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This announcement is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities of the Company. This announcement is not, and is not intended to be, an offer of securities of the Company for sale, or the solicitation of an offer to buy securities of the Company, in the United States or any other jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. The securities referred to in this announcement have not been and will not be registered under the U.S. Securities Act, and may not be offered or sold within the United States, or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the U.S. Securities Act) except pursuant to an exemption under, or in a transaction not subject to the U.S. Securities Act. This announcement and the information contained herein are not for distribution, directly or indirectly, in or into the United States. No public offer of the securities referred to herein is being or will be made in the United States.

中國恒大集團
CHINA EVERGRANDE GROUP

CHINA EVERGRANDE GROUP
中 國 恒 大 集 團

(Incorporated in the Cayman Islands with limited liability)

(the "Company", Stock Code: 3333)

OVERSEAS REGULATORY ANNOUNCEMENT

This overseas regulatory announcement is issued pursuant to Rule 13.10B of the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

Please refer to the attached supplemental offering memorandum dated 19 November 2018 in relation to the issuance of US$1,000,000,000 11.0% senior notes due 2020 (which are consolidated and form a single class with the US$565,000,000 11.0% senior notes due 2020 issued on 6 November 2018), by Scenery Journey Limited (the "**Supplemental Offering Memorandum**"), which is available on the website of the Singapore Exchange Securities Trading Limited as of 27 November 2018.

The posting of the Supplemental Offering Memorandum on the website of the Stock Exchange is only for the purpose of facilitating equal dissemination of information to investors in Hong Kong and compliance with Rule 13.10B of the Listing Rules, and not for any other purposes.

The Supplemental Offering Memorandum does not constitute a prospectus, notice, circular, brochure or advertisement offering to sell any securities to the public in any jurisdiction, nor is it an invitation to the public to make offers to subscribe for or purchase any securities, nor is it calculated to invite offers by the public to subscribe for or purchase any securities.

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

By order of the Board
China Evergrande Group
Hui Ka Yan
Chairman

Hong Kong, 27 November 2018

As at the date of this announcement, the executive Directors are Mr. Hui Ka Yan, Mr. Xia Haijun, Ms. He Miaoling, Mr. Shi Junping, Mr. Pan Darong and Mr. Huang Xiangui, and the independent non-executive Directors are Mr. Chau Shing Yim, David, Mr. He Qi and Ms. Xie Hongxi.

STRICTLY CONFIDENTIAL — DO NOT FORWARD

THIS OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE NON U.S. PERSONS OUTSIDE OF THE UNITED STATES.

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

Confirmation of Your Representation: You have accessed the attached supplemental offering memorandum on the basis that you have confirmed your representation to China CITIC Bank International Limited, CEB International Capital Corporation Limited and Haitong International Securities Company Limited (the "**Joint Lead Managers**") that (1) you and any person you represent are outside the United States and to the extent you purchase the securities described in the attached supplemental offering memorandum, you will be doing so pursuant to Regulation S under the U.S. Securities Act of 1933, as amended (the "Securities Act"), and (2) that you consent to delivery of the attached supplemental offering memorandum and any amendments or supplements thereto by electronic transmission.

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

Restriction: The attached supplemental offering memorandum is being furnished in connection with an offering exempt from registration under the Securities Act solely for the purpose of enabling a prospective investor to consider the purchase of the securities described herein. You are reminded that the information in the attached supplemental offering memorandum is not complete and may be changed.

THE SECURITIES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT, OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION, AND MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND ANY APPLICABLE STATE OR LOCAL SECURITIES LAWS.

Except with respect to eligible investors in jurisdictions where such offer is permitted by law, nothing in this electronic transmission constitutes an offer or an invitation by or on behalf of either the issuer of the securities or the Joint Lead Managers to subscribe for or purchase any of the securities described herein. In addition, access to this electronic transmission has been limited so that it shall not constitute a general advertisement or solicitation in the United States or elsewhere. If a jurisdiction requires that the offering be made by a licensed broker or dealer and any of the Joint Lead Managers or any affiliate of the Joint Lead Managers is a licensed broker or dealer in that jurisdiction, the offering shall be described as being made by such Joint Lead Manager or their respective affiliates on behalf of the issuer in such jurisdiction.

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

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

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

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

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

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

SUPPLEMENTAL OFFERING MEMORANDUM **CONFIDENTIAL**
(to the Offering Memorandum dated October 30, 2018)

Scenery Journey Limited
景程有限公司

(incorporated in the British Virgin Islands with limited liability)

US$1,000,000,000 11.0% Senior Notes due 2020 (to be consolidated and form a single class with the US$565,000,000 11.0% Senior Notes due 2020 issued on November 6, 2018)

Unconditionally and Irrevocably Guaranteed by
Tianji Holding Limited
天基控股有限公司

(incorporated in Hong Kong with limited liability)

with the benefit of a keepwell and equity interest purchase undertaking provided by

Hengda Real Estate Group Co., Ltd
恒大地產集團有限公司

(incorporated in the People's Republic of China with limited liability)

Issue Price: 100%
plus accrued interest from (and including) November 6, 2018 to (but excluding) November 23, 2018

Scenery Journey Limited (景程有限公司) (the "**Issuer**"), is offering 11.0% Senior Notes due 2020 in the aggregate principal amount of US$1,000,000,000 (the "**New Notes**"). The New Notes will be issued under the indenture (the "**Indenture**") governing the Company's outstanding US$565,000,000 11.0% Senior Notes due 2020 issued on November 6, 2018 (the "**Original Notes**" and, together with the New Notes and any other Additional Notes that may be issued from time to time under the Indenture, the "**Notes**"). The New Notes constitute Additional Notes under the Indenture, and are identical in all respects with the Original Notes, other than with respect to the date of issuance and issue price. Upon completion of this issuance, the aggregate principal amount of the outstanding Notes will be US$1,565,000,000. Terms not defined in this supplemental offering memorandum have the meanings given to them in the offering memorandum dated October 30, 2018 (the "**Offering Memorandum**"). The New Notes will bear interest at the rate of 11.0% per annum and will mature on November 6, 2020. Interest will be payable semi-annually in arrears on May 6 and November 6 of each year, beginning May 6, 2019.

The Notes are senior obligations of the Issuer guaranteed by Tianji Holding Limited ("**Tianji**" or the "**Parent Guarantor**") and certain of its existing subsidiaries (the "**Subsidiary Guarantors**"), other than (1) those organized under the laws of the PRC, and (2) certain other subsidiaries specified in the sections entitled "Description of 2020 Notes", in the accompanying Offering Memorandum. We refer to the guarantee by the Parent Guarantor as the Parent Guarantee. We refer to the guarantees by the Subsidiary Guarantors as Subsidiary Guarantees. Under certain circumstances and subject to certain conditions, a subsidiary of Tianji may instead provide a limited-recourse guarantee, or JV Subsidiary Guarantee. We refer to the subsidiaries providing a JV Subsidiary Guarantee as JV Subsidiary Guarantors.

Hengda Real Estate Group Co., Ltd (恒大地產集團有限公司) (the "**Company**") will enter into keepwell and equity interest purchase agreements (the "**Keepwell and EIPU**") with the Issuer, Tianji and Citicorp International Limited as trustee of the Notes (the "**Trustee**") as more fully described in "Description of the Keepwell and EIPU in the accompanying Offering Memorandum. **The Keepwell and EIPU does not constitute a guarantee by the Company of the Notes.**

The Notes are subject to optional redemption as described in the accompanying Offering Memorandum. Upon the occurrence of a Change of Control Triggering Event (as defined in the Indenture, we must make an offer to repurchase all such Notes outstanding at a purchase price equal to 101% of their principal amount, plus accrued and unpaid interest, if any, to the date of repurchase.

The Notes will be (1) at least *pari passu* in right of payment with all other unsecured, unsubordinated Indebtedness of the Issuer (subject to any priority rights of such unsecured, unsubordinated Indebtedness pursuant to applicable law), (2) senior in right of payment to any existing and future obligations of the Issuer expressly subordinated in right of payment to the Notes, (3) guaranteed by the Parent Guarantor, the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any) on a senior basis, subject to certain limitations, (4) effectively subordinated to the other secured obligations of the Issuer, the Company, the Subsidiary Guarantors and the JV Subsidiary Guarantors, to the extent of the value of the assets serving as security therefor, and (5) effectively subordinated to all existing and future obligations of the Non-Guarantor Subsidiaries. In addition, applicable law may limit the enforceability of the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any). See the section entitled "Risk Factors — Risks Relating to the Parent Guarantee, Subsidiary Guarantees, and the JV Subsidiary Guarantees" in the accompanying Offering Memorandum.

Several investors may purchase a majority of the Notes being offered under this supplemental offering memorandum.

For a more detailed description of the Notes, see the sections entitled "Description of 2020 Notes" beginning on page 207 in the accompanying Offering Memorandum.

Investing in the Notes involves risks. See the section entitled "Risk Factors" beginning on page 23 in the accompanying Offering Memorandum.

The Original Notes have been assigned a rating of B by Standard and Poor's Ratings Services, or S&P, B2 by Moody's Investors Service, or Moody's, and B+ by Fitch Ratings, or Fitch, and we do not expect the ratings to change as a result of the issuance of the New Notes. We have also been assigned a long-term corporate credit rating of B+ with a positive outlook by S&P, a corporate family rating of B1 with a positive outlook by Moody's and a long-term foreign currency issuer default rating of B+ with a positive outlook by Fitch. We cannot assure investors that these ratings will not be adversely revised or withdrawn either before or after delivery of the New Notes.

The Original Notes are listed on the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") and approval in-principle has been received from the SGX-ST for the listing and quotation of the New 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 herein. Approval in-principle from, admission to the Official List of, and the listing and quotation of the Notes on, the SGX-ST are not to be taken as an indication of the merits of the offering, the Issuer, the Company, the Parent Guarantor, the Subsidiary Guarantors, the JV Subsidiary Guarantors (if any) or any of their respective associated companies (if any), the Notes, the Parent Guarantee, the Subsidiary Guarantees or the JV Subsidiary Guarantees (if any). This supplemental information 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**"). Please see the selling restrictions set out under the section "Plan of Distribution" on page 435 in the accompanying Offering Memorandum.

The Notes, the Parent Guarantee, 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, or the Securities Act, and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Notes are being offered and sold only to non-U.S. persons outside the United States in compliance with Regulation S under the Securities Act. For a description of certain restrictions on resale or transfer, see the section entitled "Transfer Restrictions" on page 440 of this offering memorandum.

With reference to the Notice on Promoting the Reform of the Filing and Registration System for Issuance of Foreign Debt by Enterprises (國家發展改革委關於推進企業發行外債備案登記制管理改革的通知(發改外資[2015]2044號)) (the "**NDRC Notice**") promulgated by National Development and Reform Commission (the "**NDRC**") of the PRC on September 14, 2015 which came into effect on the same day, we have registered the issuance of the Notes with the NDRC and obtained a certificate from the NDRC dated May 16, 2018 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 10 PRC working days after the issue date of the Notes.

It is expected that the delivery of the Notes will be made on or about November 23, 2018 through the book-entry facilities of Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream**") against payment therefor in immediately available funds.

Joint Global Coordinators, Joint Lead Managers and Joint Bookrunners

China CITIC Bank International **CEB International** **Haitong International**

The date of this supplemental offering memorandum is November 19, 2018

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Supplemental Offering Memorandum

Offering Memorandum

This supplemental offering memorandum and the accompanying Offering Memorandum do 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 supplemental offering memorandum and the accompanying 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 supplemental offering memorandum and the accompanying Offering Memorandum or that the information contained in this supplemental offering memorandum and the accompanying Offering Memorandum is correct as of any time after that date.

This supplemental offering memorandum and the accompanying Offering Memorandum are not a prospectus for the purposes of the European Union's Directive 2003/71/EC (and any amendments thereto) as implemented in member states of the European Economic Area (the "EEA").

Prohibition of Sales to EEA Retail Investors — The New Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU, as amended ("MiFID II"); or (ii) a customer within the meaning of Directive 2002/92/EC, as amended (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 New Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the New Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPS Regulation.

Notification under Section 309B(1)(c) of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA") — the Issuer has determined, and hereby notifies all relevant persons (as defined in 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).

The communication of this supplemental offering memorandum and the accompanying Offering Memorandum and any other document or materials relating to the issue of the securities described therein is not being made, and such documents and/or materials have not been approved, by an authorized person for the purposes of section 21 of the United Kingdom's Financial Services and Markets Act 2000, as amended ("**FSMA**"). Accordingly, such documents and/or materials are not being distributed to, and must not be passed on to, the general public in the United Kingdom. The communication of such documents and/or materials as a financial promotion is only being made to those persons in the United Kingdom falling within the definition of investment professionals (as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Financial Promotion Order**")), or within Article 49(2)(a) to (d) of the Financial Promotion Order, or 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 securities described in this supplemental offering memorandum and the accompanying Offering Memorandum are only available to, and any investment or investment activity to which this supplemental offering memorandum and the accompanying Offering Memorandum relate will be engaged in only with, relevant persons. Any person in the United Kingdom that is not a relevant person should not act or rely on this supplemental offering memorandum and the accompanying Offering Memorandum or any of their contents.

IN CONNECTION WITH THIS OFFERING, HAITONG INTERNATIONAL SECURITIES COMPANY LIMITED, AS STABILIZING MANAGER, OR ANY PERSON ACTING FOR IT, MAY PURCHASE AND SELL THE NOTES IN THE OPEN MARKET. THESE TRANSACTIONS MAY, TO THE EXTENT PERMITTED BY APPLICABLE LAWS AND REGULATIONS, INCLUDE SHORT SALES, STABILIZING TRANSACTIONS AND PURCHASES TO COVER POSITIONS CREATED BY SHORT SALES. THESE ACTIVITIES MAY STABILIZE, MAINTAIN OR OTHERWISE AFFECT THE MARKET PRICE OF THE NOTES. AS A RESULT, THE PRICE OF THE NOTES MAY BE HIGHER THAN THE PRICE THAT OTHERWISE MIGHT EXIST IN THE OPEN MARKET. IF THESE ACTIVITIES ARE COMMENCED, THEY MAY BE DISCONTINUED AT ANY TIME AND MUST IN ANY EVENT BE BROUGHT TO AN END AFTER A LIMITED TIME.

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

This supplemental offering memorandum and the accompanying Offering Memorandum are highly confidential. We are providing them solely for the purpose of enabling you to consider a purchase of the New Notes. You should read this supplemental offering memorandum and the accompanying Offering Memorandum before making a decision whether to purchase the New Notes. You must not use this supplemental offering memorandum and the accompanying Offering Memorandum for any other purpose, or disclose any information in this supplemental offering memorandum and the accompanying Offering Memorandum to any other person. To the extent any information in this supplemental offering memorandum is inconsistent with the accompanying Offering Memorandum, you should rely on this supplemental offering memorandum.

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

No representation or warranty, express or implied, is made by the Initial Purchasers, the Trustee or any of their respective affiliates or advisors as to the accuracy or completeness of the information set forth herein, and nothing contained in this supplemental offering memorandum and the accompanying Offering Memorandum is, or should be relied upon as, a promise or representation, whether as to the past or the future.

Each person receiving this supplemental offering memorandum and the accompanying 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, our subsidiaries and affiliates, the New Notes, the Parent Guarantee, the Subsidiary Guarantees or the JV Subsidiary Guarantees (if any) (other than as contained herein and information given by our duly authorized officers and employees in connection with investors' examination of us and the terms of the offering of the New Notes) and, if given or made, any such other information or representation should not be relied upon as having been authorized by us, the Initial Purchasers or the Trustee.

The New Notes, the Parent Guarantee, the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any) have not been approved or disapproved by the United States Securities and Exchange Commission, 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 supplemental offering memorandum and the accompanying Offering Memorandum. Any representation to the contrary is a criminal offense in the United States.

We are not, and the Initial Purchasers are not, making an offer to sell the New Notes, including the Parent Guarantee, the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any), in any jurisdiction except where an offer or sale is permitted. The distribution of this supplemental offering memorandum and the accompanying Offering Memorandum and the offering of the New Notes, including the Parent Guarantee, the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any), may in certain jurisdictions be restricted by law. Persons into whose possession this supplemental offering memorandum and the accompanying Offering Memorandum come are required by us and the Initial Purchasers to inform themselves about and to observe any such restrictions. For a description of the restrictions on offers, sales and resales of the New Notes, including the Parent Guarantee, the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any), and distribution of this supplemental offering memorandum and the accompanying Offering Memorandum, see the section entitled "Transfer Restrictions" in this supplemental offering memorandum and see the section entitled "Plan of Distribution" in the accompanying Offering Memorandum.

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

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

THE OFFERING

Terms used in this summary and not otherwise defined have the meanings given to them in the section entitled "Description of the New Notes."

Issuer	Scenery Journey Limited
New Notes to be issued . .	US$1,000,000,000 aggregate principal amount of 11.0% Senior Notes due 2020 (the "New Notes"), to be consolidated and form a single class with the US$565,000,000 11.0% Senior Notes due 2020 issued on November 6, 2018 (the "Original Notes").
Offering Price	New Notes: 100% of the principal amount of the New Notes plus accrued interest from (and including) November 6, 2018 to (but excluding) November 23, 2018.
Maturity Date	New Notes: November 6, 2020
Interest	The New Notes will bear interest from and including November 6, 2018 at the rate of 11.0% per annum, payable semi-annually in arrears.
Interest payment dates . . .	May 6 and November 6 of each year, commencing May 6, 2019.
Use of Proceeds	We intend to use the net proceeds primarily to refinance our existing offshore indebtedness.
Transfer restrictions	The New Notes will not be registered under the Securities Act or under any state securities laws of the United States and will be subject to customary restrictions on transfer and resale. See the section entitled "Transfer Restrictions" in this supplemental offering memorandum.
Delivery of the New Notes	We expect to make delivery of the New Notes, against payment in same-day funds on or about November 23, 2018, which is expected to be the third business day following the date of this supplemental offering memorandum.
Listing	The Original Notes are listed on the SGX-ST and approval in-principle has been received from the SGX-ST for the listing and quotation of the New 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.

	ISIN	Common Code
Identification Numbers for the New Notes	XS1903671698	190367169

For all other terms, please refer to the section entitled "The Offering" in the accompanying Offer Memorandum.

USE OF PROCEEDS

We intend to use the net proceeds primarily to refinance our existing offshore indebtedness.

We may adjust the foregoing plans in response to changing market conditions and, thus, reallocate the use of the proceeds. Pending application of the net proceeds of this issuance, we intend to invest such net proceeds in demand deposits, time deposits or money market instruments.

CAPITALIZATION AND INDEBTEDNESS

The following table sets forth our indebtedness and capitalization of the Company as of June 30, 2018 on an actual basis and on an adjusted basis after giving effect to the issuance of the existing notes[(1)] before deducting the underwriting discounts and commissions and other estimated expenses payable by us in connection therewith, and the issuance of the New Notes after deducting the underwriting discounts, incentives and commissions but before deducting other estimated expenses payable by us in connection with this offering. The following table should be read in conjunction with our consolidated financial information and related notes included in the accompanying Offering Memorandum.

	As of June 30, 2018			
	Actual		As adjusted	
	(RMB millions)	(US$ millions)	(RMB millions)	(US$ millions)
Cash at bank and on hand	222,969	33,696	241,489	36,495
Current borrowings				
Borrowings	95,215	14,389	95,215	14,389
Corporate bond	21,559	3,258	21,559	3,258
Current portion of non-current borrowings	155,981	23,572	155,981	23,572
Non-current borrowings				
Borrowings	245,268	37,066	245,268	37,066
Corporate bonds	23,911	3,614	23,911	3,614
Existing notes[(1)]	—	—	11,910	1,800
New Notes to be issued	—	—	6,610	999
Total non-current borrowings	269,179	40,679	287,699	43,479
Total equity	329,928	49,860	329,928	49,860
Total capitalization[(2)]	599,107	90,539	617,627	93,339

Note:

(1) The existing notes refer to the US$565,000,000 11.0% Senior Notes due 2020 issued on November 6, 2018, the US$645,000,000 13.0% Senior Notes due 2022 issued on November 6, 2018 and the US$590,000,000 13.75% Senior Notes due 2023 issued on November 6, 2018.

(2) Total capitalization is calculated as total long term borrowings plus total equity.

Except as otherwise disclosed in this supplemental offering memorandum and the accompanying Offering Memorandum, there has been no material adverse change in our borrowings since June 30, 2018. See "Description of Material Indebtedness and Other Obligations" for more information on our outstanding indebtedness in the accompanying Offering Memorandum.

We continue to incur additional indebtedness through bank borrowings or issuance of debt securities or otherwise in our ordinary course of business. In addition, we may from time to time enter into other and different forms of financing arrangements subject to market conditions, including but not limited to corporate bonds, securitization arrangements including asset backed or receivables financing, offshore facilities, trust financing arrangements or perpetual loan arrangements. See "Description of Material Indebtedness and Other Obligations" in the accompanying Offering Memorandum.

DESCRIPTION OF THE NEW NOTES

The following provisions should be read in conjunction with the section entitled "Description of the Notes" in the accompanying Offering Memorandum.

The Company will issue the New Notes as Additional Notes under the Indenture.

The Company is issuing US$1,000,000,000 aggregate principal amount of New Notes in this issuance.

The New Notes constitute Additional Notes under the Indenture and is identical in all respects to the Original Notes, other than with respect to the issue date and issue price, and will be consolidated and form a single class with the Original Notes.

Upon completion of this issuance, the aggregate principal amount of outstanding New Notes and Original Notes will be US$1,565,000,000.

Interest on the New Notes will accrue from November 6, 2018. All references to the Notes in the accompanying Offering Memorandum include the New Notes and the Original Notes, except as otherwise stated.

The New Notes will be subject to restrictions on transfer as set forth in a legend appearing thereon as described in the section entitled "Transfer Restrictions" in the supplemental offering memorandum.

Unless otherwise defined in this supplemental offering memorandum, you can find the definitions of terms used in this section under "Description of the 2020 Notes — Definitions" in the accompanying Offering Memorandum.

PLAN OF DISTRIBUTION

The Issuer and the Initial Purchasers, have entered into a purchase agreement with respect to the New Notes. The New Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantee (if any) have not been and will not be registered under the Securities Act or any state securities laws and may not be offered or sold within the United States except in transactions exempt from, or not subject to, the registration requirements of the Securities Act. See "Transfer Restrictions." The principal amount of the New Notes is set forth opposite the Initial Purchasers' names below.

Initial Purchaser	Principal Amount of the New Notes
China CITIC Bank International Limited	US$333,333,000
CEB International Capital Corporation Limited	US$333,334,000
Haitong International Securities Company Limited	US$333,333,000
Total	US$1,000,000,000

For restrictions on selling the securities in certain jurisdictions, see "Plan of Distribution — Selling Restrictions" in the accompanying Offering Memorandum.

The Original Notes are listed on the SGX-ST and approval in-principle has been received from the SGX-ST for the listing and quotation of the New Notes on the SGX-ST. However, we cannot assure you that we will ultimately obtain such listing or that we will be able to maintain such listing.

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 are subject to restrictions on transfer as summarized below. By purchasing the New Notes, including the Parent Guarantor, the Subsidiary Guarantees and the JV Subsidiary Guarantees (collectively, the "**Securities**"), you will be deemed to have made the following acknowledgements, representations to, and agreements with, us:

1. You understand and acknowledge that:

   - the Securities have not been registered under the Securities Act or any other applicable securities laws;
   - the Securities are being offered for resale in transactions that do not require registration under the Securities Act or any other securities laws;
   - the Securities are being offered and sold only outside the United States, to certain persons, other than U.S. persons, in offshore transactions in reliance on Rule 903 of Regulation S under the Securities Act; and
   - unless so registered, the Securities may not be sold or otherwise transferred except under an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act or any other applicable securities laws, and in each case in compliance with the conditions for transfer set forth in paragraph 4 below.

2. You represent that you are not an affiliate (as defined in Rule 144 under the Securities Act) of ours, that you are not acting on our behalf and that you are not a U.S. person (as defined in Regulation S under the Securities Act) or purchasing for the account or benefit of a U.S. person, other than a distributor, and you are purchasing the Securities in an offshore transaction in accordance with Regulation S.

3. You acknowledge that neither we nor any person representing us or have made any representation to you with respect to us or the sale of the Securities, other than the information contained in this supplemental offering memorandum. You represent that you are relying only on this supplemental offering memorandum in making your investment decision with respect to the Securities. You agree that you have had access to such financial and other information concerning us and the Securities as you have deemed necessary in connection with your decision to purchase the Securities including an opportunity to ask questions of and request information from us.

4. You represent that you are purchasing the Securities for your own account, or for one or more investor accounts for which you are acting as a fiduciary or agent, in each case not with a view to, or for offer or sale in connection with, any distribution of the Securities in violation of the Securities Act. You agree on your own behalf and on behalf of any investor account for which you are purchasing the Securities, and each subsequent holder of the Securities by its acceptance of the Securities will agree, that until the end of the Distribution Compliance Period (as defined below), the Securities may be offered, sold or otherwise transferred only:

   (a) to us;

   (b) under a registration statement that has been declared effective under the Securities Act;

(c) outside the United States in compliance with Rule 903 or 904 of Regulation S under the Securities Act; or

(d) under any other available exemption from the registration requirements of the Securities Act, subject in each of the above cases to any requirement of law that the disposition of the seller's property or the property of an investor account or accounts be at all times within the seller or account's control and in compliance with applicable state and other securities laws.

5. You also acknowledge that:

- the above restrictions on resale will apply from the closing date until the date that is 40 days after the later of November 6, 2018 and the last date that we or any of our affiliates was the owner of the Securities or any predecessor of the Securities (the "Distribution Compliance Period"), and will not apply after the applicable Distribution Compliance Period ends;

- we and the Transfer Agent reserve the right to require in connection with any offer, sale or other transfer of the Securities under clause (d) above the delivery of an opinion of counsel, certifications and/or other information satisfactory to us and the Transfer Agent; and

- each note will contain a legend substantially to the following effect:

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, SUCH REGISTRATION.

THE HOLDER OF THIS SECURITY, BY ITS ACCEPTANCE HEREOF, AGREES ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR ACCOUNT FOR WHICH IT HAS PURCHASED SECURITIES, TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY, PRIOR TO THE DATE (THE "**RESALE RESTRICTION TERMINATION DATE**") THAT IS 40 DAYS AFTER THE LATER OF NOVEMBER 6, 2018 AND THE LAST DATE ON WHICH SCENERY JOURNEY LIMITED (THE "**COMPANY**") OR ANY AFFILIATE OF THE COMPANY WAS THE OWNER OF THIS SECURITY (OR ANY PREDECESSOR OF SUCH SECURITY), ONLY (A) TO THE COMPANY OR ANY SUBSIDIARY THEREOF, (B) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT, (C) PURSUANT TO OFFERS AND SALES THAT OCCUR OUTSIDE THE UNITED STATES IN COMPLIANCE WITH REGULATION S UNDER THE SECURITIES ACT, OR (D) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, SUBJECT TO THE COMPANY'S AND THE TRANSFER AGENT'S RIGHT PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER PURSUANT TO CLAUSE (D) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM. THIS PARAGRAPH OF THIS SECURITY WILL BE REMOVED UPON THE REQUEST OF THE HOLDER AFTER THE RESALE RESTRICTION TERMINATION DATE. BY ITS ACQUISITION HEREOF, THE HOLDER HEREOF REPRESENTS THAT IT IS NOT A U.S. PERSON NOR IS IT PURCHASING FOR THE ACCOUNT OR BENEFIT OF A U.S. PERSON AND IS ACQUIRING THIS SECURITY IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH REGULATION S UNDER THE SECURITIES ACT.

6. You acknowledge that we, the Transfer Agent and others will rely upon the truth and accuracy of the above acknowledgments, representations and agreements.

You agree that if any of the acknowledgments, representations or agreements you are deemed to have made by your purchase of the Securities is no longer accurate, you will promptly notify us and the Transfer Agent. If you are purchasing any Securities as a fiduciary or agent for one or more investor accounts, you represent that you have sole investment discretion with respect to each of those accounts and that you have full power to make the above acknowledgments, representations and agreements on behalf of each account.

GENERAL INFORMATION

Consents

We have obtained all necessary consents, approvals and authorizations in the PRC, the British Virgin Islands and Hong Kong in connection with the issue and performance of the Notes, the Parent Guarantee and the Subsidiary Guarantees. The issue of the New Notes, the Parent Guarantee and the Subsidiary Guarantees have been authorized by a resolution of our board of directors dated November 16, 2018, a resolution of the board of directors and a resolution of shareholder of the Issuer dated November 16, 2018, a resolution of the board of directors and a resolution of shareholder of the Parent Guarantor dated November 16, 2018, and resolutions of the board of directors and resolutions of shareholders of the Subsidiary Guarantors dated November 16, 2018.

Clearing Systems

The New Notes have been accepted for clearance through the facilities of Euroclear and Clearstream. Certain trading information with respect to the New Notes is set forth below:

	ISIN	Common Code
New Notes	XS1903671698	190367169

Listing of the New Notes

The Original Notes are listed on the SGX-ST and approval in-principle has been received from the SGX-ST for the listing and quotation of the New Notes on the SGX-ST. Approval in-principle from, admission to the Official List of, and the listing and quotation of the New Notes on, the SGX-ST are not to be taken as an indication of the merits of the offering, the Issuer, the Company, the Parent Guarantor, the Subsidiary Guarantors, the JV Subsidiary Guarantors (if any), or any of their respective associated companies (if any), the Notes, the Parent Guarantee, the Subsidiary Guarantees or the JV Subsidiary Guarantees (if any). 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 the Notes are listed on the SGX-ST and the rules of the SGX-ST so require, in the event that a Global Note is exchanged for definitive Notes, we will appoint and maintain a paying agent in Singapore, where the definitive Notes may be presented or surrendered for payment or redemption. In addition, in the event that a Global Note is exchanged for definitive Notes, an announcement of such exchange will be made by or on behalf of us through the SGX-ST and such announcement will include all material information with respect to the delivery of the definitive Notes, including details of the paying agent in Singapore.

REGISTERED OFFICES

Registered Office	*Place of Business in the PRC*
Hengda Real Estate Group Co., Ltd Room 2801, Excellent Houhai Financial Center, No. 126, Hyde Road, Nanshan District, Shenzhen	**Hengda Real Estate Group Co., Ltd** Excellent Houhai Financial Center, No. 126, Hyde Road, Nanshan District, Shenzhen, 518054, PRC

TRUSTEE

Citicorp International Limited
39/F, Champion Tower
3 Garden Road
Central, Hong Kong

PAYING AGENT, TRANSFER AGENT AND REGISTRAR

Citibank, N.A., London Branch
c/o Citibank, N.A, Dublin Branch
One North Wall Quay
Dublin 1
Ireland

LEGAL ADVISORS TO THE COMPANY

As to Cayman Islands Law and British Virgin Islands Law	*As to U.S. and Hong Kong Law*	*As to PRC Law*
Maples and Calder (Hong Kong) LLP 53rd Floor, The Center 99 Queen's Road Central Central, Hong Kong	**Sidley Austin** Level 39, Two International Finance Centre 8 Finance Street Central, Hong Kong	**Commerce & Finance Law Offices** 6th Floor, NCI Tower A12 Jianguomenwai Avenue Chaoyang District Beijing, China 1000220

LEGAL ADVISORS TO THE INITIAL PURCHASERS

As to U.S. Law	*As to PRC Law*
Davis Polk & Wardwell 18th Floor, The Hong Kong Club Building 3A Chater Road Central, Hong Kong	**King & Wood Mallesons** 25th Floor, Guangzhou CTF Finance Centre No. 6 Zhujiang East Road, Zhujiang New Town Guangzhou, China 510623

INDEPENDENT AUDITORS

PricewaterhouseCoopers Hong Kong 22nd Floor, Prince's Building Central, Hong Kong	**PricewaterhouseCoopers Zhong Tian LLP** 18/F PricewaterhouseCoopers Center 10 Zhujiang Xi Road Pearl River New City Tianhe District Guangzhou, 510623 People's Republic of China

SINGAPORE LISTING AGENT

Shook Lin & Bok LLP
1 Robinson Road
#18-00 AIA Tower
Singapore 048542

OFFERING MEMORANDUM **CONFIDENTIAL**

Scenery Journey Limited

景程有限公司

(incorporated in the British Virgin Islands with limited liability)

US$565,000,000 11.0% Senior Notes due 2020

US$645,000,000 13.0% Senior Notes due 2022

US$590,000,000 13.75% Senior Notes due 2023

Unconditionally and Irrevocably Guaranteed by
Tianji Holding Limited

天基控股有限公司

(incorporated in Hong Kong with limited liability)

with the benefit of a keepwell and equity interest purchase undertaking provided by

Hengda Real Estate Group Co., Ltd

恒大地產集團有限公司

(incorporated in the People's Republic of China with limited liability)

Issue Price 2020 Notes: 100%
Issue Price 2022 Notes: 100%
Issue Price 2023 Notes: 100%

Scenery Journey Limited (景程有限公司) (the "**Issuer**"), is offering 11.0% Senior Notes due 2020 in the aggregate principal amount of US$565,000,000 (the "**2020 Notes**"), 13.0% Senior Notes due 2022 in the aggregate principal amount of US$645,000,000 (the "**2022 Notes**") and 13.75% Senior Notes due 2023 in the aggregate principal amount of US$590,000,000 (the "**2023 Notes**" and, together with the 2020 Notes and 2022 Notes, the "**Notes**"). The 2020 Notes will bear interest at the rate of 11.0% per annum and will mature on November 6, 2020. Interest will be payable semi-annually in arrears on May 6 and November 6 of each year, beginning May 6, 2019. The 2022 Notes will bear interest at the rate of 13.0% per annum and will mature on November 6, 2022. Interest will be payable semi-annually in arrears on May 6 and November 6 of each year, beginning May 6, 2019. The 2023 Notes will bear interest at the rate of 13.75% per annum and will mature on November 6, 2023. Interest will be payable semi-annually in arrears on May 6 and November 6 of each year, beginning May 6, 2019.

The Notes are senior obligations of the Issuer guaranteed by Tianji Holding Limited ("**Tianji**" or the "**Parent Guarantor**") and certain of its existing subsidiaries (the "**Subsidiary Guarantors**"), other than (1) those organized under the laws of the PRC, and (2) certain other subsidiaries specified in the sections entitled "Description of 2020 Notes", "Description of 2022 Notes" and "Description of 2023 Notes." We refer to the guarantee by the Parent Guarantor as the Parent Guarantee. We refer to the guarantees by the Subsidiary Guarantors as Subsidiary Guarantees. Under certain circumstances and subject to certain conditions, a subsidiary of Tianji may instead provide a limited-recourse guarantee, or JV Subsidiary Guarantee. We refer to the subsidiaries providing a JV Subsidiary Guarantee as JV Subsidiary Guarantors.

Hengda Real Estate Group Co., Ltd (恒大地產集團有限公司) (the "**Company**") will enter into a keepwell and equity interest purchase agreement (the "**Keepwell and EIPU**") with the Issuer, Tianji and Citicorp International Limited as trustee of the Notes (the "**Trustee**") as more fully described in "Description of the Keepwell and EIPU. **The Keepwell and EIPU does not constitute a guarantee by the Company of the Notes.**

The Notes are subject to optional redemption as described in this offering memorandum. Upon the occurrence of a Change of Control Triggering Event (as defined in the indenture governing the Notes (the "**Indenture**")), we must make an offer to repurchase all such Notes outstanding at a purchase price equal to 101% of their principal amount, plus accrued and unpaid interest, if any, to the date of repurchase.

The Notes will be (1) at least *pari passu* in right of payment with all other unsecured, unsubordinated Indebtedness of the Issuer (subject to any priority rights of such unsecured, unsubordinated Indebtedness pursuant to applicable law), (2) senior in right of payment to any existing and future obligations of the Issuer expressly subordinated in right of payment to the Notes, (3) guaranteed by the Parent Guarantor, the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any) on a senior basis, subject to certain limitations, (4) effectively subordinated to the other secured obligations of the Issuer, the Company, the Subsidiary Guarantors and the JV Subsidiary Guarantors, to the extent of the value of the assets serving as security therefor, and (5) effectively subordinated to all existing and future obligations of the Non-Guarantor Subsidiaries. In addition, applicable law may limit the enforceability of the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any). See the section entitled "Risk Factors — Risks Relating to the Parent Guarantee, Subsidiary Guarantees, and the JV Subsidiary Guarantees."

Several investors may purchase a majority of the Notes being offered under this offering memorandum.

For a more detailed description of the Notes, see the sections entitled "Description of 2020 Notes", "Description of 2022 Notes" and "Description of 2023 Notes" beginning on page 207.

Investing in the Notes involves risks. See the section entitled "Risk Factors" beginning on page 23.

We expect the Notes to be assigned a rating of B by Standard and Poor's Ratings Services, or S&P, B2 by Moody's Investors Service, or Moody's, and B+ by Fitch Ratings, or Fitch. We have also been assigned a long-term corporate credit rating of B+ with a positive outlook by S&P, a corporate family rating of B1 with a stable outlook by Moody's and a long-term foreign currency issuer default rating of B+ with a positive outlook by Fitch. We cannot assure investors that these ratings will not be adversely revised or withdrawn in the future.

Approvals in-principle have 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 herein. Approval in-principle from, admission to the Official List of, and the listing and quotation of the Notes on, the SGX-ST are not to be taken as an indication of the merits of the offering, the Issuer, the Company, the Parent Guarantor, the Subsidiary Guarantors, the JV Subsidiary Guarantors (if any) or any of their respective associated companies (if any), the Notes, the Parent Guarantee, the Subsidiary Guarantees or the JV Subsidiary Guarantees (if any). 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**"). Please see the selling restrictions set out under the section "Plan of Distribution" on page 435 of this offering memorandum.

The Notes, the Parent Guarantee, 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, or the Securities Act, and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Notes are being offered and sold only to non-U.S. persons outside the United States in compliance with Regulation S under the Securities Act. For a description of certain restrictions on resale or transfer, see the section entitled "Transfer Restrictions" on page 440 of this offering memorandum.

With reference to the Notice on Promoting the Reform of the Filing and Registration System for Issuance of Foreign Debt by Enterprises (國家發展改革委關於推進企業發行外債備案登記制管理改革的通知（發改外資[2015]2044號)) (the "**NDRC Notice**") promulgated by National Development and Reform Commission (the "**NDRC**") of the PRC on September 14, 2015 which came into effect on the same day, we have registered the issuance of the Notes with the NDRC and obtained a certificate from the NDRC dated May 16, 2018 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 10 PRC working days after the issue date of the Notes.

It is expected that the delivery of the Notes will be made on or about November 6, 2018 through the book-entry facilities of Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream**") against payment therefor in immediately available funds.

Joint Global Coordinators, Joint Lead Managers and Joint Bookrunners

Credit Suisse **China CITIC Bank International** **CEB International**

Joint Lead Managers and Joint Bookrunners

Haitong International **UBS**

The date of this offering memorandum is October 30, 2018

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

This offering memorandum is not a prospectus for the purposes of the European Union's Directive 2003/71/EC (and any amendments thereto) as implemented in member states of the European Economic Area (the "EEA").

Prohibition of Sales to EEA Retail Investors — The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU, as amended ("MiFID II"); or (ii) a customer within the meaning of Directive 2002/92/EC, as amended (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.

Notification under Section 309B(1)(c) of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA") — the Issuer has determined, and hereby notifies all relevant persons (as defined in 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).

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

IN CONNECTION WITH THIS OFFERING, CREDIT SUISSE (HONG KONG) LIMITED, AS STABILIZING MANAGER, OR ANY PERSON ACTING FOR IT, MAY PURCHASE AND SELL THE NOTES IN THE OPEN MARKET. THESE TRANSACTIONS MAY, TO THE EXTENT PERMITTED BY APPLICABLE LAWS AND REGULATIONS, INCLUDE SHORT SALES, STABILIZING TRANSACTIONS AND PURCHASES TO COVER POSITIONS CREATED BY SHORT SALES. THESE ACTIVITIES MAY STABILIZE, MAINTAIN OR OTHERWISE AFFECT THE MARKET PRICE OF THE NOTES. AS A RESULT, THE PRICE OF THE NOTES MAY BE HIGHER THAN THE PRICE THAT OTHERWISE MIGHT EXIST IN THE OPEN MARKET. IF THESE ACTIVITIES ARE COMMENCED, THEY MAY BE DISCONTINUED AT ANY TIME AND MUST IN ANY EVENT BE BROUGHT TO AN END AFTER A LIMITED TIME.

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

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

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

No representation or warranty, express or implied, is made by the Initial Purchasers, the Trustee or any of their respective affiliates or advisors as to the accuracy or completeness of the information set forth herein, and nothing contained in this offering memorandum is, or should be relied upon as, a promise or representation, whether as to the past or the future. The appointment of Citicorp International Limited as Trustee and Citibank, N.A., London Branch as paying agent, transfer agent and registrar remains subject to satisfactory completion of their regulatory and internal compliance procedures.

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, our subsidiaries and affiliates, the Notes, the Parent Guarantee, the Subsidiary Guarantees or the JV Subsidiary Guarantees (if any) (other than as contained herein and information given by our duly authorized officers and employees in connection with investors' examination of us and the terms of the offering of the Notes) and, if given or made, any such other information or representation should not be relied upon as having been authorized by us, the Initial Purchasers or the Trustee.

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

We are not, and the Initial Purchasers are not, making an offer to sell the Notes, including the Parent Guarantee, the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any), in any jurisdiction except where an offer or sale is permitted. The distribution of this offering memorandum and the offering of the Notes, including the Parent Guarantee, the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any), may in certain jurisdictions be restricted by law. Persons into whose possession this offering memorandum comes are required by us and the Initial Purchasers to inform themselves about and to observe any such restrictions. For a description of the restrictions on offers, sales and resales of the Notes, including the Parent Guarantee, the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any), and distribution of this offering memorandum, see the sections entitled "Transfer Restrictions" and "Plan of Distribution" below.

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

We reserve the right to withdraw the offering of the 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 "**Company,**" the "**Group**" and words of similar import, we are referring to Hengda Real Estate Group Co., Ltd itself, or to Hengda Real Estate Group Co., Ltd. and its consolidated subsidiaries, as the context requires.

Market data, industry forecast and PRC and property industry statistics in this offering memorandum have been obtained from both public and private sources, including market research, publicly available information and industry publications. Although we believe this information to be reliable, it has not been independently verified by us or the Initial Purchasers or their respective directors and advisors, and neither we, the Initial Purchasers nor our or their respective directors and advisors make any representation as to the accuracy or completeness of that information. In addition, third-party information providers may have obtained information from market participants and such information may not have been independently verified. Due to possibly inconsistent collection methods and other problems, such statistics herein may be inaccurate. You should not unduly rely on such market data, industry forecast and PRC and property industry statistics.

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

We record and publish our financial statements in Renminbi. Unless otherwise stated in this offering memorandum, all translations from Renminbi amounts to U.S. dollars were made at the rate of RMB6.6171 to US$1.00, the noon buying rate in New York City for cable transfers payable in Renminbi as set forth in the H.10 statistical release of the Federal Reserve Bank of New York on June 29, 2018, and all translations from H.K. dollars into U.S. dollars were made at the rate of HK$7.8463 to US$1.00, the noon buying rate in New York City for cable transfers payable in H.K. dollars as set forth in the H.10 statistical release of the Federal Reserve Bank of New York on June 29, 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."

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

Our financial statements are prepared in accordance with the Accounting Standard for Business Enterprises — Basic Standard, the specific accounting standards and other relevant regulations issued by the Ministry of Finance on February 15, 2006 and in subsequent periods, or PRC GAAP. The financial statements of Tianji are prepared in accordance with Hong Kong Financial Reporting Standards, or HKFRS. PRC GAAP and HKFRS may differ in material respects from generally accepted accounting principles in certain other jurisdictions.

A property is considered sold after we have executed the purchase contract with a customer and have delivered the property to the customer. All site area and gross floor area, or GFA, information presented in this offering memorandum represent the site area and GFA of the entire project, including those attributable to the minority shareholders of our non-wholly owned project companies.

In this offering memorandum, contracted sales represent the total purchase price of formal purchase contracts we enter into with purchasers of our properties within a specified period, as disclosed to us by our project companies nationwide, aggregated at our headquarters, and recorded in our internal records on a monthly basis.

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, all references to "**first-tier cities**" are to Beijing, Shanghai, Guangzhou and Shenzhen; all references to "**second-tier cities**" are to the provincial capitals, Chongqing, Tianjin, Dalian, Qingdao, Ningbo, Xiamen, Zhuhai, Shantou and other cities with a Gross Domestic Product of at least RMB500 billion and a population of at least seven million other than the first-tier cities; and all references to "**third-tier cities**" are to the prefecture-level cities other than the first and second-tier cities.

Totals presented in this offering memorandum may not total correctly because of rounding of numbers.

FORWARD-LOOKING STATEMENTS

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

- our business and operating strategies, including our business expansion plans and our on-going structural reorganization;
- 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;

- the prospective financial information regarding our businesses;

- 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 which we may engage in property development, or other businesses we are engaged in;

- 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, types of property projects, availability and cost of financing, pre-sale, pricing, foreign investments in property development, 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 control and rates; and

- other factors beyond our control.

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

ENFORCEMENT OF CIVIL LIABILITIES

We are incorporated in the People's Republic of China with limited liability, and the Parent Guarantor and each Subsidiary Guarantor and JV Subsidiary Guarantor (if any) is also incorporated or may be incorporated, as the case may be, outside the United States in jurisdictions such as the British Virgin Islands, and Hong Kong. The PRC, the British Virgin Islands, Hong Kong and other jurisdictions have different bodies of securities laws from the United States and protections for investors may differ.

All of our assets and all of the assets of the Parent Guarantor and Subsidiary Guarantors are located outside the United States. In addition, all of our directors and officers and the Parent Guarantor's and Subsidiary Guarantors' directors and officers are nationals or residents of countries other than the United States (principally, the PRC), and all or a substantial portion of such persons' assets are located outside the United States. As a result, it may be difficult for investors to effect service of process within the United States upon us, any of the Parent Guarantor and Subsidiary Guarantors or such persons or to enforce against us or any of the Parent Guarantor and 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, the Parent Guarantor and each of the Subsidiary Guarantors expect to appoint Law Debenture Corporate Services Inc. as our and their respective agent to receive service of process with respect to any action brought against us, the Parent Guarantor or the Subsidiary Guarantors in the United States federal courts located in the Borough of Manhattan, The City of New York under the federal securities laws of the United States or of any state of the United States or any action brought against us or the Subsidiary Guarantors in the courts of the State of New York in the Borough of Manhattan, The City of New York under the securities laws of the State of New York.

We have been advised by our British Virgin Islands legal advisors, Maples and Calder (Hong Kong) LLP, that any final and conclusive monetary judgment of a competent foreign court for a definite sum against the Company in the courts of United States (the "**Foreign Court**"), for a definite sum, may be treated by the courts of the British Virgin Islands as a cause of action in itself so that no retrial of the issues would be necessary provided that in respect of the judgment of the Foreign Court: (i) the Foreign Court had jurisdiction in the matter and the Company either submitted to such jurisdiction or was resident or carrying on business within such jurisdiction and was duly served with process; (ii) the judgment given by the Foreign Court was not in respect of penalties, taxes, fines or similar fiscal or revenue obligations of the Company; (iii) in obtaining the judgment there was no fraud on the part of the person in whose favor judgment was given or on the part of the Foreign Court; (iv) recognition or enforcement of the judgment would not be contrary to British Virgin Islands public policy; and (v) the proceedings pursuant to which judgment was obtained were not contrary to natural justice.

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

(a) was obtained by fraud;

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

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

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

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

We have also been advised by our PRC legal advisors, Commerce & Finance Law Offices, 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, the Parent Guarantor, any Subsidiary Guarantor or JV Subsidiary Guarantor (if any) or their directors or officers predicated upon the civil liability provisions of the U.S. federal or state securities laws or (ii) entertain original actions brought in China against us, our directors or officers, the Parent Guarantor, any Subsidiary Guarantor or JV Subsidiary Guarantor (if any) or their 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 statements and related notes thereto, before making an investment decision.

Overview

As the PRC flagship of the real estate development business of China Evergrande Group, our ultimate controlling shareholder, we are the largest real estate development company in China in terms of contracted sales attributable to the Group and land reserves in 2017, according to China Real Estate Information Corporation and the land reserve data disclosed by relevant companies in their applicable stock exchange filings. Founded in Guangzhou City, Guangdong Province in 1996, we have become a leading national property developer through our economies of scale and widely recognized brand name, under the leadership of our management team. Over the years, our focus on a centralized management system, a standardized operational model and quality products have allowed us to quickly replicate our success across China. We focus primarily on provincial capitals and other selected cities that we believe have high-growth potential. We continue to improve our geographical mix by focusing on replenishment of quality land reserves and taking a balanced approach to the distribution of land reserves among first-, second- and third-tier cities. Our land reserves cover most of the provincial capitals and municipalities in China. Through our standardized operational model, we have been able to simultaneously manage projects in various development and sale stages in 228 cities across China as of June 30, 2018.

Our residential property development integrates planning, design, construction and property management and follows our standardized process management to ensure development speed and product quality. We have been awarded the highest recognition in China in real estate development, architectural planning and design, construction, construction supervision and property management, and have been ranked among the "Top 10 Property Developers of China" for 14 consecutive years since 2004 by China Real Estate Top 10 Research Group, an organization constituted by Enterprise Research Institute of the Development Research Center of the State Council, Tsinghua University Real Estate Research Center and China Index Academy. We ranked as No. 2 of the "Top 500 Real Estate Companies of China" for six consecutive years since 2011 and No. 1 of the "Top 10 Real Estate Companies of China" in 2017. We were also ranked 230th on Fortune Global 500 in 2018.

We had the largest land reserves among all PRC property developers listed in China and Hong Kong as of June 30, 2018, based on the land reserve data disclosed by relevant companies in their applicable stock exchange filing. We had a total of 809 property projects under development or held for future development, a total planned GFA of approximately 258 million square meters of high-quality and relatively low-cost land as of June 30, 2018 with an average cost of approximately RMB1,853 per square meter, as calculated by dividing our aggregate land purchase price by our aggregate planned GFA. As of June 30, 2018, we had an aggregate of approximately RMB103.78 billion outstanding land premiums of which RMB36.2 billion is due in the second half of 2018 and RMB31.6 billion is due in 2019.

As of June 30, 2018, we had construction permits for 653 of our property projects under development, with a total GFA of approximately 110 million square meters, and had pre- sale permits for 730 of our projects, with a total GFA of approximately 53.7 million square meters, of which approximately 26.5 million square meters remained unsold.

Over the years, we have developed and introduced various distinctive product series to the market, including:

- *Mid- to mid-high-end series* represented by products within our Evergrande Oasis (恒大綠洲) series, Evergrande Metropolis (恒大名都) series, Evergrande City (恒大城) series, Evergrande Atrium (恒大雅苑) series, Evergrande Royal Scenic Bay (恒大御景灣), Evergrande Emerald Court (恒大翡翠華庭) series, Evergrande Bay (恒大江灣) series, Evergrande Plaza (恒大廣場) series and Evergrande Bund (恒大外灘) series which we target to account for approximately 85% of our current projects, and are marketed toward middle to upper-middle income residents, who currently constitute the largest segment of residential real estate purchasers. Evergrande Metropolis and Evergrande City are urban residential complexes in major cities, while Evergrande Oasis and Evergrande Atrium are located in areas with the requisite natural landscape. These series are equipped with well-developed facilities and amenities within the complexes.

- *High-end series* represented by products within our Evergrande Palace (恒大華府) series, Evergrande Royal Scenic Peninsula (恒大御景半島) series, Evergrande Emperor Scenic (恒大帝景) series and Evergrande Royal Scenic (恒大御景) series, which we target to account for approximately 15% of our current projects, and are positioned as high-end and premium residential properties in urban centers. These series target high-income residents in such regions.

We design and develop all of our product series under our standardized operational model and market them under the brand name of "Evergrande" on a nationwide basis.

We strive to provide high-quality residential products to the market by focusing on every step of the development process, from site selection, planning, landscaping and construction to fitting-out and property management. We aim to deliver "best-in-class" end-products to our customers. Over years, our products have gained wide brand recognition among consumers, as reflected by our strong contracted sales and sales records. For the years ended December 31, 2016 and 2017 and the first half of 2018, our total contracted sales, which have not been audited or reviewed by our auditors, amounted to approximately RMB354.2 billion, RMB478.3 billion and RMB284.6 billion, respectively, with a total contracted sales GFA of approximately 42.2 million square meters, 48.0 million square meters and 27.2 million square meters, respectively. The average selling price for our contracted sales of the first half of 2018 was RMB10,472 per square meter, as calculated based on our internal records.

Our Competitive Strengths

We believe that we possess the following principal strengths that enable us to compete in the residential property market in China:

- We are the largest real estate development company in China;

- We are a leader of the standardized operational model for large-scale quality property developments;

- We have strategically acquired large, relatively low-cost land reserves;

- We have leveraged our industry-leading brand name and strategic partnerships with renowned suppliers to develop quality products that are well-recognized by the market;

- We offer a comprehensive product mix that caters to different market segment demands;

- We are able to effectively control our costs at every stage of the project development;

- We possess a highly experienced and stable management team with proven execution capabilities to adapt and respond to market changes; and

- We have proven capability to develop projects and achieve asset turnover rapidly.

You should refer to the section entitled "Business — Our Competitive Strengths" for further information about these strengths.

Our Business Strategies

Our principal business strategies are:

- Continue to replenish our land reserves in first- and second-tier cities and selected third-tier cities in prime locations;

- Continue to optimize and leverage our standardized operational model;

- Maintain a comprehensive product offering with a primary focus on residential properties;

- Adopt prudent and disciplined financial policies; and

- Focus on product quality to enhance our brand.

You should refer to the section entitled "Business — Business Strategies" for further information about these strategies.

Proposed Reorganization and Strategic Investment

On October 3, 2016, we and our direct controlling shareholder, Guangzhou Kailong Real Estate Company Limited ("**Kailong Real Estate**") entered into an agreement (the "**Cooperation Agreement**"), as amended on April 20, 2017, December 29, 2017 and June 13, 2018 with, among others, Shenzhen Special Economic Zone Real Estate & Properties (Group) Co., Ltd. ("**Shenzhen Real Estate**"), pursuant to which, subject to entering into a definitive agreement, Shenzhen Real Estate will, by way of issue of Renminbi ordinary shares and/or the payment of cash consideration, acquire 100% of the equity interest in the Company (the "**Target Assets**") from Kailong Real Estate. The acquisition will result in Kailong Real Estate becoming the controlling shareholder of Shenzhen Real Estate (the "**Proposed Reorganization**") and will enable China Evergrande Group, our ultimate controlling shareholder, to effectively list its real estate assets on the Shenzhen Stock Exchange A-share market.

The Cooperation Agreement provides, among others, the following:

- The parties will exercise their best endeavors to complete the Proposed Reorganization and the final scheme and transactional details of the Proposed Reorganization will be set out in a definitive agreement (the "**Reorganization Agreement**").

- There will be an exclusive period to December 31, 2017 (which was further extended to December 31, 2018) during which time the parties may not discuss or enter into any agreements with any other party in respect of transactions of the same or similar in nature as the Proposed Reorganization.

- The parties will enter into an agreement in respect of an undertaking on business performance of the Target Assets. Kailong Real Estate will, in accordance with the relevant provisions of applicable laws and regulations and regulatory documents as well as market practices, provide an undertaking on the business performance of the Target Assets for 2017, 2018 and 2019 (the "**Relevant Period**"), where the profits attributable to the shareholders of its parent company after deducting non-recurring gains and losses for the Relevant Period will amount to approximately RMB88.8 billion. If the actual profit of the Target Assets is less than such amount upon the expiry of the Relevant Period, Kailong Real Estate will, in compliance with the regulations of the regulatory authorities and in an approved manner, provide certain compensation for any shortfall in profit.

- The consideration for the Target Assets will be determined by the parties through consultation based on the appraised value of the assets as determined by a qualified valuer for securities transactions with such appraised value having been filed with and approved by the Shenzhen People's Government State-owned Assets Administration Commission ("**Shenzhen SASAC**"), plus the additional cash earnings of the Company for the period between the valuation date and the date of the Reorganization Agreement.

- The issue price of the consideration shares by Shenzhen Real Restate to Kailong Real Estate will not be lower than 90% of the reference market price of the Shenzhen Real Estate shares. The reference market price will be the average closing prices of the Shenzhen Real Estate shares for one of the 20 trading days, 60 trading days or 120 trading days prior to the date of announcement by the board of Shenzhen Real Estate on their resolution on the Proposed Reorganization. The final issue price will be determined by the parties through consultation.

- Prior to the signing of the Reorganization Agreement, the Company may introduce strategic investments and that the parties involved in the Proposed Reorganization will be adjusted accordingly upon the introduction of any strategic investors.

- The Proposed Reorganization requires the following approvals: (1) the board of directors, the board of supervisors (if necessary), and the shareholders of Shenzhen Real Estate having approved the Proposed Reorganization, (2) the shareholders of Shenzhen Real Estate having approved Kailong Real Estate from making a general offer in respect of the Proposed Reorganization, (3) the Board and the shareholders of China Evergrande Group, our ultimate shareholder, having approved the Proposed Reorganization, (4) Shenzhen SASAC's having approved the valuation of the Target Assets and its filing, (5) the Shenzhen Municipal Government and the Shenzhen SASAC having approved the Proposed Reorganization, (6) the Proposed Reorganization having passed the anti-trust review by the Ministry of Commerce, (7) the China Securities Regulatory Commission having approved the Proposed Reorganization, (8) The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**") having consented to the proposed spin-off and the granting of a waiver from exemption to provide the shareholders of China Evergrande Group with an assured entitlement to the shares of Shenzhen Real Estate, and (9) approvals/filings from other competent authorities in accordance with applicable laws and regulations.

On December 30, 2016, May 31, 2017 and November 6, 2017, we and Kailong Real Estate entered into investment agreements (the "**Investment Agreements**") with certain investors (the "**Investors**") who agreed to subscribe for new capital of the enlarged equity interest in us for an aggregate amount of RMB129.5 billion (the "**Capital Increase**") in return of an aggregate of approximately 36.54% of our enlarged equity interest (the "**Strategic Investments**"). The purpose of the capital injection was to raise funds as well as to allow Shenzhen Real Estate to maintain its public float upon completion of the Proposed Reorganization.

The Investment Agreements provide, among others, the following:

- We and Kailong Real Estate have undertaken to the Investors that our net profit for the three financial years of 2018, 2019 and 2020 shall not be less than RMB50.0 billion, RMB55.0 billion and RMB60.0 billion, respectively (each a "**Performance Undertaking Amount**").

- Prior to the entering into of the Reorganization Agreement and subject to the dividend payment not adversely affecting our ability to continue to operate, will distribute at least 68% of its net profit for each of the financial years under the Relevant Period to its shareholders. If our net profit for a financial year in the Relevant Period is less than the Performance Undertaking Amount for that financial year, the proportional dividend to be paid by us to the Investors will be adjusted upward by in accordance with the following formula: percentage ratio of the proportional dividend payable to the Investors equals (i) percentage of equity interest held by the Investors divided by (ii) our actual net profit for that financial year/the Performance Undertaking Amount for that year. If the percentage ratio calculated by the formula is greater than 100%, then the distribution to the Investors will be based on 100%.

- The dividend payment arrangement will lapse upon the execution of the Reorganization Agreement. Upon the execution of the Reorganization Agreement, dividend payments will be made in accordance with the applicable requirements of the CSRC and the terms of the Reorganization Agreement. If, for any reasons, the Reorganization Agreement is terminated after its execution, we will make up for any shortfall in dividends paid to the Investors during the period between the execution of the Reorganization Agreement and its termination in accordance with the terms of the Investment Agreements.

- If the Proposed Reorganization as contemplated under the Reorganization Agreement is not completed by January 31, 2020 and the failure to complete is not attributable to the relevant Investor, the relevant Investor will have the right within two months of the expiry of such deadline to request Kailong Real Estate to either: (i) repurchase the equity interest held by the relevant Investor at its original investment cost; or (ii) transfer shares in us to the relevant Investor without consideration in accordance with the following formula as compensation: Percentage of equity in us to be transferred by Kailong Real Estate to the relevant Investor as compensation equals (a) Percentage interest in us held by the relevant Investor on the signing of the compensation agreement (excluding any additional interest acquired by the relevant Investor after the date of the relevant Investment Agreement) times (b) 50%.

The Proposed Reorganization constitutes a spin-off requiring the approval of the Hong Kong Stock Exchange. On January 24, 2017, China Evergrande Group received in-principle approval for the proposed spin-off in relation to the Proposed Reorganization from the Hong Kong Stock Exchange. China Evergrande Group may introduce further investors to us in the near future.

On June 28, 2017, China Evergrande entered into an amendment agreement with Kailong Real Estate and the Investors pursuant to which in the event that the Investor has requested Kailong Real Estate to repurchase the Investor's equity in us, Kailong Real Estate will have the option of electing not to repurchase such interest. In such an event, the Investor will have the right to request Dr. Hui Ka Yan ("**Dr. Hui**") to replace Kailong Real Estate to repurchase such equity interest in us from the Investor in accordance with the terms of the Investment Agreement at the Investor's original investment cost.

Recent Developments

Newly Acquired Land Since June 30, 2018

Set forth below are some of our major land acquisitions made subsequent to June 30, 2018 involving land premiums of over RMB3.0 billion.

(1) Taizhou Xianju Project

We acquired this project in Taizhou, Zhejiang, for a total land premium of RMB3,812.0 million. The project occupies an aggregate total site area of approximately 867,764 square meters.

General Information

We were incorporated in the PRC on June 24, 1996 under the name of "Guangzhou Tiandi Real Estate Development Co., Ltd." with limited liability, with registered number 23124515-2. Our principal place of business in China is at Excellent Houhai Financial Center, No. 126, Hyde Road, Nanshan District, Shenzhen, 518054, PRC. Our registered office is located at Room 2801, Excellent Houhai Financial Center, No. 126, Hyde Road, Nanshan District, Shenzhen. Our website is http://www.evergrande.com. Information contained on our website does not constitute a part of this offering memorandum.

THE OFFERING

Terms used in this summary and not otherwise defined have the meanings given to them in the section entitled "Description of 2020 Notes," "Description of 2022 Notes" and "Description of 2023 Notes."

Issuer	Scenery Journey Limited
Parent Guarantor	Tianji Holding Limited
Provider of Keepwell And EIPU	Hengda Real Estate Group Co., Ltd, or the Company
Notes offered	US$565,000,000 aggregate principal amount of 11.0% Senior Notes due 2020 (the "2020 Notes").
	US$645,000,000 aggregate principal amount of 13.0% Senior Notes due 2022 (the "2022 Notes").
	US$590,000,000 aggregate principal amount of 13.75% Senior Notes due 2023 (the "2023 Notes").
	Several investors may purchase a majority of the Notes being offered under this offering memorandum.
Offering price	2020 Notes: 100% of the principal amount
	2022 Notes: 100% of the principal amount
	2023 Notes: 100% of the principal amount
Maturity date	2020 Notes: November 6, 2020
	2022 Notes: November 6, 2022
	2023 Notes: November 6, 2023
Interest	The 2020 Notes will bear interest from and including November 6, 2018 at the rate of 11.0% per annum, payable semi-annually in arrears.
	The 2022 Notes will bear interest from and including November 6, 2018 at the rate of 13.0% per annum, payable semi-annually in arrears.
	The 2023 Notes will bear interest from and including November 6, 2018 at the rate of 13.75% per annum, payable semi-annually in arrears.
Interest payment dates . . .	May 6 and November 6 of each year, commencing May 6, 2019.
Ranking of the Notes	The Notes are: • general obligations of the Issuer; • senior in right of payment to any existing and future obligations of the Issuer expressly subordinated in right of payment to the Notes;

- at least *pari passu* in right of payment with all the unsecured, unsubordinated Indebtedness of the Issuer;

- guaranteed by the Parent Guarantor, Subsidiary Guarantors and the JV Subsidiary Guarantors (if any) on a senior basis, subject to certain limitations described under the sections entitled "Risk Factors — Risks Relating to the Parent Guarantee, the Subsidiary Guarantees and the JV Subsidiary Guarantees;"

- effectively subordinated to the secured obligations of the Parent, the Issuer, 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.

Guarantees . . . .

Each of the Parent Guarantor, Subsidiary Guarantors and JV Subsidiary Guarantors (if any) will, jointly and severally, guarantee the due and punctual payment of the principal of, premium, if any, and interest on, and all other amounts payable under, the Notes, provided that any JV Subsidiary Guarantee will be limited to the JV Entitlement Amount.

The Parent Guarantee, a Subsidiary Guarantee and a JV Subsidiary Guarantee (if any) may be released in certain circumstances. See the sections entitled "Description of Notes — The Parent Guarantees, the Subsidiary Guarantees and the JV Subsidiary Guarantees — Release of the Parent Guarantee, Subsidiary Guarantees and JV Subsidiary Guarantees;" and "— Replacement of Subsidiary Guarantees with JV Subsidiary Guarantees."

The initial Subsidiary Guarantors that will execute the Indenture on the Original Issue Date will consist of Ever Grace Group Limited (恒善集團有限公司), Ample Treasure Group Limited (寶豐集團有限公司), Luckyup Group Limited (昇祺集團有限公司), Instant Choice Development Limited, Ample Treasure Holding Limited (寶豐集團控股有限公司), Will Glory Holdings Limited (好耀控股有限公司), Forbidden City Culture Co., Limited (紫禁城弘華文化有限公司), Ever Sure Industries Limited (永瑞實業有限公司), Shui Wah Investment Limited (穗華投資有限公司), Shengtong Holding Limited (盛通控股有限公司), Wisdom Gain Group Limited (智盈集團有限公司), Grow Rising Investment Limited (晉廷投資有限公司), Accord Sino Group Limited (協華集團有限公司), Merry Full Investments Limited (怡滿投資有限公司), Million Castle Investments Limited, Benefit East Investments Limited (益東投資有限公司), Champion Glory Holdings Limited (卓康集團有限公司), Champion Globe Limited (特靈有限公司), Champion King Investments Limited (彩僑投資有限公司), Fortune Luck Corporation Limited (順利有限公司), Cheung Fu Department Store Enterprise Limited (象富百貨集團有限公司), China Agriculture Technology Limited (中國農業科技有限公司), Baojun Limited (保駿有限公司), Perfect Vantage Investments Limited (歷冠投資有限公司), Bai Chang Limited (百昌有限公司), Minsin International (Holdings) Limited (明誠國際(集團)有限公司), Billion Sino

Investments Limited (億中投資有限公司), Allywing Investments Limited (榮邦投資有限公司), California Place Dalian Limited (加州豪庭大連有限公司), Fortune Star International Investment Limited (福星國際投資有限公司), Xing Hong Holdings Limited (興鴻控股有限公司), Rosy Dynasty Limited (翠御有限公司), Joy Vision Holdings Limited (樂景控股有限公司), Sanli (China) Holdings Limited (三立(中國)控股有限公司), Metro Wisdom Limited (慧都有限公司), Ji Feng Limited (吉豐有限公司), Rise Eagle Worldwide Limited (振鷹環球有限公司), Jicheng International (HK) Limited (集成國際(香港)有限公司), Charm Best Investment Limited (優俊投資有限公司), Lucky Benefit Limited, Loyal Power Investments Limited (旺權投資有限公司), Rising Sheen Limited (升亮有限公司), City Faith Limited (都信有限公司), South Honest Limited (誠南有限公司), first Key Investments Limited (元基投資有限公司), Hinto Developments Limited, Triumph Hero International Limited (勝雄國際有限公司), Spread Glory Investments Limited (廣亮投資有限公司), New Insight Holdings Limited (創見控股有限公司), Easy Gain Investment Holdings Limited (盈潤投資控股有限公司), Honor Business Investment Limited (榮商投資有限公司), Link Care Limited (環照有限公司), Cheer Motion Development Limited (致能發展有限公司), China Sea Group (Hong Kong) Investment Limited (中海集團(香港)投資有限公司), Crown Wise Investment Limited (冠惠投資有限公司), Dragon Joy (China) Limited (龍悅(中國)有限公司), Dragon Pioneer Development Limited (龍添發展有限公司), Excel Sky (Hong Kong) Limited (俊天(香港)有限公司), Fortune Ascent Limited (升裕有限公司), Future Lead Enterprises Limited (天領企業有限公司), Glory Sign Development Limited (皇誌發展有限公司), Gold Ascot Limited (金士福有限公司), Grace Target Holdings Limited (喜志集團有限公司), Honour In Investments Limited (誠然投資有限公司), Jiakang Holdings Limited (嘉康控股有限公司), Jiazhi Holdings Limited (嘉智控股有限公司), Joy Wealthy Investment Limited (悅才投資有限公司), Lucky Universe Holding Limited (瑞宇集團有限公司), Pacific Plus Enterprises Limited (匯太企業有限公司), Palm Island Resort Limited (棕櫚島渡假村有限公司), Prime Light Holdings Limited (柏天集團有限公司), Prime Sun Holding Limited (盛日控股有限公司), Prosper Power Development Limited (能昌發展有限公司), Sharp Goal Investments Limited (銳怡投資有限公司), Starlet Development Limited (星能發展有限公司), Sunny Net Development Limited (日訊發展有限公司), Thousand Grand Holding Limited (千宏控股有限公司), Trend Rich Investment Limited (毅富投資有限公司), Chang Xing Holdings Limited (昌興控股有限公司), Cheer Champ Investment Limited (誌昌投資有限公司), Dragon Charm Investments Limited (龍創投資有限公司), Dragon Fortune Limited, East Best Investments Limited (東卓投資有限公司), Ever Shiny International Limited, Full Jolly Investments Limited (滿怡投資有限公司), Good Wave International Limited (佳濤國際有限公司), Healthy Time International Limited (建時國際有限公司), Lofty Reap Limited (上豐有限公司), Luck Fortune Holdings Limited, Lucky Universe Enterprises Limited (瑞宇企業有限公司), Marche Limited, Marvel First Developments Limited, Menkia Holdings Limited (萬家控股有限公司), On Lucky Holdings Limited (安利達控股有限公司), Opal House Development Limited, Oriental Fame Holdings Limited (東榮控股有限公司), Prime Sun Enterprises Limited (盛日企業有限公司), Reego Group Limited (銳高集團有限公司), Silver Opportunity

Investment Limited (銀機投資有限公司), Superb Capital Enterprises Limited, Upper East Property Holdings Company Limited (上東置業控股有限公司), Vast Wheel Company Limited (浩輪有限公司), White Heron Limited, Win Harbour Investments Limited (凱港投資有限公司), Win Peak Group Limited (凱峰集團有限公司), Shengtong (BVI) Limited and Shengyu (BVI) Limited,

which include all of the Company's Restricted Subsidiaries other than the Non-Guarantor Subsidiaries. The Subsidiary Guarantors are holding companies that do not have significant operations.

Other than the initial Subsidiary Guarantors, none of the Company's other Restricted Subsidiaries organized outside the PRC will be an initial Subsidiary Guarantor on the Original Issue Date. In addition, none of the Restricted Subsidiaries existing on the Original Issue Date that are Subsidiaries organized under the laws of the PRC and the future Restricted Subsidiaries that are organized under the laws of the PRC, the Exempted Subsidiaries and the Listed Subsidiaries (as long as they continue to be Exempted Subsidiaries or Listed Subsidiaries, as applicable) will provide a Subsidiary Guarantee or a JV Subsidiary Guarantee on the Original Issue Date or at any time in the future.

Any Restricted Subsidiary (other than future PRC Subsidiaries, Exempted Subsidiaries or Listed Subsidiaries) will provide a Subsidiary Guarantee or a JV Subsidiary Guarantee as soon as practicable after it becomes a Restricted Subsidiary or as soon as practicable after it ceases to be an Exempted Subsidiary or a Listed Subsidiary, as the case may be. Notwithstanding the foregoing sentence, the Company may elect to have any Restricted Subsidiary organized under laws outside the PRC not provide a Subsidiary Guarantee or a JV Subsidiary Guarantee, provided that, after giving effect to the consolidated assets of such Restricted Subsidiary, the Consolidated Assets of all Restricted Subsidiaries organized outside the PRC (other than Exempted Subsidiaries and Listed Subsidiaries) that are not Subsidiary Guarantors or JV Subsidiary Guarantors do not account for more than 20% of the Relevant Total Assets of the Company.

Ranking of Parent Guarantee . . . .

The Parent Guarantee

- is a general obligation of the Parent Guarantor;

- is effectively subordinated to the secured obligations of the Parent 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 the Parent Guarantor expressly subordinated in right of payment to such Parent Guarantee; and

- ranks at least *pari passu* with all unsecured, unsubordinated Indebtedness of the Parent Guarantor.

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 unsecured, unsubordinated Indebtedness of such Subsidiary Guarantor.
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; ● subject to the limitation to the JV Entitlement Amount, 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 ● subject to the limitation to the JV Entitlement Amount, will rank at least *pari passu* with all the unsecured, unsubordinated Indebtedness of such JV Subsidiary Guarantor (subject to any priority rights of such unsubordinated Indebtedness pursuant to applicable law).
Replacement of Subsidiary Guarantees with JV Subsidiary Guarantees. .	A Subsidiary Guarantee given by a Subsidiary Guarantor may be released following the sale of existing Capital Stock or the issuance of new Capital Stock by the Company or any of its Restricted Subsidiaries 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 is for no less than 20% of the issued Capital Stock of the relevant Subsidiary Guarantor if certain conditions are satisfied.
Use of proceeds	We intend to use the net proceeds primarily to refinance our existing offshore indebtedness.

Optional Redemption	2020 Notes At any time prior to November 6, 2020, the Issuer may at its option redeem the 2020 Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the 2020 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 prior to November 6, 2020, the Issuer may redeem up to 35% of the aggregate principal amount of the 2020 Notes at a redemption price of 111.0% of the principal amount of the 2020 Notes redeemed, plus accrued and unpaid interest, if any, with the proceeds from sales of certain kinds of its capital stock, subject to certain conditions. 2022 Notes On or after November 6, 2020, the Issuer may on any one of more occasions redeem all or any part of the 2022 Notes, at the redemption prices (expressed as percentages of principal amount) set forth in "Description of 2022 Notes — Optional Redemption," plus accrued and unpaid interest, if any, on the 2022 Notes redeemed, to (but not including) the applicable date of redemption, if redeemed during the twelve-month period beginning on November 6 of the years indicated in such section. At any time prior to November 6, 2020, the Issuer may at its option redeem the 2022 Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the 2022 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 prior to November 6, 2020, the Issuer may redeem up to 35% of the aggregate principal amount of the 2022 Notes at a redemption price of 113.0% of the principal amount of the 2022 Notes redeemed, plus accrued and unpaid interest, if any, with the proceeds from sales of certain kinds of its capital stock, subject to certain conditions. 2023 Notes On or after November 6, 2021, the Issuer may on any one of more occasions redeem all or any part of the 2023 Notes, at the redemption prices (expressed as percentages of principal amount) set forth in "Description of 2023 Notes — Optional Redemption," plus accrued and unpaid interest, if any, on the 2023 Notes redeemed, to (but not including) the applicable date of redemption, if redeemed during the twelve-month period beginning on November 6 of the years indicated in such section. At any time prior to November 6, 2021, the Issuer may at its option redeem the 2023 Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the 2023 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 prior to November 6, 2021, the Issuer may redeem up to 35% of the aggregate principal amount of the 2023 Notes at a redemption price of 113.75% of the principal amount of the 2023 Notes redeemed, plus accrued and unpaid interest, if any, with the proceeds from sales of certain kinds of its capital stock, subject to certain conditions.
Repurchase of Notes upon a Change of Control Triggering Event	Upon the occurrence of a Change of Control Triggering Event as defined under the section entitled "Description of 2020 Notes — Definitions," "Description of 2022 Notes — Definitions" and "Description of 2023 Notes — Definitions," the Issuer or the Parent Guarantor 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.
Redemption for taxation reason.	Subject to certain exceptions and as more fully described herein, the Issuer may redeem the Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest, if any, to the date fixed by the Company for redemption, if the Company, the Parent Guarantor, a Subsidiary Guarantor or a JV Subsidiary Guarantor would become obligated to pay certain additional amounts as a result of certain changes in specified tax laws or certain other circumstances. See the sections entitled "Description of 2020 Notes — Redemption for Taxation Reasons," "Description of 2022 Notes — Redemption for Taxation Reasons" and "Description of 2023 Notes — Redemption for Taxation Reasons."
Covenants	The Notes, the Indenture governing the Notes, the Parent Guarantee, the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any) will limit the Company's ability and the ability of the Restricted Subsidiaries to, among other things: ● incur or guarantee additional indebtedness and issue disqualified or preferred stock; ● declare dividends on its capital stock or purchase or redeem capital stock; ● make investments or other specified restricted payments; ● issue or sell capital stock of Restricted Subsidiaries; ● guarantee indebtedness of Restricted Subsidiaries; ● sell assets; ● create liens; ● enter into sale and leaseback transactions; ● enter into agreements that restrict the Restricted Subsidiaries' ability to pay dividends, transfer assets or make intercompany loans; ● enter into transactions with shareholders or affiliates; and

- effect a consolidation or merger.

These covenants are subject to a number of important qualifications and exceptions described in the sections entitled "Description of 2020 Notes — Certain Covenants," "Description of 2022 Notes — Certain Covenants" and "Description of 2023 Notes — Certain Covenants."

Transfer restrictions	The Notes will not be registered under the Securities Act or under any state securities laws of the United States and will be subject to customary restrictions on transfer and resale. See the section entitled "Transfer Restrictions."
Form, denomination and registration	The Notes will be issued only in fully registered form, without coupons, in minimum denominations of US$200,000 of principal amount and integral multiples of US$1,000 in excess thereof and will be initially represented by one or more global notes deposited with a common depositary and registered in the name of a nominee of the common depositary.
Book-entry only	The Notes will be issued in book-entry form through the facilities of Euroclear and Clearstream for the accounts of its participants. For a description of certain factors relating to clearance and settlement, see the section entitled "Description of 2020 Notes — Book-Entry; Delivery and Form," "Description of 2022 Notes — Book-Entry; Delivery and Form" and "Description of 2023 Notes — Book-Entry; Delivery and Form."
Delivery of the Notes. . . .	The Company expects to make delivery of the Notes, against payment in same-day funds on or about November 6, 2018, or the Original Issue Date, which the Company expects will be the fifth business day following the date of this offering memorandum referred to as "T+5." You should note that initial trading of the Notes may be affected by the "T+5" settlement. See the section entitled "Plan of Distribution."
Trustee	Citicorp International Limited.
Paying Agent, Transfer Agent and Registrar . . .	Citibank, N.A., London Branch.
Listing	Approvals in-principle have 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.
Ratings	The Notes are expected to be assigned a rating of B by S&P, B2 by Moody's and B+ by Fitch. We cannot assure investors that these ratings will not be adversely revised or withdrawn in the future.

Keepwell and EIPU	The Company, the Parent Guarantor, the Issuer and the Trustee will enter into a keepwell and equity interest purchase undertaking as further described in "Description of the Keepwell and EIPU".
Governing law	The Notes, the Indenture, the Parent Guarantee, the Subsidiary Guarantees, the JV Subsidiary Guarantees (if any) and the Keepwell and EIPU will be governed by and will be construed in accordance with the laws of the State of New York.
Risk factors	For a discussion of certain factors and uncertainties that should be considered in evaluating an investment in the Notes, see the section entitled "Risk Factors."

SUMMARY CONSOLIDATED FINANCIAL AND OTHER DATA

The following tables present the Company's and Tianji's summary financial and other data.

The summary consolidated financial data of the Company as of and for the years ended December 31, 2016 and 2017 (except for EBITDA data) are derived from the Company's audited consolidated financial statements for the years ended December 31, 2016 and 2017, which were audited by our independent auditor, PricewaterhouseCoopers Zhong Tian LLP. The condensed consolidated financial statements of the Company as of and for the six months ended June 30, 2018 (except for EBITDA data) are derived from the Company's unaudited condensed consolidated financial statements for the six months ended June 30, 2018, which were reviewed by our independent auditor, PricewaterhouseCoopers Zhong Tian LLP in accordance with the China Standards on Review Engagement 2101 "Review of Financial Statements". The financial information of the Company has been prepared and presented in accordance with PRC GAAP, which differs in certain material respects from generally accepted accounting principles in other jurisdictions.

The summary consolidated financial data of Tianji as of and for the years ended December 31, 2016 and 2017 (except for EBITDA data) are derived from Tianji's audited consolidated financial statements for the years ended December 31, 2016 and 2017, which were audited by its independent auditor, PricewaterhouseCoopers Hong Kong. The condensed consolidated financial statements of Tianji as of and for the six months ended June 30, 2018 were derived from Tianji's unaudited condensed consolidated interim financial information for the six months ended June 30, 2018, which were reviewed by its independent auditor, PricewaterhouseCoopers Hong Kong in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". The financial information of Tianji has been prepared and presented in accordance with HKFRS, which differs in certain respects from generally accepted accounting principles in other jurisdictions.

The summary financial data below should be read in conjunction with the consolidated financial statements of the Company and Tianji and the notes thereto included elsewhere in this offering memorandum. Historical results are not necessarily indicative of results that may be achieved in any future period. The consolidated financial statements of the Company and Tianji as of and for the six months ended June 30, 2017 have not been audited or reviewed by our independent auditors. As a result, such financial statements should not be relied upon by potential investors to provide the same quality of information associated with information that has been subject to audit or review by an independent auditor.

Summary Consolidated Statement of Comprehensive Income and Other Financial Data

Statement of comprehensive income of the Company

	Year ended December 31,			Six months ended June 30,		
	2016	2017		2017	2018	
	RMB million	RMB million	US$ million (unaudited)	RMB million (unaudited)	RMB million (unaudited)	US$ million (unaudited)
Revenue	205,097	302,233	45,675	181,915	284,209	42,951
Less: Cost of sales	(140,751)	(191,298)	(28,910)	(116,309)	(179,544)	(27,133)
Taxes and surcharges	(15,824)	(21,986)	(3,323)	(13,153)	(18,710)	(2,828)
Selling expenses	(13,907)	(15,411)	(2,329)	(7,178)	(7,779)	(1,176)
Administrative expenses	(5,916)	(7,743)	(1,170)	(3,199)	(4,246)	(642)
Financial expenses-net	(3,810)	(2,017)	(305)	(2,585)	(1,425)	(215)
Asset impairment losses	(374)	(548)	(83)	(202)	(251)	(38)
Add: Profit arising from changes in fair value	3,853	7,582	1,146	5,680	1,037	157
Investment	6	(3,629)	(548)	(3,751)	1,601	242
Including: Share of loss of associates and joint ventures	(647)	(403)	(61)	(387)	(127)	(19)
(Losses)/gains on disposals of assets	43	(12)	(2)	—	—	—
Other income	—	58	9	—	73	11
	741,145	(576,305)	(87,093)	(192,375)	186,655	28,208
Operating profit	28,417	67,229	10,160	41,218	74,965	11,329
Add: Non-operating income	589	660	100	255	569	86
Less: Non-operating expenses	(2,496)	(5,287)	(799)	(1,972)	(2,712)	(410)
Total profit	26,510	62,602	9,461	39,501	72,822	11,005
Less: Income tax expenses	(8,809)	(20,604)	(3,114)	(13,905)	(21,317)	(3,222)
Net profit	17,701	41,998	6,347	25,596	51,505	7,784
Including: Net profit of the acquiree entity in a business combination under common control before the combination date	1,512	—	—	—	—	—
Profit attributable to:						
Ordinary shareholders of the Company	15,840	39,196	5,923	24,589	46,314	6,999
Non-controlling interests	1,861	2,802	423	1,007	5,191	784
Other comprehensive income/(loss), net of tax						
Attributable to ordinary shareholders of the Company	(2,573)	1,808	273	2,362	(173)	(26)
Other comprehensive income/(loss) that will be subsequently reclassified to profit or loss	(2,573)	1,808	273	2,362	(173)	(26)
Shares of other comprehensive income of the investee accounted for using equity method that will be subsequently reclassified to profit or loss	(197)	—	—	2,572	(360)	(54)
Changes in fair value of available-for- sale financial assets	(3,145)	2,400	363	—	—	—
Currency translation differences	769	(592)	(89)	(210)	187	28
Total comprehensive income attributable to:	15,128	43,806	6,620	27,958	51,332	7,757
Ordinary shareholders of the Company	13,267	41,004	6,197	26,951	46,141	6,973
Non-controlling interests	1,861	2,802	423	1,007	5,191	784
Other Financial data						
EBITDA[1]	49,581	100,648	15,210	61,969	105,456	15,937
EBITDA margin[2]	24.2%	33.3%	33.3%	34.1%	37.1%	37.1%

Notes:

(1) EBITDA for any period is calculated as revenue less cost of sales, taxes and surcharges, selling expenses and administrative expenses, and plus depreciation and amortization, land appreciation tax and capitalized interest in cost of sales. EBITDA is not a standard measure under PRC GAAP. 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. 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. Investors should also note that EBITDA as presented herein may be calculated differently from Consolidated EBITDA as defined and used in the Indenture governing the Notes. Interest expense excludes amounts capitalized. See the section entitled "Description of 2020 Notes — Definitions", "Description of 2022 Notes — Definitions" and "Description of 2023 Notes — Definitions" for a description of the manner in which Consolidated EBITDA is defined for purposes of the Indenture governing the Notes.

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

Statement of comprehensive income of the Parent Guarantor

	Year ended December 31,			Six months ended June 30,		
	2016	2017		2017	2018	
	RMB'000	RMB'000	US$'000	RMB'000	RMB'000	US$'000
			(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenue	21,089,044	35,639,069	5,385,905	16,957,333	29,359,373	4,436,894
Cost of sales	(15,261,509)	(24,963,279)	(3,772,541)	(12,038,707)	(22,429,700)	(3,389,657)
Gross profit	5,827,535	10,675,790	1,613,364	4,918,626	6,929,673	1,047,237
Fair value gains on investment properties	1,241,402	1,812,366	273,891	1,849,278	3,423,498	517,371
Other gains	42,248	148,734	22,477	191,156	334,347	50,528
Other income	350,902	279,065	42,173	176,875	3,312,582	500,609
Selling and marketing costs	(1,459,150)	(1,647,628)	(248,995)	(811,992)	(695,755)	(105,145)
Administrative expenses	(2,990,877)	(1,895,450)	(286,447)	(904,094)	(961,975)	(145,377)
Other operating expenses	(331,853)	(1,016,551)	(153,625)	(343,845)	(486,928)	(73,586)
Operating profit	2,680,207	8,356,326	1,262,838	5,076,004	11,855,442	1,791,637
Finance costs	(812,492)	(1,416,038)	(213,997)	(1,845,871)	(977,577)	(147,735)
Share of profit of investments accounted for using equity method	99,345	221,668	33,499	173,612	271,203	40,985
Fair value losses on financial assets at fair value through profit or loss	—	—	—	—	(43,548)	(6,581)
Profit before income tax	1,967,060	7,161,956	1,082,341	3,403,745	11,105,540	1,678,309
Income tax expense	(2,306,181)	(4,507,508)	(681,191)	(2,399,988)	(4,540,041)	(686,107)
Profit/(loss) for the year	(339,121)	2,654,448	401,150	1,003,757	6,565,499	992,202
Other comprehensive income						
(Item that may be reclassified to profit or loss)						
Change in value of available-for-sale financial assets, net of tax	(27,681)	16,004	2,419	17,372	—	—
Currency translation differences	768,826	(592,309)	(89,512)	(209,747)	186,655	28,208
	741,145	(576,305)	(87,093)	(192,375)	186,655	28,208
(Item that may not be reclassified to profit or loss)						
Changes in fair value of available-for-sale financial assets, net of tax	—	—	—	—	543	82
Currency translation differences	—	—	—	(192,375)	187,198	28,290
Total comprehensive income for the year	402,024	2,078,143	314,056	811,382	6,752,697	1,020,492
Profit/loss attributable to:						
Shareholders of the Company	(525,678)	2,816,446	425,631	1,184,624	6,242,996	943,464
Non-controlling interests	186,557	(161,998)	(24,482)	(180,867)	322,503	48,738
	(339,121)	2,654,448	401,150	1,003,757	6,565,499	992,202
Total comprehensive income attributable to:						
Shareholders of the Company	215,467	2,240,141	338,538	992,249	6,430,194	971,754
Non-controlling interests	186,557	(161,998)	(24,482)	(180,867)	322,503	48,738
	402,024	2,078,143	314,056	811,382	6,752,697	1,020,492

Note:

(1) In preparing the unaudited condensed consolidated interim financial information for the six months ended June 30, 2018, Tianji has adopted HKFRS 9 and HKFRS 15 with effect from January 1, 2018 and has not restated prior years' consolidated financial statements. Therefore, the unaudited condensed consolidated interim financial information for the six months ended June 30, 2018 is not comparable with the consolidated financial statements for the years ended December 31, 2016 and 2017 and the six months ended June 30, 2017. For the impact of the adoption of HKFRS 9 and HKFRS 15, please refer to Note 4(b) and 4(d) to Tianji's unaudited condensed consolidated interim financial information as of and for the six months ended June 30, 2018 included elsewhere in this offering memorandum.

Summary Consolidated Balance Sheet Data

Consolidated Balance Sheet of the Company

	Year ended December 31,			Six months ended June 30, 2018	
	2016	2017			
	RMB million	RMB million	US$ million (unaudited)	RMB million (unaudited)	US$ million (unaudited)
ASSETS					
Current assets					
Cash at bank and on hand	275,191	266,748	40,312	222,969	33,696
Financial assets at fair value through profit or loss	3,076	2,772	419	1,674	253
Notes receivable	68	62	9	50	8
Accounts receivable	8,447	12,783	1,932	29,054	4,391
Prepayments	52,159	129,952	19,639	132,965	20,094
Interests receivable	281	119	18	11	2
Dividends receivable	—	—	—	—	—
Other receivables	28,627	47,728	7,213	58,398	8,825
Inventories	647,097	896,405	135,468	891,635	134,747
Current portion of non- current assets	7,019	8,176	1,236	5,124	774
Other current assets	14,466	20,036	3,028	18,369	2,776
Total current assets	1,036,431	1,384,781	209,273	1,360,249	205,566
Non-current assets					
Available-for-sale financial assets	34,840	1,740	263	1,020	154
Long-term receivables	8,746	4,477	677	1,982	300
Long-term equity investments	727	2,624	397	13,377	2,022
Investment properties	130,196	145,588	22,002	152,243	23,008
Property, equipment and plant	13,208	15,657	2,366	15,944	2,410
Construction in progress	4,478	6,080	919	6,694	1,012
Intangible assets	5,138	5,271	797	5,325	805
Goodwill	1,003	—	—	—	—
Long-term prepaid expenses	204	166	25	434	66
Deferred income tax assets	3,809	3,649	551	2,703	408
Other non-current assets	1,358	29	4	49	7
Total non-current assets	203,707	185,281	28,000	199,771	30,190
TOTAL ASSETS	1,240,138	1,570,062	237,273	1,560,020	235,756

	Year ended December 31,			Six months ended June 30, 2018	
	2016	2017			
	RMB million	RMB million	US$ million (unaudited)	RMB million (unaudited)	US$ million (unaudited)
LIABILITIES AND OWNERS' EQUITY					
Current liabilities					
Short-term borrowings	88,706	133,178	20,126	95,215	14,389
Notes payable	43,675	64,414	9,734	69,385	10,486
Accounts payable	132,457	172,773	26,110	224,644	33,949
Advances from customers	183,404	244,054	36,882	157,156	23,750
Employee benefits payable	1,411	1,821	275	1,486	225
Taxes payable	34,954	65,180	9,850	97,754	14,773
Interests payable	9,758	2,367	358	3,463	523
Dividends payable	4,189	1,065	161	507	77
Other payables	114,710	71,204	10,761	76,292	11,530
Current portion of non-current liabilities	80,754	215,495	32,566	187,995	28,410
Total current liabilities	694,018	971,551	146,824	913,897	138,111
Non-current liabilities					
Long-term borrowings	332,137	267,927	40,490	245,268	37,066
Corporate bonds	47,005	17,380	2,627	23,911	3,614
Long-term payables	41,345	4,288	648	584	88
Deferred income tax liabilities	21,443	25,570	3,864	22,878	3,457
Other non-current liabilities	16,048	24,673	3,729	23,554	3,560
Total non-current liabilities	457,978	339,838	51,358	316,195	47,785
Total liabilities	1,151,996	1,311,389	198,182	1,230,092	185,896
Owners' equity					
Paid-in capital	2,500	3,940	595	3,940	595
Capital surplus	14	117,751	17,795	118,068	17,843
Other comprehensive (loss)/income	(2,320)	(689)	(104)	(1,049)	(159)
Statutory reserve	42	195	29	205	31
Currency translation differences	—	177	27	364	56
Retain earnings	52,989	92,032	13,908	138,336	20,906
Total equity attributable to ordinary shareholders of the Company	53,225	213,406	32,251	259,864	39,272
Non-controlling interests	34,917	45,267	6,841	70,064	10,588
Total owners' equity	88,142	258,673	39,092	329,928	49,860
TOTAL LIABILITIES AND OWNERS' EQUITY	1,240,138	1,570,062	237,273	1,560,020	235,756

Consolidated Balance Sheet of the Parent Guarantor

	Year ended December 31, 2016	2017		Six months ended June 30, 2018	
	RMB'000	RMB'000	US$'000 (unaudited)	RMB'000 (unaudited)	US$'000 (unaudited)
ASSETS					
Non-current assets					
Property, plant and equipment	5,350,906	5,933,364	896,671	5,144,597	777,470
Land use rights	3,091,026	3,044,962	460,166	2,929,545	442,723
Investment properties	27,192,835	30,185,920	4,561,805	31,170,950	4,710,666
Trade and other receivables	623,328	417,768	63,135	97,612	14,751
Prepayments	934,659	—	—	—	—
Intangible assets	101,372	93,535	14,135	89,740	13,562
Investments accounted for using equity method	1,943,657	4,469,748	675,484	8,612,235	1,301,512
Financial assets at fair value through other comprehensive income	—	—	—	278,671	42,114
Available-for-sale financial assets	551,544	549,672	83,068	—	—
Deferred income tax assets	150,914	235,526	35,594	155,010	23,426
	39,940,241	44,930,495	6,790,058	48,478,360	7,326,224
Current assets					
Inventories	33,717	1,864	282	—	—
Properties under development	113,607,621	127,619,184	19,286,271	101,942,319	15,405,891
Completed properties held for sale	15,960,912	18,446,149	2,787,649	17,818,867	2,692,851
Trade and other receivables	84,145,587	105,284,572	15,910,984	97,131,051	14,678,794
Contract costs	—	—	—	193,158	29,191
Prepayments	1,792,317	4,736,827	715,846	2,403,200	363,180
Income tax recoverable	1,064,598	1,325,167	200,264	800,604	120,990
Financial assets at fair value through profit or loss	—	—	—	240,382	36,327
Restricted cash	7,294,305	4,137,217	625,231	6,870,225	1,038,253
Cash and cash equivalents	10,998,779	14,465,717	2,186,111	13,685,956	2,068,271
	234,897,836	276,016,697	41,712,638	241,085,762	36,433,749
Total assets	274,838,077	320,947,192	48,502,696	289,564,122	43,759,974
EQUITY					
Capital and reserves attributable to the shareholder of the Company					
Share capital	66,962	66,962	10,120	66,962	10,120
Other reserves	(4,908,350)	(7,708,604)	(1,164,952)	(7,572,337)	(1,144,359)
Retained earnings	3,014,558	5,636,249	851,770	11,864,892	1,793,065
	(1,826,830)	(2,005,393)	(303,062)	4,359,517	658,826
Non-controlling interests	7,630,312	9,241,738	1,396,645	9,787,725	1,479,156
Total equity	5,803,482	7,236,345	1,093,583	14,147,242	2,137,982
LIABILITIES					
Non-current liabilities					
Borrowings	49,721,810	43,899,345	6,634,227	28,803,940	4,352,955
Other payables	9,115,190	—	—	—	—
Deferred income tax liabilities	19,923,033	20,814,368	3,145,542	18,480,564	2,792,849
	78,760,033	64,713,713	9,779,770	47,284,504	7,145,805
Current liabilities					
Borrowings	29,116,658	89,420,116	13,513,490	57,071,293	8,624,819
Trade and other payables	125,349,033	114,322,444	17,276,820	139,422,821	21,070,079
Contract liabilities	—	—	—	21,194,532	3,202,994
Receipt in advance from customers	31,125,930	36,312,907	5,487,737	—	—
Current income tax liabilities	4,682,941	8,941,667	1,351,297	10,443,730	1,578,294
	190,274,562	248,997,134	37,629,344	228,132,376	34,476,187
Total liabilities	269,034,595	313,710,847	47,409,114	275,416,880	41,621,992
Total equity and liabilities	274,838,077	320,947,192	48,502,696	289,564,122	43,759,974

RISK FACTORS

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

Risks Relating to Our Business

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

Our business is subject to extensive governmental regulation. As with other PRC property developers, we must comply with various requirements mandated by the PRC laws and regulations, including the policies and procedures established by local authorities designed to implement such laws and regulations. In particular, the PRC government exerts considerable direct and indirect influence on the development of the PRC property sector by imposing industry policies and other economic measures, such as control over the supply of land for property development, control of foreign exchange, property financing, taxation and foreign investment. Through these policies and measures, the PRC government may restrict or reduce land available for property development, raise benchmark interest rates of commercial banks, place additional limitations on the ability of commercial banks to make loans to property developers and property purchasers, and impose additional taxes and levies on property sales and restrict foreign investment in the PRC property sector. Many of the property industry policies carried out by the PRC government are unprecedented and are expected to be refined and improved over time. Other political, economic and social factors may also lead to further adjustments and changes of such policies. As the residential property prices in certain cities in China rose rapidly in recent years, in order to prevent the overheating of the property market and the possible formation of a speculative bubble, the PRC government introduced a series of regulatory measures in an effort to stabilize the real estate market and facilitate its sustainable development, including raising the down payment ratio and residential mortgage loan interest rate, limiting the number of houses that a single household may purchase, increasing the supply of affordable housing to low- and middle-income families, increasing the supply of public housing to targeted populations, restricting foreign investments in properties in China, abolishing the preferential business tax treatment on transfer of ordinary housing within five years and launching new property tax schemes in certain cities. Recently, the property market in the PRC has witnessed signs of a slowdown, with some developers reported to have lowered prices in order to stimulate sales and some local governments reported to have relaxed property purchase restrictions previously imposed as cooling measures to help boost demand. We cannot assure you that the PRC government will not adopt additional and more stringent industry policies, regulations and measures in the future. For instance, the PRC government has reformed regulations replacing the business tax regime, which is levied on the total revenue of the company, with a value-added tax system, which assesses increments of new value created by the company, for the real estate sector in 2016 as part of China's major overhaul of its tax structure. In addition, the PRC government may impose a countrywide real estate tax in the future. We are not sure when or whether such tax reforms will be imposed and neither can we assess the adverse impact of such new tax policies on our business operations and financial results. If we fail to adapt our operations to such new policies, regulations and measures that may come into effect from time to time, our business prospects, results of operations and financial condition may be materially and adversely affected.

You should read the various risk factors under the section entitled "— Risks Relating to the Property Industry in China" below for more risks and uncertainties relating to the extensive PRC regulations.

We are highly dependent on the performance of the residential property markets in China, particularly in the regions where we have or will have operations.

Our business and prospects depend on the performance of the PRC residential property markets. Any housing market downturn in China generally or in the regions where we operate could adversely affect our business, results of operations and financial condition. As of June 30, 2018, we had 809 properties under development or held for future development across China located in 228 cities. As of June 30, 2018, based on our GFA under development or held for future development, Guangdong Province constituted our largest regional property market in China. Over-concentration of our properties under development within any particular city or region, such as Laiyang City, during any protracted period of time may expose us to more regional risks. Any adverse developments in regional economies where we have significant operations could have a material adverse effect on our results of operations and financial condition.

The market experienced fluctuations in property prices during the past few years. There have been increasing concerns over housing affordability and sustainability of market growth. In addition, demand for properties in China has been adversely affected and will continue to be so affected by the macro-economic control measures implemented by the PRC government and the recent and potential future global economic downturns. You may find more detailed risk factors relating to the PRC government control measures in the property sector in the section entitled "— Risks Relating to the Property Industry in China," especially under "— The PRC government may adopt further measures to slow down growth in the property sector." We cannot assure you that the demand for new residential properties in geographical locations where we have or will have operations will continue to grow in the future or that there will not be over-development or market downturn in the domestic residential property sector. Any such adverse development and the ensuing decline in property sales or decrease in property prices in China may materially and adversely affect our business and financial condition.

We may be adversely affected by fluctuations in the global economy and financial markets.

The global financial markets have been affected by a general slowdown of economic growth globally, resulting in substantial volatility in global financial 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. In June 2016, the United Kingdom held a remain-or-leave referendum on its membership within the European Union, the result of which favored the exit of the United Kingdom from the European Union ("**Brexit**"). A process of negotiation will determine the future terms of the United Kingdom's relationship with the European Union, as well as whether the United Kingdom will be able to continue to benefit from the European Union's free trade and similar agreements. Given the lack of precedent, it is unclear how Brexit would affect the fiscal, monetary and regulatory landscape within the United Kingdom, the European Union and globally. This event has resulted in a downgrade of the credit ratings of the United Kingdom and the uncertainty before, during and after the period of negotiation may also create a negative economic impact and increase volatility in global markets.

The outlook for the world economy and financial markets remains uncertain. In Europe, several countries are facing difficulties in refinancing sovereign debt. In the United States, the unemployment rate remains relatively high. In Asia and other emerging markets, some countries are expecting increasing inflationary pressure as a consequence of liberal monetary policy or excessive foreign fund inflow and outflow, or both. In the Middle East, Eastern Europe and Africa, political unrest in various countries has resulted in economic instability and uncertainty. China's economic growth may slow down due to weakened exports and nationwide structural reforms. Moreover, as the PRC is transitioning to a consumption-based economy, the forecast growth rate of the PRC is expected to be significantly lower than its average growth rate over the past thirty years.

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 turn, the PRC responded with similarly sized tariffs on United States' products. On September 18, 2018, President Donald Trump imposed 10% tariffs on approximately US$200 billion worth of Chinese goods and plans to further increase the rate to 25% in January 2019. In return, the PRC responded with tariffs on US$60 billion of U.S. goods. The rhetoric surrounding the trade war continues to escalate and neither side has been willing to resume stalled 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.

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

We face risks associated with the Proposed Reorganization and Strategic Investments.

In 2016, China Evergrande Group, our ultimate controlling shareholder, announced the Proposed Reorganization and related Strategic Investments. For more information see "Summary — Proposed Reorganization and Strategic Investments." We cannot assure you that China Evergrande Group will be able to successfully complete the Proposed Reorganization or that the Proposed Reorganization and Strategic Investments will perform as planned or prove to be beneficial to China Evergrande Group operations and cash flow. In the event that the Proposed Reorganization does not occur or fails to obtain government approval, or the Strategic Investments fails to benefit China Evergrande Group, China Evergrande Group's operation and financial condition may be materially and adversely affected, which in turn may have a material adverse effect on our operation and financial condition. In addition, if the Proposed Reorganization does not proceed as anticipated, we may not be able to establish a listing platform in the PRC within the planned timeframe, which may further limit our source and flexibility of financing in the short term and affect the implementation of our business strategies. Each of these factors may have a material effect on our business, results of operations, financial condition and prospect.

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

If we are unable to comply with the restrictions and covenants in our current or future debt obligations and other agreements, there could be a default under the terms of these agreements. For example, some of the instruments in which the Company is a guarantor require the lending bank's prior consent before the Company can pledge or dispose of part or all of its material assets. We believe that we have obtained all necessary consents for pledging or disposing of our material assets, but we cannot assure you that the lending banks will have the same view. 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 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 Bonds or the Existing Notes, or result in a default under our other debt agreements, including certain other loan agreements containing cross-default provisions. From time to time, we may have defaulted under certain of our facilities, which may in turn trigger the cross-default provisions under our other facilities, and we may be required to work with our lenders to obtain consents and waivers with respect to these defaults and cross-defaults. We cannot assure you that a default or cross-default will not exist at any time or can be cured on time or at all. If any cross-default is triggered or any of the other defaults occurs and the relevant indebtedness is accelerated, which may in turn cause an acceleration of repayment of the Bonds and the Existing Notes, 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.

We have substantial indebtedness and a deterioration of our cash flow position could materially and adversely affect our ability to service our indebtedness and to continue our operations.

We maintain a significant level of indebtedness to finance our operations. As of December 31, 2016 and 2017 and June 30, 2018, our aggregate outstanding borrowings were RMB541.9 billion, RMB621.4 billion (US$93.9 billion) and RMB541.9 billion (US$81.9 billion), respectively. Our total borrowings described above do not include our guarantees or indemnity obligations in respect of mortgage facilities for certain purchasers of our property units of approximately RMB247.7 billion, RMB339.1 billion (US$51.2 billion) and RMB344.8 billion (US$52.1 billion) as of December 31, 2016 and 2017 and June 30, 2018, respectively. Also, our total borrowings do not include our guarantees for borrowings of independent third parties having continuous business relationship with us, which is approximately RMB23.3 billion, RMB9.1 billion (US$1.4 billion) and RMB9.3 billion (US$1.4 billion) as of December 31, 2016 and 2017 and June 30, 2018, respectively. Out of our total borrowings of RMB541.9 billion (US$81.9 billion) as of June 30, 2018, RMB272.8 billion (US$41.2 billion) was due within a period not exceeding one year, approximately RMB268.8 billion (US$40.6 billion) was due within a period of more than one year but not exceeding five years, and approximately RMB0.4 billion (US$0.06 billion) was due within a period of more than five years. We have incurred and will continue to incur a significant amount of interest expense in relation to our bank and other borrowings, the Existing Notes, the Bonds and other financing arrangements. Most of this interest expense has been or will be capitalized as a part of the properties under development rather than being recorded as expense in our income statement upon their incurrence. Accordingly, such capitalized interest expenses may adversely affect our gross profit margin upon recognition of the sales of the relevant properties in future periods.

We also recorded net operating cash outflow for the two years ended December 31, 2016 and 2017. The PRC governmental policies in the property sector will continue to exert pressure on our operating cash flow. The PRC government requires that a land grant contract be entered into within 10 working days after the closing of the land grant, and that the down-payment of 50% of the land premium be paid within one month of signing the land grant contract, with the remaining to be paid in full according to the terms and conditions of the land grant contract and under all circumstances within one year of the date of land grant contract. We cannot assure you that we will be able to generate sufficient cash flow from operations to support the repayment of our current indebtedness. Some of our financing arrangements also contain provisions that the relevant lender has an overriding right to demand repayment at any time. If we are unable to make scheduled payments in connection with our debt and other fixed payment obligations as they become due or upon the demand of the relevant lenders before the due date of the relevant financing arrangements, we may need to renegotiate the terms and conditions of such obligations or to obtain additional equity or debt financing. We cannot assure you that our renegotiation efforts would be successful or timely or that we would be able to refinance our obligations on acceptable terms or at all. If financial institutions decline to lend additional funds to us or to refinance our existing loans when they mature as a result of our credit risk and we fail to raise financing through other means, our financial condition, cash flow position and our business prospects may be materially and adversely affected.

In addition, some of our financing arrangements contain provisions that may not work to our advantage if we encounter difficulties in servicing our debt obligations. For example, the 2018 Private Indenture defines "events of default" in a broad manner and contain cross-default provisions that will make a default under one debt a default under the other debt, including the Bonds. You may find additional information relating to "events of default" under the Bonds in the section entitled "Terms and Conditions of the Bonds."

We cannot assure you that we will be able to maintain the relevant financial ratios under our financing agreements from time to time and that will not default. If we are unable to obtain forbearance or waiver arrangements with the relevant lenders and upon occurrence of any default, event of default or cross-default in the future, this could lead to, among other things, an acceleration in our debt obligations, which could in turn have a material adverse effect on our financial condition. See "— If we are unable to comply with the restrictions and covenants in our debt agreements, there could be a default under the terms of these agreements, which could cause repayment of our debt to be accelerated."

We rely principally on dividends paid by, and guarantees or security provided by, our subsidiaries to fund our cash and financing requirements, and any limitation on the ability of our PRC subsidiaries to pay dividends to us or provide guarantees or security for our benefit could have a material adverse effect on our ability to conduct our business.

We are a holding company and rely principally on dividends paid by our subsidiaries for cash requirements, including the funds necessary to service any debt we incur and to pay any dividend we declare. If any of our subsidiaries incurs debt in its own name, the instruments governing the debt may restrict dividends or other distributions on its equity interest to us. Currently, some of the instruments governing the debt for our PRC subsidiaries contain restrictions that require our PRC subsidiaries to obtain the lending banks' approval prior to distributing any dividends. 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 Bonds. In addition, the shares and assets, including dividends derived from these shares, of certain of our subsidiaries are pledged to secure some of our indebtedness. Furthermore, applicable PRC laws, rules and regulations permit payment of dividends by our PRC subsidiaries on a combined basis only out of their retained earnings, if any, determined in accordance with the PRC accounting standards.

Our PRC subsidiaries are required to set aside a certain percentage of their after-tax profit based on PRC accounting standards each year for their reserve fund in accordance with the requirements of relevant laws and provisions in their respective articles of associations. As a result, our PRC subsidiaries combined may be restricted in their ability to transfer any portion of their net income to us whether in the form of dividends, loans or advances. Any limitation on the ability of our subsidiaries to pay dividends to us could materially and adversely limit our ability to grow, make investments or acquisitions that could be beneficial to our businesses, pay dividends, service our debts or otherwise fund and conduct our business. Under the PRC Enterprise Income Tax Law and its implementation regulations, PRC income tax at the rate of 10% is applicable to dividends paid by PRC enterprises from their earnings derived since January 1, 2008 to "non-resident enterprises" (non-PRC enterprises that do not have an establishment or place of business in China, or that have such establishment or place of business but the relevant income is not effectively connected with such establishment or place of business) subject to any lower withholding tax rate as may be contained in any applicable income tax treaty or agreement that China has entered into with the government of the jurisdiction where such "non-resident enterprises" were incorporated. Provided that we or our non-PRC subsidiaries are considered "non-resident enterprises" under the PRC tax law, any dividend that we or any such non-PRC subsidiary receive from our PRC subsidiaries will be subject to PRC taxation at the 10% rate unless any lower treaty rate is applicable.

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

Property development is capital intensive. We have financed our property projects primarily through our shareholders' contributions, bank and other borrowings, pre-sale proceeds of properties under development, proceeds from the sale of completed properties, funds raised from the capital markets such as our issuance of the Existing Notes and share placements. Our ability to obtain adequate financing for land acquisition and property development on terms which will allow us to achieve a reasonable return is dependent on a number of factors that are beyond our control, such as general economic conditions, our financial strength and performance, credit availability from financial institutions, cost of borrowing, as well as monetary policies in China and PRC regulations relating to the property sector. We cannot assure you that we will always be able to meet our sales target or the PRC government will not limit our access to capital, our flexibility and ability to use bank loans or other forms of financing to finance our property development. In November 2009, the PRC government raised the minimum down-payment of land premium to 50%. In March 2010, the PRC government further tightened this requirement by setting the minimum land premium at no less than 70% of the prevailing price at the locality of the land parcel granted, and the bidding deposit at not less than 20% of such minimum land premium. Currently, the PRC government requires that a land grant contract must be entered into within 10 working days after the closing of the land grant, and the down-payment of 50% of the land premium must be paid within one month of signing the land grant contract, with the remaining to be paid in full within one year of the date of the land grant contract. Such change in policy may constrain our cash otherwise available for additional land acquisition and construction. The PRC government could also introduce other initiatives that may further limit our access to capital, and/or consequently reduce our flexibility and ability to use bank loans or other forms of financing to finance our acquisitions and property developments, such as restricting the grant or extension of revolving credit facilities to property developers that hold a large amount of idle land and vacant commodity properties, prohibiting commercial banks from taking commodity properties that have been vacant for more than three years as security for mortgage loans, and forbidding property developers from using borrowings obtained from any local banks to fund property developments outside that local region. In addition, in April 2010, the State Council of the PRC (中華人民共和國國務院), or the State Council, issued the Notice on Resolutely Curbing the Excessive Hike of Property Prices in Some Cities《國務院關於堅決遏制部分城市房價過快上漲的通知》, which mandates that developers who hold idle land or speculate in land will not be granted bank loans for the development of new property projects. In September 2010, People's Bank of China (中國人民銀行), the central bank of China, or the PBOC, and China Banking Regulatory Commission (中國銀行業監督管理委員會), or the CBRC, jointly issued a notice to prohibit banks from lending to any property developer for its new projects or renewal of its existing loans if such developer has a track record of maintaining idle land, changing the use and nature of land without proper approval, delaying the construction commencement or completion date, hoarding properties or other non-compliance. We cannot assure you that we will be able to secure adequate financing to fund our land acquisitions (including any unpaid land premium for past acquisitions), to finance our project construction or to renew our existing credit facilities prior to their expiration. If we are unable to secure adequate financing, or if the PRC government adopts further restrictive credit policies in the future, this may materially and adversely affect our business, financial condition and results of operations.

Changes in interest rates may increase our financing costs.

Changes in interest rates have affected and will continue to affect our financing costs and, ultimately, our results of operations. The benchmark one-year bank lending rates published by the PBOC for the years ended December 31, 2016 and 2017 and the first half of 2018 were 4.35%, 4.35% and 4.35%, respectively. As of June 30, 2018, the average annualized interest rate on our outstanding Renminbi borrowings was 7.8%, and the average annualized interest rate on our outstanding foreign currency borrowings was 3.3%. Interest expenses of borrowings we incurred in the years ended 2016 and 2017 and the first half of 2018 were RMB4,079 million, RMB4,502 million (US$680.4 million) and RMB3,041 million (US$459.6 million), respectively. On July 20, 2013, pursuant to the Notice on Further Promoting the Market-oriented Interest Rate Reform 《中國人民銀行關於進一步推進利率市場化改革的通知》, the PBOC abolished the regulation of the benchmark lending rates for financial institutions and began allowing lending rates to be determined by financial institutions pursuant to market principles. We cannot assure you that financial institutions will not raise lending rates or that interest rates for U.S. dollar loans will not fluctuate significantly, and we cannot assure you that the PBOC will not take more stringent measures to increase the rates in the future. We have also not hedged against any of our interest rate exposure. Any further increase in these rates will increase our financing cost and may materially and adversely affect our business, financial condition and results of operations.

We may not always be able to obtain land reserves that are suitable for our future property development.

We derive our revenue principally from the sale of properties that we have developed. To have a steady stream of developed properties available for sale and continuous growth in the long term, we need to replenish and increase our land reserves that are suitable for development. We acquire land primarily through government-organized auction and the listing-for-sale process, and by acquiring equity interests in project companies that hold land use rights and by participating in the PRC government's redevelopment policies programs. Our ability to identify and acquire suitable development sites is subject to a number of factors, some of which are beyond our control, such as the overall economic conditions, our effectiveness in identifying and acquiring land parcels suitable for development and competition for such land parcels. The availability of substantially all of the land in China is controlled by the PRC government. Thus the PRC government's land policies have a direct impact on our ability to acquire land use rights for development and our costs of acquisition. In recent years, the PRC central and local governments have implemented various measures to regulate the means by which property developers obtain land for property development. The PRC government also controls land supply through zoning, land usage regulations and other means. All these measures further intensify the competition for land in China among property developers.

In March 2010, the PRC Ministry of Land and Resources issued the Circular on Strengthening Real Estate Land Supply and Supervision《關於加強房地產用地供應和監管有關問題的通知》, under which the minimum price for a given land transfer is required to be equal to at least 70% of the benchmark price for land in the surrounding locality and the bidding deposit for such land transfer is required to be equal to at least 20% of the applicable minimum transfer price. Property developers are also required to pay 50% of the land premium (including any deposits previously paid) as a down-payment within one month of signing a land grant contract and pay the remaining land premium in full within one year from the date of the land grant contract. In addition, in September 2010, the PRC Ministry of Housing and Urban-Rural Development (中華人民共和國住房和城鄉建設部), formerly known as PRC Ministry of Construction (中華人民共和國建設部), or MOHURD, issued the Notice On Further Strengthening the Administration and Control of Real Estate Land and Construction《關於進一步加強房地產用地和建設管理調控的通知》, which stipulates, among other things, that the planning and construction conditions and land use standards should be specified when a parcel of land is to be granted, and the restrictions on the area of any parcel of land granted for commodity properties should be strictly implemented. The development and construction of large low-density residential properties should be strictly restricted, and the plot ratio for residential land is required to be more than 1.0. In addition, a property developer and its shareholders will be prohibited from participating in any bidding to acquire additional land until any illegal behavior in which it has engaged, such as leaving its land idle for more than one year, has been completely rectified.

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

The means of rectification include the extension of the period permitted for commencing development, the adjustment of the land use and planning conditions, and the substitution of the relevant idle land parcels with other land parcels.

On November 5, 2012, the Ministry of Land and Resources, the PRC Ministry of Finance, the PBOC and the CBRC jointly promulgated the Notice on Strengthening Land Reserves and Financing Administration《關於加強土地儲備與融資管理的通知》in order to strengthen land bank administration, determine the reasonable scale and structure of land bank, strengthen the administration of land pre-development, reservation and protection, and regulate the financing of land reservation and the use of land reservation funds.

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

On April 1, 2017, the Ministry of Land and Resources and the Ministry of Housing and Urban-Rural Development jointly promulgated the Circular on Recently Tightening the Management and Control over Residential Properties and Land Supply (關於加強近期住房及用地供應管理和調控有關工作的通知), which stipulated, among other things, (i) the scale, structure and time sequence of housing land supply will be adjusted in due time according to the commercial housing inventory cycle, and the supply of land (a) with the inventory cycle of more than 36 months shall be suspended, (b) with the inventory cycle of 18 to 36 months shall be reduced, (c) with the inventory cycle of six to 12 months shall be increased, and (d) with the inventory cycle of less than six months shall be increased and accelerated; (ii) the local authority will build a fund inspection system to ensure that the real estate developers use own legal funds to acquire land use right; and (iii) the local bidding system of the land use right shall be determined in a flexible manner, according to the local actual status and specific conditions of land.

The implementation of these regulations may increase land transfer prices and require property developers to maintain a higher level of working capital.

If we fail to acquire sufficient land reserves suitable for development in a timely manner and at acceptable prices, our prospects and competitive position may be adversely affected and our business strategies, growth potential and performance may be materially and adversely affected.

We may forfeit land to the PRC government if we fail to comply with the terms of the land grant contracts.

Under PRC laws, if we fail to develop a property project according to the terms of the land grant contract, including those relating to the payment of land premium, demolishment and resettlement costs and other fees, specified usage of the land and the time for commencement and completion of the property development, the PRC government may issue a warning, impose a penalty and/or liquidated damages, and/or order us to forfeit the land. Under the current PRC laws and regulations, if we fail to pay any outstanding land premium by the stipulated deadline, we may be subject to a late payment penalty calculated on a per-day basis. As of June 30, 2018, we had outstanding land premiums with respect to a small number of projects which we had not paid based on the underlying land grant contracts. We have obtained the relevant local governments' approvals to either extend the payment of the outstanding land premiums or pay such outstanding land premiums in installments, except for several projects that we are in discussions with the relevant local governments regarding their potential re-zoning plans. We cannot assure you that we will be able to secure similar government approvals if we fail to pay land premiums in the future. Currently, the PRC government requires that a land grant contract must be entered into within 10 working days after the closing of the land grant, and the down-payment of 50% of the land premium must be paid within one month of signing the land grant contract, with the remaining to be paid in full within one year of the date of land grant contract. Such policies may materially and adversely affect our ability to make timely payment of land premiums.

In addition, if we fail to commence development of a property project within the stipulated period as required under the current PRC laws without the approval from the relevant PRC land authorities, the relevant PRC land bureau may serve a warning notice on us and impose idle land fees up to 20% of the land premium unless such failure is caused by a government action or a force majeure event. The Notice on Promoting Economization of Land Use 《關於促進節約集約用地的通知》 issued by the State Council in January 2008 further confirmed the idle land fee at 20% of the land premium. If we fail to commence such development for more than two years, the land is subject to forfeiture to the PRC government unless the delay in development is caused by government actions or force majeure. Even if the commencement of the land development complies with the land grant contract, if the developed GFA on the land is less than one-third of the total GFA of the project or if the total capital expenditure is less than 25% of the total investment of the project and the suspension of the development of the land is more than one year without government approval, the land will still be treated as idle land. Furthermore, the Ministry of Land and Resources issued a Notice on Restricting the Administration of Construction Land and Promoting the Use of Approved Land 《關於嚴格建設用地管理促進批而未用土地利用的通知》 in August 2009, which reiterates the current rules regarding idle land. In September 2010, the Ministry of Land and Resources and the MOHURD jointly issued the Notice On Further Strengthening the Administration and Control of Real Estate Land and Construction 《關於進一步加強房地產用地和建設管理調控的通知》, which provides that a property developer and its shareholders will be prohibited from participating in land bidding before any illegal behavior in which it engages, such as (1) having land idle for more than one year due to its own reasons; (2) illegal transfer of land use rights; (3) noncompliance with the land development requirements specified in a land grant contract; and (4) crimes such as taking land by forging official documents and illegal land speculation, has been completely rectified. We cannot assure you that circumstances leading to imposition of penalty, liquidated damages or forfeiture of our land will not arise in the future. If we are required to pay substantial idle land fees, our results of operations and our reputation may be adversely affected. If we forfeit land, we will not only lose the opportunity to develop the property projects on such land, but may also lose all our investments in the land, including land premiums paid and development costs incurred.

We are exposed to pre-sale related contractual and legal risks.

We make certain undertakings in our pre-sale contracts. These pre-sale contracts and PRC laws and regulations provide for remedies with respect to any breach of such undertakings. For example, if we pre-sell a property project and we fail to complete that property project, we will be liable to the purchasers for their losses. Should we fail to complete a pre-sold property project on time, our purchasers may seek compensation for late delivery pursuant to either their contracts with us or PRC laws and regulations. If our delay extends beyond a specified period, our purchasers may terminate the pre-sale contracts and claim compensation. We cannot assure you that we will not experience delays in completion and delivery of our projects, which may have a material adverse effect on our business, financial condition and results of operations.

Our business will be adversely affected if mortgage financing becomes more costly or otherwise less attractive or available.

Substantially all of the purchasers of our residential properties rely on mortgages to fund their purchases. An increase in interest rates may significantly increase the cost of mortgage financing and affect the affordability of residential properties. In addition, the PRC government and commercial banks may increase the down-payment requirements, impose other conditions or otherwise change the regulatory framework in a manner that would make mortgage financing unavailable or unattractive or less available or less attractive to potential property purchasers.

Over the years, the PRC government has promulgated a range of laws, regulations and government policies regarding mortgage financing as a means to regulate the PRC property market. While the intent of these has generally been 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 commercial property buyers, PRC banks are not allowed to finance the purchase of any pre-sold properties. The minimum down-payment for commercial property buyers has been increased to 50% of the purchase price, with minimum mortgage loan interest rates at 110% of the relevant PBOC benchmark one-year bank lending interest rate and maximum maturities of no more than 10 years. In addition, mortgagee banks may not lend to any individual borrower if the monthly repayment of the anticipated mortgage loan would exceed 50% of the individual borrower's monthly income or if the total debt service of the individual borrower would exceed 55% of such individual's monthly income. Since 2013, as a result of foregoing factors, PRC banks have generally tightened mortgage lending, which had affected the demand in the property market in general. Since September 2016, certain local governments including without limitation Beijing, Shanghai, Guangzhou, Shenzhen, Tianjin, Suzhou, Zhengzhou, Wuxi, Hefei, Wuhan, Nanjing, Fuzhou, Foshan, Dongguan, Huizhou and Hangzhou have issued new property market control policies, including restoring or strengthening the restriction on purchases of residential properties and tightening credit policy. Our business, financial condition and results of operations may therefore be adversely affected. Property purchasers in the PRC have been and will continue to be affected by these regulations and their amendments as may be made thereto from time to time.

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.

Intensified competition might adversely affect our business and our financial position.

In recent years, many property developers, including overseas developers and State-owned developers have aggressively competed in the PRC property development market, including in Guangdong Province and other regions of China where we have operations. Competition among property developers may cause an increase in land premiums and raw material costs, shortages in quality construction contractors, a surplus in property supply leading to decreasing property prices, further delays in the issue of government approvals and higher costs to attract or retain talented employees.

Moreover, residential property markets across China are influenced by various other factors, including changes in economic conditions, banking practices and consumer sentiment. If we fail to compete effectively or to adapt to the changes in market conditions, our business operations and financial condition will be materially and adversely affected.

Potential liability for environmental damages could result in substantial outflow of our resources.

We are subject to a variety of laws and regulations concerning the protection of health and environment. The particular environmental laws and regulations that apply to any given project development site vary according to the site's location, the site's environmental condition, the present and former uses of the site, as well as adjoining properties. Efforts taken to comply with environmental laws and regulations or address issues raised during environmental audits may result in delays in development, cause us to incur substantial compliance costs and can prohibit or severely restrict project development activity in environmentally-sensitive regions or areas. We cannot predict the impact of unforeseeable environmental contingencies on new or changed laws or regulations on our existing projects or properties that we may develop in the future.

As required by PRC laws and regulations, each project we develop is required to undergo environmental assessments and we are required to submit an environmental impact assessment report to the relevant governmental authorities for approval before commencement of its construction. According to the PRC Environment Impact Assessment Law《中華人民共和國環境影響評價法》as amended on July 2, 2016, the intensity of environmental supervision and law enforcement has increased. If a real estate developer required to submit an environmental impact assessment report or an environmental impact analysis table has not obtained the approval from the relevant governmental authorities before commencement of the construction, more severe punishment will be imposed on the developer, including a fine equal to 1% to 5% of the total investment amount of the project, and an order to restore the original conditions before the construction. In addition, the relevant environmental authorities have the right to conduct environmental audits on any projects. We are from time to time subject to environmental audits by relevant government authorities on our projects. Although the environmental audits conducted by the relevant PRC environmental protection agencies to date have not revealed any environmental violations that we believe would have a material adverse effect on our business, financial condition or results of operations, it is possible that there are potential material environmental liabilities that we do not expect, including but not limited to penalties or temporary suspension of the project development. In addition, we cannot ensure that our operations will not result in environmental liabilities or that our contractors will not violate any environmental laws and regulations in their operations that may be attributed to us. You should refer to the section entitled "Business — Environmental and Safety Matters" for more information in respect of environmental matters.

We may not be able to execute our contemplated expansion plan successfully.

As of June 30, 2018, we had completed development of 84 projects and partially completed development of 571 projects with a total GFA of 210.8 million square meters. As of the same date, we had 809 properties under development or held for future development with an estimated total planned GFA of 258 million square meters in 228 strategically selected cities across 31 provinces and municipalities in China. We may also continue to explore the feasibility of expanding our operations into other cities or some overseas markets. Although our planned projects are carefully chosen after rounds of screening, review and deliberation, such large-scale and rapid expansion has placed and may continue to place a substantial strain on our managerial and financial resources. The rapid increase in the volume of our developments brought by such expansion has also presented and may continue to present challenges in terms of project construction and delivery management. Although we have formulated a standardized operational model to facilitate the management of our projects nationwide, any failure to follow our standards or inconsistencies in our compliance across different geographical regions in China or outside China, should we wish to expand into other markets, may negatively impact our reputation and damage our brand. In addition, any failure in effectively managing our large volume of developments within a short period of time may adversely affect our ability to deliver properties to our buyers in a timely manner and harm our reputation and our growth prospects. Also, our expansion plans are based on our forward-looking assessment of the market prospects. We cannot assure you that our market assessment will turn out to be accurate, or that we will be able to execute our contemplated expansion plan successfully or that we will succeed in integrating our expanded operations despite our standardized operational model. We cannot assure you that we will be able to effectively manage our rapid expansion or that our expanded operations will generate adequate returns on our investments or positive operating cash flows. Any failure in effectively managing our expanded operations may materially and adversely affect our business prospects, results of operations and financial condition.

Our land appreciation tax provisions and prepayments may not be sufficient to meet our LAT obligations.

In accordance with the current PRC laws and regulations on land appreciation tax, or LAT, all persons, including companies and individuals, that receive income from the sale or transfer of state-owned land use rights, buildings and their attached facilities are subject to LAT at progressive rates ranging from 30% to 60% of the appreciated value of the property, with certain exemptions available for the sale of ordinary residential properties if the appreciated value does not exceed 20% of the deductible items as defined in the relevant LAT regulations. Pursuant to the relevant rules issued by the State Administration of Taxation of China (中華人民共和國國家稅務總局), or SAT, LAT obligations must be settled with the relevant tax bureaus within specific timeframes subsequent to the delivery of the completed projects.

For the years ended December 31, 2016 and 2017 and the first half of 2018, we made LAT provisions in the amount of RMB8,400 million, RMB17,738 million (US$2,680 million) and RMB16,943 million (US$2,560 million), respectively. In May 2010, the SAT issued the Notice on Strengthening the Collection of Land Appreciation Tax《關於加強土地增值稅徵管工作的通知》, which requires that the minimum LAT prepayment rate be at 2% for provinces in the eastern region of China, 1.5% for provinces in the central and northeastern regions of China and 1% for provinces in the western region of China. According to the notice, the local tax bureaus will determine the applicable LAT prepayment rates based on the types of the properties. However, there are uncertainties in the interpretation and implementation of the LAT regulations and the relevant tax authorities may change their requirements as to the amount or timing of payment of provisional LAT. Although we believe we have made sufficient prepayments and/or provisions for LAT in compliance with PRC laws and regulations as interpreted by local tax authorities, we cannot assure you that our LAT prepayments and provisions will be sufficient to cover our LAT liabilities and that the relevant tax authorities will agree with the basis on which we calculated our LAT liabilities. Our results of operations, cash flow and financial condition may be materially and adversely affected if our LAT liabilities, as finally determined by the relevant tax authorities, are substantially higher than our LAT provisions and prepayments.

We have limited experience in hotel management and our results in this segment may be adversely affected by our inexperience.

Certain residential projects that we have developed or will develop include upscale hotels and other ancillary commercial facilities, such as our Hotel Evergrande within Evergrande Royal Scenic Peninsula in Foshan, Hotel Evergrande in Evergrande Splendor Chongqing, Hotel Evergrande in Evergrande Scenic Garden Zengcheng Guangzhou, Hotel Evergrande in Evergrande Splendor Qingyuan and Hotel Evergrande in Evergrande Splendor Tianjin. We believe our hotel management business primarily serves as a value enhancer to our brand and an organic component of our overall residential property market strategy. Our experience in hotel management is limited and we cannot assure you that we will be able to successfully leverage our experience in residential property development to meet challenges in the hotel management business. We currently manage the eight hotels mentioned above through our own hotel management teams and may engage hotel management companies to manage the others upon the completion of their construction. We cannot assure you that we will be able to procure the services of professional hotel management companies for such projects. We could face considerable reputational and financial risks if such hotels are mismanaged or do not meet the expectations of our residential, business and other customers. Additionally, we cannot assure you that there will be sufficient demand for such hotel facilities in the localities of these properties. If we fail in our efforts in such hotel business, our financial condition and results of operations will be adversely affected.

Our success depends on the continuing services of our key management members.

We depend on the services provided by our senior management and other skilled and experienced key staff members, in particular, our chairman, Dr. Hui, and our other executive officers. Most of them have more than 10 years of experience in the PRC property markets and have in-depth knowledge of various aspects of the property development. As competition for experienced managerial talents and skilled personnel in the property development market is intense and the pool of qualified candidates is limited, we may not be able to retain the services of our senior executives or key personnel, or attract and retain high-quality senior executives or key personnel in the future. We cannot assure you that Dr. Hui or our other executive officers or members of our key staff are willing and able to continue in their present positions. The loss of the services of our senior management or other key personnel and failure to find qualified replacements could disrupt and adversely affect our operations. Any negative news regarding our senior management team may also adversely affect our reputation or business. Moreover, along with our rapid growth and expansion into other regional markets in China, we will need to hire and retain skilled managers to lead and manage our regional operations. If we cannot attract and retain qualified personnel, our business and future growth may be adversely affected.

We may not be able to complete our development projects on time or at all.

Property development projects require substantial capital expenditures prior to and during the construction period, and construction of a property project may take many months or several years before it generates positive cash flow through pre-sales or sales. Meanwhile, the progress and cost for a development project can be adversely affected by many factors, including:

- delays in obtaining necessary licenses, permits or approvals from governmental agencies or authorities;
- relocation of existing residents and/or demolition of existing structures;
- shortages of materials, equipment, contractors and skilled labor;
- labor disputes;
- construction accidents;
- natural catastrophes;
- adverse weather conditions; and
- changes in city zoning, planning and plot ratios.

Construction delays or failure to complete the construction of a project according to its planned specifications, schedules or budgets as a result of the above factors may adversely affect our results of operations and financial position and may also cause reputational damage. We cannot assure you that we will not experience such delays in delivery of our property projects in the future or that we will not be subject to any liabilities for any such delays.

Our business will be adversely affected if we fail to obtain, or experience material delays in obtaining, necessary governmental approvals for any major property development.

Real estate markets in China are strictly regulated by the PRC government. Property developers must comply with various laws and regulations of the PRC government, including rules issued by local governments to enforce these laws and regulations. To develop and complete a property project, we must apply for various licenses, permits, certificates and approvals, including land use rights certificates, construction land planning permits, construction works planning permits, construction permits, pre-sale permits and certificates of completion, at the relevant government departments. Before the government issues any certificate or permit, we must first meet specific conditions. We cannot assure you that we will not encounter serious delays or other difficulties in fulfilling such conditions, or that we will be able to adapt to new rules and regulations that may come into effect from time to time with respect to the property industry. There may also be delays on the part of the relevant regulatory bodies in reviewing our applications and granting approvals. In the event that we fail to obtain, or encounter significant delays in obtaining, the necessary governmental approvals for any of our major property projects, we will not be able to continue with our development plans, and our business, financial condition and results of operations will be adversely affected.

Our failure to meet all requirements for the issue of property ownership certificates may lead to compensatory liability to our customers.

According to PRC law, property developers must meet various requirements within 90 days after delivery of property or such other time period provided in sales contracts for the customers to apply for property ownership certificates, including passing various governmental clearances, formalities and procedures. We usually stipulate the delivery dates in our sales contracts so as to leave sufficient time for us to complete the formalities and obtain the relevant approvals. However, we cannot assure you that there will not be delays in our property development. There may also be factors beyond our control that may delay the delivery of property ownership certificates, including a shortage in human resources at various governmental offices and time-consuming inspections and approval processes at various government agencies. Under current PRC laws and regulations and under our sales contracts, we are required to compensate our customers for delays in our deliveries. If our delay extends beyond a specified period, our customers are also entitled to terminate the sales contracts. We cannot assure you that we will be able to timely deliver all property ownership certificates in the future or that we will not be subject to any liabilities as a result of any delays in delivery of property ownership certificates. In the case of serious delays on one or more property projects, our business and reputation will be harmed.

If we cannot continue to obtain qualification certificates, our business may be adversely affected.

As a precondition to engaging in real estate property development in China, a property developer must obtain a qualification certificate and renew it on an annual basis unless the rules and regulations allow a longer renewal period. According to the current PRC regulations on qualification of property developers, a newly established property developer must first apply for a provisional qualification certificate with a one-year validity, which can be extended for a maximum of two years. If the newly established property developer fails to commence a property development project within the one-year period when the provisional qualification certificate is in effect, it will not be allowed to extend its provisional qualification certificate. Experienced property developers must also apply for renewal of their qualification certificates once every two to three years in most cities, subject to an annual verification by relevant governmental authorities. It is mandatory under government regulations that developers fulfill all statutory requirements before obtaining or renewing their qualification certificates.

Property developers in China must also produce valid qualification certificates when they apply for pre-sale permits. We cannot assure you that we will be able to pass the annual verification of the qualification certificates or that we or each of our project companies will be able to obtain formal qualification certificates in a timely manner, or at all, as and when they become due to expire. For example, qualification certificates of certain of our project companies have expired and we are in the process of renewing them. If we or our project companies do not possess valid qualification certificates, the government will refuse to issue pre-sale and other permits necessary for our property development business. In addition, the government may impose a penalty on us and our project companies for failure to comply with the relevant licensing requirements. If we or any of our project companies are unable to meet the relevant requirements, and are therefore unable to obtain or renew the qualification certificates or pass the annual verification, our business and financial condition could be materially and adversely affected.

We cannot assure you that we will not encounter significant problems in satisfying conditions necessary for the issuance of licenses, certificates, permits or approvals. If we fail to obtain or renew the necessary licenses, certificates, permits or approvals for any of our PRC subsidiaries, property projects, or our expanded new businesses, our business, results of operations and financial condition may be materially and adversely affected.

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

We are required to reassess the fair value of our investment properties at every balance sheet date for which we issue financial statements. Under HKFRS, gains or losses arising from changes in the fair value of our investment properties are included in our income statements in the period in which they arise. Our valuations are based on a direct comparison approach, under which our investment properties are directly compared with other comparable properties of similar size, character and location, in order to provide a fair comparison of capital values.

A capitalization approach has also been adopted, under which the estimated net income generated from the investment properties is capitalized at an appropriate rate to arrive at the value conclusions. Our investment properties were revalued by an independent property valuer as of December 31, 2016 and 2017 and June 30, 2018, on an open market, existing use basis, which reflected market conditions on those dates. Based on such valuation, we recognized the aggregate fair market value of our investment properties on our consolidated balance sheets, and recognized fair value gains on investment properties and the relevant deferred tax on our consolidated income statements. For the years ended December 31, 2016 and 2017 and the first half of 2018, the fair value gains on our investment properties were RMB4,925 million, RMB8,537 million (US$1,290 million) and RMB1,411 million (US$213 million). During the same periods, the fair value losses on disposal of our investment properties were RMB992 million, RMB682 million (US$103 million) and RMB401 million (US$61 million), respectively.

The significant increase in the fair market value of our investment properties in the years ended December 31, 2016 and 2017 and the six months ended June 30, 2018, was primarily due to the addition of commercial shops GFA and carpark units in our investment properties portfolio. The balance of our investment properties as of June 30, 2018 was RMB152,243 million (US$23,008 million), only 4.6% higher than the balance as of December 31, 2017. Fair value gains or losses do not, however, change our cash position as long as the relevant investment properties are held by us and, therefore, do not increase our liquidity in spite of the increased profit. The amount of revaluation adjustments has been, and will continue to be, subject to market fluctuations. We cannot assure you that changes in the market conditions will continue to create fair value gains on our investment properties at the previous levels or at any level at all, or that the fair value of our investment properties will not decrease in the future. In particular, the fair value of our investment properties could decline in the event that our industry experiences a downturn as a result of PRC government regulatory policies or a global economic downturn. All these factors are beyond our control. Any significant decrease in the fair value of our investment properties may materially and adversely impact our profitability.

We may not be able to obtain land use rights certificates with respect to certain parcels of land under contract.

We have entered into land grant contracts, transfer agreements or certain land transaction confirmation letters, but have not obtained all land use rights certificates in respect of some projects as disclosed in the section entitled "Business — Project Overview — Properties Under Development and Held for Future Development." If we fail to obtain, or experience material delays in obtaining, the land use rights certificates with respect to these parcels of land, our business, financial condition and results of operations may be materially and adversely affected.

We rely on third-party contractors for certain services in our property development.

We engage third-party contractors to provide various services, including construction, landscaping, gardening, equipment installation, interior decoration, mechanical and electrical installation and utilities installation. We generally select third-party contractors through our standardized tender process. We endeavor to employ only companies with good reputations, strong track records, performance reliability and adequate financial resources, and we have implemented strict quality control procedures and closely monitor the construction progress. However, we cannot assure you that such third-party contractors will always provide satisfactory services of the quality required by us. If the performance of any third-party contractor is not satisfactory, we may need to replace such contractor or take other remedial actions, which could adversely affect the cost and development schedule of our projects. In addition, as we are expanding our business into additional cities in China, there may be a shortage of third-party contractors that meet our quality requirements in such regions. Moreover, the contractors may undertake projects from other developers, engage in risky undertakings or otherwise encounter financial or other difficulties, which may adversely affect their ability to complete our property projects on time, within budget or at all. All of these third-party related factors may have material adverse impact on our reputation, credibility, financial position and business operations.

Our profit margin is sensitive to fluctuations in the cost of construction materials.

Construction costs are one of the predominant components of our cost of sales. Construction costs encompass all costs for the design and construction of a project, including payments to third-party contractors, costs of construction materials, foundation and substructure, fittings, facilities for utilities and related infrastructure such as roads and pipelines. Historically, material costs have been the principal driver of the construction costs of our property development projects, with the cost of third-party contractors remaining relatively stable. However, as most of the material costs are often included in the construction costs paid to our contractors, it has been difficult for us to estimate such costs.

Construction costs may fluctuate as a result of the volatile price movement of construction materials such as steel and cement. We seek to reduce our exposure to short-term price fluctuations of construction materials and limit project cost overruns by centralizing our procurement to lower our purchase costs. We also manage the cost of outsourced construction work through a process of tenders which, among other things, takes into account procurement of principal construction materials such as steel and cement at fixed prices. In line with industry practice, if there is a significant price fluctuation (depending on the specific terms of each contract), we will be required to re-negotiate, top up or refund, depending on the price movement, existing construction contracts. Additionally, should our existing contractors fail to perform under their contracts, we might be required to pay more to contractors under replacement contracts. Our profit margin is sensitive to changes in market prices for construction materials and our project margins will be materially and adversely affected if we are not able to pass all of the increased costs onto our customers.

If we are not properly insulated from the rising cost of labor, our results of operations may be adversely affected.

As the result of economic growth and the boom in the property industry in the PRC, wages for construction workers have experienced increases in recent years. In addition, the PRC Labor Contract Law 《中華人民共和國勞動合同法》 that came into effect on January 1, 2008 enhanced the protection for employees and increased employers' liability which may further increase our labor costs. Under the terms of most of our construction contracts, the construction contractors are responsible for the wages of construction workers for our property development and bear the risk of fluctuations in wages during the term of the relevant contract. The contractors are also liable if they do not purchase work injury insurance for their workers as required. However, we are exposed to the price volatility of labor to the extent that we periodically enter into new or renew existing construction contracts at different terms during the life of a project, which may span several years, or if we choose to hire the construction workers directly. If we are unable to pass on any increase in the cost of labor, to either our construction contractors or to the purchasers of our properties, our results of operations may be adversely affected.

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

As we pre-sell properties before their actual completion of construction, in accordance with industry practice, banks require us to guarantee our customers' mortgage loans. Typically, we guarantee mortgage loans taken out by our customers up until we complete the relevant properties and the property ownership certificates and certificates are delivered to the mortgagee banks. If a purchaser defaults on a mortgage loan, 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 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 whose mortgage loans we guarantee but rely on the evaluation of such customers by the mortgagee banks.

As of December 31, 2016 and 2017 and June 30, 2018, our outstanding guarantees in respect of our customers' mortgage loans amounted to RMB247.7 billion, RMB339.1 billion (US$51.2 billion) and RMB344.8 billion (US$52.1 billion), respectively. Should substantial defaults occur and if we are called upon to honor our guarantees, our financial condition and results of operations could be materially and adversely affected.

We bear demolishment and resettlement costs associated with some of our property developments and such costs may increase.

We are required to compensate owners and residents of demolished buildings on some of our property developments for their relocation and resettlement in accordance with the PRC urban housing demolition and relocation regulations. The compensation we pay is calculated in accordance with formulas published by the relevant local authorities. These formulas take into account the location, type of building subject to demolition, local income levels and many other factors. We cannot assure you that these local authorities will not change or adjust their formulas from time to time without sufficient advance notice. If they do so, the land costs may be subject to substantial increases, which can adversely affect our cash flow, financial condition and results of operations. In addition, despite these government-sanctioned formulas, if we fail to reach an agreement over the amount of compensation with any existing owner or resident, either we or such owner or resident may apply to the relevant authorities for a ruling on the amount of compensation. Dissenting owners and residents may also refuse to relocate. This administrative process or such resistance or refusal to relocate may delay the timetable of our development projects, and an unfavorable final ruling may result in us paying more than the amount calculated under the formulas. Such delays in our development projects will also lead to an increase in the cost and delay the cash inflow from pre-sales of the relevant projects, and the recognition of sales as revenue upon completion, which may in turn materially and adversely affect our business, results of operations and financial condition.

Property owners may cease to engage us as the provider of property management services.

We provide property management services to our property owners through our wholly owned property management subsidiary, Jinbi Property Management Co., Ltd. (金碧物業有限公司), or Jinbi Property Management. Under PRC laws and regulations, the property owners of a residential development have the right to change the property management service provider upon the approval by a certain percentage of the property owners. If owners of the properties that we have developed choose to terminate our property management services, or our property management services receive unsatisfactory reviews by property owners, our reputation, future sales of our properties and our results of operations could be materially and adversely affected.

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

We do not carry insurance against all potential losses or damages with respect to our properties before their delivery to customers other than those buildings over which our lending banks have security interests and for which we are required to maintain insurance coverage under the relevant loan agreements. In addition, we do not maintain insurance coverage against liability from tortious acts or other personal injuries related to our project constructions or for business interruption. We cannot assure you that we would not be sued or held liable for damages due to such tortious acts and other personal injuries. Moreover, there are certain losses for which insurance is not available on commercially practicable terms in China, such as losses suffered due to earthquakes, typhoons, flooding, war and civil disorder. If we suffer from any losses, damages or liabilities in the course of our operations and property development, we may not have sufficient financial resources to remedy the damages or to satisfy our potential obligations. In addition, any payments we make to cover any losses, damages or liabilities may have a material adverse effect on our business, results of operations and financial condition.

Our results of operations may vary significantly from period to period.

We derive a majority of our revenue from the sale of residential properties that we have developed. In accordance with our accounting policy, we recognize revenue upon the completion and delivery of the properties to purchasers, which may take place up to 18 months after the commencement of pre-sale. As a result, our results of operations may vary significantly from period to period due to the construction timetables and timing of sales and delivery of our various development projects. Additionally, selling prices of properties vary and are largely determined by local market conditions. Although our properties are developed under the standardized operational model, the average selling price for properties in the same series may vary from city to city, which may affect our business, results of operations and financial condition. Seasonal variations may cause further fluctuations in our interim revenue and profits. For example, we have a number of projects in northern China where winter weather conditions can hinder the execution of our development projects and delay our timetable and revenue recognition. In light of the above, we believe that period-to-period comparisons of our results of operations may not be as meaningful as they would be for a business with mostly recurring revenue from period to period.

The condensed consolidated financial statements as of and for the six months ended June 30, 2017 of the Company and Tianji are unreviewed.

The condensed consolidated financial statements as of and for the six months ended June 30, 2017 of the Company and Tianji included in this offering memorandum have not been reviewed or audited by our independent auditors. As a result, such financial statements should not be relied upon by potential investors to provide the same quality of information associated with information that has been subject to audit or review by an independent auditor. The condensed consolidated financial statements as of and for the six months ended June 30, 2018 of the Company included in this offering memorandum were reviewed by our independent auditor, PricewaterhouseCoopers Zhong Tian LLP. The condensed consolidated financial statements as of and for the six months ended June 30, 2018 of Tianji included in this offering memorandum were reviewed by our independent auditor, PricewaterhouseCoopers Hong Kong. Therefore, the condensed consolidated financial statements as of and for the six months ended June 30, 2017 of the Company and Tianji may not be directly comparable with the consolidated financial statements as of and for the six months ended June 30, 2018 of the Company and Tianji.

The Issuer and the Parent Guarantor may be deemed PRC resident enterprises under the PRC Enterprise Income Tax Law, which may subject them to PRC taxation on their worldwide income, require them to withhold taxes on interest they pay on the Notes and require holders of the Notes to pay taxes on gains realized from the sale of the Notes.

The Issuer and the Parent Guarantor are the offshore companies with substantially all of our group operations conducted through our operating subsidiaries in China. Under the PRC Enterprise Income Tax Law that took effect on January 1, 2008 and was amended on February 24, 2017, enterprises established outside China whose "de facto management bodies" are located in China are considered "resident enterprises" for PRC tax law purposes and will generally be subject to the uniform 25% enterprise income tax rate as to their global income. Under the implementation regulations issued by the State Council relating to the PRC Enterprise Income Tax Law, a "de facto management body" is defined as a body that has significant and overall management control over the business, personnel, accounts and properties of an enterprise. In April 2009, the SAT promulgated a circular to clarify the definition of "de facto management bodies" for enterprises incorporated overseas with controlling shareholders that are PRC enterprises. However, there are no official implementation rules regarding the determination of the "de facto management bodies" for overseas enterprises that are not ultimately controlled by PRC enterprises. Therefore, it remains unclear how the tax authorities will treat an overseas enterprise ultimately controlled by another overseas enterprise or ultimately controlled by a Hong Kong permanent resident as is in our case. Although the Issuer and the Parent Guarantor are currently not treated as a PRC resident enterprise by the relevant PRC tax authorities, substantially all of our management is currently based in China and will remain in China in the future. As a result, the Issuer and the Parent Guarantor may be treated as a PRC resident enterprise for PRC enterprise income tax purposes. If the Issuer and the Parent Guarantor are deemed to be a PRC resident enterprise, they would be subject to the PRC enterprise income tax at the rate of 25% on their worldwide income. Furthermore, the Issuer or the Parent Guarantor, as the case may be, may be obligated to withhold PRC income tax of 10% on payments of interest on the Notes or the Parent Guarantor to investors that are non-residents enterprise (or 20% for non-resident individual holders of the Notes) if such interest is regarded as being derived from sources within China. If we are required to withhold PRC tax from interest payments on the Notes, we may be required, subject to certain exceptions, to pay such additional amounts as will result in receipt by the holders of the Notes of such amounts as would have been received 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 an adverse effect on our financial condition. Any gain realized by non-PRC investors from the transfer of the Notes may be regarded as being derived from sources within China and accordingly may be subject to a 10% PRC income tax for non-PRC enterprise holders of the Notes (20% in the case of non-resident individuals) if the Issuer and the Parent Guarantor is treated as a PRC resident enterprise, subject to the provisions of an applicable treaty.

Any disputes with our joint venture or co-development partners may materially and adversely affect our business.

We carry out and plan to carry out some of our business through joint ventures or in collaboration with third parties. Such joint venture arrangements or collaborations involve a number of risks, including:

- disputes with our partners in connection with the performance of their obligations under the relevant project, joint venture or cooperative property development agreements;

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

- financial difficulties encountered by our partners affecting their ability to perform their obligations under the relevant project, joint venture or cooperative property development agreements with us; or

- conflicts between the policies or objectives adopted by our partners and those adopted by us.

Any of these and other factors may materially and adversely affect our business.

Our controlling shareholder may take actions that are not in, or may conflict with, our or our creditors', including the holders of the Bonds, best interests.

As of June 30, 2018, Dr. Hui beneficially owned 77.17% of the outstanding shares of China Evergrande Group, our controlling shareholder. Dr. Hui has and will continue to have the ability to exercise a controlling influence over our business, and may cause us to take actions that are not in, or may conflict with, our or our creditors, including the holders of the Bonds, best interests, including matters relating to our management and policies and the election of our directors and senior management. Dr. Hui will be able to influence our major policy decisions, including our overall strategic and investment decisions, by controlling the election of our directors and, in turn, indirectly controlling the selection of our senior management, determining the timing and amount of any dividend payments, approving our annual budgets, deciding on increases or decreases in our share capital, determining our issuance of new securities, approving mergers, acquisitions and disposals of our assets or businesses, and amending our articles of association.

Dr. Hui will purchase a notable portion of the Notes being offered under this offering memorandum. Any holder of a majority in aggregate principal amount of the Notes will have certain rights and powers under the Indenture and related documents. See "Risks Relating to the Notes — Certain initial investors may own a majority of the Notes to be issued and may therefore be able to exercise certain rights and powers on behalf of all holders of the Notes. Additionally, this may reduce the liquidity of the Notes in the secondary trading market."

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

Pursuant to The Announcement on Matters Concerning Withholding of Income Tax of Non-resident Enterprises at Source (國家稅務總局關於非居民企業所得稅源泉扣繳有關問題的公告) (the "**SAT Circular 37**"), which was issued by the SAT on October17, 2017 and was made effective from December 1, 2017, gains derived from indirect transfer of equity interests in PRC resident enterprises may be subject to PRC withholding tax. SAT Circular 37 also provides that, where a non-PRC resident enterprise transfers its equity interests in a PRC resident enterprise to its related parties at a price lower than the fair market value, the relevant PRC tax authorities have the power to make a reasonable adjustment with respect to the taxable income of the transaction.

