	**104,894**	–
— Others	— 其他	**59,505**	80,356
		268,559	153,091
Less: provision for bad debt (note 3.1(b)(ii))	減：壞賬撥備（附註3.1(b)(ii)）	**(6,605)**	(6,878)
		261,954	146,213
		2,676,639	3,493,788

25 TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS *(Continued)*

(A) TRADE RECEIVABLES

25 應收賬款及其他應收款、預付款及按金*(續)*

(A) 應收賬款

		31 December 2018 二零一八年十二月三十一日 RMB'000 人民幣千元	31 December 2017 二零一七年十二月三十一日 RMB'000 人民幣千元
Trade receivables from property development and sales	房地產開發及銷售應收賬款	**88,913**	263,339
Trade receivables from management services	管理服務應收賬款	**432,308**	371,465
		521,221	634,804
Less: provision for bad debt (note 3.1(b)(i))	減：壞賬撥備(附註3.1(b)(i))	**(13,513)**	(5,342)
		507,708	629,462

25 TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS *(Continued)*

(A) TRADE RECEIVABLES *(Continued)*

The aging analysis of the current trade receivables based on invoice date is as follows:

25 應收賬款及其他應收款、預付款及按金*(續)*

(A) 應收賬款*(續)*

根據即期發票日期的應收賬款的賬齡分析如下：

		31 December 2018 二零一八年十二月三十一日 RMB'000 人民幣千元	31 December 2017 二零一七年十二月三十一日 RMB'000 人民幣千元
Related parties	關聯方		
— Less than one year	— 少於一年	**290,912**	213,869
— One to two years	— 一至兩年	**35,738**	9,782
— Two to three years	— 兩至三年	**8,644**	–
		335,294	223,651
Third parties	第三方		
— Less than one year	— 少於一年	**123,315**	343,735
— One to two years	— 一至兩年	**61,664**	52,720
— Two to three years	— 兩至三年	**598**	14,698
— Three to four years	— 三至四年	**350**	–
		185,927	411,153
		521,221	634,804

The credit terms granted to customers of purchasing properties are generally ranging from 30 days to 60 days, while for the customers to whom the Group provides management services, decoration services and sales land, the credit terms are one year.

授予客戶購買物業的信貸期一般介乎30日至60日，而本集團向客戶提供管理服務、裝飾服務及土地銷售方面授予客戶的信貸期為一年。

Information about the impairment of trade receivables and the Group's exposure to credit risk can be found in note 3.1 (b) (i).

有關應收賬款減值及本集團信貸風險的資料請參閱附註3.1 (b) (i)。

25 TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS *(Continued)*

(B) Effective from 1 May 2016, the Group's subsidiaries in Mainland China are subject to VAT for its sales of properties. The applicable tax rate is 10% (11% before 1 May 2018) under normal VAT arrangement and is 5% for qualified old projects with a simplified method. Input VAT under normal VAT arrangement is deductible and is recorded as "prepayments — VAT to be offset" when there is a debit balance.

The Group's subsidiaries in Mainland China which develop properties for sale are subjected to prepayment of VAT at the rate of 3% on advance collected from customers. Such prepayments are recorded as "prepayments — prepaid VAT and other surcharges".

These subsidiaries are also subjected to prepayments of EIT and land appreciation tax on expected profit margin and land appreciation tax based on advance collected from customers together. Such prepayments are recorded as "prepayments — prepaid tax".

(C) Prepayments for rental fee are mainly related to rental paid to landlord in advance for long-term rental apartments. The term of prepaid rents is usually less than one year.

(D) In January 2018, 中福頤養(天津)置業有限公司 (Zhongfuyiyang (Tianjin) Real Estate Co., Ltd.) ("Zhongfuyiyang"), an indirect non-wholly owned subsidiary of the Group signed an agreement with its owners, pursuant to which Zhongfuyiyang would advance loan to its owners on pro-rata basis according to their respective shareholding interest in Zhongfuyiyang. The loan is unsecured, repayable within two years and Zhongfuyiyang shall charge an annual interest rate ranging from 4.35% to 6.50% per annum on the actual amounts of drawdown. As at 31 December 2018, the outstanding amounts due from the non-controlling shareholders of Zhongfuyiyang amounted to RMB29,154,000.

25 應收賬款及其他應收款、預付款及按金*(續)*

(B) 自二零一六年五月一日起，本集團的中國附屬公司須就其物業銷售繳納增值稅。根據一般增值稅安排的適用稅率為10%(二零一八年五月一日前為11%)，而合資格舊有項目則以簡易方法徵收5%稅率。如存在借方餘額，根據一般增值稅安排的投入增值稅可予扣減並入賬為「預付款 — 待抵扣增值稅」。

本集團開發銷售物業的中國附屬公司須就收取客戶的墊款預付3%的增值稅。該等款項入賬為「預付款 — 預付增值稅及其他附加費」。

該等附屬公司亦須就預期利潤及預繳企業所得稅及土地增值稅，及根據預收客戶的款項預繳土地增值稅。該等預付款入賬為「預付款 — 預付稅項」。

(C) 預付租金主要涉及就待用作長租公寓支付予業主的預付租金。預付租金的年期一般少於一年。

(D) 於二零一八年一月，本公司間接非全資附屬公司中福頤養(天津)置業有限公司(「中福頤養」)與其擁有人簽訂協議，據此，中福頤養按擁有人各自於中福頤養的股權按比例向彼等提供貸款。貸款為無抵押，須於兩年內償還，而中福頤養須按4.35%至6.50%的年利率根據支取的實際金額計息。於二零一八年十二月三十一日，應收中福頤養非控股股東的未償還款項達人民幣29,154,000元。

25 TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS *(Continued)*

(D) *(Continued)*

In December 2018, 蘇州朗坤置業有限公司 (Suzhou Langkun Real Estate Co., Ltd.) ("Suzhou Langkun"), an indirect non-wholly owned subsidiary of the Company, entered into the supplemental agreement with its owners, pursuant to which Suzhou Langkun agreed to extend the loan term from 31 December 2018 to 31 December 2021. The loan is unsecured, repayable within three years, and Suzhou Langkun shall charge an annual interest rate of 4.35% per annum on the actual amounts of drawdown. As at 31 December 2018, the outstanding amounts due from the non-controlling shareholders of Suzhou Langkun amounted to RMB486,811,000.

The remaining amounts are interest-free and repayable on demand.

(E) The balances of lendings to third parties generate interest ranging from 7.75% to 14.00% per annum. Of the total lendings to third parties, RMB87,651,000 (2017: RMB66,443,000) was secured by the equity securities of two companies which hold properties in Mainland China.

(F) As at 31 December 2018, deposits for purchase of land are mainly related to acquisition of land use right upon successfully bidding at the land auctions. The relevant land use right certificates have not been obtained at 31 December 2018.

25 應收賬款及其他應收款、預付款及按金*(續)*

(D) *(續)*

於二零一八年十二月，本公司間接非全資附屬公司蘇州朗坤置業有限公司(「蘇州朗坤」)與其擁有人訂立補充協議，據此蘇州朗坤同意將貸款限期由二零一八年十二月三十一日延長至二零二一年十二月三十一日。貸款為無抵押，須於三年內償還，而蘇州朗坤須按4.35%的年利率根據支取的實際金額計息。於二零一八年十二月三十一日，應收蘇州朗坤非控股股東的未償還款項達人民幣486,811,000元。

餘下款項免息及於催繳時償還。

(E) 貸款予第三方的結餘產生年利率介乎7.75%至14.00%的利息。貸款予第三方的總額人民幣87,651,000元(二零一七年：人民幣66,443,000元)以兩家於中國內地持有物業的公司的股權證券抵押。

(F) 於二零一八年十二月三十一日，購買土地的按金主要有關於在土地拍賣成功競投後獲得土地使用權。於二零一八年十二月三十一日，尚未獲得相關土地使用權證明書。

25 TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS *(Continued)*

(G) Deposits for property maintenance are repayable within two to eight years from the end of the year.

As at 31 December 2018, the carrying amounts of trade and other receivables, prepayments and deposits (netting off provision for bad debt) were denominated in below currencies:

25 應收賬款及其他應收款、預付款及按金*(續)*

(G) 物業維護按金於年末起計2至8年內償還。

於二零一八年十二月三十一日，應收賬款及其他應收款、預付款及按金(扣除壞賬撥備)的賬面值以以下貨幣計值：

		31 December 2018 二零一八年十二月三十一日 RMB'000 人民幣千元	31 December 2017 二零一七年十二月三十一日 RMB'000 人民幣千元
RMB	人民幣	**4,339,020**	4,546,667
US$	美元	**492,507**	495,530
HK$	港元	**13,557**	3,952
		4,845,084	5,046,149

25 TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS *(Continued)*

(G) *(Continued)*

The fair value of trade and other receivables, prepayments and deposits (netting off provision for bad debt) are as follows:

25 應收賬款及其他應收款、預付款及按金*(續)*

(G) *(續)*

應收賬款及其他應收款、預付款及按金(扣除壞賬撥備)的公允價值如下：

		31 December 2018 二零一八年十二月三十一日 RMB'000 人民幣千元	31 December 2017 二零一七年十二月三十一日 RMB'000 人民幣千元
Included in non-current assets:	計入非流動資產：		
Prepayments	預付款	**3,539**	56,539
Amounts due from related parties	應收關聯方款項	**1,615,180**	1,370,535
Amounts due from non-controlling interests	應收非控制性權益款項	**510,805**	–
Other receivables — deposits for property maintenance	其他應收款 — 物業維護按金	**8,593**	8,597
Other receivables — lendings to third parties	其他應收款 — 向第三方作出的借款	**27,652**	113,460
		2,165,769	1,549,131
Included in current assets:	計入流動資產：		
Trade receivables	應收賬款	**507,708**	629,462
Prepayments	預付款	**924,971**	374,662
Amounts due from related parties	應收關聯方款項	**738,353**	1,559,826
Amounts due from non-controlling interests	應收非控制性權益款項	**3,391**	571,500
Deposits for purchase of land	購買土地的按金	**240,262**	212,125
Other receivables	其他應收款	**261,954**	146,213
		2,676,639	3,493,788

The fair values of deposits for property maintenance are based on cash flows discounted using a rate based on the borrowing rate of 4.75% to 4.90%. The fair values are within level 2 of the fair value hierarchy.

物業維護按金的公允價值使用借貸利率4.75%至4.90%貼現的現金流得出。公允價值於公允價值層級的第二級。

26 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

(A) CLASSIFICATION OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group classifies 1) debt investments that do not qualify for measurement at either amortized cost or fair value through other comprehensive income ("FVOCI"); 2) equity investments that are held for trading or for which the Group has not elected to recognize FVOCI as financial assets at fair value through profit or loss ("FVPL").

Financial assets measured at FVPL included following:

26 按公允價值計入損益的金融資產

(A) 按公允價值計入損益的金融資產之分類

本集團將以下金融工具按公允價值計入損益(「按公允價值計入損益」):1)不符合按攤銷成本計量或按公允價值計入其他全面收益(「按公允價值計入其他全面收益」)的債務投資;2)本集團並未選擇確認按公允價值計入其他全面收益的持作交易權益投資。

按公允價值計入損益的金融資產包括:

		31 December 2018 二零一八年十二月三十一日 RMB'000 人民幣千元	31 December 2017 二零一七年十二月三十一日 RMB'000 人民幣千元
Current assets	**流動資產**		
Listed bonds	上市債券	**125,669**	–
Wealth management products	資產管理產品	**51,140**	–
		176,809	–

(B) AMOUNTS RECOGNIZED IN PROFIT OR LOSS

During the year, the following gain was recognized in profit or loss:

(B) 於損益確認的金額

年內,以下利得計入損益:

		For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度 RMB'000 人民幣千元	For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度 RMB'000 人民幣千元
Fair value gain on financial assets at fair value through profit or loss (listed bonds) (note 8)	按公允價值計入損益的金融資產的公允價值利得(上市債券)(附註8)	**2,675**	–

26 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS *(Continued)*

(C) RISK EXPOSURE AND FAIR VALUE MEASUREMENT

Information about the Group's exposure to risks associated with FVPL is provided in note 3.2. For information about methods and assumptions used in determining fair value, please refer to note 3.2.

26 按公允價值計入損益的金融資產（續）

(C) 風險及公允價值計量

本集團有關按公允價值計入損益的風險資料載於附註3.2。 釐定公允價值所用的方法及假設之資料載於附註3.2。

27 RESTRICTED CASH AND CASH AND CASH EQUIVALENTS

27 受限制現金以及現金及現金等價物

		31 December 2018 二零一八年十二月三十一日 RMB'000 人民幣千元	31 December 2017 二零一七年十二月三十一日 RMB'000 人民幣千元
Restricted cash	受限制現金		
— Restricted for project developments	— 限制為項目發展	**66,847**	82,662
— Restricted under escrow account for investments	— 限制於託管賬戶下投資	**40,000**	70,000
— Deposits as security for property purchasers' Mortgage loans	— 物業買家按揭貸款的擔保存款	**166,228**	67,698
— Pledged for discounted bank accepted notes	— 作為已貼現銀行承兑的抵押	**85,000**	45,000
— Pledged for the Group's bank borrowings (note 29)	— 作為本集團銀行借款的抵押（附註29）	**183,866**	7,291
— Others	— 其他	**358**	9,301
		542,299	281,952
Cash and cash equivalents	現金及現金等價物	**5,404,956**	3,341,835

The carrying amounts of restricted cash and cash and cash equivalents approximate their fair values.

受限制現金以及現金及現金等價物的賬面值與其公允價值相若。

27 RESTRICTED CASH AND CASH AND CASH EQUIVALENTS *(Continued)*

The carrying amounts of restricted cash and cash and cash equivalents were denominated in below currencies:

27 受限制現金以及現金及現金等價物 *(續)*

受限制現金及現金及現金等價物的賬面值按以下貨幣列值：

		31 December 2018 二零一八年十二月三十一日 RMB'000 人民幣千元	31 December 2017 二零一七年十二月三十一日 RMB'000 人民幣千元
RMB	人民幣	**5,008,955**	3,127,073
US$	美元	**920,273**	492,066
HK$	港元	**18,027**	4,648
		5,947,255	3,623,787

Cash and cash equivalents held in Mainland China are subject to exchange control regulations, which provide for restrictions on exporting capital out, other than through dividends. The cash balance included in the consolidated financial statements to which these restrictions apply is RMB5,013,942,000 (2017: RMB3,113,890,000).

於中國內地持有之現金及現金等價物受外匯管制規例所規管，當中規管資金出口的限制(不包括股息)。綜合財務報表內適用該等限制的現金結餘為人民幣5,013,942,000元(二零一七年：人民幣3,113,890,000)。

Restricted cash which pledged as securities for borrowings of the Group was RMB268,866,000.

作為本集團借款抵押的受限制現金為人民幣268,866,000元。

28 TRADE AND OTHER PAYABLES

28 應付賬款及其他應付款

		31 December 2018 二零一八年十二月三十一日 RMB'000 人民幣千元	31 December 2017 二零一七年十二月三十一日 RMB'000 人民幣千元
Included in non-current liabilities:	計入非流動負債：		
— Amounts due to related parties (note 39)	— 應付關聯方款項(附註39)	**2,804,826**	2,714,606
— Warranty accrual	— 應計保修費用	**24,817**	–
— Amounts due to non-controlling interests (a)	— 應付非控制性權益款項(a)	**–**	17,217
		2,829,643	2,731,823
Included in current liabilities:	計入流動負債：		
— Amounts due to related parties (note 39)	— 應付關聯方款項(附註39)	**2,908,526**	2,044,080
— Payables for construction materials and services	— 應付工程物料及服務款項	**1,964,956**	1,162,081
— Amounts due to non-controlling interests (a)	— 應付非控制性權益款項(a)	**410,045**	18,110
— Interest payable	— 應付利息	**348,592**	235,257
— Deposits received from rental and construction services	— 租賃及工程服務已收按金	**348,045**	190,115
— Amounts due to a joint venture partner (b)	— 應付合營夥伴款項(b)	**320,000**	–
— Accruals for staff costs	— 應計職工費用	**252,813**	159,949
— Value added tax and other tax payables	— 增值税及其他應付税項	**180,823**	126,353
— Consideration payables (c)	— 應付代價(c)	**141,667**	92,144
— Other payables	— 其他應付款	**37,302**	36,009
		6,912,769	4,064,098

28 TRADE AND OTHER PAYABLES *(Continued)*

(a) As of 31 December 2018, current amounts due to non-controlling interests include RMB388,859,000 bearing interest at 4.65% per annum and the remaining amounts are interest-free.

As of 31 December 2017, non-current amounts due to non-controlling interests bear interest at 10.00% per annum. Current amounts due to non-controlling interests are interest-free.

All amounts due to non-controlling interests are unsecured.

(b) As of 31 December 2018, the amount of due to joint venture partner includes RMB120,000,000 bearing interest ranging from 6.00% to 8.00%.The remaining amount is interest-free and was subsequently repaid on 2 January 2019.

(c) As of 31 December 2018, consideration payables are mainly related to payables for acquisition of investments, of which RMB89,523,000 was due to the former shareholders of 成都海興冷業貿易股份有限公司 (Chengdu Haixing Cold Industry Trading Co., Ltd.) ("Chengdu Haixing") . The remaining amount, RMB52,144,000 was due to the former shareholder of 武漢朗泓置業有限公司 (Wuhan Langhong Real Estate Co., Ltd.).

28 應付賬款及其他應付款*(續)*

(a) 二零一八年十二月三十一日，應付非控制性權益款項的流動部分包括以年利率4.65%計息的人民幣388,859,000元，其餘結餘免息。

二零一七年十二月三十一日，應付非控制性權益款項的非流動部分以年利率10.00%計息。應付非控制性權益款項的流動部分免息。

所有應付非控制性權益款項均無抵押。

(b) 二零一八年十二月三十一日，應付合營夥伴款項包括以年利率6.00%至8.00%計息的人民幣120,000,000元。其餘結餘免息，且其後已於二零一九年一月二日償還。

(c) 二零一八年十二月三十一日，應付代價主要涉及收購投資的應付款，當中人民幣89,523,000應付成都海興冷業貿易股份有限公司(「成都海興」)的前股東。其餘金額人民幣52,144,000元應付武漢朗泓置業有限公司的前股東。

28 TRADE AND OTHER PAYABLES *(Continued)*

As at 31 December 2018, the carrying amounts of trade and other payables approximate their fair values.

As at balance sheet date, the aging analysis of the payables for construction materials and services based on invoice date is as follows:

28 應付賬款及其他應付款*(續)*

於二零一八年十二月三十一日，應付賬款及其他應付款的賬面值與其公允價值相若。

於各結算日，根據發票日期的應付工程物料及服務款項之賬齡分析如下：

		31 December 2018 二零一八年 十二月三十一日 RMB'000 人民幣千元	31 December 2017 二零一七年 十二月三十一日 RMB'000 人民幣千元
Less than one year	少於一年	**1,808,395**	1,035,053
One to two years	一至兩年	**145,160**	30,933
Two to three years	兩至三年	**11,401**	5,865
Over three years	三年以上	**–**	90,230
		1,964,956	1,162,081

As at balance sheet date, the carrying amounts of trade and other payables were denominated in below currencies:

於各結算日，應付賬款及其他應付款的賬面值按以下貨幣列值：

		31 December 2018 二零一八年 十二月三十一日 RMB'000 人民幣千元	31 December 2017 二零一七年 十二月三十一日 RMB'000 人民幣千元
RMB	人民幣	**8,974,693**	6,096,059
US$	美元	**734,738**	680,894
HK$	港元	**32,981**	18,968
		9,742,412	6,795,921

29 BORROWINGS

29 借款

		31 December 2018 二零一八年十二月三十一日		31 December 2017 二零一七年十二月三十一日	
		Current 流動	**Non-current 非流動**	Current 流動	Non-current 非流動
		RMB'000 人民幣千元	**RMB'000 人民幣千元**	RMB'000 人民幣千元	RMB'000 人民幣千元
Secured	有抵押				
— Bank borrowings (a)	— 銀行借款(a)	**266,597**	**1,224,335**	1,098,218	672,233
— Senior private notes (c)	— 優先私募債券(c)	**–**	**–**	659,534	–
— Sell and buy-back arrangements (note 23)	— 出售及回購安排(附註23)	**–**	**285,967**	–	270,345
— Discounted bank accepted notes (f)	— 已貼現銀行承兑票據(f)	**316,983**	**–**	–	–
— Loans from other financial institutions (g)	— 來自其他金融機構的貸款(g)	**–**	**310,306**	–	–
Total secured borrowings	有抵押借款總額	**583,580**	**1,820,608**	1,757,752	942,578
Unsecured	無抵押				
— Bank borrowings (a)	— 銀行借款(a)	**100,000**	**859,772**	–	126,045
— Guaranteed senior notes (d)	— 有擔保優先債券(d)	**–**	**1,380,523**	–	–
— Loans from the ultimate controlling shareholder (b)	— 來自最終控股股東的貸款(b)	**–**	**1,665,000**	–	1,665,000
— EB-5 loans (e)	— EB–5貸款(e)	**–**	**575,112**	–	521,334
— Discounted bank accepted notes (f)	— 已貼現銀行承兑票據(f)	**–**	**–**	90,000	–
— Loans from other financial institutions (g)	— 來自其他金融機構的貸款(g)	**–**	**40,000**	326,706	–
Total unsecured borrowings	無抵押借款總額	**100,000**	**4,520,407**	416,706	2,312,379
Total borrowings	借款總額	**683,580**	**6,341,015**	2,174,458	3,254,957

Borrowings carry interest ranging from 3.19% to 13.50% (2017: 4.75% to 8.00%) per annum.

借款按年利率介乎3.19%至13.50%(二零一七年:4.75%至8.00%)計息。

29 BORROWINGS *(Continued)*

The movements in borrowings of the Group are analyzed as follows:

29 借款*(續)*

本集團借款變動分析如下：

		For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度 RMB'000 人民幣千元	For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度 RMB'000 人民幣千元
At 1 January	於一月一日	**5,429,415**	6,083,341
Proceeds from borrowings	借款所得款項	**6,248,362**	2,887,033
Acquisition of subsidiaries (note 37)	收購附屬公司(附註37)	**296,198**	–
Repayments of borrowings	償還借款	**(4,789,111)**	(2,319,051)
Disposal of subsidiaries (note 38)	出售附屬公司(附註38)	**(255,400)**	(1,259,440)
Exchange difference	匯兑差額	**95,131**	37,532
At 31 December	於十二月三十一日	**7,024,595**	5,429,415

At end of reporting period, the carrying amounts of borrowings were denominated in the following currencies:

於報告期末，借款的賬面值按以下貨幣列值：

		31 December 2018 二零一八年十二月三十一日 RMB'000 人民幣千元	31 December 2017 二零一七年十二月三十一日 RMB'000 人民幣千元
RMB	人民幣	**3,508,890**	3,202,900
US$	美元	**3,169,781**	1,995,807
HK$	港元	**345,924**	230,708
		7,024,595	5,429,415

29 BORROWINGS *(Continued)*

The Group's borrowings are repayable as follows as at each balance sheet date:

29 借款*(續)*

於各結算日，借款應於下列時間償還：

		31 December 2018 二零一八年十二月三十一日 RMB'000 人民幣千元	31 December 2017 二零一七年十二月三十一日 RMB'000 人民幣千元
Within one year	一年內	**683,580**	2,174,458
Between one and two years	一至兩年	**4,441,395**	188,019
Between two and five years	兩至五年	**1,899,620**	3,066,938
		7,024,595	5,429,415

(A) Bank borrowings are jointly secured by:

(i) restricted cash with carrying amount of RMB183,866,000 (2017: RMB7,291,000) (note 27);

(ii) properties under development with carrying amount of RMB3,033,882,000 (2017: RMB2,138,953,000) (note 23);

(iii) investment properties of the Group with carrying amount of RMB323,570,000 (2017:RMB319,830,000) (note 18)

(iv) guarantee provided by the ultimate holding company;

(v) equity interest of certain subsidiaries of the Group (note 42);

(vi) property, plant and equipment with carrying amount of RMB502,576,000 (2017: Nil) (note 19);

(vii) No property held for sale is mortgaged as collateral for the Group's bank borrowing (2017: RMB526,511,000) (note 21).

Bank borrowings carry interest ranging from 3.19% to 8.60% (2017: 4.75% to 8.00%) per annum.

(A) 銀行借款以下列各項作共同抵押：

(i) 受限制現金，賬面值為人民幣183,866,000元(二零一七年：人民幣7,291,000元)(附註27)；

(ii) 開發中房地產，賬面值為人民幣3,033,882,000元(二零一七年：人民幣2,138,953,000元)(附註23)；

(iii) 本集團投資性物業，賬面值為人民幣323,570,000元(二零一七年：人民幣319,830,000元)(附註18)；

(iv) 最終控股公司所提供的擔保；

(v) 本集團若干附屬公司的股權(附註42)。

(vi) 不動產、工廠及設備，賬面值為人民幣502,576,000元(二零一七年：無)(附註19)；

(vii) 無持作銷售物業為本集團銀行借款作抵押(二零一七年：人民幣526,511,000元)(附註21)。

銀行借款按年利率介乎3.19%至8.60%(二零一七年：4.75%至8.00%)計息。

29 BORROWINGS *(Continued)*

(B) THE LOANS FROM THE ULTIMATE CONTROLLING SHAREHOLDER

The loans from the ultimate controlling shareholder are unsecured and carry interest ranging from 5.30% to 5.65% (2017: 5.30% to 6.60%) per annum.

(C) SENIOR PRIVATE NOTES

Senior private notes of the Company matured and were repaid on 30 April 2018.

(D) GUARANTEED SENIOR NOTES

Guaranteed senior notes issued by the Company in 2018 were listed on the Singapore Exchange Securities Trading Limited on 25 April 2018 and will mature on 25 April 2020, with 9.625% per annum paid semi-annually in arrears. All of the guaranteed senior notes are subject to the fulfilment of covenants relating to certain of the Company's debt servicing financial indicators. The Company regularly monitors its compliance with these covenants. As at 31 December 2018, none of the covenants had been breached. All guaranteed senior notes are guaranteed by certain subsidiaries of the Company (note 42).

At any time, the Company will be entitled at its option to redeem the senior notes in whole but not in part, at a redemption price equal to 100% of the principal amount of the senior notes redeemed plus the applicable premium as of, and accrued and unpaid interest, if any, to (but not including), the redemption date.

At any time and from time to time the Company may redeem up to 35% of the aggregate principal amount of the senior notes with the proceeds from sales of certain kinds of capital stocks of the issuer at a redemption price of 109.625% of the principal amount of the senior notes redeemed, plus accrued and unpaid interest, if any, to (but not including) the redemption date, subject to certain conditions.

29 借款*(續)*

(B) 來自最終控股股東的貸款

來自最終控股股東的貸款為無抵押，並按年利率5.30%至5.65%(二零一七年：5.30%至6.60%)計息。

(C) 優先私募債券

本公司優先私募債券已於二零一八年四月三十日到期及支付。

(D) 有擔保優先債券

本公司於二零一八年度發行的有擔保優先債券於二零一八年四月二十五日於新加坡證券交易所上市，並將於二零二零年四月二十五日到期，年利率9.625%，每半年後繳支付一次。全部有擔保優先債券均受達成本公司若干債務服務財務指標的契諾所限。本公司會定期監察其遵守該等契諾的情況。於二零一八年十二月三十一日，並無違反該等契諾。所有有擔保優先債券均由本公司若干附屬公司擔保(附註42)。

本公司將有權隨時選擇贖回全部(而非部分)優先票據，贖回價相等於優先票據本金額100%另加截至但不包括贖回日期的溢價以及應計及未付利息(如有)。

本公司可隨時及不時以銷售發行人若干種類股本的所得款項贖回優先票據本金總額最多35%，贖回價相等於所贖回優先票據本金額109.625%另加截至但不包括贖回日期的應計及未付利息(如有)，惟須受若干條件所規限。

29 BORROWINGS *(Continued)*

(E) EB-5 LOANS

EB-5 Loans represent loans from third parties and carry interest of 4.00% (2017: 3.60% to 4.00%) per annum and are guaranteed by Landsea Holdings Corporation, an indirect subsidiary of the Company. The balances are repayable ranging from 24 July 2020 to 29 June 2023 (2017: 3 January 2020 to 31 March 2021).

(F) DISCOUNTED BANK ACCEPTED NOTES

Discounted bank accepted notes are secured by restricted cash with carrying amount of RMB85,000,000 (note 27).

(G) LOANS FROM OTHER FINANCIAL INSTITUTIONS

Loans from other financial institutions carry interest from 8.00% to 11.50% (2017: 8.00%) per annum. The balance is repayable from 6 July 2020 to 27 December 2020.

Loans from other financial institutions are jointly secured by:

(i) properties held for sale with carrying amount of RMB52,630,000 (2017: Nil) (note 21);

(ii) investment properties of the Group with carrying amount of RMB77,640,000 (2017: Nil) (note 18);

(iii) guarantee provided by Nanjing Langming Properties Group Limited ("Nanjing Langming"), an indirect subsidiary of the Company.

29 借款*(續)*

(E) EB–5貸款

EB–5貸款指來自第三方的貸款，年利率為4.00%(二零一七年：3.60%至4.00%)並由Landsea Holdings Corporation(本公司間接附屬公司)擔保。結餘須於二零二零年七月二十四日至二零二三年六月二十九日(二零一七年：二零二零年一月三日至二零二一年三月三十一日)期內償還。

(F) 已貼現銀行承兑票據

已貼現銀行承兑票據以賬面值為人民幣85,000,000元的受限制現金抵押(附註27)。

(G) 來自其他金融機構的貸款

來自其他金融機構的貸款年息為8.00%至11.50%(二零一七年：8.00%)。結餘須於二零二零年七月六日至二零二零年十二月二十七日償還。

來自其他金融機構的貸款以以下項目共同擔保：

(i) 賬面值為人民幣52,630,000元(二零一七年：零)的持作銷售物業(附註21)；

(ii) 本集團賬面值為人民幣77,640,000元(二零一七年：零)的投資性物業(附註18)；

(iii) 本公司之間接附屬公司南京朗銘地產集團有限公司(「南京朗銘」)提供的擔保。

29 BORROWINGS *(Continued)*

(H) Fair values of the borrowings are not materiality different to the carrying amounts. Since either the interests on those borrowings are close to current market rates or borrowings are of a short term nature. The carrying amounts and fair values of the non-current borrowings are as follows:

29 借款*(續)*

(H) 借貸的公允價值與賬面值並無重大分別，原因為該等借貸的利息與當前市場利率相近，或借貸年期短。非流動借貸的賬面值及公允價值如下：

		31 December 2018 二零一八年十二月三十一日		31 December 2017 二零一七年十二月三十一日	
		Carrying amounts 賬面值 RMB'000 人民幣千元	**Fair values 公允價值 RMB'000 人民幣千元**	Carrying amounts 賬面值 RMB'000 人民幣千元	Fair values 公允價值 RMB'000 人民幣千元
Bank borrowings (ii)	銀行借款(ii)	**2,084,107**	**2,084,107**	798,278	798,278
Guaranteed senior notes (i) (ii)	有擔保優先債券(i)(ii)	**1,380,523**	**1,352,229**	–	–
Sell and buy-back arrangements (note 23) (ii)	出售及回購安排（附註23）(ii)	**285,967**	**285,967**	270,345	270,345
Loans from the ultimate controlling shareholder (ii)	來自最終控股股東的貸款(ii)	**1,665,000**	**1,665,000**	1,665,000	1,665,000
EB-5 loans (ii)	EB-5貸款(ii)	**575,112**	**575,112**	521,334	521,334
Loans from other financial institutions (ii)	來自其他金融機構的貸款(ii)	**350,306**	**350,306**	–	–

(i) These guaranteed senior notes are listed on Singapore Exchange and the fair value are determined based on quoted price and are categorized within Level 1 of the fair value hierarchy.

(ii) Fair values of bank borrowings, sell and buy-back arrangements, loans from the ultimate controlling shareholder, EB-5 loans and loans from other financial institutions are based on discounted cash flows and current borrowing rate and are categorized within Level 2 of the fair value hierarchy.

(i) 此等有擔保優先債券於新加坡交易所上市，該公允價值基於公開市場報價計算得出，並分類為公允價值層級內的第1層。

(ii) 銀行借款、出售及回購安排、來自最終控股股東的貸款、EB–5貸款及來自其他金融機構的貸款的公允價值使用折現現金流量及流動借貸利率計量，並分類為公允價值層級內的第2層。

30 DEFERRED INCOME TAX

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The net amounts are as follows:

30 遞延所得稅

當有合法可強制執行權利將現有稅項資產與現有稅項負債抵銷，且遞延所得稅涉及同一財政機關，則可將遞延所得稅資產與負債互相抵銷。淨值如下：

		31 December 2018 二零一八年十二月三十一日 RMB'000 人民幣千元	31 December 2017 二零一七年十二月三十一日 RMB'000 人民幣千元
Deferred income tax liabilities to be settled after one year	將於超過一年後結算的遞延所得稅負債	**122,556**	75,537
Deferred income tax assets:	遞延所得稅資產：		
— to be recovered within one year	— 將於一年內收回	**103,183**	108,463
— to be recovered after one year	— 將於超過一年後收回	**249,286**	129,272
		352,469	237,735
Deferred income tax assets, net	遞延所得稅資產淨額	**229,913**	162,198

As at 31 December 2018, deferred income tax assets were offset against deferred income tax liabilities with the amount of RMB103,692,000 (2017: RMB57,911,000).

於二零一八年十二月三十一日，遞延所得稅資產及遞延所得稅負債人民幣103,692,000元(二零一七年：人民幣57,911,000元)已獲抵銷。

30 DEFERRED INCOME TAX *(Continued)*

The movements in deferred income tax, net are as follows:

30 遞延所得稅*(續)*

遞延所得稅淨值變動如下：

		For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度 RMB'000 人民幣千元	For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度 RMB'000 人民幣千元
At 1 January 2018 as originally present	於二零一八年一月一日，按原先呈列	**162,198**	100,759
Changes in accounting policies (note 2.2.1)	會計政策變動(附註2.2.1)	**13,139**	–
Restated balance at 1 January 2018	二零一八一月一日經重列結餘	**175,337**	100,759
Credited to profit or loss (note 11)	在損益抵免(附註11)	**146,305**	82,190
Charged to other comprehensive income	在其他全面收益支銷		
— Transfer from property, plant and equipment to investment properties	— 由不動產、工廠及設備轉移至投資性物業	**(4,838)**	–
Disposal of subsidiaries (note 38)	出售附屬公司(附註38)	**42,029**	(19,555)
Acquisition of subsidiaries (note 37)	收購附屬公司(附註37)	**(129,829)**	–
Currency translation differences	貨幣換算差額	**909**	(1,196)
At 31 December	於十二月三十一日	**229,913**	162,198

30 DEFERRED INCOME TAX *(Continued)*

The movements in the deferred income tax liabilities, prior to offsetting, are as follows:

30 遞延所得稅*(續)*

抵銷前的遞延稅項負債變動如下：

		Revaluation of investment properties 投資性物業重估 RMB'000 人民幣千元	Difference in capitalized interests 資本化利息差額 RMB'000 人民幣千元	Accelerated tax depreciation 加速稅項折舊 RMB'000 人民幣千元	Unrealized exchange gains 未變現匯兑利得 RMB'000 人民幣千元	Re-measurement gain 重新計量利得 RMB'000 人民幣千元	Change in fair value of identified assets upon acquisition of subsidiaries 收購附屬公司後所識別資產的公允價值變動 RMB'000 人民幣千元	Others 其他 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
At 1 January 2017	於二零一七年一月一日	52,851	42,525	875	62,346	–	–	–	158,597
Credited/(Charged) to profit or loss	在損益抵免／(支銷)	7,228	16,369	235	(58,940)	14,747	–	–	(20,361)
Currency translation differences	貨幣換算差額	–	(2,960)	(51)	(1,777)	–	–	–	(4,788)
At 31 December 2017	於二零一七年十二月三十一日	60,079	55,934	1,059	1,629	14,747	–	–	133,448
At 1 January 2018	於二零一八年一月一日	60,079	55,934	1,059	1,629	14,747	–	–	133,448
(Charged)/Credited to profit or loss (note 11)	在損益(支銷)／抵免(附註11)	(1,746)	2,658	3,102	34,707	13,335	(34,765)	415	17,706
Credited to other comprehensive income	在其他全面收益抵免								
– Transfer from property, plant and equipment to investment property	– 由不動產、工廠及設備轉移至投資性物業	4,838	–	–	–	–	–	–	4,838
Acquisition of subsidiaries (note 37)	收購附屬公司(附註37)	–	–	–	–	–	133,747	–	133,747
Disposal of subsidiaries (note 38)	出售附屬公司(附註38)	–	–	–	–	–	(66,409)	–	(66,409)
Currency translation differences	貨幣換算差額	–	2,780	53	85	–	–	–	2,918
At 31 December 2018	於二零一八年十二月三十一日	63,171	61,372	4,214	36,421	28,082	32,573	415	226,248

30 DEFERRED INCOME TAX *(Continued)*

The movements in the deferred income tax assets, prior to offsetting, are as follows:

30 遞延所得稅*(續)*

抵銷前的遞延稅項資產變動如下：

		Temporary difference on unrealized profit of intercompany transactions 公司間交易的未變現利潤的暫時差額 RMB'000 人民幣千元	Tax losses 稅項虧損 RMB'000 人民幣千元	Temporary difference on recognition of revenues and cost of sales 確認收入與銷售費用的暫時差額 RMB'000 人民幣千元	Provision for bad debt and accrued expenses 壞賬及應計費用撥備 RMB'000 人民幣千元	Others 其他 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
At 1 January 2017	於二零一七年一月一日	72,291	76,058	51,257	59,750	–	259,356
Credited/(Charged) to profit or loss	在損益抵免／(支銷)	36,045	14,208	(15,665)	27,241	–	61,829
Disposal of subsidiaries	出售附屬公司	–	(19,442)	–	(113)	–	(19,555)
Currency translation differences	貨幣換算差額	–	(2,911)	–	(3,073)	–	(5,984)
At 31 December 2017	二零一七年十二月三十一日	108,336	67,913	35,592	83,805	–	295,646
At 1 January 2018	於二零一八年一月一日	108,336	67,913	35,592	83,805	–	295,646
Changes in accounting policies (note 2.2.1)	會計政策變動（附註2.2.1）	–	–	–	13,139	–	13,139
Restated balance at 1 January 2018	二零一八年一月一日經重列結餘	108,336	67,913	35,592	96,944	–	308,785
Credited to profit or loss (note 11)	在損益抵免(附註11)	22,331	43,596	37,656	57,696	2,732	164,011
Disposal of subsidiaries (note 38)	出售附屬公司(附註38)	(17,030)	(7,350)	–	–	–	(24,380)
Acquisition of subsidiaries (note 37)	收購附屬公司(附註37)	–	–	–	3,918	–	3,918
Currency translation differences	貨幣換算差額	–	1,354	–	2,473	–	3,827
At 31 December 2018	於二零一八年十二月三十一日	113,637	105,513	73,248	161,031	2,732	456,161

31 SHARE CAPITAL

AUTHORIZED SHARES

The Company has authorized shares of 6,000,000,000 shares of HK$0.01 each as at 1 January 2017, 1 January 2018 and 31 December 2018.

ISSUED SHARES

31 股本

法定股份

本公司於二零一七年一月一日、二零一八年一月一日及二零一八年十二月三十一日有6,000,000,000股每股0.01港元的法定股份。

已發行股份

		Number of ordinary shares 普通股數目 '000 千股	Nominal value of ordinary shares 普通股面值 HK$'000 千港元	Equivalent nominal value of ordinary shares 普通股等額面值 RMB'000 人民幣千元
Issued and fully paid:	已發行及繳足：			
Ordinary shares of HK$0.01 each	每股面值0.01港元的普通股			
At 1 January 2018	於二零一八年一月一日	3,917,571	39,176	31,800
Conversion of convertible perpetual securities (note 33 (b), (b))	兑換可換股永久證券（附註33 (b)、(b)）	463,560	4,635	3,902
Issue of new shares for capitalization of shareholder's loans (a), (b)	就股東貸款資本化發行新股(a)，(b)	341,176	3,412	3,000
At 31 December 2018	於二零一八年十二月三十一日	4,722,307	47,223	38,702

31 SHARE CAPITAL *(Continued)*

ISSUED SHARES *(Continued)*

(a) On 21 December 2018, the Company completed the issuing of 341,176,471 ordinary shares of HK$0.01 each at a price of HK$0.85 per share to Landsea International Holdings Limited ("Landsea International") to capitalize shareholder loans of HK$290,000,000 (equivalent to RMB254,997,000). Accordingly, 341,176,471 ordinary shares of HK$0.01 each were issued at a premium of HK$0.84 each and the total premium of HK$286,588,000 (equivalent to RMB251,997,000) was credited to share premium (note 34).

The issue price represents the closing price of HK$0.85 per Share as quoted on SEHK at 2 November 2018, being the date of the agreement signed.

(b) The capitalization and conversion shares rank pari passu in all respects among themselves and with the shares in issue on the date of allotment and issue of the capitalization and conversion shares.

32 SHARE OPTIONS AND RESTRICTED SHARE AWARD SCHEME

(A) SHARE OPTIONS

Pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 25 April 2012, the current share option scheme (the "Scheme") was adopted by the Company. Since the adoption of the Scheme, no further options can be granted under the old scheme.

The Company operates the Scheme for the purpose of providing incentives and reward to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Scheme include the directors (including executive and non-executive directors), other employees, suppliers, customers, person or entity providing research, development and other technical support, investee entity and any professional advisor and business consultant of the Group from time to time determined by the directors as having contributed or who may contribute to the development and growth of the Group. The Scheme is effective on 30 April 2012 and unless otherwise terminated, remains in force for 10 years from that date.

31 股本*(續)*

已發行股份*(續)*

(a) 二零一八年十二月二十一日，本公司完成以每股0.85港元的價格發行341,176,471股每股面值0.01港元的普通股予Landsea International Holdings Limited(「Landsea International」)，以將290,000,000港元(相當於人民幣254,997,000元)股東貸款資本化。因此，341,176,471股每股面值0.01港元的普通股以溢價每股0.84港元發行，並將溢價總額286,588,000港元(相當於人民幣251,997,000元)計入股份溢價(附註34)。

發行價相當於股份於二零一八年十一月二日(即協議簽訂之日期)於聯交所之收市價每股0.85港元。

(b) 資本化及換股股份將於各個方面於彼此之間及與資本化及換股股份獲配發及發行當日已發行股份享有同等地位。

32 股份期權及限制性股份獎勵計劃

(A) 股份期權

根據於二零一二年四月二十五日舉行的本公司股東週年大會上通過的普通決議案，本公司採納目前的股份期權計劃(「該計劃」)。自採納該計劃以來，概無按舊計劃授出其他股份期權。

本公司設立該計劃，旨在嘉獎及酬謝推動本集團業務成功的合資格參與者。該計劃的合資格參與者包括董事(包括執行及非執行董事)、其他僱員、供應商、客戶、提供研發及其他技術支援的人士或實體、投資對象實體以及本集團不時的任何專業顧問及業務顧問(董事認為對本集團發展及增長曾經或可能作出貢獻者)。該計劃於二零一二年四月三十日生效，而除非以其他方式終止，否則將自該日起10年期間內有效。

32 SHARE OPTIONS AND RESTRICTED SHARE AWARD SCHEME *(Continued)*

(A) SHARE OPTIONS *(Continued)*

Unless approved by shareholders of the Company, shares which may be issued upon exercise of all options to be granted under the Scheme or any other share option scheme adopted by the Company must not in aggregate exceed 10% of the shares of the Company in issue on the date of adoption.

Unless approved by shareholders of the Company, total number of shares of the Company issued and to be issued upon the exercise of the options granted to each participant including both exercised and unexercised options under the Scheme or any other share option scheme adopted by the Company in any 12-month period must not exceed 1% of the shares of the Company in issue on the date of grant. Any further grant of share options in excess of this limit is subject to shareholder's approval in a general meeting.

The limit on the number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other schemes of the Company must not exceed 30% of the shares in issue from time to time. No options may be granted under any share option schemes of the Company if this will result in the limit being exceeded.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors (excluding any independent non-executive director who is a proposed grantee of the share options). In addition, any share options granted to substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time and with an aggregate value (based on the official closing price of the Company's shares at the date of the grant) in excess of HK$5,000,000, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

32 股份期權及限制性股份獎勵計劃 *(續)*

(A) 股份期權*(續)*

除非獲本公司股東批准，否則因行使按該計劃或本公司採納的任何其他股份期權計劃將予授出的所有股份期權而可予發行的股份總數，不得超過本公司於採納日期已發行股份的10%。

除非獲本公司股東批准，於任何十二個月期間，各參與者按該計劃或本公司採納的任何其他股份期權計劃獲授的股份期權(包括已行使及尚未行使)行使時，已發行及將予發行的本公司股份總數，不得超過本公司於授出日期已發行股份的1%。如進一步授出的股份期權涉及的股份數目超逾此上限，須在股東大會上獲股東批准。

因行使按該計劃及本公司的任何其他計劃已授出但尚未行使的所有股份期權而可予發行的股份總數，不得超過不時已發行股份的30%。如授出股份期權將導致超逾此上限，則不得根據本公司任何股份期權計劃授出股份期權。

向本公司董事、行政總裁或主要股東或彼等任何聯繫人士授出股份期權，必須獲得獨立非執行董事(不包括任何屬股份期權建議承授人的獨立非執行董事)的事先批准。此外，倘在任何十二個月期間向本公司主要股東或獨立非執行董事或彼等任何聯繫人士授出的任何股份期權超過本公司任何時間已發行股份的0.1%，或總值(按本公司股份於授出日期的正式收市價計算)超過5,000,000港元，則必須經股東於股東大會上事先批准。

32 SHARE OPTIONS AND RESTRICTED SHARE AWARD SCHEME *(Continued)*

(A) SHARE OPTIONS *(Continued)*

The offer of a grant of share options may be accepted within 21 days from the date of offer, upon payment of nominal consideration of HK$1 in total by the grantee. An option may be exercised in accordance with the terms of the Scheme and the terms of grant which shall not be more than 10 years from the date of grant.

The subscription price for the shares of the Company to be issued upon exercise of the options shall be no less than the higher of (i) the closing price of the shares of the Company as stated in the daily quotation sheet issued by the SEHK on the date of grant; (ii) the average closing price of the shares of the Company as stated in the daily quotation sheets issued by the SEHK for the five business days immediately preceding the date of grant; and (iii) the nominal value of a share of the Company on the date of grant. The subscription price will be determined by the board of directors at the time the option is offered to the participants.

The scheme limit under the Scheme is 198,660,605 shares, representing 10.0% of the issued share capital of the Company on 25 April 2012, being the adoption date of the Scheme and approximately 4.21% of the issued share capital of the Company on 22 March 2019, being the date of the annual general meeting.

The Scheme

There was no outstanding share option under the Scheme as at 31 December 2018 and 31 December 2017.

32 股份期權及限制性股份獎勵計劃*(續)*

(A) 股份期權*(續)*

授出股份期權的要約由提呈要約當日起計21日內可供接納，惟承授人須支付合共1港元的名義代價。於授出日期起計不超過10年內，股份期權可按該計劃的條款及授出條款行使。

因行使股份期權將予發行的本公司股份的認購價不得低於以下各項中的較高數值：(i) 本公司股份於授出日期在香港聯交所發出的每日報價表所示的收市價；(ii) 本公司股份於緊接授出日期前五個營業日在香港聯交所發出的每日報價表所示的收市價平均值；及(iii) 本公司股份於授出日期的面值。董事局將於向參與者提呈股份期權時釐定認購價。

根據該計劃，計劃上限為198,660,605股，相當於本公司於二零一二年四月二十五日(即該計劃獲採納日期)已發行股本的10.0%及本公司於二零一九年三月二十二日(即股東週年大會日期)已發行股本約4.21%。

該計劃

於二零一八年十二月三十一日及二零一七年十二月三十一日，該計劃下並無尚未行使的股份期權。

32 SHARE OPTIONS AND RESTRICTED SHARE AWARD SCHEME *(Continued)*

(B) RESTRICTED SHARE AWARD SCHEME

On 2 July 2014, the Group adopted a share award scheme (the "Share Award Scheme") as an incentive to recognize the contributions by employees and to give incentives in order to retain them for the continuing operation and development of the Group, as well as to attract suitable personnel for further development of the Group.

Pursuant to the Share Award Scheme, existing shares of the Company will be purchased or new shares will be subscribed for restricted shares ("Restricted Shares") by a trustee appointed by the Company and be held on trust for the relevant grantees until such shares are vested with the relevant grantees in accordance with the rules of the Share Award Scheme. The Restricted Shares will be awarded with reference to the performance, operating and financial targets and other criteria determined by the Board from time to time.

(i) The movements of shares held for Share Award Scheme by the trustee are as follows:

32 股份期權及限制性股份獎勵計劃 *(續)*

(B) 限制性股份獎勵計劃

於二零一四年七月二日，本集團採納股份獎勵計劃(「股份獎勵計劃」)，作為獎勵以嘉許僱員所作出的貢獻，激勵並挽留彼等為本集團的持續經營及發展付出努力，並為本集團進一步發展吸引適合人才。

根據股份獎勵計劃，本公司所委任的受託人將購買本公司現有股份或認購新股份作為限制性股份(「限制性股份」)，並以信託方式代相關承授人持有，直至有關股份根據股份獎勵計劃的規則歸屬於相關承授人為止。限制性股份將參考董事局不時釐定的表現、經營及財務目標以及其他標準予以授出。

(i) 受託人就股份獎勵計劃持有的股份變動如下：

Restricted Shares	**限制性股份**	**For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度**		For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度	
		Number of shares 股份數目 '000 千股	**Employee share trust reserve 僱員股份信託儲備 RMB'000 人民幣千元**	Number of shares 股份數目 '000 千股	Employee share trust reserve 僱員股份信託儲備 RMB'000 人民幣千元
At 1 January	一月一日	**66,296**	**35,450**	53,944	28,907
Acquisition of shares	收購股份	**23,412**	**19,631**	12,352	8,578
Dividends received (a)	已收股息(a)	**–**	**(2,145)**	–	(2,035)
Distribution to employees	分派予僱員	**(16,312)**	**(9,966)**	–	–
At 31 December	十二月三十一日	**73,396**	**42,970**	66,296	35,450

32 SHARE OPTIONS AND RESTRICTED SHARE AWARD SCHEME *(Continued)*

(B) RESTRICTED SHARE AWARD SCHEME *(Continued)*

(i) The movements of shares held for Share Award Scheme by the trustee are as follows: (Continued)

(a) Dividends of granted Restricted Shares received by the trustee are payable when these shares are distributed to the relevant grantees. Other dividends received by the trustee become part of the trust fund. All these dividends received by the trustee are treated as a deduction of employee share trust reserve.

(ii) Movement of share based compensation reserve is as follows:

32 股份期權及限制性股份獎勵計劃*(續)*

(B) 限制性股份獎勵計劃*(續)*

(i) 受託人就股份獎勵計劃持有的股份變動如下：(續)

(a) 受託人收取已授出限制性股份的股息於該等股份分派予相承授人時應付。受託人收取的其他股息會成為信託基金的一部分。受託人收取的所有該等股息會視作扣減僱員股份信託儲備處理。

(ii) 股權報酬儲備變動如下：

		For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度 RMB'000 人民幣千元	For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度 RMB'000 人民幣千元
At 1 January	一月一日	**19,800**	19,800
Distribution to employees	分派予僱員	**(9,966)**	–
At 31 December	十二月三十一日	**9,834**	19,800

32 SHARE OPTIONS AND RESTRICTED SHARE AWARD SCHEME *(Continued)*

(B) RESTRICTED SHARE AWARD SCHEME *(Continued)*

Details of the Restricted Shares granted by the Company are as follows:

32 股份期權及限制性股份獎勵計劃*(續)*

(B) 限制性股份獎勵計劃*(續)*

本公司所授出限制性股份的詳情如下：

Name of employees 僱員姓名		Fair value per share (HK$) 每股公允價值（港元）	Outstanding at 1 January 2018 於二零一八年一月一日尚未行使	Granted during the year 本年度授出	Distributed during the year 年內分派	Outstanding at 31 December 2018 於二零一八年十二月三十一日尚未行使
Directors	**董事**					
Tian Ming	田明	0.69	3,277,500	–	(1,596,000)	1,681,500
Wang Lei appointed as an executive director on 23 November	王磊（於十一月二十三日獲委任為執行董事）	0.69	796,500	–	–	796,500
Shen Leying	申樂瑩	0.69	2,214,500	–	(1,064,000)	1,150,500
Xie Yuanjian	謝遠建	0.69	2,037,500	–	(1,064,000)	973,500
Zhou Qin	周勤	0.69	1,505,000	–	(620,000)	885,000
			9,831,000	–	(4,344,000)	5,487,000
Other employees	**其他僱員**					
In aggregate	總計	0.69	25,431,500	–	(11,968,000)	13,463,500
			35,262,500	–	(16,312,000)	18,950,500

The outstanding Restricted Shares had been fully vested as of 31 December 2016.

於二零一六年十二月三十一日，尚未行使的受限制股份已全數歸屬。

No expenses (2017: nil) was recognized by the Group as there was no additional share based compensation during the year.

年內本集團並無額外股權報酬，故概無確認任何支出（二零一七年：無）。

33 CONVERTIBLE PERPETUAL SECURITIES

The movements of convertible perpetual securities are as follows:

33 可換股永久證券

可換股永久證券的變動載列如下：

		Fuji convertible perpetual securities 富吉可換股永久證券 RMB'000 人民幣千元 (a)	Landsea International convertible perpetual securities Landsea International可換股永久證券 RMB'000 人民幣千元 (b)	Total 總計 RMB'000 人民幣千元
At 1 January 2017	於二零一七年一月一日	110,054	374,150	484,204
Distribution accrued	應計分派	8,458	11,221	19,679
Distribution paid	已付分派	(8,458)	–	(8,458)
At 31 December 2017 and 1 January 2018	於二零一七年十二月三十一日及二零一八年一月一日	110,054	385,371	495,425
Distribution accrued	應計分派	23,281	6,318	29,599
Distribution paid	已付分派	(24,179)	(27,469)	(51,648)
Redemption	贖回	(109,156)	–	(109,156)
Conversion to ordinary shares	轉為普通股	–	(364,220)	(364,220)
At 31 December 2018	於二零一八年十二月三十一日	–	–	–

(a) In November 2015, the Company entered into an agreement with Fuji Investment Management Limited ("Fuji") pursuant to which the investor agreed to subscribe for convertible perpetual securities issued by the Company with an aggregate principal amount of HK$130,000,000 (equivalent to RMB109,200,000).

(a) 於二零一五年十一月，本公司與富吉投資管理有限公司(「富吉」)訂立協議，據此，投資者同意認購本公司所發行本金額合共130,000,000港元(相當於人民幣109,200,000元)的可換股永久證券。

33 CONVERTIBLE PERPETUAL SECURITIES *(Continued)*

(a) *(Continued)*

Distribution shall be payable on the convertible perpetual securities to the investor semi-annually in arrear at the following rate of distribution:

(i) 7.5% per annum in respect of the period from the subscription completion date to the third anniversary of the subscription completion date; and

(ii) 13.5% per annum after the third anniversary of the subscription completion date.

The convertible perpetual securities do not have a fixed maturity date and may be converted into ordinary shares of the Company at any time at the option of the investor at an initial conversion price of HK$0.7508 per share subject to certain anti-dilutive adjustments.

The Company may, at its discretion, elect to defer (in whole or in part) any distribution unless certain compulsory distribution payment events have occurred and redeem or purchase the convertible perpetual securities i) for taxation reasons; ii) on the third anniversary of the subscription completion date; and iii) upon certain events as set out in the agreement.