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

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

We may be involved from time to time in material disputes with various parties involved in the acquisition, development and sale of our properties, including contractors, suppliers, construction workers, original residents, co-development or other partners, banks and purchasers. These disputes may lead to protests, legal or other proceedings and may result in damage to our reputation, substantial costs and diversion of resources and management's attention. As most of our projects are composed of multiple phases, purchasers of our properties in earlier phases may commence legal actions against us if our subsequent planning and development of the projects are perceived to be inconsistent with our representations and warranties made to such earlier purchasers. In addition, we may have compliance issues with regulatory bodies in the course of our operations, which may subject us to administrative proceedings and unfavorable decrees that result in liabilities, fines or sanctions and cause damage to our reputation and delays to our property developments. We may also be involved in disputes or legal proceedings in relation to delays in the completion and delivery of our projects. The occurrence of any of the above events, and failure to comply with any applicable PRC laws or regulations, may have a material adverse effect on our business, financial condition and results of operations. Additionally, we may also be involved in disputes relating to our equity interests in the project companies and relevant projects, which may adversely affect our reputation and business. For example, in January 2016, Winlok Investment Ltd. (威諾投資有限公司) filed two lawsuits in a local court in Beijing against four defendants, including a wholly-owned subsidiary of ours, Marche Limited (麗來富華集團有限公司), which holds the entire equity interest of two of our project companies in Beijing. The claims alleged that two equity transfer agreements entered into between Niceline Company Limited (麗來有限公司) and Marche Limited were invalid and the investment interests in the aforesaid project companies remained with Niceline Company Limited. Two of our project companies in Beijing participated in the hearing organized by the Beijing High People's Court in August 2018. As of the date of this offering memorandum, the Beijing High People's Court has not rendered a final judgment. 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, or any investigation in relation to such failure or alleged failure by any regulatory body, could also materially and adversely affect our reputation and our business, financial condition and results of operations. For more information, you should refer to the section entitled "Business — Legal Proceedings."

We may face negative publicity or unfavorable research reports.

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

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

We may be exposed to intellectual property infringement, misappropriation or other claims by third parties and a deterioration in our brand image could adversely affect our business.

We believe that we have built an excellent reputation in China for the quality of our various product series. We have also placed great importance on the continuous enhancement of our brand name and the increase in our brand recognition. Our brand strategy, however, depends on our ability to use, develop and protect our intellectual properties, such as our trademarks. Although we have applied for trademark registration for our names and logos, we have not successfully registered all of these trademarks in China or elsewhere. As a result, we could be subject to trademark disputes. The defense and prosecution of intellectual property lawsuits and related legal and administrative proceedings can be both costly and time-consuming and may significantly divert our resources and the time and attention of our management personnel. An adverse ruling in any such litigation or proceedings could subject us to significant liabilities to third parties, require us to seek licenses from third parties, to pay ongoing royalties, or subject us to injunctions prohibiting the use of our name and logo.

Any recurrence of the global financial crisis and economic downturn or a deterioration of our cash flow position may have a material adverse effect on our ability to service our indebtedness and continue our operations.

The global capital and credit markets have in recent years experienced periods of extreme volatility and disruption. The global financial crisis in recent years has caused banks and other credit providers to restrict the availability of new credit facilities and to require more collateral and higher pricing upon the renewal of existing credit facilities. The recurrence of the global financial crisis or prolonged disruptions to the credit market may further slow down the growth of the PRC economy and sales of property, limiting our ability to raise funds from current or other funding sources, or cause our access to funds to be more expensive, which may materially and adversely affect our business, financial position and operating results.

In addition to bank loans and other borrowings, we rely on internally generated funds, in particular, pre-sale proceeds of our properties as a major source of funding for our operations. If our pre-sale activities are significantly limited or otherwise materially and adversely affected as a result of changes in the relevant PRC laws and regulations, the occurrence of a global economic downturn or a significant economic slowdown in China generally or in the cities where we have properties, our cash flow position and ability to service our indebtedness may be materially and adversely affected. Furthermore, if banks or other financial institutions decline to provide additional loans to us or to re-finance our existing loans when they mature as a result of our perceived credit risk, and we fail to raise financing through other channels, our business and financial position may be materially and adversely affected.

We may not be able to continue to attract and retain quality tenants for our investment properties and the illiquid nature of investment properties could restrain our revenue and cash flow and limit our ability to respond to adverse changes in the performance of our properties.

Our investment properties compete for tenants with other properties based on, among other things, location, quality, maintenance, property management, rent levels and other lease terms. We cannot assure you that existing or prospective tenants will not choose other properties. Any future increase in the supply of properties which compete with ours would increase the competition for tenants and as a result we may have to reduce rent or incur additional costs to make our properties more attractive. If we are not able to retain our existing tenants or attract new tenants to replace those that leave or to lease our new properties, our occupancy rates may decline. If we fail to attract well-known brands as our tenants or keep our existing tenants, our investment properties may become less attractive and competitive.

Moreover, holding a large amount of investment properties and collecting rents, as compared to selling them, could restrain our revenue and cash flow in the short term. The property market is also affected by many factors that are beyond our control, including but not limited to general economic conditions, the availability of mortgage financing and interest rates, and we cannot accurately determine the market price of our investment properties nor are we able to predict whether we will be able to sell any of our investment properties at the price or on the terms set by us, or whether any price or other terms offered by a prospective purchaser would be acceptable to us. In addition, investment properties may not be readily convertible for alternative uses without substantial capital expenditure. These factors and any others that would impede our ability to respond to adverse changes in the performance of our investment properties could materially and adversely affect our business, financial condition and results of operations.

Risks Relating to the Property Industry in China

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

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

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

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

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

- suspending mortgage loans to purchasers for their third residential properties and beyond, and to non-local residents who have not paid local tax or social security for longer than a one-year period;

- 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 one-year bank lending interest rate and (iv) limiting the terms of such bank borrowings to no more than 10 years, with commercial banks allowed flexibility based on their risk assessment;

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

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

- limiting the number of homes that local residents can buy in a specified period; and

- proposing to enlarge the scope of trials in levying property tax.

Although the various control measures are intended to promote more balanced property development in the long term, we cannot assure you that these measures will not adversely affect the development and sales of our properties. Many of the property industry policies carried out by the PRC government are unprecedented and are expected to be amended and revised over time. Other political, economic and social factors may also lead to further adjustments and changes of such policies. The PRC government could adopt additional and more stringent industry policies, regulations and measures in the future, which could further slow down the property development in China. Our results of operations may be materially affected by these factors. If we fail to adapt our operations to new policies, regulations and measures that may come into effect from time to time with respect to the real property industry, or such policy changes disrupt our business, reduce our sales or average selling prices, or cause us to incur additional costs, our business prospects, results of operations and financial condition may be materially and adversely affected.

Changes of laws and regulations with respect to pre-sale may adversely affect our cash flow position and performance.

We depend on cash flows from pre-sale of properties as an important source of funding for our property projects. Under current PRC laws and regulations, property developers must fulfill certain conditions before they can commence pre-sale of the relevant properties and may only use pre-sale proceeds to finance the development of such properties. In August 2005, PBOC in a report entitled "2004 Real Estate Financing Report" recommended to discontinue the practice of pre-selling unfinished properties because such practices, in PBOC's opinion, create significant market risks and generate transactional irregularities. In July 2007, an economic research group under the PRC National Development and Reform Commission (中華人民共和國國家發展和改革委員會), or NDRC, recommended the abolishment of the pre-sale system. These recommendations have not been adopted by any PRC governmental authority and have no mandatory effect. In April 2010, MOHURD issued the Notice on Further Strengthening the Supervision of Real Estate Market and Improving the Pre-Sale System of Commodity Housing《關於進一步加強房地產市場監管完善商品住房預售制度有關問題的通知》. The notice urges local governments to enact regulations on the sale of completed residential properties in light of local conditions and encourages property developers to sell residential properties only when they are completed. Recently, certain developers have commenced the practice of trial sale of completed residential properties. We cannot assure you that the PRC governmental authority will not ban the practice of pre-selling residential properties prior to completion or implement further restrictions on the pre-sale of such properties, such as imposing additional conditions for a pre-sale permit or further restrictions on the use of pre-sale proceeds. Proceeds from the pre-sale of our properties are an important source of financing for our property developments. Consequently, any restriction on our ability to pre-sell our properties, including any increase in the amount of up-front expenditure we must incur prior to obtaining the pre-sale permit, would extend the time period required for recovery of our capital outlay and would require that we seek alternative means to finance the various stages of our property developments. This, in turn, could have an adverse effect on our business, cash flow, results of operations and financial condition.

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

The Provisions on the Acquisition of Domestic Enterprises by Foreign Investors《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 be subject 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 NDRC and 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.

Our PRC legal advisors have advised us that there are uncertainties as to how the M&A Provisions will be interpreted or implemented after the revision of the law of foreign invested companies.

The property market in the PRC is still at a relatively early stage of development.

The property development industry and ownership of private property in the PRC are still in a relatively early stage of development. Although demand for private residential property in the PRC has been growing rapidly in recent years, such growth is often coupled with volatility in market conditions and fluctuation in property prices. We cannot predict how much and when demand will develop, as many social, political, economic, legal and other factors may affect the development of the market. The level of uncertainty is increased by limited availability of accurate financial and market information as well as the overall low level of transparency in the PRC.

The lack of an effective liquid secondary market for residential property may discourage investors from acquiring new properties because resale is not only difficult, but can also be a long and costly process. The limited amount of property mortgage financing available to PRC individuals compounded by the lack of security of legal title and enforceability of property rights may further inhibit demand for residential developments.

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

Risks Relating to China

PRC economic, political and social conditions as well as governmental policies can affect our business.

The PRC economy differs from the economies of most of the developed countries in many aspects, including:

- political structure;
- degree of government involvement and control;
- degree of development;
- level and control of capital investment and reinvestment;
- control of foreign exchange; and
- allocation of resources.

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

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

Inflation in China may have a material adverse effect on our business, financial condition and results of operations.

While the PRC economy has experienced rapid growth, such growth has been uneven among various sectors of the economy and in different geographic areas of the country. 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 results of operation 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 austerity measures can lead to a slowdown in the economic growth and may materially and adversely affect our business, financial condition and results of operations.

Changes in PRC foreign exchange regulations may adversely affect our business operations.

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

However, approval from appropriate governmental authorities is required when Renminbi is converted into foreign currencies and remitted out of China for capital-account transactions, such as the repatriation of equity investment in China and the repayment of the principal of loans denominated in foreign currencies. Such restrictions on foreign exchange transactions under capital accounts also affect our ability to finance our PRC subsidiaries. Subsequent to this offering, we have the choice, as permitted by the PRC foreign investment regulations, to invest our net proceeds from this offering in the form of registered capital or a shareholder loan into our PRC subsidiaries to finance our operations in China. Our choice of investment is affected by the relevant PRC regulations with respect to capital-account and current-account foreign exchange transactions in China. Our investment decisions are additionally affected by various other measures taken by the PRC government relating to the PRC property market. In addition, our transfer of funds to our subsidiaries in China is subject to approval by PRC governmental authorities in the case of an increase in registered capital, and subject to approval by and registration with PRC governmental authorities in case of shareholder loans to the extent that the existing foreign investment approvals received by our PRC subsidiaries permit any such shareholder loans at all. These limitations on the flow of funds between us and our PRC subsidiaries could restrict our ability to act in response to changing market conditions.

Fluctuations in the value of Renminbi may adversely affect our business and the value of distributions by our PRC subsidiaries.

The value of Renminbi depends, to a large extent, on the PRC domestic and international economic, financial and political developments and governmental policies, as well as the currency's supply and demand in the local and international markets. From 1994 to 2005, the conversion of Renminbi into foreign currencies was based on exchange rates set and published daily by PBOC in light of the previous day's interbank foreign exchange market rates in China and the then current exchange rates on the global financial markets. The official exchange rate for the conversion of Renminbi into the U.S. dollar was largely stable until July 2005. On July 21, 2005, PBOC revalued Renminbi by reference to a basket of foreign currencies, including the U.S. dollar. As a result, the value of Renminbi appreciated by more than 2% on that day. Since then, the PBOC has allowed the official Renminbi exchange rate to float against a basket of foreign currencies. The PBOC doubled the width of US$-RMB onshore trading band to +/–2% from +/–1% on March 17, 2014, which further increased the volatility between US$-RMB exchanges. 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 US$-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 International Monetary Fund announced on September 30, 2016 that, effective from October 1, 2016, the Renminbi will be added to its Special Drawing Rights currency basket. Such change and additional future changes may increase the volatility in the trading value of the Renminbi against foreign currencies. The PRC government may adopt further reforms of its exchange rate system, including making the Renminbi freely convertible in the future. We cannot assure you that such exchange rate will not fluctuate widely against the U.S. dollar or any other foreign currency in the future. Since our income and profits are denominated in Renminbi, any appreciation of Renminbi will increase the value of dividends and other distributions payable by our PRC subsidiaries in foreign currency terms. Conversely, any depreciation of Renminbi will decrease the value of dividends and other distributions payable by our PRC subsidiaries in foreign currency terms. Fluctuation of the value of Renminbi will also affect the amount of our foreign debt service in Renminbi terms since we have to convert Renminbi into foreign currencies to service our indebtedness denominated in foreign currencies.

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

We may incur additional cost to comply with the new policy regarding the tax bureau to collect social insurance and may be required by the tax bureau to make additional social insurance contributions.

On July 20, 2018, China's Central Committee and the State Council released the Reform Plan on the National and Local Taxation Collection and Management System (the "Taxation Collection Reform Plan"). Set to take effect on January 1, 2019, the plan places the responsibility of calculating and collecting social insurance premiums solely with the tax bureau, which is expected to improve social insurance compliance since the tax bureau is better resourced to monitor and collect contributions. The impact of the newly adopted Taxation Collection Reform Plan is still uncertain. We may incur additional cost to comply with this new plan and may be required by the tax bureau to make additional social insurance contributions, which may have a material adverse impact on our business, financial condition and results of operations.

Interpretation of PRC laws and regulations involves uncertainty.

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. Furthermore, the legal protections available to us under these laws, rules and regulations may be limited. Any litigation or regulatory enforcement action in China may be protracted and could result in substantial costs and diversion of resources and management attention.

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.

You may experience difficulty in effecting service of legal process, enforcing foreign judgments or bringing original actions in China based on foreign laws against us, our directors and our senior management.

We conduct substantially all of our operations in China and substantially all of our assets are located in China. In addition, the substantial majority of our directors and senior management reside within China. As a result, it may not be possible for investors to effect service of process outside China upon the substantial majority of our directors and senior management. Moreover, China does not have treaties with the United States, the United Kingdom or many other countries providing for the reciprocal recognition and enforcement of the judgment of courts. As a result, recognition and enforcement in China of judgments of a court in any of these jurisdictions may be difficult.

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

Our business is subject to general economic and social conditions in China. Natural disasters, epidemics and other acts of God which are beyond our control may adversely affect the economy, infrastructure and livelihood of the people in China. Some regions in China, including the cities where we operate, are under the threat of flood, earthquake, sandstorm, snowstorm, fire, drought or epidemics such as Severe Acute Respiratory Syndrome, or SARS, H5N1 avian flu or the human swine flu, also known as Influenza A (H1N1). For instance, a serious earthquake and its successive aftershocks hit Sichuan Province in April 2013 and resulted in tremendous loss of lives and destruction of assets in the region. We have projects located in Chengdu, approximately 100 kilometers from the earthquake's epicenter in Lushan County, Sichuan Province. Earthquakes with such magnitude may adversely affect our ability to complete and sell or lease our properties as scheduled or cause material damage or loss to our properties. In addition, past occurrences of epidemics, depending on their scale, have caused different degrees of damage to the national and local economies in China. A recurrence of SARS or an outbreak of any other epidemics in China, such as the H5N1 avian flu or the human swine flu, especially in the cities where we have operations, may result in material disruptions to our property development and our sales and marketing, which in turn may adversely affect our financial condition and results of operations.

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

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

Risks Relating to the Notes

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

Certain initial investors, including our affiliates and Dr. Hui, may purchase and own a majority of the Notes being offered under this offering memorandum. Dr. Hui Ka Yan and his wholly owned company, Xin Xin (BVI) Limited, are each expected to be allocated an aggregate principal amount of US$250 million of the 2022 Notes and US$250 million of the 2023 Notes. As a result of which, Dr. Hui will be beneficially interested in an aggregate principal amount of US$500 million of the 2022 Notes and US$500 million of the 2023 Notes. Any holder of a majority in aggregate principal amount of the Notes will have certain rights and powers under the Indenture and related documents. For example, subject to certain exceptions, the holders of a majority in aggregate principal amount of the Notes may direct the time, method and place of conducting any proceeding for exercising any remedy available to the Trustee or exercising any trust or power conferred on it. In addition, as described in "Description of Notes — Amendments and Waivers," the Indenture, the Notes, the Parent Guarantee, the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any) may be amended with the consent of the holders of a majority in aggregate principal amount of the Notes, and any Default or Event of Default or compliance with any provision of the Indenture, the Notes, the Parent Guarantee, the Subsidiary Guarantees or the JV Subsidiary Guarantees (if any) may be waived with the consent of the holders of a majority in aggregate principal amount of the outstanding Notes, subject in each case to certain exceptions. Accordingly, any holder that holds a majority in aggregate principal amount of the Notes will be able to exercise such rights and powers on behalf of all holders of the Notes and control the outcome of votes on such matters.

In addition, any holder that holds a significant percentage of the Notes, even if less than a majority, will be able to exercise certain rights and powers and will have significant influence on matters voted on by holders of the Notes. For example, holders of at least 25% in aggregate principal amount of the Notes may declare all of the Notes to be immediately due and payable if certain types of Events of Default have occurred and are continuing.

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

The Issuer is a newly established company and currently does not have operating activities or revenue, and payments with respect to the Notes are dependent upon cash flow from other members of our Group.

The Issuer is a newly established company and currently does not have any operating activities or revenue. We conduct our operations primarily through our PRC subsidiaries, which, along with certain of our offshore subsidiaries (such offshore subsidiaries, together with our PRC subsidiaries, "**Non-Guarantor Subsidiaries**"), will not provide guarantees for the Notes. The Issuer's primary assets will be intergroup loans to our other subsidiaries. Accordingly, the Issuer's ability to pay principal and interest on the Notes will depend upon its receipt of principal and interest payments on the intergroup loans from such borrowing subsidiaries and the ability of the Parent Guarantor, the Subsidiary Guarantors and the JV Guarantors (if any), if any, to honor their obligations under the Parent Guarantee, the Subsidiary Guarantees and the JV Guarantees, if any. The borrowing subsidiaries, the Parent Guarantor, any of the Subsidiary Guarantors and the JV Guarantors, if any, may not have material operations or assets, and therefore depend upon the receipt of sufficient funds from their respective subsidiaries or other members in our Group to meet their obligations.

Creditors, including trade creditors of Non-Guarantor Subsidiaries and Unrestricted Subsidiaries and any holders of preferred shares in such entities, would have a claim on the these 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 and Unrestricted 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 and Unrestricted Subsidiaries will have priority as to the assets of such entities over our claims and those of our creditors, including holders of the Notes. In addition, certain of our offshore subsidiaries are permitted to not guarantee the Notes, provided that, the consolidated assets of all these offshore subsidiaries do not exceed 20% of our Relevant Total Assets. As of June 30, 2018, our Non-Guarantor Subsidiaries and Unrestricted Subsidiaries had total borrowings of approximately RMB52,206 million (US$7,890 million), capital commitments of approximately RMB7,978 million (US$1,206 million) and contingent liabilities arising from guarantees of approximately RMB7,145 million (US$1,080 million). The Notes and the Indenture permit us, the Parent Guarantor, the Subsidiary Guarantors, the JV Subsidiary Guarantors (if any) and our Non-Guarantor Subsidiaries and Unrestricted Subsidiaries to incur additional indebtedness (including secured indebtedness) and issue additional guarantees, subject to certain limitations. In addition, our secured creditors or those of the Parent Guarantor or any Subsidiary Guarantor or JV Subsidiary Guarantor (if any) would have priority as to our assets or the assets of such Subsidiary Guarantor or JV Subsidiary Guarantor (if any) securing the related obligations over claims of holders of the Notes.

Under the terms of the Notes, a Subsidiary Guarantee required to be provided by a subsidiary of the Company under the terms of the Notes may be replaced by a limited-recourse guarantee, or JV Subsidiary Guarantee, following the sale or issuance to, or a purchase from, a third party of an equity interest in such subsidiary or its direct or indirect majority shareholders (subject to the satisfaction of certain conditions). Recovery under a JV Subsidiary Guarantee is limited to an amount equal to our proportional interest in the issued share capital of such Subsidiary Guarantor, or JV Subsidiary Guarantor, multiplied by the fair market value of the total assets in such JV Subsidiary Guarantor and it 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 issuance of the Notes, a substantial amount of indebtedness. Our total borrowings, including both current and non-current borrowings, as of December 31, 2016 and 2017 and June 30, 2018 were RMB541.9 billion, RMB621.4 billion (US$93.9 billion) and RMB541.9 billion (US$81.9 billion), respectively. See also "Description of Material Indebtedness and Other Obligations."

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 paying 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 Notes, our ability to incur additional debt is subject to the limitation 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 EBITDA includes our unrealized gains on valuation adjustments on our investment properties, our Consolidated EBITDA and therefore our ability to incur additional debt under such covenant, could be substantially larger when compared to other similarly situated PRC-based issuers of high-yield bonds whose covenant does not typically include unrealized gains in the calculation of their respective consolidated EBITDA. In addition, Consolidated Fixed Charges comprises of Consolidated Interest Expense and dividends paid on any Disqualified Stock or Preferred Stock of the Company or any Restricted Subsidiary. Because our definition of Consolidated Interest Expense, with respect to interest accruing on indebtedness of any person other than the Company or any Restricted Subsidiary that is guaranteed by, or secured by a lien on any asset of, the Company or any Restricted Subsidiary only includes interest that has become due and payable by the Company or any Restricted Subsidiary, as the case maybe, our Consolidated Fixed

Charges would be substantially lower, and therefore our ability to incur additional debt under such covenant could be substantially larger, when compared to other similarly situated PRC high yield issuers whose covenant typically includes such interest regardless of whether it has become due and payable by the Company or any Restricted Subsidiary or not. If we or our subsidiaries incur additional debt, the risks that we face as a result of our already substantial indebtedness and leverage could intensify.

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, we cannot assure you that we will be able to generate sufficient cash flow for these purposes. If we are unable to service our indebtedness, we will be forced to adopt an alternative strategy that may include actions such as reducing or delaying capital expenditures, selling assets, restructuring or refinancing 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.

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

The Issuer depends on the receipt, directly or indirectly, of dividends and the interest and principal payments on intercompany loans or advances from our subsidiaries, including our PRC subsidiaries, to satisfy its obligations, including its 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. Currently, some of the instruments governing debt for our PRC subsidiaries contain restrictions that require such PRC subsidiaries to obtain approval from lending banks or other financial institutions prior to distributing any dividends. 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, the shares and assets, including dividends derived from these shares, of certain of our subsidiaries are pledged to secure some of our indebtedness. Furthermore, 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 Parent Guarantor, Subsidiary Guarantors or JV Subsidiary Guarantors (if any) under the Parent Guarantee, 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 practice, our PRC project companies may pay dividends when (i) they have completed the project development, or at least have completed a phase of the project or a stand-alone tower or building and its revenue is recognized and (ii) the required government tax clearance and foreign exchange procedures have been completed. In addition, starting from January 1, 2008, dividends for the year 2008 and onward paid by our PRC subsidiaries to their non-PRC parent companies will be subject to a 10% withholding tax, unless there is a tax treaty between the PRC and the jurisdiction in which the overseas parent company is incorporated that 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 PRC withholding tax rate may be lowered to 5%, although there exists uncertainty due to several PRC governmental circulars regarding whether and the extent to which Hong Kong holding companies may be eligible for the benefits under this arrangement. As a result of such restrictions, there could be limitations on payments from our PRC subsidiaries to meet payments required by the Notes or to satisfy the obligations of the Parent Guarantor, the Subsidiary Guarantors or JV Subsidiary Guarantors (if any) under the Parent Guarantee, 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 event, 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% if the interest is paid to a Hong Kong resident under certain circumstances) 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 Parent Guarantor, the Subsidiary Guarantors or JV Subsidiary Guarantors (if any) under the Parent Guarantee, the Subsidiary Guarantees or JV Subsidiary Guarantees as the case may be.

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

According to the existing PRC rules and regulations relating to supervision of foreign debt, loans by foreign companies to their subsidiaries in China, such as our PRC subsidiaries established as foreign invested enterprises in China, are considered foreign debt, and such loans must be registered with the relevant local branches of SAFE. Such rules and regulations also provide that the total outstanding amount of such foreign debt borrowed by any foreign-invested enterprise may not exceed the difference between its total investment and its registered capital, each as approved by the relevant PRC authorities. According to the Guide for Foreign Debt Registration Management《外債登記管理操作指引》 promulgated in April 2013, for a foreign-invested real estate enterprise that was established prior to June 1, 2007, SAFE could process such enterprise's foreign debt registration in an amount not exceeding the difference between the total investment in such enterprise and its registered capital. However, it is uncertain how the SAFE and local authorities will interpret and implement this Guide. Foreign-invested enterprises include joint ventures and wholly foreign-owned enterprises established in China, such as most of our PRC subsidiaries. Therefore, the proceeds of this offering that will be used for land acquisitions and developments in China may only be transferred to our PRC subsidiaries as equity investments and not as loans. Without having the flexibility to transfer funds to our PRC subsidiaries as loans, we cannot assure you that the dividend payments from our PRC subsidiaries will be available on each interest payment date to pay the interest due and payable under the Notes, or on the maturity date to pay the principal of the outstanding Notes.

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 in accordance with the terms of the Indenture. See the sections entitled "Description of 2020 Notes," "Description of 2022 Notes" and "Description of 2023 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 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.

The terms of the Notes permit us to designate any Non-Core Entity as an Unrestricted Subsidiary in connection with any Qualified Spin-off IPO, and investments we retain in such Unrestricted Subsidiaries will not constitute Restricted Payments upon such designation.

As part of our strategy, we have taken significant initiatives or made significant plans to enter new businesses with a view to establishing alternative revenue sources and diversifying our business. We may spin off such new businesses, as well as our property management business and acquisition, development, management and operation of hotel properties, commercial properties, or sports, leisure or infrastructure facilities, in the future as we desire. Subject to certain restrictions, in connection with a spin-off listing of Non-Core Entities that are engaged in businesses other than our core real estate development business, the terms of the Notes permit us to designate any such Non-Core Entity as an Unrestricted Subsidiary, and any interests we retain in such Non-Core Entities will not constitute Restricted Payments upon such designation. See "Description of 2020 Notes — Certain Covenants — Limitation on Restricted Payment," "Description of 2022 Notes — Certain Covenants — Limitation on Restricted Payments" and "Description of 2023 Notes — Certain in Covenants — Limitation on Restricted Payments," and the definition of "Permitted Investment" in "Description of 2020 Notes," "Description of 2022 Notes" and "Description of 2023 Notes." We currently do not have any plan for such spin off listing of Non-Core Entities and do not expect to make such designations. The effects of any such designation, if applicable, include, but are not limited to, that:

- any entity so designated as an Unrestricted Subsidiary will no longer be subject to the covenants under the Indenture;

- the Subsidiary Guarantees of any entity so designated as an Unrestricted Subsidiary may be released; and

- interest expenses on Indebtedness of any entity so designated as an Unrestricted Subsidiary will not be included in the calculation of our Consolidated Interest Expense, other than such interest expenses on Indebtedness that is Guaranteed by the Company or a Restricted Subsidiary.

In addition, the terms of the Notes provide us with additional flexibility to designate subsidiaries as Unrestricted Subsidiaries, so long as such subsidiaries do not have existing indebtedness that could actually trigger a cross-default to the debt of the Company at the time of designation, and if other conditions are satisfied. See "Description of 2020 Notes — Certain Covenants — Designation of Restricted and Unrestricted Subsidiaries," "Description of 2022 Notes — Certain Covenants — Designation of Restricted and Unrestricted Subsidiaries" and "Description of 2023 Notes — Certain Covenants — Designation of Restricted and Unrestricted Subsidiaries."

Certain of our offshore Restricted Subsidiaries will be permitted to not provide a Subsidiary Guarantee or a JV Subsidiary Guarantee.

According to the terms of the Notes, certain offshore Restricted Subsidiaries will not be required to deliver a Subsidiary Guarantee or a JV Subsidiary Guarantee, including the following:

- a publicly listed Restricted Subsidiary and its Subsidiaries;

- any Restricted Subsidiary organized in any jurisdiction other than the PRC that is directly or indirectly owned by certain of PRC Persons (see the definition of "Exempted Subsidiary" in "Description of 2020 Notes," "Description of 2022 Notes" and "Description of 2023 Notes.");

- any Restricted Subsidiary the provision of a Subsidiary Guarantee or a JV Subsidiary Guarantee by which would be prohibited by any applicable laws or regulations or any applicable rules or policies of any applicable governmental or regulatory bodies or agencies; and

- offshore Restricted Subsidiaries whose consolidated assets in the aggregate do not exceed 20% of our Relevant Total Assets.

See "— The Parent Guarantee, the Subsidiary Guarantees and the JV Subsidiary Guarantees" sections and the definitions of "Listed Subsidiary," "Exempted Subsidiary" and "Relevant Total Assets" in the sections entitled "Description of 2020 Notes," "Description of 2022 Notes" and "Description of 2023 Notes." As a result of these exemptions, certain of our offshore Restricted Subsidiaries, which may constitute substantial revenue sources and/or hold substantial assets, will not be guaranteeing the Notes.

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 that we are treated as a PRC "resident enterprise" under the PRC Enterprise Income Tax Law, as described in "— Risks Relating to Our Business — We may be deemed a PRC resident enterprise under the PRC Enterprise Income Tax Law, which may subject us to PRC taxation on our worldwide income, require us to withhold taxes on interest we pay on the Notes and require holders of the Notes to pay taxes on gains realized from the sale of the Notes," we may be required to withhold PRC tax on interest payable to non-resident holders of the Notes. In such case, we will, subject to certain exceptions, be required to pay such additional amounts so that a holder of a Note will receive the same amounts as he would have received had no such withholding been required. As described under "Description of 2020 Notes — Redemption for Taxation Reasons," "Description of 2022 Notes — Redemption for Taxation Reasons" and "Description of 2023 Notes — Redemption for Taxation Reasons," in the event we are required to pay additional amounts as a result of certain changes in or interpretations of tax law, including any change of interpretation or the stating of an 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 select to redeem the Notes in whole at a redemption price equal to 100% of the principal amount plus accrued and unpaid interest. A holder of the Notes may therefore be redeemed at an earlier time prior to the Notes' stated maturity date.

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

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

We conduct substantially all of our business operations through PRC-incorporated subsidiaries in China. The Subsidiary Guarantors, as equity holders in our PRC subsidiaries, are necessarily subject to the bankruptcy and insolvency laws of China in a bankruptcy or insolvency proceeding involving any of such PRC subsidiaries. Any JV Subsidiary Guarantors that 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 differ significantly from those of the United States and other jurisdictions with which the holders of the Notes are familiar. You should analyze the risks and uncertainties carefully before you invest in our Notes.

We may not be able to obtain and remit foreign exchange.

Our ability to satisfy our obligations under the Notes depends solely upon the ability of our PRC subsidiaries to obtain and remit sufficient foreign currency to pay dividends to us and, if applicable, to repay shareholder loans. Our PRC subsidiaries must present certain documents to the SAFE, its authorized branch or the designated foreign exchange bank, for approval before they can obtain and remit foreign currencies out of China, including, in the case of dividends, evidence that the relevant PRC taxes have been paid and, in the case of shareholder loans, evidence of the registration of the loan with the SAFE. Prior to payment of interest and principal on any shareholder loan we make to our PRC subsidiaries, the relevant PRC subsidiary must also present evidence of payment of the 10% (or 7% if the interest is paid to a Hong Kong resident under certain circumstances) withholding tax on the interest payable in respect of such shareholder loan. If any PRC subsidiary for any reason fails to satisfy any of the PRC legal requirements for remitting foreign currency payments, the PRC subsidiary will be unable to pay us dividends or interest and principal on shareholder loans, which may affect our ability to satisfy our obligations under the Notes.

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.

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. Although approvals in-principle have been received from the SGX-ST for the listing and quotation of the Notes on the SGX-ST, we cannot assure you that we will obtain or be able to maintain a listing on the SGX-ST, or that if listed, a liquid trading market will develop. 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 Securities Act and, as a result, you will only be able to resell your Notes in transactions that have been registered under the Securities Act or in transactions not subject to or exempt from registration under the Securities Act. See "Transfer Restrictions." We cannot predict whether an active trading market for the Notes will develop or be sustained. If an active trading market does not develop or does not continue, the market price and liquidity of the Notes could be adversely affected.

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

The Notes will initially only be issued in global certificated form and held through Euroclear and Clearstream. Interests in the global notes will trade in book-entry form only, and the 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. Payments of principal, interest and other amounts owing on or in respect of the global notes representing the Notes will be made to the paying agent which will make payments to Euroclear and Clearstream. Thereafter, these payments will be credited to accounts of participants that hold book-entry interests in the global notes representing the Notes and credited by such participants to indirect participants. After payment to the common depositary for Euroclear and Clearstream, we will have no responsibility or liability for the payment of interest, principal or other amounts to the beneficial owners of book-entry interests. Accordingly, if you beneficially own a book-entry interest, you must rely on the procedures of Euroclear and Clearstream, and if you are not a participant in Euroclear and Clearstream, on the procedures of the participant through which you beneficially own your interest, to exercise any rights and obligations of a holder of the Notes under the Indenture. Unlike the holders of the Notes themselves, owners of book-entry interests will not have the direct right to act upon our solicitations for consents, requests for waivers or other actions from holders of the Notes. Instead, if you beneficially 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, as a beneficial owner of a book-entry interest, you will be restricted to acting through Euroclear and Clearstream and their respective direct and indirect participants. The procedures to be implemented through Euroclear and Clearstream may not be adequate to ensure the timely exercise of rights under the Notes.

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

The Notes are expected to be assigned a rating of B2 by Moody's, B by S&P and B+ by Fitch, respectively. The ratings address our ability to perform our obligations under the terms of the Notes and credit risks in determining the likelihood that payments will be made when due under the Notes. In addition, we have been assigned a long-term corporate credit rating of B+ with a positive outlook by S&P, a corporate family rating of B1 with a stable outlook by Moody's and a long-term foreign currency issuer default rating of B+ with a positive outlook by Fitch. 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, including as a result of the increase in our level of indebtedness. We have no obligation to inform holders of the Notes of any such revision, downgrade or withdrawal. A suspension, reduction or withdrawal at any time of the rating assigned to us or the Notes may adversely affect the market price of the Notes.

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

The price and trading volume of the Notes may be highly volatile. Factors such as variations in our 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.

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

As we are not listed, there may be less publicly available information about us than is regularly made available by public companies in other countries. In addition, the financial information in this offering memorandum has been prepared in accordance with HKFRS, which may differ in material respects from other GAAPs, which may in turn be material to the financial information contained in this offering memorandum. We have not prepared a reconciliation of our consolidated financial information and 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 advisors for an understanding of the differences between HKFRS and any 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, and such 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 or regions such as the United States or Hong Kong. As a result, the level of information that is available may not correspond to what holders of the Notes are accustomed to.

Risks Relating to the Parent Guarantee, the Subsidiary Guarantees and the JV Subsidiary Guarantees

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

We conduct substantially all of our business operations through our PRC subsidiaries, but none of our current PRC subsidiaries and their direct PRC or non-PRC subsidiaries and minority-owned companies will provide a Subsidiary Guarantee or a JV Subsidiary Guarantee either upon issuance of the Notes or at any time thereafter. No future subsidiaries that are organized under the laws of PRC or their future PRC or non-PRC subsidiaries and minority-owned companies will provide a Subsidiary Guarantee or a JV Subsidiary Guarantee at any time in the future. In addition, certain of our offshore subsidiaries are permitted to not guarantee the Notes. See "— Risks Relating to the Notes — Certain of our offshore Restricted Subsidiaries will be permitted to not provide a Subsidiary Guarantee or a JV Subsidiary Guarantee." As a result, the Notes will be effectively subordinated to all the debt and other obligations, including contingent obligations and trade payables, of the PRC subsidiaries and such subsidiaries and companies.

The Parent Guarantor and the initial Subsidiary Guarantors that will guarantee the Notes do not have significant operations. In addition, the Parent Guarantor and certain Subsidiary Guarantors also guarantee our obligations under certain of our bank loans. We cannot assure you that the Parent Guarantor, the initial Subsidiary Guarantors or any subsidiaries that may become Subsidiary Guarantors or JV Subsidiary Guarantors in the future will have the funds necessary to satisfy our financial obligations under the Notes if we are unable to do so. See "— Risks Relating to the Notes — The Issuer is a newly established company and currently does not have operating activities or revenue, and payments with respect to the Notes are dependent upon cash flow from other members of our Group."

In addition, a Subsidiary Guarantee required to be provided by a subsidiary of the Company under the terms of the Notes may be replaced by a limited-recourse JV Subsidiary Guarantee following the sale or issuance to, or purchase from, a third party of an equity interest in such subsidiary or its direct or indirect majority shareholders (subject to the satisfaction of certain conditions). Recovery under a JV Subsidiary Guarantee is limited to an amount equal to our proportional interest in the issued share capital of such 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.

The Parent Guarantee, the Subsidiary Guarantees and the JV Subsidiary Guarantees, if any, may be released under certain circumstances.

A Parent Guarantee, Subsidiary Guarantees and JV Subsidiary Guarantees may be released in certain circumstances. See "— Release of the Parent Guarantee, Subsidiary Guarantees and JV Subsidiary Guarantees" under the sections entitled "Description of 2020 Notes," "Description of 2022 Notes" and "Description of 2023 Notes."

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

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

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

- received less than reasonably equivalent value or fair consideration for the incurrence of such guarantee;

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

- was engaged in a business or transaction for which the guarantor's remaining assets constituted unreasonably small capital; or

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

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

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

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

If a court voids the Parent Guarantee, a Subsidiary Guarantee or JV Subsidiary Guarantee (as the case may be), subordinates such guarantee to other indebtedness of the Parent Guarantor, Subsidiary Guarantor or JV Subsidiary Guarantor, or holds the Parent Guarantee, 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 the Parent Guarantor, the Subsidiary Guarantor or JV Subsidiary Guarantor (as the case maybe) based upon such guarantee, would be subject to the prior payment of all liabilities (including trade payables) of such Parent Guarantor, Subsidiary Guarantor or JV Subsidiary Guarantor (as the case may be), and would solely be creditors of us and any of the Parent Guarantor, 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.

Risks Relating to the Keepwell and EIPU

The Keepwell and EIPU is not a guarantee of the payment obligations under the Notes, the Parent Guarantee and the Subsidiary Guarantees and performance by the Company of its obligations under the Keepwell and EIPU is subject to the approvals of the relevant authorities.

The Company will enter into the Keepwell and EIPU in relation to the Notes, as further discussed in "Description of the Keepwell and EIPU." Pursuant to the terms of the Keepwell and EIPU, the Trustee may take action against the Company to enforce the provisions of the Keepwell and EIPU. However, neither the Keepwell and EIPU nor any actions taken under the Keepwell and EIPU can be deemed as a guarantee by the Company of the payment obligation of the Issuer under the Notes or the payment obligation of the Parent Guarantor under the Parent Guarantee or any of the Subsidiary Guarantors under the relevant Subsidiary Guarantees. Accordingly, the Company will be obliged to cause the Issuer, the Parent Guarantor or the Subsidiary Guarantors to obtain, before the due date of the relevant payment obligations, funds sufficient to enable the Issuer, the Parent Guarantor or the relevant Subsidiary Guarantors to pay such payment obligations in full as they fall due and to maintain a certain consolidated net worth, rather than assume the payment obligation as would be the case under a guarantee.

In addition, under the Keepwell and EIPU, upon the occurrence of an Event of Default, the Company agrees to purchase from the Parent Guarantor or any of its subsidiaries, equity interest in subsidiaries held by the Company or such subsidiaries (the "**Purchase**") at a purchase price based on the terms of such Keepwell and EIPU. In case the Purchase is conducted at a price below an amount determined in accordance with the terms of the Keepwell and EIPU, the Company also agrees to make either (i) a loan to the Parent Guarantor or any of its subsidiaries incorporated outside the PRC; or (ii) an investment in the Parent Guarantor or any of its subsidiaries incorporated outside the PRC, in each case with a loan amount or an investment amount, as the case may be, calculated as set forth in the Keepwell and EIPU.

Furthermore, even if the Company intends to perform its obligations under the Keepwell and EIPU, depending on the manner in which the Company performs its obligations under the Keepwell and EIPU in causing the Parent Guarantor or Subsidiary Guarantor to obtain, before the due date of the relevant payment obligations, funds sufficient to meet such Parent Guarantor or Subsidiary Guarantor's obligations under the relevant Parent Guarantee or Subsidiary Guarantees, such performance may be subject to obtaining prior consent, approvals, registration and/or filings from relevant governmental authorities, including but not limited to MOF, CSRC, NDRC, MOFCOM, SAFE and SASAC (where applicable). Although the Company is required to use all reasonable efforts to obtain any required consents and approvals in order to fulfil its obligations under the Keepwell Deed, there is no assurance that such consents or approvals will be obtained in a timely manner or at all. Furthermore, depending on the manner of the performance of the Keepwell and EIPU, the Company, the Parent Guarantor, the Issuer, the Subsidiary Guarantors and the PRC Subsidiaries may be subject to PRC tax, such as income tax, withholding tax, transfer tax, stamp tax or other taxes under applicable PRC Laws.

In addition, any claim by the Issuer, the Parent Guarantors, the Subsidiary Guarantors, the Trustee and/or holders of Notes against the Company in relation to the Keepwell Deed will be effectively subordinated to all existing and future obligations of the Company's subsidiaries (which do not guarantee the Notes), particularly the PRC operating subsidiaries of the Company, and all claims by creditors of such subsidiaries (which do not guarantee the Notes) will have priority to the assets of such entities over the claims of the Issuer, the Parent Guarantor, the Subsidiary Guarantors, the Trustee and/or holders of Notes under the Keepwell and EIPU.

Performance by the Company of its undertaking under the Keepwell and EIPU may be subject to consent from third party creditors and shareholders, and may also be restricted if any of the equity interests are secured in favor of third party creditors.

Under the Keepwell and EIPU, the Company agrees to purchase from the Parent Guarantor or its subsidiaries, the equity interest in subsidiaries held by such Parent Guarantor or subsidiaries. The ability of the Company to perform this undertaking may be affected by its present or future financing agreements of the Parent Guarantor and its subsidiaries:

- in the event that such financial agreements contain non-disposal or other restrictive covenants that would prevent the sale of an equity interest by the Parent Guarantor or such subsidiaries, the Parent Guarantor or such subsidiary would need to obtain the consent from the third party creditor before it is able to proceed with the sale of such equity interest; and

- in the event that certain equity interests have been secured in favor of third party creditors, the Parent Guarantor or such subsidiaries would need to arrange for these security interests to be released before it is able to proceed with the sale of such equity interests.

In addition, the sale of the equity interests in certain non-wholly-owned companies may be subject to pre-emptive rights or other restrictions in such company's articles of association, shareholders' agreement or otherwise that would require the selling shareholder to obtain consent or waiver from other third party shareholders before any equity interest can be sold to the Company. Any sale of the equity interests would also require independent shareholders' approval and compliance with other requirements, if any, under the Listing Rules. In the event the obligation to purchase under the Keepwell and EIPU becomes effective there is no assurance that any required consents or waivers can be obtained from third party shareholders in a timely manner or at all.

USE OF PROCEEDS

We intend to use the net proceeds primarily to refinance our existing offshore indebtedness.

We may adjust the foregoing plans in response to changing market conditions and, thus, reallocate the use of the proceeds. Pending application of the net proceeds of this offering, we intend to invest such net proceeds in demand deposits, time deposits or money market instruments.

EXCHANGE RATE INFORMATION

China

The PBOC sets and publishes daily a base exchange rate with reference primarily to the supply and demand of Renminbi against a basket of currencies in the market during the prior day. The 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 the 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, the PBOC enlarged the floating band for the trading prices in the inter-bank foreign exchange market of the Renminbi against the U.S. dollar from 0.3% to 0.5% around the central parity rate, effective on May 21, 2007. This allows the Renminbi to fluctuate against the U.S. dollar by up to 0.5% above or below the central parity rate published by PBOC. In June 2010, the PBOC announced that it intended to further reform the RMB exchange rate regime by allowing greater flexibility in the RMB exchange rate, and on April 16, 2012 the band was further expanded to 1.0% and to 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 the trading against the Renminbi on the following working day. On 11 August 2015, the PBOC announced plans to improve the central parity rate of the Renminbi against the U.S. dollar by authorizing market-makers to provide parity to the China Foreign Exchange Trading Center operated by the PBOC with reference to the interbank foreign exchange market closing rate of the previous day, the supply and demand for foreign currencies as well as changes in exchange rates of major international currencies. On the same day, the central parity rate of the Renminbi against the U.S. dollar depreciated by nearly 2.0%as compared to 10 August 2015, and further depreciated by nearly 1.6% on 12 August 2015 as compared to 11 August 2015. The International Monetary Fund announced on 30 September 2016 that the Renminbi joins its Special Drawing Rights currency basket. Such change and additional future changes may increase the volatility in the trading value of the Renminbi against foreign currencies.

The following table sets forth the noon buying rate for U.S. dollars in New York City for cable transfer in Renminbi as set forth in the H.10 statistical release of the Federal Reserve Bank of New York for the periods indicated:

	Exchange Rate			
Period	**Period end**	**Average**	**High**	**Low**
	(RMB per US$1.00)			
2013	6.0537	6.1412	6.2438	6.0537
2014	6.2046	6.1704	6.2591	6.0402
2015	6.4778	6.2827	6.1870	6.4896
2016	6.9430	6.6534	6.9580	6.4480
2017	6.5063	6.7569	6.9575	6.4773
2018				
April	6.3325	6.2967	6.3340	6.2655
May	6.4069	6.3701	6.4175	6.3325
June	6.6171	6.4651	6.6235	6.3850
July	6.8030	6.7164	6.8102	6.6123
August	6.8300	6.8453	6.9330	6.8018
September	6.8680	6.8551	6.8880	6.8270
October (through October 26)	6.9425	6.9116	6.9477	6.8680

Source: Federal Reserve H.10 Statistical Release

Note:

(1) For yearly date, determined by averaging the daily rates during the relevant year. For monthly data, determined by averaging the daily rates during the relevant month.

Hong Kong

The H.K. dollar is freely convertible into the U.S. dollar. Since 1983, the H.K. 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. However, no assurance can be given that the Hong Kong government will maintain the link at HK$7.80 to US$1.00 or at all.

The following table sets forth the noon buying rate for U.S. dollars in New York City for cable transfers in H.K. dollars set forth in the H.10 statistical release of the Federal Reserve Bank of New York for the periods indicated:

	Exchange Rate			
Period	**Period end**	**Average**	**High**	**Low**
	(HK$ per US$1.00)			
2013	7.7539	7.7565	7.7654	7.7503
2014	7.7531	7.7554	7.7669	7.7495
2015	7.7507	7.7524	7.7686	7.7495
2016	7.7505	7.7620	7.8270	7.7534
2017	7.8128	7.7949	7.8267	7.7540
2018				
April	7.8479	7.8482	7.8499	7.8432
May	7.8439	7.8487	7.8499	7.8439
June	7.8452	7.8471	7.8492	7.8463
July	7.8484	7.8477	7.8493	7.8439
August	7.8486	7.8492	7.8499	7.8482
September	7.8259	7.8364	7.8496	7.8080
October (through October 26)	7.8393	7.8368	7.8413	7.8260

Source: Federal Reserve H.10 Statistical Release

Note:

(1) For yearly data, determined by averaging the daily rates during the relevant year. For monthly data, determined by averaging the daily rates during the relevant month.

CAPITALIZATION AND INDEBTEDNESS

The following table sets forth our indebtedness and capitalization of the Company as of June 30, 2018 on an actual basis and on an adjusted basis after giving effect to the issuance of the Notes in this offering before deducting the underwriting discounts and 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 information and related notes included in this offering memorandum.

	As of June 30, 2018			
	Actual		As adjusted	
	(RMB millions)	(US$ millions)	(RMB millions)	(US$ millions)
Cash at bank and on hand	222,969	33,696	234,879	35,496
Current borrowings				
Borrowings	95,215	14,389	95,215	14,389
Corporate bond	21,559	3,258	21,559	3,258
Current portion of non-current borrowings	155,981	23,572	155,981	23,572
Non-current borrowings				
Borrowings	245,268	37,066	245,268	37,066
Corporate bonds	23,911	3,614	23,911	3,614
Notes to be issued	—	—	11,910	1,800
Total non-current borrowings	269,179	40,679	281,089	42,479
Total equity	329,928	49,860	329,928	49,860
Total capitalization[1]	599,107	90,539	611,017	92,339

Note:

(1) Total capitalization is calculated as total long term borrowings plus total equity.

Except as otherwise disclosed in this offering memorandum, there has been no material adverse change in our borrowings since June 30, 2018. See "Description of Material Indebtedness and Other Obligations" for more information on our outstanding indebtedness.

We continue to incur additional indebtedness through bank borrowings or issuance of debt securities or otherwise in our ordinary course of business. In addition, we may from time to time enter into other and different forms of financing arrangements subject to market conditions, including but not limited to corporate bonds, securitization arrangements including asset backed or receivables financing, offshore facilities, trust financing arrangements or perpetual loan arrangements. See "Description of other material indebtedness."

SELECTED CONSOLIDATED FINANCIAL AND OTHER DATA

The following tables present the Company's and Tianji's selected financial and other data.

The selected consolidated financial data of the Company as of and for the years ended December 31, 2016 and 2017 (except for EBITDA data) are derived from the Company's audited consolidated financial statements for the years ended December 31, 2016 and 2017, which were audited by our independent auditor, PricewaterhouseCoopers Zhong Tian LLP. The condensed consolidated financial statements of the Company as of and for the six months ended June 30, 2018 (except for EBITDA data) are derived from the Company's unaudited condensed consolidated financial statements for the six months ended June 30, 2018, which were reviewed by our independent auditor, PricewaterhouseCoopers Zhong Tian LLP in accordance with the China Standards on Review Engagement 2101 "Review of Financial Statements". The financial information of the Company has been prepared and presented in accordance with PRC GAAP, which differs in certain material respects from generally accepted accounting principles in other jurisdictions.

The selected consolidated financial data of Tianji as of and for the years ended December 31, 2016 and 2017 (except for EBITDA data) are derived from Tianji's audited consolidated financial statements for the years ended December 31, 2016 and 2017, which were audited by its independent auditor, PricewaterhouseCoopers Hong Kong. The condensed consolidated financial statements of Tianji as of and for the six months ended June 30, 2018 were derived from Tianji's unaudited condensed consolidated financial information for the six months ended June 30, 2018, which were reviewed by its independent auditor, PricewaterhouseCoopers Hong Kong in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". The financial information of Tianji has been prepared and presented in accordance with HKFRS, which differs in certain respects from generally accepted accounting principles in other jurisdictions.

The selected financial data below should be read in conjunction with the consolidated financial statements of the Company and Tianji and the notes thereto included elsewhere in this offering memorandum. Historical results are not necessarily indicative of results that may be achieved in any future period. The consolidated financial statements of the Company and Tianji as of and for the six months ended June 30, 2017 have not been audited or reviewed by our independent auditors. As a result, such financial statements should not be relied upon by potential investors to provide the same quality of information associated with information that has been subject to audit or review by an independent auditor.

Selected Consolidated Statement of Comprehensive Income and Other Financial Data

Statement of comprehensive income of the Company

	Year ended December 31,			Six months ended June 30,		
	2016	2017		2017	2018	
	RMB million	RMB million	US$ million (unaudited)	RMB million (unaudited)	RMB million (unaudited)	US$ million (unaudited)
Revenue	205,097	302,233	45,675	181,915	284,209	42,951
Less: Cost of sales	(140,751)	(191,298)	(28,910)	(116,309)	(179,544)	(27,133)
Taxes and surcharges	(15,824)	(21,986)	(3,323)	(13,153)	(18,710)	(2,828)
Selling expenses	(13,907)	(15,411)	(2,329)	(7,178)	(7,779)	(1,176)
Administrative expenses	(5,916)	(7,743)	(1,170)	(3,199)	(4,246)	(642)
Financial expenses-net	(3,810)	(2,017)	(305)	(2,585)	(1,425)	(215)
Asset impairment losses	(374)	(548)	(83)	(202)	(251)	(38)
Add: Profit arising from changes in fair value	3,853	7,582	1,146	5,680	1,037	157
Investment	6	(3,629)	(548)	(3,751)	1,601	242
Including: Share of loss of associates and joint ventures	(647)	(403)	(61)	(387)	(127)	(19)
(Losses)/gains on disposals of assets	43	(12)	(2)	—	—	—
Other income	—	58	9	—	73	11
Operating profit	28,417	67,229	10,160	41,218	74,965	11,329
Add: Non-operating income	589	660	100	255	569	86
Less: Non-operating expenses	(2,496)	(5,287)	(799)	(1,972)	(2,712)	(410)
Total profit	26,510	62,602	9,461	39,501	72,822	11,005
Less: Income tax expenses	(8,809)	(20,604)	(3,114)	(13,905)	(21,317)	(3,222)
Net profit	17,701	41,998	6,347	25,596	51,505	7,784
Including: Net profit of the acquiree entity in a business combination under common control before the combination date	1,512	—	—	—	—	—
Profit attributable to:						
Ordinary shareholders of the Company	15,840	39,196	5,923	24,589	46,314	6,999
Non-controlling interests	1,861	2,802	423	1,007	5,191	784
Other comprehensive income/(loss), net of tax						
Attributable to ordinary shareholders of the Company	(2,573)	1,808	273	2,362	(173)	(26)
Other comprehensive income/(loss) that will be subsequently reclassified to profit or loss	(2,573)	1,808	273	2,362	(173)	(26)
Shares of other comprehensive income of the investee accounted for using equity method that will be subsequently reclassified to profit or loss	(197)	—	—	2,572	(360)	(54)
Changes in fair value of available-for- sale financial assets	(3,145)	2,400	363	—	—	—
Currency translation differences	769	(592)	(89)	(210)	187	28
Total comprehensive income attributable to:	15,128	43,806	6,620	27,958	51,332	7,757
Ordinary shareholders of the Company	13,267	41,004	6,197	26,951	46,141	6,973
Non-controlling interests	1,861	2,802	423	1,007	5,191	784
Other Financial data						
EBITDA[1]	49,581	100,648	15,210	61,969	105,456	15,937
EBITDA margin[2]	24.2%	33.3%	33.3%	34.1%	37.1%	37.1%

Notes:

(1) EBITDA for any period is calculated as revenue less cost of sales, taxes and surcharges, selling expenses and administrative expenses, and plus depreciation and amortization, land appreciation tax and capitalized interest in cost of sales. EBITDA is not a standard measure under PRC GAAP. 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. 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. Investors should also note that EBITDA as presented herein may be calculated differently from Consolidated EBITDA as defined and used in the Indenture governing the Notes. Interest expense excludes amounts capitalized. See the section entitled "Description of 2020 Notes — Definitions", "Description of 2022 Notes — Definitions" and "Description of 2023 Notes — Definitions" for a description of the manner in which Consolidated EBITDA is defined for purposes of the Indenture governing the Notes.

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

Statement of comprehensive income of the Parent Guarantor

	Year ended December 31,			Six months ended June 30		
	2016	2017		2017	2018	
	RMB'000	RMB'000	US$'000 (unaudited)	RMB'000 (unaudited)	RMB'000 (unaudited)	US$'000 (unaudited)
Revenue	21,089,044	35,639,069	5,385,905	16,957,333	29,359,373	4,436,894
Cost of sales	(15,261,509)	(24,963,279)	(3,772,541)	(12,038,707)	(22,429,700)	(3,389,657)
Gross profit	5,827,535	10,675,790	1,613,364	4,918,626	6,929,673	1,047,237
Fair value gains on investment properties	1,241,402	1,812,366	273,891	1,849,278	3,423,498	517,371
Other gains	42,248	148,734	22,477	191,156	334,347	50,528
Other income	350,902	279,065	42,173	176,875	3,312,582	500,609
Selling and marketing costs	(1,459,150)	(1,647,628)	(248,995)	(811,992)	(695,755)	(105,145)
Administrative expenses	(2,990,877)	(1,895,450)	(286,447)	(904,094)	(961,975)	(145,377)
Other operating expenses	(331,853)	(1,016,551)	(153,625)	(343,845)	(486,928)	(73,586)
Operating profit	2,680,207	8,356,326	1,262,838	5,076,004	11,855,442	1,791,637
Finance costs	(812,492)	(1,416,038)	(213,997)	(1,845,871)	(977,577)	(147,735)
Share of profit of investments accounted for using equity method	99,345	221,668	33,499	173,612	271,203	40,985
Fair value losses on financial assets at fair value through profit or loss	—	—	—	—	(43,548)	(6,581)
Profit before income tax	1,967,060	7,161,956	1,082,341	3,403,745	11,105,540	1,678,309
Income tax expense	(2,306,181)	(4,507,508)	(681,191)	(2,399,988)	(4,540,041)	(686,107)
Profit/(loss) for the year	(339,121)	2,654,448	401,150	1,003,757	6,565,499	992,202
Other comprehensive income						
(Item that may be reclassified to profit or loss)						
Change in value of available-for-sale financial assets, net of tax	(27,681)	16,004	2,419	17,372	—	—
Currency translation differences	768,826	(592,309)	(89,512)	(209,747)	186,655	28,208
	741,145	(576,305)	(87,093)	(192,375)	186,655	28,208
(Item that may not be reclassified to profit or loss)						
Changes in fair value of available-for-sale financial assets, net of tax	—	—	—	—	543	82
Currency translation differences	—	—	—	(192,375)	187,198	28,290
Total comprehensive income for the year	402,024	2,078,143	314,056	811,382	6,752,697	1,020,492
Profit/loss attributable to:						
Shareholders of the Company	(525,678)	2,816,446	425,631	1,184,624	6,242,996	943,464
Non-controlling interests	186,557	(161,998)	(24,482)	(180,867)	322,503	48,738
	(339,121)	2,654,448	401,150	1,003,757	6,565,499	992,202
Total comprehensive income attributable to:						
Shareholders of the Company	215,467	2,240,141	338,538	992,249	6,430,194	971,754
Non-controlling interests	186,557	(161,998)	(24,482)	(180,867)	322,503	48,738
	402,024	2,078,143	314,056	811,382	6,752,697	1,020,492

Notes:

(1) In preparing the unaudited condensed consolidated interim financial information for the six months ended June 30, 2018, Tianji has adopted HKFRS 9 and HKFRS 15 with effect from January 1, 2018 and has not restated prior years' consolidated financial statements. Therefore, the unaudited condensed consolidated interim financial information for the six months ended June 30, 2018 is not comparable with the consolidated financial statements for the years ended December 31, 2016 and 2017 and the six months ended June 30, 2017. For the impact of the adoption of HKFRS 9 and HKFRS 15, please refer to Note 4(b) and 4(d) to Tianji's unaudited condensed consolidated interim financial information as of and for the six months ended June 30, 2018 included elsewhere in this offering memorandum.

Selected Consolidated Balance Sheet Data

Consolidated Balance Sheet of the Company

	Year ended December 31,			Six months ended	
	2016	2017		June 30, 2018	
	RMB million	RMB million	US$ million (unaudited)	RMB million (unaudited)	US$ million (unaudited)
ASSETS					
Current assets					
Cash at bank and on hand	275,191	266,748	40,312	222,969	33,696
Financial assets at fair value through profit or loss	3,076	2,772	419	1,674	253
Notes receivable	68	62	9	50	8
Accounts receivable	8,447	12,783	1,932	29,054	4,391
Prepayments	52,159	129,952	19,639	132,965	20,094
Interests receivable	281	119	18	11	2
Dividends receivable	—	—	—	—	—
Other receivables	28,627	47,728	7,213	58,398	8,825
Inventories	647,097	896,405	135,468	891,635	134,747
Current portion of non- current assets	7,019	8,176	1,236	5,124	774
Other current assets	14,466	20,036	3,028	18,369	2,776
Total current assets	1,036,431	1,384,781	209,273	1,360,249	205,566
Non-current assets					
Available-for-sale financial assets	34,840	1,740	263	1,020	154
Long-term receivables	8,746	4,477	677	1,982	300
Long-term equity investments	727	2,624	397	13,377	2,022
Investment properties	130,196	145,588	22,002	152,243	23,008
Property, equipment and plant	13,208	15,657	2,366	15,944	2,410
Construction in progress	4,478	6,080	919	6,694	1,012
Intangible assets	5,138	5,271	797	5,325	805
Goodwill	1,003	—	—	—	—
Long-term prepaid expenses	204	166	25	434	66
Deferred income tax assets	3,809	3,649	551	2,703	408
Other non-current assets	1,358	29	4	49	7
Total non-current assets	203,707	185,281	28,000	199,771	30,190
TOTAL ASSETS	1,240,138	1,570,062	237,273	1,560,020	235,756

	Year ended December 31,			Six months ended June 30, 2018	
	2016	2017			
	RMB million	RMB million	US$ million (unaudited)	RMB million (unaudited)	US$ million (unaudited)
LIABILITIES AND OWNERS' EQUITY					
Current liabilities					
Short-term borrowings	88,706	133,178	20,126	95,215	14,389
Notes payable	43,675	64,414	9,734	69,385	10,486
Accounts payable	132,457	172,773	26,110	224,644	33,949
Advances from customers	183,404	244,054	36,882	157,156	23,750
Employee benefits payable	1,411	1,821	275	1,486	225
Taxes payable	34,954	65,180	9,850	97,754	14,773
Interests payable	9,758	2,367	358	3,463	523
Dividends payable	4,189	1,065	161	507	77
Other payables	114,710	71,204	10,761	76,292	11,530
Current portion of non-current liabilities	80,754	215,495	32,566	187,995	28,410
Total current liabilities	694,018	971,551	146,824	913,897	138,111
Non-current liabilities					
Long-term borrowings	332,137	267,927	40,490	245,268	37,066
Corporate bonds	47,005	17,380	2,627	23,911	3,614
Long-term payables	41,345	4,288	648	584	88
Deferred income tax liabilities	21,443	25,570	3,864	22,878	3,457
Other non-current liabilities	16,048	24,673	3,729	23,554	3,560
Total non-current liabilities	457,978	339,838	51,358	316,195	47,785
Total liabilities	1,151,996	1,311,389	198,182	1,230,092	185,896
Owners' equity					
Paid-in capital	2,500	3,940	595	3,940	595
Capital surplus	14	117,751	17,795	118,068	17,843
Other comprehensive (loss)/income	(2,320)	(512)	(77)	(1,049)	(159)
Statutory reserve	42	195	29	205	31
Currency translation differences	—	—	—	364	55
Retain earnings	52,989	92,032	13,908	138,336	20,906
Total equity attributable to ordinary shareholders of the Company	53,225	213,406	32,251	259,864	39,272
Non-controlling interests	34,917	45,267	6,841	70,064	10,588
Total owners' equity	88,142	258,673	39,092	329,928	49,860
TOTAL LIABILITIES AND OWNERS' EQUITY	1,240,138	1,570,062	237,273	1,560,020	235,756

Consolidated Balance Sheet of the Parent Guarantor

	Year ended December 31,			Six months ended June 30, 2018	
	2016	2017			
	RMB'000	RMB'000	US$'000 (unaudited)	RMB'000 (unaudited)	US$'000 (unaudited)
ASSETS					
Non-current assets					
Property, plant and equipment	5,350,906	5,933,364	896,671	5,144,597	777,470
Land use rights	3,091,026	3,044,962	460,166	2,929,545	442,723
Investment properties	27,192,835	30,185,920	4,561,805	31,170,950	4,710,666
Trade and other receivables	623,328	417,768	63,135	97,612	14,751
Prepayments	934,659	—	—	—	—
Intangible assets	101,372	93,535	14,135	89,740	13,562
Investments accounted for using equity method	1,943,657	4,469,748	675,484	8,612,235	1,301,512
Financial assets at fair value through other comprehensive income	—	—	—	278,671	42,114
Available-for-sale financial assets	551,544	549,672	83,068	—	—
Deferred income tax assets	150,914	235,526	35,594	155,010	23,426
	39,940,241	44,930,495	6,790,058	48,478,360	7,326,224
Current assets					
Inventories	33,717	1,864	282	—	—
Properties under development	113,607,621	127,619,184	19,286,271	101,942,319	15,405,891
Completed properties held for sale	15,960,912	18,446,149	2,787,649	17,818,867	2,692,851
Trade and other receivables	84,145,587	105,284,572	15,910,984	97,131,051	14,678,794
Contract costs	—	—	—	193,158	29,191
Prepayments	1,792,317	4,736,827	715,846	2,403,200	363,180
Income tax recoverable	1,064,598	1,325,167	200,264	800,604	120,990
Financial assets at fair value through profit or loss	—	—	—	240,382	36,327
Restricted cash	7,294,305	4,137,217	625,231	6,870,225	1,038,253
Cash and cash equivalents	10,998,779	14,465,717	2,186,111	13,685,956	2,068,271
	234,897,836	276,016,697	41,712,638	241,085,762	36,433,749
Total assets	274,838,077	320,947,192	48,502,696	289,564,122	43,759,974
EQUITY					
Capital and reserves attributable to the shareholder of the Company					
Share capital	66,962	66,962	10,120	66,962	10,120
Other reserves	(4,908,350)	(7,708,604)	(1,164,952)	(7,572,337)	(1,144,359)
Retained earnings	3,014,558	5,636,249	851,770	11,864,892	1,793,065
	(1,826,830)	(2,005,393)	(303,062)	4,359,517	658,826
Non-controlling interests	7,630,312	9,241,738	1,396,645	9,787,725	1,479,156
Total equity	5,803,482	7,236,345	1,093,583	14,147,242	2,137,982
LIABILITIES					
Non-current liabilities					
Borrowings	49,721,810	43,899,345	6,634,227	28,803,940	4,352,955
Other payables	9,115,190	—	—	—	—
Deferred income tax liabilities	19,923,033	20,814,368	3,145,542	18,480,564	2,792,849
	78,760,033	64,713,713	9,779,770	47,284,504	7,145,805
Current liabilities					
Borrowings	29,116,658	89,420,116	13,513,490	57,071,293	8,624,819
Trade and other payables	125,349,033	114,322,444	17,276,820	139,422,821	21,070,079
Contract liabilities	—	—	—	21,194,532	3,202,994
Receipt in advance from customers	31,125,930	36,312,907	5,487,737	—	—
Current income tax liabilities	4,682,941	8,941,667	1,351,297	10,443,730	1,578,294
	190,274,562	248,997,134	37,629,344	228,132,376	34,476,187
Total liabilities	269,034,595	313,710,847	47,409,114	275,416,880	41,621,992
Total equity and liabilities	274,838,077	320,947,192	48,502,696	289,564,122	43,759,974

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

Overview of the PRC Economy

From 2003 to 2007, China's real GDP grew at a CAGR of approximately 11.0%, making it one of the fastest growing major economies in the world. Amid the global financial crisis, China achieved an annual real GDP growth of 9.6% in 2008 and maintained positive economic growth throughout the crisis. China was among the first countries to recover from the global financial crisis. In February 2011, it overtook Japan to become the world's second largest economy. China's economic growth slowed in 2012 due to various factors, including the European debt crises and weaker global demand for exports. According to the National Bureau of Statistics, China's real GDP growth was approximately 6.9% in 2017.

Overall Economic Growth

China's nominal GDP has increased from RMB21,631 billion in 2006 to RMB82,712 billion in 2017, representing a CAGR of approximately 13.0%. Over the same period, China's nominal GDP per capita increased at a CAGR of 12.4% from RMB16,500 in 2006 to RMB59,600 in 2017, demonstrating a significant increase in the purchasing power of the PRC population. The table below sets out selected economic statistics of China for the periods indicated.

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Nominal GDP (RMBbn)	21,631	26,581	31,405	34,090	39,798	47,310	51,932	56,885	63,646	67,671	74,413	82,712
Real GDP growth rate (%)	12.7%	14.2%	9.6%	9.2%	10.4%	9.3%	7.8%	7.70%	7.3%	6.9%	6.7%	6.9%
Nominal GDP per capita (RMB)	16,500	20,169	23,708	25,608	30,015	35,198	38,459	41,908	47,203	53,533	53,980	59,660
Fixed asset investment (RMBbn)	11,000	13,732	17,283	22,460	27,812	31,149	37,469	44,707	51,202	56,200	60,647	63,168
Fixed asset investment growth (%)	23.9%	24.8%	25.9%	30.0%	23.8%	12.0%	20.3%	19.30%	15.2%	9.8%	7.9%	4.2%

Source: National Bureau of Statistics, Provincial/local statistics department

Urbanization

Strong economic growth has encouraged the rapid urbanization and population growth in selected cities in China. The urbanization rate in China has increased significantly from 43.9% in 2006 to 58.5% in 2017. The table below sets out China's urbanization rate for the periods indicated.

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Urban population (million)	577	594	607	622	666	691	712	731	749	771	793	814
Total population (million)	1,314	1,321	1,328	1,341	1,371	1,347	1,354	1,361	1,368	1,375	1,383	1,391
Urbanization rate (%)	43.9%	44.9%	45.7%	46.6%	49.7%	51.3%	52.6%	53.7%	54.8%	56.1%	57.3%	58.5%

Source: National Bureau of Statistics, Provincial/local statistics department

Disposable Income

The strong growth of the PRC economy has contributed to the rise in disposable income in China. Per capita disposable income of urban households grew steadily between 2006 and 2017 at a CAGR of 10.8%. The table below sets out the per capita disposable income of urban households over the periods indicated.

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Per capita disposable income of urban households (RMB)	11,759	13,786	15,781	17,175	19,109	21,810	24,565	26,955	28,844	31,195	33,616	36,396

Source: National Bureau of Statistics, Provincial/local statistics department

Overview of the PRC Property Market

Between 2008 and 2016

Favorable economic conditions in the PRC have contributed to the strong growth of the PRC property market. From 2008 to 2016, investments in real estate development in China increased at a CAGR of 16.0%, the total GFA of commodity properties sold increased at a CAGR of 11.5%. The table below sets out certain information about the PRC property market over the periods indicated.

	2008	2009	2010	2011	2012	2013	2014	2015	2016
Commodity properties									
Total real estate investment (RMB billion)	3,120	3,624	4,826	6,180	7,180	8,601	9,504	9,598	10,258
Total GFA under construction (million sq.m.)	2,833	3,204	4,054	5,068	5,734	6,656	7,265	7,357	N/A
Total GFA sold (million sq.m.)	660	948	1,048	1,094	1,113	1,306	1,206	1,285	1,573
Residential properties									
Total real estate investment (RMB billion)	2,244	2,561	3,404	4,432	4,937	5,895	6,435	6,460	6,870
Total GFA under construction (million sq.m.)	2,229	2,153	3,148	3,877	4,290	4,863	5,151	5,116	5,213
Total GFA sold (million sq.m.)	593	862	934	965	985	1,157	1,052	1,124	1,375

Source: National Bureau of Statistics, Provincial/local statistics department

Prices for real estate in the PRC experienced steady growth between 2008 and 2016, with the average price of commodity properties growing at a CAGR of 8.8% over the same period. The table below sets out average property prices in the PRC over the periods indicated.

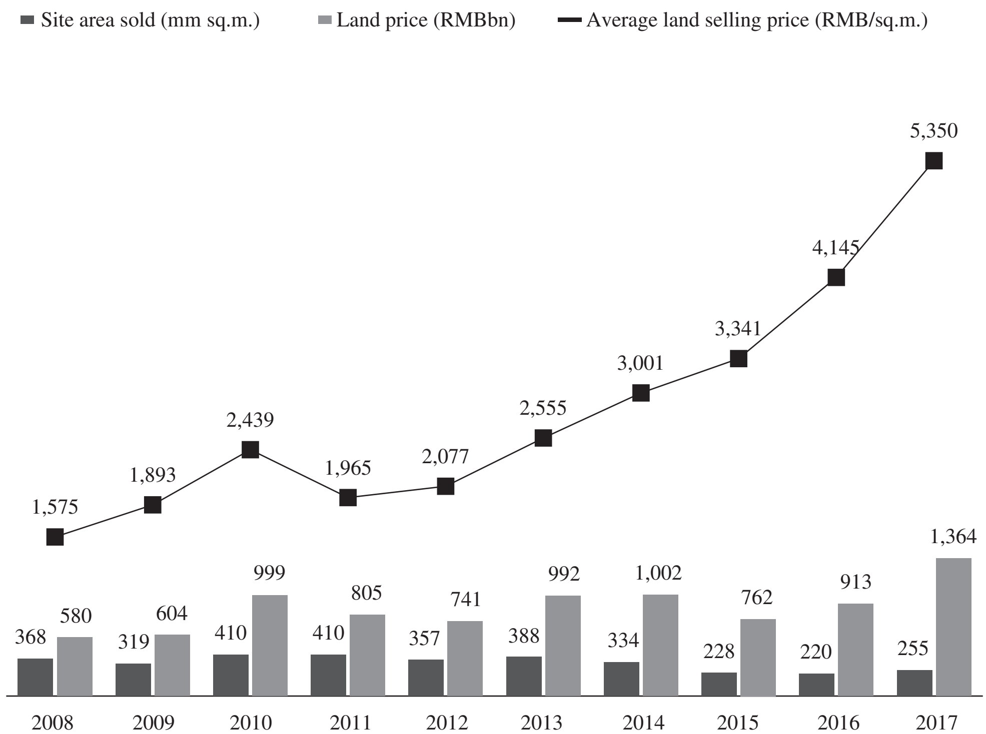
	2008	2009	2010	2011	2012	2013	2014	2015	2016
Average price of commodity properties (RMB per sq.m.)	3,800	4,681	5,032	5,357	5,791	6,237	6,324	6,793	7,476
Average price of residential properties (RMB per sq.m.)	3,576	4,459	4,725	4,993	5,430	5,850	5,932	6,472	7,203

Source: National Bureau of Statistics, Provincial/local statistics department

Recent Developments in the PRC Property Market

Land prices in the PRC are affected by multiple factors in recent years. Following the global economy recovery in early 2009, total land sales increased from approximately RMB604 billion to close to approximately RMB1 trillion from 2009 to 2010. On the other hand, the PRC government has been introducing austerity measures since 2009 to regulate the property market and curb housing prices, which led to a decline in the average land selling price in 2011. According to the National Bureau of Statistics of China, the average land selling prices were RMB2,439 per sq.m. in 2010, RMB1,965 per sq.m. in 2011, RMB2,077 per sq.m. in 2012, and RMB2,555 per sq.m. in 2013, RMB3,001 per sq.m. in 2014, and RMB3,341 per sq.m. in 2015, and RMB4,145 per sq.m. in 2016 and RMB5,350 per sq.m. in 2017; reflecting a year-on-year growth rate of 28.9%, (19.4%), 5.7%, 23.0%, 17.5%, 11.3%, 24.1% and 29.1%, respectively.

Historical land sales



Source: National Bureau of Statistics of China, Provincial/local statistics department

The PRC property market experienced downward pricing pressures in the second half of 2011, as a result of the various policies and measures introduced by the PRC government aiming at "cooling off" the property market. According to a report issued by the National Bureau of Statistics of China, the total GFA sold and total property sales in China in the six months ended June 30, 2012 decreased by 10.0% and 5.2%, respectively, as compared with those in the six months ended June 30, 2011. Beginning in the second quarter of 2012 and continuing through 2013, transaction volumes recovered in the overall PRC property market, due in part to the improving market sentiment in the PRC property market as well as the absence of further major restrictive government policies or measures. According to the National Bureau of Statistics of China, the total GFA sold in 2015 was 1,285 million sq.m., representing a 6.5% increase from the 2012.

Regulatory Milestones of the PRC Property Industry

From time to time, the PRC government has taken actions to tighten its control over the property market. In particular, the PRC government has taken measures to discourage speculation in the residential property market and to increase the supply of affordable housing. The table below sets out the key regulatory milestones of the PRC property industry, including major policies and measures implemented by the PRC government since 2008:

2008 . . .	The State Council issued Notice on Promoting the Land Saving and Intensive Use《國務院關於促進節約集約用地的通知》on January 3, 2008, which provided for stricter supervision on land development and regulation of idle land. In October 2008, the PBOC reduced the minimum down payment requirement to 20% of the purchase price of the underlying property and the minimum mortgage loan interest rate to 70% of the PBOC benchmark interest rate for the purchase of a principal residence with a total GFA less than 90 sq.m. On October 22, 2008, the State Council, the MOF and the SAT jointly announced the decision to reduce the tax expenses of property transactions. In October 2008, the CBRC issued regulatory notices to restrict trust financing companies from providing trust loans, in form or in nature, to (i) property projects that have not obtained the requisite land use rights certificates, construction land planning permits, construction works planning permits and construction work commencement permits; (ii) property developers that had not been issued with Class 2 qualification certificates by the relevant competent construction authorities; (iii) property projects of which less than 30% of the total investments are funded by the property developers' own capital (except for affordable housing and commodity apartments, of which 20% of the total investment shall be funded by the developer's own capital); and (iv) property developers for payment of land premium or for working capital purposes.
2009 . . .	The State Council issued a Notice on Adjusting the Capital Ratio of Fixed Assets Investment Project《國務院關於調整固定資產投資項目資本金比例的通知》. The Notice provides that the minimum capital requirements for affordable housing and ordinary commodity apartments are 20%, and the minimum capital requirement for other real estate development projects is 30%. These regulations apply to both domestic and foreign investment projects.
2010 . . .	On March 8, 2010, the Ministry of Land and Resources instituted measures aimed at ensuring sufficient land supply for government-subsidized residential property. On April 17, 2010, the State Council announced its decision to implement diverse credit policies for different types of purchases. On September 21, 2010, the Ministry of Land and Resources and the MOHURD instituted measures to require relevant governmental authorities to (i) strengthen the management of the annual plan for land supply and residential property construction; (ii) accelerate the approval process for land supply and construction for residential properties; (iii) strengthen the management of land grants for residential properties; (iv) strengthen the supervision on land supply and construction of residential properties; and (v) strengthen the supervision and investigation of illegal conduct.

On September 29, 2010, the PBOC and the CBRC issued the Notice on the Improvement of Diversified Residential Credit Policies《中國人民銀行、中國銀行業監督管理委員會關於完善差別化住房信貸政策有關問題的通知》to require, among other things, all commercial banks to suspend (i) the extension of loans to individuals for purchase of third or subsequent residences and (ii) the extension of loans to non-local residents who cannot provide certificates evidencing payment of local taxes or social insurance for more than one year. For the purchase of a primary residence, the minimum down payment was increased to 30% of the purchase price of the underlying property.

On September 29, 2010, the MOF, the SAT and the MOHURD issued the Notice on Adjustment of Preferential Policies for Deed Tax and Individual Income Tax for Real Estate Transactions《財政部、國家稅務總局關於住房和城鄉建設部關於調整房地產交易環節契稅個人所得稅優惠政策的通知》to curb transfers by individuals of residential properties purchased within one year through the levying of individual income tax.

On December 19, 2010, the Ministry of Land and Resources promulgated the Circular on Issues Pertaining to the Strengthened Implementation of Real Estate Land Use Regulatory Policies and the Healthy Development of the Property Market《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》to further regulate the granting of land use rights for real estate development and tighten regulation of idle land.

On November 4, 2010, the MOHURD and SAFE issued the Notice on Further Standardization of the Administration of Housing Purchase by Foreign Entities and Individuals《關於進一步規範境外機構和個人購房管理的通知》to further restrict foreign individuals from purchasing property in the PRC.

2011 . . . On January 27, 2011, the MOF and the SAT jointly issued the Notice on Business Tax Imposed on Individuals Transferring Houses《財政部、國家稅務總局關於調整個人住房轉讓營業稅政策的通知》to curb transfers of properties by individuals within five years of purchase.

In January 2011, the State Council issued a notice to further restrict property purchases and strengthen regulations on land transfers, property development projects and idle land. Among other things, the notice (i) increased the minimum down payment for the purchase of a second home from 50% to 60%; (ii) required local governmental authorities to take steps to expand the coverage of low-income housing by increasing supply of low-income housing through construction, redevelopment, purchases and long-term leases and to build 10 million units of low-income housing in 2011; (iii) increased the minimum down payment from 20% to 30% for the purchase of the first residential property of a family if the underlying property has a unit GFA of 90 sq.m. or more; (iv) required that if a property developer failed to obtain the relevant construction permits and failed to commence construction within two years from the designation of land for property development, the relevant land use rights granted be forfeited and an idle land penalty be imposed; (v) prohibited the transfers of land or a property development project if the amount of property development investment (excluding the land premium) incurred is less than 25% of the total investment amount in respect of the project; and (vi) prohibited families holding local residency and owning two or more residential properties and families holding non-local residency and owning at least one residential property or who cannot provide a local tax payment certificate or a social security certificate from purchasing additional residential properties in their local district.

In March 2011, the MOHURD released the Notice on Inspection in respect of Standardized Management of Low-Income Housing Security Policy, requesting all local government authorities to fully understand the importance and long-term nature of the standardized management of low-income housing security policy, continue adopting effective measures, implement management accountability, improve management standards, and set up a comprehensive scientific, orderly, efficient, open and transparent management system.

In July 2011, MOHURD issued the Notice on Relevant Issues Relating to Enhanced Implementation of Real Estate Control Policies《關於進一步落實房地產調控政策有關問題的函》to enhance the implementation of purchase restrictions in second-tier and third-tier cities and to increase the number of cities subject to property purchase restrictions. This notice set out five criteria and encouraged local governments to, subject to local market conditions, implement property purchase restrictions if three or more of the following criteria are met: (i) prices of new residential units in the relevant city recorded year-on-year increase or recorded month-on-month increase during the six months ended June 30, 2011 according to information provided by the National Bureau of Statistics; (ii) the average price of new residential units in the relevant city in June 2011 had been higher than or closed to the maximum average price of residential units pre-determined by the relevant authorities; (iii) the sales volume of new commodity properties in the relevant city increased significantly from January 2011 to June 2011, as compared with the same period in past year; (iv) the relevant city is located close to major city(ies) with property purchase restrictions implemented and the proportion of non-local purchasers of properties in such city remained high; and (v) state-wide restrictive policies in real estate market had not been fully implemented in the relevant city which resulted in continued and significant increase in property prices and dissatisfaction of local residents. In addition, the PRC government plans to build 36 million units of low-income housing during its "Twelfth Five-year" period. Through large-scale and nationwide development of low-income housing, it is expected that by the end of the "Twelfth Five-year" period, the coverage of low-income housing in urban cities and counties will reach 20% or above nationwide.

2012 . . . On June 1, 2012, the Ministry of Land and Resources promulgated the revised Measures on the Disposal of Idle Land《閒置土地處置辦法》, which became effective on July 1, 2012. Under these measures, if any land parcel constitutes "idle land" due to government-related acts, the holder of the relevant land use rights are required to explain to the relevant municipality or county-level land administrative department(s) the reasons for the land becoming idle, consult the relevant government authorities and rectify the situation accordingly. The means of rectification include but are not limited to the extension of the period permitted for commencing development, the adjustment of the land use and planning conditions or the substitution of the relevant idle land parcels with other land parcels.

2013 . . . On February 26, 2013, the General Office of the State Council promulgated the Notice on Continuing Adjustment and Control of Property Markets《關於繼續做好房地產市場調控工作的通知》, which reiterated the importance of controlling property prices and promoting the healthy development of the PRC property market. The notice mandated provincial governments to increase the effectiveness of regulations designed to achieve national property control policies. Key goals are to (i) fine tune existing measures to control property prices, (ii) curb property speculation, (iii) increase the supply of commodity housing, (iv) accelerate the development of affordable housing projects, and (v) manage the market expectation of the property industry and strengthen the credit management of property developers.

2014 . . . On September 29, 2014 the PBOC and CBRC jointly issued Circular on Further Improving Financial Services for Housing Consumption 《關於進一步做好住房金融服務工作的通知》 which provides that, for a family who buys on loan its first ordinary house for self-use, the minimum percentage of down payment is 30%, and the lower limit of loan interest rate is 70% of the benchmark rate, to be decided by banking financial institutions in light of risk conditions. For a family who has paid up the loan of its first house and applies again to buy on loan an ordinary commodity house for the purpose of improving living conditions, the loan policies for first house shall apply. In cities where the measures of "restrictions on house buying" are lifted or not imposed, for a family who owns two or more houses and has paid up loans for them, and applies to buy another house on loan, banking financial institutions shall decide on the percentage of down payment and interest rate by prudently considering the borrower's solvency and credit status.

From third quarter of 2014 many cities have canceled or mitigated restriction on buying of houses. For example, Some cities such as Hangzhou, Wuhan, Jinan, Nanjing and Suzhou have canceled restriction on numbers of houses one can buy. Some cities such as Ningbo, Qingdao and Nanchang have canceled such restriction in certain of its areas.

2015 . . . In March 2015, the PBOC, CBRC and MOHURD jointly issued a notice to lower the minimum down payment to 40% for the family that owns a residential property and has not paid off its existing mortgage loan applying for a new mortgage loan to purchase another ordinary residential property for self-use to improve living conditions and allow the bank at its own discretion to decide the down payment ratio and loan interest rate taking into consideration the solvency and credit standing of the borrower. The minimum down payment is adjusted to 20% for the family that apply for housing reserve loan to buy first ordinary residential property for self-use and 30% for the family that owns a residential property and has paid off its existing mortgage loan applying for a second housing reserve loan to buy another residential property for self-use to improve living conditions.

Furthermore, according to a notice jointly issued by SAT and MOF, effective from March 31, 2015, a business tax is levied on the entire sales proceeds from resale of properties if the holding period is shorter than two years, and if the holding period is more than two years, business tax for transfer of ordinary residences will not be imposed, whereas for the transfer of non-ordinary residences business tax shall be paid on the basis of price difference between the transfer income and the purchase cost.

In August, 2015, the CBRC, MOF and PBOC jointly issued a notice to lower the minimum down payment to 20% for the family that owns a residential property and has paid off its existing mortgage loan applying for a second housing reserve loan to buy another residential property to improve living conditions. In Beijing, Shanghai, Guangzhou and Shenzhen, the minimum down payment of applying for housing reserve loan to buy a second residential property can be decided by local government in combination with local reality.

2016 . . . On February 1, 2016, the PBOC and CBRC jointly issued a notice which provides that in cities where restrictions on purchase of residential property are not being implemented, the minimum down payment ratio for a personal housing commercial loan obtained by a household for purchasing its first ordinary residential property is, in principle, 25% of the property price, which can be adjusted downward by 5% by local authorities. For existing residential property household owners who have not fully repaid the previous loan and are obtaining further personal housing commercial loan to purchase an additional ordinary residential property for the purpose of improving living conditions, the minimum down payment ratio shall be not less than 30% which is lower than the previous requirement of not less than 40%. From May 1, 2016, the reform to replace business tax with value-added tax is implemented nationwide and expanded to cover several key sectors such as real estate, construction, financial services and lifestyle services.

From September 30, 2016 to date, Beijing, Tianjin, Suzhou, Chengdu and other cities have issued new property market control policies, including restoring the restriction on purchases of residential properties and tightening credit policy. On October 12, 2016, the MOHURD required investigation and punishment of persons or entities that spread rumors, deliberately hype or disrupt the market to protect the rights and interests of housing buyers.

2017 . . . On April 1, 2017, the MOHURD and the Ministry of Land and Resources jointly issued the "Circular of Relevant Work on Strengthening the Recent Administration and Control of Housing and Land Supply" (《關於加強近期住房及用地供應管理和調控有關工作的通知》) which provides, among others, that cities and counties that have more than one million inhabitants shall make three-year (2017–2019) and five-year (2017–2021) plans for housing land supply, and make such plans public by the end of June 2017. The circular further requires that local governments shall adjust the size, structure and timing of land supply for residential housing in due course based on the period of depleting commodity residential housing inventory. In addition, the circular stipulates that local authorities shall adopt the examination system of land acquisition capital to insure that the property developers use internal funds to acquire lands and that, if the land bid capital originate from a questionable source, the property developers shall be disqualified and prohibited from bidding for land for a designated time.

On November 19, 2017, the Interim Regulations of the People's Republic of China on Business Tax (《中華人民共和國營業稅暫行條例》) was abolished and the Interim Regulations of the People's Republic of China on Value added Tax (《中華人民共和國增值稅暫行條例》) was revised by the State Council. According to the revised Interim Regulations of the People's Republic of China on Value added Tax, selling goods, providing labor services of processing, repairs or maintenance, or selling services, intangible assets or real property in the PRC, or importing goods to the PRC, shall be subject to value added tax.

On March 8, 2018, the Administration on Qualifications of Real Estate Service Enterprises was abolished and the Regulation on Property Management was revised by the State Council. According to the revised Regulation on Property Management, the qualification system for enterprises engaging in property management activities was cancelled.

Over the years, land premiums have generally been on the rise in China. It is widely expected that land premiums will continue to rise as the PRC economy continues to develop and demolition and resettlement costs continue to increase.

Guangdong Province

Guangdong Province is located in the southern region of China. It has an area of approximately 179,813 sq.km. In 2016, Guangdong Province had a population of approximately 110.0 million. The real GDP growth rate of Guangdong Province exceeded the average national growth rate in each of the past

10 years and the per capita GDP of Guangdong Province was significantly higher than the national average. The table below sets out selected economic statistics of Guangdong Province for the periods indicated.

	2008	2009	2010	2011	2012	2013	2014	2015	2016
Nominal GDP (RMB in billions)	3,679.7	3,948.3	4,601.3	5,321.0	5,706.8	6,216.4	6,781.0	7,281.3	8,085.5
Per capita GDP (RMB)	37,637.9	39,435.9	44,735.6	50,807.0	54,095.0	58,833.0	63,469.0	67,503.0	74,016.0
Per capita disposable income of urban households	19,732.9	21,574.7	23,897.8	26,897.5	30,226.7	29,537.3	32,148.1	34,757.2	37,684.3

Source: National Bureau of Statistics, Provincial/local statistics department

According to the NBS, properties with a total GFA of 65.9 million sq.m. were completed in Guangdong Province in 2016, representing a CAGR of 5.3% since 2008. A total of 146.1 million sq.m. of total GFA was sold in 2016. The table below sets out selected data relating to the property market in Guangdong Province for the periods indicated.

	2008	2009	2010	2011	2012	2013	2014	2015	2016
Total GFA completed (sq.m. in millions)	43.6	50.6	56.6	61.4	63.6	62.7	73.3	60.4	65.9
GFA of residential properties completed (sq.m. in millions)	34.8	41.1	45.9	48.8	49.2	47.5	54.4	44.4	47.7
Total GFA sold (sq.m. in millions)	48.5	70.6	73.2	74.3	79.0	98.4	93.2	116.8	146.1
GFA of residential properties sold (sq.m. in millions)	43.6	65.7	65.5	67.1	71.6	88.3	81.6	105.0	130.2
Total sales revenue (RMB in billions)	288.8	459.9	548.1	585.3	640.8	894.1	846.2	1,144.3	1,621.5
Sales revenue from residential properties (RMB in billions)	249.6	417.7	459.0	507.1	548.8	747.6	696.0	996.7	1,424.0
Average price of commodity properties (RMB per sq.m.)	5,953.0	6,513.0	7,486.0	7,879.2	8,112.2	9,089.8	9,083.0	9,796.0	11,097.0
Average price of residential properties (RMB per sq.m.)	5,723.0	6,360.0	7,004.0	7,560.8	7,667.9	8,465.8	8,526.0	9,495.0	10,936.0

Source: National Bureau of Statistics, Provincial/local statistics department

Guangzhou City

Guangzhou is the largest city in southern China and the capital of Guangdong Province, located in the central southern region of the province. In 2016, Guangzhou had a population of approximately 14.0 million. The city experienced a high GDP growth rate for the six years from 2008 to 2016. Guangzhou's GDP reached approximately RMB1,954.7 billion in 2016. The table below sets out selected economic statistics of Guangzhou for the periods indicated.

	2008	2009	2010	2011	2012	2013	2014	2015	2016
Nominal GDP (RMB in billions)	828.7	913.8	1,074.8	1,242.3	1,355.1	1,542.0	1,670.7	1,810.0	1,954.7
Per capita GDP (RMB)	76,439.5	79,383.0	87,458.0	97,588.0	105,908.9	120,294.0	128,478.3	136,188.0	141,933.0

Source: National Bureau of Statistics, Provincial/local statistics department

Liaoning Province

Liaoning Province is located in the southern district of northeastern region of China. It has an area of approximately 148,000 sq.km. In 2016, Liaoning Province had a population of approximately 43.8 million. The table below sets out selected economic statistics of Liaoning Province for the periods indicated.

	2008	2009	2010	2011	2012	2013	2014	2015	2016
Nominal GDP (RMB in billions)	1,366.9	1,521.2	1,845.7	2,222.7	2,484.6	2,721.3	2,862.7	2,866.9	2,224.7
Per capita GDP (RMB)	31,739.0	35,149.0	42,355.0	50,760.0	56,649.0	61,996.0	65,201.2	65,354.0	50,791.0
Per capita disposable income of urban households	14,392.7	15,761.4	17,712.6	20,466.8	23,222.7	26,697.0	29,081.8	31,125.7	32,876.1

Source: National Bureau of Statistics, Provincial/local statistics department

According to the NBS, the average price per sq.m. of commodity properties Liaoning Province in 2016 was approximately RMB6,080.0 representing a CAGR of 6.2% since 2008. The table below sets out selected data on the property market in Liaoning Province for the periods indicated.

	2008	2009	2010	2011	2012	2013	2014	2015	2016
Total GFA completed (sq.m. in millions)	38.3	40.3	45.0	63.2	64.4	61.5	61.5	32.4	27.1
GFA of residential properties completed (sq.m. in millions)	32.6	33.9	36.9	52.3	51.3	50.3	49.4	25.3	22.1
Total GFA sold (sq.m. in millions)	40.9	53.8	68.0	75.4	88.3	92.9	57.5	39.2	37.1
GFA of residential properties sold (sq.m. in millions)	37.3	48.6	60.1	66.2	76.6	80.1	49.3	34.8	33.8
Total sales revenue (RMB in billions)	153.8	216.9	306.3	356.9	436.3	475.9	309.2	225.5	225.7
Sales revenue from residential properties (RMB in billions)	133.4	188.3	258.8	300.9	361.1	394.2	251.9	190.8	198.8
Average price of commodity properties (RMB per sq.m.)	3,758.0	4,034.0	4,505.0	4,732.6	4,942.0	5,121.7	5,373.0	5,758.1	6,080.0
Average price of residential properties (RMB per sq.m.)	3,575.0	3,872.0	4,303.0	4,542.9	4,717.2	4,918.2	5,107.0	5,486.0	5,876.0

Source: National Bureau of Statistics, Provincial/local statistics department

Shenyang City

Shenyang is the capital of Liaoning Province, located in the central region of the province. As of December 31, 2016, Shenyang had a population of approximately 8.3 million. Shenyang's GDP dropped to approximately RMB546.0 billion in 2016, representing a per capita GDP of approximately RMB65,851.0. The table below sets out selected economic statistics of Shenyang for the periods indicated.

	2008	2009	2010	2011	2012	2013	2014	2015	2016
Nominal GDP (RMB in billions)	386.0	426.9	501.8	591.6	660.3	715.9	709.9	727.2	546.0
Per capita GDP (RMB)	49,166.0	54.654.0	62,357.0	72,648.0	80,480.1	86,850.0	85,816.0	87,833.0	65,851.0

Source: National Bureau of Statistics, Provincial/local statistics department

Jiangsu Province

Jiangsu Province is located along the east coast of China. It has an area of approximately 102,600 sq.km. In 2016, Jiangsu Province had a population of approximately 79.9 million. Jiangsu's per capita disposable income of urban households in 2016 was RMB40,151.6. The table below sets out selected economic statistics of Jiangsu Province for the periods indicated.

	2008	2009	2010	2011	2012	2013	2014	2015	2016
Nominal GDP (RMB in billions)	3,098.2	3,445.7	4,142.5	4,911.0	5,405.8	5,975.3	6,508.8	7,011.6	7,738.8
Per capita GDP (RMB)	40,014.0	44,253.0	52,840.0	62,290.0	68,347.0	75,354.0	81,874.0	87,995.0	96,887.0
Per capita disposable income of urban households	18,679.5	20,551.7	22,944.3	26,340.7	29,677.0	31,585.5	34,346.3	37,173.5	40,151.6

Source: National Bureau of Statistics, Provincial/local statistics department

The table below sets out selected data on the property market in Jiangsu Province for the periods indicated.

	2008	2009	2010	2011	2012	2013	2014	2015	2016
Total GFA completed (sq.m. in millions)	90.7	84.4	87.0	84.5	98.5	97.1	96.2	103.0	100.7
GFA of residential properties completed (sq.m. in millions)	54.9	67.3	65.5	64.8	76.9	75.8	72.6	79.3	76.0
Total GFA sold (sq.m. in millions)	54.1	102.5	94.9	79.7	90.2	114.5	98.5	114.1	139.6
GFA of residential properties sold (sq.m. in millions)	47.3	90.3	81.1	67.7	79.2	101.9	88.0	102.8	126.6
Total sales revenue (RMB in billions)	246.7	510.6	554.0	522.4	606.7	791.4	689.8	839.6	1,129.3
Sales revenue from residential properties (RMB in billions)	200.9	434.1	453.7	415.9	508.9	677.8	597.0	737.5	1,105.5
Average price of commodity properties (RMB per sq.m.)	4,049.0	4,983.0	5,841.0	6,554.4	6,726.8	6,908.6	7,006.0	7,356.0	8,805.0
Average price of residential properties (RMB per sq.m.)	3,802.0	4,805.0	5,592.0	6,145.2	6,422.8	6,650.3	6,783.0	7,176.8	8,734.0

Source: National Bureau of Statistics, Provincial/local statistics department

Hebei Province

Hebei Province is located in the northwestern region of China. It has an area of approximately 72,500 sq.km. In 2016, Hebei had a population of approximately 74.7 million. The table below sets out selected economic statistics of Hebei Province for the periods indicated.

	2008	2009	2010	2011	2012	2013	2014	2015	2016
Nominal GDP (RMB in billions)	1,601.2	1,723.5	2,039.4	2,451.6	2,657.5	2,844.3	2,942.1	2,980.6	3,207.0
Per capita GDP (RMB)	22,986.0	24,581.0	28,668.0	33,969.0	36,584.0	38,909.0	39,984.0	40,255.0	43,062.0
Per capita disposable income of urban households	13,441.1	14,718.3	16,263.4	18,292.2	20,543.4	22,226.8	24,141.3	26,152.2	28,249.4

Source: National Bureau of Statistics, Provincial/local statistics department

According to the NBS, the average price per sq.m. of commodity properties in Hebei Province in 2016 was approximately RMB6,438.0, representing a CAGR of 11.1% since 2008. The table below sets out selected data on the property market in Hebei Province for the periods indicated.

	2008	2009	2010	2011	2012	2013	2014	2015	2016
Total GFA completed (sq.m. in millions).	16.6	22.1	36.1	51.8	48.9	44.4	40.4	40.4	42.9
GFA of residential properties completed (sq.m. in millions)	15.0	19.4	31.3	42.7	39.8	35.2	32.0	32.3	33.5
Total GFA sold (sq.m. in millions)	22.3	29.7	46.6	58.9	51.4	56.8	57.1	58.5	66.8
GFA of residential properties sold (sq.m. in millions) . .	21.3	28.2	43.3	52.9	46.2	50.2	50.2	51.6	59.0
Total sales revenue (RMB in billions)	62.0	96.8	165.0	234.5	230.4	278.0	292.8	337.2	430.2
Sales revenue from residential properties (RMB in billions)	58.4	90.5	148.9	199.4	191.5	232.9	250.2	285.4	371.1
Average price of commodity properties (RMB per sq.m.)	2,779.0	3,263.0	3,539.0	3,982.8	4,478.0	4,897.3	5,131.0	5,758.8	6,438.0
Average price of residential properties (RMB per sq.m.)	2,743.0	3,210.0	3,442.0	3,766.8	4,142.0	4,639.6	4,988.0	5,529.6	6,290.0

Source: National Bureau of Statistics, Provincial/local statistics department

Shandong Province

Shandong Province is located on the eastern coast of China. The table below sets out selected economic statistics for Shandong Province for the years indicated.

	2008	2009	2010	2011	2012	2013	2014	2015	2016
Nominal GDP (RMB in billions)	3,093.3	3,389.7	3,917.0	4,536.2	5,001.3	5,523.0	5,942.7	6,300.2	6,802.4
Per capita GDP (RMB).	32,935.8	35,893.6	41,106.0	47,335.0	51,768.0	56,885.0	60,879.1	64,168.0	68,733.0
Per capita disposable income of urban households.	16,305.4	17,811.0	19,945.8	22,791.8	25,755.2	26,882.4	29,221.9	31,545.2	34,012.1

Source: National Bureau of Statistics, Provincial/local statistics department

According to the NBS, the average price per sq.m. of commodity properties in Shandong Province in 2016 was approximately RMB5,855.0, representing a CAGR of 8.9% since 2008. The table below sets out selected data on the property market in Shandong Province for the periods indicated.

	2008	2009	2010	2011	2012	2013	2014	2015	2016
Total GFA completed (sq.m. in millions).	45.4	50.2	50.7	63.6	73..2	75.1	77.9	82.8	82.5
Total GFA sold (sq.m. in millions)	55.1	70.2	92.9	95.8	86.3	103.3	91.8	97.3	117.9
GFA of residential properties sold (sq.m. in millions) . .	50.4	64.8	84.5	87.4	77.5	93.0	79.7	85.3	106.0
Total sales revenue (RMB in billions)	163.6	245.9	366.5	425.9	411.2	521.5	488.0	540.8	690.3
Sales revenue from residential properties (RMB in billions)	143.7	219.6	321.8	375.8	353.0	446.1	400.9	451.1	607.1
Average price of commodity properties (RMB per sq.m.)	2,970.0	2,505.0	3,944.0	4,447.7	4,763.0	5,048.6	5,315.0	5,559.8	5,855.0
Average price of residential properties (RMB per sq.m.)	2,851.0	3,390.0	3,809.0	4,298.8	4,556.6	4,796.7	5,029.0	5,290.1	5,728.0

Source: National Bureau of Statistics, Provincial/local statistics department

Jinan City

Jinan is the capital city of Shandong Province. The table below sets out selected economic statistics for Jinan for the years indicated.

	2008	2009	2010	2011	2012	2013	2014	2015	2016
Nominal GDP (RMB in billions)	301.7	335.1	391.1	440.6	480.4	523.0	577.1	610.0	653.6
Per capita GDP (RMB)	45,724.0	50,376.0	57,947.0	64,309.5	69,443.8	74,993.0	82,052.0	85,919.0	90,999.0

Source: National Bureau of Statistics, Provincial/local statistics department

Anhui Province

Anhui Province is located in east China, across the basins of the Yangtze River and the Huaihe River. It has an area of approximately 139,427 sq.km. In 2016, Anhui Province had a population of approximately 62.0 million. The table below sets out selected economic statistics of Anhui Province for the periods indicated.

	2008	2009	2010	2011	2012	2013	2014	2015	2016
Nominal GDP (RMB in billions)	885.2	1,006.3	1,235.9	1,530.1	1,721.2	1,922.9	2,084.9	2,200.6	2,440.8
Per capita GDP (RMB)	14,448.2	16,407.7	20,887.8	25,659.3	28,792.0	32,001.0	34,424.6	35,997.0	39,561.0
Per capita disposable income of urban households	12,990.4	14,085.7	15,788.2	18,606.1	21,024.2	22,789.3	24,838.5	26,935.8	29,156.0

Source: National Bureau of Statistics, Provincial/local statistics department

According to the NBS, properties with a total GFA of 53.8 million sq.m. were completed in Anhui Province in 2016. The total sales revenue amounted to approximately RMB503.6 billion. The average price per sq.m. of commodity properties in Anhui Province in 2016 was approximately RMB5,924.0, representing a CAGR of 9.1% since 2008.

	2008	2009	2010	2011	2012	2013	2014	2015	2016
Total GFA completed (sq.m. in millions)	25.4	28.6	30.3	36.3	39.7	51.8	52.0	55.4	53.8
GFA of residential properties completed (sq.m. in millions)	21.3	23.5	24.1	28.9	31.2	39.2	38.3	41.0	40.5
Total GFA sold (sq.m. in millions)	27.9	40.3	41.5	46.1	48.3	62.7	62.0	61.7	85.0
GFA of residential properties sold (sq.m. in millions)	25.4	36.5	36.4	39.9	42.8	55.7	53.6	53.6	75.1
Total sales revenue (RMB in billions)	82.1	137.8	174.7	220.0	233.0	318.3	334.5	336.9	503.6
Sales revenue from residential properties (RMB in billions)	71.4	118.0	142.0	174.5	192.2	266.2	269.2	271.4	423.2
Average price of commodity properties (RMB per sq.m.)	2,949.0	3,420.0	4,205.0	4,776.1	4,825.0	5,080.1	5,394.0	5,457.4	5,924.0
Average price of residential properties (RMB per sq.m.)	2,808.0	3,235.0	3,899.0	4,371.2	4,495.1	4,776.2	5,019.0	5,067.1	5,637.0

Source: National Bureau of Statistics, Provincial/local statistics department

Hefei City

Hefei is the largest city and the capital of Anhui Province, located in the central region of the province. As of December 31, 2016, Hefei had a population of approximately 7.9 million. Hefei's GDP reached approximately RMB627.4 billion in 2016, representing a per capita GDP of approximately RMB80,136.0. The table below sets out selected economic statistics of Hefei for the periods indicated.

	2008	2009	2010	2011	2012	2013	2014	2015	2016
Nominal GDP (RMB in billions)	166.5	210.2	296.2	363.7	416.4	467.3	515.8	566.0	627.4
Per capita GDP (RMB)	34,482.0	41,543.0	54,796.0	48,540.0	55,182.1	61,555.0	67,394.0	73,102.0	80,136.0

Source: National Bureau of Statistics, Provincial/local statistics department

Sichuan Province

Sichuan Province is located in the southwestern region of China. It has an area of approximately 187,000 sq.km. In 2016, Sichuan had a population of approximately 82.6 million. The table below sets out selected economic statistics of Sichuan Province for the periods indicated.

	2008	2009	2010	2011	2012	2013	2014	2015	2016
Nominal GDP (RMB in billions)	1,260.1	1,415.1	1,718.5	2,102.7	2,387.3	2,639.2	2,853.7	3,005.3	3,293.5
Per capita GDP (RMB)	15,495.0	17,339.0	21,182.0	26,133.0	29,608.0	32,617.0	35,128.0	36,775.0	40,003.0
Per capita disposable income of urban households	12,633.4	13,839.4	15,461.2	17,899.1	20,307.0	22,227.5	24,234.4	26,205.3	28,335.3

Source: National Bureau of Statistics, Provincial/local statistics department

According to the NBS, the average price per sq.m. of commodity properties in Sichuan Province in 2016 was approximately RMB5,762.0, representing a CAGR of 7.8% since 2008. The table below sets out selected data on the property market in Sichuan Province for the periods indicated.

	2008	2009	2010	2011	2012	2013	2014	2015	2016
Total GFA completed (sq.m. in millions)	33.5	42.8	39.7	42.3	58.7	51.1	53.5	45.5	70.5
GFA of residential properties completed (sq.m. in millions)	29.0	36.8	33.9	34.6	47.1	40.3	38.7	31.5	46.8
Total GFA sold (sq.m. in millions)	35.0	59.7	64.0	65.4	64.6	73.1	71.4	76.7	93.0
GFA of residential properties sold (sq.m. in millions)	32.5	55.5	58.5	58.3	56.8	65.1	61.8	65.0	78.8
Total sales revenue (RMB in billions)	110.5	209.4	264.7	321.8	351.8	402.0	399.7	420.0	535.9
Sales revenue from residential properties (RMB in billions)	99.6	190.7	233.1	267.7	281.6	330.9	314.5	327.0	429.6
Average price of commodity properties (RMB per sq.m.)	3,157.0	3,509.0	4,138.5	4,917.9	5,448.8	5,497.6	5,597.0	5,475.7	5,762.0
Average price of residential properties (RMB per sq.m.)	3,067.0	3,434.0	3,984.8	4,595.1	4,959.2	5,086.0	5,092.0	5,033.6	5,449.0

Source: National Bureau of Statistics, Provincial/local statistics department

Henan Province

Henan Province is located in the central region of China. It has an area of approximately 64,000 sq.km. In 2016, Henan had a population of approximately 95.3 million. The table below sets out selected economic statistics of Henan Province for the periods indicated.

	2008	2009	2010	2011	2012	2013	2014	2015	2016
Nominal GDP (RMB in billions)	1,801.9	1,948.0	2,309.2	2,693.1	2,959.9	3,219.1	3,493.8	3,700.2	4,047.2
Per capita GDP (RMB)	19,180.9	20,596.8	24,446.1	28,661.0	31,499.0	34,211.0	37,071.7	39,123.0	42,575.0
Per capita disposable income of urban households	13,231.1	14,371.6	15,930.3	18,194.8	20,442.6	21,740.7	23,672.1	25,575.6	27,232.9

Source: National Bureau of Statistics, Provincial/local statistics department

According to the NBS, the average price per sq.m. of commodity properties in Henan Province in 2016 was approximately RMB4,964.0, representing a CAGR of 9.9% since 2008. The table below sets out selected data on the property market in Henan Province for the periods indicated.

	2008	2009	2010	2011	2012	2013	2014	2015	2016
Total GFA completed (sq.m. in millions)	30.3	34.0	44.3	55.3	58.7	59.7	73.2	53.9	63.0
GFA of residential properties completed (sq.m. in millions)	26.0	29.9	38.5	48.1	48.9	49.2	57.7	42.4	50.2
Total GFA sold (sq.m. in millions)	31.9	43.4	54.5	62.8	59.7	73.1	78.8	85.6	113.1
GFA of residential properties sold (sq.m. in millions)	29.4	40.2	50.9	57.3	54.6	65.6	70.1	76.5	101.4
Total sales revenue (RMB in billions)	74.6	115.6	165.9	219.7	228.7	307.4	344.1	394.6	561.3
Sales revenue from residential properties (RMB in billions)	62.9	100.5	145.5	178.8	191.6	251.6	274.0	330.0	483.9
Average price of commodity properties (RMB per sq.m.)	2,339.0	2,666.0	3,042.4	3,500.8	3,831.2	4,205.3	4,366.0	4,611.0	4,964.0
Average price of residential properties (RMB per sq.m.)	2,138.0	2,501.0	2,856.3	3,123.2	3,511.3	3,834.9	3,909.0	4,317.0	4,774.0

Source: National Bureau of Statistics, Provincial/local statistics department

Hunan Province

Hunan Province is located in the southern region of China, to the north of Guangdong Province. It has an area of approximately 211,487 sq.km. In 2016, Hunan Province had a population of approximately 68.2 million. The table below sets out selected economic statistics of Hunan Province for the periods indicated.

	2008	2009	2010	2011	2012	2013	2014	2015	2016
Nominal GDP (RMB in billions)	1,155.5	1,306.0	1,603.8	1,967.0	2,215.4	2,462.2	2,703.7	2,890.2	3,155.1
Per capita GDP (RMB)	18,147.0	20,428.0	24,719.0	29,880.0	33,480.0	36,943.0	40,270.5	42,754.0	46,382.0
Per capita disposable income of urban households	13,821.2	15,084.3	16,565.7	18,844.1	21,318.8	24,352.0	26,570.2	28,838.1	31,283.9

Source: National Bureau of Statistics, Provincial/local statistics department

According to NBS, properties with a total GFA of 45.3 million sq.m. were completed in Hunan Province in 2016. The total sales revenue amounted to approximately RMB375.2 billion, of which approximately RMB311.4 billion was from the sale of residential properties. The average price per sq.m. of commodity properties and residential properties in Hunan Province in 2016 was approximately RMB4,640.0 and RMB4,330.0, respectively, representing a CAGR of 9.2% and 9.4%, respectively, since 2008. The table below sets out selected data on the property market in Hunan Province for the periods indicated.

	2008	2009	2010	2011	2012	2013	2014	2015	2016
Total GFA completed (sq.m. in millions)	23.9	29.7	33.5	41.5	44.6	45.9	40.2	39.7	45.3
GFA of residential properties completed (sq.m. in millions)	20.4	25.0	28.3	34.4	36.9	37.6	31.8	30.9	33.6
Total GFA sold (sq.m. in millions)	26.6	35.1	44.7	49.0	51.5	59.5	54.4	63.6	80.9
GFA of residential properties sold (sq.m. in millions)	24.1	32.6	41.4	44.6	46.6	54.1	48.5	56.7	71.9
Total sales revenue (RMB in billions)	61.1	94.2	140.6	185.7	208.5	252.6	229.9	273.9	375.2
Sales revenue from residential properties (RMB in billions)	51.0	82.6	124.8	157.0	171.2	211.5	185.9	225.4	311.4
Average price of commodity properties (RMB per sq.m.)	2,302.0	2,680.0	3,146.0	3,790.3	4,048.6	4,243.1	4,227.0	4,304.0	4,640.0
Average price of residential properties (RMB per sq.m.)	2,113.0	2,532.0	3,014.0	3,523.6	3,669.6	3,908.3	3,830.0	3,974.0	4,330.0

Source: National Bureau of Statistics, Provincial/local statistics department

Changsha City

Changsha is the capital of Hunan Province, located in the central eastern region of the province. As of December 31, 2016, Changsha had a population of approximately 7.6 million. Changsha's GDP reached approximately RMB945.5 billion in 2016, representing a per capita GDP of approximately RMB123,681.0. The table below sets out selected economic statistics of Changsha for the periods indicated.

	2008	2009	2010	2011	2012	2013	2014	2015	2016
Nominal GDP (RMB in billions)	300.1	374.5	454.7	561.9	640.0	715.3	782.5	851.0	945.5
Per capita GDP (RMB)	45,765.0	56,620.0	66,443.0	79,530.0	89,903.0	99,570.0	108,356.0	115,443.0	123,681.0

Source: National Bureau of Statistics, Provincial/local statistics department

Jiangxi Province

Jiangxi Province is located in the southeastern region of China. It has an area of approximately 64,400 sq.km. In 2016, Jiangxi had a population of approximately 45.9 million. The table below sets out selected economic statistics of Jiangxi Province for the periods indicated.

	2008	2009	2010	2011	2012	2013	2014	2015	2016
Nominal GDP (RMB in billions)	697.1	765.5	945.1	1,170.3	1,294.9	1,441.0	1,571.5	1,672.4	1,849.9
Per capita GDP (RMB)	15,900.0	17,335.0	21,253.0	26,150.0	28,800.0	31,930.0	34,674.0	36,724.0	40,400.0
Per capita disposable income of urban households	12,866.4	14,021.5	15,481.1	17,494.9	19,860.4	22,120.0	24,309.2	26,500.1	28,673.3

Source: National Bureau of Statistics, Provincial/local statistics department

According to the NBS, the average price per sq.m. of commodity properties in Jiangxi Province in 2016 was approximately RMB5,709.0, representing a CAGR of 13.1% since 2008. The table below sets out selected data on the property market in Jiangxi Province for the periods indicated.

	2008	2009	2010	2011	2012	2013	2014	2015	2016
Total GFA completed (sq.m. in millions)	15.9	16.5	18.2	19.1	17.5	17.9	18.7	19.1	16.4
GFA of residential properties completed (sq.m. in millions)	13.5	14.4	15.5	16.2	14.4	14.3	15.1	15.3	13.2
Total GFA sold (sq.m. in millions)	17.3	22.8	24.7	24.2	24.0	31.7	30.7	34.8	46.9
GFA of residential properties sold (sq.m. in millions)	16.0	21.1	22.7	21.6	21.3	28.5	27.8	31.5	41.4
Total sales revenue (RMB in billions)	36.9	60.3	77.6	100.2	113.7	164.8	162.2	186.4	267.8
Sales revenue from residential properties (RMB in billions)	32.4	53.1	67.0	82.4	93.1	139.6	137.9	160.7	220.7
Average price of commodity properties (RMB per sq.m.)	2,136.0	2,643.0	3,143.7	4,147.7	4,744.7	5,203.2	5,288.0	5,358.0	5,709.0
Average price of residential properties (RMB per sq.m.)	2,022.0	2,517.0	2,958.6	3,822.0	4,381.2	4,905.3	4,971.0	5,107.3	5,331.0

Source: National Bureau of Statistics, Provincial/local statistics department

Tibet Autonomous Region

Tibet is an autonomous region in western China. The table below sets out selected economic statistics for Tibet for the years indicated.

	2008	2009	2010	2011	2012	2013	2014	2015	2016
Nominal GDP (RMB in billions)	39.5	44.1	50.7	60.6	70.1	80.6	92.1	102.6	115.1
Per capita GDP (RMB)	13,824.0	15,295.0	17,319.0	20,077.0	22,936.0	26,326.0	29,252.0	31,999.0	35,184.0
Per capita disposable income of urban households	12,482.0	13,544.0	14,981.0	16,196.0	18,028.0	20,394.5	22,015.8	25,456.6	27,802.4

Source: National Bureau of Statistics, Provincial/local statistics department

The GFA of completed residential properties in Tibet was approximately 0.3 million sq.m. in 2016, representing an decrease of 64.0% from 2015. Total residential GFA sold in Tibet in 2016 was approximately 0.7 million sq.m.. The average price of residential GFA sold in Tibet in 2016 was RMB4,876.0 per sq.m.. The table below sets out selected statistics relating to the property market in Tibet for the years indicated.

	2008	2009	2010	2011	2012	2013	2014	2015	2016
Total GFA completed (sq.m. in millions)	0.5	0.5	0.1	0.2	0.1	0.2	0.5	0.9	0.3
GFA of residential properties completed (sq.m. in millions)	0.5	0.4	0.1	0.2	0.1	0.1	0.3	0.7	0.3
Total GFA sold (sq.m. in millions)	0.7	0.6	0.2	0.2	0.2	0.3	0.6	0.5	0.7
GFA of residential properties sold (sq.m. in millions)	0.6	0.1	0.2	0.2	0.2	0.2	0.5	0.5	0.7
Total sales revenue (RMB in billions)	2.2	1.6	0.6	0.6	0.7	1.1	3.4	2.1	3.8
Sales revenue from residential properties (RMB in billions)	1.9	1.5	0.5	0.6	0.6	0.9	2.9	1.7	3.5
Average price of commodity properties (RMB per sq.m.)	3,202.0	2,452.0	2,896.0	3,474.5	3,268.6	4,173.5	5,774.0	4,111.0	5,112.0
Average price of residential properties (RMB per sq.m.)	3,103.0	2,392.0	2,751.0	3,312.0	2,982.0	3,883.4	5,323.0	3,605.4	4,876.0

Source: National Bureau of Statistics, Provincial/local statistics department

Lhasa City

Lhasa is the administrative capital of Tibet Autonomous Region. The table below sets out selected economic statistics for Lhasa for the years indicated.

	2008	2009	2010	2011	2012	2013	2014	2015	2016
Nominal GDP (RMB in billions)	14.2	15.4	17.9	22.2	26.0	30.5	34.7	37.7	42.5
Per capita GDP (RMB)	20,404.0	20,264.0	31,948.0	39,176.0	45,019.0	50,812.0	N/A	59,223.0	N/A

Source: National Bureau of Statistics, Provincial/local statistics department

Gansu Province

Gansu Province is located in northwest China. The table below sets out selected economic statistics for Gansu for the years indicated.

	2008	2009	2010	2011	2012	2013	2014	2015	2016
Nominal GDP (RMB in billions)	316.7	338.8	412.1	502.0	565.0	633.1	683.7	679.0	720.0
Per capita GDP (RMB)	12,421.0	13,269.0	16,113.0	19,595.0	21,978.0	24,539.0	26,432.9	26,165.0	27,643.0
Per capita disposable income of urban households	10,969.6	11,929.8	13,188.6	14,988.7	17,156.9	19,873.4	21,803.9	23,767.1	25,693.5

Source: National Bureau of Statistics, Provincial/local statistics department

According to the NBS, the average price per sq.m. of commodity properties in Gansu Province in 2016 was approximately RMB5,201.0, representing a CAGR of 13.0% since 2008. The table below sets out selected data on the property market in Gansu Province for the periods indicated.

	2008	2009	2010	2011	2012	2013	2014	2015	2016
Total GFA completed (sq.m. in millions)	5.5	5.4	6.0	7.4	8.4	9.2	8.1	9.6	9.9
Total GFA sold (sq.m. in millions)	6.2	7.0	7.6	8.4	9.8	12.2	13.3	14.3	16.8
GFA of residential properties sold (sq.m. in millions)	5.9	6.6	6.9	7.6	8.9	11.3	12.1	13.1	14.8
Total sales revenue (RMB in billions)	12.2	17.4	23.0	27.8	34.9	47.4	60.2	70.5	87.3
Sales revenue from residential properties (RMB in billions)	10.9	15.8	20.3	23.7	30.2	41.8	51.3	60.3	71.2
Average price of commodity properties (RMB per sq.m.)	1,958.0	2,483.0	3,042.0	3,318.2	3,570.1	3,885.7	4,544.0	4,913.0	5,201.0
Average price of residential properties (RMB per sq.m.)	1,851.0	2,396.0	2,938.0	3,130.0	3,376.1	3,684.1	4,234.0	4,613.0	4,817.0

Source: National Bureau of Statistics, Provincial/local statistics department

Lanzhou City

Lanzhou is the capital city of Gansu Province. The table below sets out selected economic statistics for Lanzhou for the years indicated.

	2008	2009	2010	2011	2012	2013	2014	2015	2016
Nominal GDP (RMB in billions)	84.6	92.6	110.0	136.0	156.4	177.6	200.1	209.6	226.4
Per capita GDP (RMB)	25,628.0	27,904.0	34,009.0	37,570.0	43,175.0	48,852.0	52,378.0	56,972.0	61,207.0

Source: National Bureau of Statistics, Provincial/local statistics department

Hubei Province

Hubei Province is located in the central region of China. It has an area of approximately 185,900 sq.km. In 2016, Hubei Province had a population of approximately 58.9 million. The table below sets out selected economic statistics of Hubei Province for the periods indicated.

	2008	2009	2010	2011	2012	2013	2014	2015	2016
Nominal GDP (RMB in billions)	1,172.9	1,324.0	1,618.2	2,016.7	2,265.9	2,479.2	2,737.9	2,955.0	3,266.5
Per capita GDP (RMB)	19,858.0	22,677.0	27,906.0	34,197.3	38,572.0	42,826.0	47,144.6	50,654.0	55,665.0
Per capita disposable income of urban households	13,152.9	14,367.5	16,058.4	18,373.9	20,839.6	22,667.9	24,852.3	27,051.5	29,385.8

Source: National Bureau of Statistics, Provincial/local statistics department

According to NBS, properties with a total GFA of 31.3 million sq.m. were completed in Hubei Province in 2016, representing a CAGR of 5.4% since 2008. In 2016, the total sales revenue amounted to approximately RMB499.4 billion. The average price per sq.m. of commodity properties in Hubei Province in 2016 was approximately RMB6,724.0, representing a CAGR of 10.6% since 2008. The table below sets out selected data on the property market in Hubei Province for the periods indicated.

	2008	2009	2010	2011	2012	2013	2014	2015	2016
Total GFA completed (sq.m. in millions)	20.6	23.1	25.4	32.2	32.7	30.4	34.3	27.9	31.3
GFA of residential properties completed (sq.m. in millions)	18.0	20.1	21.3	27.3	28.0	25.5	28.1	21.9	23.5
Total GFA sold (sq.m. in millions)	19.4	27.2	35.1	41.9	40.4	53.0	56.0	62.4	74.3
GFA of residential properties sold (sq.m. in millions)	18.2	25.8	32.4	37.9	36.2	47.7	50.0	56.5	67.9
Total sales revenue (RMB in billions)	58.3	96.0	131.3	187.9	203.6	279.0	308.8	366.1	499.4
Sales revenue from residential properties (RMB in billions)	52.8	87.9	113.5	156.9	169.0	231.0	254.4	319.9	438.4
Average price of commodity properties (RMB per sq.m.)	3,001.0	3,532.0	3,743.0	4,486.4	5,042.8	5,266.2	5,513.0	5,863.0	6,724.0
Average price of residential properties (RMB per sq.m.)	2,898.0	3,413.0	3,506.0	4,142.1	4,668.0	4,847.2	5,085.0	5,663.4	6,457.0

Source: National Bureau of Statistics, Provincial/local statistics department

Wuhan City

Wuhan is the capital of Hubei Province, located at the confluence of the Changjiang and Hanjiang Rivers. As at December 31, 2016, Wuhan had a population of approximately 10.8 million. Wuhan's GDP reached approximately RMB1,191.3 billion in 2016. The table below sets out selected economic statistics of Wuhan for the periods indicated.

	2008	2009	2010	2011	2012	2013	2014	2015	2016
Nominal GDP (RMB in billions)	396.0	462.1	556.6	676.2	800.4	905.1	1,006.9	1,090.6	1,191.3
Per capita GDP (RMB)	44,290.0	51,144.0	58,961.0	68,315.0	79,482.0	88,999.7	N/A	104,132.0	111,469.0

Source: National Bureau of Statistics, Provincial/local statistics department

Fujian Province

Fujian Province is located on the southeast coast of China. The table below sets out selected economic statistics for Fujian Province for the years indicated.

	2008	2009	2010	2011	2012	2013	2014	2015	2016
Nominal GDP (RMB in billions)	1,082.3	1,195.0	1,435.7	1,741.0	1,970.2	2,186.9	2,405.6	2,598.0	2,881.1
Per capita GDP (RMB)	30,123.0	33,051.0	39,432.0	46,972.0	52,763.0	58,145.0	63,472.0	67,966.0	74,707.0
Per capita disposable income of urban households	17,961.5	19,577.0	21,781.0	24,907.0	28,055.0	28,173.9	30,722.4	33,275.3	36,014.3

Source: National Bureau of Statistics, Provincial/local statistics department

The GFA of completed residential properties in Fujian Province was approximately 24.2 million sq.m. in 2016, representing a increase of 0.9% over 2015. Total residential GFA sold in Fujian Province in 2016 was approximately 41.3 million sq.m.. The average price of residential GFA sold in Fujian Province in 2016 was RMB9,175.0 per sq.m.. The table below sets out selected statistics relating to the property market in Fujian Province for the years indicated.

	2008	2009	2010	2011	2012	2013	2014	2015	2016
Total GFA completed (sq.m. in millions)	19.1	22.4	22.4	26.5	22.3	33.7	35.8	34.4	36.7
GFA of residential properties completed (sq.m. in millions)	14.2	17.0	17.2	20.1	15.6	23.4	25.7	24.0	24.2
Total GFA sold (sq.m. in millions)	16.3	27.2	25.8	27.1	32.6	46.8	41.2	40.4	49.2
GFA of residential properties sold (sq.m. in millions)	12.5	24.2	21.4	22.1	27.4	39.6	33.2	33.2	41.3
Total sales revenue (RMB in billions)	71.3	147.8	161.1	210.2	281.8	423.2	376.4	358.6	453.1
Sales revenue from residential properties (RMB in billions)	56.2	129.9	130.0	165.0	229.4	341.1	294.0	284.0	379.3
Average price of commodity properties (RMB per sq.m.)	4,384.0	5,427.0	6,256.0	7,764.3	8,646.1	9,050.3	9,136.0	8,881.0	9,218.0
Average price of residential properties (RMB per sq.m.)	4,498.1	5,366.3	6,077.5	7,452.0	8,366.0	8,618.1	8,843.0	8,565.0	9,175.0

Source: National Bureau of Statistics, Provincial/local statistics department

Fuzhou City

Fuzhou is the capital city and one of the largest cities in Fujian Province. The table below sets out selected economic statistics for Fuzhou for the years indicated.

	2008	2009	2010	2011	2012	2013	2014	2015	2016
Nominal GDP (RMB in billions)	228.4	252.4	312.3	373.6	421.1	467.9	516.9	561.8	619.8
Per capita GDP (RMB)	33,615.0	36,857.0	43,615.0	52,144.0	58,019.0	63,747.0	69,569.0	72,259.0	82,253.0

Source: National Bureau of Statistics, Provincial/local statistics department

Beijing Municipality

Beijing Municipality is the capital of China. Beijing is one of the four municipalities under the direct administration of the PRC central government and is China's political, cultural and educational center. The table below sets out selected economic statistics for Beijing for the years indicated.

	2008	2009	2010	2011	2012	2013	2014	2015	2016
Nominal GDP (RMB in billions)	1,048.8	1,186.6	1,377.8	1,600.0	1,780.1	1,950.1	2,133.1	2,301.5	2,566.9
Per capita GDP (RMB)	63,029.0	68,788.0	70,251.0	80,394.0	87,091.0	93,213.0	99,995.0	106,497.0	118,198.0
Per capita disposable income of urban households	24,725.0	26,738.0	29,037.0	32,903.0	36,469.0	44,563.9	48,531.8	52,859.2	57,275.3

Source: National Bureau of Statistics, Provincial/local statistics department

The GFA of completed residential properties in Beijing was approximately 12.7 million sq.m. in 2016, representing a decrease of 8.2% over 2015. Total residential GFA sold in Beijing in 2016 was approximately 9.8 million sq.m., representing a decrease of 13.2% from 2015. The average price of residential GFA sold in Beijing in 2016 was RMB28,489.0 per sq.m., representing an increase of approximately 27.8% over 2015. The table below sets out selected statistics relating to the property market in Beijing for the years indicated.

	2008	2009	2010	2011	2012	2013	2014	2015	2016
Total GFA completed (sq.m. in millions)	25.6	26.8	23.9	22.4	23.9	26.7	30.5	26.3	23.7
GFA of residential properties completed (sq.m. in millions)	14.0	16.1	15.0	13.2	15.2	17.0	18.0	13.8	12.7
Total GFA sold (sq.m. in millions)	13.4	23.6	16.4	14.4	19.4	19.0	14.5	15.5	16.6
GFA of residential properties sold (sq.m. in millions)	10.3	18.8	12.0	10.4	14.8	13.6	11.4	11.3	9.8
Total sales revenue (RMB in billions)	165.8	326.0	291.5	242.5	330.9	353.1	273.9	351.8	456.2
Sales revenue from residential properties (RMB in billions)	120.1	248.7	206.1	160.6	245.6	243.5	210.2	251.3	279.6
Average price of commodity properties (RMB per sq.m.)	12,418.0	13,799.0	17,781.7	16,852.0	17,021.6	18,552.9	18,833.0	22,633.0	27,497.0
Average price of residential properties (RMB per sq.m.)	11,648.0	13,224.0	17,151.0	15,517.9	16,553.5	17,854.0	18,499.0	22,300.0	28,489.0

Source: National Bureau of Statistics, Provincial/local statistics department

Chongqing Municipality

Chongqing is one of the four municipalities under the direct administration of the PRC central government and an important economic hub in southwestern China. The table below sets out selected economic statistics for Chongqing for the years indicated.

	2008	2009	2010	2011	2012	2013	2014	2015	2016
Nominal GDP (RMB in billions)	579.4	653.0	792.6	1,001.1	1,141.0	1,265.7	1,426.5	1,571.7	1,774.1
Per capita GDP (RMB)	20,490.0	22,920.0	27,596.0	34,500.0	38,914.0	42,795.0	48,032.0	52,321.0	58,502.0
Per capita disposable income of urban households	14,367.6	15,748.7	17,532.4	20,249.7	22,968.1	43,223.0	47,850.0	27,238.8	29,610.0

Source: National Bureau of Statistics, Provincial/local statistics department

According to the NBS, the average price per sq.m. of commodity properties in Chongqing Municipality in 2016 was approximately RMB5,485.0, representing a CAGR of 8.8% since 2008. The table below sets out selected data on the property market in Chongqing Municipality for the periods indicated.

	2008	2009	2010	2011	2012	2013	2014	2015	2016
Total GFA completed (sq.m. in millions)	23.7	29.1	26.3	34.2	39.9	38.0	37.2	46.3	44.2
Total GFA sold (sq.m. in millions)	28.7	40.0	43.1	45.3	45.2	48.2	51.0	53.8	62.6
GFA of residential properties sold (sq.m. in millions)	19.5	23.8	21.8	28.3	33.9	28.7	27.7	44.8	51.1
Total sales revenue (RMB in billions)	80.0	137.8	184.7	214.6	229.7	268.3	N/A	295.2	343.2
Sales revenue from residential properties (RMB in billions)	70.5	123.2	161.1	182.5	197.2	228.4	N/A	224.4	263.6
Average price of commodity properties (RMB per sq.m.)	2,785.0	3,442.0	4,280.9	4,733.8	5,079.9	5,568.7	5,519.0	5,486.0	5,485.0
Average price of residential properties (RMB per sq.m.)	2,640.0	3,266.0	4,040.4	4,492.3	4,804.8	5,238.5	5,094.0	5,012.0	5,162.0

Source: National Bureau of Statistics, Provincial/local statistics department

Shanxi Province

Shanxi Province is in central northern China. The table below sets out selected economic statistics for Shanxi Province for the years indicated.

	2008	2009	2010	2011	2012	2013	2014	2015	2016
Nominal GDP (RMB in billions)	731.5	735.8	920.1	1,123.8	1,211.3	1,266.5	1,276.2	1,276.6	1,305.0
Real GDP growth rate (%)	8.5	5.4	13.9	13.0	10.1	8.9	N/A	N/A	N/A
Per capita GDP (RMB)	21,506.0	21,522.0	26,283.0	31,357.0	33,628.0	34,984.0	35,070.0	34,919.0	35,532.0
Per capita disposable income of urban households	13,119.1	13,996.6	15,647.7	18,123.9	20,411.7	22,258.2	24,069.4	25,827.7	27,352.3

Source: National Bureau of Statistics, Provincial/local statistics department

According to the NBS, the average price per sq.m. of commodity properties in Shanxi Province in 2016 was approximately 4,984.0, representing a CAGR of 9.8% since 2008. The table below sets out selected data on the property market in Shanxi Province for the periods indicated.

	2008	2009	2010	2011	2012	2013	2014	2015	2016
Total GFA completed (sq.m. in millions)	8.8	9.2	9.0	11.3	16.5	15.1	21.9	21.1	26.8
Total GFA sold (sq.m. in millions)	9.9	10.3	11.8	12.8	15.0	16.4	15.8	15.9	20.6
GFA of residential properties sold (sq.m. in millions)	8.9	9.6	10.7	11.7	13.9	14.8	14.3	14.8	18.8
Total sales revenue (RMB in billions)	23.4	28.0	41.2	44.1	58.0	72.8	74.6	77.6	102.7
Sales revenue from residential properties (RMB in billions)	20.1	24.6	35.7	37.8	51.3	62.5	64.0	70.2	90.1
Average price of commodity properties (RMB per sq.m.)	2,355.0	2,707.0	3,487.0	3,432.7	3,871.4	4,433.0	4,734.0	4,870.0	4,984.0
Average price of residential properties (RMB per sq.m.)	2,253.0	2,552.0	3,338.0	3,231.4	3,690.9	4,211.5	4,462.0	4,742.0	4,788.0

Source: National Bureau of Statistics, Provincial/local statistics department

Taiyuan City

Taiyuan is the capital city of Shanxi Province in northern China. The table below sets out selected economic statistics for Taiyuan for the years indicated.

	2008	2009	2010	2011	2012	2013	2014	2015	2016
Nominal GDP (RMB in billions)	146.8	154.5	177.8	208.0	231.1	241.3	253.1	273.5	295.6
Per capita GDP (RMB)	42,378.0	44,319.0	50,225.0	49,292.0	54,440.0	56,547.0	59,023.0	63,483.0	68,234.0

Source: National Bureau of Statistics, Provincial/local statistics department

Guizhou Province

Guizhou Province is located in the southwestern region of China. It has an area of approximately 68,018 sq.km. In 2016, Guizhou had a population of approximately 35.6 million. The table below sets out selected economic statistics of Guizhou Province for the periods indicated.

	2008	2009	2010	2011	2012	2013	2014	2015	2016
Nominal GDP (RMB in billions)	356.2	391.3	460.2	570.2	685.2	808.7	926.6	1,050.3	1,177.7
Per capita GDP (RMB)	9,855.0	10,971.0	13,119.0	16,413.0	19,710.0	23,151.0	26,437.0	29,847.0	33,246.0
Per capita disposable income of urban households	11,758.8	12,862.5	14,142.7	16,495.0	18,700.5	20,564.9	22,548.2	24,579.6	26,742.6

Source: National Bureau of Statistics, Provincial/local statistics department

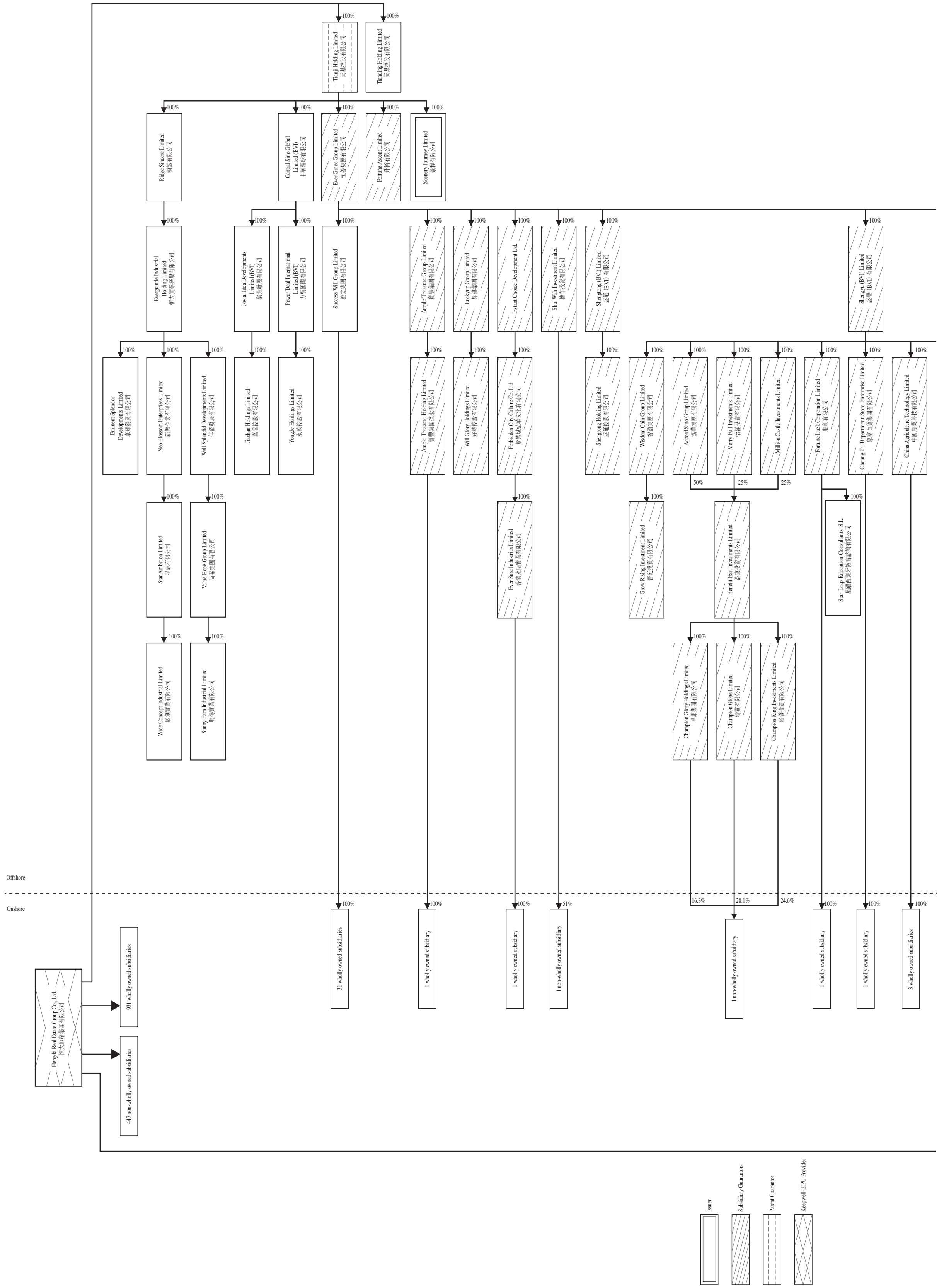
According to the NBS, the average price per sq.m. of commodity properties in Guizhou Province in 2016 was approximately RMB4,307.0, representing a CAGR of 7.9% since 2008. The table below sets out selected data on the property market in Guizhou Province for the periods indicated.

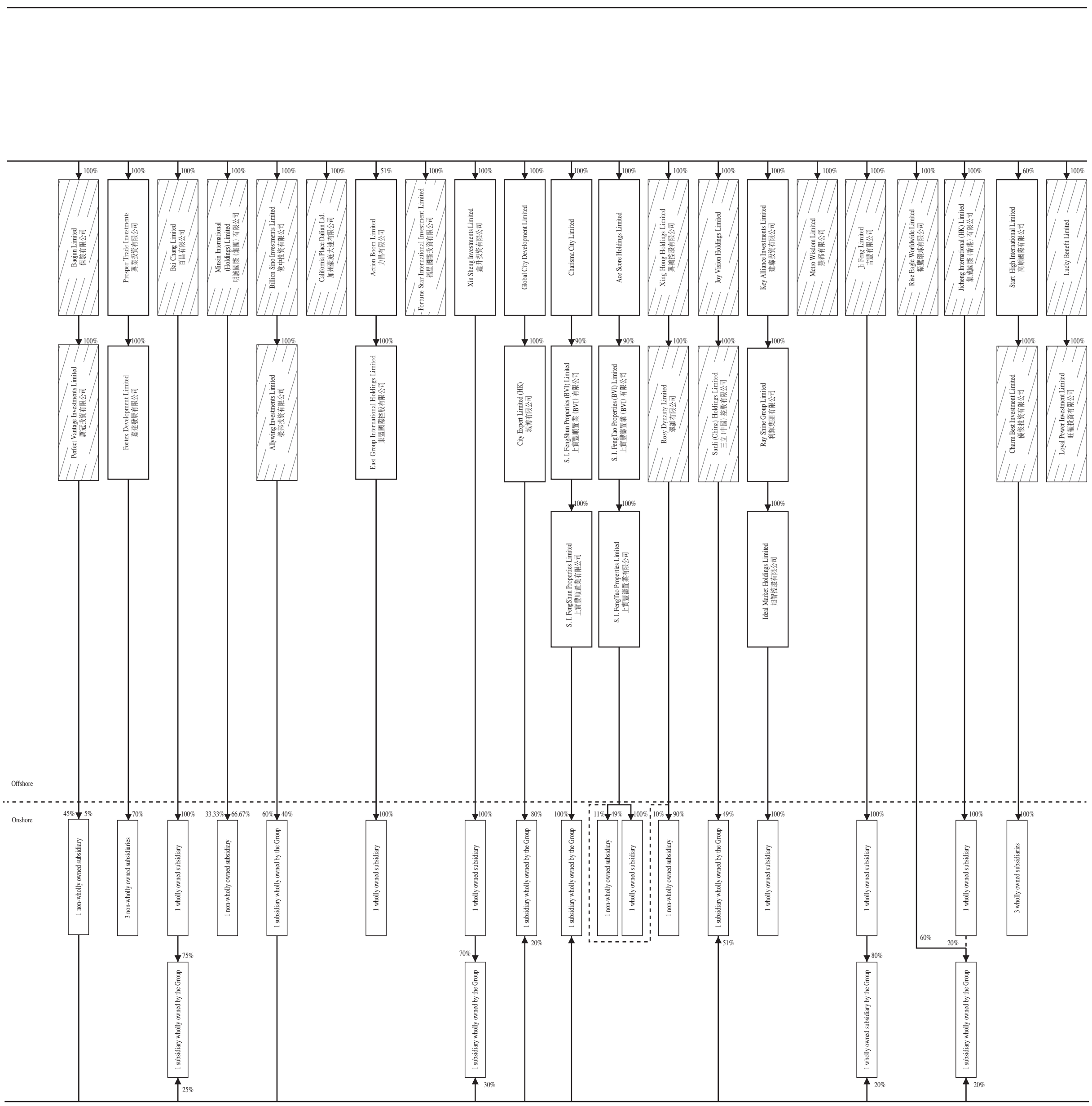
	2008	2009	2010	2011	2012	2013	2014	2015	2016
Total GFA completed (sq.m. in millions)	7.2	12.2	10.5	14.6	14.2	17.6	28.4	25.8	19.0
GFA of residential properties completed (sq.m. in millions)	5.9	10.4	8.3	11.0	11.2	13.5	20.5	19.3	12.8
Total GFA sold (sq.m. in millions)	9.1	16.5	17.3	18.8	21.9	29.7	31.8	35.6	41.6
GFA of residential properties sold (sq.m. in millions)	8.5	15.4	16.0	17.0	20.0	26.5	27.1	29.4	34.3
Total sales revenue (RMB in billions)	21.2	47.5	58.1	73.2	90.0	127.7	137.0	157.2	179.1
Sales revenue from residential properties (RMB in billions)	18.0	40.7	50.2	59.3	74.0	98.9	100.0	106.8	126.9
Average price of commodity properties (RMB per sq.m.)	2,339.0	2,874.0	3,357.1	3,888.8	4,115.7	4,295.3	4,312.0	4,415.1	4,307.0
Average price of residential properties (RMB per sq.m.)	2,122.0	2,642.0	3,142.4	3,489.7	3,695.4	3,735.5	3,694.0	3,629.0	3,704.0

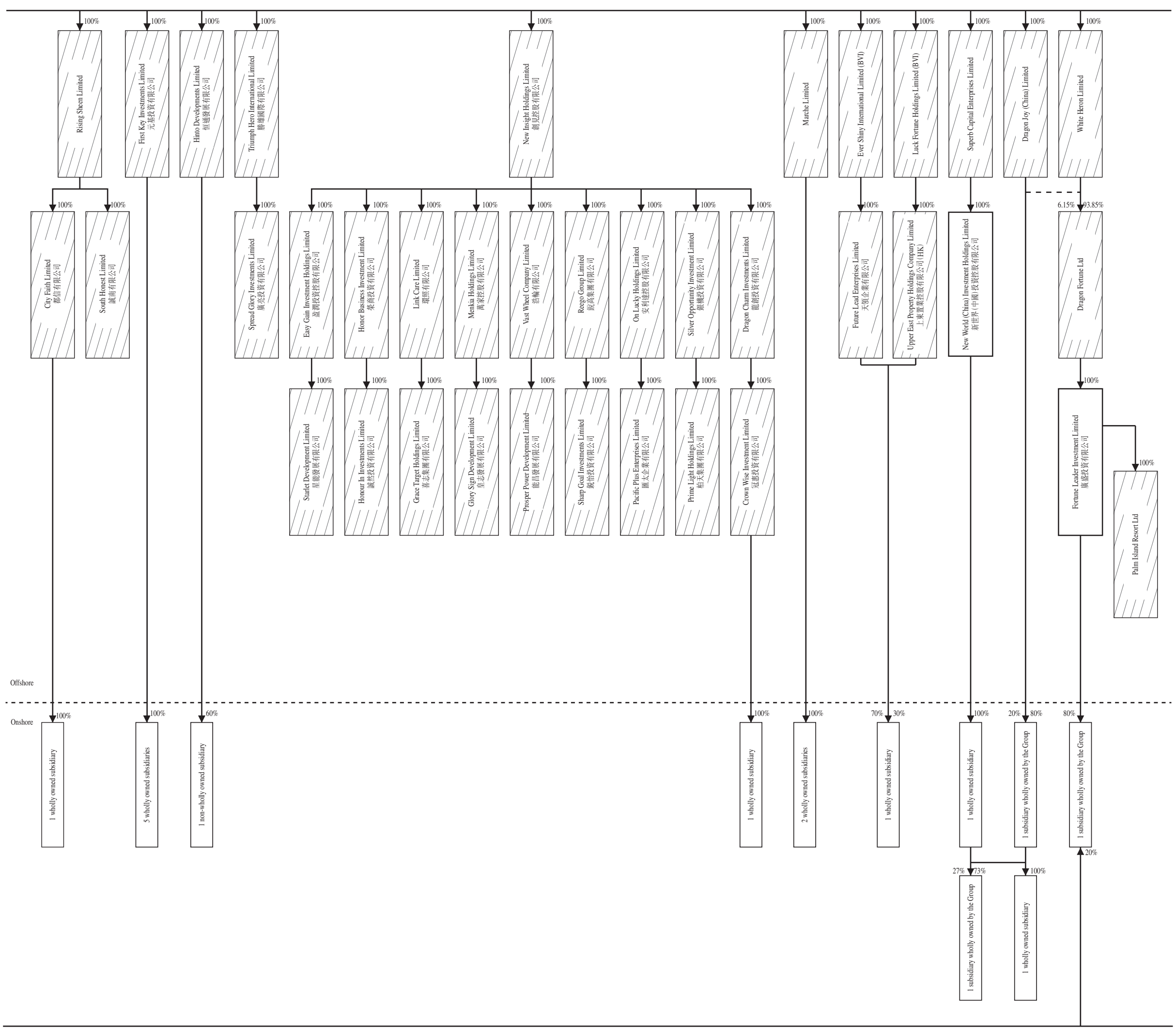
Source: National Bureau of Statistics, Provincial/local statistics department

CORPORATE STRUCTURE

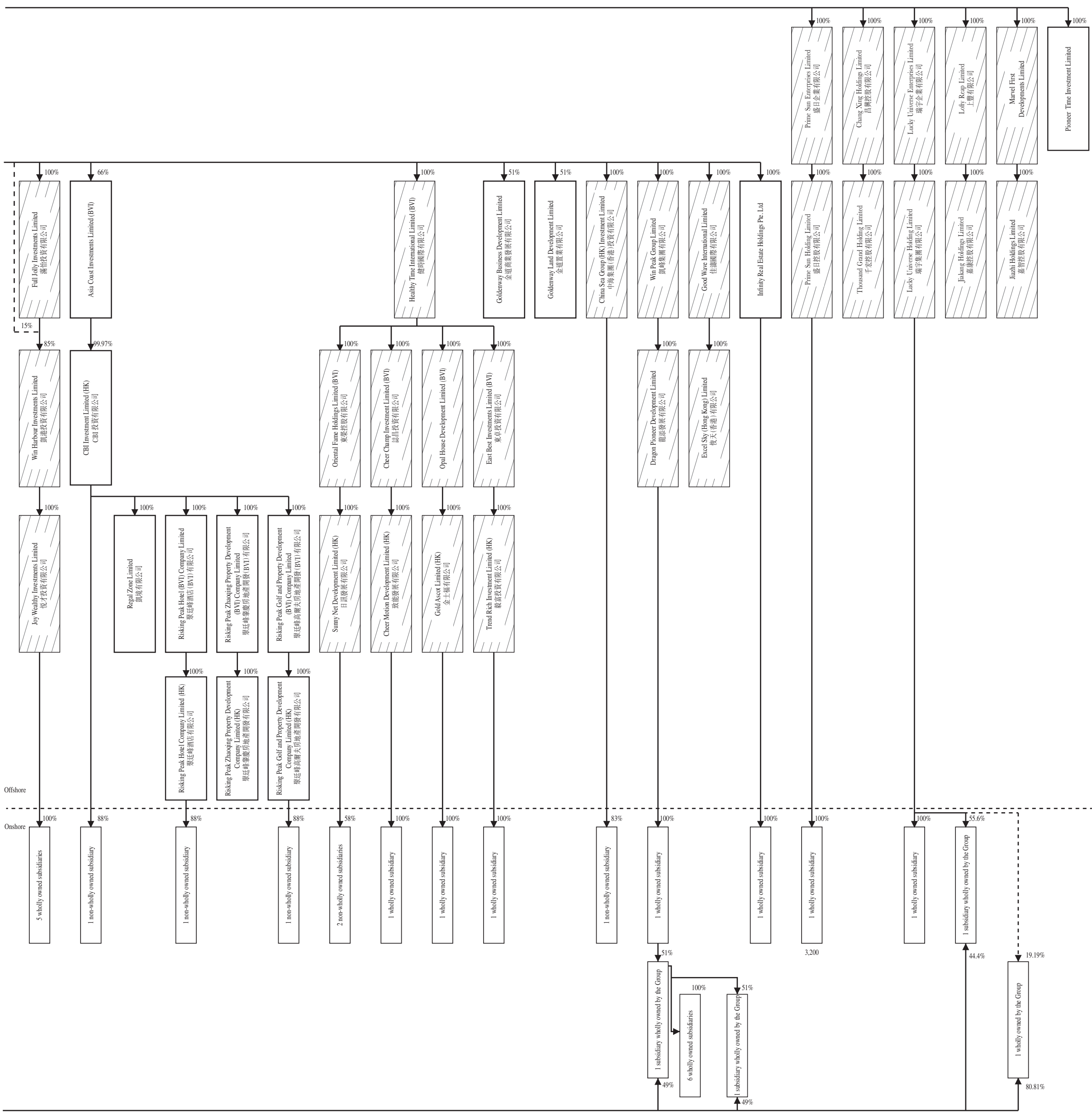
The following chart shows our simplified corporate structure as of June 30, 2018.




Baiyun Limited
Prosper Trade Investments
Bai Chang Limited
Minsin International (Holdings) Limited
Billion Sino Investments Limited
California Place Dalian Ltd.
Action Boom Limited
Fortune Star International Investment Limited
Xin Sheng Investments Limited
Global City Development Limited
Chariotta City Limited
Ace Score Holdings Limited
Xing Hong Holdings Limited
Joy Vision Holdings Limited
Key Alliance Investments Limited
Metro Wisdom Limited
Ji Feng Limited
Rise Eagle Worldwide Limited
Jiesheng International (HK) Limited
Start High International Limited
Lucky Benefit Limited
Perfect Vantage Investments Limited
Forex Development Limited
Allywing Investments Limited
East Group International Holdings Limited
City Expert Limited (HK)
S. I. FengShun Properties (BVI) Limited
S. I. FengTao Properties (BVI) Limited
Rosy Dynasty Limited
Sadi (China) Holdings Limited
Ray Shine Group Limited
Charm Best Investment Limited
Loyal Power Investment Limited
S. I. FengShun Properties Limited
S. I. FengTao Properties Limited
Ideal Market Holdings Limited
Offshore
Onshore
1 non-wholly owned subsidiary
3 non-wholly owned subsidiaries
1 wholly owned subsidiary
1 subsidiary wholly owned by the Group
3 wholly owned subsidiaries
1 wholly owned subsidiary wholly owned by the Group
100%
51%
60%
90%
45%
5%
70%
33.33%
66.67%
40%
80%
20%
11%
49%
10%
75%
25%
30%



Rising Sheen Limited
First Key Investments Limited
Hinto Developments Limited
Triumph Hero International Limited
New Insight Holdings Limited
Marche Limited
Ever Shiny International Limited (BVI)
Luck Fortune Holdings Limited (BVI)
Superb Capital Enterprises Limited
Dragon Joy (China) Limited
White Heron Limited
City Faith Limited
South Honest Limited
Spread Glory Investments Limited
Easy Gain Investment Holdings Limited
Honor Business Investment Limited
Link Care Limited
Merkia Holdings Limited
Vast Wheel Company Limited
Reego Group Limited
On Lucky Holdings Limited
Silver Opportunity Investment Limited
Dragon Charm Investments Limited
Fortune Lead Enterprises Limited
Upper East Property Holdings Company Limited
New World (China) Investment Holdings Limited
Dragon Fortune Ltd
Starlet Development Limited
Honour In Investments Limited
Grace Target Holdings Limited
Glory Sign Development Limited
Prosper Power Development Limited
Sharp Goal Investments Limited
Pacific Plus Enterprises Limited
Prime Light Holdings Limited
Crown Wise Investment Limited
Fortune Leader Investment Limited
Palm Island Resort Ltd
Offshore
Onshore
1 wholly owned subsidiary
5 wholly owned subsidiaries
1 non-wholly owned subsidiary
2 wholly owned subsidiaries
1 subsidiary wholly owned by the Group
100%
60%
70%
30%
20%
80%
27%
73%
6.15%
93.85%



DESCRIPTION OF THE PARENT GUARANTOR

OVERVIEW

Tianji Holding Limited, the Parent Guarantor, is a limited liability company incorporated under the laws of Hong Kong on May 19, 2009. Its registered office is located at 20/F., Alexandra House, 18 Chater Road, Central, Hong Kong. The Parent Guarantor is a wholly owned subsidiary of the Company.

BUSINESS ACTIVITY

Tianji Holding Limited is the sole overseas financing platform of Hengda Real Estate and is mainly responsible for overseas financing in support of our domestic and overseas development projects. Tianji Holding Limited is also a major investment platform of Hengda Real Estate, with the direct ownership of our overseas projects, including the property of our headquarters located in Hong Kong. During the six months ended June 30, 2018, Tianji Holding Limited and its subsidiaries recorded a revenue of RMB29,359 million (US$4,437 million), accounting for approximately 10.3% of the total revenue of the Group. As of June 30, 2018, Tianji Holding Limited and its consolidated subsidiaries' total assets amounted to RMB289,564 million (US$43,760 million), accounting for approximately 18.6% of the total assets of the Group. We expect to strengthen the business operation and financial performance of Tianji Holding Limited in the future.

DIRECTORS AND OFFICERS

The sole director of the Parent Guarantor is Ms. Pan Hanling. The sole director of the Parent Guarantor does not hold any shares or options to acquire shares of the Parent Guarantor.

DESCRIPTION OF THE ISSUER

Formation

The Issuer is a limited liability company incorporated in British Virgin Islands (Company Number: 1970476). It was incorporated in the British Virgin Islands on February 12, 2018. Its registered office is located at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola VG1110, British Virgin Islands. The Issuer is a wholly owned subsidiary of the Parent Guarantor.

Business activity

The Issuer was established pursuant to the objects and powers set out in its memorandum of association. The Issuer does not sell any products or provide any services and it has undertaken no business activities since the date of its incorporation, other than those incidental to its incorporation and establishment and those incidental to the issue of the Note.

Financial statement

Under British Virgin Islands law, the Issuer is not required to publish interim or annual financial statements. The Issuer has not published, and does not propose to publish, any financial statements. The Issuer is, however, required to keep such records that are sufficient to show and explain its transactions and will, at any time, enable its financial position to be determined with reasonable accuracy.

Directors and officers

The sole director of the Issuer is Pan Hanling. None of the directors of the Issuer holds any shares or options to acquire shares of the Issuer. The Issuer does not have any employees and has no subsidiaries.

Business Overview

As the PRC flagship of the real estate development business of China Evergrande Group, we are the largest real estate development company in China in terms of contracted sales attributable to the Group and land reserves in 2017, according to China Real Estate Information Corporation and the land reserve data disclosed by relevant companies in their applicable stock exchange filings. Founded in Guangzhou City, Guangdong Province in 1996, we have become a leading national property developer through our economies of scale and widely recognized brand name, under the leadership of our management team. Over the years, our focus on a centralized management system, a standardized operational model and quality products have allowed us to quickly replicate our success across China. We focus primarily on provincial capitals and other selected cities that we believe have high-growth potential. We continue to improve our geographical mix by focusing on replenishment of quality land reserves and taking a balanced approach to the distribution of land reserves among first-, second- and third-tier cities. Our land reserves cover most of the provincial capitals and municipalities in China. Through our standardized operational model, we have been able to simultaneously manage projects in various development and sale stages in 228 cities across China as of June 30, 2018.

Our residential property development integrates planning, design, construction and property management and follows our standardized process management to ensure development speed and product quality. We have been awarded the highest recognition in China in real estate development, architectural planning and design, construction, construction supervision and property management, and have been ranked among the "Top 10 Property Developers of China" for 14 consecutive years since 2004 by China Real Estate Top 10 Research Group, an organization constituted by Enterprise Research Institute of the Development Research Center of the State Council, Tsinghua University Real Estate Research Center and China Index Academy. We ranked as No. 2 of the "Top 500 Real Estate Companies of China" for six consecutive years since 2011 and No. 1 of the "Top 10 Real Estate Companies of China" in 2017. We were also ranked 230th on Fortune Global 500 in 2018.

We had the largest land reserves among all PRC property developers listed in China and Hong Kong as of June 30, 2018 based on the land reserve data disclosed by relevant companies in their applicable stock exchange filing. We had a total of 809 property projects under development or held for future development, a total planned GFA of approximately 258 million square meters of high-quality and relatively low-cost land as of June 30, 2018 with an average cost of approximately RMB1,853 per square meter, as calculated by dividing our aggregate land purchase price by our aggregate planned GFA. As of June 30, 2018, we had an aggregate of approximately RMB103.78 billion outstanding land premiums of which RMB36.2 billion is due in the second half of 2018 and RMB31.6 billion is due in 2019.

As of June 30, 2018, we had construction permits for 653 of our property projects under development, with a total GFA of approximately 110 million square meters, and had pre- sale permits for 730 of our projects, with a total GFA of approximately 53.7 million square meters, of which approximately 26.5 million square meters remained unsold.

Over the years, we have developed and introduced various distinctive product series to the market, including:

- *Mid- to mid-high-end series* represented by products within our Evergrande Oasis (恒大綠洲) series, Evergrande Metropolis (恒大名都) series, Evergrande City (恒大城) series, Evergrande Atrium (恒大雅苑) series, Evergrande Royal Scenic Bay (恒大御景灣), Evergrande Emerald Court (恒大翡翠華庭) series, Evergrande Bay (恒大江灣) series, Evergrande Plaza (恒大廣場) series and Evergrande Bund (恒大外灘) series which we target to account for approximately 85% of our current projects, and are marketed toward middle to upper-middle income residents, who currently constitute the largest segment of residential real estate purchasers. Evergrande Metropolis and Evergrande City are urban residential complexes in major cities, while Evergrande Oasis and Evergrande Atrium are located in areas with the requisite natural landscape. These series are equipped with well-developed facilities and amenities within the complexes.

- *High-end series* represented by products within our Evergrande Palace (恒大華府) series, Evergrande Royal Scenic Peninsula (恒大御景半島) series, Evergrande Emperor Scenic (恒大帝景) series and Evergrande Royal Scenic (恒大御景) series, which we target to account for approximately 15% of our current projects, and are positioned as high-end and premium residential properties in urban centers. These series target high-income residents in such regions.

We design and develop all of our product series under our standardized operational model and market them under the brand name of "Evergrande" on a nationwide basis.

We strive to provide high-quality residential products to the market by focusing on every step of the development process, from site selection, planning, landscaping and construction to fitting-out and property management. We aim to deliver "best-in-class" end-products to our customers. Over years, our products have gained wide brand recognition among consumers, as reflected by our strong contracted sales and sales records. For the years ended December 31, 2016 and 2017 and the first half of 2018, our total contracted sales, which have not been audited or reviewed by our auditors, amounted to approximately RMB354.2 billion, RMB478.3 billion and RMB284.6 billion, respectively, with a total contracted sales GFA of approximately 42.2 million square meters, 48.0 million square meters and 27.2 million square meters, respectively. The average selling price for our contracted sales for the six months ended June 30, 2018 was RMB10,472 per square meter, as calculated based on our internal records.

Recent Development

Newly Acquired Land Since June 30, 2018

Set forth below are some of our major land acquisitions made subsequent to June 30, 2018 involving land premiums of over RMB3.0 billion.

(1) Taizhou Xianju Project

We acquired this project in Taizhou, Zhejiang, for a total land premium of RMB3,812.0 million. The project occupies an aggregate total site area of approximately 867,764 square meters.

Our Competitive Strengths

We believe that we possess the following principal competitive strengths that have allowed us to compete effectively with our peers in the property markets in China:

We are the largest real estate development company in China.

As the PRC flagship of the real estate development business of China Evergrande Group, we are the largest real estate development company in China in terms of contracted sales attributable to the Group and land reserves in the first half of 2018, according to China Real Estate Information Corporation and the land reserve data disclosed by relevant companies in their applicable stock exchange filings. In the first half of 2018, our contracted sales amounted to approximately RMB284.6 billion, representing a 23.7% increase compared to our contracted sales in the same period of 2017 at RMB230.1 billion. The contracted sales area in the first half of 2018 amounted to approximately 27.2 million square meters with an average contracted selling price of RMB10,472 per square meter, representing an increase of 16.9% and 5.9% as compared to the same period in 2017, respectively. We expect the target contracted sales for Hengda Real Estate will continue to grow in the next three years.

In 2018, China Evergrande Group was ranked 230th on Fortune Global 500. We have also been awarded the highest recognition in China in real estate development, architectural planning and design, construction, construction supervision and property management, and have been ranked among the "Top 10 Property Developers of China" for 14 consecutive years since 2004 by China Real Estate Top 10 Research Group. We have also been ranked as No. 2 of the "Top 500 Real Estate Companies of China" for six consecutive years since 2011 and No. 1 of the "Top 10 Real Estate Companies of China in 2017."

We believe our leading position in the industry nationwide results from our overall strength, efficient management, comprehensive operational model and high-quality products and services. Over the years, we have developed at a rapid growth rate. We believe this leading position will enable us to further take advantage of our strengths and achieve a stronger performance.

We are a leader of the standardized operational model for large-scale quality property developments.

We believe that our industry-leading standardized operational model for quality real estate development is the core strength that has enabled us to effectively execute our rapid and successful nationwide expansion in recent years. We formulate our standardized operational model at our headquarters, which are then implemented through our regional offices under close supervision and monitoring by our senior management. Our standardized model covers various phases in our development process including planning and design of all of our projects nationwide, nationwide centralized bidding and procurement processes, project developments, construction and quality control and sales and marketing as well as property management. Our standardized operational model has allowed us to maintain our high-quality standards on a nationwide basis, to effectively control our costs, to reduce our execution risks and to achieve remarkable growth in recent years.

To support our business plan, we have established a standardized operational procedure across all regional offices, under which the staffing level and compensation schemes are determined by our senior management at the headquarters to ensure the consistency of organizational structure and staff qualification across all regional offices. We have implemented a uniform financial management and reporting system, under which the finance department of each regional office is directly managed by our headquarters. This system allows us to standardize, consolidate and centralize our capital management nationwide. Our centralized internal risk management also covers our archives management and accounts approval process in all our regional offices. We have also established a nationwide contract processing and approval system, which plays an important role in our cost control, facilitates our centralized monitoring of contract execution and in turn strengthens our internal control.

- *Standardized Project Selection*

With respect to the selection of new project sites, we follow a set of strict standards, including:

  - **Selection of cities:** provincial capitals, municipalities and other selected cities with sound economic growth, strong buying power, small land supply and great transaction volume;

  - **Selection of location:** urban areas with a good environment, including near parks, rivers, good scenery and landscape, convenient transportation, well-planned municipal facilities and growth potential;

  - **Selection of project scale:** generally not less than 20,000 square meters in GFA for projects in first-tier and second-tier cities and not less than 300,000 square meters in GFA for projects in third-tier cities;

  - **Profitability:** favorable terms in land premium payment and optimal investment return; and

  - **Sales:** target of launching pre-sales within six to eight months from the date of the land acquisition, thereby improving our speed of asset turnover and shortening our cash conversion cycle.

We believe that our standardized project selection process has ensured that each of our new projects is in line with our overall development strategy while minimizing operational risk.

- *Standardized Planning and Design*

We have developed three major project series based on our product positioning, and created approximately 350 types of standard residential unit layouts, which are then customized for different regional markets and product series. Our standardized designs for each project contain detailed specifications to be followed through each step of the development process, including material and quality standards for building construction, landscaping, ancillary facilities and interior decoration, to ensure consistency and quality of our products throughout the country. In order to maximize our ecological planning effect of low density and high green ratio, we have developed standard design rules for buildings, structures, facades and landscape. With respect to ancillary facilities, we have also established a standardized functional configuration. Our projects are generally equipped with luxurious clubhouses, sports centers, commercial centers, nursery schools and other amenities. In addition, we have also standardized our decoration and finishing based on different regional markets and different types of residential units. These standardized planning and design measures ensure the accurate positioning of our projects, streamlining our planning, the implementation of our brand strategy and the quality of our products.

- *Standardized Use of Materials*

We have also standardized our use of materials, building on our standardized planning and design. We have standardized our procurement of materials in massive quantities in connection with our construction, landscaping, ancillary facilities and decoration. This procurement system has effectively accelerated the progress of our project construction and ensured our product quality. Standardized use of materials has also enabled us to centralize our procurement to reduce construction cost.

- *Standardized and Centralized Tender Process*

We believe that our effective centralized tender process enables us to achieve economies of scale and significant purchasing power. All large-scale projects handled by our regional offices must undergo a centralized bidding process that is supervised by our headquarters. All participants in the bidding must be among the top-rated product, equipment or service providers in their respective fields. Our headquarters are responsible for selecting the ultimate qualified bidder according to our standardized selection and evaluation process. We believe that such standardized tender process has afforded us with significant economies of scale and allowed us to maintain our competitive cost structure while securing quality products, equipment and services at reasonable prices.

- *Standardized Construction Management*

We utilize standardized development models nationwide and closely manage all aspects of the development process based on strict development schedules and specific quality standards. We stipulate construction milestones and strict quality control measures to ensure our construction contractors adhere to both the pre-set construction timeline and our quality standards. We believe standardized construction management enables us to minimize the construction time and achieve our target of launching pre-sales within six to eight months from the date of the land acquisition, thereby shortening our cash conversion cycle and maximizing our investment return.

- *Standardized Marketing*

Our sales and marketing efforts follow standardized procedures in developing, approving and implementing sales and marketing campaigns for all our projects. We formulate our marketing, promotion, pricing and advertising strategies for each of our projects in a highly coordinated and consistent manner to maintain brand equity, but allowing flexibility to adapt to local market dynamics.

We launch our projects for pre-sale only after we have substantially completed the relevant landscaping, ancillary facilities and mock-up units in order to demonstrate our superior product quality which in turn strengthens consumer confidence. We believe our actual on-site launch standard enhances the marketing impact, saleability and pricing of our products.

We have strategically acquired large, relatively low-cost land reserves, with 258 million square meters in 228 cities across China as of June 30, 2018, focusing on provincial capitals and other selected cities that we believe have high-growth potential.

Our national land acquisition strategy aims to achieve greater regional diversification and higher growth by focusing on provincial capitals and other selected cities across China that we believe have high-growth potential.

- *Large-scale, Quality and Relatively Low-cost Land Reserves with Significant Appreciation Potential*

We had the largest land reserves among all PRC property developers listed in China and Hong Kong as of June 30, 2018, based on the land reserve data disclosed by relevant companies in their applicable stock exchange filing. As of December 31, 2016 and 2017 and June 30, 2018, we had a total planned GFA of approximately 209 million square meters, 269 million square metres and 258 million square metres, respectively, of quality and relatively low-cost land. The average cost of our land reserves as of June 30, 2018 was approximately RMB1,853 per square meter, as calculated by dividing our aggregate land purchase price by our aggregate planned GFA. In the first half of 2018, we acquired land reserves from the acquisition of 66 new projects, which were more focused towards first- and second-tier cities. We believe the size of our current land reserves can satisfy our development needs for the next five to eight years and our strategic site locations will provide significant appreciation and profitability potential.

- *Well Diversified and Balanced Land Reserves with Extensive Presence in Large Provincial Capitals and Other Selected Cities that We Believe Have High-growth Potential*

Our land reserves are well diversified in terms of both geographic location and project type to achieve maximum profit potential. Currently, we have developments in all the first-tier cities, including Beijing, Shanghai, Guangzhou and Shenzhen, and cover most of the provincial capitals and all municipalities in China. We have also expanded our operations into other selected third-tier cities that we believe have high growth potential on a national basis since the second half of 2010.

- *Premier Project Location*

Our urban projects are generally located in downtown or prime locations with a natural landscape and well-developed infrastructure and transportation systems.

We have leveraged our industry-leading brand name and strategic partnerships with renowned suppliers to develop quality products that are well-recognized by the market.

- *We Have Been Recognized as One of the Top 10 Property Developers in China for 14 Consecutive Years*

We consistently market all of our new projects under the "Evergrande" brand to instill brand awareness nationwide and for customers to identify our brand name with high- quality residential projects. Since 2004, we have been ranked as one of the "Top 10 Property Developers in China" for 14 consecutive years by the "Top 10 Property Developers Research Group of China" jointly constituted by the Institute of Enterprise Research of the Development and Research Center of the State Council, the Real Estate Research Institute of Tsinghua University and the China Index Academy.

- *Partnership with Prominent Suppliers to Develop Quality Products*

We maintain strict quality control measures throughout our development chain and partner with renowned international and national service and product providers to deliver top-quality products. We initiate our project planning process immediately after we acquire a land site and initially focus primarily on the structural and landscape designs of the site to ensure that they are of the best fit to the overall project. Since 2004, we have been consolidating our selection of vendors and suppliers to ensure that we work with first-rate vendors in the fields of construction landscaping and interior decoration and source raw materials from top suppliers. By working with a small number of high-quality partners, we are able to receive superior services throughout the development process. In our current development projects, we primarily engage reputable construction companies in China, including China State Construction Engineering Corporation and Zhong-Tie Construction Group Corporation Limited, for a majority of our project construction work; reputable fitting-out companies in China, including Suzhou Gold Mantis Construction & Decoration Co., Ltd, and Shenzhen Grandland Decoration & Construction Co., Ltd. for our fitting-out and interior decoration work; and landscaping industry leaders including GVL International Landscaping Design Co., Ltd. for most of our landscaping work.

We offer a comprehensive product mix that caters to different market segment demands.

We believe that a comprehensive product mix, an in-depth knowledge of target markets and accurate product positioning are the keys to our rapid growth in China. We have a wide range of products that cater to different market segments. We generally target a product mix of 15% high-end products, and 85% mid- to mid-high-end products in terms of the number of projects. We believe this proportion allows us to meet the demands of a broad range of target clientele across different geographic regions. We place strong emphasis on market research which allows us to understand the underlying market trends and enables us to adjust our product design accordingly. We have developed various standardized product series with appropriate modifications to suit the needs of various markets and customer segments. We believe that our strong brand recognition as well as our strong adaptability in different regional markets will enable us to achieve sustainable growth and high quality coordinated development.

We are able to effectively control our costs at every stage of the project development.

- *Land Acquisition*

As an early mover, we are able to access cities and regions with relatively low-cost land and high-growth potential, develop quality and cost-efficient projects and achieve cost saving at an early stage of the process.

- *Design, Tender and Procurement*

We implement a standardized operational model for design and material procurement. We are able to limit construction costs through a centralized tender process and reduce material and equipment costs through economies of scale and centralized procurement.

- *Management*

We adopt well-planned and efficient management systems and measures over the entire process of project development to reduce management and operating expenses.

We possess a highly experienced and stable management team with proven execution capabilities to adapt and respond to market changes.

- *Highly Experienced Management Team in China*

We have a highly experienced management team composed of well-regarded experts with an average of over 20 years of relevant experience in real estate development, planning and design, and finance and other fields. The team consists of one member with doctoral degree and eight members with master degrees. The team is led by our chairman, Dr. Hui, who is a professor and doctoral advisor in management with Wuhan University of Science and Technology. He is also a standing committee member of the 13th Chinese People's Political Consultative Conference and the vice chairman of the China Real Estate Association.

Our regional management teams are trained at our headquarters and most of them have been with our Company for more than 10 years. Over years, we have recruited our staff members from a candidate pool comprised of top students from top universities in China. As of June 30, 2018, approximately 90% of our management personnel had a bachelor's degree or higher. We believe our experienced and stable management team has contributed to our success and will further enhance our execution capabilities and focus both at the headquarters and regional company level.

- *Effective Management Structure*

We have created an effective management structure by implementing an internationally advanced management approach, which is complemented with practical experience accumulated over the years. We have adopted a three-tier management system comprising the board of directors, senior management at the headquarter level and senior management at the regional subsidiary level. This management structure ensures a direct reporting line between the regional offices and the headquarters, which enhances the overall internal control of our Company. We adopt a result-oriented management model that is focused on goal-setting and performance evaluation which allows the Company to achieve rapid and sustainable development.

We aim to motivate our staff effectively through our core values of quality, integrity, innovation and efficiency. Through our superior management structure and result-oriented compensation schemes, we are able to cultivate an effective corporate culture that commands strong loyalty from our team members, which in turn enhances our competitiveness, creativity and our execution capabilities.

- *Proven Execution Ability to Adapt and Respond to Changing Market Conditions*

Our management team has developed superior strategic insights and can respond quickly to changing market conditions. Since the inception of our Company, our senior management team has periodically reviewed and set, and each time successfully implemented, our strategic plans for each phase of our growth, by focusing on accumulating a talent pool for growth, building low-cost land reserves, emphasizing product quality and branding strategy and securing financing in a timely manner to support our expansion. Under the leadership of our management team, we have achieved a significant scale and a strong market position in a relatively short period of time. For example, when the PRC government began imposing significant restrictions on home purchases in 2010, our management team further optimized our standardized operational model for premier residential units to increase their marketability and attractiveness to prospective buyers, which we believe helped us to increase our property development revenues in spite of the restrictive regulatory environment.

We have proven capability to develop projects and achieve asset turnover rapidly.

Through our integrated centralized management structure and our standardized operational model, we have proven capability to develop our projects rapidly nationwide and achieve quick asset turnover. In most cases, we have been able to commence pre-sale of our recent property developments within six to eight months after site acquisition.

Our integrated centralized management structure helps ensure efficient execution of our standardized operational model; therefore we can typically complete the project planning and design, project construction, procurement of materials and equipment, as well as obtain relevant government approvals shortly after site acquisition.

Based on our standardized project planning and design, we are able to quickly determine and implement the positioning and design of projects. We have established long-term strategic partnerships with leading vendors and this enables rapid commencement of new projects as well as efficiency and quality of the development. We have adopted a standardized quality control and construction supervision system to monitor the progress and quality of all of our construction projects. In addition, as rapid property development has been one of our key business strategies since our inception, our standardized operational model, especially our standardized marketing procedures, has further improved our efficiency in project management. By shortening the development cycle in many of our projects, we aim to maximize our investment return, which in turn improves our operating cash flow. In most cases, we have been able to commence pre-sale of our recount property developments within six to nine months after site acquisition. As some of our most successful examples, we acquired Evergrande Evergreen Garden Wuhan on January 6, 2016, launched pre-sale of this project on June 18, 2016 and achieved total contracted sales, which have not been audited or reviewed by our auditors, of approximately RMB2.11 billion by the close of the commencement day of pre-sale; we acquired Evergrande Royal Scenic Bay Tianjin on January 29, 2016 launched pre-sale of this project on August 28, 2016 and achieved total contracted sales, which have not been audited or reviewed by our auditors, of approximately RMB1.57 billion by the close of the commencement day of pre-sale; and we acquired Evergrande Dragon Court Nanjing on January 15, 2016 launched pre-sale of this project on September

26, 2016 and achieved total contracted sales, which have not been audited or reviewed by our auditors, of approximately RMB1.33 billion by the close of the commencement day of pre-sale. Our rapid development business model results in a fast turnover of our land reserves.

Business Strategies

We aim to continue to maintain our leadership position in the PRC real estate industry with a focus to capitalize on development opportunities in first- and second-tier cities and other selected cities that we believe have high-growth potential, notwithstanding the regulatory environment. We will continue to implement our strategy of offering a diversified product range to our customers and to further optimize the standardized operational model of developing quality real estate products. We plan to implement the following strategies to achieve our goals:

Continue to replenish our land reserves in first- and second-tier cities and selected third-tier cities in prime locations

We will continue to focus on first- and second-tier cities where we currently have operations and further penetrate the market of other selected third-tier cities that we believe have high-growth potential. As of June 30, 2018, approximately 66.8% of our land investment is located in the first and second-tier cities with the rest located in other cities with high-growth potential, including having a large and fast growing population, a high regional economic growth rate and has high levels in resident consumption and savings. We believe those areas present business opportunities due to their sound economic growth rate, rising household disposable income, accelerating urbanization level and increasing demand for quality residential properties. In accordance with our national strategic plan, we will continue to optimize the location of our residential properties by focusing on the replenishment of land reserves closer to the city center in first- and second-tier cities and prime locations in third-tier cities to maintain stable land reserves and achieve a balanced national development distribution.

Continue to optimize and leverage our standardized operational model

We will adhere to our standardized operational model to optimize our entire product chain for quality real estate development with an aim to apply our operational experience to all of our projects nationwide and ensure the successful development and sale of each project.

Maintain a comprehensive product offering with a primary focus on residential properties

We will maintain our strategy of offering a diversified product range to our customers with a view to maintaining a target proportion of 15% and 85% in terms of the number of projects distributed among our high-end, and mid- to mid-high-end property developments, in order to attract the broadest consumer groups.

In addition, while we will continue to focus primarily on residential property developments, we aim to gradually expand and diversify our business mix to include more commercial properties to enhance our long-term financial performance and diversify risks.

Adopt prudent and disciplined financial policies

We have been implementing robust financial policies to grow total cash and net profit margins of our major businesses, including further enhancing the collection of sales proceeds, increasing the turnover of inventory assets, selling part of our investment properties and continuing to co-develop projects with other companies. As a result, we have maintained a high level of cash and cash equivalent over the years.

Moreover, we have also endeavored to manage our indebtedness and reduce our gearing ratio.

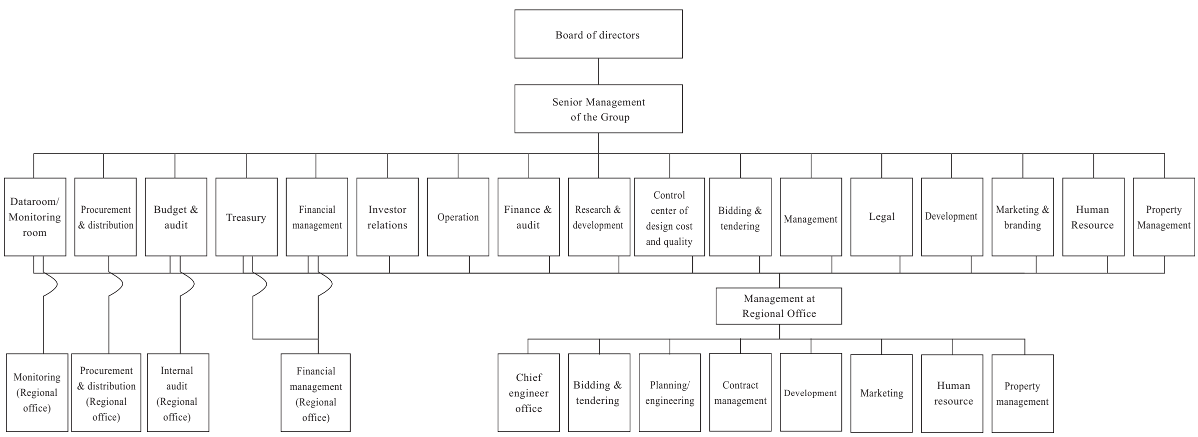
We will also continue to optimize commencement and completion plans and payment plans and control major capital expenditures for land and construction. In addition, we will continue to sell certain investment properties in our portfolio, adopt measures to improve the price of the residential properties and strive to reduce operating expenses. With respect to the control of costs and expenses, we will continue to fully implement product upgrades and replacement and standardized reform, ensuring quality while reducing production costs. We will also adopt various new types of media to lower selling expenses and make full use of information technology to lower operating expenses.

Focus on product quality to enhance our brand

We will continue to focus on developing quality real estate products which we believe are integral to enhancing our brand value. We will continue to implement strict quality standards to maintain our competitive advantages over our peers.

Our Standardized Operational Model

In our standardized operational model, we develop new projects across China based on our years of proven experience in developing quality properties. By adopting the integrated standardized operational model, our headquarters standardize the management of all regional offices, including the operating model, project selection, project planning and design, material selection, tendering and bidding, construction management and marketing, and directly cooperate with and supervise all regional offices to ensure our internal control measures are well implemented. The chart below sets forth our organizational structure established in accordance with our integrated standardized operational model:



Site Selection

Site selection is typically conducted via a three-stage standard process. First, the development department of our headquarters and our regional offices are responsible for identifying a potential project, collecting information and performing primary screening. Should a potential project pass the primary screening, the development department, marketing department, research and development, or R&D, department and regional offices will be summoned together to conduct an in-depth analysis based on the collective experience of the parties involved and data extracted from our database. The summarized detailed analysis after multiple rounds of screening will then be submitted to our board of directors for review, discussion and final approval. We believe the above measures ensure that the new projects are in line with our overall development strategy and therefore minimize the development risk in the future.

Project Planning and Design

After acquiring the site for a new project, the R&D department, marketing department, regional office and sales agencies will each provide independent market research reports. The Board will arrange meetings with these departments to finalize product positioning and project planning, after which the R&D department will work with the relevant regional office to finalize the project planning and design plan based on the project positioning. This approach will ensure accurate market positioning, planning and design of each project.

Centralized Tender

We organize tenders and invite primarily first-rate construction companies in China to participate in the bidding for interior decoration, gardening and landscaping and other construction work to ensure high-quality construction work performed at competitive prices. We have centralized and standardized our tender process in order to facilitate our standard operating procedures to build quality products rapidly. Our legal department and internal audit department supervise the entire tender process and carefully evaluate and compare each submitted bid. This effectively ensures our quality and progress of construction, which in turn minimizes our construction costs.

Centralized Procurement

Subject to our centralized tender process, we sign long-term procurement agreements with reputable service and product suppliers in China and overseas. We have also established a unified national distribution system. This procurement and distribution system enables us to successfully minimize our overall purchasing costs while ensuring the best product quality.

Project Construction

We strictly adhere to a set of standardized plan management, progress evaluation and quality supervision process that covers all the key project development and management activities conducted by our regional offices. Our headquarters have a dedicated team of more than 750 professional staff who collect information about the project progress and construction quality from each regional office through an advanced information management system. This strengthens our headquarters' control over project construction progress and quality, which in turn ensures that each property meets our requirements.

Sales and Marketing

Our sales and marketing effort follows standardized procedures so that the marketing, promotion, pricing and advertising strategies for each of our projects are created in a highly coordinated and consistent manner. These strategies are implemented for each project after being reviewed and approved by our board.

Human Resources Management

Our headquarters appoint and remove our regional office management teams. Our employees recruitment criteria, staffing and compensation structure are standardized and formulated by our headquarters, ensuring that the team composition and staff quality meet our standards.

Financial Management and Reporting Requirements

We have implemented a uniform financial management and reporting system, under which the finance department of each regional office is directly managed by our headquarters. This system allows us to standardize, consolidate and centralize our capital management nationwide. Our centralized internal risk management also covers our archives management and accounts approval process in all our regional offices.

For more details on our project development and management procedures, see "— Project Development and Management Procedures."

Our Property Projects

Our property projects are generally divided into the following three categories:

- completed properties, comprising property projects we have completed since our inception, with the certificates of completion issued by the relevant government authorities;

- properties under development, comprising property projects with respect to which we have received land use rights certificates and partly received construction permits or governmental approval for early construction but have not yet received certificates of completion; and

- properties held for future development, comprising property projects with respect to which we have signed a land grant contract or a land transaction confirmation letter with the relevant PRC land administrative authorities, the project company equity transfer agreements or project cooperation agreements but have not yet obtained the land use right certificates.

Because our projects are typically relatively large in size and some of our projects comprise multi-phase developments on a rolling basis, a single project may include different phases at various stages of completion, under development or held for future development.

Each property project may be subject to multiple land use rights certificates, construction land planning permits, construction works planning permits, construction permits, pre-sale permits and other permits and certificates which are issued at different stages throughout their development. Our classification of properties is not directly comparable with the classification of properties in our consolidated financial information and our consolidated financial statements included elsewhere in this offering circular.

The table below sets forth our classification of properties and the corresponding classification of properties in our consolidated financial information and our consolidated financial statements included elsewhere in this offering circular:

This offering circular	**Consolidated financial information**
• Completed properties, comprising properties with certificates of completion (including completed properties that have been sold)	• Completed properties held for sale (excluding completed properties that have been sold) • Land use rights (attributable to completed properties held for sale)
• Property under development, comprising properties for which we have obtained land use rights certificates and partly received construction permits or approval letters for early construction, but not yet received certificates of completion	• Properties under development • Land use rights (attributable to properties under development)
• Property held for future development, comprising properties for which we have not obtained land use rights certificates, but have entered into the land grant contracts or the project company equity transfer agreements, or cooperation agreements	• Expenditures incurred for projects for which we have not yet obtained land use rights certificates were recorded as prepayments, deposits and other receivables within our current assets

Site Area Calculation. The site area information in this offering circular is derived on the following basis:

- when we have received the land use rights certificates for a project, the site area information in respect of such project refers to the site area information in such land use rights certificates; and

- before we receive the land use rights certificates, the site area information in respect of such project refers to the site area information in the relevant land grant contract or the relevant government permits related to such project excluding, however, the areas earmarked for public infrastructure, such as roads and community recreation zones.

When completed properties and properties under development are subject to a single land use rights certificate, we calculate the site area attributable to such completed properties and such properties under development in proportion to their respective total GFA as a percentage of the aggregate total GFA under the land use rights certificate.

GFA Calculation. The GFA information in this offering circular is derived on the following basis:

- when the construction of a project is completed and we have received the certificate of completion, the total GFA information in respect of the project refers to the total GFA in such certificate of completion; and

- if we have not yet obtained the certificate of completion, but have obtained the construction works planning permit for the project, the total GFA information in respect of the project refers to the total GFA in such construction works planning permit.

Saleable GFA Calculation. The saleable GFA information in this offering circular is derived on the following basis:

- if we have obtained property ownership certificate for a project, the saleable GFA information refers to the saleable GFA in the property ownership certificate;

- if we have not yet obtained the property ownership certificate, but have received the pre-sale permit for the project, the saleable GFA information refers to the saleable GFA in the pre-sale permit;

- if we have not yet obtained the pre-sale permit but have received the construction works planning permit for the project, the saleable GFA information in respect of the project refers to the saleable GFA estimated in such construction works planning permit;

- if we have not yet obtained the construction works planning permit, but have received the construction land planning outline for the project, the saleable GFA information in respect of the project refers to the saleable GFA estimated in such construction land planning outline;

- if we have not yet obtained the construction land planning outline, but have received the government-approved design plan for the project, the saleable GFA information in respect of the project is estimated based on such government-approved design plan; and

- if we have not yet obtained any of the above documents for the project, the saleable GFA information in respect of the project is estimated based on our current development plan for the project.

GFA sold information refers to the GFA sold or pre-sold as specified in the relevant sale and purchase agreements on an aggregate basis. GFA sold information in this offering circular does not include GFA of parking spaces. Unless the pre-sale of a project has started, we have provided estimated pre-sale commencement time for such on-going project in this offering circular. Unless a project has already been completed, we have likewise provided estimated completion time for such on-going project in this offering circular.

Project Overview

Geographical distribution of our property projects as of June 30, 2018 was as follows:

Project	Total planned GFA		Properties under development and held for future development	
	Total GFA	% of total GFA	Total GFA	% of total GFA
Guangdong Province	50,405,529	11.45%	32,525,472	12.62%
Shandong Province	36,829,925	8.37%	23,279,938	9.03%
Sichuan Province	32,027,237	7.28%	20,816,653	8.08%
Henan Province	29,303,727	6.66%	14,894,149	5.78%
Jiangsu Province	25,677,980	5.83%	16,680,289	6.47%
Liaoning Province	23,935,014	5.44%	15,304,677	5.94%
Hunan Province	23,850,281	5.42%	13,590,101	5.27%
Hubei Province	18,869,486	4.29%	10,126,969	3.93%
Chongqing City	18,814,357	4.27%	11,219,509	4.35%
Anhui Province	18,405,675	4.18%	6,643,584	2.58%
Jiangxi Province	15,529,309	3.53%	7,130,608	2.77%
Hebei Province	15,047,554	3.42%	9,513,882	3.69%
Guangxi Zhuang Autonomous Region	14,634,274	3.32%	7,353,877	2.85%
Zhejiang Province	14,356,679	3.26%	11,189,557	4.34%
Guizhou Province	13,282,335	3.02%	8,822,126	3.42%
Shanxi Province	12,944,023	2.94%	5,598,639	2.17%
Beijing City	9,070,575	2.06%	8,111,045	3.15%
Heilongjiang Province	8,707,213	1.98%	3,847,412	1.49%
Shanxi Province	7,969,067	1.81%	4,806,181	1.86%
Jilin Province	7,351,534	1.67%	3,273,856	1.27%
Fujian Province	7,157,271	1.63%	4,291,170	1.66%
Hainan Province	6,789,059	1.54%	3,028,103	1.17%
Tianjin City	5,986,365	1.36%	2,894,091	1.12%
Yunnan Province	5,719,477	1.30%	2,855,408	1.11%
Inner Mongolia Autonomous Region	5,183,348	1.18%	2,671,289	1.04%
Gansu Province	4,813,687	1.09%	2,732,421	1.06%
Xinjiang Uygur Autonomous Region	4,404,874	1.00%	3,118,047	1.21%
Ningxia Hui Autonomous Region	1,493,907	0.34%	823,235	0.32%
Shanghai City	1,083,024	0.25%	472,045	0.18%
Qinghai Province	439,772	0.10%	68,175	0.03%
Tibet Autonomous Region	71,266	0.02%	71,266	0.03%
Total	440,153,823	100.00%	257,753,772	100.00%

As of June 30, 2018, we had completed the development of a total GFA of 210.8 million square meters since our inception.

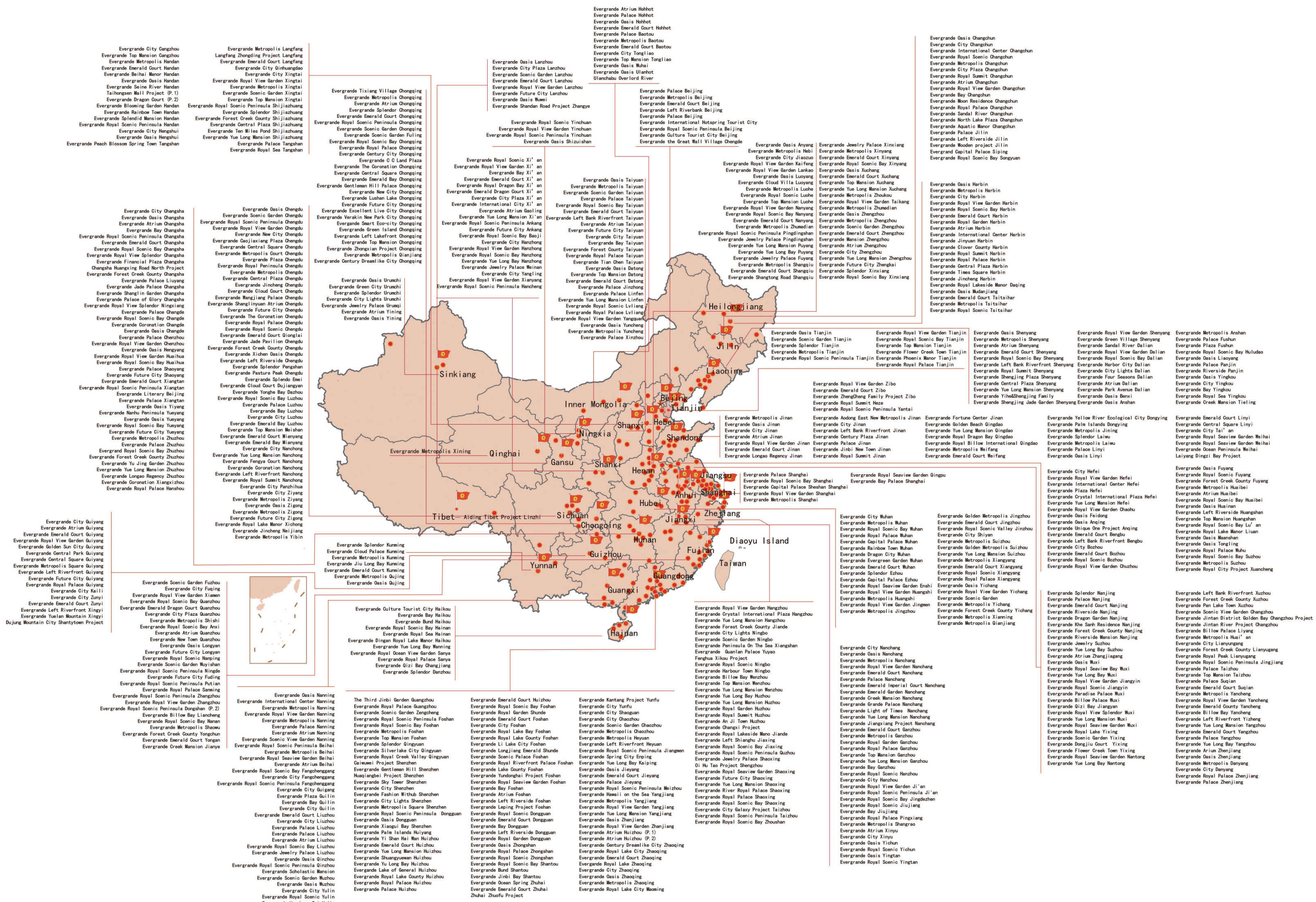
As of June 30, 2018, we had properties under development or held for future development with a total GFA of 258 million square meters.

During the first half of 2018, we had completed properties with a total GFA of approximately 36.2 million square meters as compared to approximately 27.4 million square meters during the same period of 2017.

During the first half of 2018, the total GFA of real estate projects we had commenced construction and obtained construction permits amounted to approximately 27.6 million square meters as compared to approximately 39.4 million square meters during the same period of 2017.

We had projects under construction with a total GFA of approximately 110.0 million square meters as of June 30, 2018 as compared to approximately 121.0 million square meters as of June 30, 2017.

The following map indicates the approximate locations of our property projects in China as of June 30, 2018.



The table below sets forth our project-by-project information of all of completed properties, properties under development and properties held for future development as of June 30, 2018:

No.	Project	Location	Site area (m^2)	Total GFA (m^2)	GFA (m^2) Completed properties (m^2)	Properties under development and held for future development (m^2)	Attributable equity interest (%) *(Note)*
1	Evergrande Palace Beijing	Beijing	80,469	360,609	62,380	298,229	100.00%
2	Evergrande Metropolis Beijing	Beijing	35,000	183,920	27,450	156,470	100.00%
3	Evergrande Emerald Court Beijing	Beijing	46,011	262,542	58,737	203,805	100.00%
4	Evergrande Left Riverbank Beijing	Beijing	66,677	317,566	—	317,566	100.00%
5	Evergrande Palace Beijing	Beijing	529,175	234,196	82,259	151,937	100.00%
6	Evergrande International Hotspring Tourist City	Baoding	3,427,962	4,357,349	—	4,357,349	100.00%
7	Evergrande Royal Scenic Peninsula Beijing	Baoding	285,778	385,531	47,728	337,803	65.00%
8	Evergrande Culture Tourist City Beijing	Zhangjiakou	949,692	2,241,402	680,976	1,560,426	100.00%
9	Evergrande the Great Wall Village Chengde	Chengde	707,597	727,460	—	727,460	100.00%
10	Evergrande Palace Shanghai	Shanghai	31,307	143,466	—	143,466	100.00%
11	Evergrande Royal Scenic Bay Shanghai	Shanghai	50,964	180,828	110,667	70,161	100.00%
12	Evergrande Capital Palace Sheshan Shanghai	Shanghai	40,129	99,690	84,452	15,238	100.00%
13	Evergrande Royal View Garden Shanghai	Shanghai	69,936	152,337	116,136	36,200	100.00%
14	Evergrande Metropolis Shanghai	Shanghai	30,893	95,706	53,775	41,931	100.00%
15	Evergrande Royal Seaview Garden Qingpu	Shanghai	751,806	375,903	245,949	129,954	90.00%
16	Evergrande Bay Palace Shanghai	Shanghai	20,507	35,094	—	35,094	100.00%
17	The Third Jinbi Garden Guangzhou	Guangzhou	145,978	460,323	380,778	79,545	100.00%
18	Evergrande Royal Palace Guangzhou	Guangzhou	44,275	227,392	76,251	151,141	100.00%
19	Evergrande Scenic Garden Zengcheng	Guangzhou	99,014	337,800	162,695	175,105	100.00%
20	Evergrande Royal Scenic Peninsula Foshan	Foshan	543,529	1,116,589	1,076,499	40,091	100.00%
21	Evergrande Royal Scenic Bay Foshan	Foshan	60,491	288,586	277,529	11,057	100.00%
22	Evergrande Metropolis Foshan	Foshan	171,869	871,200	635,231	235,968	100.00%
23	Evergrande Top Mansion Foshan	Foshan	108,898	519,029	209,919	309,110	100.00%
24	Evergrande Splendor Qingyuan	Qingyuan	2,703,665	3,954,864	1,086,224	2,868,640	100.00%
25	Evergrande Silverlake City Qingyuan	Qingyuan	955,580	1,911,160	1,053,126	858,035	100.00%
26	Evergrande Royal Creek Valley Qingyuan	Qingyuan	314,671	188,050	—	188,050	100.00%
27	Caiwuwei Project Shenzhen	Shenzhen	3,677	33,682	—	33,682	5.00%
28	Evergrande Gentleman Hill Shenzhen	Shenzhen	46,747	297,363	276,669	20,695	98.00%
29	Huaqiangbei Project Shenzhen	Shenzhen	10,423	86,530	—	86,530	51.09%
30	Evergrande Sky Tower Shenzhen	Shenzhen	10,448	151,025	—	151,025	51.00%
31	Evergrande City Shenzhen	Shenzhen	52,884	300,063	—	300,063	65.00%
32	Evergrande Fashion Withub Shenzhen	Shenzhen	85,748	498,645	—	498,645	100.00%
33	Evergrande City Lights Shenzhen	Shenzhen	42,329	275,892	71,537	204,355	100.00%
34	Evergrande Metropolis Square Shenzhen	Shenzhen	34,638	338,081	—	338,081	100.00%
35	Evergrande Royal Scenic Peninsula Dongguan	Dongguan	149,793	388,948	320,625	68,324	100.00%
36	Evergrande Oasis Dongguan	Dongguan	69,955	252,557	250,501	2,057	100.00%
37	Evergrande Xiaogui Bay Shenzhen	Huizhou	158,347	395,867	—	395,867	100.00%
38	Evergrande Palm Islands Huiyang	Huizhou	376,690	598,100	290,320	307,780	100.00%
39	Evergrande Yi Shan Hai Wan Huizhou	Huizhou	51,588	203,674	64,300	139,374	100.00%
40	Evergrande Emerald Court Huizhou	Huizhou	108,452	325,356	—	325,356	51.00%
41	Evergrande Yue Long Mansion Huizhou	Huizhou	93,833	374,528	—	374,528	100.00%
42	Evergrande Shuangyuewan Huizhou	Huizhou	35,957	113,018	—	113,018	100.00%
43	Evergrande Yu Long Bay Huizhou	Huizhou	254,386	439,564	—	439,564	70.00%
44	Evergrande Lake of General Huizhou	Huizhou	141,558	403,440	—	403,440	100.00%
45	Evergrande Royal Lake County Huizhou	Huizhou	52,000	127,912	—	127,912	100.00%
46	Evergrande Royal Palace Huizhou	Huizhou	74,806	261,821	—	261,821	100.00%
47	Evergrande Palace Huizhou	Huizhou	51,020	132,652	—	132,652	100.00%
48	Evergrande Emerald Court Huizhou	Huizhou	30,000	84,000	—	84,000	100.00%
49	Evergrande City Wuhan	Wuhan	396,879	997,165	793,210	203,955	100.00%
50	Evergrande Metropolis Wuhan	Wuhan	351,306	878,797	780,356	98,441	100.00%
51	Evergrande Royal Scenic Bay Wuhan	Wuhan	69,023	398,096	319,416	78,680	60.00%
52	Evergrande Royal Palace Wuhan	Wuhan	75,300	313,151	229,329	83,822	51.00%
53	Evergrande Capital Palace Wuhan	Wuhan	107,785	466,029	363,500	102,529	67.08%
54	Evergrande Rainbow Town Wuhan	Wuhan	464,900	779,177	509,570	269,606	67.08%
55	Evergrande Dragon City Wuhan	Wuhan	506,667	981,393	451,830	529,563	67.08%
56	Evergrande Evergreen Garden Wuhan	Wuhan	373,909	1,300,000	200,273	1,099,727	60.00%

No.	Project	Location	Site area (m^2)	Total GFA (m^2)	GFA (m^2) Completed properties (m^2)	Properties under development and held for future development (m^2)	Attributable equity interest (%) *(Note)*
57	Evergrande Emerald Court Wuhan	Wuhan	101,844	330,241	118,050	212,191	100.00%
58	Evergrande Splendor Ezhou	Ezhou	1,742,809	2,010,674	1,184,006	826,668	100.00%
59	Evergrande City Changsha	Changsha	253,458	580,369	551,013	29,356	100.00%
60	Evergrande Oasis Changsha	Changsha	290,414	796,488	525,280	271,208	100.00%
61	Evergrande Atrium Changsha	Changsha	515,227	1,468,414	1,014,414	454,000	99.32%
62	Evergrande Bay Changsha	Changsha	178,644	522,273	291,744	230,529	100.00%
63	Evergrande Royal Scenic Peninsula Changsha	Changsha	215,001	852,409	329,841	522,568	51.00%
64	Evergrande Emerald Court Changsha	Changsha	135,514	593,495	431,627	161,868	100.00%
65	Evergrande Royal Scenic Bay Changsha	Changsha	49,696	253,587	197,772	55,815	100.00%
66	Evergrande Royal View Splendor Changsha	Changsha	301,293	542,328	268,602	273,726	51.00%
67	Evergrande Financial Plaza Changsha	Changsha	49,397	348,434	148,623	199,811	60.00%
68	Changsha Huangxing Road North Project	Changsha	56,622	153,988	—	153,988	51.00%
69	Evergrande Forest Creek County Changsha	Changsha	354,173	993,265	24,139	969,126	73.00%
70	Evergrande Palace Liuyang	Changsha	282,639	756,022	539,549	216,473	100.00%
71	Evergrande Jade Palace Changsha	Changsha	16,594	166,765	—	166,765	90.00%
72	Evergrande Shanglin Garden Changsha	Changsha	24,949	128,851	—	128,851	100.00%
73	Evergrande Palace of Glory Changsha	Changsha	39,328	178,029	—	178,029	90.00%
74	Evergrande Royal View Splendor Ningxiang	Changsha	531,333	1,593,998	—	1,593,998	100.00%
75	Evergrande Splendor Nanjing	Nanjing	982,714	1,168,704	997,690	171,013	100.00%
76	Evergrande Palace Nanjing	Nanjing	51,072	211,520	103,266	108,254	100.00%
77	Evergrande Emerald Court Nanjing	Nanjing	78,727	332,427	173,223	159,204	100.00%
78	Evergrande Riverside Nanjing	Nanjing	64,020	454,726	111,827	342,899	51.98%
79	Evergrande Dragon Garden Nanjing	Nanjing	72,434	174,846	21,570	153,276	100.00%
80	Evergrande Khe Sanh Residence Nanjing	Nanjing	49,200	114,684	—	114,684	100.00%
81	Evergrande Forest Creek County Nanjing	Nanjing	38,422	88,470	—	88,470	100.00%
82	Evergrande Riverside Mansion Nanjing	Nanjing	49,468	185,823	169,923	15,900	80.00%
83	Evergrande Oasis Chengdu	Chengdu	142,145	676,155	475,270	200,885	100.00%
84	Evergrande Scenic Garden Chengdu	Chengdu	619,926	176,227	132,448	43,779	100.00%
85	Evergrande Royal Scenic Peninsula Chengdu	Chengdu	926,437	2,974,060	1,297,326	1,676,734	100.00%
86	Evergrande Royal View Garden Chengdu	Chengdu	62,639	403,639	245,731	157,908	100.00%
87	Evergrande New City Chengdu	Chengdu	118,936	656,881	452,987	203,894	100.00%
88	Evergrande Caojiaxiang Plaza Chengdu	Chengdu	113,382	993,879	497,306	496,573	80.60%
89	Evergrande Central Square Chengdu	Chengdu	77,992	633,100	194,913	438,187	首期62.96%；二期100%
90	Evergrande Metropolis Court Chengdu	Chengdu	18,061	196,462	186,362	10,100	100.00%
91	Evergrande Plaza Chengdu	Chengdu	15,398	431,723	280,842	150,881	100.00%
92	Evergrande Royal Peninsula Chengdu	Chengdu	950,072	2,567,393	626,839	1,940,555	100.00%
93	Evergrande Metropolis Chengdu	Chengdu	65,195	341,581	175,823	165,758	100.00%
94	Evergrande Central Plaza Chengdu	Chengdu	281,913	1,112,597	523,715	588,882	100.00%
95	Evergrande Jincheng Chengdu	Chengdu	83,848	329,000	164,481	164,519	100.00%
96	Evergrande Cloud Court Chengdu	Chengdu	104,193	364,676	—	364,676	100.00%
97	Evergrande Wangjiang Palace Chengdu	Chengdu	34,492	190,700	126,476	64,224	100.00%
98	Evergrande Shanglinyuan Atrium Chengdu	Chengdu	193,148	336,567	232,230	104,337	51.00%
99	Evergrande Future City Chengdu	Chengdu	220,088	774,984	357,345	417,639	51.00%
100	Evergrande The Coronation Chengdu	Chengdu	505,468	2,122,966	311,708	1,811,258	100.00%
101	Evergrande Royal Palace Chengdu	Chengdu	83,894	322,968	196,831	126,136	100.00%
102	Evergrande Royal Scenic Chengdu	Chengdu	182,228	632,448	8,980	623,468	首期90.24%；二期55.56%
103	Evergrande Emerald Court Qionglai	Chengdu	33,354	163,269	85,092	78,178	100.00%
104	Evergrande Jade Pavilion Chengdu	Chengdu	63,200	165,686	99,741	65,946	91.00%
105	Evergrande Forest Creek County Chengdu	Chengdu	192,288	529,272	—	529,272	80.00%
106	Evergrande Xichen Oasis Chengdu	Chengdu	252,178	721,485	—	721,485	51.00%
107	Evergrande Left Riverside Chengdu	Chengdu	77,171	223,116	—	223,116	100.00%
108	Evergrande Splendor Pengshan	Meishan	2,440,685	3,373,822	1,949,384	1,424,438	100.00%
109	Evergrande Pasture Peak Chengdu	Chengdu	410,295	808,506	—	808,506	51.00%
110	Evergrande Splendo Emei	Leshan	1,410,175	1,687,204	—	1,687,204	100.00%
111	Evergrande Cloud Court Dujiangyan	Chengdu	84,162	168,325	—	168,325	100.00%
112	Evergrande Royal View Garden Hangzhou	Hangzhou	98,328	348,848	243,627	105,220	100.00%
113	Evergrande Crystal International Plaza Hangzhou	Hangzhou	174,165	674,836	85,867	588,969	100.00%

No.	Project	Location	Site area (m²)	Total GFA (m²)	GFA (m²) Completed properties (m²)	Properties under development and held for future development (m²)	Attributable equity interest (%) *(Note)*
114	Evergrande Yue Long Mansion Hangzhou	Hangzhou	47,652	184,634	—	184,634	55.10%
115	Evergrande Forest Creek County Jiande	Hangzhou	199,843	280,789	—	280,789	100.00%
116	Evergrande Royal Scenic Xi'an	Xi'an	130,295	509,387	422,656	86,731	100.00%
117	Evergrande Royal View Garden Xi'an	Xi'an	109,092	511,806	373,830	137,976	100.00%
118	Evergrande Bay Xi'an	Xi'an	144,247	374,222	320,375	53,847	100.00%
119	Evergrande Emerald Court Xi'an	Xi'an	30,750	231,440	198,492	32,948	100.00%
120	Evergrande Royal Dragon Bay Xi'an	Xi'an	158,644	356,881	118,491	238,390	90.00%
121	Evergrande Emerald Dragon Court Xi'an	Xi'an	62,204	334,544	259,747	74,797	100.00%
122	Evergrande City Plaza Xi'an	Xi'an	106,233	491,063	281,953	209,110	100.00%
123	Evergrande International City Xi'an	Xi'an	154,096	356,374	153,989	202,385	100.00%
124	Evergrande Atrium Gaoling	Xi'an	160,016	640,298	—	640,298	100.00%
125	Evergrande Yue Long Mansion Xi'an	Xi'an	53,100	185,835	—	185,835	70.00%
126	Evergrande Metropolis Jinan	Jinan	134,118	445,326	417,790	27,536	100.00%
127	Evergrande Oasis Jinan	Jinan	678,556	2,120,651	1,491,061	629,590	100.00%
128	Evergrande City Jinan	Jinan	391,391	1,397,826	1,048,688	349,138	100.00%
129	Evergrande Atrium Jinan	Jinan	202,511	859,724	710,332	149,392	60.00%
130	Evergrande Royal View Garden Jinan	Jinan	116,421	477,534	402,178	75,356	100.00%
131	Evergrande Emerald Court Jinan	Jinan	234,112	841,568	554,654	286,914	100.00%
132	Evergrande Longao Regency Jinan	Jinan	199,751	383,339	261,282	122,057	100.00%
133	Evergrande Longao East New Metropolis Jinan	Jinan	50,066	210,725	144,004	66,720	100.00%
134	Evergrande City Jinan	Jinan	83,180	311,410	216,504	94,906	100.00%
135	Evergrande Left Bank Riverfront Jinan	Jinan	334,602	1,284,901	521,728	763,172	100.00%
136	Evergrande Century Plaza Jinan	Jinan	90,032	325,170	299,747	25,423	100.00%
137	Evergrande Palace Jinan	Jinan	111,305	396,996	344,902	52,094	100.00%
138	Evergrande Jinbi New Town Jinan	Jinan	208,297	637,586	522,424	115,162	100.00%
139	Evergrande Royal Summit Jinan	Jinan	89,583	334,853	238,392	96,461	100.00%
140	Evergrande Fortune Center Jinan	Jinan	50,195	281,344	154,439	126,906	100.00%
141	Evergrande Oasis Taiyuan	Taiyuan	691,649	1,638,087	1,521,204	116,883	100.00%
142	Evergrande Metropolis Taiyuan	Taiyuan	121,182	473,339	428,660	44,679	100.00%
143	Evergrande Scenic Garden Taiyuan	Taiyuan	341,882	809,614	527,552	282,062	85.00%
144	Evergrande Palace Taiyuan	Taiyuan	177,364	595,701	555,744	39,957	66.00%
145	Evergrande Royal Scenic Bay Taiyuan	Taiyuan	334,651	1,171,277	511,134	660,142	100.00%
146	Evergrande Emerald Court Taiyuan	Taiyuan	36,505	193,787	155,942	37,845	70.00%
147	Evergrande Left Bank Riverfront Taiyuan	Taiyuan	115,006	693,479	470,543	222,936	100.00%
148	Evergrande Atrium Taiyuan	Taiyuan	62,842	316,875	300,224	16,651	100.00%
149	Evergrande Future City Taiyuan	Taiyuan	61,289	301,348	169,399	131,949	100.00%
150	Evergrande City Taiyuan	Taiyuan	54,897	431,601	171,100	260,501	82.00%
151	Evergrande Bay Taiyuan	Taiyuan	54,987	281,195	171,641	109,554	80.00%
152	Evergrande Forest County Taiyuan	Taiyuan	81,500	260,524	—	260,524	100.00%
153	Evergrande Royal Palace Taiyuan	Taiyuan	31,953	153,877	—	153,877	100.00%
154	Evergrande Tian Chen Taiyuan	Taiyuan	175,323	499,700	—	499,700	100.00%
155	Evergrande City Hefei	Hefei	265,314	806,469	760,266	46,203	100.00%
156	Evergrande Royal View Garden Hefei	Hefei	280,920	1,059,422	871,312	188,110	100.00%
157	Evergrande International Center Hefei	Hefei	134,564	987,493	394,551	592,942	100.00%
158	Evergrande Plaza Hefei	Hefei	241,508	1,059,475	575,606	483,870	100.00%
159	Evergrande Crystal International Plaza Hefei	Hefei	89,158	392,980	70,765	322,215	50.40%
160	Evergrande Yue Long Mansion Hefei	Hefei	129,473	354,275	91,197	263,078	100.00%
161	Evergrande Royal View Garden Chaohu	Hefei	77,946	257,679	194,771	62,908	100.00%
162	Evergrande Oasis Feidong	Hefei	90,220	253,108	187,935	65,173	65.00%
163	Evergrande City Nanchang	Nanchang	759,473	1,668,708	1,185,471	483,237	100.00%
164	Evergrande Oasis Nanchang	Nanchang	1,577,388	1,063,137	1,034,475	28,662	100.00%
165	Evergrande Metropolis Nanchang	Nanchang	192,891	528,342	415,695	112,647	100.00%
166	Evergrande Royal View Garden Nanchang	Nanchang	88,492	228,692	201,847	26,845	100.00%
167	Evergrande Emerald Court Nanchang	Nanchang	105,280	277,824	160,207	117,617	95.00%
168	Evergrande Palace Nanchang	Nanchang	61,456	238,971	116,461	122,511	100.00%
169	Evergrande Emerald Imperial Court Nanchang	Nanchang	59,000	189,743	77,897	111,846	100.00%
170	Evergrande Emerald Garden Nanchang	Nanchang	46,000	148,044	—	148,044	100.00%
171	Evergrande Creek Mansion Nanchang	Nanchang	267,000	534,213	103,742	430,471	100.00%
172	Evergrande Grande Palace Nanchang	Nanchang	57,679	185,702	69,312	116,390	100.00%

No.	Project	Location	Site area (m^2)	Total GFA (m^2)	GFA (m^2) Completed properties (m^2)	Properties under development and held for future development (m^2)	Attributable equity interest (%) *(Note)*
173	Evergrande Light of Times Nanchang	Nanchang	85,644	297,010	98,609	198,401	60.00%
174	Evergrande Yue Long Mansion Nanchang	Nanchang	225,000	660,214	—	660,214	60.00%
175	Evergrande Jiangxiang Project Nanchang	Nanchang	104,453	223,140	—	223,140	50.00%
176	Evergrande Scenic Garden Fuzhou	Fuzhou	133,333	198,849	118,816	80,032	100.00%
177	Evergrande City Fuqing	Fuzhou	126,506	336,260	195,329	140,932	100.00%
178	Evergrande Oasis Harbin	Haerbin	243,306	719,988	541,381	178,607	100.00%
179	Evergrande Metropolis Harbin	Haerbin	190,351	554,012	506,348	47,664	100.00%
180	Evergrande City Harbin	Haerbin	271,956	693,971	443,073	250,898	100.00%
181	Evergrande Royal View Garden Harbin	Haerbin	99,758	272,030	223,685	48,345	100.00%
182	Evergrande Royal Scenic Bay Harbin	Haerbin	166,705	628,131	528,211	99,920	100.00%
183	Evergrande Emerald Court Harbin	Haerbin	47,300	129,231	108,643	20,588	100.00%
184	Evergrande Royal Garden Harbin	Haerbin	158,309	567,117	259,156	307,961	100.00%
185	Evergrande Atrium Harbin	Haerbin	71,070	313,019	291,668	21,351	一期95% 二期100%
186	Evergrande International Center Harbin	Haerbin	47,420	156,486	108,511	47,974	100.00%
187	Evergrande Jinyuan Harbin	Haerbin	227,468	326,124	158,766	167,358	100.00%
188	Evergrande Clover County Harbin	Haerbin	90,703	347,078	195,818	151,260	100.00%
189	Evergrande Royal Summit Harbin	Haerbin	20,185	96,665	66,636	30,029	100.00%
190	Evergrande Royal Palace Harbin	Haerbin	48,707	183,838	124,913	58,925	100.00%
191	Evergrande Central Plaza Harbin	Haerbin	226,116	683,300	257,534	425,766	100.00%
192	Evergrande Times Square Harbin	Haerbin	430,808	1,168,910	—	1,168,910	100.00%
193	Evergrande Jincheng Harbin	Haerbin	29,969	161,291	—	161,291	100.00%
194	Evergrande Oasis Changchun	Changchun	197,940	620,815	568,544	52,271	100.00%
195	Evergrande City Changchun	Changchun	215,377	571,345	479,461	91,883	100.00%
196	Evergrande International Center Changchun	Changchun	26,239	305,641	—	305,641	100.00%
197	Evergrande Royal Scenic Changchun	Changchun	170,324	509,909	506,025	3,884	100.00%
198	Evergrande Metropolis Changchun	Changchun	288,620	721,550	410,638	310,912	100.00%
199	Evergrande City Plaza Changchun	Changchun	124,968	451,901	266,799	185,102	100.00%
200	Evergrande Royal Summit Changchun	Changchun	113,908	303,666	220,486	83,179	100.00%
201	Evergrande Atrium Changchun	Changchun	125,076	358,703	310,018	48,685	100.00%
202	Evergrande Royal View Garden Changchun	Changchun	199,970	399,940	228,721	171,219	100.00%
203	Evergrande Bay Changchun	Changchun	119,948	401,353	160,870	240,483	100.00%
204	Evergrande Moon Residence Changchun	Changchun	51,067	99,919	71,965	27,954	80.00%
205	Evergrande Royal Palace Changchun	Changchun	188,431	395,705	89,552	306,153	100.00%
206	Evergrande Sandal River Changchun	Changchun	82,754	179,358	63,517	115,841	75.00%
207	Evergrande North Lake Plaza Changchun	Changchun	77,326	207,717	—	207,717	100.00%
208	Evergrande Aquatic Manor Changchun	Changchun	472,514	238,917	73,448	165,469	96.68%
209	Evergrande Oasis Shenyang	Shenyang	575,404	2,351,599	1,739,436	612,163	100.00%
210	Evergrande Metropolis Shenyang	Shenyang	353,066	1,273,531	1,040,270	233,261	60.23%
211	Evergrande Atrium Shenyang	Shenyang	239,169	754,922	461,273	293,649	100.00%
212	Evergrande Emerald Court Shenyang	Shenyang	104,410	322,558	232,143	90,415	75.50%
213	Evergrande Royal Scenic Bay Shenyang	Shenyang	61,038	166,076	138,860	27,216	100.00%
214	Evergrande Left Bank Riverfront Shenyang	Shenyang	299,669	599,338	279,241	320,097	100.00%
215	Evergrande Royal Summit Shenyang	Shenyang	138,197	443,491	158,125	285,366	85.70%
216	Evergrande Shengjing Plaza Shenyang	Shenyang	88,885	291,862	100,542	191,320	87.50%
217	Evergrande Central Plaza Shenyang	Shenyang	421,001	1,480,523	8,479	1,472,044	100.00%
218	Evergrande Yue Long Mansion Shenyang	Shenyang	89,961	161,930	35,315	126,615	100.00%
219	Evergrande Yihe&Shengjing Family	Shenyang	379,233	526,568	—	526,568	70.00%
220	Evergrande Shengjing Jade Garden Shenyang	Shenyang	138,111	260,222	—	260,222	100.00%
221	Evergrande Royal View Garden Shenyang	Shenyang	65,967	494,753	—	494,753	90.00%
222	Evergrande Green Village Shenyang	Shenyang	357,646	487,440	—	487,440	100.00%
223	Evergrande Atrium Hohhot	Huhehaote	95,730	349,225	303,030	46,195	74.00%
224	Evergrande Palace Hohhot	Huhehaote	105,119	347,785	301,697	46,088	100.00%
225	Evergrande Oasis Hohhot	Huhehaote	199,481	597,230	73,566	523,665	51.00%
226	Evergrande Emerald Court Hohhot	Huhehaote	127,786	380,096	64,649	315,447	51.00%
227	Evergrande Royal Scenic Peninsula Shijiazhuang	Shijiazhuang	388,405	2,144,287	1,244,815	899,472	70.00%
228	Evergrande Splendor Shijiazhuang	Shijiazhuang	533,333	216,026	82,554	133,472	100.00%
229	Evergrande Forest Creek County Shijiazhuang	Shijiazhuang	99,047	220,558	129,560	90,998	63.00%
230	Evergrande Central Plaza Shijiazhuang	Shijiazhuang	25,062	184,590	—	184,590	100.00%

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231	Evergrande Ten Miles Pond Shijiazhuang	Shijiazhuang	521,680	521,680	—	521,680	80.00%
232	Evergrande Yue Long Mansion Shijiazhuang	Shijiazhuang	79,453	79,453	—	79,453	52.00%
233	Evergrande Oasis Lanzhou	Lanzhou	686,641	1,579,274	459,082	1,120,192	100.00%
234	Evergrande City Plaza Lanzhou	Lanzhou	32,939	164,693	78,644	86,049	70.00%
235	Evergrande Scenic Garden Lanzhou	Lanzhou	357,460	659,174	476,799	182,374	100.00%
236	Evergrande Emerald Court Lanzhou	Lanzhou	172,828	604,897	351,914	252,983	100.00%
237	Evergrande Royal View Garden Lanzhou	Lanzhou	144,649	771,015	415,886	355,129	100.00%
238	Evergrande Future City Lanzhou	Lanzhou	156,481	469,444	—	469,444	100.00%
239	Evergrande Metropolis Xining	Xining	138,355	439,772	371,597	68,175	100.00%
240	Evergrande Royal Scenic Yinchuan	Yinchuan	93,309	296,709	218,710	77,999	100.00%
241	Evergrande Royal View Garden Yinchuan	Yinchuan	89,312	236,274	112,278	123,996	100.00%
242	Evergrande Royal Scenic Peninsula Yinchuan	Yinchuan	226,611	339,917	166,344	173,573	80.00%
243	Evergrande Oasis Zhengzhou	Zhengzhou	198,422	1,035,829	712,075	323,754	100.00%
244	Evergrande Metropolis Zhengzhou	Zhengzhou	126,730	785,723	194,516	591,207	100.00%
245	Evergrande Scenic Garden Zhengzhou	Zhengzhou	701,394	1,314,439	1,012,449	301,990	50.21%
246	Evergrande Emerald Court Zhengzhou	Zhengzhou	88,000	416,959	355,563	61,396	100.00%
247	Evergrande Mansion Zhengzhou	Zhengzhou	72,590	272,760	191,844	80,916	100.00%
248	Evergrande Atrium Zhengzhou	Zhengzhou	43,312	171,805	1,600	170,205	100.00%
249	Evergrande City Zhengzhou	Zhengzhou	265,529	1,001,164	230,116	771,048	51.00%
250	Evergrande Yue Long Mansion Zhengzhou	Zhengzhou	115,974	414,415	—	414,415	64.00%
251	Evergrande Future City Zhengkai	Kaifeng	735,757	2,133,446	495,063	1,638,383	100.00%
252	Evergrande Splendor Xinxiang	Xinxiang	940,047	1,691,054	991,508	699,546	100.00%
253	Evergrande Royal Scenic Bay Xinxiang	Xinxiang	233,060	708,431	519,756	188,675	100.00%
254	Evergrande City Guiyang	Guiyang	248,965	915,298	726,657	188,642	100.00%
255	Evergrande Atrium Guiyang	Guiyang	64,290	383,012	289,845	93,167	60.00%
256	Evergrande Emerald Court Guiyang	Guiyang	70,940	391,708	310,080	81,628	100.00%
257	Evergrande Royal View Garden Guiyang	Guiyang	230,172	759,000	524,693	234,307	100.00%
258	Evergrande Golden Sun City Guiyang	Guiyang	2,152,684	3,134,069	1,202,394	1,931,675	100.00%
259	Evergrande Central Park Guiyang	Guiyang	365,334	1,069,826	249,029	820,797	100.00%
260	Evergrande Central Square Guiyang	Guiyang	320,667	852,877	172,300	680,577	100.00%
261	Evergrande Metropolis Square Guiyang	Guiyang	132,000	460,949	165,494	295,455	100.00%
262	Evergrande Left Riverfront Guiyang	Guiyang	93,833	469,164	92,067	377,097	90.00%
263	Evergrande Future City Guiyang	Guiyang	133,024	441,310	—	441,310	100.00%
264	Evergrande Royal Palace Guiyang	Guiyang	95,299	270,546	—	270,546	100.00%
265	Evergrande Splendor Kunming	Kunming	994,517	1,926,761	1,406,436	520,324	100.00%
266	Evergrande Cloud Palace Kunming	Kunming	207,135	1,204,111	548,678	655,433	51.00%
267	Evergrande Metropolis Kunming	Kunming	113,779	664,407	304,137	360,270	100.00%
268	Evergrande Jiu Long Bay Kunming	Kunming	290,118	854,422	210,264	644,158	100.00%
269	Evergrande Emerald Court Kunming	Kunming	22,986	248,847	—	248,847	100.00%
270	Evergrande Oasis Nanning	Nanning	248,870	764,515	632,991	131,523	100.00%
271	Evergrande International Center Nanning	Nanning	67,333	313,099	103,412	209,687	100.00%
272	Evergrande Metropolis Nanning	Nanning	164,774	862,182	676,195	185,986	100.00%
273	Evergrande Royal View Garden Nanning	Nanning	37,240	176,398	123,693	52,705	100.00%
274	Evergrande Metropolis Nanning	Nanning	20,051	110,512	84,637	25,875	100.00%
275	Evergrande Palace Nanning	Nanning	135,705	456,084	58,455	397,629	100.00%
276	Evergrande Atrium Nanning	Nanning	62,906	194,839	138,723	56,116	100.00%
277	Evergrande Scenic View Garden Nanning	Nanning	44,633	226,939	140,046	86,893	100.00%
278	Evergrande Culture Tourist City Haikou	Haikou	840,339	1,818,062	935,174	882,889	100.00%
279	Evergrande Bay Haikou	Haikou	122,822	170,698	126,007	44,690	100.00%
280	Evergrande Bund Haikou	Haikou	115,408	552,168	286,255	265,913	100.00%
281	Evergrande Royal Scenic Bay Hainan	Haikou	209,904	745,440	709,065	36,375	100.00%
282	Evergrande Royal Sea Hainan	Haikou	865,988	1,209,000	204,056	1,004,944	100.00%
283	Evergrande Dingan Royal Lake Manor Haikou	Haikou	233,968	241,238	120,974	120,265	75.00%
284	Evergrande Yue Long Bay Wanning	Haikou	194,510	195,608	—	195,608	100.00%
285	Evergrande Oasis Urumchi	Wulumuqi	166,278	524,902	206,922	317,980	100.00%
286	Evergrande Green City Urumchi	Wulumuqi	467,000	467,000	43,087	423,913	100.00%
287	Evergrande Splendor Urumchi	Wulumuqi	2,118,064	2,204,330	468,837	1,735,493	100.00%
288	Evergrande City Lights Urumchi	Wulumuqi	37,770	207,735	—	207,735	51.00%
289	Evergrande Jewelry Palace Urumqi	Wulumuqi	52,870	248,489	—	248,489	51.00%

No.	Project	Location	Site area (m^2)	Total GFA (m^2)	GFA (m^2) Completed properties (m^2)	Properties under development and held for future development (m^2)	Attributable equity interest (%) *(Note)*
290	Evergrande Tixiang Village Chongqing	Chongqing	289,812	473,843	—	473,843	100.00%
291	Evergrande Metropolis Chongqing	Chongqing	177,813	843,014	706,911	136,104	100.00%
292	Evergrande Atrium Chongqing	Chongqing	318,188	990,267	770,148	220,120	100.00%
293	Evergrande Splendor Chongqing	Chongqing	1,807,272	3,050,788	2,056,236	994,552	100.00%
294	Evergrande Emerald Court Chongqing	Chongqing	671,931	367,997	332,598	35,399	100.00%
295	Evergrande Royal Scenic Peninsula Chongqing	Chongqing	—	436,868	202,831	234,036	100.00%
296	Evergrande Scenic Garden Chongqing	Chongqing	—	759,472	364,169	395,302	100.00%
297	Evergrande Scenic Garden Fuling	Chongqing	197,054	515,722	337,212	178,510	100.00%
298	Evergrande Royal Scenic Bay Chongqing	Chongqing	31,540	131,814	70,579	61,235	100.00%
299	Evergrande Royal Palace Chongqing	Chongqing	127,271	254,542	—	254,542	100.00%
300	Evergrande Century City Chongqing	Chongqing	263,148	876,805	511,770	365,034	100.00%
301	Evergrande C C Land Plaza	Chongqing	183,382	791,463	268,424	523,039	60.00%
302	Evergrande The Coronation Chongqing	Chongqing	205,134	1,437,868	687,232	750,636	69.05%
303	Evergrande Central Square Chongqing	Chongqing	132,502	1,028,949	319,656	709,293	100.00%
304	Evergrande Emerald Bay Chongqing	Chongqing	278,526	427,552	103,562	323,990	100.00%
305	Evergrande Gentleman Hill Palace Chongqing	Chongqing	182,266	403,045	46,600	356,445	90.00%
306	Evergrande New City Chongqing	Chongqing	252,100	793,230	160,545	632,685	60.00%
307	Evergrande Lushan Lake Chongqing	Chongqing	184,954	321,399	75,390	246,009	100.00%
308	Evergrande Future City Chongqing	Chongqing	376,104	575,716	240,821	334,895	100.00%
309	Evergrande Excellent Live City Chongqing	Chongqing	205,941	670,325	115,924	554,401	100.00%
310	Evergrande Verakin New Park City Chongqing	Chongqing	951,674	424,997	—	424,997	100.00%
311	Evergrande Smart Eco-city Chongqing	Chongqing	55,634	112,243	—	112,243	100.00%
312	Evergrande Green Island Chongqing	Chongqing	254,478	482,801	112,139	370,662	100.00%
313	Evergrande Left Lakefront Chongqing	Chongqing	48,750	255,760	112,100	143,660	100.00%
314	Evergrande Top Mansion Chongqing	Chongqing	331,501	389,055	—	389,055	100.00%
315	Evergrande Zhongxian Project Chongqing	Chongqing	241,400	506,957	—	506,957	100.00%
316	Evergrande Metropolis Qianjiang	Chongqing	191,316	363,500	—	363,500	100.00%
317	Evergrande Century Dreamlike City Chongqing	Chongqing	564,183	1,128,366	—	1,128,366	100.00%
318	Evergrande Oasis Tianjin	Tianjin	878,096	1,237,616	1,105,573	132,043	100.00%
319	Evergrande Scenic Garden Tianjin	Tianjin	506,159	848,023	510,596	337,427	100.00%
320	Evergrande Splendor Tianjin	Tianjin	1,675,803	1,171,528	325,487	846,041	100.00%
321	Evergrande Metropolis Tianjin	Tianjin	289,509	390,458	389,057	1,401	100.00%
322	Evergrande Royal Scenic Peninsula Tianjin	Tianjin	213,680	338,646	253,532	85,114	100.00%
323	Evergrande Royal View Garden Tianjin	Tianjin	113,569	359,175	174,961	184,215	100.00%
324	Evergrande Royal Scenic Bay Tianjin	Tianjin	88,065	231,702	156,530	75,172	100.00%
325	Evergrande Top Mansion Tianjin	Tianjin	195,155	433,698	—	433,698	51.00%
326	Evergrande Flower Creek Town Tianjin	Tianjin	174,617	716,194	176,538	539,656	100.00%
327	Evergrande Phoenix Manor Tianjin	Tianjin	159,718	175,680	—	175,680	100.00%
328	Evergrande Royal Palace Tianjin	Tianjin	55,763	83,645	—	83,645	100.00%
329	Evergrande Sandal River Dalian	Dalian	56,921	79,575	53,861	25,714	100.00%
330	Evergrande Royal View Garden Dalian	Dalian	152,704	314,040	211,464	102,576	100.00%
331	Evergrande Royal Scenic Bay Dalian	Dalian	28,400	126,517	121,231	5,286	100.00%
332	Evergrande Harbor City Dalian	Dalian	247,600	607,550	231,526	376,024	100.00%
333	Evergrande City Lights Dalian	Dalian	32,068	169,721	39,733	129,988	90.00%
334	Evergrande Four Seasons Dalian	Dalian	102,657	265,119	145,440	119,679	100.00%
335	Evergrande Atrium Dalian	Dalian	121,153	314,998	—	314,998	51.00%
336	Evergrande Park Avenue Dalian	Dalian	38,592	150,000	58,175	91,825	100.00%
337	Evergrande Golden Beach Qingdao	Qingdao	335,790	429,771	198,732	231,039	100.00%
338	Evergrande Yue Long Mansion Qingdao	Qingdao	533,336	642,989	95,756	547,233	100.00%
339	Evergrande Royal Dragon Bay Qingdao	Qingdao	456,669	625,636	—	625,636	80.00%
340	Evergrande Royal Billow International Qingdao	Qingdao	320,747	396,289	37,466	358,824	100.00%
341	Evergrande City Lights Ningbo	Ningbo	126,985	728,769	374,416	354,353	100.00%
342	Evergrande Scenic Garden Ningbo	Ningbo	688,782	1,002,072	651,876	350,195	100.00%
343	Evergrande Peninsula On The Sea Xiangshan	Ningbo	385,118	752,520	39,100	713,420	100.00%
344	Evergrande Guanlan Palace Yuyao	Ningbo	76,823	232,414	166,165	66,249	100.00%
345	Fenghua Xikou Project	Ningbo	342,688	504,340	196,214	308,126	100.00%
346	Evergrande Royal Scenic Ningbo	Ningbo	164,097	361,013	—	361,013	66.25%
347	Evergrande Harbour Town Ningbo	Ningbo	801,098	1,415,842	—	1,415,842	100.00%
348	Evergrande Royal View Garden Xiamen	Xiamen	70,825	275,891	219,715	56,176	100.00%

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349	Evergrande Jewelry Suzhou	Suzhou	233,628	389,198	10,039	379,160	100.00%
350	Evergrande Yue Long Bay Suzhou	Suzhou	85,935	257,289	9,667	247,621	100.00%
351	Evergrande Atrium Zhangjiagang	Suzhou	130,993	373,202	265,608	107,594	90.00%
352	Evergrande Oasis Wuxi	Wuxi	263,300	899,155	491,693	407,462	100.00%
353	Evergrande Royal Seaview Bay Wuxi	Wuxi	165,227	437,736	262,382	175,354	100.00%
354	Evergrande Yue Long Bay Wuxi	Wuxi	120,254	369,214	52,641	316,573	100.00%
355	Evergrande Royal View Garden Jiangyin	Wuxi	124,085	393,949	219,919	174,030	100.00%
356	Evergrande Royal Scenic Jiangyin	Wuxi	120,927	376,409	254,716	121,692	51.00%
357	Evergrande Paradise Palace Wuxi	Wuxi	63,661	231,265	—	231,265	51.00%
358	Evergrande Billow Palace Wuxi	Wuxi	173,130	363,573	8,495	355,078	100.00%
359	Evergrande Qizi Bay Jiangyan	Wuxi	67,195	143,128	106,157	36,971	100.00%
360	Evergrande Royal View Splendor Wuxi	Wuxi	124,527	244,850	—	244,850	100.00%
361	Evergrande Yue Long Mansion Wuxi	Wuxi	60,210	108,378	—	108,378	100.00%
362	Evergrande Royal Seaview Garden Wuxi	Wuxi	75,245	150,490	—	150,490	100.00%
363	Evergrande Royal Lake Yixing	Wuxi	94,906	180,322	—	180,322	100.00%
364	Evergrande Scenic Garden Yixing	Wuxi	118,636	142,363	—	142,363	100.00%
365	Evergrande Dongjiu Court Yixing	Wuxi	58,869	134,478	80,954	53,524	100.00%
366	Evergrande Flower Creek Town Yixing	Wuxi	910,777	925,245	—	925,245	70.00%
367	Evergrande Royal Scenic Bay Foshan	Foshan	90,079	291,981	258,717	33,264	100.00%
368	Evergrande Royal Garden Shunde	Foshan	39,405	211,743	176,983	34,760	100.00%
369	Evergrande Emerald Court Foshan	Foshan	51,271	197,100	194,390	2,710	100.00%
370	Evergrande City Foshan	Foshan	74,271	294,991	226,360	68,631	100.00%
371	Evergrande Royal Lake Bay Foshan	Foshan	135,831	482,100	317,982	164,118	100.00%
372	Evergrande Royal Lake County Foshan	Foshan	55,557	220,100	165,115	54,985	100.00%
373	Evergrande Li Lake City Foshan	Foshan	358,214	939,267	39,052	900,215	100.00%
374	Evergrande Longjiang Emerald Shunde	Foshan	35,244	156,992	95,830	61,162	100.00%
375	Evergrande Scenic Palace Foshan	Foshan	876,786	666,797	146,125	520,672	100.00%
376	Evergrande Royal Riverfront Palace Foshan	Foshan	28,723	99,189	—	99,189	100.00%
377	Evergrande Lake County Foshan	Foshan	208,962	459,716	61,923	397,793	51.00%
378	Evergrande Yundonghai Project Foshan	Foshan	1,108,596	628,935	143,626	485,309	100.00%
379	Evergrande Royal Seaview Garden Foshan	Foshan	95,370	305,984	—	305,984	100.00%
380	Evergrande Bay Foshan	Foshan	58,786	207,913	—	207,913	100.00%
381	Evergrande Atrium Foshan	Foshan	45,399	113,497	—	113,497	100.00%
382	Evergrande Left Riverside Foshan	Foshan	39,984	99,959	—	99,959	100.00%
383	Evergrande Leping Project Foshan	Foshan	105,523	284,913	—	284,913	100.00%
384	Evergrande Royal Scenic Peninsula Yantai	Yantai	166,500	337,200	—	337,200	51.00%
385	Evergrande Royal Scenic Dongguan	Dongguan	80,194	227,065	183,275	43,790	100.00%
386	Evergrande Emerald Court Dongguan	Dongguan	94,521	162,942	105,480	57,463	99.99%
387	Evergrande Bay Dongguan	Dongguan	121,000	252,300	165,833	86,467	51.00%
388	Evergrande Left Riverside Dongguan	Dongguan	64,655	221,428	162,750	58,679	100.00%
389	Evergrande Royal Garden Dongguan	Dongguan	31,033	120,689	92,931	27,758	100.00%
390	Evergrande Billow Bay Wenzhou	Wenzhou	59,454	371,257	94,578	276,679	100.00%
391	Evergrande Top Mansion Wenzhou	Wenzhou	47,107	187,356	—	187,356	100.00%
392	Evergrande Yue Long Mansion Wenzhou	Wenzhou	387,606	1,130,000	—	1,130,000	100.00%
393	Evergrande Royal Scenic Bay Quanzhou	Quanzhou	57,068	168,943	150,338	18,605	100.00%
394	Evergrande Emerald Dragon Court Quanzhou	Quanzhou	29,031	120,264	91,291	28,973	100.00%
395	Evergrande City Plaza Quanzhou	Quanzhou	14,000	150,126	—	150,126	100.00%
396	Evergrande Metropolis Shishi	Quanzhou	185,809	601,948	440,226	161,723	100%， 拓地部分98.25%
397	Evergrande Royal Scenic Bay Anxi	Quanzhou	147,283	248,845	80,715	168,131	100.00%
398	Evergrande Atrium Quanzhou	Quanzhou	66,303	259,686	202,693	56,993	100.00%
399	Evergrande New Town Quanzhou	Quanzhou	60,885	250,250	—	250,250	100.00%
400	Evergrande Royal Seaview Garden Nantong	Nantong	70,317	166,769	31,439	135,330	100.00%
401	Evergrande Yue Long Bay Nantong	Nantong	94,192	259,415	161,292	98,123	100.00%
402	Evergrande Palace Tangshan	Tangshan	84,686	395,661	278,348	117,313	60.00%
403	Evergrande Royal Sea Tangshan	Tangshan	470,127	671,715	—	671,715	100.00%
404	Evergrande Peach Blossom Spring Town Tangshan	Tangshan	87,398	117,133	—	117,133	100.00%
405	Evergrande Metropolis Weifang	Weifang	289,254	1,012,389	836,153	176,236	100.00%
406	Evergrande Emerald Court Weifang	Weifang	87,534	293,930	218,294	75,636	100.00%

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407	Evergrande Left Bank Riverfront Xuzhou	Xuzhou	124,945	407,622	140,605	267,017	95.00%
408	Evergrande Forest Creek County Xuzhou	Xuzhou	76,847	322,303	—	322,303	80.00%
409	Evergrande Pan Lake Town Xuzhou	Xuzhou	1,853,037	3,632,463	—	3,632,463	51.00%
410	Evergrande Oasis Zhongshan	Zhongshan	147,575	660,935	421,683	239,252	100.00%
411	Evergrande Royal Palace Zhongshan	Zhongshan	88,390	351,501	77,087	274,414	67.00%
412	Evergrande Royal Scenic Zhongshan	Zhongshan	79,103	237,308	—	237,308	70.00%
413	Evergrande Royal Scenic Bay Shantou	Shantou	166,253	501,370	415,728	85,642	100.00%
414	Evergrande Bund Shantou	Shantou	145,831	548,291	161,698	386,593	90.00%
415	Evergrande Jinbi Bay Shantou	Shantou	297,448	884,723	119,448	765,275	65.00%
416	Evergrande Ocean Spring Zhuhai	Zhuhai	242,800	341,000	115,338	225,662	51.00%
417	Evergrande Emerald Court Zhuhai	Zhuhai	66,632	66,632	—	66,632	100.00%
418	Zhuhai Zhuofu Project	Zhuhai	7,606	98,621	—	98,621	90.00%
419	Evergrande Royal Ocean View Garden Sanya	Sanya	299,415	440,388	350,738	89,649	100.00%
420	Evergrande Royal Palace Sanya	Sanya	86,033	375,428	160,558	214,869	100.00%
421	Evergrande Kantang Project Yunfu	Yunfu	119,856	419,495	—	419,495	100.00%
422	Evergrande City Yunfu	Yunfu	369,888	1,001,083	692,332	308,751	100.00%
423	Evergrande City Shaoguan	Shaoguan	450,839	1,392,211	984,810	407,402	100.00%
424	Evergrande City Chaozhou	Chaozhou	546,973	2,094,637	1,181,838	912,799	100.00%
425	Evergrande Scenic Garden Chaozhou	Chaozhou	245,369	658,921	270,887	388,034	100.00%
426	Evergrande Metropolis Chaozhou	Chaozhou	101,924	356,734	134,467	222,267	100.00%
427	Evergrande Metropolis Heyuan	Heyuan	276,031	887,443	709,620	177,824	100.00%
428	Evergrande Left Riverfront Heyuan	Heyuan	200,040	300,000	—	300,000	100.00%
429	Evergrande Royal Scenic Peninsula Jiangmen	Jiangmen	137,584	401,457	252,775	148,682	80.00%
430	Evergrande Spring City Enping	Jiangmen	2,496,895	3,283,039	517,018	2,766,021	100.00%
431	Evergrande Yue Long Bay Kaiping	Jiangmen	445,400	870,000	—	870,000	98.00%
432	Evergrande Oasis Jieyang	Jieyang	193,248	555,270	135,313	419,957	100.00%
433	Evergrande Emerald Court Jieyang	Jieyang	74,972	187,430	—	187,430	100.00%
434	Evergrande Palace Jieyang	Jieyang	59,839	276,590	69,738	206,852	92.00%
435	Evergrande Royal Scenic Peninsula Meizhou	Meizhou	597,006	2,063,164	534,688	1,528,476	100.00%
436	Evergrande Hawaii on the Sea Yangjiang	Yangjiang	1,228,925	1,009,862	560,239	449,623	100.00%
437	Evergrande Metropolis Yangjiang	Yangjiang	138,669	423,798	356,397	67,401	100.00%
438	Evergrande Royal View Garden Yangjiang	Yangjiang	99,224	257,273	167,265	90,008	100.00%
439	Evergrande Yue Long Mansion Yangjiang	Yangjiang	115,992	231,634	84,751	146,883	100.00%
440	Evergrande Oasis Zhanjiang	Zhanjiang	127,834	491,793	393,916	97,877	100.00%
441	Evergrande Royal View Garden Zhanjiang	Zhanjiang	84,881	319,473	—	319,473	60.00%
442	Evergrande Atrium Huizhou (Phase I)	Huizhou	60,986	239,952	—	239,952	100.00%
	Evergrande Atrium Huizhou (Phase II)	Huizhou	63,820	250,723	—	250,723	100.00%
443	Evergrande Century Dreamlike City Zhaoqing	Zhaoqing	1,278,524	2,301,343	276,994	2,024,349	88.00%
444	Evergrande Royal Lake City Zhaoqing	Zhaoqing	137,727	526,506	252,485	274,021	100.00%
445	Evergrande Emerald Court Zhaoqing	Zhaoqing	41,739	195,886	85,567	110,319	100.00%
446	Evergrande Royal Lake Zhaoqing	Zhaoqing	320,588	883,159	139,405	743,754	肇慶市團星房地產開發有限公司100%、肇慶鼎湖團星房地產開發有限公司90%、肇慶鼎湖團星置業投資有限公司100%
447	Evergrande City Zhaoqing	Zhaoqing	210,758	505,819	—	505,819	51.00%
448	Evergrande Oasis Zhaoqing	Zhaoqing	253,275	810,469	—	810,469	100%（二手）；90%（一手）
449	Evergrande Metropolis Zhaoqing	Zhaoqing	103,279	361,475	—	361,475	100.00%
450	Evergrande Royal Lake City Maoming	Maoming	175,437	555,196	—	555,196	100.00%
451	Evergrande Yue Long Bay Huzhou	Huzhou	174,422	427,641	189,188	238,453	100.00%
452	Evergrande Yue Long Mansion Huzhou	Huzhou	87,548	243,219	—	243,219	51.00%
453	Evergrande Royal Garden Huzhou	Huzhou	27,942	69,855	—	69,855	100.00%
454	Evergrande Royal Summit Huzhou	Huzhou	96,025	192,050	—	192,050	100.00%
455	Evergrande An Ji Town Huzhou	Huzhou	252,450	277,695	—	277,695	51.00%
456	Evergrande Changxi Project	Huzhou	74,964	119,942	—	119,942	100.00%

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457	Evergrande Royal Lakeside Mano Jiande	Hangzhou	333,743	438,107	—	438,107	100.00%
458	Evergrande Left Xianghu Jiaxing	Jiaxing	118,842	229,171	—	229,171	100.00%
459	Evergrande Royal Scenic Bay Jiaxing	Jiaxing	124,269	273,392	—	273,392	51.00%
460	Evergrande Royal Scenic Peninsula Quzhou	Quzhou	181,050	461,460	384,794	76,666	100.00%
461	Evergrande Jewelry Palace Shaoxing	Shaoxing	140,727	462,922	153,843	309,079	100.00%
462	Evergrande Shengzhou Project Shaoxing	Shaoxing	90,818	287,691	116,603	171,088	100.00%
463	Evergrande Royal Seaview Garden Shaoxing	Shaoxing	83,400	195,406	—	195,406	100.00%
464	Evergrande Future City Shaoxing	Shaoxing	254,668	636,670	82,169	554,501	100.00%
465	Evergrande Yue Long Mansion Shaoxing	Shaoxing	189,634	227,561	109,418	118,143	100.00%
466	Evergrande River Royal Palace Shaoxing	Shaoxing	108,531	217,049	89,599	127,450	51.00%
467	Evergrande Royal Palace Shaoxing	Shaoxing	61,961	199,795	—	199,795	100.00%
468	Evergrande Royal Scenic Bay Shaoxing	Shaoxing	61,281	147,074	—	147,074	100.00%
469	Evergrande City Galaxy Project Taizhou	Taizhou	148,856	505,129	84,048	421,081	100.00%
470	Evergrande Royal Scenic Peninsula Taizhou	Taizhou	168,047	420,000	—	420,000	100.00%
471	Evergrande Royal Scenic Bay Zhoushan	Zhoushan	55,113	150,161	105,616	44,545	100.00%
472	Evergrande Scenic View Garden Changzhou	Changzhou	58,625	205,187	34,402	170,785	100.00%
473	Evergrande Jintan District Golden Bay Changzhou Project	Changzhou	620,668	265,175	—	265,175	60.00%
474	Evergrande Jintan River Project Changzhou	Changzhou	76,359	190,899	—	190,899	100.00%
475	Evergrande Billow Palace Liyang	Changzhou	140,000	252,000	—	252,000	100.00%
476	Evergrande Metropolis Huai'an	Huai'an	283,233	1,047,190	848,247	198,943	100.00%
477	Evergrande City Lianyungang	Lianyungang	274,128	822,280	—	822,280	100.00%
478	Evergrande Forest Creek County Lianyugang	Lianyungang	114,444	280,924	156,244	124,680	100.00%
479	Evergrande Royal Peak Lianyugang	Lianyungang	101,890	236,872	182,519	54,353	100.00%
480	Evergrande Royal Scenic Peninsula Jingjiang	Taizhou	563,198	757,923	170,053	587,870	100.00%
481	Evergrande Palace Taizhou	Taizhou	262,480	620,100	113,171	506,929	100.00%
482	Evergrande Top Mansion Taizhou	Taizhou	121,462	267,216	—	267,216	100.00%
483	Evergrande Palace Suqian	Suqian	238,187	833,654	622,605	211,049	100.00%
484	Evergrande Emerald Court Suqian	Suqian	146,299	368,724	94,079	274,645	100.00%
485	Evergrande Metropolis Yancheng	Yancheng	181,456	731,946	501,967	229,979	100.00%
486	Evergrande Royal View Garden Yancheng	Yancheng	259,015	713,470	462,976	250,494	100.00%
487	Evergrande Emerald County Dongtai	Yancheng	61,232	143,320	105,794	37,526	100.00%
488	Evergrande Billow Bay Yancheng	Yancheng	127,556	313,149	17,459	295,690	100.00%
489	Evergrande Left Riverfront Yizheng	Yangzhou	82,194	174,825	—	174,825	100.00%
490	Evergrande Yue Long Mansion Yangzhou	Yangzhou	61,228	163,333	—	163,333	100.00%
491	Evergrande Emerald Court Yangzhou	Yangzhou	79,054	273,287	—	273,287	100.00%
492	Evergrande Palace Yangzhou	Yangzhou	78,206	257,159	—	257,159	100.00%
493	Evergrande Yue Long Bay Yangzhou	Yangzhou	83,950	95,212	—	95,212	100.00%
494	Evergrande Arium Zhenjiang	Zhenjiang	315,352	1,164,919	874,270	290,648	100.00%
495	Evergrande Oasis Zhenjiang	Zhenjiang	63,383	250,776	177,273	73,503	100.00%
496	Evergrande Metropolis Danyang	Zhenjiang	282,022	964,115	786,123	177,992	100.00%
497	Evergrande City Danyang	Zhenjiang	94,832	265,535	177,403	88,132	100.00%
498	Evergrande Royal Palace Zhenjiang	Zhenjiang	48,828	103,276	—	103,276	100.00%
499	Evergrande Palace Zhenjiang	Zhenjiang	148,955	275,500	—	275,500	30.00%
500	Evergrande Oasis Anyang	Anyang	406,660	1,318,141	711,627	606,514	100.00%
501	Evergrande Metropolis Hebi	Hebi	124,886	366,217	256,254	109,964	100.00%
502	Evergrande City Jiaozuo	Jiaozuo	96,285	462,576	278,620	183,956	100.00%
503	Evergrande Royal View Garden Kaifeng	Kaifeng	180,948	547,281	497,681	49,600	53.00%
504	Evergrande Royal View Garden Lankao	Kaifeng	266,628	533,258	124,366	408,892	100.00%
505	Evergrande Oasis Luoyang	Luoyang	892,080	3,483,981	2,091,002	1,392,979	100.00%
506	Evergrande Cloud Villa Luoyang	Luoyang	336,191	454,836	—	454,836	100.00%
507	Evergrande Metropolis Luohe	Luohe	170,124	728,042	319,603	408,439	100.00%
508	Evergrande Royal Scenic Luohe	Luohe	50,779	284,862	203,111	81,751	100.00%
509	Evergrande Top Mansion Luohe	Luohe	83,182	207,956	—	207,956	100.00%
510	Evergrande Royal View Garden Nanyang	Nanyang	204,621	585,272	416,909	168,363	100.00%
511	Evergrande Royal Scenic Bay Nanyang	Nanyang	117,850	371,521	322,090	49,431	55.00%
512	Evergrande Emerald Court Nanyang	Nanyang	67,109	136,475	—	136,475	60.00%
513	Evergrande Metropolis Zhumadian	Pingdingshan	100,546	433,715	400,823	32,892	57.00%
514	Evergrande Royal Scenic Peninsula Pingdingshan	Pingdingshan	87,676	237,658	187,900	49,758	64.00%

No.	Project	Location	Site area (m^2)	Total GFA (m^2)	GFA (m^2) Completed properties (m^2)	Properties under development and held for future development (m^2)	Attributable equity interest (%) *(Note)*
515	Evergrande Jewelry Palace Pingdingshan	Pingdingshan	87,919	307,715	—	307,715	67.00%
516	Evergrande Yue Long Mansion Puyang	Puyang	138,477	366,389	241,050	125,339	100.00%
517	Evergrande Yue Long Bay Puyang	Puyang	125,545	370,666	137,058	233,608	100.00%
518	Evergrande Jewelry Palace Fuyang	Puyang	138,680	346,700	—	346,700	80.00%
519	Evergrande Metropolis Shangqiu	Shangqiu	368,407	1,213,084	521,224	691,860	100.00%
520	Evergrande Emerald Court Shangqiu	Shangqiu	156,840	409,257	142,563	266,694	60.00%
521	Evergrande Shangtong Road Shangqiu	Shangqiu	116,272	291,667	—	291,667	50.00%
522	Evergrande Jewelry Palace Xinxiang	Xinxiang	212,319	677,557	—	677,557	100.00%
523	Evergrande Metropolis Xinyang	Xinyang	323,530	789,280	636,995	152,285	100.00%
524	Evergrande Emerald Court Xinyang	Xinyang	149,738	496,427	414,802	81,624	55.00%
525	Evergrande Royal Scenic Bay Xinyang	Xinyang	152,414	457,242	—	457,242	58.00%
526	Evergrande Oasis Xuchang	Xuchang	185,052	753,449	703,703	49,746	100.00%
527	Evergrande Emerald Court Xuchang	Xuchang	62,556	232,624	165,946	66,679	100.00%
528	Evergrande Top Mansion Xuchang	Xuchang	75,919	282,835	108,111	174,724	51.00%
529	Evergrande Yue Long Mansion Xuchang	Xuchang	300,000	950,000	—	950,000	75.00%
530	Evergrande Metropolis Zhoukou	Zhoukou	132,779	549,274	307,274	242,000	70.00%
531	Evergrande Royal View Garden Taikang	Zhoukou	95,878	177,116	142,900	34,216	100.00%
532	Evergrande Metropolis Zhumadian	Zhumadian	103,043	534,630	373,475	161,155	100.00%
533	Evergrande City Cangzhou	Cangzhou	171,898	537,722	463,858	73,864	100.00%
534	Evergrande Top Mansion Cangzhou	Cangzhou	69,165	211,129	12,963	198,166	100.00%
535	Evergrande Metropolis Handan	Handan	167,998	892,394	294,439	597,955	90.00%
536	Evergrande Emerald Court Handan	Handan	111,310	493,666	232,242	261,424	52.38%
537	Evergrande Beihai Manor Handan	Handan	340,002	761,000	—	761,000	51.00%
538	Evergrande Oasis Handan	Handan	114,001	337,000	—	337,000	51.00%
539	Evergrande Seine River Handan	Handan	72,000	294,944	59,427	235,517	51.00%
540	Taihongsen Mall Project (Phase I)	Handan	75,334	121,000	—	121,000	51.00%
	Evergrande Dragon Court (Phase II)	Handan	53,807	109,768	—	109,768	51.00%
	Evergrande Blooming Garden Handan	Handan	33,000	75,092	75,092	—	51.00%
	Evergrande Rainbow Town Handan	Handan	12,467	9,596	—	9,596	51.00%
541	Evergrande Splendid Mansion Handan	Handan	172,071	430,177	—	430,177	60.00%
542	Evergrande Royal Scenic Peninsula Handan	Handan	54,054	99,808	—	99,808	100.00%
543	Evergrande City Hengshui	Hengshui	181,166	507,266	370,092	137,174	75.00%
544	Evergrande Oasis Hengshui	Hengshui	171,241	612,490	433,686	178,804	60.00%
545	Evergrande Metropolis Langfang	Langfang	101,351	293,630	229,307	64,323	100.00%
546	Langfang Zhongding Project Langfang	Langfang	20,333	53,500	—	53,500	100.00%
547	Evergrande Emerald Court Langfang	Langfang	133,333	368,504	274,212	94,292	100.00%
548	Evergrande City Qinhuangdao	Qinhuangdao	796,537	2,947,180	511,261	2,435,919	100.00%
549	Evergrande City Xingtai	Xingtai	106,353	415,762	318,758	97,004	72.00%
550	Evergrande Royal View Garden Xingtai	Xingtai	27,376	109,647	101,227	8,420	72.00%
551	Evergrande Metropolis Xingtai	Xingtai	88,671	265,126	144,665	120,461	100.00%
552	Evergrande Scenic Garden Xingtai	Xingtai	127,558	318,850	277,167	41,683	58.00%
553	Evergrande Top Mansion Xingtai	Xingtai	115,618	231,200	—	231,200	100.00%
554	Evergrande Palace Changde	Changde	314,862	1,097,687	831,106	266,581	60.00%
555	Evergrande Royal Scenic Bay Changde	Changde	58,651	199,234	37,467	161,767	65.00%
556	Evergrande Coronation Changde	Changde	101,744	284,884	—	284,884	100.00%
557	Evergrande Oasis Changde	Changde	176,707	441,769	—	441,769	100.00%
558	Evergrande Palace Chenzhou	Chenzhou	187,024	626,338	488,065	138,273	100.00%
559	Evergrande Royal View Garden Chenzhou	Chenzhou	121,668	365,004	225,078	139,926	65.00%
560	Evergrande Oasis Hengyang	Hengyang	95,441	563,626	436,429	127,196	69.50%
561	Evergrande Royal View Garden Huaihua	Huaihua	334,623	501,925	321,808	180,117	60.00%
562	Evergrande Royal Scenic Bay Huaihua	Huaihua	84,348	237,879	150,981	86,898	60.00%
563	Evergrande Palace Shaoyang	Shaoyang	207,209	663,070	190,079	472,991	60.00%
564	Evergrande Future City Shaoyang	Shaoyang	188,756	660,645	179,567	481,079	64.00%
565	Evergrande Emerald Court Xiangtan	Xiangtan	143,199	715,997	433,706	282,291	60.00%
566	Evergrande Royal Scenic Peninsula Xiangtan	Xiangtan	252,583	737,209	15,176	722,033	60.00%
567	Evergrande Literary Beijing	Xiangtan	118,967	564,726	173,411	391,314	60.00%
568	Evergrande Palace Xiangtan	Xiangtan	186,605	522,494	—	522,494	100.00%
569	Evergrande Oasis Yiyang	Yiyang	213,859	777,399	660,663	116,736	100.00%
570	Evergrande Nanhu Peninsula Yueyang	Yueyang	193,928	673,035	456,029	217,006	64.00%

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571	Evergrande Oasis Yueyang	Yueyang	121,039	480,143	267,612	212,531	65.00%
572	Evergrande Royal Scenic Bay Yueyang	Yueyang	59,640	223,736	129,584	94,152	65.00%
573	Evergrande Future City Yueyang	Yueyang	175,943	492,640	—	492,640	100.00%
574	Evergrande Metropolis Zhuzhou	Zhuzhou	65,028	285,779	234,438	51,342	100.00%
575	Evergrande Palace Zhuzhou	Zhuzhou	199,995	599,984	415,861	184,123	60.00%
576	Evergrande Royal Scenic Bay Zhuzhou	Zhuzhou	27,913	180,520	136,024	44,496	62.00%
577	Evergrande Forest Creek County Zhuzhou	Zhuzhou	100,715	325,839	154,492	171,347	100.00%
578	Evergrande Yu Jing Garden Zhuzhou	Zhuzhou	442,061	879,701	—	879,701	57.00%
579	Evergrande Yue Long Mansion Zhuzhou	Zhuzhou	119,121	333,540	—	333,540	100.00%
580	Evergrande Longao Regency Zhuzhou	Zhuzhou	35,280	88,199	—	88,199	100.00%
581	Evergrande Coronation Xiangxizhou	Xiangxizhou	65,276	228,467	—	228,467	100.00%
582	Evergrande Royal Palace Hanshou	Changde	68,040	170,101	—	170,101	72.00%
583	Evergrande Capital Palace Ezhou	Ezhou	622,700	1,291,403	596,012	695,391	67.08%
584	Evergrande Royal Seaview Garden Enshi	Enshi	119,041	287,816	—	287,816	75.60%
585	Evergrande Royal View Garden Huangshi	Huangshi	78,523	203,146	131,668	71,478	100.00%
586	Evergrande Metropolis Huangshi	Huangshi	85,150	212,875	—	212,875	100.00%
587	Evergrande Royal View Garden Jingmen	Jingmen	55,553	263,461	107,648	155,813	100.00%
588	Evergrande Metropolis Jingzhou	Jingmen	103,342	457,858	287,798	170,060	100.00%
589	Evergrande Golden Metropolis Jingzhou	Jingmen	83,009	307,040	128,803	178,237	100.00%
590	Evergrande Emerald Court Jingzhou	Jingmen	26,017	139,767	84,641	55,126	51.00%
591	Evergrande Royal Scenic Valley Jinzhou	Jingmen	171,295	256,942	—	256,942	100.00%
592	Evergrande City Shiyan	Shiyan	488,969	1,623,432	144,898	1,478,534	85.00%
593	Evergrande Metropolis Suizhou	Suizhou	74,564	243,233	145,371	97,862	60.00%
594	Evergrande Golden Metropolis Suizhou	Suizhou	67,700	243,700	115,066	128,634	70.00%
595	Evergrande Yue Long Mansion Suizhou	Suizhou	79,530	198,825	—	198,825	100.00%
596	Evergrande Metropolis Xiangyang	Xiangyang	199,472	709,661	539,813	169,848	100.00%
597	Evergrande Emerald Court Xiangyang	Xiangyang	60,524	232,796	30,141	202,655	70.00%
598	Evergrande Royal Scenic Xiangyang	Xiangyang	93,623	94,559	—	94,559	55.00%
599	Evergrande Royal Palace Xiangyang	Xiangyang	115,600	395,528	—	395,528	100.00%
600	Evergrande Oasis Yichang	Yichang	265,890	854,735	669,450	185,285	100.00%
601	Evergrande Royal View Garden Yichang	Yichang	121,316	410,636	308,611	102,025	60.00%
602	Evergrande Scenic Garden	Yichang	168,138	492,997	340,042	152,956	60.00%
603	Evergrande Metropolis Yichang	Yichang	281,983	792,828	163,015	629,813	70% 70% 100%
604	Evergrande Forest Creek County Yichang	Yichang	72,104	216,300	—	216,300	70.00%
605	Evergrande Metropolis Xianning	Xianning	90,411	271,233	—	271,233	100.00%
606	Evergrande Metropolis Qianjiang	Qianjiang	85,596	213,991	—	213,991	100.00%
607	Evergrande Yonghe Bay Dazhou	Dazhou	70,048	438,891	416,420	22,471	100.00%
608	Evergrande Royal Scenic Bay Luzhou	Luzhou	81,574	235,092	202,150	32,942	100.00%
609	Evergrande Palace Luzhou	Luzhou	87,264	343,025	64,700	278,325	100.00%
610	Evergrande Bay Luzhou	Luzhou	196,517	532,534	138,605	393,929	100.00%
611	Evergrande City Luzhou	Luzhou	189,002	567,006	123,822	443,184	100.00%
612	Evergrande Emerald Bay Luzhou	Luzhou	60,723	242,874	—	242,874	100.00%
613	Evergrande Top Mansion Meishan	Meishan	83,846	167,692	—	167,692	100.00%
614	Evergrande Emerald Court Mianyang	Mianyang	119,126	206,197	108,760	97,437	100.00%
615	Evergrande Emerald Bay Mianyang	Mianyang	70,986	212,958	—	212,958	100.00%
616	Evergrande City Nanchong	Nanchong	51,362	173,364	128,634	44,730	100.00%
617	Evergrande Yue Long Mansion Nanchong	Nanchong	262,231	451,835	67,290	384,545	100.00%
618	Evergrande Fengya Court Nanchong	Nanchong	96,042	208,051	—	208,051	100.00%
619	Evergrande Coronation Nanchong	Nanchong	87,985	105,582	—	105,582	100.00%
620	Evergrande Left Riverfront Nanchong	Nanchong	160,030	480,090	—	480,090	100.00%
621	Evergrande Royal Summit Nanchong	Nanchong	104,529	209,058	—	209,058	100.00%
622	Evergrande City Panzhihua	Panzhihua	186,850	503,645	157,797	345,848	100.00%
623	Evergrande City Ziyang	Ziyang	127,720	407,602	297,938	109,664	100.00%
624	Evergrande Metropolis Ziyang	Ziyang	64,510	250,921	101,887	149,034	100.00%
625	Evergrande Oasis Zigong	Zigong	217,008	722,085	553,254	168,831	100.00%
626	Evergrande Metropolis Zigong	Zigong	95,594	325,433	227,498	97,935	100.00%
627	Evergrande Future City Zigong	Zigong	141,267	353,168	—	353,168	100.00%

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628	Evergrande Royal Lake Manor Xichong	Nanchoong	157,599	307,318	—	307,318	100.00%
629	Evergrande Jincheng Neijiang	Neijiang	134,826	337,065	—	337,065	100.00%
630	Evergrande Metropolis Yibin	Yibin	83,531	167,062	—	167,062	100.00%
631	Evergrande Yellow River Ecological City Dongying	Dongying	589,133	1,220,731	911,543	309,187	100.00%
632	Evergrande Palm Islands Dongying	Dongying	373,637	445,576	219,997	225,579	100.00%
633	Evergrande Metropolis Jining	Jining	264,016	813,380	681,605	131,775	100.00%
634	Evergrande Splendor Laiwu	Laiwu	1,068,026	1,149,229	334,169	815,060	100.00%
635	Evergrande Metropolis Laiwu	Laiwu	119,382	310,393	—	310,393	100.00%
636	Evergrande Palace Linyi	Linyi	158,223	841,685	584,110	257,575	100.00%
637	Evergrande Oasis Linyi	Linyi	308,140	907,404	386,407	520,997	51.00%
638	Evergrande Emerald Court Linyi	Linyi	149,228	447,684	239,600	208,084	60.00%
639	Evergrande Central Square Linyi	Linyi	105,031	504,149	93,480	410,669	100.00%
640	Evergrande City Tai'an	Tai'an	178,459	518,026	467,932	50,094	100.00%
641	Evergrande Royal Seaview Garden Weihai	Weihai	393,519	865,815	343,760	522,055	60.00%
642	Evergrande Royal Seaview Garden Weihai	Weihai	76,298	217,886	—	217,886	100.00%
643	Evergrande Ocean Peninsula Weihai	Weihai	195,631	469,514	—	469,514	90.00%
644	Laiyang Dingzi Bay Project	Yantai	6,489,166	12,329,415	—	12,329,415	90.00%
645	Evergrande Royal View Garden Zibo	Zibo	136,534	579,547	304,062	275,485	100.00%
646	Evergrande Emerald Court Zibo	Zibo	68,051	274,620	57,817	216,802	55.00%
647	Evergrande ZhengCheng Family Project Zibo	Zibo	372,320	761,238	210,981	550,257	60.00%
648	Evergrande Royal Summit Heze	Heze	57,490	126,478	—	126,478	100.00%
649	Evergrande Oasis Datong	Datong	194,483	709,144	593,624	115,520	100.00%
650	Evergrande Top Mansion Datong	Datong	148,747	371,868	—	371,868	100.00%
651	Evergrande Emerald Court Datong	Datong	88,120	185,000	—	185,000	100.00%
652	Evergrande Palace Jinzhong	Jinzhong	98,809	354,894	—	354,894	100.00%
653	Evergrande Palace Linfen	Linfen	134,264	411,400	384,380	27,020	95.00%
654	Evergrande Yue Long Mansion Linfen	Linfen	89,868	337,638	—	337,638	55.00%
655	Evergrande Royal Scenic Lvliang	Lvliang	138,739	488,834	484,565	4,269	100.00%
656	Evergrande Royal Palace Lvliang	Lvliang	69,341	263,496	—	263,496	80.00%
657	Evergrande Royal View Garden Yangquan	Yangquan	252,225	620,865	158,087	462,778	64.00%
658	Evergrande Oasis Yuncheng	Yuncheng	174,738	643,480	562,277	81,203	100.00%
659	Evergrande Metropolis Yuncheng	Yuncheng	79,464	410,905	179,309	231,597	71.00%
660	Evergrande Palace Xinzhou	Xinzhou	108,700	326,099	—	326,099	51.00%
661	Evergrande Royal Scenic Peninsula Ankang	Ankang	127,940	533,542	18,800	514,742	100.00%
662	Evergrande Future City Ankang	Ankang	214,935	429,870	—	429,870	100.00%
663	Evergrande Royal Scenic Bay Baoji	Baoji	61,023	278,224	52,056	226,168	100.00%
664	Evergrande City Hanzhong	Hanzhong	91,545	255,078	236,355	18,724	100.00%
665	Evergrande Royal View Garden Hanzhong	Hanzhong	67,280	226,106	127,812	98,294	100.00%
666	Evergrande Royal Scenic Bay Hanzhong	Hanzhong	146,407	322,100	—	322,100	100.00%
667	Evergrande Yue Long Bay Hanzhong	Hanzhong	137,959	248,326	—	248,326	80.00%
668	Evergrande Jewelry Palace Weinan	Weinan	148,526	371,315	6,700	364,615	100.00%
669	Evergrande City Yangling	Xianyang	130,248	552,328	448,018	104,310	100.00%
670	Evergrande Royal View Garden Xianyang	Xianyang	109,053	425,306	143,613	281,693	100.00%
671	Evergrande Royal Scenic Peninsula Hancheng	Weinan	134,009	335,023	—	335,023	100.00%
672	Evergrande Emerald Court Ganzhou	Ganzhou	80,181	263,775	195,428	68,347	100.00%
673	Evergrande Metropolis Ganzhou	Ganzhou	110,741	413,728	295,851	117,877	51.00%
674	Evergrande Royal Garden Ganzhou	Ganzhou	91,917	282,700	206,922	75,778	100.00%
675	Evergrande Royal Palace Ganzhou	Ganzhou	39,657	127,557	81,952	45,605	100.00%
676	Evergrande Top Mansion Ganzhou	Ganzhou	53,864	152,123	—	152,123	60.00%
677	Evergrande Yue Long Mansion Ganzhou	Ganzhou	121,730	298,239	—	298,239	60.00%
678	Evergrande Bay Ganzhou	Ganzhou	134,777	323,465	—	323,465	100.00%
679	Evergrande Royal Scenic Hanzhou	Ganzhou	77,588	274,922	—	274,922	51.00%
680	Evergrande City Hanzhou	Ganzhou	153,875	369,300	—	369,300	69.00%
681	Evergrande Royal View Garden Ji'an	Xi'an	244,219	837,721	551,162	286,560	100.00%
682	Evergrande Royal Scenic Peninsula Ji'an	Xi'an	147,000	420,507	170,286	250,220	100.00%
683	Evergrande Royal Scenic Bay Jingdezhen	Jingdezhen	184,231	479,472	345,407	134,065	100.00%
684	Evergrande Royal Scenic Jiujiang	Jiujiang	70,144	299,019	242,256	56,763	100.00%
685	Evergrande Bay Jiujiang	Jiujiang	173,389	421,030	189,933	231,097	54.55%

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686	Evergrande Royal Palace Pingxiang	Pingxiang	163,657	363,648	149,272	214,376	100.00%
687	Evergrande Metropolis Shangrao	Shangrao	175,110	556,104	351,090	205,014	100.00%
688	Evergrande Atrium Xinyu	Xinyu	203,734	613,134	311,240	301,894	100.00%
689	Evergrande City Xinyu	Xinyu	113,168	339,466	311,775	27,691	100.00%
690	Evergrande Oasis Yichun	Yichun	380,088	889,887	487,622	402,265	100.00%
691	Evergrande Royal Scenic Yichun	Yichun	77,039	310,088	20,850	289,238	70.00%
692	Evergrande Oasis Yingtan	Yingtan	317,121	1,020,768	864,264	156,504	100.00%
693	Evergrande Royal Scenic Yingtan	Yingtan	96,706	228,916	159,673	69,243	100.00%
694	Evergrande Oasis Anqing	Anqing	212,755	781,588	571,861	209,727	100.00%
695	Evergrande Unique One Project Anqing	Anqing	164,970	461,916	190,229	271,687	100.00%
696	Evergrande Emerald Court Bengbu	Bengbu	151,411	429,478	419,202	10,277	100.00%
697	Evergrande Left Bank Riverfront Bengbu	Bengbu	134,921	260,969	—	260,969	100.00%
698	Evergrande City Bozhou	Bozhou	216,102	779,405	644,865	134,540	100.00%
699	Evergrande Emerald Court Bozhou	Bozhou	140,406	454,219	312,325	141,893	100.00%
700	Evergrande Royal Scenic Bozhou	Bozhou	78,480	219,743	—	219,743	70.00%
701	Evergrande Royal View Garden Chuzhou	Chuzhou	134,869	352,278	128,466	223,812	88.00%
702	Evergrande Oasis Fuyang	Fuyang	183,152	587,656	454,570	133,086	70.00%
703	Evergrande Royal Scenic Fuyang	Fuyang	137,227	333,035	149,637	183,398	60.00%
704	Evergrande Forest Creek County Fuyang	Fuyang	96,205	277,769	—	277,769	100.00%
705	Evergrande Metropolis Huaibei	Huaibei	289,640	1,012,672	988,672	24,000	100.00%
706	Evergrande Atrium Huaibei	Huaibei	106,136	498,783	457,542	41,242	100.00%
707	Evergrande Royal Scenic Bay Huaibei	Huaibei	100,081	261,512	122,707	138,806	100.00%
708	Evergrande Oasis Huainan	Huainan	272,662	588,682	559,357	29,325	60.00%
709	Evergrande Left Riverside Huangshan	Huangshan	98,053	223,712	167,458	56,254	100.00%
710	Evergrande Top Mansion Huangshan	Huangshan	128,299	295,696	—	295,696	100.00%
711	Evergrande Royal Scenic Bay Liuan	Liu'an	604,016	1,610,469	1,292,921	317,547	100.00%
712	Evergrande Royal Lake Manor Liuan	Liu'an	175,741	351,482	—	351,482	100.00%
713	Evergrande Oasis Maanshan	Ma'anshan	82,360	205,459	138,952	66,507	100.00%
714	Evergrande Oasis Tongling	Tongling	291,274	1,083,613	775,104	308,509	100.00%
715	Evergrande Royal Palace Wuhu	Wuzhou	188,291	451,898	138,429	313,469	100.00%
716	Evergrande Royal Scenic Bay Suzhou	Suzhou	178,090	675,953	518,318	157,635	100.00%
717	Evergrande Metropolis Suzhou	Suzhou	162,473	654,422	405,406	249,016	65.00%
718	Evergrande Royal City Project Xuancheng	Xuancheng	120,786	382,367	179,669	202,698	100.00%
719	Evergrande Oasis Longyan	Longyan	129,010	348,321	169,860	178,461	100.00%
720	Evergrande Future City Longyan	Longyan	84,194	210,485	—	210,485	100.00%
721	Evergrande Royal Scenic Nanping	Nanping	112,002	295,881	198,915	96,965	100.00%
722	Evergrande Scenic Garden Wuyishan	Nanping	99,694	44,862	32,385	12,477	100.00%
723	Evergrande Royal Scenic Peninsula Ningde	Ningde	109,511	323,836	289,478	34,358	100.00%
724	Evergrande Future City Fuding	Ningde	184,803	468,118	—	468,118	100.00%
725	Evergrande Royal Scenic Peninsula Putian	Putian	370,400	735,713	450,844	284,869	51.00%
726	Evergrande Royal Palace Sanming	Sanming	191,389	361,901	97,558	264,342	51.00%
727	Evergrande Royal Scenic Peninsula Zhangzhou	Zhangzhou	68,224	256,561	127,938	128,623	100.00%
728	Evergrande Royal View Garden Zhangzhou	Zhangzhou	41,055	167,595	—	167,595	100.00%
729	Evergrande Royal Scenic Peninsula Dongshan P.2.	Zhangzhou	162,382	324,765	—	324,765	100.00%
730	Evergrande Billow Bay Liancheng	Longyan	82,974	132,759	—	132,759	100.00%
731	Evergrande Royal Scenic Bay Nanan	Quanzhou	108,878	251,300	—	251,300	100.00%
732	Evergrande Metropolis Shaowu	Nanping	73,824	191,942	—	191,942	100.00%
733	Evergrande Forest Creek County Yongchun	Quanzhou	107,516	221,330	—	221,330	100.00%
734	Evergrande Emerald Court Yongan	Sanming	67,095	147,609	—	147,609	100.00%
735	Evergrande Creek Mansion Jianou	Nanping	37,863	63,231	—	63,231	100.00%
736	Evergrande Royal Scenic Peninsula Beihai	Beihai	378,459	909,164	551,011	358,154	100.00%
737	Evergrande Metropolis Beihai	Beihai	130,525	551,148	453,818	97,330	100.00%
738	Evergrande Royal Seaview Garden Beihai	Beihai	201,594	418,870	230,492	188,378	100.00%
739	Evergrande Atrium Beihai	Beihai	101,363	304,088	148,802	155,286	90.00%
740	Evergrande Royal Scenic Bay Fangchenggang	Fangchenggang	115,327	402,789	343,118	59,671	100.00%
741	Evergrande City Fangchenggang	Fangchenggang	94,778	236,945	—	236,945	100.00%
742	Evergrande Royal Scenic Peninsula Fangchenggang	Fangchenggang	185,602	390,558	—	390,558	100.00%
743	Evergrande City Guigang	Guigang	102,442	334,045	158,919	175,126	55.00%
744	Evergrande Plaza Guilin	Guilin	94,908	439,550	333,825	105,724	51.00%

No.	Project	Location	Site area (m^2)	Total GFA (m^2)	GFA (m^2) Completed properties (m^2)	Properties under development and held for future development (m^2)	Attributable equity interest (%) *(Note)*
745	Evergrande Bay Guilin	Guilin	67,304	175,090	131,573	43,517	100.00%
746	Evergrande City Guilin	Guilin	174,093	574,507	177,455	397,052	90.00%
747	Evergrande Emerald Court Liuzhou	Liuzhou	92,593	373,041	306,212	66,830	100.00%
748	Evergrande City Liuzhou	Liuzhou	168,917	586,775	399,634	187,142	100.00%
749	Evergrande Palace Liuzhou	Liuzhou	213,110	501,269	283,920	217,349	100.00%
750	Evergrande Palace Liuzhou	Liuzhou	132,394	824,263	344,318	479,945	100.00%
751	Evergrande Atrium Liuzhou	Liuzhou	150,045	750,223	187,175	563,048	100.00%
752	Evergrande Royal Scenic Bay Liuzhou	Liuzhou	153,984	415,756	218,040	197,716	85.00%
753	Evergrande Jewelry Palace Liuzhou	Liuzhou	86,174	193,311	—	193,311	100.00%
754	Evergrande Oasis Qinzhou	Qinzhou	202,979	710,425	522,730	187,695	100.00%
755	Evergrande Royal Scenic Peninsula Qinzhou	Qinzhou	89,070	412,791	152,854	259,937	55.00%
756	Evergrande Scholastic Mansion	Qinzhou	78,174	273,610	93,082	180,528	55.00%
757	Evergrande Scenic Garden Wuzhou	Wuzhou	138,991	180,688	101,954	78,734	60.00%
758	Evergrande Oasis Wuzhou	Wuzhou	205,452	531,803	—	531,803	100.00%
759	Evergrande City Yulin	Yulin	95,477	461,938	183,315	278,623	60.00%
760	Evergrande Royal Scenic Yulin	Yulin	41,668	217,426	—	217,426	100.00%
761	Evergrande Yue Long Tai Yulin	Yulin	128,441	359,636	—	359,636	99.00%
762	Evergrande City Kaili	Qindongnan Miaozu Autonomous Prefecture	367,407	797,274	229,497	567,777	100.00%
763	Evergrande City Zunyi	Zunyi	540,573	1,146,015	483,534	662,481	51.00%
764	Evergrande Emerald Court Zunyi	Zunyi	192,217	422,877	14,620	408,257	70.00%
765	Evergrande Left Riverfront Xingyi	Qinxinan Buyizu Miaozu Autonomous Prefecture	215,712	571,497	—	571,497	100.00%
766	Evergrande Yuelan Mountain Xingyi	Qinxinan Buyizu Miaozu Autonomous Prefecture	520,882	1,064,808	—	1,064,808	100.00%
767	Dujung Mountain City Shantytown Project	Qinxinan Buyizu Miaozu Autonomous Prefecture	47,180	132,105	—	132,105	70.00%
768	Evergrande Palace Jilin	Jilin	127,455	294,042	206,135	87,907	100.00%
769	Evergrande Left Riverside Jilin	Jilin	69,714	174,286	91,749	82,537	100.00%
770	Evergrande Wooden project Jilin	Jilin	106,344	362,000	—	362,000	100.00%
771	Evergrande Capital Palace Siping	Siping	154,461	308,900	73,696	235,204	100.00%
772	Evergrande Royal Scenic Bay Songyuan	Songyuan	222,933	445,867	256,053	189,814	100.00%
773	Evergrande Oasis Benxi	Benxi	111,400	334,200	288,025	46,175	100.00%
774	Evergrande Oasis Anshan	Anshan	352,910	1,411,640	332,848	1,078,792	53.11%
775	Evergrande Metropolis Anshan	Anshan	201,391	733,420	307,425	425,995	100.00%
776	Evergrande Palace Fushun	Fushun	204,709	716,482	441,903	274,579	100.00%
777	Evergrande Plaza Fushun	Fushun	84,199	694,385	140,034	554,351	100.00%
778	Evergrande Royal Scenic Bay Huludao	Huludao	171,887	645,122	346,293	298,828	100.00%
779	Evergrande Oasis Liaoyang	Liaoyang	353,259	1,024,451	602,329	422,121	100.00%
780	Evergrande Palace Panjin	Jinpan	301,934	1,056,725	452,970	603,755	100.00%
781	Evergrande Riverside Panjin	Jinpan	488,750	885,365	—	885,365	83.33%
782	Evergrande Oasis Yingkou	Yingkou	281,687	985,905	542,930	442,974	100.00%
783	Evergrande City Yingkou	Yingkou	126,428	386,219	120,463	265,756	100.00%
784	Evergrande Bay Yingkou	Yingkou	354,708	1,241,478	—	1,241,478	100.00%
785	Evergrande Royal Sea Yingkou	Yingkou	883,399	1,931,042	—	1,931,042	100.00%
786	Evergrande Creek Mansion Tieling	Tieling	292,126	246,250	—	246,250	100.00%
787	Evergrande Royal Lakeside Manor Daqing	Daqing	247,248	296,697	—	296,697	51.00%
788	Evergrande Oasis Mudanjiang	Mudanjiang	106,452	256,916	70,925	185,991	100.00%
789	Evergrande Emerald Court Tsitsihar	Qiqihaer	143,401	486,243	364,807	121,436	100.00%
790	Evergrande Metropolis Tsitsihar	Qiqihaer	182,052	572,116	532,823	39,292	100.00%
791	Evergrande Royal Scenic Tsitsihar	Qiqihaer	25,924	94,050	76,903	17,147	100.00%
792	Evergrande Qizi Bay Changjiang	Changjiang	419,692	294,104	205,288	88,816	100.00%

No.	Project	Location	Site area (m^2)	Total GFA (m^2)	GFA (m^2) Completed properties (m^2)	Properties under development and held for future development (m^2)	Attributable equity interest (%) *(Note)*
793	Evergrande Splendor Danzhou	Danzhou	566,394	746,926	662,841	84,085	100.00%
794	Evergrande Oasis Wuwei	Wuwei	139,835	426,475	298,940	127,535	100.00%
795	Evergrande Shandan Road Project Zhangye	Zhangye	69,357	138,714	—	138,714	100.00%
796	Evergrande Metropolis Qujing	Qujing	190,963	274,842	244,057	30,785	100.00%
797	Evergrande Oasis Qujing	Qujing	176,713	546,087	150,497	395,590	100.00%
798	Evergrande Palace Baotou	Baotou	437,925	1,032,750	783,417	249,333	100.00%
799	Evergrande Metropolis Baotou	Baotou	188,005	621,808	483,757	138,051	100.00%
800	Evergrande Emerald Court Baotou	Baotou	129,612	259,224	112,134	147,090	55.00%
801	Evergrande City Tongliao	Tongliao	110,001	307,613	14,499	293,114	51.00%
802	Evergrande Top Mansion Tongliao	Tongliao	96,000	212,863	—	212,863	70.00%
803	Evergrande Oasis Wuhai	Wuhai	66,242	230,803	180,479	50,324	100.00%
804	Evergrande Oasis Ulanhot	Ulan Hot	286,893	717,233	194,830	522,403	100.00%
805	Evergrande Metropolis Ulanchabu	Wulanchabu	63,359	126,718	—	126,718	100.00%
806	Evergrande Oasis Shizuishan	Shizuishan	172,502	621,007	173,341	447,666	100.00%
807	Aiding Tibet Project Linzhi	Linzhi	131,001	71,266	—	71,266	100.00%
808	Evergrande Atrium Yining	Ili Kazakh Automous Prefecture	123,575	356,312	320,093	36,219	100.00%
809	Evergrande Oasis Yining	Ili Kazakh Automous Prefecture	160,203	396,106	247,888	148,218	100.00%
			180,847,641	440,153,823	182,400,050	257,753,772	

Note: Representing the shareholding percentage which is held by immediate holding company over each project company.

Completed Properties

Our completed properties represent all properties we have completed since our inception. As of June 30, 2018, we had completed the development of projects with a total GFA of approximately 210.8 million square meters.

For all of our completed projects, we have received the land use rights certificates, construction land planning permits, construction works planning permits, construction permits, pre- sale permits and certificates of completion.

Properties Under Development and Held for Future Development

For all of our property projects under development, we have received the land use rights certificates. With respect to "GFA with construction permits" or "GFA under construction," we had obtained the relevant construction land planning permits, construction works planning permits and construction permits or governmental approval for early construction as of the date specified. Some of them had also received pre-sale permits. With respect to "GFA without construction permits," we had yet to obtain some or all of the relevant construction land planning permits, construction works planning permits and construction permits as of the date specified. "GFA under development with pre-sale permits" means GFA with construction permits and pre-sale permits.

As of June 30, 2018, we had 809 property projects under development or held for future development with a total GFA of approximately 258 million square meters. As of June 30, 2018, 653 of our property projects under development or held for future development had construction permits with a total GFA of approximately 110 million square meters, as compared to 622 property projects under development or held for future development with construction permits and a total GFA of approximately 120.6 million square meters as of June 30, 2017. We set forth in the table below details of these property projects.