On 18 November 2018, the Company elected to redeem the convertible perpetual securities on the third anniversary of the subscription completion date at the principal amount of HK$130,000,000 (equivalent to RMB109,156,000) and its unpaid accrued interests.

33 可換股永久證券*(續)*

(a) *(續)*

須每半年以後付形式按以下分派息率向投資者作出可換股永久證券的分派：

(i) 認購完成日期起至認購完成日期第三週年期間的年息率為7.5%；及

(ii) 認購完成日期第三週年後的年息率為13.5%。

可換股永久證券並無固定到期日，投資者可選擇隨時按初步兑換價每股0.7508港元(可作出若干反稀釋調整)兑換為本公司普通股。

除非發生若干強制分派支付事件，否則本公司可i)就稅務原因；ii)於認購完成日期第三週年；及iii)按協議所載的若干事件，酌情選擇遞延(全部或部分)分派及贖回或購買可換股永久證券。

二零一八年十一月十八日，本公司選擇於認購完成日期三週年贖回可換股永久證券的本金額130,000,000港元(相當於人民幣109,156,000元)及其未支付應計利息。

33 CONVERTIBLE PERPETUAL SECURITIES *(Continued)*

(b) In January 2016, the Company issued convertible perpetual securities to Landsea International with an aggregate principal amount of HK$432,687,009 (equivalent to RMB363,847,000) to acquire Epic China.

The convertible perpetual securities do not have a fixed maturity date and may be converted into ordinary shares of the Company at any time at the option of Landsea International at an initial conversion price of HK$0.9334 per share subject to certain anti-dilutive adjustment.

Distribution shall be payable on the convertible perpetual securities to Landsea International semi-annually in arrear at 3% per annum of distribution.

The Company may, at its sole discretion, elect to defer (in whole or in part) any distribution and redeem or purchase the convertible perpetual securities: i) for taxation reasons; ii) on or after the third anniversary of the acquisition date.

The convertible perpetual securities issued to Landsea International did not trigger the conversion price adjustment of the convertible perpetual securities issued to the investor.

On 19 November 2018, the Company and Landsea International agreed to covert the convertible perpetual securities into 463,560,113 ordinary shares of the Company at the price of HK$0.9334 per share. The convertible perpetual securities were de-recognized and par value of HK$4,635,000 (equivalent to RMB 3,902,000) (note 31) were recorded as share capital and the difference of HK$428,051,000 (equivalent to RMB 360,318,000) were recorded as share premium.

33 可換股永久證券*(續)*

(b) 於二零一六年一月，本公司向Landsea International發行本金額合共432,687,009港元(相當於人民幣363,847,000元)的可換股永久證券，以收購Epic China。

可換股永久證券並無固定到期日，Landsea International可選擇隨時按初步兑換價每股0.9334港元(可作出若干反稀釋調整)兑換為本公司普通股。

須每半年以後付形式按3%的年派息率向Landsea International作出可換股永久證券的分派。

本公司可i) 就稅務原因；ii) 於收購日期第三週年或之後，酌情選擇遞延(全部或部分)分派及贖回或購買可換股永久證券。

向Landsea International發行可換股永久證券並無導致調整發行予投資者的可換股永久證券之兑換價。

於二零一八年十一月十九日，本公司與Landsea International協議將可換股永久證券以每股0.9334港元兑換為463,560,113股本公司普通股。可換股永久證券終止確認，面值4,635,000港元(相當於人民幣3,902,000元)(附註31)入賬為股本，差額428,051,000港元(相當於人民幣360,318,000元)入賬為股份溢價。

34 RESERVES 34 儲備

		Note 附註	Merger Reserve 合併儲備 RMB'000 人民幣千元	Share premium 股份溢價 RMB'000 人民幣千元	Translation reserve 折算儲備 RMB'000 人民幣千元	Share based compensation reserve 股權報酬儲備 RMB'000 人民幣千元	Employee share trust 僱員股份信託 RMB'000 人民幣千元	Capital redemption reserve 資本贖回儲備 RMB'000 人民幣千元	Statutory reserve 法定儲備 RMB'000 人民幣千元	Other reserve 其他儲備 RMB'000 人民幣千元	Contributed surplus 實繳盈餘 RMB'000 人民幣千元	Retained earnings 留存收益 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
At 1 January 2017	**於二零一七年一月一日**		(83,396)	712,051	(284,150)	19,800	(28,907)	23,185	125,149	24,426	114,711	1,761,783	2,384,652
Profit for the year	**年度利潤**		–	–	–	–	–	–	–	–	–	580,523	580,523
Other comprehensive income:	**其他全面收益：**		–	–	–	–	–	–	–	–	–	–	–
Exchange difference arising from translation of foreign operations	換算海外業務產生的匯兑差額		–	–	164,445	–	–	–	–	–	–	–	164,445
Total comprehensive income for the year	**年度全面收益總額**		–	–	164,445	–	–	–	–	–	–	580,523	744,968
Shares held for Share Award Scheme	就股份獎勵計劃持有的股份	32 (b)	–	–	–	–	(6,543)	–	–	–	–	–	(6,543)
Accrued distribution to holders of convertible perpetual securities	可換股永久證券持有人應計分派	33	–	–	–	–	–	–	–	–	–	(19,679)	(19,679)
Dividend declared to ordinary shareholder	向普通股股東宣派股息		–	–	–	–	–	–	–	–	(138,682)	–	(138,682)
Transfer to statutory reserve	轉撥至法定儲備	(b)	–	–	–	–	–	–	89,915	–	–	(89,915)	–
Share premium reduction	削減股份溢價	(a)	–	(500,000)	–	–	–	–	–	–	500,000	–	–
At 31 December 2017	**於二零一七年十二月三十一日**		(83,396)	212,051	(119,705)	19,800	(35,450)	23,185	215,064	24,426	476,029	2,232,712	2,964,716

34 RESERVES *(Continued)*

34 儲備*(續)*

		Note 附註	Merger reserve 合併儲備 RMB'000 人民幣千元	Share premium 股份溢價 RMB'000 人民幣千元	Translation reserve 折算儲備 RMB'000 人民幣千元	Share based compensation reserve 股權報酬儲備 RMB'000 人民幣千元	Employee share trust 僱員股份信託 RMB'000 人民幣千元	Capital redemption reserve 資本贖回儲備 RMB'000 人民幣千元	Statutory reserve 法定儲備 RMB'000 人民幣千元	Other reserve 其他儲備 RMB'000 人民幣千元	Contributed surplus 實繳盈餘 RMB'000 人民幣千元	Revaluation gain on the property transferring from property ,plant and equipment to investment properties 自不動產、工廠及設備轉移至投資性物業的物業重估利得 RMB'000 人民幣千元	Retained earnings 留存收益 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
At 1 January 2018	**於二零一八年一月一日**		**(83,396)**	**212,051**	**(119,705)**	**19,800**	**(35,450)**	**23,185**	**215,064**	**24,426**	**476,029**	**-**	**2,232,712**	**2,964,716**
Changes in accounting policies	**會計政策變動**	2.2	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(44,671)**	**(44,671)**
Restated balance at 1 January 2018	**二零一八年一月一日經重列結餘**		**(83,396)**	**212,051**	**(119,705)**	**19,800**	**(35,450)**	**23,185**	**215,064**	**24,426**	**476,029**	**-**	**2,188,041**	**2,920,045**
Profit for the year	**年度利潤**		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,112,774**	**1,112,774**
Other comprehensive income:	**其他全面收益：**													
Revaluation gain on the property transferring from property, plant and equipment to investment properties	自不動產、工廠及設備轉移至投資性物業的物業重估利得	18	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**14,515**	**-**	**14,515**
Exchange difference arising from translation of foreign operations	換算海外業務產生的匯兑差額		**-**	**-**	**(129,029)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(129,029)**
Total comprehensive income for the year	**年度全面收益總額**		**-**	**-**	**(129,029)**	**-**	**-**	**-**	**-**	**-**	**-**	**14,515**	**1,112,774**	**998,260**
Shares held for Share Award Scheme	就股份獎勵計劃持有的股份	32 (b)	**-**	**-**	**-**	**-**	**(17,486)**	**-**	**-**	**-**	**-**	**-**	**-**	**(17,486)**
Employee share based compensation	僱員股權報酬	32 (b)	**-**	**-**	**-**	**(9,966)**	**9,966**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Issue of ordinary shares as capitalisation of shareholder loans	就股東貸款資本化發行普通股	31	**-**	**251,997**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**251,997**
Conversion of convertible perpetual securities	兑換可換股永久證券	33	**-**	**360,318**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**360,318**
Accrued distribution of holders of convertible perpetual securities	可換股永久證券持有人應計分派	33	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(29,599)**	**(29,599)**
Dividend declared to ordinary shareholder	向普通股股東已宣派股息	13	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(138,682)**	**(138,682)**
Transfer to statutory reserve	轉撥至法定儲備	(b)	**-**	**-**	**-**	**-**	**-**	**-**	**54,501**	**-**	**-**	**-**	**(54,501)**	**-**
At 31 December 2018	**於二零一八年十二月三十一日**		**(83,396)**	**824,366**	**(248,734)**	**9,834**	**(42,970)**	**23,185**	**269,565**	**24,426**	**476,029**	**14,515**	**3,078,033**	**4,344,853**

34 RESERVES *(Continued)*

(a) Pursuant to a resolution passed at the annual general meeting held on 10 June 2017, an amount of RMB500,000,000 was transferred from the share premium account to the contributed surplus account. Under the Companies Act 1981 of Bermuda, a company may make distributions to its shareholders out of the contributed surplus under certain circumstances.

(b) In accordance with the Laws of Mainland China on Enterprises Operated Exclusively with Foreign Capital and the Articles of Association of the Group's subsidiaries incorporated in Mainland China, an appropriation to statutory reserves has to be made prior to profit distribution to the owners. The appropriation to statutory reserve of these foreign investment enterprises shall be no less than 10% of the net profit until the accumulated appropriation exceeds 50% of the registered capital.

34 儲備*(續)*

(a) 根據於二零一七年六月十日舉行之股東週年大會通過的決議案，人民幣500,000,000元由股份溢價賬劃撥至實繳盈餘賬。根據百慕達一九八一年公司法，公司可在若干情況下以實繳盈餘向股東作出分派。

(b) 根據中國內地外商獨資企業法及本集團於中國內地註冊成立的附屬公司的組織章程細則，向擁有人作出利潤分派前，須對法定儲備作出分配。該等外資企業分配至法定儲備的金額不得少於純利的10%，直至累計分配超過註冊資本的50%為止。

35 NON-CONTROLLING INTERESTS

35 非控制性權益

		For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度 RMB'000 人民幣千元	For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度 RMB'000 人民幣千元
At 1 January as originally stated	於一月一日，按原先呈列	**206,122**	152,060
Adjustment on adoption of HKFRS 15, net of tax (note 2.2.1)	就採納香港財務報告準則第15號作出調整，扣除税項（附註2.2.1）	**(1,006)**	–
Restated balance at 1 January 2018	二零一八年一月一日經重列結餘	**205,116**	152,060
Profit for the year	年度利潤	**327,796**	140,318
Acquisition of additional interests in subsidiaries	收購附屬公司額外權益	**–**	(134,044)
Acquisition of subsidiaries (note 37)	收購附屬公司（附註37）	**17,247**	137,010
Deemed disposal of subsidiaries	視作出售附屬公司	**–**	(33,407)
Contribution from non-controlling interests	非控制性權益注資	**13,498**	24,674
Distribution to non-controlling interests	向非控制性權益分派	**(188,550)**	(61,344)
Exchange differences	匯兑差額	**2,233**	(19,145)
At 31 December	於十二月三十一日	**377,340**	206,122

36 CASH FLOW INFORMATION

(A) CASH GENERATED FROM OPERATIONS

Reconciliation of profit before income tax to cash generated from operations is as follows:

36 現金流量資料

(A) 經營所得現金

除所得稅前利潤與經營所得現金的對賬如下：

		For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度 **RMB'000** 人民幣千元	For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度 RMB'000 人民幣千元
Profit before income tax	除所得稅前利潤	**2,261,739**	1,127,411
Adjustments for:	*調整：*		
Interest income (note 7 & 10)	利息收益（附註7及10）	**(160,574)**	(10,120)
Depreciation of property, plant and equipment (note 19)	不動產、工廠及設備的折舊（附註19）	**57,073**	11,258
Fair value gain on investment properties (note 18)	投資性物業的公允價值利得（附註18）	**(7,363)**	(28,910)
Interest expense (note 10)	利息費用（附註10）	**323,018**	249,045
Gain on disposal of subsidiaries (note 8)	出售附屬公司的利得（附註8）	**(166,822)**	(285,619)
Gain on disposal of a joint venture (note 8)	出售一間合營企業的利得（附註8）	**–**	(608)
Share of net profit of associates (note 16)	應佔聯營公司純利（附註16）	**(408,854)**	(169,453)
Elimination of transactions with associates (note 16)	與聯營公司對銷交易（附註16）	**46,418**	–
Share of net profit of joint ventures (note 17)	應佔合營企業純利（附註17）	**(257,991)**	(21,881)
Elimination of transactions with joint ventures (note 17)	與合營企業對銷交易（附註17）	**196,367**	–
Loss on disposal of property, plant and equipment (note 8)	出售不動產、工廠及設備的虧損（附註8）	**10**	2
Gain on re-measurement of existing interest in a joint venture upon conversion to a subsidiary (note 8)	於轉換至一間附屬公司時重新計量於合營企業現有權益的利得（附註8）	**(19,653)**	–
Provision for decline in the value of properties under development and held for sale (note 9)	開發中房地產及持作銷售物業價值下跌撥備（附註9）	**5,873**	1,032
Gain on FVPL (note 8)	按公平值計入損益的利得（附註8）	**(2,675)**	–
Provision for impairment of financial assets (note 9)	金融資產減值撥備（附註9）	**(714)**	2,783
Operating profit before movements in working capital	除營運資本變動前的經營利潤	**1,865,852**	874,940
Increase in properties held for sale	持作銷售物業增加	**(149,560)**	(453,540)

36 CASH FLOW INFORMATION *(Continued)*

(A) CASH GENERATED FROM OPERATIONS *(Continued)*

36 現金流量資料*(續)*

(A) 經營所得現金*(續)*

		For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度 **RMB'000** 人民幣千元	For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度 RMB'000 人民幣千元
Decrease in properties under development	開發中房地產減少	**326,246**	1,430,029
Increase in inventories	庫存增加	**(64,492)**	(28,559)
Increase in trade and other receivables, prepayments and deposits	應收賬款、其他應收款、預付款及按金增加	**(680,232)**	(1,882,707)
Decrease in contract assets	合約資產減少	**105,333**	–
Increase in trade and other payables	應付賬款及其他應付款增加	**1,662,806**	2,413,636
Increase in contract liabilities	合約負債增加	**27,963**	–
Increase/(Decrease) in advanced proceeds received from customers	向客戶收取的預付所得款項增加／(減少)	**13,869**	(873,739)
Increase in restricted cash	受限制現金增加	**(13,772)**	(25,397)
Increase in employee share trust	僱員股份信託增加	**(19,631)**	(6,543)
Operating profit after movements in working capital	除營運資金變動後的經營利潤	**3,074,382**	1,448,120
Acquisition of assets and liabilities through acquisition of subsidiary (note 37 (b))	通過收購附屬公司收購資產及負債(附註37(b))	**(548,057)**	–
Net cash generated from operations	**經營所得現金淨額**	**2,526,325**	1,448,120

(B) Non-cash investing and financing activities disclosed in other notes are:

- Conversion of convertible perpetual securities — note 33 (b)
- Issue of new shares for capitalization of shareholder's loans — note 31 (a)

(B) 於其他附註披露的非現金投資及融資活動為：

- 兑換可換股永久證券－ 附註33 (b)
- 就股東貸款資本化發行新股－附註31 (a)

36 CASH FLOW INFORMATION *(Continued)*

(C) NET DEBT RECONCILIATION

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flow will be, classified in the Group's consolidated statements of cash flows as cash flows from financing activities.

36 現金流量資料*(續)*

(C) 淨負債的對賬

下表載列本集團自融資活動所產生負債的變動(包括現金及非現金變動)詳情。自融資活動所產生的負債為本集團於綜合現金流量表分類為融資活動所得現金流量的現金流量或未來現金流量。

		Borrowings 借款 RMB'000 人民幣千元	Amounts due to non-controlling interest 應付非控制性權益款項 RMB'000 人民幣千元	Amounts due to related parties 應付關聯方款項 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
As at 1 January 2017	於二零一七年一月一日	6,083,341	211,492	2,112,472	8,407,305
Cash flows	現金流量	567,982	(92,837)	2,646,214[i]	3,121,359
Disposal of subsidiaries	出售附屬公司	(1,259,440)	(83,328)	–	(1,342,768)
Exchange difference arising from translation of foreign operations	換算海外業務所產生匯兑差額	24,026	–	–	24,026
Accrual of interest	應計利息	13,506	–	–	13,506
As at 31 December 2017	於二零一七年十二月三十一日	5,429,415	35,327	4,758,686	10,223,428
As at 1 January 2018	**於二零一八年一月一日**	**5,429,415**	**35,327**	**4,758,686**	**10,223,428**
Cash flows	現金流量	**1,459,251**	**(14,193)[ii]**	**1,136,474[i]**	**2,581,532**
Acquisition of subsidiaries (note 37)	收購附屬公司(附註37)	**296,198**	**384,365**	**–**	**680,563**
Disposal of subsidiaries (note 38)	出售附屬公司(附註38)	**(255,400)**	**–**	**–**	**(255,400)**
Capitalization of shareholder loans	股東貸款資本化	**–**	**–**	**(254,997)**	**(254,997)**
Exchange difference arising from translation of foreign operations	換算海外業務所產生匯兑差額	**95,131**	**–**	**–**	**95,131**
Accrual of interest	應計利息	**–**	**4,546**	**73,188**	**77,734**
As at 31 December 2018	於二零一八年十二月三十一日	**7,024,595**	**410,045**	**5,713,351**	**13,147,991**

36 CASH FLOW INFORMATION *(Continued)*

(C) NET DEBT RECONCILIATION *(Continued)*

(i) The cash flows include financing cash inflow of RMB945,166,000 (2017: RMB1,626,814,000)and operating cash inflow of RMB191,308,000(2017: RMB1,019,400,000).

(ii) The cash flows include financing cash outflow of RMB10,794,000 (2017: Nil) and operating cash inflow of RMB3,399,000 (2017: Nil).

36 現金流量資料*(續)*

(C) 淨負債的對賬*(續)*

(i) 現金流量包括融資現金流入人民幣945,166,000元(二零一七年:人民幣1,626,814,000元)及經營現金流入人民幣191,308,000元(二零一七年:人民幣1,019,400,000元)。

(ii) 現金流量包括融資現金流出人民幣10,794,000元(二零一七年:零)及經營現金流入人民幣3,399,000元(二零一七年:零)。

37 ACQUISITION OF SUBSIDIARIES

(A) BUSINESS COMBINATION

On 7 February 2018, the Group acquired 100% equity interest in 上海睿開合夥企業 (有限合夥) (Shanghai Rui Kai investment partnership (limited partnership))("Rui Kai") and 61.54% equity interest in Silver Knight Global Limited ("SK") from a third party at a total consideration of RMB221,010,000. After the acquisition, SK which the Group held 38.46% before the transaction became a wholly owned subsidiary of the Group. The carrying amount of 38.46% equity interest held by the Group before the acquisition was Nil.

On 8 February 2018, the Group acquired 100% equity interest in Guangzhou Jian Zhao Enterprise Management Co., Ltd. ("GZJianZhao") from a third party at a consideration of RMB230,000,000.

37 收購附屬公司

(A) 業務合併

於二零一八年二月七日,本集團向一名第三方收購上海睿開合夥企業(有限合夥)(「睿開」)100%股權及Silver Knight Global Limited(「SK」)61.54%股權,總代價為人民幣221,010,000元。收購後,SK(本集團於交易前持有38.46%)成為本集團全資附屬公司。收購前本集團所持有38.46%股權的賬面值為零。

於二零一八年二月八日,本集團向一名第三方收購Guangzhou Jian Zhao Enterprise Management Co., Ltd.(「廣州建昭」)100%股權,代價為人民幣230,000,000元。

Purchase consideration **購買代價**		**Rui Kai** **睿開**	**SK** **SK**	**GZJianZhao** **廣州建昭**	**Total** **總計**
		RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
— Cash considerations	— 現金代價	189,525	31,485	208,000	429,010
— Other receivables	— 其他應收款	–	–	22,000	22,000
— Re-measurement of interest in joint ventures	— 重新計量於合營企業的權益	–	19,653	–	19,653
Total consideration transferred	已轉移總代價	189,525	51,138	230,000	470,663

37 ACQUISITION OF SUBSIDIARIES *(Continued)*

(A) BUSINESS COMBINATION *(Continued)*

The assets and liabilities recognized as a result of these acquisitions are as follows:

37 收購附屬公司*(續)*

(A) 業務合併*(續)*

因收購而確認的資產及負債如下：

		Rui Kai 睿開 RMB'000 人民幣千元	SK SK RMB'000 人民幣千元	GZJianZhao 廣州建昭 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Cash and cash equivalents	現金及現金等價物	1,178	237,852	5,612	244,642
Trade and other receivables, prepayments and deposits	應收賬款及其他應收款、預付款及按金	188,347	31,953	445	220,745
Properties under development (note 23)	開發中房地產(附註23)	–	846,296	–	846,296
Property, plant and equipment (note 19)	不動產、工廠及設備(附註19)	–	–	325,881	325,881
Deferred income tax assets	遞延所得稅資產	–	2,397	–	2,397
Trade and other payables	應付賬款及其他應付款	–	(404,381)	(35,529)	(439,910)
Contract liabilities	合約負債	–	(299,443)	–	(299,443)
Borrowings	借款	–	(296,198)	–	(296,198)
Deferred income tax liabilities	遞延所得稅負債	–	(67,338)	(66,409)	(133,747)
Net identifiable assets acquired at fair value	按公允價值所收購的可識別淨資產	189,525	51,138	230,000	470,663
Less: non-controlling interests	減：非控制性權益	–	–	–	–
Add: goodwill	加：商譽	–	–	–	–
Total acquired net assets at fair value	按公允價值所收購的淨資產總值	189,525	51,138	230,000	470,663
Cash (outflow)/inflow on acquisitions	收購的現金(流出)／流入				
Total considerations settled by cash	現金支付的總代價	(189,525)	(31,485)	(208,000)	(429,010)
Cash acquired in the subsidiaries acquired	收購所收購附屬公司的現金	1,178	237,852	5,612	244,642
Cash (outflow)/inflow on acquisitions	收購的現金(流出)／流入	(188,347)	206,367	(202,388)	(184,368)

37 ACQUISITION OF SUBSIDIARIES *(Continued)*

(A) BUSINESS COMBINATION *(Continued)*

The acquired business contributed revenues of RMB690,274,000 and profit of RMB20,453,000 to the Group for the period from 7 February to 31 December 2018.

If the acquisition had occurred on 1 January 2018, consolidated pro-forma revenue for the year ended 31 December 2018 would have been the same and profit for the year ended 31 December 2018 would have RMB12,513,000 lower. These amounts have been calculated using the subsidiaries' results and adjusting them for:

- differences in the accounting policies between the Group and the subsidiaries', and
- additional cost of sales that would have been charged assuming the fair value adjustments to properties under development had applied from 1 January 2018, together with the consequential tax effects.

(B) ACQUISITION OF ASSETS AND LIABILITIES THROUGH ACQUISITION OF SUBSIDIARIES

On 7 July 2018, the Group acquired 99.59% equity interest in Chengdu Haixing from multiple third parties at a total consideration of RMB688,190,000. After the acquisition, Chengdu Haixing became a partially owned subsidiary of the Group.

On 10 Sept 2018, the Group acquired 60% equity interest in 南京王家灣物流中心有限責任公司 (Nanjing Wangjiawan Logistics Center Co., Ltd.) ("Wangjiawan") from a third party at a total consideration of RMB21,580,000. After the acquisition, Wangjiawan became a partially owned subsidiary of the Group.

37 收購附屬公司*(續)*

(A) 業務合併*(續)*

被收購業務在二零一八年二月七日至二零一八年十二月三十一日期間向本集團貢獻收入人民幣690,274,000元及利潤人民幣20,453,000元。

如果收購在二零一八年一月一日已發生，截至二零一八年十二月三十一日年度的合併備考收入會相同，截至二零一八年十二月三十一日年度的利潤會減少人民幣12,513,000元。該等金額由經以下調整後的附屬公司經營業績得出：

- 本集團和附屬公司之間的會計政策差異，及
- 假設從二零一八年一月一日起對開發中房地產進行公允價值調整，則可能增加的額外銷售成本，以及相應的稅收影響。

(B) 通過收購附屬公司收購資產及負債

二零一八年七月七日，本集團從多個第三方收購成都海興99.59%權益，總代價為人民幣688,190,000元。收購後，成都海興成為本集團非全資附屬公司。

二零一八年九月十日，本集團從一名第三方收購南京王家灣物流中心有限責任公司(「王家灣」)60%權益，總代價為人民幣21,580,000元。收購後，王家灣成為本集團非全資附屬公司。

37 ACQUISITION OF SUBSIDIARIES *(Continued)*

(B) ACQUISITION OF ASSETS AND LIABILITIES THROUGH ACQUISITION OF SUBSIDIARIES *(Continued)*

The assets and liabilities recognized as a result of these acquisitions are as follows:

37 收購附屬公司*(續)*

(B) 通過收購附屬公司收購資產及負債*(續)*

因收購而確認的資產及負債如下：

		Chengdu Haixing 成都海興 RMB'000 人民幣千元	Wangjiawan 王家灣 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Cash and cash equivalents	現金及現金等價物	67,469	4,763	72,232
Trade and other receivables, prepayments and deposits	應收賬款及其他應收款、預付款及訂金	367	2,137	2,504
Properties under development (note 23)	開發中房地產(附註23)	1,296,733	549,739	1,846,472
Deferred income tax assets	遞延所得稅資產	–	1,521	1,521
Trade and other payables	應付賬款及其他應付款	(673,519)	(517,515)	(1,191,034)
Contract liabilities	合約負債	–	(4,636)	(4,636)
		691,050	36,009	727,059
Less: non-controlling interests	減：非控制性權益	(2,860)	(14,387)	(17,247)
Total acquired net assets	收購的總資產	688,190	21,622	709,812
Total consideration	總代價	688,190	21,622	709,812
Net cash outflow on acquisitions	收購的現金淨流出			
Total considerations settled by cash	現金支付的總代價	(688,190)	(21,622)	(709,812)
Cash acquired in the subsidiaries acquired	收購所收購附屬公司的現金	67,469	4,763	72,232
Consideration payable (note 28)	應付代價(附註28)	89,523	–	89,523
Net cash outflow on acquisitions	收購的現金淨流出	(531,198)	(16,859)	(548,057)

In the opinion of the directors of the Company, acquisition of such subsidiaries does not constitute a business. Therefore, the transaction was determined by the directors of the Company to be acquisition of assets and liabilities through acquisition of subsidiary rather than a business combination as defined in HKFRS 3 (Revised) Business Combination.

本公司董事認為收購該等附屬公司並不構成業務。因此本公司董事將交易界定為通過收購附屬公司收購資產及負債，而非香港財務報告準則第3號(修改)業務合併界定的業務合併。

38 DISPOSAL OF SUBSIDIARIES

PARTIAL DISPOSAL

On 29 June 2018, the Group disposed of two property development companies ("Su Qian") by reducing equity interests from 100.00% to 51.00% respectively at a total consideration of RMB196,801,000, and retained Su Qian as joint ventures.

On 19 July 2018, the Group disposed of a wholly owned property development company ("Ningbo") by selling 60% equity interests at a consideration of RMB43,834,000.

DEEMED DISPOSAL

On 30 April 2018, the Group lost control of a wholly owned subsidiary, namely, Jiaxing Langrong Investment Partnership (Limited Partnership) ("Jiaxing Langrong"), pursuant to capital injection by new investors and the Group at the amount of RMB29,000,000 and RMB79,000,000, respectively. After such capital injection, Jiaxing Langrong became a joint venture of the Group.

The Group also disposed of certain subsidiaries in year 2018, which were considered not significant to the Group.

(a) Summaries of these disposals are as follows:

38 出售附屬公司

部分出售

二零一八年六月二十九日，本集團出售兩家物業開發公司(「宿遷」)，將權益由100.00%削減至51.00%，總代價為人民幣196,801,000元，並保留宿遷作合營企業。

二零一八年七月十九日，本集團出售全資物業開發公司(「寧波」)，方法為出售60%權益，代價為人民幣43,834,000元。

視作出售

於二零一八年四月三十日，根據新投資者及本集團分別注資人民幣29,000,000元及人民幣79,000,000元，本集團失去對全資附屬公司嘉興朗融投資合夥企業(有限合夥)(「嘉興朗融」)的控制權。注資後，嘉興朗融成為本集團的合營企業。

本集團亦於二零一八年出售若干對本集團並不重大的附屬公司。

(a) 有關出售摘要如下：

		Gain on disposal of subsidiaries 出售附屬公司利得 RMB'000 人民幣千元	Net cash inflow/ (outflow) from disposal of subsidiaries 出售附屬公司現金流入／(流出)淨額 RMB'000 人民幣千元
Disposal of Suqian	出售宿遷	110,851	96,226
Disposal of Ningbo	出售寧波	30,521	40,322
Deemed disposal of Jiaxing Langrong	視作出售嘉興朗融	3,378	(5,690)
Disposal of others	出售其他	22,072	3,410
		166,822	134,268

38 DISPOSAL OF SUBSIDIARIES *(Continued)* DEEMED DISPOSAL *(Continued)*

(b) Net assets disposed with reconciliation of disposal gain and cash inflow are as follows:

38 出售附屬公司*(續)* 視作出售*(續)*

(b) 出售之淨資產與出售利得及現金流入對賬如下：

		Disposal of subsidiaries to joint ventures 出售附屬公司為合營企業						
		Su Qian 宿遷 RMB'000 人民幣千元	Jiaxing Langrong 嘉興朗融 RMB'000 人民幣千元	Ningbo 寧波 RMB'000 人民幣千元	Others 其他 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元	Total disposal of a subsidiary 出售一家附屬公司總額 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Net assets disposed of comprise:	**所出售淨資產包括：**							
– Properties under development (note 23)	– 開發中房地產(附註23)	505,694	–	256,857	–	762,551	–	762,551
– Cash and cash equivalents	– 現金及現金等價物	100,575	5,690	3,512	118	109,895	472	110,367
– Trade and other receivables, prepayments and deposits	– 應收賬款及其他應收款、預付款及按金	5,830	9,163	23,439	306,236	344,668	33,240	377,908
– Interests in joint ventures	– 於合營企業的權益	–	–	–	143,216	143,216	–	143,216
– Deferred income tax assets	– 遞延所得稅資產	6,370	784	11,452	1,360	19,966	4,414	24,380
– Property, plant and equipment (note 19)	– 不動產、工廠及設備（附註19）	103	325,880	27	–	326,010	34,061	360,071
– Trade and other payables	– 應付賬款及其他應付款	(237,970)	(44,083)	(252,752)	(451,275)	(986,080)	(88,914)	(1,074,994)
– Borrowings	– 借款	(100,000)	(155,400)	–	–	(255,400)	–	(255,400)
– Deferred income tax liabilities	– 遞延所得稅負債	–	(66,409)	–	–	(66,409)	–	(66,409)
		280,602	75,625	42,535	(345)	398,417	(16,727)	381,690
Recognition of interest in joint ventures (i)	確認合營企業權益(i)	194,652	79,003	29,222	1,000	303,877	–	303,877
Cash consideration received	已收取的現金代價	196,801	–	43,834	4,000	244,635	–	244,635
		391,453	79,003	73,056	5,000	548,512	–	548,512
Gain on disposal of subsidiaries	出售附屬公司的利得	110,851	3,378	30,521	5,345	150,095	16,727	166,822
Net cash inflow arising on the disposals:	出售產生的淨現金流入：							
Total consideration settled by cash	現金代價總額	196,801	–	43,834	4,000	244,635	–	244,635
Less: Cash and cash equivalents in the disposed subsidiaries	減：所出售附屬公司的現金及現金等價物	(100,575)	(5,690)	(3,512)	(118)	(109,895)	(472)	(110,367)
Net cash inflow arising on the disposals	出售產生的淨現金流入：	96,226	(5,690)	40,322	3,882	134,740	(472)	134,268

(i) Included in gain on disposal of subsidiaries is re-measurement gain of interest in joint ventures of RMB46,387,000.

(i) 出售附屬公司之利得包括合營企業權益重新計量利得人民幣46,387,000元。

39 RELATED PARTY BALANCES AND TRANSACTIONS

In addition to those related party balances and transactions elsewhere disclosed in the consolidated financial statements, the Group had the following significant balances and transactions:

39 關聯方結餘及交易

除該等綜合財務報表另有披露外，本集團擁有下列重大關聯方結餘及交易：

(A) AMOUNTS DUE FROM RELATED PARTIES

(A) 應收關聯方款項

		31 December 2018 於二零一八年十二月三十一日 RMB'000 人民幣千元	31 December 2017 於二零一七年十二月三十一日 RMB'000 人民幣千元
Included in non-current assets (note 25):	計入非流動資產(附註25)：		
— Associates (i)	— 聯營公司(i)	**278,162**	285,364
— Joint ventures (ii)	— 合營企業(ii)	**1,353,333**	1,085,171
		1,631,495	1,370,535
Included in current assets (note 25):	計入流動資產(附註25)：		
— Associates (i)	— 聯營公司(i)	**89,209**	768,465
— Joint ventures (ii)	— 合營企業(ii)	**656,091**	791,361
— Ultimate controlling shareholder and its fellow subsidiaries	— 最終控股股東及其同系附屬公司	**511**	–
		745,811	1,559,826

39 RELATED PARTY BALANCES AND TRANSACTIONS *(Continued)*

(A) AMOUNTS DUE FROM RELATED PARTIES *(Continued)*

(i) As of 31 December 2018, non-current amounts due from associates generate interest at 8.00% per annum. Current amounts due from associates include RMB83,541,000 generating interest at 14.00% per annum and the remaining amounts are interest-free.

As of 31 December 2017, non-current amounts due from associates generate interest at 8.00% per annum. Current amounts due from associates include RMB204,104,000 generating interest at 14.00% per annum and the remaining amounts are interest-free.

(ii) As of 31 December 2018, non-current amounts due from joint ventures generate interest ranging from 5.00% to 13.00% per annum. Current amounts due from joint ventures include RMB226,570,000 generating interest ranging from 6.5% to 12% per annum and the remaining amounts are interest-free.

As of 31 December 2017, non-current amounts due from joint ventures generate interest ranging from 5.00% to 12.00% per annum. Current amounts due from joint ventures include RMB159,000,000 generating interest ranging from 5.00% to 12.00% per annum and the remaining amounts are interest-free.

All amounts due from related parties are unsecured.

The carrying amounts of amounts due from related parties approximate their fair values.

39 關聯方結餘及交易*(續)*

(A) 應收關聯方款項*(續)*

(i) 於二零一八年十二月三十一日，應收聯營公司非流動款項按年利率8.00%計息。應收聯營公司流動款項包括人民幣83,541,000元，按14.00%年利率計息，其餘免息。

於二零一七年十二月三十一日，應收聯營公司非流動款項按年利率8.00%計息。應收聯營公司流動款項包括人民幣204,104,000元，按14.00%年利率計息，其餘免息。

(ii) 於二零一八年十二月三十一日，應收合營企業非流動款項按介乎5.00%至13.00%年利率計息。應收合營企業流動款項包括人民幣226,570,000元，按年利率6.5%至12%計息，其餘免息。

截至二零一七年十二月三十一日，應收合營企業非流動款項按介乎5.00%至12.00%年利率計息。應收合營企業流動款項包括人民幣159,000,000元，按介乎5.00%至12.00%年利率計息，餘下結餘為免息。

所有應收關聯方款項為無抵押。

應收關聯方款項的賬面值與其公允價值相若。

39 RELATED PARTY BALANCES AND TRANSACTIONS *(Continued)*

(B) AMOUNTS DUE TO RELATED PARTIES

39 關聯方結餘及交易*(續)*

(B) 應付關聯方款項

		31 December 2018 於二零一八年十二月三十一日 RMB'000 人民幣千元	31 December 2017 於二零一七年十二月三十一日 RMB'000 人民幣千元
Included in non-current liabilities (note 28):	計入非流動負債(附註28):		
— Associates (i)	— 聯營公司(i)	**1,581,829**	1,761,220
— Joint ventures (ii)	— 合營企業(ii)	**1,222,997**	763,474
— Ultimate controlling shareholder and its fellow subsidiaries (iii)	— 最終控股股東及其同系附屬公司(iii)	**–**	189,912
		2,804,826	2,714,606
Included in current liabilities (note 28):	計入流動負債(附註28):		
— Associates (i)	— 聯營公司(i)	**2,175,106**	298,200
— Joint ventures(ii)	— 合營企業(ii)	**676,754**	25,398
— Ultimate controlling shareholder and its fellow subsidiaries (iii)	— 最終控股股東及其同系附屬公司(iii)	**56,666**	1,720,482
		2,908,526	2,044,080

39 RELATED PARTY BALANCES AND TRANSACTIONS *(Continued)*

(B) AMOUNTS DUE TO RELATED PARTIES *(Continued)*

(i) As of 31 December 2018, non-current amounts due to associates are interest-free. Current amounts due to associates include RMB736,360,000 bearing interest at 5.70% per annum and the remaining amounts are interest-free.

As of 31 December 2017, non-current amounts due to associates are interest-free. Current amounts due to associates includes RMB293,700,000 bearing interest at 8.50% per annum and the remaining amounts are interest-free.

(ii) As of 31 December 2018, both non-current and current amounts due to joint ventures are interest-free.

As of 31 December 2017, non-current amounts due to joint ventures include RMB315,230,000 bearing interest ranging from 6.00% to 7.50% per annum and the remaining amounts are interest-free. Current amounts due to joint ventures are interest-free.

(iii) As of 31 December 2018, current amount due to ultimate controlling shareholder and its fellow subsidiaries are interest-free.

As of 31 December 2017, non-current amounts due to ultimate controlling shareholder and its fellow subsidiaries bear interest at 5.50% per annum. Current amounts due to ultimate controlling shareholder and its fellow subsidiaries are interest-free.

All amounts due to related parties are unsecured.

39 關聯方結餘及交易*(續)*

(B) 應付關聯方款項*(續)*

(i) 截至二零一八年十二月三十一日，應付聯營公司非流動款項為免息。應付聯營公司流動款項包括人民幣736,360,000元，按年利率5.70%計息，其餘免息。

截至二零一七年十二月三十一日，應付聯營公司非流動款項為免息。應付聯營公司流動款項包括人民幣293,700,000元按年利率8.50%計息，其餘免息。

(ii) 截至二零一八年十二月三十一日，應付合營企業非流動款項及流動款項均為免息。

截至二零一七年十二月三十一日，應付合營企業非流動款項包括人民幣315,230,000元，按年利率6.00%至7.50%計息，其餘免息。應付合營企業流動款項為免息。

(iii) 截至二零一八年十二月三十一日，應付最終控股股東及其同系附屬公司流動款項免息。

截至二零一七年十二月三十一日，應付最終控股股東及其同系附屬公司非流動款項按年利率5.50%計息。應付最終控股股東及其同系附屬公司流動款項為免息。

所有應付關聯方款項為無抵押。

39 RELATED PARTY BALANCES AND TRANSACTIONS *(Continued)*

39 關聯方結餘及交易*(續)*

(C) TRADE RECEIVABLES

(C) 應收賬款

		31 December 2018 於二零一八年十二月三十一日 RMB'000 人民幣千元	31 December 2017 於二零一七年十二月三十一日 RMB'000 人民幣千元
Included in current assets (note 25):	計入流動資產(附註25):		
— Joint ventures	— 合營企業	**211,615**	158,065
— Associates	— 聯營公司	**108,867**	65,586
— Ultimate controlling shareholder and its fellow subsidiaries	— 最終控股股東及其同系附屬公司	**14,812**	–
		335,294	223,651
Less: provision for bad debt (note 3.1(b)(i))	減：壞賬撥備(附註3.1(b)(i))	**(3,353)**	–
		331,941	223,651

(D) BORROWINGS

(D) 借款

		31 December 2018 於二零一八年十二月三十一日 RMB'000 人民幣千元	31 December 2017 於二零一七年十二月三十一日 RMB'000 人民幣千元
— Ultimate controlling shareholder (note 29)	— 最終控股股東(附註29)	**1,665,000**	1,665,000

(E) GUARANTEE

(E) 擔保

		31 December 2018 於二零一八年十二月三十一日 RMB'000 人民幣千元	31 December 2017 於二零一七年十二月三十一日 RMB'000 人民幣千元
— Guarantee in respect of related parties' borrowings (note 40)	— 就關聯方借款提供擔保(附註40)	**184,278**	230,316

39 RELATED PARTY BALANCES AND TRANSACTIONS *(Continued)*

(F) RELATED PARTY TRANSACTIONS

(i) Funding with related parties

39 關聯方結餘及交易*(續)*

(F) 關聯方交易

(i) 與關聯方往來資金

		For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度			
		Funding to related parties 向關聯方提供資金		Collection of funding to related parties 向關聯方收回資金	
		Operating 經營	Investing 投資	Operating 經營	Investing 投資
		RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
Associates	聯營公司	19	42,000	280,306	157,000
Joint ventures	合營企業	1,856,146	1,830,775	1,460,784	1,735,797
Ultimate controlling shareholder and its fellow subsidiaries	最終控股股東及其同系附屬公司	511	–	–	–
		1,856,676	1,872,775	1,741,090	1,892,797

		For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度			
		Proceeds from related parties 向關聯方收取資金		Repayment to related parties 向關聯方償還資金	
		Operating 經營	Financing 融資	Operating 經營	Financing 融資
		RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
Associates	聯營公司	1,369,803	438,080	86,600	32,000
Joint ventures	合營企業	2,117,434	674,000	1,481,847	200,000
Ultimate controlling shareholder and its fellow subsidiaries	最終控股股東及其同系附屬公司	5,866,725	1,207,973	7,530,540	1,142,887
		9,353,962	2,320,053	9,098,987	1,374,887

39 RELATED PARTY BALANCES AND TRANSACTIONS *(Continued)*

(F) RELATED PARTY TRANSACTIONS *(Continued)*

***(i) Funding with related parties** (Continued)*

39 關聯方結餘及交易*(續)*

(F) 關聯方交易*(續)*

(i) 與關聯方往來資金(續)

		For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度			
		Funding to related parties 向關聯方提供資金		Collection of funding to related parties 向關聯方收回資金	
		Operating 經營	Investing 投資	Operating 經營	Investing 投資
		RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
Associates	聯營公司	570,022	285,364	2,801	468,849
Joint ventures	合營企業	656,567	38,955	–	809,404
		1,226,589	324,319	2,801	1,278,253

		For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度			
		Proceeds from related parties 向關聯方收取資金		Repayment to related parties 向關聯方償還資金	
		Operating 經營	Financing 融資	Operating 經營	Financing 融資
		RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
Associates	聯營公司	737,492	485,838	–	253,000
Joint ventures	合營企業	290,000	561,734	–	94,870
Ultimate controlling shareholder and its fellow subsidiaries	最終控股股東及其同系附屬公司	–	1,032,472	8,092	105,360
		1,027,492	2,080,044	8,092	453,230

39 RELATED PARTY BALANCES AND TRANSACTIONS *(Continued)*

(F) RELATED PARTY TRANSACTIONS *(Continued)*

(ii) Management services, other income and finance cost

39 關聯方結餘及交易*(續)*

(F) 關聯方交易*(續)*

(ii) 管理服務、其他收益及融資成本

		For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度 RMB'000 人民幣千元	For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度 RMB'000 人民幣千元
Management services income from associates and joint ventures (a)	來自聯營公司及合營企業之管理服務收益(a)	**548,884**	421,983
Management services income from fellow subsidiaries of the ultimate controlling shareholder (b)	來自最終控股股東的同系附屬公司之管理服務收益(b)	**23,238**	612
Interest income on amounts due from associates (note 7)	應收聯營公司款項之利息（附註7）	**36,085**	52,454
Interest income on amounts due from joint ventures (note 7)	應收合營企業款項之利息（附註7）	**69,650**	52,948
Purchase from fellow subsidiaries of ultimate controlling shareholder (c)	從最終控股股東的同系附屬公司購買(c)	**32,382**	–
Interest expense on loans from the ultimate controlling shareholder (note 10) (d)	來自最終控股股東之貸款利息費用（附註10）(d)	**95,483**	126,888
Interest expense on loans from fellow subsidiaries of the ultimate controlling shareholder (note 10)	來自最終控股股東的同系附屬公司之貸款利息費用（附註10）	**27,963**	58,098
Interest expense on loans from joint ventures (note 10)	來自合營企業之貸款利息費用（附註10）	**15,448**	29,789
Interest expense on loans from associates (note 10)	來自聯營公司之貸款利息費用（附註10）	**18,543**	11,388

39 RELATED PARTY BALANCES AND TRANSACTIONS *(Continued)*

(F) RELATED PARTY TRANSACTIONS *(Continued)*

***(ii) Management services, other income and finance cost** (Continued)*

(a) During the year ended 31 December 2018, the Group continuously provided management services to its associates and joint ventures. The prices of these services are based on the prevailing market prices of similar services.

(b) Pursuant to the management services agreement entered into between the Group and its ultimate controlling shareholder, the Group provided certain development management services and sales management services to fellow subsidiaries of the ultimate controlling shareholder during the year ended 31 December 2018. These transactions constitute continuing connected transactions of the Group under Chapter 14A of the Listing Rules and such transactions have complied with the relevant disclosure requirements under Chapter 14A of the Listing Rules.

The prices of these services are based on the prevailing market prices of similar services provided by the Group to independent third parties.

(c) During the year ended 31 December 2018, the Group purchased certain green architecture technological products and services, decoration services, property services and properties consulting service from fellow subsidiaries. The prices of products and services were based on the prevailing market prices of similar products and services.

(d) The ultimate holding company provided interest bearing loans to the Group during the year. The interest expense on loans is based on prevailing market interest rate and is exempted from the reporting and disclosure requirement pursuant to Rule 14A.90 of the Listing Rules.

39 關聯方結餘及交易*(續)*

(F) 關聯方交易*(續)*

***(ii) 管理服務、其他收益及融資成本** (續)*

(a) 截至二零一八年十二月三十一日止年度，本集團持續向聯營公司及合營企業提供管理服務，該等服務以類似服務之現行市價為定價基準。

(b) 根據本集團與最終控股股東訂立之項目管理服務協議，截至二零一八年十二月三十一日止年度本集團向最終控股股東的同系附屬公司提供若干項目開發管理、銷售管理服務。根據上市規則第14A章，該等交易屬於本集團之持續關連交易，而該等交易已遵守上市規則第14A章所載相關披露規定。

該等服務以本集團向獨立第三方提供類似服務之現行市價為定價基準。

(c) 截至二零一八年十二月三十一日止年度，本集團向同系附屬公司購買若干綠色建築技術產品及服務、裝飾服務、物業服務與物業諮詢服務。該等產品及服務以類似產品及服務之現行市價為定價基準。

(d) 年內，最終控股公司向本集團提供計息貸款。貸款利息費用乃按現行市場利率計算，並根據上市規則第14A.90條獲豁免遵守申報及披露規定。

39 RELATED PARTY BALANCES AND TRANSACTIONS *(Continued)*

(G) Included in employee benefit expenses are key management personnel compensations which comprises the following categories:

39 關聯方結餘及交易*(續)*

(G) 僱員福利費用包括涵蓋以下類別之主要管理人員補償：

		For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度 RMB'000 人民幣千元	For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度 RMB'000 人民幣千元
Short term employee benefits	短期僱員福利	**37,681**	42,641
Contributions to retirement benefits schemes	退休福利計劃供款	**1,110**	1,267
Restricted share award	限制性股份獎勵	**–**	–
		38,791	43,908

(H) TRANSACTIONS DISCLOSED IN OTHER NOTES ARE:

- Conversion of convertible perpetual securities — note 33 (b)
- Issue of new shares for capitalization of shareholder loans — note 31 (a)
- Disposal of 朗詩常青藤養老服務（上海）有限公司 ("Landsea Ivy Senior housing Service (Shanghai) Co., Ltd.") to a fellow subsidiary of the ultimate controlling shareholder at the consideration of RMB1 — note 38.

(H) 於其他附註披露的交易為：

- 兑換可換股永久證券 — 附註33 (b)
- 就股東貸款資本化發行新股 — 附註31 (a)
- 出售朗詩常青藤養老服務(上海)有限公司予最終控股股東的一家同系附屬公司，代價為人民幣1元 — 附註38。

40 CONTINGENT LIABILITIES
GUARANTEE

40 或然負債
擔保

		31 December 2018 於二零一八年十二月三十一日 RMB'000 人民幣千元	31 December 2017 於二零一七年十二月三十一日 RMB'000 人民幣千元
Guarantee in respect of mortgage facilities for certain purchasers (a)	就若干買家之按揭融資所提供擔保(a)	**2,110,433**	2,140,598
Guarantee in respect of related parties' borrowings (b)	就關聯方借款提供擔保(b)	**184,278**	230,316
		2,294,711	2,370,914

(a) The Group cooperated with various financial institutions to arrange mortgaged loan facilities for the purchasers of its properties and provided guarantees to secure such purchasers' obligation of repayments. Such guarantees will be released by banks upon earlier of the issuance of the real estate ownership certificate and the satisfaction of relevant mortgaged loan. In the opinion of directors of the Company, the fair value of the financial guarantee contracts is not significant.

(a) 本集團與多家金融機構合作，為其物業買家安排按揭貸款融資並就該等買家之還款責任提供擔保。有關擔保將於獲發房地產擁有權證或償還按揭貸款(以較早者為準)後由銀行解除。本公司董事認為，財務擔保合約之公允價值並不重大。

(b) As at 31 December 2018, the Group provided guarantees to LS-NJ Port Imperial LLC, a 51% joint venture of the Group, for its bank borrowing with the amount of RMB61,770,000 and LS-NJ Port Imperial EB5 Borrower LLC, a 51% joint venture of the Group, for its EB-5 loans with the amount of RMB122,508,000. Obligation under the guarantees provided to LS-NJ Port Imperial LLC and LS-NJ Port Imperial EB5 Borrower LLC shall be discharged pursuant to the counter-indemnity provided by Landsea Group Co., Ltd. Bank borrowing and EB-5 Loan of Fenway Ventures Point Properties LLC, which guaranteed by the Group were repaid during the year ended 31 December 2018.

(b) 於二零一八年十二月三十一日，本集團為LS-NJ Port Imperial LLC(為本集團之51%合營企業)之銀行借款提供擔保，金額為人民幣61,770,000元。本集團同時為LS-NJ Port Imperial EB5 Borrower LLC(為本集團之51%合營企業)之EB-5貸款提供擔保，金額為人民幣122,508,000元。對LS-NJ Port Imperial LLC及LS-NJ Port Imperial EB5 Borrower LLC的保證責任將根據朗詩集團股份有限公司的對應賠償保證解除。由本集團提供擔保的Fenway Ventures Point Properties LLC銀行借款及EB-5貸款已於截至二零一八年十二月三十一日止年度償還。

41 COMMITMENTS

(A) OPERATING LEASE ARRANGEMENTS

The Group — As lessee

At the reporting date, the Group had the outstanding commitments for future minimum lease payments under non-cancellable operating leases as follows:

41 承擔

(A) 經營租賃安排

本集團 — 作為承租人

於報告日期，本集團根據不可撤銷經營租賃之未償未來最低租賃付款承擔如下：

		31 December 2018 於 二零一八年 十二月三十一日 RMB'000 人民幣千元	31 December 2017 於 二零一七年 十二月三十一日 RMB'000 人民幣千元
Within one year	一年內	**353,434**	82,756
Later than one year but no later than five years	一年後但不超過五年	**2,833,078**	763,080
Over five years	超過五年	**5,604,382**	1,549,378
		8,790,894	2,395,214

The Group — As lessor

The Group leases its investment properties under operating lease arrangements, with lease terms ranging from one to twenty years, and with an option to renew the lease terms at the expiry date or at the date as mutually agreed between the Group and respective tenants. The terms of the leases generally also require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions.