No.	Project	GFA with construction permits (m^2)	GFA without construction permits (m^2)	Total GFA Under development and Hold for future development (m^2)
1	Evergrande Palace Beijing	298,229	—	298,229
2	Evergrande Metropolis Beijing	156,470	—	156,470
3	Evergrande Emerald Court Beijing	203,805	—	203,805
4	Evergrande Left Riverbank Beijing	317,566	—	317,566
5	Evergrande Palace Beijing	34,201	117,735	151,937
6	Evergrande Royal Scenic Peninsula Beijing	302,898	34,905	337,803
7	Evergrande Culture Tourist City Beijing	495,713	1,064,713	1,560,426
8	Evergrande the Great Wall Village Chengde	64,051	663,409	727,460
9	Evergrande Palace Shanghai	143,466	—	143,466
10	Evergrande Royal Scenic Bay Shanghai	70,161	—	70,161
11	Evergrande Capital Palace Sheshan Shanghai	15,238	—	15,238
12	Evergrande Royal View Garden Shanghai	36,200	—	36,200
13	Evergrande Metropolis Shanghai	41,931	—	41,931
14	Evergrande Royal Seaview Garden Qingpu	24,253	105,701	129,954
15	Evergrande Bay Palace Shanghai	35,094	—	35,094
16	The Third Jinbi Garden Guangzhou	27,115	52,430	79,545
17	Evergrande Royal Palace Guangzhou	151,141	—	151,141
18	Evergrande Scenic Garden Zengcheng	175,105	—	175,105
19	Evergrande Royal Scenic Peninsula Foshan	40,091	—	40,091
20	Evergrande Royal Scenic Bay Foshan	11,057	—	11,057
21	Evergrande Metropolis Foshan	235,968	—	235,968
22	Evergrande Top Mansion Foshan	309,110	—	309,110
23	Evergrande Splendor Qingyuan	757,424	2,111,216	2,868,640
24	Evergrande Silverlake City Qingyuan	822,995	35,040	858,035
25	Evergrande Gentleman Hill Shenzhen	20,695	—	20,695
26	Evergrande Sky Tower Shenzhen	151,025	—	151,025
27	Evergrande Fashion Withub Shenzhen	498,645	—	498,645
28	Evergrande City Lights Shenzhen	204,355	—	204,355
29	Evergrande Metropolis Square Shenzhen	277,900	60,181	338,081
30	Evergrande Royal Scenic Peninsula Dongguan	68,324	—	68,324
31	Evergrande Oasis Dongguan	2,057	—	2,057
32	Evergrande Palm Islands Huiyang	64,783	242,997	307,780
33	Evergrande Yi Shan Hai Wan Huizhou	139,374	—	139,374
34	Evergrande Yue Long Mansion Huizhou	374,528	—	374,528
35	Evergrande City Wuhan	203,955	—	203,955
36	Evergrande Metropolis Wuhan	98,441	—	98,441
37	Evergrande Royal Scenic Bay Wuhan	78,680	—	78,680
38	Evergrande Royal Palace Wuhan	83,822	—	83,822
39	Evergrande Capital Palace Wuhan	46,500	56,029	102,529
40	Evergrande Rainbow Town Wuhan	224,594	45,012	269,606
41	Evergrande Dragon City Wuhan	344,070	185,493	529,563
42	Evergrande Evergreen Garden Wuhan	431,102	668,625	1,099,727
43	Evergrande Emerald Court Wuhan	212,191	—	212,191
44	Evergrande Splendor Ezhou	290,981	535,687	826,668
45	Evergrande City Changsha	29,356	—	29,356
46	Evergrande Oasis Changsha	102,178	169,030	271,208
47	Evergrande Atrium Changsha	310,170	143,830	454,000
48	Evergrande Bay Changsha	199,750	30,779	230,529
49	Evergrande Royal Scenic Peninsula Changsha	205,342	317,226	522,568
50	Evergrande Emerald Court Changsha	161,776	92	161,868
51	Evergrande Royal Scenic Bay Changsha	51,340	4,475	55,815
52	Evergrande Royal View Splendor Changsha	225,762	47,964	273,726
53	Evergrande Forest Creek County Changsha	92,261	876,865	969,126
54	Evergrande Palace Liuyang	169,815	46,658	216,473
55	Evergrande Shanglin Garden Changsha	128,851	—	128,851
56	Evergrande Splendor Nanjing	75,742	95,272	171,013
57	Evergrande Palace Nanjing	108,254	—	108,254
58	Evergrande Emerald Court Nanjing	159,204	—	159,204
59	Evergrande Riverside Nanjing	188,446	154,454	342,899
60	Evergrande Dragon Garden Nanjing	151,228	2,049	153,276
61	Evergrande Khe Sanh Residence Nanjing	114,684	—	114,684

No.	Project	GFA with construction permits (m^2)	GFA without construction permits (m^2)	Total GFA Under development and Hold for future development (m^2)
62	Evergrande Forest Creek County Nanjing	88,085	385	88,470
63	Evergrande Scenic Garden Chengdu	13,850	29,929	43,779
64	Evergrande Royal Scenic Peninsula Chengdu	539,501	1,137,233	1,676,734
65	Evergrande Royal View Garden Chengdu	157,908	—	157,908
66	Evergrande New City Chengdu	203,894	—	203,894
67	Evergrande Caojiaxiang Plaza Chengdu	496,573	—	496,573
68	Evergrande Central Square Chengdu	272,941	165,246	438,187
69	Evergrande Metropolis Court Chengdu	10,100	—	10,100
70	Evergrande Plaza Chengdu	150,881	—	150,881
71	Evergrande Royal Peninsula Chengdu	1,142,199	798,356	1,940,555
72	Evergrande Metropolis Chengdu	165,758	—	165,758
73	Evergrande Central Plaza Chengdu	324,317	264,565	588,882
74	Evergrande Jincheng Chengdu	164,519	—	164,519
75	Evergrande Cloud Court Chengdu	295,935	68,741	364,676
76	Evergrande Wangjiang Palace Chengdu	64,224	—	64,224
77	Evergrande Shanglinyuan Atrium Chengdu	104,337	—	104,337
78	Evergrande Future City Chengdu	212,773	204,866	417,639
79	Evergrande The Coronation Chengdu	354,818	1,456,440	1,811,258
80	Evergrande Royal Palace Chengdu	126,136	—	126,136
81	Evergrande Royal Scenic Chengdu	350,219	273,250	623,468
82	Evergrande Emerald Court Qionglai	77,588	590	78,178
83	Evergrande Jade Pavilion Chengdu	65,946	—	65,946
84	Evergrande Xichen Oasis Chengdu	555,168	166,317	721,485
85	Evergrande Splendor Pengshan	287,920	1,136,518	1,424,438
86	Evergrande Splendo Emei	237,400	1,449,804	1,687,204
87	Evergrande Royal View Garden Hangzhou	105,220	—	105,220
88	Evergrande Crystal International Plaza Hangzhou	588,829	140	588,969
89	Evergrande Forest Creek County Jiande	162,929	117,860	280,789
90	Evergrande Royal Scenic Xi'an	86,731	—	86,731
91	Evergrande Royal View Garden Xi'an	137,976	—	137,976
92	Evergrande Bay Xi'an	53,847	—	53,847
93	Evergrande Emerald Court Xi'an	32,948	—	32,948
94	Evergrande Royal Dragon Bay Xi'an	238,388	2	238,390
95	Evergrande Emerald Dragon Court Xi'an	74,797	—	74,797
96	Evergrande City Plaza Xi'an	209,110	—	209,110
97	Evergrande International City Xi'an	167,940	34,445	202,385
98	Evergrande Atrium Gaoling	524,086	116,212	640,298
99	Evergrande Metropolis Jinan	27,536	—	27,536
100	Evergrande Oasis Jinan	528,570	101,020	629,590
101	Evergrande City Jinan	257,426	91,712	349,138
102	Evergrande Atrium Jinan	77,650	71,742	149,392
103	Evergrande Royal View Garden Jinan	75,356	—	75,356
104	Evergrande Emerald Court Jinan	163,668	123,246	286,914
105	Evergrande Longao Regency Jinan	121,804	254	122,057
106	Evergrande Longao East New Metropolis Jinan	66,720	—	66,720
107	Evergrande City Jinan	75,602	19,304	94,906
108	Evergrande Left Bank Riverfront Jinan	88,079	675,093	763,172
109	Evergrande Century Plaza Jinan	25,423	—	25,423
110	Evergrande Palace Jinan	52,094	—	52,094
111	Evergrande Jinbi New Town Jinan	80,095	35,067	115,162
112	Evergrande Royal Summit Jinan	96,461	—	96,461
113	Evergrande Fortune Center Jinan	126,906	—	126,906
114	Evergrande Oasis Taiyuan	32,388	84,495	116,883
115	Evergrande Metropolis Taiyuan	44,679	—	44,679
116	Evergrande Scenic Garden Taiyuan	180,515	101,547	282,062
117	Evergrande Palace Taiyuan	2,318	37,639	39,957
118	Evergrande Royal Scenic Bay Taiyuan	509,458	150,685	660,142
119	Evergrande Emerald Court Taiyuan	37,845	—	37,845
120	Evergrande Left Bank Riverfront Taiyuan	120,911	102,025	222,936
121	Evergrande Atrium Taiyuan	16,651	—	16,651
122	Evergrande Future City Taiyuan	69,175	62,774	131,949

No.	Project	GFA with construction permits (m^2)	GFA without construction permits (m^2)	Total GFA Under development and Hold for future development (m^2)
123	Evergrande City Taiyuan	259,173	1,329	260,501
124	Evergrande Bay Taiyuan	87,779	21,775	109,554
125	Evergrande Forest County Taiyuan	260,524	—	260,524
126	Evergrande Royal Palace Taiyuan	153,877	—	153,877
127	Evergrande City Hefei	46,203	—	46,203
128	Evergrande Royal View Garden Hefei	120,899	67,210	188,110
129	Evergrande International Center Hefei	129,072	463,870	592,942
130	Evergrande Plaza Hefei	459,575	24,294	483,870
131	Evergrande Crystal International Plaza Hefei	322,215	—	322,215
132	Evergrande Yue Long Mansion Hefei	255,472	7,606	263,078
133	Evergrande Royal View Garden Chaohu	62,908	—	62,908
134	Evergrande Oasis Feidong	63,499	1,674	65,173
135	Evergrande City Nanchang	469,238	13,999	483,237
136	Evergrande Oasis Nanchang	28,662	—	28,662
137	Evergrande Metropolis Nanchang	112,647	—	112,647
138	Evergrande Royal View Garden Nanchang	26,845	—	26,845
139	Evergrande Emerald Court Nanchang	117,617	—	117,617
140	Evergrande Palace Nanchang	119,606	2,904	122,511
141	Evergrande Emerald Imperial Court Nanchang	111,846	—	111,846
142	Evergrande Emerald Garden Nanchang	148,044	—	148,044
143	Evergrande Creek Mansion Nanchang	236,554	193,917	430,471
144	Evergrande Grande Palace Nanchang	116,390	—	116,390
145	Evergrande Light of Times Nanchang	198,401	—	198,401
146	Evergrande Scenic Garden Fuzhou	80,032	—	80,032
147	Evergrande City Fuqing	105,647	35,285	140,932
148	Evergrande Oasis Harbin	63,853	114,754	178,607
149	Evergrande Metropolis Harbin	39,174	8,490	47,664
150	Evergrande City Harbin	170,209	80,689	250,898
151	Evergrande Royal View Garden Harbin	48,345	—	48,345
152	Evergrande Royal Scenic Bay Harbin	32,512	67,409	99,920
153	Evergrande Emerald Court Harbin	20,588	—	20,588
154	Evergrande Royal Garden Harbin	288,166	19,795	307,961
155	Evergrande Atrium Harbin	21,351	—	21,351
156	Evergrande International Center Harbin	21,790	26,185	47,974
157	Evergrande Jinyuan Harbin	118,979	48,379	167,358
158	Evergrande Clover County Harbin	150,934	326	151,260
159	Evergrande Royal Summit Harbin	30,029	—	30,029
160	Evergrande Royal Palace Harbin	58,925	—	58,925
161	Evergrande Central Plaza Harbin	309,354	116,412	425,766
162	Evergrande Times Square Harbin	400,015	768,895	1,168,910
163	Evergrande Jincheng Harbin	161,291	—	161,291
164	Evergrande Oasis Changchun	49,546	2,725	52,271
165	Evergrande City Changchun	91,883	—	91,883
166	Evergrande Royal Scenic Changchun	3,884	—	3,884
167	Evergrande Metropolis Changchun	238,020	72,891	310,912
168	Evergrande City Plaza Changchun	40,379	144,723	185,102
169	Evergrande Royal Summit Changchun	83,179	—	83,179
170	Evergrande Atrium Changchun	48,170	515	48,685
171	Evergrande Royal View Garden Changchun	139,864	31,355	171,219
172	Evergrande Bay Changchun	221,177	19,306	240,483
173	Evergrande Moon Residence Changchun	27,954	—	27,954
174	Evergrande Royal Palace Changchun	196,507	109,646	306,153
175	Evergrande Sandal River Changchun	115,841	—	115,841
176	Evergrande North Lake Plaza Changchun	190,170	17,547	207,717
177	Evergrande Aquatic Manor Changchun	152,212	13,257	165,469
178	Evergrande Oasis Shenyang	338,753	273,410	612,163
179	Evergrande Metropolis Shenyang	105,377	127,884	233,261
180	Evergrande Atrium Shenyang	201,259	92,390	293,649
181	Evergrande Emerald Court Shenyang	90,415	—	90,415
182	Evergrande Royal Scenic Bay Shenyang	27,216	—	27,216
183	Evergrande Left Bank Riverfront Shenyang	305,358	14,739	320,097

No.	Project	GFA with construction permits (m^2)	GFA without construction permits (m^2)	Total GFA Under development and Hold for future development (m^2)
184	Evergrande Royal Summit Shenyang	184,784	100,582	285,366
185	Evergrande Shengjing Plaza Shenyang	191,320	—	191,320
186	Evergrande Central Plaza Shenyang	388,854	1,083,190	1,472,044
187	Evergrande Yue Long Mansion Shenyang	97,525	29,090	126,615
188	Evergrande Yihe&Shengjing Family	309,164	217,404	526,568
189	Evergrande Shengjing Jade Garden Shenyang	171,318	88,904	260,222
190	Evergrande Atrium Hohhot	19,534	26,661	46,195
191	Evergrande Palace Hohhot	46,088	—	46,088
192	Evergrande Oasis Hohhot	523,665	—	523,665
193	Evergrande Emerald Court Hohhot	313,990	1,457	315,447
194	Evergrande Royal Scenic Peninsula Shijiazhuang	877,772	21,700	899,472
195	Evergrande Splendor Shijiazhuang	4,406	129,066	133,472
196	Evergrande Forest Creek County Shijiazhuang	90,998	—	90,998
197	Evergrande Central Plaza Shijiazhuang	184,590	—	184,590
198	Evergrande Yue Long Mansion Shijiazhuang	19,725	59,728	79,453
199	Evergrande Oasis Lanzhou	193,415	926,777	1,120,192
200	Evergrande Scenic Garden Lanzhou	182,374	—	182,374
201	Evergrande Emerald Court Lanzhou	149,482	103,501	252,983
202	Evergrande Royal View Garden Lanzhou	203,314	151,815	355,129
203	Evergrande Metropolis Xining	68,175	—	68,175
204	Evergrande Royal Scenic Yinchuan	69,780	8,220	77,999
205	Evergrande Royal View Garden Yinchuan	123,996	—	123,996
206	Evergrande Royal Scenic Peninsula Yinchuan	147,048	26,525	173,573
207	Evergrande Oasis Zhengzhou	323,754	—	323,754
208	Evergrande Scenic Garden Zhengzhou	282,594	19,396	301,990
209	Evergrande Emerald Court Zhengzhou	61,396	—	61,396
210	Evergrande Mansion Zhengzhou	77,154	3,761	80,916
211	Evergrande Atrium Zhengzhou	170,205	—	170,205
212	Evergrande City Zhengzhou	268,171	502,877	771,048
213	Evergrande Future City Zhengkai	756,530	881,853	1,638,383
214	Evergrande Splendor Xinxiang	469,996	229,550	699,546
215	Evergrande Royal Scenic Bay Xinxiang	188,675	—	188,675
216	Evergrande City Guiyang	180,765	7,876	188,642
217	Evergrande Atrium Guiyang	93,167	—	93,167
218	Evergrande Emerald Court Guiyang	81,628	—	81,628
219	Evergrande Royal View Garden Guiyang	133,202	101,105	234,307
220	Evergrande Golden Sun City Guiyang	590,342	1,341,332	1,931,675
221	Evergrande Central Park Guiyang	99,098	721,699	820,797
222	Evergrande Central Square Guiyang	256,958	423,619	680,577
223	Evergrande Metropolis Square Guiyang	96,381	199,075	295,455
224	Evergrande Left Riverfront Guiyang	377,097	—	377,097
225	Evergrande Future City Guiyang	214,085	227,225	441,310
226	Evergrande Royal Palace Guiyang	182,621	87,925	270,546
227	Evergrande Splendor Kunming	520,324	—	520,324
228	Evergrande Cloud Palace Kunming	418,601	236,832	655,433
229	Evergrande Metropolis Kunming	360,270	—	360,270
230	Evergrande Jiu Long Bay Kunming	81,605	562,553	644,158
231	Evergrande Emerald Court Kunming	248,847	—	248,847
232	Evergrande Oasis Nanning	122,810	8,714	131,523
233	Evergrande International Center Nanning	125,604	84,083	209,687
234	Evergrande Metropolis Nanning	185,986	—	185,986
235	Evergrande Royal View Garden Nanning	52,642	63	52,705
236	Evergrande Metropolis Nanning	25,875	—	25,875
237	Evergrande Palace Nanning	395,069	2,560	397,629
238	Evergrande Atrium Nanning	56,116	—	56,116
239	Evergrande Scenic View Garden Nanning	86,893	—	86,893
240	Evergrande Culture Tourist City Haikou	173,643	709,246	882,889
241	Evergrande Bay Haikou	3,717	40,974	44,690
242	Evergrande Bund Haikou	62,732	203,180	265,913
243	Evergrande Royal Scenic Bay Hainan	36,375	—	36,375
244	Evergrande Royal Sea Hainan	393,152	611,792	1,004,944

No.	Project	GFA with construction permits (m^2)	GFA without construction permits (m^2)	Total GFA Under development and Hold for future development (m^2)
245	Evergrande Oasis Urumchi	155,462	162,518	317,980
246	Evergrande Green City Urumchi	412,285	11,628	423,913
247	Evergrande Splendor Urumchi	473,318	1,262,175	1,735,493
248	Evergrande Metropolis Chongqing	136,104	—	136,104
249	Evergrande Atrium Chongqing	220,120	—	220,120
250	Evergrande Splendor Chongqing	124,079	870,473	994,552
251	Evergrande Emerald Court Chongqing	35,399	—	35,399
252	Evergrande Royal Scenic Peninsula Chongqing	213,487	20,549	234,036
253	Evergrande Scenic Garden Chongqing	393,737	1,565	395,302
254	Evergrande Scenic Garden Fuling	178,510	—	178,510
255	Evergrande Royal Scenic Bay Chongqing	61,235	—	61,235
256	Evergrande Century City Chongqing	336,029	29,005	365,034
257	Evergrande C C Land Plaza	57,724	465,315	523,039
258	Evergrande The Coronation Chongqing	667,783	82,853	750,636
259	Evergrande Central Square Chongqing	247,598	461,695	709,293
260	Evergrande Emerald Bay Chongqing	197,718	126,272	323,990
261	Evergrande Gentleman Hill Palace Chongqing	356,445	—	356,445
262	Evergrande New City Chongqing	632,685	—	632,685
263	Evergrande Lushan Lake Chongqing	125,746	120,263	246,009
264	Evergrande Future City Chongqing	172,514	162,381	334,895
265	Evergrande Excellent Live City Chongqing	497,556	56,844	554,401
266	Evergrande Verakin New Park City Chongqing	129,198	295,799	424,997
267	Evergrande Smart Eco-city Chongqing	112,243	—	112,243
268	Evergrande Green Island Chongqing	311,535	59,126	370,662
269	Evergrande Left Lakefront Chongqing	142,340	1,320	143,660
270	Evergrande Top Mansion Chongqing	26,300	362,755	389,055
271	Evergrande Oasis Tianjin	132,043	—	132,043
272	Evergrande Scenic Garden Tianjin	314,270	23,158	337,427
273	Evergrande Splendor Tianjin	76,977	769,064	846,041
274	Evergrande Metropolis Tianjin	1,401	—	1,401
275	Evergrande Royal Scenic Peninsula Tianjin	85,114	—	85,114
276	Evergrande Royal View Garden Tianjin	184,215	—	184,215
277	Evergrande Royal Scenic Bay Tianjin	75,172	—	75,172
278	Evergrande Top Mansion Tianjin	433,698	—	433,698
279	Evergrande Flower Creek Town Tianjin	469,688	69,969	539,656
280	Evergrande Sandal River Dalian	25,714	—	25,714
281	Evergrande Royal View Garden Dalian	102,576	—	102,576
282	Evergrande Royal Scenic Bay Dalian	5,286	—	5,286
283	Evergrande Harbor City Dalian	87,297	288,727	376,024
284	Evergrande City Lights Dalian	129,988	—	129,988
285	Evergrande Four Seasons Dalian	65,378	54,301	119,679
286	Evergrande Park Avenue Dalian	49,825	42,000	91,825
287	Evergrande Golden Beach Qingdao	111,533	119,506	231,039
288	Evergrande Yue Long Mansion Qingdao	306,816	240,417	547,233
289	Evergrande Royal Billow International Qingdao	185,913	172,911	358,824
290	Evergrande City Lights Ningbo	47,290	307,063	354,353
291	Evergrande Scenic Garden Ningbo	21,177	329,018	350,195
292	Evergrande Peninsula On The Sea Xiangshan	385,234	328,187	713,420
293	Evergrande Guanlan Palace Yuyao	65,241	1,008	66,249
294	Fenghua Xikou Project	164,554	143,572	308,126
295	Evergrande Royal View Garden Xiamen	56,176	—	56,176
296	Evergrande Jewelry Suzhou	238,143	141,016	379,160
297	Evergrande Yue Long Bay Suzhou	247,621	—	247,621
298	Evergrande Atrium Zhangjiagang	107,594	—	107,594
299	Evergrande Oasis Wuxi	155,929	251,533	407,462
300	Evergrande Royal Seaview Bay Wuxi	164,021	11,333	175,354
301	Evergrande Yue Long Bay Wuxi	306,677	9,896	316,573
302	Evergrande Royal View Garden Jiangyin	174,030	—	174,030
303	Evergrande Royal Scenic Jiangyin	121,692	—	121,692
304	Evergrande Paradise Palace Wuxi	231,265	—	231,265
305	Evergrande Billow Palace Wuxi	355,078	—	355,078

No.	Project	GFA with construction permits (m^2)	GFA without construction permits (m^2)	Total GFA Under development and Hold for future development (m^2)
306	Evergrande Qizi Bay Jiangyan	36,971	—	36,971
307	Evergrande Dongjiu Court Yixing	53,524	—	53,524
308	Evergrande Flower Creek Town Yixing	245,328	679,917	925,245
309	Evergrande Royal Scenic Bay Foshan	33,264	—	33,264
310	Evergrande Royal Garden Shunde	34,760	—	34,760
311	Evergrande Emerald Court Foshan	2,710	—	2,710
312	Evergrande City Foshan	68,631	—	68,631
313	Evergrande Royal Lake Bay Foshan	88,486	75,632	164,118
314	Evergrande Royal Lake County Foshan	54,985	—	54,985
315	Evergrande Li Lake City Foshan	580,629	319,586	900,215
316	Evergrande Longjiang Emerald Shunde	61,162	—	61,162
317	Evergrande Scenic Palace Foshan	463,278	57,394	520,672
318	Evergrande Royal Riverfront Palace Foshan	99,189	—	99,189
319	Evergrande Lake County Foshan	242,038	155,755	397,793
320	Evergrande Yundonghai Project Foshan	115,415	369,894	485,309
321	Evergrande Royal Seaview Garden Foshan	305,984	—	305,984
322	Evergrande Bay Foshan	200,572	7,342	207,913
323	Evergrande Royal Scenic Dongguan	43,790	—	43,790
324	Evergrande Emerald Court Dongguan	49,872	7,591	57,463
325	Evergrande Bay Dongguan	86,467	—	86,467
326	Evergrande Left Riverside Dongguan	58,679	—	58,679
327	Evergrande Royal Garden Dongguan	27,758	—	27,758
328	Evergrande Billow Bay Wenzhou	106,665	170,014	276,679
329	Evergrande Top Mansion Wenzhou	187,356	—	187,356
330	Evergrande Yue Long Mansion Wenzhou	294,644	835,356	1,130,000
331	Evergrande Royal Scenic Bay Quanzhou	18,605	—	18,605
332	Evergrande Emerald Dragon Court Quanzhou	5,061	23,912	28,973
333	Evergrande City Plaza Quanzhou	150,126	—	150,126
334	Evergrande Metropolis Shishi	161,723	—	161,723
335	Evergrande Royal Scenic Bay Anxi	168,131	—	168,131
336	Evergrande Atrium Quanzhou	56,993	—	56,993
337	Evergrande New Town Quanzhou	202,303	47,947	250,250
338	Evergrande Royal Seaview Garden Nantong	135,330	—	135,330
339	Evergrande Yue Long Bay Nantong	98,123	—	98,123
340	Evergrande Palace Tangshan	117,313	—	117,313
341	Evergrande Metropolis Weifang	45,196	131,039	176,236
342	Evergrande Emerald Court Weifang	16,883	58,753	75,636
343	Evergrande Left Bank Riverfront Xuzhou	267,017	—	267,017
344	Evergrande Forest Creek County Xuzhou	196,958	125,345	322,303
345	Evergrande Oasis Zhongshan	239,252	—	239,252
346	Evergrande Royal Palace Zhongshan	274,414	—	274,414
347	Evergrande Royal Scenic Bay Shantou	85,642	—	85,642
348	Evergrande Bund Shantou	386,593	—	386,593
349	Evergrande Jinbi Bay Shantou	170,629	594,646	765,275
350	Evergrande Ocean Spring Zhuhai	225,662	—	225,662
351	Zhuhai Zhuofu Project	98,621	—	98,621
352	Evergrande Royal Ocean View Garden Sanya	238,453	(148,804)	89,649
353	Evergrande Royal Palace Sanya	229,171	(14,301)	214,869
354	Evergrande City Yunfu	137,174	171,577	308,751
355	Evergrande City Shaoguan	393,929	13,472	407,402
356	Evergrande City Chaozhou	277,769	635,029	912,799
357	Evergrande Scenic Garden Chaozhou	131,978	256,056	388,034
358	Evergrande Metropolis Chaozhou	184,852	37,415	222,267
359	Evergrande Metropolis Heyuan	117,124	60,700	177,824
360	Evergrande Left Riverfront Heyuan	148,172	151,828	300,000
361	Evergrande Royal Scenic Peninsula Jiangmen	148,682	—	148,682
362	Evergrande Spring City Enping	500,126	2,265,895	2,766,021
363	Evergrande Yue Long Bay Kaiping	325,300	544,700	870,000
364	Evergrande Oasis Jieyang	414,614	5,343	419,957
365	Evergrande Palace Jieyang	190,062	16,790	206,852
366	Evergrande Royal Scenic Peninsula Meizhou	787,586	740,890	1,528,476

No.	Project	GFA with construction permits (m^2)	GFA without construction permits (m^2)	Total GFA Under development and Hold for future development (m^2)
367	Evergrande Hawaii on the Sea Yangjiang	326,582	123,041	449,623
368	Evergrande Metropolis Yangjiang	67,401	—	67,401
369	Evergrande Royal View Garden Yangjiang	90,008	—	90,008
370	Evergrande Yue Long Mansion Yangjiang	59,610	87,273	146,883
371	Evergrande Oasis Zhanjiang	97,877	—	97,877
372	Evergrande Royal View Garden Zhanjiang	238,768	80,705	319,473
373	Evergrande Atrium Huizhou (Phase I)	239,952	—	239,952
/	Evergrande Atrium Huizhou (Phase II)	250,723	—	250,723
374	Evergrande Century Dreamlike City Zhaoqing	253,351	1,770,998	2,024,349
375	Evergrande Royal Lake City Zhaoqing	274,021	—	274,021
376	Evergrande Emerald Court Zhaoqing	110,319	—	110,319
377	Evergrande Royal Lake Zhaoqing	238,745	505,010	743,754
378	Evergrande Yue Long Bay Huzhou	238,453	—	238,453
379	Evergrande Yue Long Mansion Huzhou	229,171	14,049	243,219
380	Evergrande Left Xianghu Jiaxing	229,171	—	229,171
381	Evergrande Royal Scenic Bay Jiaxing	137,174	136,218	273,392
382	Evergrande Royal Scenic Peninsula Quzhou	393,929	(317,263)	76,666
383	Evergrande Jewelry Palace Shaoxing	277,769	31,309	309,079
384	Evergrande Shengzhou Project Shaoxing	171,051	36	171,088
385	Evergrande Royal Seaview Garden Shaoxing	195,406	—	195,406
386	Evergrande Future City Shaoxing	244,657	309,844	554,501
387	Evergrande Yue Long Mansion Shaoxing	89,175	28,968	118,143
388	Evergrande River Royal Palace Shaoxing	127,450	—	127,450
389	Evergrande Royal Palace Shaoxing	199,795	—	199,795
390	Evergrande City Galaxy Project Taizhou	248,287	172,794	421,081
391	Evergrande Royal Scenic Bay Zhoushan	43,803	741	44,545
392	Evergrande Scenic View Garden Changzhou	164,451	6,333	170,785
393	Evergrande Metropolis Huai'an	135,844	63,099	198,943
394	Evergrande Forest Creek County Lianyugang	89,206	35,474	124,680
395	Evergrande Royal Peak Lianyugang	20,615	33,738	54,353
396	Evergrande Royal Scenic Peninsula Jingjiang	48,935	538,934	587,870
397	Evergrande Palace Taizhou	131,617	375,312	506,929
398	Evergrande Palace Suqian	149,084	61,965	211,049
399	Evergrande Emerald Court Suqian	274,645	—	274,645
400	Evergrande Metropolis Yancheng	229,979	—	229,979
401	Evergrande Royal View Garden Yancheng	250,194	300	250,494
402	Evergrande Emerald County Dongtai	37,526	—	37,526
403	Evergrande Billow Bay Yancheng	295,690	—	295,690
404	Evergrande Yue Long Mansion Yangzhou	162,356	977	163,333
405	Evergrande Emerald Court Yangzhou	215,659	57,628	273,287
406	Evergrande Palace Yangzhou	243,656	13,503	257,159
407	Evergrande Yue Long Bay Yangzhou	50,375	44,837	95,212
408	Evergrande Arium Zhenjiang	249,569	41,080	290,648
409	Evergrande Oasis Zhenjiang	12,979	60,524	73,503
410	Evergrande Metropolis Danyang	142,727	35,265	177,992
411	Evergrande City Danyang	25,573	62,559	88,132
412	Evergrande Royal Palace Zhenjiang	102,397	878	103,276
413	Evergrande Palace Zhenjiang	182,144	93,356	275,500
414	Evergrande Oasis Anyang	574,957	31,557	606,514
415	Evergrande Metropolis Hebi	108,408	1,556	109,964
416	Evergrande City Jiaozuo	91,221	92,735	183,956
417	Evergrande Royal View Garden Kaifeng	49,600	—	49,600
418	Evergrande Royal View Garden Lankao	368,834	40,058	408,892
419	Evergrande Oasis Luoyang	359,937	1,033,042	1,392,979
420	Evergrande Metropolis Luohe	281,634	126,805	408,439
421	Evergrande Royal Scenic Luohe	81,751	—	81,751
422	Evergrande Royal View Garden Nanyang	168,363	—	168,363
423	Evergrande Royal Scenic Bay Nanyang	49,431	—	49,431
424	Evergrande Emerald Court Nanyang	126,040	10,435	136,475
425	Evergrande Metropolis Zhumadian	32,892	—	32,892
426	Evergrande Jewelry Palace Pingdingshan	161,005	146,710	307,715

No.	Project	GFA with construction permits (m^2)	GFA without construction permits (m^2)	Total GFA Under development and Hold for future development (m^2)
427	Evergrande Yue Long Mansion Puyang	125,339	—	125,339
428	Evergrande Yue Long Bay Puyang	233,608	—	233,608
429	Evergrande Metropolis Shangqiu	480,545	211,315	691,860
430	Evergrande Metropolis Xinyang	152,285	—	152,285
431	Evergrande Emerald Court Xinyang	81,624	—	81,624
432	Evergrande Royal Scenic Bay Xinyang	195,489	261,753	457,242
433	Evergrande Oasis Xuchang	49,746	—	49,746
434	Evergrande Emerald Court Xuchang	66,679	—	66,679
435	Evergrande Top Mansion Xuchang	163,157	11,566	174,724
436	Evergrande Metropolis Zhoukou	114,910	127,090	242,000
437	Evergrande Metropolis Zhumadian	161,155	—	161,155
438	Evergrande City Cangzhou	73,863	—	73,864
439	Evergrande Top Mansion Cangzhou	139,477	58,689	198,166
440	Evergrande Metropolis Handan	386,721	211,233	597,955
441	Evergrande Emerald Court Handan	167,995	93,430	261,424
442	Evergrande Oasis Handan	117,088	219,912	337,000
443	Evergrande Seine River Handan	235,517	—	235,517
444	Evergrande City Hengshui	137,174	—	137,174
445	Evergrande Oasis Hengshui	109,956	68,848	178,804
446	Evergrande Metropolis Langfang	64,323	—	64,323
447	Langfang Zhongding Project Langfang	27,266	26,234	53,500
448	Evergrande Emerald Court Langfang	94,292	—	94,292
449	Evergrande City Qinhuangdao	134,757	2,301,162	2,435,919
450	Evergrande City Xingtai	97,004	—	97,004
451	Evergrande Royal View Garden Xingtai	8,420	—	8,420
452	Evergrande Metropolis Xingtai	2,112	118,349	120,461
453	Evergrande Scenic Garden Xingtai	2,508	39,175	41,683
454	Evergrande Top Mansion Xingtai	211,729	19,471	231,200
455	Evergrande Palace Changde	244,317	22,264	266,581
456	Evergrande Royal Scenic Bay Changde	159,380	2,387	161,767
457	Evergrande Coronation Changde	140,255	144,629	284,884
458	Evergrande Palace Chenzhou	38,638	99,635	138,273
459	Evergrande Royal View Garden Chenzhou	105,762	34,164	139,926
460	Evergrande Oasis Hengyang	127,196	—	127,196
461	Evergrande Royal View Garden Huaihua	105,622	74,494	180,117
462	Evergrande Royal Scenic Bay Huaihua	54,993	31,905	86,898
463	Evergrande Palace Shaoyang	77,182	395,809	472,991
464	Evergrande Future City Shaoyang	41,672	439,406	481,079
465	Evergrande Emerald Court Xiangtan	96,585	185,706	282,291
466	Evergrande Royal Scenic Peninsula Xiangtan	274,835	447,198	722,033
467	Evergrande Literary Beijing	387,466	3,849	391,314
468	Evergrande Oasis Yiyang	116,736	0	116,736
469	Evergrande Nanhu Peninsula Yueyang	200,219	16,787	217,006
470	Evergrande Oasis Yueyang	207,756	4,776	212,531
471	Evergrande Royal Scenic Bay Yueyang	94,152	—	94,152
472	Evergrande Future City Yueyang	277,579	215,061	492,640
473	Evergrande Metropolis Zhuzhou	51,139	202	51,342
474	Evergrande Palace Zhuzhou	172,487	11,637	184,123
475	Evergrande Royal Scenic Bay Zhuzhou	44,496	—	44,496
476	Evergrande Forest Creek County Zhuzhou	155,233	16,113	171,347
477	Evergrande Yu Jing Garden Zhuzhou	272,682	607,019	879,701
478	Evergrande Capital Palace Ezhou	429,836	265,555	695,391
479	Evergrande Royal Seaview Garden Enshi	135,861	151,955	287,816
480	Evergrande Royal View Garden Huangshi	71,478	—	71,478
481	Evergrande Royal View Garden Jingmen	155,813	—	155,813
482	Evergrande Metropolis Jingzhou	100,574	69,486	170,060
483	Evergrande Golden Metropolis Jingzhou	178,237	—	178,237
484	Evergrande Emerald Court Jingzhou	55,126	—	55,126
485	Evergrande City Shiyan	44,372	1,434,162	1,478,534
486	Evergrande Metropolis Suizhou	63,703	34,159	97,862
487	Evergrande Golden Metropolis Suizhou	79,808	48,826	128,634

No.	Project	GFA with construction permits (m^2)	GFA without construction permits (m^2)	Total GFA Under development and Hold for future development (m^2)
488	Evergrande Metropolis Xiangyang	169,848	—	169,848
489	Evergrande Emerald Court Xiangyang	202,655	—	202,655
490	Evergrande Royal Scenic Xiangyang	73,969	20,590	94,559
491	Evergrande Royal Palace Xiangyang	373,068	22,460	395,528
492	Evergrande Oasis Yichang	185,285	—	185,285
493	Evergrande Royal View Garden Yichang	102,025	—	102,025
494	Evergrande Scenic Garden	152,956	—	152,956
495	Evergrande Metropolis Yichang	279,731	350,082	629,813
496	Evergrande Yonghe Bay Dazhou	22,471	—	22,471
497	Evergrande Royal Scenic Bay Luzhou	32,942	—	32,942
498	Evergrande Palace Luzhou	270,300	8,025	278,325
499	Evergrande Bay Luzhou	393,929	—	393,929
500	Evergrande City Luzhou	170,408	272,776	443,184
501	Evergrande Emerald Court Mianyang	97,437	—	97,437
502	Evergrande City Nanchong	44,730	—	44,730
503	Evergrande Yue Long Mansion Nanchong	268,219	116,326	384,545
504	Evergrande Fengya Court Nanchong	208,051	—	208,051
505	Evergrande Left Riverfront Nanchong	159,661	320,429	480,090
506	Evergrande City Panzhihua	268,850	76,998	345,848
507	Evergrande City Ziyang	109,664	—	109,664
508	Evergrande Metropolis Ziyang	149,034	—	149,034
509	Evergrande Oasis Zigong	168,831	—	168,831
510	Evergrande Metropolis Zigong	97,935	—	97,935
511	Evergrande Yellow River Ecological City Dongying	41,532	267,655	309,187
512	Evergrande Palm Islands Dongying	182,309	43,270	225,579
513	Evergrande Metropolis Jining	51,627	80,149	131,775
514	Evergrande Splendor Laiwu	314,349	500,711	815,060
515	Evergrande Palace Linyi	102,993	154,582	257,575
516	Evergrande Oasis Linyi	56,871	464,126	520,997
517	Evergrande Emerald Court Linyi	169,627	38,457	208,084
518	Evergrande Central Square Linyi	46,492	364,178	410,669
519	Evergrande City Tai'an	50,094	—	50,094
520	Evergrande Royal Seaview Garden Weihai	466,556	55,500	522,055
521	Evergrande Royal Seaview Garden Weihai	170,747	47,139	217,886
522	Evergrande Ocean Peninsula Weihai	144,853	324,661	469,514
523	Evergrande Royal View Garden Zibo	81,017	194,468	275,485
524	Evergrande Emerald Court Zibo	164,231	52,572	216,802
525	Evergrande ZhengCheng Family Project Zibo	189,229	361,028	550,257
526	Evergrande Oasis Datong	115,520	—	115,520
527	Evergrande Palace Jinzhong	354,894	—	354,894
528	Evergrande Palace Linfen	27,020	—	27,020
529	Evergrande Yue Long Mansion Linfen	317,971	19,667	337,638
530	Evergrande Royal Scenic Lvliang	4,269	—	4,269
531	Evergrande Royal View Garden Yangquan	242,234	220,543	462,778
532	Evergrande Oasis Yuncheng	78,423	2,780	81,203
533	Evergrande Metropolis Yuncheng	228,479	3,117	231,597
534	Evergrande Royal Scenic Peninsula Ankang	417,450	97,292	514,742
535	Evergrande Royal Scenic Bay Baoji	226,168	—	226,168
536	Evergrande City Hanzhong	18,724	—	18,724
537	Evergrande Royal View Garden Hanzhong	98,294	—	98,294
538	Evergrande Jewelry Palace Weinan	198,097	166,518	364,615
539	Evergrande City Yangling	104,310	—	104,310
540	Evergrande Royal View Garden Xianyang	151,579	130,113	281,693
541	Evergrande Emerald Court Ganzhou	68,347	—	68,347
542	Evergrande Metropolis Ganzhou	117,877	—	117,877
543	Evergrande Royal Garden Ganzhou	75,778	—	75,778
544	Evergrande Royal Palace Ganzhou	43,889	1,717	45,605
545	Evergrande Top Mansion Ganzhou	150,569	1,554	152,123
546	Evergrande Royal Scenic Hanzhou	274,922	0	274,922
547	Evergrande City Hanzhou	201,341	167,959	369,300

No.	Project	GFA with construction permits (m^2)	GFA without construction permits (m^2)	Total GFA Under development and Hold for future development (m^2)
548	Evergrande Royal View Garden Ji'an	286,560	—	286,560
549	Evergrande Royal Scenic Peninsula Ji'an	250,220	—	250,220
550	Evergrande Royal Scenic Bay Jingdezhen	50,413	83,652	134,065
551	Evergrande Royal Scenic Jiujiang	56,763	—	56,763
552	Evergrande Bay Jiujiang	53,272	177,826	231,097
553	Evergrande Royal Palace Pingxiang	61,320	153,056	214,376
554	Evergrande Metropolis Shangrao	205,014	—	205,014
555	Evergrande Atrium Xinyu	54,854	247,040	301,894
556	Evergrande City Xinyu	27,691	—	27,691
557	Evergrande Oasis Yichun	379,769	22,496	402,265
558	Evergrande Royal Scenic Yichun	275,912	13,326	289,238
559	Evergrande Oasis Yingtan	156,504	—	156,504
560	Evergrande Royal Scenic Yingtan	69,243	—	69,243
561	Evergrande Oasis Anqing	208,683	1,044	209,727
562	Evergrande Unique One Project Anqing	228,716	42,971	271,687
563	Evergrande Emerald Court Bengbu	10,277	—	10,277
564	Evergrande Left Bank Riverfront Bengbu	238,586	22,383	260,969
565	Evergrande City Bozhou	134,540	—	134,540
566	Evergrande Emerald Court Bozhou	141,893	—	141,893
567	Evergrande Royal View Garden Chuzhou	223,812	—	223,812
568	Evergrande Oasis Fuyang	133,086	—	133,086
569	Evergrande Royal Scenic Fuyang	183,398	—	183,398
570	Evergrande Forest Creek County Fuyang	277,769	—	277,769
571	Evergrande Metropolis Huaibei	24,000	—	24,000
572	Evergrande Atrium Huaibei	41,242	—	41,242
573	Evergrande Royal Scenic Bay Huaibei	138,806	—	138,806
574	Evergrande Oasis Huainan	29,325	—	29,325
575	Evergrande Left Riverside Huangshan	55,005	1,249	56,254
576	Evergrande Top Mansion Huangshan	295,696	—	295,696
577	Evergrande Royal Scenic Bay Liuan	29,292	288,256	317,547
578	Evergrande Oasis Maanshan	64,902	1,605	66,507
579	Evergrande Oasis Tongling	299,616	8,892	308,509
580	Evergrande Royal Palace Wuhu	147,920	165,549	313,469
581	Evergrande Royal Scenic Bay Suzhou	157,635	—	157,635
582	Evergrande Metropolis Suzhou	73,661	175,355	249,016
583	Evergrande Royal City Project Xuancheng	134,293	68,405	202,698
584	Evergrande Oasis Longyan	72,244	106,218	178,461
585	Evergrande Royal Scenic Nanping	96,965	—	96,965
586	Evergrande Royal Scenic Peninsula Ningde	34,358	—	34,358
587	Evergrande Royal Scenic Peninsula Putian	230,949	53,920	284,869
588	Evergrande Royal Palace Sanming	226,128	38,215	264,342
589	Evergrande Royal Scenic Peninsula Zhangzhou	72,132	56,491	128,623
590	Evergrande Royal View Garden Zhangzhou	167,595	—	167,595
591	Evergrande Royal Scenic Bay Nanan	45,714	205,586	251,300
592	Evergrande Emerald Court Yongan	15,424	132,185	147,609
593	Evergrande Royal Scenic Peninsula Beihai	203,952	154,201	358,154
594	Evergrande Metropolis Beihai	97,330	—	97,330
595	Evergrande Royal Seaview Garden Beihai	132,774	55,604	188,378
596	Evergrande Atrium Beihai	82,608	72,678	155,286
597	Evergrande Royal Scenic Bay Fangchenggang	59,671	—	59,671
598	Evergrande City Fangchenggang	217,959	18,986	236,945
599	Evergrande City Guigang	172,721	2,405	175,126
600	Evergrande Plaza Guilin	105,724	—	105,724
601	Evergrande Bay Guilin	43,517	—	43,517
602	Evergrande City Guilin	272,921	124,131	397,052
603	Evergrande Emerald Court Liuzhou	66,830	—	66,830
604	Evergrande City Liuzhou	120,584	66,558	187,142
605	Evergrande Palace Liuzhou	183,450	33,899	217,349
606	Evergrande Palace Liuzhou	147,239	332,706	479,945
607	Evergrande Atrium Liuzhou	0	563,048	563,048
608	Evergrande Royal Scenic Bay Liuzhou	92,891	104,826	197,716

No.	Project	GFA with construction permits (m^2)	GFA without construction permits (m^2)	Total GFA Under development and Hold for future development (m^2)
609	Evergrande Oasis Qinzhou	90,235	97,460	187,695
610	Evergrande Royal Scenic Peninsula Qinzhou	230,713	29,224	259,937
611	Evergrande Scholastic Mansion	131,649	48,879	180,528
612	Evergrande Scenic Garden Wuzhou	30,646	48,088	78,734
613	Evergrande Oasis Wuzhou	232,967	298,835	531,803
614	Evergrande City Yulin	278,623	—	278,623
615	Evergrande Royal Scenic Yulin	217,426	—	217,426
616	Evergrande City Kaili	238,162	329,615	567,777
617	Evergrande City Zunyi	18,545	643,935	662,481
618	Evergrande Emerald Court Zunyi	177,210	231,047	408,257
619	Evergrande Palace Jilin	84,497	3,410	87,907
620	Evergrande Left Riverside Jilin	17,637	64,900	82,537
621	Evergrande Capital Palace Siping	71,476	163,728	235,204
622	Evergrande Royal Scenic Bay Songyuan	30,313	159,501	189,814
623	Evergrande Oasis Benxi	12,537	33,638	46,175
624	Evergrande Oasis Anshan	109,604	969,188	1,078,792
625	Evergrande Metropolis Anshan	421,360	4,635	425,995
626	Evergrande Palace Fushun	5,534	269,045	274,579
627	Evergrande Plaza Fushun	20,435	533,916	554,351
628	Evergrande Royal Scenic Bay Huludao	222,068	76,760	298,828
629	Evergrande Oasis Liaoyang	176,119	246,003	422,121
630	Evergrande Palace Panjin	21,090	582,665	603,755
631	Evergrande Oasis Yingkou	190,912	252,062	442,974
632	Evergrande City Yingkou	265,756	—	265,756
633	Evergrande Bay Yingkou	211,196	1,030,282	1,241,478
634	Evergrande Creek Mansion Tieling	115,841	130,408	246,250
635	Evergrande Oasis Mudanjiang	53,734	132,257	185,991
636	Evergrande Emerald Court Tsitsihar	101,223	20,213	121,436
637	Evergrande Metropolis Tsitsihar	39,292	—	39,292
638	Evergrande Royal Scenic Tsitsihar	17,147	—	17,147
639	Evergrande Qizi Bay Changjiang	58,048	30,769	88,816
640	Evergrande Splendor Danzhou	84,085	—	84,085
641	Evergrande Oasis Wuwei	127,535	—	127,535
642	Evergrande Metropolis Qujing	21,500	9,285	30,785
643	Evergrande Oasis Qujing	393,549	2,041	395,590
644	Evergrande Palace Baotou	167,037	82,296	249,333
645	Evergrande Metropolis Baotou	138,051	—	138,051
646	Evergrande Emerald Court Baotou	40,508	106,581	147,090
647	Evergrande City Tongliao	293,114	—	293,114
648	Evergrande Oasis Wuhai	50,324	—	50,324
649	Evergrande Oasis Ulanhot	53,938	468,465	522,403
650	Evergrande Oasis Shizuishan	120,567	327,099	447,666
651	Aiding Tibet Project Linzhi	59,987	11,279	71,266
652	Evergrande Atrium Yining	36,219	—	36,219
653	Evergrande Oasis Yining	16,464	131,754	148,218
		110,027,671	76,974,049	187,001,720

Product Series

Over the years, we have developed and introduced various distinctive product series to the market, including:

- *Mid- to mid-high-end series.* This series consists mainly of products within our Evergrande Oasis (恒大綠洲) series, Evergrande Metropolis (恒大名都) series, Evergrande City (恒大城) series, Evergrande Atrium (恒大雅苑) series, Evergrande Royal Scenic Bay (恒大御景灣) series, Evergrande Emerald Court (恒大翡翠華庭) series, Evergrande Bay (恒大江灣) series, Evergrande Plaza (恒大廣場) series and Evergrande Bund (恒大外灘) series. We target for properties of this series to account for approximately 85% of our current projects. They are positioned as large residential complexes with a full range of ancillary facilities and services. Typically located in the sub-central urban areas with comprehensive infrastructure and a convenient transportation network, these projects generally include multi-story, mid-rise, mid-to-high-rise and high-rise apartments. They are usually equipped with large clubhouses, sports centers, kindergartens, commercial streets and other living facilities.

- *High-end series.* This series consists mainly of products of Evergrande Palace (恒大華府) series, Evergrande Royal Scenic Peninsula (恒大御景半島) series, Evergrande Emperor Scenic (恒大帝景) series and Evergrande Royal Scenic (恒大御景) series. We target for properties of this series to account for approximately 15% of our current projects. They are positioned as high-end urban residential projects targeting high-income residents. Typically situated in the prime locations of existing urban areas, or areas with significant future value appreciation potential within large cities, these projects generally include garden houses and condominiums. Most of them are large units with the highest and most luxurious design and construction standards. Usually, these projects are fully equipped with facilities and services of superior standards, including large luxurious clubhouse, commerce and education facilities.

We design and develop all of our product series under our standardized management and market them under the brand name of "Evergrande" on a nationwide basis. We also market products of these series under different project names.

Within our product series, we mainly develop five types of residential properties:

- villas, which are typically independent houses with one to three stories;
- semi-detached villas, which are typically two separate houses that share a common wall;
- townhouses, which are typically connected houses of more than two units;
- condominiums, which are typically low-rise residential buildings of four to 18 stories; and
- high-rise residential buildings, which are typically higher than 18 stories.

Co-Developed Projects

In recent years, we have entered into co-development arrangements with other property developers in which we share the cost of development of a project and sales proceeds from the sale and/or pre-sale of the properties in the development. We consider a number of criteria when evaluating whether to partner with a company for co-development of a project, including the company's economic strength and property development experience, whether they have obtained all or part of the land use rights, whether the prospective project location is good, the risk profile of the prospective project and the potential for appreciation, whether the payment terms are favorable, and whether there are low capital requirements for the early stages of development. As of June 30, 2018, we had 131 co-developed projects across 22 provinces and Autonomous regions in China, including Shandong, Hebei and Zhejiang. For more information about our co-developed projects, please see "— Project Overview."

Our profit sharing arrangements generally correspond to our equity ownership in the project development company. The terms of our co-development vary but typically, we may: (i) provide the land use rights for a project and our co-developer would contribute to the development costs through capital injections into the project company or advances of land premium; or (ii) develop the project under our name and management.

We believe such co-development arrangements have helped us expand our nation-wide footprint, while lowering our development costs and investment risks associated with construction projects in new geographical regions. We may continue to enter into such co-development arrangements as suitable opportunities arise.

Since June 30, 2018, we have entered into new co-development arrangements with other property developers for more than 6 projects. Some major new co-development arrangements include Hengda Qingyun City in Taiyuan, Hengda Junting Project in Ulanqab, Yujing Peninsula in Nanyang, Hengda Huafu in Shuozhou, Hengda Mingdu in Inner Mongolia and Yangguanying Project in Pingdingshan. Hengda Qingyun City occupies a total site area of approximately 61,191 square meters with an aggregate total GFA of approximately 250,000 square meters. Hengda Junting Project occupies a total site area of approximately 103,734 square meters with an aggregate total GFA of approximately 311,202 square meters. Yujing Peninsula occupies a total site area of approximately 274,667 square meters with an aggregate total GFA of approximately 604,267 square meters. Hengda Huafu occupies a total site area of approximately 139,651 square meters with an aggregate total GFA of approximately 349,127 square meters. Hengda Mingdu occupies a total site area of approximately 160,333 square meters with an aggregate total GFA of approximately 351,000 square meters. Yangguanying Project occupies a total site area of approximately 147,864 square meters with an aggregate total GFA of approximately 221,800 square meters. We hold a 60% equity interest in Hengda Qingyun City, 70% equity interest in Hengda Junting Project, 60% equity interest in Yujing Peninsula, 51% equity interest in Hengda Huafu, 60% equity interest in Hengda Mingdu and 65% equity interest in Yangguanying.

Investment Properties

Along with our residential property projects, we also develop office buildings, commercial properties, retail shop units and carpark spaces as part of our residential complexes for leasing. As we intend to hold these properties for long-term investment purposes, they are treated as investment properties. Some of our retail shop units and carpark spaces are, or may be, located in large, multiple-use complexes. We may choose to sell the retail shop units when we believe that sales would generate a better return on our investment than through rental and capital appreciation. The table below sets forth a breakdown of our investment properties by geographic location as of June 30, 2018.

		Total attributable leasable GFA (M^2)		No. of Carparks	
Province	**Location**	**Completed**	**Under Development**	**Completed**	**Under Development**
Anhui	Anqing, Bengbu, Bozhou, Chaohu, Chuzhou, Feidong, Fuyang, Hefei, Huaibei, Huainan, Lu'an, Ma'anshan, Tongling, Wuhu and Suzhou	306,261	472,277	33,145	4,302
Beijing	Beijing	62,711	12,276	—	—
Fujian	Quanzhou, Xiamen and Shishi	18,419	2,200	296	969
Gansu	Lanzhou, Shizuishan, Wuzhong, Wuwei, Xining and Yinchuan	63,781	34,228	11,894	299
Guangdong	Chaozhou, Dongguan, Enping, Foshan, Guanzhou, Heyuan, Meizhou, Qingyuan, Shaoguan, Shenzhen, Yangjiang, Yunfu, Zhanjiang and Zhongshan	220,741	157,712	44,292	3,024
Guangxi	Beihai, Fangchenggang, Guilin, Liuzhou, Nanning and Qinzhou	195,210	378,241	3,926	4,882
Guizhou	Guiyang, Kaili and Zunyi	572,435	—	15,591	—
Hainan	Changjiang, Chengmai, Danzhou, Haikou and Sanya	11,061	70,524	7,240	—
Hebei	Cangzhou, Handan, Hengshui, Langfang, Qinhuangdao, Shijiazhuang, Tangshan and Xingtai	243,417	147,038	6,774	2,992

Province	Location	Total attributable leasable GFA (M^2) Completed	Under Development	No. of Carparks Completed	Under Development
Henan	Anyang, Luoyang, Luohe, Nanyang, Pingdingshan, Shangqiu, Xinxiang, Xinyang, Xuchang, Zhengzhou and Zhumadian	164,209	64,266	15,333	1,430
Heilongjiang	Daqing, Ha'erbin, Mudanjiang and Qiqiha'er	144,827	14,041	5,281	—
Hubei	Ezhou, Wuhan, Xiangyang and Yichang	247,947	1,833	12,535	3,455
Hunan	Changde, Chenzhou, Hengyang, Huaihua, Liuyang, Xiangtan, Yiyang, Yueyang and Changsha	120,009	—	28,114	—
Jilin	Jilin, Songyuan and Changchun	160,266	11,092	4,533	—
Jiangsu	Changzhou, Danyang, Huai'an, Jiangyin, Lianyungang, Nanjing, Wuxi, Suqian, Yancheng, Yangzhou, Yixing, Zhangjiakou and Zhenjiang	156,131	81,044	20,698	—
Jiangxi	Ganzhou, Ji'an, Jingdezhen, Nanchang, Xinyu and Yingtan	171,754	4,441	20,716	—
Liaoning	Anshan, Benxi, Dalian, Fushun, Huludao, Liaoyang, Panjin, Shenyang and Yingkou	756,643	225,727	8,923	2,922
Inner Mongolia	Baotou, Huerhot, Wuhai and Ulanhot	47,336	—	7,704	—
Shandong	Dongying, Jinan, Jining, Laiwu, Linyi, Tai'an, Weifang and Zibo	330,064	186,373	16,501	—
Shanxi	Datong, Linfen, Lvliang, Taiyuan, Yangquan and Yuncheng	104,371	17,717	11,625	2,288
Shaanxi	Hanzhong, Xi'an and Yangling	37,670	9,045	9,007	—
Shanghai	Shanghai	4,628	—	—	—
Sichuan	Chengdu, Luzhou, Nanchong, Panzhihua, Qionglai, Ziyang and Zigong	562,655	196,591	38,126	1,523
Tianjin	Tianjin	37,921	—	7,420	—
Hong Kong	Hong Kong	350,440	—	—	—
Xinjiang	Wujiaqu and Yining	35,806	—	978	—
Yunnan	Kunming and Qujing	12,925	74,892	2,867	2,851
Zhejiang	Haiyan, Hangzhou, Jiaxing, Ningbo, Pinghu and Quzhou	40,320	42,000	6,095	—
Chongqing	Chongqing	396,140	35,713	32,982	—

Property Development

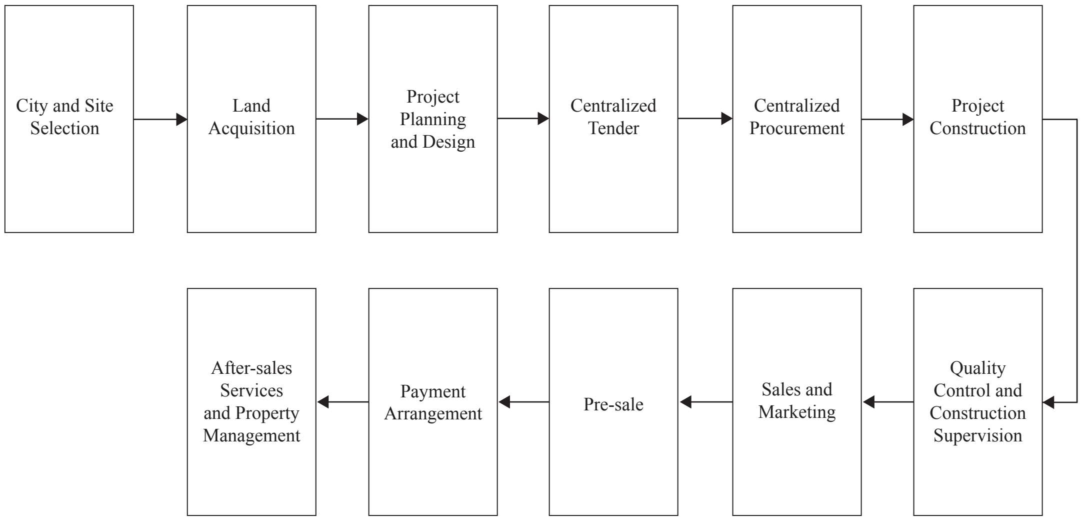
Our business operations are based on our industry-leading standardized operational model for quality real estate development. Our standard operational procedures cover all aspect of our project development process.

We believe our standardized approach to property development has enabled us to rapidly replicate our success in our home base in Guangzhou to other key provincial capitals and surrounding areas in China, to ensure consistent product quality at the same time.

The residential properties we develop are primarily composed of four major standard product series. We have also developed a standard for high-end ancillary facilities, a standard for gardening and landscaping, and a construction standard according to different product series. We develop a diversified portfolio of properties, including low-density residential buildings, multi-story residential buildings, and mid-rise and high-rise residential buildings, to cater to individual needs of different buyers. We generally favor large-scale and extra-large scale projects because our standardized operational model tends to work more effectively and efficiently with them, as they allow the appropriate economies of scale to maximize the upside potential of property development.

Project Development and Management Procedures

We maintain a systematic development approach although each project is designed to cater to the specific target market. Our property development and management procedures are summarized as below:



City and Site Selection

We screen cities and sites in China following a standardized process in order to identify opportunities suitable for our development. The primary criteria in our project site evaluation include the following:

- location in cities that we believe have high-growth potential;
- generally not less than 20,000 square meters in GFA for projects in first-tier and second-tier cities and not less than 300,000 square meters in GFA for projects in third-tier cities;
- beautiful surrounding environment, with established supporting infrastructure, convenient transportation system and appropriate value appreciation potential;
- minimal or no demolishment and resettlement costs, allowing commencement of development soon after the acquisition of the land; and
- appropriate cost and attractive financial return.

Land Acquisition

According to current PRC laws and regulations, state-owned land use rights for property development must be granted by the relevant governmental authorities via public tender, auction and listing-for-sale. Land reserves may also be acquired in the secondary market through acquisition of the equity interests of companies that possess the land use rights. We acquire land use rights either by bidding directly at auctions organized by the relevant government authorities or through acquiring companies that hold land use rights.

As a property developer targeting middle to upper-middle income customers, we believe that acquiring land at competitive prices is critical to our overall development strategy. The ability to identify potentially undervalued land reserves and the effective execution of our land acquisition strategy are our important strengths. Based on our current development and growth targets, we expect to maintain sufficient land reserves to fulfill our development requirements for the next five to eight years on a rolling basis. As of June 30, 2018, we had approximately 258 million square meters of GFA under development and held for future development. In accordance with our national strategic plan, we will continue to optimize the location of our residential properties. We will focus more on the development of projects in central urban areas in first- and second-tier cities and prime locations in third-tier cities to maintain stable land reserves and achieve a balanced national development distribution.

As of the date of this offering circular, we have not commenced the construction work as required by the relevant original land grant contracts with respect to a number of projects that we have acquired. However, we do not expect such land parcels to be subject to idle land fees or forfeiture primarily for the following reasons:

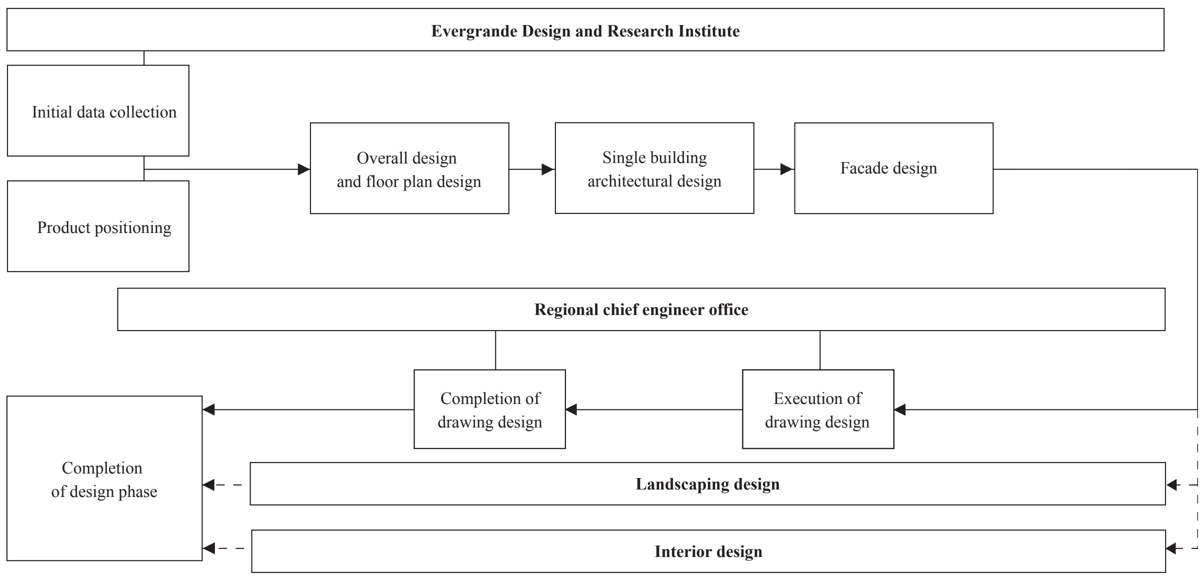
- the relevant local authorities' failure to deliver certain land to us due to their on-going re-zoning plans;
- our entry into supplementary agreements with the relevant local authorities to extend the commencement of the construction; and/or
- demolition of certain land has not been completed on the part of the government, preventing the construction from commencing on such land.

As of the date of this offering circular, we have not been required to pay any idle land fee or forfeit any land as a result of noncompliance with the relevant PRC laws and regulations. Although we cannot assure you that circumstances leading to forfeiture or significant delays in our development schedules will not arise in the future, we do not expect that any of our current land reserves will be subject to forfeiture based on our current development plans.

To ensure timely payment of land premiums and efficient execution of our property development, we have adopted internal control procedures to monitor and manage our land acquisitions and related financing. Our legal department has authority to perform due diligence investigations into our land acquisitions and our finance department is responsible for the feasibility analysis and funding sufficiency. Both departments report their findings and issues to our senior management. We also require our regional offices to strictly adhere to the schedules with respect to application for land use right certificates, construction land planning permits, construction work planning permits and construction permits in compliance with the PRC laws and regulations. We closely monitor the land acquisition and project development process. In the event that we experience delays in payment of land premiums or construction schedules we will seek immediate rectification, including application for an extension from the relevant government authorities as well as negotiation and entry into supplementary agreements. In addition, as part of our standardized operational model, we endeavor to train our staff at, and coordinate the proceedings in, our bidding and tendering department, development department and engineering department to ensure a timely property development in compliance with the PRC laws and regulations.

Project Planning and Design

We have strong in-house design capabilities. Evergrande Design and Research Institute, our in-house design subsidiary, is a nationally accredited architectural design firm composed of over 380 professionals as of June 30, 2018. Our design team works closely with our project managers and marketing team in master-planning and in detailed two-dimensional and three- dimensional architectural designs. Our design team also collaborates with reputable domestic and international design houses in formulating, developing and finalizing the landscape and interior design for our projects. Our senior management is actively involved in the entire planning and design process, especially in the master-planning and architectural design of our projects. Our design process is summarized as below:



Based on our previous successful experiences, our professional R&D team has designed over 20 standard series of products, including the Evergrande Emerald Court series, the Evergrande Culture Tourist series, the Evergrande Bay series, the Evergrande Royal View Garden series, the Evergrande Central Plaza series, the Evergrande Royal Scenic Peninsula series, the Evergrande Metropolis series, the Evergrande Palace series, the Evergrande City series, the Evergrande Royal Scenic Bay series, the Evergrande Emerald Dragon Court series, the Evergrande Scenic Garden series, the Evergrande Splendor series, the Evergrande Oasis series, the Evergrande Silverlake City series, the Evergrande Atrium series, and the Evergrande Royal Scenic series. We also conduct detailed market research and analysis on the products placed by other major developers into the market. We endeavor to tailor-make and ensure highest construction, gardening, landscaping, and decoration quality in our different product series. We will continue to adopt creative architectural planning and innovative designs with a view to making our products distinctive from other offerings in the market.

In our efforts to integrate quality with distinctive designs for our properties, we have also retained renowned design houses, such as Atkins Shenzhen, Thornton Tomasetti Inc., Ove Arup & Partners Hong Kong Limited, Parsons Brinckerhoff (Asia) Limited, TFP Farrells Limited and Gensler Architectural Consulting (Shanghai) Co., Ltd., to optimize our architectural design in various aspects. As we seek to standardize the designs of our product series and customize our mature series, we will continue to introduce new series in accordance with market demands and preferences. As an important part of our project planning and design process, we work closely with external landscape and interior designers to maximize the esthetic appeal and eco-value of our properties. In addition to distinctive design features, we also seek to distinguish our property developments by offering additional value-added functions.

We have received numerous awards in recognition of our achievement in various areas of our project designs and floor plans, including the following:

- our construction company has obtained the China Premium Qualification as a general housing construction contractor, which allows us to develop land with a total GFA of over 200,000 square meters and top qualifications as a general municipal public works construction contractor to perform construction, municipal engineering, decoration and landscaping of historical style buildings, which allows us to vertically integrate the construction process; and

- Evergrande Group Project Management Ltd. has obtained the China Grade A Engineering Supervision qualification, which is the highest level of engineering supervision qualification recognized in China.

Centralized Tender

We organize tenders, and invite primarily first-rate construction companies in China to participate in the bidding, for interior decoration, gardening and landscaping and other construction work to ensure that we get high-quality construction service at competitive prices. We have centralized and standardized our tender process as a part of our standard operational procedures. We outsource substantially all of our project construction work to independent contractors. We have also acquired a nationally accredited construction company to undertake some of our project construction. We also maintain strict quality control measures throughout our development chain and partner with renowned international and national service and product providers to ensure the quality of our products. Vendors and suppliers we generally partner with in our projects include:

Services or products	Suppliers or vendors
Overall project planning/design	China Architecture Design Group, Shenzhen General Institute of Architectural Design and Research
	The Architectural Design and Research Institute of Guangdong Province
Project construction	China State Construction Engineering Corporation Ltd.
	Zhong-Tie Construction Group Corporation Limited
Interior design and decoration	Suzhou Gold Mantis Construction & Decoration Co., Ltd.
	Shenzhen Grandland Decoration & Construction Co., Ltd.
Elevators	OTIS, Hitachi and Mitsubishi
Power box	Schneider Electric, Panasonic, TCL Legrand and SIEMENS
Kitchen electric appliances	Rinnai, ROBAM, Vatti, Haier, Electrolux, Whirlpool and SIEMENS
Bathroom fixtures	TOTO, KOHLER and Roca
Power sockets	Panasonic, SIEMENS and Legrand
Plumbing fixtures	MOEN, American Standard and Roca
Paint	NIPPON PAINT
Surveillance systems	Samsung, Panasonic, SONY and Hikvision

Centralized Procurement

We have signed long-term procurement agreements with reputable service and product suppliers in China and overseas and we have also established a unified national distribution system. The procurement departments in our regional offices are managed directly by our headquarters. Our regional procurement departments submit their procurement plans of material and equipment to our headquarters on a monthly basis. We require that the difference between the actual monthly purchased quantities and the procurement plans should not exceed 10% under normal circumstances. Through such requirements, we endeavor to minimize our overall purchasing costs without compromising our quality requirement.

Our centralized procurement system plays an essential role in helping us achieve economies of scale and favorable commercial terms, and in promoting our long-term partnership with quality suppliers. We have established a rigorous screening and bidding process to select our suppliers. We mainly consider first-rate national suppliers during our screening process, from which we select three to five suppliers in each category to form our pre-qualified vendor pool. Pre-qualified suppliers are invited to submit bids based on our product specifications and requirements. All submitted bids are reviewed and evaluated by our bidding and tendering committee, which consists of members from our senior management, procurement departments and design team. The bidding and tendering committee determines the winner based on a set of standards described in our bid-solicitation documents, such as product quality, price, supply lead time, financial strength, reputation and after-sales services. Our objective in this centralized procurement system is to obtain the required quality products and services at the best prices. Certain key construction materials and services, such as aluminum alloy materials, hardwood floor panels and site preparation, are partly provided by our subsidiaries.

Since 2006, all our construction material procurement contracts are tri-partite arrangements among us, suppliers and construction contractors. Such arrangements require suppliers to deliver their supplies directly to our regional procurement departments, which then distribute them to our construction contractors. We will effect payments to suppliers on a monthly basis by deducting such payments directly from our fees payable to the construction contractors. These arrangements not only ensure the quality of materials and equipment used in our projects but also relieve the concerns of our suppliers over potential late payment or lack of accountability on the part of construction contractors. Through our large-volume and centralized procurement arrangements, we are able to form long-term strategic partnerships with top suppliers in China and overseas to provide us, and indirectly our customers, with premium products at competitive costs. For example, we source our elevators primarily from OTIS and Shanghai Mitsubishi; power switches from SIEMENS; electrical appliances from Panasonic, Samsung and SIEMENS; kitchen electric appliances from Rinnai; bathroom fixtures from TOTO and KOHLER; switch boards from Panasonic, air conditioners and cabinets from Haier, a renowned domestic brand.

Project Construction

Our headquarters, in collaboration with all our specialized departments, formulate the standard of construction requirements and we require each of our regional offices to follow and implement the standard consistently. Our headquarters have a dedicated team of over 800 professional staff who collect and analyze information on project progress and construction quality from all of our regional offices on a weekly basis through our in-house information management system. This team not only sends out professionals to conduct on-site inspection, but also dispatches qualified professionals and engineers to supervise the overall construction of each individual project from time to time.

Under the supervision of our headquarters, each of our regional offices is responsible for the day-to-day management of specific project construction in accordance with our centralized standard. The construction contracts we enter into with construction companies typically contain warranties with respect to quality and timely completion of the construction projects. We require construction companies to comply with the relevant PRC laws and regulations as well as our own standards and specifications. Our construction management department is charged with the responsibility of closely monitoring quality and construction progress as well as controlling cost during construction. In the event of unsatisfactory quality of work, we will reject such work pursuant to our contractual arrangements until it is redone to our satisfaction. Our construction contracts typically require payments based on construction progress until a specified maximum percentage of the total contract sum is paid. Except for approximately 5% of the contract sum, which we generally withhold for two years from the time of completion to cover any contingent expenses incurred as a result of any construction defects, the remaining balance is payable upon confirmation of the construction quality. You should refer to the section entitled "— Quality Control and Construction Supervision" below for additional information on our quality control system.

Quality Control and Construction Supervision

We control the overall project quality directly from our headquarters by the following means:

- provision of professional guidance and technical support to our regional offices for the purpose of overseeing and supervising the construction of all our projects;

- compilation of various standardized technical guidelines and assessment systems, including our property construction management system, to manage the various aspects of project developments;

- results evaluation conducted through the monthly plans and weekly progress reports submitted by our regional offices with respect to all of our projects under development from time to time; and

- dispatch of qualified personnel to conduct on-site quality inspections on a random basis.

We emphasize and enforce our quality control at every stage of a project development from its initial planning and design through its final completion. In addition to our stringent and intensive selection process in choosing our suppliers and service providers as disclosed in the sections entitled "— Centralized Tender" and "— Centralized Procurement" above, we employ strict procedures to select, inspect and test equipment and materials we purchase. Our project management teams inspect equipment and materials to ensure their compliance with the contractual specifications before accepting them and approving payment. We reject and return any supplies that are below our standards or that do not comply with our specifications.

To ensure quality and to monitor the progress and workmanship of a construction project, our wholly owned construction supervision company, Evergrande Engineering and Supervision Co., Ltd., monitors our projects developments on a nationwide basis. Evergrande Engineering and Supervision Co., Ltd. has earned the highest qualification recognized by the PRC government and currently employs over 2,300 qualified construction supervisor-engineers. In compliance with PRC laws and regulations, we also engage certified construction supervision companies to monitor certain aspects of our project construction as specified by the relevant rules and regulations. We also require the construction contractors to implement our quality control procedures, including the appointment of their internal on-site quality control engineers, examination of materials and supplies, and their on-site inspection. We rely on our own qualified construction supervisor-engineers to effectively monitor the construction process to ensure quality control. Our qualified construction supervisor-engineers not only conduct on-site quality inspection of the construction work on a daily and continuous basis, but also are authorized to tear down sub-standard work if they deem it necessary. We have formulated a series of internal quality assurance standards and systems to regulate all major processes and procedures in our project development, including construction works, water and electricity systems, pipe networks, landscaping, fitting-out works, interior design and decoration, controls over raw materials and equipment supply. To control product quality, we have also developed an information management system to enable our headquarters to access information, on a real-time basis, on the construction progress relating to each individual building across our projects anywhere in the country.

We also make great efforts to promote safety and environmental awareness at our construction sites. Many of our construction sites in Guangzhou have received "Double Excellence Construction Sites" awards by Guangzhou municipal government. In addition, prior to handing over our property to a purchaser, our sales and customer service departments, together with our engineers and the property management company, inspect the property to ensure it is fit for delivery.

Sales and Marketing

We combine a centralized sales and marketing management team with the employment of first-rate professional property sales agencies for our sales and marketing in China. Our internal sales and marketing management team is responsible for formulating our nationwide sales and marketing strategies and supervising their execution, while the retained sales agencies are responsible for implementing such strategies and actual sales. This approach assures consistency in our promotion and sales strategy on a nationwide basis and improves efficiency in our sales.

We have approximately 11,330 personnel to manage and coordinate our marketing and sales. Their principal responsibilities include the following:

- market research;
- brand promotion;
- sales planning;
- property pricing; and
- sales management.

Our centralized sales and marketing management team coordinates with our regional offices in selecting qualified sales agencies and promoting our brands across different regional markets in China. Our marketing and sales management team works closely with other internal teams and external agencies in order to determine the appropriate advertising and selling plans for any particular project. They also monitor sale and pre-sale procedures conducted by sales agencies. In addition, senior members of our sales and marketing management team are also actively involved in such matters as site selection, project planning and project design.

Our promotion channels primarily include advertising through newspapers, television, radio, internet, billboards, magazines and mobile phone text messages. We generally engage first-rate property sales agencies and advertising design houses in China, including E-House, Hopefluent Group Holdings Limited, Shenzhen World Union Properties Consultancy Company Limited and Guangdong Advertising Company Limited, Beijing crystal digital technology Co., Ltd. and Shenzhen Sapintial & perfect Advertising Co., Ltd. to assist us in our sales campaigns. As part of our marketing strategy, we organize potential customers to visit our property projects via our free shuttle buses. These showcase visits facilitate sales of our properties under development and help promote our brand.

Pre-sale

Like other developers, we pre-sell properties prior to the completion of their construction. Under the PRC pre-sale laws and regulations, property developers must satisfy specific conditions before they may pre-sell their properties under construction. These mandatory conditions include:

- The land premium has been paid in full;
- The land use right certificates, the construction land planning permits, construction works planning permits and the construction permits have been obtained;

- At least 25% of the total project development investments has been made;
- The progress and the expected completion and delivery date of the construction are certain; and
- The pre-sale permit has been obtained.

These mandatory conditions are designed to impose a timing restriction on developers with respect to the commencement of pre-sales. They are predicated on substantial progress in project construction and in capital expenditure. To protect the rights and interests of consumers, local governments generally require developers and property purchasers to use standard sales and purchase contracts prepared under the auspices of such local governments. Developers are required to file all such contracts with local land bureaus and real estate administrative authorities within 30 days of entering into such contracts. Local governments may impose additional conditions from time to time for commencing pre-sale of properties.

In addition to satisfaction of mandatory conditions required by PRC laws and regulations, we typically impose our own additional requirements before we pre-sell. To demonstrate our superior product quality to our potential buyers and to shorten the duration between pre-sale and delivery, we generally commence our pre-sale only after we have completed the landscaping, gardening, and the construction of the on-site show units and the lobby.

Payment Arrangement

Purchasers of our residential properties, including those purchasing our pre-sale properties, may pay us through mortgage loans with banks. We typically require our purchasers to pay a non-refundable deposit upon entering into provisional purchase contracts. If the purchasers later decide not to enter into formal purchase contracts, they will forfeit such deposits to us. Upon executing the formal purchase contracts, we offer the purchasers several types of payment plans with various terms. Typically, the purchasers are required to pay at least 30% of the total purchase price of the property within five days, and the remaining balance within 20 days. If the purchasers choose to fund their purchases by mortgage loans provided by banks, it is their own responsibility to apply for and obtain the mortgage approvals. Upon request, we also assist mortgage applicants by providing the relevant property information to expedite their application process. The payment terms of our sales and pre-sales are substantially identical.

Most of our customers purchase our properties through mortgage financing. In accordance with industry practice in China, we provide guarantees to mortgagee banks in respect of the mortgage loans provided to the purchasers of our pre-sold properties. These guarantees are released upon the earlier of (i) the relevant property ownership certificates being delivered to the purchasers; and (ii) the full repayment of mortgage loans by the purchasers of our properties. In line with industry practice, we do not conduct independent credit checks on our purchasers but rely on the credit checks conducted by the mortgagee banks. As of December 31, 2016 and 2017 and June 30, 2018, our outstanding guarantees on the mortgage loans of the purchasers of our pre-sold properties were approximately RMB247.7 billion, RMB339.1 billion (US$51.2 billion) and RMB344.8 billion (US$52.1 billion), respectively. You should refer to the section entitled "Risk Factors — Risks Relating to Our Business — We guarantee mortgage loans of our customers and may become liable to the mortgagee banks if our customers default on their mortgage loans" for additional risk disclosure.

After-sales Services and Property Management

We have a dedicated customer service department to manage our after-sales services. We have also set up an ownership certificate department to assist our purchasers in obtaining their property ownership certificates. We offer various communication channels, such as designated mailboxes and emails, for our customers to conveniently express their feedback and complaints about our products or services. Our customer service staff is committed to finding the best solutions to the reported problems. We also provide free publications to our existing customers to cultivate a sense of belonging and community.

Prior to delivery of properties to customers, we usually engage Jinbi Property Management, our subsidiary and a nationally accredited property management company, to manage our properties until the property owners have established a homeowner's association pursuant to the PRC laws and regulations to choose their own property management company. We also engage well-known external professional property management or consultancy companies to manage some of our high-end projects. As of June 30, 2018, most owners of our developments who had become statutorily entitled to elect their property management companies continued to engage Jinbi Property Management to manage their properties. The property management services we provide in relation to our projects include maintenance of common facilities, cleaning, security, gardening, landscaping and other services.

Competition

We compete with other real estate developers in terms of a number of factors, including product quality, service quality, price, financial resources, brand recognition, ability to acquire proper land reserves and other factors. The property market in China is highly competitive. Our existing and potential competitors include major domestic developers and, to a lesser extent, foreign developers, such as leading developers from Hong Kong. You should refer to the section entitled "Risk Factors — Risks Relating to Our Business — Intensified competition might adversely affect our business and our financial position" for additional disclosure.

Intellectual Property Rights

We have applied for registration of "恒大" with the State Administration for Industry and Commerce in China. We have also applied for trademark registration with the PRC intellectual property administrative authorities with respect to our logo, Company name and certain other names and logos of our product series.

Insurance

Property developers are not required under PRC national and local laws and regulations to maintain insurance coverage in respect of their property development operations. We do not maintain insurance coverage on our properties developed for sale other than with respect to those developments over which our lending banks have security interests, or for which we are required to maintain insurance coverage under the relevant loan agreements. In addition, we do not require the construction companies we engage to maintain insurance coverage on properties under construction. We generally do not carry insurance against personal injuries that may occur during the construction of our properties. The construction companies, however, are responsible for quality and safety control during the course of the construction and are required to maintain accident insurance for their construction workers pursuant to PRC laws and regulations. To help ensure construction quality and safety, we have formulated a set of standards and specifications for the construction workers to comply with during the construction process. We deploy our own qualified construction supervisor-engineers and also engage qualified external supervision companies to oversee the construction process. Under PRC laws and regulations, the owner or manager of a property under construction bears the civil liability for personal injuries arising out of construction work unless the owner or manager can prove that it is not at fault. We have taken these and other steps in an effort to prevent construction accidents and personal injuries. We believe that we should be in a position to demonstrate that we were not at fault as the property owner if a personal injury claim should be brought against us. In addition, according to our construction contracts, any liability that may arise from tortious acts committed on work sites should be borne by the construction companies. To date, we have not experienced any destruction of or material damage to our property developments nor have any material personal injury-related claims been brought against us.

We believe that our policies with respect to insurance are in line with the industry practice in China. However, there are risks that we do not have sufficient insurance coverage for losses, damages and liabilities that may arise in our business operations. You should refer to the section entitled "Risk Factors — Risks Relating to Our Business — We have limited insurance to cover our potential losses and claims" for additional risk disclosure.

Environmental and Safety Matters

We believe that our key operations are in material compliance with currently applicable national and local environmental and safety laws and regulations. You should refer to the section entitled "Risk Factors — Risks Relating to Our Business — Potential liability for environmental damages could result in substantial outflow of our resources" for additional risk disclosure.

Legal Proceedings

From time to time we are involved in legal proceedings or disputes in the ordinary course of business, including claims relating to our guarantees for mortgage loans provided to our purchasers, contract disputes with our purchasers and suppliers and disputes with respect to our co-developed projects or land acquisition contracts. For example, in January 2016, Winlok Investment Ltd. (威諾投資有限公司) filed two lawsuits in The Fourth Intermediate People's Court of Beijing against four defendants, including a wholly-owned subsidiary of ours, Marche Limited (麗來富華集團有限公司), which holds the entire equity interest of two of our project companies in Beijing. Two project companies in Beijing participated in the proceedings of the two cases as the third party. The claims alleged that two equity transfer agreements entered into between Niceline Company Limited (麗來有限公司)and Marche Limited were invalid and the investment interests in the aforesaid project companies remained with Niceline Company Limited. The Fourth Intermediate People's Court of Beijing made a first instance judgment on two cases in February 2018, dismissing all the claims of Winlok Investment Ltd.. Winlok Investment Ltd. appealed to the High People's Court of Beijing regarding the two cases, requesting the court to vacate the first instance judgment and to support its claims. Two of our project companies in Beijing participated in the hearing organized by the Beijing High People's Court in August 2018. As of the date of this offering memorandum, the Beijing High People's Court has not rendered a final judgment. We are not aware of any material legal proceedings, claims or disputes currently existing or pending against us except as otherwise disclosed in this offering circular. You should refer to the section entitled "Risk Factors — Risks Relating to Our Business — We may be involved from time to time in material disputes, legal and other proceedings arising out of our operations or subject to fines and sanctions in relation to our non-compliance with certain PRC laws and regulations and may face significant liabilities as a result" for additional risk disclosure.

The following discussion summarizes the principal laws, regulations, policies and administrative directives to which we are subject.

The PRC Legal System

The PRC legal system is based on the PRC Constitution and is made up of written laws, regulations, directives and local laws, laws of Special Administrative Regions and laws resulting from international treaties entered into by the PRC government. Court verdicts do not constitute binding precedents. However, they are used for the purposes of judicial reference and guidance.

The National People's Congress of the PRC, or NPC, and the Standing Committee of the NPC are empowered by the PRC Constitution to exercise the legislative power of the State. The NPC has the power to amend the PRC Constitution and enact and amend basic laws governing State agencies and civil and criminal matters. The Standing Committee of the NPC is empowered to enact and amend all laws except for the laws that are required to be enacted and amended by the NPC.

The State Council is the highest organ of the State administration and has the power to enact administrative rules and regulations. The ministries and commissions under the State Council are also vested with the power to issue orders, directives and regulations within the jurisdiction of their respective departments. All administrative rules, regulations, directives and orders promulgated by the State Council and its ministries and commissions must be consistent with the PRC Constitution and the national laws enacted by the NPC. In the event that a conflict arises, the Standing Committee of the NPC has the power to annul administrative rules, regulations, directives and orders.

At the regional level, the provincial and municipal congresses and their respective standing committees may enact local rules and regulations and the people's governments may promulgate administrative rules and directives applicable to their own administrative areas. These local laws and regulations must be consistent with the PRC Constitution, the national laws and the administrative rules and regulations promulgated by the State Council.

The State Council, provincial and municipal governments may also enact or issue rules, regulations or directives in new areas of the law for experimental purposes. After gaining sufficient experience with experimental measures, the State Council may submit legislative proposals to be considered by the NPC or the Standing Committee of the NPC for enactment at the national level.

The PRC Constitution vests the power to interpret laws in the Standing Committee of the NPC. According to the Decision of the Standing Committee of the NPC Regarding the Strengthening of Interpretation of Laws passed in June 1981, the Supreme People's Court, in addition to its power to give general interpretation on the application of laws in judicial proceedings, also has the power to interpret specific cases. The State Council and its ministries and commissions are also vested with the power to interpret rules and regulations that they have promulgated. At the regional level, the power to interpret regional laws is vested in the regional legislative and administrative bodies which promulgate such laws.

The PRC Judicial System

Under the PRC Constitution and the Law of Organization of the People's Courts, the judicial system is made up of the Supreme People's Court, the local courts, military courts and other special courts. The local courts are comprised of the basic courts, the intermediate courts and the higher courts. The basic courts are organized into civil, criminal, economic and administrative divisions. The intermediate courts are organized into divisions similar to those of the basic courts, and are further organized into other special divisions, such as the intellectual property division. The higher level court supervise the basic and intermediate courts. The people's procuratorates also have the right to exercise legal supervision over the civil proceedings of courts of the same level and lower levels. The Supreme People's Court is the highest judicial body in China. It supervises the administration of justice by all other courts.

The courts employ a two-tier appellate system. A party may appeal against a judgment or order of a local court to the court at the next higher level. Second judgments or orders given at the same level and at the next higher level are final. First judgments or orders of the Supreme People's Court are also final. If, however, the Supreme People's Court or a court at a higher level finds an error in a judgment which has been given in any court at a lower level, or the presiding judge of a court finds an error in a judgment which has been given in the court over which he presides, the case my then be retried according to the judicial supervision procedures.

The Civil Procedure Law of the PRC adopted in April 1991 and revised in August 2012 sets forth the criteria for instituting a civil action, the jurisdiction of the courts, the procedures to be followed for conducting a civil action and the procedures for enforcement of a civil judgment or order. All parties to a civil action conducted within the PRC must comply with the Civil Procedure Law. Generally, a civil case is initially heard by a local court of the municipality or province in which the defendant resides. The parties to a contract may, by express agreement, select a jurisdiction where civil actions may be brought, *provided* that the jurisdiction is either the plaintiff's or the defendant's place of residence, the place of execution or implementation of the contract or the object of the action. However, such selection can not violate the stipulations of grade jurisdiction and exclusive jurisdiction in any case.

A foreign individual or enterprise generally has the same litigation rights and obligations as a citizen or legal person of the PRC. If a foreign country's judicial system limits the litigation rights of PRC citizens and enterprises, the PRC courts may apply the same limitations to the citizens and enterprises of that foreign country within the PRC. If any party to a civil action refuses to comply with a judgment or order made by a court or an award granted by an arbitration panel in the PRC, the aggrieved party may apply to the court to request for enforcement of the judgment, order or award. There are time limits imposed on the right to apply for such enforcement. If at least one of the parties to the dispute is an individual, the time limit is one year. If both parties to the dispute are legal persons or other institutions, the time limit is six months. If a person fails to satisfy a judgment made by the court within the stipulated time, the court will, upon application by either party, mandatorily enforce the judgment.

A party seeking to enforce a judgment or order of a court against a party who is not located within the PRC and does not own any property in the PRC may apply to a foreign court with proper jurisdiction for recognition and enforcement of the judgment or order. A foreign judgment or ruling may also be recognized and enforced by the court according to the PRC enforcement procedures if the PRC has entered into, or acceded to, an international treaty with the relevant foreign country, which provides for such recognition and enforcement, or if the judgment or ruling satisfies the court's examination according to the principal of reciprocity, unless the court finds that the recognition or enforcement of such judgment or ruling will result in a violation of the basic legal principles of the PRC, its sovereignty or security, or for reasons of social and public interests.

The PRC Regulatory Regime

We operate our business substantially in China under a legal regime consisting of the Standing Committee of the National People's Congress, the State Council and several ministries and agencies under its authority including, among others, the Ministry of Land and Resources, the Ministry of Housing and Urban-Rural Development, and the Ministry of Environmental Protection. According to the Institutional Reform Program of the State Council (國務院機構改革方案) promulgated by the PRC National People's Congress on March 17, 2018, the Ministry of Land and Resources has been incorporated into the newly organized the Ministry of Natural Resources and the Ministry of Housing and Urban-Rural Development's functions with respect to urban and rural planning has been transferred to the Ministry of Natural Resources. Besides, the Ministry of Environmental Protection has been incorporated into the newly organized the Ministry of Ecology and the Environment. Both the Ministry of Land and Resources and the Ministry of Environmental Protection will no longer be retained following the structure reform of administrative organs led by the State Council. Pursuant to the Program for Deepening the Reform of the Party and the State Institutions (深化黨和國家機構改革方案) promulgated by the Central Committee of the PRC Communist Party on March 21, 2018, the reform of the central and state institutions is expected to be completed before the end of the fiscal year of 2018.

Establishment of a Real Estate Development Enterprise

According to the PRC Law on Administration of Urban Real Estate《城市房地產管理法》promulgated by the National People's Congress, effective in January 1995, amended in August 2007, a real estate developer is defined as an enterprise that engages in the development and operation of real estate for the purpose of making profits. Under the Regulations on Administration of Development of Urban Real Estate《城市房地產開發經營管理條例》promulgated by the State Council in July 1998, an enterprise that is to engage in development of real estate must satisfy the following requirements:

- its registered capital must be RMB1 million or more; and
- it must have four or more full-time professional real estate/construction technicians and two or more full-time accounting officers, each of whom must hold the relevant qualification certificate.

The local government of a province, autonomous region or municipality directly under the PRC central government may, based on local circumstances, impose more stringent requirements on the registered capital and the professional personnel of a real estate developer.

To establish a real estate development enterprise whose business is not falling within the category of prohibited industries for foreign investment, the developer must file the record with the competent administration for industry and commerce. The developer must also report its establishment to the real estate development authority in the location of its registration, within 30 days of the receipt of its business license. Where a foreign-invested enterprise is to be established to engage in the development and operation of real estate, it must also comply with the relevant requirements under the PRC laws and administrative regulations regarding foreign-invested enterprises and apply for approvals relating to foreign investments in China.

Pursuant 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)), which was promulgated by the NDRC and the MOFCOM on June 28, 2018 and became effective from July 28, 2018, foreign investment in the real estate industry and the construction and operation of villas are not within the scope of special administrative measure but which shall be subject to the same restricted measures as such investments by domestic investors.

Under the Notice on Adjusting the Portion of Capital Fund for Fixed Assets Investment of Certain Industries《關於調整部分行業固定資產投資項目資本金比例的通知》issued by the State Council in April 2004, the portion of capital-account funding for real estate projects (excluding affordable housing projects) has been increased from 20% or above to 35% or above. However, pursuant to the Notice on Adjusting the Percentage of Capital Fund for Investment Projects in Fixed Assets《關於調整固定資產投資項目資本金比例的通知》issued by the State Council in May 2009, the minimum portion of the capital funding for ordinary commodity housing projects and affordable housing projects 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 portion of the capital funding for ordinary commodity housing projects and affordable housing projects remains unchanged at 20%, while it has been adjusted from 30% to 25% for other real estate projects.

In July 2006, MOHURD, MOFCOM, NDRC, PBOC, SAIC and SAFE jointly issued an Opinion on Standardizing the Admittance and Administration of Foreign Capital in the Real Estate Market《關於規範房地產市場外資准入和管理的意見》, which provides, among other things, that an overseas entity or individual investing in real estate in China other than for self-use must apply for the establishment of a FIREE in accordance with applicable PRC laws and may only conduct operations within the authorized business scope. The joint opinion attempts to impose additional restrictions on the establishment and operation of FIREE by regulating the amount of registered capital as a percentage of total investment in certain circumstances, limiting the validity of approval certificates and business licenses to one year, restricting the ability to transfer equity interests of a FIREE or its projects and prohibiting the borrowing of money from domestic and foreign lenders where its registered capital is not paid up or the land use rights are not obtained. In addition, the joint opinion also limits the ability of foreign individuals to purchase commodity residential properties in China.

On August 19, 2015, MOHURD, MOFCOM, NDRC, PBOC, SAIC and SAFE jointly issued an 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》which provides, 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注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.

In May 2007, MOFCOM and SAFE issued the Circular on Strengthening and Regulating the Examination and Approval and Supervision of Foreign Direct Investment in the Real Estate Sector《關於進一步加強、規範外商直接投資房地產業審批和監管的通知》, or Circular 50. Under Circular 50, prior to applying for establishment of real estate companies, foreign investors must first obtain land use rights and building ownership, or must have entered into pre-sale or pre-grant agreements with respect to the land use rights or building ownership. If foreign-invested enterprises in China engage in real estate development or operations or if FIREEs in China engage in new real estate project developments, they must first apply to the relevant PRC governmental authorities to expand their scope of business or scale of operations in accordance with the PRC laws and regulations related to foreign investments. In addition, the local PRC governmental authorities must file with MOFCOM for record their approvals of establishment of FIREEs, and must exercise due control over foreign investments in high-end properties. Foreign exchange authorities may not allow capital-account foreign exchange sales and settlements by FIREEs that have been established in contravention of these requirements.

In connection with the filing requirement, MOFCOM issued the Notice on the Proper Filings of Foreign Investment in the Real Estate Sector《關於做好外商投資房地產業備案工作的通知》in June 2008 to authorize the competent MOFCOM at the provincial level to verify and check the filing documents.

Moreover, in December 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 oversea capital, it is prohibited from purchasing and/or selling 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 June 24, 2014, MOFCOM and SAFE jointly promulgated the Circular on Improving the Record-filing for Foreign Investment in Real Estate《關於改進外商投資房地產備案工作的通知》, which simplifies the procedures of record-filing for foreign investment in real estate and the record-filing with MOFCOM has been changed from the record-filing in the form of paper materials to that in the form of electronic data and selective examination will be conducted during and after the record-filing.

On November 6, 2015, MOFCOM and 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 simplifies the record-filing procedures for foreign-invested real estate enterprises and cancels the registry publication procedures on the website of MOFCOM.

According to the Several Opinions of the State Council on Further Strengthening the Utilization of Foreign Investment《國務院關於進一步做好利用外資工作的若干意見》, promulgated by the State Council in April 2010, except where approval by the relevant departments under the State Council is required by the Investment Project Catalog, foreign investment in encouraged and permitted industries with a total investment of less than US$300 million will be examined and approved by NDRC's branches at the provincial level. Pursuant to the Notice on Issues Related to Delegation of Powers of Examination and Approval of Foreign Investment to Authorities at Lower Levels《關於下放外商投資審批權限有關問題的通知》, promulgated by MOFCOM in June 2010, MOFCOM's branch at the provincial level is responsible for the examination and approval of establishments and changes of foreign-invested enterprises in encouraged or permitted industries with a total investment of less than US$300 million and with a total investment of less than US$50 million in restricted industries.

On September 3, 2016, National People's Congress Standing Committee adopted a decision on amending the relevant laws in relation to foreign invested companies, which became effective from October 1, 2016. Upon the effectiveness of the decision, promulgated the Interim Measures for the Record-filling of the Establishment and Modification of Foreign-invested Enterprises《外商投資企業設立及變更備案管理暫行辦法》, which provide that the establishment of the foreign invested enterprises, including real estate development enterprises, and its subsequent modifications are required to file with competent local authorities instead of obtaining approvals from local MOFCOM authorities, except for the foreign invested enterprises which are subject to special administrative measures. To implement the decision, MOFCOM promulgated the Interim Measures for the Record-filling of the Establishment and Modification of Foreign-invested Enterprises《外商投資企業設立及變更備案管理暫行辦法》on October 8, 2016, amended in July 2017. The scope of special administrative measure shall be governed by 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)), which was promulgated by the NDRC and the on June 28, 2018 and became effective from July 28, 2018.

Qualifications of a Real Estate Developer

Under the Provisions on Administration of Qualifications 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, promulgated by MOHURD in March 2000, a real estate developer must apply for registration of its qualifications according to such Provisions on Administration of Qualifications. An enterprise may not engage in property development without a qualification classification certificate for real estate development. MOHURD oversees the qualifications of real estate developers with national operations, and local real estate development authorities at or above the county level oversee the qualifications of local real estate developers.

In accordance with the Provisions on Administration of Qualifications, real estate developers are classified into four classes.

- Class 1 qualifications are subject to preliminary examination by the construction authorities at the provincial level and final approval of MOHURD. A class 1 real estate developer is not restricted as to the scale of its real estate projects and may undertake a real estate development anywhere in the country.

- Class 2 or lower qualifications are regulated by the construction authorities at the provincial level subject to delegation to lower level government agencies. A real estate developer of class 2 or lower may undertake a project with a gross floor area of less than 250,000 square meters subject to confirmation by the construction authorities at the provincial level.

Under the relevant PRC laws and regulations, the real estate development authorities will examine applications for registration of qualifications submitted by real estate developers by considering the professional personnel in their employ, financial condition and operating results. A real estate developer that passes the qualification examination will be issued a qualification certificate of the relevant class by the qualification examination authority. A developer of any qualification classification may only engage in the development and sale of real estate within its approved scope of business and may not engage in business which is limited to another classification.

For a newly established real estate developer, the real estate development authority will issue a provisional qualification certificate, if it is an eligible developer, within 30 days of receipt by the authority of the application. The provisional qualification certificate will be effective for one year from its date of issue and may be extended for not more than two additional years with the approval of the real estate development authority. The real estate developer must apply for qualification classification to the real estate development authority within one month before expiration of the provisional qualification certificate.

Development of a Real Estate Project

Pursuant 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)), which was promulgated by the NDRC and the MOFCOM on June 28, 2018 and became effective from July 28, 2018, foreign investment in the real estate industry and the construction and operation of villas are not within the scope of special administrative measure but which shall be subject to the same restricted measures as such investments by domestic investors.

Under the Interim Regulations of the People's Republic of China on Grant and Assignment of the Use Right of State-owned Urban Land《城鎮國有土地使用權出讓和轉讓暫行條例》 promulgated by the State Council in May 1990, China adopted a system to grant and assign the right to use state-owned land. A land user must pay a land premium to the state as consideration for the grant of the right to use a land site within a specified period of time, and the land user may assign, lease out, mortgage or otherwise commercially exploit the land use rights within the term of use. Under the relevant PRC laws and regulations, the land administration authority at the city or county level may enter into a land grant contract with the land user to provide for the grant of land use rights. The land user must pay the land premium as provided by the land use rights grant contract. After payment in full of the land premium, the land user may register with the land administration authority and obtain a land use rights certificate which evidences the acquisition of land use rights. The relevant PRC laws and regulations provide that land use rights for a site intended for real estate development must be obtained through grant except for land use rights which may be obtained through premium- free allocation by the PRC government pursuant to the PRC laws or the stipulations of the State Council. Government-allocated land is not allowed to be transferred unless the transfer is approved by the relevant PRC government authorities and the land premium, as determined by the relevant PRC government authorities, has been paid.

When carrying out the feasibility study for a construction project, the construction or the developer entity must make a preliminary application for construction on the relevant site to the relevant land administration authority in accordance with the Measures for Administration of Examination and

Approval for Construction Sites《建設用地審查報批管理辦法》 promulgated by the Ministry of Land and Resources in March 1999, as amended in November 2010 and November 2016, and the Measures for Administration of Preliminary Examination of Construction Project Sites《建設項目用地預審管理辦法》promulgated by the Ministry of Land and Resources in July 2001, as amended in October 2004, November 2008 and November 2016. After receiving the preliminary application, the land administration authority will carry out preliminary examinations of various aspects of the construction project in compliance with the overall zoning plans and land supply policy of the government, and will issue a preliminary approval in respect of the project site if its examination proves satisfactory. The land administration authority at the relevant city or county will sign a land use rights grant contract with the land user and issue an approval for the construction site to the construction entity or the developer.

Under the Measures for Control and Administration of Grant and Assignment of Right to Use Urban State-owned Land《城市國有土地使用權出讓轉讓規劃管理辦法》promulgated by MOHURD in December 1992, the grantee under a land grant contract, i.e. a real estate developer, must further apply for a permit for construction site planning from the relevant municipal planning authority. After obtaining such permit, a real estate developer will organize the necessary planning and design work. Planning and design proposals in respect of a real estate development project are again subject to relevant reporting and approval procedures required under the Law of the People's Republic of China on Urban and Rural Planning《中華人民共和國城鄉規劃法》promulgated by the National People's Congress in October 2007 and local statutes on municipal planning. Upon approval by the authorities, a permit for construction works planning will be issued by the relevant municipal planning authority.

In accordance with the Regulations for the Expropriation 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 State-owned land for purposes of public interest, the owners of the housing being expropriated shall be offered a fair compensation.

Compensation offered by governments at municipal and county levels that make housing expropriation decisions regarding parties with housing being expropriated include: (i) compensation for the value of the housing being expropriated; (ii) compensation for relocation and temporary settlement caused by the housing being expropriated; and (iii) compensation for the loss arising from the suspension of production and operation caused by expropriation of housing.

The parties whose housing is being expropriated may choose monetary compensation, or may choose to exchange the property rights for another housing. If the parties whose housing is being expropriated choose to exchange the property rights for another housing, governments at municipal and county levels must provide housing used for the exchange of property rights, and calculate and settle the difference between the value of housing being expropriated and the value of the housing used for the exchange of property rights. If residential housing of an individual is expropriated due to renovation of an old urban district and the individual chooses to exchange for the property rights of another housing in the area being renovated, governments at municipal and county levels that make housing expropriation decisions must provide the housing in the area being renovated or the nearby area. The amount of compensation for the value of housing being expropriated may not be less than the market price of the real estate similar to it on the announcement date of the housing expropriation decision. The value of housing being expropriated must be appraised and determined by a real estate price appraisal institution with corresponding qualifications. A party that objects to the appraised value of the housing being expropriated may apply to the real estate price appraisal institution for review of the appraisal.

On June 3, 2011 the Ministry of Housing and Urban-Rural Development promulgated Measures for Real Estate Appraisal in Expropriation of Houses on State-owned Land 《國有土地上房屋徵收評估辦法》 which provides that in appraising the value of the expropriated house, the location, purpose of use, building structure, present condition, GFA and the land area occupied, land use right, and other factors affecting the value of the expropriated house shall be taken into consideration.

When the site has been properly prepared and is ready for the commencement of construction works, the developer must apply for a permit for commencement of works from the construction authorities at or above the county level according to the Measures for Administration of Granting Permission for Commencement of Construction Works《建築工程施工許可管理辦法》promulgated by MOHURD in June 2014. According to the Notice Regarding Strengthening and Regulating the Administration of Newly-commenced Projects《國務院辦公廳關於加強和規範新開工項目管理的通知》issued by the General Office of the State Council on November 17, 2007, before commencement of construction, all kinds of projects shall fulfill certain conditions, including, among other things, compliance with national industrial policy, development plan, land supply policy and market access standard, completion of all approval and filing procedures, compliance with zoning plan in terms of site and planning, completion of proper land use procedures and obtaining proper environmental valuation approvals and construction permit or report.

The development of a real estate project must comply with various laws and legal requirements on construction quality, safety standards and technical guidance on architecture, design and construction work, as well as provisions of the relevant contracts. On January 30, 2000 and amended on October 7, 2017, 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》, which sets the respective quality responsibilities and liabilities for developers, construction companies, reconnaissance companies, design companies and construction supervision companies. In August 2008, the State Council issued the Regulations on Energy Efficiency for Civil Buildings《民用建築節能條例》, which reduces the energy consumption of civil buildings and improves the efficiency of the energy utilization. According to this regulation, the design and construction of new buildings must meet the mandatory criteria on energy efficiency for buildings, and failure to meet such criteria will result in no 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 according to the Interim 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. A real estate development project may not be delivered until and unless it has satisfactorily passed the necessary acceptance examination. Where a property project is developed in phases, an acceptance examination may be carried out for each phase upon completion.

In China, there are two registers of property interests. Land registration is effected by the issue of land use right certificates by the relevant authorities to the land users. Land use rights may be assigned, mortgaged or leased. The building registration is effected by the issue of property ownership certificates to the property owners. Property or building ownership rights are only related to the building or improvements erected on the land. Under the PRC laws and regulations, all land use rights and property ownership rights that are duly registered are protected by law. Most cities in China maintain separate registries for the registration. However, Shenzhen, Shanghai, Guangzhou and some other major cities have a consolidated registry for both land use rights and the property ownership interests for the building erected on the relevant land.

Land for Property Development

In April 1988, the National People's Congress amended the PRC Constitution to permit the transfer of land use rights in accordance with the laws and regulations. In December 1988, the National People's Congress amended the Land Administration Law《土地管理法》to permit the transfer of land use rights in accordance with the laws and regulations.

Under the Regulations on the Grant of State-owned Land Use Rights Through Public Tender, Auction and Listing-for-Sale《招標拍賣掛牌出讓國有土地使用權規定》promulgated by the Ministry of Land and Resources in May 2002, and amended in September 2007 by the Provisions on Transfer of the State-owned Construction Land Use Rights through Tendering, Auction and Listing《招標拍賣掛牌出讓國有建設用地使用權規定》, land for commercial use, tourism, entertainment and commodity housing development must be granted by public tender, auction or listing-for-sale. Under these regulations, the relevant land administration authority at city or county level, or the grantor, is responsible for preparing the public tender or auction documents and must make an announcement 20 days prior to the day of public tender or auction with respect to the particulars of the land parcel and the time and venue of the public tender or auction. The grantor must also verify the qualification of the bidding and auction applicants, accept an open public auction to determine the winning tender or hold an auction to ascertain a winning bidder. The grantor and the winning tender or bidder will then enter into a confirmation followed by the execution of a contract for assignment of state-owned land use rights. Over the years, the Ministry of Land and Resources has promulgated further rules and regulations to define the various circumstances under which the state- owned land use rights may be granted by means of public tender, auction and listing-for-sale or by agreement.

Under the Regulation on Grant of State-owned Land Use Rights by Agreements《協議出讓國有土地使用權規定》promulgated by the Ministry of Land and Resources on June 11, 2003, except for the project that must be granted through tender, auction and listing as required by the relevant laws and regulations, land use right may be granted through transfer by agreement and the land premium for the transfer by agreement of the state-owned land use right shall not be lower than the benchmark land price.

The Urgent Notice on Further Governing and Rectifying Land Market and Strengthening Administration of Land《關於深入開展土地市場治理整頓嚴格土地管理的緊急通知》 issued by the General Office of the State Council on April 29, 2004 restated the principle of strict administration of the approval process for the construction land and protection of the basic 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, the National People's Congress adopted the PRC Property Rights Law《中華人民共和國物權法》, 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, and use such land use rights as equity contributions or collateral for financing. If the state takes the premises owned by entities or individuals, it must compensate the property owners in accordance with law and protect the lawful rights and interests of the property owners.

In September 2007, the Ministry of Land and Resources further promulgated the Regulations on the Grant of State-owned Construction Land Use Rights Through Public Tender, Auction and Listing-for-sale《招標拍賣掛牌出讓國有建設用地使用權規定》to require that land for industrial use, except land for mining, must also be granted by public tender, auction and listing-for-sale. Only after the grantee has paid the land premium in full under the land grant contract, can the grantee apply for the land registration and obtain the land use right certificates. Furthermore, land use rights certificates may not be issued in proportion to the land premium paid under the land grant contract.

In October 2007, the Standing Committee of National People's Congress promulgated the PRC City and Countryside Planning Law《中華人民共和國城鄉規劃法》, pursuant to which, a construction planning permit must be obtained from the relevant urban and rural planning government authorities for building any structure, fixture, road, pipeline or other engineering project within an urban or rural planning area.

In November 2007, the Ministry of Land and Resources, the MOF and PBOC jointly promulgated the Administration Measures on Land Reserve《土地儲備管理辦法》, which is amended in January, 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.

In November 2009, the MOF, the Ministry of Land and Resources, PBOC, the PRC Ministry of Supervision and the PRC National Audit Office jointly promulgated the Notice on Further Enhancing the Revenue and Expenditure Control over Land Grant《關於進一步加強土地出讓收支管理的通知》. The notice raises the minimum down-payment for land premiums to 50% and requires the land premium to be fully paid within one year after the signing of a land grant contract, subject to limited exceptions.

In March 2010, 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》. According to the notice, at least 70% of total land supply must be provisioned for affordable housing, redevelopment of shanty towns and small/medium residential units for self-use and the land supply for large residential units will be strictly controlled, while land supply for villa projects will be banned. The notice also requires that the lowest land grant price must be at least 70% of the basic land price in which the granted land is located and the real estate developers' bid deposit should be at least 20% of the lowest land 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 will be 50% and must be paid within one month after the execution of the land grant contract. The remainder of the land grant payment must be paid in accordance with the agreement within one year. If the land grant contract is not executed in accordance with the requirement above, the land cannot be handed over and the deposit will not be returned. If no land grant premium is paid after the execution of the land grant contract, the land must be withdrawn.

In September 2010, the Ministry of Land and Resources and MOHURD jointly promulgated the Notice on 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 affordable housing, housing for resettlement of shanty towns and small to medium-sized ordinary commercial housing; in areas with high housing prices, the supply of land designated for small to medium-sized, price-capped housing must be increased, (ii) developers and their controlling shareholders are prohibited from participating in land biddings before the rectification of certain misconduct, including (1) illegal transfer of land use rights; (2) failure to commence required construction within one year from the delivery of land under land grant contracts due to such developers' own reasons; (3) non-compliance with the land development requirements specified in land grant contracts; and (4) crimes such as swindling land by forging official documents and illegal land speculation; (iii) developers are required to commence construction within one year from the date of delivery of land under the relevant land grant contract and complete construction within three years of commencement; (iv) development and construction of projects of low-density and large-sized housing must be strictly limited and the plot ratio of the planned GFA to the total site area of residential projects must be more than 1:1; and (v) the grant of two or more bundled parcels of lands and undeveloped land is prohibited.

In December 2010, the Ministry of Land and Resources promulgated the Notice on Strict Implementation of Policies Regarding Regulation and Control of Real Property Land and Promotion of the Healthy Development of Land Markets《關於嚴格落實房地產用地調控政策促進土地市場健康發展有關問題的通知》, which provides, among other things, that: (i) cities and counties that have less than 70% of their land supply designated for affordable housing, housing for redevelopment of shanty towns or small/medium residential units must not provide land for large-sized and high-end housing before the end of this year; (ii) land and resource authorities in local cities and counties will report to Ministry of Land and Resources and provincial land and resource authorities, respectively regarding land with a premium rate of more than 50%; and (iii) land designated for affordable housing which is used for property development against relevant policies or involves 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 January 26, 2011, the General Office of the State Council issued the Notice on Relevant Issues of Further Improvement of the Control in Real Estate Market 《進一步做好房地產市場調控工作有關問題的通知》. This notice, among others, provides that:

(i) individuals selling houses within five years of purchase will be charged business taxes on the full amount of the sale price of such houses, whether ordinary or non-ordinary;

(ii) the minimum down payment for second house purchases is raised from 50% to 60%;

(iii) the PRC government will forfeit the land use rights and impose an idle land fee of up to 20% of the land premium if a developer fails to obtain a construction permit and commence development for more than two years from the commencement date stipulated in the land grant contract; and

(iv) municipalities directly under the Central Government, municipalities with independent planning status, provincial capitals and cities with high housing prices shall limit the number of homes that local residents can buy in a specified period. In principle, local resident families that own one house and non-local resident families who can provide local tax clearance certificates or local social insurance payment certificates for a required period are permitted to purchase only one additional house (including newly-built houses and second-hand houses). Sales of properties to (a) local resident families who own two or more houses, (b) non-local resident families who own one or more houses, and (c) non-local resident families who cannot provide local tax clearance certificates or local social insurance payment certificates for a required period, shall be suspended in local administrative regions. In order to implement the Notice on Relevant Issues of Further Improvement of the Control in Real Estate Market, many cities have promulgated new measures to restrict the number of houses one family is allowed to purchase.

On May 13, 2011 the Ministry of Land and Resources promulgated Opinions Regarding Upholding and Improvement of the Systems for the Granting of Land through Tender, Auction and Listing-for-sale《關於堅持和完善土地招標拍賣掛牌出讓制度的意見》, which improve policies of tender, auction and listing in the following aspects:

(1) Restricting the housing prices or land prices, and granting the land to be used for policy-based housing through listing or auction;

(2) Prescribing limits on the construction floor area for affordable housing built in conjunction and granting the land to be used for commodity housing through listing or auction; and

(3) Conducting comprehensive assessment of the conditions for development and utilization of land and the price for granting of land and determining the person with land use right through tender.

In February 2012, the Ministry of Land and Resources promulgated the Notice on Implementation Measures on Urban Housing Land Management and Regulation in 2012《關於做好2012年房地產用地管理和調控重點工作的通知》, pursuant to which, the target total supply of urban housing land shall not be lower than the annual average supply for the preceding five years.

In May 2012, the Ministry of Land and Resources issued the Catalog for Restricted Land Use Projects (2012 Version)《限制用地項目目錄(2012年本)》and the Catalog for Prohibited Land Use Projects (2012 Version)《禁止用地項目目錄(2012年本)》. In these Catalogs, the Ministry of Land and Resources set forth a ceiling for the land granted by local governments for development of commodity housing as follows: seven hectares for small cities and towns, 14 hectares for medium-sized cities and 20 hectares for large cities.

Pursuant to the Measures on Disposal of Idle Land 《閒置土地處置辦法》 promulgated in April 1994 and amended in June 2012, "idle land" refers to any state-owned land for construction use, of which the holder of the land use right fails to start the construction and development thereof within one year after the commencement date of the construction and development work as agreed upon and prescribed in the contract for fee-based use of state-owned land for construction use, or the decision on allocation of state-owned land for construction use. Any state-owned land for construction use, of which the construction and development has been started but the area of land that is under construction and development is less than one third of the total area of land that should have been under construction and development, or the invested amount is less than 25% of the total investment, or the construction and development of which has been suspended for more than one year, may also be regarded as idle land.

Idle land shall be disposed of in the following ways:

(1) Where the land has remained idle for more than one year, the competent department of land and resources shall collect the charges for idle land at the rate of 20% of the land assignment or allocation fee; the said charges for idle land shall not be included in the production cost by the holder of the land use right; and

(2) Where the land has remained idle for more than two years, the right to use state-owned land for construction will be withdrawn without compensation.

However, where the land is idle due to several specified acts of any government or government department, the land administrative authority may, through consultation with the holder of the land use right, choose to extend the time limit for the commencement of land construction and development, withdraw use right to land by providing compensation, or provide another plot of land for exchange, among other options.

On May 22, 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》 (effective from September 1, 2014), which provides that land and resources authorities shall effectively control the scale of added construction lands in the metropolis; the supply of various lands under compensable use shall be not less than the lowest price standards; it is prohibited to reduce or relieve the land grant price in a disguised form by way of exchanging projects with land, returning fees after collecting them or granting subsidies or awards.

On September 12, 2014, the Ministry of Land and Resources issued Guiding Opinions on Promoting the Economical and Intensive Utilization of Land 《關於推進土地節約集約利用的指導意見》 or the Opinions. The Opinions set major targets for the economical and intensive utilization of land in the upcoming period, including placing the total quantity of land used for construction under control, continuously optimizing land utilization structure and layout, achieving obvious progress in the exploration and comprehensive improvement of land reserves, and improving the system and mechanism for the economic and intensive utilization of land. The Opinions also impose an array of requirements including deepening the reform of the system for the paid use of state-owned construction land, expanding the scope of state-owned land that can be used with compensation offered, gradually promoting the use of land with compensation offered for the construction of profit-making infrastructure and social undertakings and narrowing the scope of land the supply of which is subject to allocation.

On April 1, 2017, the Ministry of Land and Resources and the Ministry of Housing and Urban-Rural Development jointly promulgated the Circular on Recently Tightening the Management and Control over Residential Properties and Land Supply 《關於加強近期住房及用地供應管理和調控有關工作的通知》, which stipulated, among other things, (i) the scale, structure and time sequence of housing land supply which will be adjusted according to the commercial housing inventory cycle and the supply of land (a) with an inventory cycle of more than 36 months shall be suspended, (b) with the inventory cycle of 18 to 36 months shall be reduced, (c) with the inventory cycle of six to 12 months shall be increased and (d) with the inventory cycle of less than six months shall be increased and accelerated; (ii) local authorities will build a fund inspection system to ensure that the real estate developers use legally obtained funds to acquire land use rights and (iii) the local bidding system of the land use rights shall be determined in a flexible manner according to the actual status and specific conditions of land.

On May 19, 2018, the Ministry of Housing and Urban-Rural Development promulgate the Circular on Further Maintaining Effective Regulation of the Real Estate Market (關於進一步做好房地產市場調控工作有關問題的通知), which provided that the proportion of residential land shall be enhanced in certain cities and the proportion of residential land in urban construction land is recommended to be not less than 25%.

Sale of Commodity Houses

Under the Measures for Administration of Sale of Commodity Houses《商品房銷售管理辦法》promulgated by MOHURD in April 2001, sale of commodity houses can include both sales before the completion of the properties, or pre-sale, and sales after the completion of the properties.

Any pre-sale of commodity buildings must be conducted in accordance with the Measures for Administration of Pre-sale of Commodity Buildings in Urban Area promulgated by MOHURD in November 1994《城市商品房預售管理辦法》, as amended in August 2001 and July 2004, and other related regulations. The pre-sale regulations provide that any pre-sale of commodity properties is subject to specified procedures. According to the current PRC laws and regulations, a pre- sale permit must be in place before a commodity building may be put to pre-sale. Specifically, a developer intending to sell a commodity building before its completion must apply to the real estate development authorities for a pre-sale permit. A commodity building may be sold before completion only if:

- the purchase price has been paid in full for the grant of the land use rights involved and a land use rights certificate has been properly obtained;
- a construction planning permit and a construction permit have been properly obtained;
- funds invested in the development of the commodity buildings for pre-sale represent 25% or more of the total investment in the project and the construction progress as well as the completion and delivery dates have been properly ascertained; and
- a pre-sale permit has been obtained.

The pre-sale proceeds of commodity buildings must be used to develop the relevant project so pre-sold.

Commodity buildings may be put to post-completion sale and delivery after they have passed the acceptance examination and otherwise satisfy the various preconditions for such sale. Before the post-completion sale of a commodity building, the developer must, among other things, submit a real estate development project manual and other documents relating to the project evidencing the satisfaction of the preconditions for post-completion sale to the real estate development authority for its record.

In April 2010, MOHURD issued the Notice on Further Enhancing the Supervision of the Real Estate Market and Perfecting the Pre-sale System of Commodity Houses《關於進一步加強房地產市場監管完善商品住房預售制度有關問題的通知》. Pursuant to the notice, without pre-sale approval, the commodity houses are not permitted to be pre-sold and the real estate developer is not allowed to charge the buyer any deposit, pre-payment or payment of a similar nature. In addition, the notice urges local governments to enact regulations on the sale of completed commodity properties in light of local conditions and encourages property developers to engage in the practice of selling completed commodity properties.

According to Provisions on Sales of Commodity Properties at Clearly Marked Price 《商品房銷售明碼標價規定》which was promulgated by the NDRC on March 16, 2011 and became effective on May 1, 2011, all real estate developers and or real estate agencies are required to mark the selling price explicitly and clearly for both newly-built and second-hand commodity properties. The provisions require real estate operators to clearly indicate the prices of commodity properties to the public. With respect to the real estate development projects that have received property pre-sale permits or have completed the filing procedures for the sales of constructed properties, real estate operators shall announce all the commodity properties available for sales 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 law. The improper operations include releasing or spreading false housing information and advertisements, maliciously pushing higher and artificially inflating housing prices by fabricating or spreading information on rising property price and other operations.

Transfer of Real Estate

According to the PRC laws and the Provisions on Administration of Transfer of Urban Real Estate 《城市房地產轉讓管理規定》promulgated by MOHURD in August 1995, as amended in August 2001, a real estate owner may sell, gift or otherwise legally transfer the property to another natural person or legal entity. When transferring a building, the ownership of the building and the land use rights to the site on which the building is situated are transferred together. The parties to a transfer must enter into a written real estate transfer contract and register the transfer with the real estate administration authority having jurisdiction over the location of the real estate within 90 days of the execution of the transfer contract.

Where the land use rights are originally obtained by grant, the real property may only be transferred on the condition that:

- the land premium has been paid in full for the granted land use rights as required by the land grant contract and a land use rights certificate has been properly obtained; and

- in the case of a project in which buildings are being developed, development representing more than 25% of the total investment has been completed; or

- in case of a whole land lot development project, construction works have been carried out as planned, water supply, sewerage, electricity supply, heat supply, access roads, telecommunications and other infrastructure or utilities have been made available, and the site has been leveled and made ready for industrial or other construction purposes.

If the land use rights are originally obtained by grant, the term of the land use rights after transfer of the real estate will be the remaining portion of the original term in the land grant contract. In the event that the assignee intends to change the use of the land provided in the land grant contract, consent must first be obtained from the original land use rights grantor and the planning administration authority at the relevant city or county and an agreement to amend the land grant contract or a new land grant contract must be signed in order to, *inter alia*, change the use of the land and adjust the land premium accordingly.

If the land use rights are originally obtained by allocation, such allocated land use right may be changed to granted land use rights upon approval by the government vested with the necessary approval power as required by the State Council. After the government authorities vested with the necessary approval power approve such change, the grantee must complete the formalities for the grant of the land use rights and pay the land premium according to the relevant statutes. Assignment of Land for commercial use, tourism, entertainment and commodity housing development must be conducted through public tender, auction or listing-for-sale under the current PRC laws and regulations.

Leases of Buildings

The Measures for Administration of Leases of Commodity Housing《商品房屋租賃管理辦法》 promulgated by MOHURD on December 1, 2010 and implemented on February 1, 2011, requires parties to a leasehold arrangement of a property to register the lease agreement with property administrative authorities of the local government at the municipal or county level where the property is situated within 30 days after entering into such lease agreement. In addition, an enterprise may be imposed a fine of RMB1,000 to RMB10,000 and individuals of RMB1,000 or less if they do not register a leasing agreement within the time limit required by competent authorities. On May 17,2016, the General Office of the State Council issued the Opinions on Accelerating the Cultivation and Development of Leasing Market 《關於加快培育和發展住房租賃市場的若干意見》, which encourages real estate developers to carry out house leasing business by utilizing built residential properties and newly built properties. The Opinions also provide a guidance on the cooperation between real estate developers and residential property leasing enterprises to develop rental property business. On July 18, 2017, the NDRC,CSRC, MOF, MOHURD, MPS, MLR, SAT, SAIC, PBOC jointly issued the Circular on Accelerating Developing the House Leasing Market in Large and Medium-Sized Cities with a Net Inflow Population 《關於在人口淨流入的大中城市加快發展住房租賃市場的通知》, which encourages real estate developers, agencies, and property management service enterprises to establish subsidiaries to expand their house rental business.

Mortgages of Real Estate

Under the PRC Urban Real Estate Administration Law《中華人民和國城市房地產管理法》 promulgated by the Standing Committee of the National People's Congress in July 1994, the PRC Security Law《中華人民共和國擔保法》promulgated by the National People's Congress in June 1995, the Measures for Administration of Mortgages of Urban Real Estate《城市房地產抵押管理辦法》 promulgated by MOHURD in May 1997, as amended in August 2001, and Property Law of the People's Republic of China《中華人民共和國物權法》 promulgated by the National People's Congress in March 2007, when mortgage is created on the ownership of a building legally obtained, such mortgage must be simultaneously created on the land use rights of the land on which the building is situated. The mortgagor and the mortgagee must sign a mortgage contract in writing. China has adopted a system to register mortgages of real estate. After a real estate mortgage contract has been signed, the parties to the mortgage must register the mortgage with the real estate administration authority at the location where the real estate is situated. A real estate mortgage shall be established as of the date of registration. If a mortgage is created on the real estate in respect of which a property ownership certificate has been obtained legally, the registration authority will, when registering the mortgage, make an entry under "third party rights" on the original property ownership certificate and then issue a certificate of third party rights to the mortgagee. If a mortgage is created on the commodity building put to pre-sale or on works in progress, the registration authority will, when registering the mortgage, record the details on the mortgage contract. If construction of a real property is completed during the term of a mortgage, the parties involved will re-register the mortgage of the real property after issue of the certificates evidencing the rights and ownership to the real estate.

The PRC Property Rights Law promulgated in March 2007 that became effective in October 2007 further widens the scope of assets that can be mortgaged, allowing for any asset associated with property rights to be mortgaged as collateral unless a specific prohibition under another law or regulation applies.

The down-payment requirement was subsequently increased to 30% of the property price for residential units with a unit floor area of 90 square meters or more in May 2006. You may refer to "— Measures on Stabilizing Housing Prices" below. The initial capital outlay requirement was subsequently increased to 35% by CBRC in August 2004 pursuant to its Guidance on Risk Management of Property Loans Granted by Commercial Banks《商業銀行房地產貸款風險管理指引》.

In a Circular on Facilitating the Continuously Healthy Development of Property Market《關於促進房地產市場持續健康發展的通知》issued by the State Council in August 2003, a series of measures were adopted by the government to control the property market. They included, among others, strengthening the construction and management of low-cost affordable houses, increasing the supply of ordinary commodity houses and controlling the construction of high-end commodity houses. The government also staged a series of measures on lending for residential development, including, among others, improving the loan evaluation and lending process, improving the guarantee mechanism of individual home loans and strengthening the monitoring over property loans. It is expected that the circular will have a positive effect on the development of the PRC property market in the long run by facilitating a continuously healthy growth of the property market in China.

In September 2007, PBOC and CBRC promulgated a Circular on Strengthening the Management of Commercial Real Estate Credit Loans《關於加強商業性房地產信貸管理的通知》, with a supplement issued in December 2007. The circular aims to tighten the control over real-estate loans from commercial banks to prevent granting excessive credit. The measures include:

- for a first-time home owner, increasing the minimum amount of down payment to 30% of the purchase price of the underlying property if the underlying property has a unit floor area of 90 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 one-year bank lending interest rate, and (iv) limiting the terms of such bank loans to no more than 10 years, although the commercial banks are given certain flexibility based on risk assessment;

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

- prohibiting commercial banks from providing loans to real-estate developers who have been found by relevant government authorities to be hoarding land and properties.

In addition, commercial banks are also banned from providing loans to projects that have less than 35% of capital funds (proprietary interests), or fail to obtain land use right certificates, construction land planning permits, construction works planning permits or construction permits. Commercial banks are also prohibited from accepting commercial premises that have been vacant for more than three years as collateral for loans. In principle, real-estate development loans provided by commercial banks should only be used for projects where the commercial banks are located. Commercial banks may not provide loans to property developers to finance the payment of land premium.

According to the Notice on Extending the Downward Range of the Interest Rate for Commercial Personal Home Loans and Supporting the Residents in First-time Purchase of Ordinary Residential Homes《擴大商業性個人住房貸款利率下浮幅度支持居民首次購買普通住房的通知》issued by PBOC on October 22, 2008, the minimum amount of down payment has been adjusted to 20% since October 27, 2008.

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 (i) the minimum down payment is raised to 30% for all first home purchases; (ii) commercial banks in China shall suspend mortgage loans to purchasers for their third residential property and beyond or to non-local residents who cannot provide documentation certifying payment of local tax or social security for longer than a one-year period, and (iii) all property companies with records of being involved in abuse of 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.

Pursuant to the Notice on Relevant Issues Regarding the Further Improvement of Differentiated Mortgage Loan Policies《關於進一步完善差別化住房信貸政策有關問題的通知》 which was jointly issued by PBOC and the CBRC in September 2015, in the city where house purchase quota policy is not applied the minimum down payment ratio is adjusted to not less than 25% for a resident family who apply commercial mortgage loan to buy their first ordinary house.

In November 2010, MOHURD, the MOF and PBOC jointly promulgated the Notice on Relevant Issues Concerning Policies of Regulation of Individual Housing Reserve Loan《關於規範住房公積金個人住房貸款政策有關問題的通知》, which provided that, among other things: (i) where a first-time house purchaser (including the borrower, spouse and minor children) uses housing reserve loans to buy an ordinary house for self-use with a unit floor area: (a) equal to or less than 90 square meters, the minimum down payment shall be at least 20%, (b) more than 90 square meters, the minimum down payment shall be at least 30%; (ii) for a second-time house purchaser that uses housing reserve loans, the minimum down payment shall be at least 50%, with the minimum lending interest rate of 110% of the benchmark rate; (iii) the second housing reserve loan will only be available to families whose per capita housing area is below the average in locality, and such loan must only be used to purchase an ordinary house for self-use to improve residence conditions; and (iv) housing reserve loans to families for their third residential property and beyond will be suspended.

On January 26, 2011, the General Office of the State Council promulgated the Notice on Relevant Issues of Further Improvement of the Control in Real Estate Market 《進一步做好房地產市場調控工作有關問題的通知》, which, among other things, raised the minimum down payment for second house purchases from 50% to 60% and abolished the preferential business tax treatment on the transfer of ordinary housing within five years.

Insurance

There is no mandatory provision under the PRC laws, regulations and government rules which requires a property developer to take out insurance policies for its real estate developments. According to the common practice of the property industry in China, construction companies are usually required to submit insurance proposals in the course of tendering and bidding for construction projects. Construction companies must pay for the insurance premium at their own costs and take out insurance to cover their liabilities, such as third party liability risk, employer liability risk, risk of non-performance of contract in the course of construction and other kinds of risks associated with the construction and installation works throughout the construction period. The insurance coverage for all these risks will cease immediately after the completion and acceptance upon inspection of construction.

Measures on Stabilizing Housing Prices

The General Office of the State Council promulgated a Circular on Stabilizing Housing Price《關於切實穩定住房價格的通知》in March 2005, introducing measures to be taken to restrain housing prices from increasing too fast and to promote a stable development of the real estate market. In April 2005, MOHURD, NDRC, the MOF, the Ministry of Land and Resources, PBOC, the State Administration of Taxation and CBRC jointly issued an Opinions on Stabilizing Housing Prices《關於做好穩定住房價格工作的意見》, containing the following guidance:

- Where the housing price is growing too fast, while the supply of ordinary commodity houses at medium or low prices and low-cost affordable houses is insufficient, the housing construction should mainly involve projects of ordinary commodity houses at medium or low prices and low-cost affordable houses. The construction of low-density, high-end houses should be strictly controlled. The relevant local government authorities are authorized to impose conditions on planning and design such as the building height, plot ratio and green space and to impose such requirements as the selling price, type and gross floor area as preconditions on land assignment. The local governments are also required to strengthen their supervision of real estate developments in their jurisdictions.

- Where the price of land for residential use and the price for residential housing are growing too fast, the proportion of land supply for residential use to the total land supply should be appropriately raised, and the land supply for the construction of ordinary commodity houses at medium or low prices and low-cost affordable houses should be especially increased. Land supply for villa construction should continue to be suspended, and land supply for high-end housing property construction should be strictly restricted.

- Idle land fees must be imposed on land that has not been developed for one year from the contractual construction commencement date. Land use rights of land that has not been developed for two years must be forfeited without compensation.

- Commencing from June 1, 2005, a business tax upon transfer of a residential house by an individual within two years from his/her purchase will be levied on the entire sales proceeds from such sale. For an individual to transfer an ordinary residential house after two years from his/her purchase, the business tax will be exempted. For an individual to transfer a property other than an ordinary residential house after two years from his/her purchase, the business tax will be levied on the difference between the price of such sale and the original purchase price.

- Ordinary residential houses with medium or small gross floor areas and at medium or low prices may be granted preferential treatment, such as planning permits, land supply, credit and taxation. Houses enjoying these preferential policies must satisfy the following conditions in principle: the plot ratio is above 1.0, the gross floor area of one single unit is less than 120 square meters, and the actual transfer price is lower than 120% of the average transfer price of comparable houses at comparable locations. The local governments at the provincial level may, based on their actual local circumstances, formulate specific standards for ordinary residential houses that may enjoy the preferential policies.

- Transfer of unfinished commodity properties by any pre-sale purchaser is forbidden. In addition, purchasers are required to buy properties in their real names. Any commodity property pre-sale contract must also be filed electronically with the relevant government agencies immediately after its execution.

The Notice on Adjustment of the Housing Loan Policy and Deposit Rate of Excess Reserve for Commercial Banks《關於調整商業銀行住房信貸政策和超額準備金存款利率的通知》, promulgated by PBOC in March 2005, includes adjustments to individual housing loan policies of commercial banks as well as individual housing fund loan rate. Pursuant to this notice, the preferential mortgage loan interest rate was replaced by the commercial loan interest rate, subject to certain restrictions on the lower limit on such interest rates. In the urban areas or cities with rapidly increased real estate prices, minimum down payment ratio for individual housing loans was adjusted from 20% to 30%. In May 2006, MOHURD, NDRC, PBOC and other relevant PRC government authorities jointly issued their Opinions on Housing Supply Structure and Stabilization of Property Prices《關於調整住房供應結構穩定住房價格意見的通知》. Such opinions reiterated the existing measures and ushered in additional measures aimed at curbing rapid increases in property prices in large cities and promoting healthy development of the PRC property market. These measures include:

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

- requiring that at least 70% of residential projects approved or constructed on or after June 1, 2006 must consist of units with a unit floor area of less than 90 square meters per unit and that projects which have received approvals prior to this date but have not obtained construction permits must adjust their planning in order to be in conformity with this new requirement, with the exception that municipalities under direct administration of the PRC central government, such as Beijing, Chongqing and Shanghai, provincial capitals and certain other cities may deviate from such ratio under special circumstances upon approval from the Ministry of Construction;

- increasing the minimum amount of down-payment from 20% to 30% of the purchase price of the underlying property if the underlying property has a unit floor area of 90 square meters or more, effective from June 1, 2006;

- prohibiting commercial banks from lending to real estate developers with an internal capital ratio, calculated by dividing the internal funds by the total project capital required for the relevant projects, of less than 35%, restricting the grant or extension of revolving credit facilities to property developers holding a large amount of idle land and vacant commodity properties, and prohibiting commercial banks from accepting commodity properties which have been vacant for more than three years as security for their loans; and

- imposing a business tax levy on the entire sales proceeds from transfer of properties if the holding period is shorter than five years, effective from June 1, 2006, as opposed to two years when such levy was initially implemented in June 2005, and allowing such business tax to be levied on the difference between the price for such re-sale and the original purchase price in the event that an individual transfers a property other than an ordinary residential property after five years from his/her date of purchase.

In July 2006, MOHURD, NDRC, MOFCOM, PBOC, the State Administration for Industry and Commerce, and SAFE jointly issued an Opinion on Regulating the Access and Management of Foreign Capital in the Real Estate Market《關於規範房地產市場外資准入和管理的意見》, or the 171 Opinion. The 171 Opinion aims to tighten access by foreign capital to the PRC real estate market and to restrict property purchases in China by foreign institutions or individuals. It provides, among 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 million. Branches and representative offices of foreign institutions in China and foreign individuals who work or study in China for more than one year may purchase real property for their own use but not for any other purposes. In addition, foreign institutions which have no branches or representative offices in China or foreign individuals who work or study in China for less than a year are prohibited from purchasing any real property in China. In September 2006, SAFE and MOHURD jointly issued a Notice in Respect of Foreign Exchange Issues in the Real Estate Market《關於規範房地產市場外匯管理有關問題的通知》, or the 47 Notice, to implement the 171 Opinion. The 47 Notice provides specific procedures for purchasing real properties by foreign institutions and foreign individuals. The 47 Notice also forbids a foreign invested real estate enterprise to apply for overseas loans if it has failed to obtain the land use rights certificates, or its own capital funds do not reach 35% of the total investment for the project.

In September 2007, the Ministry of Land and Resources issued the Notice on Implementation of the State Council's Certain Opinions on Resolving Difficulties and Further Strengthening Macro-control of Land Supply《關於認真貫徹國務院〈關於解決城市低收入家庭住房困難的若干意見〉進一步加強土地供應調控的通知》, pursuant to which, at least 70% of the land supply arranged by the relevant land administration authority at city or county level for residential property development for any given year must be used for developing low- to medium-cost and small-to medium-size units, low-cost rental properties and affordable housing.

In November 2007, the PRC government revised its Catalog of Guidance on Industries for Foreign Investment by, among other things, removing the development of ordinary residences from the foreign-investment-encouraged category and adding secondary market residential property trading and brokering into the foreign-investment-restricted category.

In July 2008, PBOC and CBRC jointly issued the Notice on Financially Promoting the Saving and Intensification of Use of Land《關於金融促進節約集約用地的通知》, requiring that relevant financial institutions strengthen the administration of construction land project loans, including the administration of commercial real estate credit loans.

In October 2008, PBOC issued the Notice on Extending the Downward Range of the Interest Rate for Commercial Personal Home Loans and Supporting the Residents in First-time Purchase of Ordinary Residential Homes《擴大商業性個人住房貸款利率下浮幅度支持居民首次購買普通住房的通知》, pursuant to which, since October 27, 2008, the bottom limit of the interest rate applicable to the commercial personal home loans has been extended, the minimum amount of down payment has been adjusted to 20% and the interest rate applicable to personal home loans financed by provident funds has been also reduced.

In October 2008, the MOF and the State Administration of Taxation issued the Notice on the Adjustments to Taxation on Real Property Transactions《關於調整房地產交易環節稅收政策的通知》, pursuant to which, since November 1, 2008, the rate of deed tax has been reduced to 1% for a first-time home buyer of an ordinary residence with a unit floor area under 90 square meters, individuals who sell or purchase residential properties are temporarily exempted from stamp duty and who sell residential properties are temporarily exempted from land value-added tax. However, the aforesaid preferential policy regarding deed tax has been replaced by the Notice on Adjustment of Preferential Policies Regarding Deed Tax and Individual Income Tax Incurred in Transfer of Real Property《關於調整房地產交易環節契稅個人所得稅優惠政策的通知》jointly promulgated by the MOF, the SAT and

MOHURD in September 2010, pursuant to which, in the case that an individual purchases an ordinary house which is the only house for the family (taking into account the purchaser, the spouse and minor children), the deed tax is reduced by half; in the case that an individual purchases an ordinary house with an GFA of 90 square meters or less, which is the only house for the family (taking into account the purchaser, the spouse and minor children), the deed tax is levied at a rate of 1%. Pursuant to the Notice on Adjustment of Preferential Policies Regarding Deed Tax and Business Tax Incurred in Transfer of Real Property 《關於調整房地產交易環節契稅、營業稅優惠政策的通知》, jointly promulgated by the MOF, SAT and MOHURD in February 2016, in the case that an individual purchases an ordinary house with the area of 90 square meters or less which is the only house for the household (taking into account the purchaser, the spouse and minor children), the deed tax is reduced to 1%, and for the ordinary house with the area of more than 90 square meters, the deed tax is reduced to 1.5%. Besides, excluding Beijing, Shanghai, Guangzhou and Shenzhen, in the case that an individual who has owned a house purchases the second ordinary house with the area of 90 square meters or less, the deed tax is reduced to 1% and for the ordinary house with the area of more than 90 square meters, the deed tax is reduced to 2%. Besides, the Notice provides that for any individual who resells the house purchased for less than two years, full business tax is levied and for an individual who resells the house purchased for two years or more, the business tax is exempted.

In December 2008, the General Office of the State Council issued the Several Opinions on Facilitating the Healthy Development of the Real Estate Market《關於促進房地產市場健康發展的若干意見》, which aims to, among other things, encourage the consumption of the ordinary residence and support the real estate developer to handle the market change. Pursuant to this opinion, in order to encourage the consumption of the ordinary residence, from January 1, 2009 to December 31, 2009, a business tax is imposed on the full amount of the sale income upon the transfer a non-ordinary residence by an individual within two years from the purchase date. For the transfer of a non-ordinary residence that is more than two years from the purchase date and an ordinary residence that is within two years from the purchase date, the business tax is to be levied on the difference between the sale income and the purchase price. In the case of an ordinary residence, the business tax is exempted if that transfer occurs after two years from the purchase date. Furthermore, individuals with an existing ordinary residence that is smaller than the average size for their locality may buy a second ordinary residence under favorable loan terms similar to first-time buyers. In addition, support for real estate developers to deal with the changing market is to be provided by increasing credit financing services to "low-to-medium-level price" or "small-to-medium-sized" ordinary commercial housing projects, particularly those under construction, and providing financial support and other related services to real estate developers with good credit standing for merger and acquisition activities.

In December 2008, the MOF and the State Administration of Taxation issued the Notice on the Policy of Business Tax on Re-sale of Personal Residential Properties《關於個人住房轉讓營業稅政策的通知》, which reiterates the measures set forth in the above Several Opinions on Facilitating the Healthy Development of the Real Estate Market regarding the business tax.

In December 2009, the State Council terminated the policy on preferential treatment relating to business taxes payable upon transfers of residential properties by property owners as previously adopted in December 2008 by the PRC government in response to the global economic slowdown, and the MOF and the SAT jointly issued the Notice on Adjusting the Policy of Business Tax on Re-sale of Personal Residential Properties《關於調整個人住房轉讓營業稅政策的通知》to curtail speculations in the property market in response to property price increases across the country. Pursuant to the Notice, effective from January 1, 2010, a business tax will be imposed on the full amount of the sale income upon the transfer of a non- ordinary residence by an individual within five years, instead of two years, from the purchase date. For the transfer of a non-ordinary residence that is more than five years from the purchase date and an ordinary residence which is within five years of the purchase date, the business tax is to be levied on the difference between the sale income and the purchase prices. In the case of an ordinary residence, the business tax is exempted if that transfer occurs after five years from the purchase date.

In order to further adjust business tax on individual transfer of houses, on January 27, 2011, the SAT and the MOF jointly promulgated Circular on Adjusting Policies of Business Tax on Individual Transfer of Houses《關於調整個人住房轉讓營業稅政策的通知》, which requires that, where individuals sell houses which have been procured for less than five years, they shall pay the business tax in full amount; where individuals sell the non-ordinary houses which have been procured for more than five years (inclusive), they shall pay the business tax on the balance of their sale incomes after deduction of the price for purchasing the houses; where individuals sell ordinary houses which have been procured for more than five years (inclusive), they shall be exempted from the business tax.

On March 30, 2015, SAT and MOF jointly promulgated Circular on Adjusting Policies of Business Tax on Transfer of Individual Houses《關於調整個人住房轉讓營業稅政策的通知》which provides that, where individuals sell houses which have been procured for less than two years, they shall pay the business tax in full amount; where individuals sell the non- ordinary houses which have been procured for more than two years (inclusive), they shall pay the business tax on the balance of their sale incomes after deduction of the price for purchasing the houses; where individuals sell ordinary houses which have been procured for more than five years (inclusive), they shall be exempted from the business tax.

In January 2010, the General Office of the State Council issued a Circular on Facilitating the Stable and Healthy Development of Property Market《關於促進房地產市場平穩健康發展的通知》, which adopted a series of measures to strengthen and improve the regulation of the property market, stabilize market expectation and facilitate the stable and healthy development of the property market. These include, among others, measures to increase the supply of affordable housing and ordinary commodity housing, provide guidance for the purchase of property, restrain speculation of properties, and strengthen risk prevention and market supervision. Additionally, it explicitly requires a family (including a borrower, his or her spouse and children under 18), that has already purchased a residence through mortgage financing and has applied to purchase a second or more residences through mortgage financing, to pay a minimum down-payment of 40% of the purchase price.

On February 1, 2010, CBRC issued a Notice on Relevant Issues on Strengthening Administration of Real Estate Trust Business of Trust Companies 《關於加強信託公司房地產信託業務監管有關問題的通知》, which provides that, among other things, real estate projects must meet the following conditions to be eligible for loan financing from trust companies: (1) real estate projects must have obtained the land use rights certificates, construction land planning permits, construction works planning permits and construction permits; (2) developers or their controlling shareholders must be qualified as class 2 developers or higher; (3) the capital ratio of the project must satisfy the minimum requirements set by relevant authorities; and (4) trust companies may not provide trust funds to finance land reserves.

In April 2010, the State Council issued the Notice on Resolutely Containing the Excessive Hike of Property Prices in Some Cities《堅決遏制部分城市房價過快上漲的通知》, or the April 2010 Notice, which provides that: (i) if a first-time home buyer (including a borrower, his or her spouse and children under 18) buys a residence with a unit floor area of more than 90 square meters for self use, the minimum down payment shall be at least 30%; (ii) if a second-time home buyer uses mortgage financing, the minimum down payment shall be at least 50% of the purchase price with a minimum mortgage lending interest rate of 110% of the benchmark rate; (iii) if a third-time or more homebuyer uses mortgage financing, the minimum down payment and interest rate thereof will be further raised. The April 2010 Notice further requires that in cities where property prices are overly high with excessive price hikes and strained housing supply, commercial banks may suspend extending bank loans for third-time or more home buyers in light of risk exposure. The provision of mortgage loans to non-local residents who cannot present the local tax clearance certificates or social insurance certification of more than one year will also be suspended.

In May 2010, MOHURD, PBOC and CBRC jointly issued the Circular on Regulating the Criteria for Identifying the Second Housing Unit in Connection with Commercial Mortgage Loans《關於規範商業性個人住房貸款中第二套住房認定標準的通知》, which provides, among other things, that the number of housing units owned by an individual purchaser who is applying for mortgage loans shall be determined by taking into account all housing units owned by the family members of such purchaser (including the purchaser and such purchaser's spouse and children under the age of 18), and that second-time or more purchasers of housing units will be subject to different credit policies when applying for mortgage loans.

In November 2010, MOHURD and SAFE jointly promulgated the Notice on Further Regulating Administration of Purchase of Houses by Overseas Institutions and Individuals《關於進一步規範境外機構和個人購房管理的通知》, pursuant to which, an overseas individual can only purchase one house for self-use within the PRC and an overseas institution which has established a branch or representative office in the PRC can only purchase non-residential houses for business use in the city where it is registered within the PRC.

On January 26, 2011, the General Office of the State Council promulgated the Notice on Relevant Issues of Further Improvement of the Control in Real Estate Market 《進一步做好房地產市場調控工作有關問題的通知》, which, among other things, limits the number of homes that local residents can buy in a specified period. In principle, local resident families that own one house and non-local resident families who can provide local tax clearance certificates or local social insurance payment certificates for a required period are permitted to purchase only one additional house (including newly-built houses and second-hand houses). Sales of properties to (a) local resident families who own two or more houses, (b) non-local resident families who own one or more houses, and (c) non-local resident families who cannot provide local tax clearance certificates or local social insurance payment certificates for a required period, shall be suspended in local administrative regions. In order to implement the Notice on Relevant Issues of Further Improvement of the Control in Real Estate Market, many cities have promulgated new measures to restrict the number of houses a family is allowed to purchase.

On July 19, 2012, the Ministry of Land and Resources and MOHURD jointly issued the Urgent Notice to Further Tighten Up Real Property Land Administration and Consolidate the Achievement of Macroeconomic Control of the Real Property Market 《關於進一步嚴格房地產用地管理鞏固房地產市場調控成果的緊急通知》to strengthen the enforcement of macroeconomic policy in the real property market, which requires that residential construction projects must commence construction within one year from the date of land title delivery as stipulated in the land allocation decision or land grant contract and must be completed within three years from the date of construction commencement.

The State Council has approved, on a trial basis, the launch of a new property tax scheme in selected cities. On January 27, 2011, the governments of Shanghai and Chongqing issued their respective measures for implementing pilot property tax schemes, which became effective on January 28, 2011. Under the Shanghai Interim Rules of the Trial in Levy of Property Tax on Certain Houses《上海市開展對部分個人住房徵收房產稅試點的暫行辦法》, among other things, starting on January 28, 2011, (i) Shanghai shall, on a trial basis, levy property taxes on a second or succeeding house in Shanghai which purchased by a local resident family and each house in Shanghai which is purchased by a non-local resident family; (ii) the applicable rate of the property tax is 0.4% or 0.6%, subject to specified circumstances; and (iii) the property tax shall be temporarily payable on the basis of 70% of the transaction value of the taxable house. Moreover, the Shanghai property tax rule provides several measures for tax deduction or exemption, including the rule that if a local resident family's GFA per capita, calculated on the basis of the consolidated living space owned by such family, is not more than 60 sq.m., such family is temporarily exempted from property tax when purchasing a second house or more in Shanghai. This provisional measure was confirmed to remain in force by the Notice on the Continuance in Force of the Notice of Shanghai Municipal Government concerning the Distribution of Provisional Measure on Levying of Property Tax on Part of Individual Residential Properties in Shanghai on a Trial Basis (關於《上海市人民政府關於印發〈上海市開展對部分個人住房徵收房產稅試點的暫行辦法〉的通知》繼續有效的通知) issued by Shanghai Municipal Government on January 3, 2017. Under the measures issued by the Chongqing government on January 27, 2011 and amended in January, 2017, the property tax in trial areas in nine major districts will be imposed on (i) stand-alone residential properties (such as villas) owned by individuals, (ii) high-end residential properties purchased by individuals on or after January 28, 2011, the purchase prices per square meter of which are two or more times of the average price of new residential properties developed within the nine major districts of Chongqing in the last two years and (iii) the first or further ordinary residential properties purchased on or after January 28, 2011 by individuals who are not local residents, or are not employed in and do not own an enterprise in Chongqing, at rates ranging from 0.5% to 1.2% of the purchase price of the property. Furthermore, the Chongqing property tax rule provides several possible deductions or exemptions, including the following: (i) for stand-alone residential properties owned before January 28, 2011, the deduction area is 180 sq.m.; (ii) for newly purchased stand-alone residential properties and high-end residential properties, the deduction area is 100 sq.m.; (iii) the deduction area shall be based on the family unit, and the deduction can only be enjoyed by one family for its single property. In addition, there is no deduction for individuals who are not local residents, not employed in or do not own an enterprise in Chongqing. These two governments may issue additional measures to tighten the levy of property tax. It is also expected that more local governments will follow Shanghai and Chongqing in imposing property tax on commodity properties, including Beijing, Shenzhen and Hangzhou.

On November 5, 2012, the Ministry of Land and Resources, the MOF, PBOC and CBRC jointly promulgated the Notice on strengthening Land Reserves and Financing Administration 《關於加強土地儲備與融資管理的通知(國土資發[2012]162號)》, in order to strengthen land reserve institutions administration, determine the reasonable scale and structure of land reserves, strengthen the administration of land pre-development, reservation and protection, and regulate the financing of land reserves and the use of land reserve funds. On December 26, 2012, the MOF, or MOF, issued the notice requiring local governments to strictly implement rules relating to the construction and management of low income housing projects. In addition, MOF will provide various measures to support construction of affordable housing in 2013, including measures (1) to ensure that all affordable housing construction financings are strictly confined to permitted financing channels only; and (2) to allow local governmental finance departments to raise funds from housing provident funds, land premium, State-owned capital operational budgets, local government debts, and to use the funds on projects that need government funding, including public rental housing, low rental housing, and relocation housing projects.

On February 26, 2013, the State Council issued the Notice on Continuing Adjustment and Control of Property Markets《關於繼續做好房地產市場調控工作的通知》which requires, among other restrictive measures:

(i) improving the responsibility system for stabilizing housing prices;

Municipalities directly under the central government, cities listed on state plans and provincial capitals (excluding Lhasa) must set an annual objective for controlling housing prices and publish annual new commodity housing price control target in the first quarter of the year.

(ii) firmly restraining purchases of residential housing for investment and speculation purposes; and

Municipalities directly under the central government, cities listed on state plans and provincial capitals (excluding Lhasa) which have implemented restrictions on the real estate market are required to designate all administrative areas of the cities as restricted areas, and restricted housing shall include new commodity housing and second-hand housing. Non-local residents who possess one or more residential properties and fail to provide one-year or longer tax payment certificates or social insurance payment certificates are to be barred from purchasing any residential properties located in the administrative area. For cities where housing prices are increasing at an excessive rate, local branches of PBOC may further raise the down payment rate and mortgage interest rate for the purchase of a second residential property. In addition, the state will strictly enforce a 20% tax on house sale profits.

(iii) expanding ordinary commodity housing units and increasing the supply of land.

The overall housing land supply in 2013 in principle shall not be lower than the average actual land supply in the past five years. Financial institutions, subject to credit requirements, are to prioritize requests for loans for ordinary commodity housing construction projects in which medium and small housing units constitute 70% or more of the total units in such construction project.

On September 29, 2014, the PBOC and the CBRC jointly issued Circular on Further Improving Financial Services for Housing Consumption《關於進一步做好住房金融服務工作的通知》, which provides that, for a family who buys on loan its first ordinary house for self-use, the minimum percentage of down payment is 30%, and the lower limit of loan interest rate is 70% of the benchmark rate, to be decided by banking financial institutions in light of risk conditions. For a family who has paid up the loan of its first house and applies again to buy on loan an ordinary commodity house for the purpose of improving living conditions, the loan policies for first house shall apply. In cities where the measures of "restrictions on house buying" are lifted or not imposed, for a family who owns two or more houses and has paid up loans for them, and applies to buy another house on loan, banking financial institutions shall decide on the percentage of down payment and interest rate by prudently considering the borrower's solvency and credit status.

On March 30, 2015, the PBOC, MOHURD and CBRC jointly promulgated the Circular on issues concerning Individual Housing Loan Policies《關於個人住房貸款政策有關問題的通知》, which provides that, (i) where the household of a resident who owns one house, of which relevant housing loan has not been fully repaid, applies for commercial individual housing loan to purchase an ordinary house for self-living and improving their living conditions, the minimum down payment ratio is adjusted to not less than 40%; (ii) where the household of a worker who pays housing provident fund contributions uses housing provident fund commission loan to purchase the first ordinary house for self-living, the minimum down payment ratio is 20%; where the household of a worker who owns one house, of which relevant housing loan has been fully repaid, applies for housing provident fund commission loan to purchase an ordinary house for self-living and improving their living conditions, the minimum down payment ratio is 30%.

In August, 2015, the CBRC, the MOF and PBOC jointly issued the Circular on Adjusting the Minimum Down Payment Levels for the Purchase of Houses by Individuals on the Housing Provident Fund Loan 《關於調整住房公積金個人住房貸款購房最低首付款比例的通知》, which lowered the minimum down payment to 20% for the family that owns a residential property and has paid off its existing mortgage loan applying for a second housing reserve loan to buy another residential property to improve living conditions. In Beijing, Shanghai, Guangzhou and Shenzhen, the minimum down payment of applying for housing reserve loan to buy a second residential property can be decided by local government in combination with local reality.

On February 1, 2016, PBOC and CBRC jointly issued the Notice on Issues Concerning Adjusting the Individual Housing Loan Policies《關於調整個人住房貸款政策有關問題的通知》, which provides that in cities where housing purchase restrictions are not being implemented, the minimum down payment ratio for commercial individual housing loans granted to households for purchasing the first ordinary residential property is, in principle, 25% of the property price, which can be adjusted downward by 5% at local authority's discretion. For household that owns a residential property and has not fully repaid the existing loan applying for a further personal housing commercial loan to purchase an additional ordinary residential property to improve living conditions, the minimum down payment shall be not less than 30%.

Environmental Protection

The laws and regulations governing the environmental protection requirements for real estate development in China include the PRC Environmental Protection Law《中華人民共和國環境保護法》, the PRC Prevention and Control of Noise Pollution Law《中華人民共和國環境噪聲污染防治法》, the PRC Environmental Impact Assessment Law《中華人民共和國環境影響評價法》and the PRC Administrative Regulations on Environmental Protection for Development Projects《中華人民共和國建設項目環境保護管理條例》and the Administrative Measures for Filing the Environmental Impact Registration Form for Construction Projects《建設項目環境影響登記表備案管理辦法》. Pursuant to these laws and regulations, depending on the impact of the project on the environment, an environmental impact report and an environmental impact analysis table must be submitted by a developer before the relevant authorities grant approval for the commencement of construction of the property development, while the environmental impact registration form shall be filed before the construction project is completed and put into production and operation. In addition, upon completion of the property development, the relevant environmental authorities will also inspect the property to ensure compliance with the applicable environmental protection standards and regulations before the property can be delivered to the purchasers.

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 dividends. The conversion of Renminbi into other currencies and remittance of the converted foreign currency outside China for the purpose of capital account items, such as direct equity investments, loans and repatriation of investment, requires the prior approval from SAFE or its local office. Payments for transactions that take place within China must be made in Renminbi. Unless otherwise approved, PRC companies may repatriate foreign currency payments received from abroad or retain the same abroad. Foreign-invested enterprises may retain foreign exchange in accounts with designated foreign exchange banks subject to a cap set by SAFE or its local office. Foreign exchange proceeds under the current accounts may be either retained or sold to a financial institution engaging in settlement and sale of foreign exchange pursuant to relevant rules and regulations of the State. For foreign exchange proceeds under the capital accounts, approval from SAFE is required for its retention or sale to a financial institution engaging in settlement and sale of foreign exchange, except where such approval is not required under the rules and regulations of the State.

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 09, 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.

PRC Taxation

Because we are not incorporated in the PRC, your investment in our Notes is largely exempt from PRC tax laws, except as disclosed in the section entitled "Risk Factors — Risks Relating to Our Business — The Issuer and the Parent Guarantor may be deemed a PRC resident enterprise under the PRC Enterprise Income Tax Law, which may subject us to PRC taxation on our worldwide income, require us to withhold taxes on interest we pay on the Notes and require holders of the Notes to pay taxes on gains realized from the sale of the Notes," and "Taxation — PRC Taxation." But because virtually all of our business operations are in mainland China and we carry out these business operations through operating subsidiaries and joint ventures organized under the PRC law, our PRC operations and our operating subsidiaries and joint ventures in mainland China are subject to PRC tax laws and regulations, which indirectly affect your investment in our shares.

Dividends from Our PRC Operations

Under the PRC tax laws effective prior to January 1, 2008, dividends paid by our PRC subsidiaries or joint ventures to us were exempt from PRC income tax. However, pursuant to the PRC Enterprise Income Tax Law, effective on January 1, 2008 and amended on February 24, 2017, and its implementation rules which became effective on January 1, 2008, dividends payable by foreign invested enterprises, such as subsidiaries and joint ventures in China, to their foreign investors are subject to withholding tax at a rate of 10%, unless lower treaty rate is applicable.

Under the PRC Enterprise Income Tax Law and its implementation rules, enterprises established under the laws of foreign jurisdictions but whose "de facto management body" is located in China are treated as "resident enterprises" for PRC tax purposes, and will be subject to PRC income tax on their worldwide income. For such PRC tax purposes, dividends from PRC subsidiaries to their foreign shareholders are excluded from such taxable worldwide income. Under the implementation rules of the PRC Enterprise Income Tax Law, "de facto management bodies" are defined as the bodies that have material and overall management control over the business, personnel, accounts and properties of an enterprise. Because this tax law is new and its implementation rules are newly issued, there is uncertainty as to how this new law and its implementation rules will be interpreted or implemented by relevant tax bureaus.

Our Operations in Mainland China

Our subsidiaries and joint ventures through which we conduct our business operations in mainland China are subject to PRC tax laws and regulations.

Deed Tax. Under the PRC Interim Regulation on Deed Tax《中華人民共和國契稅暫行條例》, a deed tax is chargeable to transferees of land use rights and/or ownership in real properties within the territory of mainland China. These taxable transfers include:

- grant of use right of state-owned land;
- sale, gift and exchange of land use rights, other than transfer of right to manage rural collective land; and
- sale, gift and exchange of real properties.

Deed tax rate is between 3% to 5% subject to determination by local governments at the provincial level in light of the local conditions. In October 2008, the MOF and the SAT issued the Notice on the Adjustments to Taxation on Real Property Transactions《關於調整房地產交易環節稅收政策的通知》, pursuant to which, since November 1, 2008, the rate of deed tax has been reduced to 1% for a first-time home buyer of an ordinary residence with a unit floor area less than 90 square meters; individuals who sell or purchase residential properties are temporarily exempted from stamp duty and those who sell residential properties are temporarily exempted from land value-added tax. However, the aforesaid preferential policy regarding deed tax has been replaced by the Notice on Adjustment of Preferential Policies Regarding Deed Tax and Individual Income Tax Incurred in Transfer of Real Property《關於調整房地產交易環節契稅個人所得稅優惠政策的通知》jointly promulgated by the MOF, the SAT and MOHURD on September 29, 2010, pursuant to which, in the case that an individual purchases an ordinary house which is the only house for the family (including the purchaser, the spouse and minor children), deed tax is reduced by half; in the case that an individual purchases an ordinary house with an GFA of 90 square meters or below, which is the only house for the family, deed tax is levied at a rate of 1%.

Enterprise Income Tax. Prior to the PRC Enterprise Income Tax Law and its implementation rules that became effective on January 1, 2008, our PRC subsidiaries and joint ventures were generally subject to a 33% corporate income tax. Under the PRC Enterprise Income Tax Law, effective from January 1, 2008, a unified enterprise income tax rate is set at 25% for both domestic enterprises and foreign-invested enterprises. The PRC Enterprise Income Tax Law and its implementation rules provide certain relief to enterprises that were established prior to March 16, 2007, including (1) continuously enjoying the preferential income tax rate during a five-year transition period if such enterprises are entitled to preferential income tax rate before the effectiveness of the PRC Enterprise Income Tax Law;

(2) continuously enjoying the preferential income tax rate until its expiry if such enterprises are entitled to tax holidays for a fixed period under the relevant laws and regulations. However, where the preferential tax treatment has not commenced due to losses or accumulated loss not being fully offset, such preferential tax treatment shall be deemed to commence from January 1, 2008 and expire on December 31, 2013. In addition, dividends from PRC subsidiaries to their foreign shareholders will be subject to a withholding tax at a rate of 10% unless any lower treaty rate is applicable. Under the PRC Enterprise Income Tax Law and its implementation rules, enterprises established under the laws of foreign jurisdictions but whose "de facto management body" is located in China are treated as "resident enterprises" for PRC tax purposes, and will be subject to PRC income tax on their worldwide income. Dividends from PRC subsidiaries to their foreign shareholders are excluded from such taxable worldwide income. Under the implementation rules of the PRC Enterprise Income Tax Law, "de facto management bodies" are defined as bodies that have material and overall management control over the business, personnel, accounts and properties of an enterprise. There is uncertainty as to how this law and its implementation rules will be interpreted or implemented by relevant tax bureaus.

In addition, pursuant to the Arrangement between Mainland China and Hong Kong for the Avoidance of Double Taxation and Prevention of Fiscal Evasion with respect to Taxes on Income 《內地和香港特別行政區關於對所得避免雙重徵税和防止偷漏税的安排》, 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, 2006, a company incorporated in Hong Kong is subject to withholding income tax at a rate of 5% on dividends it receives from its PRC subsidiaries, if it holds a 25% or more equity interest in each such PRC subsidiary at the time of the distribution, or 10% if it holds less than a 25% equity interest in that subsidiary. On August 27, 2015, SAT released the Announcement on Promulgating the Administrative Measures for Non-resident Taxpayers to Enjoy the Treatment Under Taxation Treaties《關於發布〈非居民納税人享受税收協定待遇管理辦法〉的公告》effective on November 1, 2015, which provides that any non-resident taxpayer meeting requirements for enjoying preferential treatment under the Tax Conventions or International Transportation Conventions may be entitled to such preferential treatment himself/herself when filing a tax return or making a withholding declaration through a withholding agent, subject to the subsequent administration by the tax authorities. In order to clarify the responsibility of the relevant tax authorities to implement the above announcement, SAT issued the Administration Rules for Non-resident Taxpayers to Enjoy the Treatment Under Taxation Treaties (trial)《非居民納税人享受税收協定待遇管理規程(試行)》on October 29, 2015, effective on November 1, 2015.

On March 6, 2009, SAT issued the Measures for 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税處理辦法》 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 Enterprise Income Tax Law and its implementation rules.

Value Added Tax. Under the PRC Interim Regulations on Business Tax《中華人民共和國營業税暫行條例》of 1994, as amended in 2008, services in mainland China are subject to business tax. Taxable services include sale of real property in mainland China. Business tax rate is between 3% to 20% depending on the type of services provided. 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. Pursuant to The Decision of the State Council on Abolishing the PRC Interim Regulations on Business Tax and Amending the PRC Interim Regulations on Value-Added Tax《國務院關於廢止〈中華人民共和國營業税暫行條例〉和修改〈中華人民共和國增值税暫行條例〉的決定》issued and implemented on November 19, 2017 by the State Council, the State Council has decided to abolish the PRC Interim Regulations on Business Tax and introduced the following amendments to the PRC Interim Regulations on Value-Added Tax at the same time. Under the PRC Interim Regulations on Value-Added Tax《中華人民共和國增值税暫行條例》 promulgated by the State Council in December 1993 and amended in November 2008, February 2016 and November 2017, all units and individuals engaged in the sale of goods, provision of processing, repairs and replacement services, sales services, intangible properties, real estate, and the importation of goods within the PRC are taxpayers of the value added tax, and should pay value added tax. value added tax rate is between 3% to 17% depending on the type of taxable sales activities provided. To provide services related to transportation, postal, telecom, construction, real estate leasing service, selling real estate, transferring land use right, the tax rate is 11%.