本集團 — 作為出租人

本集團根據經營租賃安排出租其投資性物業，租期介乎一至二十年，可選擇於屆滿日期或本集團與各租戶互相協定之日期續租。此外，租賃條款一般規定租戶支付保證金及根據當時現行市況定期調整租金。

41 COMMITMENTS *(Continued)*

(A) OPERATING LEASE ARRANGEMENTS *(Continued)*

***The Group — As lessor** (Continued)*

At the reporting date, the Group has contracted with tenants for the following future minimum lease payments:

41 承擔*(續)*

(A) 經營租賃安排*(續)*

本集團 — 作為出租人(續)

於報告日期，本集團有以下與租戶訂約之未來最低租賃付款：

		31 December 2018 於二零一八年十二月三十一日 RMB'000 人民幣千元	31 December 2017 於二零一七年十二月三十一日 RMB'000 人民幣千元
Within one year	一年內	**136,612**	34,449
Later than one year but no later than five years	一年後但不超過五年	**114,978**	66,158
Over five years	超過五年	**36,158**	18,723
		287,748	119,330

(B) CAPITAL COMMITMENTS

As at 31 December 2018, the Group had the following capital commitments:

(B) 資本承擔

於二零一八年十二月三十一日，本集團之資本承擔如下：

		31 December 2018 於二零一八年十二月三十一日 RMB'000 人民幣千元	31 December 2017 於二零一七年十二月三十一日 RMB'000 人民幣千元
Contracted but not provided for:	已訂約但未撥備		
— Development expenditure	— 開發支出	**567,194**	1,534,328
— Purchase of freehold land	— 購買永久業權土地	**863,122**	854,724
— Renovation expenditure	— 裝修支出	**316,795**	84,527
		1,747,111	2,473,579

42 PRINCIPAL SUBSIDIARIES

Particulars of the Company's principal subsidiaries are as follows:

42 主要附屬公司

本公司主要附屬公司詳情如下：

Name 名稱	Place of incorporation and kind of legal entity 註冊成立地點及法律實體類別	Particulars of issued share capital 已發行股本詳情	Ownership interests held by the Group 本集團持有的擁有權權益		Principal activities and place of operation 主要業務及經營地點
			31 December 2018 於二零一八年十二月三十一日 (%)	31 December 2017 於二零一七年十二月三十一日 (%)	
Cathay Holdings Limited 國泰集團有限公司 (c)	Hong Kong 香港	2 shares of HK$1 each 2股，每股1港元	**100**	100	Investment holding 投資控股
China Information Industry Limited 中國資訊產業有限公司 (c)	Hong Kong 香港	2 shares of HK$1 each 2股，每股1港元	**100**	100	Investment holding 投資控股
Dawning Information Industry (Shenzhen) Limited 曙光資訊產業(深圳)有限公司(b)	Mainland China 中國內地	HK$152,120,000 152,120,000港元	**100**	100	Property leasing and building management 房地產租賃及樓宇管理
GOI Limited (c)	Hong Kong 香港	2 shares of HK$1 each 2股，每股1港元	**100**	100	Investment holding 投資控股
Green Future Holdings Limited 綠色未來控股有限公司 (c)	Hong Kong 香港	1 share of HK$1 1股，每股1港元	**100**	100	Investment holding 投資控股
Green Homeland Limited 綠色家園有限公司 (c)	Hong Kong 香港	1 share of HK$1 each 1股，每股1港元	**100**	100	Investment holding 投資控股
Green Theme Limited (c)	Hong Kong 香港	1 share of HK$1 each 1股，每股1港元	**100**	100	Investment holding 投資控股
New Phenomenon Technology Limited (c)	BVI 英屬維爾京群島	1 share of US$1 1股，每股1美元	**100**	100	Investment holding 投資控股
Aqua Sky Limited (c)	Hong Kong 香港	1 share of HK$1 each 1股，每股1港元	**100**	100	Investment holding 投資控股
Easy Shine Global Limited (c)	Hong Kong 香港	1 share of HK$1 each 1股，每股1港元	**100**	100	Investment holding 投資控股
Green Era Limited (c)	BVI 英屬維爾京群島	1 share of US$1 1股，每股1美元	**100**	100	Investment holding 投資控股
Power Sky Enterprises Limited (c)	Hong Kong 香港	1 share of HK$1 each 1股，每股1港元	**100**	100	Investment holding 投資控股
Prosperous Eagle Limited (c)	Hong Kong 香港	1 share of HK$1 each 1股，每股1港元	**100**	100	Investment holding 投資控股
Landsky Investment Holdings Limited (c)	Hong Kong 香港	1 share of HK$1 each 1股，每股1港元	**100**	100	Investment holding 投資控股
Landliving Investment Holdings Limited (c)	Hong Kong 香港	1 share of HK$1 each 1股，每股1港元	**100**	100	Investment holding 投資控股

42 PRINCIPAL SUBSIDIARIES *(Continued)*

42 主要附屬公司*(續)*

Name 名稱	Place of incorporation and kind of legal entity 註冊成立地點及法律實體類別	Particulars of issued share capital 已發行股本詳情	Ownership interests held by the Group 本集團持有的擁有權權益		Principal activities and place of operation 主要業務及經營地點
			31 December 2018 於二零一八年十二月三十一日 (%)	31 December 2017 於二零一七年十二月三十一日 (%)	
Hangzhou Langhong Property Limited 杭州朗宏置業有限公司*#	Mainland China 中國內地	RMB100,000,000 人民幣100,000,000元	**100**	100	Property development 房地產開發
Chengdu Langming Property Limited 成都朗銘置業有限公司*#	Mainland China 中國內地	RMB8,000,000 人民幣8,000,000元	**100**	100	Property development 房地產開發
Shanghai Langming Property development Limited 上海朗銘房地產開發有限公司*#	Mainland China 中國內地	RMB50,000,000 人民幣50,000,000元	**100**	100	Property development 房地產開發
Suzhou Langkun Property Limited 蘇州朗坤置業有限公司*#	Mainland China 中國內地	RMB100,000,000 人民幣100,000,000元	**55**	55	Property development 房地產開發
Shanghai Langxin Properties Development Limited 上海朗信房地產開發有限公司*#	Mainland China 中國內地	RMB50,000,000 人民幣50,000,000元	**100**	100	Property development 房地產開發
Wuxi Langhua Development Co., Ltd. 無錫朗華置業有限公司*#	Mainland China 中國內地	RMB50,000,000 人民幣50,000,000元	**100**	100	Property development 房地產開發
Nanjing Landsea Investment Management Limited 南京朗詩投資管理有限公司*#	Mainland China 中國內地	RMB200,000,000 人民幣200,000,000元	**100**	100	Investment holding 投資控股
Shanghai Landsea Investment Management Limited 上海朗詩投資管理有限公司*#	Mainland China 中國內地	US$5,000,000 5,000,000美元	**100**	100	Investment holding 投資控股
Asia Pacific Business Link Limited 亞太經貿聯合有限公司	Hong Kong 香港	2 shares of HK$1 each 2股、每股1港元 9,670,000 shares of US$1 each 9,670,000股每股1美元	**100**	38	Property development 房地產開發
Nanjing Langming Properties Group Limited 南京朗銘地產集團有限公司*#	Mainland China 中國內地	RMB1,250,000,000 人民幣1,250,000,000元	**100**	100	Investment holding 投資控股
Zhongfuyiyang (Tianjin) Real Estate Co., Ltd. 中福頤養(天津)置業有限公司*#	Mainland China 中國內地	RMB100,000,000 人民幣100,000,000元	**75**	75	Property development 房地產開發
Nanjing Langqing Property Limited 南京朗慶置業有限公司*#	Mainland China 中國內地	HK$1,124,980,000 1,124,980,000港元	**100**	100	Property development 房地產開發
Nanjing Landsea Construction and Decoration Limited 南京朗詩建築裝飾有限公司*#	Mainland China 中國內地	RMB50,000,000 人民幣50,000,000元	**100**	100	Decoration and design 裝飾及設計

42 PRINCIPAL SUBSIDIARIES *(Continued)* 42 主要附屬公司*(續)*

Name 名稱	Place of incorporation and kind of legal entity 註冊成立地點及法律實體類別	Particulars of issued share capital 已發行股本詳情	Ownership interests held by the Group 本集團持有的擁有權權益		Principal activities and place of operation 主要業務及經營地點
			31 December 2018 於二零一八年十二月三十一日 (%)	31 December 2017 於二零一七年十二月三十一日 (%)	
Zhejiang Langyue Construction and Decoration Limited 浙江朗悅建築裝飾有限公司*#	Mainland China 中國內地	RMB10,000,000 人民幣10,000,000元	**100**	100	Decoration and design 裝飾及設計
Wuxi Minglang Property Limited 無錫明朗置業有限公司*#	Mainland China 中國內地	RMB50,000,000 人民幣50,000,000元	**100**	100	Property development 房地產開發
Shanghai Langqing Investment Management Limited 上海朗青投資管理有限公司*#	Mainland China 中國內地	RMB17,183,252 人民幣17,183,252元	**100**	100	Investment holding 投資控股
Nanjing Xinbeisheng Investment Management Co., Ltd. 南京鑫貝盛投資管理有限公司*#	Mainland China 中國內地	Nil 無	**100**	100	Property leasing and building management 房地產租賃及樓宇管理
Nanjing Bozhixin Investment Management Limited 南京博之鑫投資管理有限公司*#	Mainland China 中國內地	RMB17,880,000 人民幣17,880,000元	**100**	100	Investment holding 投資控股
Nanjing Xinhuisheng Investment Management Limited 南京鑫輝盛投資管理有限公司*#	Mainland China 中國內地	RMB8,000,000 人民幣8,000,000元	**60**	60	Investment holding 投資控股
Hangzhou Langhui Investment Management Limited 杭州朗輝投資管理有限公司*#	Mainland China 中國內地	RMB5,000,000 人民幣5,000,000元	**100**	100	Investment holding 投資控股
Beijing Landsea Investment Limited 北京朗詩投資管理有限公司	Mainland China 中國內地	RMB50,000,000 人民幣50,000,000元	**100**	100	Property development 房地產開發
Shanghai Langzhi Property Limited 上海朗智置業有限公司*#	Mainland China 中國內地	RMB8,000,000 人民幣8,000,000元	**100**	100	Property development 房地產開發
Hangzhou Langyu Investment Management Co. LTD. 杭州朗寓投資管理有限公司*#	Mainland China 中國內地	RMB200,000,000 人民幣200,000,000元	**100**	100	Leasing 租賃
Chengdu Haixing Cold Industry Trading Co., Ltd. 成都海興冷業貿易股份有限公司*#(b)	Mainland China 中國內地	RMB12,079,000 人民幣12,079,000元	**99.59**	NA 不適用	Property development 房地產開發
Ningbo Landsea Enterprise Management Consulting Co.,Ltd 寧波朗詩企業管理諮詢有限公司*#	Mainland China 中國內地	Nil 無	**100**	NA 不適用	Investment holding 投資控股

42 PRINCIPAL SUBSIDIARIES *(Continued)*

42 主要附屬公司*(續)*

Name 名稱	Place of incorporation and kind of legal entity 註冊成立地點及法律實體類別	Particulars of issued share capital 已發行股本詳情	Ownership interests held by the Group 本集團持有的擁有權權益		Principal activities and place of operation 主要業務及經營地點
			31 December 2018 於二零一八年十二月三十一日 (%)	31 December 2017 於二零一七年十二月三十一日 (%)	
Shanghai Shanglv Marketing Planning Co., Ltd 上海尚綠市場營銷策劃有限公司*#	Mainland China 中國內地	RMB10,000,000 人民幣10,000,000元	**100**	100	Marketing 營銷
Nanjing Wangjiawan Logistics Center Co., Ltd. 南京王家灣物流中心有限責任公司*#	Mainland China 中國內地	RMB106,116,346 人民幣106,116,346元	**60**	NA 不適用	Investment holding 投資控股
Suzhou Langheng Real Estate Co.,Ltd. 蘇州朗恒置業有限公司*#	Mainland China 中國內地	RMB50,000,000 人民幣50,000,000元	**100**	NA 不適用	Investment holding 投資控股
Shanghai Langkun Business Management Co.,Ltd. 上海朗昆企業管理有限公司*#	Mainland China 中國內地	Nil 無	**100**	100	Investment holding 投資控股
Wuhan Lvshanghexin Marketing Planning Co., Ltd. 武漢綠尚禾信市場營銷策劃有限公司*#	Mainland China 中國內地	Nil 無	**100**	NA 不適用	Marketing 營銷
Shanghai Landsea Apartment Industry Development Co., LTD. 上海朗詩寓實業發展有限公司*#	Mainland China 中國內地	RMB500,000,000 人民幣500,000,000元	**100**	NA 不適用	Leasing 租賃
Nantong Diding Business Management Co., Ltd. 南通帝鼎企業管理有限公司*#(b)	Mainland China 中國內地	Nil 無	**100**	100	Property leasing and building management 房地產租賃及樓宇管理
Shanghai Langsong Industrial Co. LTD. 上海朗松實業有限公司(b)	Mainland China 中國內地	RMB120,000,000 人民幣120,000,000元	**100**	100	Property leasing and building management 房地產租賃及樓宇管理
Landsea Holdings Corporation	US 美國	US$158,873,331 158,873,331美元	**100**	100	Investment holding 投資控股
SF Vale LLC (a)	US 美國	US$9,000,000 9,000,000美元	**5**	5	Investment holding 投資控股
LS- Jordan Ranch LLC	US 美國	US$19,900,870 19,900,870美元	**100**	100	Real estate development and sales US 房地產開發及銷售－美國
LS-LA Simi LLC	US 美國	US$21,786,756 21,786,756美元	**100**	100	Real estate development and sales US 房地產開發及銷售－美國

42 PRINCIPAL SUBSIDIARIES *(Continued)* 42 主要附屬公司*(續)*

Name 名稱	Place of incorporation and kind of legal entity 註冊成立地點及法律實體類別	Particulars of issued share capital 已發行股本詳情	Ownership interests held by the Group 本集團持有的擁有權權益		Principal activities and place of operation 主要業務及經營地點
			31 December 2018 於二零一八年十二月三十一日 (%)	31 December 2017 於二零一七年十二月三十一日 (%)	
LS-OC Portola LLC	US 美國	US$102,849,956 102,849,956美元	**100**	100	Real estate development and sales US 房地產開發及銷售－美國
LS-Walnut Creek LLC	US 美國	US$12,945,233 12,945,233美元	**100**	100	Real estate development and sales US 房地產開發及銷售－美國
LS-NJ Port Imperial LLC	US 美國	US$96,335,191 96,335,191美元	**100**	100	Real estate development and sales US 房地產開發及銷售－美國
LS-Sunnyvale LLC	US 美國	US$133,269,944 133,269,944美元	**71**	71	Real estate development and sales US 房地產開發及銷售－美國
Epic China Limited (c)	BVI 英屬維爾京群島	US$50,000 50,000美元	**100**	100	Investment holding 投資控股
Landsea Equity LLC	US 美國	US$ 51,900,000 51,900,000美元	**100**	100	Investment holding 投資控股

Limited liability company registered in Mainland China

* English translations are for identification purpose only

(a) The Group is the only managing member of the Company.

(b) The equity interests of these subsidiaries are pledged for bank borrowings of the Group. (note 29).

(c) The guaranteed senior notes (note 29) are irrevocably, fully and unconditionally guaranteed on a senior basis by these subsidiaries (each and collectively).

於中國內地註冊之有限公司

* 僅供識別

(a) 本集團為該公司唯一管理成員。

(b) 此等附屬公司的權益已作為本集團銀行借款的抵押(附註29)。

(c) 有擔保優先債券(附註29)由此等附屬公司(個別及共同)不可撤回、悉數及無條件優先擔保。

43 SUMMARIZED FINANCIAL INFORMATION ON SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

The total non-controlling interests as at 31 December 2018 were approximately RMB377,340,000 (2017: RMB206,122,000), of which approximately were RMB253,294,000 (2017: RMB231,637,000) attributed as below for Suzhou Langkun Property Limited.

43 具重大非控制性權益附屬公司的財務資料摘要

於二零一八年十二月三十一日的總非控制性權益約為人民幣377,340,000元(二零一七年：人民幣206,122,000元)，其中蘇州朗坤置業有限公司應佔約人民幣253,294,000元(二零一七年：人民幣231,637,000元)，各項目分析如下。

SUMMARIZED STATEMENTS OF BALANCE SHEET

資產負債表摘要

		31 December 2018 於二零一八年十二月三十一日 RMB'000 人民幣千元	31 December 2017 於二零一七年十二月三十一日 RMB'000 人民幣千元
Current	流動		
Assets	資產	**3,196,179**	2,350,624
Liabilities	負債	**(2,180,341)**	(1,816,969)
Total current net assets	流動淨資產總值	**1,015,838**	533,655
Non-current	非流動		
Assets	資產	**7,037**	9,094
Liabilities	負債	**(460,000)**	(28,000)
Total non-current net assets	非流動淨資產總值	**(452,963)**	(18,906)
Net assets	資產淨值	**562,875**	514,749
Accumulated non-controlling interest	累計非控制性權益	**253,294**	231,637

43 SUMMARIZED FINANCIAL INFORMATION ON SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS *(Continued)*

SUMMARIZED STATEMENTS OF COMPREHENSIVE INCOME

43 具重大非控制性權益附屬公司的財務資料摘要*(續)*

全面收益表摘要

		31 December 2018 於二零一八年十二月三十一日 RMB'000 人民幣千元	31 December 2017 於二零一七年十二月三十一日 RMB'000 人民幣千元
Revenue	收入	**1,599,387**	1,254,315
Profit before income tax	除所得稅前利潤	**558,449**	428,632
Income tax expense	所得稅費用	**140,322**	99,932
Total profit	利潤總額	**418,127**	328,700
Total comprehensive income for the year	年內全面收益總額	**418,127**	328,700
Total comprehensive income attributable to non-controlling interest	非控制性權益應佔全面收益總額	**210,207**	147,915
Distribution to non-controlling interests	向非控制性權益分派	**188,550**	–

43 SUMMARIZED FINANCIAL INFORMATION ON SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS *(Continued)*

43 具重大非控制性權益附屬公司的財務資料摘要*(續)*

SUMMARISED STATEMENTS OF CASH FLOWS

現金流量表摘要

		For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度 RMB'000 人民幣千元	For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度 RMB'000 人民幣千元
Net cash generated from operating activities	經營活動所得現金淨額	**757,798**	240,717
Net cash (used in)/generated from investing activities	投資活動所(用)／得現金淨額	**(24)**	25,190
Net cash used in from financing activities	融資活動所用現金淨額	**(20,723)**	(313,045)
Net increase/(decrease) in cash and cash equivalents	現金及現金等價物增加／(減少)淨額	**737,051**	(47,138)
Cash and cash equivalents at 1 January	一月一日現金及現金等價物	**121,472**	168,610
Effect of currency translation on cash and cash equivalents	現金及現金等價物貨幣換算的影響	**–**	–
Cash and cash equivalents at 31 December	十二月三十一日現金及現金等價物	**858,523**	121,472

44 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

44 本公司資產負債表及儲備變動

BALANCE SHEET OF THE COMPANY

本公司資產負債表

		31 December 2018 於二零一八年十二月三十一日 RMB'000 人民幣千元	31 December 2017 於二零一七年十二月三十一日 RMB'000 人民幣千元
Non-current assets	**非流動資產**		
Investments in subsidiaries	於附屬公司之投資	**406,621**	399,089
Investments in joint ventures	於合營企業之投資	**–**	129,701
		406,621	528,790
Current assets	**流動資產**		
Other receivables, prepayments and deposits	其他應收款、預付款及按金	**4,709,898**	4,405,661
Cash and cash equivalents	現金及現金等價物	**28,485**	8,823
		4,738,383	4,414,484
Total assets	資產總值	**5,145,004**	4,943,274
Current liabilities	**流動負債**		
Other payables	其他應付款	**2,663,973**	2,817,125
Borrowings	借款	**142,297**	1,002,958
		2,806,270	3,820,083
Non-current liabilities	**非流動負債**		
Borrowings	借款	**1,584,149**	213,990
Total liabilities	**總負債**	**4,390,419**	4,034,073

44 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY *(Continued)*

BALANCE SHEET OF THE COMPANY *(Continued)*

44 本公司資產負債表及儲備變動*(續)*

本公司資產負債表*(續)*

			31 December 2018 於二零一八年十二月三十一日 RMB'000 人民幣千元	31 December 2017 於二零一七年十二月三十一日 RMB'000 人民幣千元
Equity	**權益**			
Share capital	股本		**38,702**	31,800
Convertible perpetual securities	可換股永久證券	(a)	**–**	495,425
Reserves	儲備	(b)	**715,883**	381,976
Total equity	**總權益**		**754,585**	909,201
Total liabilities and equity	**總負債及權益**		**5,145,004**	4,943,274

The balance sheet of the Company was approved by the Board of Directors on 22 March 2019 and was signed on its behalf.

本公司資產負債表已於二零一九年三月二十二日經董事局批准，並由以下人士代表簽署。

Zhou Qin
周勤
Director
董事

Shen Leying
申樂瑩
Director
董事

44 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY *(Continued)*

44 本公司資產負債表及儲備變動*(續)*

BALANCE SHEET OF THE COMPANY *(Continued)*

本公司資產負債表*(續)*

(a) Convertible perpetual securities and reserves movement of the Company

(a) 本公司可換股永久證券及儲備變動

		Convertible perpetual securities 可換股永久證券 RMB'000 人民幣千元	Reserves 儲備 RMB'000 人民幣千元 (b)	Total 總計 RMB'000 人民幣千元
At 1 January 2017	**於二零一七年一月一日**	484,204	856,598	1,340,802
Exchange difference arising from translation of foreign operation	換算海外業務所產生匯兑差額	–	(76,929)	(76,929)
Loss for the year	年度虧損	–	(232,789)	(232,789)
Total comprehensive loss for the year	**年度全面虧損總額**	–	(309,718)	(309,718)
Issuance of shares	發行股份			
Shares held for restricted share award scheme	為限制性股份獎勵計劃而持有之股份	–	(6,543)	(6,543)
Accrued distribution to holders of convertible perpetual securities	可換股永久證券持有人應計分派	19,679	(19,679)	–
Distributions to holders of convertible perpetual securities	可換股永久證券持有人分派	(8,458)	–	(8,458)
Dividend	股息	–	(138,682)	(138,682)
Subtotal of transaction with shareholders	與股東交易小計	11,221	(164,904)	(153,683)
At 31 December 2017	**於二零一七年十二月三十一日**	495,425	381,976	877,401

44 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY *(Continued)*

BALANCE SHEET OF THE COMPANY *(Continued)*

***(a) Convertible perpetual securities and reserves movement of the Company** (Continued)*

44 本公司資產負債表及儲備變動*(續)*

本公司資產負債表*(續)*

(a) 本公司可換股永久證券及儲備變動(續)

		Convertible perpetual securities 可換股永久證券 RMB'000 人民幣千元	Reserve 儲備 RMB'000 人民幣千元 (b)	Total 總計 RMB'000 人民幣千元
At 1 January 2018	**於二零一八年一月一日**	**495,425**	**381,976**	**877,401**
Exchange difference arising from translation of foreign operation	換算海外業務所產生匯兑差額	**–**	**21,838**	**21,838**
Loss for the year	年度虧損	**–**	**(114,479)**	**(114,479)**
Total comprehensive loss for the year	**年度全面虧損總額**	**–**	**(92,641)**	**(92,641)**
Shares held for restricted share award scheme	為限制性股份獎勵計劃而持有之股份	**–**	**(17,486)**	**(17,486)**
Issue of ordinary shares as capitalisation of shareholder loans	就股東貸款資本化發行普通股	**–**	**251,997**	**251,997**
Accrued distribution to holders of convertible perpetual securities	可換股永久證券持有人應計分派	**29,599**	**(29,599)**	**–**
Distributions to holders of convertible perpetual securities	可換股永久證券持有人分派	**(51,648)**	**–**	**(51,648)**
Conversion of convertible perpetual securities	轉換可換股永久證券	**(364,220)**	**360,318**	**(3,902)**
Redemption of convertible perpetual securities	贖回可換股永久證券	**(109,156)**	**–**	**(109,156)**
Dividend declared	已宣派股息	**–**	**(138,682)**	**(138,682)**
Subtotal of transaction with shareholders	**與股東交易小計**	**(495,425)**	**426,548**	**(68,877)**
At 31 December 2018	**於二零一八年十二月三十一日**	**–**	**715,883**	**715,883**

44 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY *(Continued)*

44 本公司資產負債表及儲備變動*(續)*

BALANCE SHEET OF THE COMPANY *(Continued)*

本公司資產負債表*(續)*

(b) Reserves movement of the Company

(b) 本公司儲備變動

		Share premium 股份溢價 RMB'000 人民幣千元	Translation reserve 折算儲備 RMB'000 人民幣千元	Share based compensation reserve 股權報酬儲備 RMB'000 人民幣千元	Employee share trust 僱員股份信託 RMB'000 人民幣千元	Capital redemption reserve 資本贖回儲備 RMB'000 人民幣千元	Contributed surplus 實繳盈餘 RMB'000 人民幣千元	Accumulated losses 累計虧損 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
At 1 January 2017	**於二零一七年一月一日**	712,051	118,314	19,800	(28,907)	23,185	114,711	(102,556)	856,598
Exchange difference arising from translation of foreign operation	換算海外業務所產生匯兑差額	–	(76,929)	–	–	–	–	–	(76,929)
Loss for the year	年度虧損	–	–	–	–	–	–	(232,789)	(232,789)
Total comprehensive loss for the year	**年度全面虧損總額**	–	(76,929)	–	–	–	–	(232,789)	(309,718)
Shares held for restricted share award scheme	為限制性股份獎勵計劃而持有之股份	–	–	–	(6,543)	–	–	–	(6,543)
Accrued distribution to holders of convertible perpetual securities	可換股永久證券持有人應計分派	–	–	–	–	–	–	(19,679)	(19,679)
Share premium reduction	削減股份溢價	(500,000)	–	–	–	–	500,000	–	–
Dividend declared	宣派股息	–	–	–	–	–	(138,682)	–	(138,682)
Subtotal of transaction with shareholders	與股東交易小計	(500,000)	–	–	(6,543)	–	361,318	(19,679)	(164,904)
At 31 December 2017	**於二零一七年十二月三十一日**	212,051	41,385	19,800	(35,450)	23,185	476,029	(355,024)	381,976

44 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY *(Continued)*

44 本公司資產負債表及儲備變動*(續)*

BALANCE SHEET OF THE COMPANY *(Continued)*

本公司資產負債表*(續)*

***(b) Reserves movement of the Company** (Continued)*

(b) 本公司儲備變動(續)

		Share premium 股份溢價 RMB'000 人民幣千元	Translation reserve 折算儲備 RMB'000 人民幣千元	Share based compensation reserve 股權報酬儲備 RMB'000 人民幣千元	Employee share trust 僱員股份信託 RMB'000 人民幣千元	Capital redemption reserve 資本贖回儲備 RMB'000 人民幣千元	Contributed surplus 實繳盈餘 RMB'000 人民幣千元	Accumulated losses 累計虧損 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
At 1 January 2018	**於二零一八年一月一日**	**212,051**	**41,385**	**19,800**	**(35,450)**	**23,185**	**476,029**	**(355,024)**	**381,976**
Exchange difference arising from translation of foreign operation	換算海外業務所產生匯兑差額	**-**	**21,838**	**-**	**-**	**-**	**-**	**-**	**21,838**
Loss for the year	年度虧損	**-**	**-**	**-**	**-**	**-**	**-**	**(114,479)**	**(114,479)**
Total comprehensive loss for the year	**年度全面虧損總額**	**-**	**21,838**	**-**	**-**	**-**	**-**	**(114,479)**	**(92,641)**
Issue of ordinary shares as capitalisation of shareholder loans	就股東貸款資本化發行普通股	**251,997**	**-**	**-**	**-**	**-**	**-**	**-**	**251,997**
Conversion of convertible perpetual securities	轉換可換股永久證券	**360,318**	**-**	**-**	**-**	**-**	**-**	**-**	**360,318**
Shares held for restricted share award scheme	為限制性股份獎勵計劃而持有之股份	**-**	**-**	**-**	**(17,486)**	**-**	**-**	**-**	**(17,486)**
Employee share based compensation	僱員股權報酬	**-**	**-**	**(9,966)**	**9,966**	**-**	**-**	**-**	**-**
Accrued distribution of holders of convertible perpetual securities	可換股永久證券持有人應計分派	**-**	**-**	**-**	**-**	**-**	**-**	**(29,599)**	**(29,599)**
Dividend	股息	**-**	**-**	**-**	**-**	**-**	**(138,682)**	**-**	**(138,682)**
Subtotal of transaction with shareholders	**與股東交易小計**	**612,315**	**-**	**(9,966)**	**(7,520)**	**-**	**(138,682)**	**(29,599)**	**426,548**
At 31 December 2018	**於二零一八年十二月三十一日**	**824,366**	**63,223**	**9,834**	**(42,970)**	**23,185**	**337,347**	**(499,102)**	**715,883**

45 SUBSEQUENT EVENTS

(i) On 15 February 2019, the Group entered into a cooperation agreement with Bridge Trust Co., Ltd. ("Bridge Trust") to cooperate in the development of a parcel of land. According to the agreement, Bridge Trust will acquire 49% interests in the project company currently wholly owned by the Group and will provide funding to the project company in the form of equity and loan with the amount not exceeding RMB300,000,000, and the Group will buy back the equity and the loan with a maximum amount of RMB600,000,000.

(ii) On 21 February 2019, the Group entered into a cooperation agreement with 南京洛德德寧房地產投資合伙企業 (Nanjing Luode Dening Real Estate Investment Partnership (Limited Partnership) ("Dening Fund")) to cooperate in the development of a parcel of land. According to the agreement, Dening Fund will acquire 70% interests in the project company currently wholly owned by the Group at a consideration of RMB14,000,000 and will provide shareholder's loan not exceeding RMB126,000,000, and the Group will buy back the equity and the loan with a maximum amount of RMB280,000,000.

45 報告期後事項

(i) 於二零一九年二月十五日，本集團與百瑞信託有限責任公司(「百瑞信託」)訂立合作協議，合作開發目標地塊。根據該協議，百瑞信託將收購本集團目前全資擁有的項目公司的49%股權，並將以不超過人民幣300,000,000元的股權及貸款，向項目公司提供資金，而本集團將以上限人民幣600,000,000元回購股權及貸款。

(ii) 於二零一九年二月二十一日，本集團與南京洛德德寧房地產投資合伙企業(「德寧基金」)訂立合作協議，合作開發目標地塊。根據該協議，德寧基金將收購本集團目前全資擁有的項目公司的70%股權，代價為人民幣14,000,000元，並將提供股東貸款不超過人民幣126,000,000元，而本集團將以上限人民幣280,000,000元回購股權及貸款。

pwc

羅兵咸永道

To the shareholders of Landsea Green Group Co., Ltd.
(Formerly known as "Landsea Green Properties Co., Ltd.")
(incorporated in Bermuda with limited liability)

OPINION
WHAT WE HAVE AUDITED

The consolidated financial statements of Landsea Green Group Co., Ltd. (the "Company") and its subsidiaries (the "Group") set out on pages 112 to 290, which comprise:

- the consolidated balance sheet as at 31 December 2017;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

致朗詩綠色集團有限公司股東
(前稱「朗詩綠色地產有限公司」)
(於百慕達註冊成立之有限公司)

意見
我們已審計的內容

朗詩綠色集團有限公司(以下簡稱「貴公司」)及其附屬公司(以下統稱「貴集團」)列載於第112至290頁的綜合財務報表，包括：

- 於二零一七年十二月三十一日的綜合資產負債表；
- 截至該日止年度的綜合全面收益表；
- 截至該日止年度的綜合權益變動表；
- 截至該日止年度的綜合現金流量表；及
- 綜合財務報表附註，包括主要會計政策概要。

22/F Prince's Building, Central, Hong Kong
Tel: +852 2289 8888 Fax: +852 2810 9888

香港中環太子大廈廿二樓
電話: +852 2289 8888 傳真: +852 2810 9888

OUR OPINION

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

我們的意見

我們認為，該等綜合財務報表已根據香港會計師公會頒佈的《香港財務報告準則》真實而中肯地反映了貴集團於二零一七年十二月三十一日的綜合財務狀況及其截至該日止年度的綜合財務表現及綜合現金流量，並已遵照香港《公司條例》的披露規定妥為擬備。

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

意見的基礎

我們已根據香港會計師公會頒佈的《香港審計準則》進行審計。我們在該等準則下承擔的責任已在本報告「核數師就審計綜合財務報表承擔的責任」部分中作進一步闡述。

我們相信，我們所獲得的審計憑證能充足及適當地為我們的意見提供基礎。

INDEPENDENCE

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.

獨立性

根據香港會計師公會頒佈的《專業會計師道德守則》(以下簡稱「守則」)，我們獨立於貴集團，並已履行守則中的其他專業道德責任。

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 year. 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.

關鍵審計事項

關鍵審計事項是根據我們的專業判斷，認為對本年綜合財務報表的審計最為重要的事項。這些事項是在我們審計整體綜合財務報表及出具意見時進行處理的。我們不會對這些事項提供單獨的意見。

Key audit matters identified in our audit are summarised as follows:

- Classification of Subsidiary, Joint Venture and Associate;
- Revenue recognition for development management services.

從我們的審計中識別出的關鍵審計事項概述如下：

- 附屬公司、合營企業及聯營公司的分類；
- 開發管理服務收入確認。

Key Audit Matter 關鍵審計事項	How our audit addressed the Key Audit Matter 我們的審計如何處理關鍵審計事項
Classification of Subsidiary, Joint Venture and Associate ***附屬公司、合營企業及聯營公司的分類***	
Refer to note 4(i) (Classification of subsidiary, joint venture and associate), note 16 (Interests in associates), note 17 (Interests in joint ventures) and note 38 (Disposal of subsidiaries) to the consolidated financial statements. 請參閱綜合財務報表附註4(i)(附屬公司、合營企業及聯營公司的分類)、附註16(於聯營公司的權益)、附註17(於合營企業的權益)及附註38(出售附屬公司)。	We understood, evaluated and tested the relevant control over the Group's classification of subsidiary, joint venture and associate. 我們瞭解、評估並檢驗貴集團附屬公司、合營企業及聯營公司的分類所用相關控制因素。
The Group invests in certain properties projects with various other parties under various arrangements. According to the terms of these arrangements, the Group classifies the investments into subsidiary, joint venture or associate. As of 31 December 2017, the Group had investments in 32 joint ventures and 18 associates with carrying amount of RMB1,885.44 million and RMB983.08 million, respectively. At the same time, the Group had 7 non-wholly owned subsidiaries with total non-controlling interest of RMB206.12 million. For the year ended 31 December 2017, the Group recognized gain from derecognition of subsidiaries due to loss of control while retained these investments as joint ventures and associates. These gains amounted to RMB107.19 million and RMB178.43 million respectively; that is RMB285.62 million in total which represents 25.33% of profit before tax. 貴集團根據各項安排與不同其他各方投資若干物業項目。根據該等安排的條款，貴集團將該等投資分類為附屬公司、合營企業或聯營公司。於二零一七年十二月三十一日， 貴集團擁有32間合營企業及18間聯營公司，賬面值分別為人民幣1,885.44百萬元及人民幣983.08百萬元。同時，貴集團擁有7間非全資附屬公司，其非控制性權益總額人民幣206.12百萬元。截至二零一七年十二月三十一日止年度，貴集團終止確認失去控制權的附屬公司而確認利得，該等投資保留為合營企業及聯營公司。其利得分別為人民幣107.19百萬元及人民幣178.43百萬元，合共人民幣285.62百萬元，相當於除税前利潤的25.33%。	For material investments, individually or in aggregate, we challenged management's assessment and performed the following audit procedures: 就重大投資(個別或合計)而言，我們質疑管理層的評估，並進行以下審計程序： We examined the legal documents associated with the investments, to determine the key terms, including rights of the investors, terms of shareholders' agreements, dispute resolution provisions, termination provisions, governance structures and profit-sharing arrangements, and assessed these key terms against the classification criteria. 我們審查與投資有關的法律文件，以釐定關鍵條款，包括投資者的權利、股東協議的條款、爭議解決條文、終止條文、管治架構及利潤分成安排，然後基於分類準則評估該等條款。 When there have been subsequent changes to the shareholders' agreements or governance structures, we assessed whether these changes would impact the initial assessments by management. 在股東協議或管治結構出現後續變動時，我們評估該等變動是否影響了管理層的初步評估。

Key Audit Matter **關鍵審計事項**	**How our audit addressed the Key Audit Matter** **我們的審計如何處理關鍵審計事項**
The classification and change of classification of the Group's investment involves significant judgement in determining the levels of control and influence based on a number of criteria. The classification has significant impact on the Group's consolidated statements of comprehensive income and consolidated balance sheet due to their effect on consolidation scope. Moreover, the reclassification from subsidiaries to associates and joint ventures has significant impact on the Group's consolidated net profit. 貴集團投資以按多項準則釐定不同層次的控制權及影響力進行分類及分類變動涉及重要判斷。分類因其在綜合範圍的影響使然，其對貴集團的綜合全面收益表及綜合資產負債表有重大影響。此外，將附屬公司重新分類為聯營公司及合營企業對貴集團的綜合淨利潤產生重大影響。	We sought for written confirmations or communicated verbally with co-operating parties, to confirm the contract clauses and completeness of contracts and agreements we obtained and whether there are any subsequent supplementary contracts and agreements or amendments. 我們通過書面確認或與合作方口頭溝通，尋求確認我們取得的合約及協議的條款及完整性，以及是否有後續補充合約及協議或修訂。
	We assessed whether the considerations paid for acquisitions or received from disposals of investments represent the fair market value in an arm's length transactions when there was acquisition or disposal. 我們評估了於收購投資時支付或出售投資時收取的代價是否代表於收購或投資的公平交易中的公平市價。
We, therefore, consider classification of subsidiary, joint venture and associate a Key Audit Matter. 因此，我們認為附屬公司、合營企業及聯營公司的分類屬關鍵審計事項。	We evaluated the adequacy of the Group's disclosures in respect of the classification and carrying values of subsidiaries, associates, and joint ventures against the accounting standards adopted by the Group. 我們評估了貴集團對附屬公司、聯營公司及合營企業的分類及其賬面值的披露依據以及貴集團採納的會計準則是否充分。
	Based on our audit procedures performed, we consider the judgement made by management regarding the classification of subsidiary, joint venture and associate supportable by evidences we gathered. 基於我們執行的審計程序，我們認為管理層對附屬公司、合營企業及聯營公司的分類的判斷得到我們所收集憑證的支持。

Key Audit Matter 關鍵審計事項	How our audit addressed the Key Audit Matter 我們的審計如何處理關鍵審計事項
Revenue recognition for development management services ***開發管理服務收入確認*** *Refer to note 2.28 (Accounting policy for revenue recognition), note 4 (vii) (Critical accounting estimates and judgement for revenue recognition for property development management services fees) and note 5 (Revenue) of consolidation financial statements.* *請參閱綜合財務報表附註2.28(收入確認的會計政策)、附註4(vii)(項目開發管理服務費收入確認的關鍵會計估計及判斷)及附註5(收入)。* For the year ended 31 December 2017, the Group recorded revenue from development management service amounted to 297.47 million, representing approximately 4.8% of the Group's total revenue. 截至二零一七年十二月三十一日止年度，貴集團的開發管理服務收入為人民幣297.47百萬元，相當於貴集團總收入約4.8%。 The Group provides development management service contracts for both floating and fixed fees and revenue is recognised by using the percentage of completion method. Significant accounting estimate is involved in the determination of percentage of completion, in both the cost budget and the projected sales and there is significant audit effort on revenue. 貴集團就浮動及固定收費訂立開發管理服務合約，採用完成百分比法確認收入。釐定完成百分比時涉及重大會計估計，包括成本預算及估計銷售額，該等收入相關審計工作量非常重大。 We, therefore, consider the revenue recognition for development management service a Key Audit Matter. 因此，我們認為開發管理服務收入確認為關鍵審計事項。	We understood, evaluated and tested the controls over revenue recognition for development management services. 我們了解、評估及檢驗開發管理服務收入確認所用控制因素。 We assessed if the percentage of completion used is reasonable and consistently applied. In respect of cost incurred and cost to completion, we tested actual costs incurred to supporting evidence, performed site visit to project, and agreed the cost to completion to approved budgets. We compared with hindsight, the actual costs incurred with the budget of previous years to assess the realiability of the budget. 我們評估所用完成百分比是否合理且貫徹應用。關於已產生成本及竣工成本，我們檢查實際產生成本至支持性憑證，進行項目實地考察，並檢查竣工成本是否與獲批預算相符。我們以實際產生成本與過往年度的預算作事後比較，從而評估該預算的可靠性。 We assessed the reasonableness and sensitivity of management estimation for cost to completion with comparison to similar projects of the Group, actual costs variance to budget by stage. 我們通過比較貴集團的類似項目、各階段實際成本與預算之間的差異評估管理層對竣工成本之估計的合理性及敏感性。 For estimation in respect of projected sales, we compared projected sales volume and price to similar projects and available market data including registered selling prices for transaction, and also offer prices of property nearby with similar characteristics. 預計銷售估計方面，我們比較類似項目的預計銷售額及價格和交易所定售價及特徵相若的鄰近物業報價等現有市場數據。 We considered the accounting estimations used in revenue recognition for development management services were supported by evidence we gathered. 我們認為我們所收集憑證能夠支持開發管理服務收入確認所採用的會計估計。

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the chairman's statement and management discussion and analysis (but not include the consolidated financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the corporate information, financial summary/financial review, financial highlights, breakdown of major properties, directors and senior management, report of the directors and corporate governance report which are expected to be made available to us after that date.

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 THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirement of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

其他信息

貴公司董事須對其他信息負責。其他信息包括我們於本核數師報告日期前取得的主席報告及管理層討論及分析所載信息(但不包括綜合財務報表及我們的核數師報告),以及我們預期於該日後始獲提供的公司資料、財務概要/財務回顧、財務摘要、主要物業詳情、董事及高級管理層、董事局報告及企業管治報告。

我們對綜合財務報表的意見並不涵蓋其他信息,我們亦不對該等其他信息發表任何形式的鑒證結論。

結合我們對綜合財務報表的審計,我們的責任是閱讀其他信息,在此過程中,考慮其他信息是否與綜合財務報表或我們在審計過程中所了解的情況存在重大抵觸或者似乎存在重大錯誤陳述的情況。

基於我們已執行的工作,如果我們認為其他信息存在重大錯誤陳述,我們需要報告該事實。在這方面,我們沒有任何報告。

董事及審核委員會就綜合財務報表須承擔的責任

貴公司董事須負責根據香港會計師公會頒佈的《香港財務報告準則》及香港《公司條例》的披露規定擬備真實而中肯的綜合財務報表,並對其認為為使綜合財務報表的擬備不存在由於欺詐或錯誤而導致的重大錯誤陳述所需的內部控制負責。

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

在擬備綜合財務報表時，董事負責評估貴集團持續經營的能力，並在適用情況下披露與持續經營有關的事項，以及使用持續經營為會計基礎，除非董事有意將貴集團清盤或停止經營，或別無其他實際的替代方案。

The Audit Committee is responsible for overseeing the Group's financial reporting process.

審核委員會須負責監督貴集團的財務報告過程。

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

核數師就審計綜合財務報表承擔的責任

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. We report our opinion solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda 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.

我們的目標，是對綜合財務報表整體是否不存在由於欺詐或錯誤而導致的重大錯誤陳述取得合理保證，並出具包括我們意見的核數師報告。我們僅按照百慕達一九八一年《公司法》第90條向閣下(作為整體)報告我們的意見，除此之外本報告別無其他目的。我們不會就本報告的內容向任何其他人士負責或承擔任何法律責任。合理保證是高水平的保證，但不能保證按照《香港審計準則》進行的審計，在某一重大錯誤陳述存在時總能發現。錯誤陳述可以由欺詐或錯誤引起，如果合理預期它們單獨或滙總起來可能影響綜合財務報表使用者依賴綜合財務報表所作出的經濟決定，則有關的錯誤陳述可被視作重大。

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

在根據《香港審計準則》進行審計的過程中，我們運用了專業判斷，保持了專業懷疑態度。我們亦：

- 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.

- 識別和評估由於欺詐或錯誤而導致綜合財務報表存在重大錯誤陳述的風險，設計及執行審計程序以應對這些風險，以及獲取充足和適當的審計憑證，作為我們意見的基礎。由於欺詐可能涉及串謀、偽造、蓄意遺漏、虛假陳述，或凌駕於內部控制之上，因此未能發現因欺詐而導致的重大錯誤陳述的風險高於未能發現因錯誤而導致的重大錯誤陳述的風險。

- 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.

- 了解與審計相關的內部控制，以設計適當的審計程序，但目的並非對貴集團內部控制的有效性發表意見。

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- 評價董事所採用會計政策的恰當性及作出會計估計和相關披露的合理性。

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- 對董事採用持續經營會計基礎的恰當性作出結論。根據所獲取的審計憑證，確定是否存在與事項或情況有關的重大不確定性，從而可能導致對貴集團的持續經營能力產生重大疑慮。如果我們認為存在重大不確定性，則有必要在核數師報告中提請使用者注意綜合財務報表中的相關披露。假若有關的披露不足，則我們應當發表非無保留意見。我們的結論是基於核數師報告日止所取得的審計憑證。然而，未來事項或情況可能導致貴集團不能持續經營。

- 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.

- 評價綜合財務報表的整體列報方式、結構和內容，包括披露，以及綜合財務報表是否中肯反映相關交易和事項。

- 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.

- 就貴集團內實體或業務活動的財務信息獲取充足、適當的審計憑證，以便對綜合財務報表發表意見。我們負責集團審計的方向、監督和執行。我們為審計意見承擔全部責任。

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

除其他事項外，我們與審核委員會溝通了計劃的審計範圍、時間安排、重大審計發現等，包括我們在審計中識別出內部控制的任何重大缺陷。

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

我們還向審核委員會提交聲明，說明我們已符合有關獨立性的相關專業道德要求，並與他們溝通有可能合理地被認為會影響我們獨立性的所有關係和其他事項，以及在適用的情況下，相關的防範措施。

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year 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.

從與審核委員會溝通的事項中，我們確定哪些事項對本年度綜合財務報表的審計最為重要，因而構成關鍵審計事項。我們在核數師報告中描述這些事項，除非法律法規不允許公開披露這些事項，或在極端罕見的情況下，如果合理預期在我們報告中溝通某事項造成的負面後果超過產生的公眾利益，則我們決定不應在報告中溝通該事項。

The engagement partner on the audit resulting in this independent auditor's report is Esmond S. C. Kwan.

出具本獨立核數師報告的審計項目合夥人是關瑞翔。

PricewaterhouseCoopers
Certified Public Accountants

羅兵咸永道會計師事務所
執業會計師

Hong Kong, 28 March 2018

香港，二零一八年三月二十八日

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
綜合全面收益表

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

		Note 附註	Year ended 31 December 截至十二月三十一日止年度 2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Revenue	收入	5	**6,213,931**	4,845,008
Cost of sales and services	銷售及服務成本	9	**(4,690,410)**	(4,086,294)
Gross profit	**毛利**		**1,523,521**	758,714
Other income	其他收益	7	**150,704**	142,681
Selling expenses	銷售費用	9	**(119,889)**	(90,115)
Administrative expenses	行政費用	9	**(420,235)**	(288,754)
Fair value gain on an investment property	投資性物業的公允價值利得	18	**28,910**	41,750
Other gains, net	其他利得淨額	8	**11,991**	392,258
Operating profit	**經營利潤**		**1,175,002**	956,534
Finance costs, net	財務費用淨額	10	**(238,925)**	(194,085)
Share of gains of associates	應佔聯營公司利得	16	**169,453**	45,088
Share of gains of joint ventures	應佔合營企業利得	17	**21,881**	24,930
Profit before income tax	**除所得稅前利潤**		**1,127,411**	832,467
Income tax expense	所得稅費用	11	**(406,570)**	(225,631)
Profit for the year	**年度利潤**		**720,841**	606,836
Other comprehensive income	**其他全面收益**			
Translation differences which may be subsequently recycled to the profit or loss	其後可能計入損益的匯兑差額		**145,300**	(122,282)
Other comprehensive income for the year, net of tax	年度其他全面收益，扣除税項		**145,300**	(122,282)
Total comprehensive income for the year	**年度全面收益總額**		**866,141**	484,554

		Note 附註	Year ended 31 December 截至十二月三十一日止年度 **2017** **二零一七年** **RMB'000** **人民幣千元**	 2016 二零一六年 RMB'000 人民幣千元
Profit for the year attributable to:	**年度利潤歸屬於：**			
The shareholders of the Company	本公司股東		**580,523**	595,439
Non-controlling interests	非控制性權益		**140,318**	11,397
			720,841	606,836
Total comprehensive income for the year attributable to:	**年度全面收益總額歸屬於：**			
The shareholders of the Company	本公司股東		**744,968**	454,413
Non-controlling interests	非控制性權益		**121,173**	30,141
			866,141	484,554
Earnings per share attributable to shareholders of the Company for the year (expressed in RMB per share)	**歸屬於本公司股東的年度每股收益（以每股人民幣列示）**			
Basic earnings per share	基本每股收益	12	**0.143**	0.147
Diluted earnings per share	稀釋每股收益	12	**0.127**	0.131

The notes form an integal part of these consolidated financial statements.

附註構成本綜合財務報表的一部分。

CONSOLIDATED BALANCE SHEET
綜合資產負債表

As at 31 December 2017 於二零一七年十二月三十一日

		Note 附註	As at 31 December 於十二月三十一日 2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
ASSETS	**資產**			
Non-current assets	**非流動資產**			
Investment property	投資性物業	18	**319,830**	290,920
Property, plant and equipment	不動產、工廠及設備	19	**656,245**	21,070
Interests in associates	於聯營公司的權益	16	**983,077**	744,099
Interests in joint ventures	於合營企業的權益	17	**1,885,436**	261,610
Other receivables, prepayments and deposits	其他應收款、預付款及訂金	25	**181,826**	425,516
Amount due from related parties	應收關聯方款項	41(a)	**1,370,535**	187,036
Deferred tax assets	遞延稅項資產	30	**237,735**	153,609
Goodwill	商譽		**9,460**	9,460
			5,644,144	2,093,320
Current assets	**流動資產**			
Properties held for sale	持作銷售物業	20	**847,831**	395,323
Properties under development	開發中房地產	22	**6,658,882**	10,379,261
Inventories	庫存	21	**52,069**	23,501
Deposits for purchase of land	購買土地的按金	24	**212,125**	42,000
Trade receivables	應收賬款	23	**629,462**	233,270
Other receivables, prepayments and deposits	其他應收款、預付款及訂金	25	**381,341**	328,934
Amounts due from related parties	應收關聯方款項	41(a)	**1,559,826**	818,271
Amounts due from non-controlling interests	應收非控制性權益款項	26	**571,500**	558,000
Prepaid taxes	預付稅項		**139,534**	158,394
Restricted cash	受限制現金	27	**281,952**	215,722
Cash and cash equivalents	現金及現金等價物	27	**3,341,835**	2,761,130
			14,676,357	15,913,806
Total assets	**總資產**		**20,320,501**	18,007,126

			As at 31 December 於十二月三十一日	
			2017	2016
			二零一七年	二零一六年
		Note	**RMB'000**	RMB'000
		附註	**人民幣千元**	人民幣千元
LIABILITIES	**負債**			
Non-current liabilities	**非流動負債**			
Borrowings	借款	29	**3,254,957**	4,815,351
Deferred tax liabilities	遞延税項負債	30	**75,537**	52,850
Amounts due to related parties	應付關聯方款項	41(b)	**2,714,606**	1,787,112
Amounts due to non-controlling interests	應付非控制性權益款項	31	**17,217**	211,492
			6,062,317	6,866,805
Current liabilities	**流動負債**			
Creditors and accruals	應付賬款及應計費用	28	**2,001,908**	1,367,759
Advanced proceeds received from customers	向客戶收取的預付款項		**4,051,066**	4,924,805
Amounts due to related parties	應付關聯方款項	41(b)	**2,044,080**	325,360
Amounts due to non-controlling interests	應付非控制性權益款項	31	**18,110**	–
Borrowings	借款	29	**2,174,458**	1,267,990
Taxation payable	應付税項		**270,499**	201,691
			10,560,121	8,087,605
Total liabilities	**總負債**		**16,622,438**	14,954,410

CONSOLIDATED BALANCE SHEET
綜合資產負債表

As at 31 December 2017 於二零一七年十二月三十一日

		Note 附註	As at 31 December 於十二月三十一日 2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
EQUITY	**權益**			
Capital and reserves attributable to the shareholders of the Company	**歸屬於本公司股東的資本及儲備**			
Share capital	股本	32	**31,800**	31,800
Convertible perpetual securities	可換股永久證券	34	**495,425**	484,204
Reserves	儲備	35	**2,964,716**	2,384,652
			3,491,941	2,900,656
Non-controlling interests	非控制性權益	36	**206,122**	152,060
Total equity	**總權益**		**3,698,063**	3,052,716
Total liabilities and equity	**總負債及權益**		**20,320,501**	18,007,126

The notes form an integral part of these consolidated financial statements.

附註屬於本綜合財務報表的一部分。

The consolidated financial statements on pages 112 to 290 were approved by the Board of Directors on 28 March 2018 and were signed on its behalf.

第112至290頁所載的綜合財務報表已於二零一八年三月二十八日經董事局批准，並由以下人士代表簽署。

Xiang Jiong
向炯
Director
董事

Shen Leying
申樂瑩
Director
董事

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
綜合權益變動表

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

		Attributable to the shareholders of the Company 歸屬於本公司股東					
		Share capital 股本 RMB'000 人民幣千元	Convertible perpetual securities (note 34) 可換股永久證券（附註 34） RMB'000 人民幣千元	Reserves (note 35) 儲備（附註 35） RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元	Non-controlling interests (note 36) 非控制性權益（附註 36） RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
At 1 January 2016	**於二零一六年一月一日**	26,665	110,054	1,779,746	1,916,465	40,210	1,956,675
Business combination between entities under common control	共同控制實體業務合併	–	–	1,484	1,484	–	1,484
At 1 January 2016 (Restated)	**於二零一六年一月一日（經重列）**	26,665	110,054	1,781,230	1,917,949	40,210	1,958,159
Profit for the year	**年度利潤**	–	–	595,439	595,439	11,397	606,836
Other comprehensive income	**其他全面收益**						
Exchange difference arising from translation of foreign operations	換算海外業務產生的匯兑差額	–	–	(141,026)	(141,026)	18,744	(122,282)
Total comprehensive income for the year	**年度全面收益總額**	–	–	454,413	454,413	30,141	484,554
Issuance of shares (note 32)	發行股份（附註32）	5,135	–	360,943	366,078	–	366,078
Dividend	股息	–	–	(133,934)	(133,934)	–	(133,934)
Employee share based compensation (note 33)	僱員股權報酬（附註33）	–	–	10,245	10,245	–	10,245
Shares held for share award scheme	就股份獎勵計劃持有的股份	–	–	1,846	1,846	–	1,846
Issuance of convertible perpetual securities (note 34)	發行可換股永久證券（附註34）	–	363,847	–	363,847	–	363,847
Accrued distribution to holders of convertible perpetual securities (note 34)	可換股永久證券持有人應計分派（附註34）	–	18,661	(18,661)	–	–	–
Contribution from non-controlling interests	非控制性權益注資	–	–	24,426	24,426	278,509	302,935
Distribution to non-controlling interests	向非控制性權益分派	–	–	–	–	(196,800)	(196,800)
Distributions to holders of convertible perpetual securities	向可換股永久證券持有人分派	–	(8,358)	–	(8,358)	–	(8,358)
Consideration paid for business combination between entities under common control	共同控制實體業務合併所付代價	–	–	(95,856)	(95,856)	–	(95,856)
Subtotal of transaction with shareholders	與股東交易小計	5,135	374,150	149,009	528,294	81,709	610,003
At 31 December 2016	**於二零一六年十二月三十一日**	31,800	484,204	2,384,652	2,900,656	152,060	3,052,716

		Attributable to the shareholders of the Company 歸屬於本公司股東					
		Share capital 股本 RMB'000 人民幣千元	Convertible perpetual securities (note 34) 可換股永久證券（附註34） RMB'000 人民幣千元	Reserves (note 35) 儲備（附註35） RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元	Non-controlling interests (note 36) 非控制性權益（附註36） RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
At 1 January 2017	**於二零一七年一月一日**	**31,800**	**484,204**	**2,384,652**	**2,900,656**	**152,060**	**3,052,716**
Profit for the year	**年度利潤**	**–**	**–**	**580,523**	**580,523**	**140,318**	**720,841**
Other comprehensive income	**其他全面收益**						
Exchange difference arising from translation of foreign operations	換算海外業務產生的匯兑差額			**164,445**	**164,445**	**(19,145)**	**145,300**
Total comprehensive income for the year	**年度全面收益總額**	**–**	**–**	**744,968**	**744,968**	**121,173**	**866,141**
Dividend	股息	**–**	**–**	**(138,682)**	**(138,682)**	**–**	**(138,682)**
Shares held for share award scheme	就股份獎勵計劃持有的股份	**–**	**–**	**(6,543)**	**(6,543)**	**–**	**(6,543)**
Accrued distribution to holders of convertible perpetual securities (note 34)	可換股永久證券持有人應計分派（附註34）	**–**	**19,679**	**(19,679)**	**–**	**–**	**–**
Contribution from non-controlling interests (note 36)	非控制性權益注資（附註36）	**–**	**–**	**–**	**–**	**24,674**	**24,674**
Acquisition of subsidiaries (note 37)	收購附屬公司（附註37）					**137,010**	**137,010**
Transaction with non-controlling interests (note 36)	與非控制性權益的交易（附註36）					**(134,044)**	**(134,044)**
Distribution to non-controlling interests (note 36)	向非控制性權益分派（附註36）	**–**	**–**	**–**	**–**	**(61,344)**	**(61,344)**
Distributions to holders of convertible perpetual securities	向可換股永久證券持有人分派	**–**	**(8,458)**	**–**	**(8,458)**	**–**	**(8,458)**
Deemed disposal of subsidiaries (note 38)	視作出售附屬公司（附註38）	**–**	**–**	**–**	**–**	**(33,407)**	**(33,407)**
Subtotal of transaction with shareholders	與股東交易小計	**–**	**11,221**	**(164,904)**	**(153,683)**	**(67,111)**	**(220,794)**
At 31 December 2017	**於二零一七年十二月三十一日**	**31,800**	**495,425**	**2,964,716**	**3,491,941**	**206,122**	**3,698,063**

The notes form an integral part of these consolidated financial statements.