However, on March 23, 2016, MOF and SAT issued Notice on Adjustment of Transforming Business Tax to Appreciation Tax《關於全面推開營業稅改增值稅試點的通知》, implemented on May 1, 2016, which provides that the sale of self-developed old real estate projects (refers to real estate projects launched time before April 30, 2016 stating on the construction works commencement permit) by a 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專案增值稅徵收管理暫行辦法》issued on March 31, 2016 and implemented on May 1, 2016 by SAT, VAT is payable by real estate developers in the calendar month immediately following receipt of presale proceeds of real estate self-development in accordance with a given formula. The applicable rate is 11%. Nevertheless, for developers 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. The simplified tax method will be applicable for 36 months once chosen.

VAT is payable by taxpayers in the calendar month immediately following receipt of presale proceeds of real estate self-development in accordance with a given formula. The applicable rate is 11%. Nevertheless, for taxpayers conducting old real estate projects and who have chosen to apply the simplified tax method, the simplified rate of 5% will be applied in calculating the prepaid VAT. Once the simplified tax method is chosen, it will be applicable for 36 months.

Old real estate projects refer to (1) real estate projects with commencement dates of construction stated in the Construction Permits prior to April 30, 2016, and (2) construction projects with no commencement dates not stated in the Construction Permits, or construction projects with commencement dates of construction stated in the construction contracts prior to April 30, 2016, but have not yet received Construction Permits.

Pursuant to the Circular on Value-Added Tax Policies for Financial, Real Estate Development, Education Ancillary Service and Other Services《關於明確金融、房地產開發、教育輔助服務等增值稅政策的通知》jointly issued by SAT and MOF, on December 21,2016, effective on May 1, 2016, except for choosing the simplified tax method, when the general taxpayer sells real estate project developed by itself, the compensation for demolition paid to other companies or individuals upon land acquisition is permitted to be deducted for the purpose of calculation the sales income. Besides, if a real estate developer establishes a project company to develop the granted land after paying the land premium, the project company, for the purpose of calculation the sales income, may deduct the land premium that has be paid by the real estate developer if fulfilling the relevant requirements of changing the grantee of the land use right.

Land Appreciation Tax. Under the PRC Interim Regulation on Land Appreciation Tax《中華人民共和國土地增值稅暫行條例》of 1994 and its implementation rules of 1995, LAT applies to both domestic and foreign investors in real properties in mainland China, irrespective of whether they are corporate entities or individuals. The tax is payable by a taxpayer on the appreciation value derived from the transfer of land use rights, buildings or other facilities on such land, after deducting the "deductible items" that include the following:

- payments made to acquire land use rights;
- costs and charges incurred in connection with the land development;

- construction costs and charges in the case of newly constructed buildings and facilities;
- assessed value in the case of old buildings and facilities;
- taxes paid or payable in connection with the transfer of the land use rights, buildings or other facilities on such land; and
- other items allowed by the MOF.

The tax rate is progressive and ranges from 30% to 60% of the appreciation value as compared to the "deductible items" as follows:

Appreciation value	LAT rate
Portion not exceeding 50% of deductible items	30%
Portion over 50% but not more than 100% of deductible items	40%
Portion over 100% but not more than 200% of deductible items	50%
Portion over 200% of deductible items	60%

Exemption from LAT is available to the following cases:

- Taxpayers constructing ordinary residential properties for sale (i.e. the residences built in accordance with the local standard for residential properties used by the general population, excluding deluxe apartments, villas, resorts and other high-end premises), where the appreciation amount does not exceed 20% of the sum of deductible items;
- Real estate taken over and repossessed according to laws due to the construction requirements of the state; and
- Due to redeployment of work or improvement of living standard, transfers by individuals of originally self-used residential properties, with five years or longer of self-used residence and with tax authorities' approval.

According to a notice issued by the MOF in January 1995, the LAT regulation does not apply to the following transfers of land use rights:

- real estate transfer contracts executed before January 1, 1994; and
- first time transfers of land use rights and/or premises and buildings during the five years commencing on January 1, 1994 if the land grant contracts were executed or the development projects were approved before January 1, 1994 and the capital has been injected for the development in compliance with the relevant regulations.

After the enactment of the LAT regulations and the implementation rules in 1994 and 1995, respectively, due to the long period of time typically required for real estate developments and their transfers, many jurisdictions, while implementing these regulations and rules, did not require real estate development enterprises to declare and pay the LAT as they did other taxes. Therefore, in order to assist the local tax authorities in the collection of LAT, the MOF, the SAT, Ministry of Construction and State Land Administration Bureau separately and jointly issued several notices to reiterate that, after the assignments are signed, the taxpayers should declare the tax to the local tax authorities where the real estate is located, and pay the LAT in accordance with the amount as calculated by the tax authority and within the time period as required. For those who fail to acquire proof as regards the tax paid or the tax exemption from the tax authorities, the real estate administration authority will not process the relevant title change procedures, and will not issue the property ownership certificates.

The State Administration of Taxation issued a further notice in July 2002 to require local tax authorities to require prepayment of LAT on the basis of proceeds from pre-sales of real estate.

In December 2006, the State Administration of Taxation issued a 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通知》, which came into effect on February 1, 2007. The notice required settlement of LAT liabilities by real estate developers. Provincial tax authorities are given authority to formulate their implementation rules according to the notice and their local situation.

To further strengthen LAT collection, in May 2009, the State Administration of Taxation released the Rules on the Administration of the Settlement of Land Appreciation Tax《土地增值稅清算管理規程》, which came into force on June 1, 2009.

In May 2010, the State Administration of Taxation issued the Circular on Settlement of Land Appreciation Tax《關於土地增值稅清算有關問題的通知》to strengthen the settlement of LAT. The circular clarifies certain issues with respect to the calculation and settlement of LAT, such as (i) the recognition of the revenue upon the settlement of LAT; and (ii) the deduction of fees incurred in connection with the property development.

In May 2010, the State Administration of Taxation issued the Notice on Strengthening the Collection of Land Appreciation Tax《關於加強土地增值稅徵管工作的通知》, which requires that the minimum LAT prepayment rate shall be 2% for provinces in the eastern region of China, 1.5% for provinces in the central and northeastern regions, and 1% for provinces in the western region. According to the notice, the local tax bureaus shall determine the applicable LAT prepayment rates based on the property type.

Urban Land Use Tax. Pursuant to the PRC Interim Regulations on Land Use Tax in respect of Urban Land《中華人民共和國城鎮土地使用稅暫行條例》promulgated by the State Council in September 1988, the land use tax in respect of urban land is levied according to the area of relevant land. The annual tax on urban land was between RMB0.2 and RMB10 per square meter. An amendment by the State Council in December 2006 changed the annual tax rate to between RMB0.6 and RMB30 per square meter of urban land.

Buildings Tax. Under the PRC Interim Regulations on Buildings Tax《中華人民共和國房產稅暫行條例》promulgated by the State Council in September 1986, buildings tax applicable to domestic enterprises is 1.2%, if it is calculated on the basis of the residual value of a building, and 12%, if it is calculated on the basis of the rental.

According to the Notice on Issues Relating to Assessment of Buildings Tax against Foreign-invested Enterprises and Foreign Individuals《關於對外資企業及外籍個人徵收房產稅有關問題的通知》, the foreign-invested enterprises, foreign enterprises and foreign individuals are to be levied the same as domestic enterprises.

Stamp Duty. Under the PRC Interim Regulations on Stamp Duty《中華人民共和國印花稅暫行條例》promulgated by the State Council in August 1988, for property transfer instruments, including those in respect of property ownership transfers, the duty rate is 0.05% of the amount stated therein; for permits and certificates relating to rights, including property ownership certificates and land use rights certificates, stamp duty is levied on an item-by-item basis of RMB5 per item.

Municipal Maintenance Tax. Under the PRC Interim Regulations on Municipal Maintenance Tax《中華人民共和國城市維護建設稅暫行條例》promulgated by the State Council in 1985, as amended on January 8, 2011, a taxpayer, whether an individual or otherwise, of a product tax, value-added tax or business tax is required to pay a municipal maintenance tax, calculated on the basis of product tax, value-added tax and business tax. The tax rate is 7% for a taxpayer whose domicile is in an urban area, 5% for a taxpayer whose domicile is in a county or a town, and 1% for a taxpayer whose domicile is not in any urban area or county or town. Under the Circular Concerning Temporary Exemption from Municipal Maintenance Tax and Education Surcharge For Enterprises with Foreign Investment and Foreign Enterprises issued by the State Administration of Taxation in February 1994, the municipal maintenance tax is not applicable to foreign invested enterprises for the time being, until further explicit stipulations are issued by the State Council.

In October 2010, the State Council issued the Notice on Unification of the Application of Municipal Maintenance Tax and Education Surcharge by Domestic and Foreign Enterprises and Individuals《關於統一內外資企業和個人城市維護建設稅和教育費附加制度的通知》, pursuant to which, from December 1, 2010, a municipal maintenance tax is applicable to both foreign-invested enterprises, foreign enterprises and foreign individuals, as well as domestic enterprises and individuals.

Pursuant to the Notice on Relevant Issues of Imposition of Municipal Maintenance and Education Surcharge on Foreign-invested Enterprises《關於對外資企業徵收城市維護建設稅和教育費附加有關問題的通知》promulgated by the MOF and the SAT in November 2010, foreign-invested enterprises must pay municipal maintenance tax on any value-added tax, consumption tax and business tax incurred on or after December 1, 2010. However, foreign-invested enterprises will be exempted from municipal maintenance tax on any value-added tax, consumption tax and business tax incurred before December 1, 2010.

Education Surcharge. Under the Interim Provisions on Imposition of Education Surcharge《徵收教育費附加的暫行規定》promulgated by the State Council in April 1986, and amended in 1990, August 2005 and January 2011, any taxpayer, whether an individual or otherwise, of value-added tax, business tax or consumption tax is liable for an education surcharge, unless such taxpayer is required to pay a rural area education surcharge as provided by the Notice of the State Council on Raising Funds for Schools in Rural Areas. The Education Surcharge rate is 3%, calculated on the basis of consumption tax, value-added tax and business tax. Under the Circular Concerning Temporary Exemption from Municipal Maintenance Tax and Education Surcharge For Enterprises with Foreign Investment and Foreign Enterprises issued by the State Administration of Taxation in February 1994 and the Supplementary Circular Concerning Imposition of Education Surcharge issued by the State Council in October 1994, the education surcharge is not applicable to foreign invested enterprises for the time being.

Pursuant to the aforesaid Unification of Application of Municipal Maintenance Tax and Education Surcharge by Domestic and Foreign Enterprises and Individuals《關於統一內外資企業和個人城市維護建設稅和教育費附加制度的通知》, from December 1, 2010, an education surcharge is applicable to both foreign-invested enterprises, foreign enterprises and foreign individuals, as well as domestic enterprises and individuals.

Pursuant to the aforesaid Notice on Relevant Issues of Imposition of Municipal Maintenance and Education Surcharge on Foreign-invested Enterprises《關於對外資企業徵收城市維護建設稅和教育費附加有關問題的通知》, foreign-invested enterprises must pay an education surcharge on any value-added tax, consumption tax and business tax incurred on or after December 1, 2010. However, foreign-invested enterprises will be exempted from paying an education surcharge on any value-added tax, consumption tax and business tax incurred before December 1, 2010.

Cayman Islands Taxation

The Cayman Islands currently have no income, corporation or capital gains tax and no estate duty, inheritance tax or gift tax. The Cayman Islands are not party to any double taxation treaties that are applicable to any payments made by or to the Company.

The Company has been incorporated under the laws of the Cayman Islands as an exempted company with limited liability and, as such, has obtained an undertaking from the Governor in Cabinet of the Cayman Islands as to tax concessions under the Tax Concessions Law (1999 Revision). In accordance with the provision of section 6 of The Tax Concessions Law (1999 Revision), the Governor in Cabinet undertakes with China Evergrande Group:

- That no law which is hereafter enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciations shall apply to the Company or its operations; and

- In addition, that no tax to be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable, on or in respect of the shares, debentures or other obligations of the Company, or by way of the withholding, in whole or part, of any relevant payment as defined in Section 6(3) of the Tax Concessions Law (1999 Revision).

- These concessions shall be for a period of 20 years from July 4, 2006.

MANAGEMENT

The following table sets forth certain information with respect to our directors and senior management as of June 30, 2018:

Name	Title
Hui Ka Yan	Chairman
He Miaoling	Director, Vice Chairlady
Zhao Changlong	Director, Legal Representative
Ji Xingshun	Supervisor
Zhen Litao	Executive President
Liang Weikang	Executive Vice President
Lin Manjun	Executive Vice President
Liu Xuefei	Executive Vice President
Zhou Yingqiu	Executive Vice President
Pan Hanling	Executive Vice President, Financial Manager

Directors

Our board of directors consists of 3 directors. The powers and duties of our board include:

- convening shareholders' meetings and reporting the board's work at the shareholders' meetings;
- implementing the resolutions passed at the shareholders' meetings;
- determining our business plans and investment plans;
- formulating our annual budget and final accounts;
- formulating our proposals for profit distributions and for the increase or reduction of our share capital; and
- exercising other powers, functions and duties as conferred by our memorandum and articles of association.

We have entered into service contracts with each of our directors.

We operate our business in a centralized manner. Our corporate headquarters maintain overall control in management and operations of all our subsidiaries. The directors of our various project companies are appointed by our corporate headquarters primarily on the basis of their business expertise, management skills and local knowledge and for the purpose of complying with the various local PRC administrative requirements. These project company directors have limited powers and are required to report to and seek approvals from our headquarters on matters of significance. Our centralized corporate structure frees our senior executives up from the day-to-day administrative functions of our subsidiaries and allow them to focus on our overall business development and operations.

A description of the business experience and present employment of each of our directors is provided below.

Directors

Hui Ka Yan (許家印), aged 60, is the chairman of the board of directors. Professor Hui is responsible for organizing the overall development strategies of the Group. He has over 30 years of experience in real estate investment, property development and corporate management. Currently, Professor Hui is a member of the 13th National Committee of the Chinese People's Political Consultative Conference and also the vice-chairman of the China Enterprise Confederation, China Enterprise Directors Association and China Real Estate Association. He was accredited as a "National Model Worker" (one of the highest civilian honors in China) by the State Council. He graduated from Wuhan University of Science and Technology in 1982, and was awarded an honorary doctorate degree in commerce by the University of West Alabama in 2008. Professor Hui has been a professor in management in Wuhan University of Science and Technology since 2003 and was appointed as doctoral tutor of that university in 2010.

He Miaoling (何妙玲), aged 53, is a director and vice chairlady of the Company. Ms. He has more than 21 years of experience in marketing strategies and brand promotion in the property industry. She joined us in August 1997. Ms. He is currently responsible for our real estate projects marketing management and business administration. Prior to joining us, Ms. He worked at Guangdong Petrochemical Construction Group Corporation from 1989 to 1997. She graduated from South China University of Technology with a bachelor's degree in applied mathematics in 1989 and received a master's degree in engineering management in 2011.

Zhao Changlong (趙長龍), aged 54, is a director and the regional representative of the Company. Mr. Zhao has more than 20 years of experience in project development and operational management. He joined us since 1998 and he holds a bachelor's degree in engineering.

Supervisor

Ji Xingshun (吉興順), aged 45, is a supervisor and the regional deputy general manager of the Company. Mr. Ji has more than 23 years of experience in economics and funds management. He joined us in 2003 and he holds a master's degree.

Senior management

Zhen Litao (甄立濤), aged 49, is our executive president. Mr. Zhen is responsible for the daily management of the Company. He has over 26 years of experience in development, operation and management of real estate projects. He joined us in 2009. Mr. Zhen holds a master's degree in business management and is a registered PRC constructor and senior engineer.

Liang Weikang (梁偉康), aged 49, is our executive vice president. Mr. Liang is responsible for the management and supervision of our projects. He has more than 26 years of experience in development, operation and management of real estate projects. Mr. Liang joined us in 2002. Mr. Liang holds a master's degree in engineering management.

Lin Manjun (林漫俊), aged 48, is our executive vice president. Mr. Lin is responsible for overseeing construction bidding, contracts and budgeting accounts during the development and construction process of our real estate projects. He has over 26 years of experience in construction design and management of the tendering and bidding process. He joined us in 2003. He holds a degree in architecture.

Liu Xuefei (劉雪飛), aged 43, is our executive vice president. Ms. Liu is responsible for the sales and commercial management of the Company. She has over 20 years of experience in management of marketing strategies of real estate projects. She joined us in 2004 and she holds a master's degree in business administration.

Zhou Yingqiu (周映秋), aged 44, is our executive vice president, responsible for the development, supervision and management of projects and land grant contracts. Ms. Zhou has more than 19 years of experience in real estate investment and management. She joined us in 2002 and she holds a master's degree in engineering management.

Pan Hanling (潘翰翎), aged 44, is our executive vice president and financial manager. Ms. Pan has over 22 years of experience in financial operation and management. Ms. Pan joined us in 2005 and she holds a master's degree in economics. Ms. Pan is a certified public accountant.

SUBSTANTIAL SHAREHOLDERS

The following table sets forth certain information regarding ownership of our outstanding shares as of the date of this offering memorandum by those persons who beneficially own more than 5% of our outstanding shares and underlying shares, as recorded in the register maintained by us.

Name of Shareholder	Approximately shareholding percentage (%)
Guangzhou Kailong Real Estate Company Limited (廣州市凱隆置業有限公司)	63.5
Shandong Highway[(1)]	5.7

Note:

(1) co-owned by Shandong Highway Investment Group Co., Ltd. (山東高速投資控股有限公司), Shandong Highway Property Group Co., Ltd. (山東高速地產集團有限公司), Jinan Changying Jincheng Equity Investment LLP (濟南暢贏金程股權投資合夥企業(有限合夥)) and Shandong Railway Development Fund Co., Ltd. (山東鐵路發展基金有限公司).

RELATED PARTY TRANSACTIONS

The following discussion describes certain material related party transactions between our consolidated subsidiaries and our directors, executive officers and substantial shareholders and, in each case, the companies with whom they are affiliated. Each of our related party transactions was entered into in the ordinary course of business, on fair and reasonable commercial terms, in our interests and the interests of our shareholders.

The following table sets forth certain material transactions between us and our related parties for the periods indicated:

	Year ended December 31,			Six months ended June 30, 2018	
	2016	2017			
	(RMB)	(RMB) (in million)	(US$)	(RMB)	(US$)
Due from related parties[1] — total	2,619	4,235	640	14,305	2,162
Due to related parties[1] — total	29,017	475	72	61,616	9,312
Revenue					
— Sales of goods to related parties	447	1,100	166	529	80
— Provision of services to related parties	332	282	43	624	94
— Interest income from finance leases	9	26	4	15	2
— Rental income from related parties	17	58	9	127	19
	805	1,466	222	1,295	196
Cost					
— Interest cost from acceptance of borrowings	232	659	100	796	120
— Receiving of services from related parties	300	311	47	180	27
— Purchase of goods from related parties	303	5	1	4	1
— Remuneration of key management	184	204	31	132	20
— Rental expenses	24	50	8	34	5
	1,043	1,229	186	1,146	173

Note:

(1) The balances are cash in advance in nature and are unsecured, interest-free and repayable on demand.

To fund our existing property projects and to finance our working capital requirements, we have entered into financing agreements with various financial institutions, such as banks, financial limited companies, trust companies and assets management companies. As of June 30, 2018, our total external borrowings amounted to RMB541,934 million (US$81,899 million). Set forth below is a summary of the material terms and conditions of these loans and other indebtedness. See "Risk Factors — Risks Relating to Our Business — If we are unable to comply with the restrictions and covenants in our debt agreements, there could be a default under the terms of these agreements, which could cause repayment of our debt to be accelerated."

Project Loan Agreements

Certain of our PRC subsidiaries have entered into loan agreements or entrusted loan agreements with various PRC banks and financial limited companies. The banks include, but are not limited to, China CITIC Bank, The Agricultural Bank of China, Industrial and Commercial Bank of China ("**ICBC**"), China Minsheng Bank, China Everbright Bank, Postal Savings Bank of China, Bank of China, and Industrial Bank Co., Ltd. These loans are project loans to finance the construction of our projects and have terms ranging from 24 months to 60 months, which generally correspond to the construction periods of the particular projects. As of June 30, 2018, the aggregate outstanding amount under these project loans totaled approximately RMB187,890 million (US$28,395 million), RMB71,248 million (US$10,767 million) of which was due within one year and RMB116,642 million (US$17,628 million) of which was due between one and five years. Subsequent to June 30, 2018, we entered into additional project loan agreements in the ordinary course of business to finance our operations.

Our project loans are typically secured by land use rights, properties and pledges over shares and assets of such project companies, as well as guaranteed by certain of our other PRC subsidiaries. The Notes, the Parent Guarantee, the Subsidiary Guarantees and JV Subsidiary Guarantees (if any) will be structurally subordinated to these loans and any other indebtedness incurred by our PRC Subsidiaries.

Interest

The principal amounts outstanding under the project loans generally bear interest at floating rates calculated by reference to the relevant bank's benchmark interest rate per annum. Floating interest rates generally are subject to review by the lending banks annually. Interest payments are payable either monthly or quarterly and must be made on each payment date as provided in the particular loan agreement. As of June 30, 2018, the weighted average interest rate on the aggregate outstanding amount of our project loans was 7.8% per annum.

Covenants

Under these project loans, many of our subsidiary borrowers have agreed, among other things, not to take the following actions without first obtaining the relevant lenders' prior consent:

- create encumbrances on any part of their property or assets or deal with their assets in a way that may adversely affect their ability to repay their loans;
- grant guarantees to any third parties that may adversely affect their ability to repay their loans;
- make any major changes to their corporate structures, such as entering into joint ventures, mergers and acquisitions and reorganizations;
- alter the nature or scope of their business operations in any material respect;

- incur additional debts that may adversely affect the ability to repay loans; 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 insolvency and breaches of the terms of the loan agreements. The banks are entitled to terminate their respective agreements and/or demand immediate repayment of the loans and any accrued interest upon the occurrence of an event of default.

Guarantee and Security

Certain of our PRC subsidiaries and our Company have entered into guarantee agreements with the PRC financial institutions in connection with some of the project loans pursuant to which these subsidiaries and our Company have guaranteed all liabilities of the subsidiary borrowers under these project loans. Under certain guarantee agreements, we must obtain the bank's approval before such guarantors can engage in debt financing and equity financing through direct financing markets, and any selling, gifting, leasing, transferring, mortgaging, pledging and other methods of disposal of part or all of its material assets.

Dividend Restrictions

Pursuant to the project 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 distribution is more than 30% of after-tax net profit of the current year or more than 20% of all the undistributed profits; or

- if the borrower's after-tax profit is nil or negative.

Trust Financing Agreements

From time to time, we may enter into financing arrangements with trust companies pursuant to which we receive financing from trust companies in the PRC. Upon the receipt of the financed amount from a trust company, we may transfer the title to less than 50% of the shares in one of our PRC subsidiaries and pledge the remaining shares of such subsidiary. Alternatively, we may pledge 100% of the shares of such subsidiary without transferring title to any such shares. These trust financing arrangements are typically guaranteed by the Company and/or certain PRC subsidiaries and/or are mortgaged by land use rights and/or buildings and have a term of 1–2 years, at the end of which, we will repay the financed amount. Upon such repayment, the trust company will transfer back to us the title to all of the shares of the relevant subsidiary. We typically have an option for early repayment of the financed amount after a specified period of time. These financing agreements contain customary events of default, including non-payment of principal or interest and breaches of the terms of the agreement. Certain trust financing agreements contain provision of dividend restriction. If an event of default has occurred, the trust company may, with prior notice, exercise its rights to realize the security held under the share pledge and/or the mortgage and demand payment from our Company or our PRC subsidiaries as guarantor of the financed amount. As of June 30, 2018, the aggregate outstanding amount (excluding interest) under these financing arrangements totaled approximately RMB263,821 million (US$39,870 million).

Subsequent to June 30, 2018, we entered into additional trust financing agreements in the ordinary course of business to finance our operations. The major trust financing arrangements entered into since June 30, 2018 include agreements for an aggregate outstanding principal amounts of RMB34,506 million (US$5,215 million) with various trust companies.

Financial Guarantees

Customer Guarantees

In line with industry practice, we provide guarantees to mortgagee banks in respect of mortgage loans taken out by purchasers of our properties. Such guarantee obligations typically terminate upon the delivery of the relevant property ownership certificates on the underlying property to the bank. As of June 30, 2018, the aggregate outstanding amount guaranteed was RMB344,767 million (US$52,102 million).

Guarantees for Borrowings of Cooperation Parties and joint ventures

We also provide guarantees for certain of our cooperation parties, who are mainly construction subcontractors that are independent third parties and joint ventures, to obtain borrowings after assessing their credit history. As of June 30, 2018, the aggregate outstanding amount guaranteed was RMB23,640 million (US$3,573 million).

Commitments for Property Development Expenditure

As of June 30, 2018, we have contracted but not provided for the following commitments for property development expenditure: (1) property development activities of RMB184,976 million (US$27,954 million); (2) acquisition of land use rights of RMB68,235 million (US$10,312 million); and (3) acquisition of subsidiaries and equity investment of RMB7,539 million (US$1,139 million).

PRC Corporate Bonds

On June 19, 2015, a subsidiary of the Company issued 5.38%, five-year public PRC corporate bonds with an aggregated principal amount of RMB5,000 million (US$755 million) at 100% of the face value.

On July 7, 2015, a subsidiary of the Company issued 5.30%, four-year public PRC corporate bonds with an aggregated principal amount of RMB6,800 million (US$1,028 million) and 6.98%, seven-year PRC corporate bonds with an aggregated principal amount of RMB8,200 million (US$1,239 million) at 100% of the face value.

On October 16, 2015, a subsidiary of the Company issued 7.38%, five-year non-public PRC corporate bonds with an aggregated principal amount of RMB17,500 million (US$2,645 million) and 7.88%, five-year PRC corporate bonds with an aggregated principal amount of RMB2,500 million (US$378 million) at 100% of the face value.

On January 11, 2016, a subsidiary of the Company issued 6.98%, four-year non-public PRC corporate bonds with an aggregated principal amount of RMB10,000 million (US$1,511 million) at 100% of the face value.

On July 29, 2016, a subsidiary of the Company issued 6.80%, there-year non-public PRC corporate bonds with an aggregated principal amount of RMB4,200 million (US$635 million) at 100% of the face value.

Except for the PRC corporate bonds amounting to RMB2,500 million (US$378 million) issued on October 16, 2015, other PRC corporate bonds contain the early redemption options. Early redemption options are regarded as embedded derivatives not closely related to the host contract. The directors consider that the fair value of the early redemption options was insignificant as at June 30, 2018 and December 31, 2017.

OFFSHORE FINANCING

2019 Private Notes

On May 2, 2018, Tianji entered into an indenture, as amended and supplemented, or the 2019 Private Indenture, pursuant to which it issued an aggregate principal amount of US$175,000,000 5.9% Senior Notes due 2019, or the 2019 Private Notes.

As of the date of this offering memorandum, the entire principal amount of 2019 Private Notes remains outstanding.

Guarantee

The obligations pursuant to the 2019 Private Notes are guaranteed by certain offshore subsidiaries of Tianji, or the 2019 Private Subsidiary Guarantors, other than those organized under the laws of the PRC and certain other subsidiaries specified in the 2019 Private Indenture. We refer to these guarantees as the 2019 Private Subsidiary Guarantees.

Each of the 2019 Private Subsidiary Guarantors, jointly and severally, guarantee the due and punctual payment of the principal, any premium, and interest on, and all other amounts payable under the 2019 Private Notes.

Interest

The 2019 Private Notes bear an interest rate of 5.9% *per annum*. Interest is payable in arrears on November 2, 2018 and April 30, 2019.

Events of default

The 2019 Private Indenture contains certain customary events of default, including default in the payment of principal or of any premium on the 2019 Private Notes when such payments become due and payable, default in payment of interest which continues for 30 consecutive days, among others. If an event of default occurs and is continuing, any holder of the 2019 Private Notes, by written notice to Tianji may declare the principal of the 2019 Private Notes plus a premium and any accrued and unpaid interest to be immediately due and payable. Upon the occurrence of certain specified events of default, the principal of, premium (if any), and accrued and unpaid interest on the outstanding 2019 Private Notes will automatically become and be immediately due and payable without any declaration or other act on the part of any holder.

Change of control

Upon the occurrence of certain events of change of control, Tianji will make an offer to repurchase all outstanding 2019 Private Notes at a purchase price equal to 101% of their principal amount plus any accrued and unpaid interest, if any, to the date of repurchase.

Maturity and redemption

The maturity of the 2019 Private Notes is April 30, 2019. If China Evergrande Group, Tianji's indirect parent company, ceases to have any outstanding securities that would be customarily regarded as high-yield securities (which contain customary restrictive covenants) (including by any means through which such restrictive covenants shall no longer apply to it or be in force), the 2019 Private Notes shall become redeemable.

Additionally, if Tianji or an initial 2019 Private Subsidiary Guarantor under the 2019 Private Indenture would become obligated to pay certain additional amounts as a result of certain changes in, or amendment to, specified tax law, Tianji may redeem the 2019 Private Notes at a redemption price equal to 100% of the principal amount of the 2019 Private Notes, plus any accrued and unpaid interest, subject to certain exceptions.

DESCRIPTION OF 2020 NOTES

For purposes of this "Description of 2020 Notes" the term "**Issuer**" refers only to Scenery Journey Limited (景程有限公司), and any successor obligor on the Notes, and not to any of its subsidiaries and the term "**Notes**" refers to the 2020 Notes issued by the Issuer. Hengda Real Estate Group Co., Ltd. (恒大地產集團有限公司) is referred to as the "**Company**." Tianji Holding Limited, which guarantees the Notes is referred to as the "**Parent**" and such guarantee is referred to as the "**Parent Guarantee**." Each subsidiary of the Company (other than the Parent) which guarantees the Notes is referred to as a "**Subsidiary Guarantor**" and each such guarantee is referred to as a "**Subsidiary Guarantee**." Each subsidiary of the Company that in the future provides a "**JV Subsidiary Guarantee**" (as defined 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 Issuer, the Parent and the Subsidiary Guarantors, as guarantors, and Citicorp International Limited, as trustee (the "**Trustee**").

The following is a summary of certain provisions of the Indenture, the Notes, the Parent Guarantee, the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any). This summary does not purport to be complete and is qualified in its entirety by reference to all of the provisions of the Indenture, the Notes, the Parent Guarantee, the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any). It does not restate those agreements in their entirety. Whenever particular sections or defined terms of the Indenture not otherwise defined herein are referred to, such sections or defined terms are incorporated herein by reference. Copies of the Indenture will be available for inspection upon prior request during usual business hours on any weekday (except public holidays) on or after the Original Issue Date at the corporate trust office of the Trustee at 39/F, Champion Tower, 3 Garden Road, Central, Hong Kong.

The Notes:

- are general obligations of the Issuer;
- are senior in right of payment to any existing and future obligations of the Issuer expressly subordinated in right of payment to the Notes;
- are at least *pari passu* in right of payment with all the unsecured, unsubordinated Indebtedness of the Issuer;
- are guaranteed by the Parent, the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any) on a senior basis, subject to the limitations described below under the section entitled "— The Parent Guarantee, the Subsidiary Guarantees and the JV Subsidiary Guarantees" and in the section entitled "Risk Factors — Risks Relating to the Parent Guarantee, Subsidiary Guarantees and the JV Subsidiary Guarantees;"
- will benefit from a keepwell and equity interest purchase undertaking (the "**Keepwell and EIPU**") to be entered into by the Company, the Parent, the Issuer and the Trustee in favor of the Trustee and the Holders, unless released in accordance with the Indenture;
- are effectively subordinated to the secured obligations of the Parent, the Issuer, the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any), to the extent of the value of the assets serving as security therefor; and
- are effectively subordinated to all existing and future obligations of the Non-Guarantor Subsidiaries.

The Issuer will initially issue US$565,000,000 in aggregate principal amount of the Notes, which will mature on November 6, 2020 unless earlier redeemed pursuant to the terms thereof and the Indenture. The Indenture allows additional Notes to be issued from time to time, subject to certain limitations described under the section entitled "— Further Issues." Unless the context requires otherwise, references to the "Notes" for all purposes of the Indenture and this "Description of 2020 Notes" include any Additional Notes that are actually issued. The Notes will bear interest at 11.0% 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 semiannually in arrears on May 6 and November 6 of each year (each an "**Interest Payment Date**"), commencing May 6, 2019.

Interest on the Notes, when in the form of Global Notes, will be paid to the Holders of record at the close of business on May 5 or November 5, and when in certificated form, on April 21 or October 22, immediately preceding an Interest Payment Date (each, a "**Record Date**"), notwithstanding any transfer, exchange or cancelation thereof after a Record Date and prior to the immediately following Interest Payment Date; *provided* that so long as the Global Note is held on behalf of Euroclear, Clearstream or any other clearing system, each payment in respect of the Global Note will be made to the person shown as the holder of the Notes in the register of Holders at the close of business (of the relevant clearing system) on the Clearing System Business Day before the due date for such payments, where "**Clearing System Business Day**" means a weekday (Monday to Friday, inclusive) except December 25 and January 1. In any case in which the date of the payment of principal of, premium, if any, on, or interest on, the Notes is not a Business Day in the relevant place of payment or in the place of business of the Paying Agent then payment of such principal, premium or interest need not be made on such date but may be made on the next succeeding Business Day. Any payment made on such Business Day shall have the same force and effect as if made on the date on which such payment is due, and no interest on the Notes shall accrue for the period after such due date. 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 the Notes, but the Issuer 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 Issuer and the Issuer will maintain an office or agency (which initially will be the office of the Paying Agent currently located at Citibank, N.A., London Branch, c/o Citibank, N.A., Dublin Branch, One North Wall Quay, Dublin 1, Ireland) where the Notes may be surrendered for registration of transfer or exchange or for presentation for payment or repurchase. Notwithstanding the immediately preceding sentence, if the Notes are in certificated form and the Issuer acts as its own paying agent, payment of interest may instead be made by check mailed (at the expense of the Issuer) to the address of the Holders as such address appears in the Note register. Interest payable on the Notes held through Euroclear or Clearstream will be available to Euroclear or Clearstream participants (as defined herein) on the Business Day following payment thereof.

The Parent Guarantee, the Subsidiary Guarantees and the JV Subsidiary Guarantees

The Parent Guarantee:

- is a general obligation of the Parent;

- is effectively subordinated to the secured obligations of the Parent, to the extent of the value of the assets serving as security therefor;

- is senior in right of payment to all future obligations of the Parent expressly subordinated in right of payment to such Parent Guarantee; and

- ranks at least *pari passu* with all unsecured, unsubordinated Indebtedness of the Parent.

The initial Subsidiary Guarantors that will execute the Indenture on the Original Issue Date will consist of Ever Grace Group Limited (恒善集團有限公司), Ample Treasure Group Limited (寶豐集團有限公司), Luckyup Group Limited (昇祺集團有限公司), Instant Choice Development Limited, Ample Treasure Holding Limited (寶豐集團控股有限公司), Will Glory Holdings Limited (好耀控股有限公司), Forbidden City Culture Co., Limited (紫禁城弘華文化有限公司), Ever Sure Industries Limited (永瑞實業有限公司), Shui Wah Investment Limited (穗華投資有限公司), Shengtong Holding Limited (盛通控股有限公司), Wisdom Gain Group Limited (智盈集團有限公司), Grow Rising Investment Limited (晉廷投資有限公司), Accord Sino Group Limited (協華集團有限公司), Merry Full Investments Limited (怡滿投資有限公司), Million Castle Investments Limited, Benefit East Investments Limited (益東投資有限公司), Champion Glory Holdings Limited (卓康集團有限公), Champion Globe Limited (特靈有限公司), Champion King Investments Limited (彩僑投資有限公司), Fortune Luck Corporation Limited (順利有限公司), Cheung Fu Department Store Enterprise Limited (象富百貨集團有限公司), China Agriculture Technology Limited (中國農業科技有限公司), Baojun Limited (保駿有限公司), Perfect Vantage Investments Limited (歷冠投資有限公司), Bai Chang Limited (百昌有限公司), Minsin International (Holdings) Limited (明誠國際(集團)有限公司), Billion Sino Investments Limited (億中投資有限公司), Allywing Investments Limited (榮邦投資有限公司), California Place Dalian Limited (加州豪庭大連有限公司), Fortune Star International Investment Limited (福星國際投資有限公司), Xing Hong Holdings Limited (興鴻控股有限公司), Rosy Dynasty Limited (翠御有限公司), Joy Vision Holdings Limited (樂景控股有限公司), Sanli (China) Holdings Limited (三立(中國)控股有限公司), Metro Wisdom Limited (慧都有限公司), Ji Feng Limited (吉豐有限公司), Rise Eagle Worldwide Limited (振鷹環球有限公司), Jicheng International (HK) Limited (集成國際(香港)有限公司), Charm Best Investment Limited (優俊投資有限公司), Lucky Benefit Limited, Loyal Power Investments Limited (旺權投資有限公司), Rising Sheen Limited (升亮有限公司), City Faith Limited (都信有限公司), South Honest Limited (誠南有限公司), First Key Investments Limited (元基投資有限公司), Hinto Developments Limited, Triumph Hero International Limited (勝雄國際有限公司), Spread Glory Investments Limited (廣亮投資有限公司), New Insight Holdings Limited (創見控股有限公司), Easy Gain Investment Holdings Limited (盈潤投資控股有限公司), Honor Business Investment Limited (榮商投資有限公司), Link Care Limited (環照有限公司), Cheer Motion Development Limited (致能發展有限公司), China Sea Group (Hong Kong) Investment Limited (中海集團(香港)投資有限公司), Crown Wise Investment Limited (冠惠投資有限公司), Dragon Joy (China) Limited (龍悅(中國)有限公司), Dragon Pioneer Development Limited (龍添發展有限公司), Excel Sky (Hong Kong) Limited (俊天(香港)有限公司), Fortune Ascent Limited (升裕有限公司), Future Lead Enterprises Limited (天領企業有限公司), Glory Sign Development Limited (皇誌發展有限公司), Gold Ascot Limited (金士福有限公司), Grace Target Holdings Limited (喜志集團有限公司), Honour In Investments Limited (誠然投資有限公司), Jiakang Holdings Limited (嘉康控股有限公司), Jiazhi Holdings Limited (嘉智控股有限公司), Joy Wealthy Investment Limited (悅才投資有限公司), Lucky Universe Holding Limited (瑞宇集團有限公司), Pacific Plus Enterprises Limited (匯太企業有限公司), Palm Island Resort Limited (棕櫚島渡假村有限公司), Prime Light Holdings Limited (柏天集團有限公司), Prime Sun Holding Limited (盛日控股有限公司), Prosper Power Development Limited (能昌發展有限公司), Sharp Goal Investments Limited (銳怡投資有限公司), Starlet Development Limited (星能發展有限公司), Sunny Net Development Limited (日訊發展有限公司), Thousand Grand Holding Limited (千宏控股有限公司), Trend Rich Investment Limited (毅富投資有限公司), Chang Xing Holdings Limited (昌興控股有限公司), Cheer Champ Investment Limited (誌昌投資有限公司), Dragon Charm Investments Limited (龍創投資有限公司), Dragon Fortune Limited, East Best Investments Limited (東卓投資有限公司), Ever Shiny International Limited, Full Jolly Investments Limited (滿怡投資有限公司), Good Wave International Limited (佳濤國際有限公司), Healthy Time International Limited (建時國際有限公司), Lofty Reap Limited (上豐有限公司), Luck Fortune Holdings Limited, Lucky Universe Enterprises Limited (瑞宇企業有限公司), Marche Limited, Marvel First Developments Limited, Menkia Holdings Limited (萬家控股有限公司), On Lucky Holdings Limited 安利達控股有限公司), Opal House Development Limited, Oriental Fame Holdings Limited (東榮控股有限公司), Prime Sun Enterprises Limited (盛日企業有限公司), Reego Group Limited (銳高集團有限公司), Silver Opportunity Investment Limited (銀機投資有限公司), Superb Capital Enterprises Limited, Upper East Property Holdings Company Limited (上東置業控股有限公司), Vast Wheel Company Limited (浩輪有限公司), White Heron Limited, Win Harbour

Investments Limited (凱港投資有限公司), Win Peak Group Limited (凱峰集團有限公司), Shengtong (BVI) Limited and Shengyu (BVI) Limited. The Subsidiary Guarantors are holding companies that do not have significant operations.

Other than the initial Subsidiary Guarantors, none of the other Restricted Subsidiaries organized outside of the PRC (the "**Other Non-Guarantor Subsidiaries**") will be a Subsidiary Guarantor on the Original Issue Date. In addition, none of the Restricted Subsidiaries existing on the Original Issue Date that are Subsidiaries organized under the laws of the PRC and the future Restricted Subsidiaries that are organized under the laws of the PRC (together, the "**PRC Restricted Subsidiaries**"), the Exempted Subsidiaries and the Listed Subsidiaries (as long as they continue to be Exempted Subsidiaries or Listed Subsidiaries, as applicable) will provide a Subsidiary Guarantee or a JV Subsidiary Guarantee on the Original Issue Date or at any time in the future.

Although the Indenture contains limitations on the amount of additional Indebtedness that Non-Guarantor Subsidiaries may incur, the amount of such additional Indebtedness could be substantial.

In the case of a Restricted Subsidiary (i) that is, or is proposed by the Company or any Restricted Subsidiary to be, established, or commences investment for the purposes of commencing business activities, after the Original Issue Date, (ii) that is incorporated in any jurisdiction other than the PRC and that is not an Exempted Subsidiary or a Listed Subsidiary and (iii) in respect of which the Company or any Restricted Subsidiary (x) is proposing to sell, whether through the sale of existing Capital Stock or the issuance of new Capital Stock, no less than 20% of the Capital Stock of such Restricted Subsidiary or (y) is proposing to purchase Capital Stock of an entity and designate such entity as a Restricted Subsidiary, the Company may, concurrently with the consummation of such sale or purchase, provide a JV Subsidiary Guarantee instead of a Subsidiary Guarantee for (a) such Restricted Subsidiary and (b) the Restricted Subsidiaries that are Subsidiaries of such Restricted Subsidiary, that are organized in any jurisdiction other than the PRC and that are not Exempted Subsidiaries or Listed Subsidiaries, if the following conditions, in the case of both (a) and (b), are satisfied:

- concurrently with providing the JV Subsidiary Guarantee, such JV Subsidiary Guarantor has delivered to the Trustee:

  (i) (A) a duly executed Guarantee of such JV Subsidiary Guarantor (the "**JV Subsidiary Guarantee**") and each Restricted Subsidiary that is a Subsidiary of such JV Subsidiary Guarantor that is not organized under the laws of the PRC, an Exempted Subsidiary or a Listed Subsidiary and (B) a duly executed supplemental indenture to the Indenture pursuant to which the JV Subsidiary Guarantor will become a party to the Indenture pursuant to which such JV Subsidiary Guarantor will guarantee the payment of the Notes, each of which provides, among other things, that the aggregate claims of the Trustee under such JV Subsidiary Guarantee and all JV Subsidiary Guarantees provided by the Restricted Subsidiaries and shareholders of such JV Subsidiary Guarantor will be limited to the JV Entitlement Amount;

  (ii) an Officers' Certificate certifying a copy of the Board Resolution to the effect that such JV Subsidiary Guarantee has been approved by a majority of the disinterested members of the Board of Directors; and

  (iii) a legal opinion by a law firm of recognized international standing confirming that under New York law such JV Subsidiary Guarantee is legal, valid, binding and enforceable against the JV Subsidiary Guarantor providing the JV Subsidiary Guarantee (subject to customary qualifications and assumptions);

- 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 appraised value of such Capital Stock by an independent appraisal firm of recognized international standing appointed by the Company;

- all capital contributions (by way of transfer of cash or other property or any payment for property or services for the use of others or otherwise) to be made into a JV Subsidiary Guarantor from the date it provides its JV Subsidiary Guarantee shall be made directly or by contribution of assets or services having an equivalent Fair Market Value by (i) the Company and the Restricted Subsidiaries and (ii) such Independent Third Party in proportion to their respective direct or indirect ownership percentages of the Capital Stock of such JV Subsidiary Guarantor; and

- as of the date of execution of the JV Subsidiary Guarantee, no document exists that is binding on the Company or such Restricted Subsidiaries that would have the effect of (a) prohibiting the Company or such Restricted Subsidiary from providing such JV Subsidiary Guarantee, or (b) requiring the Company or any such 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.

In the event of a bankruptcy, liquidation or reorganization of any Non-Guarantor Subsidiary, such Non-Guarantor Subsidiary will pay the holders of its debt and its trade creditors before it will be able to distribute any of its assets to the Company, the Parent, the Issuer, the Subsidiary Guarantors or the JV Subsidiary Guarantors, if any (either directly or indirectly).

As of June 30, 2018,

- the Company and its consolidated subsidiaries had total consolidated borrowings of approximately RMB541,934 million (US$81,899 million), RMB435,133 million (US$65,759 million) of which were secured; and

- the Non-Guarantor Subsidiaries and Unrestricted Subsidiaries had total borrowings of approximately RMB52,206 million (US$7,890 million).

In addition, as of June 30, 2018, the Non-Guarantor Subsidiaries and Unrestricted Subsidiaries had capital commitments of approximately RMB7,978 million (US$1,206 million) and contingent liabilities arising from guarantees of approximately RMB7,145 million (US$1,080 million).

The Subsidiary Guarantee of each Subsidiary Guarantor:

- is a general obligation of such Subsidiary Guarantor;

- is effectively subordinated to the secured obligations of such Subsidiary Guarantor, to the extent of the value of the assets serving as security therefor;

- is senior in right of payment to all future obligations of such Subsidiary Guarantor expressly subordinated in right of payment to such Subsidiary Guarantee; and

- ranks at least *pari passu* with all unsecured, unsubordinated Indebtedness of such Subsidiary Guarantor.

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

- will be a general obligation of such JV Subsidiary Guarantor;

- will be enforceable only up to the JV Entitlement Amount;

- will be effectively subordinated to the secured obligations of such JV Subsidiary Guarantor, to the extent of the value of the assets serving as security therefor;

- will be limited to the JV Entitlement Amount, and will be senior in right of payment to all future obligations of such JV Subsidiary Guarantor expressly subordinated in right of payment to such JV Subsidiary Guarantee; and

- will be limited to the JV Entitlement Amount, and will rank at least *pari passu* with all unsecured, unsubordinated Indebtedness of such JV Subsidiary Guarantor.

The Company will cause (x) each of the future Restricted Subsidiaries (other than Persons organized under the laws of the PRC, Exempted Subsidiaries or Listed Subsidiaries), as soon as practicable after it becomes a Restricted Subsidiary and (y) each of the Exempted Subsidiaries and Listed Subsidiaries that remains as a Restricted Subsidiary, as soon as practicable after it ceases to be an Exempted Subsidiary or a Listed Subsidiary, as the case may be (each such Person in clause (x) or (y), a "**Potential Subsidiary Guarantor**"), 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 a Subsidiary Guarantor or a JV Subsidiary Guarantor. Notwithstanding the foregoing sentence, the Company may elect to have any Restricted Subsidiary organized under laws outside the PRC not provide a Subsidiary Guarantee or a JV Subsidiary Guarantee at the time such entity becomes a Potential Subsidiary Guarantor (Restricted Subsidiaries (other than the PRC Restricted Subsidiaries, the Exempted Subsidiaries and the Listed Subsidiaries) that do not provide Subsidiary Guarantees or JV Subsidiary Guarantees in accordance with the Indenture, the "**New Non-Guarantor Subsidiaries**"), *provided* that, after taking into account the consolidated assets of such Restricted Subsidiary, the Consolidated Assets of all Restricted Subsidiaries organized under laws outside the PRC (other than the Issuer, Exempted Subsidiaries and Listed Subsidiaries) that are neither Subsidiary Guarantors nor JV Subsidiary Guarantors do not account for more than 20% of the Relevant Total Assets of the Company.

Each Restricted Subsidiary that guarantees the Notes after the Original Issue Date other than a JV Subsidiary Guarantor is referred to as a "**Future Subsidiary Guarantor**" and upon execution of the applicable supplemental indenture to the Indenture will be a "**Subsidiary Guarantor**."

Under the Indenture, as supplemented from time to time, each of the Parent, the Subsidiary Guarantors and JV Subsidiary Guarantors (if any) will jointly and severally guarantee the due and punctual payment of the principal of, premium, if any, and interest on, and all other amounts payable under, the Notes; *provided* that any JV Subsidiary Guarantee will be limited to the JV Entitlement Amount. The Parent, the Subsidiary Guarantors and JV Subsidiary Guarantors will (1) agree that their respective obligations under the Parent Guarantee, the Subsidiary Guarantees and the JV Subsidiary Guarantees, as the case may be, will be enforceable irrespective of any invalidity, irregularity or unenforceability of the Notes or the Indenture and (2) waive their right to require the Trustee to pursue or exhaust its legal or equitable remedies against the Issuer prior to exercising its rights under the Parent Guarantee, the Subsidiary Guarantees and the JV Subsidiary Guarantees, as the case may be. Moreover, if at any time any amount paid under a Note or the Indenture is rescinded or must otherwise be restored, the rights of the Holders under the Parent Guarantee, the Subsidiary Guarantees and the JV Subsidiary Guarantees, as the case may be, will be reinstated with respect to such payment as though such payment had not been made. All payments under the Parent Guarantee, the Subsidiary Guarantees and the JV Subsidiary Guarantees, as the case may be, are required to be made in U.S. dollars.

Under the Indenture, as supplemented from time to time,

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

- each JV Subsidiary Guarantee will be limited to an amount which is the lower of (i) the JV Entitlement Amount and (ii) an amount not to exceed the maximum amount that can be guaranteed by the applicable JV Subsidiary Guarantor without rendering the JV Subsidiary Guarantee, as it relates to such JV Subsidiary Guarantor, voidable under applicable law relating to fraudulent conveyance or fraudulent transfer or similar laws affecting the rights of creditors generally.

If a Subsidiary Guarantee or 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 the applicable 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 and each JV Subsidiary Guarantor under its JV Subsidiary Guarantee may be limited, or possibly invalid, under applicable laws. See the section entitled "Risk Factors — Risks Relating to the Parent Guarantee, Subsidiary Guarantees and the JV Subsidiary Guarantees — The Parent Guarantee, the Subsidiary Guarantees or JV Subsidiary Guarantees may be challenged under applicable insolvency or fraudulent transfer laws, which could impair the enforceability of the Parent Guarantee, the Subsidiary Guarantees or JV Subsidiary Guarantees."

Release of the Parent Guarantee, Subsidiary Guarantees and JV Subsidiary Guarantees

The Parent Guarantee may be released in certain circumstances, including:

- upon repayment in full of the Notes; or

- upon a defeasance as described under the section entitled "— Defeasance — Defeasance and Discharge."

No release of a Parent Guarantor of its Parent Guarantee shall be effective against the Trustee or the Holders until the Company has delivered to the Trustee an Officer's Certificate stating that all requirements relating to such release have been complied with and such release is authorized and permitted by the terms of the Indenture.

A Subsidiary Guarantee given by a Subsidiary Guarantor and a JV Subsidiary Guarantee given by a JV Subsidiary Guarantor may be released in certain circumstances, including:

- upon repayment in full of the Notes;

- upon a defeasance as described under the section entitled "— Defeasance — Defeasance and Discharge;"

- upon the designation by the Company of a Subsidiary Guarantor or a JV Subsidiary Guarantor, as the case may be, as an Unrestricted Subsidiary in compliance with the terms of the Indenture;

- upon the sale, 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 sections entitled "— Certain Covenants — Limitation on Sales and Issuances of Capital Stock in Restricted Subsidiaries," "— Certain Covenants — Limitation on Asset Sales" and "— Consolidation, Merger and Sale of Assets") resulting in such Subsidiary Guarantor or JV Subsidiary Guarantor, as the case may be, no longer being a Restricted Subsidiary, so long as (1) such Subsidiary Guarantor or JV Subsidiary Guarantor, as the case may be, is simultaneously released from its obligations in respect of any of the Company's other Indebtedness or any Indebtedness of any other Restricted Subsidiary and (2) the proceeds from such sale, disposition or merger are used for the purposes permitted or required by the Indenture;

- in the case of a Subsidiary Guarantee, upon its replacement with a JV Subsidiary Guarantee; or

- in the case of a Subsidiary Guarantor, upon its becoming a New Non-Guarantor Subsidiary in compliance with the terms of the Indenture.

The Company may request the Trustee to release the Subsidiary Guarantee provided by any Subsidiary Guarantor and the Subsidiary Guarantee provided by each Restricted Subsidiary that is the Subsidiary of such Subsidiary Guarantor organized under laws outside the PRC, and upon such release such Subsidiary Guarantor and each Restricted Subsidiary that is the Subsidiary of such Subsidiary Guarantor organized under laws outside the PRC will become New Non-Guarantor Subsidiaries (such that each New Non-Guarantor Subsidiary will no longer Guarantee the Notes) (without any requirement to seek the consent or approval of the Holders of the Notes), *provided* that, after the release of such Subsidiary Guarantees, the Consolidated Assets of all Restricted Subsidiaries organized under laws outside the PRC (other than the Exempted Subsidiaries and Listed Subsidiaries) that are neither Subsidiary Guarantors nor JV Subsidiary Guarantors (including the New Non-Guarantor Subsidiaries) do not account for more than 20% of the Relevant Total Assets. A Subsidiary Guarantee of a Subsidiary Guarantor may only be released pursuant to this paragraph if, as of the date of such proposed release, no document exists that is binding on the Company or any of the Restricted Subsidiaries that would have the effect of (x) prohibiting the Company or any of the Restricted Subsidiaries from releasing such Subsidiary Guarantee or (y) requiring the Company, the Parent, the Issuer or such Subsidiary Guarantor to deliver or keep in place a guarantee of other Indebtedness of the Company, the Parent or the Issuer by such Subsidiary Guarantor.

The Trustee shall comply with a request referred to in the preceding paragraph if the conditions precedent to such release set forth in the Indenture have been complied with, as evidenced by an Officers' Certificate from the Company, and the Trustee shall take all actions necessary to effect and evidence such release in accordance with the terms of the Indenture.

No release of a Subsidiary Guarantor and JV Subsidiary Guarantor from their Subsidiary Guarantee and JV Subsidiary Guarantee shall be effective against the Trustee or the Holders until the Company has delivered to the Trustee an Officer's Certificate stating that all requirements relating to such release have been complied with and such release is authorized and permitted by the terms of the Indenture.

Replacement of Subsidiary Guarantees with JV Subsidiary Guarantees

A Subsidiary Guarantee given by a Subsidiary Guarantor may be released following the sale of existing Capital Stock or the issuance of new Capital Stock by the Company or any Restricted Subsidiary 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 is for no less than 20% of the issued Capital Stock of the relevant Subsidiary Guarantor, *provided* that the following conditions are satisfied or complied with:

- concurrently with the release of such Subsidiary Guarantee, such JV Subsidiary Guarantor has delivered to the Trustee:

  (i) (A) a duly executed JV Subsidiary Guarantee of such JV Subsidiary Guarantor and each Restricted Subsidiary that is a Subsidiary of such JV Subsidiary Guarantor and that is not organized under the laws of the PRC, an Exempted Subsidiary or a Listed Subsidiary and (B) a duly executed supplemental indenture to the Indenture pursuant to which such JV Subsidiary Guarantor becomes a party to the Indenture as a JV Subsidiary Guarantor, each of which provides, among other things, that the aggregate claims of the Trustee under such JV Subsidiary Guarantee and all JV Subsidiary Guarantees provided by the Restricted Subsidiaries and shareholders of such JV Subsidiary Guarantor will be limited to the JV Entitlement Amount;

  (ii) an Officers' Certificate certifying a copy of a Board Resolution to the effect that such JV Subsidiary Guarantee has been approved by a majority of the disinterested members of the Board of Directors; and

  (iii) a legal opinion by a law firm of recognized international standing confirming that under New York law such JV Subsidiary Guarantee is valid, binding and enforceable against the JV Subsidiary Guarantor providing the JV Subsidiary Guarantee (subject to customary qualifications and assumptions).

- such sale or issuance of Capital Stock is made to an Independent Third Party at a consideration that is not less than the appraised value of such Capital Stock by an independent appraisal firm of recognized international standing appointed by the Company;

- all capital contributions (by way of transfer of cash or other property or any payment for property or services for the use of others or otherwise) to be made into such JV Subsidiary Guarantor from the date of the sale of existing Capital Stock or issuance of new Capital Stock as referred to above, shall be made directly or by contribution of assets or services having an equivalent Fair Market Value by (i) the Company and the Restricted Subsidiaries and (ii) such Independent Third Party that purchased or subscribed for Capital Stock in the JV Subsidiary Guarantor in proportion to their respective direct or indirect ownership percentages of the Capital Stock of such JV Subsidiary Guarantor; and

- 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.

Notwithstanding the foregoing paragraph, any such sale or issuance of the Capital Stock of the relevant Subsidiary Guarantor (including where such sale results in the relevant Subsidiary Guarantor ceasing to be a Restricted Subsidiary) will need to comply with the other covenants set forth in the Indenture, including, without limitation, the "Limitation on Asset Sales" and "Limitation on Restricted Payments" covenants.

Any Net Cash Proceeds from the sale 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 date of the Indenture, all of the Company's Subsidiaries will be "Restricted Subsidiaries" other than Foshan Nanhai Juncheng Real Estate Company Limited (佛山市南海俊誠房地產開發有限公司), Ningbo Sanli Xianghe Real Estate Company Limited (寧波三立祥和置業有限公司), Ningbo Sanli Yongheng Real Estate Company Limited (寧波三立甬恒置業有限公司), Ningbo Sanli Jiada Real Estate Company Limited (寧波三立嘉達置業有限公司), Chengbo (Ningbo) Real Estate Company Limited (城博(寧波)置業有限公司), Ningbo Yucheng Real Estate Company Limited (寧波御城置業有限公司), Wuhan Donghu Henda Real Estate Company Limited (武漢東湖恒大房地產開發有限公司), Pioneer Time Investment Limited, Key Alliance Investments Limited (建聯投資有限公司), Ray Shine Group Limited, Ideal Market Holdings Limited (旭智控股有限公司), Chengbo Company Limited (城博有限公司), Global City Development Limited, Xingye Investment Limited (興業投資有限公司), Jiada Development Company Limited (嘉達發展有限公司), Splendid Ritzy Limited and any Subsidiary of these Subsidiaries. However, under the circumstances described below under the section entitled "— Certain Covenants — Designation of Restricted and Unrestricted Subsidiaries," the Issuer will be permitted to designate certain of the Company's Subsidiaries as Unrestricted Subsidiaries. The Unrestricted Subsidiaries will generally not be subject to the restrictive covenants in the Indenture and will not guarantee the Notes.

Keepwell and EIPU

Under the Keepwell and EIPU,

(1) upon receipt of the written notice from the Trustee substantially in the form set forth in Schedule 1 of the Keepwell and EIPU in accordance with the Indenture following an Event of Default, the Company agrees that it shall, subject to obtaining all necessary approvals, consents, licenses, orders, permits and any other authorizations from the relevant authorities (the "**Purchase Approvals**"), purchase, directly or indirectly, the Capital Stock held by Restricted Subsidiaries that are Subsidiaries of the Parent incorporated outside the PRC at a certain purchase price and terms set forth in the Keepwell and EIPU;

(2) if the Trustee has received notification from the Company that the purchase price in clause (1) is (x) insufficient to cover any shortfall in the ability of the Parent, the Issuer and the Subsidiary Guarantors to pay any amounts payable under the Notes, the Indenture, the Parent Guarantee and the Subsidiary Guarantees or (y) any Purchase Approval is unlikely to be obtained, and the Trustee sends the Company a written notice from the Trustee substantially in the form set forth in Schedule 3 of the Keepwell and EIPU in accordance with the Indenture following an Event of Default, the Company agrees that it shall, subject to obtaining all necessary approvals, consents, licenses, orders, permits and any other authorizations from the relevant authorities, invest, directly or indirectly, (by equity and/or shareholders' loan) in Restricted Subsidiaries that are Subsidiaries of the Parent incorporated outside the PRC on terms set forth in the Keepwell and EIPU; and

(3) the Company agrees that it shall cause the Parent, the Issuer, each Subsidiary Guarantor and each JV Subsidiary Guarantor, if any, to (i) have a consolidated net worth (as defined in the Keepwell and EIPU) of at least US$1.00 at all times (and with respect to the Parent only, at least RMB1.0 billion at all times), (ii) have sufficient liquidity to ensure timely payment of

any amounts payable under the Notes, the Parent Guarantee and the Subsidiary Guarantees as and when due, and (iii) remain solvent and a going concern at all times under the laws of their respective jurisdictions of incorporation or applicable accounting standards.

Further Issues

Subject to the covenants described below, the Issuer 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 Parent Guarantee, the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any)) in all respects (or in all respects except for the issue date, issue price and the first payment of interest on them and, to the extent necessary, certain temporary securities law transfer restrictions, as applicable) ("**Additional Notes**") so that such Additional Notes may be consolidated and form a single class with the previously outstanding Notes and vote together as one class on all matters with respect to the Notes; *provided* that the issuance of any such Additional Notes shall then be permitted under the "Limitation on Indebtedness and Preferred Stock" covenant described below and the other provisions of the Indenture.

Optional Redemption

At any time prior to November 6, 2020, the Issuer 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 redeemed plus the Applicable Premium as of, and accrued and unpaid interest, if any, to (but not including), the redemption date. Neither the Trustee nor the Paying Agent shall be responsible for calculating or verifying the Applicable Premium.

At any time and from time to time prior to November 6, 2020, the Issuer may redeem up to 35% of the aggregate principal amount of the Notes with the Net Cash Proceeds of one or more sales of Common Stock of the Company in an Equity Offering at a redemption price of 111.0% of the principal amount of the Notes redeemed, plus accrued and unpaid interest, if any, to (but not including) the redemption date; *provided* that at least 65% of the aggregate principal amount of the Notes originally issued on the Original Issue Date remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related Equity Offering.

The Issuer 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 will be selected for redemption as follows:

(1) if the Notes are listed on any national securities exchange or are held through a clearing system, in compliance with the requirements of the principal national securities exchange on which the Notes are listed (if any) and/or the requirements of the clearing system through which the Notes are held; or

(2) if the Notes are not listed on any national securities exchange or held through a clearing system, on a pro rata basis, by lot or by such method as the Trustee in its sole and absolute discretion deems fair and appropriate unless otherwise required by applicable law.

A Note of US$200,000 in principal amount or less shall not be redeemed in part. If any Note is to be redeemed in part only, the notice of redemption relating to such Note will state the portion of the principal amount to be redeemed. A new Note in principal amount equal to the unredeemed portion will be issued upon cancelation of the original Note. On and after the redemption date, interest will cease to accrue on Notes or portions of them called for redemption.

Repurchase of Notes Upon a Change of Control Triggering Event

Not later than 30 days following a Change of Control Triggering Event, the Issuer or the Parent 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.

Each of the Issuer and the Parent 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 Issuer and the Parent, it is important to note that if the Issuer or the Parent 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 Issuer's or the Parent's failure to purchase tendered Notes would constitute an Event of Default under the Indenture.

Certain of the events constituting a Change of Control Triggering Event under the Notes will also constitute an event of default under certain debt instruments of the Company and its Subsidiaries. Future debt of the Company, the Parent or the Issuer may also (1) prohibit the Issuer or the Parent 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 Issuer or the Parent 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 Issuer or the Parent. The Issuer's or the Parent's ability to pay cash to the Holders following the occurrence of a Change of Control Triggering Event may be limited by the Company's, the Parent's, the Issuer's and the Subsidiary Guarantors' then-existing financial resources. There can be no assurance that sufficient funds will be available when necessary to make the required purchase of the Notes. See the section entitled "Risk Factors — Risks Relating to the Notes — We may not be able to repurchase the Notes upon a change of control triggering event." The phrase "all or substantially all," as used with respect to the assets of any Person in the definition of "Change of Control," will likely be interpreted under applicable law of the relevant jurisdictions and will be dependent upon particular facts and circumstances. As a result, there may be a degree of uncertainty in ascertaining whether a sale or transfer of "all or substantially all" the assets of such Person has occurred.

Notwithstanding the above, the Issuer and the Parent will not be required to make a Change of Control Offer following a Change of Control Triggering Event if a third party makes the Change of Control Offer in the same manner at the same time and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by the Issuer or the Parent 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 Issuer or the Parent purchase or redeem the Notes in the event of a takeover, recapitalization or similar transaction.

The Trustee shall not be required to take any steps to ascertain whether a Change of Control Triggering Event or any event which could lead to the occurrence of a Change of Control Triggering Event has occurred or may occur and shall not be liable to any person for any failure to do so. The Trustee shall be entitled to assume that no such event has occurred until it has received written notice to the contrary from the Company.

No Mandatory Redemption or Sinking Fund

There will be no mandatory redemption or sinking fund payments for the Notes.

Additional Amounts

All payments by or on behalf of the Parent, the Issuer, a Subsidiary Guarantor or a JV Subsidiary Guarantor of principal of, and premium (if any) and interest on, the Notes and any payments under the Parent Guarantee, 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 jurisdiction in which the Parent, the Issuer or the applicable Subsidiary Guarantor or JV Subsidiary Guarantor is organized or resident for tax purposes (or any political subdivision or taxing authority thereof or therein) (each, as applicable, a "**Relevant Taxing Jurisdiction**") or any jurisdiction through which payments on the Notes or a Guarantee are made (or any political subdivision or taxing authority thereof or therein) (as applicable and together with the Relevant Taxing Jurisdictions, each, 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 Parent, the Issuer, the applicable Subsidiary Guarantor or JV Subsidiary Guarantor, as the case may be, will pay such additional amounts ("**Additional Amounts**") as will result in receipt by the Holder of each Note of such amounts as would have been received by such Holder had no such withholding or deduction been required, except that no Additional Amounts shall be payable:

(1) for or on account of:

(a) any tax, duty, assessment or other governmental charge that would not have been imposed but for:

(i) the existence of any present or former connection between the Holder or beneficial owner of such Note and the Relevant Jurisdiction other than merely holding such Note or the receipt of payments thereunder or under a Parent Guarantee, Subsidiary Guarantee or JV Subsidiary Guarantee, including, without limitation, such Holder or beneficial owner being or having been a national, domiciliary or resident of such Relevant Jurisdiction or treated as a resident thereof or being or having been physically present or engaged in a trade or business therein or having or having had a permanent establishment therein;

(ii) the presentation of such Note (in cases in which presentation is required) more than 30 days after the later of the date on which the payment of the principal of, premium, if any, and interest on, such Note became due and payable pursuant to the terms thereof or was made or duly provided for, except to the extent that the Holder thereof would have been entitled to such Additional Amounts if it had presented such Note for payment on any date within such 30-day period;

(iii) the failure of the Holder or beneficial owner to comply with a timely request of the Parent, the Issuer, any Subsidiary Guarantor or any JV Subsidiary Guarantor, addressed to the Holder to provide information concerning such Holder's or beneficial owner's nationality, residence, identity or connection with any Relevant Jurisdiction, if and to the extent that due and timely compliance with such request is required by law to reduce or eliminate any withholding or deduction as to which Additional Amounts would have otherwise been payable to such Holder; or

(iv) the presentation of such Note (in cases in which presentation is required) for payment in the Relevant Jurisdiction, unless such Note could not have been presented for payment elsewhere;

(b) any estate, inheritance, gift, sale, transfer, personal property or similar tax, assessment or other governmental charge;

(c) any tax, assessment, withholding or deduction required by sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended ("**FATCA**"), any current or future Treasury Regulations or rulings promulgated thereunder, any intergovernmental agreement between the United States and any other jurisdiction to implement FATCA, any law, regulation or other official guidance enacted in any jurisdiction implementing FATCA, or any agreement with the U.S. Internal Revenue Service under FATCA; or

(d) any combination of taxes, duties, assessments or other governmental charges referred to in the preceding clauses (a), (b) and (c); or

(2) to a Holder that is a fiduciary, partnership or person other than the sole beneficial owner of any payment to the extent that such payment would be required to be included in the income under the laws of a Relevant Jurisdiction, for tax purposes, of a beneficiary or settlor with respect to the fiduciary, or a member of that partnership or a beneficial owner who would not have been entitled to such Additional Amounts had that beneficiary, settlor, partner or beneficial owner been the Holder thereof.

Whenever there is mentioned in any context the payment of principal of, and any premium or interest on, any Note or under the Parent Guarantee, any Subsidiary Guarantee or any JV Subsidiary Guarantee, such mention shall be deemed to include payment of Additional Amounts provided for in the Indenture to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

Redemption for Taxation Reasons

The Notes may be redeemed, at the option of the Issuer, as a whole but not in part, upon giving not less than 30 days' nor more than 60 days' notice to the Holders and upon reasonable notice in advance of such notice to Holders (which notice shall be irrevocable) to 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 Issuer, as the case may be, for redemption (the "**Tax Redemption Date**") if, as a result of:

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

(2) any change in the existing official position or the stating of an official position regarding the application or interpretation of such laws, regulations or rulings (including a holding, judgment or order by a court of competent jurisdiction),

which change or amendment becomes effective (or in the case of a statement, is announced) (i) with respect to the Parent, the Issuer or any initial Subsidiary Guarantor, on or after the Original Issue Date, or (ii) with respect to any Future Subsidiary Guarantor, JV Subsidiary Guarantor, on or after the date such Future Subsidiary Guarantor or JV Subsidiary Guarantor becomes a Subsidiary Guarantor or JV Subsidiary Guarantor, with respect to any payment due or to become due under the Notes or the Indenture, the Parent, the Issuer, a Subsidiary Guarantor or a 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 Parent, the Issuer, such 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 Parent, the Issuer, a Subsidiary Guarantor or a JV Subsidiary Guarantor, as the case may be, would be obligated to pay such Additional Amounts if a payment in respect of the Notes were then due.

Prior to the mailing of any notice of redemption of the Notes pursuant to the foregoing, the Parent, the Issuer, 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 the Tax Redemption Date:

(1) an Officers' Certificate stating that such change or amendment referred to in the prior paragraph has occurred, describing the facts related thereto and stating that such requirement cannot be avoided by the Parent, the Issuer, a Subsidiary Guarantor or JV Subsidiary Guarantor, as the case may be, taking reasonable measures available to it; and

(2) an Opinion of Counsel or an opinion of a tax consultant, in either case of recognized standing with respect to tax matters of the Relevant Taxing Jurisdiction, stating that the requirement to pay such Additional Amounts results from such change or amendment referred to in the prior paragraph.

The Trustee shall and is 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 canceled.

Certain Covenants

Set forth below are summaries of certain covenants contained in the Indenture.

Limitation on Indebtedness and Preferred Stock

(1) The Company will not, and will not permit any Restricted Subsidiary to, Incur any Indebtedness (including Acquired Indebtedness), and the Company will not permit any Restricted Subsidiary to issue Preferred Stock, *provided* that the Company, the Parent, the Issuer or any Subsidiary Guarantor may Incur Indebtedness (including Acquired Indebtedness) and any Non-Guarantor Subsidiary may Incur Permitted Subsidiary Indebtedness if, after giving effect to the Incurrence of such Indebtedness and the receipt and application of the proceeds therefrom, (x) no Default has occurred and is continuing and (y) the Fixed Charge Coverage Ratio would be not less than 2.5 to 1.0. Notwithstanding the foregoing, the Company will not permit any Restricted Subsidiary to Incur any Disqualified Stock (other than Disqualified Stock held by the Company, the Parent, Issuer 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), the Parent Guarantee and each Subsidiary Guarantee and JV Subsidiary Guarantee;

(b) any Pari Passu Guarantee;

(c) Indebtedness of the Company or any Restricted Subsidiary and Preferred Stock of any Restricted Subsidiary outstanding on the Original Issue Date excluding Indebtedness permitted under clause (d); *provided* that such Indebtedness of Restricted Subsidiaries shall be included in the calculation of Permitted Subsidiary Indebtedness (other than any such Indebtedness described in clauses (a) and (b) above and clauses (d), (f), (g) and (m) below);

(d) Indebtedness of the Company or Indebtedness or Preferred Stock of any Restricted Subsidiary owed to or held by the Company or any Restricted Subsidiary; *provided* that (i) any event which results in any such Restricted Subsidiary ceasing to be a Restricted Subsidiary or any subsequent transfer of such Indebtedness or Preferred Stock (other than to the Company or any Restricted Subsidiary) shall be deemed, in each case, to constitute an Incurrence of such Indebtedness not permitted by this clause (d) and (ii) if the Parent, the Issuer, any Subsidiary Guarantor or any JV Subsidiary Guarantor is the obligor and none of the Parent, the Issuer, the Subsidiary Guarantors and JV Subsidiary Guarantors is an obligee on such Indebtedness, such Indebtedness must expressly be subordinated in right of payment to the Notes, in the case of the Issuer, the Parent Guarantee, in the case of the Parent, the Subsidiary Guarantee of such Subsidiary Guarantor, in the case of a Subsidiary Guarantor, or the JV Subsidiary Guarantee of such JV Subsidiary Guarantor, in the case of a JV Subsidiary Guarantor; *provided* further that, any Preferred Stock issued by a Subsidiary Guarantor and held by the Company or another Restricted Subsidiary must by the terms thereof or by operation of law be subordinated in right of payment to the Subsidiary Guarantee of such Subsidiary Guarantor or the JV Subsidiary Guarantee of such JV Subsidiary Guarantor;

(e) Indebtedness ("**Permitted Refinancing Indebtedness**") issued in exchange for, or the net proceeds of which are used to refinance or refund, replace, exchange, renew, repay, defease, discharge or extend (collectively, "refinance" and "refinances" and "refinanced" shall have a correlative meaning), then outstanding Indebtedness (or Indebtedness that is no longer outstanding but that is refinanced substantially concurrently with the Incurrence of such Permitted Refinancing Indebtedness) Incurred under the immediately preceding paragraph (1) or clauses (a), (b), (c), (e), (h), (o), (p), (q), (r), (s), (t), (u), (v) or (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, the Parent Guarantee, a Subsidiary Guarantee or a JV Subsidiary Guarantee shall only be permitted under this clause (e) if (A) in case the Notes are refinanced in part or the Indebtedness to be refinanced is *pari passu* with the Notes, the Parent Guarantee, a Subsidiary Guarantee or a JV Subsidiary Guarantee, such new Indebtedness, by its terms or by the terms of any agreement or instrument pursuant to which such new Indebtedness is outstanding, is expressly made *pari passu* with, or subordinate in right of payment to, the remaining Notes, the Parent Guarantee or such Subsidiary Guarantee or 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, the Parent Guarantee, 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, the Parent Guarantee, such Subsidiary Guarantee or JV Subsidiary Guarantee, as the case may be, at least to the extent that the Indebtedness to be refinanced is subordinated to the Notes, the Parent Guarantee, 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 Issuer, the Parent or any Subsidiary Guarantor or any JV Subsidiary Guarantor be refinanced pursuant to this clause by means of any Indebtedness of the Company or any Restricted Subsidiary that is not the Parent, the Issuer, a Subsidiary Guarantor or a JV Subsidiary Guarantor; and (iv) in no event may Indebtedness of the Issuer, the Parent or any Subsidiary Guarantor be refinanced pursuant to this clause by means of any Indebtedness of any JV Subsidiary Guarantor *(provided* that this sub-clause (iv) shall not prohibit the replacement of a Subsidiary Guarantee by a JV Subsidiary Guarantee if otherwise permitted by the Indenture); *provided further* that the repayment, redemption or discharge of an old Project Debt may be classified as being "refinanced" within the meaning of this clause (e) by a new Project Debt Incurred within 180 days after the repayment, redemption or discharge of such old Project Debt;

(f) Indebtedness Incurred by the Company or any Restricted Subsidiary pursuant to (A) Hedging Obligations entered into in the ordinary course of business and designed solely to protect the Company or any Restricted Subsidiary from fluctuations in interest rates, currencies or the price of commodities and not for speculation or (B) other derivative contracts entered into for non-speculative purposes in connection with the business of the Company or any Restricted Subsidiary;

(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, 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 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; *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 property or completion of such development, construction or improvement and (C) on the date of the Incurrence of such Indebtedness and after giving effect thereto, the aggregate principal amount outstanding of all such Indebtedness Incurred under this clause (h) (together with refinancings thereof and the aggregate principal amount outstanding of Indebtedness that was Incurred under clauses (q), (r), (s), (t), (u) and (v) below and the refinancings thereof, but excluding any Contractor Guarantee or Guarantee Incurred under such clauses and this clause (h) to the extent the amount of such Contractor Guarantee or Guarantee is otherwise reflected in such aggregate principal amount) does not exceed an amount equal to 25% 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 the Capital Stock of the Parent and the Issuer and any asset of the Issuer), other than Guarantees of Indebtedness Incurred by any Person acquiring all or any portion of such business, assets or Restricted Subsidiary for the purpose of financing such acquisition; *provided* that the maximum aggregate liability in respect of all such Indebtedness in the nature of such Guarantee shall at no time exceed the gross proceeds actually received from the sale of such business, assets or Restricted Subsidiary;

(l) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds in the ordinary course of business *provided*, however, that such Indebtedness is extinguished within five Business Days of Incurrence;

(m) Guarantees by the Company or any Restricted Subsidiary of Indebtedness of the Company or any Restricted Subsidiary that was permitted to be Incurred by another provision of this covenant, subject to the "Limitation on Issuances of Guarantees by Restricted Subsidiaries" covenant;

(n) Indebtedness of the Company or any Restricted Subsidiary with a maturity of one year or less used by the Company or any Restricted Subsidiary for working capital; *provided* that the aggregate principal amount of Indebtedness permitted by this clause (n) at any time outstanding does not exceed 2% of Total Assets;

(o) Indebtedness of the Company or any Restricted Subsidiary constituting an obligation to pay the deferred purchase price of Capital Stock of a Person pursuant to a Staged Acquisition Agreement, to the extent that such deferred purchase price is paid within 12 months after the date on which the Company or such Restricted Subsidiary enter into such Staged Acquisition Agreement; *provided* that such Person is either a Restricted Subsidiary or would become a Restricted Subsidiary upon completion of the transactions under such Staged Acquisition Agreement;

(p) 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$30.0 million (or the Dollar Equivalent thereof);

(q) Indebtedness Incurred or Preferred Stock issued by the Company or any Restricted Subsidiary arising from any Investment made by a Financial Company Investor in a PRC Restricted Subsidiary; *provided* that on the date of the Incurrence of such Indebtedness or issuance of Preferred Stock and after giving effect thereto, the aggregate principal amount outstanding of all such Indebtedness and Preferred Stock Incurred under this clause (q) (together with refinancings thereof and the aggregate principal amount outstanding of Indebtedness that was Incurred under clause (h) above and clauses (r), (s), (t), (u) and (v) below and the refinancings thereof, but excluding any Contractor Guarantee or Guarantee Incurred under such clauses and this clause (q) to the extent the amount of such Contractor Guarantee or Guarantee is otherwise reflected in such aggregate principal amount) does not exceed an amount equal to 25% of Total Assets;

(r) 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, if (x) the aggregate of all Indebtedness Incurred under this clause (r) (together with refinancing thereof and the aggregate principal amount outstanding of Indebtedness that was Incurred under clauses (h) and (q) above and clauses (s), (t), (u) and (v) below and the refinancings thereof, but excluding any Contractor Guarantee or Guarantee Incurred under such clauses and this clause (r) to the extent the amount of such Contractor Guarantee or Guarantee is otherwise reflected in such aggregate principal amount) does not exceed an amount equal to 25% of Total Assets and (y) the aggregate of all Indebtedness Incurred under this clause (r) (together with refinancing thereof) does not exceed an amount equal to 7.5% of Total Assets;

(s) Bank Deposit Secured Indebtedness Incurred by the Company or any Restricted Subsidiary, *provided* that on the date of Incurrence of such Indebtedness, the aggregate principal amount outstanding of such Indebtedness Incurred under this clause (s) (together with refinancing thereof and the aggregate principal amount outstanding of Indebtedness that was Incurred under clauses (h), (q) and (r) above and clauses (t), (u) and (v) below and the refinancings thereof, but excluding any Contractor Guarantee or Guarantee Incurred under such clauses and this clause (s) to the extent the amount of such Contractor Guarantee or Guarantee is otherwise reflected in such aggregate principal amount) does not exceed an amount equal to 25% of Total Assets;

(t) (x) Indebtedness Incurred by any PRC Restricted Subsidiary which is secured by Investment Properties, and Guarantees thereof by the Company or any Restricted Subsidiary or (y) Capitalized Lease Obligations, or Attributable Indebtedness with respect to a Sale and Leaseback Transaction that would otherwise be permitted under the section entitled "Limitation on Sale and Leaseback Transactions," Incurred by any PRC Restricted Subsidiary; *provided* that on the date of the Incurrence of such Indebtedness and after giving effect thereto, the aggregate principal amount outstanding of all such Indebtedness Incurred under this clause (t) (together with refinancings thereof and the aggregate principal amount outstanding of Indebtedness that was Incurred under clauses (h), (q), (r) and (s) above and clauses (u) and (v) below and the refinancings thereof, but excluding any Contractor Guarantee or Guarantee Incurred under such clauses and this clause (t) to the extent the amount of such Contractor Guarantee or Guarantee is otherwise reflected in such aggregate principal amount) does not exceed an amount equal to 25% of Total Assets;

(u) Indebtedness of the Company or any Restricted Subsidiary constituting an obligation to pay the deferred purchase price of Capital Stock of a Person pursuant to a Minority Interest Staged Acquisition Agreement, to the extent that such deferred purchase price is paid within 12 months after the date the Company or such Restricted Subsidiary enters into such Minority Interest Staged Acquisition Agreement; *provided* that on the date of the Incurrence of such Indebtedness and after giving effect thereto, the aggregate principal amount outstanding of all such Indebtedness Incurred under this clause (u) (together with refinancings thereof and the aggregate principal amount outstanding of Indebtedness that was Incurred under clauses (h), (q), (r), (s) and (t) above and clause (v) below and the refinancings thereof, but excluding any Contractor Guarantee or Guarantee Incurred under such clauses and this clause (u) to the extent the amount of such Contractor Guarantee or Guarantee is otherwise reflected in such aggregate principal amount) does not exceed an amount equal to 25% of Total Assets; and

(v) Acquired Indebtedness of any Restricted Subsidiary Incurred and outstanding on the date on which such Restricted Subsidiary became a Restricted Subsidiary (other than Indebtedness Incurred (i) to provide all or any portion of the funds utilized to consummate the transaction or series of transactions pursuant to which a Person becomes a Restricted Subsidiary or (ii) otherwise in contemplation of a Person becoming a Restricted Subsidiary or any such acquisition); *provided* that on the date of the Incurrence of such Indebtedness and after giving effect thereto, the aggregate principal amount outstanding of all such Indebtedness Incurred pursuant to this clause (v) (together with refinancing thereof and the aggregate principal amount outstanding of Indebtedness that was Incurred under clauses (h), (q), (r), (s), (t) and (u) above and the refinancings thereof, but excluding any Contractor Guarantee or Guarantee Incurred under such clauses and this clause (v) to the extent the amount of such Contractor Guarantee or Guarantee is otherwise reflected in such aggregate principal amount) does not exceed an amount equal to 25% of Total Assets.

(3) For purposes of determining compliance with this "Limitation on Indebtedness and Preferred Stock" covenant, in the event that an item of Indebtedness meets the criteria of more than one of the types of Indebtedness described above, including under the proviso in the first paragraph of part (1), the Company, in its sole discretion, shall classify, and from time to time may reclassify, such item of Indebtedness in one or more types of Indebtedness described above.

(4) Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that may be Incurred pursuant to this covenant will not be deemed to be exceeded with respect to any outstanding Indebtedness due solely to the result of fluctuations in the exchange rates of currencies, *provided* that such Indebtedness was permitted to be Incurred at the time of such Incurrence.

Limitation on Restricted Payments

The Company will not, and will not permit any Restricted Subsidiary to, directly or indirectly (the payments or any other actions described in clauses (1) through (4) below being collectively referred to as "**Restricted Payments**"):

(1) declare or pay any dividend or make any distribution on or with respect to the Company's or any Restricted Subsidiary's Capital Stock (other than dividends or distributions payable or paid in shares of the Company's or any Restricted Subsidiary's (other than the Parent and the Issuer) 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 Wholly Owned 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 Capital Stock) or any direct or indirect parent of the Company held by any Person other than the Company or any Wholly Owned Restricted Subsidiary;

(3) make any voluntary or optional principal payment, or voluntary or optional redemption, repurchase, defeasance, or other acquisition or retirement for value, of Indebtedness that is subordinated in right of payment to the Notes, the Parent Guarantee, any of the Subsidiary Guarantees or any of the JV Subsidiary Guarantees (excluding any intercompany Indebtedness between or among the Company and the Restricted Subsidiaries); or

(4) make any Investment, other than a Permitted Investment;

if, at the time of, and after giving effect to, the proposed Restricted Payment:

(a) a Default has occurred and is continuing or would occur as a result of such Restricted Payment;

(b) the Company could not Incur at least US$1.00 of Indebtedness under the proviso in the first paragraph of part (1) of the covenant entitled "— Limitation on Indebtedness and Preferred Stock;" or

(c) such Restricted Payment, together with the aggregate amount of all Restricted Payments made by the Company and the Restricted Subsidiaries after the Original Issue Date, shall exceed the sum of:

(i) 50% of the aggregate amount of the Consolidated Net Income of the Company (or, if the Consolidated Net Income is a loss, minus 100% of the amount of such loss) accrued on a cumulative basis during the period (taken as one accounting period) beginning on January 1, 2018 and ending on the last day of the Company's most recently ended fiscal quarter for which consolidated financial statements of the Company (which the Company shall use its reasonable best efforts to compile in a timely manner) are available (which may include internal consolidated financial statements); plus

(ii) 100% of the aggregate Net Cash Proceeds received by the Company after the Original Issue Date as a capital contribution to its common equity or from the issuance and sale of its Capital Stock (other than Disqualified Stock) to a Person who is not the Company or a Subsidiary of the Company, including any such Net Cash Proceeds received upon (A) the conversion of any Indebtedness (other than Subordinated Indebtedness) of the Company into Capital Stock (other than Disqualified Stock) of the Company, or (B) the exercise by a Person who is not the Company or a Subsidiary of the Company of any options, warrants or other rights to acquire Capital Stock of the Company (other than Disqualified Stock) in each case after deducting the amount of any such Net Cash Proceeds used to redeem, repurchase, defease or otherwise acquire or retire for value any Subordinated Indebtedness or Capital Stock of the Company; plus

(iii) the amount by which Indebtedness of the Company or any Restricted Subsidiary is reduced on the Company's consolidated balance sheet upon the conversion or exchange (other than by a Subsidiary of the Company) subsequent to the Original Issue Date of any Indebtedness of the Company or any Restricted Subsidiary convertible or exchangeable into Capital Stock (other than Disqualified Stock) of the Company (less the amount of any cash, or the Fair Market Value of any other property, distributed by the Company upon such conversion or exchange); plus

(iv) an amount equal to the net reduction in Investments (other than reductions in Permitted Investments) that were made after the Original Issue 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), (B) the unconditional release of a Guarantee provided by the Company or a Restricted Subsidiary after the Original Issue Date of an obligation of another Person, (C) to the extent that an Investment made after the Original Issue Date 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 Original Issue Date in any such Person; plus

(v) US$75.0 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, the Parent, the Issuer 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 Parent, the Issuer 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 the Company or a Subsidiary of the Company) of, Capital Stock (other than Disqualified Stock) of the Parent, the Issuer or any Subsidiary Guarantor (or options, warrants or other rights to acquire such Capital Stock); *provided* that the amount of any such Net Cash Proceeds that are utilized for any such Restricted Payment will be excluded from clause (c)(ii) of the preceding paragraph;

(4) the redemption, repurchase, defeasance or other acquisition or retirement for value of Subordinated Indebtedness of the Company, the Parent, the Issuer 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 the Company or a Subsidiary of the Company) of, Capital Stock (other than Disqualified Stock) of the Company, the Parent, the Issuer or any of the Subsidiary Guarantors or JV Subsidiary Guarantors (or options, warrants or other rights to acquire such Capital Stock); *provided* that the amount of any such Net Cash Proceeds that are utilized for any such Restricted Payment will be excluded from clause (c)(ii) of the preceding paragraph;

(5) any dividend or distribution 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 a class of Capital Stock of such Restricted Subsidiary; *provided* that, with respect to a Restricted Subsidiary of which less than a majority of the Voting Stock is directly or indirectly owned by the Company, such dividend or distribution shall be declared, paid or made on a pro rata basis or on a basis more favorable to the Company, as determined by the ownership of the Voting Stock;

(6) the redemption, repurchase or other acquisition of Capital Stock of the Company (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 Subsidiary of the Company) 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;

(7) the redemption, repurchase, defeasance or other acquisition or retirement for value of Subordinated Indebtedness of the Company in exchange for, or out of the Net Cash Proceeds of, a substantially concurrent capital contribution or sale (other than to the Company or a Subsidiary of the Company) 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;

(8) *[Reserved]*;

(9) the purchase by a Restricted Subsidiary (other than the Issuer) of Capital Stock in any PRC Restricted Subsidiary (not exceeding 20% of the total Capital Stock in such PRC Restricted Subsidiary) pursuant to an agreement entered into by such Restricted Subsidiary with an 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 PRC 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 (determined by multiplying the fair market value of such PRC Restricted Subsidiary by the percentage that such Capital Stock represents in the total Capital Stock of such PRC Restricted Subsidiary);

(10) the purchase of Capital Stock of a Person, and payments made, pursuant to a Staged Acquisition Agreement or a Minority Interest Staged Acquisition Agreement;

(11) dividends paid to, or the purchase of Capital Stock of any PRC Restricted Subsidiary held by any Financial Company Investor in respect of any Preferred Stock issued or Indebtedness outstanding on the Original Issue Date or issued or Incurred under paragraph (2)(q) of the "Limitation on Indebtedness and Preferred Stock" covenant;

(12) (A) the repurchase, redemption or other acquisition or retirement for value of the Capital Stock of the Company or any Restricted Subsidiary (directly or indirectly, including through any trustee, agent or nominee) in connection with an employee benefit plan, and any corresponding Investment by the Company or any Restricted Subsidiary in any trust or similar arrangements to the extent of such repurchased, redeemed, acquired or retired Capital Stock, or (B) the repurchase, redemption or other acquisition or retirement for value of any Capital Stock of the Company or any Restricted Subsidiary held by an employee benefit plan of the Company or any Restricted Subsidiary, any current or former officer, director, consultant, or employee of the Company or any Restricted Subsidiary (or permitted transferees, estates or heirs of any of the foregoing); *provided* that the aggregate consideration paid for all such repurchased, redeemed, acquired or retired Capital Stock shall not exceed US$50.0 million (or the Dollar Equivalent thereof using the Original Issue Date as the date of determination);

(13) cash payment in lieu of fractional shares in connection with the exercise of warrants, options or other securities convertible into or exchangeable for Capital Stock of the Company, *provided*, however, that any such cash 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);

(14) the redemption, repurchase or other acquisition of Capital Stock of any Restricted Subsidiary (other than the Parent and the Issuer) (not exceeding 50% of the total Capital Stock in such Restricted Subsidiary) from an Independent Third Party; or

(15) any dividend or distribution declared, paid or made by the Company to Strategic Investors in accordance with the terms of the Investment Agreements,

provided that, in the case of clause (2), (3) or (4) of the preceding paragraph, no Default shall have occurred and be continuing or would occur as a consequence of the actions or payments set forth therein.

Subject to the immediately following paragraph, each Restricted Payment made pursuant to clause (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 Payment.

Notwithstanding any other provision of this "Limitation on Restricted Payments" covenant, clause (b) of the first paragraph of this covenant does not have to be satisfied with respect to any Restricted Payment consisting solely of the declaration or payment of dividends in cash on the Common Stock of the Company or the repurchase of Common Stock of the Company; *provided* that, starting from the

Original Issue Date, the only amount of any Restricted Payment made pursuant to this paragraph that 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 shall be the excess amount, if any, of (x) the aggregate amount of all declarations and payments of dividends on such Common Stock during any fiscal year of the Company and price paid for all such repurchased Common Stock during such fiscal year over (y) 35% of the consolidated profit for the year of the Company calculated in accordance with GAAP for the fiscal year immediately before such fiscal year.

The amount of any Restricted Payment (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 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 (15) 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 covenant entitled "— Limitation on Restricted Payments" were computed, together with a copy of any fairness opinion or appraisal required by the Indenture.

Limitation on Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries

(1) Except as provided below, the Company will not, and will not permit any Restricted Subsidiary to, create or otherwise cause or permit to exist or become effective any encumbrance or restriction on the ability of any Restricted Subsidiary to:

   (a) pay dividends or make any other distribution on any Capital Stock of such Restricted Subsidiary owned by the Company or any other Restricted Subsidiary;

   (b) pay any Indebtedness or other obligation owed to the Company or any other Restricted Subsidiary;

   (c) make loans or advances to the Company or any other Restricted Subsidiary; or

   (d) sell, lease or transfer any of its property or assets to the Company or any other Restricted Subsidiary.

(2) The provisions of clause (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 Parent Guarantee, the Subsidiary Guarantees, the JV Subsidiary Guarantees, the Indenture, the Keepwell and EIPU, or under any Pari Passu Guarantee or any Indebtedness guaranteed by a 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, or (ii) exist by virtue of any Lien on, or agreement to transfer, option or similar right with respect to any property or assets of the Company or any Restricted Subsidiary not otherwise prohibited by the Indenture or (iii) do not relate to any Indebtedness, and that do not, individually or in the aggregate, detract from the value of property or assets of the Company or any Restricted Subsidiary in any manner material to the Company or any Restricted Subsidiary;

(e) with respect to a Restricted Subsidiary (other than the Parent and the Issuer) and imposed pursuant to an agreement that has been entered into for the sale or disposition of all or substantially all of the Capital Stock of, or property and assets of, such Restricted Subsidiary that is permitted by the covenants entitled "— Limitation on Sales and Issuances of Capital Stock in Restricted Subsidiaries," "— Limitation on Indebtedness and Preferred Stock" and "— Limitation on Asset Sales;"

(f) with respect to any Restricted Subsidiary and imposed pursuant to an agreement that has been entered into for the Incurrence of Indebtedness or issuance of Preferred Stock of the type described under clause (2)(h), (2)(n), (2)(o), (2)(p), (2)(q), (2)(r), (2)(s), (2)(t), (2)(u) or 2(v) of the covenant entitled "— Limitation on Indebtedness and Preferred Stock" if 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 (w) the ability of the Company to honor its commitments under the Keepwell and EIPU, (x) the ability of the Issuer to make the required payments on the Notes, (y) the Parent to make required payments under its Parent Guarantee, or (z) any Subsidiary Guarantor or JV Subsidiary Guarantor to make required payments under its Subsidiary Guarantee or JV Subsidiary Guarantee; *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, *provided* further that, the Board of Directors is empowered to determine as to whether the conditions set forth in clauses (i) and (ii) are met, which determination shall be conclusive if evidenced by a Board Resolution;

(g) existing in customary provisions in joint venture agreements and other similar agreements permitted under the Indenture, to the extent such encumbrance or restriction relates to the activities or assets of a Restricted Subsidiary that is a party to such joint venture and if (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 and adversely affect (w) the ability of the Company to honor its commitments under the Keepwell and EIPU, (x) the ability of the Issuer to make the required payments on the Notes, (y) the Parent to make required payments under its Parent Guarantee, or (z) any Subsidiary Guarantor or JV Subsidiary Guarantor to make required payments under its Subsidiary Guarantee or JV Subsidiary

Guarantee, *provided* further that, the Board of Directors is empowered to determine as to whether of the conditions set forth in clauses (i) and (ii) are met, which determination shall be conclusive if evidenced by a Board Resolution; or

(h) existing with respect to any Unrestricted Subsidiary or the property or assets of such Unrestricted Subsidiary that is designated as a Restricted Subsidiary in accordance with the terms of the Indenture at the time of such designation and not incurred in contemplation of such designation, which encumbrances or restrictions are not applicable to any Person or the property or assets of any Person other than such Subsidiary or its subsidiaries or the property or assets of such Subsidiary or its subsidiaries, and any extensions, refinancing, renewals or replacements thereof; *provided* that the encumbrances and restrictions in any such extension, refinancing, renewal or replacement, taken as a whole, are no more restrictive in any material respect to the Holders than those encumbrances or restrictions that are then in effect and that are being extended, refinanced, renewed or replaced.

Limitation on Sales and Issuances of Capital Stock in Restricted Subsidiaries

The Company will not sell, and will not permit any Restricted Subsidiary, directly or indirectly, to issue or sell any shares of Capital Stock of a Restricted Subsidiary (including options, warrants or other rights to purchase shares of such Capital Stock) except:

(1) to the Company or a Wholly Owned Restricted Subsidiary, or in the case of a Restricted Subsidiary that is not a Wholly Owned Restricted Subsidiary, pro rata to its shareholders or incorporators;

(2) to the extent such Capital Stock represents director's qualifying shares or is required by applicable law to be held by a Person other than the Company or a Wholly Owned Restricted Subsidiary;

(3) for the issuance or sale of the Capital Stock of a Restricted Subsidiary (other than the Parent and the Issuer) 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; *provided* that, paragraph (18)(b) of the definition of "Permitted Investments" shall not apply if such Investment would otherwise have been permitted under paragraph (18) of such definition; and

(4) the issuance or sale of Capital Stock of a Restricted Subsidiary (other than the Parent and the Issuer) (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 covenant entitled "— Limitation on Asset Sales."

Limitation on Issuances of Guarantees by Restricted Subsidiaries

The Company will not permit any Restricted Subsidiary which is not the Parent, the Issuer, a Subsidiary Guarantor or a JV Subsidiary Guarantor, directly or indirectly, to Guarantee any Indebtedness ("**Guaranteed Indebtedness**") of the Company, the Parent, Issuer or any Subsidiary Guarantor, unless (1) (a) such Restricted Subsidiary, simultaneously executes and delivers a supplemental indenture to the Indenture providing for an unsubordinated Subsidiary Guarantee (in the case of a Subsidiary Guarantor) or JV Subsidiary Guarantee (in the case of a JV Subsidiary Guarantor) of payment of the Notes by such Restricted Subsidiary and (b) such Restricted Subsidiary waives, and will not in any manner whatsoever claim or take the benefit or advantage of, any rights of reimbursement, indemnity or subrogation or any other rights against the Company or any other Restricted Subsidiary as a result of any payment by such

Restricted Subsidiary under its Subsidiary Guarantee or JV Subsidiary Guarantee, as the case may be, until the Notes have been paid in full, (2) such Guarantee is permitted by clauses (2)(d) or (s) (in the case of clause (2)(s), with respect to the Guarantee provided by the Company or any Restricted Subsidiary through the pledge of one or more bank accounts or deposits to secure (or the use of any Guarantee or letter of credit or similar instruments to Guarantee) any Bank Deposit Secured Indebtedness), under the caption "— Limitation on Indebtedness and Preferred Stock" or (3) such Restricted Subsidiary is incorporated in the PRC.

If the Guaranteed Indebtedness (1) ranks *pari passu* in right of payment with the Notes, the Parent Guarantee, 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 Parent Guarantee, the Subsidiary Guarantee or the JV Subsidiary Guarantee, as the case may be, or (2) is subordinated in right of payment to the Notes, the Parent Guarantee, any Subsidiary Guarantee or any JV Subsidiary Guarantee, then the Guarantee of such Guaranteed Indebtedness shall be subordinated in right of payment to the Parent Guarantee, the Subsidiary Guarantee or the JV Subsidiary Guarantee, as the case may be, at least to the extent that the Guaranteed Indebtedness is subordinated to the Notes, the Parent Guarantee, 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, which, absent manifest error, may be conclusively evidenced by an Officers' Certificate from the Company certifying to that effect. The Trustee is fully protected in relying on such an Officers' Certificate with respect to such guarantee given by the relevant JV Subsidiary Guarantor. 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% 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, as the case may be, 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 or such Restricted Subsidiary; 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$25.0 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$50.0 million (or the Dollar Equivalent thereof), in addition to the Board Resolution required in clause 2(a) above, an opinion as to the fairness to the Company or such Restricted Subsidiary, as the case may be, of such Affiliate Transaction from a financial point of view issued by an accounting, appraisal or investment banking firm of recognized international standing.

The foregoing limitation does not limit, and shall not apply to:

(1) the payment of reasonable and customary regular fees and other compensation for the service as board members to directors of the Company or any Restricted Subsidiary who are not employees of the Company or any Restricted Subsidiary;

(2) transactions between or among the Company and any Wholly Owned Restricted Subsidiary or between or among Wholly Owned Restricted Subsidiaries;

(3) any Restricted Payment of the type described in clause (1), (2) or (3) of the first paragraph of the covenant entitled "— 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 scheme, so long as such scheme is in compliance with the listing rules of The Stock Exchange of Hong Kong Limited if the Company were listed on The Stock Exchange of Hong Kong Limited, which as of the Original Issue Date require a majority shareholder approval for any such scheme;

(6) any purchase of Capital Stock of the type specified in clause (9), (10) or (11) of the second paragraph of the covenant entitled "— Limitation on Restricted Payments;" and

(7) any repurchase, redemption or other acquisition or retirement for value of any Capital Stock of the Company or any Restricted Subsidiary pursuant to clause (12) of the second paragraph of the covenant entitled "— Limitation on Restricted Payments."

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 (18) 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 the Restricted Subsidiaries than the original agreement in effect on the Original Issue Date, and (iii) any transaction between or among any of the Company, any Wholly Owned Restricted Subsidiary and any Restricted Subsidiary that is not a Wholly Owned Restricted Subsidiary or between or among the Company or a Restricted Subsidiary on the one part and a Jointly Controlled Entity, an Associate or an Unrestricted Subsidiary on the other part; *provided* that in the case of clause (iii), (a) such transaction is entered into in the ordinary course of business, (b) in the case of a transaction with a Restricted Subsidiary that is not a Wholly Owned Restricted Subsidiary, none of the minority shareholders or minority partners of or in such Restricted Subsidiary (other than those that beneficially own in the aggregate no more than 10% of the Capital Stock of such Restricted Subsidiary) is a Person described in clause (x) or (y) of the first paragraph of this covenant (other than by reason of such minority shareholder or minority partner being an officer or director of such Restricted Subsidiary or being a Subsidiary of the Company), or (c) in the case of a transaction with a Jointly Controlled Entity, an Associate or an Unrestricted Subsidiary, none of the shareholders or partners (other than the Company or a Restricted Subsidiary) of such Jointly Controlled Entity, Associate or Unrestricted Subsidiary (other than shareholders or partners that beneficially own in the aggregate no more than 10% of the Capital Stock of such Jointly Controlled Entity, Associate or Unrestricted Subsidiary) is a Person described in clause (x) or (y) of the first paragraph of this covenant (other than by reason of such shareholder or partner being a director or officer of such Jointly Controlled Entity, Associate or Unrestricted Subsidiary or by reason of being a Subsidiary, Jointly Controlled Entity or Associate of the Company).

In addition, for so long as Evergrande has any outstanding high yield debt securities (the terms of which contain a customary restriction on transactions with shareholders and affiliates), the requirements of clause (2) of the first paragraph of this covenant shall not apply to transactions between the Company or any Restricted Subsidiary on the one hand and Evergrande or any Subsidiary of Evergrande on the other hand ("**Intra-Evergrande Affiliate Transactions**"), *provided* that (x) either (i) the listing rules of The Hong Kong Stock Exchange are applicable to Evergrande and its Subsidiaries, (ii) the listing rules of the Shanghai Stock Exchange are applicable to the Company and the Restricted Subsidiaries, or (iii) the listing rules of the Shenzhen Stock Exchange are applicable to the Company and the Restricted Subsidiaries; and (y) such transactions comply in all respects with all applicable listing rules described in clause (x).

Limitation on Liens

The Company will not, and will not permit any Restricted Subsidiary to, directly or indirectly, incur, assume or permit to exist any Lien on the Capital Stock of the Parent, the Issuer, any Subsidiary Guarantor or JV Subsidiary Guarantor (other than paragraph (1) of the definition of "Permitted Liens"), unless the Notes are equally and ratably secured by such Lien.

The Company will not, and will not permit any Restricted Subsidiary to, directly or indirectly, incur, assume or permit to exist any Lien of any nature whatsoever on any of its assets or properties of any kind, whether owned at the Original Issue Date or thereafter acquired, except Permitted Liens, unless the Notes are equally and ratably secured by such Lien.

Limitation on Sale and Leaseback Transactions

The Company will not, and will not permit any Restricted Subsidiary to, enter into any Sale and Leaseback Transaction; *provided* that the Company or any Restricted Subsidiary may enter into a Sale and Leaseback Transaction if:

(1) the Company or any Restricted Subsidiary could have (a) Incurred Indebtedness in an amount equal to the Attributable Indebtedness relating to such Sale and Leaseback Transaction under the covenant entitled "— Limitation on Indebtedness and Preferred Stock" and (b) Incurred a Lien to secure such Indebtedness pursuant to the covenant entitled "— Limitation on Liens," in which case, the corresponding Indebtedness and Lien will be deemed Incurred pursuant to those provisions;

(2) the gross cash proceeds of that Sale and Leaseback Transaction are at least equal to the Fair Market Value of the property that is the subject of such Sale and Leaseback Transaction; and

(3) the transfer of assets in that Sale and Leaseback Transaction is permitted by, and the Company or such Restricted Subsidiary applies the proceeds of such transaction in compliance with, the covenant entitled "— Limitation on Asset Sales."

Limitation on Asset Sales

The Company will not, and will not permit any Restricted Subsidiary to, consummate any Asset Sale, unless:

(1) no Default shall have occurred and be continuing or would occur as a result of such Asset Sale;

(2) the consideration received by the Company or such Restricted Subsidiary, as the case may be, is at least equal to the Fair Market Value of the assets sold or disposed of; and

(3) at least 75% of the consideration received consists of cash, Temporary Cash Investments or Replacement Assets; *provided* that in the case of an Asset Sale in which the Company or such Restricted Subsidiary receives Replacement Assets involving aggregate consideration in excess of US$50.0 million (or the Dollar Equivalent thereof), the Company shall deliver to the Trustee an opinion as to the fairness to the Company or such Restricted Subsidiary of such Asset Sale from a financial point of view issued by an accounting, appraisal or investment banking firm of international standing. For purposes of this provision, each of the following will be deemed to be cash:

    (a) any liabilities, as shown on the Company's most recent consolidated balance sheet, of the Company or any Restricted Subsidiary (other than contingent liabilities and liabilities that are by their terms subordinated to the Notes or any Subsidiary Guarantee or any JV Subsidiary Guarantee or the obligations under the Keepwell and the EIPU) 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, as the case may be, 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, as the case may be, into cash, to the extent of the cash received in that conversion,

provided that clauses (1), (2) and (3) above shall not apply to any Asset Sale to any Person that will, upon the consummation of such Asset Sale, become a Restricted Subsidiary.

Within 360 days after the receipt of any Net Cash Proceeds from an Asset Sale, the Company (or any Restricted Subsidiary) may apply such Net Cash Proceeds to:

(1) permanently repay Senior Indebtedness of the Parent, the Issuer or a Subsidiary Guarantor or any Indebtedness of a Restricted Subsidiary that is not the Parent, the Issuer or a Subsidiary Guarantor (and, if such Senior Indebtedness repaid is revolving credit Indebtedness, to correspondingly reduce commitments with respect thereto) in each case owing to a Person other than the Company or a Restricted Subsidiary; or

(2) acquire properties and assets that replace the properties and assets that were the subject of such Asset Sale or Replacement Assets.

Pending application of such Net Cash Proceeds as set forth in clause (1) or (2) above, the Company 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 exceed US$10.0 million (or the Dollar Equivalent thereof), within 10 days thereof, the Issuer or the Parent 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 related Asset Sales, rounded down to the nearest US$1,000.

The offer price in any Offer to Purchase will be equal to 100% of the principal amount plus accrued and unpaid interest to the date of purchase, and will be payable in cash.

If 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 by the Company on a pro rata basis. Upon completion of each Offer to Purchase, the amount of Excess Proceeds will be reset at zero.

Use of Proceeds

The Company will not, and will not permit any Restricted Subsidiary to, use the net proceeds (if any) from the sale of the Notes, in any amount, for any purpose other than (1) as specified under the caption "Use of Proceeds" in this offering memorandum (or in the case of any 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 (other than the Parent and the Issuer) 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, the Parent, the Issuer, any Subsidiary Guarantor nor any JV Subsidiary Guarantor provides credit support (other than any Guarantee in compliance with clause (6) below) 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, the Parent or Issuer at the time of the designation; (4) such Restricted Subsidiary does not own any Disqualified Stock of the Company or Disqualified Stock 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 entitled "— Limitation on Indebtedness and Preferred Stock" or such Lien would violate the covenant entitled "— 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 entitled "—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 entitled "— 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 entitled "— 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, such Restricted Subsidiary shall upon such designation execute and deliver to the Trustee a supplemental indenture to the Indenture by which such Restricted Subsidiary shall become a Subsidiary Guarantor or a JV Subsidiary Guarantor to the extent required under the section entitled "-The Parent Guarantee, the Subsidiary Guarantees and the JV Subsidiary Guarantees."

Government Approvals and Licenses; Compliance with Law

The Company will, and will cause each Restricted Subsidiary to, (1) obtain and maintain in full force and effect all governmental approvals, authorizations, consents, permits, concessions and licenses as are necessary to engage in the business of the Company or any Restricted Subsidiary; (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 with would not reasonably be expected to have a material adverse effect on (a) the business, results of operations or prospects of the Company and the Restricted Subsidiaries, taken as a whole, or (b) the ability of the Company, the Parent, the Issuer or any Subsidiary Guarantor or any JV Subsidiary Guarantor to perform its obligations under the Notes, the Parent Guarantee, the relevant Subsidiary Guarantee, the relevant JV Subsidiary Guarantee, the Indenture or the Keepwell and the EIPU.

Anti-Layering

The Parent will not Incur, and will not permit the Issuer or 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 Parent, the Issuer, 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 Parent Guarantee, the Notes, the applicable Subsidiary Guarantee or the applicable JV Subsidiary Guarantee, on substantially identical terms. This does not apply to distinctions between categories of Indebtedness that exist by reason of any Liens or Guarantees securing or in favor of some but not all of such Indebtedness.

Suspension of Certain Covenants

If, on any date following the date of the Original Issue Date, the Notes have a rating of Investment Grade from at least 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 sections 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 Sale and Leaseback Transactions;"

(7) "— Certain Covenants — Limitation on Asset Sales;"

(8) "— Certain Covenants — Limitation on the Company's Business Activities;" and

(9) the requirements under clauses (3) and (4) of the first, second and third paragraphs under "— Certain Covenants — 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 section entitled "— 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 the section entitled "— 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 remains outstanding, the Company will file with the Trustee and furnish to the Holders upon request:

(a) as soon as they are available, but in any event within 130 calendar days after the end of the fiscal year of the Company, copies of its financial statements (on a consolidated basis) 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 130 calendar days after the end of the second financial quarter of the Company, copies of its statement of income, balance sheet and cash flow statement (on a consolidated basis) in the English language, in respect of such half-year period 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 130 calendar days after the end of the fiscal year of the Parent, copies of its financial statements (on a consolidated basis) 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;

provided that, if the A-Share Listco, the Parent, the Issuer and the Trustee enter into a keepwell and equity interest purchase undertaking in favor of the Trustee on behalf of the Holders and substantially similar to the Keepwell and EIPU, the Company may comply with sub-clauses (a) and (b) above by providing such information in respect of the A-Share Listco in lieu of the Company; *provided further* that the Trustee may enter into such new keepwell and equity interest purchase undertaking at the request of the Company and shall not require the consent of the Holders to do so.

(3) In addition, so long as any of the Notes remains 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 such fiscal year and showing in reasonable detail the calculation of the Fixed Charge

Coverage Ratio, including the arithmetic computations of each component of the Fixed Charge Coverage Ratio, with a certificate from the Company's external auditors verifying the accuracy 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 firm policy of such external auditors not to provide such certification for any issuer; and (b) as soon as possible and in any event within 30 days after the Company becomes aware or should reasonably become aware of the occurrence of a Default, an Officers' Certificate setting forth the details of the Default, and the action which the Company proposes to take with respect thereto.

Limitation on the Company's Business Activities

The Company will not, and will not permit any Restricted Subsidiary to, directly or indirectly, engage in any business other than Permitted Businesses; *provided* 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 under the "— Limitation on Restricted Payments" covenant and, with respect to the Issuer, under the "— Limitation on the Issuer's Business Activities."

Limitation on the Issuer's Business Activities

The Issuer will not engage in any business activity or undertake any other activity, except any activity relating to: (a) the offering, sale or issuance of the Notes (including any Additional Notes) and the Incurrence of Indebtedness represented by the Notes (including any Additional Notes), subject to compliance with the Indenture; (b) the offering, sale or issuance of other Indebtedness permitted by the Indenture and the Incurrence of Indebtedness represented by such Indebtedness and the granting of any Lien in connection therewith, subject to compliance with the Indenture; (c) the fulfillment of any obligations under the Indenture, any Indebtedness referred to in clause (a) or (b) above or any other any document relating to the Indebtedness referred to in clause (a) or (b) above or for the purposes of any consent solicitation, tender offer or exchange offer for such Indebtedness or the listing, redemption, refinancing or discharge of such Indebtedness; (d) the ownership of cash and cash equivalents; (f) Hedging Obligations for itself; (g) the maintenance of its corporate existence; (h) the establishment and/or maintenance of any employment agreements, incentive plans or other benefit plans for its employees; and (i) the offering, sale or issuance of its Capital Stock to the Parent or the Company.

The Issuer will not (a) issue any Capital Stock other than the issuance of its ordinary shares to the Parent or the Company or (b) acquire or receive any property or assets (including, without limitation, any Capital Stock or Indebtedness of any Person), other than (y) any future intercompany Indebtedness owed by the Parent, the Company or any Restricted Subsidiary to the Issuer in respect of the borrowing of the gross proceeds of the issuance of Indebtedness by the Issuer or payments in respect thereof or (z) cash for ongoing corporate activities of the Issuer described in the preceding paragraph.

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 covenant entitled "— Consolidation, Merger and Sale of Assets" or the failure by the Issuer or the Parent to make or consummate an Offer to Purchase in the manner described under the section entitled "— Repurchase of Notes upon a Change of Control Triggering Event" or "— Certain Covenants — Limitation on Asset Sales;"

(4) the Company or any Restricted Subsidiary defaults in the performance of or breaches any other covenant or agreement in the Indenture, the Parent Guarantee, the Subsidiary Guarantees, the Keepwell and EIPU or under the Notes (other than a default specified in clause (1) or (2) above) and such default or breach continues for a period of 30 consecutive days after written notice by the Trustee or the Holders of 25% or more in aggregate principal amount of the Notes;

(5) there occurs with respect to any Indebtedness of the Company or any Restricted Subsidiary having an outstanding principal amount of US$20.0 million (or the Dollar Equivalent thereof) or more in the aggregate for all such Indebtedness of all such Persons, whether such Indebtedness now exists or shall hereafter be created, (a) an event of default that has caused the holder thereof to declare such Indebtedness to be due and payable prior to its Stated Maturity and/or (b) a failure to make a principal payment when due;

(6) one or more final judgments or orders for the payment of money are rendered against the Company or any Restricted Subsidiary and are not paid or discharged, and there is a period of 60 consecutive days following entry of the final judgment or order that causes the aggregate amount for all such final judgments or orders outstanding and not paid or discharged against all such Persons to exceed US$20.0 million (in excess of amounts which the Company's insurance carriers have agreed to pay under applicable policies) during which a stay of enforcement, by reason of a pending appeal or otherwise, is not in effect;

(7) an involuntary case or other proceeding is commenced against the Company or any Significant Subsidiary with respect to it or its debts under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect seeking the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Company or any Significant Subsidiary or for any substantial part of the property and assets of the Company or any Significant Subsidiary and such involuntary case or other proceeding remains undismissed and unstayed for a period of 60 consecutive days; or an order for relief is entered against the Company or any Significant Subsidiary under any applicable bankruptcy, insolvency or other similar law as now or hereafter in effect;

(8) the Company or any Significant Subsidiary (a) commences a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or consents to the entry of an order for relief in an involuntary case under any such law, (b) consents to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Company or any Significant Subsidiary or for all or substantially all of the property and assets of the Company or any Significant Subsidiary or (c) effects any general assignment for the benefit of creditors (other than, in each case under (b), any of the foregoing that arises from any solvent liquidation or restructuring of a Significant Subsidiary in the ordinary course of business that shall result in the net assets of such Significant Subsidiary being transferred to or otherwise vested in the Company or any Restricted Subsidiary on a pro rata basis or on a basis more favorable to the Company); and

(9) the Company, the Parent, any Subsidiary Guarantor or any JV Subsidiary Guarantor denies or disaffirms its obligations under the Keepwell and EIPU, the Parent Guarantee, the relevant Subsidiary Guarantee or the relevant JV Subsidiary Guarantee (as the case may be) or, except

as permitted by the Indenture, the Keepwell and EIPU, the Parent Guarantee, any Subsidiary Guarantee or any JV Subsidiary Guarantee is determined to be unenforceable or invalid or shall for any reason cease to be in full force and effect.

If an Event of Default (other than an Event of Default specified in clause (7) or (8) above) occurs and is continuing under the Indenture, the Trustee or the Holders of at least 25% in aggregate principal amount of the Notes then outstanding, by written notice to the Issuer (and to the Trustee if such notice is given by the Holders), may, and the Trustee at the written request of such Holders shall (subject to being indemnified and/or secured to its satisfaction), declare the principal of, premium, if any, and accrued and unpaid interest on the Notes to be immediately due and payable. Upon a declaration of acceleration, such principal of, premium, if any, and accrued and unpaid interest shall be immediately due and payable. If an Event of Default specified in clause (7) or (8) above occurs with respect to the Company or any Significant Subsidiary, 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 Issuer and to the Trustee may on behalf of the Holders of the Notes waive all past defaults and rescind and annul a declaration of acceleration and its consequences if:

(1) all existing Events of Default, other than the nonpayment of the principal of, premium, if any, and interest on the Notes that have become due solely by such declaration of acceleration, have been cured or waived, and

(2) the rescission would not conflict with any judgment or decree of a court of competent jurisdiction.

Upon such waiver, the Default will cease to exist, and any Event of Default arising therefrom will be deemed to have been cured, but no such waiver will extend to any subsequent or other Default or impair any right consequent thereon.

The Holders of at least a majority in aggregate principal amount of the outstanding Notes may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee. However, the Trustee may refuse to follow any direction that conflicts with law or the Indenture, that may involve the Trustee in personal liability, or that the Trustee determines in good faith may be unduly prejudicial to the rights of Holders not joining in the giving of such direction and may take any other action it deems proper that is not inconsistent with any such written direction received from Holders. A Holder may not institute any proceeding, judicial or otherwise, with respect to the Indenture or the Notes, or for the appointment of a receiver or trustee, or for any other remedy under the Indenture or the Notes, unless:

(1) the Holder has previously given the Trustee written notice of a continuing Event of Default;

(2) the Holders of at least 25% 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 such Note, which right shall not be impaired or affected without the consent of the Holder.

Two 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 ending after the Original Issue Date, that a review has been conducted of the activities of the Company and the Restricted Subsidiaries and the Company's, the Parent's, the Issuer's and the Subsidiary Guarantors' performance under the Indenture, the Keepwell and EIPU and that the Company, the Parent, the Issuer and the Subsidiary Guarantors have fulfilled all obligations thereunder, or, if there has been a default in the fulfillment of any such obligation, specifying each such default and the nature and status thereof. The Company will also be obligated to notify the Trustee in writing of any default or defaults in the performance of any covenants or agreements under the Indenture. See the section entitled "— Certain Covenants — Provision of Financial Statements and Reports."

Consolidation, Merger and Sale of Assets

The Company will not consolidate with, merge with or into another Person, permit any Person to merge with or into it, or sell, convey, transfer, lease or otherwise dispose of all or substantially all of its Subsidiaries' (that are Restricted Subsidiaries) properties and assets (computed on a consolidated basis) (as an entirety or substantially an entirety in one transaction or a series of related transactions), unless:

(1) the Company shall be the continuing Person;

(2) immediately after giving effect to such transaction, no Default shall have occurred and be continuing;

(3) immediately after giving effect to such transaction on a pro forma basis, the Company shall have a Consolidated Net Worth equal to or greater than the Consolidated Net Worth of the Company immediately prior to such transaction;

(4) immediately after giving effect to such transaction on a pro forma basis the Company could Incur at least US$1.00 of Indebtedness under the first paragraph of the covenant entitled "— Certain Covenants — 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.

Neither the Parent nor the Issuer will consolidate with, merge with or into another Person, permit any Person to merge with or into it, or sell, convey, transfer, lease or otherwise dispose of all or substantially all of its Subsidiaries' (that are Restricted Subsidiaries) properties and assets (computed on a consolidated basis) (as an entirety or substantially an entirety in one transaction or a series of related transactions), unless:

(1) the Parent or the Issuer, as applicable, shall be the continuing Person;

(2) immediately after giving effect to such transaction, no Default shall have occurred and be continuing;

(3) immediately after giving effect to such transaction on a pro forma basis, the Company shall have a Consolidated Net Worth equal to or greater than the Consolidated Net Worth of the Company immediately prior to such transaction;

(4) immediately after giving effect to such transaction on a pro forma basis the Company could Incur at least US$1.00 of Indebtedness under the first paragraph of the covenant entitled "— Certain Covenants — 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 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.

No Subsidiary Guarantor or JV Subsidiary Guarantor will consolidate with, merge with or into another Person, permit any Person to merge with or into it, or sell, convey, transfer, lease or otherwise dispose of all or substantially all of its and its Subsidiaries' (that are 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 Parent, the Issuer or another Subsidiary Guarantor or, in the case of a JV Subsidiary Guarantor, other than to another JV Subsidiary Guarantor, the Parent, the Issuer or a Subsidiary Guarantor), unless:

(1) such Subsidiary Guarantor or JV Subsidiary Guarantor shall be the continuing Person, or the Person (if other than it) formed by such consolidation or merger, or with or into which the Subsidiary Guarantor consolidated or merged, or that acquired or leased such property and assets shall be the Parent, the Issuer, 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 Parent, the Issuer or a Subsidiary Guarantor);

(2) immediately after giving effect to such transaction, no Default shall have occurred and be continuing;

(3) immediately after giving effect to such transaction on a pro forma basis, the Company shall have a Consolidated Net Worth equal to or greater than the Consolidated Net Worth of the Company immediately prior to such transaction;

(4) immediately after giving effect to such transaction on a pro forma basis, the Company could Incur at least US$1.00 of Indebtedness under the first paragraph of the covenant entitled "— Certain Covenants — 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 "— Certain Covenants — 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 section entitled "— The Parent Guarantee, the Subsidiary Guarantees and the JV Subsidiary Guarantees — Release of the Subsidiary Guarantees and JV Subsidiary Guarantees."

The foregoing requirements shall not apply to a consolidation or merger of any Subsidiary Guarantor or JV Subsidiary Guarantor with and into the Parent, the Issuer or any other Subsidiary Guarantor or JV Subsidiary Guarantor, so long as the Parent, the Issuer or such Subsidiary Guarantor or JV Subsidiary Guarantor survives such consolidation or merger.

Notwithstanding the foregoing, (i) the Company, the Parent, the Issuer and each Subsidiary Guarantor or JV Subsidiary Guarantor shall be permitted to sell, convey, transfer, lease or otherwise dispose of all or substantially all of its and Subsidiaries' (that are 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 any Restricted Subsidiary or any Person that will, upon the consummation of such sale, conveyance, transfer, lease or disposal, become a Subsidiary Guarantor and (ii) for the avoidance of doubt, the provisions in this covenant entitled "Consolidation, Merger and Sale of Assets" shall not apply to transactions pursuant to or contemplated under the A-Share Listing.

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 provisions would not necessarily afford Holders protection in the event of highly-leveraged or other transactions involving the Company, which 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, the Company and its Subsidiaries shall be permitted, 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, to exclude Holders in any jurisdiction where (A)(i) the solicitation of such consent, waiver or amendment in the manner deemed appropriate by the Company, (ii) the payment of the consideration therefor or (iii) the conduct or completion of a related offer to purchase or exchange the Notes for cash or other securities in the manner deemed appropriate by the Company would be prohibited or would require the Company or any of its Subsidiaries to (a) file a registration statement, prospectus or similar document or subject the Company or any of its Subsidiaries to ongoing periodic reporting or similar requirements under any securities laws (including, but not limited to, the United States federal securities laws and the laws of the European Union or its member states), or conduct a bondholder identification exercise to establish the availability of an exemption from registration under Rule 802 under the Securities Act, in each case which the Company in its sole discretion determines would be burdensome, (b) qualify as a foreign corporation or other entity or as a dealer in securities in such jurisdiction if it is not otherwise required to so qualify, (c) generally consent to service of process in any such jurisdiction or (d) subject the Company or any of its Subsidiaries to taxation in any such jurisdiction if it is not otherwise so subject; or (B) such solicitation would otherwise not be permitted under applicable law in such jurisdiction.

Defeasance

Defeasance and Discharge

The Indenture will provide that the Issuer 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 Issuer (a) has deposited with the Trustee, in trust, money and/or U.S. Government Obligations that through the payment of interest and principal in respect thereof in accordance with their terms will provide money in an amount sufficient to pay the principal of, premium, if any, and accrued interest on the Notes on the Stated Maturity for such payments in accordance with the terms of the Indenture and the Notes and (b) delivers to the Trustee an Opinion of Counsel or a certificate of an internationally recognized firm of independent accountants to the effect that the amount deposited by the Issuer is sufficient to provide payment for the principal of, premium, if any, and accrued interest on, the Notes on the Stated Maturity for such payment in accordance with the terms of the Indenture;

(2) the Issuer 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;

(3) the Company shall have delivered to the Trustee an Officers' Certificate stating that the deposit was not made by it or the Issuer with the intent of preferring the Holders over any other of its creditors or with the intent of defeating, hindering, delaying or defrauding any other of its creditors or others; and

(4) 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 Restricted Subsidiary is a party or by which the Company or any Restricted Subsidiary is bound.

In the case of either discharge or defeasance, the Subsidiary Guarantees and JV Subsidiary Guarantees will terminate.

Defeasance of Certain Covenants

The Indenture will further provide that (i) the provisions of the Indenture will no longer be in effect with respect to clauses (3), (4), (5)(x) and (7) under the first paragraph and clauses (3), (4), (5)(x) and (6) under the second paragraph under the section entitled "— Consolidation, Merger and Sale of Assets" and all the covenants described herein under the section entitled "— Certain Covenants," other than as described under the sections entitled "— Certain Covenants — Government Approvals and Licenses; Compliance with Law" and "— Certain Covenants-Anti-Layering," and (ii) clause (3) under "Events of Default" with respect to such clauses (3), (4), (5)(x) and (7) under the first paragraph and such clauses (3), (4), (5)(x) and (6) under the second paragraph under "— Consolidation, Merger and Sale of Assets" and with respect to such other events set forth in clause (i) above, clause (4) under "— Events of Default" with respect to such other covenants set forth in clause (i) above and clauses (5) and

(6) under "— Events of Default" shall be deemed not to be Events of Default, upon, among other things, the deposit with the Trustee, in trust, of money, U.S. Government Obligations or a combination thereof that through the payment of interest and principal in respect thereof in accordance with their terms will provide money in an amount sufficient to pay the principal of, premium, if any, and accrued interest on the Notes on the Stated Maturity of such payments in accordance with the terms of the Indenture and the Notes, and the satisfaction of the provisions described in clause (2) of the preceding paragraph.

Defeasance and Certain Other Events of Default

In the event that the Issuer 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 Issuer will remain liable for such payments.

Amendments and Waiver

Amendments Without Consent of Holders

The Indenture, the Notes, the Keepwell and EIPU, the Parent Guarantee, the Subsidiary Guarantees or the JV Subsidiary Guarantees (if any) may be amended, without notice to or the consent of any Holder, to:

(1) cure any ambiguity, defect, omission or inconsistency in the Indenture, the Notes or the Keepwell and EIPU;

(2) comply with the provisions described under the section entitled "-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) release the Keepwell and EIPU as provided or permitted by the terms of the Indenture;

(7) add the A-Share Listco as a parent that Guarantees the Notes or add the Company as a Guarantor of the Notes as provided or permitted by the terms of the Indenture;

(8) 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;

(9) effect any changes to the Indenture in a manner necessary to comply with the procedures of the relevant clearing system;

(10) add any collateral to secure the Notes, the Parent Guarantee and/or any Subsidiary Guarantee(s);

(11) to conform the text of the Indenture, the Notes, the Parent Guarantee or the Subsidiary Guarantees to any provision of this "Description of Notes" to the extent that such provision in this "Description of Notes" was intended to be a verbatim recitation of a provision of the Indenture, the Notes, the Parent Guarantee or the Subsidiary Guarantees; or

(12) make any other change that does not materially and adversely affect the rights of any Holder.

Amendments With Consent of Holders

Amendments of the Indenture, the Notes, the Keepwell and EIPU, the Parent Guarantee, the Subsidiary Guarantees or the JV Subsidiary Guarantees (if any) may be made by the Company, the Parent, the Issuer, 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 aggregate principal amount of the outstanding Notes may waive future compliance by the Company, the Parent, the Issuer, the Subsidiary Guarantors and the JV Subsidiary Guarantors with any provision of the Indenture, the Notes, the Keepwell and EIPU, the Parent Guarantee, the Subsidiary Guarantees or the JV Subsidiary Guarantees; *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 any Note;

(7) release the Company, Parent, any Subsidiary Guarantor or JV Subsidiary Guarantor from the Keepwell and EIPU, the Parent Guarantee, its Subsidiary Guarantee or JV Subsidiary Guarantee, as the case may be, except as provided in the Indenture;

(8) *[Reserved]*;

(9) 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;

(10) amend, change or modify the Keepwell and EIPU, the Parent Guarantee, any Subsidiary Guarantee or JV Subsidiary Guarantee in a manner that adversely affects Holders;

(11) *[Reserved]*;

(12) 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 any Note 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;

(13) change the redemption date or the redemption price of any Note from that stated under the sections entitled "— Optional Redemption" or "— Redemption for Taxation Reasons;"

(14) amend, change or modify the obligation of the Parent, the Issuer, any Subsidiary Guarantor or any JV Subsidiary Guarantor to pay Additional Amounts; or

(15) amend, change or modify any provision of the Indenture or the related definition affecting the ranking of any Note, the Parent Guarantee, any Subsidiary Guarantee or any JV Subsidiary Guarantee in a manner which adversely affects Holders.

Unclaimed Money

Claims against the Issuer for the payment of principal of, premium, if any, or interest, on the Notes will become void unless presentation for payment is made as required in the Indenture within a period of six years.

No Personal Liability of Incorporators, Stockholders, Officers, Directors or Employees

No recourse for the payment of the principal of, premium, if any, or interest on any of the Notes or for any claim based thereon or otherwise in respect thereof, and no recourse under or upon any obligation, covenant or agreement of the Company, the Parent, the Issuer or any of the Subsidiary Guarantors or any of the JV Subsidiary Guarantors in the Indenture, or in any of the Notes, the Parent Guarantee, the Subsidiary Guarantees or 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, the Parent, the Issuer, any of the Subsidiary Guarantors or any of the JV Subsidiary Guarantors or of any successor Person thereof. Each Holder, by accepting the Notes, waives and releases all such liability. The waiver and release are part of the consideration for the issuance of the Notes, the Parent Guarantee, 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, the Paying Agent, the Transfer Agent and Registrar

Citicorp International Limited has been appointed as trustee under the Indenture and Citibank, N.A., London Branch has been appointed as paying agent, transfer agent and registrar (the "**Paying Agent**," the "**Transfer Agent**" and the "**Registrar**"; collectively, the "**Agents**") with regard to the Notes. Except during the continuance of a Default, the Trustee will not be liable, except for the performance of such duties as are specifically set forth in the Indenture and no others, and no implied covenants or obligations 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, as applicable, and skill in its exercise of the rights and powers vested in them under the Indenture as a prudent person would exercise under the circumstances in the conduct of such person's own affairs.

The Indenture contains limitations on the rights of the Trustee, should it become a creditor of the Issuer, the Parent, 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; *provided*, however, that if it acquires any conflicting interest, it must eliminate such conflict or resign.

The Trustee will be under no obligation to exercise any rights or powers conferred under the Indenture for the benefit of the Holders unless such Holders have offered to the Trustee indemnity and/or security satisfactory to it against any loss, liability, cost or expense.

Each Holder shall be solely responsible for making its own independent appraisal of and investigation into the financial condition, creditworthiness, condition, affairs, status and nature of the Issuer, the Company, the Parent Guarantor, the Subsidiary Guarantor and JV Subsidiary Guarantor, if any, and the Trustee shall not at any time have any responsibility for the same and no Holder shall rely on the Trustee in respect thereof.

Book-Entry; Delivery and Form

The Notes will be represented by a global note in registered form without interest coupons attached (the "**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 Note

Ownership of beneficial interests in the Global Note (the "**book-entry interests**") will be limited to persons that have accounts with Euroclear and/or Clearstream or persons that may hold interests through such participants. Book-entry interests will be shown on, and transfers thereof will be effected only through, records maintained in book-entry form by Euroclear and Clearstream and their participants.

Except as set forth below under "— Individual Definitive Notes," the book-entry interests will not be held in definitive form. Instead, Euroclear and/or Clearstream will credit on their respective book-entry registration and transfer systems a participant's account with the interest beneficially owned by such participant. The laws of some jurisdictions may require that certain purchasers of securities take physical delivery of such securities in definitive form. The foregoing limitations may impair the ability to own, transfer or pledge book-entry interests.

So long as the Notes are held in global form, the common depositary for Euroclear and/or Clearstream (or its nominee) will be considered the sole holder of the Global Note for all purposes under the Indenture and "holders" of book-entry interests will not be considered the owners or Holders of Notes for any purpose. As such, participants must rely on the procedures of Euroclear and Clearstream and indirect participants must rely on the procedures of the participants through which they own book-entry interests in order to transfer their interests in the Notes or to exercise any rights of Holders under the Indenture.

None of the Issuer, the Trustee, the Agents or any of their respective agents will have any responsibility or be liable for any aspect of the records relating to the book-entry interests. The Notes are not issuable in bearer form.

Payments on the Global Note

Payments of any amounts owing in respect of the Global Note (including principal (if any), premium, interest and additional amounts) will be made to the Paying Agent in U.S. dollars. The Paying Agent will, in turn, make such payments to the common depositary for Euroclear and Clearstream, which will distribute such payments to participants in accordance with their procedures. Each of the Parent, the Issuer, the Subsidiary Guarantors and the JV Subsidiary Guarantors will make payments of all such amounts without deduction or withholding for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature, except as may be required by law, in which case the Parent, the Issuer, the relevant Subsidiary Guarantor or the relevant JV Subsidiary Guarantor shall pay Additional Amounts to the extent required under "— Additional Amounts."

Under the terms of the Indenture, the Parent, the Issuer, any Subsidiary Guarantor, any JV Subsidiary Guarantor and 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 Parent, the Issuer, the Subsidiary Guarantors, the JV Subsidiary Guarantors, the Trustee, the Agents or any of their respective agents has or will have any responsibility or liability for:

- any aspect of the records of Euroclear, Clearstream or any participant or indirect participant relating to or payments made on account of a book-entry interest, for any such payments made by Euroclear, Clearstream or any participant or indirect participants, or for maintaining, supervising or reviewing any of the records of Euroclear, Clearstream or any participant or indirect participant relating to or payments made on account of a book-entry interest; or

- 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 U.S. dollar 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 U.S. dollar amount received by the common depositary, Euroclear or Clearstream, as applicable, in connection with the redemption of such Global Note (or any portion thereof). The Issuer understands that under existing practices of Euroclear and Clearstream, if fewer than all of the Notes are to be redeemed at any time, Euroclear and Clearstream will credit their respective participants' accounts on a proportionate basis (with adjustments to prevent fractions) or by lot or on such other basis as they deem fair and appropriate; *provided*, however, that no book-entry interest of US$200,000 principal amount, or less, as the case may be, will be redeemed in part.

Action by Owners of Book-Entry Interests

Euroclear and Clearstream have advised that they will take any action permitted to be taken by a Holder of Notes only at the direction of one or more participants to whose account the book-entry interests in the Global Note are credited and only in respect of such portion of the aggregate principal amount of Notes as to which such participant or participants has or have given such direction. Euroclear and Clearstream will not exercise any discretion in the granting of consents, waivers or the taking of any other action in respect of the Global Note. If there is an Event of Default under the Notes, however, each of Euroclear and Clearstream reserves the right to exchange the Global Note for individual definitive notes in certificated form, and to distribute such individual definitive notes to their participants.

Transfers

Transfers between participants in Euroclear and Clearstream will be effected in accordance with Euroclear and Clearstream's rules and will be settled in immediately available funds. If a Holder requires physical delivery of individual definitive notes for any reason, including to sell the Notes to persons in jurisdictions which require physical delivery of such securities or to pledge such securities, such Holder must transfer its interest in the Global Note in accordance with the normal procedures of Euroclear and Clearstream and in accordance with the provisions of the Indenture.

Book-entry interests in the Global Note will be subject to the restrictions on transfer discussed under "Transfer Restrictions."

Any book-entry interest in a Global Note that is transferred to a person who takes delivery in the form of a book-entry interest in another Global Note will, upon transfer, cease to be a book-entry interest in the first-mentioned Global Note and become a book-entry interest in the other Global Note and, accordingly, will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to book-entry interests in such other Global Note for as long as it retains such a book-entry interest.

Global Clearance and Settlement Under the Book-Entry System

Book-entry interests owned through Euroclear or Clearstream accounts will follow the settlement procedures applicable. Book-entry interests will be credited to the securities custody accounts of Euroclear and Clearstream holders on the business day following the settlement date against payment for value on the settlement date.

The book-entry interests will trade through participants of Euroclear or Clearstream, and will settle in same-day funds. Since the purchaser determines the place of delivery, it is important to establish at the time of trading of any book-entry interests where both the purchaser's and seller's accounts are located to ensure that settlement can be made on the desired value date.

Information Concerning Euroclear and Clearstream

We understand 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 Issuer, the Parent, 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 Note. Upon receipt of such notice from the common depositary or the Trustee, as the case may be, the Parent and the Issuer will use its best efforts to make arrangements with the common depositary for the exchange of interests in the Global Note for individual definitive notes and cause the requested individual definitive notes to be executed and delivered to the Registrar insufficient 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 Registrar, through the relevant clearing system, with written instruction and other information required by the Issuer and the registrar to complete, execute and deliver such individual definitive notes. In all cases, individual definitive notes delivered in exchange for any Global Note or beneficial interests therein will be registered in the names, and issued in any approved denominations, requested by the relevant clearing system.

Individual definitive notes will not be eligible for clearing and settlement through Euroclear or Clearstream.

Notices

All notices or demands required or permitted by the terms of the Notes or the Indenture to be given to or by the Holders are required to be in writing and may be given or served by being sent by prepaid courier or by being deposited, first-class postage prepaid, in the mails of the relevant jurisdiction, if intended for the Parent, the Issuer or any Subsidiary Guarantor, addressed to the Parent, the Issuer or such Subsidiary Guarantor, as the case may be, or if intended for the Trustee, addressed to 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 (or otherwise delivered to such Holders in accordance with applicable Euroclear or Clearstream procedures).

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 the relevant clearing system. Any such notice shall be deemed to have been delivered on the day such notice is delivered to the relevant clearing system or if by mail, when so sent or deposited.

Consent to Jurisdiction; Service of Process

The Company, the Parent, the Issuer 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, the Keepwell and EIPU, the Parent Guarantee, any Subsidiary Guarantee, any JV Subsidiary Guarantee, the Indenture or any transaction contemplated thereby; and (2) designate and appoint Law Debenture Corporate Services Inc. for receipt of service of process in any such suit, action or proceeding.

Governing Law

Each of the Notes, the Keepwell and EIPU, the Parent Guarantee, the Subsidiary Guarantees, the JV Subsidiary Guarantees and the Indenture provides that such instrument will be governed by, and construed in accordance with, the laws of the State of New York.

Definitions

Set forth below are defined terms used in the covenants and other provisions of the Indenture. Reference is made to the Indenture for other capitalized terms used in this section entitled "Description of Notes" for which no definition is provided.

"**A-Share Listco**" means Shenzhen Special Economic Zone Real Estate & Properties (Group) Co. Ltd. (深圳經濟特區房地產(集團)股份有限公司) (Shenzhen Stock Exchange A-share stock code: 000029, B share stock code: 200029) or another entity listed on the Shanghai Stock Exchange or the Shenzhen Stock Exchange.

"**A-Share Listing**" means the consummation of the acquisition by A-Share Listco of 100% of the equity interest in the Company.

"**Acquired Indebtedness**" means Indebtedness of a Person existing at the time such Person becomes a Restricted Subsidiary or Indebtedness of a Restricted Subsidiary assumed in connection with an Asset Acquisition by such Restricted Subsidiary whether or not Incurred in connection with, or in contemplation of, the Person merging with or into or becoming a Restricted Subsidiary.

"**Additional Amounts**" has the meaning set forth under the section entitled "— Additional Amounts."

"**Additional Notes**" has the meaning set forth under the section entitled "— Further Issues."

"**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 November 6, 2020 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, whether now or in the future, (1) directly or indirectly controlling, controlled by, or under direct or indirect common control with, such Person; (2) who is a director or officer of such Person or any Subsidiary of such Person or of any Person referred to in clause (1) of this definition; or (3) who is a spouse or any person cohabiting as a spouse, child or step-child, parent or step-parent, brother, sister, step-brother or step-sister, parent-in-law, grandchild, grandparent, uncle, aunt, nephew and niece of a Person described in clause (1) or (2) and the term "Affiliated" shall be construed in accordance with the foregoing sentence. 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.

"**Affiliate Transaction**" has the meaning set forth under the section entitled "-Certain Covenants-Limitation on Transactions with Shareholders and Affiliates."

"**Agents**" has the meaning set forth under the section entitled "— Concerning the Trustee, the Paying Agent, the Transfer Agent and Registrar."

"**Announcements**" has the meaning set forth in the definition of "Strategic Investors."

"**Applicable Premium**" means with respect to any Note at any redemption date, the greater of (1) 1.00% of the principal amount of such Note and (2) the excess of (A) the present value at such redemption date of the redemption price of such Note at November 6, 2020 (such redemption price being set forth in the table appearing under the section entitled "— Optional Redemption" exclusive of any accrued interest), plus all required remaining scheduled interest payments due on such Note through November 6, 2020 (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 Restricted Subsidiary 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 Restricted Subsidiary; or (2) an acquisition by the Company or any Restricted Subsidiary of the property and assets of any Person other than the Company or any Restricted Subsidiary 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 Restricted Subsidiary (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 Restricted Subsidiary.

"**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) in one transaction or a series of related transactions by the Company or any Restricted Subsidiary to any Person; *provided* that "Asset Sale" shall not include:

(1) sales or other dispositions of inventory, receivables and other current assets (including properties under development for sale and completed properties for sale) in the ordinary course of business;

(2) sales, transfers or other dispositions of assets constituting a Permitted Investment or Restricted Payment permitted to be made under the covenant entitled "— Certain Covenants — Limitation on Restricted Payments;"

(3) sales, transfers or other dispositions of assets with a Fair Market Value not in excess of US$1.0 million (or the Dollar Equivalent thereof) in any transaction or series of related transactions;

(4) any sale, transfer, assignment or other disposition of any property or equipment that has become damaged, worn out, obsolete or otherwise unsuitable for use in connection with the business of the Company or the Restricted Subsidiaries;

(5) any transfer, assignment or other disposition deemed to occur in connection with creating or granting any Permitted Lien;

(6) a transaction covered by the covenant entitled "— Consolidation, Merger and Sale of Assets;" and

(7) any sale, transfer or other disposition by the Company or any Restricted Subsidiary, 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.

"**Associate**" has the meaning set forth in the definition of "Permitted Investment."

"**Attributable Indebtedness**" means, in respect of a Sale and Leaseback Transaction, the present value, discounted at the interest rate implicit in the Sale and Leaseback Transaction, of the total obligations of the lessee for rental payments during the remaining term of the lease in the Sale and Leaseback Transaction.

"**Average Life**" means, at any date of determination with respect to any Indebtedness, the quotient obtained by dividing (1) the sum of the products of (a) the number of years from such date of determination to the dates of each successive scheduled principal payment of such Indebtedness and (b) the amount of such principal payment by (2) the sum of all such principal payments.

"**Bank Deposit Secured Indebtedness**" means Indebtedness of the Company or any Restricted Subsidiary that is (i) secured by a pledge of one or more bank accounts or deposits of the Company or a Restricted Subsidiary or (ii) guaranteed by a guarantee or a letter of credit (or similar instruments) from or arranged by the Company or a Restricted Subsidiary and is used by the Company and the Restricted Subsidiaries to effect exchanges of U.S. dollars or Hong Kong dollars into Renminbi or vice versa, or to remit Renminbi or any foreign currency into or outside the PRC.

"**Board of Directors**" means the board of directors elected or appointed by the stockholders of the Company to manage the business of the Company or any committee of such board duly authorized to take the action purported to be taken by such committee.

"**Board Resolution**" means any resolution of the Board of Directors taking an action which it is authorized to take and adopted at a meeting duly called and held at which a quorum of disinterested members (if so required) was present and acting throughout or adopted by written resolution executed by every member of the Board of Directors.

"**Business Day**" means any day which is not a Saturday, Sunday, legal holiday or other day on which banking institutions in The City of New York, London or Hong Kong (or in any other place in which payments on the Notes are to be made) are authorized by law or governmental regulation to close.

"**Capitalized Lease**" means, with respect to any Person, any lease of any property (whether real, personal or mixed) which, in conformity with GAAP, is required to be capitalized on the balance sheet of such Person.

"**Capitalized Lease Obligations**" means the discounted present value of the rental obligations under a Capitalized Lease.

"**Capital Stock**" means, with respect to any Person, any and all shares, interests, participations or other equivalents (however designated, whether voting or non-voting) in equity of such Person, whether outstanding on the Original Issue Date or issued thereafter, including, without limitation, all Common Stock and Preferred Stock.

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

(1) the merger, amalgamation or consolidation of Evergrande or the Company with or into another Person or the merger or amalgamation of another Person with or into Evergrande or the Company, or the sale of all or substantially all the assets of Evergrande or the Company to another Person (which, for the avoidance of doubt, shall not include transactions pursuant to or contemplated under the A-Share Listing).

(2) Permitted Holders are the beneficial owners of less than 40% of the total voting power of the Voting Stock of Evergrande;

(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 Evergrande greater than such total voting power held beneficially by the Permitted Holders;

(4) individuals who on the Original Issue Date constituted the board of directors of Evergrande, together with any new directors whose election by the board of directors of Evergrande was approved by a vote of at least a majority of the directors present at the meeting voting on such election who were either directors or whose election was previously so approved, cease for any reason to constitute a majority of the board of directors of Evergrande then in office;

(5) the adoption of a plan relating to the liquidation or dissolution of Evergrande or the Company;

(6) Evergrande is the beneficial owner, directly or indirectly, of less than 40.0% of the voting power of the Voting Stock of the Company or ceases to be the largest shareholder of the Company; or

(7) the Company is the beneficial owner, directly or indirectly, of less than the entire voting power of the Voting Stock of the Parent.

"**Change of Control Offer**" has the meaning set forth under the section entitled "— Repurchase of Notes Upon a Change of Control Triggering Event."

"**Change of Control Triggering Event**" means the occurrence of both a Change of Control and, *provided* that the Notes are rated by at least one Rating Agency, a Rating Decline.

"**Clearstream**" means Clearstream Banking S.A.

"**Commodity Hedging Agreement**" means any spot, forward or option commodity price protection agreement or any other similar agreement or arrangement designed to protect against fluctuations in commodity prices.

"**Common Stock**" means, with respect to any Person, any and all shares, interests or other participations in, and other equivalents (however designated and whether voting or non-voting) of such Person's common stock or ordinary shares, whether or not outstanding at the date of the Indenture, and include, without limitation, all series and classes of such common stock or ordinary shares.

"**Comparable Treasury Issue**" means the U.S. Treasury security having a maturity comparable to November 6, 2020 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 maturity comparable maturity to November 6, 2020.

"**Comparable Treasury Price**" means, with respect to any redemption date, if clause (ii) of the Adjusted Treasury Rate is applicable, the average of three, or such lesser number as is available, Reference Treasury Dealer Quotations for such redemption date.

"**Consolidated Assets**" means, with respect to any Restricted Subsidiary at any date of determination, the Company's and the Restricted Subsidiaries' proportionate interest in the total consolidated assets of that Restricted Subsidiary and Subsidiaries of such Restricted Subsidiary that are Restricted Subsidiaries measured in accordance with GAAP as of the last day of the most recent fiscal quarter for which consolidated financial statements of the Company and the Restricted Subsidiaries (which the Company, Parent and the Issuer shall use their reasonably best efforts to compile on a timely manner) are available (which may be internal consolidated financial statements).

"**Consolidated EBITDA**" means, for any period, Consolidated Net Income for such period plus to the extent such amount was deducted in calculating such Consolidated Net Income:

(1) Consolidated Interest Expense,

(2) income taxes (other than income taxes attributable to extraordinary and non-recurring gains (or losses) or sales of assets not included in the calculation of Consolidated EBITDA), 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 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 the 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 Restricted Subsidiary and (2) in the case of any future PRC CJV (consolidated in accordance with GAAP), Consolidated EBITDA shall be reduced (to the extent not already reduced in accordance with GAAP) by any payments, distributions or amounts (including the Fair Market Value of any non-cash payments, distributions or amounts) required to be made or paid by such PRC CJV to the PRC CJV Partner, or to which the PRC CJV Partner otherwise has a right or is entitled, pursuant to the joint venture agreement governing such PRC CJV.

"**Consolidated Fixed Charges**" means, for any period, the sum (without duplication) of (1) Consolidated Interest Expense for such period and (2) all cash and non-cash dividends paid, declared, accrued or accumulated during such period on any Disqualified Stock or Preferred Stock of the Company or any Restricted Subsidiary held by Persons other than the Company or any Wholly Owned Restricted Subsidiary, except for dividends payable in the Company's Capital Stock (other than Disqualified Stock) or paid to the Company or to a Wholly Owned Restricted Subsidiary.

"**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 the 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 the 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 (other than the Company and any Restricted Subsidiary) that is Guaranteed by the Company or any Restricted Subsidiary (other than Pre-Registration Mortgage Guarantees), only to the extent such interest has become payable 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 Subsidiaries that are Restricted Subsidiaries for such period, on a consolidated basis, determined in conformity with GAAP; *provided* that the following items shall be excluded in computing Consolidated Net Income (without duplication):

(1) the net income (or loss) of any Person that is not a Restricted Subsidiary or that is accounted for by the equity method of accounting except that:

   (a) subject to the exclusion contained in clause (5) below, the Company's equity in the net income of any such Person for such period shall be included in such Consolidated Net Income up to the aggregate amount of cash actually distributed by such Person during such period to the Company or a Restricted Subsidiary as a dividend or other distribution (subject, in the case of a dividend or other distribution paid to a Restricted Subsidiary, to the limitations contained in clause (3) below); and

   (b) the Company's equity in a net loss of any such Person for such period shall be included in determining such Consolidated Net Income to the extent funded with cash or other assets of the Company or Restricted Subsidiaries;

(2) the net income (or loss) of any Person accrued prior to the date it becomes a Restricted Subsidiary or is merged into or consolidated with the Company or any Restricted Subsidiary or all or substantially all of the property and assets of such Person are acquired by the Company or any Restricted Subsidiary;

(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 quarter, semi-annual or annual consolidated balance sheet (which may be an internal consolidated balance sheet) of the Company and the Restricted Subsidiaries, plus, to the extent not included, any Preferred Stock of the Company, less any amounts attributable to Disqualified Stock or any equity security convertible into or exchangeable for Indebtedness, the cost of treasury stock and the principal amount of any promissory notes receivable from the sale of the Capital Stock of the Company or any Restricted Subsidiary, 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 Core Business or a Designated 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.

"**Core Businesses**" means (i) real estate acquisition, development, leasing and management and (ii) any other business related, ancillary or complementary to the real estate businesses of the Company and the Restricted Subsidiaries, in each case, excluding any Designated Business.

"**Currency Agreement**" means any foreign exchange forward contract, currency swap agreement or other similar agreement or arrangement designed to protect against fluctuations in foreign exchange rates.

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

"**Designated Businesses**" means (i) any mineral water, food production, processing or trading, dairy, healthcare, plastic surgery, renewable energy, media, internet, sports, cultural, insurance and financial services business, (ii) any property management business and (iii) acquisition, development, management and operation of hotel properties, commercial properties, or sports, leisure or infrastructure facilities.

"**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 covenants entitled "-Certain Covenants-Limitation on Asset Sales" and "-Repurchase of Notes upon a Change of Control Triggering Event" and such Capital Stock specifically provides that such Person will not repurchase or redeem any such stock pursuant to such provision prior to the Company's repurchase of such Notes as are required to be repurchased pursuant to the covenants entitled "-Certain Covenants-Limitation on Asset Sales" and "-Repurchase of Notes upon a Change of Control Triggering Event."

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

"**Entrusted Loans**" means borrowings by a Restricted Subsidiary from the Company or another Restricted Subsidiary (whether directly or through or facilitated by a bank or other financial institution), *provided* that such borrowings are not reflected on the consolidated balance sheet of the Company.

"**Equity Offering**" means (i) any underwritten primary public offering or private placement of Common Stock of the Company after the Original Issue Date or (ii) any underwritten secondary public offering or secondary private placement of Common Stock of the Company beneficially owned by a Permitted Holder, after the Original Issue Date, to the extent that a Permitted Holder or a company controlled by a Permitted Holder concurrently with such public offering or private placement purchases in cash an equal amount of Common Stock from the Company at the same price as the public offering or private placing price; *provided* that any offering or placing referred to in (A) clause (i), (B) clause (ii), or (C) a combination of clauses (i) and (ii) results in the aggregate gross cash proceeds received by the Company being no less than US$20.0 million (or the Dollar Equivalent thereof).

"**Euroclear**" means Euroclear Bank SA/NV.

"**Events of Default**" has the meaning set forth under the section entitled "— Events of Default."

"**Evergrande**" means China Evergrande Group (formerly known as Evergrande Real Estate Group Limited).

"**Evergrande Restricted Subsidiary**" means a "Restricted Subsidiary" as defined under any outstanding high yield debt securities of Evergrande (other than the Company and any Restricted Subsidiary).

"**Excess Proceeds**" has the meaning set forth under the section entitled "— Certain Covenants — Limitation on Asset Sales."

"**Exchange Act**" means the U.S. Securities Exchange Act of 1934, as amended.

"**Exempted Subsidiary**" means any Restricted Subsidiary (other than the Parent and the Issuer) 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, the Parent and the Issuer 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 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, *provided* that in the case of a determination of Fair Market Value of total assets for the purposes of determining any JV Entitlement Amount, such price shall be determined by an accounting firm, appraisal firm or investment banking firm of international standing appointed by the Company.

"**FATCA**" has the meaning set forth under the section entitled "— Additional Amounts."

"**Financial Company Investor**" means a bank, financial institution, trust company, fund management company, asset management company, financial management company or insurance company, or an Affiliate thereof, that makes an Investment in any Capital Stock of a PRC Restricted Subsidiary.

"**Fitch**" means Fitch Ratings Ltd., a subsidiary of the Fitch Group, a jointly owned subsidiary of Fimalae, S.A. and Hearst Corporation, and its successors.

"**Fixed Charge Coverage Ratio**" means, on any Transaction Date, the ratio of (1) the aggregate amount of Consolidated EBITDA for the then most recent four fiscal quarters periods prior to such Transaction Date for which consolidated financial statements of the Company (which the Company, the Parent and the Issuer shall use their reasonable best efforts to compile in a timely manner) are available (which may be internal consolidated financial statements (the "**Four Quarter Period**") to (2) the aggregate Consolidated Fixed Charges during such Four Quarter Period. In making the foregoing calculation:

(a) pro forma effect shall be given to any Indebtedness, Disqualified Stock or Preferred Stock Incurred, repaid or redeemed during the period (the "**Reference Period**") commencing on and including the first day of the Four Quarter Period and ending on and including the Transaction Date (other than Indebtedness Incurred or repaid under a revolving credit or similar arrangement (or under any predecessor revolving credit or similar arrangement) in effect on the last day of such Four Quarter Period), in each case as if such Indebtedness, Disqualified Stock or Preferred Stock had been Incurred, repaid or redeemed on the first day of such Reference Period; *provided* that, in the event of any such repayment or redemption, Consolidated EBITDA for such period shall be calculated as if the Company or such Restricted Subsidiary had not earned any interest income actually earned during such period in respect of the funds used to repay such Indebtedness;

(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 sentence requires that pro forma effect be given to an Asset Acquisition or Asset Disposition (or asset acquisition or asset disposition), such pro forma calculation shall be based upon the four full fiscal quarter periods immediately preceding the Transaction Date of the Person, or division or line of business of the Person, that is acquired or disposed for which financial information is available.

"**GAAP**" means generally accepted accounting principles in the PRC 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.

"**Incur**" means, with respect to any Indebtedness or Capital Stock, to incur, create, issue, assume, Guarantee or otherwise become liable for or with respect to, or become responsible for, the payment of, contingently or otherwise, such Indebtedness or Capital Stock; *provided* that (1) any Indebtedness and Capital Stock of a Person existing at the time such Person becomes a Restricted Subsidiary (or fails to meet the qualifications necessary to remain an Unrestricted Subsidiary) will be deemed to be Incurred by such Restricted Subsidiary at the time it becomes a Restricted Subsidiary and (2) the accretion of original issue discount shall not be considered an Incurrence of Indebtedness. The terms "Incurrence" and "Incurred" 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 any capital commitments, deferred payment obligations, pre-sale receipts in advance from customers or similar obligations Incurred in the ordinary course of business in connection with the acquisition, development, construction or improvement of real or personal property (including land use rights) to be used in the businesses of the Company or any Restricted Subsidiary or any Entrusted Loan; *provided* that such Indebtedness is not reflected as borrowings on the consolidated balance sheet of the Company (contingent obligations and commitments referred to in a footnote to financial statements and not otherwise reflected 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) that the amount of Indebtedness with respect to any Hedging Obligation shall be: (i) zero if Incurred pursuant to paragraph (2)(f) under the covenant entitled "-Certain Covenants-Limitation on Indebtedness and Preferred Stock," and (ii) equal to the net amount payable by such Person if such Hedging Obligation terminated at that time if not Incurred pursuant to such paragraph.

"**Independent Third Party**" means any Person that is not Affiliated with the Company.

"**Interest Rate Agreement**" means any interest rate protection agreement, interest rate future agreement, interest rate option agreement, interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, interest rate hedge agreement, option or future contract or other similar agreement or arrangement designed to protect against fluctuations in interest rates.

"**Investment**" means:

(1) any direct or indirect advance, loan or other extension of credit to another Person;

(2) any capital contribution to another Person (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others);

(3) any purchase or acquisition of Capital Stock, Indebtedness, bonds, notes, debentures or other similar instruments or securities issued by another Person; or

(4) any Guarantee of any obligation of another Person.

For the purposes of the provisions of the sections entitled "— Certain Covenants — Designation of Restricted and Unrestricted Subsidiaries" and "— Certain Covenants-Limitation on Restricted Payments", (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 liabilities owed to any Person other than the Company or a Restricted Subsidiary and not Guaranteed by the Company or a Restricted Subsidiary) of a Restricted Subsidiary that is designated an Unrestricted Subsidiary at the time of such designation, and (2) any property transferred to or from any Person shall be valued at its Fair Market Value at the time of such transfer, as determined in good faith by the Board of Directors.

"**Investment Grade**" means a rating of "Aaa," "Aa," "A" or "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, 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," "AA," "A" or "BBB," as modified by a "+" or "–" indication, or an equivalent rating representing one of the four highest rating categories, by Fitch, or any of its successors or assigns, or the equivalent ratings of any internationally recognized rating agency or agencies, as the case may be, which shall have been designated by the Company as having been substituted for Moody's, S&P or Fitch or two or three of them, as the case may be.

"**Investment Property**" means any property that is owned and held by any PRC Restricted Subsidiary primarily for 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.

"**Investment Receipt**" means, at any time, with respect to an Investment under clause (21) of the definition of "Permitted Investment", an amount equal to the net reduction in all Investments made under clause (21) of the definition of "Permitted Investment" since the Original Issue Date resulting from (A) receipt of payments by the Company or any Restricted Subsidiary in respect of all such Investments, including interest on, or repayments of, loans or advances, dividends or other distributions (except, in each case, to the extent any such payments are included in the calculation of Consolidated Net Income), (B) with respect to Investments in Persons, the unconditional release of a Guarantee of any obligation of any Person provided under such clause (21) after the Original Issue Date by the Company or any Restricted Subsidiary, (C) to the extent that an Investment made after the Original Issue Date under such clause (21) is sold or otherwise liquidated or repaid for cash, the lesser of (x) cash return of capital with respect to such Investment (less the reasonable costs of disposition, if any) and (y) the initial amount of such Investment, or (D) for any Investment in a Person, such Person becoming a Restricted Subsidiary (whereupon all 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 the definition of "Permitted Investment" definition).

"**Jointly Controlled Entity**" means any corporation, association or other business entity of which 20% or more of the voting power of the outstanding Voting Stock is owned, directly or indirectly by the Company or a Restricted Subsidiary and such corporation, association or other business entity is treated as a "joint venture" in accordance with GAAP, and such Jointly Controlled Entity's Subsidiaries.

"**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 or indirect equity ownership percentage of the Company and the Restricted Subsidiaries in the Capital Stock of such JV Subsidiary Guarantor and its Subsidiaries.

"**JV Subsidiary Guarantee**" has the meaning set forth under the section entitled "-The Parent Guarantee, the Subsidiary Guarantees and the JV Subsidiary Guarantees."

"**JV Subsidiary Guarantor**" means a Restricted Subsidiary that executes a JV Subsidiary Guarantee.

"**Lien**" means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind (including, without limitation, any conditional sale or other title retention agreement or lease in the nature thereof or any agreement to create any mortgage, pledge, security interest, lien, charge, easement or encumbrance of any kind).

"**Listed Subsidiary**" means any Restricted Subsidiary (other than the Parent and the Issuer) any class of the Voting Stock of which is listed on a Qualified Exchange and any Subsidiary of a Listed Subsidiary; *provided* that such Restricted Subsidiary shall cease to be a Listed Subsidiary immediately upon, as applicable, (x) the Voting Stock of such Restricted Subsidiary ceasing to be listed on a Qualified Exchange, or (y) such Restricted Subsidiary ceasing to be a Subsidiary of a Listed Subsidiary.

"**Minority Interest Staged Acquisition Agreement**" means an agreement between the Company or a Restricted Subsidiary and an Independent Third Party (x) pursuant to which the Company or such Restricted Subsidiary agrees to acquire less than a majority of the Capital Stock of a Person for a consideration that is not more than the Fair Market Value of such Capital Stock of such Person at the time the Company or such Restricted Subsidiary enters into such agreement and (y) which provides that the payment of the purchase price for such Capital Stock is made in more than one installment over a period of time.

"**Moody's**" means Moody's Investors Service, Inc. and its affiliates.

"**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 the Restricted Subsidiaries, taken as a whole;

    (c) payments made to repay Indebtedness or any other obligation outstanding at the time of such Asset Sale that either (x) is secured by a Lien on the property or assets sold or (y) is required to be paid as a result of such sale;

(d) appropriate amounts to be provided by the Company or any Restricted Subsidiary as a reserve against any liabilities associated with such Asset Sale, including, without limitation, pension and other post-employment benefit liabilities, liabilities related to environmental matters and liabilities under any indemnification obligations associated with such Asset Sale, all as determined in conformity with GAAP; and

(2) with respect to any issuance or sale of Capital Stock, the proceeds of such issuance or sale in the form of cash or cash equivalents, including payments in respect of deferred payment obligations (to the extent corresponding to the principal, but not interest, component thereof) when received in the form of cash or cash equivalents and proceeds from the conversion of other property received when converted to cash or cash equivalents, net of attorneys' fees, accountants' fees, underwriters' or placement agents' fees, discounts or commissions and brokerage, consultant and other fees incurred in connection with such issuance or sale and net of taxes paid or payable as a result thereof.

"**Non-Core Businesses**" means any business other than the Core Businesses. For the avoidance of doubt, Non-Core Businesses shall include, but not be limited to, the Designated Businesses.

"**Non-Core Entity**" means any Restricted Subsidiary which is primarily engaged, directly or indirectly, in a Non-Core Business.

"**Non-Guarantor Subsidiaries**" means the Exempted Subsidiaries, the Listed Subsidiaries, the New Non-Guarantor Subsidiaries, the Other Non-Guarantor Subsidiaries and the PRC Restricted Subsidiaries, in each case other than the Issuer.

"**Offer to Purchase**" means an offer by the Issuer or the Parent to purchase Notes from the Holders commenced by the Issuer or the Parent 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 covenant pursuant to which the offer is being made and that all Notes validly tendered will be accepted for payment on a pro rata basis;

(2) the purchase price and the date of purchase (which shall be a Business Day no earlier than 30 days nor later than 60 days from the date such notice is mailed) (the "**Offer to Purchase Payment Date**");

(3) that any Note not tendered will continue to accrue interest pursuant to its terms;

(4) that, unless the Issuer or the Parent 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 one Business Day prior to the Offer to Purchase Payment Date, the Issuer or the Parent will deposit with the Paying Agent money sufficient to pay the purchase price of all Notes or portions thereof so accepted by the Issuer or the Parent. On the Offer to Purchase Payment Date, the Issuer or the Parent 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 Issuer or the Parent. The Paying Agent shall promptly mail to the Holders of Notes so accepted payment in an amount equal to the purchase price, and the Trustee or an authenticating agent shall as soon as reasonably practicable 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. The Issuer or the Parent will publicly announce the results of an Offer to Purchase as soon as practicable after the Offer to Purchase Payment Date. The Company will comply with Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent such laws and regulations are applicable, in the event that the Issuer or the Parent is required to repurchase Notes pursuant to an Offer to Purchase.

To the extent that the provisions of any securities laws or regulations of any jurisdiction conflict with the provisions of the Indenture governing any Offer to Purchase, the Issuer and the Parent will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Indenture by virtue of such compliance. The Issuer and the Parent 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 or the Parent and purchases all Notes properly tendered and not withdrawn under the Offer to Purchase.

The offer is required to contain or incorporate by reference information concerning the business of the Company and its Subsidiaries which the Issuer and the Parent 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 Issuer or the Parent 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 the Parent, the Issuer, a Subsidiary Guarantor, or JV Subsidiary Guarantor, one of the directors or officers of the Parent, the Issuer or 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 the Parent, the Issuer or any Subsidiary Guarantor under the Indenture, Officers' Certificate means a certificate signed by one Officer if there is only one Officer in such entity at the time such certificate is required to be delivered.

"**Opinion of Counsel**" means a written opinion from legal counsel who is reasonably acceptable to the Trustee. The counsel may be counsel to the Company.

"**Original Issue Date**" means the date on which the Notes are originally issued under the Indenture.

"**Pari Passu Guarantee**" means a Guarantee by the Issuer, the Parent or any Subsidiary Guarantor or JV Subsidiary Guarantor of Indebtedness of the Issuer (including Additional Notes), the Parent or any Subsidiary Guarantor or JV Subsidiary Guarantor, as the case may be, *provided* that (1) the Incurrence of such Indebtedness was permitted under the covenant entitled "— Certain Covenants — Limitation on Indebtedness and Preferred Stock" and (2) such Guarantee ranks *pari passu* with the Notes, the Parent Guarantee, any outstanding Subsidiary Guarantee of such Subsidiary Guarantor or any outstanding JV Subsidiary Guarantee or such JV Subsidiary Guarantor, as the case may be.

"**Permitted Businesses**" means any business which is the same as or ancillary or complementary to any of the businesses of the Company and the Restricted Subsidiaries on the Original Issue Date.

"**Permitted Holders**" means any or all of the following:

(1) Dr. Hui Ka Yan, Ms. Ding Yumei and any of their children;

(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 one or more Persons specified in clauses (1) and (2).

"**Permitted Investment**" means:

(1) any Investment in the Company or a Restricted Subsidiary or a Person which will, upon the making of such Investment, become a Restricted Subsidiary 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;

(2) Temporary Cash Investments;

(3) payroll, travel and similar advances to cover matters that are expected at the time of such advances ultimately to be treated as expenses in accordance with GAAP;

(4) stock, obligations or securities received in satisfaction of judgments;

(5) an Investment in an Unrestricted Subsidiary consisting solely of an Investment in another Unrestricted Subsidiary;

(6) any Investment pursuant to a Hedging Obligation designed solely to protect the Company or any Restricted Subsidiary against fluctuations in commodity prices, interest rates or foreign currency exchange rates;

(7) receivables owing to the Company or any Restricted Subsidiary, if created or acquired in the ordinary course of business and payable or dischargeable in accordance with customary trade terms;

(8) Investments made by the Company or any Restricted Subsidiary consisting of consideration received in connection with an Asset Sale made in compliance with the covenant entitled "— Certain Covenants — Limitation on Asset Sales;"

(9) pledges or deposits (x) with respect to leases or utilities provided to third parties in the ordinary course of business or (y) otherwise described in the definition of "Permitted Liens" or made in connection with Liens permitted under the covenant entitled "— Certain Covenants — Limitation on Liens;"

(10) any Investment pursuant to Pre-Registration Mortgage Guarantees or Contractor Guarantees by the Company or any Restricted Subsidiary otherwise permitted to be Incurred under the Indenture;

(11) Investments in securities of trade creditors, trade debtors or customers received pursuant to any plan of reorganization or similar arrangement upon the bankruptcy or insolvency of such trade creditor, trade debtor or customer;

(12) advances to contractors and suppliers for the acquisition of assets or consumables or services in the ordinary course of business that are recorded as deposits or prepaid expenses on the Company's consolidated balance sheet;

(13) deposits of pre-sale proceeds made in order to secure the completion and delivery of presold 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 Restricted Subsidiary and prepayments made in connection with the acquisition of real property or land use rights or personal property (including without limitation, Capital Stock) by the Company or any Restricted Subsidiary (including, without limitation, by way of acquisition of Capital Stock of a Person), in each case in the ordinary course of business;

(16) advances to government authorities or government-affiliated entities in the PRC in connection with the financing of primary land development in the ordinary course of business that are recorded as assets in the Company's balance sheet;

(17) Guarantees permitted under clause 2(r) of the covenant under "— Certain Covenants — Limitation on Indebtedness and Preferred Stock";

(18) any Investment by the Company or any Restricted Subsidiary in any corporation, association or other business entity (such corporation, association or other business entity, an "**Associate**"); *provided* that:

 (a) the aggregate amount of all Investments made after the Original Issue Date under this clause (18), less the aggregate amount of all Receipts received after the Original Issue Date in connection with any Investment in any Associate made after the Original Issue Date under this clause (18), shall not exceed 25% of Total Assets;

 (b) the Company must be able to Incur at least US$1.00 of Indebtedness under the proviso in paragraph (1) of the "-Certain Covenants-Limitation on Indebtedness and Preferred Stock" covenant; *provided* that, this paragraph (b) shall not apply if such Investment would otherwise have been permitted under this clause (18) and such Investment, together with the aggregate amount of all Investments made after the Original Issue Date in reliance on this proviso, less the aggregate amount of all Receipts received after the Original Issue Date in connection with any Investment in any Associate made after the Original Issue Date in reliance on this proviso, shall not exceed 12.5% of Total Assets (for purposes of this proviso, the references to "under clause (18)" in the definition of "Receipts" shall be substituted with "in reliance on the proviso in paragraph (b) of clause (18)");

 (c) no Default has occurred and is continuing or would occur as a result of such Investment;

(d) with respect to an Associate in which the Company or any Restricted Subsidiary has made an Investment pursuant to this clause (18), if such Associate has become a Restricted Subsidiary in compliance with the terms of the other covenants, all Investments made by the Company or any Restricted Subsidiary in such Associate since the Original Issue Date shall be deemed to have been made pursuant to clause (1) of the definition of "Permitted Investment" definition; and

(e) if any of the other holders of Capital Stock of such Associate is a Person described in clauses (x) or (y) of the first paragraph of the covenant described under "— Certain Covenants — Limitation on Transactions with Shareholders and Affiliates", such Investment shall comply with the requirements set forth under the "— Certain Covenants — Limitation on Transactions with Shareholders and Affiliates" covenant;

for the avoidance of doubt, the value of each Investment made pursuant to this clause (18) shall be valued at the time such Investment is made.

(19) any Investment deemed to have been made by the Company or any Restricted Subsidiary in any Non-Core Entity of a Qualified Spin-off Group upon the designation of such Non-Core Entity as an Unrestricted Subsidiary;

(20) any Investment by the Company or any Restricted Subsidiary in any trust, fund or asset management plan primarily engaged, directly or indirectly, in the investment in any real estate project acquired, developed, managed or operated by the Company or any Restricted Subsidiary; *provided* that none of the other holders of any interest of such trust, fund or asset management plan (other than holders that beneficially own in the aggregate no more than 10% of the Capital Stock of such trust, fund or asset management plan) is a Person described in clauses (x) or (y) of the first paragraph of the covenant described under "— Certain Covenants — Limitation on Transactions with Shareholders and Affiliates" covenant (other than by reason of such holder being an officer or director of the Company or a Restricted Subsidiary or being the Company or a Subsidiary, Jointly Controlled Entity or Associate of the Company); and

(21) any Investment by the Company or any Restricted Subsidiary, *provided* that the aggregate amount of all Investments made after the Original Issue Date under this clause (21), less the aggregate amount of all Investment Receipts received after the Original Issue Date in connection with any Investment made after the Original Issue Date under this clause (21), shall not exceed 1% of Total Assets.

"**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, for which a reserve or other appropriate provision, if any, as shall be required in conformity with GAAP shall have been made;

(2) statutory and common law Liens of landlords and carriers, warehousemen, mechanics, suppliers, repairmen or other similar Liens arising in the ordinary course of business and with respect to amounts not yet delinquent or being contested in good faith by appropriate legal or administrative proceedings promptly instituted and diligently conducted and for which a reserve or other appropriate provision, if any, as shall be required in conformity with GAAP shall have been made;

(3) Liens incurred or deposits made to secure the performance of tenders, bids, leases, statutory or regulatory obligations, bankers' acceptances, surety and appeal bonds, government contracts, performance and return-of-money bonds and other obligations of a similar nature incurred in the ordinary course of business (exclusive of obligations for the payment of borrowed money);

(4) leases or subleases granted to others that do not materially interfere with the ordinary course of business of the Company and the 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 the Restricted Subsidiaries relating to such property or assets;

(6) Liens on any property of, or on 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 asset 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 do not give rise to an Event of Default;

(9) Liens securing reimbursement obligations with respect to letters of credit that encumber documents and other property relating to such letters of credit and the products and proceeds thereof;

(10) Liens encumbering customary initial deposits and margin deposits, and other Liens that are within the general parameters customary in the industry and incurred in the ordinary course of business, in each case, securing Indebtedness under Hedging Obligations permitted by clause (f) of the second paragraph of the covenant entitled "-Certain Covenants-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 entitled "-Limitation on Indebtedness and Preferred Stock;" *provided* that such Liens do not extend to or cover any property or asset of the Company or any Restricted Subsidiary other than the property or assets securing the Indebtedness being refinanced;

(13) *[Reserved]*;

(14) *[Reserved]*;

(15) any interest or title of a lessor in the property subject to any operating lease;

(16) 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 entitled "— Certain Covenants — Limitation on Indebtedness and Preferred Stock;"

(17) 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;

(18) Liens (including extensions and renewals thereof) upon real or personal property; *provided* that, (a) any such Lien is created solely for the purpose of securing Indebtedness of the type described under clause (2)(h) of the covenant entitled "— Certain Covenants — Limitation on Indebtedness and Preferred Stock" and such Lien is created prior to, at the time of or within 180 days after the later of the acquisition or the completion of development, construction or improvement of such property, (b) the principal amount of the Indebtedness secured by such Lien does not exceed 100% of the cost of such property, development, construction or improvement and (c) such Lien shall not extend to or cover any property or asset 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 such Lien is incurred in the ordinary course of business;

(19) 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;

(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 Restricted Subsidiary in connection with the acquisition of real property or land use rights or personal property (including without limitation, Capital Stock) by the Company or any Restricted Subsidiary (including, without limitation, by way of acquisition of Capital Stock of a Person) in the ordinary course of business and not securing Indebtedness of the Company or any Restricted Subsidiary;

(22) Liens on current assets securing Indebtedness which is permitted to be Incurred under clause 2(n) of the covenant entitled "-Certain Covenants-Limitation on Indebtedness and Preferred Stock;"

(23) Liens on the Capital Stock of a PRC Restricted Subsidiary granted by the Company or any PRC Restricted Subsidiary in favor of any Financial Company Investor in respect of, and to secure, the Indebtedness or Preferred Stock permitted under clause (2)(q) of the "— Certain Covenants — Limitation on Indebtedness and Preferred Stock" covenant;

(24) Liens Incurred on deposits or bank accounts made to secure Bank Deposit Secured Indebtedness permitted under clause (2)(s) of the "— Certain Covenants — Limitation on Indebtedness and Preferred Stock" covenant;

(25) Liens Incurred on deposits made to secure Entrusted Loans;

(26) Liens securing Indebtedness Incurred under clause 2(r) of the covenant described under "— Certain Covenants — Limitation on Indebtedness and Preferred Stock";

(27) (x) Liens on Investment Properties securing Indebtedness of the Company or any PRC Restricted Subsidiary or (y) any interest or title of a lessor in the property securing any Capitalized Lease Obligation or any Attributable Indebtedness permitted under clause (2)(t) of the covenant described under the caption entitled "— Certain Covenants — Limitation on Indebtedness and Preferred Stock";

(28) Liens on the Capital Stock of the Person that is to be acquired under the relevant Staged Acquisition Agreement securing Indebtedness permitted to be Incurred under clause (2)(o) of the covenant described under "— Certain Covenants — Limitation on Indebtedness and Preferred Stock";

(29) Liens on the Capital Stock of the Person that is to be acquired under the relevant Minority Interest Staged Acquisition Agreement securing Indebtedness permitted to be Incurred under clause (2)(u) of the covenant described under "— Certain Covenants — Limitation on Indebtedness and Preferred Stock";

(30) Liens securing Indebtedness permitted to be Incurred by any Restricted Subsidiary under clause (2)(p) of the covenant described under the caption entitled "— Certain Covenants — Limitation on Indebtedness and Preferred Stock"; and

(31) Liens on assets in the PRC securing obligations of any PRC Restricted Subsidiary that in the aggregate do not exceed 1% of Total Assets at any one time outstanding.

"**Permitted Subsidiary Indebtedness**" means Indebtedness (other than Public Indebtedness) of, and all Preferred Stock issued by, the Non-Guarantor Subsidiaries, taken as a whole; *provided* that, on the date of the Incurrence of such Indebtedness and after giving effect thereto and the application of the proceeds thereof, the aggregate principal amount outstanding of all such Indebtedness (excluding any Indebtedness of any Restricted Subsidiary permitted under clauses 2(a), (b), (d), (f), (g) and (m) of the covenant entitled "Limitation on Indebtedness and Preferred Stock") does not exceed an amount equal to 15% of the 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 Special Administrative Region, Macau Special Administrative Region and Taiwan.

"**PRC CJV**" means any future Subsidiary that is a Sino-foreign cooperative joint venture enterprise with limited liability, established in the PRC pursuant to the Law of the People's Republic of China on Sino-foreign Cooperative Joint Ventures adopted on April 13, 1988 (as most recently amended on October 31, 2000) and the Detailed Rules for the Implementation of the Law of the People's Republic of China on Sino-foreign Cooperative Joint Ventures promulgated on September 4, 1995, as amended from time to time.

"**PRC CJV Partner**" means with respect to a PRC CJV, any other party to the joint venture agreement relating to such PRC CJV with the Company or any Restricted Subsidiary.

"**PRC Restricted Subsidiary**" has the meaning set forth in the section entitled "-The Parent Guarantee, the Subsidiary Guarantees and the JV Subsidiary Guarantees."

"**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 Capital Stock of any other class of such Person.

"**Project Debt**" means Indebtedness by the Company or a Restricted Subsidiary for the purposes of financing the acquisition, development, construction, operation or maintenance of a real estate project.

"**Public Indebtedness**" means any bonds, debentures, notes or similar debt securities issued in a public offering or a private placement (other than the Notes) to institutional investors.

"**Qualified Exchange**" means either (1) The New York Stock Exchange, the 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).

"**Qualified IPO**" means a listing (or a deemed new listing pursuant to the rules of the relevant stock exchange or governing body) of the Voting Stock of a company on a Qualified Exchange; *provided* that in the case that such listing is on a national securities exchange (as such term is defined in Section 6 of the Exchange Act) or a designated offshore securities market (as such term is defined in Rule 902(b) under the Securities Act), such listing shall result in a public float of no less than the percentage required by the applicable listing rules.

"**Qualified Spin-off Group**" means, collectively, (i) any Non-Core Entity the Voting Stock of which is, or is expected to be pursuant to a definitive plan, listed on a Qualified Exchange in a Qualified Spin-off IPO, and (ii) the Subsidiaries of such Non-Core Entity.

"**Qualified Spin-off IPO**" means any Qualified IPO of a Non-Core Entity; *provided* that the Board of Directors of the Company has determined in good faith that the designation of such Non-Core Entity and its Subsidiaries as Unrestricted Subsidiaries is desirable to obtain approval from a Qualified Exchange for such Qualified IPO.

"**Rating Agencies**" means (1) Moody's, (2) S&P, (3) Fitch; *provided* that if Moody's, S&P 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 Moody's, S&P, Fitch, two of the three or all three of them, as the case may be.

"**Rating Category**" means (1) with respect to Moody's, any of the following categories: "Ba," "B," "Caa," "Ca," "C" and "D" (or equivalent successor categories); (2) with respect to S&P, any of the following categories: "BB," "B," "CCC," "CC," "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 Moody's, S&P 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 ("1," "2" and "3" for Moody's; "+" and "–" for S&P and Fitch; or the equivalent gradations for another Rating Agency) shall be taken into account (e.g., with respect to Moody's, a decline in a rating from "Ba1" to "Ba2," as well as from "Ba" to "B1," will constitute a decrease of one gradation).

"**Rating Date**" means (1) in connection with a Change of Control Triggering Event, the date that 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 section entitled "— Consolidation, Merger and Sale of Assets," the date that is 90 days prior to the earlier of (x) the occurrence of any such action as set forth therein and (y) a public notice of the occurrence of any such action.

"**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 section entitled "— 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 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 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 the three Rating Agencies and are rated below Investment Grade by all such Rating Agencies on the Rating Date, the rating of the Notes by any Rating Agency shall be decreased by one or more gradations (including gradations within Rating Categories as well as between Rating Categories).

"**Receipt**" means, at any time, with respect to an Associate, an amount equal to the net reduction in all Investments made in such Associate under clause (18) of the definition of "Permitted Investment" since the Original Issue Date resulting from (A) receipt of payments by the Company or any Restricted Subsidiary in respect of all such Investments, including interest on, or repayments of, loans or advances, dividends or other distributions (except, in each case, to the extent any such payments are included in the calculation of Consolidated Net Income), (B) the unconditional release of a Guarantee of any obligation of any Associate provided under such clause (18) after the Original Issue Date by the Company or any Restricted Subsidiary, (C) to the extent that an Investment made after the Original Issue Date under such clause (18) is sold or otherwise liquidated or repaid for cash, the lesser of (x) cash return of capital with respect to such Investment (less the reasonable costs of disposition, if any) and (y) the initial amount of such Investment, or (D) such Associate becoming a Restricted Subsidiary (whereupon all Investments made by the Company or any Restricted Subsidiary in such Associate since the Original Issue Date shall be deemed to have been made pursuant to clause (1) of the definition of "Permitted Investment" definition).

"**Relevant Total Assets**" means, at any date of determination, the Total Assets of the Company, without counting the total consolidated assets of the Listed Subsidiaries (if any), 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 reasonably best efforts to compile on a timely manner) are available (which may be internal consolidated financial statements).

"**Renminbi**" or "**RMB**" means yuan, the lawful currency of the PRC.

"**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 Issuer in good faith.

"**Reference Treasury Dealer Quotations**" means, with respect to each Reference Treasury Dealer and any redemption date, the average as determined by the Company in good faith, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing by such Reference Treasury Dealer at 5: 00 p.m., New York City time, on the third Business Day preceding such redemption date.

"**Replacement Assets**" means, on any date, property or assets (other than current assets that are not land use rights, properties under development or completed properties held for sale) of a nature or type or that are used in (i) a Core Business or a Designated Business or (ii) the business for which the property or assets being replaced have been used.

"**Repurchase Obligation**" means the obligations to each Strategic Investor substantially as described under "Repurchase obligation or compensation" in the Announcements (or obligations similar to such obligations so described) and as contemplated in such Strategic Investor's Investment Agreement.

"**Restricted Subsidiary**" means any Subsidiary of the Company other than an Unrestricted Subsidiary. For the avoidance of doubt, unless the context does not permit, the Parent and the Issuer shall also be considered Restricted Subsidiaries.

"**S&P**" means Standard & Poor's Ratings Services and its affiliates.

"**Sale and Leaseback Transaction**" means any direct or indirect arrangement relating to property (whether real, personal or mixed), now owned or hereafter acquired whereby the Company or any Restricted Subsidiary transfers such property to another Person and the Company or any Restricted Subsidiary leases it from such Person.

"**Securities Act**" means the U.S. Securities Act of 1933, as amended.

"**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 Parent, the Parent Guarantee, (b) in respect of the Issuer, the Notes, (b) in respect of any Subsidiary Guarantor, its Subsidiary Guarantee, or (c) in respect of any JV Subsidiary Guarantor, its JV Subsidiary Guarantee, *provided* that Senior Indebtedness does not include (1) any obligation to the Company or any Restricted Subsidiary, (2) trade payables or (3) Indebtedness Incurred in violation of the Indenture.

"**Significant Subsidiary**" means a Restricted Subsidiary, when consolidated with its Subsidiaries that are Restricted Subsidiaries, that would be a "significant subsidiary" using the conditions specified in the definition of significant subsidiary in Article 1, Rule 1-02(w) of Regulation S-X, promulgated pursuant to the Securities Act, as such Regulation is in effect on the Original Issue Date, if any of the conditions exceeds 5%. Notwithstanding the foregoing, for as long as the Notes are outstanding, the Parent and the Issuer will be Significant Subsidiaries.

"**Staged Acquisition Agreement**" means an agreement between the Company or a Restricted Subsidiary and an Independent Third Party (x) pursuant to which the Company or such Restricted Subsidiary agrees to acquire not less than a majority of the Capital Stock of a Person for a consideration that is not more than the Fair Market Value of such Capital Stock of such Person at the time the

Company or such Restricted Subsidiary enters into such agreement and (y) which provides that the payment of the purchase price for such Capital Stock is made in more than one installment over a period of time.

"**Stated Maturity**" means, (1) with respect to any Indebtedness, the date specified in such debt security as the fixed date on which the final installment of principal of such Indebtedness is due and payable as set forth in the documentation governing such Indebtedness and (2) with respect to any scheduled installment of principal of or interest on any Indebtedness, the date specified as the fixed date on which such installment is due and payable as set forth in the documentation governing such Indebtedness.

"**Strategic Investors**" means Persons which have invested or will invest in the Capital Stock of the Company pursuant to the investment agreements (as may be amended and supplemented, the "**Investment Agreements**") announced by the Company on December 31, 2016, May 31, 2017 and November 6, 2017 (the "**Announcements**").

"**Subordinated Indebtedness**" means any Indebtedness of the Parent, any Subsidiary Guarantor or any JV Subsidiary Guarantor which is contractually subordinated or junior in right of payment to the Notes, the Parent Guarantee, any Subsidiary Guarantee or any JV Subsidiary Guarantee, as applicable, pursuant to a written agreement to such effect.

"**Subsidiary**" means, with respect to any Person, any corporation, association or other business entity (i) of which more than 50% of the voting power of the outstanding Voting Stock is owned, directly or indirectly, by such Person and one or more other Subsidiaries of such Person or (ii) of which 50% or less of the voting power of the outstanding Voting Stock is owned, directly or indirectly, by such Person and one or more other Subsidiaries of such Person and in each case which is "controlled" and consolidated by such Person in accordance with GAAP.

"**Subsidiary Guarantee**" means any Guarantee of the obligations of the Company under the Indenture and the Notes by any Subsidiary Guarantor.

"**Subsidiary Guarantor**" means any initial Subsidiary Guarantor named herein and any other Restricted Subsidiary which guarantees the payment of the Notes pursuant to the Indenture and the Notes; *provided* that "Subsidiary Guarantor" will not include (a) any Person whose Subsidiary Guarantee has been released in accordance with the Indenture and the Notes or (b) any JV Subsidiary Guarantor.

"**Temporary Cash Investment**" means any of the following:

(1) direct obligations of the United States of America, any state of the European Economic Area, the People's Republic of China or Hong Kong or any agency of any of the foregoing or obligations fully and unconditionally Guaranteed by the United States of America, any state of the European Economic Area, the People's Republic of China or Hong Kong or any agency of any of the foregoing, in each case maturing within one year;

(2) time deposit accounts, certificates of deposit and money market deposits maturing within 180 days of the date of acquisition thereof issued by a bank or trust company which is organized under the laws of the United States of America, any state thereof, any state of the European Economic Area or Hong Kong, which bank or trust company has capital, surplus and undivided profits aggregating in excess of US$100 million (or the Dollar Equivalent thereof) and has outstanding debt which is rated "A" (or such similar equivalent rating) or higher by at least one nationally recognized statistical rating organization (as defined in Section 3(a)(62) of the Exchange Act) or any money market fund sponsored by a registered broker dealer or mutual fund distributor;

(3) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clause (1) above entered into with a bank or trust company meeting the qualifications described in clause (2) above;

(4) commercial paper, maturing not more than 180 days after the date of acquisition thereof, issued by a corporation (other than an Affiliate of the Company) organized and in existence under the laws of the United States of America, any state thereof or any foreign country recognized by the United States of America with a rating at the time as of which any investment therein is made of "P-1" (or higher) according to Moody's or "A-1" (or higher) according to S&P or Fitch;

(5) securities, maturing within one year of the date of acquisition thereof, issued or fully and unconditionally Guaranteed by any state, commonwealth or territory of the United States of America, or by any political subdivision or taxing authority thereof, and rated at least "A" by S&P, Moody's or Fitch;

(6) any money market fund that has at least 95% of its assets continuously invested in investments of the types described in clauses (1) through (5) above; and

(7) demand or time deposit accounts, certificates of deposit, overnight or call deposits and money market deposits or structured deposit products with a term not exceeding six months that are principal protected, in each case with any banks or financial institutions organized under the laws of the PRC or a bank or trust company which is organized under the laws of the United States of America, any state thereof, the United Kingdom, Singapore or Hong Kong, which bank or trust company has capital, surplus and undivided profits aggregating in excess of US$100 million (or the Dollar Equivalent thereof).

"**Total Assets**" of the Company means, as of any date, the total consolidated assets of the Company and the 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, the Parent and the Issuer shall use its best efforts to compile on a timely manner) are available (which may be internal consolidated financial statements); *provided* that:

(1) only with respect to clause (2)(h) of "— Certain Covenants — Limitation on Indebtedness and Preferred Stock" covenant, the amount of 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 the amount of Total Assets thereunder, as measured by the purchase price or cost therefor or budgeted cost provided in good faith by the Company or any Restricted Subsidiary to the bank or other similar financial institutional lender providing such Indebtedness;

(2) only with respect to clause (2)(v) of "— Certain Covenants — Limitation on Indebtedness and Preferred Stock" covenant, with respect to the Incurrence of any Acquired Indebtedness as a result of any Person becoming a Restricted Subsidiary, Total Assets shall be calculated after giving pro forma effect to include the consolidated assets of such Restricted Subsidiary and any other change to the consolidated assets of the Company as a result of such Person becoming a Restricted Subsidiary; and

(3) only with respect to any Person becoming a New Non-Guarantor Subsidiary, pro forma effect shall at such time be given to the consolidated assets of such New Non-Guarantor Subsidiary (including giving pro forma effect to any other change to the consolidated assets of the Company, in each case as a result of such Person becoming a New Non-Guarantor Subsidiary).

"**Trade Payables**" means, with respect to any Person, any accounts payable or any other indebtedness or monetary obligation to trade creditors created, assumed or Guaranteed by such Person or any of its Subsidiaries arising in the ordinary course of business in connection with the acquisition of goods or services.

"**Transaction Date**" means, with respect to the Incurrence of any Indebtedness, the date such Indebtedness is to be Incurred and, with respect to any Restricted Payment, the date such Restricted Payment is to be made.

"**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.

"**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.

"**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 Restricted Subsidiary**" means, with respect to a Restricted Subsidiary, the ownership of all of the outstanding Capital Stock of such Restricted Subsidiary (other than any director's qualifying shares or Investments by foreign nationals mandated by applicable law) by the Company or one or more Wholly Owned Restricted Subsidiaries; *provided* that Restricted Subsidiaries that are PRC CJVs shall not be considered Wholly Owned Restricted Subsidiaries unless the Company or one or more Wholly Owned Restricted Subsidiaries is entitled to 95% or more of the economic benefits distributable by such Restricted Subsidiary.

DESCRIPTION OF 2022 NOTES

For purposes of this "Description of 2022 Notes" the term "**Issuer**" refers only to Scenery Journey Limited (景程有限公司), and any successor obligor on the Notes, and not to any of its subsidiaries and the term "**Notes**" refers to the 2022 Notes issued by the Issuer. Hengda Real Estate Group Co., Ltd. (恒大地產集團有限公司) is referred to as the "**Company**." Tianji Holding Limited, which guarantees the Notes is referred to as the "**Parent**" and such guarantee is referred to as the "**Parent Guarantee**." Each subsidiary of the Company (other than the Parent) which guarantees the Notes is referred to as a "**Subsidiary Guarantor**" and each such guarantee is referred to as a "**Subsidiary Guarantee**." Each subsidiary of the Company that in the future provides a "**JV Subsidiary Guarantee**" (as defined 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 Issuer, the Parent and the Subsidiary Guarantors, as guarantors, and Citicorp International Limited, as trustee (the "**Trustee**").

The following is a summary of certain provisions of the Indenture, the Notes, the Parent Guarantee, the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any). This summary does not purport to be complete and is qualified in its entirety by reference to all of the provisions of the Indenture, the Notes, the Parent Guarantee, the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any). It does not restate those agreements in their entirety. Whenever particular sections or defined terms of the Indenture not otherwise defined herein are referred to, such sections or defined terms are incorporated herein by reference. Copies of the Indenture will be available for inspection upon prior request during usual business hours on any weekday (except public holidays) on or after the Original Issue Date at the corporate trust office of the Trustee at 39/F, Champion Tower, 3 Garden Road, Central, Hong Kong.

The Notes:

- are general obligations of the Issuer;
- are senior in right of payment to any existing and future obligations of the Issuer expressly subordinated in right of payment to the Notes;
- are at least *pari passu* in right of payment with all the unsecured, unsubordinated Indebtedness of the Issuer;
- are guaranteed by the Parent, the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any) on a senior basis, subject to the limitations described below under the section entitled "— The Parent Guarantee, the Subsidiary Guarantees and the JV Subsidiary Guarantees" and in the section entitled "Risk Factors — Risks Relating to the Parent Guarantee, Subsidiary Guarantees and the JV Subsidiary Guarantees;"
- will benefit from a keepwell and equity interest purchase undertaking (the "**Keepwell and EIPU**") to be entered into by the Company, the Parent, the Issuer and the Trustee in favor of the Trustee and the Holders, unless released in accordance with the Indenture;
- are effectively subordinated to the secured obligations of the Parent, the Issuer, the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any), to the extent of the value of the assets serving as security therefor; and
- are effectively subordinated to all existing and future obligations of the Non-Guarantor Subsidiaries.

The Issuer will initially issue US$645,000,000 in aggregate principal amount of the Notes, which will mature on November 6, 2022 unless earlier redeemed pursuant to the terms thereof and the Indenture. The Indenture allows additional Notes to be issued from time to time, subject to certain limitations described under the section entitled "— Further Issues." Unless the context requires otherwise, references to the "Notes" for all purposes of the Indenture and this "Description of 2022 Notes" include any Additional Notes that are actually issued. The Notes will bear interest at 13.0% 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 semiannually in arrears on May 6 and November 6 of each year (each an "**Interest Payment Date**"), commencing May 6, 2019.

Interest on the Notes, when in the form of Global Notes, will be paid to the Holders of record at the close of business on May 5 or November 5, and when in certificated form, on April 21 or October 22, immediately preceding an Interest Payment Date (each, a "**Record Date**"), notwithstanding any transfer, exchange or cancelation thereof after a Record Date and prior to the immediately following Interest Payment Date; *provided* that so long as the Global Note is held on behalf of Euroclear, Clearstream or any other clearing system, each payment in respect of the Global Note will be made to the person shown as the holder of the Notes in the register of Holders at the close of business (of the relevant clearing system) on the Clearing System Business Day before the due date for such payments, where "**Clearing System Business Day**" means a weekday (Monday to Friday, inclusive) except December 25 and January 1. In any case in which the date of the payment of principal of, premium, if any, on, or interest on, the Notes is not a Business Day in the relevant place of payment or in the place of business of the Paying Agent then payment of such principal, premium or interest need not be made on such date but may be made on the next succeeding Business Day. Any payment made on such Business Day shall have the same force and effect as if made on the date on which such payment is due, and no interest on the Notes shall accrue for the period after such due date. 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 the Notes, but the Issuer 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 Issuer and the Issuer will maintain an office or agency (which initially will be the office of the Paying Agent currently located at Citibank, N.A., London Branch, c/o Citibank, N.A., Dublin Branch, One North Wall Quay, Dublin 1, Ireland) where the Notes may be surrendered for registration of transfer or exchange or for presentation for payment or repurchase. Notwithstanding the immediately preceding sentence, if the Notes are in certificated form and the Issuer acts as its own paying agent, payment of interest may instead be made by check mailed (at the expense of the Issuer) to the address of the Holders as such address appears in the Note register. Interest payable on the Notes held through Euroclear or Clearstream will be available to Euroclear or Clearstream participants (as defined herein) on the Business Day following payment thereof.

The Parent Guarantee, the Subsidiary Guarantees and the JV Subsidiary Guarantees

The Parent Guarantee:

- is a general obligation of the Parent;

- is effectively subordinated to the secured obligations of the Parent, to the extent of the value of the assets serving as security therefor;

- is senior in right of payment to all future obligations of the Parent expressly subordinated in right of payment to such Parent Guarantee; and

- ranks at least *pari passu* with all unsecured, unsubordinated Indebtedness of the Parent.

The initial Subsidiary Guarantors that will execute the Indenture on the Original Issue Date will consist of Ever Grace Group Limited (恒善集團有限公司), Ample Treasure Group Limited (寶豐集團有限公司), Luckyup Group Limited (昇祺集團有限公司), Instant Choice Development Limited, Ample Treasure Holding Limited (寶豐集團控股有限公司), Will Glory Holdings Limited (好耀控股有限公司), Forbidden City Culture Co., Limited (紫禁城弘華文化有限公司), Ever Sure Industries Limited (永瑞實業有限公司), Shui Wah Investment Limited (穗華投資有限公司), Shengtong Holding Limited (盛通控股有限公司), Wisdom Gain Group Limited (智盈集團有限公司), Grow Rising Investment Limited (晉廷投資有限公司), Accord Sino Group Limited (協華集團有限公司), Merry Full Investments Limited (怡滿投資有限公司), Million Castle Investments Limited, Benefit East Investments Limited (益東投資有限公司), Champion Glory Holdings Limited (卓康集團有限公司), Champion Globe Limited (特靈有限公司), Champion King Investments Limited (彩僑投資有限公司), Fortune Luck Corporation Limited (順利有限公司), Cheung Fu Department Store Enterprise Limited (象富百貨集團有限公司), China Agriculture Technology Limited (中國農業科技有限公司), Baojun Limited (保駿有限公司), Perfect Vantage Investments Limited (歷冠投資有限公司), Bai Chang Limited (百昌有限公司), Minsin International (Holdings) Limited (明誠國際(集團)有限公司), Billion Sino Investments Limited (億中投資有限公司), Allywing Investments Limited (榮邦投資有限公司), California Place Dalian Limited (加州豪庭大連有限公司), Fortune Star International Investment Limited (福星國際投資有限公司), Xing Hong Holdings Limited (興鴻控股有限公司), Rosy Dynasty Limited (翠御有限公司), Joy Vision Holdings Limited (樂景控股有限公司), Sanli (China) Holdings Limited (三立(中國)控股有限公司), Metro Wisdom Limited (慧都有限公司), Ji Feng Limited (吉豐有限公司), Rise Eagle Worldwide Limited (振鷹環球有限公司), Jicheng International (HK) Limited (集成國際(香港)有限公司), Charm Best Investment Limited (優俊投資有限公司), Lucky Benefit Limited, Loyal Power Investments Limited (旺權投資有限公司), Rising Sheen Limited (升亮有限公司), City Faith Limited (都信有限公司), South Honest Limited (誠南有限公司), First Key Investments Limited (元基投資有限公司), Hinto Developments Limited, Triumph Hero International Limited (勝雄國際有限公司), Spread Glory Investments Limited (廣亮投資有限公司), New Insight Holdings Limited (創見控股有限公司), Easy Gain Investment Holdings Limited (盈潤投資控股有限公司), Honor Business Investment Limited (榮商投資有限公司), Link Care Limited (環照有限公司), Cheer Motion Development Limited (致能發展有限公司), China Sea Group (Hong Kong) Investment Limited (中海集團(香港)投資有限公司), Crown Wise Investment Limited (冠惠投資有限公司), Dragon Joy (China) Limited (龍悦(中國)有限公司), Dragon Pioneer Development Limited (龍添發展有限公司), Excel Sky (Hong Kong) Limited (俊天(香港)有限公司), Fortune Ascent Limited (升裕有限公司), Future Lead Enterprises Limited (天領企業有限公司), Glory Sign Development Limited (皇誌發展有限公司), Gold Ascot Limited (金士福有限公司), Grace Target Holdings Limited (喜志集團有限公司), Honour In Investments Limited (誠然投資有限公司), Jiakang Holdings Limited (嘉康控股有限公司), Jiazhi Holdings Limited (嘉智控股有限公司), Joy Wealthy Investment Limited (悦才投資有限公司), Lucky Universe Holding Limited (瑞宇集團有限公司), Pacific Plus Enterprises Limited (匯太企業有限公司), Palm Island Resort Limited (棕櫚島渡假村有限公司), Prime Light Holdings Limited (柏天集團有限公司), Prime Sun Holding Limited (盛日控股有限公司), Prosper Power Development Limited (能昌發展有限公司), Sharp Goal Investments Limited (鋭怡投資有限公司), Starlet Development Limited (星能發展有限公司), Sunny Net Development Limited (日訊發展有限公司), Thousand Grand Holding Limited (千宏控股有限公司), Trend Rich Investment Limited (毅富投資有限公司), Chang Xing Holdings Limited (昌興控股有限公司), Cheer Champ Investment Limited (誌昌投資有限公司), Dragon Charm Investments Limited (龍創投資有限公司), Dragon Fortune Limited, East Best Investments Limited (東卓投資有限公司, Ever Shiny International Limited, Full Jolly Investments Limited (滿怡投資有限公司), Good Wave International Limited (佳濤國際有限公司,) Healthy Time International Limited (建時國際有限公司), Lofty Reap Limited (上豐有限公司), Luck Fortune Holdings Limited, Lucky Universe Enterprises Limited (瑞宇企業有限公司), Marche Limited, Marvel First Developments Limited, Menkia Holdings Limited (萬家控股有限公司), On Lucky Holdings Limited (安利達控股有限公司), Opal House Development Limited, Oriental Fame Holdings Limited (東榮控股有限公司), Prime Sun Enterprises Limited (盛日企業有限公司), Reego Group Limited (鋭高集團有限公司), Silver Opportunity Investment Limited (銀機投資有限公司), Superb Capital Enterprises Limited, Upper East Property Holdings Company Limited (上東置業控股有限公司), Vast Wheel Company Limited (浩輪有限公司), White Heron Limited, Win Harbour

Investments Limited (凱港投資有限公司), Win Peak Group Limited (凱峰集團有限公司), Shengtong (BVI) Limited and Shengyu (BVI) Limited. The Subsidiary Guarantors are holding companies that do not have significant operations.

Other than the initial Subsidiary Guarantors, none of the other Restricted Subsidiaries organized outside of the PRC (the "**Other Non-Guarantor Subsidiaries**") will be a Subsidiary Guarantor on the Original Issue Date. In addition, none of the Restricted Subsidiaries existing on the Original Issue Date that are Subsidiaries organized under the laws of the PRC and the future Restricted Subsidiaries that are organized under the laws of the PRC (together, the "**PRC Restricted Subsidiaries**"), the Exempted Subsidiaries and the Listed Subsidiaries (as long as they continue to be Exempted Subsidiaries or Listed Subsidiaries, as applicable) will provide a Subsidiary Guarantee or a JV Subsidiary Guarantee on the Original Issue Date or at any time in the future.

Although the Indenture contains limitations on the amount of additional Indebtedness that Non-Guarantor Subsidiaries may incur, the amount of such additional Indebtedness could be substantial.

In the case of a Restricted Subsidiary (i) that is, or is proposed by the Company or any Restricted Subsidiary to be, established, or commences investment for the purposes of commencing business activities, after the Original Issue Date, (ii) that is incorporated in any jurisdiction other than the PRC and that is not an Exempted Subsidiary or a Listed Subsidiary and (iii) in respect of which the Company or any Restricted Subsidiary (x) is proposing to sell, whether through the sale of existing Capital Stock or the issuance of new Capital Stock, no less than 20% of the Capital Stock of such Restricted Subsidiary or (y) is proposing to purchase Capital Stock of an entity and designate such entity as a Restricted Subsidiary, the Company may, concurrently with the consummation of such sale or purchase, provide a JV Subsidiary Guarantee instead of a Subsidiary Guarantee for (a) such Restricted Subsidiary and (b) the Restricted Subsidiaries that are Subsidiaries of such Restricted Subsidiary, that are organized in any jurisdiction other than the PRC and that are not Exempted Subsidiaries or Listed Subsidiaries, if the following conditions, in the case of both (a) and (b), are satisfied:

- concurrently with providing the JV Subsidiary Guarantee, such JV Subsidiary Guarantor has delivered to the Trustee:

  (i) (A) a duly executed Guarantee of such JV Subsidiary Guarantor (the "**JV Subsidiary Guarantee**") and each Restricted Subsidiary that is a Subsidiary of such JV Subsidiary Guarantor that is not organized under the laws of the PRC, an Exempted Subsidiary or a Listed Subsidiary and (B) a duly executed supplemental indenture to the Indenture pursuant to which the JV Subsidiary Guarantor will become a party to the Indenture pursuant to which such JV Subsidiary Guarantor will guarantee the payment of the Notes, each of which provides, among other things, that the aggregate claims of the Trustee under such JV Subsidiary Guarantee and all JV Subsidiary Guarantees provided by the Restricted Subsidiaries and shareholders of such JV Subsidiary Guarantor will be limited to the JV Entitlement Amount;

  (ii) an Officers' Certificate certifying a copy of the Board Resolution to the effect that such JV Subsidiary Guarantee has been approved by a majority of the disinterested members of the Board of Directors; and

  (iii) a legal opinion by a law firm of recognized international standing confirming that under New York law such JV Subsidiary Guarantee is legal, valid, binding and enforceable against the JV Subsidiary Guarantor providing the JV Subsidiary Guarantee (subject to customary qualifications and assumptions);

- 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 appraised value of such Capital Stock by an independent appraisal firm of recognized international standing appointed by the Company;

- all capital contributions (by way of transfer of cash or other property or any payment for property or services for the use of others or otherwise) to be made into a JV Subsidiary Guarantor from the date it provides its JV Subsidiary Guarantee shall be made directly or by contribution of assets or services having an equivalent Fair Market Value by (i) the Company and the Restricted Subsidiaries and (ii) such Independent Third Party in proportion to their respective direct or indirect ownership percentages of the Capital Stock of such JV Subsidiary Guarantor; and

- as of the date of execution of the JV Subsidiary Guarantee, no document exists that is binding on the Company or such Restricted Subsidiaries that would have the effect of (a) prohibiting the Company or such Restricted Subsidiary from providing such JV Subsidiary Guarantee, or (b) requiring the Company or any such 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.

In the event of a bankruptcy, liquidation or reorganization of any Non-Guarantor Subsidiary, such Non-Guarantor Subsidiary will pay the holders of its debt and its trade creditors before it will be able to distribute any of its assets to the Company, the Parent, the Issuer, the Subsidiary Guarantors or the JV Subsidiary Guarantors, if any (either directly or indirectly).

As of June 30, 2018,

- the Company and its consolidated subsidiaries had total consolidated borrowings of approximately RMB541,934 million (US$81,899 million), RMB435,133 million (US$65,759 million) of which were secured; and

- the Non-Guarantor Subsidiaries and Unrestricted Subsidiaries had total borrowings of approximately RMB52,206 million (US$7,890 million).

In addition, as of June 30, 2018, the Non-Guarantor Subsidiaries and Unrestricted Subsidiaries had capital commitments of approximately RMB7,978 million (US$1,206 million) and contingent liabilities arising from guarantees of approximately RMB7,145 million (US$1,080 million).

The Subsidiary Guarantee of each Subsidiary Guarantor:

- is a general obligation of such Subsidiary Guarantor;

- is effectively subordinated to the secured obligations of such Subsidiary Guarantor, to the extent of the value of the assets serving as security therefor;

- is senior in right of payment to all future obligations of such Subsidiary Guarantor expressly subordinated in right of payment to such Subsidiary Guarantee; and

- ranks at least *pari passu* with all unsecured, unsubordinated Indebtedness of such Subsidiary Guarantor.

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

- will be a general obligation of such JV Subsidiary Guarantor;

- will be enforceable only up to the JV Entitlement Amount;

- will be effectively subordinated to the secured obligations of such JV Subsidiary Guarantor, to the extent of the value of the assets serving as security therefor;

- will be limited to the JV Entitlement Amount, and will be senior in right of payment to all future obligations of such JV Subsidiary Guarantor expressly subordinated in right of payment to such JV Subsidiary Guarantee; and

- will be limited to the JV Entitlement Amount, and will rank at least *pari passu* with all unsecured, unsubordinated Indebtedness of such JV Subsidiary Guarantor.

The Company will cause (x) each of the future Restricted Subsidiaries (other than Persons organized under the laws of the PRC, Exempted Subsidiaries or Listed Subsidiaries), as soon as practicable after it becomes a Restricted Subsidiary and (y) each of the Exempted Subsidiaries and Listed Subsidiaries that remains as a Restricted Subsidiary, as soon as practicable after it ceases to be an Exempted Subsidiary or a Listed Subsidiary, as the case may be (each such Person in clause (x) or (y), a "**Potential Subsidiary Guarantor**"), 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 a Subsidiary Guarantor or a JV Subsidiary Guarantor. Notwithstanding the foregoing sentence, the Company may elect to have any Restricted Subsidiary organized under laws outside the PRC not provide a Subsidiary Guarantee or a JV Subsidiary Guarantee at the time such entity becomes a Potential Subsidiary Guarantor (Restricted Subsidiaries (other than the PRC Restricted Subsidiaries, the Exempted Subsidiaries and the Listed Subsidiaries) that do not provide Subsidiary Guarantees or JV Subsidiary Guarantees in accordance with the Indenture, the "**New Non-Guarantor Subsidiaries**"), *provided* that, after taking into account the consolidated assets of such Restricted Subsidiary, the Consolidated Assets of all Restricted Subsidiaries organized under laws outside the PRC (other than the Issuer, Exempted Subsidiaries and Listed Subsidiaries) that are neither Subsidiary Guarantors nor JV Subsidiary Guarantors do not account for more than 20% of the Relevant Total Assets of the Company.

Each Restricted Subsidiary that guarantees the Notes after the Original Issue Date other than a JV Subsidiary Guarantor is referred to as a "**Future Subsidiary Guarantor**" and upon execution of the applicable supplemental indenture to the Indenture will be a "**Subsidiary Guarantor**."

Under the Indenture, as supplemented from time to time, each of the Parent, the Subsidiary Guarantors and JV Subsidiary Guarantors (if any) will jointly and severally guarantee the due and punctual payment of the principal of, premium, if any, and interest on, and all other amounts payable under, the Notes; *provided* that any JV Subsidiary Guarantee will be limited to the JV Entitlement Amount. The Parent, the Subsidiary Guarantors and JV Subsidiary Guarantors will (1) agree that their respective obligations under the Parent Guarantee, the Subsidiary Guarantees and the JV Subsidiary Guarantees, as the case may be, will be enforceable irrespective of any invalidity, irregularity or unenforceability of the Notes or the Indenture and (2) waive their right to require the Trustee to pursue or exhaust its legal or equitable remedies against the Issuer prior to exercising its rights under the Parent Guarantee, the Subsidiary Guarantees and the JV Subsidiary Guarantees, as the case may be. Moreover, if at any time any amount paid under a Note or the Indenture is rescinded or must otherwise be restored, the rights of the Holders under the Parent Guarantee, the Subsidiary Guarantees and the JV Subsidiary Guarantees, as the case may be, will be reinstated with respect to such payment as though such payment had not been made. All payments under the Parent Guarantee, the Subsidiary Guarantees and the JV Subsidiary Guarantees, as the case may be, are required to be made in U.S. dollars.

Under the Indenture, as supplemented from time to time,

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

- each JV Subsidiary Guarantee will be limited to an amount which is the lower of (i) the JV Entitlement Amount and (ii) an amount not to exceed the maximum amount that can be guaranteed by the applicable JV Subsidiary Guarantor without rendering the JV Subsidiary Guarantee, as it relates to such JV Subsidiary Guarantor, voidable under applicable law relating to fraudulent conveyance or fraudulent transfer or similar laws affecting the rights of creditors generally.

If a Subsidiary Guarantee or 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 the applicable 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 and each JV Subsidiary Guarantor under its JV Subsidiary Guarantee may be limited, or possibly invalid, under applicable laws. See the section entitled "Risk Factors — Risks Relating to the Parent Guarantee, Subsidiary Guarantees and the JV Subsidiary Guarantees — The Parent Guarantee, the Subsidiary Guarantees or JV Subsidiary Guarantees may be challenged under applicable insolvency or fraudulent transfer laws, which could impair the enforceability of the Parent Guarantee, the Subsidiary Guarantees or JV Subsidiary Guarantees."

Release of the Parent Guarantee, Subsidiary Guarantees and JV Subsidiary Guarantees

The Parent Guarantee may be released in certain circumstances, including:

- upon repayment in full of the Notes; or

- upon a defeasance as described under the section entitled "— Defeasance — Defeasance and Discharge."

No release of a Parent Guarantor of its Parent Guarantee shall be effective against the Trustee or the Holders until the Company has delivered to the Trustee an Officer's Certificate stating that all requirements relating to such release have been complied with and such release is authorized and permitted by the terms of the Indenture.

A Subsidiary Guarantee given by a Subsidiary Guarantor and a JV Subsidiary Guarantee given by a JV Subsidiary Guarantor may be released in certain circumstances, including:

- upon repayment in full of the Notes;

- upon a defeasance as described under the section entitled "— Defeasance — Defeasance and Discharge;"

- upon the designation by the Company of a Subsidiary Guarantor or a JV Subsidiary Guarantor, as the case may be, as an Unrestricted Subsidiary in compliance with the terms of the Indenture;

- upon the sale, 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 sections entitled "— Certain Covenants — Limitation on Sales and Issuances of Capital Stock in Restricted Subsidiaries," "— Certain Covenants — Limitation on Asset Sales" and "— Consolidation, Merger and Sale of Assets") resulting in such Subsidiary Guarantor or JV Subsidiary Guarantor, as the case may be, no longer being a Restricted Subsidiary, so long as (1) such Subsidiary Guarantor or JV Subsidiary Guarantor, as the case may be, is simultaneously released from its obligations in respect of any of the Company's other Indebtedness or any Indebtedness of any other Restricted Subsidiary and (2) the proceeds from such sale, disposition or merger are used for the purposes permitted or required by the Indenture;

- in the case of a Subsidiary Guarantee, upon its replacement with a JV Subsidiary Guarantee; or

- in the case of a Subsidiary Guarantor, upon its becoming a New Non-Guarantor Subsidiary in compliance with the terms of the Indenture.

The Company may request the Trustee to release the Subsidiary Guarantee provided by any Subsidiary Guarantor and the Subsidiary Guarantee provided by each Restricted Subsidiary that is the Subsidiary of such Subsidiary Guarantor organized under laws outside the PRC, and upon such release such Subsidiary Guarantor and each Restricted Subsidiary that is the Subsidiary of such Subsidiary Guarantor organized under laws outside the PRC will become New Non-Guarantor Subsidiaries (such that each New Non-Guarantor Subsidiary will no longer Guarantee the Notes) (without any requirement to seek the consent or approval of the Holders of the Notes), *provided* that, after the release of such Subsidiary Guarantees, the Consolidated Assets of all Restricted Subsidiaries organized under laws outside the PRC (other than the Exempted Subsidiaries and Listed Subsidiaries) that are neither Subsidiary Guarantors nor JV Subsidiary Guarantors (including the New Non-Guarantor Subsidiaries) do not account for more than 20% of the Relevant Total Assets. A Subsidiary Guarantee of a Subsidiary Guarantor may only be released pursuant to this paragraph if, as of the date of such proposed release, no document exists that is binding on the Company or any of the Restricted Subsidiaries that would have the effect of (x) prohibiting the Company or any of the Restricted Subsidiaries from releasing such Subsidiary Guarantee or (y) requiring the Company, the Parent, the Issuer or such Subsidiary Guarantor to deliver or keep in place a guarantee of other Indebtedness of the Company, the Parent or the Issuer by such Subsidiary Guarantor.

The Trustee shall comply with a request referred to in the preceding paragraph if the conditions precedent to such release set forth in the Indenture have been complied with, as evidenced by an Officers' Certificate from the Company, and the Trustee shall take all actions necessary to effect and evidence such release in accordance with the terms of the Indenture.

No release of a Subsidiary Guarantor and JV Subsidiary Guarantor from their Subsidiary Guarantee and JV Subsidiary Guarantee shall be effective against the Trustee or the Holders until the Company has delivered to the Trustee an Officer's Certificate stating that all requirements relating to such release have been complied with and such release is authorized and permitted by the terms of the Indenture.

Replacement of Subsidiary Guarantees with JV Subsidiary Guarantees

A Subsidiary Guarantee given by a Subsidiary Guarantor may be released following the sale of existing Capital Stock or the issuance of new Capital Stock by the Company or any Restricted Subsidiary 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 is for no less than 20% of the issued Capital Stock of the relevant Subsidiary Guarantor, *provided* that the following conditions are satisfied or complied with:

- concurrently with the release of such Subsidiary Guarantee, such JV Subsidiary Guarantor has delivered to the Trustee:

  (i) (A) a duly executed JV Subsidiary Guarantee of such JV Subsidiary Guarantor and each Restricted Subsidiary that is a Subsidiary of such JV Subsidiary Guarantor and that is not organized under the laws of the PRC, an Exempted Subsidiary or a Listed Subsidiary and (B) a duly executed supplemental indenture to the Indenture pursuant to which such JV Subsidiary Guarantor becomes a party to the Indenture as a JV Subsidiary Guarantor, each of which provides, among other things, that the aggregate claims of the Trustee under such JV Subsidiary Guarantee and all JV Subsidiary Guarantees provided by the Restricted Subsidiaries and shareholders of such JV Subsidiary Guarantor will be limited to the JV Entitlement Amount;

  (ii) an Officers' Certificate certifying a copy of a Board Resolution to the effect that such JV Subsidiary Guarantee has been approved by a majority of the disinterested members of the Board of Directors; and

  (iii) a legal opinion by a law firm of recognized international standing confirming that under New York law such JV Subsidiary Guarantee is valid, binding and enforceable against the JV Subsidiary Guarantor providing the JV Subsidiary Guarantee (subject to customary qualifications and assumptions).

- such sale or issuance of Capital Stock is made to an Independent Third Party at a consideration that is not less than the appraised value of such Capital Stock by an independent appraisal firm of recognized international standing appointed by the Company;

- all capital contributions (by way of transfer of cash or other property or any payment for property or services for the use of others or otherwise) to be made into such JV Subsidiary Guarantor from the date of the sale of existing Capital Stock or issuance of new Capital Stock as referred to above, shall be made directly or by contribution of assets or services having an equivalent Fair Market Value by (i) the Company and the Restricted Subsidiaries and (ii) such Independent Third Party that purchased or subscribed for Capital Stock in the JV Subsidiary Guarantor in proportion to their respective direct or indirect ownership percentages of the Capital Stock of such JV Subsidiary Guarantor; and

- 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.

Notwithstanding the foregoing paragraph, any such sale or issuance of the Capital Stock of the relevant Subsidiary Guarantor (including where such sale results in the relevant Subsidiary Guarantor ceasing to be a Restricted Subsidiary) will need to comply with the other covenants set forth in the Indenture, including, without limitation, the "Limitation on Asset Sales" and "Limitation on Restricted Payments" covenants.

Any Net Cash Proceeds from the sale 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 date of the Indenture, all of the Company's Subsidiaries will be "Restricted Subsidiaries" other than Foshan Nanhai Juncheng Real Estate Company Limited (佛山市南海俊誠房地產開發有限公司), Ningbo Sanli Xianghe Real Estate Company Limited (寧波三立祥和置業有限公司), Ningbo Sanli Yongheng Real Estate Company Limited (寧波三立甬恒置業有限公司), Ningbo Sanli Jiada Real Estate Company Limited (寧波三立嘉達置業有限公司), Chengbo (Ningbo) Real Estate Company Limited (城博(寧波)置業有限公司), Ningbo Yucheng Real Estate Company Limited (寧波御城置業有限公司), Wuhan Donghu Henda Real Estate Company Limited (武漢東湖恒大房地產開發有限公司), Pioneer Time Investment Limited, Key Alliance Investments Limited (建聯投資有限公司), Ray Shine Group Limited, Ideal Market Holdings Limited (旭智控股有限公司), Chengbo Company Limited (城博有限公司), Global City Development Limited, Xingye Investment Limited (興業投資有限公司), Jiada Development Company Limited (嘉達發展有限公司), Splendid Ritzy Limited and any Subsidiary of these Subsidiaries. However, under the circumstances described below under the section entitled "— Certain Covenants — Designation of Restricted and Unrestricted Subsidiaries," the Issuer will be permitted to designate certain of the Company's Subsidiaries as Unrestricted Subsidiaries. The Unrestricted Subsidiaries will generally not be subject to the restrictive covenants in the Indenture and will not guarantee the Notes.

Keepwell and EIPU

Under the Keepwell and EIPU,

(1) upon receipt of the written notice from the Trustee substantially in the form set forth in Schedule 1 of the Keepwell and EIPU in accordance with the Indenture following an Event of Default, the Company agrees that it shall, subject to obtaining all necessary approvals, consents, licenses, orders, permits and any other authorizations from the relevant authorities (the "**Purchase Approvals**"), purchase, directly or indirectly, the Capital Stock held by Restricted Subsidiaries that are Subsidiaries of the Parent incorporated outside the PRC at a certain purchase price and terms set forth in the Keepwell and EIPU;

(2) if the Trustee has received notification from the Company that the purchase price in clause (1) is (x) insufficient to cover any shortfall in the ability of the Parent, the Issuer and the Subsidiary Guarantors to pay any amounts payable under the Notes, the Indenture, the Parent Guarantee and the Subsidiary Guarantees or (y) any Purchase Approval is unlikely to be obtained, and the Trustee sends the Company a written notice from the Trustee substantially in the form set forth in Schedule 3 of the Keepwell and EIPU in accordance with the Indenture following an Event of Default, the Company agrees that it shall, subject to obtaining all necessary approvals, consents, licenses, orders, permits and any other authorizations from the relevant authorities, invest, directly or indirectly, (by equity and/or shareholders' loan) in Restricted Subsidiaries that are Subsidiaries of the Parent incorporated outside the PRC on terms set forth in the Keepwell and EIPU; and

(3) the Company agrees that it shall cause the Parent, the Issuer, each Subsidiary Guarantor and each JV Subsidiary Guarantor, if any, to (i) have a consolidated net worth (as defined in the Keepwell and EIPU) of at least US$1.00 at all times (and with respect to the Parent only, at least RMB1.0 billion at all times), (ii) have sufficient liquidity to ensure timely payment of

any amounts payable under the Notes, the Parent Guarantee and the Subsidiary Guarantees as and when due, and (iii) remain solvent and a going concern at all times under the laws of their respective jurisdictions of incorporation or applicable accounting standards.

Further Issues

Subject to the covenants described below, the Issuer 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 Parent Guarantee, the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any)) in all respects (or in all respects except for the issue date, issue price and the first payment of interest on them and, to the extent necessary, certain temporary securities law transfer restrictions, as applicable) ("**Additional Notes**") so that such Additional Notes may be consolidated and form a single class with the previously outstanding Notes and vote together as one class on all matters with respect to the Notes; *provided* that the issuance of any such Additional Notes shall then be permitted under the "Limitation on Indebtedness and Preferred Stock" covenant described below and the other provisions of the Indenture.

Optional Redemption

On or after November 6, 2020, the Issuer may on any one or more occasions redeem all or any part of the Notes, at the redemption prices (expressed as percentages of principal amount) set forth below, plus accrued and unpaid interest, if any, on the Notes redeemed, to (but not including) the applicable date of redemption, if redeemed during the twelve-month period beginning on November 6 of the years indicated below:

Year	Redemption Price
2020	106.5%
2021 and thereafter	103.25%

At any time prior to November 6, 2020, the Issuer 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 redeemed plus the Applicable Premium as of, and accrued and unpaid interest, if any, to (but not including), the redemption date. Neither the Trustee nor the Paying Agent shall be responsible for calculating or verifying the Applicable Premium.

At any time and from time to time prior to November 6, 2020, the Issuer may redeem up to 35% of the aggregate principal amount of the Notes with the Net Cash Proceeds of one or more sales of Common Stock of the Company in an Equity Offering at a redemption price of 113.0% of the principal amount of the Notes redeemed, plus accrued and unpaid interest, if any, to (but not including) the redemption date; *provided* that at least 65% of the aggregate principal amount of the Notes originally issued on the Original Issue Date remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related Equity Offering.

The Issuer 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 will be selected for redemption as follows:

(1) if the Notes are listed on any national securities exchange or are held through a clearing system, in compliance with the requirements of the principal national securities exchange on which the Notes are listed (if any) and/or the requirements of the clearing system through which the Notes are held; or

(2) if the Notes are not listed on any national securities exchange or held through a clearing system, on a pro rata basis, by lot or by such method as the Trustee in its sole and absolute discretion deems fair and appropriate unless otherwise required by applicable law.

A Note of US$200,000 in principal amount or less shall not be redeemed in part. If any Note is to be redeemed in part only, the notice of redemption relating to such Note will state the portion of the principal amount to be redeemed. A new Note in principal amount equal to the unredeemed portion will be issued upon cancelation of the original Note. On and after the redemption date, interest will cease to accrue on Notes or portions of them called for redemption.

Repurchase of Notes Upon a Change of Control Triggering Event

Not later than 30 days following a Change of Control Triggering Event, the Issuer or the Parent 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.

Each of the Issuer and the Parent 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 Issuer and the Parent, it is important to note that if the Issuer or the Parent 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 Issuer's or the Parent's failure to purchase tendered Notes would constitute an Event of Default under the Indenture.

Certain of the events constituting a Change of Control Triggering Event under the Notes will also constitute an event of default under certain debt instruments of the Company and its Subsidiaries. Future debt of the Company, the Parent or the Issuer may also (1) prohibit the Issuer or the Parent 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 Issuer or the Parent 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 Issuer or the Parent. The Issuer's or the Parent's ability to pay cash to the Holders following the occurrence of a Change of Control Triggering Event may be limited by the Company's, the Parent's, the Issuer's and the Subsidiary Guarantors' then-existing financial resources. There can be no assurance that sufficient funds will be available when necessary to make the required purchase of the Notes. See the section entitled "Risk Factors — Risks Relating to the Notes — We may not be able to repurchase the Notes upon a change of control triggering event." The phrase "all or substantially all," as used with respect to the assets of any Person in the definition of "Change of Control," will likely be interpreted under applicable law of the relevant jurisdictions and will be dependent upon particular facts and circumstances. As a result, there may be a degree of uncertainty in ascertaining whether a sale or transfer of "all or substantially all" the assets of such Person has occurred.

Notwithstanding the above, the Issuer and the Parent will not be required to make a Change of Control Offer following a Change of Control Triggering Event if a third party makes the Change of Control Offer in the same manner at the same time and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by the Issuer or the Parent 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 Issuer or the Parent purchase or redeem the Notes in the event of a takeover, recapitalization or similar transaction.

The Trustee shall not be required to take any steps to ascertain whether a Change of Control Triggering Event or any event which could lead to the occurrence of a Change of Control Triggering Event has occurred or may occur and shall not be liable to any person for any failure to do so. The Trustee shall be entitled to assume that no such event has occurred until it has received written notice to the contrary from the Company.

No Mandatory Redemption or Sinking Fund

There will be no mandatory redemption or sinking fund payments for the Notes.

Additional Amounts

All payments by or on behalf of the Parent, the Issuer, a Subsidiary Guarantor or a JV Subsidiary Guarantor of principal of, and premium (if any) and interest on, the Notes and any payments under the Parent Guarantee, 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 jurisdiction in which the Parent, the Issuer or the applicable Subsidiary Guarantor or JV Subsidiary Guarantor is organized or resident for tax purposes (or any political subdivision or taxing authority thereof or therein) (each, as applicable, a "**Relevant Taxing Jurisdiction**") or any jurisdiction through which payments on the Notes or a Guarantee are made (or any political subdivision or taxing authority thereof or therein) (as applicable and together with the Relevant Taxing Jurisdictions, each, 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 Parent, the Issuer, the applicable Subsidiary Guarantor or JV Subsidiary Guarantor, as the case may be, will pay such additional amounts ("**Additional Amounts**") as will result in receipt by the Holder of each Note of such amounts as would have been received by such Holder had no such withholding or deduction been required, except that no Additional Amounts shall be payable:

(1) for or on account of:

  (a) any tax, duty, assessment or other governmental charge that would not have been imposed but for:

    (i) the existence of any present or former connection between the Holder or beneficial owner of such Note and the Relevant Jurisdiction other than merely holding such Note or the receipt of payments thereunder or under a Parent Guarantee, Subsidiary Guarantee or JV Subsidiary Guarantee, including, without limitation, such Holder or beneficial owner being or having been a national, domiciliary or resident of such Relevant Jurisdiction or treated as a resident thereof or being or having been physically present or engaged in a trade or business therein or having or having had a permanent establishment therein;

    (ii) the presentation of such Note (in cases in which presentation is required) more than 30 days after the later of the date on which the payment of the principal of, premium, if any, and interest on, such Note became due and payable pursuant to the terms thereof or was made or duly provided for, except to the extent that the Holder thereof would have been entitled to such Additional Amounts if it had presented such Note for payment on any date within such 30-day period;

    (iii) the failure of the Holder or beneficial owner to comply with a timely request of the Parent, the Issuer, any Subsidiary Guarantor or any JV Subsidiary Guarantor, addressed to the Holder to provide information concerning such Holder's or beneficial owner's nationality, residence, identity or connection with any Relevant

Jurisdiction, if and to the extent that due and timely compliance with such request is required by law to reduce or eliminate any withholding or deduction as to which Additional Amounts would have otherwise been payable to such Holder; or

(iv) the presentation of such Note (in cases in which presentation is required) for payment in the Relevant Jurisdiction, unless such Note could not have been presented for payment elsewhere;

(b) any estate, inheritance, gift, sale, transfer, personal property or similar tax, assessment or other governmental charge;

(c) any tax, assessment, withholding or deduction required by sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended ("**FATCA**"), any current or future Treasury Regulations or rulings promulgated thereunder, any intergovernmental agreement between the United States and any other jurisdiction to implement FATCA, any law, regulation or other official guidance enacted in any jurisdiction implementing FATCA, or any agreement with the U.S. Internal Revenue Service under FATCA; or

(d) any combination of taxes, duties, assessments or other governmental charges referred to in the preceding clauses (a), (b) and (c); or

(2) to a Holder that is a fiduciary, partnership or person other than the sole beneficial owner of any payment to the extent that such payment would be required to be included in the income under the laws of a Relevant Jurisdiction, for tax purposes, of a beneficiary or settlor with respect to the fiduciary, or a member of that partnership or a beneficial owner who would not have been entitled to such Additional Amounts had that beneficiary, settlor, partner or beneficial owner been the Holder thereof.

Whenever there is mentioned in any context the payment of principal of, and any premium or interest on, any Note or under the Parent Guarantee, any Subsidiary Guarantee or any JV Subsidiary Guarantee, such mention shall be deemed to include payment of Additional Amounts provided for in the Indenture to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

Redemption for Taxation Reasons

The Notes may be redeemed, at the option of the Issuer, as a whole but not in part, upon giving not less than 30 days' nor more than 60 days' notice to the Holders and upon reasonable notice in advance of such notice to Holders (which notice shall be irrevocable) to 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 Issuer, as the case may be, for redemption (the "**Tax Redemption Date**") if, as a result of:

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

(2) any change in the existing official position or the stating of an official position regarding the application or interpretation of such laws, regulations or rulings (including a holding, judgment or order by a court of competent jurisdiction),

which change or amendment becomes effective (or in the case of a statement, is announced) (i) with respect to the Parent, the Issuer or any initial Subsidiary Guarantor, on or after the Original Issue Date, or (ii) with respect to any Future Subsidiary Guarantor, JV Subsidiary Guarantor, on or after the date such Future Subsidiary Guarantor or JV Subsidiary Guarantor becomes a Subsidiary Guarantor or JV Subsidiary Guarantor, with respect to any payment due or to become due under the Notes or the

Indenture, the Parent, the Issuer, a Subsidiary Guarantor or a 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 Parent, the Issuer, such 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 Parent, the Issuer, a Subsidiary Guarantor or a JV Subsidiary Guarantor, as the case may be, would be obligated to pay such Additional Amounts if a payment in respect of the Notes were then due.

Prior to the mailing of any notice of redemption of the Notes pursuant to the foregoing, the Parent, the Issuer, 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 the Tax Redemption Date:

(1) an Officers' Certificate stating that such change or amendment referred to in the prior paragraph has occurred, describing the facts related thereto and stating that such requirement cannot be avoided by the Parent, the Issuer, a Subsidiary Guarantor or JV Subsidiary Guarantor, as the case may be, taking reasonable measures available to it; and

(2) an Opinion of Counsel or an opinion of a tax consultant, in either case of recognized standing with respect to tax matters of the Relevant Taxing Jurisdiction, stating that the requirement to pay such Additional Amounts results from such change or amendment referred to in the prior paragraph.

The Trustee shall and is 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 canceled.

Certain Covenants

Set forth below are summaries of certain covenants contained in the Indenture.

Limitation on Indebtedness and Preferred Stock

(1) The Company will not, and will not permit any Restricted Subsidiary to, Incur any Indebtedness (including Acquired Indebtedness), and the Company will not permit any Restricted Subsidiary to issue Preferred Stock, *provided* that the Company, the Parent, the Issuer or any Subsidiary Guarantor may Incur Indebtedness (including Acquired Indebtedness) and any Non-Guarantor Subsidiary may Incur Permitted Subsidiary Indebtedness if, after giving effect to the Incurrence of such Indebtedness and the receipt and application of the proceeds therefrom, (x) no Default has occurred and is continuing and (y) the Fixed Charge Coverage Ratio would be not less than 2.5 to 1.0. Notwithstanding the foregoing, the Company will not permit any Restricted Subsidiary to Incur any Disqualified Stock (other than Disqualified Stock held by the Company, the Parent, Issuer 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), the Parent Guarantee and each Subsidiary Guarantee and JV Subsidiary Guarantee;

   (b) any Pari Passu Guarantee;

(c) Indebtedness of the Company or any Restricted Subsidiary and Preferred Stock of any Restricted Subsidiary outstanding on the Original Issue Date excluding Indebtedness permitted under clause (d); *provided* that such Indebtedness of Restricted Subsidiaries shall be included in the calculation of Permitted Subsidiary Indebtedness (other than any such Indebtedness described in clauses (a) and (b) above and clauses (d), (f), (g) and (m) below);

(d) Indebtedness of the Company or Indebtedness or Preferred Stock of any Restricted Subsidiary owed to or held by the Company or any Restricted Subsidiary; *provided* that (i) any event which results in any such Restricted Subsidiary ceasing to be a Restricted Subsidiary or any subsequent transfer of such Indebtedness or Preferred Stock (other than to the Company or any Restricted Subsidiary) shall be deemed, in each case, to constitute an Incurrence of such Indebtedness not permitted by this clause (d) and (ii) if the Parent, the Issuer, any Subsidiary Guarantor or any JV Subsidiary Guarantor is the obligor and none of the Parent, the Issuer, the Subsidiary Guarantors and JV Subsidiary Guarantors is an obligee on such Indebtedness, such Indebtedness must expressly be subordinated in right of payment to the Notes, in the case of the Issuer, the Parent Guarantee, in the case of the Parent, the Subsidiary Guarantee of such Subsidiary Guarantor, in the case of a Subsidiary Guarantor, or the JV Subsidiary Guarantee of such JV Subsidiary Guarantor, in the case of a JV Subsidiary Guarantor; *provided* further that, any Preferred Stock issued by a Subsidiary Guarantor and held by the Company or another Restricted Subsidiary must by the terms thereof or by operation of law be subordinated in right of payment to the Subsidiary Guarantee of such Subsidiary Guarantor or the JV Subsidiary Guarantee of such JV Subsidiary Guarantor;

(e) Indebtedness ("**Permitted Refinancing Indebtedness**") issued in exchange for, or the net proceeds of which are used to refinance or refund, replace, exchange, renew, repay, defease, discharge or extend (collectively, "refinance" and "refinances" and "refinanced" shall have a correlative meaning), then outstanding Indebtedness (or Indebtedness that is no longer outstanding but that is refinanced substantially concurrently with the Incurrence of such Permitted Refinancing Indebtedness) Incurred under the immediately preceding paragraph (1) or clauses (a), (b), (c), (e), (h), (o), (p), (q), (r), (s), (t), (u), (v) or (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, the Parent Guarantee, a Subsidiary Guarantee or a JV Subsidiary Guarantee shall only be permitted under this clause (e) if (A) in case the Notes are refinanced in part or the Indebtedness to be refinanced is *pari passu* with the Notes, the Parent Guarantee, a Subsidiary Guarantee or a JV Subsidiary Guarantee, such new Indebtedness, by its terms or by the terms of any agreement or instrument pursuant to which such new Indebtedness is outstanding, is expressly made *pari passu* with, or subordinate in right of payment to, the remaining Notes, the Parent Guarantee or such Subsidiary Guarantee or 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, the Parent Guarantee, 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, the Parent Guarantee, such Subsidiary Guarantee or JV Subsidiary Guarantee, as the case may be, at least to the extent that the Indebtedness to be refinanced is subordinated to the Notes, the Parent Guarantee, 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 Issuer, the Parent or any Subsidiary Guarantor or any JV Subsidiary Guarantor be refinanced pursuant to this clause by means of any Indebtedness of the Company or any Restricted Subsidiary that is not the Parent, the Issuer, a Subsidiary Guarantor or a JV Subsidiary Guarantor; and (iv) in no event may Indebtedness of the Issuer, the Parent or any Subsidiary Guarantor be refinanced pursuant to this clause by means of any Indebtedness of any JV Subsidiary Guarantor *(provided* that this sub-clause (iv) shall not prohibit the replacement of a Subsidiary Guarantee by a JV Subsidiary Guarantee if otherwise permitted by the Indenture); *provided further* that the repayment, redemption or discharge of an old Project Debt may be classified as being "refinanced" within the meaning of this clause (e) by a new Project Debt Incurred within 180 days after the repayment, redemption or discharge of such old Project Debt;

(f) Indebtedness Incurred by the Company or any Restricted Subsidiary pursuant to (A) Hedging Obligations entered into in the ordinary course of business and designed solely to protect the Company or any Restricted Subsidiary from fluctuations in interest rates, currencies or the price of commodities and not for speculation or (B) other derivative contracts entered into for non-speculative purposes in connection with the business of the Company or any Restricted Subsidiary;

(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, 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 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; *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 property or completion of such development, construction or improvement and (C) on the date of the Incurrence of such Indebtedness and after giving effect thereto, the aggregate principal amount outstanding of all such Indebtedness Incurred under this clause (h) (together with refinancings thereof and the aggregate principal amount outstanding of Indebtedness that was Incurred under clauses (q), (r), (s), (t), (u) and (v) below and the refinancings thereof, but excluding any Contractor Guarantee or Guarantee Incurred under such clauses and this clause (h) to the extent the amount of such Contractor Guarantee or Guarantee is otherwise reflected in such aggregate principal amount) does not exceed an amount equal to 25% 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 the Capital Stock of the Parent and the Issuer and any asset of the Issuer), other than Guarantees of Indebtedness Incurred by any Person acquiring all or any portion of such business, assets or Restricted Subsidiary for the purpose of financing such acquisition; *provided* that the maximum aggregate liability in respect of all such Indebtedness in the nature of such Guarantee shall at no time exceed the gross proceeds actually received from the sale of such business, assets or Restricted Subsidiary;

(l) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds in the ordinary course of business *provided*, however, that such Indebtedness is extinguished within five Business Days of Incurrence;

(m) Guarantees by the Company or any Restricted Subsidiary of Indebtedness of the Company or any Restricted Subsidiary that was permitted to be Incurred by another provision of this covenant, subject to the "Limitation on Issuances of Guarantees by Restricted Subsidiaries" covenant;

(n) Indebtedness of the Company or any Restricted Subsidiary with a maturity of one year or less used by the Company or any Restricted Subsidiary for working capital; *provided* that the aggregate principal amount of Indebtedness permitted by this clause (n) at any time outstanding does not exceed 2% of Total Assets;

(o) Indebtedness of the Company or any Restricted Subsidiary constituting an obligation to pay the deferred purchase price of Capital Stock of a Person pursuant to a Staged Acquisition Agreement, to the extent that such deferred purchase price is paid within 12 months after the date on which the Company or such Restricted Subsidiary enter into such Staged Acquisition Agreement; *provided* that such Person is either a Restricted Subsidiary or would become a Restricted Subsidiary upon completion of the transactions under such Staged Acquisition Agreement;

(p) 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$30.0 million (or the Dollar Equivalent thereof);

(q) Indebtedness Incurred or Preferred Stock issued by the Company or any Restricted Subsidiary arising from any Investment made by a Financial Company Investor in a PRC Restricted Subsidiary; *provided* that on the date of the Incurrence of such Indebtedness or issuance of Preferred Stock and after giving effect thereto, the aggregate principal amount outstanding of all such Indebtedness and Preferred Stock Incurred under this clause (q) (together with refinancings thereof and the aggregate principal amount outstanding of Indebtedness that was Incurred under clause (h) above and clauses (r), (s), (t), (u) and (v) below and the refinancings thereof, but excluding any Contractor Guarantee or Guarantee Incurred under such clauses and this clause (q) to the extent the amount of such Contractor Guarantee or Guarantee is otherwise reflected in such aggregate principal amount) does not exceed an amount equal to 25% of Total Assets;

(r) 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, if (x) the aggregate of all Indebtedness Incurred under this clause (r) (together with refinancing thereof and the aggregate principal amount outstanding of Indebtedness that was Incurred under clauses (h) and (q) above and clauses (s), (t), (u) and (v) below and the refinancings thereof, but excluding any Contractor Guarantee or Guarantee Incurred under such clauses and this clause (r) to the extent the amount of such Contractor Guarantee or Guarantee is otherwise reflected in such aggregate principal amount) does not exceed an amount equal to 25% of Total Assets and (y) the aggregate of all Indebtedness Incurred under this clause (r) (together with refinancing thereof) does not exceed an amount equal to 7.5% of Total Assets;

(s) Bank Deposit Secured Indebtedness Incurred by the Company or any Restricted Subsidiary, *provided* that on the date of Incurrence of such Indebtedness, the aggregate principal amount outstanding of such Indebtedness Incurred under this clause (s) (together with refinancing thereof and the aggregate principal amount outstanding of Indebtedness that was Incurred under clauses (h), (q) and (r) above and clauses (t), (u) and (v) below and the refinancings thereof, but excluding any Contractor Guarantee or Guarantee Incurred under such clauses and this clause (s) to the extent the amount of such Contractor Guarantee or Guarantee is otherwise reflected in such aggregate principal amount) does not exceed an amount equal to 25% of Total Assets;

(t) (x) Indebtedness Incurred by any PRC Restricted Subsidiary which is secured by Investment Properties, and Guarantees thereof by the Company or any Restricted Subsidiary or (y) Capitalized Lease Obligations, or Attributable Indebtedness with respect to a Sale and Leaseback Transaction that would otherwise be permitted under the section entitled "Limitation on Sale and Leaseback Transactions," Incurred by any PRC Restricted Subsidiary; *provided* that on the date of the Incurrence of such Indebtedness and after giving effect thereto, the aggregate principal amount outstanding of all such Indebtedness Incurred under this clause (t) (together with refinancings thereof and the aggregate principal amount outstanding of Indebtedness that was Incurred under clauses (h), (q), (r) and (s) above and clauses (u) and (v) below and the refinancings thereof, but excluding any Contractor Guarantee or Guarantee Incurred under such clauses and this clause (t) to the extent the amount of such Contractor Guarantee or Guarantee is otherwise reflected in such aggregate principal amount) does not exceed an amount equal to 25% of Total Assets;

(u) Indebtedness of the Company or any Restricted Subsidiary constituting an obligation to pay the deferred purchase price of Capital Stock of a Person pursuant to a Minority Interest Staged Acquisition Agreement, to the extent that such deferred purchase price is paid within 12 months after the date the Company or such Restricted Subsidiary enters into such Minority Interest Staged Acquisition Agreement; *provided* that on the date of the Incurrence of such Indebtedness and after giving effect thereto, the aggregate principal amount outstanding of all such Indebtedness Incurred under this clause (u) (together with refinancings thereof and the aggregate principal amount outstanding of Indebtedness that was Incurred under clauses (h), (q), (r), (s) and (t) above and clause (v) below and the refinancings thereof, but excluding any Contractor Guarantee or Guarantee Incurred under such clauses and this clause (u) to the extent the amount of such Contractor Guarantee or Guarantee is otherwise reflected in such aggregate principal amount) does not exceed an amount equal to 25% of Total Assets; and

(v) Acquired Indebtedness of any Restricted Subsidiary Incurred and outstanding on the date on which such Restricted Subsidiary became a Restricted Subsidiary (other than Indebtedness Incurred (i) to provide all or any portion of the funds utilized to consummate the transaction or series of transactions pursuant to which a Person becomes a Restricted Subsidiary or (ii) otherwise in contemplation of a Person becoming a Restricted Subsidiary or any such acquisition); *provided* that on the date of the Incurrence of such Indebtedness and after giving effect thereto, the aggregate principal amount outstanding of all such Indebtedness Incurred pursuant to this clause (v) (together with refinancing thereof and the aggregate principal amount outstanding of Indebtedness that was Incurred under clauses (h), (q), (r), (s), (t) and (u) above and the refinancings thereof, but excluding any Contractor Guarantee or Guarantee Incurred under such clauses and this clause (v) to the extent the amount of such Contractor Guarantee or Guarantee is otherwise reflected in such aggregate principal amount) does not exceed an amount equal to 25% of Total Assets.

(3) For purposes of determining compliance with this "Limitation on Indebtedness and Preferred Stock" covenant, in the event that an item of Indebtedness meets the criteria of more than one of the types of Indebtedness described above, including under the proviso in the first paragraph of part (1), the Company, in its sole discretion, shall classify, and from time to time may reclassify, such item of Indebtedness in one or more types of Indebtedness described above.

(4) Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that may be Incurred pursuant to this covenant will not be deemed to be exceeded with respect to any outstanding Indebtedness due solely to the result of fluctuations in the exchange rates of currencies, *provided* that such Indebtedness was permitted to be Incurred at the time of such Incurrence.

Limitation on Restricted Payments

The Company will not, and will not permit any Restricted Subsidiary to, directly or indirectly (the payments or any other actions described in clauses (1) through (4) below being collectively referred to as "**Restricted Payments**"):

(1) declare or pay any dividend or make any distribution on or with respect to the Company's or any Restricted Subsidiary's Capital Stock (other than dividends or distributions payable or paid in shares of the Company's or any Restricted Subsidiary's (other than the Parent and the Issuer) 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 Wholly Owned 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 Capital Stock) or any direct or indirect parent of the Company held by any Person other than the Company or any Wholly Owned Restricted Subsidiary;

(3) make any voluntary or optional principal payment, or voluntary or optional redemption, repurchase, defeasance, or other acquisition or retirement for value, of Indebtedness that is subordinated in right of payment to the Notes, the Parent Guarantee, any of the Subsidiary Guarantees or any of the JV Subsidiary Guarantees (excluding any intercompany Indebtedness between or among the Company and the Restricted Subsidiaries); or

(4) make any Investment, other than a Permitted Investment;

if, at the time of, and after giving effect to, the proposed Restricted Payment:

(a) a Default has occurred and is continuing or would occur as a result of such Restricted Payment;

(b) the Company could not Incur at least US$1.00 of Indebtedness under the proviso in the first paragraph of part (1) of the covenant entitled "— Limitation on Indebtedness and Preferred Stock;" or

(c) such Restricted Payment, together with the aggregate amount of all Restricted Payments made by the Company and the Restricted Subsidiaries after the Original Issue Date, shall exceed the sum of:

  (i) 50% of the aggregate amount of the Consolidated Net Income of the Company (or, if the Consolidated Net Income is a loss, minus 100% of the amount of such loss) accrued on a cumulative basis during the period (taken as one accounting period) beginning on January 1, 2018 and ending on the last day of the Company's most recently ended fiscal quarter for which consolidated financial statements of the Company (which the Company shall use its reasonable best efforts to compile in a timely manner) are available (which may include internal consolidated financial statements); plus

  (ii) 100% of the aggregate Net Cash Proceeds received by the Company after the Original Issue Date as a capital contribution to its common equity or from the issuance and sale of its Capital Stock (other than Disqualified Stock) to a Person who is not the Company or a Subsidiary of the Company, including any such Net Cash Proceeds received upon (A) the conversion of any Indebtedness (other than Subordinated Indebtedness) of the Company into Capital Stock (other than Disqualified Stock) of the Company, or (B) the exercise by a Person who is not the Company or a Subsidiary of the Company of any options, warrants or other rights to acquire Capital Stock of the Company (other than Disqualified Stock) in each case after deducting the amount of any such Net Cash Proceeds used to redeem, repurchase, defease or otherwise acquire or retire for value any Subordinated Indebtedness or Capital Stock of the Company; plus

  (iii) the amount by which Indebtedness of the Company or any Restricted Subsidiary is reduced on the Company's consolidated balance sheet upon the conversion or exchange (other than by a Subsidiary of the Company) subsequent to the Original Issue Date of any Indebtedness of the Company or any Restricted Subsidiary convertible or exchangeable into Capital Stock (other than Disqualified Stock) of the Company (less the amount of any cash, or the Fair Market Value of any other property, distributed by the Company upon such conversion or exchange); plus

  (iv) an amount equal to the net reduction in Investments (other than reductions in Permitted Investments) that were made after the Original Issue 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), (B) the unconditional release of a Guarantee provided by the Company or a Restricted Subsidiary after the Original Issue Date of an obligation of another Person, (C) to the extent that an Investment made after the Original Issue Date 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 Original Issue Date in any such Person; plus

(v) US$75.0 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, the Parent, the Issuer 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 Parent, the Issuer 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 the Company or a Subsidiary of the Company) of, Capital Stock (other than Disqualified Stock) of the Parent, the Issuer or any Subsidiary Guarantor (or options, warrants or other rights to acquire such Capital Stock); *provided* that the amount of any such Net Cash Proceeds that are utilized for any such Restricted Payment will be excluded from clause (c)(ii) of the preceding paragraph;

(4) the redemption, repurchase, defeasance or other acquisition or retirement for value of Subordinated Indebtedness of the Company, the Parent, the Issuer 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 the Company or a Subsidiary of the Company) of, Capital Stock (other than Disqualified Stock) of the Company, the Parent, the Issuer or any of the Subsidiary Guarantors or JV Subsidiary Guarantors (or options, warrants or other rights to acquire such Capital Stock); *provided* that the amount of any such Net Cash Proceeds that are utilized for any such Restricted Payment will be excluded from clause (c)(ii) of the preceding paragraph;

(5) any dividend or distribution 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 a class of Capital Stock of such Restricted Subsidiary; *provided* that, with respect to a Restricted Subsidiary of which less than a majority of the Voting Stock is directly or indirectly owned by the Company, such dividend or distribution shall be declared, paid or made on a pro rata basis or on a basis more favorable to the Company, as determined by the ownership of the Voting Stock;

(6) the redemption, repurchase or other acquisition of Capital Stock of the Company (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 Subsidiary of the Company) 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;

(7) the redemption, repurchase, defeasance or other acquisition or retirement for value of Subordinated Indebtedness of the Company in exchange for, or out of the Net Cash Proceeds of, a substantially concurrent capital contribution or sale (other than to the Company or a Subsidiary of the Company) 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;

(8) *[Reserved]*;

(9) the purchase by a Restricted Subsidiary (other than the Issuer) of Capital Stock in any PRC Restricted Subsidiary (not exceeding 20% of the total Capital Stock in such PRC Restricted Subsidiary) pursuant to an agreement entered into by such Restricted Subsidiary with an 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 PRC 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 (determined by multiplying the fair market value of such PRC Restricted Subsidiary by the percentage that such Capital Stock represents in the total Capital Stock of such PRC Restricted Subsidiary);

(10) the purchase of Capital Stock of a Person, and payments made, pursuant to a Staged Acquisition Agreement or a Minority Interest Staged Acquisition Agreement;

(11) dividends paid to, or the purchase of Capital Stock of any PRC Restricted Subsidiary held by any Financial Company Investor in respect of any Preferred Stock issued or Indebtedness outstanding on the Original Issue Date or issued or Incurred under paragraph (2)(q) of the "Limitation on Indebtedness and Preferred Stock" covenant;

(12) (A) the repurchase, redemption or other acquisition or retirement for value of the Capital Stock of the Company or any Restricted Subsidiary (directly or indirectly, including through any trustee, agent or nominee) in connection with an employee benefit plan, and any corresponding Investment by the Company or any Restricted Subsidiary in any trust or similar arrangements to the extent of such repurchased, redeemed, acquired or retired Capital Stock, or (B) the repurchase, redemption or other acquisition or retirement for value of any Capital Stock of the Company or any Restricted Subsidiary held by an employee benefit plan of the Company or any Restricted Subsidiary, any current or former officer, director, consultant, or employee of the Company or any Restricted Subsidiary (or permitted transferees, estates or heirs of any of the foregoing); *provided* that the aggregate consideration paid for all such repurchased, redeemed, acquired or retired Capital Stock shall not exceed US$50.0 million (or the Dollar Equivalent thereof using the Original Issue Date as the date of determination);

(13) cash payment in lieu of fractional shares in connection with the exercise of warrants, options or other securities convertible into or exchangeable for Capital Stock of the Company, *provided*, however, that any such cash 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);

(14) the redemption, repurchase or other acquisition of Capital Stock of any Restricted Subsidiary (other than the Parent and the Issuer) (not exceeding 50% of the total Capital Stock in such Restricted Subsidiary) from an Independent Third Party; or

(15) any dividend or distribution declared, paid or made by the Company to Strategic Investors in accordance with the terms of the Investment Agreements,

provided that, in the case of clause (2), (3) or (4) of the preceding paragraph, no Default shall have occurred and be continuing or would occur as a consequence of the actions or payments set forth therein.

Subject to the immediately following paragraph, each Restricted Payment made pursuant to clause (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 Payment.

Notwithstanding any other provision of this "Limitation on Restricted Payments" covenant, clause (b) of the first paragraph of this covenant does not have to be satisfied with respect to any Restricted Payment consisting solely of the declaration or payment of dividends in cash on the Common Stock of the Company or the repurchase of Common Stock of the Company; *provided* that, starting from the Original Issue Date, the only amount of any Restricted Payment made pursuant to this paragraph that 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 shall be the excess amount, if any, of (x) the aggregate amount of all declarations and payments of dividends on such Common Stock during any fiscal year of the Company and price paid for all such repurchased Common Stock during such fiscal year over (y) 35% of the consolidated profit for the year of the Company calculated in accordance with GAAP for the fiscal year immediately before such fiscal year.

The amount of any Restricted Payment (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 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 (15) 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 covenant entitled "— Limitation on Restricted Payments" were computed, together with a copy of any fairness opinion or appraisal required by the Indenture.

Limitation on Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries

(1) Except as provided below, the Company will not, and will not permit any Restricted Subsidiary to, create or otherwise cause or permit to exist or become effective any encumbrance or restriction on the ability of any Restricted Subsidiary to:

   (a) pay dividends or make any other distribution on any Capital Stock of such Restricted Subsidiary owned by the Company or any other Restricted Subsidiary;

   (b) pay any Indebtedness or other obligation owed to the Company or any other Restricted Subsidiary;

   (c) make loans or advances to the Company or any other Restricted Subsidiary; or

   (d) sell, lease or transfer any of its property or assets to the Company or any other Restricted Subsidiary.

(2) The provisions of clause (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 Parent Guarantee, the Subsidiary Guarantees, the JV Subsidiary Guarantees, the Indenture, the Keepwell and EIPU, or under any Pari Passu Guarantee or any

Indebtedness guaranteed by a 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, or (ii) exist by virtue of any Lien on, or agreement to transfer, option or similar right with respect to any property or assets of the Company or any Restricted Subsidiary not otherwise prohibited by the Indenture or (iii) do not relate to any Indebtedness, and that do not, individually or in the aggregate, detract from the value of property or assets of the Company or any Restricted Subsidiary in any manner material to the Company or any Restricted Subsidiary;

(e) with respect to a Restricted Subsidiary (other than the Parent and the Issuer) and imposed pursuant to an agreement that has been entered into for the sale or disposition of all or substantially all of the Capital Stock of, or property and assets of, such Restricted Subsidiary that is permitted by the covenants entitled "— Limitation on Sales and Issuances of Capital Stock in Restricted Subsidiaries," "— Limitation on Indebtedness and Preferred Stock" and "— Limitation on Asset Sales;"

(f) with respect to any Restricted Subsidiary and imposed pursuant to an agreement that has been entered into for the Incurrence of Indebtedness or issuance of Preferred Stock of the type described under clause (2)(h), (2)(n), (2)(o), (2)(p), (2)(q), (2)(r), (2)(s), (2)(t), (2)(u) or 2(v) of the covenant entitled "— Limitation on Indebtedness and Preferred Stock" if 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 (w) the ability of the Company to honor its commitments under the Keepwell and EIPU, (x) the ability of the Issuer to make the required payments on the Notes, (y) the Parent to make required payments under its Parent Guarantee, or (z) any Subsidiary Guarantor or JV Subsidiary Guarantor to make required payments under its Subsidiary Guarantee or JV Subsidiary Guarantee; *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, *provided* further that, the Board of Directors is empowered to determine as to whether the conditions set forth in clauses (i) and (ii) are met, which determination shall be conclusive if evidenced by a Board Resolution;

(g) existing in customary provisions in joint venture agreements and other similar agreements permitted under the Indenture, to the extent such encumbrance or restriction relates to the activities or assets of a Restricted Subsidiary that is a party to such joint venture and if (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 and adversely affect (w) the ability of the Company to honor its commitments under the Keepwell and EIPU, (x) the ability of the Issuer to make the required payments on the Notes, (y) the Parent to make required payments under its Parent Guarantee, or (z) any Subsidiary Guarantor or JV Subsidiary Guarantor to make required payments under its Subsidiary Guarantee or JV Subsidiary Guarantee, *provided* further that, the Board of Directors is empowered to determine as to whether of the conditions set forth in clauses (i) and (ii) are met, which determination shall be conclusive if evidenced by a Board Resolution; or

(h) existing with respect to any Unrestricted Subsidiary or the property or assets of such Unrestricted Subsidiary that is designated as a Restricted Subsidiary in accordance with the terms of the Indenture at the time of such designation and not incurred in contemplation of such designation, which encumbrances or restrictions are not applicable to any Person or the property or assets of any Person other than such Subsidiary or its subsidiaries or the property or assets of such Subsidiary or its subsidiaries, and any extensions, refinancing, renewals or replacements thereof; *provided* that the encumbrances and restrictions in any such extension, refinancing, renewal or replacement, taken as a whole, are no more restrictive in any material respect to the Holders than those encumbrances or restrictions that are then in effect and that are being extended, refinanced, renewed or replaced.

Limitation on Sales and Issuances of Capital Stock in Restricted Subsidiaries

The Company will not sell, and will not permit any Restricted Subsidiary, directly or indirectly, to issue or sell any shares of Capital Stock of a Restricted Subsidiary (including options, warrants or other rights to purchase shares of such Capital Stock) except:

(1) to the Company or a Wholly Owned Restricted Subsidiary, or in the case of a Restricted Subsidiary that is not a Wholly Owned Restricted Subsidiary, pro rata to its shareholders or incorporators;

(2) to the extent such Capital Stock represents director's qualifying shares or is required by applicable law to be held by a Person other than the Company or a Wholly Owned Restricted Subsidiary;

(3) for the issuance or sale of the Capital Stock of a Restricted Subsidiary (other than the Parent and the Issuer) 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; *provided* that, paragraph (18)(b) of the definition of "Permitted Investments" shall not apply if such Investment would otherwise have been permitted under paragraph (18) of such definition; and

(4) the issuance or sale of Capital Stock of a Restricted Subsidiary (other than the Parent and the Issuer) (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 covenant entitled "— Limitation on Asset Sales."

Limitation on Issuances of Guarantees by Restricted Subsidiaries

The Company will not permit any Restricted Subsidiary which is not the Parent, the Issuer, a Subsidiary Guarantor or a JV Subsidiary Guarantor, directly or indirectly, to Guarantee any Indebtedness ("**Guaranteed Indebtedness**") of the Company, the Parent, Issuer or any Subsidiary Guarantor, unless (1) (a) such Restricted Subsidiary, simultaneously executes and delivers a supplemental indenture to the Indenture providing for an unsubordinated Subsidiary Guarantee (in the case of a Subsidiary Guarantor) or JV Subsidiary Guarantee (in the case of a JV Subsidiary Guarantor) of payment of the Notes by such Restricted Subsidiary and (b) such Restricted Subsidiary waives, and will not in any manner whatsoever claim or take the benefit or advantage of, any rights of reimbursement, indemnity or subrogation or any other rights against the Company or any other Restricted Subsidiary as a result of any payment by such Restricted Subsidiary under its Subsidiary Guarantee or JV Subsidiary Guarantee, as the case may be, until the Notes have been paid in full, (2) such Guarantee is permitted by clauses (2)(d) or (s) (in the case of clause (2)(s), with respect to the Guarantee provided by the Company or any Restricted Subsidiary through the pledge of one or more bank accounts or deposits to secure (or the use of any Guarantee or letter of credit or similar instruments to Guarantee) any Bank Deposit Secured Indebtedness), under the caption "— Limitation on Indebtedness and Preferred Stock" or (3) such Restricted Subsidiary is incorporated in the PRC.

If the Guaranteed Indebtedness (1) ranks *pari passu* in right of payment with the Notes, the Parent Guarantee, 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 Parent Guarantee, the Subsidiary Guarantee or the JV Subsidiary Guarantee, as the case may be, or (2) is subordinated in right of payment to the Notes, the Parent Guarantee, any Subsidiary Guarantee or any JV Subsidiary Guarantee, then the Guarantee of such Guaranteed Indebtedness shall be subordinated in right of payment to the Parent Guarantee, the Subsidiary Guarantee or the JV Subsidiary Guarantee, as the case may be, at least to the extent that the Guaranteed Indebtedness is subordinated to the Notes, the Parent Guarantee, 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, which, absent manifest error, may be conclusively evidenced by an Officers' Certificate from the Company certifying to that effect. The Trustee is fully protected in relying on such an Officers' Certificate with respect to such guarantee given by the relevant JV Subsidiary Guarantor. 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% 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, as the case may be, 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 or such Restricted Subsidiary; 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$25.0 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$50.0 million (or the Dollar Equivalent thereof), in addition to the Board Resolution required in clause 2(a) above, an opinion as to the fairness to the Company or such Restricted Subsidiary, as the case may be, of such Affiliate Transaction from a financial point of view issued by an accounting, appraisal or investment banking firm of recognized international standing.

The foregoing limitation does not limit, and shall not apply to:

(1) the payment of reasonable and customary regular fees and other compensation for the service as board members to directors of the Company or any Restricted Subsidiary who are not employees of the Company or any Restricted Subsidiary;

(2) transactions between or among the Company and any Wholly Owned Restricted Subsidiary or between or among Wholly Owned Restricted Subsidiaries;

(3) any Restricted Payment of the type described in clause (1), (2) or (3) of the first paragraph of the covenant entitled "— 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 scheme, so long as such scheme is in compliance with the listing rules of The Stock Exchange of Hong Kong Limited if the Company were listed on The Stock Exchange of Hong Kong Limited, which as of the Original Issue Date require a majority shareholder approval for any such scheme;

(6) any purchase of Capital Stock of the type specified in clause (9), (10) or (11) of the second paragraph of the covenant entitled "— Limitation on Restricted Payments;" and

(7) any repurchase, redemption or other acquisition or retirement for value of any Capital Stock of the Company or any Restricted Subsidiary pursuant to clause (12) of the second paragraph of the covenant entitled "— Limitation on Restricted Payments."

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 (18) 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 the Restricted Subsidiaries than the original agreement in effect on the Original Issue Date, and (iii) any transaction between or among any of the Company, any Wholly Owned Restricted Subsidiary and any Restricted Subsidiary that is not a Wholly Owned Restricted Subsidiary or between or among the Company or a Restricted Subsidiary on the one part and a Jointly Controlled Entity, an Associate or an Unrestricted Subsidiary on the other part; *provided* that in the case of clause (iii), (a) such transaction is entered into in the ordinary course of business, (b) in the case of a transaction with a Restricted Subsidiary that is not a Wholly Owned Restricted Subsidiary, none of the minority shareholders or minority partners of or in such Restricted Subsidiary (other than those that beneficially own in the aggregate no more than 10% of the Capital Stock of such Restricted Subsidiary) is a Person described in clause (x) or (y) of the first paragraph of this covenant (other than by reason of such minority shareholder or minority partner being an officer or director of such Restricted Subsidiary or being a Subsidiary of the Company), or (c) in the case of a transaction with a Jointly Controlled Entity, an Associate or an Unrestricted Subsidiary, none of the shareholders or partners (other than the Company or a Restricted Subsidiary) of such Jointly Controlled Entity, Associate or Unrestricted Subsidiary (other than shareholders or partners that beneficially own in the aggregate no more than 10% of the Capital Stock of such Jointly Controlled Entity, Associate or Unrestricted Subsidiary) is a Person described in clause (x) or (y) of the first paragraph of this covenant (other than by reason of such shareholder or partner being a director or officer of such Jointly Controlled Entity, Associate or Unrestricted Subsidiary or by reason of being a Subsidiary, Jointly Controlled Entity or Associate of the Company).

In addition, for so long as Evergrande has any outstanding high yield debt securities (the terms of which contain a customary restriction on transactions with shareholders and affiliates), the requirements of clause (2) of the first paragraph of this covenant shall not apply to transactions between the Company or any Restricted Subsidiary on the one hand and Evergrande or any Subsidiary of Evergrande on the other hand ("**Intra-Evergrande Affiliate Transactions**"), *provided* that (x) either (i) the listing rules of The Hong Kong Stock Exchange are applicable to Evergrande and its Subsidiaries, (ii) the listing rules of the Shanghai Stock Exchange are applicable to the Company and the Restricted Subsidiaries, or (iii) the listing rules of the Shenzhen Stock Exchange are applicable to the Company and the Restricted Subsidiaries; and (y) such transactions comply in all respects with all applicable listing rules described in clause (x).

Limitation on Liens

The Company will not, and will not permit any Restricted Subsidiary to, directly or indirectly, incur, assume or permit to exist any Lien on the Capital Stock of the Parent, the Issuer, any Subsidiary Guarantor or JV Subsidiary Guarantor (other than paragraph (1) of the definition of "Permitted Liens"), unless the Notes are equally and ratably secured by such Lien.

The Company will not, and will not permit any Restricted Subsidiary to, directly or indirectly, incur, assume or permit to exist any Lien of any nature whatsoever on any of its assets or properties of any kind, whether owned at the Original Issue Date or thereafter acquired, except Permitted Liens, unless the Notes are equally and ratably secured by such Lien.

Limitation on Sale and Leaseback Transactions

The Company will not, and will not permit any Restricted Subsidiary to, enter into any Sale and Leaseback Transaction; *provided* that the Company or any Restricted Subsidiary may enter into a Sale and Leaseback Transaction if:

(1) the Company or any Restricted Subsidiary could have (a) Incurred Indebtedness in an amount equal to the Attributable Indebtedness relating to such Sale and Leaseback Transaction under the covenant entitled "— Limitation on Indebtedness and Preferred Stock" and (b) Incurred a Lien to secure such Indebtedness pursuant to the covenant entitled "— Limitation on Liens," in which case, the corresponding Indebtedness and Lien will be deemed Incurred pursuant to those provisions;

(2) the gross cash proceeds of that Sale and Leaseback Transaction are at least equal to the Fair Market Value of the property that is the subject of such Sale and Leaseback Transaction; and

(3) the transfer of assets in that Sale and Leaseback Transaction is permitted by, and the Company or such Restricted Subsidiary applies the proceeds of such transaction in compliance with, the covenant entitled "— Limitation on Asset Sales."

Limitation on Asset Sales

The Company will not, and will not permit any Restricted Subsidiary to, consummate any Asset Sale, unless:

(1) no Default shall have occurred and be continuing or would occur as a result of such Asset Sale;

(2) the consideration received by the Company or such Restricted Subsidiary, as the case may be, is at least equal to the Fair Market Value of the assets sold or disposed of; and

(3) at least 75% of the consideration received consists of cash, Temporary Cash Investments or Replacement Assets; *provided* that in the case of an Asset Sale in which the Company or such Restricted Subsidiary receives Replacement Assets involving aggregate consideration in excess of US$50.0 million (or the Dollar Equivalent thereof), the Company shall deliver to the Trustee an opinion as to the fairness to the Company or such Restricted Subsidiary of such Asset Sale from a financial point of view issued by an accounting, appraisal or investment banking firm of international standing. For purposes of this provision, each of the following will be deemed to be cash:

(a) any liabilities, as shown on the Company's most recent consolidated balance sheet, of the Company or any Restricted Subsidiary (other than contingent liabilities and liabilities that are by their terms subordinated to the Notes or any Subsidiary Guarantee or any JV Subsidiary Guarantee or the obligations under the Keepwell and the EIPU) 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, as the case may be, 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, as the case may be, into cash, to the extent of the cash received in that conversion,

provided that clauses (1), (2) and (3) above shall not apply to any Asset Sale to any Person that will, upon the consummation of such Asset Sale, become a Restricted Subsidiary.

Within 360 days after the receipt of any Net Cash Proceeds from an Asset Sale, the Company (or any Restricted Subsidiary) may apply such Net Cash Proceeds to:

(1) permanently repay Senior Indebtedness of the Parent, the Issuer or a Subsidiary Guarantor or any Indebtedness of a Restricted Subsidiary that is not the Parent, the Issuer or a Subsidiary Guarantor (and, if such Senior Indebtedness repaid is revolving credit Indebtedness, to correspondingly reduce commitments with respect thereto) in each case owing to a Person other than the Company or a Restricted Subsidiary; or

(2) acquire properties and assets that replace the properties and assets that were the subject of such Asset Sale or Replacement Assets.

Pending application of such Net Cash Proceeds as set forth in clause (1) or (2) above, the Company 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 exceed US$10.0 million (or the Dollar Equivalent thereof), within 10 days thereof, the Issuer or the Parent 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 related Asset Sales, rounded down to the nearest US$1,000.

The offer price in any Offer to Purchase will be equal to 100% of the principal amount plus accrued and unpaid interest to the date of purchase, and will be payable in cash.

If 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 by the Company on a pro rata basis. Upon completion of each Offer to Purchase, the amount of Excess Proceeds will be reset at zero.

Use of Proceeds

The Company will not, and will not permit any Restricted Subsidiary to, use the net proceeds (if any) from the sale of the Notes, in any amount, for any purpose other than (1) as specified under the caption "Use of Proceeds" in this offering memorandum (or in the case of any 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 (other than the Parent and the Issuer) 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, the Parent, the Issuer, any Subsidiary Guarantor nor any JV Subsidiary Guarantor provides credit support (other than any Guarantee in compliance with clause (6) below) 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, the Parent or Issuer at the time of the designation; (4) such Restricted Subsidiary does not own any Disqualified Stock of the Company or Disqualified Stock 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 entitled "— Limitation on Indebtedness and Preferred Stock" or such Lien would violate the covenant entitled "— 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 entitled "—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 entitled "— 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 entitled "— 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, such Restricted Subsidiary shall upon such designation execute and deliver to the Trustee a supplemental indenture to the Indenture by which such Restricted Subsidiary shall become a Subsidiary Guarantor or a JV Subsidiary Guarantor to the extent required under the section entitled "-The Parent Guarantee, the Subsidiary Guarantees and the JV Subsidiary Guarantees."

Government Approvals and Licenses; Compliance with Law

The Company will, and will cause each Restricted Subsidiary to, (1) obtain and maintain in full force and effect all governmental approvals, authorizations, consents, permits, concessions and licenses as are necessary to engage in the business of the Company or any Restricted Subsidiary; (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 with would not reasonably be expected to have a material adverse effect on (a) the business, results of operations or prospects of the Company and the Restricted Subsidiaries, taken as a whole, or (b) the ability of the Company, the Parent, the Issuer or any Subsidiary Guarantor or any JV Subsidiary Guarantor to perform its obligations under the Notes, the Parent Guarantee, the relevant Subsidiary Guarantee, the relevant JV Subsidiary Guarantee, the Indenture or the Keepwell and the EIPU.

Anti-Layering

The Parent will not Incur, and will not permit the Issuer or 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 Parent, the Issuer, 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 Parent Guarantee, the Notes, the applicable Subsidiary Guarantee or the applicable JV Subsidiary Guarantee, on substantially identical terms. This does not apply to distinctions between categories of Indebtedness that exist by reason of any Liens or Guarantees securing or in favor of some but not all of such Indebtedness.

Suspension of Certain Covenants

If, on any date following the date of the Original Issue Date, the Notes have a rating of Investment Grade from at least 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 sections 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 Sale and Leaseback Transactions;"

(7) "— Certain Covenants — Limitation on Asset Sales;"

(8) "— Certain Covenants — Limitation on the Company's Business Activities;" and

(9) the requirements under clauses (3) and (4) of the first, second and third paragraphs under "— Certain Covenants — 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 section entitled "— 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 the section entitled "— 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 remains outstanding, the Company will file with the Trustee and furnish to the Holders upon request:

   (a) as soon as they are available, but in any event within 130 calendar days after the end of the fiscal year of the Company, copies of its financial statements (on a consolidated basis) 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 130 calendar days after the end of the second financial quarter of the Company, copies of its statement of income, balance sheet and cash flow statement (on a consolidated basis) in the English language, in respect of such half-year period 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 130 calendar days after the end of the fiscal year of the Parent, copies of its financial statements (on a consolidated basis) 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;

provided that, if the A-Share Listco, the Parent, the Issuer and the Trustee enter into a keepwell and equity interest purchase undertaking in favor of the Trustee on behalf of the Holders and substantially similar to the Keepwell and EIPU, the Company may comply with sub-clauses (a) and (b) above by providing such information in respect of the A-Share Listco in lieu of the Company; *provided further* that the Trustee may enter into such new keepwell and equity interest purchase undertaking at the request of the Company and shall not require the consent of the Holders to do so.

(3) In addition, so long as any of the Notes remains 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 such fiscal year and showing in reasonable detail the calculation of the Fixed Charge Coverage Ratio, including the arithmetic computations of each component of the Fixed Charge Coverage Ratio, with a certificate from the Company's external auditors verifying the accuracy 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 firm policy of such external auditors not to provide such certification for any issuer; and (b) as soon as possible and in any event within 30 days after the Company becomes aware or should reasonably become aware of the occurrence of a Default, an Officers' Certificate setting forth the details of the Default, and the action which the Company proposes to take with respect thereto.

Limitation on the Company's Business Activities

The Company will not, and will not permit any Restricted Subsidiary to, directly or indirectly, engage in any business other than Permitted Businesses; *provided* 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 under the "— Limitation on Restricted Payments" covenant and, with respect to the Issuer, under the "— Limitation on the Issuer's Business Activities."

Limitation on the Issuer's Business Activities

The Issuer will not engage in any business activity or undertake any other activity, except any activity relating to: (a) the offering, sale or issuance of the Notes (including any Additional Notes) and the Incurrence of Indebtedness represented by the Notes (including any Additional Notes), subject to compliance with the Indenture; (b) the offering, sale or issuance of other Indebtedness permitted by the Indenture and the Incurrence of Indebtedness represented by such Indebtedness and the granting of any Lien in connection therewith, subject to compliance with the Indenture; (c) the fulfillment of any obligations under the Indenture, any Indebtedness referred to in clause (a) or (b) above or any other any document relating to the Indebtedness referred to in clause (a) or (b) above or for the purposes of any consent solicitation, tender offer or exchange offer for such Indebtedness or the listing, redemption, refinancing or discharge of such Indebtedness; (d) the ownership of cash and cash equivalents; (f) Hedging Obligations for itself; (g) the maintenance of its corporate existence; (h) the establishment and/or maintenance of any employment agreements, incentive plans or other benefit plans for its employees; and (i) the offering, sale or issuance of its Capital Stock to the Parent or the Company.

The Issuer will not (a) issue any Capital Stock other than the issuance of its ordinary shares to the Parent or the Company or (b) acquire or receive any property or assets (including, without limitation, any Capital Stock or Indebtedness of any Person), other than (y) any future intercompany Indebtedness owed by the Parent, the Company or any Restricted Subsidiary to the Issuer in respect of the borrowing of the gross proceeds of the issuance of Indebtedness by the Issuer or payments in respect thereof or (z) cash for ongoing corporate activities of the Issuer described in the preceding paragraph.

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 covenant entitled "— Consolidation, Merger and Sale of Assets" or the failure by the Issuer or the Parent to make or consummate an Offer to Purchase in the manner described under the section entitled "— Repurchase of Notes upon a Change of Control Triggering Event" or "— Certain Covenants — Limitation on Asset Sales;"

(4) the Company or any Restricted Subsidiary defaults in the performance of or breaches any other covenant or agreement in the Indenture, the Parent Guarantee, the Subsidiary Guarantees, the Keepwell and EIPU or under the Notes (other than a default specified in clause (1) or (2) above) and such default or breach continues for a period of 30 consecutive days after written notice by the Trustee or the Holders of 25% or more in aggregate principal amount of the Notes;

(5) there occurs with respect to any Indebtedness of the Company or any Restricted Subsidiary having an outstanding principal amount of US$20.0 million (or the Dollar Equivalent thereof) or more in the aggregate for all such Indebtedness of all such Persons, whether such Indebtedness now exists or shall hereafter be created, (a) an event of default that has caused the holder thereof to declare such Indebtedness to be due and payable prior to its Stated Maturity and/or (b) a failure to make a principal payment when due;

(6) one or more final judgments or orders for the payment of money are rendered against the Company or any Restricted Subsidiary and are not paid or discharged, and there is a period of 60 consecutive days following entry of the final judgment or order that causes the aggregate amount for all such final judgments or orders outstanding and not paid or discharged against all such Persons to exceed US$20.0 million (in excess of amounts which the Company's insurance carriers have agreed to pay under applicable policies) during which a stay of enforcement, by reason of a pending appeal or otherwise, is not in effect;

(7) an involuntary case or other proceeding is commenced against the Company or any Significant Subsidiary with respect to it or its debts under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect seeking the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Company or any Significant Subsidiary or for any substantial part of the property and assets of the Company or any Significant Subsidiary and such involuntary case or other proceeding remains undismissed and unstayed for a period of 60 consecutive days; or an order for relief is entered against the Company or any Significant Subsidiary under any applicable bankruptcy, insolvency or other similar law as now or hereafter in effect;

(8) the Company or any Significant Subsidiary (a) commences a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or consents to the entry of an order for relief in an involuntary case under any such law, (b) consents to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Company or any Significant Subsidiary or for all or substantially all of the property and assets of the Company or any Significant Subsidiary or (c) effects any general assignment for the benefit of creditors (other than, in each case under

(b), any of the foregoing that arises from any solvent liquidation or restructuring of a Significant Subsidiary in the ordinary course of business that shall result in the net assets of such Significant Subsidiary being transferred to or otherwise vested in the Company or any Restricted Subsidiary on a pro rata basis or on a basis more favorable to the Company); and

(9) the Company, the Parent, any Subsidiary Guarantor or any JV Subsidiary Guarantor denies or disaffirms its obligations under the Keepwell and EIPU, the Parent Guarantee, the relevant Subsidiary Guarantee or the relevant JV Subsidiary Guarantee (as the case may be) or, except as permitted by the Indenture, the Keepwell and EIPU, the Parent Guarantee, any Subsidiary Guarantee or any JV Subsidiary Guarantee is determined to be unenforceable or invalid or shall for any reason cease to be in full force and effect.

If an Event of Default (other than an Event of Default specified in clause (7) or (8) above) occurs and is continuing under the Indenture, the Trustee or the Holders of at least 25% in aggregate principal amount of the Notes then outstanding, by written notice to the Issuer (and to the Trustee if such notice is given by the Holders), may, and the Trustee at the written request of such Holders shall (subject to being indemnified and/or secured to its satisfaction), declare the principal of, premium, if any, and accrued and unpaid interest on the Notes to be immediately due and payable. Upon a declaration of acceleration, such principal of, premium, if any, and accrued and unpaid interest shall be immediately due and payable. If an Event of Default specified in clause (7) or (8) above occurs with respect to the Company or any Significant Subsidiary, 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 Issuer and to the Trustee may on behalf of the Holders of the Notes waive all past defaults and rescind and annul a declaration of acceleration and its consequences if:

(1) all existing Events of Default, other than the nonpayment of the principal of, premium, if any, and interest on the Notes that have become due solely by such declaration of acceleration, have been cured or waived, and

(2) the rescission would not conflict with any judgment or decree of a court of competent jurisdiction.

Upon such waiver, the Default will cease to exist, and any Event of Default arising therefrom will be deemed to have been cured, but no such waiver will extend to any subsequent or other Default or impair any right consequent thereon.

The Holders of at least a majority in aggregate principal amount of the outstanding Notes may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee. However, the Trustee may refuse to follow any direction that conflicts with law or the Indenture, that may involve the Trustee in personal liability, or that the Trustee determines in good faith may be unduly prejudicial to the rights of Holders not joining in the giving of such direction and may take any other action it deems proper that is not inconsistent with any such written direction received from Holders. A Holder may not institute any proceeding, judicial or otherwise, with respect to the Indenture or the Notes, or for the appointment of a receiver or trustee, or for any other remedy under the Indenture or the Notes, unless:

(1) the Holder has previously given the Trustee written notice of a continuing Event of Default;

(2) the Holders of at least 25% 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 such Note, which right shall not be impaired or affected without the consent of the Holder.

Two 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 ending after the Original Issue Date, that a review has been conducted of the activities of the Company and the Restricted Subsidiaries and the Company's, the Parent's, the Issuer's and the Subsidiary Guarantors' performance under the Indenture, the Keepwell and EIPU and that the Company, the Parent, the Issuer and the Subsidiary Guarantors have fulfilled all obligations thereunder, or, if there has been a default in the fulfillment of any such obligation, specifying each such default and the nature and status thereof. The Company will also be obligated to notify the Trustee in writing of any default or defaults in the performance of any covenants or agreements under the Indenture. See the section entitled "— Certain Covenants — Provision of Financial Statements and Reports."

Consolidation, Merger and Sale of Assets

The Company will not consolidate with, merge with or into another Person, permit any Person to merge with or into it, or sell, convey, transfer, lease or otherwise dispose of all or substantially all of its Subsidiaries' (that are Restricted Subsidiaries) properties and assets (computed on a consolidated basis) (as an entirety or substantially an entirety in one transaction or a series of related transactions), unless:

(1) the Company shall be the continuing Person;

(2) immediately after giving effect to such transaction, no Default shall have occurred and be continuing;

(3) immediately after giving effect to such transaction on a pro forma basis, the Company shall have a Consolidated Net Worth equal to or greater than the Consolidated Net Worth of the Company immediately prior to such transaction;

(4) immediately after giving effect to such transaction on a pro forma basis the Company could Incur at least US$1.00 of Indebtedness under the first paragraph of the covenant entitled "— Certain Covenants — 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.

Neither the Parent nor the Issuer will consolidate with, merge with or into another Person, permit any Person to merge with or into it, or sell, convey, transfer, lease or otherwise dispose of all or substantially all of its Subsidiaries' (that are Restricted Subsidiaries) properties and assets (computed on a consolidated basis) (as an entirety or substantially an entirety in one transaction or a series of related transactions), unless:

(1) the Parent or the Issuer, as applicable, shall be the continuing Person;

(2) immediately after giving effect to such transaction, no Default shall have occurred and be continuing;

(3) immediately after giving effect to such transaction on a pro forma basis, the Company shall have a Consolidated Net Worth equal to or greater than the Consolidated Net Worth of the Company immediately prior to such transaction;

(4) immediately after giving effect to such transaction on a pro forma basis the Company could Incur at least US$1.00 of Indebtedness under the first paragraph of the covenant entitled "— Certain Covenants — 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 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.

No Subsidiary Guarantor or JV Subsidiary Guarantor will consolidate with, merge with or into another Person, permit any Person to merge with or into it, or sell, convey, transfer, lease or otherwise dispose of all or substantially all of its and its Subsidiaries' (that are 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 Parent, the Issuer or another Subsidiary Guarantor or, in the case of a JV Subsidiary Guarantor, other than to another JV Subsidiary Guarantor, the Parent, the Issuer or a Subsidiary Guarantor), unless:

(1) such Subsidiary Guarantor or JV Subsidiary Guarantor shall be the continuing Person, or the Person (if other than it) formed by such consolidation or merger, or with or into which the Subsidiary Guarantor consolidated or merged, or that acquired or leased such property and assets shall be the Parent, the Issuer, 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 Parent, the Issuer or a Subsidiary Guarantor);

(2) immediately after giving effect to such transaction, no Default shall have occurred and be continuing;

(3) immediately after giving effect to such transaction on a pro forma basis, the Company shall have a Consolidated Net Worth equal to or greater than the Consolidated Net Worth of the Company immediately prior to such transaction;

(4) immediately after giving effect to such transaction on a pro forma basis, the Company could Incur at least US$1.00 of Indebtedness under the first paragraph of the covenant entitled "— Certain Covenants — 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 "— Certain Covenants — 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 section entitled "— The Parent Guarantee, the Subsidiary Guarantees and the JV Subsidiary Guarantees — Release of the Subsidiary Guarantees and JV Subsidiary Guarantees."

The foregoing requirements shall not apply to a consolidation or merger of any Subsidiary Guarantor or JV Subsidiary Guarantor with and into the Parent, the Issuer or any other Subsidiary Guarantor or JV Subsidiary Guarantor, so long as the Parent, the Issuer or such Subsidiary Guarantor or JV Subsidiary Guarantor survives such consolidation or merger.

Notwithstanding the foregoing, (i) the Company, the Parent, the Issuer and each Subsidiary Guarantor or JV Subsidiary Guarantor shall be permitted to sell, convey, transfer, lease or otherwise dispose of all or substantially all of its and Subsidiaries' (that are 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 any Restricted Subsidiary or any Person that will, upon the consummation of such sale, conveyance, transfer, lease or disposal, become a Subsidiary Guarantor and (ii) for the avoidance of doubt, the provisions in this covenant entitled "Consolidation, Merger and Sale of Assets" shall not apply to transactions pursuant to or contemplated under the A-Share Listing.

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 provisions would not necessarily afford Holders protection in the event of highly-leveraged or other transactions involving the Company, which 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, the Company and its Subsidiaries shall be permitted, 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, to exclude Holders in any jurisdiction where (A)(i) the solicitation of such consent, waiver or amendment in the manner deemed appropriate by the Company, (ii) the payment of the consideration therefor or (iii) the conduct or completion of a related offer to purchase or exchange the Notes for cash or other securities in the manner deemed appropriate by the Company would be prohibited or would require the Company or any of its Subsidiaries to (a) file a registration statement, prospectus or similar document or subject the Company or any of its Subsidiaries to ongoing periodic reporting or similar requirements under any securities laws (including, but not limited to, the United States federal securities laws and the laws of the European Union or its member states), or conduct a bondholder identification exercise to establish the availability of an exemption from registration under Rule 802 under the Securities Act, in each case which the Company in its sole discretion determines would be burdensome, (b) qualify as a foreign corporation or other entity or as a dealer in securities in such jurisdiction if it is not otherwise required to so qualify, (c) generally consent to service of process in any such jurisdiction or (d) subject the Company or any of its Subsidiaries to taxation in any such jurisdiction if it is not otherwise so subject; or (B) such solicitation would otherwise not be permitted under applicable law in such jurisdiction.

Defeasance

Defeasance and Discharge

The Indenture will provide that the Issuer 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 Issuer (a) has deposited with the Trustee, in trust, money and/or U.S. Government Obligations that through the payment of interest and principal in respect thereof in accordance with their terms will provide money in an amount sufficient to pay the principal of, premium, if any, and accrued interest on the Notes on the Stated Maturity for such payments in accordance with the terms of the Indenture and the Notes and (b) delivers to the Trustee an Opinion of Counsel or a certificate of an internationally recognized firm of independent accountants to the effect that the amount deposited by the Issuer is sufficient to provide payment for the principal of, premium, if any, and accrued interest on, the Notes on the Stated Maturity for such payment in accordance with the terms of the Indenture;

(2) the Issuer 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;

(3) the Company shall have delivered to the Trustee an Officers' Certificate stating that the deposit was not made by it or the Issuer with the intent of preferring the Holders over any other of its creditors or with the intent of defeating, hindering, delaying or defrauding any other of its creditors or others; and

(4) 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 Restricted Subsidiary is a party or by which the Company or any Restricted Subsidiary is bound.

In the case of either discharge or defeasance, the Subsidiary Guarantees and JV Subsidiary Guarantees will terminate.

Defeasance of Certain Covenants

The Indenture will further provide that (i) the provisions of the Indenture will no longer be in effect with respect to clauses (3), (4), (5)(x) and (7) under the first paragraph and clauses (3), (4), (5)(x) and (6) under the second paragraph under the section entitled "— Consolidation, Merger and Sale of Assets" and all the covenants described herein under the section entitled "— Certain Covenants," other than as described under the sections entitled "— Certain Covenants — Government Approvals and Licenses; Compliance with Law" and "— Certain Covenants-Anti-Layering," and (ii) clause (3) under "Events of Default" with respect to such clauses (3), (4), (5)(x) and (7) under the first paragraph and such clauses (3), (4), (5)(x) and (6) under the second paragraph under "— Consolidation, Merger and Sale of Assets" and with respect to such other events set forth in clause (i) above, clause (4) under "— Events of Default" with respect to such other covenants set forth in clause (i) above and clauses (5) and (6) under "— Events of Default" shall be deemed not to be Events of Default, upon, among other things, the deposit with the Trustee, in trust, of money, U.S. Government Obligations or a combination thereof that through the payment of interest and principal in respect thereof in accordance with their terms will provide money in an amount sufficient to pay the principal of, premium, if any, and accrued interest on the Notes on the Stated Maturity of such payments in accordance with the terms of the Indenture and the Notes, and the satisfaction of the provisions described in clause (2) of the preceding paragraph.

Defeasance and Certain Other Events of Default

In the event that the Issuer 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 Issuer will remain liable for such payments.

Amendments and Waiver

Amendments Without Consent of Holders

The Indenture, the Notes, the Keepwell and EIPU, the Parent Guarantee, the Subsidiary Guarantees or the JV Subsidiary Guarantees (if any) may be amended, without notice to or the consent of any Holder, to:

(1) cure any ambiguity, defect, omission or inconsistency in the Indenture, the Notes or the Keepwell and EIPU;

(2) comply with the provisions described under the section entitled "-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) release the Keepwell and EIPU as provided or permitted by the terms of the Indenture;

(7) add the A-Share Listco as a parent that Guarantees the Notes or add the Company as a Guarantor of the Notes as provided or permitted by the terms of the Indenture;

(8) 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;

(9) effect any changes to the Indenture in a manner necessary to comply with the procedures of the relevant clearing system;

(10) add any collateral to secure the Notes, the Parent Guarantee and/or any Subsidiary Guarantee(s);

(11) to conform the text of the Indenture, the Notes, the Parent Guarantee or the Subsidiary Guarantees to any provision of this "Description of Notes" to the extent that such provision in this "Description of Notes" was intended to be a verbatim recitation of a provision of the Indenture, the Notes, the Parent Guarantee or the Subsidiary Guarantees; or

(12) make any other change that does not materially and adversely affect the rights of any Holder.

Amendments With Consent of Holders

Amendments of the Indenture, the Notes, the Keepwell and EIPU, the Parent Guarantee, the Subsidiary Guarantees or the JV Subsidiary Guarantees (if any) may be made by the Company, the Parent, the Issuer, 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 aggregate principal amount of the outstanding Notes may waive future compliance by the Company, the Parent, the Issuer, the Subsidiary Guarantors and the JV Subsidiary Guarantors with any provision of the Indenture, the Notes, the Keepwell and EIPU, the Parent Guarantee, the Subsidiary Guarantees or the JV Subsidiary Guarantees; *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 any Note;

(7) release the Company, Parent, any Subsidiary Guarantor or JV Subsidiary Guarantor from the Keepwell and EIPU, the Parent Guarantee, its Subsidiary Guarantee or JV Subsidiary Guarantee, as the case may be, except as provided in the Indenture;

(8) *[Reserved]*;

(9) 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;

(10) amend, change or modify the Keepwell and EIPU, the Parent Guarantee, any Subsidiary Guarantee or JV Subsidiary Guarantee in a manner that adversely affects Holders;

(11) *[Reserved]*;

(12) 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 any Note 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;

(13) change the redemption date or the redemption price of any Note from that stated under the sections entitled "— Optional Redemption" or "— Redemption for Taxation Reasons;"

(14) amend, change or modify the obligation of the Parent, the Issuer, any Subsidiary Guarantor or any JV Subsidiary Guarantor to pay Additional Amounts; or

(15) amend, change or modify any provision of the Indenture or the related definition affecting the ranking of any Note, the Parent Guarantee, any Subsidiary Guarantee or any JV Subsidiary Guarantee in a manner which adversely affects Holders.

Unclaimed Money

Claims against the Issuer for the payment of principal of, premium, if any, or interest, on the Notes will become void unless presentation for payment is made as required in the Indenture within a period of six years.

No Personal Liability of Incorporators, Stockholders, Officers, Directors or Employees

No recourse for the payment of the principal of, premium, if any, or interest on any of the Notes or for any claim based thereon or otherwise in respect thereof, and no recourse under or upon any obligation, covenant or agreement of the Company, the Parent, the Issuer or any of the Subsidiary Guarantors or any of the JV Subsidiary Guarantors in the Indenture, or in any of the Notes, the Parent Guarantee, the Subsidiary Guarantees or 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, the Parent, the Issuer, any of the Subsidiary Guarantors or any of the JV Subsidiary Guarantors or of any successor Person thereof. Each Holder, by accepting the Notes, waives and releases all such liability. The waiver and release are part of the consideration for the issuance of the Notes, the Parent Guarantee, 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, the Paying Agent, the Transfer Agent and Registrar

Citicorp International Limited has been appointed as trustee under the Indenture and Citibank, N.A., London Branch has been appointed as paying agent, transfer agent and registrar (the "**Paying Agent**," the "**Transfer Agent**" and the "**Registrar**"; collectively, the "**Agents**") with regard to the Notes. Except during the continuance of a Default, the Trustee will not be liable, except for the performance of such duties as are specifically set forth in the Indenture and no others, and no implied covenants or obligations 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, as applicable, and skill in its exercise of the rights and powers vested in them under the Indenture as a prudent person would exercise under the circumstances in the conduct of such person's own affairs.

The Indenture contains limitations on the rights of the Trustee, should it become a creditor of the Issuer, the Parent, 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; *provided*, however, that if it acquires any conflicting interest, it must eliminate such conflict or resign.

The Trustee will be under no obligation to exercise any rights or powers conferred under the Indenture for the benefit of the Holders unless such Holders have offered to the Trustee indemnity and/or security satisfactory to it against any loss, liability, cost or expense.

Each Holder shall be solely responsible for making its own independent appraisal of and investigation into the financial condition, creditworthiness, condition, affairs, status and nature of the Issuer, the Company, the Parent Guarantor, the Subsidiary Guarantor and JV Subsidiary Guarantor, if any, and the Trustee shall not at any time have any responsibility for the same and no Holder shall rely on the Trustee in respect thereof.

Book-Entry; Delivery and Form

The Notes will be represented by a global note in registered form without interest coupons attached (the "**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 Note

Ownership of beneficial interests in the Global Note (the "**book-entry interests**") will be limited to persons that have accounts with Euroclear and/or Clearstream or persons that may hold interests through such participants. Book-entry interests will be shown on, and transfers thereof will be effected only through, records maintained in book-entry form by Euroclear and Clearstream and their participants.

Except as set forth below under "— Individual Definitive Notes," the book-entry interests will not be held in definitive form. Instead, Euroclear and/or Clearstream will credit on their respective book-entry registration and transfer systems a participant's account with the interest beneficially owned by such participant. The laws of some jurisdictions may require that certain purchasers of securities take physical delivery of such securities in definitive form. The foregoing limitations may impair the ability to own, transfer or pledge book-entry interests.

So long as the Notes are held in global form, the common depositary for Euroclear and/or Clearstream (or its nominee) will be considered the sole holder of the Global Note for all purposes under the Indenture and "holders" of book-entry interests will not be considered the owners or Holders of Notes for any purpose. As such, participants must rely on the procedures of Euroclear and Clearstream and indirect participants must rely on the procedures of the participants through which they own book-entry interests in order to transfer their interests in the Notes or to exercise any rights of Holders under the Indenture.

None of the Issuer, the Trustee, the Agents or any of their respective agents will have any responsibility or be liable for any aspect of the records relating to the book-entry interests. The Notes are not issuable in bearer form.

Payments on the Global Note

Payments of any amounts owing in respect of the Global Note (including principal (if any), premium, interest and additional amounts) will be made to the Paying Agent in U.S. dollars. The Paying Agent will, in turn, make such payments to the common depositary for Euroclear and Clearstream, which will distribute such payments to participants in accordance with their procedures. Each of the Parent, the Issuer, the Subsidiary Guarantors and the JV Subsidiary Guarantors will make payments of all such amounts without deduction or withholding for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature, except as may be required by law, in which case the Parent, the Issuer, the relevant Subsidiary Guarantor or the relevant JV Subsidiary Guarantor shall pay Additional Amounts to the extent required under "— Additional Amounts."

Under the terms of the Indenture, the Parent, the Issuer, any Subsidiary Guarantor, any JV Subsidiary Guarantor and 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 Parent, the Issuer, the Subsidiary Guarantors, the JV Subsidiary Guarantors, the Trustee, the Agents or any of their respective agents has or will have any responsibility or liability for:

- any aspect of the records of Euroclear, Clearstream or any participant or indirect participant relating to or payments made on account of a book-entry interest, for any such payments made by Euroclear, Clearstream or any participant or indirect participants, or for maintaining, supervising or reviewing any of the records of Euroclear, Clearstream or any participant or indirect participant relating to or payments made on account of a book-entry interest; or

- 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 U.S. dollar 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 U.S. dollar amount received by the common depositary, Euroclear or Clearstream, as applicable, in connection with the redemption of such Global Note (or any portion thereof). The Issuer understands that under existing practices of Euroclear and Clearstream, if fewer than all of the Notes are to be redeemed at any time, Euroclear and Clearstream will credit their respective participants' accounts on a proportionate basis (with adjustments to prevent fractions) or by lot or on such other basis as they deem fair and appropriate; *provided*, however, that no book-entry interest of US$200,000 principal amount, or less, as the case may be, will be redeemed in part.

Action by Owners of Book-Entry Interests

Euroclear and Clearstream have advised that they will take any action permitted to be taken by a Holder of Notes only at the direction of one or more participants to whose account the book-entry interests in the Global Note are credited and only in respect of such portion of the aggregate principal amount of Notes as to which such participant or participants has or have given such direction. Euroclear and Clearstream will not exercise any discretion in the granting of consents, waivers or the taking of any other action in respect of the Global Note. If there is an Event of Default under the Notes, however, each of Euroclear and Clearstream reserves the right to exchange the Global Note for individual definitive notes in certificated form, and to distribute such individual definitive notes to their participants.

Transfers

Transfers between participants in Euroclear and Clearstream will be effected in accordance with Euroclear and Clearstream's rules and will be settled in immediately available funds. If a Holder requires physical delivery of individual definitive notes for any reason, including to sell the Notes to persons in jurisdictions which require physical delivery of such securities or to pledge such securities, such Holder must transfer its interest in the Global Note in accordance with the normal procedures of Euroclear and Clearstream and in accordance with the provisions of the Indenture.

Book-entry interests in the Global Note will be subject to the restrictions on transfer discussed under "Transfer Restrictions."

Any book-entry interest in a Global Note that is transferred to a person who takes delivery in the form of a book-entry interest in another Global Note will, upon transfer, cease to be a book-entry interest in the first-mentioned Global Note and become a book-entry interest in the other Global Note and, accordingly, will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to book-entry interests in such other Global Note for as long as it retains such a book-entry interest.

Global Clearance and Settlement Under the Book-Entry System

Book-entry interests owned through Euroclear or Clearstream accounts will follow the settlement procedures applicable. Book-entry interests will be credited to the securities custody accounts of Euroclear and Clearstream holders on the business day following the settlement date against payment for value on the settlement date.

The book-entry interests will trade through participants of Euroclear or Clearstream, and will settle in same-day funds. Since the purchaser determines the place of delivery, it is important to establish at the time of trading of any book-entry interests where both the purchaser's and seller's accounts are located to ensure that settlement can be made on the desired value date.

Information Concerning Euroclear and Clearstream

We understand 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 Issuer, the Parent, 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 Note. Upon receipt of such notice from the common depositary or the Trustee, as the case may be, the Parent and the Issuer will use its best efforts to make arrangements with the common depositary for the exchange of interests in the Global Note for individual definitive notes and cause the requested individual definitive notes to be executed and delivered to the Registrar insufficient 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 Registrar, through the relevant clearing system, with written instruction and other information required by the Issuer and the registrar to complete, execute and deliver such individual definitive notes. In all cases, individual definitive notes delivered in exchange for any Global Note or beneficial interests therein will be registered in the names, and issued in any approved denominations, requested by the relevant clearing system.

Individual definitive notes will not be eligible for clearing and settlement through Euroclear or Clearstream.

Notices

All notices or demands required or permitted by the terms of the Notes or the Indenture to be given to or by the Holders are required to be in writing and may be given or served by being sent by prepaid courier or by being deposited, first-class postage prepaid, in the mails of the relevant jurisdiction, if intended for the Parent, the Issuer or any Subsidiary Guarantor, addressed to the Parent, the Issuer or such Subsidiary Guarantor, as the case may be, or if intended for the Trustee, addressed to 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 (or otherwise delivered to such Holders in accordance with applicable Euroclear or Clearstream procedures).

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 the relevant clearing system. Any such notice shall be deemed to have been delivered on the day such notice is delivered to the relevant clearing system or if by mail, when so sent or deposited.

Consent to Jurisdiction; Service of Process

The Company, the Parent, the Issuer 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, the Keepwell and EIPU, the Parent Guarantee, any Subsidiary Guarantee, any JV Subsidiary Guarantee, the Indenture or any transaction contemplated thereby; and (2) designate and appoint Law Debenture Corporate Services Inc. for receipt of service of process in any such suit, action or proceeding.

Governing Law

Each of the Notes, the Keepwell and EIPU, the Parent Guarantee, the Subsidiary Guarantees, the JV Subsidiary Guarantees and the Indenture provides that such instrument will be governed by, and construed in accordance with, the laws of the State of New York.