附註屬於本綜合財務報表的一部分。

CONSOLIDATED STATEMENT OF CASH FLOWS
綜合現金流量表

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

			Year ended 31 December 截至十二月三十一日止年度	
			2017	2016
			二零一七年	二零一六年
		Note	**RMB'000**	RMB'000
		附註	**人民幣千元**	人民幣千元
Cash flows from operating activities	**經營活動的現金流量**			
Net cash generated in operations	經營所得現金淨額	40	**1,448,120**	2,411,562
Tax paid	已付稅項		**(401,092)**	(384,910)
Interest paid	已付利息		**(415,030)**	(233,477)
Net cash generated from operating activities	*經營活動所得現金淨額*		**631,998**	1,793,175
Cash flows from investing activities	**投資活動的現金流量**			
Payment for acquisition of subsidiaries	收購附屬公司付款	25, 37	**(1,946,561)**	(1,685,994)
Capital injection in joint ventures	於合營企業注資		**(1,000,444)**	(124,573)
Capital injection in associates	於聯營公司注資		**(12,138)**	(324,681)
Proceeds from disposal of joint ventures	出售合營企業所得款項		**24,850**	–
Proceeds from disposal of property, plant and equipment	出售不動產、工廠及設備的所得款項		**21**	94
Proceeds from disposal of subsidiaries, net of cash and cash equivalents	出售附屬公司所得款項，扣除現金及現金等價物	38	**776,199**	312,559
Lendings to third parties	貸款予第三方		**(93,460)**	(338,320)
Interest received	已收利息		**10,120**	14,700
Purchases of property, plant and equipment	購買不動產、工廠及設備		**(646,760)**	(19,323)
Dividend from associates	於聯營公司的股息		**72,000**	–
Funding to related parties	向關聯方出資	41(e)	**(324,319)**	–
Collection of funding to related parties	收回向關聯方提供的資金	41(e)	**1,278,253**	1,421,028
Advance to non-controlling interests	向非控制性權益墊款		**(13,500)**	(558,000)
Net cash used in investing activities	*投資活動所用現金淨額*		**(1,875,739)**	(1,302,510)

CONSOLIDATED STATEMENT OF CASH FLOWS
綜合現金流量表

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

			Year ended 31 December 截至十二月三十一日止年度	
			2017	2016
			二零一七年	二零一六年
		Note	**RMB'000**	RMB'000
		附註	**人民幣千元**	人民幣千元
Cash flows from financing activities	**融資活動的現金流量**			
Proceeds from borrowings	借款所得款項	40(b)	**2,887,033**	4,579,687
Repayment of borrowings	償還借款	40(b)	**(2,319,051)**	(4,982,988)
Proceeds from related parties	來自關聯方的所得款項	41(e)	**2,080,044**	1,533,593
Prepayment of due to non-controlling interests	應付非控制性權益預付款款項減少		**(110,651)**	(286,754)
Repayment to related parties	向關聯方還款	41(e)	**(453,230)**	–
Interest paid	已付利息		**–**	(231,743)
Contribution from non-controlling interests	非控制性權益注資	36	**24,674**	305,802
Funding from non-controlling interests	來自非控制性權益的資金		**17,813**	453,232
Dividends paid to shareholders of the Company	已付本公司股東的股息		**(138,682)**	(133,934)
Distribution to non-controlling interests	非控制性權益的分派	36	**(61,344)**	(196,800)
Acquisition of additional interest in a subsidiary	收購一間附屬公司的額外權益		**(81,900)**	–
Issuance of ordinary shares, net of issuance cost	發行普通股，扣除發行成本		**–**	(2,714)
Distributions to holders of convertible perpetual securities	可換股永久證券持有人的分派		**(8,458)**	(8,358)
Increase in restricted cash	受限制現金增加		**(40,833)**	(41,459)
Net cash generated from financing activities	*融資活動所得現金淨額*		**1,795,415**	987,564
Net increase in cash and cash equivalents	**現金及現金等價物增加淨額**		**551,674**	1,478,229
Cash and cash equivalents at 1 January	於一月一日的現金及現金等價物		**2,761,130**	1,262,269
Effect of foreign exchange rate changes	外幣匯率變動影響		**29,031**	20,632
Cash and cash equivalents at 31 December	**於十二月三十一日的現金及現金等價物**	27	**3,341,835**	2,761,130

The notes form an integral part of these consolidated financial statements.

附註屬於本綜合財務報表的一部分。

1 GENERAL INFORMATION

Landsea Green Group Co., Ltd. (formerly known as: Landsea Green Properties Co., Ltd., the "Company") was incorporated in Bermuda as an exempted company with limited liability. The company changed its name from Landsea Green Properties Co., Ltd to Landsea Green Group Co., Ltd as approved by the Special General Meeting on 28 February 2018. The addresses of its registered office and principal place of business are Clarendon House, 2 Church Street, Hamilton, HM11, Bermuda and Room 5103, 51/F., The Center, 99 Queen's Road Central, Hong Kong respectively. The Company's shares are listed on The Stock Exchange of Hong Kong Limited ("SEHK").

The Company is an investment holding company. Details of the activities of its principal subsidiaries are set out in note 43 to the consolidated financial statements. The Company and its subsidiaries are referred to as the "Group" hereinafter. The Group is principally engaged in property investment and property development and sales.

In the opinion of the directors, the ultimate holding company of the Company is 朗詩集團股份有限公司 (Landsea Group Co., Ltd.), a company established in the People's Republic of China (the "PRC").

These consolidated financial statements are presented in thousands of Renminbi ("RMB'000") and were approved for issue by the board of directors on 28 March 2018.

1 一般資料

朗詩綠色集團有限公司(前稱朗詩綠色地產有限公司,「本公司」)為於百慕達註冊成立的獲豁免有限公司。本公司將其名稱由朗詩綠色地產有限公司更名為朗詩綠色集團有限公司,於二零一八年二月二十八日獲股東特別大會批准。註冊辦事處地址及主要業務地點分別為Clarendon House, 2 Church Street, Hamilton, HM11, Bermuda以及香港中環皇后大道中99號中環中心51樓5103室。本公司股份於香港聯合交易所有限公司(「香港聯交所」)上市。

本公司為投資控股公司,主要附屬公司的業務詳情載於綜合財務報表附註43。本公司及其附屬公司統稱為「本集團」。本集團主要從事房地產投資、房地產開發及銷售。

董事認為,本公司的最終控股公司為朗詩集團股份有限公司,該公司於中華人民共和國(「中國」)成立。

本綜合財務報表以人民幣千元(「人民幣千元」)呈報,並經由董事局於二零一八年三月二十八日批准刊發。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 BASIS OF PREPARATION

(i) Compliance with HKFRS and HKCO

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") and disclosure requirements of Hong Kong Companies Ordinance Cap. 622.

(ii) Historical cost convention

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment property which is carried at fair value.

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

2 主要會計政策摘要

編製本綜合財務報表所應用的主要會計政策載於下文。除另有説明外，此等政策已於所列報的全部年度貫徹應用。

2.1 編製基準

(i) 遵守香港財務報告準則及香港公司條例

本集團的綜合財務報表已按照香港財務報告準則(「香港財務報告準則」)及第622章香港公司條例的披露條文編製。

(ii) 歷史成本慣例

綜合財務報表已根據歷史成本慣例編製，並就按公允價值入賬的投資性物業的重新估值作出修訂。

編製符合香港財務報告準則的財務報表須使用若干關鍵會計估計。管理層亦須在應用本集團會計政策過程中作出判斷。涉及高度判斷或高度複雜性的範疇，或涉及對綜合財務報表作出重大假設及估計的範疇於附註4披露。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.1 BASIS OF PREPARATION *(Continued)*

(iii) New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2017:

- Recognition of Deferred Tax Assets for Unrealised Losses — Amendments to HKAS 12, and
- Disclosure initiative — amendments to HKAS 7.

The adoption of these amendments did not have any significant impact on the amounts recognized in prior periods. Most of the amendments will also not affect the current periods.

The amendments to HKAS 7 require disclosure of changes in liabilities arising from financing activities, see note 40.

2 主要會計政策摘要*(續)*

2.1 編製基準*(續)*

(iii) 本集團採納的新訂及經修訂準則

本集團已就二零一七年一月一日開始的年報期間首次應用以下準則及修訂：

- 就未變現虧損確認遞延税項資產—香港會計準則第12號修改，及
- 披露計劃—香港會計準則第7號修改。

採納該等修改對過往期間確認的款額並無重大影響。大部份修改亦不會影響本期間。

香港會計準則第7號修改要求披露融資活動產生的負債變動。請參閱附註40。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.1 BASIS OF PREPARATION *(Continued)*

(iv) New standards and interpretations not yet adopted

Up to the date of issuance of this report, the HKICPA has issued the following new standards and amendments which are relevant to the Group's operations but are not yet effective and have not been early adopted by the Group:

2 主要會計政策摘要*(續)*

2.1 編製基準*(續)*

(iv) 仍未採納的新準則及詮釋

截至本報告刊發日期，香港會計師公會已頒佈以下新準則及修改，該等準則及修改與本集團的營運有關，惟仍未生效及未獲本集團提早採納：

Standards/Amendments **準則／修改**		**Effective for annual periods beginning on or after** **於以下日期或之後開始的會計期間生效**	note 附註
HK 40 (Amendments) 香港會計準則第40號(修改)	Transfer of Investment Property 轉讓投資物業	1 January 2018 二零一八年一月一日	
HK(IFRIC) 22 香港(國際財務報告詮釋委員會)第22號	Foreign Currency Transactions and Advance Consideration 外幣交易及預付代價	1 January 2018 二零一八年一月一日	
HKFRS 15 香港財務報告準則第15號	Revenue from Contracts with Customers 與客戶的合約收益	1 January 2018 二零一八年一月一日	(a) (a)
HKFRS 9 香港財務報告準則第9號	Financial Instruments 金融工具	1 January 2018 二零一八年一月一日	(b) (b)
HKFRS 4 (Amendments) 香港財務報告準則第4號(修改)	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts 與香港財務報告準則第4號保險合約應用香港財務報告準則第9號金融工具	1 January 2018 or when the entity first applies HKFRS 9 二零一八年一月一日或實體首次採用香港財務報告準則第9號時	

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.1 BASIS OF PREPARATION *(Continued)*

***(iv) New standards and interpretations not yet adopted** (Continued)*

2 主要會計政策摘要*(續)*

2.1 編製基準*(續)*

(iv) 仍未採納的新準則及詮釋(續)

Standards/Amendments		**Effective for annual periods beginning on or after**	note
準則／修改		**於以下日期或之後開始的會計期間生效**	附註
HKFRS 2 (Amendments)	Classification and Measurement of Share-based Payment Transactions	1 January 2018	
香港財務報告準則第2號(修改)	以股份為基礎的支付交易的分類及計量	二零一八年一月一日	
Annual Improvements	Annual Improvements to HKFRSs 2014–2016 Cycle	1 January 2018	
年度改進	香港財務報告準則年度改進二零一四年至二零一六年週期	二零一八年一月一日	
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined	
香港財務報告準則第10號及香港會計準則第28號(修改)	投資者與聯營公司或合營企業之間的資產出售或出資	待定	
HKFRS 16	Leases	1 January 2019	(c)
香港財務報告準則第16號	租賃	二零一九年一月一日	(c)
HK(IFRIC) 23	Uncertainty over Income Tax Treatments	1 January 2019	
香港(國際財務報告詮釋委員會)第23號	具有不確定性的所得稅的處理	二零一九年一月一日	
HKFRS 17	Insurance Contracts	1 January 2021	
香港財務報告準則第17號	保險合約	二零二一年一月一日	
Amendment to HKFRS 9	Prepayment Features with Negative Compensation	1 January 2019	
香港財務報告準則第9號(修改)	提早還款特性及負補償	二零一九年一月一日	

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.1 BASIS OF PREPARATION *(Continued)*

***(iv) New standards and interpretations not yet adopted** (Continued)*

The Group has already commenced an assessment of the impact of these new standards or amendments, certain of which are relevant to the Group's operation. According to the preliminary assessment made by the directors, no significant impact on the financial performance and position of the Group is expected when they become effective except for HKFRS 15, HKFRS 9 and HKFRS 16.

(a) HKFRS 15 Revenue from Contracts with Customers

Nature of change

The HKICPA has issued a new standard for the recognition of revenue. This will replace HKAS 18 which covers contracts for goods and services and HKAS 11 which covers construction contracts and the related literature.

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer.

The standard permits either a full retrospective or a modified retrospective approach for the adoption.

2 主要會計政策摘要*(續)*

2.1 編製基準*(續)*

***(iv) 仍未採納的新準則及詮釋**(續)*

本集團已開始評估該等新準則或修改的影響，其中部份與本集團的營運有關。根據董事作出的初步評估，除香港財務報告準則第15號、香港財務報告準則第9號及香港財務報告準則第16號外，預期該等準則或修改生效後將不會對本集團的財務表現及狀況帶來重大影響。

(a) 香港財務報告準則第15號與客戶的合約收益

變動性質

香港會計師公會已頒佈收入確認之新準則。該準則將取代香港會計準則第18號(涵蓋貨品及服務合約)及香港會計準則第11號(涵蓋建築合約及相關文獻)。

新訂準則乃基於貨品或服務控制權轉移至客戶時確認收入之原則。

該準則允許在採納時採用全面追溯法或修改追溯法。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.1 BASIS OF PREPARATION *(Continued)*

***(iv) New standards and interpretations not yet adopted** (Continued)*

(a) HKFRS 15 Revenue from Contracts with Customers (Continued)

Impact

Management has assessed the effects of applying the new standard on the Group's financial statements and has identified the following areas that will be affected:

- Revenue from pre-sales of properties under development is recognised when or as the control of the asset is transferred to the customer. Depending on the terms of the contract and laws that apply to the contract, control of the properties under development may transfer over time or at a point in time. Control of the properties under development is transferred over time if the Group's performance do not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

  When control of the property transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the completed property.

2 主要會計政策摘要*(續)*

2.1 編製基準*(續)*

(iv) 仍未採納的新準則及詮釋(續)

(a) 香港財務報告準則第15號與客戶的合約收益(續)

影響

管理層已評估應用新訂準則對本集團財務報表之影響，且已識別將受到影響之範圍如下：

- 預售發展中物業所得之收入於資產控制權轉移至客戶時予以確認。視乎合約條款及適用於合約之法例，發展中物業之控制權可能隨時間或於某一時點轉移。倘本集團之履約並無創建一個對本集團具有替代用途之資產，並且本集團就迄今已完成之履約擁有可執行之支付權利，發展中物業之控制權可隨時間轉移。

  當物業控制權在某一時間內轉移，收入會於合約期間經參考已完成履約責任之進度確認。否則，收入會在客戶獲得竣工物業之控制權時確認。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.1 BASIS OF PREPARATION *(Continued)*

***(iv) New standards and interpretations not yet adopted** (Continued)*

(a) HKFRS 15 Revenue from Contracts with Customers (Continued)

Impact *(Continued)*

The progress towards complete satisfaction of the performance obligation is measured based on the property development costs incurred as a percentage of total estimated costs for complete satisfaction as allocated to the contract.

Revenue for certain pre-sale properties contracts may be changed and recognised earlier over the period of time, instead of at a single point in time under the current accounting policy.

- Certain costs incurred for obtaining a pre-sale property contract (e.g. sale commission), which is currently expensed off in profit or loss directly, will be eligible for capitalisation under HKFRS 15 and match with revenue recognition pattern of related contract in the future.

- Presentation of contract assets and liability. Reclassification shall be made as at 1 January 2018 to be consistent with the terminology used under HKFRS 15.

Based on the preliminary assessment, it will have some impact on the Group' s financial position and result of operation upon adoption HKFRS 15 on 1 January 2018.

2 主要會計政策摘要*(續)*

2.1 編製基準*(續)*

***(iv) 仍未採納的新準則及詮釋**(續)*

(a) 香港財務報告準則第15號與客戶的合約收益(續)

影響*(續)*

完成履約責任之進度根據所產生之物業開發成本佔分配予合約之完成履約之估計總成本之百分比計量。

若干預售物業合約之收入可能變動，並於一段期間之較早時間確認，而非根據目前會計政策於單一時點確認。

- 為取得預售物業合約所產生之若干成本(如銷售佣金)，目前直接於損益中支銷，往後將會根據香港財務報告準則第15號作資本化處理，並且與未來相關合約之收入確認模式配對。

- 合約資產及負債的呈列－重新分類應於二零一八年一月一日作出，與香港財務報告準則第15號所採用術語一致。

根據初步評估，於二零一八年一月一日採納香港財務報告準則第15號後，該準則將對本集團的財務狀況及經營業績產生一定影響。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.1 BASIS OF PREPARATION *(Continued)*

***(iv) New standards and interpretations not yet adopted** (Continued)*

(b) HKFRS 9 (2014), "Financial instruments" replaces the whole of HKAS 39

HKFRS 9 has three financial asset classification categories for investments in debt instruments: amortised cost, fair value through other comprehensive income ("OCI") and fair value through profit or loss. Classification is driven by the entity's business model for managing the debt instruments and their contractual cash flow characteristics. Investments in equity instruments are always measured at fair value. However, management can make an irrevocable election to present changes in fair value in OCI, provided the instrument is not held for trading. If the equity instrument is held for trading, changes in fair value are presented in profit or loss. For financial liabilities there are two classification categories: amortised cost and fair value through profit or loss. Where non-derivative financial liabilities are designated at fair value through profit or loss, the changes in the fair value due to changes in the liability's own credit risk are recognised in OCI, unless such changes in fair value would create an accounting mismatch in profit or loss, in which case, all fair value movements are recognised in profit or loss. There is no subsequent recycling of the amounts in OCI to profit or loss. For financial liabilities held for trading (including derivative financial liabilities), all changes in fair value are presented in profit or loss.

2 主要會計政策摘要*(續)*

2.1 編製基準*(續)*

***(iv) 仍未採納的新準則及詮釋**(續)*

(b) 香港財務報告準則第9號(二零一四年)「金融工具」將取代香港會計準則第39號整項準則

香港財務報告準則第9號將債務工具投資分為三個金融資產類別：攤銷成本、按公允價值透過其他全面收入(「其他全面收入」)入賬及按公允價值透過損益入賬。分類由實體管理債務工具的商業模式及其合約現金流的特徵決定。權益工具的投資始終按公允價值計量。然而，管理層可作出不可撤銷的選擇，在其他全面收入中列報公允價值的變動，前提是持有權益工具的目的不是為了交易。倘權益工具是為交易而持有，公允價值的變動列報在損益中。金融負債分為兩類：攤銷成本及按公允價值透過損益入賬。倘非衍生金融負債被指定為按公允價值透過損益入賬，由於負債本身的信貸風險變動而導致的公允價值變動，在其他全面收入中確認，除非該等公允價值變動會導致損益的會計錯配則例外，在此情況下，所有公允價值變動在損益中確認。其他全面收入內的數額其後不會再循環至損益。對於為交易而持有的金融負債(包括衍生金融負債)，所有公允價值變動在損益中列報。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.1 BASIS OF PREPARATION *(Continued)*

***(iv) New standards and interpretations not yet adopted** (Continued)*

(b) HKFRS 9 (2014), "Financial instruments" replaces the whole of HKAS 39 (Continued)

HKFRS 9 introduces a new model for the recognition of impairment losses — the expected credit losses (ECL) model, which constitutes a change from the incurred loss model in HKAS 39. HKFRS 9 contains a 'three stage' approach, which is based on the change in credit quality of financial assets since initial recognition. Assets move through the three stages as credit quality changes and the stages dictate how an entity measures impairment losses and applies the effective interest rate method. Where there is a significant increase in credit risk, impairment is measured using lifetime ECL rather than 12-month ECL.

While the Group has yet to undertake a detailed assessment, there will be no significant impact on the Group's classification for financial assets and liabilities. As the Group expects that its financial assets and liabilities currently measured at amortised cost will continue with their respective classification and measurements. And the Group does not hold any financial assets currently classified as available-for-sale (AFS), financial assets currently measured at fair value through profit or loss or financial liabilities currently measured at fair value through profit or loss.

The Group expect the new impairment model introduced by HKFRS9 will generally result in earlier recognition of losses compared to the current incurred loss model of HKAS 39.

2 主要會計政策摘要*(續)*

2.1 編製基準*(續)*

***(iv) 仍未採納的新準則及詮釋**(續)*

(b) 香港財務報告準則第9號(二零一四年)「金融工具」將取代香港會計準則第39號整項準則(續)

香港財務報告準則第9號為確認減值虧損引入一個新模型 — 預期信貸虧損模型，其對香港會計準則第39號中的虧損模型構成變化。香港財務報告準則第9號包含一種「三個階段」的方法，這種方法以初始確認後金融資產信用品質的變動為基礎。資產隨信用品質變動在此三個階段內轉變，不同階段決定實體對減值虧損的計量方法及實際利率法的運用方式。倘信貸風險顯著增加，則使用整個期限的預期信貸虧損(而非12個月內的預期信貸虧損)計量減值。

儘管本集團尚未進行詳細評估，但該準則將不會對本集團的金融資產及負債的分類構成重大影響，原因是本集團預期目前按攤銷成本計量的金融資產及負債將按照相關的分類及計量繼續進行。同時，本集團並無持有目前分類為可供出售的金融資產、目前透過損益按公允價值計量的金融資產或目前透過損益按公允價值計量的金融負債。

本集團預期，香港財務報告準則第9號引入的新減值模型將導致較香港會計準則第39號的現時產生虧損模型整體提早確認虧損。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.1 BASIS OF PREPARATION *(Continued)*

***(iv) New standards and interpretations not yet adopted** (Continued)*

(c) HKFRS 16 "Leases". The Group is the lessee of certain buildings which are currently classified as operating lease. The Group's current accounting policy for such leases is set out in Note 2.32 with the Group's future operating lease commitments, which are not reflected in the consolidated statement of financial position, set out in Note 39. HKFRS 16 provides new provisions for the accounting treatment of leases and will in the future no longer allow lessees to recognise certain leases outside of the balance sheet. Instead, all non-current leases must be recognised in the form of an asset (for the right of use) and a financial liability (for the payment obligation). Thus each lease will be mapped in the Group's consolidated statement of financial position. Short-term leases of less than twelve months and leases of low-value assets are exempted from the reporting obligation. The new standard will therefore result in an increase in right of use assets and an increase in financial liabilities in the consolidated statement of financial position. In the statement of profit or loss, as a result, the operating expense under otherwise identical circumstances will decrease, while depreciation and amortisation and the interest expense will increase.

2 主要會計政策摘要*(續)*

2.1 編製基準*(續)*

***(iv) 仍未採納的新準則及詮釋**(續)*

(c) 香港財務報告準則第16號「租賃」。本集團為若干樓宇的承租人，該等樓宇現分類為經營租賃。本集團目前有關該等租賃的會計政策載於附註2.32，而本集團的未來經營租賃承擔(並無反映在綜合財務狀況表)載於附註39。香港財務報告準則第16號規定有關租賃會計處理的新條文，日後將不再允許承租人在資產負債表外確認若干租賃。相反，所有非即期租賃必須以資產(就使用權而言)及金融負債(就付款責任而言)形式確認。因此，各項租賃將在本集團綜合財務狀況表中有所體現。期限短於12個月的短期租賃及低價值資產租賃獲豁免履行申報責任。因此，新準則將導致綜合財務狀況表中的使用權資產增加及金融負債增加。因此，在損益表中，其他相同情況下的經營開支將減少，而折舊及攤銷以及利息開支將增加。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.1 BASIS OF PREPARATION *(Continued)*

***(iv) New standards and interpretations not yet adopted** (Continued)*

(c) (Continued)

The Group consider that the adoption of the new standard will have some impact on the financial position of the Group as the related right-of-use assets and lease liabilities will be recognised upon adoption of the new standard on 1 January 2019. However, the impact to the financial performance of the Group will not be Significant as the impact of amortisation of the right-of-use assets and unwinding the discount of the related payable will not be materially different from the operating lease charges that would have been recognised under the current standard.

The Group does not intend to adopt the above standards before their respective effective dates.

2 主要會計政策摘要*(續)*

2.1 編製基準*(續)*

***(iv) 仍未採納的新準則及詮釋**(續)*

(c) (續)

本集團認為採納新準則會對本集團的財務狀況造成若干影響，原因是於二零一九年一月一日採納新準則後將確認相關使用權資產及租賃負債。然而，對本集團的財務表現構成的影響將並不重大，因為使用權資產攤銷及相關應付款項折現解除的影響與原應根據當前準則確認的經營租賃費用並無重大差異。

本集團並不擬在各自生效日期前採納上述準則。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.2 SUBSIDIARIES

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group (refer to note 2.7).

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated balance sheet, consolidated statement of comprehensive income and consolidated statement of changes in equity respectively.

2.3 ASSOCIATES

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (see note 2.5 below), after initially being recognised at cost.

2 主要會計政策摘要*(續)*

2.2 附屬公司

附屬公司指本集團對其擁有控制權的所有實體(包括特殊目的實體)。當本集團因參與該實體而承擔可變回報的風險或享有可變回報的權益，並有能力透過對該實體的權力影響該等回報時，本集團即控制該實體。附屬公司在控制權轉移至本集團當日起綜合入賬，並於控制權終止當日起不再綜合入賬。

本集團使用會計收購法為業務合併入賬(請參閱附註2.7)。

集團內公司間交易、結餘及集團公司間交易的未變現利得會予對銷。除非交易提供證據顯示所轉讓資產已減值，否則未變現虧損亦會對銷。附屬公司的會計政策已於必要時作出調整，確保與本集團所採納的政策一致。

附屬公司業績及權益內的非控制性權益分別於綜合資產負債表、綜合全面收益表及綜合權益變動表列示。

2.3 聯營公司

聯營公司指本集團對其有重大影響力但無控制權或共同控制權的所有實體，通常是本集團持有20%至50%之間的投票權。於聯營公司的投資於初始按成本確認後以權益會計法入賬(請參閱下文附註2.5)。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.4 JOINT ARRANGEMENTS

Joint arrangements are classified as either joint ventures or joint operations depending on the contracted rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures.

Interests in joint ventures are accounted for using the equity method (see note 2.5 below), after initially being recognised at cost in the consolidated balance sheet.

2.5 EQUITY ACCOUNTING

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 2.14.

2 主要會計政策摘要*(續)*

2.4 聯合安排

聯合安排分類為合營企業或合資營運，視各投資者的合約權利及義務而定。本集團已評估聯合安排的性質及釐定聯合安排為合營企業。

於聯合安排的投資於綜合資產負債表初始按成本確認後使用權益會計法入賬(請參閱下文附註2.5)。

2.5 權益會計法

根據權益會計法，投資初始按成本確認，隨後進行調整以確認本集團應佔該投資對象損益賬上的收購後損益，以及本集團應佔該投資對象於其他全面收益的其他全面收益變動。已收或應收聯營公司及合營企業的股息確認為削減投資的賬面值。

當本集團所佔以權益入賬投資的虧損相等於或超逾其於該實體的權益(包括任何其他無抵押長期應收款項)，本集團不會確認進一步虧損，除非其代表其他實體產生責任或作出付款則屬例外。

本集團與其聯營公司及合營企業交易的未變現利得會作出對銷，以本集團於該等實體的權益為限。除非有證據顯示交易中所轉讓資產出現減值，否則未變現虧損亦會對銷。以權益入賬的投資對象的會計政策已於必要時作出變動，確保與本集團所採納的政策一致。

以權益入賬投資的賬面值根據附註2.14所述政策進行減值測試。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.6 CHANGES IN OWNERSHIP INTERESTS

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity shareholders of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling interests and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to shareholders of the Company.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

2 主要會計政策摘要*(續)*

2.6 擁有權權益的變動

本集團視與非控制性權益進行不導致失去控制權的交易為與本集團權益股東進行的交易。擁有權權益的變動導致於控制性權益或非控制性權益的賬面值作出調整，以反映彼等於附屬公司的相關權益。非控制性權益調整的款額與已付或已收任何代價之間的差額於本公司擁有人應佔權益確認為獨立儲備。

當本集團因失去控制權、共同控制權或重大影響而不再將投資綜合入賬或以權益入賬，於實體的保留權益按在損益中的賬面值變動重新計量公允價值。該公允價值就其後聯營公司、合營企業或金融資產的保留權益的入賬而言成為初始賬面值。此外，先前於其他全面收益確認與該實體有關的任何金額按猶如本集團已直接出售有關資產或負債的方式入賬。此舉意味先前在其他全面收益確認的金額按適用香港財務報告準則規定／許可重新分類至損益或轉撥至另一類權益。

倘於合營企業或聯營公司的擁有權權益減少但仍保留共同控制權或重大影響，則僅先前已於其他全面收益內確認的按比例應佔金額會於適當情況下重新分類至損益。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.7 BUSINESS COMBINATIONS

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former shareholders of the acquired business
- equity interests issued by the Group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

2 主要會計政策摘要*(續)*

2.7 業務合併

會計收購法用於入賬所有業務合併，而不論所收購者為權益工具或是其他資產。就收購附屬公司轉讓的代價為：

- 所轉讓資產的公允價值
- 所收購業務的前股東所招致的負債
- 本集團所發行的股本權益
- 或然代價安排產生的任何資產或負債的公允價值，及
- 附屬公司任何之前既有的股本權益的公允價值。

於業務合併所收購的可識別資產及所承擔的負債及或然負債，除於有限的例外情況外，初步以彼等於收購日期的公允價值計量，本集團按個別收購基準，按公允價值或按非控制性權益應佔被收購實體的可識別淨資產比例確認在被收購實體的任何非控制性權益。

收購相關成本在產生時支銷。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.7 BUSINESS COMBINATIONS *(Continued)*

The excess of the

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

2.8 SEPARATE FINANCIAL STATEMENTS

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2 主要會計政策摘要*(續)*

2.7 業務合併*(續)*

以下超逾所收購可識別淨資產公允價值的部份

- 所轉讓的代價
- 於所收購實體的任何非控制性權益款額，及
- 於所收購實體的任何過往股本權益的收購日期公允價值入賬為商譽。倘該等款額低於所收購業務的可識別淨資產的公允價值，有關差額直接於損益確認為議價收購。

或然負債分類為權益或金融負債。分類為金融負債的款額其後按於損益確認的公允價值變動重新計量公允價值。

如業務合併分階段進行，收購方之前在被收購方持有股本權益於收購日期的賬面值，於收購日期重新計量公允價值。重新計量產生的任何盈虧在損益確認。

2.8 獨立財務報表

於附屬公司的投資按成本扣除減值入賬。成本包括投資的直接應佔成本。附屬公司的業績由本公司按已收及應收股息入賬。

倘收到附屬公司投資的股息時，所收股息超過附屬公司於宣派股息期間的全面收益總額，或倘該投資於單獨財務報表內的賬面值超過投資對象淨資產(包括商譽)於綜合財務報表內的賬面值時，則須對該投資進行減值測試。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.9 SEGMENT REPORTING

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors for their decisions about resources allocation to the Group's business components and for their review of the performance of those components. The business components in the internal financial information reported to the executive directors are determined following the Group's major business and service lines.

2.10 FOREIGN CURRENCY TRANSLATION

(a) Functional and presentation currency

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"), which is Hong Kong dollars ("HK$"), Renminbi ("RMB") and US dollars ("USD") respectively. The consolidated financial statements are presented in RMB.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

All foreign exchange gains and losses are presented in the consolidated statement of comprehensive income within "Other gains/(losses) — net".

2 主要會計政策摘要*(續)*

2.9 分部報告

本集團根據定期向執行董事呈報的內部財務資料確定經營分部及編製分部資料，該等財務資料乃供執行董事決定分配資源至本集團各業務分部及檢討該等業務分部表現的基準。向執行董事呈報的內部財務資料的業務分部按本集團的主要業務及服務類別劃分。

2.10 外幣換算

(a) 功能及呈報貨幣

綜合財務報表所列項目均以實體營運所在主要經濟環境的貨幣(「功能貨幣」)(即分別為港元、人民幣及美元)計量。綜合財務報表以人民幣呈報。

(b) 交易及結餘

外幣交易採用交易日的現行匯率換算為功能貨幣。結算有關交易所產生的匯兑利得及虧損以及將外幣貨幣資產及負債以年終匯率換算所產生的匯兑利得及虧損一般於損益內確認。倘外幣交易與合資格現金流對沖及合資格投資淨額對沖有關或應佔外國業務淨資產的部份，則於權益列為遞延項目。

所有匯兑利得及虧損於綜合全面收益表的「其他利得／(虧損)淨額」呈列。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.10 FOREIGN CURRENCY TRANSLATION

(c) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet are translated at the date of that balance sheet;
- income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised in exchange reserve.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation), all of the currency translation differences accumulated in equity in respect of that operation attributable to the shareholders of the Company are reclassified to the profit or loss.

2 主要會計政策摘要*(續)*

2.10 外幣換算*(續)*

(c) 集團公司

功能貨幣有別於呈報貨幣的海外業務(概無來自嚴重通貨膨脹經濟體的貨幣)的業績及財務狀況均按以下方式換算為呈報貨幣：

- 各資產負債表所呈列的資產與負債按該資產負債表日期換算；
- 各損益及全面收益表的收益及費用按平均匯率換算，除非該平均匯率並非各交易日的現行匯率累積影響的合理約數，在此情況下，收益及費用按各交易日的匯率換算；及
- 所有由此產生的匯兑差額於匯兑儲備內確認。

收購海外實體所產生的商譽及公允價值調整視作該海外實體的資產及負債，並按收市匯率換算。

於出售海外業務(即出售本集團於該海外業務的全部權益，或涉及失去包括海外業務的附屬公司的控制權的出售)時，就歸屬於本公司股東的業務於權益累計的所有匯兑差額重新分類至損益。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.11 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other costs, such as repairs and maintenance, are charged to the profit or loss during the year in which they are incurred.

Depreciation is provided to write off the cost of property, plant and equipment to their residual values using the straight-line method over their estimated useful lives:

Leasehold improvements	Over the lease terms
Furniture, fixtures and office equipment	3–10 years
Motor vehicles	5–10 years
Buildings	20 years

The assets' residual value and useful life are reviewed and adjusted, if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 2.14).

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognised as "Other gains/(losses) — net" in the consolidated statement of comprehensive income.

2 主要會計政策摘要*(續)*

2.11 不動產、工廠及設備

不動產、工廠及設備按歷史成本減累計折舊及減值虧損列賬。資產成本包括購買價格及將資產達致運作狀況及地點以供擬定用途的任何直接應佔成本。

後續成本只有在該項目很可能為本集團帶來與之有關的未來經濟利益，且成本能可靠計量時，方會計入資產的賬面值或確認為一項單獨資產(倘適用)。所有其他成本(例如維修及保養費用)在產生的財政年度內於損益扣除。

不動產、工廠及設備的折舊採用以下估計可使用年期將成本按直線法分攤至剩餘價值計算：

租賃樓宇裝修	按租賃年期
傢俱、裝置及辦公設備	3至10年
汽車	5至10年
樓宇	20年

資產的剩餘價值及可使用年期在各報告日期進行檢討，並於適當時候作出調整。

倘資產的賬面值高於其估計可收回金額，則即時將資產的賬面值撇減至其可收回金額(附註2.14)。

出售的利得或虧損按比較所得款與資產賬面值釐定，並在綜合全面收益表內確認為「其他所得／(虧損)淨額」。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.12 INVESTMENT PROPERTIES

Investment property, principally comprising leasehold land and buildings, is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group. It also includes properties that are being constructed or developed for future use as investment properties.

Investment property is initially measured at cost, including related transaction costs and where applicable borrowing costs. After initial recognition, investment properties are carried at fair value, representing open market value determined at each reporting date by external valuers. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If the information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. Changes in fair values are recorded in the consolidated statement of comprehensive income in fair value gains or losses on investment properties.

2.13 GOODWILL

Goodwill is measured as described in note 2.14. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments (note 5).

2 主要會計政策摘要*(續)*

2.12 投資性物業

投資性物業(主要包括租賃土地及樓宇)為持作獲得長期租金收益或作資本升值或為上述兩者且並非由本集團佔用的物業。投資性物業亦包括為日後作投資性物業用途而興建或發展的物業。

投資性物業初始按成本(包括相關交易成本及(如適用)借款成本)計量。於初始確認後,投資性物業按公允價值(即外部估值師於各報告期末所釐定的公開市值)列賬。公允價值按活躍市價得出,當中已就特定資產的性質、地點或狀況的任何差異作出調整(如必要)。倘並無有關資料,則本集團會使用其他估值法,如活躍程度較低市場的近期價格或折現現金流量預測。公允價值變動於綜合全面收益表以投資物業利得或虧損公允價值確認。

2.13 商譽

商譽如附註2.14所述計量。於收購附屬公司時所產生的商譽計入無形資產。商譽不會攤銷,但會每年進行減值測試,或倘出現商譽可能減值的事宜或情況的變動,則更頻密進行測試,並以成本減累計減值虧損入賬。出售一間實體的盈虧包括有關出售實體的商譽賬面值。

就減值測試而言,商譽被分配至現金產生單位。有關分配乃對預期能從產生商譽的業務合併獲益的該等現金產生單位或每組現金產生單位作出。每個或每組被識別為該商譽就內部管理而被監察的最低層,即營運分部(附註5)。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.14 IMPAIRMENT OF NON-FINANCIAL ASSETS

Goodwill is not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.15 PROPERTIES HELD OR UNDER DEVELOPMENT FOR SALE

Properties under development and held for sale are stated at the lower of cost and net realisable value. Development cost of properties comprises cost of leasehold land payments, construction costs and borrowing costs incurred during the construction period. Upon completion, the properties are transferred to completed properties held for sale.

Net realisable value takes into account the price ultimately expected to be realised, less applicable variable selling expenses and the anticipated costs to completion.

Properties under development and held for sale are classified as current assets unless the construction period of the relevant property development project is expected to complete beyond normal operating cycle.

2 主要會計政策摘要*(續)*

2.14 非金融資產的減值

商譽不會攤銷，但會每年進行減值測試，或倘出現商譽可能減值的事宜或情況的變動，則更頻密進行測試。其他資產在出現賬面值可能無法收回的事宜或情況的變動時進行減值測試。減值虧損按資產的賬面值超出可收回金額的差額確認。可收回金額以資產的公允價值減出售成本與使用價值兩者的較高者為準。就評估減值而言，資產按主要獨立於其他資產或各類資產的可分開識別現金流量的最低級別(現金產生單位)分組。已蒙受減值的非金融資產(商譽除外)在各報告期結束時均就減值是否撥回進行檢討。

2.15 開發中房地產及持作銷售物業

開發中房地產及持作銷售物業按成本及可變現淨值兩者的較低者列賬。物業發展成本包括於施工期間產生的租賃土地付款成本、建築成本及借款成本。於竣工時，物業會轉撥至持作銷售已落成物業。

可變現淨值按預期最終將予變現的價格減適用的變動銷售費用及估計竣工成本計量。

除非預期相關房地產開發項目施工期於正常營運週期之後結束，否則開發中及持作銷售物業分類為流動資產。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.16 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.17 INVESTMENTS AND OTHER FINANCIAL ASSETS

(i) Classification

The Group classifies its financial assets in the following categories: loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled or expected to be settled more than 12 months after the end of the balance sheet date. These are classified as non-current assets. The Group's loans and receivables also include trade and other receivables, amounts due from related parties and non-controlling interests and cash and cash equivalents in the consolidated balance sheet.

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

2 主要會計政策摘要*(續)*

2.16 庫存

庫存按成本及可變現淨值兩者的較低者列賬。成本以加權平均基準釐定。可變現淨值為在一般業務過程中的估計售價減適用的變動銷售費用。

2.17 投資及其他金融資產

(i) 分類

本集團將金融資產分為以下類別：貸款及應收款。分類視乎購入金融資產之目的而釐定。管理層在初始確認時釐定金融資產的分類。

貸款及應收款為具有固定或可確定付款額且在活躍市場上並無報價的非衍生金融資產。此等項目計入流動資產，惟於結算日結束後超過12個月結算或預期將於該等時間結算的金額則分類為非流動資產。本集團的貸款及應收款包括綜合資產負債表內的應收賬款及其他應收款、應收關聯方及非控制性權益款項以及現金及現金等價物。

(ii) 確認及折舊

金融資產的日常買賣於交易日(即本集團承諾購買或出售資產當日)確認。當收取金融資產現金流的權利已屆滿或已轉讓及本集團已轉移擁有權的幾乎所有風險及回報，則金融資產終止確認。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.17 INVESTMENTS AND OTHER FINANCIAL ASSETS *(Continued)*

(iii) Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated statement of comprehensive income. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

2 主要會計政策摘要*(續)*

2.17 投資及其他金融資產*(續)*

(iii) 金融資產減值

本集團於各報告期末評估有否客觀證據證明某項金融資產或某組金融資產經已減值。倘因於初始確認資產後發生的一項或多項事件(「虧損事件」)而出現客觀減值證據，而該(等)虧損事件對一項金融資產或一組金融資產的估計未來現金流量造成能可靠估計的影響，該項金融資產或該組金融資產方視為減值及產生減值虧損。

減值的證據可能包括以下指標：債務人或一組債務人正處於重大財政困難、違約或拖欠利息或本金付款，彼等有可能破產或進行其他財務重組，以及有可觀察數據顯示估計未來現金流量有可計量的減少，例如欠款變動或與違約相關的經濟狀況。

就貸款及應收款類別而言，虧損金額按資產賬面值與估計未來現金流量(不包括尚未產生的未來信貸虧損)按金融資產原實際利率折現的現值兩者的差額計量。資產賬面值予以減少，而虧損金額於綜合全面收益表確認。倘貸款按浮動利率計息，則計量任何減值虧損的折現率乃根據合約釐定的現行實際利率。在實際操作上，本集團可能採用可觀察的市價以工具的公允價值為基準計量減值。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.17 INVESTMENTS AND OTHER FINANCIAL ASSETS *(Continued)*

***(iii) Impairment of financial assets** (Continued)*

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated statement of comprehensive income.

2.18 OFFSETTING FINANCIAL INSTRUMENTS

Financial assets and liabilities are offset and the net amount reported in consolidated balance sheets when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.19 TRADE AND OTHER RECEIVABLES

Trade receivables are amounts due from customers arising from sales of properties or providing management and development service. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. See note 2.17 for further information about the Group's accounting for trade receivables and a description of the Group's impairment policies.

2 主要會計政策摘要*(續)*

2.17 投資及其他金融資產*(續)*

***(iii) 金融資產減值**(續)*

倘於其後期間減值虧損金額減少，而該減少可客觀地與確認減值後發生的事件(如債務人信貸評級改善)有關，則過往確認的減值虧損撥回於綜合全面收益表確認。

2.18 抵銷金融工具

當有合法可執行權利將已確認金額抵銷並有意按淨額基準結算或同時變現資產及結算負債時，金融資產及負債予以抵銷，並於綜合資產負債表以淨額報告。

2.19 應收賬款及其他應收款

應收賬款為銷售物業或提供管理及發展服務而應收客戶的款項。倘應收賬款及其他應收款預期可於一年或以內(或倘時間更長，則在業務的正常營運週期)收款，則分類為流動資產。倘未能於一年或以內收款的，則呈列為非流動資產。

應收賬款及其他應收款初始按公允價值確認，其後則以實際利率法按攤銷成本計量，並須扣除減值撥備。有關本集團應收賬款的會計入賬及本集團減值政策的說明請參閱附註2.17。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.20 CASH AND CASH EQUIVALENTS

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Restricted cash is excluded from cash and cash equivalents.

2.21 SHARE CAPITAL

Ordinary shares are classified as equity. Share capital is determined using the nominal value of shares that have been issued.

Any transaction costs associated with the issue of shares are deducted from share premium to the extent they are incremental costs directly attributable to the equity transaction.

2.22 TRADE AND OTHER PAYABLES

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within twelve months after the reporting period (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2 主要會計政策摘要*(續)*

2.20 現金及現金等價物

就現金流量表的呈列而言，現金及現金等價物包括手頭現金、銀行通知存款、其他原到期日為三個月或以內並可隨時轉換為已知金額的現金且不存在重大價值變動風險的短期高流通性投資。受限制現金不包括在現金及現金等價物內。

2.21 股本

普通股分類為權益。股本按已發行股份的面值釐定。

任何與發行股份有關的交易成本自股份溢價中扣除，惟以可直接歸屬於股權交易的增量成本為限。

2.22 應付賬款及其他應付款

應付賬款及其他應付款為在日常業務過程中向供應商購買商品或服務而應支付的債務。倘應付賬款及其他應付款於報告期後12個月內(或於正常業務經營週期(如較長))到期，則分類為流動負債。否則，分類為非流動負債。

應付賬款及其他應付款初始按公允價值確認，其後則以實際利率法按攤銷成本計量。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.23 BORROWINGS AND BORROWING COSTS

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the consolidated statement of comprehensive income over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

2.24 CURRENT AND DEFERRED INCOME TAX

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current and deferred tax is recognised in profit or loss, expect to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

2 主要會計政策摘要*(續)*

2.23 借款及借款成本

借款初始按公允價值(扣除已產生的交易成本)確認。借款其後按攤銷成本計量;所得款項(扣除交易成本)與贖回價值兩者間的任何差額於借款期間以實際利率法在綜合全面收益表確認。設立貸款融資支付的費用,於可能提取部分或所有融資時確認為貸款的交易成本。在此情況下,該費用會遞延至提取融資為止。倘若並無任何證據顯示將會提取部分或所有融資,則有關費用將資本化作流動資金服務的預付款項,並在融資相關期間攤銷。

除非本集團擁有無條件權利可將償還負債的日期遞延至報告期結束後至少12個月,否則借款分類為流動負債。

收購、建造或生產合資格資產直接應佔的一般及特定借款成本於須完成及預備資產作其擬定用途或銷售的期間資本化。合資格資產為必須經過頗長時間籌備以作預定用途或出售的資產。

2.24 即期及遞延所得稅

期內所得稅費用或抵免為本期間應課稅收入的應付稅項,乃基於按暫時性差額及未使用稅項虧損應佔的遞延稅項資產及負債變動而調整的各司法權區適用所得稅稅率計算。

即期及遞延稅項於損益中確認,惟其與其他全面收益或直接於權益所確認項目有關者則除外。在此情況下,該稅項則於其他全面或直接於權益確認。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.24 CURRENT AND DEFERRED INCOME TAX *(Continued)*

(i) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current income tax also includes PRC land appreciation tax which is levied on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including land cost, borrowing costs and all property development expenditures.

(ii) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

2 主要會計政策摘要*(續)*

2.24 即期及遞延所得稅*(續)*

(i) 即期所得稅

即期所得稅費用按照本公司附屬公司及聯營公司經營及產生應課稅收入所在國家於結算日已頒佈或已大致頒佈的稅法計算。管理層就適用稅務法規有待詮譯的情況定期評估報稅狀況並於適當情況下基於預期向稅務機關支付的金額作出撥備。

即期所得稅亦包括中國土地增值稅(按土地價值的升幅徵收),即銷售物業所得款減可扣減開支,包括土地成本、借款成本及所有房地產開發支出。

(ii) 遲延所得稅

遞延所得稅利用負債法全數撥備資產和負債的稅基與資產和負債在綜合財務報表的賬面值的差額而產生的暫時性差額。然而,若遞延稅項負債來自對商譽的初始確認,則遞延稅項負債不予確認。倘遞延所得稅來自在交易(不包括業務合併)中對資產或負債的初始確認,而在交易時不影響會計損益或應課稅利潤或虧損,亦不予入賬。遞延所得稅採用在各報告期末已頒佈或實質上已頒佈,並在有關的遞延所得稅資產實現或遞延所得稅負債結算時預期將會適用的稅率(及法例)而釐定。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.24 CURRENT AND DEFERRED INCOME TAX *(Continued)*

***(ii) Deferred income tax** (Continued)*

The deferred tax liability in relation to investment property that is measured at fair value is determined assuming the property will be recovered entirely through sale.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

2 主要會計政策摘要*(續)*

2.24 即期及遞延所得稅*(續)*

***(ii) 遞延所得稅**(續)*

與投資物業有關並以公允價值計量的遞延稅項負債乃假設物業將通過出售全數收回而釐定。

遞延所得稅資產於有未來應課稅利潤可用於該等暫時差額及虧損時方予確認。

遞延稅項負債及資產不會就海外業務投資的賬面值與稅基之間的暫時性差額確認，而本公司可控制撥回暫時性差額的時間及該差額於可見將來可能不會撥回。

當有法定可執行權利將即期稅項資產與即期稅項負債抵銷，且遞延稅項結餘涉及相同稅務機關，則可將遞延所得稅資產與負債互相抵銷。當實體擁有法定可執行抵銷權且有意按淨值結算或同時變現資產及結清負債，則將即期稅項資產與即期稅項負債抵銷。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.25 EMPLOYEE BENEFITS

(i) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by the employees up to the balance sheet date.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) Pension obligations

The Group participates in defined contribution retirement benefit plans which are available to all relevant employees. These plans are generally funded through payments to schemes established by governments or trustee administered funds. A defined contribution plan is a pension plan under which the Group pays contributions on mandatory, contractual or voluntary basis into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee services in the current and prior periods. The Group's contributions to the defined contribution plans are expensed as incurred and, in most cases, are not reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions.

(iii) Bonus entitlements

The expected cost of bonus payments is recognised as a liability when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made. Liabilities of bonus plan are expected to be settled within twelve months and are measured at the amounts expected to be paid when they are settled.

2 主要會計政策摘要*(續)*

2.25 僱員福利

(i) 僱員應享假期

僱員獲享的年假在僱員可享有時確認。本集團會對僱員服務至結算日所累積的年假估算負債作出撥備。

僱員獲享的病假及產假直至僱員休假時方予確認。

(ii) 退休金責任

本集團針對全體相關僱員參與界定供款退休福利計劃。該等計劃一般以向政府成立的計劃或信託管理基金支付款項的方式運作。界定供款計劃指本集團以強制、合約或自願基準向獨立實體作出供款的退休金計劃。倘基金並無足夠資產就目前及過往期間的僱員服務向所有僱員支付福利，本集團並無法定或推定責任作出進一步供款。本集團向界定供款計劃所作的供款於發生時支銷，在大部分情況下，不會以沒收於供款悉數歸屬前離開計劃的僱員的供款方式扣減。

(iii) 應享花紅

支付花紅的預計成本，於因僱員提供服務而使本集團產生現有法定或推定責任，並能夠可靠估計時確認為負債。花紅計劃的負債預期將於十二個月內償付，並按償付時預期須予支付的金額計算。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.25 EMPLOYEE BENEFITS *(Continued)*

(iv) Restricted share award scheme

The Group operates a restricted share award scheme to recognise the contributions by employees. The fair value of the employee services received in exchange for the grant of restricted share is recognised as employee benefit expense.

The total amount to be expensed over the vesting period is determined by reference to the value of the restricted shares granted:

- including any market performance conditions;
- excluding the impact of any service and non-market performance vesting conditions; and
- including the impact of any non-vesting conditions.

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

At each balance sheet date, the Group revises its estimates of the number of restricted share awards that are expected to be vested. It recognises the impact of the revision of original estimates, if any, in the profit or loss, with a corresponding adjustment to other reserve.

Employee share trust is established, for the purposes of awarding shares to eligible employees under the restricted share award scheme.

2 主要會計政策摘要*(續)*

2.25 僱員福利*(續)*

(iv) 限制性股份獎勵計劃

本集團設有限制性股份獎勵計劃，以確認僱員的貢獻。僱員提供服務以獲授限制性股份的公允價值確認為僱員福利費用。

於歸屬期內將予支銷的總金額參考獲授限制性股份的價值釐定：

- 包括任何市場表現情況；
- 不包括任何服務及非市場表現歸屬條件的影響；及
- 包括任何非歸屬條件的影響。

總費用於歸屬期內確認，歸屬期指將符合所有特定歸屬條件的期間。

於各結算日，本集團修訂對將予歸屬限制性股份獎勵數目的估計。本集團於損益內確認對原來估計作出修訂的影響(如有)，並在其他儲備內作出相應調整。

僱員股份信託乃為根據限制性股份獎勵計劃向合資格僱員授出獎勵股份而設。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.25 EMPLOYEE BENEFITS *(Continued)*

***(iv) Restricted share award scheme** (Continued)*

The employee share trust is administered by an independent trustee and is funded by the Group's cash contributions and recorded as contributions to employee share trusts, an equity component. The administrator of the employee share trust buys the Company's shares in the open market for award to employees.

Upon vesting, the corresponding awards in the share-based compensation reserve will be transferred to the employee share trust for shares awarded to employees.

2.26 PROVISIONS

Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2 主要會計政策摘要*(續)*

2.25 僱員福利*(續)*

***(iv) 限制性股份獎勵計劃**(續)*

僱員股份信託由獨立信託人管理，並由本集團以現金撥付供款，於權益入賬作僱員股份信託供款。僱員股份信託管理人於公開市場購入本公司股份以向僱員作出獎勵。

於歸屬時，以股份為基礎補償儲備內的相應獎勵轉撥至僱員股份信託，以向僱員作出股份獎勵。

2.26 撥備

當本集團因過往事件承擔現有法律或推定責任，而解除責任很有可能導致資源流出，且金額能夠可靠計算的情況下，方會確認撥備。概不會就未來經營虧損確認撥備。

倘承擔若干類似責任，於釐定解除責任會否導致資源流出時，將考慮整體責任類別。即使同類責任當中任何一項導致資源流出可能性甚低，亦會確認撥備。

撥備採用税前利率按照預期結算有關責任所需的開支現值計量，該利率反映當時市場對貨幣時間值和有關責任固有風險的評估。隨著時間過去而增加的撥備確認為利息費用。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.27 FINANCIAL GUARANTEE LIABILITIES

Financial guarantee liabilities are recognised in respect of the financial guarantee provided by the Group to the banks for the property purchasers.

Financial guarantee liabilities are recognised initially at fair value plus transaction costs that are directly attributable to the issue of the financial guarantee liabilities. After initial recognition, such contracts are measured at the higher of the present value of the best estimate of the expenditure required to settle the present obligation and the amount initially recognised less cumulative amortisation.

Financial guarantee liabilities are derecognised from the consolidated balance sheets when, and only when, the obligation specified in the contract is discharged or cancelled or expired.

2.28 REVENUE RECOGNITION

Revenue is measured at the fair value of the consideration received or receivable. The Group recognises revenue when the amount of revenue can be reliably measured and when it is probable that future economic benefits will flow to the entity.

Revenue from sale of properties and lands held for sale in the ordinary course of business is recognised when all the following conditions are satisfied:

(i) the Group has transferred to the buyer the significant risks and rewards of ownership of the properties, which is when the construction of relevant properties has been completed, upon delivery, and collectability of related receivables is reasonably assured;

(ii) the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the properties are sold;

2 主要會計政策摘要*(續)*

2.27 財務擔保負債

財務擔保負債乃就本集團為物業買家提供予銀行的財務擔保予以確認。

財務擔保負債初步以公允價值加出具財務擔保負債直接應佔交易成本確認。於初步確認後，有關合約按結清現有責任所需的開支最佳估計的現值與初步確認款額減累計攤銷(以較高者為準)計量。

財務擔保負債在且僅在合約規定責任解除或取銷或期滿時終止於綜合資產負債表入賬。

2.28 收入確認

收入按已收或應收代價的公允價值計量。當收入金額能夠可靠計量及未來經濟利益有可能流入實體時，本集團將確認收入。

於日常業務過程中，當符合以下條件時，則會確認銷售持作銷售物業及土地的收入：

(i) 本集團將物業擁有權的重大風險及回報轉移予買方，即相關物業的建築工程已竣工、於物業交付時及可合理確保能收取有關應收款項時；

(ii) 本集團並無保留一般與已售物業擁有權有關的持續管理權或實際控制權；

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.28 REVENUE RECOGNITION *(Continued)*

(iii) the amount of revenue can be measured reliably;

(iv) it is probable that the economic benefits associated with the transaction will flow to the Group; and

(v) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Deposits and instalments received from purchasers prior to meeting the above criteria for revenue recognition are included in the consolidated balance sheet under current liabilities.

Revenue from sales of land improvement is recognised by using the 'percentage-of-completion' method to determine the appropriate amount to recognise in a given period. The percentage of completion is established by reference to the costs incurred to date compared to the total costs to be incurred under the transaction. Provision is made for foreseeable losses as soon as they are anticipated by management. Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is treated as trade receivables. Where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is treated as advanced proceeds received from customers.

The Group provides property development and management service to its customers which including brand authorisation service, sales management service, green product integration service and development management services. The Group recognizes revenue on different types of service by reference to the service's stage of completion at the balance sheet date when the outcome of the rending of services can be estimated reliably:

— Revenue from brand authorisation, sales management service and green-technical system integration service fees is recognised in accounting period in which the services are rendered.

2 主要會計政策摘要*(續)*

2.28 收入確認*(續)*

(iii) 收入金額能夠可靠地計量；

(iv) 與交易相關的經濟利益有可能流入本集團；及

(v) 有關交易產生或將產生的成本能夠可靠地計量。

在符合上述收入確認條件前，向買方收取的按金及分期款項計入綜合資產負債表的流動負債。

出售土地改進服務所得收入使用「完成百分比」法確認，以釐定於特定期間確認的合適款額。完成百分比乃參照迄今產生的成本相比根據交易將予產生的總成本確定。管理層於預期出現可預見虧損時計提撥備。倘迄今產生的合約成本加已確認利潤減已確認虧損超逾進度付款，盈餘款項視為應收賬款處理。倘進度付款超逾迄今產生的合約成本加已確認利潤減已確認虧損，盈餘款項視為來自客戶的預收款項處理。

本集團向客戶提供房地產開發及管理服務，包括品牌授權服務、銷售管理服務、綠色產品集成服務及開發管理服務。當提供服務的結果能可靠估計時，本集團參考於結算日服務的完成階段確認各類服務的收入。

— 品牌授權、銷售管理服務及綠色技術系統集成服務費用的收入於提供服務的會計期間確認。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.28 REVENUE RECOGNITION *(Continued)*

— Revenue from development management services associated with both floating and fixed fees is recognised by using the 'percentage-of-completion' method to determine the appropriate amount to recognise in a given period. The percentage of completion is established by reference to the costs incurred to date compared to the total costs to be incurred under the transaction. Where the outcome of a contract cannot be measured reliably, revenue is recognised only to the extent that the expenses incurred are eligible to be recovered. Provision is made for foreseeable losses as soon as they are anticipated by management. Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is treated as trade receivables. Where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is treated as advanced proceeds received from customers.

Rental income under operating leases is recognised on a straight-line method over the term of the relevant lease.

Decoration service income is recognised when the related services are provided.

2.29 INTEREST INCOME

Interest income is recognised on a time-proportion basis using the effective interest method.

2.30 DIVIDEND INCOME

Dividend income is recognised when the right to receive payment is established.

2 主要會計政策摘要*(續)*

2.28 收入確認*(續)*

— 與浮動費用及固定費用有關的開發管理服務收入使用「完成百分比」法釐定特定期間確認的適當金額而確認。完成百分比乃參照迄今產生的成本相比根據交易將予產生的總成本確定。倘合約結果未能可靠計量，收益僅以已產生的開支符合資格收回者為限確認。管理層於預期出現可預見虧損時計提撥備。倘迄今產生的合約成本加已確認利潤減已確認虧損超逾進度付款，盈餘款項視為應收賬款處理。倘進度付款超逾迄今產生的合約成本加已確認利潤減已確認虧損，盈餘款項視為來自客戶的預收款項處理。

經營租賃的租金收益於相關租期以直線法確認。

裝飾服務收益於提供有關服務時確認。

2.29 利息收益

利息收益以實際利率法按時間比例基準確認。

2.30 股息收益

股息收益於收取款項的權利確立時確認。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.31 GOVERNMENT GRANTS

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants relating to costs are deferred and recognised in the consolidated statement of comprehensive income over the period necessary to match them with the costs they are intended to compensate. Government grants that become receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to an entity within the Group with no future related costs are recognised as income of the period in which they become receivable.

2.32 LEASES

The Group leases certain properties. Leases of properties where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in finance lease liabilities. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases (note 39). Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated statement of comprehensive income on a straight-line basis over the period of the lease.

2 主要會計政策摘要*(續)*

2.31 政府補助

倘能合理保證可收到政府補助而本集團將遵循所有附帶條件時，則有關政府補助按公允價值確認。有關成本的政府補助遞延至政府補助與其擬補償的成本配對時，方於綜合全面收益表確認。就經已產生的開支或虧損或就對本集團內並無未來相關成本的一間實體給予即時財務援助而應收作為補償的政府補助在其成為應收的期間確認為收入。

2.32 租賃

本集團租賃若干財產。凡物業的擁有權所涉及的大部份風險及回報由本集團擁有的租賃，分類為融資租賃。融資租賃於租賃開始時按租賃資產的公允價值及最低租金付款的現值兩者中的較低者資本化。相應的租金責任(扣除融資費用)計入融資租賃負債。各租賃付款於負債及融資費用之間分配。融資費用於租賃期以固定利率將負債餘額自每個期間的損益表中扣除。倘未能合理確定本集團將於租期結束時取得擁有權，則根據融資租賃收購的不動產、工廠及設備於資產使用年期按資產使用年期與租期之間的較短者折舊。

凡擁有權所涉及大部分風險及回報由出租人保留的租賃，分類為經營租賃(附註39)。根據經營租賃所付租金在扣除來自出租人的任何優惠後，在租期以直線法在綜合全面收益表扣除。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.33 DIVIDEND DISTRIBUTION

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

2.34 EQUITY INSTRUMENTS

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs. Respective distributions if and when declared are treated as equity dividends.

Convertible perpetual securities issued by the Group that have the above characteristics are classified as equity instruments.

2 主要會計政策摘要*(續)*

2.33 股息分派

向本公司股東分派的股息於本公司股東或董事(如適用)批准股息的期間內，在本集團及本公司的財務報表內確認為負債。

2.34 股本工具

股本工具為證明實體於扣減所有負債後的資產中擁有剩餘權益的任何合約。本集團所發行的股本工具按已收所得款項扣除直接發行成本確認。各自之分派於宣派時被視為權益股息。

本集團所發行的可換股永久證券具有上述特徵，故分類為股本工具。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.35 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the consolidated financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group.

Contingent assets are not recognized but are disclosed in the notes to the consolidated financial statements when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognized.

2 主要會計政策摘要*(續)*

2.35 或然負債及或然資產

或然負債指因過往事件可能引致的責任，其存在與否僅可透過日後會否發生一宗或多宗本集團不能完全控制的不明朗事件來確定。或然負債亦可能是過往事件所產生的現時責任，但由於可能無需消耗經濟資源或有關責任金額不能可靠計量而未有入賬。

或然負債不予確認，但會於綜合財務報表附註中披露。當消耗資源的可能性變動致使可能消耗資源，則會確認或然負債為撥備。

或然資產指因過往事件可能產生的資產，其存在與否僅可透過日後會否發生一宗或多宗本集團不能完全控制的不明朗事件來確定。

或然資產不予確認，但會於經濟利益可能流入時於綜合財務報表附註中披露。於基本確定流入時確認資產。

3 FINANCIAL RISK MANAGEMENT

3.1 FINANCIAL RISK FACTORS

The Group is exposed to a variety of financial risks such as market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk, which result from its operating, investing and financing activities. According to the Group's risk management policies, the financial risks shall be assessed continuously by the management taken into account of the prevailing conditions of the financial market and other relevant variables to avoid excessive concentrations of risk. The Group has not used any derivatives or other instruments for hedging purpose. The most significant financial risks to which the Group is exposed to are described below.

(a) Market risk

(i) Foreign currency risk

Currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group mainly operates and invests in Hong Kong, United States ("US") and the PRC with most of the transaction denominated and settled in HK$, US$ and RMB respectively. Foreign exchange risk mainly arises from certain borrowings and other current liabilities of the Company (with functional currency of HK$) and the companies located in US (with functional currency of US$) which are denominated in RMB.

At 31 December 2017, if RMB had weakened/strengthened by 5% against HK$ and US$ with all other variables held constant, pre-tax profit for the year would have been approximately RMB215,142,000 (2016: RMB203,870,000) higher/lower, mainly as a result of foreign exchange differences on translation of RMB denominated borrowings and inter-group loans.

3 財務風險管理

3.1 財務風險因素

本集團承受多種財務風險，例如經營、投資及融資活動所產生的市場風險(包括外匯風險及利率風險)、信貸風險及流動資金風險。根據本集團的風險管理政策，管理層應持續評估財務風險，透過考慮現行金融市況及其他相關變數以避免風險過度集中。本集團並無利用任何衍生或其他工具作對沖用途。本集團承受的最重大財務風險闡述如下。

(a) 市場風險

(i) 外匯風險

外幣風險指因外幣匯率變動而導致金融工具的公允價值或未來現金流量出現波動的風險。本集團主要在香港、美國及中國經營業務及投資，當中大部分交易分別以港元、美元及人民幣計值及結算。外匯風險主要因本公司(功能貨幣為港元)及位於美國的公司(功能貨幣為美元)若干以人民幣計值的借款及其他流動負債而產生。

於二零一七年十二月三十一日，倘人民幣兑港元及美元的匯率貶值／升值5%，而所有其他變數維持不變，年度除税前利潤將增加／減少約人民幣215,142,000元(二零一六年：人民幣203,870,000元)，主要因換算以人民幣計值的借款與集團內公司間貸款而產生。

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 FINANCIAL RISK FACTORS *(Continued)*

***(a) Market risk** (Continued)*

(ii) Interest rate risk

The Group has no significant interest-bearing assets and liabilities other than bank deposits and borrowings. Bank balances and borrowings at floating rates expose the Group to cash flow interest rate risk. The Group's exposure to market risk for changes in interest rates relates primarily to bank balances which bear floating interest rates. Management monitors the interest rate risk and performs sensitivity analysis on a regular basis.

At 31 December 2017, if interest rates on bank balances and borrowings had been 50 basis points higher/lower with all other variables held constant, the Group's bank interest income and profit for the year would have been approximately RMB7,240,000 (2016: RMB17,157,000) lower/higher. The sensitivity analysis has been determined assuming that the change in interest rates had occurred at the balance sheet date.

(b) Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Group. The credit risk of the Group mainly arises from bank balances and deposits, trade and other receivables and amounts due from related parties and non-controlling interests. The carrying amounts of these balances represent the Group's maximum exposure to credit risk in relation to financial assets. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

3 財務風險管理*（續）*

3.1 財務風險因素*（續）*

(a) 市場風險（續）

(ii) 利率風險

除銀行存款及借款外，本集團並無重大計息資產及負債。以浮動利率計息的銀行結餘與借款令本集團承受現金流量利率風險。本集團就利率變動承受的市場風險主要涉及以浮動利率計息的銀行結餘。管理層監控利率風險並定期進行敏感性分析。

於二零一七年十二月三十一日，倘銀行結餘及借款的利率上升／減少50個基點，而所有其他變數維持不變，本集團銀行利息收益及年度利潤將減少／增加約人民幣7,240,000元（二零一六年：人民幣17,157,000元）。敏感性分析乃假設結算日發生利率變動而釐定。

(b) 信貸風險

信貸風險指金融工具的交易對手未能根據金融工具的條款履行責任，令本集團蒙受財務損失的風險。本集團的信貸風險主要因銀行結餘及存款、應收賬款及其他應收款及應收關聯方及非控制性權益款項而產生。該等結餘的賬面值即本集團就金融資產所承受的最大信貸風險。管理層已制定信貸政策並持續監控此等信貸風險。

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 FINANCIAL RISK FACTORS *(Continued)*

***(b) Credit risk** (Continued)*

The credit risk on Group's cash and cash equivalents is limited because the counterparties are banks with high credit ratings. In respect of trade and other receivables and amounts due from related parties, individual credit evaluations are performed on all debtors. These evaluations focus on the debtors' past history of making payments when due and current ability to pay, and take into account information specific to the debtors as well as pertaining to the economic environment in which the debtors operate. The Group does not obtain collateral from customers or counterparties in respect of receivable.

The Group typically provides guarantees to banks in connection with the customers' borrowing of mortgage loans to finance their purchase of properties for an amount up to 70% of the total purchase price of the property. If a purchaser defaults on the payment of its mortgage loan during the guarantee period, the bank holding the guarantee may demand the Group to repay the outstanding amount under the loan and any interest accrued thereon. Under such circumstances, the Group is able to retain the customer's deposit and re-sell the property to recover any amounts paid by the Group to the bank. In this regard, the directors consider that the Group's credit risk is significantly reduced. Detailed disclosure of these guarantees is made in note 42.

3 財務風險管理*（續）*

3.1 財務風險因素*（續）*

***(b) 信貸風險**（續）*

本集團現金及現金等價物的信貸風險有限，原因為交易對手均為擁有較高信用評級的銀行。就應收賬款及其他應收款及應收關聯方款項而言，須對所有債務人進行個別信貸評估。該等評估主要針對債務人過往到期還款記錄及當前支付能力，並考慮債務人運營所在經濟環境的特定資料。本集團並無就應收款收取客戶或交易對手任何抵押品。

本集團一般為借取按揭貸款以撥資購買物業的客戶向銀行提供擔保，最高以物業總購買價的70%為限。倘買家於擔保期內拖欠償還按揭貸款，承保銀行可能要求本集團償還貸款結欠金額連同任何應計利息。於該等情況下，本集團有權沒收客戶按金並重售物業，以收回本集團應付予銀行的任何金額。就此而言，董事認為本集團的信貸風險已大大減少。有關該等擔保的詳情於附註42披露。

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 FINANCIAL RISK FACTORS *(Continued)*

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and the availability of funding through an adequate amount of committed credit facilities.

The Group's primary cash requirements have been for the payments for property development projects and operating expenses. The Group finances its working capital requirements mainly through internal resources and borrowings from shareholders and banks.

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient cash balances and adequate credit facilities to meet its liquidity requirement in the short and long term.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows based on the earliest date on which the Group can be required to pay as of 31 December 2017.

3 財務風險管理*（續）*

3.1 財務風險因素*（續）*

(c) 流動資金風險

審慎的流動資金風險管理指維持充足的現金及現金等價物，並透過充裕的信貸融資額度取得資金。

本集團的主要現金需求用於支付房地產開發項目及經營費用。本集團的營運資金需求主要透過內部資源及向股東及銀行借款撥付。

本集團的政策為定期監控當前及預期的流動資金需求，確保維持充足的現金結餘及充裕的信貸額度，以滿足短期及長期的流動資金需求。

下表載列根據結算日至合約到期日的剩餘期限，按照相關到期組別劃分的本集團金融負債分析。表內披露的金額為於二零一七年十二月三十一日根據本集團可被要求的最早支付日期計算的合約未折現現金流量。

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 FINANCIAL RISK FACTORS *(Continued)*

***(c) Liquidity risk** (Continued)*

3 財務風險管理*（續）*

3.1 財務風險因素*（續）*

(c) 流動資金風險（續）

		Less than 1 year or repayable on demand 少於一年或按要求償還 RMB'000 人民幣千元	Between 1 and 2 years 一至兩年 RMB'000 人民幣千元	Over 2 years 兩年以上 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
At 31 December 2017	**於二零一七年十二月三十一日**				
Creditors and accruals	應付賬款及應計費用	**1,715,606**	**–**	**–**	**1,715,606**
Amounts due to non-controlling interests and interest thereon	應付非控制性權益款項及有關利息	**20,176**	**19,283**	**–**	**39,459**
Amounts due to related parties and interest thereon	應付關聯方款項及有關利息	**2,120,416**	**502,153**	**2,291,850**	**4,914,419**
Borrowings and interest thereon	借款及有關利息	**2,495,178**	**362,004**	**3,175,999**	**6,033,181**
At 31 December 2016	**於二零一六年十二月三十一日**				
Creditors and accruals	應付賬款及應計費用	1,185,656	–	–	1,185,656
Amounts due to non-controlling interests and interest thereon	應付非控制性權益款項及有關利息	23,449	23,449	227,985	274,883
Amounts due to related parties and interest thereon	應付關聯方款項及有關利息	344,326	361,182	1,431,930	2,137,438
Borrowings and interest thereon	借款及有關利息	1,612,466	2,241,241	3,069,142	6,922,849

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.2 FAIR VALUE ESTIMATION

Below analyses financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

1. Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).

2. Inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).

3. Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The Group's investment property is recognised under level 3 of the fair value hierarchy and details of the valuation are disclosed in note 18.

The carrying amounts of the Group's current financial assets and financial liabilities approximate their fair values due to their short maturities.

3.3 CAPITAL RISK MANAGEMENT

The Group's capital management objectives are:

— to ensure the Group's ability to continue as a going concern; and

— to provide an adequate return to shareholders.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or obtain borrowings.

3 財務風險管理*（續）*

3.2 公允價值估計

下文載列利用估值法分析按公允價值入賬的金融工具。不同層級的定義如下：

1. 相同資產或負債於活躍市場的報價（未經調整）（第1層）。

2. 除第1層所包括的報價外，就資產或負債可觀察的直接（即價格）或間接（即源自價格）輸入數據（第2層）。

3. 資產或負債並非依據可觀察市場數據的輸入數據（即不可觀察輸入數據）（第3層）。

本集團的投資性物業在公允價值層級內確認為第3層，有關評估細節於附註18披露。

由於本集團的流動金融資產及金融負債期限短，故賬面值與公允價值相若。

3.3 資本風險管理

本集團的資本管理目標為：

— 確保本集團持續經營的能力；及

— 為股東提供理想回報。

為維持或調整資本架構，本集團或會調整向股東派付的股息金額、向股東退還資本、發行新股或取得借款。

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.3 CAPITAL RISK MANAGEMENT *(Continued)*

The Group monitors its capital structure on a basis of gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents and restricted cash pledged for the Group's borrowing. Total capital is calculated as net debt plus total equity as shown in the consolidated balance sheet.

The gearing ratios as at 31 December 2017 and 2016 were as follows:

3 財務風險管理*（續）*

3.3 資本風險管理*（續）*

本集團根據資產負債比率監控資本架構。該比率以債務淨額除以資本總額計算。債務淨額以借款總額減現金及現金等價物及已就本集團借款抵押的受限制現金計算。資本總額以債務淨額加綜合資產負債表所示的總權益計算。

於二零一七年及二零一六年十二月三十一日的資產負債比率如下：

		As at 31 December 於十二月三十一日	
		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Borrowings (note 29)	借款（附註29）	**5,429,415**	6,083,341
Less: Cash and cash equivalents (note 27)	減：現金及現金等價物（附註27）	**(3,341,835)**	(2,761,130)
Restricted cash (note 27)	受限制現金（附註27）	**(129,290)**	(215,722)
Net debt	債務淨額	**1,958,290**	3,106,489
Total equity	總權益	**3,698,063**	3,052,716
Total capital	資本總額	**5,656,353**	6,159,205
Gearing ratio	資產負債比率	**34%**	50%

Restricted cash was pledged as securities for certain bank borrowings and mortgage facilities of the Group and management considers that such restricted cash should be included in the calculation of net debt in order to reflect an appropriate gearing ratio of the Group.

受限制現金已就本集團若干銀行借款及按揭融資作抵押，管理層認為，有關受限制現金應納入債務淨額的計算中，以反映本集團合適的資產負債比率。

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(I) CLASSIFICATION OF SUBSIDIARY, JOINT VENTURE AND ASSOCIATE

In the normal course of business, the Group develops properties together with other developers or institutions, through entering into co-operation agreements with these parties. The rights and obligations of the Group and the other parties are stipulated by respective co-operation agreements, article of associations of the project companies, etc. Because of the complexity of the arrangements, significant judgement is needed in determining whether the project company is subsidiary, joint venture or associate of the Group. The Group makes judgement based on the substance of the arrangements and the definition of subsidiary, joint venture and associate.

(II) ESTIMATED FAIR VALUE OF INVESTMENT PROPERTY

The Group's investment property is stated at fair value which is determined by an independent professional valuer. Such valuation is made based on certain assumptions, which are subject to uncertainties and might materially differ from the actual results. In making the judgement, reasonable consideration has been given to the underlying assumptions that are mainly based on market conditions existing at the reporting date. These estimates are regularly compared to actual market data and actual transactions in the market.

4 關鍵會計估計及判斷

本集團作出有關未來情況的估計及假設，顧名思義，會計估計結果極少相等於有關實際結果。估計及假設很可能導致須對下一個財政年度的資產及負債賬面值作出重大調整，詳情如下：

(I) 附屬公司、合營企業及聯營公司的分類

於一般業務過程中，本集團與其他發展商或機構透過與該等合作方訂立合作協議，共同開發房地產。本集團與其他方的權利及責任由各自之合作協議、項目公司之組織章程細則等訂明。鑑於該等安排之複雜性，釐定項目公司是否屬本集團之附屬公司、合營企業或聯營公司需要重大判斷。本集團乃基於該等安排之實質性及附屬公司、合營企業及聯營公司之定義作出判斷。

(II) 投資性物業的估計公允價值

本集團的投資性物業以獨立專業估值師所釐定的公允價值列賬。估值乃基於若干假設，其中涉及不確定因素，可能與實際結果相距甚遠。作出判斷時須主要根據報告日的市況對相關假設作出合理考慮。該等估計須定期與實際市場資料及實際交易情況作比較。

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT *(Continued)*

(III) NET REALISABLE VALUE OF INVENTORY, PROPERTIES HELD FOR SALE AND UNDER DEVELOPMENT

Management determines the net realisable value of inventory, properties held for sale and under development by using prevailing market data such as most recent sale transactions. Such assessment is made based on certain assumptions, which are subject to uncertainties and might materially differ from the actual result. In making the judgement, reasonable consideration has been given to the underlying assumptions that are mainly based on market condition existing at the reporting date. These estimates are regularly compared to actual market data and actual transactions in the market.

(IV) INCOME TAXES AND DEFERRED TAX

The Group is subject to income taxes in Hong Kong, US and the PRC. Significant judgement is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain in the ordinary course of business. The Group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the year in which such determination is made.

Deferred income tax assets relating to certain temporary differences and tax losses are recognised when management considers it is likely that future taxable profits will be available against which the temporary differences or tax losses can be utilised. When the expectations are different from the original estimates, such differences will impact the recognition of deferred income tax assets and income tax charges in the period in which such estimates are changed.

4 關鍵會計估計及判斷 *(續)*

(III) 庫存、持作銷售物業及開發中房地產的可變現淨值

管理層採用現行市場數據(如最近期銷售交易)釐定庫存、持作銷售物業及開發中房地產的可變現淨值。評估乃基於若干假設，其中涉及不確定因素，可能與實際結果相距甚遠。作出判斷時須主要根據報告日的市況對相關假設作出合理考慮。該等估計須定期與實際市場資料及實際交易情況作比較。

(IV) 所得稅及遞延稅項

本集團須繳納香港、美國及中國所得稅。釐定所得稅撥備時，須作出重大判斷。在日常業務中有若干未能確定最終稅項的交易及計算。本集團按照額外稅項是否將會到期之估計確認預計稅務事宜之負債。倘該等事宜的最終稅務結果有別於最初記錄的數額，則有關差額會影響釐定有關數額期間的所得稅及遞延稅項撥備。

與若干暫時差額及稅項虧損有關的遞延所得稅資產於管理層認為未來有可能出現應課稅利潤可用作抵銷該等暫時差額或稅項虧損時確認。當預期金額與原定估計有差異時，則該差異將於估計改變期間影響遞延所得稅資產的確認及所得稅費用。

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT *(Continued)*

(V) PRC LAND APPRECIATION TAXES

The Group is subject to land appreciation taxes in the PRC. However, the implementation and settlement of LAT varies among various tax jurisdictions in cities of the PRC, and the Group has not finalised its LAT calculation and payments with local tax authorities in the PRC for most of its property development projects. Accordingly, significant judgement is required in determining the amount of land appreciation and its related taxes. The Group recognises these liabilities based on management's best estimates. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax expenses and provisions of land appreciation taxes in the period in which such determination is made.

(VI) IMPAIRMENT OF INTERESTS IN ASSOCIATES AND JOINT VENTURES

The Group follows the guidance of HKAS 39 to identify any impairment indicator for whether interests in associate and joint ventures. This determination requires significant judgement. In making this judgement, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and short-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

4 關鍵會計估計及判斷 *(續)*

(V) 中國土地增值税

本集團須繳納中國土地增值税。然而，中國各城市不同税收管轄區對土地增值税的執行及結算不盡相同，而本集團尚未與中國任何地方税務局落實房地產開發項目土地增值税的計算及付款方法。因此，釐定土地增值額及相關税項時須作出重大判斷。本集團根據管理層作出的最佳估計確認該等負債。倘該等事宜的最終税務結果有別於最初記錄的數額，則有關差額會影響釐定有關數額期間的所得税費用及土地增值税撥備。

(VI) 於聯營公司及合營企業的權益減值

本集團根據香港會計準則第39號的指引識別聯營公司及合營企業權益中的任何減值跡象。有關釐定須作出重大判斷。於作出判斷時，本集團會評估多項因素，其中包括該投資的公允價值低於成本的時期及程度；及投資對象的財政是否穩健及短期業務展望，包括行業及分部表現、技術變動及經營和融資現金流量等因素。

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT *(Continued)*

(VII) REVENUE RECOGNITION FOR DEVELOPMENT MANAGEMENT SERVICES FEES

The Group uses the percentage-of-completion method in the accounting of development management service contract. Use of the percentage-of-completion method requires the Group to estimate the total contract costs incurred up to the end of the reporting period as a percentage of total estimated costs to completion for each contract. While for the contracts with the floating fees, besides the determination of percentage of completion, significant accounting estimates is also involved in the determination of projected sales. The total revenue recognised could be different from the amounts that were initially recorded, and these differences will impact the revenue in the periods in which such target properties are delivered to customers.

(VIII) REVENUE RECOGNITION FOR SALES OF LAND IMPROVEMENTS

The Group uses the percentage-of-completion method in the accounting of sales of land improvements. Use of the percentage-of-completion method requires the Group to estimate the total contract costs incurred up to the end of the reporting period as a percentage of total estimated costs to completion for each contract.

4 關鍵會計估計及判斷 *(續)*

(VII) 開發管理服務費收入確認

本集團使用完成百分比法對開發管理服務合約入賬。使用完成百分比法，本集團須估計截至報告結算日止期間的合約總成本佔完成合約估計總成本的百分比。而對於浮動費用合約，除釐定完成百分比外，亦須作出有關預期銷售額的重大會計估計。所確認收入總額可能有別於最初記錄者，而差額會影響向客戶交付目標物業期間的收入。

(VIII) 出售土地改進服務的收入確認

本集團使用完成百分比法對銷售土地改進服務入賬。使用完成百分比法，本集團須估計截至報告結算日止期間的合約總成本佔完成合約估計總成本的百分比。

5 REVENUE

Revenue recognized during the year is as follows:

5 收入

年內確認的收入如下：

		Year ended 31 December 截至十二月三十一日止年度	
		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Sale of properties and lands in	銷售物業及土地	**5,379,563**	4,121,233
— The PRC	— 中國	**4,048,718**	3,834,225
— The USA	— 美國	**1,330,845**	287,008
Management services fee income (i)	管理服務費收益(i)	**753,225**	623,171
Decoration service income	裝飾服務收益	**46,313**	74,141
Rental and management fee income on investment property	投資物業租金及管理費收益	**26,548**	26,463
Long-term rental apartment income	長租公寓收益	**8,282**	–
		6,213,931	4,845,008

(i) Breakdown of the revenue from management services is as follows:

(i) 項目管理服務收入明細如下：

		Year ended 31 December 截至十二月三十一日止年度	
		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Revenue from development management service	開發管理服務收入	**297,472**	269,056
Revenue from sales management service	銷售管理服務收入	**281,572**	229,566
Revenue from green product integration services	綠色產品整合服務收入	**152,775**	83,280
Revenue from brand authorisation services	品牌授權服務收入	**21,406**	41,269
		753,225	623,171

6 SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the chief operating decision-maker that are used to make strategic decisions. These reports are prepared on the same basis as these consolidated financial statements.

The chief operating decision-maker is identified as the executive directors of the Company. The executive directors consider the business from services perspective and have identified the following operating segments:

(i) Investment office property;

(ii) Property and land development and sale;

(iii) Management services; and

(iv) Long-term rental apartments.

The Group established the long-term rental apartment business in 2017. To better measure the performance, a separate segment is reported.

The executive directors assess the performance of the reportable segments based on a measure of revenue and segment profit. Segment profit includes profits from subsidiaries, share of profits of joint ventures and share of profits of associates. This represents the profit earned by each segment without allocation of gain on disposal of property, plant and equipment, interest income on bank deposits, corporate expenses and corporate finance costs charged in the consolidated statement of comprehensive income. This is the measure reported to the management of the Group for the purposes of resource allocation and performance assessment.

6 分部資訊

管理層根據由經主要營運決策者審閱及用作策略決定的報告釐定經營分部。該等報告乃根據此等綜合財務報表相同的基準編製。

主要營運決策者為本公司執行董事。執行董事從服務角度考慮業務，並確認以下經營分部：

(i) 辦公物業投資；

(ii) 房地產及土地開發及銷售；

(iii) 管理服務；及

(iv) 長租公寓。

本集團於二零一七年設立長租公寓業務。為作出更佳表現計量，已呈報獨立分部。

執行董事根據收入及分部利潤計量評估報告分部的表現。分部利潤包括附屬公司利潤、應佔合營企業利潤及應佔聯營公司利潤。分部利潤指各分部所賺取利潤，惟不包括出售不動產、工廠及設備的利得、銀行存款利息收益、公司費用及公司財務費用等已計入綜合全面收益表的未分配項目。本集團管理層根據所報告的計量分配資源和評估表現。

6 SEGMENT INFORMATION *(Continued)*

The segment information provided to the executive directors for the reportable segments for the year ended 31 December 2017 is as follows:

6 分部資訊（續）

截至二零一七年十二月三十一日止年度，向執行董事提供的報告分部資訊如下：

		Year ended 31 December 2017 截至二零一七年十二月三十一日止年度				
		Investment property office 辦公物業投資 RMB'000 人民幣千元	Property and land development and sale 房地產及土地開發及銷售 RMB'000 人民幣千元	Management services 管理服務 RMB'000 人民幣千元	Long-term rental apartments 長租公寓 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Segment revenue (external)	分部收入(外部)	**26,548**	**5,425,876**	**753,225**	**8,282**	**6,213,931**
Reportable segment profit	報告分部利潤	**45,511**	**1,113,465**	**410,885**	**(44,170)**	**1,525,691**
Depreciation of property, plant and equipment	不動產、工廠及設備折舊	**(3)**	**(9,374)**	**(1,739)**	**(142)**	**(11,258)**
Fair value gain on investment properties	投資性物業的公允價值利得	**28,910**	**–**	**–**	**–**	**28,910**
Share of gains of associates	應佔聯營公司利得	**–**	**169,453**	**–**	**–**	**169,453**
Share of gains of joint ventures	應佔合營企業利得	**–**	**21,881**	**–**	**–**	**21,881**
Segment assets	分部資產	**349,941**	**17,140,908**	**2,526,845**	**302,807**	**20,320,501**
Segment liabilities	分部負債	**83,313**	**15,772,957**	**662,542**	**103,626**	**16,622,438**
Interests in joint ventures and associates	於合營企業及聯營公司的權益	**–**	**2,868,513**	**–**	**–**	**2,868,513**
Additions to non-current assets (excluding financial assets)	增加非流動資產（不包括金融資產）	**28,925**	**220,746**	**13,814**	**156,910**	**420,395**

6 SEGMENT INFORMATION *(Continued)*

6 分部資訊（續）

		Year ended 31 December 2016 截至二零一六年十二月三十一日止年度				
		Investment property office 辦公物業投資 RMB'000 人民幣千元	Property and land development and sale 房地產及土地開發及銷售 RMB'000 人民幣千元	Management services 管理服務 RMB'000 人民幣千元	Long-term rental apartments 長租公寓 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Segment revenue (external)	分部收入(外部)	26,463	4,195,374	623,171	–	4,845,008
Reportable segment profit	報告分部利潤	58,433	557,601	389,174	–	1,005,208
Depreciation of property, plant and equipment	不動產、工廠及設備折舊	(3)	(11,314)	(1,100)	–	(12,417)
Fair value gain on investment properties	投資性物業的公允價值利得	41,750	–	–	–	41,750
Share of gains of associates	應佔聯營公司利得	–	45,088	–	–	45,088
Share of gains of joint ventures	應佔合營企業利得	–	24,930	–	–	24,930
Finance costs	財務費用	–	(81,823)	–	–	(81,823)
Segment assets	分部資產	309,069	15,238,363	2,459,694	–	18,007,126
Segment liabilities	分部負債	58,122	14,293,919	390,877	–	14,742,918
Additions to non-current assets	增加非流動資產	41,760	683,348	406,903	–	1,132,011

6 SEGMENT INFORMATION *(Continued)*

Reconciliations of segment profit to profit before income tax are as follows:

6 分部資訊 *(續)*

分部利潤與除所得稅前利潤的對賬如下：

		Year ended 31 December 截至十二月三十一日止年度	
		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Segment profit	分部利潤	**1,525,691**	1,005,208
Bank interest income	銀行利息收益	**10,120**	14,700
Gains/(losses) on disposal of property, plant and equipment	出售不動產、工廠及設備的利得／(虧損)	**(2)**	56
Unallocated corporate income	未分配公司收入	**101**	120
Unallocated corporate expenses	未分配公司費用	**(408,499)**	(187,617)
Profit before income tax	除所得稅前利潤	**1,127,411**	832,467

Reconciliations of segment assets/liabilities to total assets/liabilities are as follows:

分部資產／負債與總資產／負債的對賬如下：

		As at 31 December 於十二月三十一日	
		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Segment assets	分部資產	**20,320,501**	18,007,126
Unallocated assets	未分配資產	**–**	–
Total assets	總資產	**20,320,501**	18,007,126

6 SEGMENT INFORMATION *(Continued)*

6 分部資訊（續）

		As at 31 December 於十二月三十一日	
		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Segment liabilities	分部負債	**16,622,438**	14,742,918
Unallocated liabilities	未分配負債	**–**	211,492
Total liabilities	總負債	**16,622,438**	14,954,410

The Group does not have any single customer which contributes more than 10% of the Group's revenue.

本集團並無任何佔本集團收入10%以上的單一客戶。

Unallocated expenses mainly represent corporate expenses such as finance costs and administrative expenses. Unallocated income mainly represents sundry income.

未分配費用主要指公司費用，例如財務費用以及行政費用。未分配收益主要指雜項收益。

The Group's revenue from external customers and non-current assets are divided into the following geographical areas:

本集團來自外部客戶的收入及非流動資產乃按以下地理區域劃分：

		Revenue from external customers 外部客戶收入 Year ended 31 December 截至十二月三十一日止年度		Non-current assets 非流動資產 As at 31 December 於十二月三十一日	
		RMB'000 人民幣千元	RMB'000 人民幣千元	**RMB'000 人民幣千元**	RMB'000 人民幣千元
Mainland China	中國內地	**4,863,089**	4,530,170	**5,064,967**	1,823,786
The USA	美國	**1,350,842**	314,838	**578,475**	133,930
Hong Kong (domicile)	香港（註冊地）	**–**	–	**702**	135,604
		6,213,931	4,845,008	**5,644,144**	2,093,320

The revenue information above is based on the location of the customers. Non-current assets information above is based on the location of the assets.

以上收入資訊乃客戶所在位置而作出。以上非流動資產資訊乃按資產所在地而作出。

7 OTHER INCOME 7 其他收益

		Year ended 31 December 截至十二月三十一日止年度	
		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Interest income from amounts due from joint ventures and associates (note 41)	應收合營企業及聯營公司款項的利息收益(附註41)	**105,402**	95,064
Interest income from non-controlling interests	非控制性權益的利息收益	**23,764**	–
Interest income from loan to third parties and deposit paid for acquisition of an associate (note 25)	應收第三方貸款及收購一間聯營公司所付按金的利息收益(附註25)	**13,362**	22,117
Bank interest income	銀行利息收益	**–**	14,700
Government grants	政府補助	**5,083**	7,785
Interest income from financial products	金融產品的利息收益	**2,575**	–
Sundry income	雜項收益	**518**	3,015
		150,704	142,681

8 OTHER GAINS, NET 8 其他利得淨額

		Year ended 31 December 截至十二月三十一日止年度	
		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Gain on disposal of subsidiaries (note 38)	出售附屬公司之利得(附註38)	**285,619**	165,304
Gain on disposal of a joint venture	出售合營企業之利得	**608**	–
Gain/(loss) on disposal of property, plant and equipment	出售不動產、工廠及設備之利得／(虧損)	**(2)**	56
Net exchange (losses)/gains	匯兑(虧損)／利得淨額	**(270,320)**	226,898
Others	其他	**(3,914)**	–
		11,991	392,258

9 EXPENSES BY NATURE

9 按性質分類的費用

		Year ended 31 December 截至十二月三十一日止年度	
		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Employee benefit expenses	僱員福利費用		
Directors' remuneration (note 14)	董事薪酬(附註14)		
— fees	— 袍金	**900**	1,028
— salaries and allowances	— 薪金及津貼	**15,324**	13,171
— retirement benefit scheme contributions	— 退休福利計劃供款	**355**	329
— restricted share award (note 33(b))	— 限制性股份獎勵(附註33(b))	**–**	3,745
		16,579	18,273
Other staff costs	其他職工費用		
— wages, salaries and allowances	— 工資、薪金及津貼	**218,675**	205,208
— retirement benefit scheme contributions	— 退休福利計劃供款	**18,682**	17,582
— other staff benefit	— 其他職工福利	**15,875**	18,386
— restricted share award (note 33(b))	— 限制性股份獎勵(附註33(b))	**–**	6,500
		253,232	247,676
Cost of sale of properties and lands in	銷售物業及土地費用		
— The PRC	— 中國	**3,350,368**	3,499,633
— The USA	— 美國	**1,183,222**	291,236
Other taxes	其他稅項	**134,327**	198,766
Advertising and promotion expenses	廣告及推廣費用	**72,133**	42,337
Rental expense for office buildings	辦公樓租金費用	**35,904**	15,294
Rental expense for long-term rental apartments	長租公寓租金費用	**11,543**	–
Subcontracting fee	分包費用	**28,205**	18,781
Legal fees	法律費用	**12,433**	17,076
Professional fee	專業費用	**12,783**	7,043
Depreciation of property, plant and equipment (note 19)	不動產、工廠及設備折舊(附註19)	**11,258**	12,417
Stamp duty	印花稅	**5,746**	9,365
Operating costs in respect of investment property	投資物業的營運費用	**5,700**	6,378
Decoration materials used (note 21)	已用裝飾物料(附註21)	**4,788**	19,856
Provision for impairment of trade receivables (note 23)	應收賬款的減值撥備(附註23)	**2,783**	2,138
Auditor's remuneration	核數師薪酬		
— Audit services	— 審核服務	**1,298**	985
— Non-audit services	— 非審核服務	**864**	343
Provision of impairment losses on completed properties held for sale (note 20)	已竣工持作銷售物業減值虧損撥備(附註20)	**1,032**	2,157
Others (i)	其他(i)	**86,336**	55,409
Total	總計	**5,230,534**	4,465,163
Representing:	指：		
Cost of sales and services	銷售及服務費用	**4,690,410**	4,086,294
Administrative expenses	行政費用	**420,235**	288,754
Selling expenses	銷售費用	**119,889**	90,115
		5,230,534	4,465,163

(i) Others include subsidiaries' statutory and non-statutory audit fee of RMB3,727,000 to their respective auditors.

(i) 其他包括附屬公司向各核數師支付的法定及非法定審核費用人民幣 3,727,000 元。

10 FINANCE COSTS

10 財務費用

		Year ended 31 December 截至十二月三十一日止年度	
		2017	2016
		二零一七年	二零一六年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Interest expense	利息費用	**526,813**	571,684
— Bank borrowings	— 銀行借款	**151,084**	269,212
— Loans from the ultimate holding company (note 41)	— 來自最終控股公司的貸款（附註41）	**126,888**	100,296
— Senior private notes (in USD)	— 優先私募債券（美元）	**78,195**	149,743
— EB-5 loans (in USD)	— EB–5貸款（美元）	**21,626**	5,950
— Loan from other financial institutes (in USD)	— 其他融資機構的貸款（美元）	**18,062**	–
— Junior private notes (in USD)	— 次級私募債券（美元）	**14,942**	16,778
— Interest expense on amounts due to related parties (note 41)	— 應付關聯方款項的利息費用（附註41）	**99,275**	29,705
— Sell and buy-back arrangement (in USD) (note 22)	— 出售及回購安排（美元）（附註22）	**9,733**	–
— Discounted bank accepted note (in RMB)	— 已貼現銀行承兑票據（人民幣）	**4,380**	–
— Loans from non-controlling interest	— 來自非控制性權益貸款	**2,628**	–
Less: Interest capitalised	減：資本化利息	**(285,286)**	(387,817)
		241,527	183,867
Finance income	財務收益		
Bank interest income	銀行利息收益	**(10,120)**	–
Other finance charges	其他財務支出	**7,518**	10,218
		238,925	194,085

The interest capitalization rate in 2017 is 6.5% (2016: 6.9%).

於二零一七年的利息資本化率為6.5%（二零一六年：6.9%）。

11 INCOME TAX EXPENSE

11 所得稅費用

		Year ended 31 December 截至十二月三十一日止年度	
		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Current tax	即期稅項		
— Hong Kong profits tax	— 香港利得稅		
Tax expense for the year	年度稅項費用	**1,770**	–
Over-provision in prior years	過往年度超額撥備	**–**	(1,832)
— PRC enterprise income tax	— 中國企業所得稅		
Tax expense for the year	年度稅項費用	**383,903**	266,544
— US profit tax	— 美國利得稅		
Tax expense for the year	年度稅項費用	**–**	170
		385,673	264,882
PRC land appreciation tax	中國土地增值稅	**103,087**	16,884
Deferred tax (note 30)	遞延稅項(附註30)	**(82,190)**	(56,135)
Total income tax expense	所得稅費用總額	**406,570**	225,631

(i) Hong Kong profits tax has been provided at 16.5% (2016: 16.5%) on the assessable profits arising in Hong Kong for the year.

(i) 香港利得稅乃以年度於香港產生的應課稅利潤按稅率16.5%(二零一六年:16.5%)作出撥備。

(ii) Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and implementation Regulations of the EIT Law, the applicable tax rate of the PRC subsidiaries is 25%, except for Landsea Design which enjoys a preferential income tax rate of 15% as approved by relevant tax authorities.

(ii) 根據中國企業所得稅法(「企業所得稅法」)及其實施條例,中國附屬公司的適用稅率為25%,惟朗詩設計經有關稅務部門批准享有15%的優惠所得稅稅率則除外。

PRC land appreciation tax is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sales of properties less deductible expenditures including cost of leasehold lands, borrowing costs, business taxes and all property development expenditures. The tax is incurred upon transfer of property ownership.

中國土地增值稅以銷售物業所得款項減去可扣減開支(包括租賃土地成本、借款成本、營業稅及所有物業開發開支)的土地增值按介乎30%至60%的累進稅率徵收。土地增值稅於物業所有權轉移時產生。

11 INCOME TAX EXPENSE *(Continued)*

(ii) *(Continued)*

At of 31 December 2017, the Group has unused tax losses RMB31,298,000 (2016: RMB41,029,000) available for offset against future profits for certain entities in PRC which have not been recognised due to the unpredictability of future profit streams. The tax losses would expire within five years.

The EIT Law and its implementation rules impose a withholding tax at 10% for dividends distributed by a PRC-resident enterprise to its immediate holding company outside the PRC for earnings generated beginning 1 January 2008. A lower 5% withholding tax rate may be applied when the immediate holding companies are established in Hong Kong according to the tax treaty arrangement between the PRC and Hong Kong. The directors of the Company had confirmed that retained earnings of the Group's PRC subsidiaries as at 31 December 2017 will not be distributed in the foreseeable future. No PRC withholding income tax was accrued during the year ended 31 December 2017. The Group controls the dividend policies of these subsidiaries and it has been determined that the remaining earnings will not be distributed in the foreseeable future.

As at 31 December 2017, the Group did not recognize deferred income tax liability for PRC withholding income tax with amount of RMB259,722,000 (2016: RMB149,828,000) on the remaining unremitted distributable profits generated by its PRC subsidiaries attributable to the investors outside the PRC with amount of RMB2,597,218,000 (2016: RMB1,498,283,000), as the directors of the Company had confirmed that the retained earnings as at 31 December 2017 will not be distributed in the foreseeable future.

11 所得稅費用 *(續)*

(ii) *(續)*

於二零一七年十二月三十一日，由於若干中國實體的不可預見未來利潤流，故本集團並無確認可用作抵銷未來利潤的未動用稅項虧損人民幣31,298,000元(二零一六年：人民幣41,029,000元)。稅項虧損將於五年內屆滿。

企業所得稅法及其實施細則規定中國居民企業就二零零八年一月一日起產生的收益向其中國境外的直接控股公司派發的股息須繳納10%的預扣稅。根據中國與香港訂立的稅收協定安排，若直接控股公司成立於香港，可應用較低的5%預扣稅稅率。本公司董事已確認，本集團中國附屬公司於二零一七年十二月三十一日的留存收益將不會於可見未來分派。截至二零一七年十二月三十一日止年度，並無應計中國預扣所得稅。本集團控制該等附屬公司的股息政策並已確定留存收益將不會於可見未來分派。

於二零一七年十二月三十一日，本集團並未就因中國境外投資者應佔其中國附屬公司餘下未匯出可供分配利潤金額人民幣2,597,218,000元(二零一六年：人民幣1,498,283,000元)而產生的中國預扣所得稅金額人民幣259,722,000元(二零一六年：人民幣149,828,000元)確認遞延所得稅負債，乃由於本公司董事局已確認將不會於可見未來分派於二零一七年十二月三十一日的留存收益。

11 INCOME TAX EXPENSE *(Continued)*

(iii) Under the law of the US on Federal tax and state tax, the blended tax rate of the US's subsidiaries is 39.87%. US profit tax is provided for at 39.87% of the profits for the US statutory financial reporting purpose, adjusted for those items which are not assessable or deductible. (The Tax Cuts and Jobs Act was passed on December 22, 2017, which reduced the corporate tax rate from 35% to 21%, and the new 21% tax rate is effective for tax years beginning after December 31, 2017.)

(iv) The Company incurred a loss of RMB232,789,000 in year 2017. No deferred tax assets was recognised on the loss.

Taxes on profits assessable elsewhere have been calculated at the applicable rates of tax prevailing in the jurisdictions in which the Group operates, based on existing legislations, interpretations and practices in respect thereof.

11 所得稅費用 *(續)*

(iii) 根據有關聯邦稅及州稅的美國法律，美國附屬公司的混合稅率為39.87%。就美國法定財務申報而言，美國利得稅按利潤的39.87%計提撥備，並就毋須課稅或不可扣減項目作出調整。(減稅及就業法案(Tax Cuts and Jobs Act)於二零一七年十二月二十二日通過，該法案將企業稅率由35%減至21%，21%的新稅率於二零一七年十二月三十一日開始的課稅年度生效。)

(iv) 本公司於二零一七年產生虧損人民幣232,789,000元。概無就該虧損確認任何遞延稅項資產。

其他地區應課稅利潤的稅項按本集團經營業務所在司法權區的現行適用稅率計算，並根據該等司法權區的現行法例、詮釋及慣例作出。

11 INCOME TAX EXPENSE *(Continued)*

Reconciliation between profit before income tax and income tax expense is as follows:

11 所得稅費用 *(續)*

除所得稅前利潤與所得稅費用的對賬如下：

		Year ended 31 December 截至十二月三十一日止年度	
		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Profit before income tax	除所得稅前利潤	**1,127,411**	832,467
PRC land appreciation tax	中國土地增值稅	**(103,087)**	(16,884)
		1,024,324	815,583
Tax on profit before income tax, calculated at the statutory rate of 25% (2016: 25%)	除所得稅前利潤的稅項，按法定稅率25%（二零一六年：25%）計算	**256,081**	203,896
Effect of different tax rates of group companies operating in other jurisdictions	於其他司法權區經營的集團公司不同稅率的影響	**(248)**	2,156
Tax effect of non-taxable income (a)	毋須課稅收益的稅務影響(a)	**(50,953)**	(44,292)
Tax effect of non-deductible expenses	不可扣減開支的稅務影響	**29,175**	39,832
Tax effect of unrecognized tax losses (b)	未確認稅項虧損的稅務影響(b)	**52,900**	7,119
Over-provision in prior years	過往年度超額撥備	**–**	(1,832)
Others (c)	其他(c)	**16,528**	1,868
Total	總計	**303,483**	208,747
PRC land appreciation tax	中國土地增值稅	**103,087**	16,884
Income tax expenses	所得稅費用	**406,570**	225,631

(a) Non-taxable income are mainly share of gains of associates and joint ventures.

(b) Unrecognized tax losses mainly represent loss of the Company (note 11(iv)).

(c) Others mainly represent tax effect of realization of unrecognized temporary difference in prior years.

(a) 毋須課稅收益主要為所分佔聯營公司及合營企業利得。

(b) 未確認稅項虧損主要指本公司虧損（附註 11(iv)）。

(c) 其他主要指變現過往年度未確認暫時差額的稅務影響。

12 EARNINGS PER SHARE

(i) BASIC EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the year.

12 每股收益

(i) 每股基本收益

每股基本收益乃按歸屬於本公司股東的利潤除以年度已發行普通股的加權平均數計算。

		Year ended 31 December 截至十二月三十一日止年度	
		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Profit attributable to shareholders of the Company	歸屬於本公司股東的利潤	**580,523**	595,439
Accrued distribution of the convertible perpetual securities (note 34)	可換股永久證券的應計分派（附註34）	**(19,679)**	(18,661)
Profit used to determine basic earnings per share	用作釐定每股基本收益的利潤	**560,844**	576,778
Weighted average number of ordinary shares in issue (thousands)	已發行普通股的加權平均數（千股）	**3,917,571**	3,917,571
Earnings per share (expressed in RMB per share)	每股收益（以每股人民幣列示）	**0.143**	0.147

12 EARNINGS PER SHARE *(Continued)*

(ii) DILUTED EARNINGS PER SHARE

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has one category of dilutive potential ordinary shares: convertible perpetual securities. The convertible perpetual securities are assumed to have been converted into ordinary shares.

12 每股收益 *(續)*

(ii) 稀釋每股收益

稀釋每股收益乃假設悉數轉換具稀釋影響的潛在普通股而調整已發行普通股的加權平均數計算。本公司有一類具稀釋影響的潛在普通股：可換股永久證券。假設可換股永久證券獲悉數轉換為普通股。

		Year ended 31 December 截至十二月三十一日止年度	
		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Profit attributable to shareholders of the Company	歸屬於本公司股東的利潤	**580,523**	595,439
Weighted average number of ordinary shares in issue (thousands)	已發行普通股的加權平均數(千股)	**3,917,571**	3,917,571
Adjustment for:	經以下各項調整：		
— Assumed conversion of convertible perpetual securities (thousands)	— 假設轉換可換股永久證券(千股)	**660,530**	611,126
Adjusted weighted average number of ordinary shares for diluted earnings per share (thousands)	用作釐定稀釋每股收益的普通股經調整加權平均數(千股)	**4,578,101**	4,528,697
Diluted earnings per share (expressed in RMB per share)	稀釋每股收益(以每股人民幣列示)	**0.127**	0.131

13 DIVIDEND

13 股息

		Year ended 31 December 截至十二月三十一日止年度	
		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
(i)	Final dividend for the year ended 31 December 2016 of RMB3.54 cents (2015: RMB3.4 cents) per fully paid share	**138,682**	133,934
(ii)	Dividend of convertible perpetual securities	**19,679**	18,661

		Year ended 31 December 截至十二月三十一日止年度	
		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Proposed distribution of final dividend out of contributed surplus account of RMB3.54 cents (equivalent to HK cents 4.42) (2016: RMB3.54 cents (equivalent to HK cents 4)) per ordinary share	建議自實繳盈餘賬派發末期股息每股普通股人民幣3.54分(相當於4.42港仙)(二零一六年:人民幣3.54分(相當於4港仙))	**138,682**	138,682

(i) 截至二零一六年十二月三十一日止年度末期股息每股繳足股份人民幣3.54分(二零一五年:人民幣3.4分)

(ii) 可換股永久證券股息

A final dividend relating to the year ended 31 December 2016 amounted to RMB138,682,000 was fully paid on 3 July 2017.

截至二零一六年十二月三十一日止年度的末期股息人民幣138,682,000元已於二零一七年七月三日全數派發。

13 DIVIDEND *(Continued)*

The Board proposed to make a distribution out of contributed surplus account of RMB3.54 cents (equivalent to HK cents 4.42) (2016: RMB3.54 cents (equivalent to HK cents 4)) per ordinary share amounting to a total of RMB138,682,000. The proposed distribution is based on 3,917,570,961 (2016: 3,917,570,961 shares) issued as at 28 March 2018. The proposed final dividend is not reflected as a dividend payable as of 31 December 2017, but will be recorded as a distribution for the year ending 31 December 2018.

The proposed distribution out of contributed surplus account is subject to the passing of an ordinary resolution for approving the distribution by the shareholders at the annual general meeting of the Company to be held on 28 May 2018.

13 股息 *(續)*

董事局建議自實繳盈餘賬作出每股普通股人民幣3.54分(相當於4.42港仙)(二零一六年:人民幣3.54分(相當於4港仙))的分派,總金額為人民幣138,682,000元。建議分派乃根據二零一八年三月二十八日的已發行股份3,917,570,961股(二零一六年:3,917,570,961股)釐定。擬派末期股息並不視為二零一七年十二月三十一日的應付股息,但將列作截至二零一八年十二月三十一日止年度作出的分派。

建議自實繳盈餘賬作出的分派須待股東於二零一八年五月二十八日舉行的本公司股東週年大會通過批准自本公司實繳盈餘賬作出分派的普通決議案後,方可作實。

14 BENEFITS AND INTERESTS OF DIRECTORS

(i) DIRECTORS' EMOLUMENTS

The remuneration of each director is set out below:

For the year ended 31 December 2017:

14 董事福利及權益

(i) 董事酬金

各董事的酬金載列如下：

截至二零一七年十二月三十一日止年度：

		Fees 袍金 RMB'000 人民幣千元	Salaries, allowances and bonus 工資、津貼及花紅 RMB'000 人民幣千元	Contribution to retirement and other benefits 退休供款及其他福利 RMB'000 人民幣千元	Restricted share award 限制性股份獎勵 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
2017	**二零一七年**					
Executive directors	**執行董事**					
Tian Ming	田明	**–**	**4,504**	**69**	**–**	**4,573**
Xiang Jiong	向炯	**–**	**2,994**	**75**	**–**	**3,069**
Shen Leying	申樂瑩	**–**	**3,041**	**98**	**–**	**3,139**
Xie Yuanjian	謝遠建	**–**	**2,646**	**75**	**–**	**2,721**
Zhou Qin	周勤	**–**	**2,139**	**38**	**–**	**2,177**
Independent non-executive directors	**獨立非執行董事**					
Xu Xiaonian	許小年	**300**	**–**	**–**	**–**	**300**
Ding Yuan	丁遠	**300**	**–**	**–**	**–**	**300**
Lee Kwan Hung	李均雄	**300**	**–**	**–**	**–**	**300**
Non-executive directors	**非執行董事**					
Zhou Yimin	鄒益民	**–**	**–**	**–**	**–**	**–**
		900	**15,324**	**355**	**–**	**16,579**

14 BENEFITS AND INTERESTS OF DIRECTORS *(Continued)* 14 董事福利及權益 *(續)*

(i) DIRECTORS' EMOLUMENTS *(Continued)* (i) 董事酬金 *(續)*

		Fees 袍金 RMB'000 人民幣千元	Salaries, allowances and bonus 工資、津貼及花紅 RMB'000 人民幣千元	Contribution to retirement and other benefits 退休供款及其他福利 RMB'000 人民幣千元	Restricted share award 限制性股份獎勵 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
2016	**二零一六年**					
Executive directors	**執行董事**					
Tian Ming	田明	–	4,028	15	988	5,031
Xiang Jiong	向炯	–	2,948	70	988	4,006
Shen Leying	申樂瑩	–	2,886	100	677	3,663
Xie Yuanjian	謝遠建	–	2,543	58	572	3,173
Zhou Qin	周勤	257	766	86	520	1,629
Independent non-executive directors	**獨立非執行董事**					
Xu Xiaonian	許小年	257	–	–	–	257
Ding Yuan	丁遠	257	–	–	–	257
Lee Kwan Hung	李均雄	257	–	–	–	257
Non-executive director	**非執行董事**					
Zhou Yimin	鄒益民	–	–	–	–	–
		1,028	13,171	329	3,745	18,273

14 BENEFITS AND INTERESTS OF DIRECTORS *(Continued)*

(ii) DIRECTORS' RETIREMENT BENEFITS AND TERMINATION BENEFITS

None of the directors received or will receive any retirement benefits or termination benefits during the year (2016: Ditto).