Definitions

Set forth below are defined terms used in the covenants and other provisions of the Indenture. Reference is made to the Indenture for other capitalized terms used in this section entitled "Description of Notes" for which no definition is provided.

"**A-Share Listco**" means Shenzhen Special Economic Zone Real Estate & Properties (Group) Co. Ltd. (深圳經濟特區房地產(集團)股份有限公司) (Shenzhen Stock Exchange A-share stock code: 000029, B share stock code: 200029) or another entity listed on the Shanghai Stock Exchange or the Shenzhen Stock Exchange.

"**A-Share Listing**" means the consummation of the acquisition by A-Share Listco of 100% of the equity interest in the Company.

"**Acquired Indebtedness**" means Indebtedness of a Person existing at the time such Person becomes a Restricted Subsidiary or Indebtedness of a Restricted Subsidiary assumed in connection with an Asset Acquisition by such Restricted Subsidiary whether or not Incurred in connection with, or in contemplation of, the Person merging with or into or becoming a Restricted Subsidiary.

"**Additional Amounts**" has the meaning set forth under the section entitled "— Additional Amounts."

"**Additional Notes**" has the meaning set forth under the section entitled "— Further Issues."

"**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 November 6, 2020 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, whether now or in the future, (1) directly or indirectly controlling, controlled by, or under direct or indirect common control with, such Person; (2) who is a director or officer of such Person or any Subsidiary of such Person or of any Person referred to in clause (1) of this definition; or (3) who is a spouse or any person cohabiting as a spouse, child or step-child, parent or step-parent, brother, sister, step-brother or step-sister, parent-in-law, grandchild, grandparent, uncle, aunt, nephew and niece of a Person described in clause (1) or (2) and the term "Affiliated" shall be construed in accordance with the foregoing sentence. 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.

"**Affiliate Transaction**" has the meaning set forth under the section entitled "-Certain Covenants-Limitation on Transactions with Shareholders and Affiliates."

"**Agents**" has the meaning set forth under the section entitled "— Concerning the Trustee, the Paying Agent, the Transfer Agent and Registrar."

"**Announcements**" has the meaning set forth in the definition of "Strategic Investors."

"**Applicable Premium**" means with respect to any Note at any redemption date, the greater of (1) 1.00% of the principal amount of such Note and (2) the excess of (A) the present value at such redemption date of the redemption price of such Note at November 6, 2020 (such redemption price being set forth in the table appearing under the section entitled "— Optional Redemption" exclusive of any accrued interest), plus all required remaining scheduled interest payments due on such Note through November 6, 2020 (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 Restricted Subsidiary 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 Restricted Subsidiary; or (2) an acquisition by the Company or any Restricted Subsidiary of the property and assets of any Person other than the Company or any Restricted Subsidiary 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 Restricted Subsidiary (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 Restricted Subsidiary.

"**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) in one transaction or a series of related transactions by the Company or any Restricted Subsidiary to any Person; *provided* that "Asset Sale" shall not include:

(1) sales or other dispositions of inventory, receivables and other current assets (including properties under development for sale and completed properties for sale) in the ordinary course of business;

(2) sales, transfers or other dispositions of assets constituting a Permitted Investment or Restricted Payment permitted to be made under the covenant entitled "— Certain Covenants — Limitation on Restricted Payments;"

(3) sales, transfers or other dispositions of assets with a Fair Market Value not in excess of US$1.0 million (or the Dollar Equivalent thereof) in any transaction or series of related transactions;

(4) any sale, transfer, assignment or other disposition of any property or equipment that has become damaged, worn out, obsolete or otherwise unsuitable for use in connection with the business of the Company or the Restricted Subsidiaries;

(5) any transfer, assignment or other disposition deemed to occur in connection with creating or granting any Permitted Lien;

(6) a transaction covered by the covenant entitled "— Consolidation, Merger and Sale of Assets;" and

(7) any sale, transfer or other disposition by the Company or any Restricted Subsidiary, 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.

"**Associate**" has the meaning set forth in the definition of "Permitted Investment."

"**Attributable Indebtedness**" means, in respect of a Sale and Leaseback Transaction, the present value, discounted at the interest rate implicit in the Sale and Leaseback Transaction, of the total obligations of the lessee for rental payments during the remaining term of the lease in the Sale and Leaseback Transaction.

"**Average Life**" means, at any date of determination with respect to any Indebtedness, the quotient obtained by dividing (1) the sum of the products of (a) the number of years from such date of determination to the dates of each successive scheduled principal payment of such Indebtedness and (b) the amount of such principal payment by (2) the sum of all such principal payments.

"**Bank Deposit Secured Indebtedness**" means Indebtedness of the Company or any Restricted Subsidiary that is (i) secured by a pledge of one or more bank accounts or deposits of the Company or a Restricted Subsidiary or (ii) guaranteed by a guarantee or a letter of credit (or similar instruments) from or arranged by the Company or a Restricted Subsidiary and is used by the Company and the Restricted Subsidiaries to effect exchanges of U.S. dollars or Hong Kong dollars into Renminbi or vice versa, or to remit Renminbi or any foreign currency into or outside the PRC.

"**Board of Directors**" means the board of directors elected or appointed by the stockholders of the Company to manage the business of the Company or any committee of such board duly authorized to take the action purported to be taken by such committee.

"**Board Resolution**" means any resolution of the Board of Directors taking an action which it is authorized to take and adopted at a meeting duly called and held at which a quorum of disinterested members (if so required) was present and acting throughout or adopted by written resolution executed by every member of the Board of Directors.

"**Business Day**" means any day which is not a Saturday, Sunday, legal holiday or other day on which banking institutions in The City of New York, London or Hong Kong (or in any other place in which payments on the Notes are to be made) are authorized by law or governmental regulation to close.

"**Capitalized Lease**" means, with respect to any Person, any lease of any property (whether real, personal or mixed) which, in conformity with GAAP, is required to be capitalized on the balance sheet of such Person.

"**Capitalized Lease Obligations**" means the discounted present value of the rental obligations under a Capitalized Lease.

"**Capital Stock**" means, with respect to any Person, any and all shares, interests, participations or other equivalents (however designated, whether voting or non-voting) in equity of such Person, whether outstanding on the Original Issue Date or issued thereafter, including, without limitation, all Common Stock and Preferred Stock.

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

(1) the merger, amalgamation or consolidation of Evergrande or the Company with or into another Person or the merger or amalgamation of another Person with or into Evergrande or the Company, or the sale of all or substantially all the assets of Evergrande or the Company to another Person (which, for the avoidance of doubt, shall not include transactions pursuant to or contemplated under the A-Share Listing).

(2) Permitted Holders are the beneficial owners of less than 40% of the total voting power of the Voting Stock of Evergrande;

(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 Evergrande greater than such total voting power held beneficially by the Permitted Holders;

(4) individuals who on the Original Issue Date constituted the board of directors of Evergrande, together with any new directors whose election by the board of directors of Evergrande was approved by a vote of at least a majority of the directors present at the meeting voting on such election who were either directors or whose election was previously so approved, cease for any reason to constitute a majority of the board of directors of Evergrande then in office;

(5) the adoption of a plan relating to the liquidation or dissolution of Evergrande or the Company;

(6) Evergrande is the beneficial owner, directly or indirectly, of less than 40.0% of the voting power of the Voting Stock of the Company or ceases to be the largest shareholder of the Company; or

(7) the Company is the beneficial owner, directly or indirectly, of less than the entire voting power of the Voting Stock of the Parent.

"**Change of Control Offer**" has the meaning set forth under the section entitled "— Repurchase of Notes Upon a Change of Control Triggering Event."

"**Change of Control Triggering Event**" means the occurrence of both a Change of Control and, *provided* that the Notes are rated by at least one Rating Agency, a Rating Decline.

"**Clearstream**" means Clearstream Banking S.A.

"**Commodity Hedging Agreement**" means any spot, forward or option commodity price protection agreement or any other similar agreement or arrangement designed to protect against fluctuations in commodity prices.

"**Common Stock**" means, with respect to any Person, any and all shares, interests or other participations in, and other equivalents (however designated and whether voting or non-voting) of such Person's common stock or ordinary shares, whether or not outstanding at the date of the Indenture, and include, without limitation, all series and classes of such common stock or ordinary shares.

"**Comparable Treasury Issue**" means the U.S. Treasury security having a maturity comparable to November 6, 2020 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 maturity comparable maturity to November 6, 2020.

"**Comparable Treasury Price**" means, with respect to any redemption date, if clause (ii) of the Adjusted Treasury Rate is applicable, the average of three, or such lesser number as is available, Reference Treasury Dealer Quotations for such redemption date.

"**Consolidated Assets**" means, with respect to any Restricted Subsidiary at any date of determination, the Company's and the Restricted Subsidiaries' proportionate interest in the total consolidated assets of that Restricted Subsidiary and Subsidiaries of such Restricted Subsidiary that are Restricted Subsidiaries measured in accordance with GAAP as of the last day of the most recent fiscal quarter for which consolidated financial statements of the Company and the Restricted Subsidiaries (which the Company, Parent and the Issuer shall use their reasonably best efforts to compile on a timely manner) are available (which may be internal consolidated financial statements).

"**Consolidated EBITDA**" means, for any period, Consolidated Net Income for such period plus to the extent such amount was deducted in calculating such Consolidated Net Income:

(1) Consolidated Interest Expense,

(2) income taxes (other than income taxes attributable to extraordinary and non-recurring gains (or losses) or sales of assets not included in the calculation of Consolidated EBITDA), 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 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 the 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 Restricted Subsidiary and (2) in the case of any future PRC CJV (consolidated in accordance with GAAP), Consolidated EBITDA shall be reduced (to the extent not already reduced in accordance with GAAP) by any payments, distributions or amounts (including the Fair Market Value of any non-cash payments, distributions or amounts) required to be made or paid by such PRC CJV to the PRC CJV Partner, or to which the PRC CJV Partner otherwise has a right or is entitled, pursuant to the joint venture agreement governing such PRC CJV.

"**Consolidated Fixed Charges**" means, for any period, the sum (without duplication) of (1) Consolidated Interest Expense for such period and (2) all cash and non-cash dividends paid, declared, accrued or accumulated during such period on any Disqualified Stock or Preferred Stock of the Company or any Restricted Subsidiary held by Persons other than the Company or any Wholly Owned Restricted Subsidiary, except for dividends payable in the Company's Capital Stock (other than Disqualified Stock) or paid to the Company or to a Wholly Owned Restricted Subsidiary.

"**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 the 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 the 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 (other than the Company and any Restricted Subsidiary) that is Guaranteed by the Company or any Restricted Subsidiary (other than Pre-Registration Mortgage Guarantees), only to the extent such interest has become payable 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 Subsidiaries that are Restricted Subsidiaries for such period, on a consolidated basis, determined in conformity with GAAP; *provided* that the following items shall be excluded in computing Consolidated Net Income (without duplication):

(1) the net income (or loss) of any Person that is not a Restricted Subsidiary or that is accounted for by the equity method of accounting except that:

(a) subject to the exclusion contained in clause (5) below, the Company's equity in the net income of any such Person for such period shall be included in such Consolidated Net Income up to the aggregate amount of cash actually distributed by such Person during such period to the Company or a Restricted Subsidiary as a dividend or other distribution (subject, in the case of a dividend or other distribution paid to a Restricted Subsidiary, to the limitations contained in clause (3) below); and

(b) the Company's equity in a net loss of any such Person for such period shall be included in determining such Consolidated Net Income to the extent funded with cash or other assets of the Company or Restricted Subsidiaries;

(2) the net income (or loss) of any Person accrued prior to the date it becomes a Restricted Subsidiary or is merged into or consolidated with the Company or any Restricted Subsidiary or all or substantially all of the property and assets of such Person are acquired by the Company or any Restricted Subsidiary;

(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 quarter, semi-annual or annual consolidated balance sheet (which may be an internal consolidated balance sheet) of the Company and the Restricted Subsidiaries, plus, to the extent not included, any Preferred Stock of the Company, less any amounts attributable to Disqualified Stock or any equity security convertible into or exchangeable for Indebtedness, the cost of treasury stock and the principal amount of any promissory notes receivable from the sale of the Capital Stock of the Company or any Restricted Subsidiary, 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 Core Business or a Designated 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.

"**Core Businesses**" means (i) real estate acquisition, development, leasing and management and (ii) any other business related, ancillary or complementary to the real estate businesses of the Company and the Restricted Subsidiaries, in each case, excluding any Designated Business.

"**Currency Agreement**" means any foreign exchange forward contract, currency swap agreement or other similar agreement or arrangement designed to protect against fluctuations in foreign exchange rates.

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

"**Designated Businesses**" means (i) any mineral water, food production, processing or trading, dairy, healthcare, plastic surgery, renewable energy, media, internet, sports, cultural, insurance and financial services business, (ii) any property management business and (iii) acquisition, development, management and operation of hotel properties, commercial properties, or sports, leisure or infrastructure facilities.

"**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 covenants entitled "-Certain Covenants-Limitation on Asset Sales" and "-Repurchase of Notes upon a Change of Control Triggering Event" and such Capital Stock specifically provides that such Person will not repurchase or redeem any such stock pursuant to such provision prior to the Company's repurchase of such Notes as are required to be repurchased pursuant to the covenants entitled "-Certain Covenants-Limitation on Asset Sales" and "-Repurchase of Notes upon a Change of Control Triggering Event."

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

"**Entrusted Loans**" means borrowings by a Restricted Subsidiary from the Company or another Restricted Subsidiary (whether directly or through or facilitated by a bank or other financial institution), *provided* that such borrowings are not reflected on the consolidated balance sheet of the Company.

"**Equity Offering**" means (i) any underwritten primary public offering or private placement of Common Stock of the Company after the Original Issue Date or (ii) any underwritten secondary public offering or secondary private placement of Common Stock of the Company beneficially owned by a Permitted Holder, after the Original Issue Date, to the extent that a Permitted Holder or a company controlled by a Permitted Holder concurrently with such public offering or private placement purchases in cash an equal amount of Common Stock from the Company at the same price as the public offering or private placing price; *provided* that any offering or placing referred to in (A) clause (i), (B) clause (ii), or (C) a combination of clauses (i) and (ii) results in the aggregate gross cash proceeds received by the Company being no less than US$20.0 million (or the Dollar Equivalent thereof).

"**Euroclear**" means Euroclear Bank SA/NV.

"**Events of Default**" has the meaning set forth under the section entitled "— Events of Default."

"**Evergrande**" means China Evergrande Group (formerly known as Evergrande Real Estate Group Limited).

"**Evergrande Restricted Subsidiary**" means a "Restricted Subsidiary" as defined under any outstanding high yield debt securities of Evergrande (other than the Company and any Restricted Subsidiary).

"**Excess Proceeds**" has the meaning set forth under the section entitled "— Certain Covenants — Limitation on Asset Sales."

"**Exchange Act**" means the U.S. Securities Exchange Act of 1934, as amended.

"**Exempted Subsidiary**" means any Restricted Subsidiary (other than the Parent and the Issuer) 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, the Parent and the Issuer 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 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, *provided* that in the case of a determination of Fair Market Value of total assets for the purposes of determining any JV Entitlement Amount, such price shall be determined by an accounting firm, appraisal firm or investment banking firm of international standing appointed by the Company.

"**FATCA**" has the meaning set forth under the section entitled "— Additional Amounts."

"**Financial Company Investor**" means a bank, financial institution, trust company, fund management company, asset management company, financial management company or insurance company, or an Affiliate thereof, that makes an Investment in any Capital Stock of a PRC Restricted Subsidiary.

"**Fitch**" means Fitch Ratings Ltd., a subsidiary of the Fitch Group, a jointly owned subsidiary of Fimalae, S.A. and Hearst Corporation, and its successors.

"**Fixed Charge Coverage Ratio**" means, on any Transaction Date, the ratio of (1) the aggregate amount of Consolidated EBITDA for the then most recent four fiscal quarters periods prior to such Transaction Date for which consolidated financial statements of the Company (which the Company, the Parent and the Issuer shall use their reasonable best efforts to compile in a timely manner) are available (which may be internal consolidated financial statements (the "**Four Quarter Period**") to (2) the aggregate Consolidated Fixed Charges during such Four Quarter Period. In making the foregoing calculation:

(a) pro forma effect shall be given to any Indebtedness, Disqualified Stock or Preferred Stock Incurred, repaid or redeemed during the period (the "**Reference Period**") commencing on and including the first day of the Four Quarter Period and ending on and including the Transaction Date (other than Indebtedness Incurred or repaid under a revolving credit or similar arrangement (or under any predecessor revolving credit or similar arrangement) in effect on the last day of such Four Quarter Period), in each case as if such Indebtedness, Disqualified Stock or Preferred Stock had been Incurred, repaid or redeemed on the first day of such Reference Period; *provided* that, in the event of any such repayment or redemption, Consolidated EBITDA for such period shall be calculated as if the Company or such Restricted Subsidiary had not earned any interest income actually earned during such period in respect of the funds used to repay such Indebtedness;

(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 sentence requires that pro forma effect be given to an Asset Acquisition or Asset Disposition (or asset acquisition or asset disposition), such pro forma calculation shall be based upon the four full fiscal quarter periods immediately preceding the Transaction Date of the Person, or division or line of business of the Person, that is acquired or disposed for which financial information is available.

"**GAAP**" means generally accepted accounting principles in the PRC 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.

"**Incur**" means, with respect to any Indebtedness or Capital Stock, to incur, create, issue, assume, Guarantee or otherwise become liable for or with respect to, or become responsible for, the payment of, contingently or otherwise, such Indebtedness or Capital Stock; *provided* that (1) any Indebtedness and Capital Stock of a Person existing at the time such Person becomes a Restricted Subsidiary (or fails to meet the qualifications necessary to remain an Unrestricted Subsidiary) will be deemed to be Incurred by such Restricted Subsidiary at the time it becomes a Restricted Subsidiary and (2) the accretion of original issue discount shall not be considered an Incurrence of Indebtedness. The terms "Incurrence" and "Incurred" 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 any capital commitments, deferred payment obligations, pre-sale receipts in advance from customers or similar obligations Incurred in the ordinary course of business in connection with the acquisition, development, construction or improvement of real or personal property (including land use rights) to be used in the businesses of the Company or any Restricted Subsidiary or any Entrusted Loan; *provided* that such Indebtedness is not reflected as borrowings on the consolidated balance sheet of the Company (contingent obligations and commitments referred to in a footnote to financial statements and not otherwise reflected 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) that the amount of Indebtedness with respect to any Hedging Obligation shall be: (i) zero if Incurred pursuant to paragraph (2)(f) under the covenant entitled "-Certain Covenants-Limitation on Indebtedness and Preferred Stock," and (ii) equal to the net amount payable by such Person if such Hedging Obligation terminated at that time if not Incurred pursuant to such paragraph.

"**Independent Third Party**" means any Person that is not Affiliated with the Company.

"**Interest Rate Agreement**" means any interest rate protection agreement, interest rate future agreement, interest rate option agreement, interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, interest rate hedge agreement, option or future contract or other similar agreement or arrangement designed to protect against fluctuations in interest rates.

"**Investment**" means:

(1) any direct or indirect advance, loan or other extension of credit to another Person;

(2) any capital contribution to another Person (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others);

(3) any purchase or acquisition of Capital Stock, Indebtedness, bonds, notes, debentures or other similar instruments or securities issued by another Person; or

(4) any Guarantee of any obligation of another Person.

For the purposes of the provisions of the sections entitled "— Certain Covenants — Designation of Restricted and Unrestricted Subsidiaries" and "— Certain Covenants-Limitation on Restricted Payments", (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 liabilities owed to any Person other than the Company or a Restricted Subsidiary and not Guaranteed by the Company or a Restricted Subsidiary) of a Restricted Subsidiary that is designated an Unrestricted Subsidiary at the time of such designation, and (2) any property transferred to or from any Person shall be valued at its Fair Market Value at the time of such transfer, as determined in good faith by the Board of Directors.

"**Investment Grade**" means a rating of "Aaa," "Aa," "A" or "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, 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," "AA," "A" or "BBB," as modified by a "+" or "–" indication, or an equivalent rating representing one of the four highest rating categories, by Fitch, or any of its successors or assigns, or the equivalent ratings of any internationally recognized rating agency or agencies, as the case may be, which shall have been designated by the Company as having been substituted for Moody's, S&P or Fitch or two or three of them, as the case may be.

"**Investment Property**" means any property that is owned and held by any PRC Restricted Subsidiary primarily for 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.

"**Investment Receipt**" means, at any time, with respect to an Investment under clause (21) of the definition of "Permitted Investment", an amount equal to the net reduction in all Investments made under clause (21) of the definition of "Permitted Investment" since the Original Issue Date resulting from (A) receipt of payments by the Company or any Restricted Subsidiary in respect of all such Investments, including interest on, or repayments of, loans or advances, dividends or other distributions (except, in each case, to the extent any such payments are included in the calculation of Consolidated Net Income), (B) with respect to Investments in Persons, the unconditional release of a Guarantee of any obligation of any Person provided under such clause (21) after the Original Issue Date by the Company or any Restricted Subsidiary, (C) to the extent that an Investment made after the Original Issue Date under such clause (21) is sold or otherwise liquidated or repaid for cash, the lesser of (x) cash return of capital with respect to such Investment (less the reasonable costs of disposition, if any) and (y) the initial amount of such Investment, or (D) for any Investment in a Person, such Person becoming a Restricted Subsidiary (whereupon all 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 the definition of "Permitted Investment" definition).

"**Jointly Controlled Entity**" means any corporation, association or other business entity of which 20% or more of the voting power of the outstanding Voting Stock is owned, directly or indirectly by the Company or a Restricted Subsidiary and such corporation, association or other business entity is treated as a "joint venture" in accordance with GAAP, and such Jointly Controlled Entity's Subsidiaries.

"**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 or indirect equity ownership percentage of the Company and the Restricted Subsidiaries in the Capital Stock of such JV Subsidiary Guarantor and its Subsidiaries.

"**JV Subsidiary Guarantee**" has the meaning set forth under the section entitled "-The Parent Guarantee, the Subsidiary Guarantees and the JV Subsidiary Guarantees."

"**JV Subsidiary Guarantor**" means a Restricted Subsidiary that executes a JV Subsidiary Guarantee.

"**Lien**" means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind (including, without limitation, any conditional sale or other title retention agreement or lease in the nature thereof or any agreement to create any mortgage, pledge, security interest, lien, charge, easement or encumbrance of any kind).

"**Listed Subsidiary**" means any Restricted Subsidiary (other than the Parent and the Issuer) any class of the Voting Stock of which is listed on a Qualified Exchange and any Subsidiary of a Listed Subsidiary; *provided* that such Restricted Subsidiary shall cease to be a Listed Subsidiary immediately upon, as applicable, (x) the Voting Stock of such Restricted Subsidiary ceasing to be listed on a Qualified Exchange, or (y) such Restricted Subsidiary ceasing to be a Subsidiary of a Listed Subsidiary.

"**Minority Interest Staged Acquisition Agreement**" means an agreement between the Company or a Restricted Subsidiary and an Independent Third Party (x) pursuant to which the Company or such Restricted Subsidiary agrees to acquire less than a majority of the Capital Stock of a Person for a consideration that is not more than the Fair Market Value of such Capital Stock of such Person at the time the Company or such Restricted Subsidiary enters into such agreement and (y) which provides that the payment of the purchase price for such Capital Stock is made in more than one installment over a period of time.

"**Moody's**" means Moody's Investors Service, Inc. and its affiliates.

"**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 the Restricted Subsidiaries, taken as a whole;

(c) payments made to repay Indebtedness or any other obligation outstanding at the time of such Asset Sale that either (x) is secured by a Lien on the property or assets sold or (y) is required to be paid as a result of such sale;

(d) appropriate amounts to be provided by the Company or any Restricted Subsidiary as a reserve against any liabilities associated with such Asset Sale, including, without limitation, pension and other post-employment benefit liabilities, liabilities related to environmental matters and liabilities under any indemnification obligations associated with such Asset Sale, all as determined in conformity with GAAP; and

(2) with respect to any issuance or sale of Capital Stock, the proceeds of such issuance or sale in the form of cash or cash equivalents, including payments in respect of deferred payment obligations (to the extent corresponding to the principal, but not interest, component thereof) when received in the form of cash or cash equivalents and proceeds from the conversion of other property received when converted to cash or cash equivalents, net of attorneys' fees, accountants' fees, underwriters' or placement agents' fees, discounts or commissions and brokerage, consultant and other fees incurred in connection with such issuance or sale and net of taxes paid or payable as a result thereof.

"**Non-Core Businesses**" means any business other than the Core Businesses. For the avoidance of doubt, Non-Core Businesses shall include, but not be limited to, the Designated Businesses.

"**Non-Core Entity**" means any Restricted Subsidiary which is primarily engaged, directly or indirectly, in a Non-Core Business.

"**Non-Guarantor Subsidiaries**" means the Exempted Subsidiaries, the Listed Subsidiaries, the New Non-Guarantor Subsidiaries, the Other Non-Guarantor Subsidiaries and the PRC Restricted Subsidiaries, in each case other than the Issuer.

"**Offer to Purchase**" means an offer by the Issuer or the Parent to purchase Notes from the Holders commenced by the Issuer or the Parent 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 covenant pursuant to which the offer is being made and that all Notes validly tendered will be accepted for payment on a pro rata basis;

(2) the purchase price and the date of purchase (which shall be a Business Day no earlier than 30 days nor later than 60 days from the date such notice is mailed) (the "**Offer to Purchase Payment Date**");

(3) that any Note not tendered will continue to accrue interest pursuant to its terms;

(4) that, unless the Issuer or the Parent 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 one Business Day prior to the Offer to Purchase Payment Date, the Issuer or the Parent will deposit with the Paying Agent money sufficient to pay the purchase price of all Notes or portions thereof so accepted by the Issuer or the Parent. On the Offer to Purchase Payment Date, the Issuer or the Parent 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 Issuer or the Parent. The Paying Agent shall promptly mail to the Holders of Notes so accepted payment in an amount equal to the purchase price, and the Trustee or an authenticating agent shall as soon as reasonably practicable 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. The Issuer or the Parent will publicly announce the results of an Offer to Purchase as soon as practicable after the Offer to Purchase Payment Date. The Company will comply with Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent such laws and regulations are applicable, in the event that the Issuer or the Parent is required to repurchase Notes pursuant to an Offer to Purchase.

To the extent that the provisions of any securities laws or regulations of any jurisdiction conflict with the provisions of the Indenture governing any Offer to Purchase, the Issuer and the Parent will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Indenture by virtue of such compliance. The Issuer and the Parent 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 or the Parent and purchases all Notes properly tendered and not withdrawn under the Offer to Purchase.

The offer is required to contain or incorporate by reference information concerning the business of the Company and its Subsidiaries which the Issuer and the Parent 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 Issuer or the Parent 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 the Parent, the Issuer, a Subsidiary Guarantor, or JV Subsidiary Guarantor, one of the directors or officers of the Parent, the Issuer or 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 the Parent, the Issuer or any Subsidiary Guarantor under the Indenture, Officers' Certificate means a certificate signed by one Officer if there is only one Officer in such entity at the time such certificate is required to be delivered.

"**Opinion of Counsel**" means a written opinion from legal counsel who is reasonably acceptable to the Trustee. The counsel may be counsel to the Company.

"**Original Issue Date**" means the date on which the Notes are originally issued under the Indenture.

"**Pari Passu Guarantee**" means a Guarantee by the Issuer, the Parent or any Subsidiary Guarantor or JV Subsidiary Guarantor of Indebtedness of the Issuer (including Additional Notes), the Parent or any Subsidiary Guarantor or JV Subsidiary Guarantor, as the case may be, *provided* that (1) the Incurrence of such Indebtedness was permitted under the covenant entitled "— Certain Covenants — Limitation on Indebtedness and Preferred Stock" and (2) such Guarantee ranks *pari passu* with the Notes, the Parent Guarantee, any outstanding Subsidiary Guarantee of such Subsidiary Guarantor or any outstanding JV Subsidiary Guarantee or such JV Subsidiary Guarantor, as the case may be.

"**Permitted Businesses**" means any business which is the same as or ancillary or complementary to any of the businesses of the Company and the Restricted Subsidiaries on the Original Issue Date.

"**Permitted Holders**" means any or all of the following:

(1) Dr. Hui Ka Yan, Ms. Ding Yumei and any of their children;

(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 one or more Persons specified in clauses (1) and (2).

"**Permitted Investment**" means:

(1) any Investment in the Company or a Restricted Subsidiary or a Person which will, upon the making of such Investment, become a Restricted Subsidiary 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;

(2) Temporary Cash Investments;

(3) payroll, travel and similar advances to cover matters that are expected at the time of such advances ultimately to be treated as expenses in accordance with GAAP;

(4) stock, obligations or securities received in satisfaction of judgments;

(5) an Investment in an Unrestricted Subsidiary consisting solely of an Investment in another Unrestricted Subsidiary;

(6) any Investment pursuant to a Hedging Obligation designed solely to protect the Company or any Restricted Subsidiary against fluctuations in commodity prices, interest rates or foreign currency exchange rates;

(7) receivables owing to the Company or any Restricted Subsidiary, if created or acquired in the ordinary course of business and payable or dischargeable in accordance with customary trade terms;

(8) Investments made by the Company or any Restricted Subsidiary consisting of consideration received in connection with an Asset Sale made in compliance with the covenant entitled "— Certain Covenants — Limitation on Asset Sales;"

(9) pledges or deposits (x) with respect to leases or utilities provided to third parties in the ordinary course of business or (y) otherwise described in the definition of "Permitted Liens" or made in connection with Liens permitted under the covenant entitled "— Certain Covenants — Limitation on Liens;"

(10) any Investment pursuant to Pre-Registration Mortgage Guarantees or Contractor Guarantees by the Company or any Restricted Subsidiary otherwise permitted to be Incurred under the Indenture;

(11) Investments in securities of trade creditors, trade debtors or customers received pursuant to any plan of reorganization or similar arrangement upon the bankruptcy or insolvency of such trade creditor, trade debtor or customer;

(12) advances to contractors and suppliers for the acquisition of assets or consumables or services in the ordinary course of business that are recorded as deposits or prepaid expenses on the Company's consolidated balance sheet;

(13) deposits of pre-sale proceeds made in order to secure the completion and delivery of presold 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 Restricted Subsidiary and prepayments made in connection with the acquisition of real property or land use rights or personal property (including without limitation, Capital Stock) by the Company or any Restricted Subsidiary (including, without limitation, by way of acquisition of Capital Stock of a Person), in each case in the ordinary course of business;

(16) advances to government authorities or government-affiliated entities in the PRC in connection with the financing of primary land development in the ordinary course of business that are recorded as assets in the Company's balance sheet;

(17) Guarantees permitted under clause 2(r) of the covenant under "— Certain Covenants — Limitation on Indebtedness and Preferred Stock";

(18) any Investment by the Company or any Restricted Subsidiary in any corporation, association or other business entity (such corporation, association or other business entity, an "**Associate**"); *provided* that:

    (a) the aggregate amount of all Investments made after the Original Issue Date under this clause (18), less the aggregate amount of all Receipts received after the Original Issue Date in connection with any Investment in any Associate made after the Original Issue Date under this clause (18), shall not exceed 25% of Total Assets;

    (b) the Company must be able to Incur at least US$1.00 of Indebtedness under the proviso in paragraph (1) of the "-Certain Covenants-Limitation on Indebtedness and Preferred Stock" covenant; *provided* that, this paragraph (b) shall not apply if such Investment would otherwise have been permitted under this clause (18) and such Investment, together with the aggregate amount of all Investments made after the Original Issue Date in reliance on this proviso, less the aggregate amount of all Receipts received after the Original Issue Date in connection with any Investment in any Associate made after the Original Issue Date in reliance on this proviso, shall not exceed 12.5% of Total

Assets (for purposes of this proviso, the references to "under clause (18)" in the definition of "Receipts" shall be substituted with "in reliance on the proviso in paragraph (b) of clause (18)");

(c) no Default has occurred and is continuing or would occur as a result of such Investment;

(d) with respect to an Associate in which the Company or any Restricted Subsidiary has made an Investment pursuant to this clause (18), if such Associate has become a Restricted Subsidiary in compliance with the terms of the other covenants, all Investments made by the Company or any Restricted Subsidiary in such Associate since the Original Issue Date shall be deemed to have been made pursuant to clause (1) of the definition of "Permitted Investment" definition; and

(e) if any of the other holders of Capital Stock of such Associate is a Person described in clauses (x) or (y) of the first paragraph of the covenant described under "— Certain Covenants — Limitation on Transactions with Shareholders and Affiliates", such Investment shall comply with the requirements set forth under the "— Certain Covenants — Limitation on Transactions with Shareholders and Affiliates" covenant;

for the avoidance of doubt, the value of each Investment made pursuant to this clause (18) shall be valued at the time such Investment is made.

(19) any Investment deemed to have been made by the Company or any Restricted Subsidiary in any Non-Core Entity of a Qualified Spin-off Group upon the designation of such Non-Core Entity as an Unrestricted Subsidiary;

(20) any Investment by the Company or any Restricted Subsidiary in any trust, fund or asset management plan primarily engaged, directly or indirectly, in the investment in any real estate project acquired, developed, managed or operated by the Company or any Restricted Subsidiary; *provided* that none of the other holders of any interest of such trust, fund or asset management plan (other than holders that beneficially own in the aggregate no more than 10% of the Capital Stock of such trust, fund or asset management plan) is a Person described in clauses (x) or (y) of the first paragraph of the covenant described under "— Certain Covenants — Limitation on Transactions with Shareholders and Affiliates" covenant (other than by reason of such holder being an officer or director of the Company or a Restricted Subsidiary or being the Company or a Subsidiary, Jointly Controlled Entity or Associate of the Company); and

(21) any Investment by the Company or any Restricted Subsidiary, *provided* that the aggregate amount of all Investments made after the Original Issue Date under this clause (21), less the aggregate amount of all Investment Receipts received after the Original Issue Date in connection with any Investment made after the Original Issue Date under this clause (21), shall not exceed 1% of Total Assets.

"**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, for which a reserve or other appropriate provision, if any, as shall be required in conformity with GAAP shall have been made;

(2) statutory and common law Liens of landlords and carriers, warehousemen, mechanics, suppliers, repairmen or other similar Liens arising in the ordinary course of business and with respect to amounts not yet delinquent or being contested in good faith by appropriate legal or

administrative proceedings promptly instituted and diligently conducted and for which a reserve or other appropriate provision, if any, as shall be required in conformity with GAAP shall have been made;

(3) Liens incurred or deposits made to secure the performance of tenders, bids, leases, statutory or regulatory obligations, bankers' acceptances, surety and appeal bonds, government contracts, performance and return-of-money bonds and other obligations of a similar nature incurred in the ordinary course of business (exclusive of obligations for the payment of borrowed money);

(4) leases or subleases granted to others that do not materially interfere with the ordinary course of business of the Company and the 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 the Restricted Subsidiaries relating to such property or assets;

(6) Liens on any property of, or on 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 asset 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 do not give rise to an Event of Default;

(9) Liens securing reimbursement obligations with respect to letters of credit that encumber documents and other property relating to such letters of credit and the products and proceeds thereof;

(10) Liens encumbering customary initial deposits and margin deposits, and other Liens that are within the general parameters customary in the industry and incurred in the ordinary course of business, in each case, securing Indebtedness under Hedging Obligations permitted by clause (f) of the second paragraph of the covenant entitled "-Certain Covenants-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 entitled "-Limitation on Indebtedness and Preferred Stock;" *provided* that such Liens do not extend to or cover any property or asset of the Company or any Restricted Subsidiary other than the property or assets securing the Indebtedness being refinanced;

(13) *[Reserved]*;

(14) *[Reserved]*;

(15) any interest or title of a lessor in the property subject to any operating lease;

(16) 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 entitled "— Certain Covenants — Limitation on Indebtedness and Preferred Stock;"

(17) 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;

(18) Liens (including extensions and renewals thereof) upon real or personal property; *provided* that, (a) any such Lien is created solely for the purpose of securing Indebtedness of the type described under clause (2)(h) of the covenant entitled "— Certain Covenants — Limitation on Indebtedness and Preferred Stock" and such Lien is created prior to, at the time of or within 180 days after the later of the acquisition or the completion of development, construction or improvement of such property, (b) the principal amount of the Indebtedness secured by such Lien does not exceed 100% of the cost of such property, development, construction or improvement and (c) such Lien shall not extend to or cover any property or asset 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 such Lien is incurred in the ordinary course of business;

(19) 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;

(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 Restricted Subsidiary in connection with the acquisition of real property or land use rights or personal property (including without limitation, Capital Stock) by the Company or any Restricted Subsidiary (including, without limitation, by way of acquisition of Capital Stock of a Person) in the ordinary course of business and not securing Indebtedness of the Company or any Restricted Subsidiary;

(22) Liens on current assets securing Indebtedness which is permitted to be Incurred under clause 2(n) of the covenant entitled "-Certain Covenants-Limitation on Indebtedness and Preferred Stock;"

(23) Liens on the Capital Stock of a PRC Restricted Subsidiary granted by the Company or any PRC Restricted Subsidiary in favor of any Financial Company Investor in respect of, and to secure, the Indebtedness or Preferred Stock permitted under clause (2)(q) of the "— Certain Covenants — Limitation on Indebtedness and Preferred Stock" covenant;

(24) Liens Incurred on deposits or bank accounts made to secure Bank Deposit Secured Indebtedness permitted under clause (2)(s) of the "— Certain Covenants — Limitation on Indebtedness and Preferred Stock" covenant;

(25) Liens Incurred on deposits made to secure Entrusted Loans;

(26) Liens securing Indebtedness Incurred under clause 2(r) of the covenant described under "— Certain Covenants — Limitation on Indebtedness and Preferred Stock";

(27) (x) Liens on Investment Properties securing Indebtedness of the Company or any PRC Restricted Subsidiary or (y) any interest or title of a lessor in the property securing any Capitalized Lease Obligation or any Attributable Indebtedness permitted under clause (2)(t) of the covenant described under the caption entitled "— Certain Covenants — Limitation on Indebtedness and Preferred Stock";

(28) Liens on the Capital Stock of the Person that is to be acquired under the relevant Staged Acquisition Agreement securing Indebtedness permitted to be Incurred under clause (2)(o) of the covenant described under "— Certain Covenants — Limitation on Indebtedness and Preferred Stock";

(29) Liens on the Capital Stock of the Person that is to be acquired under the relevant Minority Interest Staged Acquisition Agreement securing Indebtedness permitted to be Incurred under clause (2)(u) of the covenant described under "— Certain Covenants — Limitation on Indebtedness and Preferred Stock";

(30) Liens securing Indebtedness permitted to be Incurred by any Restricted Subsidiary under clause (2)(p) of the covenant described under the caption entitled "— Certain Covenants — Limitation on Indebtedness and Preferred Stock"; and

(31) Liens on assets in the PRC securing obligations of any PRC Restricted Subsidiary that in the aggregate do not exceed 1% of Total Assets at any one time outstanding.

"**Permitted Subsidiary Indebtedness**" means Indebtedness (other than Public Indebtedness) of, and all Preferred Stock issued by, the Non-Guarantor Subsidiaries, taken as a whole; *provided* that, on the date of the Incurrence of such Indebtedness and after giving effect thereto and the application of the proceeds thereof, the aggregate principal amount outstanding of all such Indebtedness (excluding any Indebtedness of any Restricted Subsidiary permitted under clauses 2(a), (b), (d), (f), (g) and (m) of the covenant entitled "Limitation on Indebtedness and Preferred Stock") does not exceed an amount equal to 15% of the 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 Special Administrative Region, Macau Special Administrative Region and Taiwan.

"**PRC CJV**" means any future Subsidiary that is a Sino-foreign cooperative joint venture enterprise with limited liability, established in the PRC pursuant to the Law of the People's Republic of China on Sino-foreign Cooperative Joint Ventures adopted on April 13, 1988 (as most recently amended on October 31, 2000) and the Detailed Rules for the Implementation of the Law of the People's Republic of China on Sino-foreign Cooperative Joint Ventures promulgated on September 4, 1995, as amended from time to time.

"**PRC CJV Partner**" means with respect to a PRC CJV, any other party to the joint venture agreement relating to such PRC CJV with the Company or any Restricted Subsidiary.

"**PRC Restricted Subsidiary**" has the meaning set forth in the section entitled "-The Parent Guarantee, the Subsidiary Guarantees and the JV Subsidiary Guarantees."

"**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 Capital Stock of any other class of such Person.

"**Project Debt**" means Indebtedness by the Company or a Restricted Subsidiary for the purposes of financing the acquisition, development, construction, operation or maintenance of a real estate project.

"**Public Indebtedness**" means any bonds, debentures, notes or similar debt securities issued in a public offering or a private placement (other than the Notes) to institutional investors.

"**Qualified Exchange**" means either (1) The New York Stock Exchange, the 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).

"**Qualified IPO**" means a listing (or a deemed new listing pursuant to the rules of the relevant stock exchange or governing body) of the Voting Stock of a company on a Qualified Exchange; *provided* that in the case that such listing is on a national securities exchange (as such term is defined in Section 6 of the Exchange Act) or a designated offshore securities market (as such term is defined in Rule 902(b) under the Securities Act), such listing shall result in a public float of no less than the percentage required by the applicable listing rules.

"**Qualified Spin-off Group**" means, collectively, (i) any Non-Core Entity the Voting Stock of which is, or is expected to be pursuant to a definitive plan, listed on a Qualified Exchange in a Qualified Spin-off IPO, and (ii) the Subsidiaries of such Non-Core Entity.

"**Qualified Spin-off IPO**" means any Qualified IPO of a Non-Core Entity; *provided* that the Board of Directors of the Company has determined in good faith that the designation of such Non-Core Entity and its Subsidiaries as Unrestricted Subsidiaries is desirable to obtain approval from a Qualified Exchange for such Qualified IPO.

"**Rating Agencies**" means (1) Moody's, (2) S&P, (3) Fitch; *provided* that if Moody's, S&P 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 Moody's, S&P, Fitch, two of the three or all three of them, as the case may be.

"**Rating Category**" means (1) with respect to Moody's, any of the following categories: "Ba," "B," "Caa," "Ca," "C" and "D" (or equivalent successor categories); (2) with respect to S&P, any of the following categories: "BB," "B," "CCC," "CC," "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 Moody's, S&P 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 ("1," "2" and "3" for

Moody's; "+" and "–" for S&P and Fitch; or the equivalent gradations for another Rating Agency) shall be taken into account (e.g., with respect to Moody's, a decline in a rating from "Ba1" to "Ba2," as well as from "Ba" to "B1," will constitute a decrease of one gradation).

"**Rating Date**" means (1) in connection with a Change of Control Triggering Event, the date that 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 section entitled "— Consolidation, Merger and Sale of Assets," the date that is 90 days prior to the earlier of (x) the occurrence of any such action as set forth therein and (y) a public notice of the occurrence of any such action.

"**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 section entitled "— 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 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 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 the three Rating Agencies and are rated below Investment Grade by all such Rating Agencies on the Rating Date, the rating of the Notes by any Rating Agency shall be decreased by one or more gradations (including gradations within Rating Categories as well as between Rating Categories).

"**Receipt**" means, at any time, with respect to an Associate, an amount equal to the net reduction in all Investments made in such Associate under clause (18) of the definition of "Permitted Investment" since the Original Issue Date resulting from (A) receipt of payments by the Company or any Restricted Subsidiary in respect of all such Investments, including interest on, or repayments of, loans or advances, dividends or other distributions (except, in each case, to the extent any such payments are included in the calculation of Consolidated Net Income), (B) the unconditional release of a Guarantee of any obligation of any Associate provided under such clause (18) after the Original Issue Date by the Company or any Restricted Subsidiary, (C) to the extent that an Investment made after the Original Issue Date under such clause (18) is sold or otherwise liquidated or repaid for cash, the lesser of (x) cash return of capital with respect to such Investment (less the reasonable costs of disposition, if any) and (y) the initial amount of such Investment, or (D) such Associate becoming a Restricted Subsidiary (whereupon all Investments made by the Company or any Restricted Subsidiary in such Associate since the Original Issue Date shall be deemed to have been made pursuant to clause (1) of the definition of "Permitted Investment" definition).

"**Relevant Total Assets**" means, at any date of determination, the Total Assets of the Company, without counting the total consolidated assets of the Listed Subsidiaries (if any), 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 reasonably best efforts to compile on a timely manner) are available (which may be internal consolidated financial statements).

"**Renminbi**" or "**RMB**" means yuan, the lawful currency of the PRC.

"**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 Issuer in good faith.

"**Reference Treasury Dealer Quotations**" means, with respect to each Reference Treasury Dealer and any redemption date, the average as determined by the Company in good faith, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing by such Reference Treasury Dealer at 5: 00 p.m., New York City time, on the third Business Day preceding such redemption date.

"**Replacement Assets**" means, on any date, property or assets (other than current assets that are not land use rights, properties under development or completed properties held for sale) of a nature or type or that are used in (i) a Core Business or a Designated Business or (ii) the business for which the property or assets being replaced have been used.

"**Repurchase Obligation**" means the obligations to each Strategic Investor substantially as described under "Repurchase obligation or compensation" in the Announcements (or obligations similar to such obligations so described) and as contemplated in such Strategic Investor's Investment Agreement.

"**Restricted Subsidiary**" means any Subsidiary of the Company other than an Unrestricted Subsidiary. For the avoidance of doubt, unless the context does not permit, the Parent and the Issuer shall also be considered Restricted Subsidiaries.

"**S&P**" means Standard & Poor's Ratings Services and its affiliates.

"**Sale and Leaseback Transaction**" means any direct or indirect arrangement relating to property (whether real, personal or mixed), now owned or hereafter acquired whereby the Company or any Restricted Subsidiary transfers such property to another Person and the Company or any Restricted Subsidiary leases it from such Person.

"**Securities Act**" means the U.S. Securities Act of 1933, as amended.

"**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 Parent, the Parent Guarantee, (b) in respect of the Issuer, the Notes, (b) in respect of any Subsidiary Guarantor, its Subsidiary Guarantee, or (c) in respect of any JV Subsidiary Guarantor, its JV Subsidiary Guarantee, *provided* that Senior Indebtedness does not include (1) any obligation to the Company or any Restricted Subsidiary, (2) trade payables or (3) Indebtedness Incurred in violation of the Indenture.

"**Significant Subsidiary**" means a Restricted Subsidiary, when consolidated with its Subsidiaries that are Restricted Subsidiaries, that would be a "significant subsidiary" using the conditions specified in the definition of significant subsidiary in Article 1, Rule 1-02(w) of Regulation S-X, promulgated pursuant to the Securities Act, as such Regulation is in effect on the Original Issue Date, if any of the conditions exceeds 5%. Notwithstanding the foregoing, for as long as the Notes are outstanding, the Parent and the Issuer will be Significant Subsidiaries.

"**Staged Acquisition Agreement**" means an agreement between the Company or a Restricted Subsidiary and an Independent Third Party (x) pursuant to which the Company or such Restricted Subsidiary agrees to acquire not less than a majority of the Capital Stock of a Person for a consideration that is not more than the Fair Market Value of such Capital Stock of such Person at the time the Company or such Restricted Subsidiary enters into such agreement and (y) which provides that the payment of the purchase price for such Capital Stock is made in more than one installment over a period of time.

"**Stated Maturity**" means, (1) with respect to any Indebtedness, the date specified in such debt security as the fixed date on which the final installment of principal of such Indebtedness is due and payable as set forth in the documentation governing such Indebtedness and (2) with respect to any scheduled installment of principal of or interest on any Indebtedness, the date specified as the fixed date on which such installment is due and payable as set forth in the documentation governing such Indebtedness.

"**Strategic Investors**" means Persons which have invested or will invest in the Capital Stock of the Company pursuant to the investment agreements (as may be amended and supplemented, the "**Investment Agreements**") announced by the Company on December 31, 2016, May 31, 2017 and November 6, 2017 (the "**Announcements**").

"**Subordinated Indebtedness**" means any Indebtedness of the Parent, any Subsidiary Guarantor or any JV Subsidiary Guarantor which is contractually subordinated or junior in right of payment to the Notes, the Parent Guarantee, any Subsidiary Guarantee or any JV Subsidiary Guarantee, as applicable, pursuant to a written agreement to such effect.

"**Subsidiary**" means, with respect to any Person, any corporation, association or other business entity (i) of which more than 50% of the voting power of the outstanding Voting Stock is owned, directly or indirectly, by such Person and one or more other Subsidiaries of such Person or (ii) of which 50% or less of the voting power of the outstanding Voting Stock is owned, directly or indirectly, by such Person and one or more other Subsidiaries of such Person and in each case which is "controlled" and consolidated by such Person in accordance with GAAP.

"**Subsidiary Guarantee**" means any Guarantee of the obligations of the Company under the Indenture and the Notes by any Subsidiary Guarantor.

"**Subsidiary Guarantor**" means any initial Subsidiary Guarantor named herein and any other Restricted Subsidiary which guarantees the payment of the Notes pursuant to the Indenture and the Notes; *provided* that "Subsidiary Guarantor" will not include (a) any Person whose Subsidiary Guarantee has been released in accordance with the Indenture and the Notes or (b) any JV Subsidiary Guarantor.

"**Temporary Cash Investment**" means any of the following:

(1) direct obligations of the United States of America, any state of the European Economic Area, the People's Republic of China or Hong Kong or any agency of any of the foregoing or obligations fully and unconditionally Guaranteed by the United States of America, any state of the European Economic Area, the People's Republic of China or Hong Kong or any agency of any of the foregoing, in each case maturing within one year;

(2) time deposit accounts, certificates of deposit and money market deposits maturing within 180 days of the date of acquisition thereof issued by a bank or trust company which is organized under the laws of the United States of America, any state thereof, any state of the European Economic Area or Hong Kong, which bank or trust company has capital, surplus and undivided profits aggregating in excess of US$100 million (or the Dollar Equivalent thereof) and has outstanding debt which is rated "A" (or such similar equivalent rating) or higher by at least one nationally recognized statistical rating organization (as defined in Section 3(a)(62) of the Exchange Act) or any money market fund sponsored by a registered broker dealer or mutual fund distributor;

(3) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clause (1) above entered into with a bank or trust company meeting the qualifications described in clause (2) above;

(4) commercial paper, maturing not more than 180 days after the date of acquisition thereof, issued by a corporation (other than an Affiliate of the Company) organized and in existence under the laws of the United States of America, any state thereof or any foreign country recognized by the United States of America with a rating at the time as of which any investment therein is made of "P-1" (or higher) according to Moody's or "A-1" (or higher) according to S&P or Fitch;

(5) securities, maturing within one year of the date of acquisition thereof, issued or fully and unconditionally Guaranteed by any state, commonwealth or territory of the United States of America, or by any political subdivision or taxing authority thereof, and rated at least "A" by S&P, Moody's or Fitch;

(6) any money market fund that has at least 95% of its assets continuously invested in investments of the types described in clauses (1) through (5) above; and

(7) demand or time deposit accounts, certificates of deposit, overnight or call deposits and money market deposits or structured deposit products with a term not exceeding six months that are principal protected, in each case with any banks or financial institutions organized under the laws of the PRC or a bank or trust company which is organized under the laws of the United States of America, any state thereof, the United Kingdom, Singapore or Hong Kong, which bank or trust company has capital, surplus and undivided profits aggregating in excess of US$100 million (or the Dollar Equivalent thereof).

"**Total Assets**" of the Company means, as of any date, the total consolidated assets of the Company and the 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, the Parent and the Issuer shall use its best efforts to compile on a timely manner) are available (which may be internal consolidated financial statements); *provided* that:

(1) only with respect to clause (2)(h) of "— Certain Covenants — Limitation on Indebtedness and Preferred Stock" covenant, the amount of 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 the amount of Total Assets thereunder, as measured by the purchase price or cost therefor or budgeted cost provided in good faith by the Company or any Restricted Subsidiary to the bank or other similar financial institutional lender providing such Indebtedness;

(2) only with respect to clause (2)(v) of "— Certain Covenants — Limitation on Indebtedness and Preferred Stock" covenant, with respect to the Incurrence of any Acquired Indebtedness as a result of any Person becoming a Restricted Subsidiary, Total Assets shall be calculated

after giving pro forma effect to include the consolidated assets of such Restricted Subsidiary and any other change to the consolidated assets of the Company as a result of such Person becoming a Restricted Subsidiary; and

(3) only with respect to any Person becoming a New Non-Guarantor Subsidiary, pro forma effect shall at such time be given to the consolidated assets of such New Non-Guarantor Subsidiary (including giving pro forma effect to any other change to the consolidated assets of the Company, in each case as a result of such Person becoming a New Non-Guarantor Subsidiary).

"**Trade Payables**" means, with respect to any Person, any accounts payable or any other indebtedness or monetary obligation to trade creditors created, assumed or Guaranteed by such Person or any of its Subsidiaries arising in the ordinary course of business in connection with the acquisition of goods or services.

"**Transaction Date**" means, with respect to the Incurrence of any Indebtedness, the date such Indebtedness is to be Incurred and, with respect to any Restricted Payment, the date such Restricted Payment is to be made.

"**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.

"**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.

"**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 Restricted Subsidiary**" means, with respect to a Restricted Subsidiary, the ownership of all of the outstanding Capital Stock of such Restricted Subsidiary (other than any director's qualifying shares or Investments by foreign nationals mandated by applicable law) by the Company or one or more Wholly Owned Restricted Subsidiaries; *provided* that Restricted Subsidiaries that are PRC CJVs shall not be considered Wholly Owned Restricted Subsidiaries unless the Company or one or more Wholly Owned Restricted Subsidiaries is entitled to 95% or more of the economic benefits distributable by such Restricted Subsidiary.

DESCRIPTION OF 2023 NOTES

For purposes of this "Description of 2023 Notes" the term "**Issuer**" refers only to Scenery Journey Limited (景程有限公司), and any successor obligor on the Notes, and not to any of its subsidiaries and the term "**Notes**" refers to the 2023 Notes issued by the Issuer. Hengda Real Estate Group Co., Ltd. (恒大地產集團有限公司) is referred to as the "**Company**." Tianji Holding Limited, which guarantees the Notes is referred to as the "**Parent**" and such guarantee is referred to as the "**Parent Guarantee**." Each subsidiary of the Company (other than the Parent) which guarantees the Notes is referred to as a "**Subsidiary Guarantor**" and each such guarantee is referred to as a "**Subsidiary Guarantee**." Each subsidiary of the Company that in the future provides a "**JV Subsidiary Guarantee**" (as defined 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 Issuer, the Parent and the Subsidiary Guarantors, as guarantors, and Citicorp International Limited, as trustee (the "**Trustee**").

The following is a summary of certain provisions of the Indenture, the Notes, the Parent Guarantee, the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any). This summary does not purport to be complete and is qualified in its entirety by reference to all of the provisions of the Indenture, the Notes, the Parent Guarantee, the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any). It does not restate those agreements in their entirety. Whenever particular sections or defined terms of the Indenture not otherwise defined herein are referred to, such sections or defined terms are incorporated herein by reference. Copies of the Indenture will be available for inspection upon prior request during usual business hours on any weekday (except public holidays) on or after the Original Issue Date at the corporate trust office of the Trustee at 39/F, Champion Tower, 3 Garden Road, Central, Hong Kong.

The Notes:

- are general obligations of the Issuer;
- are senior in right of payment to any existing and future obligations of the Issuer expressly subordinated in right of payment to the Notes;
- are at least *pari passu* in right of payment with all the unsecured, unsubordinated Indebtedness of the Issuer;
- are guaranteed by the Parent, the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any) on a senior basis, subject to the limitations described below under the section entitled "— The Parent Guarantee, the Subsidiary Guarantees and the JV Subsidiary Guarantees" and in the section entitled "Risk Factors — Risks Relating to the Parent Guarantee, Subsidiary Guarantees and the JV Subsidiary Guarantees;"
- will benefit from a keepwell and equity interest purchase undertaking (the "**Keepwell and EIPU**") to be entered into by the Company, the Parent, the Issuer and the Trustee in favor of the Trustee and the Holders, unless released in accordance with the Indenture;
- are effectively subordinated to the secured obligations of the Parent, the Issuer, the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any), to the extent of the value of the assets serving as security therefor; and
- are effectively subordinated to all existing and future obligations of the Non-Guarantor Subsidiaries.

The Issuer will initially issue US$590,000,000 in aggregate principal amount of the Notes, which will mature on November 6, 2023 unless earlier redeemed pursuant to the terms thereof and the Indenture. The Indenture allows additional Notes to be issued from time to time, subject to certain limitations described under the section entitled "— Further Issues." Unless the context requires otherwise, references to the "Notes" for all purposes of the Indenture and this "Description of 2023 Notes" include any Additional Notes that are actually issued. The Notes will bear interest at 13.75% 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 semiannually in arrears on May 6 and November 6 of each year (each an "**Interest Payment Date**"), commencing May 6, 2019.

Interest on the Notes, when in the form of Global Notes, will be paid to the Holders of record at the close of business on May 5 or November 5, and when in certificated form, on April 21 or October 22, immediately preceding an Interest Payment Date (each, a "**Record Date**"), notwithstanding any transfer, exchange or cancelation thereof after a Record Date and prior to the immediately following Interest Payment Date; *provided* that so long as the Global Note is held on behalf of Euroclear, Clearstream or any other clearing system, each payment in respect of the Global Note will be made to the person shown as the holder of the Notes in the register of Holders at the close of business (of the relevant clearing system) on the Clearing System Business Day before the due date for such payments, where "**Clearing System Business Day**" means a weekday (Monday to Friday, inclusive) except December 25 and January 1. In any case in which the date of the payment of principal of, premium, if any, on, or interest on, the Notes is not a Business Day in the relevant place of payment or in the place of business of the Paying Agent then payment of such principal, premium or interest need not be made on such date but may be made on the next succeeding Business Day. Any payment made on such Business Day shall have the same force and effect as if made on the date on which such payment is due, and no interest on the Notes shall accrue for the period after such due date. 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 the Notes, but the Issuer 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 Issuer and the Issuer will maintain an office or agency (which initially will be the office of the Paying Agent currently located at Citibank, N.A., London Branch, c/o Citibank, N.A., Dublin Branch, One North Wall Quay, Dublin 1, Ireland) where the Notes may be surrendered for registration of transfer or exchange or for presentation for payment or repurchase. Notwithstanding the immediately preceding sentence, if the Notes are in certificated form and the Issuer acts as its own paying agent, payment of interest may instead be made by check mailed (at the expense of the Issuer) to the address of the Holders as such address appears in the Note register. Interest payable on the Notes held through Euroclear or Clearstream will be available to Euroclear or Clearstream participants (as defined herein) on the Business Day following payment thereof.

The Parent Guarantee, the Subsidiary Guarantees and the JV Subsidiary Guarantees

The Parent Guarantee:

- is a general obligation of the Parent;

- is effectively subordinated to the secured obligations of the Parent, to the extent of the value of the assets serving as security therefor;

- is senior in right of payment to all future obligations of the Parent expressly subordinated in right of payment to such Parent Guarantee; and

- ranks at least *pari passu* with all unsecured, unsubordinated Indebtedness of the Parent.

The initial Subsidiary Guarantors that will execute the Indenture on the Original Issue Date will consist of Ever Grace Group Limited (恒善集團有限公司), Ample Treasure Group Limited (寶豐集團有限公司), Luckyup Group Limited (昇祺集團有限公司), Instant Choice Development Limited, Ample Treasure Holding Limited (寶豐集團控股有限公司), Will Glory Holdings Limited (好耀控股有限公司), Forbidden City Culture Co., Limited (紫禁城弘華文化有限公司), Ever Sure Industries Limited (永瑞實業有限公司), Shui Wah Investment Limited (穗華投資有限公司), Shengtong Holding Limited (盛通控股有限公司), Wisdom Gain Group Limited (智盈集團有限公司), Grow Rising Investment Limited (晉廷投資有限公司), Accord Sino Group Limited (協華集團有限公司), Merry Full Investments Limited (怡滿投資有限公司), Million Castle Investments Limited, Benefit East Investments Limited (益東投資有限公司), Champion Glory Holdings Limited (卓康集團有限公司), Champion Globe Limited (特靈有限公司), Champion King Investments Limited (彩僑投資有限公司), Fortune Luck Corporation Limited (順利有限公司), Cheung Fu Department Store Enterprise Limited (象富百貨集團有限公司), China Agriculture Technology Limited (中國農業科技有限公司), Baojun Limited (保駿有限公司), Perfect Vantage Investments Limited (歷冠投資有限公司), Bai Chang Limited (百昌有限公司), Minsin International (Holdings) Limited (明誠國際(集團)有限公司), Billion Sino Investments Limited (億中投資有限公司), Allywing Investments Limited (榮邦投資有限公司), California Place Dalian Limited (加州豪庭大連有限公司), Fortune Star International Investment Limited (福星國際投資有限公司), Xing Hong Holdings Limited (興鴻控股有限公司), Rosy Dynasty Limited (翠御有限公司), Joy Vision Holdings Limited (樂景控股有限公司), Sanli (China) Holdings Limited (三立(中國)控股有限公司), Metro Wisdom Limited (慧都有限公司), Ji Feng Limited (吉豐有限公司), Rise Eagle Worldwide Limited (振鷹環球有限公司), Jicheng International (HK) Limited (集成國際(香港)有限公司), Charm Best Investment Limited (優俊投資有限公司), Lucky Benefit Limited, Loyal Power Investments Limited (旺權投資有限公司), Rising Sheen Limited (升亮有限公司), City Faith Limited (都信有限公司), South Honest Limited (誠南有限公司), First Key Investments Limited (元基投資有限公司), Hinto Developments Limited, Triumph Hero International Limited (勝雄國際有限公司), Spread Glory Investments Limited (廣亮投資有限公司), New Insight Holdings Limited (創見控股有限公司), Easy Gain Investment Holdings Limited (盈潤投資控股有限公司), Honor Business Investment Limited (榮商投資有限公司), Link Care Limited (環照有限公司), Cheer Motion Development Limited (致能發展有限公司), China Sea Group (Hong Kong) Investment Limited (中海集團(香港)投資有限公司), Crown Wise Investment Limited (冠惠投資有限公司), Dragon Joy (China) Limited (龍悦(中國)有限公司), Dragon Pioneer Development Limited (龍添發展有限公司), Excel Sky (Hong Kong) Limited (俊天(香港)有限公司), Fortune Ascent Limited (升裕有限公司), Future Lead Enterprises Limited 天領企業有限公司), Glory Sign Development Limited (皇誌發展有限公司), Gold Ascot Limited (金士福有限公司), Grace Target Holdings Limited (喜志集團有限公司), Honour In Investments Limited (誠然投資有限公司), Jiakang Holdings Limited (嘉康控股有限公司), Jiazhi Holdings Limited (嘉智控股有限公司), Joy Wealthy Investment Limited (悦才投資有限公司), Lucky Universe Holding Limited (瑞宇集團有限公司), Pacific Plus Enterprises Limited (匯太企業有限公司), Palm Island Resort Limited (棕櫚島渡假村有限公司), Prime Light Holdings Limited (柏天集團有限公司), Prime Sun Holding Limited (盛日控股有限公司), Prosper Power Development Limited (能昌發展有限公司), Sharp Goal Investments Limited (銳怡投資有限公司), Starlet Development Limited (星能發展有限公司), Sunny Net Development Limited (日訊發展有限公司), Thousand Grand Holding Limited (千宏控股有限公司), Trend Rich Investment Limited (毅富投資有限公司), Chang Xing Holdings Limited (昌興控股有限公司), Cheer Champ Investment Limited (誌昌投資有限公司), Dragon Charm Investments Limited (龍創投資有限公司), Dragon Fortune Limited, East Best Investments Limited (東卓投資有限公司), Ever Shiny International Limited, Full Jolly Investments Limited (滿怡投資有限公司), Good Wave International Limited (佳濤國際有限公司), Healthy Time International Limited (建時國際有限公司), Lofty Reap Limited (上豐有限公司), Luck Fortune Holdings Limited, Lucky Universe Enterprises Limited (瑞宇企業有限公司), Marche Limited, Marvel First Developments Limited, Menkia Holdings Limited (萬家控股有限公司), On Lucky Holdings Limited (安利達控股有限公司), Opal House Development Limited, Oriental Fame Holdings Limited (東榮控股有限公司), Prime Sun Enterprises Limited (盛日企業有限公司), Reego Group Limited (銳高集團有限公司), Silver Opportunity Investment Limited (銀機投資有限公司), Superb Capital Enterprises Limited, Upper East Property Holdings Company Limited (上東置業控股有限公司), Vast Wheel Company Limited (浩輪有限公司), White Heron Limited, Win Harbour

Investments Limited (凱港投資有限公司), Win Peak Group Limited (凱峰集團有限公司), Shengtong (BVI) Limited and Shengyu (BVI) Limited. The Subsidiary Guarantors are holding companies that do not have significant operations.

Other than the initial Subsidiary Guarantors, none of the other Restricted Subsidiaries organized outside of the PRC (the "**Other Non-Guarantor Subsidiaries**") will be a Subsidiary Guarantor on the Original Issue Date. In addition, none of the Restricted Subsidiaries existing on the Original Issue Date that are Subsidiaries organized under the laws of the PRC and the future Restricted Subsidiaries that are organized under the laws of the PRC (together, the "**PRC Restricted Subsidiaries**"), the Exempted Subsidiaries and the Listed Subsidiaries (as long as they continue to be Exempted Subsidiaries or Listed Subsidiaries, as applicable) will provide a Subsidiary Guarantee or a JV Subsidiary Guarantee on the Original Issue Date or at any time in the future.

Although the Indenture contains limitations on the amount of additional Indebtedness that Non-Guarantor Subsidiaries may incur, the amount of such additional Indebtedness could be substantial.

In the case of a Restricted Subsidiary (i) that is, or is proposed by the Company or any Restricted Subsidiary to be, established, or commences investment for the purposes of commencing business activities, after the Original Issue Date, (ii) that is incorporated in any jurisdiction other than the PRC and that is not an Exempted Subsidiary or a Listed Subsidiary and (iii) in respect of which the Company or any Restricted Subsidiary (x) is proposing to sell, whether through the sale of existing Capital Stock or the issuance of new Capital Stock, no less than 20% of the Capital Stock of such Restricted Subsidiary or (y) is proposing to purchase Capital Stock of an entity and designate such entity as a Restricted Subsidiary, the Company may, concurrently with the consummation of such sale or purchase, provide a JV Subsidiary Guarantee instead of a Subsidiary Guarantee for (a) such Restricted Subsidiary and (b) the Restricted Subsidiaries that are Subsidiaries of such Restricted Subsidiary, that are organized in any jurisdiction other than the PRC and that are not Exempted Subsidiaries or Listed Subsidiaries, if the following conditions, in the case of both (a) and (b), are satisfied:

- concurrently with providing the JV Subsidiary Guarantee, such JV Subsidiary Guarantor has delivered to the Trustee:

  (i) (A) a duly executed Guarantee of such JV Subsidiary Guarantor (the "**JV Subsidiary Guarantee**") and each Restricted Subsidiary that is a Subsidiary of such JV Subsidiary Guarantor that is not organized under the laws of the PRC, an Exempted Subsidiary or a Listed Subsidiary and (B) a duly executed supplemental indenture to the Indenture pursuant to which the JV Subsidiary Guarantor will become a party to the Indenture pursuant to which such JV Subsidiary Guarantor will guarantee the payment of the Notes, each of which provides, among other things, that the aggregate claims of the Trustee under such JV Subsidiary Guarantee and all JV Subsidiary Guarantees provided by the Restricted Subsidiaries and shareholders of such JV Subsidiary Guarantor will be limited to the JV Entitlement Amount;

  (ii) an Officers' Certificate certifying a copy of the Board Resolution to the effect that such JV Subsidiary Guarantee has been approved by a majority of the disinterested members of the Board of Directors; and

  (iii) a legal opinion by a law firm of recognized international standing confirming that under New York law such JV Subsidiary Guarantee is legal, valid, binding and enforceable against the JV Subsidiary Guarantor providing the JV Subsidiary Guarantee (subject to customary qualifications and assumptions);

- 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 appraised value of such Capital Stock by an independent appraisal firm of recognized international standing appointed by the Company;

- all capital contributions (by way of transfer of cash or other property or any payment for property or services for the use of others or otherwise) to be made into a JV Subsidiary Guarantor from the date it provides its JV Subsidiary Guarantee shall be made directly or by contribution of assets or services having an equivalent Fair Market Value by (i) the Company and the Restricted Subsidiaries and (ii) such Independent Third Party in proportion to their respective direct or indirect ownership percentages of the Capital Stock of such JV Subsidiary Guarantor; and

- as of the date of execution of the JV Subsidiary Guarantee, no document exists that is binding on the Company or such Restricted Subsidiaries that would have the effect of (a) prohibiting the Company or such Restricted Subsidiary from providing such JV Subsidiary Guarantee, or (b) requiring the Company or any such 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.

In the event of a bankruptcy, liquidation or reorganization of any Non-Guarantor Subsidiary, such Non-Guarantor Subsidiary will pay the holders of its debt and its trade creditors before it will be able to distribute any of its assets to the Company, the Parent, the Issuer, the Subsidiary Guarantors or the JV Subsidiary Guarantors, if any (either directly or indirectly).

As of June 30, 2018,

- the Company and its consolidated subsidiaries had total consolidated borrowings of approximately RMB541,934 million (US$81,899 million), RMB435,133 million (US$65,759 million) of which were secured; and

- the Non-Guarantor Subsidiaries and Unrestricted Subsidiaries had total borrowings of approximately RMB52,206 million (US$7,890 million).

In addition, as of June 30, 2018, the Non-Guarantor Subsidiaries and Unrestricted Subsidiaries had capital commitments of approximately RMB7,978 million (US$1,206 million) and contingent liabilities arising from guarantees of approximately RMB7,145 million (US$1,080 million).

The Subsidiary Guarantee of each Subsidiary Guarantor:

- is a general obligation of such Subsidiary Guarantor;

- is effectively subordinated to the secured obligations of such Subsidiary Guarantor, to the extent of the value of the assets serving as security therefor;

- is senior in right of payment to all future obligations of such Subsidiary Guarantor expressly subordinated in right of payment to such Subsidiary Guarantee; and

- ranks at least *pari passu* with all unsecured, unsubordinated Indebtedness of such Subsidiary Guarantor.

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

- will be a general obligation of such JV Subsidiary Guarantor;

- will be enforceable only up to the JV Entitlement Amount;
- will be effectively subordinated to the secured obligations of such JV Subsidiary Guarantor, to the extent of the value of the assets serving as security therefor;
- will be limited to the JV Entitlement Amount, and will be senior in right of payment to all future obligations of such JV Subsidiary Guarantor expressly subordinated in right of payment to such JV Subsidiary Guarantee; and
- will be limited to the JV Entitlement Amount, and will rank at least *pari passu* with all unsecured, unsubordinated Indebtedness of such JV Subsidiary Guarantor.

The Company will cause (x) each of the future Restricted Subsidiaries (other than Persons organized under the laws of the PRC, Exempted Subsidiaries or Listed Subsidiaries), as soon as practicable after it becomes a Restricted Subsidiary and (y) each of the Exempted Subsidiaries and Listed Subsidiaries that remains as a Restricted Subsidiary, as soon as practicable after it ceases to be an Exempted Subsidiary or a Listed Subsidiary, as the case may be (each such Person in clause (x) or (y), a "**Potential Subsidiary Guarantor**"), 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 a Subsidiary Guarantor or a JV Subsidiary Guarantor. Notwithstanding the foregoing sentence, the Company may elect to have any Restricted Subsidiary organized under laws outside the PRC not provide a Subsidiary Guarantee or a JV Subsidiary Guarantee at the time such entity becomes a Potential Subsidiary Guarantor (Restricted Subsidiaries (other than the PRC Restricted Subsidiaries, the Exempted Subsidiaries and the Listed Subsidiaries) that do not provide Subsidiary Guarantees or JV Subsidiary Guarantees in accordance with the Indenture, the "**New Non-Guarantor Subsidiaries**"), *provided* that, after taking into account the consolidated assets of such Restricted Subsidiary, the Consolidated Assets of all Restricted Subsidiaries organized under laws outside the PRC (other than the Issuer, Exempted Subsidiaries and Listed Subsidiaries) that are neither Subsidiary Guarantors nor JV Subsidiary Guarantors do not account for more than 20% of the Relevant Total Assets of the Company.

Each Restricted Subsidiary that guarantees the Notes after the Original Issue Date other than a JV Subsidiary Guarantor is referred to as a "**Future Subsidiary Guarantor**" and upon execution of the applicable supplemental indenture to the Indenture will be a "**Subsidiary Guarantor**."

Under the Indenture, as supplemented from time to time, each of the Parent, the Subsidiary Guarantors and JV Subsidiary Guarantors (if any) will jointly and severally guarantee the due and punctual payment of the principal of, premium, if any, and interest on, and all other amounts payable under, the Notes; *provided* that any JV Subsidiary Guarantee will be limited to the JV Entitlement Amount. The Parent, the Subsidiary Guarantors and JV Subsidiary Guarantors will (1) agree that their respective obligations under the Parent Guarantee, the Subsidiary Guarantees and the JV Subsidiary Guarantees, as the case may be, will be enforceable irrespective of any invalidity, irregularity or unenforceability of the Notes or the Indenture and (2) waive their right to require the Trustee to pursue or exhaust its legal or equitable remedies against the Issuer prior to exercising its rights under the Parent Guarantee, the Subsidiary Guarantees and the JV Subsidiary Guarantees, as the case may be. Moreover, if at any time any amount paid under a Note or the Indenture is rescinded or must otherwise be restored, the rights of the Holders under the Parent Guarantee, the Subsidiary Guarantees and the JV Subsidiary Guarantees, as the case may be, will be reinstated with respect to such payment as though such payment had not been made. All payments under the Parent Guarantee, the Subsidiary Guarantees and the JV Subsidiary Guarantees, as the case may be, are required to be made in U.S. dollars.

Under the Indenture, as supplemented from time to time,

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

- each JV Subsidiary Guarantee will be limited to an amount which is the lower of (i) the JV Entitlement Amount and (ii) an amount not to exceed the maximum amount that can be guaranteed by the applicable JV Subsidiary Guarantor without rendering the JV Subsidiary Guarantee, as it relates to such JV Subsidiary Guarantor, voidable under applicable law relating to fraudulent conveyance or fraudulent transfer or similar laws affecting the rights of creditors generally.

If a Subsidiary Guarantee or 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 the applicable 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 and each JV Subsidiary Guarantor under its JV Subsidiary Guarantee may be limited, or possibly invalid, under applicable laws. See the section entitled "Risk Factors — Risks Relating to the Parent Guarantee, Subsidiary Guarantees and the JV Subsidiary Guarantees — The Parent Guarantee, the Subsidiary Guarantees or JV Subsidiary Guarantees may be challenged under applicable insolvency or fraudulent transfer laws, which could impair the enforceability of the Parent Guarantee, the Subsidiary Guarantees or JV Subsidiary Guarantees."

Release of the Parent Guarantee, Subsidiary Guarantees and JV Subsidiary Guarantees

The Parent Guarantee may be released in certain circumstances, including:

- upon repayment in full of the Notes; or

- upon a defeasance as described under the section entitled "— Defeasance — Defeasance and Discharge."

No release of a Parent Guarantor of its Parent Guarantee shall be effective against the Trustee or the Holders until the Company has delivered to the Trustee an Officer's Certificate stating that all requirements relating to such release have been complied with and such release is authorized and permitted by the terms of the Indenture.

A Subsidiary Guarantee given by a Subsidiary Guarantor and a JV Subsidiary Guarantee given by a JV Subsidiary Guarantor may be released in certain circumstances, including:

- upon repayment in full of the Notes;

- upon a defeasance as described under the section entitled "— Defeasance — Defeasance and Discharge;"

- upon the designation by the Company of a Subsidiary Guarantor or a JV Subsidiary Guarantor, as the case may be, as an Unrestricted Subsidiary in compliance with the terms of the Indenture;

- upon the sale, 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 sections entitled "— Certain Covenants — Limitation on Sales and Issuances of Capital Stock in Restricted Subsidiaries," "— Certain Covenants — Limitation on Asset Sales" and "— Consolidation, Merger and Sale of Assets") resulting in such Subsidiary Guarantor or JV Subsidiary Guarantor, as the case may be, no longer being a Restricted Subsidiary, so long as (1) such Subsidiary Guarantor or JV Subsidiary Guarantor, as the case may be, is simultaneously released from its obligations in respect of any of the Company's other Indebtedness or any Indebtedness of any other Restricted Subsidiary and (2) the proceeds from such sale, disposition or merger are used for the purposes permitted or required by the Indenture;

- in the case of a Subsidiary Guarantee, upon its replacement with a JV Subsidiary Guarantee; or

- in the case of a Subsidiary Guarantor, upon its becoming a New Non-Guarantor Subsidiary in compliance with the terms of the Indenture.

The Company may request the Trustee to release the Subsidiary Guarantee provided by any Subsidiary Guarantor and the Subsidiary Guarantee provided by each Restricted Subsidiary that is the Subsidiary of such Subsidiary Guarantor organized under laws outside the PRC, and upon such release such Subsidiary Guarantor and each Restricted Subsidiary that is the Subsidiary of such Subsidiary Guarantor organized under laws outside the PRC will become New Non-Guarantor Subsidiaries (such that each New Non-Guarantor Subsidiary will no longer Guarantee the Notes) (without any requirement to seek the consent or approval of the Holders of the Notes), *provided* that, after the release of such Subsidiary Guarantees, the Consolidated Assets of all Restricted Subsidiaries organized under laws outside the PRC (other than the Exempted Subsidiaries and Listed Subsidiaries) that are neither Subsidiary Guarantors nor JV Subsidiary Guarantors (including the New Non-Guarantor Subsidiaries) do not account for more than 20% of the Relevant Total Assets. A Subsidiary Guarantee of a Subsidiary Guarantor may only be released pursuant to this paragraph if, as of the date of such proposed release, no document exists that is binding on the Company or any of the Restricted Subsidiaries that would have the effect of (x) prohibiting the Company or any of the Restricted Subsidiaries from releasing such Subsidiary Guarantee or (y) requiring the Company, the Parent, the Issuer or such Subsidiary Guarantor to deliver or keep in place a guarantee of other Indebtedness of the Company, the Parent or the Issuer by such Subsidiary Guarantor.

The Trustee shall comply with a request referred to in the preceding paragraph if the conditions precedent to such release set forth in the Indenture have been complied with, as evidenced by an Officers' Certificate from the Company, and the Trustee shall take all actions necessary to effect and evidence such release in accordance with the terms of the Indenture.

No release of a Subsidiary Guarantor and JV Subsidiary Guarantor from their Subsidiary Guarantee and JV Subsidiary Guarantee shall be effective against the Trustee or the Holders until the Company has delivered to the Trustee an Officer's Certificate stating that all requirements relating to such release have been complied with and such release is authorized and permitted by the terms of the Indenture.

Replacement of Subsidiary Guarantees with JV Subsidiary Guarantees

A Subsidiary Guarantee given by a Subsidiary Guarantor may be released following the sale of existing Capital Stock or the issuance of new Capital Stock by the Company or any Restricted Subsidiary 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 is for no less than 20% of the issued Capital Stock of the relevant Subsidiary Guarantor, *provided* that the following conditions are satisfied or complied with:

- concurrently with the release of such Subsidiary Guarantee, such JV Subsidiary Guarantor has delivered to the Trustee:

  (i) (A) a duly executed JV Subsidiary Guarantee of such JV Subsidiary Guarantor and each Restricted Subsidiary that is a Subsidiary of such JV Subsidiary Guarantor and that is not organized under the laws of the PRC, an Exempted Subsidiary or a Listed Subsidiary and (B) a duly executed supplemental indenture to the Indenture pursuant to which such JV Subsidiary Guarantor becomes a party to the Indenture as a JV Subsidiary Guarantor, each of which provides, among other things, that the aggregate claims of the Trustee under such JV Subsidiary Guarantee and all JV Subsidiary Guarantees provided by the Restricted Subsidiaries and shareholders of such JV Subsidiary Guarantor will be limited to the JV Entitlement Amount;

  (ii) an Officers' Certificate certifying a copy of a Board Resolution to the effect that such JV Subsidiary Guarantee has been approved by a majority of the disinterested members of the Board of Directors; and

  (iii) a legal opinion by a law firm of recognized international standing confirming that under New York law such JV Subsidiary Guarantee is valid, binding and enforceable against the JV Subsidiary Guarantor providing the JV Subsidiary Guarantee (subject to customary qualifications and assumptions).

- such sale or issuance of Capital Stock is made to an Independent Third Party at a consideration that is not less than the appraised value of such Capital Stock by an independent appraisal firm of recognized international standing appointed by the Company;

- all capital contributions (by way of transfer of cash or other property or any payment for property or services for the use of others or otherwise) to be made into such JV Subsidiary Guarantor from the date of the sale of existing Capital Stock or issuance of new Capital Stock as referred to above, shall be made directly or by contribution of assets or services having an equivalent Fair Market Value by (i) the Company and the Restricted Subsidiaries and (ii) such Independent Third Party that purchased or subscribed for Capital Stock in the JV Subsidiary Guarantor in proportion to their respective direct or indirect ownership percentages of the Capital Stock of such JV Subsidiary Guarantor; and

- 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.

Notwithstanding the foregoing paragraph, any such sale or issuance of the Capital Stock of the relevant Subsidiary Guarantor (including where such sale results in the relevant Subsidiary Guarantor ceasing to be a Restricted Subsidiary) will need to comply with the other covenants set forth in the Indenture, including, without limitation, the "Limitation on Asset Sales" and "Limitation on Restricted Payments" covenants.

Any Net Cash Proceeds from the sale 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 date of the Indenture, all of the Company's Subsidiaries will be "Restricted Subsidiaries" other than Foshan Nanhai Juncheng Real Estate Company Limited (佛山市南海俊誠房地產開發有限公司), Ningbo Sanli Xianghe Real Estate Company Limited (寧波三立祥和置業有限公司), Ningbo Sanli Yongheng Real Estate Company Limited (寧波三立甬恒置業有限公司), Ningbo Sanli Jiada Real Estate Company Limited (寧波三立嘉達置業有限公司), Chengbo (Ningbo) Real Estate Company Limited (城博(寧波)置業有限公司), Ningbo Yucheng Real Estate Company Limited (寧波御城置業有限公司), Wuhan Donghu Henda Real Estate Company Limited (武漢東湖恒大房地產開發有限公司), Pioneer Time Investment Limited, Key Alliance Investments Limited (建聯投資有限公司), Ray Shine Group Limited, Ideal Market Holdings Limited (旭智控股有限公司), Chengbo Company Limited (城博有限公司), Global City Development Limited, Xingye Investment Limited (興業投資有限公司), Jiada Development Company Limited (嘉達發展有限公司), Splendid Ritzy Limited and any Subsidiary of these Subsidiaries. However, under the circumstances described below under the section entitled "— Certain Covenants — Designation of Restricted and Unrestricted Subsidiaries," the Issuer will be permitted to designate certain of the Company's Subsidiaries as Unrestricted Subsidiaries. The Unrestricted Subsidiaries will generally not be subject to the restrictive covenants in the Indenture and will not guarantee the Notes.

Keepwell and EIPU

Under the Keepwell and EIPU,

(1) upon receipt of the written notice from the Trustee substantially in the form set forth in Schedule 1 of the Keepwell and EIPU in accordance with the Indenture following an Event of Default, the Company agrees that it shall, subject to obtaining all necessary approvals, consents, licenses, orders, permits and any other authorizations from the relevant authorities (the "**Purchase Approvals**"), purchase, directly or indirectly, the Capital Stock held by Restricted Subsidiaries that are Subsidiaries of the Parent incorporated outside the PRC at a certain purchase price and terms set forth in the Keepwell and EIPU;

(2) if the Trustee has received notification from the Company that the purchase price in clause (1) is (x) insufficient to cover any shortfall in the ability of the Parent, the Issuer and the Subsidiary Guarantors to pay any amounts payable under the Notes, the Indenture, the Parent Guarantee and the Subsidiary Guarantees or (y) any Purchase Approval is unlikely to be obtained, and the Trustee sends the Company a written notice from the Trustee substantially in the form set forth in Schedule 3 of the Keepwell and EIPU in accordance with the Indenture following an Event of Default, the Company agrees that it shall, subject to obtaining all necessary approvals, consents, licenses, orders, permits and any other authorizations from the relevant authorities, invest, directly or indirectly, (by equity and/or shareholders' loan) in Restricted Subsidiaries that are Subsidiaries of the Parent incorporated outside the PRC on terms set forth in the Keepwell and EIPU; and

(3) the Company agrees that it shall cause the Parent, the Issuer, each Subsidiary Guarantor and each JV Subsidiary Guarantor, if any, to (i) have a consolidated net worth (as defined in the Keepwell and EIPU) of at least US$1.00 at all times (and with respect to the Parent only, at least RMB1.0 billion at all times), (ii) have sufficient liquidity to ensure timely payment of

any amounts payable under the Notes, the Parent Guarantee and the Subsidiary Guarantees as and when due, and (iii) remain solvent and a going concern at all times under the laws of their respective jurisdictions of incorporation or applicable accounting standards.

Further Issues

Subject to the covenants described below, the Issuer 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 Parent Guarantee, the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any)) in all respects (or in all respects except for the issue date, issue price and the first payment of interest on them and, to the extent necessary, certain temporary securities law transfer restrictions, as applicable) ("**Additional Notes**") so that such Additional Notes may be consolidated and form a single class with the previously outstanding Notes and vote together as one class on all matters with respect to the Notes; *provided* that the issuance of any such Additional Notes shall then be permitted under the "Limitation on Indebtedness and Preferred Stock" covenant described below and the other provisions of the Indenture.

Optional Redemption

On or after November 6, 2021, the Issuer may on any one or more occasions redeem all or any part of the Notes, at the redemption prices (expressed as percentages of principal amount) set forth below, plus accrued and unpaid interest, if any, on the Notes redeemed, to (but not including) the applicable date of redemption, if redeemed during the twelve-month period beginning on November 6 of the years indicated below:

Year	Redemption Price
2021	106.875%
2022 and thereafter	103.4375%

At any time prior to November 6, 2021, the Issuer 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 redeemed plus the Applicable Premium as of, and accrued and unpaid interest, if any, to (but not including), the redemption date. Neither the Trustee nor the Paying Agent shall be responsible for calculating or verifying the Applicable Premium.

At any time and from time to time prior to November 6, 2021, the Issuer may redeem up to 35% of the aggregate principal amount of the Notes with the Net Cash Proceeds of one or more sales of Common Stock of the Company in an Equity Offering at a redemption price of 113.75% of the principal amount of the Notes redeemed, plus accrued and unpaid interest, if any, to (but not including) the redemption date; *provided* that at least 65% of the aggregate principal amount of the Notes originally issued on the Original Issue Date remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related Equity Offering.

The Issuer 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 will be selected for redemption as follows:

(1) if the Notes are listed on any national securities exchange or are held through a clearing system, in compliance with the requirements of the principal national securities exchange on which the Notes are listed (if any) and/or the requirements of the clearing system through which the Notes are held; or

(2) if the Notes are not listed on any national securities exchange or held through a clearing system, on a pro rata basis, by lot or by such method as the Trustee in its sole and absolute discretion deems fair and appropriate unless otherwise required by applicable law.

A Note of US$200,000 in principal amount or less shall not be redeemed in part. If any Note is to be redeemed in part only, the notice of redemption relating to such Note will state the portion of the principal amount to be redeemed. A new Note in principal amount equal to the unredeemed portion will be issued upon cancelation of the original Note. On and after the redemption date, interest will cease to accrue on Notes or portions of them called for redemption.

Repurchase of Notes Upon a Change of Control Triggering Event

Not later than 30 days following a Change of Control Triggering Event, the Issuer or the Parent 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.

Each of the Issuer and the Parent 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 Issuer and the Parent, it is important to note that if the Issuer or the Parent 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 Issuer's or the Parent's failure to purchase tendered Notes would constitute an Event of Default under the Indenture.

Certain of the events constituting a Change of Control Triggering Event under the Notes will also constitute an event of default under certain debt instruments of the Company and its Subsidiaries. Future debt of the Company, the Parent or the Issuer may also (1) prohibit the Issuer or the Parent 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 Issuer or the Parent 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 Issuer or the Parent. The Issuer's or the Parent's ability to pay cash to the Holders following the occurrence of a Change of Control Triggering Event may be limited by the Company's, the Parent's, the Issuer's and the Subsidiary Guarantors' then-existing financial resources. There can be no assurance that sufficient funds will be available when necessary to make the required purchase of the Notes. See the section entitled "Risk Factors — Risks Relating to the Notes — We may not be able to repurchase the Notes upon a change of control triggering event." The phrase "all or substantially all," as used with respect to the assets of any Person in the definition of "Change of Control," will likely be interpreted under applicable law of the relevant jurisdictions and will be dependent upon particular facts and circumstances. As a result, there may be a degree of uncertainty in ascertaining whether a sale or transfer of "all or substantially all" the assets of such Person has occurred.

Notwithstanding the above, the Issuer and the Parent will not be required to make a Change of Control Offer following a Change of Control Triggering Event if a third party makes the Change of Control Offer in the same manner at the same time and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by the Issuer or the Parent 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 Issuer or the Parent purchase or redeem the Notes in the event of a takeover, recapitalization or similar transaction.

The Trustee shall not be required to take any steps to ascertain whether a Change of Control Triggering Event or any event which could lead to the occurrence of a Change of Control Triggering Event has occurred or may occur and shall not be liable to any person for any failure to do so. The Trustee shall be entitled to assume that no such event has occurred until it has received written notice to the contrary from the Company.

No Mandatory Redemption or Sinking Fund

There will be no mandatory redemption or sinking fund payments for the Notes.

Additional Amounts

All payments by or on behalf of the Parent, the Issuer, a Subsidiary Guarantor or a JV Subsidiary Guarantor of principal of, and premium (if any) and interest on, the Notes and any payments under the Parent Guarantee, 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 jurisdiction in which the Parent, the Issuer or the applicable Subsidiary Guarantor or JV Subsidiary Guarantor is organized or resident for tax purposes (or any political subdivision or taxing authority thereof or therein) (each, as applicable, a "**Relevant Taxing Jurisdiction**") or any jurisdiction through which payments on the Notes or a Guarantee are made (or any political subdivision or taxing authority thereof or therein) (as applicable and together with the Relevant Taxing Jurisdictions, each, 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 Parent, the Issuer, the applicable Subsidiary Guarantor or JV Subsidiary Guarantor, as the case may be, will pay such additional amounts ("**Additional Amounts**") as will result in receipt by the Holder of each Note of such amounts as would have been received by such Holder had no such withholding or deduction been required, except that no Additional Amounts shall be payable:

(1) for or on account of:

(a) any tax, duty, assessment or other governmental charge that would not have been imposed but for:

(i) the existence of any present or former connection between the Holder or beneficial owner of such Note and the Relevant Jurisdiction other than merely holding such Note or the receipt of payments thereunder or under a Parent Guarantee, Subsidiary Guarantee or JV Subsidiary Guarantee, including, without limitation, such Holder or beneficial owner being or having been a national, domiciliary or resident of such Relevant Jurisdiction or treated as a resident thereof or being or having been physically present or engaged in a trade or business therein or having or having had a permanent establishment therein;

(ii) the presentation of such Note (in cases in which presentation is required) more than 30 days after the later of the date on which the payment of the principal of, premium, if any, and interest on, such Note became due and payable pursuant to the terms thereof or was made or duly provided for, except to the extent that the Holder thereof would have been entitled to such Additional Amounts if it had presented such Note for payment on any date within such 30-day period;

(iii) the failure of the Holder or beneficial owner to comply with a timely request of the Parent, the Issuer, any Subsidiary Guarantor or any JV Subsidiary Guarantor, addressed to the Holder to provide information concerning such Holder's or beneficial owner's nationality, residence, identity or connection with any Relevant

Jurisdiction, if and to the extent that due and timely compliance with such request is required by law to reduce or eliminate any withholding or deduction as to which Additional Amounts would have otherwise been payable to such Holder; or

(iv) the presentation of such Note (in cases in which presentation is required) for payment in the Relevant Jurisdiction, unless such Note could not have been presented for payment elsewhere;

(b) any estate, inheritance, gift, sale, transfer, personal property or similar tax, assessment or other governmental charge;

(c) any tax, assessment, withholding or deduction required by sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended ("**FATCA**"), any current or future Treasury Regulations or rulings promulgated thereunder, any intergovernmental agreement between the United States and any other jurisdiction to implement FATCA, any law, regulation or other official guidance enacted in any jurisdiction implementing FATCA, or any agreement with the U.S. Internal Revenue Service under FATCA; or

(d) any combination of taxes, duties, assessments or other governmental charges referred to in the preceding clauses (a), (b) and (c); or

(2) to a Holder that is a fiduciary, partnership or person other than the sole beneficial owner of any payment to the extent that such payment would be required to be included in the income under the laws of a Relevant Jurisdiction, for tax purposes, of a beneficiary or settlor with respect to the fiduciary, or a member of that partnership or a beneficial owner who would not have been entitled to such Additional Amounts had that beneficiary, settlor, partner or beneficial owner been the Holder thereof.

Whenever there is mentioned in any context the payment of principal of, and any premium or interest on, any Note or under the Parent Guarantee, any Subsidiary Guarantee or any JV Subsidiary Guarantee, such mention shall be deemed to include payment of Additional Amounts provided for in the Indenture to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

Redemption for Taxation Reasons

The Notes may be redeemed, at the option of the Issuer, as a whole but not in part, upon giving not less than 30 days' nor more than 60 days' notice to the Holders and upon reasonable notice in advance of such notice to Holders (which notice shall be irrevocable) to 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 Issuer, as the case may be, for redemption (the "**Tax Redemption Date**") if, as a result of:

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

(2) any change in the existing official position or the stating of an official position regarding the application or interpretation of such laws, regulations or rulings (including a holding, judgment or order by a court of competent jurisdiction),

which change or amendment becomes effective (or in the case of a statement, is announced) (i) with respect to the Parent, the Issuer or any initial Subsidiary Guarantor, on or after the Original Issue Date, or (ii) with respect to any Future Subsidiary Guarantor, JV Subsidiary Guarantor, on or after the date such Future Subsidiary Guarantor or JV Subsidiary Guarantor becomes a Subsidiary Guarantor or JV Subsidiary Guarantor, with respect to any payment due or to become due under the Notes or the

Indenture, the Parent, the Issuer, a Subsidiary Guarantor or a 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 Parent, the Issuer, such 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 Parent, the Issuer, a Subsidiary Guarantor or a JV Subsidiary Guarantor, as the case may be, would be obligated to pay such Additional Amounts if a payment in respect of the Notes were then due.

Prior to the mailing of any notice of redemption of the Notes pursuant to the foregoing, the Parent, the Issuer, 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 the Tax Redemption Date:

(1) an Officers' Certificate stating that such change or amendment referred to in the prior paragraph has occurred, describing the facts related thereto and stating that such requirement cannot be avoided by the Parent, the Issuer, a Subsidiary Guarantor or JV Subsidiary Guarantor, as the case may be, taking reasonable measures available to it; and

(2) an Opinion of Counsel or an opinion of a tax consultant, in either case of recognized standing with respect to tax matters of the Relevant Taxing Jurisdiction, stating that the requirement to pay such Additional Amounts results from such change or amendment referred to in the prior paragraph.

The Trustee shall and is 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 canceled.

Certain Covenants

Set forth below are summaries of certain covenants contained in the Indenture.

Limitation on Indebtedness and Preferred Stock

(1) The Company will not, and will not permit any Restricted Subsidiary to, Incur any Indebtedness (including Acquired Indebtedness), and the Company will not permit any Restricted Subsidiary to issue Preferred Stock, *provided* that the Company, the Parent, the Issuer or any Subsidiary Guarantor may Incur Indebtedness (including Acquired Indebtedness) and any Non-Guarantor Subsidiary may Incur Permitted Subsidiary Indebtedness if, after giving effect to the Incurrence of such Indebtedness and the receipt and application of the proceeds therefrom, (x) no Default has occurred and is continuing and (y) the Fixed Charge Coverage Ratio would be not less than 2.5 to 1.0. Notwithstanding the foregoing, the Company will not permit any Restricted Subsidiary to Incur any Disqualified Stock (other than Disqualified Stock held by the Company, the Parent, Issuer 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), the Parent Guarantee and each Subsidiary Guarantee and JV Subsidiary Guarantee;

   (b) any Pari Passu Guarantee;

(c) Indebtedness of the Company or any Restricted Subsidiary and Preferred Stock of any Restricted Subsidiary outstanding on the Original Issue Date excluding Indebtedness permitted under clause (d); *provided* that such Indebtedness of Restricted Subsidiaries shall be included in the calculation of Permitted Subsidiary Indebtedness (other than any such Indebtedness described in clauses (a) and (b) above and clauses (d), (f), (g) and (m) below);

(d) Indebtedness of the Company or Indebtedness or Preferred Stock of any Restricted Subsidiary owed to or held by the Company or any Restricted Subsidiary; *provided* that (i) any event which results in any such Restricted Subsidiary ceasing to be a Restricted Subsidiary or any subsequent transfer of such Indebtedness or Preferred Stock (other than to the Company or any Restricted Subsidiary) shall be deemed, in each case, to constitute an Incurrence of such Indebtedness not permitted by this clause (d) and (ii) if the Parent, the Issuer, any Subsidiary Guarantor or any JV Subsidiary Guarantor is the obligor and none of the Parent, the Issuer, the Subsidiary Guarantors and JV Subsidiary Guarantors is an obligee on such Indebtedness, such Indebtedness must expressly be subordinated in right of payment to the Notes, in the case of the Issuer, the Parent Guarantee, in the case of the Parent, the Subsidiary Guarantee of such Subsidiary Guarantor, in the case of a Subsidiary Guarantor, or the JV Subsidiary Guarantee of such JV Subsidiary Guarantor, in the case of a JV Subsidiary Guarantor; *provided* further that, any Preferred Stock issued by a Subsidiary Guarantor and held by the Company or another Restricted Subsidiary must by the terms thereof or by operation of law be subordinated in right of payment to the Subsidiary Guarantee of such Subsidiary Guarantor or the JV Subsidiary Guarantee of such JV Subsidiary Guarantor;

(e) Indebtedness ("**Permitted Refinancing Indebtedness**") issued in exchange for, or the net proceeds of which are used to refinance or refund, replace, exchange, renew, repay, defease, discharge or extend (collectively, "refinance" and "refinances" and "refinanced" shall have a correlative meaning), then outstanding Indebtedness (or Indebtedness that is no longer outstanding but that is refinanced substantially concurrently with the Incurrence of such Permitted Refinancing Indebtedness) Incurred under the immediately preceding paragraph (1) or clauses (a), (b), (c), (e), (h), (o), (p), (q), (r), (s), (t), (u), (v) or (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, the Parent Guarantee, a Subsidiary Guarantee or a JV Subsidiary Guarantee shall only be permitted under this clause (e) if (A) in case the Notes are refinanced in part or the Indebtedness to be refinanced is *pari passu* with the Notes, the Parent Guarantee, a Subsidiary Guarantee or a JV Subsidiary Guarantee, such new Indebtedness, by its terms or by the terms of any agreement or instrument pursuant to which such new Indebtedness is outstanding, is expressly made *pari passu* with, or subordinate in right of payment to, the remaining Notes, the Parent Guarantee or such Subsidiary Guarantee or 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, the Parent Guarantee, 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, the Parent Guarantee, such Subsidiary Guarantee or JV Subsidiary Guarantee, as the case may be, at least to the extent that the Indebtedness to be refinanced is subordinated to the Notes, the Parent Guarantee, 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 Issuer, the Parent or any Subsidiary Guarantor or any JV Subsidiary Guarantor be refinanced pursuant to this clause by means of any Indebtedness of the Company or any Restricted Subsidiary that is not the Parent, the Issuer, a Subsidiary Guarantor or a JV Subsidiary Guarantor; and (iv) in no event may Indebtedness of the Issuer, the Parent or any Subsidiary Guarantor be refinanced pursuant to this clause by means of any Indebtedness of any JV Subsidiary Guarantor *(provided* that this sub-clause (iv) shall not prohibit the replacement of a Subsidiary Guarantee by a JV Subsidiary Guarantee if otherwise permitted by the Indenture); *provided further* that the repayment, redemption or discharge of an old Project Debt may be classified as being "refinanced" within the meaning of this clause (e) by a new Project Debt Incurred within 180 days after the repayment, redemption or discharge of such old Project Debt;

(f) Indebtedness Incurred by the Company or any Restricted Subsidiary pursuant to (A) Hedging Obligations entered into in the ordinary course of business and designed solely to protect the Company or any Restricted Subsidiary from fluctuations in interest rates, currencies or the price of commodities and not for speculation or (B) other derivative contracts entered into for non-speculative purposes in connection with the business of the Company or any Restricted Subsidiary;

(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, 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 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; *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 property or completion of such development, construction or improvement and (C) on the date of the Incurrence of such Indebtedness and after giving effect thereto, the aggregate principal amount outstanding of all such Indebtedness Incurred under this clause (h) (together with refinancings thereof and the aggregate principal amount outstanding of Indebtedness that was Incurred under clauses (q), (r), (s), (t), (u) and (v) below and the refinancings thereof, but excluding any Contractor Guarantee or Guarantee Incurred under such clauses and this clause (h) to the extent the amount of such Contractor Guarantee or Guarantee is otherwise reflected in such aggregate principal amount) does not exceed an amount equal to 25% 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 the Capital Stock of the Parent and the Issuer and any asset of the Issuer), other than Guarantees of Indebtedness Incurred by any Person acquiring all or any portion of such business, assets or Restricted Subsidiary for the purpose of financing such acquisition; *provided* that the maximum aggregate liability in respect of all such Indebtedness in the nature of such Guarantee shall at no time exceed the gross proceeds actually received from the sale of such business, assets or Restricted Subsidiary;

(l) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds in the ordinary course of business *provided*, however, that such Indebtedness is extinguished within five Business Days of Incurrence;

(m) Guarantees by the Company or any Restricted Subsidiary of Indebtedness of the Company or any Restricted Subsidiary that was permitted to be Incurred by another provision of this covenant, subject to the "Limitation on Issuances of Guarantees by Restricted Subsidiaries" covenant;

(n) Indebtedness of the Company or any Restricted Subsidiary with a maturity of one year or less used by the Company or any Restricted Subsidiary for working capital; *provided* that the aggregate principal amount of Indebtedness permitted by this clause (n) at any time outstanding does not exceed 2% of Total Assets;

(o) Indebtedness of the Company or any Restricted Subsidiary constituting an obligation to pay the deferred purchase price of Capital Stock of a Person pursuant to a Staged Acquisition Agreement, to the extent that such deferred purchase price is paid within 12 months after the date on which the Company or such Restricted Subsidiary enter into such Staged Acquisition Agreement; *provided* that such Person is either a Restricted Subsidiary or would become a Restricted Subsidiary upon completion of the transactions under such Staged Acquisition Agreement;

(p) 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$30.0 million (or the Dollar Equivalent thereof);

(q) Indebtedness Incurred or Preferred Stock issued by the Company or any Restricted Subsidiary arising from any Investment made by a Financial Company Investor in a PRC Restricted Subsidiary; *provided* that on the date of the Incurrence of such Indebtedness or issuance of Preferred Stock and after giving effect thereto, the aggregate principal amount outstanding of all such Indebtedness and Preferred Stock Incurred under this clause (q) (together with refinancings thereof and the aggregate principal amount outstanding of Indebtedness that was Incurred under clause (h) above and clauses (r), (s), (t), (u) and (v) below and the refinancings thereof, but excluding any Contractor Guarantee or Guarantee Incurred under such clauses and this clause (q) to the extent the amount of such Contractor Guarantee or Guarantee is otherwise reflected in such aggregate principal amount) does not exceed an amount equal to 25% of Total Assets;

(r) 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, if (x) the aggregate of all Indebtedness Incurred under this clause (r) (together with refinancing thereof and the aggregate principal amount outstanding of Indebtedness that was Incurred under clauses (h) and (q) above and clauses (s), (t), (u) and (v) below and the refinancings thereof, but excluding any Contractor Guarantee or Guarantee Incurred under such clauses and this clause (r) to the extent the amount of such Contractor Guarantee or Guarantee is otherwise reflected in such aggregate principal amount) does not exceed an amount equal to 25% of Total Assets and (y) the aggregate of all Indebtedness Incurred under this clause (r) (together with refinancing thereof) does not exceed an amount equal to 7.5% of Total Assets;

(s) Bank Deposit Secured Indebtedness Incurred by the Company or any Restricted Subsidiary*, provided* that on the date of Incurrence of such Indebtedness, the aggregate principal amount outstanding of such Indebtedness Incurred under this clause (s) (together with refinancing thereof and the aggregate principal amount outstanding of Indebtedness that was Incurred under clauses (h), (q) and (r) above and clauses (t), (u) and (v) below and the refinancings thereof, but excluding any Contractor Guarantee or Guarantee Incurred under such clauses and this clause (s) to the extent the amount of such Contractor Guarantee or Guarantee is otherwise reflected in such aggregate principal amount) does not exceed an amount equal to 25% of Total Assets;

(t) (x) Indebtedness Incurred by any PRC Restricted Subsidiary which is secured by Investment Properties, and Guarantees thereof by the Company or any Restricted Subsidiary or (y) Capitalized Lease Obligations, or Attributable Indebtedness with respect to a Sale and Leaseback Transaction that would otherwise be permitted under the section entitled "Limitation on Sale and Leaseback Transactions," Incurred by any PRC Restricted Subsidiary; *provided* that on the date of the Incurrence of such Indebtedness and after giving effect thereto, the aggregate principal amount outstanding of all such Indebtedness Incurred under this clause (t) (together with refinancings thereof and the aggregate principal amount outstanding of Indebtedness that was Incurred under clauses (h), (q), (r) and (s) above and clauses (u) and (v) below and the refinancings thereof, but excluding any Contractor Guarantee or Guarantee Incurred under such clauses and this clause (t) to the extent the amount of such Contractor Guarantee or Guarantee is otherwise reflected in such aggregate principal amount) does not exceed an amount equal to 25% of Total Assets;

(u) Indebtedness of the Company or any Restricted Subsidiary constituting an obligation to pay the deferred purchase price of Capital Stock of a Person pursuant to a Minority Interest Staged Acquisition Agreement, to the extent that such deferred purchase price is paid within 12 months after the date the Company or such Restricted Subsidiary enters into such Minority Interest Staged Acquisition Agreement; *provided* that on the date of the Incurrence of such Indebtedness and after giving effect thereto, the aggregate principal amount outstanding of all such Indebtedness Incurred under this clause (u) (together with refinancings thereof and the aggregate principal amount outstanding of Indebtedness that was Incurred under clauses (h), (q), (r), (s) and (t) above and clause (v) below and the refinancings thereof, but excluding any Contractor Guarantee or Guarantee Incurred under such clauses and this clause (u) to the extent the amount of such Contractor Guarantee or Guarantee is otherwise reflected in such aggregate principal amount) does not exceed an amount equal to 25% of Total Assets; and

(v) Acquired Indebtedness of any Restricted Subsidiary Incurred and outstanding on the date on which such Restricted Subsidiary became a Restricted Subsidiary (other than Indebtedness Incurred (i) to provide all or any portion of the funds utilized to consummate the transaction or series of transactions pursuant to which a Person becomes a Restricted Subsidiary or (ii) otherwise in contemplation of a Person becoming a Restricted Subsidiary or any such acquisition); *provided* that on the date of the Incurrence of such Indebtedness and after giving effect thereto, the aggregate principal amount outstanding of all such Indebtedness Incurred pursuant to this clause (v) (together with refinancing thereof and the aggregate principal amount outstanding of Indebtedness that was Incurred under clauses (h), (q), (r), (s), (t) and (u) above and the refinancings thereof, but excluding any Contractor Guarantee or Guarantee Incurred under such clauses and this clause (v) to the extent the amount of such Contractor Guarantee or Guarantee is otherwise reflected in such aggregate principal amount) does not exceed an amount equal to 25% of Total Assets.

(3) For purposes of determining compliance with this "Limitation on Indebtedness and Preferred Stock" covenant, in the event that an item of Indebtedness meets the criteria of more than one of the types of Indebtedness described above, including under the proviso in the first paragraph of part (1), the Company, in its sole discretion, shall classify, and from time to time may reclassify, such item of Indebtedness in one or more types of Indebtedness described above.

(4) Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that may be Incurred pursuant to this covenant will not be deemed to be exceeded with respect to any outstanding Indebtedness due solely to the result of fluctuations in the exchange rates of currencies, *provided* that such Indebtedness was permitted to be Incurred at the time of such Incurrence.

Limitation on Restricted Payments

The Company will not, and will not permit any Restricted Subsidiary to, directly or indirectly (the payments or any other actions described in clauses (1) through (4) below being collectively referred to as "**Restricted Payments**"):

(1) declare or pay any dividend or make any distribution on or with respect to the Company's or any Restricted Subsidiary's Capital Stock (other than dividends or distributions payable or paid in shares of the Company's or any Restricted Subsidiary's (other than the Parent and the Issuer) 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 Wholly Owned 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 Capital Stock) or any direct or indirect parent of the Company held by any Person other than the Company or any Wholly Owned Restricted Subsidiary;

(3) make any voluntary or optional principal payment, or voluntary or optional redemption, repurchase, defeasance, or other acquisition or retirement for value, of Indebtedness that is subordinated in right of payment to the Notes, the Parent Guarantee, any of the Subsidiary Guarantees or any of the JV Subsidiary Guarantees (excluding any intercompany Indebtedness between or among the Company and the Restricted Subsidiaries); or

(4) make any Investment, other than a Permitted Investment;

if, at the time of, and after giving effect to, the proposed Restricted Payment:

(a) a Default has occurred and is continuing or would occur as a result of such Restricted Payment;

(b) the Company could not Incur at least US$1.00 of Indebtedness under the proviso in the first paragraph of part (1) of the covenant entitled "— Limitation on Indebtedness and Preferred Stock;" or

(c) such Restricted Payment, together with the aggregate amount of all Restricted Payments made by the Company and the Restricted Subsidiaries after the Original Issue Date, shall exceed the sum of:

(i) 50% of the aggregate amount of the Consolidated Net Income of the Company (or, if the Consolidated Net Income is a loss, minus 100% of the amount of such loss) accrued on a cumulative basis during the period (taken as one accounting period) beginning on January 1, 2018 and ending on the last day of the Company's most recently ended fiscal quarter for which consolidated financial statements of the Company (which the Company shall use its reasonable best efforts to compile in a timely manner) are available (which may include internal consolidated financial statements); plus

(ii) 100% of the aggregate Net Cash Proceeds received by the Company after the Original Issue Date as a capital contribution to its common equity or from the issuance and sale of its Capital Stock (other than Disqualified Stock) to a Person who is not the Company or a Subsidiary of the Company, including any such Net Cash Proceeds received upon (A) the conversion of any Indebtedness (other than Subordinated Indebtedness) of the Company into Capital Stock (other than Disqualified Stock) of the Company, or (B) the exercise by a Person who is not the Company or a Subsidiary of the Company of any options, warrants or other rights to acquire Capital Stock of the Company (other than Disqualified Stock) in each case after deducting the amount of any such Net Cash Proceeds used to redeem, repurchase, defease or otherwise acquire or retire for value any Subordinated Indebtedness or Capital Stock of the Company; plus

(iii) the amount by which Indebtedness of the Company or any Restricted Subsidiary is reduced on the Company's consolidated balance sheet upon the conversion or exchange (other than by a Subsidiary of the Company) subsequent to the Original Issue Date of any Indebtedness of the Company or any Restricted Subsidiary convertible or exchangeable into Capital Stock (other than Disqualified Stock) of the Company (less the amount of any cash, or the Fair Market Value of any other property, distributed by the Company upon such conversion or exchange); plus

(iv) an amount equal to the net reduction in Investments (other than reductions in Permitted Investments) that were made after the Original Issue 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), (B) the unconditional release of a Guarantee provided by the Company or a Restricted Subsidiary after the Original Issue Date of an obligation of another Person, (C) to the extent that an Investment made after the Original Issue Date 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 Original Issue Date in any such Person; plus

(v) US$75.0 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, the Parent, the Issuer 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 Parent, the Issuer 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 the Company or a Subsidiary of the Company) of, Capital Stock (other than Disqualified Stock) of the Parent, the Issuer or any Subsidiary Guarantor (or options, warrants or other rights to acquire such Capital Stock); *provided* that the amount of any such Net Cash Proceeds that are utilized for any such Restricted Payment will be excluded from clause (c)(ii) of the preceding paragraph;

(4) the redemption, repurchase, defeasance or other acquisition or retirement for value of Subordinated Indebtedness of the Company, the Parent, the Issuer 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 the Company or a Subsidiary of the Company) of, Capital Stock (other than Disqualified Stock) of the Company, the Parent, the Issuer or any of the Subsidiary Guarantors or JV Subsidiary Guarantors (or options, warrants or other rights to acquire such Capital Stock); *provided* that the amount of any such Net Cash Proceeds that are utilized for any such Restricted Payment will be excluded from clause (c)(ii) of the preceding paragraph;

(5) any dividend or distribution 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 a class of Capital Stock of such Restricted Subsidiary; *provided* that, with respect to a Restricted Subsidiary of which less than a majority of the Voting Stock is directly or indirectly owned by the Company, such dividend or distribution shall be declared, paid or made on a pro rata basis or on a basis more favorable to the Company, as determined by the ownership of the Voting Stock;

(6) the redemption, repurchase or other acquisition of Capital Stock of the Company (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 Subsidiary of the Company) 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;

(7) the redemption, repurchase, defeasance or other acquisition or retirement for value of Subordinated Indebtedness of the Company in exchange for, or out of the Net Cash Proceeds of, a substantially concurrent capital contribution or sale (other than to the Company or a Subsidiary of the Company) 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;

(8) *[Reserved]*;

(9) the purchase by a Restricted Subsidiary (other than the Issuer) of Capital Stock in any PRC Restricted Subsidiary (not exceeding 20% of the total Capital Stock in such PRC Restricted Subsidiary) pursuant to an agreement entered into by such Restricted Subsidiary with an 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 PRC 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 (determined by multiplying the fair market value of such PRC Restricted Subsidiary by the percentage that such Capital Stock represents in the total Capital Stock of such PRC Restricted Subsidiary);

(10) the purchase of Capital Stock of a Person, and payments made, pursuant to a Staged Acquisition Agreement or a Minority Interest Staged Acquisition Agreement;

(11) dividends paid to, or the purchase of Capital Stock of any PRC Restricted Subsidiary held by any Financial Company Investor in respect of any Preferred Stock issued or Indebtedness outstanding on the Original Issue Date or issued or Incurred under paragraph (2)(q) of the "Limitation on Indebtedness and Preferred Stock" covenant;

(12) (A) the repurchase, redemption or other acquisition or retirement for value of the Capital Stock of the Company or any Restricted Subsidiary (directly or indirectly, including through any trustee, agent or nominee) in connection with an employee benefit plan, and any corresponding Investment by the Company or any Restricted Subsidiary in any trust or similar arrangements to the extent of such repurchased, redeemed, acquired or retired Capital Stock, or (B) the repurchase, redemption or other acquisition or retirement for value of any Capital Stock of the Company or any Restricted Subsidiary held by an employee benefit plan of the Company or any Restricted Subsidiary, any current or former officer, director, consultant, or employee of the Company or any Restricted Subsidiary (or permitted transferees, estates or heirs of any of the foregoing); *provided* that the aggregate consideration paid for all such repurchased, redeemed, acquired or retired Capital Stock shall not exceed US$50.0 million (or the Dollar Equivalent thereof using the Original Issue Date as the date of determination);

(13) cash payment in lieu of fractional shares in connection with the exercise of warrants, options or other securities convertible into or exchangeable for Capital Stock of the Company, *provided*, however, that any such cash 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);

(14) the redemption, repurchase or other acquisition of Capital Stock of any Restricted Subsidiary (other than the Parent and the Issuer) (not exceeding 50% of the total Capital Stock in such Restricted Subsidiary) from an Independent Third Party; or

(15) any dividend or distribution declared, paid or made by the Company to Strategic Investors in accordance with the terms of the Investment Agreements,

provided that, in the case of clause (2), (3) or (4) of the preceding paragraph, no Default shall have occurred and be continuing or would occur as a consequence of the actions or payments set forth therein.

Subject to the immediately following paragraph, each Restricted Payment made pursuant to clause (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 Payment.

Notwithstanding any other provision of this "Limitation on Restricted Payments" covenant, clause (b) of the first paragraph of this covenant does not have to be satisfied with respect to any Restricted Payment consisting solely of the declaration or payment of dividends in cash on the Common Stock of the Company or the repurchase of Common Stock of the Company; *provided* that, starting from the Original Issue Date, the only amount of any Restricted Payment made pursuant to this paragraph that 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 shall be the excess amount, if any, of (x) the aggregate amount of all declarations and payments of dividends on such Common Stock during any fiscal year of the Company and price paid for all such repurchased Common Stock during such fiscal year over (y) 35% of the consolidated profit for the year of the Company calculated in accordance with GAAP for the fiscal year immediately before such fiscal year.

The amount of any Restricted Payment (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 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 (15) 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 covenant entitled "— Limitation on Restricted Payments" were computed, together with a copy of any fairness opinion or appraisal required by the Indenture.

Limitation on Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries

(1) Except as provided below, the Company will not, and will not permit any Restricted Subsidiary to, create or otherwise cause or permit to exist or become effective any encumbrance or restriction on the ability of any Restricted Subsidiary to:

   (a) pay dividends or make any other distribution on any Capital Stock of such Restricted Subsidiary owned by the Company or any other Restricted Subsidiary;

   (b) pay any Indebtedness or other obligation owed to the Company or any other Restricted Subsidiary;

   (c) make loans or advances to the Company or any other Restricted Subsidiary; or

   (d) sell, lease or transfer any of its property or assets to the Company or any other Restricted Subsidiary.

(2) The provisions of clause (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 Parent Guarantee, the Subsidiary Guarantees, the JV Subsidiary Guarantees, the Indenture, the Keepwell and EIPU, or under any Pari Passu Guarantee or any

Indebtedness guaranteed by a 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, or (ii) exist by virtue of any Lien on, or agreement to transfer, option or similar right with respect to any property or assets of the Company or any Restricted Subsidiary not otherwise prohibited by the Indenture or (iii) do not relate to any Indebtedness, and that do not, individually or in the aggregate, detract from the value of property or assets of the Company or any Restricted Subsidiary in any manner material to the Company or any Restricted Subsidiary;

(e) with respect to a Restricted Subsidiary (other than the Parent and the Issuer) and imposed pursuant to an agreement that has been entered into for the sale or disposition of all or substantially all of the Capital Stock of, or property and assets of, such Restricted Subsidiary that is permitted by the covenants entitled "— Limitation on Sales and Issuances of Capital Stock in Restricted Subsidiaries," "— Limitation on Indebtedness and Preferred Stock" and "— Limitation on Asset Sales;"

(f) with respect to any Restricted Subsidiary and imposed pursuant to an agreement that has been entered into for the Incurrence of Indebtedness or issuance of Preferred Stock of the type described under clause (2)(h), (2)(n), (2)(o), (2)(p), (2)(q), (2)(r), (2)(s), (2)(t), (2)(u) or 2(v) of the covenant entitled "— Limitation on Indebtedness and Preferred Stock" if 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 (w) the ability of the Company to honor its commitments under the Keepwell and EIPU, (x) the ability of the Issuer to make the required payments on the Notes, (y) the Parent to make required payments under its Parent Guarantee, or (z) any Subsidiary Guarantor or JV Subsidiary Guarantor to make required payments under its Subsidiary Guarantee or JV Subsidiary Guarantee; *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, *provided* further that, the Board of Directors is empowered to determine as to whether the conditions set forth in clauses (i) and (ii) are met, which determination shall be conclusive if evidenced by a Board Resolution;

(g) existing in customary provisions in joint venture agreements and other similar agreements permitted under the Indenture, to the extent such encumbrance or restriction relates to the activities or assets of a Restricted Subsidiary that is a party to such joint venture and if (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 and adversely affect (w) the ability of the Company to honor its commitments under the Keepwell and EIPU, (x) the ability of the Issuer to make the required payments on the Notes, (y) the Parent to make required payments under its Parent Guarantee, or (z) any Subsidiary Guarantor or JV Subsidiary Guarantor to make required payments under its Subsidiary Guarantee or JV Subsidiary Guarantee, *provided* further that, the Board of Directors is empowered to determine as to whether of the conditions set forth in clauses (i) and (ii) are met, which determination shall be conclusive if evidenced by a Board Resolution; or

(h) existing with respect to any Unrestricted Subsidiary or the property or assets of such Unrestricted Subsidiary that is designated as a Restricted Subsidiary in accordance with the terms of the Indenture at the time of such designation and not incurred in contemplation of such designation, which encumbrances or restrictions are not applicable to any Person or the property or assets of any Person other than such Subsidiary or its subsidiaries or the property or assets of such Subsidiary or its subsidiaries, and any extensions, refinancing, renewals or replacements thereof; *provided* that the encumbrances and restrictions in any such extension, refinancing, renewal or replacement, taken as a whole, are no more restrictive in any material respect to the Holders than those encumbrances or restrictions that are then in effect and that are being extended, refinanced, renewed or replaced.

Limitation on Sales and Issuances of Capital Stock in Restricted Subsidiaries

The Company will not sell, and will not permit any Restricted Subsidiary, directly or indirectly, to issue or sell any shares of Capital Stock of a Restricted Subsidiary (including options, warrants or other rights to purchase shares of such Capital Stock) except:

(1) to the Company or a Wholly Owned Restricted Subsidiary, or in the case of a Restricted Subsidiary that is not a Wholly Owned Restricted Subsidiary, pro rata to its shareholders or incorporators;

(2) to the extent such Capital Stock represents director's qualifying shares or is required by applicable law to be held by a Person other than the Company or a Wholly Owned Restricted Subsidiary;

(3) for the issuance or sale of the Capital Stock of a Restricted Subsidiary (other than the Parent and the Issuer) 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; *provided* that, paragraph (18)(b) of the definition of "Permitted Investments" shall not apply if such Investment would otherwise have been permitted under paragraph (18) of such definition; and

(4) the issuance or sale of Capital Stock of a Restricted Subsidiary (other than the Parent and the Issuer) (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 covenant entitled "— Limitation on Asset Sales."

Limitation on Issuances of Guarantees by Restricted Subsidiaries

The Company will not permit any Restricted Subsidiary which is not the Parent, the Issuer, a Subsidiary Guarantor or a JV Subsidiary Guarantor, directly or indirectly, to Guarantee any Indebtedness ("**Guaranteed Indebtedness**") of the Company, the Parent, Issuer or any Subsidiary Guarantor, unless (1) (a) such Restricted Subsidiary, simultaneously executes and delivers a supplemental indenture to the Indenture providing for an unsubordinated Subsidiary Guarantee (in the case of a Subsidiary Guarantor) or JV Subsidiary Guarantee (in the case of a JV Subsidiary Guarantor) of payment of the Notes by such Restricted Subsidiary and (b) such Restricted Subsidiary waives, and will not in any manner whatsoever claim or take the benefit or advantage of, any rights of reimbursement, indemnity or subrogation or any other rights against the Company or any other Restricted Subsidiary as a result of any payment by such Restricted Subsidiary under its Subsidiary Guarantee or JV Subsidiary Guarantee, as the case may be, until the Notes have been paid in full, (2) such Guarantee is permitted by clauses (2)(d) or (s) (in the case of clause (2)(s), with respect to the Guarantee provided by the Company or any Restricted Subsidiary through the pledge of one or more bank accounts or deposits to secure (or the use of any Guarantee or letter of credit or similar instruments to Guarantee) any Bank Deposit Secured Indebtedness), under the caption "— Limitation on Indebtedness and Preferred Stock" or (3) such Restricted Subsidiary is incorporated in the PRC.

If the Guaranteed Indebtedness (1) ranks *pari passu* in right of payment with the Notes, the Parent Guarantee, 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 Parent Guarantee, the Subsidiary Guarantee or the JV Subsidiary Guarantee, as the case may be, or (2) is subordinated in right of payment to the Notes, the Parent Guarantee, any Subsidiary Guarantee or any JV Subsidiary Guarantee, then the Guarantee of such Guaranteed Indebtedness shall be subordinated in right of payment to the Parent Guarantee, the Subsidiary Guarantee or the JV Subsidiary Guarantee, as the case may be, at least to the extent that the Guaranteed Indebtedness is subordinated to the Notes, the Parent Guarantee, 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, which, absent manifest error, may be conclusively evidenced by an Officers' Certificate from the Company certifying to that effect. The Trustee is fully protected in relying on such an Officers' Certificate with respect to such guarantee given by the relevant JV Subsidiary Guarantor. 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% 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, as the case may be, 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 or such Restricted Subsidiary; 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$25.0 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$50.0 million (or the Dollar Equivalent thereof), in addition to the Board Resolution required in clause 2(a) above, an opinion as to the fairness to the Company or such Restricted Subsidiary, as the case may be, of such Affiliate Transaction from a financial point of view issued by an accounting, appraisal or investment banking firm of recognized international standing.

The foregoing limitation does not limit, and shall not apply to:

(1) the payment of reasonable and customary regular fees and other compensation for the service as board members to directors of the Company or any Restricted Subsidiary who are not employees of the Company or any Restricted Subsidiary;

(2) transactions between or among the Company and any Wholly Owned Restricted Subsidiary or between or among Wholly Owned Restricted Subsidiaries;

(3) any Restricted Payment of the type described in clause (1), (2) or (3) of the first paragraph of the covenant entitled "— 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 scheme, so long as such scheme is in compliance with the listing rules of The Stock Exchange of Hong Kong Limited if the Company were listed on The Stock Exchange of Hong Kong Limited, which as of the Original Issue Date require a majority shareholder approval for any such scheme;

(6) any purchase of Capital Stock of the type specified in clause (9), (10) or (11) of the second paragraph of the covenant entitled "— Limitation on Restricted Payments;" and

(7) any repurchase, redemption or other acquisition or retirement for value of any Capital Stock of the Company or any Restricted Subsidiary pursuant to clause (12) of the second paragraph of the covenant entitled "— Limitation on Restricted Payments."

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 (18) 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 the Restricted Subsidiaries than the original agreement in effect on the Original Issue Date, and (iii) any transaction between or among any of the Company, any Wholly Owned Restricted Subsidiary and any Restricted Subsidiary that is not a Wholly Owned Restricted Subsidiary or between or among the Company or a Restricted Subsidiary on the one part and a Jointly Controlled Entity, an Associate or an Unrestricted Subsidiary on the other part; *provided* that in the case of clause (iii), (a) such transaction is entered into in the ordinary course of business, (b) in the case of a transaction with a Restricted Subsidiary that is not a Wholly Owned Restricted Subsidiary, none of the minority shareholders or minority partners of or in such Restricted Subsidiary (other than those that beneficially own in the aggregate no more than 10% of the Capital Stock of such Restricted Subsidiary) is a Person described in clause (x) or (y) of the first paragraph of this covenant (other than by reason of such minority shareholder or minority partner being an officer or director of such Restricted Subsidiary or being a Subsidiary of the Company), or (c) in the case of a transaction with a Jointly Controlled Entity, an Associate or an Unrestricted Subsidiary, none of the shareholders or partners (other than the Company or a Restricted Subsidiary) of such Jointly Controlled Entity, Associate or Unrestricted Subsidiary (other than shareholders or partners that beneficially own in the aggregate no more than 10% of the Capital Stock of such Jointly Controlled Entity, Associate or Unrestricted Subsidiary) is a Person described in clause (x) or (y) of the first paragraph of this covenant (other than by reason of such shareholder or partner being a director or officer of such Jointly Controlled Entity, Associate or Unrestricted Subsidiary or by reason of being a Subsidiary, Jointly Controlled Entity or Associate of the Company).

In addition, for so long as Evergrande has any outstanding high yield debt securities (the terms of which contain a customary restriction on transactions with shareholders and affiliates), the requirements of clause (2) of the first paragraph of this covenant shall not apply to transactions between the Company or any Restricted Subsidiary on the one hand and Evergrande or any Subsidiary of Evergrande on the other hand ("**Intra-Evergrande Affiliate Transactions**"), *provided* that (x) either (i) the listing rules of The Hong Kong Stock Exchange are applicable to Evergrande and its Subsidiaries, (ii) the listing rules of the Shanghai Stock Exchange are applicable to the Company and the Restricted Subsidiaries, or (iii) the listing rules of the Shenzhen Stock Exchange are applicable to the Company and the Restricted Subsidiaries; and (y) such transactions comply in all respects with all applicable listing rules described in clause (x).

Limitation on Liens

The Company will not, and will not permit any Restricted Subsidiary to, directly or indirectly, incur, assume or permit to exist any Lien on the Capital Stock of the Parent, the Issuer, any Subsidiary Guarantor or JV Subsidiary Guarantor (other than paragraph (1) of the definition of "Permitted Liens"), unless the Notes are equally and ratably secured by such Lien.

The Company will not, and will not permit any Restricted Subsidiary to, directly or indirectly, incur, assume or permit to exist any Lien of any nature whatsoever on any of its assets or properties of any kind, whether owned at the Original Issue Date or thereafter acquired, except Permitted Liens, unless the Notes are equally and ratably secured by such Lien.

Limitation on Sale and Leaseback Transactions

The Company will not, and will not permit any Restricted Subsidiary to, enter into any Sale and Leaseback Transaction; *provided* that the Company or any Restricted Subsidiary may enter into a Sale and Leaseback Transaction if:

(1) the Company or any Restricted Subsidiary could have (a) Incurred Indebtedness in an amount equal to the Attributable Indebtedness relating to such Sale and Leaseback Transaction under the covenant entitled "— Limitation on Indebtedness and Preferred Stock" and (b) Incurred a Lien to secure such Indebtedness pursuant to the covenant entitled "— Limitation on Liens," in which case, the corresponding Indebtedness and Lien will be deemed Incurred pursuant to those provisions;

(2) the gross cash proceeds of that Sale and Leaseback Transaction are at least equal to the Fair Market Value of the property that is the subject of such Sale and Leaseback Transaction; and

(3) the transfer of assets in that Sale and Leaseback Transaction is permitted by, and the Company or such Restricted Subsidiary applies the proceeds of such transaction in compliance with, the covenant entitled "— Limitation on Asset Sales."

Limitation on Asset Sales

The Company will not, and will not permit any Restricted Subsidiary to, consummate any Asset Sale, unless:

(1) no Default shall have occurred and be continuing or would occur as a result of such Asset Sale;

(2) the consideration received by the Company or such Restricted Subsidiary, as the case may be, is at least equal to the Fair Market Value of the assets sold or disposed of; and

(3) at least 75% of the consideration received consists of cash, Temporary Cash Investments or Replacement Assets; *provided* that in the case of an Asset Sale in which the Company or such Restricted Subsidiary receives Replacement Assets involving aggregate consideration in excess of US$50.0 million (or the Dollar Equivalent thereof), the Company shall deliver to the Trustee an opinion as to the fairness to the Company or such Restricted Subsidiary of such Asset Sale from a financial point of view issued by an accounting, appraisal or investment banking firm of international standing. For purposes of this provision, each of the following will be deemed to be cash:

(a) any liabilities, as shown on the Company's most recent consolidated balance sheet, of the Company or any Restricted Subsidiary (other than contingent liabilities and liabilities that are by their terms subordinated to the Notes or any Subsidiary Guarantee or any JV Subsidiary Guarantee or the obligations under the Keepwell and the EIPU) 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, as the case may be, 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, as the case may be, into cash, to the extent of the cash received in that conversion,

provided that clauses (1), (2) and (3) above shall not apply to any Asset Sale to any Person that will, upon the consummation of such Asset Sale, become a Restricted Subsidiary.

Within 360 days after the receipt of any Net Cash Proceeds from an Asset Sale, the Company (or any Restricted Subsidiary) may apply such Net Cash Proceeds to:

(1) permanently repay Senior Indebtedness of the Parent, the Issuer or a Subsidiary Guarantor or any Indebtedness of a Restricted Subsidiary that is not the Parent, the Issuer or a Subsidiary Guarantor (and, if such Senior Indebtedness repaid is revolving credit Indebtedness, to correspondingly reduce commitments with respect thereto) in each case owing to a Person other than the Company or a Restricted Subsidiary; or

(2) acquire properties and assets that replace the properties and assets that were the subject of such Asset Sale or Replacement Assets.

Pending application of such Net Cash Proceeds as set forth in clause (1) or (2) above, the Company 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 exceed US$10.0 million (or the Dollar Equivalent thereof), within 10 days thereof, the Issuer or the Parent 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 related Asset Sales, rounded down to the nearest US$1,000.

The offer price in any Offer to Purchase will be equal to 100% of the principal amount plus accrued and unpaid interest to the date of purchase, and will be payable in cash.

If 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 by the Company on a pro rata basis. Upon completion of each Offer to Purchase, the amount of Excess Proceeds will be reset at zero.

Use of Proceeds

The Company will not, and will not permit any Restricted Subsidiary to, use the net proceeds (if any) from the sale of the Notes, in any amount, for any purpose other than (1) as specified under the caption "Use of Proceeds" in this offering memorandum (or in the case of any 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 (other than the Parent and the Issuer) 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, the Parent, the Issuer, any Subsidiary Guarantor nor any JV Subsidiary Guarantor provides credit support (other than any Guarantee in compliance with clause (6) below) 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, the Parent or Issuer at the time of the designation; (4) such Restricted Subsidiary does not own any Disqualified Stock of the Company or Disqualified Stock 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 entitled "— Limitation on Indebtedness and Preferred Stock" or such Lien would violate the covenant entitled "— 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 entitled "—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 entitled "— 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 entitled "— 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, such Restricted Subsidiary shall upon such designation execute and deliver to the Trustee a supplemental indenture to the Indenture by which such Restricted Subsidiary shall become a Subsidiary Guarantor or a JV Subsidiary Guarantor to the extent required under the section entitled "-The Parent Guarantee, the Subsidiary Guarantees and the JV Subsidiary Guarantees."

Government Approvals and Licenses; Compliance with Law

The Company will, and will cause each Restricted Subsidiary to, (1) obtain and maintain in full force and effect all governmental approvals, authorizations, consents, permits, concessions and licenses as are necessary to engage in the business of the Company or any Restricted Subsidiary; (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 with would not reasonably be expected to have a material adverse effect on (a) the business, results of operations or prospects of the Company and the Restricted Subsidiaries, taken as a whole, or (b) the ability of the Company, the Parent, the Issuer or any Subsidiary Guarantor or any JV Subsidiary Guarantor to perform its obligations under the Notes, the Parent Guarantee, the relevant Subsidiary Guarantee, the relevant JV Subsidiary Guarantee, the Indenture or the Keepwell and the EIPU.

Anti-Layering

The Parent will not Incur, and will not permit the Issuer or 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 Parent, the Issuer, 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 Parent Guarantee, the Notes, the applicable Subsidiary Guarantee or the applicable JV Subsidiary Guarantee, on substantially identical terms. This does not apply to distinctions between categories of Indebtedness that exist by reason of any Liens or Guarantees securing or in favor of some but not all of such Indebtedness.

Suspension of Certain Covenants

If, on any date following the date of the Original Issue Date, the Notes have a rating of Investment Grade from at least 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 sections 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 Sale and Leaseback Transactions;"

(7) "— Certain Covenants — Limitation on Asset Sales;"

(8) "— Certain Covenants — Limitation on the Company's Business Activities;" and

(9) the requirements under clauses (3) and (4) of the first, second and third paragraphs under "— Certain Covenants — 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 section entitled "— 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 the section entitled "— 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 remains outstanding, the Company will file with the Trustee and furnish to the Holders upon request:

(a) as soon as they are available, but in any event within 130 calendar days after the end of the fiscal year of the Company, copies of its financial statements (on a consolidated basis) 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 130 calendar days after the end of the second financial quarter of the Company, copies of its statement of income, balance sheet and cash flow statement (on a consolidated basis) in the English language, in respect of such half-year period 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 130 calendar days after the end of the fiscal year of the Parent, copies of its financial statements (on a consolidated basis) 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;

provided that, if the A-Share Listco, the Parent, the Issuer and the Trustee enter into a keepwell and equity interest purchase undertaking in favor of the Trustee on behalf of the Holders and substantially similar to the Keepwell and EIPU, the Company may comply with sub-clauses (a) and (b) above by providing such information in respect of the A-Share Listco in lieu of the Company; *provided further* that the Trustee may enter into such new keepwell and equity interest purchase undertaking at the request of the Company and shall not require the consent of the Holders to do so.

(3) In addition, so long as any of the Notes remains 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 such fiscal year and showing in reasonable detail the calculation of the Fixed Charge Coverage Ratio, including the arithmetic computations of each component of the Fixed Charge Coverage Ratio, with a certificate from the Company's external auditors verifying the accuracy 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 firm policy of such external auditors not to provide such certification for any issuer; and (b) as soon as possible and in any event within 30 days after the Company becomes aware or should reasonably become aware of the occurrence of a Default, an Officers' Certificate setting forth the details of the Default, and the action which the Company proposes to take with respect thereto.

Limitation on the Company's Business Activities

The Company will not, and will not permit any Restricted Subsidiary to, directly or indirectly, engage in any business other than Permitted Businesses; *provided* 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 under the "— Limitation on Restricted Payments" covenant and, with respect to the Issuer, under the "— Limitation on the Issuer's Business Activities."

Limitation on the Issuer's Business Activities

The Issuer will not engage in any business activity or undertake any other activity, except any activity relating to: (a) the offering, sale or issuance of the Notes (including any Additional Notes) and the Incurrence of Indebtedness represented by the Notes (including any Additional Notes), subject to compliance with the Indenture; (b) the offering, sale or issuance of other Indebtedness permitted by the Indenture and the Incurrence of Indebtedness represented by such Indebtedness and the granting of any Lien in connection therewith, subject to compliance with the Indenture; (c) the fulfillment of any obligations under the Indenture, any Indebtedness referred to in clause (a) or (b) above or any other any document relating to the Indebtedness referred to in clause (a) or (b) above or for the purposes of any consent solicitation, tender offer or exchange offer for such Indebtedness or the listing, redemption, refinancing or discharge of such Indebtedness; (d) the ownership of cash and cash equivalents; (f) Hedging Obligations for itself; (g) the maintenance of its corporate existence; (h) the establishment and/or maintenance of any employment agreements, incentive plans or other benefit plans for its employees; and (i) the offering, sale or issuance of its Capital Stock to the Parent or the Company.

The Issuer will not (a) issue any Capital Stock other than the issuance of its ordinary shares to the Parent or the Company or (b) acquire or receive any property or assets (including, without limitation, any Capital Stock or Indebtedness of any Person), other than (y) any future intercompany Indebtedness owed by the Parent, the Company or any Restricted Subsidiary to the Issuer in respect of the borrowing of the gross proceeds of the issuance of Indebtedness by the Issuer or payments in respect thereof or (z) cash for ongoing corporate activities of the Issuer described in the preceding paragraph.

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 covenant entitled "— Consolidation, Merger and Sale of Assets" or the failure by the Issuer or the Parent to make or consummate an Offer to Purchase in the manner described under the section entitled "— Repurchase of Notes upon a Change of Control Triggering Event" or "— Certain Covenants — Limitation on Asset Sales;"

(4) the Company or any Restricted Subsidiary defaults in the performance of or breaches any other covenant or agreement in the Indenture, the Parent Guarantee, the Subsidiary Guarantees, the Keepwell and EIPU or under the Notes (other than a default specified in clause (1) or (2) above) and such default or breach continues for a period of 30 consecutive days after written notice by the Trustee or the Holders of 25% or more in aggregate principal amount of the Notes;

(5) there occurs with respect to any Indebtedness of the Company or any Restricted Subsidiary having an outstanding principal amount of US$20.0 million (or the Dollar Equivalent thereof) or more in the aggregate for all such Indebtedness of all such Persons, whether such Indebtedness now exists or shall hereafter be created, (a) an event of default that has caused the holder thereof to declare such Indebtedness to be due and payable prior to its Stated Maturity and/or (b) a failure to make a principal payment when due;

(6) one or more final judgments or orders for the payment of money are rendered against the Company or any Restricted Subsidiary and are not paid or discharged, and there is a period of 60 consecutive days following entry of the final judgment or order that causes the aggregate amount for all such final judgments or orders outstanding and not paid or discharged against all such Persons to exceed US$20.0 million (in excess of amounts which the Company's insurance carriers have agreed to pay under applicable policies) during which a stay of enforcement, by reason of a pending appeal or otherwise, is not in effect;

(7) an involuntary case or other proceeding is commenced against the Company or any Significant Subsidiary with respect to it or its debts under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect seeking the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Company or any Significant Subsidiary or for any substantial part of the property and assets of the Company or any Significant Subsidiary and such involuntary case or other proceeding remains undismissed and unstayed for a period of 60 consecutive days; or an order for relief is entered against the Company or any Significant Subsidiary under any applicable bankruptcy, insolvency or other similar law as now or hereafter in effect;

(8) the Company or any Significant Subsidiary (a) commences a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or consents to the entry of an order for relief in an involuntary case under any such law, (b) consents to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Company or any Significant Subsidiary or for all or substantially all of the property and assets of the Company or any Significant Subsidiary or (c) effects any general assignment for the benefit of creditors (other than, in each case under

(b), any of the foregoing that arises from any solvent liquidation or restructuring of a Significant Subsidiary in the ordinary course of business that shall result in the net assets of such Significant Subsidiary being transferred to or otherwise vested in the Company or any Restricted Subsidiary on a pro rata basis or on a basis more favorable to the Company); and

(9) the Company, the Parent, any Subsidiary Guarantor or any JV Subsidiary Guarantor denies or disaffirms its obligations under the Keepwell and EIPU, the Parent Guarantee, the relevant Subsidiary Guarantee or the relevant JV Subsidiary Guarantee (as the case may be) or, except as permitted by the Indenture, the Keepwell and EIPU, the Parent Guarantee, any Subsidiary Guarantee or any JV Subsidiary Guarantee is determined to be unenforceable or invalid or shall for any reason cease to be in full force and effect.

If an Event of Default (other than an Event of Default specified in clause (7) or (8) above) occurs and is continuing under the Indenture, the Trustee or the Holders of at least 25% in aggregate principal amount of the Notes then outstanding, by written notice to the Issuer (and to the Trustee if such notice is given by the Holders), may, and the Trustee at the written request of such Holders shall (subject to being indemnified and/or secured to its satisfaction), declare the principal of, premium, if any, and accrued and unpaid interest on the Notes to be immediately due and payable. Upon a declaration of acceleration, such principal of, premium, if any, and accrued and unpaid interest shall be immediately due and payable. If an Event of Default specified in clause (7) or (8) above occurs with respect to the Company or any Significant Subsidiary, 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 Issuer and to the Trustee may on behalf of the Holders of the Notes waive all past defaults and rescind and annul a declaration of acceleration and its consequences if:

(1) all existing Events of Default, other than the nonpayment of the principal of, premium, if any, and interest on the Notes that have become due solely by such declaration of acceleration, have been cured or waived, and

(2) the rescission would not conflict with any judgment or decree of a court of competent jurisdiction.

Upon such waiver, the Default will cease to exist, and any Event of Default arising therefrom will be deemed to have been cured, but no such waiver will extend to any subsequent or other Default or impair any right consequent thereon.

The Holders of at least a majority in aggregate principal amount of the outstanding Notes may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee. However, the Trustee may refuse to follow any direction that conflicts with law or the Indenture, that may involve the Trustee in personal liability, or that the Trustee determines in good faith may be unduly prejudicial to the rights of Holders not joining in the giving of such direction and may take any other action it deems proper that is not inconsistent with any such written direction received from Holders. A Holder may not institute any proceeding, judicial or otherwise, with respect to the Indenture or the Notes, or for the appointment of a receiver or trustee, or for any other remedy under the Indenture or the Notes, unless:

(1) the Holder has previously given the Trustee written notice of a continuing Event of Default;

(2) the Holders of at least 25% 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 such Note, which right shall not be impaired or affected without the consent of the Holder.

Two 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 ending after the Original Issue Date, that a review has been conducted of the activities of the Company and the Restricted Subsidiaries and the Company's, the Parent's, the Issuer's and the Subsidiary Guarantors' performance under the Indenture, the Keepwell and EIPU and that the Company, the Parent, the Issuer and the Subsidiary Guarantors have fulfilled all obligations thereunder, or, if there has been a default in the fulfillment of any such obligation, specifying each such default and the nature and status thereof. The Company will also be obligated to notify the Trustee in writing of any default or defaults in the performance of any covenants or agreements under the Indenture. See the section entitled "— Certain Covenants — Provision of Financial Statements and Reports."

Consolidation, Merger and Sale of Assets

The Company will not consolidate with, merge with or into another Person, permit any Person to merge with or into it, or sell, convey, transfer, lease or otherwise dispose of all or substantially all of its Subsidiaries' (that are Restricted Subsidiaries) properties and assets (computed on a consolidated basis) (as an entirety or substantially an entirety in one transaction or a series of related transactions), unless:

(1) the Company shall be the continuing Person;

(2) immediately after giving effect to such transaction, no Default shall have occurred and be continuing;

(3) immediately after giving effect to such transaction on a pro forma basis, the Company shall have a Consolidated Net Worth equal to or greater than the Consolidated Net Worth of the Company immediately prior to such transaction;

(4) immediately after giving effect to such transaction on a pro forma basis the Company could Incur at least US$1.00 of Indebtedness under the first paragraph of the covenant entitled "— Certain Covenants — 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.

Neither the Parent nor the Issuer will consolidate with, merge with or into another Person, permit any Person to merge with or into it, or sell, convey, transfer, lease or otherwise dispose of all or substantially all of its Subsidiaries' (that are Restricted Subsidiaries) properties and assets (computed on a consolidated basis) (as an entirety or substantially an entirety in one transaction or a series of related transactions), unless:

(1) the Parent or the Issuer, as applicable, shall be the continuing Person;

(2) immediately after giving effect to such transaction, no Default shall have occurred and be continuing;

(3) immediately after giving effect to such transaction on a pro forma basis, the Company shall have a Consolidated Net Worth equal to or greater than the Consolidated Net Worth of the Company immediately prior to such transaction;

(4) immediately after giving effect to such transaction on a pro forma basis the Company could Incur at least US$1.00 of Indebtedness under the first paragraph of the covenant entitled "— Certain Covenants — 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 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.

No Subsidiary Guarantor or JV Subsidiary Guarantor will consolidate with, merge with or into another Person, permit any Person to merge with or into it, or sell, convey, transfer, lease or otherwise dispose of all or substantially all of its and its Subsidiaries' (that are 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 Parent, the Issuer or another Subsidiary Guarantor or, in the case of a JV Subsidiary Guarantor, other than to another JV Subsidiary Guarantor, the Parent, the Issuer or a Subsidiary Guarantor), unless:

(1) such Subsidiary Guarantor or JV Subsidiary Guarantor shall be the continuing Person, or the Person (if other than it) formed by such consolidation or merger, or with or into which the Subsidiary Guarantor consolidated or merged, or that acquired or leased such property and assets shall be the Parent, the Issuer, 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 Parent, the Issuer or a Subsidiary Guarantor);

(2) immediately after giving effect to such transaction, no Default shall have occurred and be continuing;

(3) immediately after giving effect to such transaction on a pro forma basis, the Company shall have a Consolidated Net Worth equal to or greater than the Consolidated Net Worth of the Company immediately prior to such transaction;

(4) immediately after giving effect to such transaction on a pro forma basis, the Company could Incur at least US$1.00 of Indebtedness under the first paragraph of the covenant entitled "— Certain Covenants — 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 "— Certain Covenants — 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 section entitled "— The Parent Guarantee, the Subsidiary Guarantees and the JV Subsidiary Guarantees — Release of the Subsidiary Guarantees and JV Subsidiary Guarantees."

The foregoing requirements shall not apply to a consolidation or merger of any Subsidiary Guarantor or JV Subsidiary Guarantor with and into the Parent, the Issuer or any other Subsidiary Guarantor or JV Subsidiary Guarantor, so long as the Parent, the Issuer or such Subsidiary Guarantor or JV Subsidiary Guarantor survives such consolidation or merger.

Notwithstanding the foregoing, (i) the Company, the Parent, the Issuer and each Subsidiary Guarantor or JV Subsidiary Guarantor shall be permitted to sell, convey, transfer, lease or otherwise dispose of all or substantially all of its and Subsidiaries' (that are 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 any Restricted Subsidiary or any Person that will, upon the consummation of such sale, conveyance, transfer, lease or disposal, become a Subsidiary Guarantor and (ii) for the avoidance of doubt, the provisions in this covenant entitled "Consolidation, Merger and Sale of Assets" shall not apply to transactions pursuant to or contemplated under the A-Share Listing.

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 provisions would not necessarily afford Holders protection in the event of highly-leveraged or other transactions involving the Company, which 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, the Company and its Subsidiaries shall be permitted, 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, to exclude Holders in any jurisdiction where (A)(i) the solicitation of such consent, waiver or amendment in the manner deemed appropriate by the Company, (ii) the payment of the consideration therefor or (iii) the conduct or completion of a related offer to purchase or exchange the Notes for cash or other securities in the manner deemed appropriate by the Company would be prohibited or would require the Company or any of its Subsidiaries to (a) file a registration statement, prospectus or similar document or subject the Company or any of its Subsidiaries to ongoing periodic reporting or similar requirements under any securities laws (including, but not limited to, the United States federal securities laws and the laws of the European Union or its member states), or conduct a bondholder identification exercise to establish the availability of an exemption from registration under Rule 802 under the Securities Act, in each case which the Company in its sole discretion determines would be burdensome, (b) qualify as a foreign corporation or other entity or as a dealer in securities in such jurisdiction if it is not otherwise required to so qualify, (c) generally consent to service of process in any such jurisdiction or (d) subject the Company or any of its Subsidiaries to taxation in any such jurisdiction if it is not otherwise so subject; or (B) such solicitation would otherwise not be permitted under applicable law in such jurisdiction.

Defeasance

Defeasance and Discharge

The Indenture will provide that the Issuer 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 Issuer (a) has deposited with the Trustee, in trust, money and/or U.S. Government Obligations that through the payment of interest and principal in respect thereof in accordance with their terms will provide money in an amount sufficient to pay the principal of, premium, if any, and accrued interest on the Notes on the Stated Maturity for such payments in accordance with the terms of the Indenture and the Notes and (b) delivers to the Trustee an Opinion of Counsel or a certificate of an internationally recognized firm of independent accountants to the effect that the amount deposited by the Issuer is sufficient to provide payment for the principal of, premium, if any, and accrued interest on, the Notes on the Stated Maturity for such payment in accordance with the terms of the Indenture;

(2) the Issuer 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;

(3) the Company shall have delivered to the Trustee an Officers' Certificate stating that the deposit was not made by it or the Issuer with the intent of preferring the Holders over any other of its creditors or with the intent of defeating, hindering, delaying or defrauding any other of its creditors or others; and

(4) 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 Restricted Subsidiary is a party or by which the Company or any Restricted Subsidiary is bound.

In the case of either discharge or defeasance, the Subsidiary Guarantees and JV Subsidiary Guarantees will terminate.

Defeasance of Certain Covenants

The Indenture will further provide that (i) the provisions of the Indenture will no longer be in effect with respect to clauses (3), (4), (5)(x) and (7) under the first paragraph and clauses (3), (4), (5)(x) and (6) under the second paragraph under the section entitled "— Consolidation, Merger and Sale of Assets" and all the covenants described herein under the section entitled "— Certain Covenants," other than as described under the sections entitled "— Certain Covenants — Government Approvals and Licenses; Compliance with Law" and "— Certain Covenants-Anti-Layering," and (ii) clause (3) under "Events of Default" with respect to such clauses (3), (4), (5)(x) and (7) under the first paragraph and such clauses (3), (4), (5)(x) and (6) under the second paragraph under "— Consolidation, Merger and Sale of Assets" and with respect to such other events set forth in clause (i) above, clause (4) under "— Events of Default" with respect to such other covenants set forth in clause (i) above and clauses (5) and (6) under "— Events of Default" shall be deemed not to be Events of Default, upon, among other things, the deposit with the Trustee, in trust, of money, U.S. Government Obligations or a combination thereof that through the payment of interest and principal in respect thereof in accordance with their terms will provide money in an amount sufficient to pay the principal of, premium, if any, and accrued interest on the Notes on the Stated Maturity of such payments in accordance with the terms of the Indenture and the Notes, and the satisfaction of the provisions described in clause (2) of the preceding paragraph.

Defeasance and Certain Other Events of Default

In the event that the Issuer 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 Issuer will remain liable for such payments.