(iii) CONSIDERATION PROVIDED TO THIRD PARTIES FOR MAKING AVAILABLE DIRECTORS' SERVICES

During the year ended 31 December 2017, the Company did not pay consideration to any third parties for making available directors' services (2016: Ditto).

(iv) INFORMATION ABOUT LOANS, QUASI-LOANS AND OTHER DEALINGS IN FAVOUR OF DIRECTORS, CONTROLLED BODIES CORPORATE BY AND CONNECTED ENTITIES WITH SUCH DIRECTORS

There are no loans, quasi-loans and other dealing arrangements in favour of directors, controlled bodies corporate by and controlled entities with such directors (2016: Ditto).

(v) DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

No significant transactions, arrangements and contracts in relation to the Group's business to which the Group was a party and in which a director of the Group had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year (2016: Nil).

14 董事福利及權益 *(續)*

(ii) 董事的退休福利及終止僱用福利

於本年度，概無董事已收取或將收取任何退休福利及終止僱用福利(二零一六年：相同)。

(iii) 就提供董事服務向第三方提供的代價

截至二零一七年十二月三十一日止年度，本公司概無就提供董事服務向任何第三方支付代價(二零一六年：相同)。

(iv) 有關以董事、其受控法團或其關連實體為受益人的貸款、準貸款及其他交易的資料

概無以董事、其受控法團或其關連實體為受益人的貸款、準貸款及其他交易安排(二零一六年：相同)。

(v) 董事於交易、安排或合約的重大權益

本公司概無訂立與本集團業務有關，而本集團董事直接或間接擁有重大權益且於年末或年內任何時間存在的重大交易、安排及合約(二零一六年：無)。

15 FIVE HIGHEST PAID INDIVIDUALS AND SENIOR MANAGEMENT'S EMOLUMENT

The five individuals whose emoluments were the highest in the Group for the year included three existing (2016: four) directors whose emoluments are reflected in the analysis presented in note 14.

The emoluments of the remaining two (2016: One) individuals during the year ended 31 December 2017 and 2016 were as follows:

15 五名最高薪酬人士及高級管理層的薪酬

於本年度，本集團五位最高薪酬人士包括三名(二零一六年：四名)現任董事，其酬金於附註14的分析內反映。

截至二零一七年及二零一六年十二月三十一日止年度，餘下兩名(二零一六年：一名)人士的薪酬如下：

		Year ended 31 December 截至十二月三十一日止年度	
		2017 二零一七年	2016 二零一六年
		RMB'000 人民幣千元	RMB'000 人民幣千元
Basic salaries, allowances and bonus	基本工資、津貼及花紅	**9,788**	2,874
Contribution to retirement benefits schemes	退休福利計劃供款	**148**	67
Restricted share award	限制性股份獎勵	**–**	530
		9,936	3,471

The number of employees whose remuneration fee within the following band was as follows:

其薪酬在下列組別範圍內的僱員數目：

		Numbers of individuals 僱員數目	
		2017 二零一七年	2016 二零一六年
RMB3,000,000 to RMB4,000,000	人民幣3,000,000元至人民幣4,000,000元	**–**	1
RMB4,000,000 to RMB5,000,000	人民幣4,000,000元至人民幣5,000,000元	**1**	–
RMB5,000,000 to RMB6,000,000	人民幣5,000,000元至人民幣6,000,000元	**1**	–

15 FIVE HIGHEST PAID INDIVIDUALS AND SENIOR MANAGEMENT'S EMOLUMENT

(Continued)

The senior management's emoluments (excluding the five highest paid individuals and directors) during the year ended 31 December 2017 and 2016 fell within the following bands:

15 五名最高薪酬人士及高級管理層的薪酬*(續)*

截至二零一七年及二零一六年十二月三十一日止年度，高級管理層的薪酬(五名最高薪酬人士及董事除外)在下列組別範圍內：

		Numbers of individuals 僱員數目	
		2017 二零一七年	2016 二零一六年
RMB0 to RMB1,000,000	人民幣0元至人民幣1,000,000元	**1**	1
RMB1,000,000 to RMB2,000,000	人民幣1,000,000元至人民幣2,000,000元	**9**	3
RMB2,000,000 to RMB3,000,000	人民幣2,000,000元至人民幣3,000,000元	**1**	3
RMB3,000,000 to RMB4,000,000	人民幣3,000,000元至人民幣4,000,000元	**–**	1

16 INTERESTS IN ASSOCIATES

16 於聯營公司的權益

		As at 31 December 於十二月三十一日	
		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Share of net assets	應佔淨資產	**983,077**	744,099

16 INTERESTS IN ASSOCIATES *(Continued)*

Set out below are the associates of the Group as at 31 December 2017 which, in the opinion of the directors, are material to the Group. The entities listed below have share capital consisting solely of ordinary shares, which are held directly by the Group. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

16 於聯營公司的權益*(續)*

下文所載為本集團於二零一七年十二月三十一日的聯營公司，而董事局認為該等公司對本集團屬重大。下文所列實體擁有僅包含本集團直接持有普通股的股本。註冊成立或註冊國家亦為其主要營業地點，而持股比例與持有投票權的比例相同。

		Place of business/ country of incorporation 營業地點／註冊成立國家	% of ownership interest 持有權益% As at 31 December 於十二月三十一日		Measurement method 計算方法	Carrying amount 賬面值 As at 31 December 於十二月三十一日	
			2017 二零一七年	2016 二零一六年		**2017 二零一七年 RMB'000 人民幣千元**	2016 二零一六年 RMB'000 人民幣千元
Nanjing Xueheng Properties Co.,Ltd	南京學衡置業有限公司	the PRC 中國	**49.90**	49.90	Equity method 權益法	**305,877**	322,607
Nanjing Aojian Properties Co.,Ltd	南京奧建置業有限公司	the PRC 中國	**12.97**	12.97	Equity method 權益法	**225,123**	232,656
Chengdu Chengfeng Enterprise Management and Consultant Limited (note 38)	成都城峰企業管理諮詢有限公司(附註38)	the PRC 中國	**33.00**	100.00	Equity method 權益法	**214,389**	–
Immaterial associates (iii) below	非重大聯營公司(下文(iii))					**237,688**	188,836
Total interests in associates	於聯營公司的總權益					**983,077**	744,099

16 INTERESTS IN ASSOCIATES *(Continued)*

(I) PROPORTIONAL COMMITMENTS AND CONTINGENT LIABILITIES IN RESPECT OF ASSOCIATES

16 於聯營公司的權益*(續)*

(I) 關於聯營公司的比例承擔及或然負債

		As at 31 December 於十二月三十一日	
		2017	2016
		二零一七年	二零一六年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Commitments — associates	承擔 — 聯營公司		
— lease commitment	— 租賃承擔	**9**	–
— capital commitment	— 資本承擔	**135,443**	–

(II) SUMMARISED FINANCIAL INFORMATION FOR ASSOCIATES

The tables below provide summarised financial information for those associates that are material to the Group. The information disclosed reflects the amounts presented in the financial statements of the relevant associates and not Landsea Green Group Co., Ltd's share of those amounts. They have been amended to reflect adjustments made by the entity when using the equity method, including fair value adjustments and modifications for differences in accounting policy.

(II) 聯營公司的財務資料概要

下表載列對本集團屬重大之聯營公司財務資料概要。所披露資料反映相關聯營公司的財務報表所呈列的數額，而非朗詩綠色集團有限公司所分佔有關數額。該等資料已修訂，從而反映實體使用權益法所作之調整，包括就會計政策差異所作之公允價值調整及修改。

16 INTERESTS IN ASSOCIATES *(Continued)*
(II) SUMMARISED FINANCIAL INFORMATION FOR ASSOCIATES *(Continued)*

16 於聯營公司的權益*(續)*
(II) 聯營公司的財務資料概要*(續)*

		Nanjing Aojian Properties Co.,Ltd 南京奧建置業有限公司		Nanjing Xueheng Properties Co.,Ltd 南京學衡置業有限公司		Chengdu Chengfeng Enterprise Management and Consultant Limited 成都城峰企業管理諮詢有限公司
		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元	**2017 二零一七年 RMB'000 人民幣千元**	2016 二零一六年 RMB'000 人民幣千元	**2017 二零一七年 RMB'000 人民幣千元**
Current assets	流動資產					
Cash and cash equivalents	現金及現金等價物	**976,803**	1,059,896	**1,027,249**	691,917	**802,316**
Other current assets	其他流動資產	**5,360,060**	6,040,956	**4,808,783**	3,082,663	**2,577,482**
Total current assets	流動資產總值	**6,336,863**	7,100,852	**5,836,032**	3,774,580	**3,379,798**
Non-current assets	非流動資產	**7,468**	21,532	**17,467**	11,474	**55,467**
Current liabilities	流動負債					
Other current liabilities	其他流動負債	**(4,378,232)**	(4,403,657)	**(5,205,934)**	(3,020,255)	**(1,652,506)**
Total current liabilities	流動負債總額	**(4,378,232)**	(4,403,657)	**(5,205,934)**	(3,020,255)	**(1,652,506)**
Non-current liabilities	非流動負債					
Financial liabilities (excluding trade payables)	金融負債(不包括應付賬款)	**–**	(800,000)	**–**	(100,000)	**(1,069,440)**
Total non-current liabilities	非流動負債總額	**–**	(800,000)	**–**	(100,000)	**(1,069,440)**
Net assets	資產淨值	**1,966,099**	1,918,727	**647,565**	665,799	**713,319**
Group's share in %	本集團應佔%	**12.97%**	12.97%	**49.90%**	49.90%	**33.00%**
Group's share	本集團應佔	**255,003**	248,859	**323,135**	332,233	**235,395**
Adjustment	調整	**(29,880)**	(16,203)	**(17,258)**	(9,626)	**(21,006)**
Carrying amount	賬面值	**225,123**	232,656	**305,877**	322,607	**214,389**
Revenue	收入	**–**	–	**–**	–	
Income tax expense	所得稅費用	**4,058**	–	**6,041**	9,539	**27,594**
Loss for the year	年度虧損	**(12,175)**	(23,911)	**(18,233)**	(28,727)	**(82,512)**
Group's share	本集團應佔	**(1,579)**	(3,101)	**(9,098)**	(14,335)	**(27,229)**

16 INTERESTS IN ASSOCIATES *(Continued)*

(III) INDIVIDUALLY IMMATERIAL ASSOCIATES

In addition to the interests in associates disclosed above, the Group also has interests in a number of individually immaterial associates that are accounted for using the equity method.

16 於聯營公司的權益*(續)*

(III) 個別非重大聯營公司

除上文披露的聯營公司權益外，本集團亦擁有若干個別非重大聯營公司的權益，以權益法入賬。

		As at 31 December 於十二月三十一日	
		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Aggregate carrying amount of individually immaterial associates	個別非重大聯營公司的賬面值總額	**237,688**	188,836

		Year ended 31 December 截至十二月三十一日止年度	
		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Aggregate amounts of the Group's share of:	本集團應佔總額：		
Profit	利潤	**207,359**	62,524

17 INTERESTS IN JOINT VENTURES

17 於合營企業的權益

		As at 31 December 於十二月三十一日	
		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Share of net assets	應佔淨資產	**1,885,436**	261,610

17 INTERESTS IN JOINT VENTURES *(Continued)*

Set out below are joint ventures of the Group as at 31 December 2017 which, in the opinion of the directors, are material to the group. The entities listed below have share capital consisting solely of ordinary shares, which are held directly by the group. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

17 於合營企業的權益*(續)*

下文所載為本集團於二零一七年十二月三十一日的合營企業，而董事局認為該等實體對本集團屬重大。下文所列實體擁有僅包含本集團直接持有普通股的股本。註冊成立或註冊國家亦為其主要營業地點，而持股比例與持有投票權的比例相同。

		Place of business/ country of incorporation 營業地點／註冊成立國家	% of ownership interest 持有權益% As at 31 December 於十二月三十一日		Measurement method 計算方法	Carrying amount 賬面值 As at 31 December 於十二月三十一日	
			2017 二零一七年	2016 二零一六年		**2017 二零一七年 RMB'000 人民幣千元**	2016 二零一六年 RMB'000 人民幣千元
Zhongcheng Qiannian Investment Company (Limited Partnership)*	上海中城乾念投資中心（有限合夥）*	the PRC 中國	**50.00**	–	Equity method 權益法	**335,931**	**–**
Jiaxin Langda II Investment Company (Limited Partnership)*	嘉興朗達二號投資合夥企業(有限合夥)*	the PRC 中國	**29.98**	–	Equity method 權益法	**513,446**	**–**
LS-NJ Port Imperial JV LLC (note 38)	LS-NJ Port Imperial JV LLC(附註38)	the USA 美國	**51.00**	100.00	Equity method 權益法	**363,980**	**–**
Immaterial joint ventures (iii) below	非重大合營企業(下文(iii))					**672,079**	261,610
Total interests in joint ventures	於合營企業的權益總額					**1,885,436**	261,610

* These companies were incorporated during the year of 2017.

* 該等公司於二零一七年期間註冊成立。

17 INTERESTS IN JOINT VENTURES *(Continued)*

(I) PROPORTIONAL COMMITMENTS AND CONTINGENT LIABILITIES IN RESPECT OF JOINT VENTURES

17 於合營企業的權益*(續)*

(I) 關於合營企業的比例承擔及或然負債

		As at 31 December 於十二月三十一日	
		2017	2016
		二零一七年	二零一六年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Commitments — joint ventures	或然負債 — 合營企業		
— capital commitment	— 資本承擔	**249,011**	–
— lease commitment	— 租賃承擔	**1,184**	1,153

17 INTERESTS IN JOINT VENTURES *(Continued)*
17 於合營企業的權益*(續)*

(II) SUMMARISED FINANCIAL INFORMATION FOR JOINT VENTURES
(II) 合營企業的財務資料概要

		Shanghai Zhongcheng Qiannian Investment Company (Limited Partnership) 上海中城乾念投資中心（有限合夥）	Jiaxin Langda II Investment Company (Limited Partnership) 嘉興朗達二號投資合夥企業（有限合夥）	LS-NJ Port Imperial JV LLC LS-NJ Port Imperial JV LLC
		2017 二零一七年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Current assets	流動資產			
Cash and cash equivalents	現金及現金等價物	17,830	17,431	101,418
Other current assets	其他流動資產	629,320	1,600,550	1,123,859
Total current assets	流動資產總值	647,150	1,617,981	1,225,277
Non-current assets	非流動資產	24,850	94,642	10,180
Current liabilities	流動負債			
Other current liabilities	其他流動負債	(139)	–	(127,840)
Total current liabilities	流動負債總額	(139)	–	(127,840)
Non-current liabilities	非流動負債			
Financial liabilities (excluding trade payables)	金融負債（不包括應付賬款）	–	–	(409,997)
Other non-current liabilities	其他非流動負債	–	–	(2,078)
Total non-current liabilities	非流動負債總額	–	–	(412,075)
Net assets	資產淨值	671,861	1,712,623	695,542
Group's share in %	本集團應佔%	50.00%	29.98%	51.00%
Group's share	本集團應佔	335,931	513,444	354,726
Adjustment	調整	–	2	9,254
Carrying amount	賬面值	335,931	513,446	363,980
Revenue	收入	–	–	–
Income tax expense	所得稅費用	–	888	–
Loss for the year	年度虧損	(139)	(2,663)	(4,801)
Group's share	本集團應佔	(70)	(798)	(2,449)

17 INTERESTS IN JOINT VENTURES *(Continued)*

(III) INDIVIDUALLY IMMATERIAL JOINT VENTURES

In addition to the interests in joint ventures disclosed above, the Group also has interests in a number of individually immaterial joint ventures that are accounted for using the equity method.

17 於合營企業的權益*(續)*

(III) 個別非重大合營企業

除上文披露的合營企業權益外，本集團亦擁有若干個別非重大合營企業的權益，以權益法入賬。

		As at 31 December 於十二月三十一日	
		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Aggregate carrying amount of individually immaterial joint ventures	個別非重大合營企業的賬面總值	**672,079**	261,610

		Year ended 31 December 截至十二月三十一日止年度	
		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Aggregate amounts of the Group's share of:	本集團應佔總額：		
Profit	利潤	**25,198**	24,930

18 INVESTMENT PROPERTY

As at 31 December 2017, the Group held one block of commercial building located in Shenzhen, the PRC. Changes to the carrying amount of investment property in the consolidated balance sheet are summarized as follows:

18 投資性物業

於二零一七年十二月三十一日，本集團持有一幢位於中國深圳的商業樓宇。於綜合資產負債表的投資性物業賬面值變動概述如下：

		As at 31 December 於十二月三十一日	
		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
At 1 January	於一月一日	**290,920**	249,170
Fair value gain	公允價值利得	**28,910**	41,750
At 31 December	於十二月三十一日	**319,830**	290,920

The Group's interest in investment property at its carrying amount is analysed as follows:

本集團於投資性物業的權益按其賬面值分析如下：

		As at 31 December 於十二月三十一日	
		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
In Mainland China, held on:	在中國內地持有：		
Lease of 50 years	50年期租賃	**319,830**	290,920

Investment property was valued at 31 December 2017 by an independent professionally qualified valuer, Jones Lang LaSalle Corporate Appraisal and Advisory Limited, who is a member of Hong Kong Institute of Surveyors and has appropriate qualifications and recent experiences in the valuation of similar properties.

投資性物業由獨立專業合資格估值師仲量聯行企業評估及諮詢有限公司於二零一七年十二月三十一日進行估值，仲量聯行企業評估及諮詢有限公司乃香港測量師學會會員，並持有適當資格及擁有類似物業估值的近期經驗。

As at 31 December 2017, investment property with carrying amount of RMB319,830,000 (2016: RMB290,920,000) was pledged as collateral for the Group's borrowings (note 29).

於二零一七年十二月三十一日，賬面值為人民幣319,830,000元(二零一六年：人民幣290,920,000元)的投資性物業已抵押作為本集團取得借款的抵押品(附註29)。

18 INVESTMENT PROPERTY *(Continued)*

FAIR VALUE HIERARCHY

An independent valuation of the Group's investment property was performed by an independent and professionally qualified valuer to determine the fair value of the investment property as at 31 December 2017 and 2016.

As at 31 December 2017 and 2016, all of the Group's investment property was within level 3 of the fair value hierarchy as the valuations were arrived at by reference to certain significant unobservable inputs. There were no transfers between levels 1, 2 and 3 during the year.

VALUATION PROCESSES OF THE GROUP

The Group's investment property was valued at 31 December 2017 by the independent professionally qualified valuer who holds a recognised relevant professional qualification and has recent experience in the locations and segments of the investment properties valued. For all investment properties, their current use equates to the best use.

The Group's finance department includes a team that reviews the valuations performed by the independent valuer for financial reporting purposes. Discussions of valuation processes and results are held between the financial department and the valuation team at least once every six months, in line with the Group's interim and annual reporting dates. This team reports directly to the executive directors and the audit committee.

At each financial year end the finance department:

- Verifies all major inputs to the independent valuation report;
- Assesses property valuations movements when compared to the prior year valuation report;
- Holds discussions with the independent valuer.

18 投資性物業*(續)*

公允價值層級

本集團的投資性物業已由獨立專業合資格估值師進行獨立估值，以釐定投資性物業於二零一七年及二零一六年十二月三十一日的公允價值。

因估值參考若干重大不可觀察輸入數據後得出，於二零一七年及二零一六年十二月三十一日，本集團所有投資性物業均屬公允價值層級的第三級。年內第一、二及三級間並無轉移。

本集團的估值流程

本集團的投資性物業於二零一七年十二月三十一日由獨立專業合資格估值師進行估值，該估值師具有相關認可專業資格，對所估值的投資性物業所處位置和所屬類別有近期估值經驗。目前所有投資性物業均已達致最佳用途。

本集團財務部門有團隊審閱獨立估值師的估值，以便作出財務申報。財務部門及估值團隊每六個月最少舉行一次會議(與本集團的中期及年度報告日期一致)，以討論估值流程及結果。該團隊直接向執行董事及審核委員會匯報。

財務部門於每個財政年度末：

- 核實獨立估值報告的全部主要輸入數據；
- 評估物業估值相較上一年度估值報告的變動；
- 與獨立估值師進行討論。

18 INVESTMENT PROPERTY *(Continued)*

VALUATION TECHNIQUES

In valuing the property, the Group have adopted the income approach by taking into account the net rental income of the property derived from its existing leases and/or achievable in the existing market with due allowance for the reversionary income potential of the leases, which have been then capitalized to determine the fair value at an appropriate capitalization rate. Where appropriate, reference has also been made to the comparable sale transactions as available in the relevant market.

There were no changes to the valuation techniques during the year.

Information about fair value measurements using significant unobservable inputs as follows (Level 3)

18 投資性物業*(續)*

估值方法

本集團已採用收益法對物業進行估值，計及自現有租約所獲取及／或於現有市場中可取得的物業租金收入淨額，並已就租賃的復歸潛在收益作出適當撥備，再將該租金收益淨額按適當的資本化比率資本化以釐定公允價值。適當情況下，我們亦已參考有關市場上可查閱的可資比較銷售交易。

年內估值方法並無變化。

有關使用重大不可觀察輸入數據進行的公允價值計量(第三級)的資料如下

Description 描述	Fair value at 31 Dec 2017 (RMB'000) 於二零一七年十二月三十一日的公允價值（人民幣千元）	Valuation technique(s) 估值方法	Unobservable inputs 不可觀察輸入數據	Unobservable inputs (probability-weighted average) 不可觀察輸入數據（加權平均概率）	Relationship of unobservable inputs to fair value 不可觀察輸入數據對公允價值的關係
Landsea Tower-commercial building 朗詩大廈－商業樓宇	319,830	Term and reversionary method 年期及復歸法	Term yields 年期收益率	5.5%	The higher the term yields, the lower the fair value 年期收益率越高，公允價值越低
			Reversionary yields 復歸收益率	4.5%	The higher the reversion yields, the lower the fair value 復歸收益率越高，公允價值越低
			Vacancy rate 空置率	6%	The higher the vacancy rate, the lower the fair value 空置率越高，公允價值越低
			Average daily rental per square meter 每平方米日均租金	3.20	The higher the average daily rental, the higher the fair value 日均租金越高，公允價值越高

18 INVESTMENT PROPERTY *(Continued)*
VALUATION TECHNIQUES *(Continued)*

18 投資性物業*(續)*
估值方法*(續)*

Description 描述	Fair value at 31 Dec 2016 (RMB'000) 於二零一六年十二月三十一日的公允價值（人民幣千元）	Valuation technique(s) 估值方法	Unobservable inputs 不可觀察輸入數據	Unobservable inputs (probability-weighted average) 不可觀察輸入數據（加權平均概率）	Relationship of unobservable inputs to fair value 不可觀察輸入數據對公允價值的關係
Landsea Tower-commercial building 朗詩大廈－商業樓宇	290,920	Term and reversionary method 年期及復歸法	Term yields 年期收益率	5.0%	The higher the term yields, the lower the fair value 年期收益率越高，公允價值越低
			Reversionary yields 復歸收益率	5.5%	The higher the reversion yields, the lower the fair value 復歸收益率越高，公允價值越低
			Vacancy rate 空置率	8%	The higher the vacancy rate, the lower the fair value 空置率越高，公允價值越低
			Average daily rental per square meter 每平方米日均租金	2.70	The higher the average daily rental, the higher the fair value 日均租金越高，公允價值越高

19 PROPERTY, PLANT AND EQUIPMENT 19 不動產、工廠及設備

		Leasehold improvements 租賃樓宇裝修 RMB'000 人民幣千元	Furniture, fixtures and office equipment 傢俱、裝置及辦公設備 RMB'000 人民幣千元	Motor vehicles 汽車 RMB'000 人民幣千元	Buildings 樓宇 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
At 1 January 2016	**於二零一六年一月一日**					
Cost	成本	3,748	15,034	2,722	–	21,504
Accumulated depreciation	累計折舊	(3,043)	(3,263)	(1,279)	–	(7,585)
Net carrying amount	賬面淨值	705	11,771	1,443	–	13,919
Year ended 31 December 2016	**截至二零一六年十二月三十一日止年度**					
Opening net carrying amount	年初賬面淨值	705	11,771	1,443	–	13,919
Additions	增加	10,095	8,933	334	–	19,362
Depreciation	折舊	(8,675)	(3,274)	(468)	–	(12,417)
Disposals	出售	–	(3)	(35)	–	(38)
Exchange difference	匯兑差額	45	184	15	–	244
Closing net carrying amount	年末賬面淨值	2,170	17,611	1,289	–	21,070
At 31 December 2016	**於二零一六年十二月三十一日**					
Cost	成本	13,843	23,964	3,021	–	40,828
Accumulated depreciation	累計折舊	(11,673)	(6,353)	(1,732)	–	(19,758)
Net carrying amount	賬面淨值	2,170	17,611	1,289	–	21,070
Year ended 31 December 2017	**截至二零一七年十二月三十一日止年度**					
Opening net carrying amount	年初賬面淨值	**2,170**	**17,611**	**1,289**	**–**	**21,070**
Additions	增加	**174,337[ii]**	**22,983**	**365**	**449,074[i]**	**646,759**
Depreciation	折舊	**(5,213)**	**(5,632)**	**(413)**	**–**	**(11,258)**
Disposal	出售	**–**	**(23)**	**–**	**–**	**(23)**
Exchange difference	匯兑差額	**(61)**	**(232)**	**(10)**	**–**	**(303)**
Closing net carrying amount	年末賬面淨值	**171,233**	**34,707**	**1,231**	**449,074**	**656,245**
At 31 December 2017	**於二零一七年十二月三十一日**					
Cost	成本	**188,180**	**46,919**	**3,386**	**449,074**	**687,559**
Accumulated depreciation	累計折舊	**(16,947)**	**(12,212)**	**(2,155)**	**–**	**(31,314)**
Net carrying amount	賬面淨值	**171,233**	**34,707**	**1,231**	**449,074**	**656,245**

19 PROPERTY, PLANT AND EQUIPMENT

(Continued)

(i) For the year ended 31 December 2017, the Group acquired two buildings for self-use and management, which are located in Shanghai with cost of RMB126,114,000 and RMB322,960,000 respectively. As 31 December 2017, the Group has obtained the title certificates for the two buildings. The buildings were still under decoration and not yet ready for use as at 31 December 2017.

(ii) Addition for leasehold improvements was mainly decoration costs on leased properties to be used as Long-term rental apartments. Majority of the decoration are in progress and not yet ready for use.

19 不動產、工廠及設備*(續)*

(i) 截至二零一七年十二月三十一日止年度，本集團收購兩項位於上海的自用及管理樓宇，成本分別為人民幣126,114,000元及人民幣322,960,000元。於二零一七年十二月三十一日，本集團已取得兩項樓宇之業權證明書。有關樓宇正進行裝修，於二零一七年十二月三十一日仍未供使用。

(ii) 租賃物業裝修的增加主要為租賃物業的裝飾成本，有關物業將用作長租公寓。裝飾工程已大致進行中，尚未可使用。

20 PROPERTIES HELD FOR SALE

Analysis of properties and lands held for sale is as follows:

20 持作銷售物業

持作銷售物業及土地的分析如下：

		As at 31 December 於十二月三十一日	
		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Properties and lands held for sale:	持作銷售物業及土地：		
— In the PRC	— 在中國	**830,982**	378,624
— In the USA	— 在美國	**20,038**	18,856
		851,020	397,480
Less: provision for decline in the value of properties and lands held for sale	減：持作銷售物業及土地價值下跌撥備	**(3,189)**	(2,157)
		847,831	395,323

20 PROPERTIES HELD FOR SALE *(Continued)*

Movement of properties and lands held for sale is as follows:

20 持作銷售物業*(續)*

持作銷售物業及土地的變動如下：

		As at 31 December 於十二月三十一日	
		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
As at 1 January	於一月一日	**397,490**	172,840
Addition (note 22)	增加(附註22)	**4,987,120**	4,015,509
Properties and lands sold (note 9)	已售物業及土地(附註9)	**(4,533,590)**	(3,790,869)
As at 31 December	於十二月三十一日	**851,020**	397,480

All of the properties and lands held for sale are within normal operating cycle and hence included under current assets. The amount of properties and lands held for sale expected to be recovered after more then one year is RMB31,060,000. The remaining balance is expected to be recovered within one year.

所有持作銷售物業及土地均於正常經營週期內持有，故列作流動資產。預期將於超過一年收回的持作銷售物業及土地數額為人民幣31,060,000元。餘額為預期一年內收回之款項。

Movement of provision for properties and lands held for sale is as follows:

持作銷售物業及土地的撥備變動如下：

		As at 31 December 於十二月三十一日	
		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
As at 1 January	於一月一日	**(2,157)**	–
Provision during the year	年內撥備	**(1,032)**	(2,157)
As at 31 December	於十二月三十一日	**(3,189)**	(2,157)

For the year ended 31 December 2017, the Group recognized impairment losses of RMB1,032,000 (2016: RMB2,157,000) on completed properties and lands held for sale (note 9).

截至二零一七年十二月三十一日止年度，本集團就已竣工持作銷售物業及土地(附註9)確認減值虧損人民幣1,032,000元(二零一六年：人民幣2,157,000元)。

21 INVENTORIES

21 庫存

		As at 31 December 於十二月三十一日	
		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Decoration materials (note 9)	裝飾物料(附註9)	**52,069**	23,501

The cost of inventories recognised as expense and included in cost of sales and services amounted to RMB4,788,000 for the year ended 31 December 2017 (2016: RMB19,856,000).

截至二零一七年十二月三十一日止年度，確認為支出以及計入銷售及服務費用的庫存費用為人民幣4,788,000元(二零一六年：人民幣19,856,000元)。

22 PROPERTIES UNDER DEVELOPMENT

Movement of properties under development is as follows:

22 開發中房地產

開發中房地產的變動如下：

		As at 31 December 於十二月三十一日	
		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
As at 1 January	於一月一日	**10,379,261**	7,986,633
Additions	增加	**5,958,140**	6,842,304
Deduction as results of disposal of subsidiaries (note 38)	因出售附屬公司而扣減(附註38)	**(4,691,399)**	(434,167)
Transfer to properties and lands held for sale (note 20)	轉撥至持作銷售物業及土地(附註20)	**(4,987,120)**	(4,015,509)
As at 31 December	於十二月三十一日	**6,658,882**	10,379,261

22 PROPERTIES UNDER DEVELOPMENT *(Continued)*

Analysis of properties under development is as follows:

22 開發中房地產*(續)*

開發中房地產的分析如下：

		As at 31 December 於十二月三十一日	
		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Land payments	土地付款	**3,849,021**	7,619,059
— Leasehold land, the PRC	— 中國租賃土地	**2,179,574**	4,819,126
— Freehold land, the USA	— 美國永久業權土地	**1,669,447**	2,799,933
Development expenditures and improvements	開發支出及改進服務	**2,097,565**	2,100,411
Total	總計	**5,946,586**	9,719,470
Interest capitalised	資本化利息	**712,296**	659,791
		6,658,882	10,379,261

All of the properties under development are within normal operating cycle and hence included under current assets. The amount of properties under development expected to be completed after more than one year is RMB3,005,694,000. The remaining balance is expected to be completed within one year.

所有開發中房地產均於正常經營週期內持有，故列作流動資產。預期將於超過一年竣工的開發中房地產數額為人民幣3,005,694,000元。餘額為預期一年內完成之款項。

The Group's properties under development are located in the PRC and USA.

本集團的開發中房地產位於中國及美國。

As at 31 December 2017, properties under development with net book value of RMB2,138,953,000 (2016: RMB4,321,649,000) were pledged as collateral for the Group's bank borrowings (note 29).

於二零一七年十二月三十一日，賬面淨值為人民幣2,138,953,000元(二零一六年：人民幣4,321,649,000元)的開發中房地產已抵押作為本集團取得銀行借款的抵押品(附註29)。

On 11 October 2017, certain subsidiary of the Group signed an agreement with a third party at a proceed of RMB869,586,000 to sell a parcel of leasehold land located in Tianjin with net book value of RMB194,379,000. As at 31 December 2017, RMB600,000,000 has been received and the related leasehold land was pledged for the third party's borrowing. The disposal had not been completed as at 31 December 2017.

於二零一七年十月十一日，本集團一間附屬公司與一名第三方簽訂協議，以所得款項869,586,000元出售一塊位於天津的租賃土地，賬面淨值為人民幣194,379,000元。於二零一七年十二月三十一日，已收取人民幣600,000,000元且有關租賃土地已就該第三方的借款作抵押。該出售事項於二零一七年十二月三十一日尚未完成。

22 PROPERTIES UNDER DEVELOPMENT

(Continued)

Certain subsidiary of the Group entered into a sale and buy-back agreement with a third party, whereby property under development were sold and the Group has the option to repurchase the property under development on a predetermined schedule at a nominated value. Such property under development are restricted under the agreement as the title of freehold land has transferred to the third party. As at 31 December 2017, property under this restriction amounted to USD104,656,000 (equivalent to RMB683,843,000), and related borrowing amounted to USD41,374,000 (equivalent to RMB270,345,000) (note 29).

The interest capitalization rate of borrowing in 2017 is 6.5% (2016: 6.9%).

22 開發中房地產*(續)*

有本集團附屬公司與一名第三方訂立出售及回購安排，據此開發中房地產獲出售及本集團有選擇權按名義價值在預訂時間表購回該開發中房地產。由於永久業權土地已轉至該第三方，有關開發中房地產須受該協議限制。於二零一七年十二月三十一日，受此限制之房地產價值104,656,000美元(相等於人民幣683,843,000元)，及相關借款為41,374,000美元(相等於人民幣270,345,000元)(附註29)。

於二零一七年，借款的利息資本化率為6.5%(二零一六年：6.9%)。

23 TRADE RECEIVABLES

23 應收賬款

		As at 31 December 於十二月三十一日	
		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Trade receivables from sales of properties	物業銷售應收賬款	**4,180**	21,930
Trade receivables from providing management services	提供管理及開發服務的應收賬款	**371,465**	205,543
Trade receivables from providing decoration services	提供裝飾服務的應收賬款	**33,892**	8,356
Trade receivables from land sales	土地銷售的應收賬款	**225,267**	–
Subtotal	小計	**634,804**	235,829
Less: Provision for bad debt	減：壞賬撥備	**(5,342)**	(2,559)
		629,462	233,270

The carrying amounts of the trade receivables approximate their fair values.

應收賬款的賬面值與其公允價值相若。

23 TRADE RECEIVABLES *(Continued)*

The aging analysis of trade receivables by invoice date is as follows:

23 應收賬款*(續)*

應收賬款按發票日期列示的賬齡分析如下：

		As at 31 December 於十二月三十一日	
		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Less than one year	一年內	**557,605**	217,573
One to two years	一至兩年	**62,502**	18,256
Two to three years	兩至三年	**14,697**	–
		634,804	235,829

The credit terms granted to customers of purchase properties are generally ranged from 30 days to 60 days, while for the customers to whom the Group providing management and development services, decoration services and sales of land, the credit terms are one year.

授予客戶購買物業的信貸期一般介乎30日至60日，而本集團向客戶提供管理及開發服務、裝飾服務及土地銷售方面授予客戶的信貸期為一年。

Based on past experience, management believes that no provision for impairment is necessary in respect of trade receivables arise from sales of properties and lands as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group did not hold any collateral in respect of these balances.

根據過往經驗，管理層相信由於信貸質素並無重大變動且結餘仍被認為可悉數收回，故毋須就物業及土地銷售應收賬款作出減值撥備。本集團並無就該等結餘持有任何抵押品。

23 TRADE RECEIVABLES *(Continued)*

Movement in the provision for impairment of trade receivables from providing management services and decoration services that are assessed for impairment collectively are as follows:

23 應收賬款*(續)*

提供管理服務及裝飾服務的應收賬款(作合併減值評估)的減值撥備變動如下：

		As at 31 December 於十二月三十一日	
		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
At 1 January	於一月一日	**2,559**	421
provision during the year	年內減值撥備	**2,783**	2,138
At 31 December	於十二月三十一日	**5,342**	2,559

As at 31 December 2017, the carrying amounts of trade receivables were denominated in below currencies:

於二零一七年十二月三十一日，應收賬款的賬面值按以下貨幣列值：

		As at 31 December 於十二月三十一日	
		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
RMB	人民幣	**409,537**	232,212
USD	美元	**225,267**	3,617
		634,804	235,829

As at 31 December 2017, RMB27,820,000 (2016: RMB13,985,000) trade receivables were past due but not impaired.

於二零一七年十二月三十一日，應收賬款人民幣27,820,000元(二零一六年：人民幣13,985,000元)為已逾期但未減值。

Impairment loss on trade receivables is recorded in "Administrative expenses". Amount charge to the provision account are written off when there is no expectation of recovering additional cash.

應收賬款的減值虧損計入「行政費用」。當預期不可收回額外現金時，則撇銷於撥備賬扣除的金額。

24 DEPOSITS FOR PURCHASE OF LAND

As at 31 December, deposit for purchase of land represent the deposits made for acquisition of for land parcels in the USA.

As at 31 December 2017, the carrying amounts of deposit for purchase of land were denominated in below currencies:

24 收購土地按金

於十二月三十一日，收購土地按金指收購美國地塊所作按金。

於二零一七年十二月三十一日，收購土地按金的賬面值按以下貨幣列值：

		As at 31 December 於十二月三十一日	
		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
USD	美元	**212,125**	–
RMB	人民幣	**–**	42,000
		212,125	42,000

25 OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

25 其他應收款、預付款及按金

		As at 31 December 於十二月三十一日	
		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Non-current assets	**非流動資產**		
Prepayment for acquisition of subsidiaries	收購附屬公司的預付款	**55,539**	–
Lendings to third parties (i)	貸款予第三方(i)	**113,460**	30,000
Deposits for property maintenance	物業維護按金	**11,827**	5,413
Value added tax to be offset	待抵扣增值税	**1,000**	–
Deposit paid for acquisition of an associate	收購一間聯營公司的已付按金	**–**	390,103
		181,826	425,516
Current assets	**流動資產**		
Value added tax to be offset and other prepaid taxes (iii)	待抵扣增值税及其他預付税項(iii)	**152,596**	189,940
Prepaid rental fee (ii)	預付租金費用(ii)	**59,916**	–
Deposits for purchase of land	收購土地按金	**33,483**	1,000
Deposits in housing fund	住房公積金按金	**18,712**	17,729
Prepaid professional fee	預付專業費用	**–**	8,806
Prepaid interests	預付利息	**–**	11,200
Other receivables and prepayments	其他應收款及預付款	**116,634**	100,259
		381,341	328,934

25 OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS *(Continued)*

The loans to third parties and maintenance fund are repayable within two to eight years from the end of the year. The balances of loans to third parties bear interest ranging from 6%–14%.

(i) Of the total lendings to third parties, RMB66,433,000 (2016: RMB30,000,000) was secured by the equity securities of two companies which holds properties in the PRC.

(ii) Prepaid rental fee is rental prepaid for the leasing of properties to be used for long-term rental apartments.

(iii) Effective from 1 May 2016, the Group's PRC subsidiaries are subject to value added tax for its sale of properties. The applicable tax rate is 11% under normal VAT arrangement and is 5% for qualified old projects with a simplified method. Input VAT under normal VAT arrangement is deductible and recorded as "other receivables, repayments and deposits" where there is a debit balance.

As at 31 December 2017, the carrying amounts of other receivables, prepayments and deposits were denominated in below currencies:

25 其他應收款、預付款及按金*(續)*

向第三方貸款及維護資金須於年末後二至八年內償還。向第三方貸款結餘的利率介乎6%至14%。

(i) 貸款予第三方總額中，人民幣66,433,000元(二零一六年：人民幣30,000,000元)由兩間於中國持有物業的公司的股權作抵押。

(ii) 預付租金費用為待用作長租公寓的租賃物業預付租金。

(iii) 自二零一六年五月一日起，本集團的中國附屬公司須就其物業銷售繳納增值税。根據一般增值税安排的適用税率為11%，而合資格舊有項目則以簡易方法徵收5%税率。如存在借方餘額，根據一般增值税安排的投入增值税可予扣減並入賬為「其他應收款、還款及按金」。

於二零一七年十二月三十一日，其他應收款項、預付款及按金按以下貨幣列值：

		As at 31 December 於十二月三十一日	
		2017 二零一七年	2016 二零一六年
		RMB'000 人民幣千元	RMB'000 人民幣千元
RMB	人民幣	**501,077**	723,107
USD	美元	**58,138**	27,966
HKD	港元	**3,952**	3,377
		563,167	754,450

25 OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS *(Continued)*

The fair value of other receivables, prepayments and deposits are as follows:

25 其他應收款、預付款及按金*(續)*

其他應收款、預付款及按金之公允價值載列如下：

		As at 31 December 於十二月三十一日	
		2017	2016
		二零一七年	二零一六年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Non-current assets	**非流動資產**		
Prepayment for acquisition of subsidiaries	收購附屬公司的預付款	**55,539**	–
Lendings to third parties	貸款予第三方	**113,460**	30,000
Deposits for property maintenance	物業維護按金	**8,597**	3,751
Value added tax to be offset	待抵扣增值税	**1,000**	–
Deposit paid for acquisition of an associate	收購一間聯營公司的已付訂金	**–**	390,103
		178,596	423,854
Current assets	流動資產		
Value added tax to be offset and other prepaid taxes	待抵扣增值税及其他預付税項	**152,596**	189,940
Prepaid rental fee	預付租金費用	**59,916**	–
Deposits for purchase of land	購買土地的按金	**33,483**	1,000
Deposits in housing fund	住房公積金按金	**18,712**	17,729
Prepaid professional fee	預付專業費用	**–**	8,806
Prepaid interests	預付利息	**–**	11,200
Other receivables and prepayments	其他應收款及預付款	**116,634**	100,259
		381,341	328,934

The fair value of deposits for property maintenance are based on cash flows discounted using a rate based on the borrowing rate of 4.75%–4.9%. The fair value are within level 2 of the fair value hierarchy.

物業維護按金的公允價值乃按基於借款率介乎4.75%至4.9%之比率貼現現金流量計算。該公允價值處於公允價值層級的第二級。

25 OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS *(Continued)*

Based on past experience, management believes that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group did not hold any collateral in respect of these balances.

25 其他應收款、預付款及按金*(續)*

根據過往經驗，管理層相信由於信貸素質並無重大變動且結餘仍被認為可悉數收回，故毋須就該等結餘作出減值撥備。本集團並無就該等結餘持有任何抵押品。

26 AMOUNTS DUE FROM NON-CONTROLLING INTERESTS

26 應收非控制性權益款項

		As at 31 December 於十二月三十一日	
		2017	2016
		二零一七年	二零一六年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Amounts due from non-controlling interests	應收非控制性權益款項	**571,500**	558,000

In December 2017, 蘇州朗坤置業有限公司 (Suzhou Langkun Property Limited) ("Suzhou Langkun"), an indirect non-wholly owned subsidiary of the Company, renewed the loan agreement with its owners, pursuant to which Suzhou Langkun would advance loan to its owners on pro-rata basis according to their respective shareholding interest in Suzhou Langkun. The loan is unsecured, repayable within one year, and Suzhou Langkun shall charge an annual interest rate of 4.35% per annum on the actual amount of drawdown. As at 31 December 2017, the outstanding amount due from the non-controlling shareholders of Suzhou Langkun amounted to RMB571,500,000.

於二零一七年十二月，本公司間接非全資附屬公司蘇州朗坤置業有限公司(「蘇州朗坤」)與其其擁有人重訂貸款協議，據此蘇州朗坤按擁有人各自於蘇州朗坤的股權按比例向彼等提供貸款。貸款為無抵押，須於一年內償還，而蘇州朗坤須按4.35%的年利率根據支取的實際金額計息。於二零一七年十二月三十一日，應收蘇州朗坤非控股股東的未償還款項達人民幣571,500,000元。

27 RESTRICTED CASH AND CASH AND CASH EQUIVALENTS

27 受限制現金以及現金及現金等價物

		As at 31 December 於十二月三十一日	
		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Restricted cash	受限制現金		
— restricted for project developments	— 限制為項目發展	**82,662**	47,795
— restricted under escrow account for investments	— 限制於託管賬戶下投資	**70,000**	–
— deposits as security for property purchasers' mortgage loans	— 物業買家按揭貸款的擔保存款	**67,698**	165,897
— restricted for discounted bank accepted notes	— 限制為已貼現銀行承兑票據	**45,000**	–
— pledged for the Group's bank borrowings (note 29)	— 作為本集團銀行借款的抵押（附註29）	**7,291**	1,325
— others	— 其他	**9,301**	705
		281,952	215,722
Cash on hand and cash at banks	手頭現金及銀行現金	**3,341,835**	2,761,130

The carrying amounts of restricted cash and cash and cash equivalents approximate their fair values.

受限制現金以及現金及現金等價物的賬面值與其公允價值相若。

27 RESTRICTED CASH AND CASH AND CASH EQUIVALENTS *(Continued)*

As at 31 December 2017, the carrying amount of restricted cash, cash on hand and cash at banks were denominated in below currencies:

27 受限制現金以及現金及現金等價物 *(續)*

於二零一七年十二月三十一日，受限制現金、手頭現金及銀行現金的賬面值按以下貨幣列值：

		As at 31 December 於十二月三十一日	
		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
RMB	人民幣	**3,127,073**	2,607,451
USD	美元	**492,066**	361,342
HKD	港元	**4,648**	8,059
		3,623,787	2,976,852

28 CREDITORS AND ACCRUALS

28 應付賬款及應計費用

		As at 31 December 於十二月三十一日	
		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Payables for construction materials and services	應付工程物料及服務款項	**1,162,081**	975,214
Interest payable	應付利息	**235,257**	138,205
Deposits from customers	客戶按金	**190,115**	29,932
Accruals for staff costs	應計職工費用	**159,949**	111,917
Value added tax and other tax payables	增值税及其他應付税項	**126,353**	70,186
Payables for acquisition of investments	收購投資應付款項	**92,144**	–
Advanced payments received	已收墊付款項	**–**	4,160
Other payables	其他應付款	**36,009**	38,145
		2,001,908	1,367,759

As at 31 December 2017, the fair values of trade and other payables approximate their carrying amounts.

於二零一七年十二月三十一日，應付賬款及其他應付款與其賬面值相若。

28 CREDITORS AND ACCRUALS *(Continued)*

The aging analysis of payables for construction materials and services:

28 應付賬款及應計費用*(續)*

應付工程物料及服務款項之賬齡分析如下：

		As at 31 December 2017 於二零一七年十二月三十一日
Less than one year	少於一年	**1,035,053**
One to two years	一至兩年	**30,933**
Two to three years	兩至三年	**5,865**
Over three years	三年以上	**90,230**
		1,162,081

As at 31 December 2017, the carrying amounts of trade and other payables were denominated in below currencies:

於二零一七年十二月三十一日，應付賬款及其他應付款的賬面值按以下貨幣列值：

		As at 31 December 於十二月三十一日	
		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
RMB	人民幣	**1,702,046**	1,169,901
USD	美元	**280,894**	192,091
HKD	港元	**18,968**	5,767
		2,001,908	1,367,759

29 BORROWINGS 29 借款

		As at 31 December 於十二月三十一日	
		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Bank borrowings	銀行借款		
— in RMB	— 人民幣	**1,447,900**	2,852,685
— in USD	— 美元	**217,888**	212,131
— in HKD	— 港元	**230,708**	208,912
Sell and buy-back arrangement (in USD) (note 22)	出售及回購安排(美元)(附註22)	**270,345**	–
Loans from the ultimate holding company (in RMB)	來自最終控股公司的貸款(人民幣)	**1,665,000**	1,662,177
Senior private notes (in USD)	優先私募債券(美元)	**659,534**	685,457
EB-5 Loans (in USD)	EB-5貸款(美元)	**521,334**	152,979
Loan from other financial institutes (in USD)	來自其他融資機構的貸款(美元)	**326,706**	–
Discounted bank accepted note (in RMB)	已貼現銀行承兑票據(人民幣)	**90,000**	–
Junior private notes (in USD)	次級私募債券(美元)	**–**	309,000
Total	總計	**5,429,415**	6,083,341
Less: short-term borrowings and current portion of long-term borrowings	減：短期借款和長期借款的流動部分		
Bank borrowings	銀行借款		
— in RMB	— 人民幣	**(1,081,500)**	(531,010)
— in USD	— 美元	**–**	(212,131)
— in HKD	— 港元	**(16,718)**	(208,912)
Loans from the ultimate holding company (in RMB)	來自最終控股公司的貸款(人民幣)	**–**	(6,937)
Senior private notes (in USD)	優先私募債券(美元)	**(659,534)**	–
Loan from other financial institutes (in USD)	來自其他融資機構的貸款(美元)	**(326,706)**	–
Discounted bank accepted note (in RMB)	已貼現銀行承兑票據(人民幣)	**(90,000)**	
Junior private notes (in USD)	次級私募債券(美元)	**–**	(309,000)
Total	總計	**(2,174,458)**	(1,267,990)
Non-current portion	非流動部分	**3,254,957**	4,815,351

29 BORROWINGS *(Continued)*

As at 31 December 2017, the carrying amounts of borrowings were denominated in below currencies:

29 借款*(續)*

於二零一七年十二月三十一日，借款的賬面值按以下貨幣列值：

		As at 31 December 於十二月三十一日	
		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
RMB	人民幣	**3,202,900**	4,514,862
USD	美元	**1,995,807**	1,359,567
HKD	港元	**230,708**	208,912
		5,429,415	6,083,341

Bank borrowings carry interest ranging from 4.75% to 8.0% (2016: 2.46% to 8.0%) per annum and are secured by:

銀行借款按年利率介乎4.75%至8.0%(二零一六年：2.46%至8.0%)計息，並以下列各項作抵押：

(i) restricted cash of RMB7,291,000 (2016: RMB1,325,000) (note 27);

(i) 受限制現金人民幣7,291,000元(二零一六年：人民幣1,325,000元)(附註27)；

(ii) properties held for sale owned by two fellow subsidiaries of the ultimate holding company of RMB526,511,000 (2016: RMB157,941,000);

(ii) 由最終控股公司的兩間同系附屬公司擁有的持作銷售物業人民幣526,511,000元(二零一六年：人民幣157,941,000元)；

(iii) properties under development with carrying value of RMB2,138,953,000 (2016: RMB4,321,649,000);

(iii) 開發中房地產，賬面值為人民幣2,138,953,000元(二零一六年：人民幣4,321,649,000元)；

(iv) investment property of RMB319,830,000 (2016: RMB290,920,000) (note 18);

(iv) 投資物業人民幣319,830,000元(二零一六年：人民幣290,920,000元)(附註18)；

(v) guarantee provided by the ultimate holding company;

(v) 最終控股公司所提供的擔保；

(vi) pledged by equity interest of subsidiaries of the Group.

(vi) 本集團附屬公司的股權抵押。

29 BORROWINGS *(Continued)*

The loans from the ultimate holding company are unsecured and carry interest ranging from 5.3% to 6.6% per annum.

Senior private notes are guaranteed by shares of subsidiaries of the Company (note 43) and carries interest at 9.5% (2016: 9.5%) per annum. The balance of senior private notes is repayable on 30 April 2018.

EB-5 Loans represent loans from third parties and carry interest ranging from 3.6% to 4% per annum and are guaranteed by a subsidiary. The balances are repayable ranging from 3 January 2020 to 31 March 2021.

The junior private notes were repaid during the year ended 31 December 2017.

Loan from other financial institutes is granted by the ultimate holding company and carried interest at 8% annual. The balance is repayable on 27 April 2018.

Borrowings are repayable as follows:

29 借款*(續)*

來自最終控股公司的貸款為無抵押，並按年利率5.3%至6.6%計息。

優先私募債券由本公司附屬公司的股份擔保（附註43），按年利率9.5%（2016：9.5%）計息。優先私募債券的結餘須於二零一八年四月三十日支付。

EB-5貸款指來自第三方的貸款，年利率介乎3.6%至4%並由一間附屬公司擔保。結餘須於二零二零年一月三日至二零二一年三月三十一日期內償還。

次級私募債券已於截至二零一七年十二月三十一日止年度償還。

來自其他融資機構的貸款由最終控股公司授出，年息為8%。結餘須於二零一八年四月二十七日償還。

借款應於下列時間償還：

		As at 31 December 於十二月三十一日	
		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Within one year	一年內	**2,174,458**	1,267,990
Between one and two years	一至兩年	**188,019**	2,022,747
Between two and five years	兩至五年	**3,066,938**	2,792,604
		5,429,415	6,083,341

Fair value of the borrowings are not materiality different to the carrying amount, since the interest on the borrowings are either close to current market rates or borrowings are of a short term nature.

借款的公允價值與其賬面值並無重大差異，乃由於借款利息與目前市場利率相近或借款屬短期性質。

30 DEFERRED INCOME TAX

The deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The net amounts are as follows:

30 遞延所得稅

當有合法可強制執行權利將現有稅項資產與現有稅項負債抵銷，且遞延所得稅涉及同一財政機關，則可將遞延稅項資產與負債互相抵銷。淨值如下：

		As at 31 December 於十二月三十一日	
		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Deferred income tax liabilities to be settled after more than one year	將於超過一年後結算的遞延所得稅負債	**75,537**	52,850
Deferred income tax assets:	遞延所得稅資產：		
— to be recovered within one year	— 將於一年內收回	**108,463**	75,232
— to be recovered after more than one year	— 將於超過一年後收回	**129,272**	78,377
		237,735	153,609
Deferred tax assets, net	遞延稅項資產淨額	**162,198**	100,759

As at 31 December 2017, deferred income tax assets and deferred income tax liabilities to RMB57,911,000 (31 December 2016: RMB105,747,000) were offset.

於二零一七年十二月三十一日，遞延所得稅資產及遞延所得稅負債人民幣57,911,000元(二零一六年十二月三十一日：人民幣105,747,000元)已獲抵銷。

30 DEFERRED INCOME TAX *(Continued)*

The movements in the net deferred tax are as follows:

30 遞延所得稅*(續)*

遞延稅項淨值變動如下：

		As at 31 December 於十二月三十一日	
		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
At 1 January	於一月一日	**100,759**	44,220
Credited to profit or loss (note 11)	在損益抵免(附註11)	**82,190**	56,135
Disposal of subsidiaries (note 38)	出售附屬公司(附註38)	**(19,555)**	–
Currency translation differences	貨幣換算差額	**(1,196)**	404
At 31 December	於十二月三十一日	**162,198**	100,759

Movements in the deferred tax liabilities, prior to offsetting, are as follows:

抵銷前的遞延稅項負債變動如下：

		Revaluation of investment properties 投資性物業重估 RMB'000 人民幣千元	**Difference in capitalized interests 資本化利息差額** RMB'000 人民幣千元	**Accelerated tax depreciation 加速稅項折舊** RMB'000 人民幣千元	**Unrealised exchange gains 未變現匯兑利得** RMB'000 人民幣千元	**Disposal of investments accounted for using the equity method 出售投資以權益法入賬** RMB'000 人民幣千元	**Total 總計** RMB'000 人民幣千元
At 1 January 2016	於二零一六年一月一日	42,413	4,794	214	5,185	–	52,606
Charged to profit or loss	在損益支銷	10,438	35,872	620	54,480	–	101,410
Currency translation differences	貨幣換算差額	–	1,859	41	2,681	–	4,581
At 31 December 2016	於二零一六年十二月三十一日	52,851	42,525	875	62,346	–	158,597
Charged to profit or loss	在損益支銷	7,228	16,369	235	(58,940)	14,747	(20,361)
Currency translation differences	貨幣換算差額	–	(2,960)	(51)	(1,777)	–	(4,788)
At 31 December 2017	於二零一七年十二月三十一日	60,079	55,934	1,059	1,629	14,747	133,448

30 DEFERRED INCOME TAX *(Continued)*

The movements in the deferred tax assets, prior to offsetting, are as follows:

30 遞延所得稅*(續)*

抵銷前的遞延稅項資產變動如下：

		Temporary difference on unrealised profit of intercompany transactions 公司間交易的未變現利潤的暫時差額 RMB'000 人民幣千元	Tax losses 稅項虧損 RMB'000 人民幣千元	Temporary difference on recognition of revenues and cost of sales 確認收入與銷售費用的暫時差額 RMB'000 人民幣千元	Provision for bad debt and accrued expenses 壞賬及應計費用撥備 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
At 1 January 2016	於二零一六年一月一日	30,244	25,261	29,811	11,510	96,826
Charged to profit or loss	在損益支銷	42,047	48,177	21,446	45,874	157,544
Currency translation differences	貨幣換算差額	–	2,620	–	2,366	4,986
At 31 December 2016	於二零一六年十二月三十一日	72,291	76,058	51,257	59,750	259,356
Charged to profit or loss	在損益支銷	36,045	14,208	(15,665)	27,241	61,829
Disposal of subsidiaries	出售附屬公司	–	(19,442)	–	(113)	(19,555)
Currency translation differences	貨幣換算差額	–	(2,911)	–	(3,073)	(5,984)
At 31 December 2017	於二零一七年十二月三十一日	108,336	67,913	35,592	83,805	295,646

31 AMOUNTS DUE TO NON-CONTROLLING INTERESTS

31 應付非控制性權益款項

		As at 31 December 於十二月三十一日	
		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Non-current liabilities	**非流動負債**		
Amounts due to non-controlling interests (i)	應付非控制性權益款項(i)	**17,217**	211,492
Current liabilities	**流動負債**		
Amounts due to non-controlling interests (ii)	應付非控制性權益款項(ii)	**18,110**	–
		35,327	211,492

(i) As of 31 December 2017, the amounts due to non-controlling interests are unsecured and bear interest at 10% per annum. The balance of RMB17,217,000 was repayable after one year.

As of 31 December 2016, the amounts due to non-controlling interests are unsecured and bear interest ranging from 10% to 12% per annum. The balance of RMB96,498,000 is repayable in December 2019 and the remaining balances have no fixed term of repayment.

(ii) As of 31 December 2017, the amounts due to non-controlling interests are unsecured. The balance of RMB18,110,000 was repayable in one year from the year of 2017 and interest free.

(i) 於二零一七年十二月三十一日，應付非控制性權益款項為無抵押及按10%的年利率計息。結餘人民幣17,217,000元須於一年後償還。

於二零一六年十二月三十一日，應付非控制性權益款項為無抵押並按年利率介乎10%至12%計息。結餘人民幣96,498,000元須於二零一九年十二月償還，其餘款項並無固定還款期。

(ii) 於二零一七年十二月三十一日，應付非控制性權益款項為無抵押。結餘人民幣18,110,000元須於二零一七年起計一年內償還且不計息。

32 SHARE CAPITAL

32 股本

			As at 31 December 於十二月三十一日 2017 二零一七年			As at 31 December 於十二月三十一日 2016 二零一六年		
		Note 附註	Number of shares 股份數目 '000 千股	Nominal value of ordinary share 普通股面值 HK$'000 千港元	Equivalent nominal value of ordinary share 普通股等額面值 RMB'000 人民幣千元	Number of shares 股份數目 '000 千股	Nominal value of ordinary share 普通股面值 HK$'000 千港元	Equivalent nominal value of ordinary share 普通股等額面值 RMB'000 人民幣千元
Ordinary shares, issued and fully paid:	**普通股，已發行及繳足：**							
At 1 January	於一月一日		**3,917,571**	**39,176**	**31,800**	3,306,912	33,069	26,665
Issuance of shares	發行股份		**-**	**-**	**-**	610,659	6,107	5,135
At 31 December	於十二月三十一日		**3,917,571**	**39,176**	**31,800**	3,917,571	39,176	31,800

(a) On 29 January 2016, the Company completed the issuing of 610,659,269 ordinary shares of HK$0.01 each at a price of HK$0.718 per share to Landsea International to acquire Epic China. Accordingly, 610,659,269 ordinary shares of HK$0.01 each were issued at a premium of HK$0.708 each and the premium on issue of shares of HK$432,347,000 (equivalent to RMB360,943,000), net of issuance costs, was credited to the share premium account.

(a) 於二零一六年一月二十九日，本公司完成按每股作價0.718港元向Landsea International發行610,659,269股每股面值0.01港元的普通股以收購Epic China。因此，610,659,269股每股面值0.01港元的普通股已按每股0.708港元的溢價發行，而發行股份的溢價432,347,000港元（相當於人民幣360,943,000元）在扣除發行費用後計入股份溢價賬。

33 SHARE OPTIONS AND RESTRICTED SHARE AWARD SCHEME

(A) SHARE OPTIONS

Pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 25 April 2012, the current share option scheme (the "Scheme") was adopted by the Company. Since the adoption of the Scheme, no further options can be granted under the old scheme.

The Company operates the Scheme for the purpose of providing incentives and reward to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Scheme include the directors (including executive and non-executive directors), other employees, suppliers, customers, person or entity providing research, development and other technical support, investee entity and any professional advisor and business consultant of the Group from time to time determined by the directors as having contributed or who may contribute to the development and growth of the Group. The Scheme is effective on 30 April 2012 and, unless otherwise terminated, remains in force for 10 years from that date.

Unless approved by shareholders of the Company, shares which may be issued upon exercise of all options to be granted under the Scheme or any other share option scheme adopted by the Company must not in aggregate exceed 10% of the shares of the Company in issue on the date of adoption.

Unless approved by shareholders of the Company, total number of shares of the Company issued and to be issued upon the exercise of the options granted to each participant including both exercised and unexercised options under the Scheme or any other share option scheme adopted by the Company in any 12-month period must not exceed 1% of the shares of the Company in issue on the date of grant. Any further grant of share options in excess of this limit is subject to shareholder's approval in a general meeting.

33 股份期權及限制性股份獎勵計劃

(A) 股份期權

根據於二零一二年四月二十五日舉行的本公司股東週年大會上通過的普通決議案，本公司採納目前的股份期權計劃(「該計劃」)。自採納該計劃以來，概無按舊計劃授出其他股份期權。

本公司設立該計劃，旨在嘉獎及酬謝對推動本集團業務成功的合資格參與者。該計劃的合資格參與者包括董事(包括執行及非執行董事)、其他僱員、供應商、客戶、提供研發及其他技術支援的人士或實體、投資對象實體以及本集團不時的任何專業顧問及業務顧問(董事認為對本集團發展及增長曾經或可能作出貢獻者)。該計劃於二零一二年四月三十日生效，而除非以其他方式終止，否則將自該日起10年期間內有效。

除非獲本公司股東批准，否則因行使按該計劃或本公司採納的任何其他股份期權計劃將予授出的所有股份期權而可予發行的股份總數，不得超過本公司於採納日期已發行股份的10%。

除非獲本公司股東批准，於任何十二個月期間，各參與者按該計劃或本公司採納的任何其他股份期權計劃獲授的股份期權(包括已行使及尚未行使)行使時，已發行及將予發行的本公司股份總數，於授出日期不得超過本公司已發行股份的1%。如進一步授出的股份期權涉及的股份數目超逾此上限，須在股東大會上獲股東批准。

33 SHARE OPTIONS AND RESTRICTED SHARE AWARD SCHEME *(Continued)*

(A) SHARE OPTIONS *(Continued)*

The limit on the number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other schemes of the Company must not exceed 30% of the shares in issue from time to time. No options may be granted under any share option schemes of the Company if this will result in the limit being exceeded.

The offer of a grant of share options may be accepted within 21 days from the date of offer, upon payment of nominal consideration of HK$1 in total by the grantee. An option may be exercised in accordance with the terms of the Scheme and the terms of grant, which shall not be more than 10 years from the date of grant.

The subscription price for the shares of the Company to be issued upon exercise of the options shall be no less than the higher of (i) the closing price of the shares of the Company as stated in the daily quotation sheet issued by the SEHK on the date of grant; (ii) the average closing price of the shares of the Company as stated in the daily quotation sheets issued by the SEHK for the five business days immediately preceding the date of grant; and (iii) the nominal value of a share of the Company on the date of grant. The subscription price will be determined by the board of directors at the time the option is offered to the participants.

The scheme limit under the Scheme is 198,660,605 shares, representing 10.0% of the issued share capital of the Company on 25 April 2012, being the adoption date of the Scheme and approximately 5.1% of the issued share capital of the Company on 28 March 2018, being the date of the Annual Report.

The Scheme

There was no outstanding share option under the Scheme as at 31 December 2017 and 31 December 2016.

33 股份期權及限制性股份獎勵計劃*(續)*

(A) 股份期權*(續)*

因行使按該計劃及本公司的任何其他計劃已授出但尚未行使的所有股份期權而可予發行的股份總數，不得超過不時已發行股份的30%。如授出股份期權將導致超逾此上限，則不得根據本公司任何股份期權計劃授出股份期權。

授出股份期權的要約由提呈要約當日起計21日內可供接納，惟承授人須支付合共1港元的名義代價。於授出日期起計不超過10年內，股份期權可按該計劃的條款及授出條款行使。

因行使股份期權將予發行的本公司股份的認購價不得低於以下各項中的較高數值：(i)本公司股份於授出日期在香港聯交所發出的每日報價表所示的收市價；(ii)本公司股份於緊接授出日期前五個營業日在香港聯交所發出的每日報價表所示的收市價平均值；及(iii)本公司股份於授出日期的面值。董事局將於向參與者提呈股份期權時釐定認購價。

根據該計劃，計劃上限為198,660,605股，相當於本公司於二零一二年四月二十五日(即該計劃獲採納日期)已發行股本的10.0%及本公司於二零一八年三月二十八日(即年報日期)已發行股本約5.1%。

該計劃

於二零一七年十二月三十一日及二零一六年十二月三十一日，該計劃下並無尚未行使的股份期權。

33 SHARE OPTIONS AND RESTRICTED SHARE AWARD SCHEME *(Continued)*

(B) RESTRICTED SHARE AWARD SCHEME

On 2 July 2014, the Group adopted a share award scheme (the "Share Award Scheme") as an incentive to recognise the contributions by employees and to give incentives in order to retain them for the continuing operation and development of the Group, as well as to attract suitable personnel for further development of the Group.

Pursuant to the Share Award Scheme, existing shares of the Company will be purchased or new shares will be subscribed for "Restricted Shares" by a trustee appointed by the Company and be held on trust for the relevant grantees until such shares are vested with the relevant grantees in accordance with the rules of the Share Award Scheme. The Restricted Shares will be awarded with reference to the performance, operating and financial targets and other criteria determined by the Board from time to time.

During the year ended 31 December 2017, 12,352,000 (2016: 144,000) existing shares at a cost of RMB8,578,000 (2016: RMB90,000) were purchased by the trustee. Meanwhile, dividends of RMB2,035,000 (2016: RMB1,936,000) were received by the trustee.

33 股份期權及限制性股份獎勵計劃 *(續)*

(B) 限制性股份獎勵計劃

於二零一四年七月二日，本集團採納股份獎勵計劃(「股份獎勵計劃」)，作為獎勵以嘉許僱員所作出的貢獻，激勵並挽留彼等為本集團的持續經營及發展付出努力，並為本集團進一步發展吸引適合人才。

根據股份獎勵計劃，本公司所委任的受託人將購買本公司現有股份或認購新股份作為「限制性股份」，並以信託方式代相關承授人持有，直至有關股份根據股份獎勵計劃的規則歸屬於相關承授人為止。限制性股份將參考董事局不時釐定的表現、經營及財務目標以及其他標準予以授出。

截至二零一七年十二月三十一日止年度，12,352,000股(二零一六年：144,000股)成本為人民幣8,578,000元(二零一六年：人民幣90,000元)的現有股份獲信託人購入。同時，信託人收到股息人民幣2,035,000元(二零一六年：人民幣1,936,000元)。

33 SHARE OPTIONS AND RESTRICTED SHARE AWARD SCHEME *(Continued)*

(B) RESTRICTED SHARE AWARD SCHEME *(Continued)*

Details of the Restricted Shares granted by the Company are as follows:

33 股份期權及限制性股份獎勵計劃*(續)*

(B) 限制性股份獎勵計劃*(續)*

本公司所授出限制性股份的詳情如下：

Name of employees		Fair value per share (HK$) 每股公允價值（港元）	Outstanding at 1 January 2017 於二零一七年一月一日尚未行使	Granted during the year 本年度授出	Outstanding at 31 December 2017 於二零一七年十二月三十一日尚未行使
僱員姓名					
Directors	**董事**				
Tian Ming	田明	0.68	3,277,500	–	3,277,500
Xiang Jiong	向炯	0.68	3,277,500	–	3,277,500
Shen Leying	申樂瑩	0.68	2,214,500	–	2,214,500
Xie Yuanjian	謝遠建	0.68	2,037,500	–	2,037,500
Zhou Qin	周勤	0.68	1,505,000	–	1,505,000
			12,312,000	–	12,312,000
Other employees	**其他僱員**				
In aggregate	總計	0.68	22,950,500	–	22,950,500
			35,262,500	–	35,262,500

The outstanding Restricted Shares had been fully vested as of 31 December 2016.

於二零一六年十二月三十一日，尚未行使的受限制股份已全數歸屬。

No expenses (2016: RMB10,245,000) (note 9) was recognized by the group as there was no additional share based compensation during the year.

年內本集團並無額外股權報酬，故概無確認任何支出(二零一六年：人民幣10,245,000元)(附註9)。

34 CONVERTIBLE PERPETUAL SECURITIES

The movements in the convertible perpetual securities are as follows:

34 可換股永久證券

可換股永久證券的變動載列如下：

		Convertible perpetual securities 可換股永久證券 RMB'000 人民幣千元
At 1 January 2016	於二零一六年一月一日	110,054
Issuance of convertible perpetual securities (a)	發行可換股永久證券(a)	363,847
Distribution accrued	應計分派	18,661
Distribution paid	已付分派	(8,358)
At 31 December 2016 and 1 January 2017	於二零一六年十二月三十一日及二零一七年一月一日	484,204
Distribution accrued	應計分派	19,679
Distribution paid	已付分派	(8,458)
At 31 December 2017	於二零一七年十二月三十一日	495,425

(a) In November 2015, the Company entered into an agreement with a third party (the "third party investor") pursuant to which the investor agreed to subscribe for convertible perpetual securities issued by the Company with an aggregate principal amount of HK$130,000,000 (equivalent to RMB109,200,000).

The convertible perpetual securities do not have a fixed maturity date and may be converted into ordinary shares of the Company at any time at the option of the third party investor at an initial conversion price of HK$0.7508 per share subject to certain anti-dilutive adjustments.

(a) 於二零一五年十一月，本公司與一名第三方(「第三方投資者」)訂立協議，據此，投資者同意認購本公司所發行本金額合共130,000,000港元(相當於人民幣109,200,000元)的可換股永久證券。

可換股永久證券並無固定到期日，第三方投資者可選擇隨時按初步兑換價每股0.7508港元(可作出若干反稀釋調整)兑換為本公司普通股。

34 CONVERTIBLE PERPETUAL SECURITIES *(Continued)*

(a) *(Continued)*

The Company paid a final dividend of RMB3.3 cents (equivalent to HK4 cents) per share for the year ended 31 December 2015 on 6 July 2016 to Shareholders whose names appeared on the register of members of the Company on 20 June 2016 (the "Record Date 1"), which constitutes an adjustment event of the initial conversion price pursuant to the terms and conditions of the securities. The Company issued a written notice to the security holder on 13 January 2017 in respect of the adjustment made to the initial conversion price from HK$0.7508 per Share to HK$0.7050 per share with retrospective effect from 21 June 2016, being the date immediately following the Record Date 1. Similarly, following the payment of 2016 dividend of RMB3.54 cents (equivalent to HKD4 cents) per share on 3 July 2017 ("Record Date 2"). The Company issued a written notice to the security holder on 4 July 2017 in respect of the adjustment made to the conversion price from HK$0.7050 per Share to HK$0.6600 per share with retrospective effect from 8 June 2017, being the date immediately following the Record Date 2.

The Company may, at its discretion, elect to defer (in whole or in part) any distribution unless certain compulsory distribution payment events have occurred and redeem or purchase the convertible perpetual securities i) for taxation reasons; ii) on the third anniversary of the completion date; and iii) upon certain events as set out in the agreement.

Distribution shall be payable on the convertible perpetual securities to the investor semi-annually in arrear at the following rate of distribution:

(i) 7.5% per annum in respect of the period from the completion date to the third anniversary of the completion date; and

(ii) 13.5% per annum after the third anniversary of the completion date.

34 可換股永久證券*(續)*

(a) *(續)*

由於本公司於二零一六年七月六日向於二零一六年六月二十日(「記錄日期1」)名列本公司股東名冊之股東派發截至二零一五年十二月三十一日止年度之末期股息每股人民幣3.3分(相當於4港仙),根據證券的條款及條件構成初步兑換價的調整事項,本公司已於二零一七年一月十三日向證券持有人發出書面通知,將初步兑換價由每股0.7508港元調整至每股0.7050港元,追溯至緊隨記錄日期1後當天生效,即二零一六年六月二十一日。同樣地,於二零一七年七月三日(「記錄日期2」)派付二零一六年每股人民幣3.54分(相等於4港仙)的股息後,本公司於二零一七年七月四日向證券持有人發出書面通知,將兑換價由每股0.7050港元調整至每股0.6600港元,追溯至緊隨記錄日期2後當天生效,即二零一七年六月八日。

除非發生若干強制分派支付事件,否則本公司可i)就税務原因;ii)於完成日期第三週年;及iii)按協議所載的若干事件,酌情選擇遞延任何全部或局部分派及贖回或購買可換股永久證券。

須每半年以後付形式按以下分派息率向投資者作出可換股永久證券的分派:

(i) 完成日期起至完成日期第三週年期間的年息率為7.5%;及

(ii) 完成日期第三週年後的年息率為13.5%。

34 CONVERTIBLE PERPETUAL SECURITIES *(Continued)*

(b) In January 2016, the Company issued convertible perpetual securities to Landsea International with an aggregate principal amount of HK$432,687,009 (equivalent to RMB363,847,000) to acquire Epic China.

The convertible perpetual securities do not have a fixed maturity date and may be converted into ordinary shares of the Company at any time at the option of Landsea International at an initial conversion price of HK$0.9334 per share subject to certain anti dilutive adjustment.

Distribution shall be payable on the convertible perpetual securities to Landsea International semi-annually in arrear at 3% per annum of distribution.

The Company may, at its sole discretion, elect to defer (in whole or in part) any distribution and redeem or purchase the convertible perpetual securities: i) for taxation reasons; ii) on or after the third anniversary of the acquisition date.

The convertible perpetual securities issued to Landsea international didn't trigger the conversion price adjustment of the convertible perpetual securities issued to the third party investor.

During the year ended 31 December 2017, the Group has accrued and paid distribution of RMB19,679,000 and RMB8,458,000, respectively (2016: RMB18,661,000 and RMB8,358,000, respectively).

34 可換股永久證券*(續)*

(b) 於二零一六年一月，本公司向Landsea International發行本金額合共432,687,009港元(相當於人民幣363,847,000元)的可換股永久證券，以收購Epic China。

可換股永久證券並無固定到期日，Landsea International可選擇隨時按初步兑換價每股0.9334港元(可作出若干反稀釋調整)兑換為本公司普通股。

須每半年以後付形式按3%的年派息率向Landsea International作出可換股永久證券的分派。

本公司可i)就税務原因；ii)於收購日期第三週年或之後，酌情選擇遞延(全部或部分)分派及贖回或購買可換股永久證券。

向Landsea International發行可換股永久證券並無導致調整發行予第三方投資者的可換股永久證券之兑換價。

截至二零一七年十二月三十一日止年度，本集團擁有應計及已付分派分別為人民幣19,679,000元及人民幣8,458,000元(二零一六年：分別為人民幣18,661,000元及人民幣8,358,000元)。

35 RESERVES

35 儲備

		Merger Reserve 合併儲備 RMB'000 人民幣千元	Share premium (a) 股份溢價(a) RMB'000 人民幣千元	Translation reserve 折算儲備 RMB'000 人民幣千元	Share based compensation reserve 股權報酬儲備 RMB'000 人民幣千元	Employee share trust 僱員股份信託 RMB'000 人民幣千元	Capital redemption reserve 資本贖回儲備 RMB'000 人民幣千元	Statutory reserve (b) 法定儲備(b) RMB'000 人民幣千元	Other reserve 其他儲備 RMB'000 人民幣千元	Contributed surplus 實繳盈餘 RMB'000 人民幣千元	Retained earnings 留存收益 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
At 1 January 2016	**於二零一六年一月一日**	–	751,108	(141,418)	9,555	(30,753)	23,185	38,584	–	–	1,129,485	1,779,746
Business combination between entities under common control	共同控制實體的業務合併	12,460	–	(1,706)	–	–	–	3,271	–	–	(12,541)	1,484
At 1 January 2016 (Restated)	**於二零一六年一月一日（經重列）**	12,460	751,108	(143,124)	9,555	(30,753)	23,185	41,855	–	–	1,116,944	1,781,230
Profit for the period	**期間利潤**	–	–	–	–	–	–	–	–	–	595,439	595,439
Other comprehensive income:	**其他全面收益：**											
Exchange differences arising from translation of foreign operations	換算海外業務產生的匯兑差額	–	–	(141,026)	–	–	–	–	–	–	–	(141,026)
Total comprehensive (loss)/ income for the period	**期間全面(虧損)／收益總額**	–	–	(141,026)	–	–	–	–	–	–	595,439	454,413
Employee share based compensation (note 9)	僱員股權報酬(附註9)	–	–	–	10,245	–	–	–	–	–	–	10,245
Shares held for share award scheme	就股份獎勵計劃持有的股份	–	–	–	–	1,846	–	–	–	–	–	1,846
Transaction with non-controlling interests	非控制性權益交易	–	–	–	–	–	–	–	24,426	–	–	24,426
Accrue distribution to holders of convertible perpetual securities (note 34)	可換股永久證券持有人應計分派(附註34)	–	–	–	–	–	–	–	–	–	(18,661)	(18,661)
Dividend	股息	–	–	–	–	–	–	–	–	(133,934)	–	(133,934)
Transfer to statutory reserve	轉撥至法定儲備	–	–	–	–	–	–	83,294	–	–	(83,294)	–
Issuance of shares	發行股份	–	360,943	–	–	–	–	–	–	–	–	360,943
Share premium reduction	削減股份溢價	–	(400,000)	–	–	–	–	–	–	248,645	151,355	–
Consideration paid for business combination between entities under common control	共同控制實體的業務合併所付代價	(95,856)	–	–	–	–	–	–	–	–	–	(95,856)
At 31 December 2016	**於二零一六年十二月三十一日**	(83,396)	712,051	(284,150)	19,800	(28,907)	23,185	125,149	24,426	114,711	1,761,783	2,384,652

35 RESERVES *(Continued)* 35 儲備*(續)*

		Merger Reserve 合併儲備 RMB'000 人民幣千元	Share premium (a) 股份溢價(a) RMB'000 人民幣千元	Translation reserve 折算儲備 RMB'000 人民幣千元	Share based compensation reserve 股權報酬儲備 RMB'000 人民幣千元	Employee share trust 僱員股份信託 RMB'000 人民幣千元	Capital redemption reserve 資本贖回儲備 RMB'000 人民幣千元	Statutory reserve (b) 法定儲備(b) RMB'000 人民幣千元	Other reserve 其他儲備 RMB'000 人民幣千元	Contributed surplus 實繳盈餘 RMB'000 人民幣千元	Retained earnings 留存收益 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
At 1 January 2017	**於二零一七年一月一日**	**(83,396)**	**712,051**	**(284,150)**	**19,800**	**(28,907)**	**23,185**	**125,149**	**24,426**	**114,711**	**1,761,783**	**2,384,652**
Profit for the period	**期間利潤**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**580,523**	**580,523**
Other comprehensive income:	**其他全面收益：**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Exchange differences arising from translation of foreign operations	換算海外業務產生的匯兑差額	-	-	164,445	-	-	-	-	-	-	-	164,445
Total comprehensive income for the period	**期間全面收益總額**	**-**	**-**	**164,445**	**-**	**-**	**-**	**-**	**-**	**-**	**580,523**	**744,968**
Shares held for share award scheme	就股份獎勵計劃持有的股份	-	-	-	-	(6,543)	-	-	-	-	-	(6,543)
Accrue distribution to holders of convertible perpetual securities (note 34)	可換股永久證券持有人應計分派(附註34)	-	-	-	-	-	-	-	-	-	(19,679)	(19,679)
Dividend	股息	-	-	-	-	-	-	-	-	(138,682)	-	(138,682)
Transfer to statutory reserve (b)	轉撥至法定儲備(b)	-	-	-	-	-	-	89,915	-	-	(89,915)	-
Share premium reduction (a)	削減股份溢價(a)	-	(500,000)	-	-	-	-	-	-	500,000	-	-
At 31 December 2017	**於二零一七年十二月三十一日**	**(83,396)**	**212,051**	**(119,705)**	**19,800**	**(35,450)**	**23,185**	**215,064**	**24,426**	**476,029**	**2,232,712**	**2,964,716**

35 RESERVES *(Continued)*

(a) Pursuant to a resolution passed at the annual general meeting held on 10 June 2017, an amount of RMB500,000,000 was transferred from the share premium account to the contributed surplus account. Under the Companies Act 1981 of Bermuda, a company may make distributions to its shareholders out of the contributed surplus under certain circumstances.

Pursuant to a resolution passed at the annual general meeting held on 10 June 2016, an amount of RMB400,000,000 was transferred from the share premium account to the contributed surplus account and retained earnings, respectively. Under the Companies Act 1981 of Bermuda, a company may make distributions to its shareholders out of the contributed surplus under certain circumstances.

(b) In accordance with the Laws of the PRC on Enterprises Operated Exclusively with Foreign Capital and the Articles of Association of the Group's subsidiaries incorporated in the PRC, an appropriation to the statutory reserves has to be made prior to profit distribution to the investor. The appropriation to the statutory reserve of these foreign investment enterprises shall be no less than 10% of the net profit until the accumulated appropriation exceeds 50% of the registered capital.

35 儲備*(續)*

(a) 根據於二零一七年六月十日舉行之股東週年大會通過的決議案，人民幣500,000,000元由股份溢價賬劃撥至實繳盈餘賬。根據百慕達一九八一年公司法，公司可在若干情況下以實繳盈餘向股東作出分派。

根據於二零一六年六月十日舉行之股東大會通過的決議案，人民幣400,000,000元由股份溢價賬分別劃撥至實繳盈餘賬和留存收益。根據百慕達一九八一年公司法，公司可在若干情況下以實繳盈餘向股東作出分派。

(b) 根據中華人民共和國外商獨資企業法及本集團於中國註冊成立的附屬公司的組織章程細則，向投資者作出利潤分派前，須對法定儲備作出分配。該等外資企業分配至法定儲備的金額不得少於純利的10%，直至累計分配超過註冊資本的50%為止。

36 NON-CONTROLLING INTERESTS 36 非控制性權益

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
At 1 January	於一月一日	**152,060**	40,210
Profit for the year	年度利潤	**140,318**	11,397
Acquisition of additional interest in subsidiaries	收購附屬公司額外權益(i)	**(134,044)**	–
Acquisition of subsidiaries (Note 37)	收購附屬公司(附註37)	**137,010**	–
Deemed disposal of subsidiaries (Note 38(b))	視作出售附屬公司(附註38(b))	**(33,407)**	–
Contribution from non-controlling interests	非控制性權益注資	**24,674**	278,509
Distribution to non-controlling interests	向非控制性權益分派	**(61,344)**	(196,800)
Exchange difference arising from translation of foreign operations	換算海外業務產生的匯兑差額	**(19,145)**	18,744
At 31 December 2017	於二零一七年十二月三十一日	**206,122**	152,060

37 ACQUISITIONS OF SUBSIDIARIES (ASSET ACQUISITIONS)

(i) HUBEI SUPPLY AND MARKETING XUDONG MINSHENG PLAZA PROPERTIES LIMITED ("XUDONG")

During the year ended 31 December 2017, the Group acquired Xudong. The related assets and liabilities recognised in the consolidated statement of financial position on the dates of the acquisitions were as follow:

37 收購附屬公司（資產收購）

(i) 湖北供銷徐東民生廣場置業有限公司（「徐東」）

截至二零一七年十二月三十一日止年度，本集團收購徐東。綜合財務狀況表確認於收購日期的相關資產及負債如下：

		RMB'000 人民幣千元
Properties under development	開發中房地產	**1,256,012**
Cash and cash equivalents	現金及現金等價物	**19**
Trade and other receivables	應收賬款及其他應收款	**43,213**
Trade and other payables	應付賬款及其他應付款	**(17,649)**
Subtotal	小計	**1,281,595**
Non-controlling interest	非控制性權益	**(132,144)**
Asset acquired	已收購資產	**1,149,451**
Cash consideration	現金代價	**1,082,200**
Interest in associate	於聯營公司的利息	**67,251**
Total	總計	**1,149,451**
Cash consideration	現金代價	**1,082,200**
Less:	減：	
Cash and cash equivalents of subsidiary acquired	已收購附屬公司現金及現金等價物	**(19)**
Net outflow of cash and cash equivalents on acquisitions	**於收購中現金及現金等價物的流出淨額**	**1,082,181**

37 ACQUISITIONS OF SUBSIDIARIES (ASSET ACQUISITIONS) *(Continued)*

(ii) OTHERS

Apart from Xudong, the Group acquired a number of property development companies, which, the directors consider not significant to the Group. The assets and liabilities recognised in the consolidated statement of financial position on the dates of the acquisitions were as follows:

37 收購附屬公司（資產收購）*（續）*

(ii) 其他

除徐東外，本集團收購若干董事認為對本集團不屬重大之開發中房地產。綜合財務狀況表確認於收購日期的相關資產及負債如下：

		RMB'000 人民幣千元
Properties under development	開發中房地產	**846,244**
Cash and cash equivalents	現金及現金等價物	**12,570**
Trade and other receivables	應收賬款及其他應收款	**54,453**
Trade and other payables	應付賬款及其他應付款	**(16,990)**
Subtotal	小計	**896,277**
Non-controlling interest	非控制性權益	**(4,866)**
Assets acquired	已收購資產	**891,411**
Cash consideration	現金代價	**821,411**
Consideration payable for acquisition	應付收購代價	**70,000**
Total	總計	**891,411**
Cash consideration	現金代價	**821,411**
		–
Less: Cash and cash equivalents of subsidiary acquired	減：所收購附屬公司的現金及現金等價物	**(12,570)**
Net outflow of cash and cash equivalents on acquisitions	**收購的現金及現金等價物流出淨額**	**808,841**

37 ACQUISITIONS OF SUBSIDIARIES (ASSET ACQUISITIONS) *(Continued)*

(iii) During the year ended 31 December 2016, the Group acquired 寰安置業（成都）有限公司 (All Green Properties (Chengdu) Co., Ltd.), 中福頤養（天津）置業有限公司 (Zhongfuyiyang (Tianjin) Real Estate Co., Ltd.), 中福樂齡（天津）置業有限公司 (Zhongfuleing (Tianjin) Real Estate Co., Ltd.), 上海昆宏實業有限公司 (Shanghai Kunhong Co., Ltd.) and 中福頤樂（天津）置業有限公司 (Zhongfuyile (Tianjin) Real Estate Co., Ltd.) together with certain shareholder loan from third parties with the consideration of RMB1,668,150,000 in total (net of cash outflow on acquisition was RMB1,666,494,000). The acquirees own certain land use rights and a second-hand property. Since the lands and property were vacant and management plans to develop or redevelop them for sale in the future, these transactions have been accounted for as acquisitions of assets and liabilities instead of business combination.

37 收購附屬公司（資產收購）*（續）*

(iii) 截至二零一六年十二月三十一日止年度，本集團以代價總額人民幣 1,668,150,000 元（扣除收購之現金流出後為人民幣 1,666,494,000 元）自第三方收購寰安置業（成都）有限公司、中福頤養（天津）置業有限公司、中福樂齡（天津）置業有限公司、上海昆宏實業有限公司及中福頤樂（天津）置業有限公司以及若干股東貸款，被收購方擁有若干土地使用權及一處二手物業。由於該等土地及物業處於閒置狀態，管理層計劃開發或重新開發以作日後銷售，該等交易已入賬列作收購資產與負債，而非業務合併。

38 DISPOSALS OF SUBSIDIARIES

(i) XUDONG

During the year ended 31 December 2017, the Group disposed of Xudong, which was retained as a joint venture after the transaction.

Net assets disposed with reconciliation of disposal gains and cash inflow are as follows:

38 出售附屬公司

(i) 徐東

截至二零一七年十二月三十一日止年度，本集團出售徐東，而其在交易後保留為合營企業。

出售之淨資產與出售利得及現金流入對賬如下：

		RMB'000 人民幣千元
Net assets disposed of comprise:	**出售淨資產包括：**	
Properties under development	開發中房地產	**1,267,491**
Cash and cash equivalents	現金及現金等價物	**20,110**
Deferred tax assets	遞延稅項資產	**6,404**
Other assets	其他資產	**106,464**
Creditors and accruals	應付賬款及應計費用	**(60,230)**
Other liabilities	其他負債	**(62)**
Shareholder's loan	股東貸款	**(749,248)**
Group's net assets disposed of	本集團出售淨資產	**590,929**
Recognition of interest in joint ventures	確認合營企業權益	**198,766**
Consideration from disposal to be received (a)	將收取之出售代價(a)	**461,895**
Total	總計	**660,661**
Gain on disposal of subsidiaries	出售附屬公司之利得	**69,732**
Total consideration in cash	總現金代價	**461,895**
Less: Due from joint ventures (note 41)	減：應收合營企業款項(附註41)	**(461,895)**
		–
Less: Cash and cash equivalents in the entities disposed	減：所出售實體的現金及現金等價物	**(20,110)**
Net cash outflow arising from disposal:	出售產生之淨現金流出：	**(20,110)**

(a) The Group disposed of Xudong to a joint venture of the Group and accordingly, the proceeds to be received is recorded in amounts due from related parties (note 41). The amounts was collected on 11 January 2018.

(a) 本集團向本集團一間合營企業出售徐東，因此，將收取的所得款項按應收關聯方款項入賬(附註41)。該款項已於二零一八年一月十一日收回。

38 DISPOSALS OF SUBSIDIARIES *(Continued)*

(ii) OTHERS

Apart from Xudong, the Group disposal of a number of property development companies, which the directors consider not significant to the Group. The subsidiary disposed of were all retained as joint ventures and associates.

Net assets disposed with reconciliation of disposal gains and cash inflow are as follows:

38 出售附屬公司 *(續)*

(ii) 其他

除徐東外，本集團收購若干董事認為對本集團不屬重大之開發中房地產。已出售附屬公司均保留為合營企業及聯營公司。

出售之淨資產與出售利得及現金流入對賬如下：

		Interest retained in 已留存權益	
		Joint ventures 合營企業	**Associates 聯營公司**
		RMB'000 人民幣千元	RMB'000 人民幣千元
Net assets disposed of comprise:	**出售淨資產包括：**		
Properties under development	開發中房地產	1,087,499	1,909,720
Cash and cash equivalents	現金及現金等價物	79,476	90,796
Deferred tax assets	遞延稅項資產	13,151	–
Amount due from shareholder	應收股東款項	–	170,000
Other assets	其他資產	12,748	23,245
Creditors and accruals	應付賬款及應計費用	(7,178)	–
Borrowings	借款	(100,000)	(959,440)
Shareholder's loan	股東貸款	(254,000)	–
Other liabilities	其他負債	(207,138)	(418,281)
Group's net assets disposed of	本集團出售淨資產	624,558	816,040
Fair value interest retained	已留存公允價值權益	323,074	335,627
Cash consideration from disposal	出售的現金代價	329,574	658,839
Total	總計	652,648	994,466
Gain on disposal of subsidiaries	出售附屬公司之利得	28,090	178,426

38 DISPOSALS OF SUBSIDIARIES *(Continued)*
(ii) OTHERS *(Continued)*

38 出售附屬公司*（續）*
(ii) 其他*（續）*

		Interest retained in 已留存權益	
		Joint ventures 合營企業	**Associates 聯營公司**
		RMB'000 人民幣千元	RMB'000 人民幣千元
Total consideration in cash	總現金代價	329,574	658,839
Less: Receivables	減：應收款項	–	(1,032)
		329,574	657,807
Less: Cash and cash equivalents in the entities disposed	減：已出售實體的現金及現金等價物	(79,476)	(90,796)
Net cash inflow arising from disposal:	出售產生之淨現金流入：	250,098	567,011

(iii) DEEMED DISPOSAL OF SUBSIDIARIES

For the year ended 31 December 2017, the Group lost control in Hangzhou Langzheng Investment Limited, Zhongfuyile (Tianjin) Real Estate Co., Ltd. and Zhongfuleling (Tianjin) Real Estate Co., Ltd. pursuant to capital injection by a new investor and change of board of directors composition respectively. The two companies became two joint ventures of the Group after the change in control.

(iii) 視作出售附屬公司

截至二零一七年十二月三十一日止年度，本集團失去杭州朗正投資有限公司的控制權。根據一名新投資者於中福頤樂(天津)置業有限公司及中福樂齡(天津)置業有限公司的注資及董事局成員變更，該兩間公司於控制權變更後成為兩間本集團合營企業。

38 DISPOSALS OF SUBSIDIARIES *(Continued)*

(iii) DEEMED DISPOSAL OF SUBSIDIARIES *(Continued)*

The deemed disposal had resulted in a net gain of RMB9,371,000 and the net cash outflow of RMB20,800,000 analysis as follows:

38 出售附屬公司*（續）*

(iii) 視作出售附屬公司*（續）*

視作出售導致淨利得人民幣9,371,000元及淨現金流出人民幣20,800,000元，分析如下：

		RMB'000 人民幣千元
Properties under development	開發中房地產	426,689
Cash and cash equivalents	現金及現金等價物	20,800
Other assets	其他資產	141,290
Creditors and accruals	應付賬款及應計費用	(14,326)
Borrowings	借款	(200,000)
Shareholder's loan	股東貸款	(47,822)
Other liabilities	其他負債	(144,291)
Amount due to non-controlling interests	應付非控制性權益款項	(83,328)
Group's net assets disposed of	本集團出售資產淨值	99,012
Non-controlling interests	非控制性權益款項	(33,407)
Net assets	資產淨值	65,605
Gain on deemed disposal of subsidiaries:	視作出售附屬公司的利得：	
Fair value of interests retained in joint ventures	保留為合營企業權益的公允價值	74,976
Gain on deemed disposal	視作出售利得	9,371
Net cash outflow arising from disposal:	出售產生的現金流出淨額：	(20,800)

38 DISPOSALS OF SUBSIDIARIES *(Continued)*

(iv) Summary with details are as follows:

38 出售附屬公司*（續）*

(iv) 有關摘要如下：

		Gain from disposal of subsidiaries 出售附屬公司利得 RMB'000 人民幣千元	Net Cash inflow from disposal of subsidiaries 出售附屬公司現金流出淨額 RMB'000 人民幣千元
Disposal Xudong to Joint venture	出售徐東予合營企業	69,732	(20,110)
Disposal other subsidiaries to Joint ventures other than Xudong	出售其他附屬公司予合營企業（徐東除外）	28,090	250,098
Disposal other subsidiaries to Associates	出售其他附屬公司予聯營公司	178,426	567,011
Deemed disposal	視作出售	9,371	(20,800)
		285,619	776,199

38 DISPOSALS OF SUBSIDIARIES *(Continued)*

(v) DISPOSAL DURING THE YEAR ENDED DECEMBER 2016

(a) Disposal of subsidiaries without retained equity interests

Net assets disposed with reconciliation of disposal gains and cash inflow are as follows:

38 出售附屬公司*（續）*

(v) 截至二零一六年十二月止年度的出售事項

(a) 出售附屬公司（無保留權益）

出售之淨資產與出售利得及現金流入對賬如下：

		RMB'000 人民幣千元
Net assets disposed of comprise:	**出售淨資產包括：**	
Properties under development	開發中房地產	434,167
Other receivables	其他應收款	203,441
Cash and cash equivalents	現金及現金等價物	11,959
Interest in an associate	於聯營公司的權益	2,450
Other assets	其他資產	544
Borrowings	借款	(270,000)
Shareholder loans	股東貸款	(389,764)
Other liabilities	其他負債	(2,050)
Group's net liabilities disposed of	本集團出售淨負債	(9,253)
Cash consideration from disposal	出售的現金代價	105,005
Gain on disposal of a subsidiary	出售一間附屬公司之利得	114,258
Total consideration in cash	總現金代價	494,769
Less: Shareholder loans	減：股東貸款	(389,764)
Less: Cash and cash equivalents in the entities disposed	減：所出售實體的現金及現金等價物	(11,959)
Net cash inflow arising from disposal:	出售產生之淨現金流入：	93,046

38 DISPOSALS OF SUBSIDIARIES *(Continued)*

(v) DISPOSAL DURING THE YEAR ENDED DECEMBER 2016 *(Continued)*

(b) Disposal of subsidiaries with loss of control retained as joint ventures

Net assets disposed with reconciliation of disposal gains and cash inflow are as follows:

38 出售附屬公司*（續）*

(v) 截至二零一六年十二月止年度的出售事項*（續）*

(b) 出售保留為合營企業之附屬公司（失去控制權）

出售之淨資產與出售利得及現金流入對賬如下：

		RMB'000 人民幣千元
Net assets disposed of comprise:	**出售淨資產包括：**	
Properties under development	開發中房地產	1,031,045
Interest in a joint venture	於一間合營企業的權益	238,672
Cash and cash equivalents	現金及現金等價物	5,101
Other assets	其他資產	573
Property, plant and equipment	不動產、工廠及設備	43
Creditors and accruals	應付賬款及應計費用	(621,594)
Borrowings	借款	(250,000)
Other liabilities	其他負債	(401)
Translation reserve	折算儲備	66
Group's net assets disposed of	本集團出售淨資產	403,505
Recognition of interest in joint ventures	確認合營企業權益	229,936
Cash consideration from disposal	出售的現金代價	224,615
Gain on disposal of a subsidiary	出售一間附屬公司之利得	51,046
Total consideration in cash	總現金代價	224,614
Less: Cash and cash equivalents in the entities disposed	減：所出售實體的現金及現金等價物	(5,101)
Net cash inflow arising from disposal:	出售產生之淨現金流入：	219,513

39 COMMITMENTS

(A) OPERATING LEASE ARRANGEMENT

Group — As lessee

At the reporting date, the Group had outstanding commitment for future minimum lease payments under non-cancellable operating leases as follows:

39 承擔

(A) 經營租賃安排

本集團 — 作為承租人

於報告日期，本集團根據不可撤銷經營租賃之未償未來最低租賃付款承擔如下：

		As at 31 December 於十二月三十一日	
		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Within one year	一年內	**82,756**	23,153
In the second to fifth year inclusive	第二至第五年（包括首尾兩年）	**763,080**	37,256
After five years	五年後	**1,549,378**	–
		2,395,214	60,409

Group — As lessor

The Group leases its investment property under operating lease arrangements, with lease terms ranging from one to twenty years, with an option to renew the lease terms at the expiry date or at dates as mutually agreed between the Group and the respective tenants. The terms of the leases generally also require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions.

本集團 — 作為出租人

本集團根據經營租賃安排出租其投資物業，租期介乎一至二十年，可選擇於屆滿日期或本集團與各租戶互相協定之日期續租。此外，租賃條款一般規定租戶支付保證金及根據當時現行市況定期調整租金。

39 COMMITMENTS *(Continued)*

(A) OPERATING LEASE ARRANGEMENT *(Continued)*

***Group — As lessor** (Continued)*

At the reporting date, the Group has contracted with tenants for the following future minimum lease payments:

39 承擔*（續）*

(A) 經營租賃安排*（續）*

***本集團 — 作為出租人**（續）*

於報告日期，本集團有以下與租戶訂約之未來最低租賃付款：

		As at 31 December 於十二月三十一日	
		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Within one year	一年內	**34,449**	20,513
In the second to fifth year inclusive	第二至第五年（包括首尾兩年）	**66,158**	57,105
After five years	五年後	**18,723**	14,992
		119,330	92,610

(B) CAPITAL COMMITMENT

As at 31 December 2017, the Group had the following capital commitments:

(B) 資本承擔

於二零一七年十二月三十一日，本集團之資本承擔如下：

		As at 31 December 於十二月三十一日	
		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Authorised but not contracted for	經授權但未訂約		
— Development expenditure	— 開發支出	**864,765**	2,157,049
Contracted but not provided for:	已訂約但未撥備		
— Development expenditure	— 開發支出	**1,534,328**	1,909,406
— Purchase of freehold land	— 購買永久業權土地	**854,724**	–
— Renovation expenditure	— 裝修支出	**84,527**	–
		2,473,579	1,909,406

40 CASH GENERATED FROM OPERATIONS

Reconciliation of profit before income tax to cash generated from operations is as follows:

40 經營所得現金

除所得稅前利潤與經營所得現金的對賬如下：

(A) CASH FLOW INFORMATION

(A) 現金流量資料

		Year ended 31 December 截至十二月三十一日止年度	
		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Profit before income tax	除所得稅前利潤	**1,127,411**	832,467
Adjustments for:	調整：		
Interest income (note 10)	利息收益（附註10）	**(10,120)**	(14,700)
Depreciation of property, plant and equipment (note 19)	不動產、工廠及設備的折舊（附註19）	**11,258**	12,417
Fair value gain on investment property (note 18)	投資性物業的公允價值利得（附註18）	**(28,910)**	(41,750)
Interest expense (note 10)	利息費用（附註10）	**249,045**	194,085
Gains on disposals of subsidiaries (note 8)	出售附屬公司的利得（附註8）	**(285,619)**	(165,304)
Gains on disposals of a joint venture (note 8)	出售一間合營企業的利得（附註8）	**(608)**	–
Share of gains of associates	應佔聯營公司利得	**(169,453)**	(45,088)
Share of gains of joint ventures	應佔合營企業利得	**(21,881)**	(24,930)
Employee share based compensation (note 9)	僱員股權報酬（附註9）	**–**	10,245
Gain on disposal of property, plant and equipment (note 8)	出售不動產、工廠及設備的利得（附註8）	**2**	(56)
Provision for write-down of properties held for sale (note 20)	撇減持作銷售物業撥備（附註20）	**1,032**	2,157
Provision for trade receivables	應收賬款撥備	**2,783**	2,138
Operating profit before movements in working capital	除營運資本變動前的經營利潤	**874,940**	761,681
Increase in properties held for sale	持作銷售物業增加	**(453,540)**	(223,254)

40 CASH GENERATED FROM OPERATIONS *(Continued)*

(A) CASH FLOW INFORMATION *(Continued)*

40 經營所得現金*（續）*

(A) 現金流量資料*（續）*

		Year ended 31 December 截至十二月三十一日止年度	
		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Decrease/(Increase) in properties under development	開發中房地產減少／(增加)	**1,430,029**	(1,220,797)
Increase in inventories	庫存增加	**(28,559)**	(16,378)
(Increase)/Decrease in deposits for purchase of land	購買土地的按金(增加)／減少	**(170,125)**	687,300
Increase in trade receivables	應收賬款增加	**(461,784)**	(140,425)
Increase in other receivables, prepayments and deposits	其他應收款、預付款及按金增加	**(27,010)**	(905,381)
(Decrease)/Increase in advanced proceeds received from customers	向客戶收取的預付所得款項(減少)／增加	**(873,739)**	1,942,985
Increase in restricted cash	受限制現金增加	**(25,397)**	(47,409)
Increase in creditors and accruals	應付賬款及應計費用增加	**1,394,236**	1,567,575
(Increase)/Decrease in employee share trust	僱員股份信託(增加)／減少	**(6,543)**	1,846
(Increase)/Decrease in amount due from related parties	應收關聯方款項(增加)／減少	**(1,223,788)**	3,819
Increase in amount due to related parties	應付關聯方款項增加	**1,019,400**	–
Net cash generated from operations	經營所得現金淨額	**1,448,120**	2,411,562

40 CASH GENERATED FROM OPERATIONS *(Continued)*

(B) RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising form financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flow will be, classified in the Group's consolidated statements of cash flows as cash flows from financing activities.

40 經營所得現金 *(續)*

(B) 融資活動所產生負債的對賬

下表載列本集團自融資活動所產生負債的變動(包括現金及非現金變動)詳情。自融資活動所產生的負債為本集團於綜合現金流量表分類為融資活動所得現金流量的現金流量或未來現金流量。

		Borrowings 借款 RMB'000 人民幣千元	Amount due to non-controlling interest 應付非控制性權益款項 RMB'000 人民幣千元	Amount due to related parties 應付關聯方款項 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
As at 1 January 2017	於二零一七年一月一日	**6,083,341**	**211,492**	**2,112,472**	**8,407,305**
Cash flows	現金流量	**567,982**	**(92,837)**	**2,646,214***	**3,121,359**
Disposal of subsidiaries (note 38)	出售附屬公司(附註38)	**(1,259,440)**	**(83,328)**	**–**	**(1,342,768)**
Exchange differences arising from translation of foreign operations	換算海外業務所產生匯兑差額	**24,026**	**–**	**–**	**24,026**
Amortisation of senior private note	優先私募債券攤銷	**13,506**	**–**	**–**	**13,506**
As at 31 December 2017	於二零一七年十二月三十一日	**5,429,415**	**35,327**	**4,758,686**	**10,223,428**

* The cash flows include financing cash inflow of RMB1,626,814,000 and operating cash inflow of RMB1,019,400,000.

* 現金流量包括融資現金流入人民幣1,626,814,000元及經營現金流入人民幣1,019,400,000元。

41 RELATED PARTY BALANCES AND TRANSACTIONS

In addition to those related party balances and transactions elsewhere disclosed in these consolidated financial statements, the Group had the following:

41 關聯方結餘及交易

除該等綜合財務報表另有披露外，本集團擁有下列關聯方結餘及交易：

(A) AMOUNTS DUE FROM RELATED PARTIES

(A) 應收關聯方款項

		As at 31 December 於十二月三十一日	
		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Non-current assets	**非流動資產**		
Amounts due from associates (i)	應收聯營公司款項(i)	**285,364**	–
Amounts due from joint ventures (ii)	應收合營企業款項(ii)	**1,085,171**	187,036
		1,370,535	187,036
Current assets	**流動資產**		
Amounts due from associates (i)	應收聯營公司款項(i)	**768,465**	650,919
Amounts due from joint ventures (ii)	應收合營企業款項(ii)	**791,361**	167,352
		1,559,826	818,271

41 RELATED PARTY BALANCES AND TRANSACTIONS *(Continued)*

(A) AMOUNTS DUE FROM RELATED PARTIES *(Continued)*

(i) As of 31 December 2017, non-current amounts due from associates generates interest at 8% per annum. Current amount due from associates includes RMB204,104,000 generating interest at 14% and the remaining is interest-free.

As of 31 December 2016, current amounts due from associates generates interest ranging from 8% to 14%.

(ii) As of 31 December 2017, non-current amounts due from joint ventures generates interest ranging from 5% to 12%. Current amounts due from joint ventures includes RMB159,000,000 generating interest ranging from 5% to 12% per annum and the remaining is interest-free.

Included in current amount due from joint ventures is RMB461,895,000 related to the disposal of a subsidiary (note 38), which was subsequently collected on 11 January 2018.

As of 31 December 2016, non-current amounts due from joint ventures includes RMB146,304,000 generating interest at 8.5% and the remaining is interest-free. Current amounts due from joint ventures includes RMB100,000,000 generating interest at 8% per annum and the remaining is interest-free.

All amounts due to related parties are unsecured.

The carrying amounts of amounts due from related parties approximate their fair values.

41 關聯方結餘及交易*（續）*

(A) 應收關聯方款項*（續）*

(i) 於二零一七年十二月三十一日，應收聯營公司非流動款項為無抵押。結餘人民幣204,104,000元須於一年內償還，按年利率8%計息。應收聯營公司流動款項包括人民幣204,104,000元， 按14%利 率 計息，其餘免息。

截至二零一六年十二月三十一日，應收聯營公司流動款項按介乎8%至14%年利率計息。

(ii) 於二零一七年十二月三十一日，應收合營企業非流動款項按介乎5%至12%年利率計息。應收合營企業流動款項包括人民幣159,000,000元，按年利率5%至12%計息，其餘免息。

計入應收合營企業流動款項之人民幣461,895,000元與出售一間附屬公司(附註38)有關，有關款項其後於二零一八年一月十一日收回。

截至二零一六年十二月三十一日，應收合營企業非流動款項包括人民幣146,304,000元，按8.5%利率計息，其餘免息。應收合營企業流動款項包括人民幣100,000,000元，按8%年利率計息，餘下結餘為免息。

所有應付關聯方款項為無抵押。

應收關聯方款項的賬面值與其公允價值相若。

41 RELATED PARTY BALANCES AND TRANSACTIONS *(Continued)*

41 關聯方結餘及交易*(續)*

(B) AMOUNTS DUE TO RELATED PARTIES

(B) 應付關聯方款項

		As at 31 December 於十二月三十一日	
		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Non-current liabilities	**非流動負債**		
Amounts due to associates (i)	應付聯營公司款項(i)	**1,761,220**	707,182
Amounts due to joint ventures (ii)	應付合營企業款項(ii)	**763,474**	210,100
Amounts due to a fellow subsidiary of the ultimate holding company (iii)	應付最終控股公司一間同系附屬公司款項(iii)	**189,912**	–
Amounts due to the ultimate holding company (iv)	應付最終控股公司款項(iv)	**–**	869,830
		2,714,606	1,787,112
Current liabilities	**流動負債**		
Amounts due to associates (i)	應付聯營公司款項(i)	**298,200**	220,000
Amounts due to joint ventures (ii)	應付合營企業款項(ii)	**25,398**	–
Amounts due to fellow subsidiaries of the ultimate holding company (iii)	應付最終控股公司同系附屬公司款項(iii)	**8,092**	105,360
Amounts due to the ultimate holding company (iv)	應付最終控股公司款項(iv)	**1,712,390**	–
		2,044,080	325,360

41 RELATED PARTY BALANCES AND TRANSACTIONS *(Continued)*

(B) AMOUNTS DUE TO RELATED PARTIES *(Continued)*

(i) As of 31 December 2017, non-current amount due to associates is interest-free. Current amounts due to associates includes RMB293,700,000 bearing interest at 8.5% per annum and the remaining is interest-free.

As of 31 December 2016, non-current amounts due to associates is interest-free. Current amounts due to associates bears interest ranging from 5.5% to 6.2% per annum.

(ii) As of 31 December 2017, non-current amounts due to joint ventures includes RMB315,230,000 bearing interest ranging from 6% to 7.5% per annum and the remaining is interest-free. Current amounts due to joint ventures is interest-free.

As of 31 December 2016, non-current amounts due to joint ventures includes RMB160,000,000 bearing interest at 7.5% per annum, and the remaining balance is interest-free.

(iii) As of 31 December 2017, non-current amount due to fellow subsidiaries of the ultimate holding company bears interest at 5.5% per annum. Current amounts due to fellow subsidiaries of the ultimate holding company is interest-free.

As of 31 December 2016, non-current amount due to fellow subsidiaries of the ultimate holding company bears at 5.5% interest per annum.

(iv) As of 31 December 2017, current amounts due to the ultimate holding company is interest-free.

As of 31 December 2016, non-current amounts due to the ultimate holding company is interest free.

All amounts due to related parties are unsecured.

41 關聯方結餘及交易*（續）*

(B) 應付關聯方款項*（續）*

(i) 截至二零一七年十二月三十一日，應付聯營公司非流動款項為免息。應付聯營公司流動款項包括人民幣293,700,000元，按年利率8.5%計息，其餘免息。

截至二零一六年十二月三十一日，應付聯營公司非流動款項為免息。應付聯營公司流動款項按介乎5.5%至6.2%的年利率計息。

(ii) 截至二零一七年十二月三十一日，應付合營企業非流動款項包括人民幣315,230,000元，按年利率6%至7.5%計息，其餘免息。應付合營企業流動款項為免息。

截至二零一六年十二月三十一日，應付合營企業非流動款項包括人民幣160,000,000元按7.5%的年利率計息，餘下結餘免息。

(iii) 截至二零一七年十二月三十一日，應付最終控股公司同系附屬公司非流動款項按年利率5.5%計息。應付最終控股公司同系附屬公司流動款項為免息。

截至二零一六年十二月三十一日，應付最終控股公司同系附屬公司非流動款項按5.5%年利率計息。

(iv) 截至二零一七年十二月三十一日，應付最終控股公司流動款項為免息。

截至二零一六年十二月三十一日，應付最終控股公司非流動款項為免息。

所有應付關聯方款項為無抵押。

41 RELATED PARTY BALANCES AND TRANSACTIONS *(Continued)*

(C) TRADE RECEIVABLES

41 關聯方結餘及交易 *(續)*

(C) 應收賬款

		As at 31 December 2017 於二零一七年十二月三十一日 RMB'000 人民幣千元
Trade receivables due from joint ventures	應收合營企業賬款	**158,065**
Trade receivables due from associates	應收聯營公司賬款	**65,586**
		223,651

(D) BORROWINGS

(D) 借款

		As at 31 December 於十二月三十一日	
		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Amount due to the ultimate holding company (Note 29)	應付最終控股公司款項(附註29)	**1,665,000**	1,662,177

41 RELATED PARTY BALANCES AND TRANSACTIONS *(Continued)*

(E) RELATED PARTY TRANSACTIONS

(1) Funding with related parties

41 關聯方結餘及交易*（續）*

(E) 關聯方交易

(1) 與關聯方往來資金

		For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度			
		Funding to related parties 向關聯方提供資金		Collection of funding 收回資金	
		Operating 經營	Investing 投資	Operating 經營	Investing 投資
		RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
Associates	聯營公司	570,022	285,364	2,801	468,849
Joint ventures	合營企業	656,567	38,955	–	809,404
		1,226,589	324,319	2,801	1,278,253

		For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度			
		Funding from related parties 向關聯方收取資金		Repayment of founding 償還資金	
		Operating 經營	Financing 投資	Operating 經營	Financing 投資
		RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
Associates	聯營公司	737,492	485,838	–	253,000
Joint ventures	合營企業	290,000	561,734	–	94,870
Fellow subsidiaries of the ultimate holding company	最終控股公司的同系附屬公司	–	189,912	8,092	105,360
The ultimate holding company	最終控股公司	–	842,560	–	–
		1,027,492	2,080,044	8,092	453,230

41 RELATED PARTY BALANCES AND TRANSACTIONS *(Continued)*

(E) RELATED PARTY TRANSACTIONS *(Continued)*

(2) Management services, other income an finance cost

41 關聯方結餘及交易*（續）*

(E) 關聯方交易*（續）*

(2) 管理服務、其他收益及融資成本

		For the year ended 31 December 截至十二月三十一日止年度	
		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Management service income from associates and joint ventures	來自聯營公司及合營企業之管理服務收益	**421,983**	187,845
Management service income from fellow subsidiaries	來自同系附屬公司之管理服務收益	**612**	74,045
Interest income received from associates (note 41 (a)(i))	向聯營公司收利息（附註41(a)(i)）	**52,454**	75,841
Interest income received from joint ventures (note 41 (a)(ii))	向合營企業收利息（附註41(a)(ii)）	**52,948**	19,223
Interest expense on loans from the ultimate holding company (iv)	來自最終控股公司之貸款利息費用(iv)	**126,888**	100,296
Interest expense on loans from fellow subsidiaries of the ultimate holding company (note 41 (b)(iii))	來自最終控股同系附屬公司之貸款利息費用（附註41(b)(iii)）	**58,098**	830
Interest expense on loans from joint ventures (note 41 (b)(ii))	來自最終控股合營企業之貸款利息費用（附註41(b)(ii)）	**29,789**	15,817
Interest expense on loans from associates (note 41(b)(i))	來自聯營公司之貸款利息費用（附註41(b)(i)）	**11,388**	13,058

(i) During the year, the Group provided property development and management services to its associates and joint ventures, and the prices of these services are based on the prevailing market prices of similar services.

(i) 年內，本集團向聯營公司及合營企業提供項目開發管理服務，該等服務以類似服務之現行市價為定價基準。

41 RELATED PARTY BALANCES AND TRANSACTIONS *(Continued)*

(E) RELATED PARTY TRANSACTIONS *(Continued)*

***(2) Management services, other income an finance cost** (Continued)*

(ii) Pursuant to the Property Development and Management Services Agreement entered into between the Group and its ultimate holding company, the Group has provided certain project management, sales management to fellow subsidiaries of its ultimate holding company. These transactions constitute continuing connected transactions of the Group under Chapter 14A of the Listing Rules and such transactions have complied with the relevant disclosure requirements under Chapter 14A of the Listing Rules.

The prices of these services are based on the prevailing market prices of similar services provided by the Group to independent third parties.

(iii) The ultimate holding company provided interest bearing loans to the Group during the year. The interest expense on loans is based on prevailing market interest rate and is exempted from the reporting and disclosure requirement pursuant to Rule 14A.90 of the Listing Rules.

41 關聯方結餘及交易*（續）*

(E) 關聯方交易*（續）*

***(2) 管理服務、其他收益及融資成本**（續）*

(ii) 根據本集團與最終控股公司訂立之項目開發管理服務協議，本集團向最終控股公司同系附屬公司提供若干項目管理、銷售管理服務。根據上市規則第14A章，該等交易屬於本集團之持續關連交易，而該等交易已遵守上市規則第14A章所載相關披露規定。

該等服務以本集團向獨立第三方提供類似服務之現行市價為定價基準。

(iii) 年內，最終控股公司向本集團提供計息貸款。貸款利息費用乃按現行市場利率計算，並根據上市規則第14A.90條獲豁免遵守申報及披露規定。

41 RELATED PARTY BALANCES AND TRANSACTIONS *(Continued)*

(F) INCLUDED IN EMPLOYEE BENEFIT EXPENSES ARE KEY MANAGEMENT PERSONNEL COMPENSATIONS WHICH COMPRISES THE FOLLOWING CATEGORIES:

41 關聯方結餘及交易*(續)*

(F) 僱員福利費用包括涵蓋以下類別之主要管理人員補償：

		For the year ended 31 December 截至十二月三十一日止年度	
		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Short term employee benefits	短期僱員福利	**42,641**	29,776
Contributions to retirement benefits schemes	退休福利計劃供款	**1,267**	820
Restricted share award	限制性股份獎勵	**–**	5,825
		43,908	36,421

42 GUARANTEE

42 擔保

		As at 31 December 於十二月三十一日	
		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Guarantee in respect of mortgage facilities for certain purchasers (i)	就若干買家之按揭融資所提供擔保(i)	**2,140,598**	2,648,983
Guarantee to joint ventures in respect of borrowings (ii)	就借款向合營企業提供擔保(ii)	**230,316**	141,558
		2,370,914	2,790,541

(i) The Group has in cooperation with certain financial institutions arranged mortgage loan facilities for its purchasers of properties and provided guarantees to secure obligations of such purchasers for repayments. Such guarantees will be released by banks upon the issuance of the real estate ownership certificate to the purchasers or the satisfaction of mortgaged loan by the purchaser of properties, whichever is earlier. In the opinion of directors of the Company, the fair value of the financial guarantee contracts is not significant.

(i) 本集團與若干金融機構合作，為其物業買家安排按揭貸款融資並就該等買家之還款責任提供擔保。有關擔保將於買家獲發房地產擁有權證或物業買家償還按揭貸款(以較早者為準)後由銀行解除。本公司董事認為，財務擔保合約之公允價值並不重大。

(ii) As at 31 December 2017 and 2016, the Group provided a guarantee to Fenway Ventures Point Properties LLC, a 50% joint venture of LS-Boston Point LLC, for its bank borrowings. Obligations under such guarantees shall be discharged pursuant to the counter-indemnity provided by Landsea Group Co., Ltd.

(ii) 截至二零一七年及二零一六年十二月三十一日，本集團為銀行借款向Fenway Ventures Point Properties LLC（由LS-Boston Point LLC擁有50%權益的合營企業）提供擔保。該擔保責任將根據朗詩集團股份有限公司的對應賠償保證解除。

43 PRINCIPAL SUBSIDIARIES

Particulars of the Company's principal subsidiaries as at 31 December 2017 are as follows:

43 主要附屬公司

於二零一七年十二月三十一日，本公司主要附屬公司詳情如下：

Name 名稱	Place of incorporation and kind of legal entity 註冊成立地點及法律實體類別	Particulars of issued share capital 已發行股本詳情	Proportion of ordinary shares directly held by parent (%) 母公司直接持有普通股比例(%)	Proportion of ordinary shares held by the Group as at 31 December 2017 (%) 本集團於二零一七年十二月三十一日持有普通股比例(%)	Proportion of ordinary shares held by the Group as at 31 December 2016 (%) 本集團於二零一六年十二月三十一日持有普通股比例(%)	Principal activities and place of operation 主要業務及經營地點
Cathay Holdings Limited (note 1) 國泰集團有限公司(附註1)	Hong Kong 香港	2 shares of HK$1 each 2股，每股1港元	100	100	100	Investment holding 投資控股
China Information Industry Limited (note 1) 中國信息產業有限公司(附註1)	Hong Kong 香港	2 shares of HK$1 each 2股，每股1港元	–	100	100	Investment holding 投資控股
Dawning Information Industry (Shenzhen) Limited# 曙光信息產業(深圳)有限公司#	PRC 中國	HK$152,120,000 152,120,000港元	–	100	100	Property leasing and building management 房地產租賃及樓宇管理
GOI Limited (note 1) GOI Limited(附註1)	Hong Kong 香港	2 shares of HK$1 each 2股，每股1港元	100	100	100	Investment holding 投資控股
Green Future Holdings Limited (note 1) 綠色未來控股有限公司(附註1)	Hong Kong 香港	1 share of HK$1 1股，每股1港元	100	100	100	Investment holding 投資控股
Green Homeland Limited (note 1) 綠色家園有限公司(附註1)	Hong Kong 香港	1 share of HK$1 each 1股，每股1港元	100	100	100	Investment holding 投資控股
Green Theme Limited (note 1) Green Theme Limited (附註1)	Hong Kong 香港	1 share of HK$1 each 1股，每股1港元	100	100	100	Investment holding 投資控股

Name 名稱	Place of incorporation and kind of legal entity 註冊成立地點及法律實體類別	Particulars of issued share capital 已發行股本詳情	Proportion of ordinary shares directly held by parent (%) 母公司直接持有普通股比例(%)	Proportion of ordinary shares held by the Group as at 31 December 2017 (%) 本集團於二零一七年十二月三十一日持有普通股比例(%)	Proportion of ordinary shares held by the Group as at 31 December 2016 (%) 本集團於二零一六年十二月三十一日持有普通股比例(%)	Principal activities and place of operation 主要業務及經營地點
New Phenomenon Technology Limited (note 1) New Phenomenon Technology Limited (附註1)	BVI 英屬維爾京群島	1 share of US$1 1股，每股1美元	100	100	100	Investment holding 投資控股
Aqua Sky Limited (note 1) 尚晴有限公司(附註1)	Hong Kong 香港	1 share of HK$1 each 1股，每股1港元	100	100	100	Investment holding 投資控股
Easy Shine Global Limited (note 1) 逸朗環球有限公司(附註1)	Hong Kong 香港	1 share of HK$1 each 1股，每股1港元	100	100	100	Investment holding 投資控股
Green Era Limited (note 1) 綠色時代有限公司(附註1)	BVI 英屬維爾京群島	US$50,000 50,000美元	100	100	100	Investment holding 投資控股
Power Sky Enterprise Limited (note 1) 栢天企業有限公司(附註1)	Hong Kong 香港	1 share of HK$1 each 1股，每股1港元	100	100	100	Investment holding 投資控股
Prosperous Eagle Limited (note 1) 鷹盛有限公司(附註1)	Hong Kong 香港	1 share of HK$1 each 1股，每股1港元	100	100	100	Investment holding 投資控股
Nanjing Langming Real Estate Group Limited*# 南京朗銘地產集團有限公司*#	PRC 中國	RMB1,050,000,000 人民幣1,050,000,000元	–	100	100	Investment holding 投資控股

43 PRINCIPAL SUBSIDIARIES *(Continued)* 43 主要附屬公司（續）

Name 名稱	Place of incorporation and kind of legal entity 註冊成立地點及法律實體類別	Particulars of issued share capital 已發行股本詳情	Proportion of ordinary shares directly held by parent (%) 母公司直接持有普通股比例(%)	Proportion of ordinary shares held by the Group as at 31 December 2017 (%) 本集團於二零一七年十二月三十一日持有普通股比例(%)	Proportion of ordinary shares held by the Group as at 31 December 2016 (%) 本集團於二零一六年十二月三十一日持有普通股比例(%)	Principal activities and place of operation 主要業務及經營地點
Hangzhou Langhong Property Limited*# 杭州朗宏置業有限公司#	PRC 中國	RMB100,000,000 人民幣100,000,000元	–	100	100	Property development 房地產開發
Chengdu Langming Property Limited*# 成都朗銘置業有限公司#	PRC 中國	RMB8,000,000 人民幣8,000,000元	–	100	100	Property development 房地產開發
Shanghai Langming Property development Limited*# 上海朗銘房地產開發有限公司#	PRC 中國	RMB50,000,000 人民幣50,000,000元	–	100	100	Property development 房地產開發
Suzhou Langkun Property Limited*# 蘇州朗坤置業有限公司#	PRC 中國	RMB100,000,000 人民幣100,000,000元	–	55	55	Property development 房地產開發
Shanghai Langxin Properties Development Limited*# 上海朗信房地產開發有限公司#	PRC 中國	RMB50,000,000 人民幣50,000,000元	–	100	100	Property development 房地產開發
Wuxi Langhua Development Co., Ltd.*# 無錫朗華置業有限公司#	PRC 中國	RMB50,000,000 人民幣50,000,000元	–	100	100	Property development 房地產開發

Name 名稱	Place of incorporation and kind of legal entity 註冊成立地點及法律實體類別	Particulars of issued share capital 已發行股本詳情	Proportion of ordinary shares directly held by parent (%) 母公司直接持有普通股比例(%)	Proportion of ordinary shares held by the Group as at 31 December 2017 (%) 本集團於二零一七年十二月三十一日持有普通股比例(%)	Proportion of ordinary shares held by the Group as at 31 December 2016 (%) 本集團於二零一六年十二月三十一日持有普通股比例(%)	Principal activities and place of operation 主要業務及經營地點
Nanjing Ganjia Investment Limited*# 南京乾嘉投資有限公司#	PRC 中國	RMB8,000,000 人民幣8,000,000元	–	100	100	Property development 房地產開發
Nanjing Landsea Shenlu Property Management Limited*# 南京朗詩深綠物業管理有限公司#	PRC 中國	RMB5,000,000 人民幣5,000,000元	–	100	100	Property leasing and building management 房地產租賃及樓宇管理
Nanjing Landsea Investment Management Limited*# 南京朗詩投資管理有限公司#	PRC 中國	RMB200,000,000 人民幣200,000,000元	–	100	100	Investment holding 投資控股
Shanghai Landsea Investment Management Limited*# 上海朗詩投資管理有限公司#	PRC 中國	US$5,000,000 5,000,000美元	–	100	100	Investment holding 投資控股
Shanghai Langmao Investment Management Limited*# 上海朗茂投資管理有限公司#	PRC 中國	US$500,000 500,000美元	–	100	100	Investment holding 投資控股
Nanjing Langqing Property Limited*# 南京朗慶置業有限公司#	PRC 中國	HK$1,371,480,000 1,371,480,000港元	–	100	100	Property development 房地產開發

43 PRINCIPAL SUBSIDIARIES *(Continued)* 43 主要附屬公司（續）

Name 名稱	Place of incorporation and kind of legal entity 註冊成立地點及法律實體類別	Particulars of issued share capital 已發行股本詳情	Proportion of ordinary shares directly held by parent (%) 母公司直接持有普通股比例(%)	Proportion of ordinary shares held by the Group as at 31 December 2017 (%) 本集團於二零一七年十二月三十一日持有普通股比例(%)	Proportion of ordinary shares held by the Group as at 31 December 2016 (%) 本集團於二零一六年十二月三十一日持有普通股比例(%)	Principal activities and place of operation 主要業務及經營地點
Nanjing Landsea Construction and Decoration Limited*# 南京朗詩建築裝飾有限公司#	PRC 中國	RMB50,000,000 人民幣50,000,000元	–	100	100	Decoration and design 裝飾及設計
Zhejiang Langyue Construction and Decoration Limited*# 浙江朗悅建築裝飾有限公司#	PRC 中國	RMB10,000,000 人民幣10,000,000元	–	100	100	Decoration and design 裝飾及設計
Ningbo Jinwo Business Investment Co., Ltd.*# 寧波金沃商業投資有限公司#	PRC 中國	RMB30,000,000.00 人民幣30,000,000.00元	–	100	–	Property development 房地產開發
Wuxi Minglang Property Limited*# 無錫明朗置業有限公司#	PRC 中國	RMB50,000,000 人民幣50,000,000元	–	100	100	Property development 房地產開發
Chongqing Langrui Equity Investment Fund Partnership (Limited Partnership)*# 重慶朗睿股權投資基金合夥企業（有限合夥）#	PRC 中國	RMB2,000,000,000 人民幣2,000,000,000元	–	100	100	Investment holding 投資控股
Wuhan Langxi Equity Investment Fund Partnership (Limited Partnership)*# 武漢朗熙股權投資基金合夥企業（有限合夥）#	PRC 中國	RMB1,999,800,000 人民幣1,999,800,000元	–	100	100	Investment holding 投資控股

Name 名稱	Place of incorporation and kind of legal entity 註冊成立地點及法律實體類別	Particulars of issued share capital 已發行股本詳情	Proportion of ordinary shares directly held by parent (%) 母公司直接持有普通股比例(%)	Proportion of ordinary shares held by the Group as at 31 December 2017 (%) 本集團於二零一七年十二月三十一日持有普通股比例(%)	Proportion of ordinary shares held by the Group as at 31 December 2016 (%) 本集團於二零一六年十二月三十一日持有普通股比例(%)	Principal activities and place of operation 主要業務及經營地點
Shanghai Langqing Investment Management Limited*# 上海朗青投資管理有限公司#	PRC 中國	RMB17,183,252.53 人民幣17,183,252.53元	–	100	100	Investment holding 投資控股
Nanjing Xinbeisheng Investment Limited*# 南京鑫貝盛投資管理有限公司#	PRC 中國	Subscription 認購	–	100	100	Investment holding 投資控股
Nanjing Bozhixin Investment Management Limited*# 南京博之鑫投資管理有限公司#	PRC 中國	RMB17,880,000 人民幣17,880,000元	–	100	100	Investment holding 投資控股
Nanjing Xinhuisheng Investment Management Limited*# 南京鑫輝盛投資管理有限公司#	PRC 中國	RMB8,000,000 人民幣8,000,000元	–	60	60	Investment holding 投資控股
Nanjing Xinzhousheng Investment Management Limited*# 南京鑫洲盛投資管理有限公司#	PRC 中國	Subscription 認購	–	100	100	Investment holding 投資控股
Nanjing Xinmingsheng Investment Management Limited*# 南京鑫明盛投資管理有限公司#	PRC 中國	Subscription 認購	–	100	100	Investment holding 投資控股

43 PRINCIPAL SUBSIDIARIES *(Continued)* 43 主要附屬公司（續）

Name 名稱	Place of incorporation and kind of legal entity 註冊成立地點及法律實體類別	Particulars of issued share capital 已發行股本詳情	Proportion of ordinary shares directly held by parent (%) 母公司直接持有普通股比例(%)	Proportion of ordinary shares held by the Group as at 31 December 2017 (%) 本集團於二零一七年十二月三十一日持有普通股比例(%)	Proportion of ordinary shares held by the Group as at 31 December 2016 (%) 本集團於二零一六年十二月三十一日持有普通股比例(%)	Principal activities and place of operation 主要業務及經營地點
Suzhou Langrui Investment Management Limited*# 蘇州朗銳投資管理有限公司#	PRC 中國	Subscription 認購	–	100	100	Investment holding 投資控股
Hangzhou Langhui Investment Management Limited*# 杭州朗輝投資管理有限公司#	PRC 中國	RMB5,000,000 人民幣5,000,000元	–	100	100	Investment holding 投資控股
Shanghai Langju Properties Development Limited*# 上海朗居房地產開發有限公司#	PRC 中國	Subscription 認購	–	100	100	Property development 房地產開發
Beijing Landsea Investment Management Limited*# 北京朗詩投資管理有限公司#	PRC 中國	RMB50,000,000 人民幣50,000,000元	–	100	100	Property development 房地產開發
Nanjing Landsea Landscape Limited*# 南京朗詩園林景觀有限公司#	PRC 中國	RMB2,000,000 人民幣2,000,000元	–	100	100	Property development 房地產開發
Wuhan Langming Investment Limited*# 武漢朗銘投資有限公司#	PRC 中國	Subscription 認購	–	100	100	Property leasing and building management 房地產租賃及樓宇管理

Name 名稱	Place of incorporation and kind of legal entity 註冊成立地點及法律實體類別	Particulars of issued share capital 已發行股本詳情	Proportion of ordinary shares directly held by parent (%) 母公司直接持有普通股比例(%)	Proportion of ordinary shares held by the Group as at 31 December 2017 (%) 本集團於二零一七年十二月三十一日持有普通股比例(%)	Proportion of ordinary shares held by the Group as at 31 December 2016 (%) 本集團於二零一六年十二月三十一日持有普通股比例(%)	Principal activities and place of operation 主要業務及經營地點
Zhongfuyiyang (Tianjin) Real Estate Co., Ltd.*# 中福頤養(天津)置業有限公司#	PRC 中國	RMB100,000,000 人民幣100,000,000元	–	75	75	Property development 房地產開發
Shanghai Landsea Planning and architectural design Co., Ltd.*# 上海朗詩規劃建築設計有限公司(原上海湯正規劃建築設計有限公司)#	PRC 中國	RMB3,000,000 人民幣3,000,000元	–	100	100	Decoration and design 裝飾及設計
Wuhan Langheng Industrial Co. Ltd.*## 武漢朗恒實業有限公司##	PRC 中國	Subscription 認購	–	100	100	Property development 房地產開發
Shanghai Langji Enterprise Management Consulting Co., Ltd.*# 上海朗際企業管理諮詢有限公司#	PRC 中國	Subscription 認購	–	100	100	Investment holding 投資控股
Shanghai Langshan Industrial Co., Ltd.*# 上海朗杉實業有限公司#	PRC 中國	RMB10,000,000 人民幣10,000,000元	–	100	100	Property development 房地產開發
Hangzhou Langkang Investment Co., Ltd.*# 杭州朗康投資有限公司#	PRC 中國	Subscription 認購	–	100	100	Investment holding 投資控股

43 PRINCIPAL SUBSIDIARIES *(Continued)* 43 主要附屬公司（續）

Name 名稱	Place of incorporation and kind of legal entity 註冊成立地點及法律實體類別	Particulars of issued share capital 已發行股本詳情	Proportion of ordinary shares directly held by parent (%) 母公司直接持有普通股比例(%)	Proportion of ordinary shares held by the Group as at 31 December 2017 (%) 本集團於二零一七年十二月三十一日持有普通股比例(%)	Proportion of ordinary shares held by the Group as at 31 December 2016 (%) 本集團於二零一六年十二月三十一日持有普通股比例(%)	Principal activities and place of operation 主要業務及經營地點
Xian Jiapeng Real Estate Development Co. LTD.*# 西安嘉鵬房地產開發有限公司#	PRC 中國	RMB20,000,000 人民幣20,000,000元	–	70	–	Property development 房地產開發
Xian Langshiming Real Estate Development Co. LTD.*# 西安朗詩銘房地產開發有限公司#	PRC 中國	Subscription 認購	–	100	–	Property development 房地產開發
Shanghai Langzhi Property Limited*# 上海朗智置業有限公司#	PRC 中國	RMB8,000,000 人民幣8,000,000元	–	100	100	Property development 房地產開發
Hangzhou Langyu Investment Management Co. LTD.*# 杭州朗寓投資管理有限公司#	PRC 中國	RMB105,492,600.00 人民幣105,492,600.00元	–	100	–	Leasing 租賃
Beijing Langshiyu Business Management Co. LTD.*# 北京朗詩寓商業管理有限公司#	PRC 中國	RMB12,270,000.00 人民幣12,270,000.00元	–	100	–	Leasing 租賃
Langshiyu (Shenzhen) Business Management Co. LTD.*# 朗詩寓商業管理(深圳)有限公司#	PRC 中國	RMB2,180,000.00 人民幣2,180,000.00元	–	100	–	Leasing 租賃
Hangzhou Langrong Investment Co. LTD.*# 杭州朗榮投資有限公司#	PRC 中國	RMB44,530,000.00 人民幣44,530,000.00元	–	100	100	Leasing 租賃

Name 名稱	Place of incorporation and kind of legal entity 註冊成立地點及法律實體類別	Particulars of issued share capital 已發行股本詳情	Proportion of ordinary shares directly held by parent (%) 母公司直接持有普通股比例(%)	Proportion of ordinary shares held by the Group as at 31 December 2017 (%) 本集團於二零一七年十二月三十一日持有普通股比例(%)	Proportion of ordinary shares held by the Group as at 31 December 2016 (%) 本集團於二零一六年十二月三十一日持有普通股比例(%)	Principal activities and place of operation 主要業務及經營地點
Shanghai Langsong Industrial Co. LTD.*# (note 1) 上海朗松實業有限公司#(附註1)	PRC 中國	RMB120,000,000.00 人民幣120,000,000.00元	–	100	100	Leasing 租賃
Nanjin Langshiyu Business Management Co. LTD.*# 南京朗詩寓商業管理有限公司#	PRC 中國	RMB50,000,000.00 人民幣50,000,000.00元	–	100	–	Leasing 租賃
Chengdu Langming Real Estate Co. LTD.*# (note 1) 成都朗銘置業有限公司#(附註1)	PRC 中國	RMB8,000,000.00 人民幣8,000,000.00元	–	100	100	Property development 房地產開發
Chengdu Langsheng Enterprise Management Consulting Co. LTD.*# 成都朗昇企業管理諮詢有限公司#	PRC 中國	Subscription 認購	–	100	–	Investment holding 投資控股
Landsea Holdings Corporation (note) Landsea Holdings Corporation (附註)	US 美國	US$158,873,331 158,873,331美元	–	100	100	Investment holding 投資控股
SF Vale LLC (note 2) SF Vale LLC(附註2)	US 美國	US$9,000,000 9,000,000美元	–	5	5	Investment holding 投資控股

43 PRINCIPAL SUBSIDIARIES *(Continued)* 43 主要附屬公司（續）

Name 名稱	Place of incorporation and kind of legal entity 註冊成立地點及法律實體類別	Particulars of issued share capital 已發行股本詳情	Proportion of ordinary shares directly held by parent (%) 母公司直接持有普通股比例(%)	Proportion of ordinary shares held by the Group as at 31 December 2017 (%) 本集團於二零一七年十二月三十一日持有普通股比例(%)	Proportion of ordinary shares held by the Group as at 31 December 2016 (%) 本集團於二零一六年十二月三十一日持有普通股比例(%)	Principal activities and place of operation 主要業務及經營地點
LS– Jordan Ranch LLC	US	US$19,900,870	–	100	100	Real estate development and sales US
LS– Jordan Ranch LLC	美國	19,900,870美元				房地產開發及銷售 – 美國
159 Aliso Ridge Loop LLC	US	US$4,004,043	–	100	100	Sell real estate held for development US
159 Aliso Ridge Loop LLC	美國	4,004,043美元				出售持作開發房地產 – 美國
LS-LA Simi LLC	US	US$21,786,756	–	100	100	Real estate development and sales US
LS-LA Simi LLC	美國	21,786,756美元				房地產開發及銷售 – 美國
LS-OC Portola LLC	US	US$102,849,956	–	100	100	Real estate development and sales US
LS-OC Portola LLC	美國	102,849,956美元				房地產開發及銷售 – 美國
LS-Walnut Creek LLC	US	US$12,945,233	–	100	100	Real estate development and sales US
LS-Walnut Creek LLC	美國	12,945,233美元				房地產開發及銷售 – 美國
LS-NJ Port Imperial LLC	US	US$96,335,191	–	100	100	Real estate development and sales – New Jersey
LS-NJ Port Imperial LLC	美國	96,335,191美元				房地產開發及銷售 – 新澤西

43 PRINCIPAL SUBSIDIARIES *(Continued)*

43 主要附屬公司 *(續)*

Name	Place of incorporation and kind of legal entity	Particulars of issued share capital	Proportion of ordinary shares directly held by parent (%)	Proportion of ordinary shares held by the Group as at 31 December 2017 (%)	Proportion of ordinary shares held by the Group as at 31 December 2016 (%)	Principal activities and place of operation
名稱	註冊成立地點及法律實體類別	已發行股本詳情	母公司直接持有普通股比例(%)	本集團於二零一七年十二月三十一日持有普通股比例(%)	本集團於二零一六年十二月三十一日持有普通股比例(%)	主要業務及經營地點
LS-Sunnyvale LLC	US	US$133,269,944	–	71	71	Real estate development and sales – California
LS-Sunnyvale LLC	美國	133,269,944美元				房地產開發及銷售 – 加州
Long City Ventures Limited	BVI	US$50,000	–	100	100	Property development
Long City Ventures Limited	英屬維爾京群島	50,000美元				房地產開發
Epic China Limited	BVI	US$50,000	100	100	100	Investment holding
Epic China Limited	英屬維爾京群島	50,000美元				投資控股
Landsea Equity LLC	Delaware	US$51,900,000	–	100	100	Investment holding
Landsea Equity LLC	特拉華	51,900,000美元				投資控股
Baoding Hongshan Landsea Investment Co., Ltd*#	PRC	RMB10,000,000	–	51	51	Investment holding
保定市紅杉朗詩投資有限公司#	中國	人民幣10,000,000				投資控股

Limited liability company registered in the PRC

* For identification purpose only

Note 1: Senior private notes are guaranteed by these shares of the companies (note 29).

Note 2: The Group is the only managing member of the company.

於中國註冊之有限公司

* 僅供識別

附註 1： 優先私募債券由該等公司股份擔保（附註 29）。

附註 2： 本集團為該公司唯一管理成員。

44 ASSOCIATES

Particulars of the Group's associates as at 31 December 2017 are as follows:

44 聯營公司

於二零一七年十二月三十一日，本集團聯營公司的詳情如下：

Name 名稱	Place of establishment/ operations 成立／經營地點	Percentage of ownership interests (%) 擁有權權益百分比(%)	Principal activities 主要業務
Hangzhou Wanye Property Co., Ltd.*# 杭州萬業置業有限公司#	PRC 中國	34	Property development 房地產開發
Suzhou Science and Technology Town Landsea Property Co., Ltd.*# 蘇州科技城朗詩置業有限公司#	PRC 中國	20	Property development 房地產開發
Nanjing Merchant Xingsheng Property Development Co., Ltd.*# 南京招商興盛房地產有限公司#	PRC 中國	30	Property development 房地產開發
Nanjing Aojian Properties Co., Ltd*#(a) 南京奧建置業有限公司#(a)	PRC 中國	12.97	Property development 房地產開發
Nanjing Xueheng Properties Co., Ltd*# 南京學衡置業有限公司#	PRC 中國	49.9	Property development 房地產開發
Chengdu Chenshi Properties Co., Ltd*# 成都辰詩置業有限公司#	PRC 中國	25	Property development 房地產開發
Hangzhou Langyou Properties Development Limited*# 杭州朗優房地產開發有限公司#	PRC 中國	49	Property development 房地產開發
Hangzhou Langning Investment Limited*# 杭州朗寧投資有限公司#	PRC 中國	27	Investment holding 投資控股
Chengdu Taihang Ruihong Properties Development Limited*#(a) 成都太行瑞宏房地產開發有限公司#(a)	PRC 中國	9.91	Property development 房地產開發
Chengdu Chengfeng Enterprise Management and Consultant Limited*# 成都城峰企業管理諮詢有限公司#	PRC 中國	33	Investment holding 投資控股

44 ASSOCIATES *(Continued)*

44 聯營公司*(續)*

Name 名稱	Place of establishment/ operations 成立／經營地點	Percentage of ownership interests (%) 擁有權權益百分比(%)	Principal activities 主要業務
Allgreen Properties (Chengdu) Pte. Ltd.*# 寰安置業(成都)有限公司#	PRC 中國	33	Property development 房地產開發
Zhejiang Tianyuan Properties Development Company Limited*# 浙江天元房地產開發有限公司#	PRC 中國	40	Property development 房地產開發
Haining Langhong Property Development Limited*#(b) 海寧朗宏房地產開發有限公司#(b)	PRC 中國	80	Property development 房地產開發
Suzhou Qiandao Industrial Co., LTD.*# 蘇州乾道實業有限公司#	PRC 中國	19	Property development 房地產開發
Nanjing Xushenghui Enterprise Management Consulting Co., LTD.*# 南京旭晟輝企業管理諮詢有限公司#	PRC 中國	40	Investment holding 投資控股
Nanjing Yicheng Real Estate Development Co. LTD.*# 南京頤成房地產開發有限公司#	PRC 中國	20	Property development 房地產開發
Jiangyin Lansheng Real Estate Development Co. LTD.*# 江陰朗晟房地產開發有限公司#	PRC 中國	19	Property development 房地產開發
Landsea Rongda (Beijing) Investment Management Co., Ltd.*# 朗詩榮達(北京)投資管理有限公司#	PRC 中國	20	Investment holding 投資控股

Limited liability company registered in the PRC

* For identification purpose only

(a) The Group has one board seat in Nanjing Aojian Properties Co., Ltd. and Chengdu Taihang Ruihong Properties Development Limited, respectively.

(b) According to the co-operation agreement with a third party, the Group only has significant influence in the entity, the Group account it as interest in associate.

於中國註冊之有限公司

* 僅供識別

(a) 本集團於南京奧建置業有限公司及成都太行瑞宏房地產開發有限公司分別設有一個董事局席位。

(b) 根據與一名第三方的合作協議，本集團僅於該實體擁有重大影響，其入賬為聯營公司權益。

45 JOINT VENTURES

45 合營企業

Name 名稱	Place of establishment/ operations 成立／經營地點	Percentage of ownership interests (%) 擁有權權益百分比(%)	Principal activities 主要業務
Nanjing Langrun Property Development Company Limited# 南京朗潤房地產開發有限公司#	PRC 中國	50.1	Property development 房地產開發
Suzhou Langhong Property Limited*# 蘇州朗宏置業有限公司#	PRC 中國	51.0	Property development 房地產開發
Silver Knight Global Limited (HK) Silver Knight Global Limited (HK)	Hong Kong 香港	38.46	Investment holding 投資控股
Hangzhou Langping Property Co., Ltd.*# 杭州朗平置業有限公司#	PRC 中國	50	Property development 房地產開發
Suzhou Gaotiexincheng Landsea Properties Co., Ltd.*# 蘇州高鐵新城朗詩置業有限公司#	PRC 中國	51	Property development 房地產開發
Shenzhen Langxinhe Investment Company (Limited Partnership)#* 深圳朗信合投資中心(有限合夥)#	PRC 中國	23	Investment holding 投資控股
Wuhan Changan Investment Limited#* 武漢朗詩長安投資有限公司#	PRC 中國	60	Investment holding 投資控股
LS-Boston Point LLC LS-Boston Point LLC	US 美國	50	JV with Ping An – invested in Boston project 與平安合營－投資Boston項目
Hubei Supply and Marketing Xudong Minsheng Plaza Properties Limited #* 湖北供銷徐東民生廣場置業有限公司#	PRC 中國	30	Property development 房地產開發
Zhongfuleling (Tianjin) Real Estate Co., Ltd.*# 中福樂齡(天津)置業有限公司#	PRC 中國	35	Property development 房地產開發
Zhongfuyile (Tianjin) Real Estate Co., Ltd.*# 中福頤樂(天津)置業有限公司#	PRC 中國	35	Property development 房地產開發

45 JOINT VENTURES *(Continued)*

45 合營企業（續）

Name 名稱	Place of establishment/ operations 成立／經營地點	Percentage of ownership interests (%) 擁有權權益百分比(%)	Principal activities 主要業務
Chengdu Shanggao Investment Co., Limited*# 成都尚高投資有限公司#	PRC 中國	50	Property development 房地產開發
Chongqing Xingde Real Estate Development Co., Ltd.*# 重慶星德房地產開發有限公司#	PRC 中國	25.5	Property development 房地產開發
Chengdu Langhui Corporate Management and Consulting Co., Ltd. 成都朗輝企業管理諮詢有限公司	PRC 中國	50	Investment holding 投資控股
Chengdu Hanfei Properties Development Co., Ltd *# 成都漢飛房地產開發有限公司#	PRC 中國	50	Property development 房地產開發
Hangzhou Langzheng Investment Limited *# 杭州朗正投資有限公司#	PRC 中國	50	Property development 房地產開發
Jiaxin Langda I Investment Partnership (Limited Partnership) *# 嘉興朗達一號投資合夥企業(有限合夥)#	PRC 中國	30	Investment holding 投資控股
Jiaxin Langda II Investment Partnership (Limited Partnership) *# 嘉興朗達二號投資合夥企業(有限合夥)#	PRC 中國	30	Investment holding 投資控股
Shanghai Zhongcheng Qiannian Investment Company (Limited Partnership)*# 上海中城乾念投資中心(有限合夥)#	PRC 中國	50	Investment holding 投資控股
Tianjin Langxin investment management Co., LTD.*# 天津朗信投資管理有限公司#	PRC 中國	51	Investment holding 投資控股
Shanghai Zhujiu Enterprise Management Consulting Co., LTD.*# 上海著久企業管理諮詢有限公司#	PRC 中國	50	Investment holding 投資控股
Yixing Meisheng Real Estate Co. LTD.*# 宜興美晟置業有限公司#	PRC 中國	51	Property development 房地產開發

45 JOINT VENTURES *(Continued)* 45 合營企業 *(續)*

Name 名稱	Place of establishment/ operations 成立／經營地點	Percentage of ownership interests (%) 擁有權權益百分比(%)	Principal activities 主要業務
Feidong Wanxin Cultural Industry Investment Co., LTD.*# 肥東皖新文化產業投資有限公司#	PRC 中國	10	Investment holding 投資控股
Hefei Wanxin Cultural Investment Co., LTD.*# 合肥皖新朗詩文化投資有限公司#	PRC 中國	25	Investment holding 投資控股
Shanghai Landsea Shenlv Investment Enterprise (limited partnership)*# 上海朗詩深綠投資企業(有限合夥)#	PRC 中國	5.44	Investment holding 投資控股
Asia Pacific Business Link Limited 亞太經貿聯合有限公司	Hong Kong 香港	38.46	Property development 房地產開發
Shanghai Asia Pacific International real estate Co.,LTD.*# 上海亞太國際房地產有限公司#	PRC 中國	38.46	Property development 房地產開發
LS-NJ Port Imperial JV LLC LS-NJ Port Imperial JV LLC	USA 美國	51	Property development 房地產開發
LS-LIA Manager LLC LS-LIA Manager LLC	USA 美國	50	Management services 管理服務
LS-LIA Manager II LLC LS-LIA Manager II LLC	USA 美國	50	Management services 管理服務
LS-LIA Manager III LLC LS-LIA Manager III LLC	USA 美國	50	Management services 管理服務
LS-LIA Manager IV LLC LS-LIA Manager IV LLC	USA 美國	50	Management services 管理服務

Limited liability company registered in the PRC

* For identification purpose only

於中國註冊之有限公司

* 僅供識別

46 SUMMARISED FINANCIAL INFORMATION ON SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

The total non-controlling interests as at 31 December 2017 were approximately RMB206,122,000, of which approximately RMB231,637,000 were attributed as below for Suzhou Langkun Property Limited.

46 具重大非控制性權益附屬公司的財務資料摘要

於二零一七年十二月三十一日的總非控制性權益約為人民幣206,122,000元，其中蘇州朗坤置業有限公司應佔約人民幣231,637,000元，各項目分析如下。

SUMMARISED STATEMENTS OF BALANCE SHEET

資產負債表摘要

		As at 31 December 於十二月三十一日	
		2017	2016
		二零一七年	二零一六年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Current	流動		
Assets	資產	**2,350,624**	2,718,592
Liabilities	負債	**(1,816,969)**	(2,293,163)
Total current net assets	流動淨資產總值	**533,655**	425,429
Non-current	非流動		
Assets	資產	**9,094**	7,620
Liabilities	負債	**(28,000)**	(247,000)
Total non-current net assets	非流動淨資產總值	**(18,906)**	(239,380)
Net assets	資產淨值	**514,749**	186,049
Accumulated non-controlling interest	累計非控制性權益	**231,637**	83,722

46 SUMMARISED FINANCIAL INFORMATION ON SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS *(Continued)*

SUMMARISED STATEMENTS OF COMPREHENSIVE INCOME

46 具重大非控制性權益附屬公司的財務資料摘要*（續）*

全面收益表摘要

		Year ended 31 December 截至十二月三十一日止年度	
		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Revenue	收入	**1,254,315**	785,240
Profit before income tax	除所得稅前利潤	**428,632**	134,747
Income tax expense	所得稅費用	**99,932**	33,762
Total profit	利潤總額	**328,700**	100,985
Total comprehensive income attributable to non-controlling interest	非控制性權益應佔全面收益總額	**147,915**	45,443
Dividend paid to non-controlling interest	已付非控制性權益股息	**–**	–

46 SUMMARISED FINANCIAL INFORMATION ON SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS *(Continued)*

SUMMARISED CASH FLOWS

46 具重大非控制性權益附屬公司的財務資料摘要*(續)*

現金流量摘要

		Year ended 31 December 截至十二月三十一日止年度	
		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Net cash generated from/(used in) operating activities	經營活動所得／(用)現金淨額	**240,717**	(196,144)
Net cash generated from/(used in) investing activities	投資活動所得／(用)現金淨額	**25,190**	(16)
Net cash (used in)/generated from financing activities	融資活動所(用)／得現金淨額	**(313,045)**	248,472
Net (decrease)/increase in cash and cash equivalents	現金及現金等價物增加(減少)／增加淨額	**(47,138)**	52,312
Cash and cash equivalents at year beginning	年初現金及現金等價物	**168,610**	116,298
Effect of currency translation on cash and cash equivalents	現金及現金等價物貨幣換算的影響	**–**	–
Cash and cash equivalents at year end	年末現金及現金等價物	**121,472**	168,610

47 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

BALANCE SHEET OF THE COMPANY

47 本公司資產負債表及儲備變動

本公司資產負債表

		As at 31 December 於十二月三十一日	
		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Non-current assets	**非流動資產**		
Investments in subsidiaries	於附屬公司之投資	**399,089**	78,126
Investments in joint ventures	於合營企業之投資	**129,701**	123,755
		528,790	201,881
Current assets	**流動資產**		
Other receivables, prepayments and deposits	其他應收款、預付款及按金	**415**	2,350
Amounts due from subsidiaries	應收附屬公司款項	**4,405,246**	4,120,585
Restricted cash	受限制現金	**–**	1,325
Cash and cash equivalents	現金及現金等價物	**8,823**	13,148
		4,414,484	4,137,408
Total assets	資產總值	**4,943,274**	4,339,289
Current liabilities	**流動負債**		
Creditors and accruals	應付賬款及應計費用	**17,559**	3,355
Amounts due to subsidiaries	應付附屬公司款項	**2,799,566**	1,985,429
Borrowings	借款	**1,002,958**	292,156
		3,820,083	2,280,940
Non-current liabilities	**非流動負債**		
Borrowings	借款	**213,990**	685,747
Total liabilities	**總負債**	**4,034,073**	2,966,687

47 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY *(Continued)*

BALANCE SHEET OF THE COMPANY *(Continued)*

47 本公司資產負債表及儲備變動*（續）*

本公司資產負債表*（續）*

		As at 31 December 於十二月三十一日	
		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Equity	**權益**		
Share capital	股本	**31,800**	31,800
Convertible perpetual securities (Note (a))	可換股永久證券(附註(a))	**495,425**	484,204
Reserves (Note (a))	儲備(附註(a))	**381,976**	856,598
Total equity	**總權益**	**909,201**	1,372,602
Total liabilities and equity	**總負債及權益**	**4,943,274**	4,339,289

47 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY *(Continued)*

47 本公司資產負債表及儲備變動*（續）*

BALANCE SHEET OF THE COMPANY *(Continued)*

本公司資產負債表*（續）*

Note (a) Convertible perpetual securities and reserves movement of the Company

附註(a)本公司可換股永久證券及儲備變動

		Convertible perpetual securities 可換股永久證券 RMB'000 人民幣千元	Reserves 儲備 RMB'000 人民幣千元 (a)	Total 總計 RMB'000 人民幣千元
At 1 January 2016	**於二零一六年一月一日**	110,054	640,212	750,266
Exchange difference arising from translation of foreign operation	換算海外業務所產生匯兑差額	–	153,219	153,219
Loss for the year	年度虧損	–	(157,272)	(157,272)
Total comprehensive loss for the year	**年度全面虧損總額**	–	(4,053)	(4,053)
Issuance of shares	發行股份	–	360,943	360,943
Shares held for restricted share award scheme	為限制性股份獎勵計劃而持有之股份	–	1,846	1,846
Employee share based compensation	僱員股權報酬	–	10,245	10,245
Issuance of convertible perpetual securities (note 34)	發行可換股永久證券(附註34)	363,847	–	363,847
Accrued distribution to holders of convertible perpetual securities	可換股永久證券持有人應計分派	18,661	(18,661)	–
Share premium reduction	前減股份溢價	–	–	–
Distributions to holders of convertible perpetual securities	可換股永久證券持有人分派	(8,358)	–	(8,358)
Dividend	股息	–	(133,934)	(133,934)
Subtotal of transaction with shareholders	與股東交易小計	374,150	220,439	594,589
At 31 December 2016	**於二零一六年十二月三十一日**	484,204	856,598	1,340,802

47 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY *(Continued)*

BALANCE SHEET OF THE COMPANY *(Continued)*

Note (a) Convertible perpetual securities and reserves movement of the Company *(Continued)*

47 本公司資產負債表及儲備變動*（續）*

本公司資產負債表*（續）*

附註(a)本公司可換股永久證券及儲備變動*(續)*

		Convertible perpetual securities 可換股永久證券 RMB'000 人民幣千元	Reserve 儲備 RMB'000 人民幣千元 (b)	Total 總計 RMB'000 人民幣千元
At 1 January 2017	**於二零一七年一月一日**	**484,204**	**856,598**	**1,340,802**
Exchange difference arising from translation of foreign operation	換算海外業務所產生匯兑差額	**–**	**(76,929)**	**(76,929)**
Loss for the year	年度虧損	**–**	**(232,789)**	**(232,789)**
Total comprehensive loss for the year	**年度全面虧損總額**	**–**	**(309,718)**	**(309,718)**
Shares held for restricted share award scheme	為限制性股份獎勵計劃而持有之股份	**–**	**(6,543)**	**(6,543)**
Accrued distribution to holders of convertible perpetual securities	可換股永久證券持有人應計分派	**19,679**	**(19,679)**	**–**
Share premium reduction	前減股份溢價	**–**	**–**	**–**
Distributions to holders of convertible perpetual securities	可換股永久證券持有人分派	**(8,458)**	**–**	**(8,458)**
Dividend	股息	**–**	**(138,682)**	**(138,682)**
Subtotal of transaction with shareholders	與股東交易小計	**11,221**	**(164,904)**	**(153,683)**
At 31 December 2017	**於二零一七年十二月三十一日**	**495,425**	**381,976**	**877,401**

47 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY *(Continued)*
BALANCE SHEET OF THE COMPANY *(Continued)*

47 本公司資產負債表及儲備變動*（續）*
本公司資產負債表*（續）*

		Share premium 股份溢價 RMB'000 人民幣千元	Translation reserve 折算儲備 RMB'000 人民幣千元	Share based compensation reserve 股權報酬儲備 RMB'000 人民幣千元	Employee share trust 僱員股份信託 RMB'000 人民幣千元	Capital redemption reserve 資本贖回儲備 RMB'000 人民幣千元	Contributed surplus 實繳盈餘 RMB'000 人民幣千元	Accumulated losses 累計虧損 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
At 1 January 2016	**於二零一六年一月一日**	751,108	(34,905)	9,555	(30,753)	23,185	–	(77,978)	640,212
Exchange difference arising from translation of foreign operation	換算海外業務所產生匯兑差額	–	153,219	–	–	–	–	–	153,219
Loss for the year	年度虧損	–	–	–	–	–	–	(157,272)	(157,272)
Total comprehensive loss for the year	**年度全面虧損總額**	–	153,219	–	–	–	–	(157,272)	(4,053)
Issuance of shares	發行股份	360,943	–	–	–	–	–	–	360,943
Shares held for restricted share award scheme	為限制性股份獎勵計劃而持有之股份	–	–	–	1,846	–	–	–	1,846
Employee share based compensation	僱員股權報酬	–	–	10,245	–	–	–	–	10,245
Accrued distribution to holders of convertible perpetual securities	可換股永久證券持有人應計分派	–	–	–	–	–	–	(18,661)	(18,661)
Share premium reduction	削減股份溢價	(400,000)	–	–	–	–	248,645	151,355	–
Dividend	股息	–	–	–	–	–	(133,934)	–	(133,934)
Subtotal of transaction with shareholders	與股東交易小計	(39,057)	153,219	10,245	1,846	–	114,711	(24,578)	216,386
At 31 December 2016	**於二零一六年十二月三十一日**	712,051	118,314	19,800	(28,907)	23,185	114,711	(102,556)	856,598

47 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY *(Continued)*

BALANCE SHEET OF THE COMPANY *(Continued)*

47 本公司資產負債表及儲備變動*（續）*

本公司資產負債表*（續）*

		Share premium	Translation reserve	Share based compensation reserve	Employee share trust	Capital redemption reserve	Contributed surplus	Accumulated losses	Total
		股份溢價	折算儲備	股權報酬儲備	僱員股份信託	資本贖回儲備	實繳盈餘	累計虧損	總計
		RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
At 1 January 2017	**於二零一七年一月一日**	**712,051**	**118,314**	**19,800**	**(28,907)**	**23,185**	**114,711**	**(102,556)**	**856,598**
Exchange difference arising from translation of foreign operation	換算海外業務所產生匯兑差額	**-**	**(76,929)**	**-**	**-**	**-**	**-**	**-**	**(76,929)**
Loss for the year	年度虧損	**-**	**-**	**-**	**-**	**-**	**-**	**(232,789)**	**(232,789)**
Total comprehensive loss for the year	**年度全面虧損總額**	**-**	**(76,929)**	**-**	**-**	**-**	**-**	**(232,789)**	**(309,718)**
Issuance of shares	發行股份	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Shares held for restricted share award scheme	為限制性股份獎勵計劃而持有之股份	**-**	**-**	**-**	**(6,543)**	**-**	**-**	**-**	**(6,543)**
Accrued distribution to holders of convertible perpetual securities	可換股永久證券持有人應計分派	**-**	**-**	**-**	**-**	**-**	**-**	**(19,679)**	**(19,679)**
Share premium reduction	削減股份溢價	**(500,000)**	**-**	**-**	**-**	**-**	**500,000**	**-**	**-**
Dividend	股息	**-**	**-**	**-**	**-**	**-**	**(138,682)**	**-**	**(138,682)**
Subtotal of transaction with shareholders	與股東交易小計	**(500,000)**	**-**	**-**	**(6,543)**	**-**	**361,318**	**(19,679)**	**(164,904)**
At 31 December 2017	**於二零一七年十二月三十一日**	**212,051**	**41,385**	**19,800**	**(35,450)**	**23,185**	**476,029**	**(355,024)**	**381,976**

48 SUBSEQUENT EVENTS

(i) On 7 February 2018, Shanghai Langqing and Nanjing Langming, wholly-owned subsidiaries of the Company, entered into the Transfer Agreement with CITIC Capital and Pingan Heding, pursuant to which (i) CITIC Capital conditionally agreed to sell and Shanghai Langqing conditionally agreed to purchase the entire Property Share of General Partner of the Partnership at the consideration of RMB10,000; and (ii) Pingan Heding conditionally agreed to sell and Nanjing Langming conditionally agreed to purchase the entire Property Share of Limited Partner of the Partnership at the consideration of RMB221,000,000.

(ii) On 28 February 2018, Landsea Green Properties Co., Ltd. changed its name to Landsea Green Group Co., Ltd..

48 報告期後事項

(i) 於二零一八年二月七日，本公司全資附屬公司上海朗青及南京朗銘，與中信資本及平安闔鼎訂立轉讓協議，據此，(i)中信資本有條件同意出售，上海朗青有條件同意收購合伙企業的全部普通合伙人財產份額，代價為人民幣10,000元；及(ii)平安闔鼎有條件同意出售，及南京朗銘有條件同意收購合伙企業的全部有限合伙人財產份額，代價為人民幣221,000,000元。

(ii) 於二零一八年二月二十八日，朗詩綠色地產有限公司更改其名稱為朗詩綠色集團有限公司。

REGISTERED OFFICES

Registered Office

Clarendon House
2 Church Street
Hamilton, HM11
Bermuda

Head Office and Principal Place of Business in Hong Kong

Unit 5103, 51/F., The Center
99 Queen's Road Central
Hong Kong

TRUSTEE

DB Trustees (Hong Kong) Limited
Level 52, International Commerce Centre
1 Austin Road West,
Kowloon
Hong Kong

PAYING AGENT, TRANSFER AGENT AND REGISTRAR

Deutsche Bank AG, Hong Kong Branch
52/F, International Commerce Centre
1 Austin Road West
Kowloon
Hong Kong

LEGAL ADVISORS TO THE COMPANY

As to U.S. and Hong Kong Law

Sidley Austin
Level 39, Two International
Finance Centre
8 Finance Street
Central
Hong Kong

As to Bermuda Law

Conyers Dill & Pearman
29th Floor, One Exchange Square
8 Connaught Place
Central
Hong Kong

As to British Virgin Islands Law

Conyers Dill & Pearman
29th Floor, One Exchange Square
8 Connaught Place
Central
Hong Kong

As to PRC Law

King & Wood Mallesons
17th Floor, One ICC
Shanghai ICC
999 Huai Hai Road (M)
Shanghai, PRC

LEGAL ADVISORS TO THE INITIAL PURCHASERS

As to U.S. Law

Linklaters
10th Floor, Alexandra House
Chater Road
Central
Hong Kong

As to PRC Law

JunHe LLP
20/F, China Resources Building
Dongcheng District
Beijing, PRC

INDEPENDENT AUDITORS

PricewaterhouseCoopers
22/F, Prince's Building
Central, Hong Kong

SINGAPORE LISTING AGENT

Shook Lin & Bok LLP
1 Robinson Road
#18-00 AIA Tower
Singapore 048542