Amendments and Waiver

Amendments Without Consent of Holders

The Indenture, the Notes, the Keepwell and EIPU, the Parent Guarantee, the Subsidiary Guarantees or the JV Subsidiary Guarantees (if any) may be amended, without notice to or the consent of any Holder, to:

(1) cure any ambiguity, defect, omission or inconsistency in the Indenture, the Notes or the Keepwell and EIPU;

(2) comply with the provisions described under the section entitled "-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) release the Keepwell and EIPU as provided or permitted by the terms of the Indenture;

(7) add the A-Share Listco as a parent that Guarantees the Notes or add the Company as a Guarantor of the Notes as provided or permitted by the terms of the Indenture;

(8) 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;

(9) effect any changes to the Indenture in a manner necessary to comply with the procedures of the relevant clearing system;

(10) add any collateral to secure the Notes, the Parent Guarantee and/or any Subsidiary Guarantee(s);

(11) to conform the text of the Indenture, the Notes, the Parent Guarantee or the Subsidiary Guarantees to any provision of this "Description of Notes" to the extent that such provision in this "Description of Notes" was intended to be a verbatim recitation of a provision of the Indenture, the Notes, the Parent Guarantee or the Subsidiary Guarantees; or

(12) make any other change that does not materially and adversely affect the rights of any Holder.

Amendments With Consent of Holders

Amendments of the Indenture, the Notes, the Keepwell and EIPU, the Parent Guarantee, the Subsidiary Guarantees or the JV Subsidiary Guarantees (if any) may be made by the Company, the Parent, the Issuer, 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 aggregate principal amount of the outstanding Notes may waive future compliance by the Company, the Parent, the Issuer, the Subsidiary Guarantors and the JV Subsidiary Guarantors with any provision of the Indenture, the Notes, the Keepwell and EIPU, the Parent Guarantee, the Subsidiary Guarantees or the JV Subsidiary Guarantees; *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 any Note;

(7) release the Company, Parent, any Subsidiary Guarantor or JV Subsidiary Guarantor from the Keepwell and EIPU, the Parent Guarantee, its Subsidiary Guarantee or JV Subsidiary Guarantee, as the case may be, except as provided in the Indenture;

(8) *[Reserved]*;

(9) 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;

(10) amend, change or modify the Keepwell and EIPU, the Parent Guarantee, any Subsidiary Guarantee or JV Subsidiary Guarantee in a manner that adversely affects Holders;

(11) *[Reserved]*;

(12) 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 any Note 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;

(13) change the redemption date or the redemption price of any Note from that stated under the sections entitled "— Optional Redemption" or "— Redemption for Taxation Reasons;"

(14) amend, change or modify the obligation of the Parent, the Issuer, any Subsidiary Guarantor or any JV Subsidiary Guarantor to pay Additional Amounts; or

(15) amend, change or modify any provision of the Indenture or the related definition affecting the ranking of any Note, the Parent Guarantee, any Subsidiary Guarantee or any JV Subsidiary Guarantee in a manner which adversely affects Holders.

Unclaimed Money

Claims against the Issuer for the payment of principal of, premium, if any, or interest, on the Notes will become void unless presentation for payment is made as required in the Indenture within a period of six years.

No Personal Liability of Incorporators, Stockholders, Officers, Directors or Employees

No recourse for the payment of the principal of, premium, if any, or interest on any of the Notes or for any claim based thereon or otherwise in respect thereof, and no recourse under or upon any obligation, covenant or agreement of the Company, the Parent, the Issuer or any of the Subsidiary Guarantors or any of the JV Subsidiary Guarantors in the Indenture, or in any of the Notes, the Parent Guarantee, the Subsidiary Guarantees or 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, the Parent, the Issuer, any of the Subsidiary Guarantors or any of the JV Subsidiary Guarantors or of any successor Person thereof. Each Holder, by accepting the Notes, waives and releases all such liability. The waiver and release are part of the consideration for the issuance of the Notes, the Parent Guarantee, 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, the Paying Agent, the Transfer Agent and Registrar

Citicorp International Limited has been appointed as trustee under the Indenture and Citibank, N.A., London Branch has been appointed as paying agent, transfer agent and registrar (the "**Paying Agent**," the "**Transfer Agent**" and the "**Registrar**"; collectively, the "**Agents**") with regard to the Notes. Except during the continuance of a Default, the Trustee will not be liable, except for the performance of such duties as are specifically set forth in the Indenture and no others, and no implied covenants or obligations 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, as applicable, and skill in its exercise of the rights and powers vested in them under the Indenture as a prudent person would exercise under the circumstances in the conduct of such person's own affairs.

The Indenture contains limitations on the rights of the Trustee, should it become a creditor of the Issuer, the Parent, 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; *provided*, however, that if it acquires any conflicting interest, it must eliminate such conflict or resign.

The Trustee will be under no obligation to exercise any rights or powers conferred under the Indenture for the benefit of the Holders unless such Holders have offered to the Trustee indemnity and/or security satisfactory to it against any loss, liability, cost or expense.

Each Holder shall be solely responsible for making its own independent appraisal of and investigation into the financial condition, creditworthiness, condition, affairs, status and nature of the Issuer, the Company, the Parent Guarantor, the Subsidiary Guarantor and JV Subsidiary Guarantor, if any, and the Trustee shall not at any time have any responsibility for the same and no Holder shall rely on the Trustee in respect thereof.

Book-Entry; Delivery and Form

The Notes will be represented by a global note in registered form without interest coupons attached (the "**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 Note

Ownership of beneficial interests in the Global Note (the "**book-entry interests**") will be limited to persons that have accounts with Euroclear and/or Clearstream or persons that may hold interests through such participants. Book-entry interests will be shown on, and transfers thereof will be effected only through, records maintained in book-entry form by Euroclear and Clearstream and their participants.

Except as set forth below under "— Individual Definitive Notes," the book-entry interests will not be held in definitive form. Instead, Euroclear and/or Clearstream will credit on their respective book-entry registration and transfer systems a participant's account with the interest beneficially owned by such participant. The laws of some jurisdictions may require that certain purchasers of securities take physical delivery of such securities in definitive form. The foregoing limitations may impair the ability to own, transfer or pledge book-entry interests.

So long as the Notes are held in global form, the common depositary for Euroclear and/or Clearstream (or its nominee) will be considered the sole holder of the Global Note for all purposes under the Indenture and "holders" of book-entry interests will not be considered the owners or Holders of Notes for any purpose. As such, participants must rely on the procedures of Euroclear and Clearstream and indirect participants must rely on the procedures of the participants through which they own book-entry interests in order to transfer their interests in the Notes or to exercise any rights of Holders under the Indenture.

None of the Issuer, the Trustee, the Agents or any of their respective agents will have any responsibility or be liable for any aspect of the records relating to the book-entry interests. The Notes are not issuable in bearer form.

Payments on the Global Note

Payments of any amounts owing in respect of the Global Note (including principal (if any), premium, interest and additional amounts) will be made to the Paying Agent in U.S. dollars. The Paying Agent will, in turn, make such payments to the common depositary for Euroclear and Clearstream, which will distribute such payments to participants in accordance with their procedures. Each of the Parent, the Issuer, the Subsidiary Guarantors and the JV Subsidiary Guarantors will make payments of all such amounts without deduction or withholding for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature, except as may be required by law, in which case the Parent, the Issuer, the relevant Subsidiary Guarantor or the relevant JV Subsidiary Guarantor shall pay Additional Amounts to the extent required under "— Additional Amounts."

Under the terms of the Indenture, the Parent, the Issuer, any Subsidiary Guarantor, any JV Subsidiary Guarantor and 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 Parent, the Issuer, the Subsidiary Guarantors, the JV Subsidiary Guarantors, the Trustee, the Agents or any of their respective agents has or will have any responsibility or liability for:

- any aspect of the records of Euroclear, Clearstream or any participant or indirect participant relating to or payments made on account of a book-entry interest, for any such payments made by Euroclear, Clearstream or any participant or indirect participants, or for maintaining, supervising or reviewing any of the records of Euroclear, Clearstream or any participant or indirect participant relating to or payments made on account of a book-entry interest; or

- 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 U.S. dollar 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 U.S. dollar amount received by the common depositary, Euroclear or Clearstream, as applicable, in connection with the redemption of such Global Note (or any portion thereof). The Issuer understands that under existing practices of Euroclear and Clearstream, if fewer than all of the Notes are to be redeemed at any time, Euroclear and Clearstream will credit their respective participants' accounts on a proportionate basis (with adjustments to prevent fractions) or by lot or on such other basis as they deem fair and appropriate; *provided*, however, that no book-entry interest of US$200,000 principal amount, or less, as the case may be, will be redeemed in part.

Action by Owners of Book-Entry Interests

Euroclear and Clearstream have advised that they will take any action permitted to be taken by a Holder of Notes only at the direction of one or more participants to whose account the book-entry interests in the Global Note are credited and only in respect of such portion of the aggregate principal amount of Notes as to which such participant or participants has or have given such direction. Euroclear and Clearstream will not exercise any discretion in the granting of consents, waivers or the taking of any other action in respect of the Global Note. If there is an Event of Default under the Notes, however, each of Euroclear and Clearstream reserves the right to exchange the Global Note for individual definitive notes in certificated form, and to distribute such individual definitive notes to their participants.

Transfers

Transfers between participants in Euroclear and Clearstream will be effected in accordance with Euroclear and Clearstream's rules and will be settled in immediately available funds. If a Holder requires physical delivery of individual definitive notes for any reason, including to sell the Notes to persons in jurisdictions which require physical delivery of such securities or to pledge such securities, such Holder must transfer its interest in the Global Note in accordance with the normal procedures of Euroclear and Clearstream and in accordance with the provisions of the Indenture.

Book-entry interests in the Global Note will be subject to the restrictions on transfer discussed under "Transfer Restrictions."

Any book-entry interest in a Global Note that is transferred to a person who takes delivery in the form of a book-entry interest in another Global Note will, upon transfer, cease to be a book-entry interest in the first-mentioned Global Note and become a book-entry interest in the other Global Note and, accordingly, will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to book-entry interests in such other Global Note for as long as it retains such a book-entry interest.

Global Clearance and Settlement Under the Book-Entry System

Book-entry interests owned through Euroclear or Clearstream accounts will follow the settlement procedures applicable. Book-entry interests will be credited to the securities custody accounts of Euroclear and Clearstream holders on the business day following the settlement date against payment for value on the settlement date.

The book-entry interests will trade through participants of Euroclear or Clearstream, and will settle in same-day funds. Since the purchaser determines the place of delivery, it is important to establish at the time of trading of any book-entry interests where both the purchaser's and seller's accounts are located to ensure that settlement can be made on the desired value date.

Information Concerning Euroclear and Clearstream

We understand 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 Issuer, the Parent, 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 Note. Upon receipt of such notice from the common depositary or the Trustee, as the case may be, the Parent and the Issuer will use its best efforts to make arrangements with the common depositary for the exchange of interests in the Global Note for individual definitive notes and cause the requested individual definitive notes to be executed and delivered to the Registrar insufficient 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 Registrar, through the relevant clearing system, with written instruction and other information required by the Issuer and the registrar to complete, execute and deliver such individual definitive notes. In all cases, individual definitive notes delivered in exchange for any Global Note or beneficial interests therein will be registered in the names, and issued in any approved denominations, requested by the relevant clearing system.

Individual definitive notes will not be eligible for clearing and settlement through Euroclear or Clearstream.

Notices

All notices or demands required or permitted by the terms of the Notes or the Indenture to be given to or by the Holders are required to be in writing and may be given or served by being sent by prepaid courier or by being deposited, first-class postage prepaid, in the mails of the relevant jurisdiction, if intended for the Parent, the Issuer or any Subsidiary Guarantor, addressed to the Parent, the Issuer or such Subsidiary Guarantor, as the case may be, or if intended for the Trustee, addressed to 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 (or otherwise delivered to such Holders in accordance with applicable Euroclear or Clearstream procedures).

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 the relevant clearing system. Any such notice shall be deemed to have been delivered on the day such notice is delivered to the relevant clearing system or if by mail, when so sent or deposited.

Consent to Jurisdiction; Service of Process

The Company, the Parent, the Issuer 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, the Keepwell and EIPU, the Parent Guarantee, any Subsidiary Guarantee, any JV Subsidiary Guarantee, the Indenture or any transaction contemplated thereby; and (2) designate and appoint Law Debenture Corporate Services Inc. for receipt of service of process in any such suit, action or proceeding.

Governing Law

Each of the Notes, the Keepwell and EIPU, the Parent Guarantee, the Subsidiary Guarantees, the JV Subsidiary Guarantees and the Indenture provides that such instrument will be governed by, and construed in accordance with, the laws of the State of New York.

Definitions

Set forth below are defined terms used in the covenants and other provisions of the Indenture. Reference is made to the Indenture for other capitalized terms used in this section entitled "Description of Notes" for which no definition is provided.

"**A-Share Listco**" means Shenzhen Special Economic Zone Real Estate & Properties (Group) Co. Ltd. (深圳經濟特區房地產(集團)股份有限公司) (Shenzhen Stock Exchange A-share stock code: 000029, B share stock code: 200029) or another entity listed on the Shanghai Stock Exchange or the Shenzhen Stock Exchange.

"**A-Share Listing**" means the consummation of the acquisition by A-Share Listco of 100% of the equity interest in the Company.

"**Acquired Indebtedness**" means Indebtedness of a Person existing at the time such Person becomes a Restricted Subsidiary or Indebtedness of a Restricted Subsidiary assumed in connection with an Asset Acquisition by such Restricted Subsidiary whether or not Incurred in connection with, or in contemplation of, the Person merging with or into or becoming a Restricted Subsidiary.

"**Additional Amounts**" has the meaning set forth under the section entitled "— Additional Amounts."

"**Additional Notes**" has the meaning set forth under the section entitled "— Further Issues."

"**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 November 6, 2021 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, whether now or in the future, (1) directly or indirectly controlling, controlled by, or under direct or indirect common control with, such Person; (2) who is a director or officer of such Person or any Subsidiary of such Person or of any Person referred to in clause (1) of this definition; or (3) who is a spouse or any person cohabiting as a spouse, child or step-child, parent or step-parent, brother, sister, step-brother or step-sister, parent-in-law, grandchild, grandparent, uncle, aunt, nephew and niece of a Person described in clause (1) or (2) and the term "Affiliated" shall be construed in accordance with the foregoing sentence. 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.

"**Affiliate Transaction**" has the meaning set forth under the section entitled "-Certain Covenants-Limitation on Transactions with Shareholders and Affiliates."

"**Agents**" has the meaning set forth under the section entitled "— Concerning the Trustee, the Paying Agent, the Transfer Agent and Registrar."

"**Announcements**" has the meaning set forth in the definition of "Strategic Investors."

"**Applicable Premium**" means with respect to any Note at any redemption date, the greater of (1) 1.00% of the principal amount of such Note and (2) the excess of (A) the present value at such redemption date of the redemption price of such Note at November 6, 2021 (such redemption price being set forth in the table appearing under the section entitled "— Optional Redemption" exclusive of any accrued interest), plus all required remaining scheduled interest payments due on such Note through November 6, 2021 (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 Restricted Subsidiary 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 Restricted Subsidiary; or (2) an acquisition by the Company or any Restricted Subsidiary of the property and assets of any Person other than the Company or any Restricted Subsidiary 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 Restricted Subsidiary (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 Restricted Subsidiary.

"**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) in one transaction or a series of related transactions by the Company or any Restricted Subsidiary to any Person; *provided* that "Asset Sale" shall not include:

(1) sales or other dispositions of inventory, receivables and other current assets (including properties under development for sale and completed properties for sale) in the ordinary course of business;

(2) sales, transfers or other dispositions of assets constituting a Permitted Investment or Restricted Payment permitted to be made under the covenant entitled "— Certain Covenants — Limitation on Restricted Payments;"

(3) sales, transfers or other dispositions of assets with a Fair Market Value not in excess of US$1.0 million (or the Dollar Equivalent thereof) in any transaction or series of related transactions;

(4) any sale, transfer, assignment or other disposition of any property or equipment that has become damaged, worn out, obsolete or otherwise unsuitable for use in connection with the business of the Company or the Restricted Subsidiaries;

(5) any transfer, assignment or other disposition deemed to occur in connection with creating or granting any Permitted Lien;

(6) a transaction covered by the covenant entitled "— Consolidation, Merger and Sale of Assets;" and

(7) any sale, transfer or other disposition by the Company or any Restricted Subsidiary, 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.

"**Associate**" has the meaning set forth in the definition of "Permitted Investment."

"**Attributable Indebtedness**" means, in respect of a Sale and Leaseback Transaction, the present value, discounted at the interest rate implicit in the Sale and Leaseback Transaction, of the total obligations of the lessee for rental payments during the remaining term of the lease in the Sale and Leaseback Transaction.

"**Average Life**" means, at any date of determination with respect to any Indebtedness, the quotient obtained by dividing (1) the sum of the products of (a) the number of years from such date of determination to the dates of each successive scheduled principal payment of such Indebtedness and (b) the amount of such principal payment by (2) the sum of all such principal payments.

"**Bank Deposit Secured Indebtedness**" means Indebtedness of the Company or any Restricted Subsidiary that is (i) secured by a pledge of one or more bank accounts or deposits of the Company or a Restricted Subsidiary or (ii) guaranteed by a guarantee or a letter of credit (or similar instruments) from or arranged by the Company or a Restricted Subsidiary and is used by the Company and the Restricted Subsidiaries to effect exchanges of U.S. dollars or Hong Kong dollars into Renminbi or vice versa, or to remit Renminbi or any foreign currency into or outside the PRC.

"**Board of Directors**" means the board of directors elected or appointed by the stockholders of the Company to manage the business of the Company or any committee of such board duly authorized to take the action purported to be taken by such committee.

"**Board Resolution**" means any resolution of the Board of Directors taking an action which it is authorized to take and adopted at a meeting duly called and held at which a quorum of disinterested members (if so required) was present and acting throughout or adopted by written resolution executed by every member of the Board of Directors.

"**Business Day**" means any day which is not a Saturday, Sunday, legal holiday or other day on which banking institutions in The City of New York, London or Hong Kong (or in any other place in which payments on the Notes are to be made) are authorized by law or governmental regulation to close.

"**Capitalized Lease**" means, with respect to any Person, any lease of any property (whether real, personal or mixed) which, in conformity with GAAP, is required to be capitalized on the balance sheet of such Person.

"**Capitalized Lease Obligations**" means the discounted present value of the rental obligations under a Capitalized Lease.

"**Capital Stock**" means, with respect to any Person, any and all shares, interests, participations or other equivalents (however designated, whether voting or non-voting) in equity of such Person, whether outstanding on the Original Issue Date or issued thereafter, including, without limitation, all Common Stock and Preferred Stock.

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

(1) the merger, amalgamation or consolidation of Evergrande or the Company with or into another Person or the merger or amalgamation of another Person with or into Evergrande or the Company, or the sale of all or substantially all the assets of Evergrande or the Company to another Person (which, for the avoidance of doubt, shall not include transactions pursuant to or contemplated under the A-Share Listing).

(2) Permitted Holders are the beneficial owners of less than 40% of the total voting power of the Voting Stock of Evergrande;

(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 Evergrande greater than such total voting power held beneficially by the Permitted Holders;

(4) individuals who on the Original Issue Date constituted the board of directors of Evergrande, together with any new directors whose election by the board of directors of Evergrande was approved by a vote of at least a majority of the directors present at the meeting voting on such election who were either directors or whose election was previously so approved, cease for any reason to constitute a majority of the board of directors of Evergrande then in office;

(5) the adoption of a plan relating to the liquidation or dissolution of Evergrande or the Company;

(6) Evergrande is the beneficial owner, directly or indirectly, of less than 40.0% of the voting power of the Voting Stock of the Company or ceases to be the largest shareholder of the Company; or

(7) the Company is the beneficial owner, directly or indirectly, of less than the entire voting power of the Voting Stock of the Parent.

"**Change of Control Offer**" has the meaning set forth under the section entitled "— Repurchase of Notes Upon a Change of Control Triggering Event."

"**Change of Control Triggering Event**" means the occurrence of both a Change of Control and, *provided* that the Notes are rated by at least one Rating Agency, a Rating Decline.

"**Clearstream**" means Clearstream Banking S.A.

"**Commodity Hedging Agreement**" means any spot, forward or option commodity price protection agreement or any other similar agreement or arrangement designed to protect against fluctuations in commodity prices.

"**Common Stock**" means, with respect to any Person, any and all shares, interests or other participations in, and other equivalents (however designated and whether voting or non-voting) of such Person's common stock or ordinary shares, whether or not outstanding at the date of the Indenture, and include, without limitation, all series and classes of such common stock or ordinary shares.

"**Comparable Treasury Issue**" means the U.S. Treasury security having a maturity comparable to November 6, 2021 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 maturity comparable maturity to November 6, 2021.

"**Comparable Treasury Price**" means, with respect to any redemption date, if clause (ii) of the Adjusted Treasury Rate is applicable, the average of three, or such lesser number as is available, Reference Treasury Dealer Quotations for such redemption date.

"**Consolidated Assets**" means, with respect to any Restricted Subsidiary at any date of determination, the Company's and the Restricted Subsidiaries' proportionate interest in the total consolidated assets of that Restricted Subsidiary and Subsidiaries of such Restricted Subsidiary that are Restricted Subsidiaries measured in accordance with GAAP as of the last day of the most recent fiscal quarter for which consolidated financial statements of the Company and the Restricted Subsidiaries (which the Company, Parent and the Issuer shall use their reasonably best efforts to compile on a timely manner) are available (which may be internal consolidated financial statements).

"**Consolidated EBITDA**" means, for any period, Consolidated Net Income for such period plus to the extent such amount was deducted in calculating such Consolidated Net Income:

(1) Consolidated Interest Expense,

(2) income taxes (other than income taxes attributable to extraordinary and non-recurring gains (or losses) or sales of assets not included in the calculation of Consolidated EBITDA), 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 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 the 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 Restricted Subsidiary and (2) in the case of any future PRC CJV (consolidated in accordance with GAAP), Consolidated EBITDA shall be reduced (to the extent not already reduced in accordance with GAAP) by any payments, distributions or amounts (including the Fair Market Value of any non-cash payments, distributions or amounts) required to be made or paid by such PRC CJV to the PRC CJV Partner, or to which the PRC CJV Partner otherwise has a right or is entitled, pursuant to the joint venture agreement governing such PRC CJV.

"**Consolidated Fixed Charges**" means, for any period, the sum (without duplication) of (1) Consolidated Interest Expense for such period and (2) all cash and non-cash dividends paid, declared, accrued or accumulated during such period on any Disqualified Stock or Preferred Stock of the Company or any Restricted Subsidiary held by Persons other than the Company or any Wholly Owned Restricted Subsidiary, except for dividends payable in the Company's Capital Stock (other than Disqualified Stock) or paid to the Company or to a Wholly Owned Restricted Subsidiary.

"**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 the 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 the 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 (other than the Company and any Restricted Subsidiary) that is Guaranteed by the Company or any Restricted Subsidiary (other than Pre-Registration Mortgage Guarantees), only to the extent such interest has become payable 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 Subsidiaries that are Restricted Subsidiaries for such period, on a consolidated basis, determined in conformity with GAAP; *provided* that the following items shall be excluded in computing Consolidated Net Income (without duplication):

(1) the net income (or loss) of any Person that is not a Restricted Subsidiary or that is accounted for by the equity method of accounting except that:

(a) subject to the exclusion contained in clause (5) below, the Company's equity in the net income of any such Person for such period shall be included in such Consolidated Net Income up to the aggregate amount of cash actually distributed by such Person during such period to the Company or a Restricted Subsidiary as a dividend or other distribution (subject, in the case of a dividend or other distribution paid to a Restricted Subsidiary, to the limitations contained in clause (3) below); and

(b) the Company's equity in a net loss of any such Person for such period shall be included in determining such Consolidated Net Income to the extent funded with cash or other assets of the Company or Restricted Subsidiaries;

(2) the net income (or loss) of any Person accrued prior to the date it becomes a Restricted Subsidiary or is merged into or consolidated with the Company or any Restricted Subsidiary or all or substantially all of the property and assets of such Person are acquired by the Company or any Restricted Subsidiary;

(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 quarter, semi-annual or annual consolidated balance sheet (which may be an internal consolidated balance sheet) of the Company and the Restricted Subsidiaries, plus, to the extent not included, any Preferred Stock of the Company, less any amounts attributable to Disqualified Stock or any equity security convertible into or exchangeable for Indebtedness, the cost of treasury stock and the principal amount of any promissory notes receivable from the sale of the Capital Stock of the Company or any Restricted Subsidiary, 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 Core Business or a Designated 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.

"**Core Businesses**" means (i) real estate acquisition, development, leasing and management and (ii) any other business related, ancillary or complementary to the real estate businesses of the Company and the Restricted Subsidiaries, in each case, excluding any Designated Business.

"**Currency Agreement**" means any foreign exchange forward contract, currency swap agreement or other similar agreement or arrangement designed to protect against fluctuations in foreign exchange rates.

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

"**Designated Businesses**" means (i) any mineral water, food production, processing or trading, dairy, healthcare, plastic surgery, renewable energy, media, internet, sports, cultural, insurance and financial services business, (ii) any property management business and (iii) acquisition, development, management and operation of hotel properties, commercial properties, or sports, leisure or infrastructure facilities.

"**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 covenants entitled "-Certain Covenants-Limitation on Asset Sales" and "-Repurchase of Notes upon a Change of Control Triggering Event" and such Capital Stock specifically provides that such Person will not repurchase or redeem any such stock pursuant to such provision prior to the Company's repurchase of such Notes as are required to be repurchased pursuant to the covenants entitled "-Certain Covenants-Limitation on Asset Sales" and "-Repurchase of Notes upon a Change of Control Triggering Event."

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

"**Entrusted Loans**" means borrowings by a Restricted Subsidiary from the Company or another Restricted Subsidiary (whether directly or through or facilitated by a bank or other financial institution), *provided* that such borrowings are not reflected on the consolidated balance sheet of the Company.

"**Equity Offering**" means (i) any underwritten primary public offering or private placement of Common Stock of the Company after the Original Issue Date or (ii) any underwritten secondary public offering or secondary private placement of Common Stock of the Company beneficially owned by a Permitted Holder, after the Original Issue Date, to the extent that a Permitted Holder or a company controlled by a Permitted Holder concurrently with such public offering or private placement purchases in cash an equal amount of Common Stock from the Company at the same price as the public offering or private placing price; *provided* that any offering or placing referred to in (A) clause (i), (B) clause (ii), or (C) a combination of clauses (i) and (ii) results in the aggregate gross cash proceeds received by the Company being no less than US$20.0 million (or the Dollar Equivalent thereof).

"**Euroclear**" means Euroclear Bank SA/NV.

"**Events of Default**" has the meaning set forth under the section entitled "— Events of Default."

"**Evergrande**" means China Evergrande Group (formerly known as Evergrande Real Estate Group Limited).

"**Evergrande Restricted Subsidiary**" means a "Restricted Subsidiary" as defined under any outstanding high yield debt securities of Evergrande (other than the Company and any Restricted Subsidiary).

"**Excess Proceeds**" has the meaning set forth under the section entitled "— Certain Covenants — Limitation on Asset Sales."

"**Exchange Act**" means the U.S. Securities Exchange Act of 1934, as amended.

"**Exempted Subsidiary**" means any Restricted Subsidiary (other than the Parent and the Issuer) 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, the Parent and the Issuer 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 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, *provided* that in the case of a determination of Fair Market Value of total assets for the purposes of determining any JV Entitlement Amount, such price shall be determined by an accounting firm, appraisal firm or investment banking firm of international standing appointed by the Company.

"**FATCA**" has the meaning set forth under the section entitled "— Additional Amounts."

"**Financial Company Investor**" means a bank, financial institution, trust company, fund management company, asset management company, financial management company or insurance company, or an Affiliate thereof, that makes an Investment in any Capital Stock of a PRC Restricted Subsidiary.

"**Fitch**" means Fitch Ratings Ltd., a subsidiary of the Fitch Group, a jointly owned subsidiary of Fimalae, S.A. and Hearst Corporation, and its successors.

"**Fixed Charge Coverage Ratio**" means, on any Transaction Date, the ratio of (1) the aggregate amount of Consolidated EBITDA for the then most recent four fiscal quarters periods prior to such Transaction Date for which consolidated financial statements of the Company (which the Company, the Parent and the Issuer shall use their reasonable best efforts to compile in a timely manner) are available (which may be internal consolidated financial statements (the "**Four Quarter Period**") to (2) the aggregate Consolidated Fixed Charges during such Four Quarter Period. In making the foregoing calculation:

(a) pro forma effect shall be given to any Indebtedness, Disqualified Stock or Preferred Stock Incurred, repaid or redeemed during the period (the "**Reference Period**") commencing on and including the first day of the Four Quarter Period and ending on and including the Transaction Date (other than Indebtedness Incurred or repaid under a revolving credit or similar arrangement (or under any predecessor revolving credit or similar arrangement) in effect on the last day of such Four Quarter Period), in each case as if such Indebtedness, Disqualified Stock or Preferred Stock had been Incurred, repaid or redeemed on the first day of such Reference Period; *provided* that, in the event of any such repayment or redemption, Consolidated EBITDA for such period shall be calculated as if the Company or such Restricted Subsidiary had not earned any interest income actually earned during such period in respect of the funds used to repay such Indebtedness;

(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 sentence requires that pro forma effect be given to an Asset Acquisition or Asset Disposition (or asset acquisition or asset disposition), such pro forma calculation shall be based upon the four full fiscal quarter periods immediately preceding the Transaction Date of the Person, or division or line of business of the Person, that is acquired or disposed for which financial information is available.

"**GAAP**" means generally accepted accounting principles in the PRC 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.

"**Incur**" means, with respect to any Indebtedness or Capital Stock, to incur, create, issue, assume, Guarantee or otherwise become liable for or with respect to, or become responsible for, the payment of, contingently or otherwise, such Indebtedness or Capital Stock; *provided* that (1) any Indebtedness and Capital Stock of a Person existing at the time such Person becomes a Restricted Subsidiary (or fails to meet the qualifications necessary to remain an Unrestricted Subsidiary) will be deemed to be Incurred by such Restricted Subsidiary at the time it becomes a Restricted Subsidiary and (2) the accretion of original issue discount shall not be considered an Incurrence of Indebtedness. The terms "Incurrence" and "Incurred" 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 any capital commitments, deferred payment obligations, pre-sale receipts in advance from customers or similar obligations Incurred in the ordinary course of business in connection with the acquisition, development, construction or improvement of real or personal property (including land use rights) to be used in the businesses of the Company or any Restricted Subsidiary or any Entrusted Loan; *provided* that such Indebtedness is not reflected as borrowings on the consolidated balance sheet of the Company (contingent obligations and commitments referred to in a footnote to financial statements and not otherwise reflected 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) that the amount of Indebtedness with respect to any Hedging Obligation shall be: (i) zero if Incurred pursuant to paragraph (2)(f) under the covenant entitled "-Certain Covenants-Limitation on Indebtedness and Preferred Stock," and (ii) equal to the net amount payable by such Person if such Hedging Obligation terminated at that time if not Incurred pursuant to such paragraph.

"**Independent Third Party**" means any Person that is not Affiliated with the Company.

"**Interest Rate Agreement**" means any interest rate protection agreement, interest rate future agreement, interest rate option agreement, interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, interest rate hedge agreement, option or future contract or other similar agreement or arrangement designed to protect against fluctuations in interest rates.

"**Investment**" means:

(1) any direct or indirect advance, loan or other extension of credit to another Person;

(2) any capital contribution to another Person (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others);

(3) any purchase or acquisition of Capital Stock, Indebtedness, bonds, notes, debentures or other similar instruments or securities issued by another Person; or

(4) any Guarantee of any obligation of another Person.

For the purposes of the provisions of the sections entitled "— Certain Covenants — Designation of Restricted and Unrestricted Subsidiaries" and "— Certain Covenants-Limitation on Restricted Payments", (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 liabilities owed to any Person other than the Company or a Restricted Subsidiary and not Guaranteed by the Company or a Restricted Subsidiary) of a Restricted Subsidiary that is designated an Unrestricted Subsidiary at the time of such designation, and (2) any property transferred to or from any Person shall be valued at its Fair Market Value at the time of such transfer, as determined in good faith by the Board of Directors.

"**Investment Grade**" means a rating of "Aaa," "Aa," "A" or "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, 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," "AA," "A" or "BBB," as modified by a "+" or "–" indication, or an equivalent rating representing one of the four highest rating categories, by Fitch, or any of its successors or assigns, or the equivalent ratings of any internationally recognized rating agency or agencies, as the case may be, which shall have been designated by the Company as having been substituted for Moody's, S&P or Fitch or two or three of them, as the case may be.

"**Investment Property**" means any property that is owned and held by any PRC Restricted Subsidiary primarily for 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.

"**Investment Receipt**" means, at any time, with respect to an Investment under clause (21) of the definition of "Permitted Investment", an amount equal to the net reduction in all Investments made under clause (21) of the definition of "Permitted Investment" since the Original Issue Date resulting from (A) receipt of payments by the Company or any Restricted Subsidiary in respect of all such Investments, including interest on, or repayments of, loans or advances, dividends or other distributions (except, in each case, to the extent any such payments are included in the calculation of Consolidated Net Income), (B) with respect to Investments in Persons, the unconditional release of a Guarantee of any obligation of any Person provided under such clause (21) after the Original Issue Date by the Company or any Restricted Subsidiary, (C) to the extent that an Investment made after the Original Issue Date under such clause (21) is sold or otherwise liquidated or repaid for cash, the lesser of (x) cash return of capital with respect to such Investment (less the reasonable costs of disposition, if any) and (y) the initial amount of such Investment, or (D) for any Investment in a Person, such Person becoming a Restricted Subsidiary (whereupon all 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 the definition of "Permitted Investment" definition).

"**Jointly Controlled Entity**" means any corporation, association or other business entity of which 20% or more of the voting power of the outstanding Voting Stock is owned, directly or indirectly by the Company or a Restricted Subsidiary and such corporation, association or other business entity is treated as a "joint venture" in accordance with GAAP, and such Jointly Controlled Entity's Subsidiaries.

"**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 or indirect equity ownership percentage of the Company and the Restricted Subsidiaries in the Capital Stock of such JV Subsidiary Guarantor and its Subsidiaries.

"**JV Subsidiary Guarantee**" has the meaning set forth under the section entitled "-The Parent Guarantee, the Subsidiary Guarantees and the JV Subsidiary Guarantees."

"**JV Subsidiary Guarantor**" means a Restricted Subsidiary that executes a JV Subsidiary Guarantee.

"**Lien**" means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind (including, without limitation, any conditional sale or other title retention agreement or lease in the nature thereof or any agreement to create any mortgage, pledge, security interest, lien, charge, easement or encumbrance of any kind).

"**Listed Subsidiary**" means any Restricted Subsidiary (other than the Parent and the Issuer) any class of the Voting Stock of which is listed on a Qualified Exchange and any Subsidiary of a Listed Subsidiary; *provided* that such Restricted Subsidiary shall cease to be a Listed Subsidiary immediately upon, as applicable, (x) the Voting Stock of such Restricted Subsidiary ceasing to be listed on a Qualified Exchange, or (y) such Restricted Subsidiary ceasing to be a Subsidiary of a Listed Subsidiary.

"**Minority Interest Staged Acquisition Agreement**" means an agreement between the Company or a Restricted Subsidiary and an Independent Third Party (x) pursuant to which the Company or such Restricted Subsidiary agrees to acquire less than a majority of the Capital Stock of a Person for a consideration that is not more than the Fair Market Value of such Capital Stock of such Person at the time the Company or such Restricted Subsidiary enters into such agreement and (y) which provides that the payment of the purchase price for such Capital Stock is made in more than one installment over a period of time.

"**Moody's**" means Moody's Investors Service, Inc. and its affiliates.

"**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 the Restricted Subsidiaries, taken as a whole;

(c) payments made to repay Indebtedness or any other obligation outstanding at the time of such Asset Sale that either (x) is secured by a Lien on the property or assets sold or (y) is required to be paid as a result of such sale;

(d) appropriate amounts to be provided by the Company or any Restricted Subsidiary as a reserve against any liabilities associated with such Asset Sale, including, without limitation, pension and other post-employment benefit liabilities, liabilities related to environmental matters and liabilities under any indemnification obligations associated with such Asset Sale, all as determined in conformity with GAAP; and

(2) with respect to any issuance or sale of Capital Stock, the proceeds of such issuance or sale in the form of cash or cash equivalents, including payments in respect of deferred payment obligations (to the extent corresponding to the principal, but not interest, component thereof) when received in the form of cash or cash equivalents and proceeds from the conversion of other property received when converted to cash or cash equivalents, net of attorneys' fees, accountants' fees, underwriters' or placement agents' fees, discounts or commissions and brokerage, consultant and other fees incurred in connection with such issuance or sale and net of taxes paid or payable as a result thereof.

"**Non-Core Businesses**" means any business other than the Core Businesses. For the avoidance of doubt, Non-Core Businesses shall include, but not be limited to, the Designated Businesses.

"**Non-Core Entity**" means any Restricted Subsidiary which is primarily engaged, directly or indirectly, in a Non-Core Business.

"**Non-Guarantor Subsidiaries**" means the Exempted Subsidiaries, the Listed Subsidiaries, the New Non-Guarantor Subsidiaries, the Other Non-Guarantor Subsidiaries and the PRC Restricted Subsidiaries, in each case other than the Issuer.

"**Offer to Purchase**" means an offer by the Issuer or the Parent to purchase Notes from the Holders commenced by the Issuer or the Parent 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 covenant pursuant to which the offer is being made and that all Notes validly tendered will be accepted for payment on a pro rata basis;

(2) the purchase price and the date of purchase (which shall be a Business Day no earlier than 30 days nor later than 60 days from the date such notice is mailed) (the "**Offer to Purchase Payment Date**");

(3) that any Note not tendered will continue to accrue interest pursuant to its terms;

(4) that, unless the Issuer or the Parent 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 one Business Day prior to the Offer to Purchase Payment Date, the Issuer or the Parent will deposit with the Paying Agent money sufficient to pay the purchase price of all Notes or portions thereof so accepted by the Issuer or the Parent. On the Offer to Purchase Payment Date, the Issuer or the Parent 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 Issuer or the Parent. The Paying Agent shall promptly mail to the Holders of Notes so accepted payment in an amount equal to the purchase price, and the Trustee or an authenticating agent shall as soon as reasonably practicable 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. The Issuer or the Parent will publicly announce the results of an Offer to Purchase as soon as practicable after the Offer to Purchase Payment Date. The Company will comply with Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent such laws and regulations are applicable, in the event that the Issuer or the Parent is required to repurchase Notes pursuant to an Offer to Purchase.

To the extent that the provisions of any securities laws or regulations of any jurisdiction conflict with the provisions of the Indenture governing any Offer to Purchase, the Issuer and the Parent will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Indenture by virtue of such compliance. The Issuer and the Parent 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 or the Parent and purchases all Notes properly tendered and not withdrawn under the Offer to Purchase.

The offer is required to contain or incorporate by reference information concerning the business of the Company and its Subsidiaries which the Issuer and the Parent 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 Issuer or the Parent 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 the Parent, the Issuer, a Subsidiary Guarantor, or JV Subsidiary Guarantor, one of the directors or officers of the Parent, the Issuer or 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 the Parent, the Issuer or any Subsidiary Guarantor under the Indenture, Officers' Certificate means a certificate signed by one Officer if there is only one Officer in such entity at the time such certificate is required to be delivered.

"**Opinion of Counsel**" means a written opinion from legal counsel who is reasonably acceptable to the Trustee. The counsel may be counsel to the Company.

"**Original Issue Date**" means the date on which the Notes are originally issued under the Indenture.

"**Pari Passu Guarantee**" means a Guarantee by the Issuer, the Parent or any Subsidiary Guarantor or JV Subsidiary Guarantor of Indebtedness of the Issuer (including Additional Notes), the Parent or any Subsidiary Guarantor or JV Subsidiary Guarantor, as the case may be, *provided* that (1) the Incurrence of such Indebtedness was permitted under the covenant entitled "— Certain Covenants — Limitation on Indebtedness and Preferred Stock" and (2) such Guarantee ranks *pari passu* with the Notes, the Parent Guarantee, any outstanding Subsidiary Guarantee of such Subsidiary Guarantor or any outstanding JV Subsidiary Guarantee or such JV Subsidiary Guarantor, as the case may be.

"**Permitted Businesses**" means any business which is the same as or ancillary or complementary to any of the businesses of the Company and the Restricted Subsidiaries on the Original Issue Date.

"**Permitted Holders**" means any or all of the following:

(1) Dr. Hui Ka Yan, Ms. Ding Yumei and any of their children;

(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 one or more Persons specified in clauses (1) and (2).

"**Permitted Investment**" means:

(1) any Investment in the Company or a Restricted Subsidiary or a Person which will, upon the making of such Investment, become a Restricted Subsidiary 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;

(2) Temporary Cash Investments;

(3) payroll, travel and similar advances to cover matters that are expected at the time of such advances ultimately to be treated as expenses in accordance with GAAP;

(4) stock, obligations or securities received in satisfaction of judgments;

(5) an Investment in an Unrestricted Subsidiary consisting solely of an Investment in another Unrestricted Subsidiary;

(6) any Investment pursuant to a Hedging Obligation designed solely to protect the Company or any Restricted Subsidiary against fluctuations in commodity prices, interest rates or foreign currency exchange rates;

(7) receivables owing to the Company or any Restricted Subsidiary, if created or acquired in the ordinary course of business and payable or dischargeable in accordance with customary trade terms;

(8) Investments made by the Company or any Restricted Subsidiary consisting of consideration received in connection with an Asset Sale made in compliance with the covenant entitled "— Certain Covenants — Limitation on Asset Sales;"

(9) pledges or deposits (x) with respect to leases or utilities provided to third parties in the ordinary course of business or (y) otherwise described in the definition of "Permitted Liens" or made in connection with Liens permitted under the covenant entitled "— Certain Covenants — Limitation on Liens;"

(10) any Investment pursuant to Pre-Registration Mortgage Guarantees or Contractor Guarantees by the Company or any Restricted Subsidiary otherwise permitted to be Incurred under the Indenture;

(11) Investments in securities of trade creditors, trade debtors or customers received pursuant to any plan of reorganization or similar arrangement upon the bankruptcy or insolvency of such trade creditor, trade debtor or customer;

(12) advances to contractors and suppliers for the acquisition of assets or consumables or services in the ordinary course of business that are recorded as deposits or prepaid expenses on the Company's consolidated balance sheet;

(13) deposits of pre-sale proceeds made in order to secure the completion and delivery of presold 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 Restricted Subsidiary and prepayments made in connection with the acquisition of real property or land use rights or personal property (including without limitation, Capital Stock) by the Company or any Restricted Subsidiary (including, without limitation, by way of acquisition of Capital Stock of a Person), in each case in the ordinary course of business;

(16) advances to government authorities or government-affiliated entities in the PRC in connection with the financing of primary land development in the ordinary course of business that are recorded as assets in the Company's balance sheet;

(17) Guarantees permitted under clause 2(r) of the covenant under "— Certain Covenants — Limitation on Indebtedness and Preferred Stock";

(18) any Investment by the Company or any Restricted Subsidiary in any corporation, association or other business entity (such corporation, association or other business entity, an "**Associate**"); *provided* that:

   (a) the aggregate amount of all Investments made after the Original Issue Date under this clause (18), less the aggregate amount of all Receipts received after the Original Issue Date in connection with any Investment in any Associate made after the Original Issue Date under this clause (18), shall not exceed 25% of Total Assets;

   (b) the Company must be able to Incur at least US$1.00 of Indebtedness under the proviso in paragraph (1) of the "-Certain Covenants-Limitation on Indebtedness and Preferred Stock" covenant; *provided* that, this paragraph (b) shall not apply if such Investment would otherwise have been permitted under this clause (18) and such Investment, together with the aggregate amount of all Investments made after the Original Issue Date in reliance on this proviso, less the aggregate amount of all Receipts received after the Original Issue Date in connection with any Investment in any Associate made after the Original Issue Date in reliance on this proviso, shall not exceed 12.5% of Total

Assets (for purposes of this proviso, the references to "under clause (18)" in the definition of "Receipts" shall be substituted with "in reliance on the proviso in paragraph (b) of clause (18)");

(c) no Default has occurred and is continuing or would occur as a result of such Investment;

(d) with respect to an Associate in which the Company or any Restricted Subsidiary has made an Investment pursuant to this clause (18), if such Associate has become a Restricted Subsidiary in compliance with the terms of the other covenants, all Investments made by the Company or any Restricted Subsidiary in such Associate since the Original Issue Date shall be deemed to have been made pursuant to clause (1) of the definition of "Permitted Investment" definition; and

(e) if any of the other holders of Capital Stock of such Associate is a Person described in clauses (x) or (y) of the first paragraph of the covenant described under "— Certain Covenants — Limitation on Transactions with Shareholders and Affiliates", such Investment shall comply with the requirements set forth under the "— Certain Covenants — Limitation on Transactions with Shareholders and Affiliates" covenant;

for the avoidance of doubt, the value of each Investment made pursuant to this clause (18) shall be valued at the time such Investment is made.

(19) any Investment deemed to have been made by the Company or any Restricted Subsidiary in any Non-Core Entity of a Qualified Spin-off Group upon the designation of such Non-Core Entity as an Unrestricted Subsidiary;

(20) any Investment by the Company or any Restricted Subsidiary in any trust, fund or asset management plan primarily engaged, directly or indirectly, in the investment in any real estate project acquired, developed, managed or operated by the Company or any Restricted Subsidiary; *provided* that none of the other holders of any interest of such trust, fund or asset management plan (other than holders that beneficially own in the aggregate no more than 10% of the Capital Stock of such trust, fund or asset management plan) is a Person described in clauses (x) or (y) of the first paragraph of the covenant described under "— Certain Covenants — Limitation on Transactions with Shareholders and Affiliates" covenant (other than by reason of such holder being an officer or director of the Company or a Restricted Subsidiary or being the Company or a Subsidiary, Jointly Controlled Entity or Associate of the Company); and

(21) any Investment by the Company or any Restricted Subsidiary, *provided* that the aggregate amount of all Investments made after the Original Issue Date under this clause (21), less the aggregate amount of all Investment Receipts received after the Original Issue Date in connection with any Investment made after the Original Issue Date under this clause (21), shall not exceed 1% of Total Assets.

"**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, for which a reserve or other appropriate provision, if any, as shall be required in conformity with GAAP shall have been made;

(2) statutory and common law Liens of landlords and carriers, warehousemen, mechanics, suppliers, repairmen or other similar Liens arising in the ordinary course of business and with respect to amounts not yet delinquent or being contested in good faith by appropriate legal or

administrative proceedings promptly instituted and diligently conducted and for which a reserve or other appropriate provision, if any, as shall be required in conformity with GAAP shall have been made;

(3) Liens incurred or deposits made to secure the performance of tenders, bids, leases, statutory or regulatory obligations, bankers' acceptances, surety and appeal bonds, government contracts, performance and return-of-money bonds and other obligations of a similar nature incurred in the ordinary course of business (exclusive of obligations for the payment of borrowed money);

(4) leases or subleases granted to others that do not materially interfere with the ordinary course of business of the Company and the 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 the Restricted Subsidiaries relating to such property or assets;

(6) Liens on any property of, or on 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 asset 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 do not give rise to an Event of Default;

(9) Liens securing reimbursement obligations with respect to letters of credit that encumber documents and other property relating to such letters of credit and the products and proceeds thereof;

(10) Liens encumbering customary initial deposits and margin deposits, and other Liens that are within the general parameters customary in the industry and incurred in the ordinary course of business, in each case, securing Indebtedness under Hedging Obligations permitted by clause (f) of the second paragraph of the covenant entitled "-Certain Covenants-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 entitled "-Limitation on Indebtedness and Preferred Stock;" *provided* that such Liens do not extend to or cover any property or asset of the Company or any Restricted Subsidiary other than the property or assets securing the Indebtedness being refinanced;

(13) *[Reserved]*;

(14) *[Reserved]*;

(15) any interest or title of a lessor in the property subject to any operating lease;

(16) 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 entitled "— Certain Covenants — Limitation on Indebtedness and Preferred Stock;"

(17) 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;

(18) Liens (including extensions and renewals thereof) upon real or personal property; *provided* that, (a) any such Lien is created solely for the purpose of securing Indebtedness of the type described under clause (2)(h) of the covenant entitled "— Certain Covenants — Limitation on Indebtedness and Preferred Stock" and such Lien is created prior to, at the time of or within 180 days after the later of the acquisition or the completion of development, construction or improvement of such property, (b) the principal amount of the Indebtedness secured by such Lien does not exceed 100% of the cost of such property, development, construction or improvement and (c) such Lien shall not extend to or cover any property or asset 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 such Lien is incurred in the ordinary course of business;

(19) 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;

(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 Restricted Subsidiary in connection with the acquisition of real property or land use rights or personal property (including without limitation, Capital Stock) by the Company or any Restricted Subsidiary (including, without limitation, by way of acquisition of Capital Stock of a Person) in the ordinary course of business and not securing Indebtedness of the Company or any Restricted Subsidiary;

(22) Liens on current assets securing Indebtedness which is permitted to be Incurred under clause 2(n) of the covenant entitled "-Certain Covenants-Limitation on Indebtedness and Preferred Stock;"

(23) Liens on the Capital Stock of a PRC Restricted Subsidiary granted by the Company or any PRC Restricted Subsidiary in favor of any Financial Company Investor in respect of, and to secure, the Indebtedness or Preferred Stock permitted under clause (2)(q) of the "— Certain Covenants — Limitation on Indebtedness and Preferred Stock" covenant;

(24) Liens Incurred on deposits or bank accounts made to secure Bank Deposit Secured Indebtedness permitted under clause (2)(s) of the "— Certain Covenants — Limitation on Indebtedness and Preferred Stock" covenant;

(25) Liens Incurred on deposits made to secure Entrusted Loans;

(26) Liens securing Indebtedness Incurred under clause 2(r) of the covenant described under "— Certain Covenants — Limitation on Indebtedness and Preferred Stock";

(27) (x) Liens on Investment Properties securing Indebtedness of the Company or any PRC Restricted Subsidiary or (y) any interest or title of a lessor in the property securing any Capitalized Lease Obligation or any Attributable Indebtedness permitted under clause (2)(t) of the covenant described under the caption entitled "— Certain Covenants — Limitation on Indebtedness and Preferred Stock";

(28) Liens on the Capital Stock of the Person that is to be acquired under the relevant Staged Acquisition Agreement securing Indebtedness permitted to be Incurred under clause (2)(o) of the covenant described under "— Certain Covenants — Limitation on Indebtedness and Preferred Stock";

(29) Liens on the Capital Stock of the Person that is to be acquired under the relevant Minority Interest Staged Acquisition Agreement securing Indebtedness permitted to be Incurred under clause (2)(u) of the covenant described under "— Certain Covenants — Limitation on Indebtedness and Preferred Stock";

(30) Liens securing Indebtedness permitted to be Incurred by any Restricted Subsidiary under clause (2)(p) of the covenant described under the caption entitled "— Certain Covenants — Limitation on Indebtedness and Preferred Stock"; and

(31) Liens on assets in the PRC securing obligations of any PRC Restricted Subsidiary that in the aggregate do not exceed 1% of Total Assets at any one time outstanding.

"**Permitted Subsidiary Indebtedness**" means Indebtedness (other than Public Indebtedness) of, and all Preferred Stock issued by, the Non-Guarantor Subsidiaries, taken as a whole; *provided* that, on the date of the Incurrence of such Indebtedness and after giving effect thereto and the application of the proceeds thereof, the aggregate principal amount outstanding of all such Indebtedness (excluding any Indebtedness of any Restricted Subsidiary permitted under clauses 2(a), (b), (d), (f), (g) and (m) of the covenant entitled "Limitation on Indebtedness and Preferred Stock") does not exceed an amount equal to 15% of the 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 Special Administrative Region, Macau Special Administrative Region and Taiwan.

"**PRC CJV**" means any future Subsidiary that is a Sino-foreign cooperative joint venture enterprise with limited liability, established in the PRC pursuant to the Law of the People's Republic of China on Sino-foreign Cooperative Joint Ventures adopted on April 13, 1988 (as most recently amended on October 31, 2000) and the Detailed Rules for the Implementation of the Law of the People's Republic of China on Sino-foreign Cooperative Joint Ventures promulgated on September 4, 1995, as amended from time to time.

"**PRC CJV Partner**" means with respect to a PRC CJV, any other party to the joint venture agreement relating to such PRC CJV with the Company or any Restricted Subsidiary.

"**PRC Restricted Subsidiary**" has the meaning set forth in the section entitled "-The Parent Guarantee, the Subsidiary Guarantees and the JV Subsidiary Guarantees."

"**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 Capital Stock of any other class of such Person.

"**Project Debt**" means Indebtedness by the Company or a Restricted Subsidiary for the purposes of financing the acquisition, development, construction, operation or maintenance of a real estate project.

"**Public Indebtedness**" means any bonds, debentures, notes or similar debt securities issued in a public offering or a private placement (other than the Notes) to institutional investors.

"**Qualified Exchange**" means either (1) The New York Stock Exchange, the 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).

"**Qualified IPO**" means a listing (or a deemed new listing pursuant to the rules of the relevant stock exchange or governing body) of the Voting Stock of a company on a Qualified Exchange; *provided* that in the case that such listing is on a national securities exchange (as such term is defined in Section 6 of the Exchange Act) or a designated offshore securities market (as such term is defined in Rule 902(b) under the Securities Act), such listing shall result in a public float of no less than the percentage required by the applicable listing rules.

"**Qualified Spin-off Group**" means, collectively, (i) any Non-Core Entity the Voting Stock of which is, or is expected to be pursuant to a definitive plan, listed on a Qualified Exchange in a Qualified Spin-off IPO, and (ii) the Subsidiaries of such Non-Core Entity.

"**Qualified Spin-off IPO**" means any Qualified IPO of a Non-Core Entity; *provided* that the Board of Directors of the Company has determined in good faith that the designation of such Non-Core Entity and its Subsidiaries as Unrestricted Subsidiaries is desirable to obtain approval from a Qualified Exchange for such Qualified IPO.

"**Rating Agencies**" means (1) Moody's, (2) S&P, (3) Fitch; *provided* that if Moody's, S&P 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 Moody's, S&P, Fitch, two of the three or all three of them, as the case may be.

"**Rating Category**" means (1) with respect to Moody's, any of the following categories: "Ba," "B," "Caa," "Ca," "C" and "D" (or equivalent successor categories); (2) with respect to S&P, any of the following categories: "BB," "B," "CCC," "CC," "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 Moody's, S&P 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 ("1," "2" and "3" for

Moody's; "+" and "–" for S&P and Fitch; or the equivalent gradations for another Rating Agency) shall be taken into account (e.g., with respect to Moody's, a decline in a rating from "Ba1" to "Ba2," as well as from "Ba" to "B1," will constitute a decrease of one gradation).

"**Rating Date**" means (1) in connection with a Change of Control Triggering Event, the date that 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 section entitled "— Consolidation, Merger and Sale of Assets," the date that is 90 days prior to the earlier of (x) the occurrence of any such action as set forth therein and (y) a public notice of the occurrence of any such action.

"**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 section entitled "— 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 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 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 the three Rating Agencies and are rated below Investment Grade by all such Rating Agencies on the Rating Date, the rating of the Notes by any Rating Agency shall be decreased by one or more gradations (including gradations within Rating Categories as well as between Rating Categories).

"**Receipt**" means, at any time, with respect to an Associate, an amount equal to the net reduction in all Investments made in such Associate under clause (18) of the definition of "Permitted Investment" since the Original Issue Date resulting from (A) receipt of payments by the Company or any Restricted Subsidiary in respect of all such Investments, including interest on, or repayments of, loans or advances, dividends or other distributions (except, in each case, to the extent any such payments are included in the calculation of Consolidated Net Income), (B) the unconditional release of a Guarantee of any obligation of any Associate provided under such clause (18) after the Original Issue Date by the Company or any Restricted Subsidiary, (C) to the extent that an Investment made after the Original Issue Date under such clause (18) is sold or otherwise liquidated or repaid for cash, the lesser of (x) cash return of capital with respect to such Investment (less the reasonable costs of disposition, if any) and (y) the initial amount of such Investment, or (D) such Associate becoming a Restricted Subsidiary (whereupon all Investments made by the Company or any Restricted Subsidiary in such Associate since the Original Issue Date shall be deemed to have been made pursuant to clause (1) of the definition of "Permitted Investment" definition).

"**Relevant Total Assets**" means, at any date of determination, the Total Assets of the Company, without counting the total consolidated assets of the Listed Subsidiaries (if any), 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 reasonably best efforts to compile on a timely manner) are available (which may be internal consolidated financial statements).

"**Renminbi**" or "**RMB**" means yuan, the lawful currency of the PRC.

"**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 Issuer in good faith.

"**Reference Treasury Dealer Quotations**" means, with respect to each Reference Treasury Dealer and any redemption date, the average as determined by the Company in good faith, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing by such Reference Treasury Dealer at 5: 00 p.m., New York City time, on the third Business Day preceding such redemption date.

"**Replacement Assets**" means, on any date, property or assets (other than current assets that are not land use rights, properties under development or completed properties held for sale) of a nature or type or that are used in (i) a Core Business or a Designated Business or (ii) the business for which the property or assets being replaced have been used.

"**Repurchase Obligation**" means the obligations to each Strategic Investor substantially as described under "Repurchase obligation or compensation" in the Announcements (or obligations similar to such obligations so described) and as contemplated in such Strategic Investor's Investment Agreement.

"**Restricted Subsidiary**" means any Subsidiary of the Company other than an Unrestricted Subsidiary. For the avoidance of doubt, unless the context does not permit, the Parent and the Issuer shall also be considered Restricted Subsidiaries.

"**S&P**" means Standard & Poor's Ratings Services and its affiliates.

"**Sale and Leaseback Transaction**" means any direct or indirect arrangement relating to property (whether real, personal or mixed), now owned or hereafter acquired whereby the Company or any Restricted Subsidiary transfers such property to another Person and the Company or any Restricted Subsidiary leases it from such Person.

"**Securities Act**" means the U.S. Securities Act of 1933, as amended.

"**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 Parent, the Parent Guarantee, (b) in respect of the Issuer, the Notes, (b) in respect of any Subsidiary Guarantor, its Subsidiary Guarantee, or (c) in respect of any JV Subsidiary Guarantor, its JV Subsidiary Guarantee, *provided* that Senior Indebtedness does not include (1) any obligation to the Company or any Restricted Subsidiary, (2) trade payables or (3) Indebtedness Incurred in violation of the Indenture.

"**Significant Subsidiary**" means a Restricted Subsidiary, when consolidated with its Subsidiaries that are Restricted Subsidiaries, that would be a "significant subsidiary" using the conditions specified in the definition of significant subsidiary in Article 1, Rule 1-02(w) of Regulation S-X, promulgated pursuant to the Securities Act, as such Regulation is in effect on the Original Issue Date, if any of the conditions exceeds 5%. Notwithstanding the foregoing, for as long as the Notes are outstanding, the Parent and the Issuer will be Significant Subsidiaries.

"**Staged Acquisition Agreement**" means an agreement between the Company or a Restricted Subsidiary and an Independent Third Party (x) pursuant to which the Company or such Restricted Subsidiary agrees to acquire not less than a majority of the Capital Stock of a Person for a consideration that is not more than the Fair Market Value of such Capital Stock of such Person at the time the Company or such Restricted Subsidiary enters into such agreement and (y) which provides that the payment of the purchase price for such Capital Stock is made in more than one installment over a period of time.

"**Stated Maturity**" means, (1) with respect to any Indebtedness, the date specified in such debt security as the fixed date on which the final installment of principal of such Indebtedness is due and payable as set forth in the documentation governing such Indebtedness and (2) with respect to any scheduled installment of principal of or interest on any Indebtedness, the date specified as the fixed date on which such installment is due and payable as set forth in the documentation governing such Indebtedness.

"**Strategic Investors**" means Persons which have invested or will invest in the Capital Stock of the Company pursuant to the investment agreements (as may be amended and supplemented, the "**Investment Agreements**") announced by the Company on December 31, 2016, May 31, 2017 and November 6, 2017 (the "**Announcements**").

"**Subordinated Indebtedness**" means any Indebtedness of the Parent, any Subsidiary Guarantor or any JV Subsidiary Guarantor which is contractually subordinated or junior in right of payment to the Notes, the Parent Guarantee, any Subsidiary Guarantee or any JV Subsidiary Guarantee, as applicable, pursuant to a written agreement to such effect.

"**Subsidiary**" means, with respect to any Person, any corporation, association or other business entity (i) of which more than 50% of the voting power of the outstanding Voting Stock is owned, directly or indirectly, by such Person and one or more other Subsidiaries of such Person or (ii) of which 50% or less of the voting power of the outstanding Voting Stock is owned, directly or indirectly, by such Person and one or more other Subsidiaries of such Person and in each case which is "controlled" and consolidated by such Person in accordance with GAAP.

"**Subsidiary Guarantee**" means any Guarantee of the obligations of the Company under the Indenture and the Notes by any Subsidiary Guarantor.

"**Subsidiary Guarantor**" means any initial Subsidiary Guarantor named herein and any other Restricted Subsidiary which guarantees the payment of the Notes pursuant to the Indenture and the Notes; *provided* that "Subsidiary Guarantor" will not include (a) any Person whose Subsidiary Guarantee has been released in accordance with the Indenture and the Notes or (b) any JV Subsidiary Guarantor.

"**Temporary Cash Investment**" means any of the following:

(1) direct obligations of the United States of America, any state of the European Economic Area, the People's Republic of China or Hong Kong or any agency of any of the foregoing or obligations fully and unconditionally Guaranteed by the United States of America, any state of the European Economic Area, the People's Republic of China or Hong Kong or any agency of any of the foregoing, in each case maturing within one year;

(2) time deposit accounts, certificates of deposit and money market deposits maturing within 180 days of the date of acquisition thereof issued by a bank or trust company which is organized under the laws of the United States of America, any state thereof, any state of the European Economic Area or Hong Kong, which bank or trust company has capital, surplus and undivided profits aggregating in excess of US$100 million (or the Dollar Equivalent thereof) and has outstanding debt which is rated "A" (or such similar equivalent rating) or higher by at least one nationally recognized statistical rating organization (as defined in Section 3(a)(62) of the Exchange Act) or any money market fund sponsored by a registered broker dealer or mutual fund distributor;

(3) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clause (1) above entered into with a bank or trust company meeting the qualifications described in clause (2) above;

(4) commercial paper, maturing not more than 180 days after the date of acquisition thereof, issued by a corporation (other than an Affiliate of the Company) organized and in existence under the laws of the United States of America, any state thereof or any foreign country recognized by the United States of America with a rating at the time as of which any investment therein is made of "P-1" (or higher) according to Moody's or "A-1" (or higher) according to S&P or Fitch;

(5) securities, maturing within one year of the date of acquisition thereof, issued or fully and unconditionally Guaranteed by any state, commonwealth or territory of the United States of America, or by any political subdivision or taxing authority thereof, and rated at least "A" by S&P, Moody's or Fitch;

(6) any money market fund that has at least 95% of its assets continuously invested in investments of the types described in clauses (1) through (5) above; and

(7) demand or time deposit accounts, certificates of deposit, overnight or call deposits and money market deposits or structured deposit products with a term not exceeding six months that are principal protected, in each case with any banks or financial institutions organized under the laws of the PRC or a bank or trust company which is organized under the laws of the United States of America, any state thereof, the United Kingdom, Singapore or Hong Kong, which bank or trust company has capital, surplus and undivided profits aggregating in excess of US$100 million (or the Dollar Equivalent thereof).

"**Total Assets**" of the Company means, as of any date, the total consolidated assets of the Company and the 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, the Parent and the Issuer shall use its best efforts to compile on a timely manner) are available (which may be internal consolidated financial statements); *provided* that:

(1) only with respect to clause (2)(h) of "— Certain Covenants — Limitation on Indebtedness and Preferred Stock" covenant, the amount of 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 the amount of Total Assets thereunder, as measured by the purchase price or cost therefor or budgeted cost provided in good faith by the Company or any Restricted Subsidiary to the bank or other similar financial institutional lender providing such Indebtedness;

(2) only with respect to clause (2)(v) of "— Certain Covenants — Limitation on Indebtedness and Preferred Stock" covenant, with respect to the Incurrence of any Acquired Indebtedness as a result of any Person becoming a Restricted Subsidiary, Total Assets shall be calculated

after giving pro forma effect to include the consolidated assets of such Restricted Subsidiary and any other change to the consolidated assets of the Company as a result of such Person becoming a Restricted Subsidiary; and

(3) only with respect to any Person becoming a New Non-Guarantor Subsidiary, pro forma effect shall at such time be given to the consolidated assets of such New Non-Guarantor Subsidiary (including giving pro forma effect to any other change to the consolidated assets of the Company, in each case as a result of such Person becoming a New Non-Guarantor Subsidiary).

"**Trade Payables**" means, with respect to any Person, any accounts payable or any other indebtedness or monetary obligation to trade creditors created, assumed or Guaranteed by such Person or any of its Subsidiaries arising in the ordinary course of business in connection with the acquisition of goods or services.

"**Transaction Date**" means, with respect to the Incurrence of any Indebtedness, the date such Indebtedness is to be Incurred and, with respect to any Restricted Payment, the date such Restricted Payment is to be made.

"**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.

"**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.

"**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 Restricted Subsidiary**" means, with respect to a Restricted Subsidiary, the ownership of all of the outstanding Capital Stock of such Restricted Subsidiary (other than any director's qualifying shares or Investments by foreign nationals mandated by applicable law) by the Company or one or more Wholly Owned Restricted Subsidiaries; *provided* that Restricted Subsidiaries that are PRC CJVs shall not be considered Wholly Owned Restricted Subsidiaries unless the Company or one or more Wholly Owned Restricted Subsidiaries is entitled to 95% or more of the economic benefits distributable by such Restricted Subsidiary.

DESCRIPTION OF THE KEEPWELL AND EQUITY INTEREST PURCHASE UNDERTAKING

The following contains summaries of certain key provisions of the Keepwell and EIPU. Such statements do not purport to be complete and are qualified in their entirety by reference to the Keepwell and EIPU.

The Keepwell and EIPU will be entered into by the Company, the Parent Guarantor, the Issuer and the Trustee.

The Keepwell and EIPU is not, and nothing therein contained and nothing done pursuant thereto by the Company shall be deemed to constitute, or shall be construed as, or shall be deemed an evidence of, a guarantee by or any legal binding obligation of the Company of the payment of any obligation, responsibilities, indebtedness or liability, of any kind or character whatsoever, of the Issuer, the Parent Guarantor, the Subsidiary Guarantors or the JV Subsidiary Guarantors (if any) under the laws of any jurisdiction, including the PRC.

The Company will acknowledge in the Keepwell and EIPU that the Keepwell and EIPU is being entered into for the benefit of the Trustee on behalf of the Trustee for itself and the Noteholders and will agree that the provisions of the Keepwell and EIPU may be enforced by the Trustee in that capacity in accordance with the terms of the Keepwell and EIPU. The parties to the Keepwell and EIPU will acknowledge and agree that the Trustee has agreed to become a party to the Keepwell and EIPU solely for the purpose of taking the benefit of, and for agreeing modifications and amendments to and termination of, the Keepwell and EIPU and shall not assume any obligations or liabilities whatsoever to the other parties to the Keepwell and EIPU by virtue of the provisions of the Keepwell and EIPU.

The Keepwell and EIPU and any non-contractual obligations arising out of or in connection with it shall be governed by and construed in accordance with New York law.

Stock Ownership of the Parent Guarantor

Under the Keepwell and EIPU, the Company will undertake that for so long as any Note is outstanding, it will directly or indirectly own and hold entire legal title to and beneficial interest in all the outstanding shares of stock of the Parent Guarantor having the right to vote for the election of members of the Board of Directors of the Parent Guarantor and will not directly or indirectly pledge or in any way encumber or otherwise dispose of any such shares of stock.

Maintenance of Consolidated Net Worth; Liquidity

During the term of the Keepwell and EIPU, the Company will undertake that it shall cause (i) (x) the Parent Guarantor to have a Consolidated Net Worth (as defined in the Keepwell and EIPU) of at least RMB1.0 billion at all times; and (y) the Issuer, each Subsidiary Guarantor and each JV Subsidiary Guarantor (if any) to have a Consolidated Net Worth of at least US$1.00 at all times; (ii) the Issuer, the Parent Guarantor, each Subsidiary Guarantor and each JV Subsidiary Guarantor (if any) to have sufficient liquidity to ensure timely payment by such entity of any amounts payable in respect of the Notes, the Guarantees, in accordance with their terms of payment set forth in the Indenture and when due; and (iii) each of the Parent Guarantor, the Issuer, Subsidiary Guarantors and JV Subsidiary Guarantors (if any) to remain solvent and a going concern at all times under the laws of their respective jurisdictions of incorporation or applicable accounting standards.

Obligation to Purchase Equity Interest

Under the Keepwell and EIPU, the Company will agree that it shall, subject to obtaining all necessary approvals, consents, licenses, orders, permits and any other authorizations from the relevant approval authorities (the "**Relevant Purchase Approvals**") and upon the receipt of a written Purchase

Notice (as defined in the Keepwell and EIPU) provided by the Trustee in accordance with the Indenture following receipt of written notice of the occurrence of an Event of Default under the Notes, purchase (either by itself or through a Subsidiary of the Company as designated by it):

(i) the Equity Interest (as defined in the Keepwell and EIPU) held by the Parent Guarantor and/or any other Subsidiaries of the Parent Guarantor, as designated by the Company and notified in writing to the Trustee within two Business Days (as defined in the Keepwell and EIPU) after the date of the Purchase Notice; or

(ii) in the absence of a designation and notification within two Business Days after the date of the Purchase Notice as provided in (i) above, the Equity Interest held by all the Subsidiaries of the Parent Guarantor incorporated outside the PRC,

in either such case at the Purchase Price (as defined in and determined under the Keepwell and EIPU) on the relevant Purchase Closing Date (as defined in the Keepwell and EIPU) on the terms set out in the Keepwell and EIPU.

Under the Keepwell and EIPU, the Company will agree that it shall determine, within 20 Business Days after the date of any Purchase Notice, (i) the purchase price of the Equity Interest(s) subject to the Purchase (as defined in the Keepwell and EIPU) in accordance with any applicable laws and regulations effective at the time of determination; and (ii) the other applicable terms relating to the Purchase, *provided that* the Purchase Price shall not be less than the lesser of (A) the aggregate of the following amounts (the "**Shortfall Amount**"), or (B) the fair market value of such Equity Interest(s), as determined by the Company in good faith solely at its own expense:

(i) the amount in US dollars sufficient to enable the Parent Guarantor, the Issuer, the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any) to discharge in full their respective obligations under the Notes, the Guarantees and the Indenture (including without limitation the principal amount of the Notes then outstanding as at the date of such Purchase Notice, any premium and any interest due and unpaid and/or accrued but unpaid on the Notes up to but excluding the date of such Purchase Notice), plus

(ii) the interest payable in respect of one interest period on the Notes (calculated based on the principal amount outstanding on the issue date of the Notes), plus

(iii) the amount in US dollars that is sufficient to pay in full all costs, fees, expenses and other amounts payable to the Trustee and/or the agents under or in connection with the Notes, the Guarantees, the Indenture and/or the Keepwell and EIPU as at the date of such Purchase Notice plus provisions for costs, fees, expenses and all other amounts which may be incurred after the date of the Purchase Notice, as notified by the Trustee in the Purchase Notice.

The Company's determination of the Purchase Price in accordance with the Keepwell and EIPU shall be final and binding on the parties save in the case of manifest error; *provided* that if the Company fails to make a determination of the Purchase Price within 10 Business Days after the date of the Purchase Notice, the Purchase Price shall be the Shortfall Amount unless the applicable laws and regulations effective at the time of determination require that the Equity Interest(s) be purchased at a specified amount.

The Company will, and will procure each Relevant Transferor (as defined in the Keepwell and EIPU) to, use their respective best efforts to do all such things and take all such actions as may be necessary or desirable, including providing information and applying with a view to obtaining Relevant Approvals (as defined in the Keepwell and EIPU) to (i) procure the completion of the Purchase on the relevant Purchase Closing Date no later than the date falling six months from the date of the Purchase Notice; and (ii) procure the remittance of the sum of the Purchase Price to or to the order of the

Relevant Transferor(s) in accordance with the Keepwell and EIPU. The Parent Guarantor will procure that all amounts received by it or any of its Subsidiaries to be promptly applied towards payment and discharge of the Shortfall Amount.

The Purchase obligation set out above shall be suspended if, prior to the relevant Purchase Closing Date, each of the Company and the Issuer receives a notice in writing from the Trustee stating that all of the payment obligations of the Parent Guarantor, the Issuer, the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any) under the Notes, the Guarantees and the Indenture have been satisfied as at the date of that notice.

Obligation to Invest

Upon the receipt of a written Investment Notice (as defined in the Keepwell and EIPU) provided by the Trustee following the occurrence of an Event of Default and the written notification from the Company that it has reasonably determined that (A) the Purchase Price will be less than the Shortfall Amount or (B) any Relevant Purchase Approval is unlikely to be obtained, the Company agrees that it shall, subject to obtaining all necessary approvals, consents, licenses, orders, permits and any other authorizations from the relevant approval authorities (the "**Relevant Investment Approvals**"), invest (either by itself or through a Subsidiary of the Company as designated by it (the "**Designated Investor**")) (the "**Investment**") in (by equity investment or shareholders' loan or a combination thereof):

(i) the Parent Guarantor and/or any other Subsidiaries of the Parent Guarantor incorporated outside the PRC, as designated by the Company and notified in writing to the Trustee within three Business Days after the date of the Investment Notice; or

(ii) in the absence of a designation and notification within two Business Days after the date of the Investment Notice as provided in (i) above, the Parent Guarantor,

(each such designated entity in the case referred to in (i) above or, as the case may be, the Parent Guarantor in the case of (ii) above, a "**Relevant Investee**") in either such case at the Investment Amount on the Investment Closing Date (as defined in the Keepwell and EIPU) on the terms set out in the Keepwell and EIPU and the Investment Agreement (as defined in the Keepwell and EIPU).

Within 10 Business Days after the date of the Investment Notice, the Company shall determine (i) the amount of the investment(s) subject to the Investment (the "**Investment Amount**") in accordance with any applicable laws and regulations effective at the time of determination; and (ii) the other applicable terms relating to the Investment, *provided that* the Investment Amount shall be no less than the excess of the Shortfall Amount over the Purchase Price (the Purchase Price shall be deemed zero if the Company has reasonably determined that any Relevant Purchase Approval is unlikely to be obtained) (the "**EOD Investment Amount**").

The Company's determination of the Investment Amount in accordance with the Keepwell and EIPU shall be final and binding on the parties save in the case of manifest error. Should the Company fail to make a determination of the Investment Amount within 10 Business Days after the date of the Investment Notice, the Investment Amount shall be the EOD Investment Amount.

The Company shall, and shall procure each Relevant Investee to, use its best efforts to do all such things and take all such actions as may be necessary or desirable, including providing information and applying with a view to obtaining for Relevant Investment Approvals as soon as reasonably practicable, to (i) procure the completion of the Investment no later than the date falling six months from the date of the relevant Investment Notice; and (ii) procure the remittance of the sum of the Investment Amount to or to the order of the Relevant Investee(s) in accordance with the Keepwell and EIPU. The Parent Guarantor will procure that all amounts received by it or any of its Subsidiaries to be promptly applied towards payment and discharge of the Shortfall Amount.

The Investment obligation set out in the Keepwell and EIPU shall be suspended if, prior to the Investment Closing Date, each of the Company and the Issuer receives a Suspension Notice from the Trustee.

TAXATION

The following summary of certain British Virgin Islands, Hong Kong and PRC, tax consequences of the purchase, ownership and disposition of Notes is based upon applicable laws, regulations, rulings and decisions in effect as of the date of this offering memorandum, all of which are subject to change (possibly with retroactive effect). This discussion does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Notes and does not purport to deal with consequences applicable to all categories of investors, some of which may be subject to special rules. Persons considering the purchase of Notes should consult their own tax advisors concerning the tax consequences of the purchase, ownership and disposition of Notes, including such possible consequences under the laws of their country of citizenship, residence or domicile.

British Virgin Islands

There is no income or other tax of the British Virgin Islands imposed by withholding or otherwise on any payment to be made to or by the Parent Guarantor or Subsidiary Guarantors pursuant to the Parent Guarantee or the Subsidiary Guarantees.

Hong Kong

Withholding Tax. No withholding tax in Hong Kong is payable on payments of principal (including any premium payable on redemption of the Notes) or interest in respect of the Notes or the Guarantees.

Profits Tax. Hong Kong profits tax is charged on every person carrying on a trade, profession or business in Hong Kong in respect of assessable profits arising in or derived from Hong Kong from such trade, profession or business. Under the Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong), or the Inland Revenue Ordinance, as it is currently applied, Hong Kong profits tax may be charged on revenue profits arising on the sale, disposal or redemption of the Notes where such sale, disposal or redemption is or forms part of a trade, profession or business carried on in Hong Kong.

Interest 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 financial institution (as defined in the Inland Revenue Ordinance) and arises through or from the carrying on by the financial institution of its business in Hong Kong; or
- a corporation carrying on a trade, profession or business in Hong Kong; or
- a person, other than a corporation, carrying on a trade, profession or business in Hong Kong and such interest is in respect of the funds of the trade, profession or business.

Although no tax is imposed in Hong Kong in respect of capital gains, Hong Kong profits tax may be chargeable on trading gains arising on the sale or disposal of the Notes where such transactions are or form part of a trade, profession or business carried on in Hong Kong.

Stamp Duty. No Hong Kong stamp duty will be chargeable upon the issue or transfer of a Note (if the register of holders of the Notes is maintained outside Hong Kong).

PRC

Taxation on Interest. The PRC Enterprise Income Tax Law and its implementation regulations, effective January 1, 2008, impose a withholding tax at the rate of 10% on interest paid to holders of the Notes that are "non-resident enterprises" so long as such "non-resident enterprise" holder does not have an establishment or place of business in China or, 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 interests are sourced within China. The Issuer and the Parent Guarantor may be considered a PRC tax resident enterprise, as described in "Risk Factors — Risks Relating to Our Business — The Issuer and the Parent Guarantor may be deemed PRC resident enterprises under the PRC Enterprise Income Tax Law, which may subject them to PRC taxation on their worldwide income, require them to withhold taxes on interest they pay on the Notes and require holders of the Notes to pay taxes on gains realized from the sale of the Notes." Pursuant to these provisions of the PRC tax law, despite many uncertainties with respect to their application, if the Issuer or the Parent Guarantor is considered a PRC resident enterprise, interest paid to non-resident enterprise holders of the Notes may be treated as income derived from sources within China and be subject to the PRC withholding tax at a rate of 10%. In the case of non-resident individual holders of the Notes, the tax may be withheld at a rate of 20%. Any such PRC tax liability may be reduced under applicable tax treaties.

Taxation on Capital Gains. The PRC Enterprise Income Tax Law and its implementation regulations, effective January 1, 2008, impose a tax at the rate of 10% on capital gains realized 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 PRC tax law, despite many uncertainties with respect to their application, if the Issuer is considered a PRC resident enterprise, the capital gains realized by holders of the Notes may be treated as income derived from sources within China and be subject to the PRC tax at a rate of 10% (or possibly 20% in the case of non-resident individual holders of the Notes). Any such PRC tax liability may be reduced under applicable tax treaties.

Stamp duty. No PRC stamp tax will be chargeable upon the issue or transfer of a Note (for so long as the register of holders of the Notes is maintained outside Mainland China).

PLAN OF DISTRIBUTION

Under the terms and subject to the conditions contained in a purchase agreement dated October 30, 2018, or the Purchase Agreement, Credit Suisse (Hong Kong) Limited, China CITIC Bank International Limited, CEB International Capital Corporation Limited, Haitong International Securities Company Limited and UBS AG Hong Kong Branch, or the Initial Purchasers, have, severally but not jointly, agreed to purchase from us, and we have agreed to sell to the Initial Purchasers, the principal amount of Notes set forth opposite the Initial Purchaser's name.

Initial Purchasers	**Principal Amount of 2020 Notes**
Credit Suisse (Hong Kong) Limited	US$124,000,000
China CITIC Bank International Limited	US$152,000,000
CEB International Capital Corporation Limited	US$195,000,000
Haitong International Securities Company Limited	US$29,000,000
UBS AG Hong Kong Branch	US$65,000,000
Total	US$565,000,000

Initial Purchasers	**Principal Amount of 2022 Notes**
Credit Suisse (Hong Kong) Limited	US$142,000,000
China CITIC Bank International Limited	US$173,000,000
CEB International Capital Corporation Limited	US$222,000,000
Haitong International Securities Company Limited	US$33,000,000
UBS AG Hong Kong Branch	US$75,000,000
Total	US$645,000,000

Initial Purchasers	**Principal Amount of 2023 Notes**
Credit Suisse (Hong Kong) Limited	US$130,000,000
China CITIC Bank International Limited	US$158,000,000
CEB International Capital Corporation Limited	US$203,000,000
Haitong International Securities Company Limited	US$31,000,000
UBS AG Hong Kong Branch	US$68,000,000
Total	US$590,000,000

The Purchase Agreement provides that the obligation of the Initial Purchasers to pay for and accept delivery of the Notes is subject to the approval of certain legal matters by their counsel and certain other conditions. After the initial offering, the offering price and other selling terms may be varied from time to time by the Initial Purchasers.

The Initial Purchasers propose to resell the Notes at the offering price set forth on the cover page of this offering memorandum to non-U.S. persons outside the United States in reliance on Regulation S under the Securities Act. See "Transfer Restrictions." The price at which the Notes are offered may be changed at any time without notice. The Initial Purchasers may offer and sell the Notes through certain of their affiliates. The Initial Purchasers or certain of their affiliates may purchase Notes and be allocated Notes for asset management and/or proprietary purposes but not with a view to distribution. In addition, we have agreed with the Initial Purchasers that we will pay a commission to private banks in connection with the purchase of the Notes by their private bank clients.

Dr. Hui Ka Yan and his wholly owned company, Xin Xin (BVI) Limited, are each expected to be allocated an aggregate principal amount of US$250 million of the 2022 Notes and US$250 million of the 2023 Notes. As a result of which, Dr. Hui will be beneficially interested in an aggregate principal amount of US$500 million of the 2022 Notes and US$500 million of the 2023 Notes.

The Issuer, the Parent Guarantor, the Company and the Subsidiary Guarantors have agreed to 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.

The Notes are a new issue of securities with no established trading market. Approvals in-principle have been received from the SGX-ST for the listing and quotation of the Notes on the SGX-ST. We have been advised by the Initial Purchasers that, in connection with the offering of the Notes, Credit Suisse (Hong Kong) Limited, acting as stabilizing manager, may engage in transactions that stabilize, maintain or otherwise affect the price of the Notes. Specifically, Credit Suisse (Hong Kong) Limited, acting as stabilizing manager, may overallot the offering, creating a syndicate short position. In addition, Credit Suisse (Hong Kong) Limited, acting as stabilizing manager, 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 may stabilize or maintain the market price of the Notes above independent market levels. Credit Suisse (Hong Kong) Limited, acting as stabilizing manager, is not required to engage in these activities, and may end any of these activities at any time. No assurance can be given as to the liquidity of, or the trading market for, the Notes. These transactions may be effected in the over-the-counter market or otherwise.

The Issuer, the Parent Guarantor, the Company and the Subsidiary Guarantors have agreed that, from the date of this offering memorandum to the Settlement Date of the Notes, we will not offer, directly or indirectly, issue, sell, offer or agree to sell, grant any option for the sale of, or otherwise dispose of, any other debt securities of the Issuer, the Parent Guarantor, the Company or the Subsidiary Guarantors or securities of the Issuer, the Parent Guarantor, the Company or the Subsidiary Guarantors that are convertible into, or exchangeable for, the offered Securities or such other debt securities (other than the Notes and the Subsidiary Guarantees), without prior written consent of a majority of the Initial Purchasers.

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, sold or delivered within the United States except outside the United States to non-U.S. persons in offshore transactions in reliance on Regulation S under the Securities Act.

The Initial Purchasers have represented and agreed that, except as permitted by the Purchase Agreement, they have not offered, sold or delivered and will not offer, sell or deliver any Notes as part of its distribution in the United States.

We expect that delivery of the Notes will be made against payment therefor on or about the closing date specified on the cover page of this offering memorandum, which will be on or about the fifth business day following the pricing date of the Notes (this settlement cycle being referred to as "T +5"). Under Rule 15c6-l of the Exchange Act, trades in the secondary market generally are required to settle in two business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade Notes on the date of pricing or the next succeeding business day will be required, by virtue of the fact that the Notes initially will settle in T+5, to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement. Purchasers of the Notes who wish to trade the Notes on the date of pricing or succeeding business days should consult their own legal advisor.

We have been advised that the Initial Purchasers presently intend to make a market in the Notes, as permitted by applicable laws and regulations. The Initial Purchasers are not obligated, however, to make a market in the Notes, and any such market making may be discontinued at any time without prior notice at the sole discretion of the Initial Purchasers. Accordingly, no assurance can be given as to the liquidity of, or trading markets for, the Notes.

The Initial Purchasers and their affiliates have in the past engaged, and may in the future engage, in transactions with and perform services, including financial advisory and investment banking services, for us and our affiliates in the ordinary course of business. We may enter into non-speculative 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.

SELLING RESTRICTIONS

No action has been taken or will be taken in any jurisdiction by us or the Initial Purchasers that would permit a public offering of the Notes, or the possession, circulation or distribution of this offering memorandum or any other material relating to the Notes or this offering, in any jurisdiction where action for that purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this offering memorandum nor such other material may be distributed or published, in or from any country or jurisdiction except in compliance with any applicable rules and regulations of such country or jurisdiction.

United States

The Notes, the Parent Guarantor and the Subsidiary Guarantees have not been and will not be registered under the Securities Act or any state securities laws and may not be offered or sold within the United States except in transactions exempt from, or not subject to, the registration requirements of the Securities Act and applicable state securities laws. In addition, until 40 days after the commencement of this offering, an offer or sale of Notes within the United States by a dealer (whether or not participating in this offering) may violate the registration requirements of the Securities Act.

The Initial Purchasers, through their affiliates, acting as selling agents where applicable, propose to offer the Notes to non-U.S. persons in offshore transactions in reliance on Regulation S. The Notes will not be offered, sold or delivered within the United States. Terms used in this paragraph have the meanings given to them by Regulation S.

United Kingdom

No invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the "FSMA")) received by the Initial Purchasers in connection with the issue or sale of the Notes may be communicated or caused to be communicated except in circumstances in which section 21(1) of the FSMA does not apply to the Initial Purchasers. All applicable provisions of the FSMA must be complied with respect to anything done or to be done by the Initial Purchasers in relation to any Notes in, from or otherwise involving the United Kingdom.

Hong Kong

This offering memorandum has not been and will not be registered with the Registrar of Companies in Hong Kong. Accordingly, except as mentioned below, this offering memorandum may not be issued, circulated or distributed in Hong Kong. A copy of this offering memorandum may, however, be issued to a limited number of prospective applicants for the Notes in Hong Kong in a manner which does not constitute an offer of the Notes to the public in Hong Kong or an issue, circulation or distribution in Hong Kong of a prospectus for the purposes of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the Laws of Hong Kong). No advertisement, invitation or document relating to the Notes may be issued or may be in the possession of any person other than with respect to the Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571. Laws of Hong Kong) and any rules made thereunder.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948) (as amended) (the "FIEL"), and disclosure under the FIEL has not been made with respect to the Notes. Accordingly, the Notes may not be offered or sold, directly or indirectly, in Japan or to, or for the account of, any resident of Japan, or to others for reoffering or resale, directly or indirectly in Japan or to, or for the benefit of, any resident of Japan, except pursuant to any exemption from the registration requirements of the FIEL and otherwise in compliance with the FIEL and other applicable provisions of Japanese laws and regulations. As used in this paragraph, "resident of Japan" means any person residing in Japan, including any corporation or other entity organized under the laws of Japan.

Singapore

This offering memorandum has not been and will not be registered as a prospectus with the MAS under the SFA. Accordingly, this offering memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes may not be circulated or distributed, nor may the Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor under Section 274 of the SFA, (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA, 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; or

(4) as specified in Section 276(7) of the SFA.

PRC

This offering memorandum does not constitute a public offer of the Notes, whether by sale of by subscription, in the PRC. The Notes will not be offered or sold within the PRC by means of this offering memorandum or any other document except pursuant to the applicable laws and regulations of the PRC.

Bermuda

The Initial Purchasers have not made and will not make on behalf of the Company any invitation directly or indirectly to the public in Bermuda to subscribe for any of the Notes.

British Virgin Islands

No invitation will be made directly or indirectly to any person resident in the British Virgin Islands to subscribe for any of the Notes.

Cayman Islands

No invitation whether directly or indirectly may be made to the public in the Cayman Islands to subscribe for the Notes unless the Company is listed on the Cayman Islands Stock Exchange.

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 are subject to restrictions on transfer as summarized below. By purchasing the Notes, including the Parent Guarantor, the Subsidiary Guarantees and the JV Subsidiary Guarantees (collectively, the "**Securities**"), you will be deemed to have made the following acknowledgements, representations to, and agreements with, us and the Initial Purchasers:

1. You understand and acknowledge that:

   - the Securities have not been registered under the Securities Act or any other applicable securities laws;

   - the Securities are being offered for resale in transactions that do not require registration under the Securities Act or any other securities laws;

   - the Securities are being offered and sold only outside the United States, to certain persons, other than U.S. persons, in offshore transactions in reliance on Rule 903 of Regulation S under the Securities Act; and

   - unless so registered, the Securities may not be sold or otherwise transferred except under an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act or any other applicable securities laws, and in each case in compliance with the conditions for transfer set forth in paragraph 4 below.

2. You represent that you are not an affiliate (as defined in Rule 144 under the Securities Act) of ours, that you are not acting on our behalf and that you are not a U.S. person (as defined in Regulation S under the Securities Act) or purchasing for the account or benefit of a U.S. person, other than a distributor, and you are purchasing the Securities in an offshore transaction in accordance with Regulation S.

3. You acknowledge that neither we nor the Initial Purchasers nor any person representing us or the Initial Purchasers have made any representation to you with respect to us or the offering of the Securities, other than the information contained in this offering memorandum. You represent that you are relying only on this offering memorandum in making your investment decision with respect to the Securities. You agree that you have had access to such financial and other information concerning us and the Securities as you have deemed necessary in connection with your decision to purchase the Securities including an opportunity to ask questions of and request information from us.

4. You represent that you are purchasing the Securities for your own account, or for one or more investor accounts for which you are acting as a fiduciary or agent, in each case not with a view to, or for offer or sale in connection with, any distribution of the Securities in violation of the Securities Act. You agree on your own behalf and on behalf of any investor account for which you are purchasing the Securities, and each subsequent holder of the Securities by its acceptance of the Securities will agree, that until the end of the Distribution Compliance Period (as defined below), the Securities may be offered, sold or otherwise transferred only:

   (a) to us;

   (b) under a registration statement that has been declared effective under the Securities Act;

(c) outside the United States in compliance with Rule 903 or 904 of Regulation S under the Securities Act; or

(d) under any other available exemption from the registration requirements of the Securities Act, subject in each of the above cases to any requirement of law that the disposition of the seller's property or the property of an investor account or accounts be at all times within the seller or account's control and in compliance with applicable state and other securities laws.

5. You also acknowledge that:

- the above restrictions on resale will apply from the closing date until the date that is 40 days after the later of the closing date and the last date that we or any of our affiliates was the owner of the Securities or any predecessor of the Securities (the "Distribution Compliance Period"), and will not apply after the applicable Distribution Compliance Period ends;

- we and the Transfer Agent reserve the right to require in connection with any offer, sale or other transfer of the Securities under clause (d) above the delivery of an opinion of counsel, certifications and/or other information satisfactory to us and the Transfer Agent; and

- each note will contain a legend substantially to the following effect:

  THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, SUCH REGISTRATION.

  THE HOLDER OF THIS SECURITY, BY ITS ACCEPTANCE HEREOF, AGREES ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR ACCOUNT FOR WHICH IT HAS PURCHASED SECURITIES, TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY, PRIOR TO THE DATE (THE "**RESALE RESTRICTION TERMINATION DATE**") THAT IS 40 DAYS AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF AND THE LAST DATE ON WHICH SCENERY JOURNEY LIMITED (THE "**COMPANY**") OR ANY AFFILIATE OF THE COMPANY WAS THE OWNER OF THIS SECURITY (OR ANY PREDECESSOR OF SUCH SECURITY), ONLY (A) TO THE COMPANY OR ANY SUBSIDIARY THEREOF, (B) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT, (C) PURSUANT TO OFFERS AND SALES THAT OCCUR OUTSIDE THE UNITED STATES IN COMPLIANCE WITH REGULATION S UNDER THE SECURITIES ACT, OR (D) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, SUBJECT TO THE COMPANY'S AND THE TRANSFER AGENT'S RIGHT PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER PURSUANT TO CLAUSE (D) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM. THIS PARAGRAPH OF THIS SECURITY WILL BE REMOVED UPON THE REQUEST OF THE HOLDER AFTER THE RESALE RESTRICTION TERMINATION DATE. BY ITS ACQUISITION HEREOF, THE HOLDER HEREOF REPRESENTS THAT IT IS NOT

A U.S. PERSON NOR IS IT PURCHASING FOR THE ACCOUNT OR BENEFIT OF A U.S. PERSON AND IS ACQUIRING THIS SECURITY IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH REGULATION S UNDER THE SECURITIES ACT.

6. You acknowledge that we, the Initial Purchasers, the Transfer Agent and others will rely upon the truth and accuracy of the above acknowledgments, representations and agreements. You agree that if any of the acknowledgments, representations or agreements you are deemed to have made by your purchase of the Securities is no longer accurate, you will promptly notify us, the Transfer Agent and the Initial Purchasers. If you are purchasing any Securities as a fiduciary or agent for one or more investor accounts, you represent that you have sole investment discretion with respect to each of those accounts and that you have full power to make the above acknowledgments, representations and agreements on behalf of each account.

RATINGS

The Notes are expected to be assigned a rating of B by S&P, B2 by Moody's, and B+ by Fitch. 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 constitute recommendations to purchase, hold or sell the Notes inasmuch as such ratings do not comment as to market price or suitability for a particular investor. Each such rating should be evaluated independently of any other rating on the Notes, on other securities of ours, or on us. Additionally, we have been assigned a long-term corporate credit rating of B+ with a positive outlook by S&P, a corporate family rating of B1 with a stable outlook by Moody's and a long-term foreign currency issuer default rating of B+ with a positive outlook by Fitch Ratings. 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 Maples and Calder (Hong Kong) LLP as to matters of British Virgin Islands law, Sidley Austin as to matters of Hong Kong, United States federal and New York law and Commerce and Finance Law Offices as to matters of PRC law. Certain legal matters will be passed upon for the Initial Purchasers by Davis Polk & Wardwell as to matters of United States federal and New York law and King & Wood Mallesons as to matters of PRC law.

INDEPENDENT AUDITORS

The consolidated financial statements of the Company as of and for each of the years ended December 31, 2016 and 2017, included in this offering memorandum, have been audited by PricewaterhouseCoopers Zhong Tian LLP, as stated in their reports appearing herein. The unaudited condensed consolidated financial statements of the Company as of and for the six months ended June 30, 2018, included in this offering memorandum, have been reviewed by PricewaterhouseCoopers Zhong Tian LLP in accordance with the China Standards on Review Engagement 2101 "Review of Financial Statements", as stated in their reports appearing herein.

The consolidated financial statements of Tianji as of and for each of the years ended December 31, 2016 and 2017, included in this offering memorandum, have been audited by PricewaterhouseCoopers Hong Kong, as stated in their reports appearing herein. The unaudited condensed consolidated interim financial information of Tianji as of and for the six months ended June 30, 2018, included in this offering memorandum, have been reviewed by PricewaterhouseCoopers Hong Kong in accordance with the Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", as stated in their reports appearing herein.

The consolidated financial statements of the Company and Tianji as of and for the six months ended June 30, 2017 have not been audited or reviewed by our independent auditors. As a result, such financial statements should not be relied upon by potential investors to provide the same quality of information associated with information that has been subject to audit or review by an independent auditor.

GENERAL INFORMATION

Consents

We have obtained all necessary consents, approvals and authorizations in the PRC, the British Virgin Islands and Hong Kong in connection with the issue and performance of the Notes, the Parent Guarantee and the Subsidiary Guarantees. The entering into of the Indenture, the Keepwell and EIPU and the issue of the Notes, the Parent Guarantee and the Subsidiary Guarantees have been authorized by a resolution of our board of directors dated October 28, 2018, a resolution of the board of directors and a resolution of shareholder of the Issuer dated October 28, 2018, a resolution of the board of directors and a resolution of shareholder of the Parent Guarantor dated October 28, 2018, and resolutions of the board of directors and resolutions of shareholders of the Subsidiary Guarantors dated October 28, 2018.

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, the Parent Guarantee or the Subsidiary Guarantees.

No Material Adverse Change

Except as disclosed in this offering memorandum, there has been no adverse change, or any development reasonably likely to involve an adverse change, in the condition (financial or otherwise) of our general affairs since June 30, 2018 that is material in the context of the issue of the Notes.

Documents Available

For so long as any of the Notes are outstanding, copies of the Indenture may be inspected free of charge during normal business hours on any weekday (except public holidays) at the corporate trust office of the Trustee.

For so long as any of the Notes is outstanding, copies of the published financial statements, if any, may be obtained during normal business hours on any weekday (except public holidays) at the registered office of the Company.

Clearing Systems

The Notes have been accepted for clearance through the facilities of Euroclear and Clearstream. Certain trading information with respect to the Notes is set forth below:

	ISIN	Common Code
2020 Notes	XS1903671698	190367169
2022 Notes	XS1903671854	190367185
2023 Notes	XS1903671938	190367193

Only Notes evidenced by a Global Note have been accepted for clearance through Euroclear and Clearstream.

Listing of the Notes

Approvals in-principle have been received from the SGX-ST for the listing and quotation of the Notes on the SGX-ST. Approval in-principle from, admission to the Official List of, and the listing and quotation of the Notes on, the SGX-ST are not to be taken as an indication of the merits of the offering, the Issuer, the Company, the Parent Guarantor, the Subsidiary Guarantors, the JV Subsidiary Guarantors (if any), or any of their respective associated companies (if any), the Notes, the Parent Guarantee, the Subsidiary Guarantees or the JV Subsidiary Guarantees (if any). 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 the Notes are listed on the SGX-ST and the rules of the SGX-ST so require, in the event that a Global Note is exchanged for definitive Notes, we will appoint and maintain a paying agent in Singapore, where the definitive Notes may be presented or surrendered for payment or redemption. In addition, in the event that a Global Note is exchanged for definitive Notes, an announcement of such exchange will be made by or on behalf of us through the SGX-ST and such announcement will include all material information with respect to the delivery of the definitive Notes, including details of the paying agent in Singapore.

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CONDENSED FINANCIAL STATEMENTS OF THE COMPANY FOR THE SIX MONTHS ENDED JUNE 30, 2018 (ENGLISH TRANSLATION)

CONDENSED FINANCIAL STATEMENTS OF THE COMPANY FOR THE SIX MONTHS ENDED JUNE 30, 2018

CONSOLIDATED FINANCIAL STATEMENTS OF THE COMPANY FOR THE YEAR ENDED DECEMBER 31, 2017 (ENGLISH TRANSLATION)

CONSOLIDATED FINANCIAL STATEMENTS OF THE COMPANY FOR THE YEAR ENDED DECEMBER 31, 2017

CONSOLIDATED FINANCIAL STATEMENTS OF THE COMPANY FOR THE YEAR ENDED DECEMBER 31, 2016 (ENGLISH TRANSLATION)

CONSOLIDATED FINANCIAL STATEMENTS OF THE COMPANY FOR THE YEAR ENDED DECEMBER 31, 2016

CONDENSED CONSOLIDATED FINANCIAL INFORMATION OF TIANJI FOR THE SIX MONTHS ENDED JUNE 30, 2018

CONSOLIDATED FINANCIAL STATEMENTS OF TIANJI FOR THE YEAR ENDED DECEMBER 31, 2017

CONSOLIDATED FINANCIAL STATEMENTS OF TIANJI FOR THE YEAR ENDED DECEMBER 31, 2016

Notes:

The audited consolidated financial statements of the Company as of and for the years ended December 31, 2016 and 2017 with independent auditor's reports set out herein have been reproduced from the Company's audited consolidated financial statements for the years ended December 31, 2016 and 2017, and the unaudited condensed consolidated financial statements of the Company as of and for the six months ended June 30, 2018 with review report set out herein have been reproduced from the Company's unaudited condensed consolidated financial statements for the six months ended June 30, 2018, respectively, and contain page references to pages set forth in such audited consolidated financial statements or unaudited condensed consolidated financial statements. The audited financial statements and unaudited condensed financial statements have not been specifically prepared for inclusion in this offering memorandum. This offering memorandum contains such audited consolidated financial statements and unaudited condensed consolidated financial statements of the Company in Chinese with English translations. The English translations of the audited financial statements and unaudited condensed financial statements of the Company are for reference only. Should there be any inconsistency between the English and Chinese versions, the Chinese version should prevail.

The audited consolidated financial statements of Tianji as of and for the years ended December 31, 2016 and 2017 with independent auditor's reports set out herein have been reproduced from the Tianji's audited consolidated financial statements for the years ended December 31, 2016 and 2017, and the unaudited condensed consolidated financial statements of Tianji as of and for the six months ended June 30, 2018 with report on review of condensed consolidated interim financial information set out herein have been reproduced from Tianji's unaudited condensed consolidated interim financial information for the six months ended June 30, 2018, respectively, and contain page references to pages set forth in such audited consolidated financial statements or unaudited condensed consolidated financial information. The audited financial statements and unaudited condensed consolidated interim financial information have not been specifically prepared for inclusion in this offering memorandum.

[English version for reference only]

Review report

PwC ZT Yue Zi (2018) No. 0071

To the Board of Directors of Hengda Real Estate Group Company Limited,

We have reviewed the accompanying interim financial statements of Hengda Real Estate Group Company Limited (hereinafter "Hengda Real Estate Group"), which comprises the consolidated and company balance sheets as at 30 June 2018, and the interim consolidated and company income statements, the consolidated and company statements of changes in owners' equity and the consolidated and company cash flow statements for the six months then ended, and the notes to the interim financial statements. Management of Hengda Real Estate Group is responsible for the preparation and presentation of interim financial statements in accordance with the requirements of *CAS 32 "Interim Financial Reporting"*. Our responsibility is to express an opinion on the interim financial statements based on our review.

We conducted our review in accordance with *China Standards on Review Engagement 2101 "Review of Financial Statements"*. This Standard requires that we plan and perform the review to obtain limited assurance as to whether the financial information is free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the Interim Financial Information, for the purpose of this report is not prepared, in all material respects, in accordance with *CAS 32"Interim Financial Reporting"*.

Certain the comparative information of the interim financial statements of Hengda Real Estate Group, including the interim consolidated and company income statements, the consolidated and company statements of changes in owners' equity and the consolidated and company cash flow statemetns for the six months ended 30 June 2017 and related explanatory notes, has not been audited or reviewed.

PricewaterhouseCoopers Zhong Tian LLP — Signing CPA: Tang Zhenfeng

Shanghai, the People's Republic of China — Signing CPA: Wei Ze

29 October 2018

HENGDA REAL ESTATE GROUP COMPANY LIMITED

CONSOLIDATED AND COMPANY BALANCE SHEETS AS AT 30 JUNE 2018
(All amounts in millions of RMB unless otherwise stated)

		Group		Company	
		30 June 2018 (Unaudited)	31 December 2017 (Audited)	30 June 2018 (Unaudited)	31 December 2017 (Audited)
ASSETS	**Note**				
Current assets					
Cash at bank and on hand	5(1)	222,969	266,748	40,814	102,302
Financial assets at fair value through profit or loss	5(2)	1,674	2,772	-	-
Notes receivable		50	62	-	-
Accounts receivable	5(3)(a)	29,054	12,783	48	20
Prepayments	5(4)	132,965	129,952	16,702	17,029
Interests receivable		11	119	11	112
Other receivables	5(3)(c), 15(1)	58,398	47,728	229,483	192,495
Inventories	5(5)	891,635	896,405	2,327	2,415
Current portion of non- current assets		5,124	8,176	-	-
Other current assets	5(6)	18,369	20,036	14	29
Total current assets		1,360,249	1,384,781	289,399	314,402
Non-current assets					
Available-for-sale financial assets	5(7)	1,020	1,740	434	798
Long-term receivables	5(3)(b)	1,982	4,477	-	-
Long-term equity investments	5(8), 15(2)	13,377	2,624	86,522	74,800
Investment properties	5(9)	152,243	145,588	2,424	2,423
Property, equipment and plant	5(10)	15,944	15,657	844	787
Construction in progress	5(11)	6,694	6,080	43	13
Intangible assets	5(12)	5,325	5,271	72	73
Long-term prepaid expenses		434	166	49	39
Deferred income tax assets	5(22)(a)	2,703	3,649	224	126
Other non-current assets		49	29	-	-
Total non-current assets		199,771	185,281	90,612	79,059
TOTAL ASSETS		1,560,020	1,570,062	380,011	393,461

HENGDA REAL ESTATE GROUP COMPANY LIMITED

CONSOLIDATED AND COMPANY BALANCE SHEETS AS AT 30 JUNE 2018(CONTINUED)
(All amounts in millions of RMB unless otherwise stated)

		Group		Company	
		30 June 2018	31 December 2017	30 June 2018	31 December 2017
		(Unaudited)	(Audited)	(Unaudited)	(Audited)
LIABILITIES AND OWNERS' EQUITY	**Note**				
Current liabilities					
Short-term borrowings	5(13)	95,215	133,178	5,236	1,027
Notes payable	5(14)	69,385	64,414	59	41
Accounts payable		224,644	172,773	443	302
Advances from customers	5(15)	157,156	244,054	121	516
Employee benefits payable		1,486	1,821	95	102
Taxes payable	5(16)	97,754	65,180	155	259
Interests payable		3,463	2,367	2,561	1,785
Dividends payable		507	1,065	-	-
Other payables	5(17), 15(3)	76,292	71,204	176,735	186,791
Current portion of non-current liabilities	5(18)	187,995	215,495	31,939	47,195
Total current liabilities		913,897	971,551	217,344	238,018
Non-current liabilities					
Long-term borrowings	5(20)	245,268	267,927	4,458	3,599
Corporate bonds	5(21)	23,911	17,380	23,911	17,380
Long-term payables	5(19)	584	4,288	-	-
Deferred income tax liabilities	5(22)(b)	22,878	25,570	-	-
Other non-current liabilities	5(23)	23,554	24,673	-	-
Total non-current liabilities		316,195	339,838	28,369	20,979
Total liabilities		1,230,092	1,311,389	245,713	258,997
Owners' equity					
Paid-in capital		3,940	3,940	3,940	3,940
Capital surplus		118,068	117,751	128,574	128,574
Other comprehensive loss		(1,049)	(689)	(811)	(538)
Statutory reserve	5(24)	205	195	205	195
Currency translation differences		364	177	-	-
Retained earnings		138,336	92,032	2,390	2,293
Total equity attributable to ordinary shareholders of the Company		259,864	213,406	134,298	134,464
Non-controlling interests		70,064	45,267	-	-
Total owners' equity		329,928	258,673	134,298	134,464
TOTAL LIABILITIES AND OWNERS' EQUITY		1,560,020	1,570,062	380,011	393,461

The accompanying notes form an integral part of these financial statements.

Legal representative: Principal in charge of accounting: Head of accounting department:

HENGDA REAL ESTATE GROUP COMPANY LIMITED

CONSOLIDATED AND COMPANY INCOME STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2018
(All amounts in millions of RMB unless otherwise stated)

		Six months ended 30 June			
		Group		Company	
		2018	2017	2018	2017
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Item	**Note**				
Revenue	5(25), 15(4)	284,209	181,915	1,980	895
Less: Cost of sales	5(25), 15(4)	(179,544)	(116,309)	(272)	(12)
Taxes and surcharges	5(26)	(18,710)	(13,153)	(65)	(71)
Selling expenses	5(28)	(7,779)	(7,178)	(418)	(477)
Administrative expenses	5(28)	(4,246)	(3,199)	(827)	(491)
Financial expenses-net	5(27)	(1,425)	(2,585)	(253)	(614)
Asset impairment losses		(251)	(202)	(5)	-
Add: Profit/(loss) arising from changes in fair value	5(29)	1,037	5,680	1	5
Investment income/(loss)	5(30)	1,601	(3,751)	(4)	2,834
Including: Share of loss of associates and joint ventures	5(8)	(127)	(387)	-	(377)
Other income		73	-	-	-
Operating profit		74,965	41,218	137	(2,069)
Add: Non-operating income		569	255	18	-
Less: Non-operating expenses	5(31)	(2,712)	(1,972)	(17)	74
Total profit		72,822	39,501	138	1,995
Less: Income tax expenses	5(32)	(21,317)	(13,905)	(31)	(324)
Net profit		51,505	25,596	107	1,671
Profit attributable to:					
Ordinary shareholders of the Company		46,314	24,589	107	1,671
Non-controlling interests		5,191	1,007	-	-

HENGDA REAL ESTATE GROUP COMPANY LIMITED

CONSOLIDATED AND COMPANY INCOME STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2018 (CONTINUED)
(All amounts in millions of RMB unless otherwise stated)

	Six months ended 30 June			
	Group		Company	
	2018	2017	2018	2017
Item	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Other comprehensive (loss)/income, net of tax				
Attributable to ordinary shareholders of the Company	(173)	2,362	(273)	(628)
Other comprehensive (loss)/income that will be subsequently reclassified to profit or loss	(173)	2,362	(273)	(628)
Shares of other comprehensive income of the inevestee accounted for using equity method that will be subsequently reclassified to profit or loss	(360)	2,572	(273)	(628)
Currency translation differences	187	(210)	-	-
Total comprehensive income attributable to:	51,332	27,958	(166)	1,043
Ordinary shareholders of the Company	46,141	26,951	(166)	1,043
Non-controlling interests	5,191	1,007	-	-

The accompanying notes form an integral part of these financial statements.

Legal representative: Principal in charge of accounting: Head of accounting department:

HENGDA REAL ESTATE GROUP COMPANY LIMITED

CONSOLIDATED AND COMPANY CASH FLOW STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2018
(All amounts in millions of RMB unless otherwise stated)

		Six months ended 30 June			
		Group		Company	
		2018	2017	2018	2017
Item		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Cash flows from operating activities					
Cash received from sales of goods or rendering of services		210,511	185,066	1,663	1,152
Cash received relating to other operating activities		2,939	7,245	354	1,084
		213,450	192,311	2,017	2,236
Cash paid for purchase of goods and services		(106,153)	(206,081)	(122)	(276)
Cash paid for employees benefits		(8,949)	(6,668)	(452)	(360)
Payments of taxes and surcharges		(25,698)	(17,995)	(299)	(101)
Cash paid relating to other operating activities	5(33)(f)	(9,814)	(14,131)	(655)	(5,913)
		(150,614)	(244,875)	(1,528)	(6,650)
Net cash flows from operating activities	5(33)(a)	62,836	(52,564)	489	(4,414)
Cash flows from investing activities					
Cash received from disposal of investments		17,006	29,189	701	15
Cash received from returns on investments		61	14	115	5,810
Net cash received from disposal of property, equipment and plant, investment properties, intangible assets and other long-term assets		1,319	808	-	10
Net cash received from disposal of subsidiaries and other business units	5(33)(e)	1,588	4,005	-	6,581
Cash received relating to other investing activities		1,923	1,115	-	-
		21,897	35,131	816	12,416
Cash paid to acquire investments		(23,130)	(2,223)	(700)	(2,000)
Purchase of property, equipment and plant, investment properties, intangible assets and other long-term assets		(6,691)	(8,104)	(71)	(43)
Acquisition of subsidiaries, net of cash acquired		(6,753)	(21,627)	(11,842)	(125)
Cash paid relating to other investing activities		(14,085)	(4,621)	(37,059)	(63,909)
		(50,659)	(36,575)	(49,672)	(66,077)
Net cash flows from investing activities		(28,762)	(1,444)	(48,856)	(53,661)

HENGDA REAL ESTATE GROUP COMPANY LIMITED

CONSOLIDATED AND COMPANY CASH FLOW STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2018 (CONTINUED)
(All amounts in millions of RMB unless otherwise stated)

		Six months ended 30 June			
		Group		Company	
		2018	2017	2018	2017
Item		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Cash flows from financing activities					
Capital injection by ordinary shareholders		19,064	57,805	-	57,000
Proceeds from borrowings		154,609	200,353	6,500	-
Cash received relating to other financing activities		32,235	8,340	40,986	-
		205,908	266,498	47,486	57,000
Repayments of borrowings		(221,415)	(179,416)	(10,224)	(6,769)
Dividends distribution or interests paid		(23,159)	(28,892)	(155)	(1,733)
Cash payments relating to other financing activities		(4,977)	(44,373)	(10,060)	(12,400)
		(249,551)	(252,681)	(20,439)	(20,902)
Net cash flows from financing activities		(43,643)	13,817	27,047	36,098
Effect of foreign exchange rate changes on cash and cash equivalents		81	(110)	-	-
Net increase in cash and cash equivalents	5(33)(c)	(9,488)	(40,301)	(21,320)	(21,977)
Add: Cash and cash equivalents at beginning of year		133,244	171,185	39,170	46,003
Cash and cash equivalents at end of year	5(33)(d)	123,756	130,884	17,850	24,026

The accompanying notes form an integral part of these financial statements.

Legal representative: Principal in charge of accounting: Head of accounting department:

HENGDA REAL ESTATE GROUP COMPANY LIMITED

CONSOLIDATED STATEMENTS OF CHANGES IN OWNERS' EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2018
(All amounts in millions of RMB unless otherwise stated)

	Attributable to ordinary shareholders of the Company						Non-controlling interests	Total equity
Item	**Paid-in capital**	**Capital surplus**	**Other comprehensive income**	**Statutory reserve**	**Currency translation differences**	**Retained earnings**		
Balance at 1 January 2018	3,940	117,751	(689)	195	177	92,032	45,267	258,673
Movements for the six months ended 30 June 2018								
Total comprehensive income								
Net profit	-	-	-	-	-	46,314	5,191	51,505
Other comprehensive (loss)/income	-	-	(360)	-	187	-	-	(173)
Total comprehensive income for the period	-	-	(360)	-	187	46,314	5,191	51,332
Capital contribution and withdrawal by owners								
Capital contribution by ordinary shareholders	-	-	-	-	-	-	19,064	19,064
Acquisition of additional interests in subsidiaries	-	(487)	-	-	-	-	(520)	(1,007)
Non-controlling interests on acquisition of assets	-	-	-	-	-	-	1,035	1,035
Non-controlling interests on acquisition of business	-	-	-	-	-	-	10	10
Disposal of subsidiaries	-	-	-	-	-	-	17	17
Share-based payment arrangements	-	-			-	-	-	804
Profit distribution								
Transfer to statutory reserve	-	-	-	10	-	(10)	-	-
Balance at 30 June 2018	3,940	118,068	(1,049)	205	364	138,336	70,064	329,928

HENGDA REAL ESTATE GROUP COMPANY LIMITED

CONSOLIDATED STATEMENTS OF CHANGES IN OWNERS' EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2018 (CONTINUED)
(All amounts in millions of RMB unless otherwise stated)

Item	Attributable to ordinary shareholders of the Company						Non-controlling interests	Total equity
	Paid-in capital	Capital surplus	Other comprehensive income	Statutory reserve	Currency translation differences	Retained earnings		
Balance at 1 January 2017	2,500	14	(3,089)	42	769	52,989	34,917	88,142
Movement for the six months ended 30 June 2017								
Total comprehensive income								
Net profit	-	-	-	-	-	24,589	1,007	25,596
Other comprehensive income/(loss)	-	-	2,572	-	(210)	-	-	2,362
Total comprehensive income for the period	-	-	2,572	-	(210)	24,589	1,007	27,958
Capital contribution and withdrawal by owners								
Capital injection by ordinary shareholders	884	69,116	-	-		-	11,622	81,622
Acquisition of additional interests in subsidiaries	-	(11,123)	-	-		-	(2,250)	(13,373)
Non-controlling interests on acquisition of assets	-	-	-	-		-	202	202
Non-controlling interests on acquisition of businesses							591	591
Disposal of subsidiaries	-	-	-	-		-	(2,261)	(2,261)
Share-based payment arrangements	-	29	-	-		-	-	29
Profit distribution								
Transfer to statutory reserve	-	-	--	150	-	(150)	-	-
Distribution to shareholders	-	-	-	-	-	-	(136)	(136)
Balance at 30 June 2017	3,384	58,036	(517)	192	559	77,428	43,692	182,774

The accompanying notes form an integral part of these financial statements.

Legal representative: Principal in charge of accounting: Head of accounting department:

COMPANY STATEMENTS OF CHANGES IN OWNERS' EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2018
(All amounts in millions of RMB unless otherwise stated)

	Attributable to ordinary shareholders of the Company					
Item	**Paid-in capital**	**Capital surplus**	**Other comprehensive income**	**Statutory reserve**	**Retained earnings**	**Total equity**
Balance at 1 January 2018	3,940	128,574	(538)	195	2,293	134,464
Movements for the six months ended 30 June 2018						
Total comprehensive income						
Net profit	-	-	-	-	107	107
Other comprehensive income	-	-	(273)	-	-	(273)
Total comprehensive income for the period	-	-	(273)	-	107	(166)
Profit distribution						
Transfer to statutory reserve	-	-	-	10	(10)	-
Balance at 30 June 2018	3,940	128,574	(811)	205	2,390	134,298

HENGDA REAL ESTATE GROUP COMPANY LIMITED

COMPANY STATEMENTS OF CHANGES IN OWNERS' EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2018 (CONTINUED)
(All amounts in millions of RMB unless otherwise stated)

Item	Attributable to ordinary shareholders of the Company					
	Paid-in capital	Capital surplus	Other comprehensive income	Statutory reserve	Retained earnings	Total equity
Balance at 1 January 2017	2,500	14	199	42	918	3,673
Movement for the six months ended 30 June 2017						
Total comprehensive income						
Net profit	-	-	-	-	1,671	1,671
Other comprehensive income	-	-	(628)	-	-	(628)
Total comprehensive income for the period	-	-	(628)	-	1,671	1,043
Capital contribution and withdrawal by owners						
Capital contribution	884	69,116	-	-	-	70,000
Profit distribution						
Transfer to statutory reserve	-	-	-	150	(150)	-
Balance at 30 June 2017	3,384	69,130	(429)	192	2,439	74,716

The accompanying notes form an integral part of these financial statements.

Legal representative: Principal in charge of accounting: Head of accounting department:

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2018
(All amounts in millions of RMB unless otherwise stated)

1 General information

Hengda Real Estate Group Company Limited (“the Company”) incorporated in Guangzhou of the People’s Republic of China on 24 June 1996 as a limited liability company with approved unlimited operating period by Guangzhou Kailong Real Estate Co., Limited (“Guangzhou Kailong”). The registered and paid-in capital of the Company is RMB2,500,000,000. On 13 September 2016, the place of incorporation of the Company move to Shenzhen City.

On 31 March 2017, Zhongxin Juheng (Shenzhen) Investment Holding Center LLP., Guangtian Investment Co., Ltd., Shenzhen Huajian Holding Co., Ltd., Shenzhen Meitoubuyang Investment LLP., Shenzhen Zhongrongdingxing Investment LLP., Guangdong Weimeimingzhu Investment Co, Ltd., Suzhou Industrial Zone Ruican Investment LLP., Shandong Expressway Investment Holding Co., Ltd. and Shandong Railway Development Fund Co., Ltd., additionally injected capital contribution to the Company by cash of RMB5,000,000,000, RMB5,000,000,000, RMB5,000,000,000, RMB3,500,000,000, RMB3,000,000,000, RMB3,000,000,000, RMB2,500,000,000, RMB1,500,000,000 and RMB 1,500,000,000 respectively, totaling RMB30,000,000,000, of which increased in the register and paid-in capital amounts to RMB378,787,879 while capital surplus amounts to RMB29,621,212,121. After the capital injection, the registered and paid-in capital of the Company increased to RMB2,878,787,879.

On 1 June 2017, Maanshan Maowen Technology Industrial Zone Co., Ltd, Shenzhen Baoxin Investment Holding Co., Ltd., Jiangxi Huada Property Group Co., Ltd., Shenzhen Linxiang Investment Co., Ltd., Shenzhen Industrial Zone Ruican Investment LLP., Shenzhen Jiancheng Investment Co’, Ltd., Ningbo Minyinjintou Hongdasanhao Investment Management LLP., Jiaxing Yuminwuhao Investment LLP., Weifang Jinchenghongyuan Investment Management LLP., Ningxia Jiayu Automobiles Parts LLP., Shenzhen Zhongyiqianhai Holding Co., Ltd., Shanghai Haoren Property Management Co., Ltd. and Qingdao Yonghejinfeng Group Co., Ltd. additionally injected capital contribution to the Company by cash of RMB5,500,000,000, RMB5,000,000,000, RMB5,000,000,000, RMB 5,000,000,000, RMB4,000,000,000, RMB3,500,000,000, RMB3,000,000,000, RMB2,000,000,000, RMB2,000,000,000, RMB2,000,000,000, RMB1,000,000,000, RMB1,000,000,000 and RMB1,000,000,000 respectively, totaling RMB40,000,000,000, of which increased the register and paid-in capital amounts to RMB505,050,504 while capital surplus amounts to RMB39,494,949,496. After the capital injection, the registered and paid-in capital of the Company increased to RMB3,383,838,383.

On 23 November 2017, Nanjing Runheng Enterprise Management Co., Ltd., Shandong Expressway Group Co., Ltd., Shandong Expressway Investment Holding Co., Ltd., Jinan Changyingjincheng Equity Investment LLP., Shenzhen Zhengwei (Group) Co., Ltd., Ningxia Jiayu Automobiles Parts LLP., Guangzhou Yihe Investment Co., Ltd. and Sichuan Dingxiang Equity Investment Fund Co., Ltd., additionally injected capital contribution to the Company by cash of RMB20,000,000,000, RMB9,000,000,000, RMB6,000,000,000, RMB5,000,000,000, RMB5,000,000,000, RMB5,000,000,000, RMB5,000,000,000 and RMB5,000,000,000 respectively, totaling RMB60,000,000,000, of which increased the register and paid-in capital amounts to RMB555,958,004 while capital surplus amounts to RMB59,444,041,996. After that, the registered and paid-in capital of the Company increased to RMB3,939,796,387.

The Company’s parent company is Guangzhou Kailong, which holds 63.4552% of the shares of the Company. Its ultimate holding company is Xin Xin (BVI) Limited, the beneficial controller of which is Dr. Hui Ka Yan. Its intermediate holding company, China Evergrande Group (the “China Evergrande”), was limited liability company incorporated in the Cayman Islands, the shares of which are listed on the Stock Exchange of Hong Kong Limited on 5 November 2009.

(All amounts in millions of RMB unless otherwise stated)

1 General information (Continued)

The approved scope of business of the Company and its subsidiaries (together "the Group") includes property development, sales of construction materials, property management, hotel operation and business management consultation. For the year ended 31 December 2017, the ongoing principal activities of the Group are within the approved scope of business as mentioned above.

These financial statements are authorised for issue by the Company's responsible person on 29 October 2018.

The interim financial statements have not been audited.

2 Basis of preparation

The financial statements are prepared in accordance with the *Accounting Standard for Enterprises - Basic Standard*, the specific accounting standards and other relevant regulations issued by the Ministry of Finance on 15 February 2006 and in subsequent periods (the "CAS").The financial statements are prepared and disclosed in accordance with *CAS 32 "Interim Financial Reporting"*. The interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2017. The accounting policies applied to the interim financial statements are consistent with those of the annual financial statemnets for the year ended 31 Decmember 2017, as described in those annual financial statements.

The financial statements are prepared on a going concern basis.

3 Taxation

The main categories and rates of taxes applicable to the Group are set out below:

Category	Tax base	Tax rate
Value added tax ("VAT")	Taxable value added amount (Tax payable is calculated using the current taxable sales amount multiplied by the applicable tax rate less deductible VAT input)	3%, 5%, 6%, 11% or 17%
Land appreciation tax	Value-added amount in sales of properties	30% – 60% in a progressive tax rate
Property tax	Original costs of the investment properties or rental income	1.2% of the original costs of the investment properties or 12% of the rental income
Income tax	Taxable income/(losses)	25%

(All amounts in millions of RMB unless otherwise stated)

4 Subsidiaries

(1) Newly acquired/established major subsidiary for the six months ended 30 June 2018

For the six months ended 30 June 2018, newly established subsidiaries are as follows, please refer to note 6 to the annual financial statemnets for the year ended 31 Decmember 2017 for the list of other major subsidiaries of the Company.

Name of newly owned subsidiaries	Place of incorporation	Nature of business	Ownership interests held by the Company	Acquired/ Established
Shenzhen Hengning Business Development Co., Ltd.	Shenzhen	Business Opertaion	51%	Established
Xinzhou Hengda Guoxin Real Estate Development Co., Ltd.	Xinzhou	Real Estate Development	51%	Established

(2) Disposal of a major subsidiary for the six months ended 30 June 2018

Name a major subsidiary	Reason for deconsolidation
New World China Real Estate (Haikou) Co., Limited	Disposal

5 Notes to the consolidated financial statements

(1) Cash at bank and on hand

	30 June 2018	31 December 2017
Cash on hand	19	23
Cash at bank	123,737	133,221
Other cash balances	99,213	133,504
	222,969	266,748
Less: Restricted deposits	(99,213)	(133,504)
Cash and cash equivalents	123,756	133,244

Cash equivalents mainly represented restricted deposits for pledge, the deposits for constructional engineering, deposits for pre-sale properties and the pledged guarantee for bank borrowings deposited to the designated bank account by the Group (note 5(33)(d)).

(2) Financial assets at fair value through profit or loss

	30 June 2018	31 December 2017
Investments in equity instrument held for trading	1,674	2,772

(All amounts in millions of RMB unless otherwise stated)

5 Notes to the consolidated financial statements (Continued)

(2) Financial assets at fair value through profit or loss (Continued)

As at 30 June 2018 and 31 December 2017, the financial assets at fair value through profit or loss were the investments in the China's A share market with publicly available quotations in the active market.

The investments held for trading is determined at the closing price of Shanghai Stock Exchange on the last trading day of the year.

(3) Accounts receivable and other receivables

(a) Accounts receivable

	31 December 2017	Impairment charged	Reversal	30 June 2018
Amounts due from related parties (Note 8(4)(a))	10			65
Amounts due from third parties	12,800			29,068
	12,810			29,133
Less: Allowance for bad debts	(27)	(56)	4	(79)
	12,783			29,054

The ageing of accounts receivable and related provisions for bad debts are analyzed below:

	30 June 2018			31 December 2017		
	Amount	%	Allowance for bad debts	Amount	%	Allowance for bad debts
Within 1 year	25,666	88.10%	(33)	11,440	89.31%	(14)
1 to 2 years	2,704	9.28%	(12)	510	3.98%	(4)
Over 2 years	763	2.62%	(34)	860	6.71%	(9)
	29,133	100.00%	(79)	12,810	100.00%	(27)

As at 30 June 2018 and 31 December 2017, there were no accounts receivable that were past due but not impaired.

(b) Long-term receivables

	30 June 2018	31 December 2017
Long-term loan instalment receivables	6,384	12,131
Finance leases receivables(Note 8(4)(c))	722	522
	7,106	12,653
Less: Non-current assets due within one year	(5,124)	(8,176)
	1,982	4,477

(All amounts in millions of RMB unless otherwise stated)

5 Notes to the consolidated financial statements (Continued)

(b) Long-term receivables (Continued)

As at 30 June 2018, long-term receivables of RMB974,000,000 (31 December 2017: RMB 1,105,000,000) were past due. Based on the analysis of the customers' financial status and credit record the Group expected that the past due amounts can be recovered and the long-term receivables are not impaired. The ageing of these long-term receivables is analysed as follows:

	30 June 2018	31 December 2017
Within 1 year	560	546
1 to 2 years	255	346
Over 2 years	159	213
	974	1,105

(c) Other receivables

	31 December 2017	Impairment charged	Reversal	30 June 2018
Amounts due from related parties (note 8(4)(b))	4,235			14,305
Deposits	23,725			21,885
Amounts due from non-controlling interests	9,350			10,105
Others	10,780			12,514
	48,090			58,809
Less: Allowance for bad debts	(362)	(49)	-	(411)
	47,728			58,398

Other receivables and related provision for bad debts are analysed below:

	30 June 2018			31 December 2017		
	Amount	%	Allowance for bad debts	Amount	%	Allowance for bad debts
Within 1 year	44,107	75.00%	(336)	39,018	81.13%	(242)
1 to 2 years	12,614	21.45%	(41)	6,189	12.87%	(65)
Over 2 years	2,088	3.55%	(34)	2,883	6.00%	(55)
	58,809	100.00%	(411)	48,090	100.00%	(362)

As at 30 June 2018 and 31 December 2017, there were no other receivables that were past due but not impaired.

(All amounts in millions of RMB unless otherwise stated)

5 Notes to the consolidated financial statements (Continued)

(4) Prepayments

	30 June 2018		31 December 2017	
	Amount	%	Amount	%
Within 1 year	99,504	74.83%	111,588	85.87%
1 to 2 years	24,061	18.10%	11,741	9.03%
Over 2 years	9,400	7.07%	6,623	5.10%
	132,965	100.00%	129,952	100.0%

Prepayments mainly represent the prepaid land premium pending for the land use right licenses. Prepayments over 1 year are mainly the prepaid land premium for the land in progress of clearance or with partial transfer of land use right.

(5) Inventories

	30 June 2018	31 December 2017
Properties under development	773,479	803,728
Completed properties	118,088	92,643
Others	68	34
	891,635	896,405

For the six months ended 30 June 2018, the borrowing costs amounting to RMB20,555,000,000 was capitalised to the properties under development (for the six months ended 30 June 2017: RMB19,052,000,000) and the capitalization rate of borrowing costs for the six months ended was 7.47% per annum (for the six months ended 30 June 2017: 8.56%).

As at 30 June 2018 and 31 December 2017, for the details of the inventories pledged by the Group as collateral for bank borrowings, please refer to note 5(13)(a) and note 5(20)(a).

(All amounts in millions of RMB unless otherwise stated)

5 Notes to the consolidated financial statements (Continued)

(6) Other current assets

	30 June 2018	31 December 2017
Prepaid land appreciation tax	7,052	5,677
Prepaid VAT	3,280	3,962
Prepaid income tax	2,537	3,190
Prepaid business tax	1,311	1,752
Input VAT to be deducted	3,666	3,461
Available-for-sale financial assets	-	1,520
Others	523	474
	18,369	20,036

(7) Available-for-sale financial assets

	30 June 2018	31 December 2017
Measured at fair value		
- Available-for-sale instruments	1,020	1,740

As at 30 June 2018 and 31 December 2017, there is no impairment to the available-for-sale financial assets which are measured at RMB.

The available-for-sale assets mainly includes the equity investments held by the Group in A-share listed companies which are quoted in an active market.

The fair value of the available-for-sale financial assets is determined at the closing price of Shanghai and Shenzhen Stock Exchange on the last trading day of the period.

(8) Investments accounted for using equity method

	30 June 2018	31 December 2017
Joint ventures (a)	11,368	690
Associates (b)	2,009	1,934
	13,377	2,624

The Group's investments accounted for using equity method. The Group has not been imposed any material restrictions on realising the Investments accounted for using equity method, and there was no commitment realating to the Group's interest in these joint ventures and associates.

(All amounts in millions of RMB unless otherwise stated)

5 Notes to the consolidated financial statements (Continued)

(8) Investments accounted for using equity method (Continued)

(a) Joint ventures

Investments in joint ventures are set out below:

	31 December 2017	Addition	Withdraw	Share of loss for the year	30 June 2018
Joint ventures	690	10,905	(23)	(204)	11,368

The Group has no joint ventures that are individually significant.

(b) Associates

Investments in associates are set out below:

	31 December 2017	Additions	Decrease in disposal on subsidiaries	Transferred to subsidiaries from associates	Share of profit for the year	30 June 2018
Associates	1,934	-	(2)	-	77	2,009

The Group has no associates that are individually significant.

(9) Investment properties

	Property and plant
31 December 2017	145,588
Additions	6,946
Disposal	(1,888)
Changes in fair value	1,411
Currency translation differences	186
30 June 2018	152,243

For the six months ended 30 June 2018, borrowing costs amounting to RMB498,000,000 was capitalised to the investment properties (for the six months ended 30 June 2017: RMB 679,000,000), and the capitalisation rate of borrowing costs for the six months ended 30 June 2018 was 7.47% per annum (for the six months ended 30 June 2017: 8.56%).

For the six months ended 30 June 2018, the impact on the Group's profit or loss resulting from the changes in fair value of investment properties is RMB 1,411,000,000 (for the six months ended 30 June 2017: RMB 5,973,000,000).

As at 30 June 2018 and 31 December 2017, investment properties pledged by the Group as collateral for bank borrowings refer to note 5(13)(a) and note 5(20)(a).

(All amounts in millions of RMB unless otherwise stated)

5 Notes to the consolidated financial statements (Continued)

(10) Property, equipment and plant

	Buildings	Machinery and equipment	Motor vehicles	Computers and electronic equipment	Office equipment
Cost					
31 December 2017	14,382	236	740	5,878	21,236
Additions	1,210	13	62	156	1,441
Disposals	(131)	(8)	(48)	(325)	(512)
30 June 2018	15,461	241	754	5,709	22,165
Accumulated depreciation					
31 December 2017	(2,390)	(93)	(449)	(2,647)	(5,579)
Depreciation	(339)	(13)	(49)	(372)	(773)
Disposals	48	8	38	37	131
30 June 2018	(2,681)	(98)	(460)	(2,982)	(6,221)
Carrying amount					
30 June 2018	12,780	143	294	2,727	15,944
31 December 2017	11,992	143	291	3,231	15,657

During the six months ended 30 June 2018 and 2017, the amount of depreciation expense charged to cost of sales, selling expenses, general and administrative expenses were set out below

	Six months ended 30 June	
	2018	2017
Cost of sales	257	187
General and administrative expenses	397	371
Selling expenses	119	156
	773	714

As at 30 June 2018 and 2017, property, equipment and plant pledged by the Group as collateral for bank borrowings refer to Note 5(13)(a) and Note 5(20)(a).

(All amounts in millions of RMB unless otherwise stated)

5 Notes to the consolidated financial statements (Continued)

(11) Construction in progress

Project name	31 December 2017	Additions	Transfer to property, equipment and plant	30 June 2018
Hotel construction	6,080	1,497	(883)	6,694
Including: Capitalised borrowing costs	755	178	(64)	869

The capitalisation rate of borrowing costs for the six months ended 30 June 2018 was 7.47% per annum (for the six months ended 30 June 2017: 8.56%).

(13) Intangible assets

	Land use rights	Others	Total
Cost			
31 December 2017	5,517	234	5,751
Increase in the current period	126	35	161
30 June 2018	5,643	269	5,912
Accumulated amortisation			
31 December 2017	(423)	(57)	(480)
Amortasation charged	(90)	(17)	(107)
30 June 2018	(513)	(74)	(587)
Carrying amount			
30 June 2018	5,130	195	5,325
31 December 2017	5,094	177	5,271

As at 30 June 2018 and 31 December 2017, intangible assets pledged by the Group as collateral for bank borrowings refer to Note 5(13)(a) and Note 5(20)(a).

(All amounts in millions of RMB unless otherwise stated)

5 Notes to the consolidated financial statements (Continued)

(13) Short-term borrowings

	30 June 2018	31 December 2017
Secured		
-Pledged (a)	17,439	17,327
-Collateralised (b)	55,513	89,052
-Guaranteed (c)	5,523	19,420
Unsecured	16,740	7,379
	95,215	133,178

(a) As at 30 June 2018, the pledged borrowings of RMB17,439,000,000 were secured by the land use right with a carrying amount of approximately RMB228,000,000 (31 December 2017: the pledged borrowings of RMB17,327,000,000 were secured by the property, equipment and plant with a carrying amount of RMB4,390,000,000, the investment properties with a carrying amount of RMB624,800,000 and the inventory with a carrying amount of RMB31,622,000,000).

(b) As at 30 June 2018, the collateralised borrowings of RMB55,513,000,000 were secured by cash at bank of RMB15,275,000,000 and equity interest of certain subsidiaries of RMB12,773,000,000 (31 December 2017: the collateralised borrowings of RMB89,052,000,000 were secured by cash at bank of RMB55,303,000,000 and equity interest of certain subsidiaries of RMB18,715,000,000).

(c) As at 30 June 2018, borrowings of RMB5,523,000,000 are guaranteed by the Company and its subsidiaries. (31 December 2017: borrowings of RMB19,420,000,000 were guaranteed by the Company and its subsidiaries)

(d) As at 30 June 2018, the interest rates for short-term borrowings range from 1.30% to 11.12% (31 December 2017：from 1.32% to 10.89%).

(14) Notes payable

	30 June 2018	31 December 2017
Trade acceptance notes	69,213	63,817
Bank acceptance notes	172	597
	69,385	64,414

(15) Advances from customers

	30 June 2018	31 December 2017
Advance receipts from sale of properties	155,282	242,202
Others	1,874	1,852
	157,156	244,054

As at 30 June 2018 and 31 December 2017, the Group’s receipts in advance over one year were mainly unsettled receipts from sale of properties.

(All amounts in millions of RMB unless otherwise stated)

5 Notes to the consolidated financial statements (Continued)

(16) Taxes payable

	30 June 2018	31 December 2017
Land appreciation tax payable	46,764	30,660
Income tax payable	37,040	26,117
VAT payables	12,707	6,662
Others	1,243	1,741
	97,754	65,180

(17) Other payables

	30 June 2018	31 December 2017
Amounts due to related parties (note 8(4)(d))	6,616	475
Land premium payables (a)	34,942	38,710
Amounts due to non-controlling interests	9,604	9,907
Payables for acquisition of subsidiaries	7,954	8,731
Deposits payables	5,585	4,920
Others	11,591	8,461
	76,292	71,204

(a) Land premium payables are payables for acquiring the land by acquiring the subsidiaries.

(18) Current portion of non-current liabilities

	30 June 2018	31 December 2017
Current portion of long-term borrowings (Note 5(20))	155,981	166,446
Current portion of corporate bonds (Note 5(21))	21,559	36,483
Current portion of long-term payables (Note 5(19))	10,455	12,566
	187,995	215,495

(All amounts in millions of RMB unless otherwise stated)

5 Notes to the consolidated financial statements (Continued)

(19) Long-term payables

	30 June 2018	31 December 2017
Payables for acquisition of subsidiaries	-	3,939
Unit holders of consolidate investment entities (a)	3,333	3,333
Amounts due to non-controlling interests (b)	7,706	9,582
	11,039	16,854
Less: current portion of long-term payables	(10,455)	(12,566)
	584	4,288

(a) As at 30 June 2018, amounts represented cash advances from the unit holders of consolidated investment entities of approximately RMB3,333,000,000 (31 December 2017: RMB3,333,000,000) which bear average interest rate at 6.65% per annum (31 December 2017: 6.65%) and are repayable accordingly to relavant loan agreements.

(b) As at 30 June 2018, amounts due to non-controlling interests of RMB45,000,000 (31 December 2017: RMB45,000,000) bears the average interest rate of 12% per annum (31 December 2017: 12% per annum) and are repayable according to relevant loan agreements.

(20) Long-term borrowings

	30 June 2018	31 December 2017
Secured		
-Pledged (a)	193,067	245,010
-Collateralised (b)	131,347	116,562
-Guaranteed (c)	32,244	42,482
Unsecured	44,591	30,319
	401,249	434,373
Less: Current portion of long-term borrowings		
Secured		
-Pledged (a)	(70,208)	(74,804)
-Collateralised (b)	(49,443)	(51,751)
-Guaranteed (c)	(23,608)	(26,903)
Unsecured	(12,722)	(12,988)
	(155,981)	(166,446)
	245,268	267,927

(a) As at 30 June 2018, the pledged borrowings of RMB193,067,000,000 were secured by the property, equipment and plant with a carrying amount of RMB4,324,000,000, the investment properties with a carrying amount of RMB14,030,000,000, the land use right with a carrying amount of RMB2,257,000,000, and the inventory with a carrying amount of RMB245,010,000,000 (31 December 2017: the pledged borrowings of RMB245,010,000,000 were secured by the property, equipment and plant with a carrying amount of RMB6,516,000,000, the investment properties with a carrying amount of RMB9,588,000,000, the inventory with a carrying amount of RMB286,892,000,000 and the land use right with a carrying amount of RMB1,149,000,000).

(All amounts in millions of RMB unless otherwise stated)

5 Notes to the consolidated financial statements (Continued)

(20) Long-term borrowings (Continued)

(b) As at 30 June 2018, the collateralised borrowings of RMB131,347,000,000 were secured by cash at bank of RMB2,135,000,000 and equity interest of certain subsidiaries of RMB83,121,000,000 (31 December 2017: the collateralised borrowings of RMB116,562,000,000 were secured by cash at bank of RMB2,114,000,000 and equity interest of certain subsidiaries of RMB91,664,000,000).

(c) As at 30 June 2018, borrowings of RMB32,244,000,000 are guaranteed by the Company and its subsidiaries (31 December 2017: borrowing of RMB42,482,000,000 were guaranteed by the Company and its subsidiaries).

(d) As at 30 June 2018, the interest rates for long-term borrowings range from 1.20% to 12.22% (31 December 2017：from 1.20% to 15.00%).

(21) Corporate bonds

	30 June 2018	31 December2017
Public issuance of corporate bonds	16,928	19,879
Non-public issuance of corporate bonds	28,542	33,984
	45,470	53,863
Less: Corporate bonds due within one year	(21,559)	(36,483)
	23,911	17,380

On 19 June 2015, the Company publicly issued a 5-year corporate bond, with a total amount of RMB5 billion and simple interest rate fixed at 5.38% per annum.

On 7 July 2015, the Company publicly issued a 4-year corporate bond, with a total amount of RMB6.8 billion and simple interest rate fixed at 5.30% per annum.

On 7 July 2015, the Company publicly issued a 7-year corporate bond, with a total amount of RMB8.2 billion and simple interest rate fixed at 6.98% per annum.

On 16 October 2015, the Company non-publicly issued a 5-year corporate bond, with a total amount of RMB17.5 billion and simple interest rate fixed at 7.38% per annum.

On 16 October 2015, the Company non-publicly issued a 5-year corporate bond, with a total amount of RMB2.5 billion and simple interest rate fixed at 7.88% per annum.

On 11 January 2016, the Company non-publicly issued a 4-year corporate bond, with a total amount of RMB10 billion and simple interest rate fixed at 6.98% per annum.

On 29 July 2016, the Company non-publicly issued a 3-year corporate bond, with a total amount of RMB4.2 billion and simple interest rate fixed at 6.80% per annum.

As at 18 January 2018, the Company has early redeemed part of the corporate bonds due 2019with an aggregated principla amount of RMB5,482 million, which interest rate is 6.98% per annum.

(All amounts in millions of RMB unless otherwise stated)

5 Notes to the consolidated financial statements (Continued)

(22) Deferred income tax assets and liabilities

Deferred income tax assets and liabilities before offsetting are set out as follows:

(a) Deferred income tax assets

	30 June 2018		31 December2017	
	Deferred tax assets	Deductible temporary differences	Deferred tax assets	Deductible temporary differences
Elimination of intra-group unrealised profit	782	3,128	721	2,884
Deductible tax losses	1,771	7,084	1,890	7,560
Temporary difference of costs recognition	646	2,582	669	2,676
Changes in fair value of available-for-sale financial assets	355	1,421	246	984
Valuation decrease from business acquisition	42	169	55	220
Provision for asset impairments	419	1,676	356	1,424
Expenditures for donations	493	1,974	447	1,788
	4,508	18,034	4,384	17,536

(b) Deferred income tax liabilities

	30 June 2018		31 December2017	
	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences
Change in the fair value of the investment properties	11,142	45,646	11,105	44,490
Excess of carrying amount of land use righ over the tax bases	13,535	54,138	15,184	60,736
Changes in fair value of available-for-sale financial assets	6	23	17	68
	24,683	99,807	26,306	105,294

(c) The net balances of deferred income tax assets and liabilities after offsetting are as follows:

	30 June 2018	31 December2017
Deferred income tax assets, net	2,703	3,649
Deferred income tax liabilities, net	22,878	25,570

(All amounts in millions of RMB unless otherwise stated)

5 Notes to the consolidated financial statements (Continued)

(23) Other non-current liabilities

	30 June 2018	31 December2017
Deferred land appreciation tax liabilities		
-Change in the fair value of the investment properties	6,041	6,188
-Excess of carrying amount of land use righ over the tax bases	17,513	18,485
	23,554	24,673

Other non-current liabilities represent deferred land appreciation tax liabilities.

(24) Statutory reserve

In accordance with the Company Law and the Company's Articles of Association, the Company should appropriate 10% of net profit for the year to the statutory reserve, and the Company can cease appropriation when the statutory reserve accumulated to more than 50% of the registered capital. The statutory reserve can be used to make up for the loss or increase the paid-in capital after approval from the appropriate authorities. The Company appropriated RMB10,000,000 for the period ended 30 June 2018 (31 December2017: Nil) to the statutory reserve.

(25) Revenue and cost of sales

	Six months ended 30 June	
	2018	2017
Major operations income	282,027	181,221
Other operations income	2,182	694
	284,209	181,915

	Six months ended 30 June	
	2018	2017
Cost of major operations	178,720	115,792
Cost of other operations	824	517
	179,544	116,309

(a) Revenue and cost of sales of major operations

	Six months ended 30 June			
	2018		2017	
	Revenue of major operations	Cost of sales of major operations	Revenue of major operations	Cost of sales of major operations
Sales of properties	278,814	176,746	178,281	113,536
Construction services	57	36	655	641
Property management	1,876	1,411	1,254	1,064
Hotel operation	611	353	383	260
Rental income	479	-	325	-
Others	190	174	323	291
	282,027	178,720	181,221	115,792

(All amounts in millions of RMB unless otherwise stated)

5 Notes to the consolidated financial statements (Continued)

(25) Revenue and cost of sales (Continued)

(b) Revenue and cost of sales of other operations

	Six months ended 30 June			
	2018		2017	
	Revenue of other operations	Cost of sales of other operations	Revenue of other operations	Cost of sales of other operations
Disposal of investment properties	1,023	680	541	384
Service charges and others	1,159	144	153	133
	2,182	824	694	517

(26) Taxes and surcharges

	Six months ended 30 June	
	2018	2017
Land appreciation tax	16,943	10,518
Business tax	276	1,042
City maintenance and construction tax	494	734
Educational surcharge	418	516
Others	579	343
	18,710	13,153

(27) Financial expenses - net

	Six months ended 30 June	
	2018	2017
Interest costs	24,273	22,844
Less: Amounts capitalised on qualifying assets	(21,232)	(20,053)
Interest expenses	3,041	2,791
Service charges and others	335	360
Exchange (gains)/losses	(41)	1,114
Less: Interest income	(1,910)	(1,680)
	1,425	2,585

(All amounts in millions of RMB unless otherwise stated)

5 Notes to the consolidated financial statements (Continued)

(28) Expenses by nature

The cost of sales, selling expenses and general and administrative expenses in the income statements are listed as follows by nature:

	Six months ended 30 June	
	2018	2017
Costs of property sales	176,746	113,536
Employee benefits expenses	5,980	4,138
Advertisement expenses	3,226	3,691
Sales commission	2,039	633
Depreciation and amortisation	928	874
Disposal of investment properties	680	384
Costs of construction services	36	641
Others	1,934	2,789
	191,569	126,686

(29) Gains on changes in fair value

	Six months ended 30 June	
	2018	2017
Investment properties measured at the fair value	1,411	5,975
Transfer out fair value gain by disposal of investment properties	(401)	(84)
Fair value gain/(loss) on financial assets at fair value through profit or loss	27	(211)
	1,037	5,680

(30) Investment income/(loss)

	Six months ended 30 June	
	2018	2017
Net loss on disposal of financial assets at fair value through profit or loss	(398)	-
Net gain/(loss) on disposal of available-for-sale financial assets	43	(7,143)
Share of loss of investments accounted for using equity method	(127)	(387)
Gain on disposal of a subsidiaries (i)	2,023	3,218
Gain on disposal of associates	-	101
Interest income from available-for-sale financial assets	60	14
Others	-	446
	1,601	(3,751)

(i) During the six months ended 30 June 2018, the Group disposed of certain subisidaries and recognised a disposal gain of RMB2,023 million.

(All amounts in millions of RMB unless otherwise stated)

5 Notes to the consolidated financial statements (Continued)

(31) Non-operating expenses

	Six months ended 30 June	
	2018	2017
Donation	2,254	1,340
Penalty expenses	101	153
Defaults on delivery of properties	151	112
Overdue fines	97	119
Others	109	248
	2,712	1,972

(36) Income tax expenses

	Six months ended 30 June	
	2018	2017
Current income tax	22,017	13,109
Deferred income tax	(700)	796
	21,317	13,905

The reconciliation from income tax calculated based on the applicable tax rates and total profit presented in the consolidated financial statements to the income tax expenses is listed below:

	Six months ended 30 June	
	2018	2017
Profit for the year	72,822	39,501
Income tax expenses calculated at applicable tax rates (25%)	18,206	9,875
Income not subject to tax	-	(29)
Costs of sales, expenses and losses not deductible for tax purposes(a)	2,373	2,256
Tax losses for which no deferred tax asset was recognised	738	1,803
Income tax expenses	21,317	13,905

(a) Expenses not deductible for tax purpose mainly represents the cost of land premium without official invoices resulted from the land acquisitions through acquisitions of companies.

(All amounts in millions of RMB unless otherwise stated)

5 Notes to the consolidated financial statements (Continued)

(33) Notes to the consolidated cash flow statement

(a) Reconciliation from net profit to cash flows from operating activities

	Six months ended 30 June	
	2018	2017
Net profit	51,505	25,596
Add: Depreciation of property, equipment and plant	773	714
Amortisation of long-term prepaid expenses	49	82
Amortisation of intangible assets	106	78
Gains on disposal of investment properties	(343)	(157)
Provisions for asset impairment	251	202
Gains on changes in fair value	(1,037)	(5,680)
Financial expenses - net	2,422	3,875
Investment (income)/loss	(1,601)	3,751
Increase/(decrease) in deferred income tax assets	(52)	180
Decrease/(increase) in deferred income tax liabilities	(642)	616
Decrease in other non-current liabilities	(1,273)	(357)
Decrease/(increase) in inventories	7,388	(75,174)
Decrease in operating receivables	(18,321)	(38,868)
Decrease in restricted cash and bank balances of operating	8,811	6,732
Increase in operating payables	13,996	26,117
Share base payments	804	29
Net cash flows from operating activities	62,836	(52,564)

(b) Significant investing and financing activities that do not involve cash receipts and payments

During the six months ended 30 June 2018 and 2017, the Group has no material non-cash transactions related to investing and financing activities.

(c) Net changes in cash and cash equivalents

	30 June 2018	31 December 2017
Cash and cash equivalents at the end of the period/year	123,756	133,244
Less: Cash and cash equivalents at the beginning of the period/year	(133,244)	(171,185)
Net changes in cash and cash equivalents	(9,488)	(37,941)

(All amounts in millions of RMB unless otherwise stated)

5 Notes to the consolidated financial statements (Continued)

(33) Notes to the consolidated cash flow statement (Continued)

(d) Cash and cash equivalents

	30 June 2018	31 December 2017
Cash and cash equivalents (Note 5(1))	222,969	266,748
Less: restricted cash	(99,213)	(133,504)
Cash and cash equivalents at the end of the period/year	123,756	133,244

(e) Cash received on disposal of subsidiaries

During the six months ended 30 June 2018, the Group disposed certain subsidiaries, and the related information at the disposal date is as follows:

	Amount
Considerations of disposal of certain subsidiaries	2,861
Cash and cash equivalents received from disposal of the subsidiaries	2,583
Less: Cash and cash equivalents held by the disposed subsidiaries	(995)
Net cash received from disposal of certain subsidiaries	1,588

(f) Cash paid relating to other operating activities

Cash paid relating to other operating activities in the cash flow statement mainly includes:

	Six months ended 30 June	
	2018	2017
Advertisement expenses	3,062	3,682
Payment of sales commission	1,907	785
Payment of office and traveling expenses	519	452
Payment of professional service fees	304	231
Donation expenses	2,254	1,134
Bank service charges	335	360
Payment of deposits relating to operating activities	25	5,089
Others	1,408	2,398
	9,814	14,131

6 Segment information

The reportable segments of the Group are the business units that provide different products or service. Different businesses require different technologies and marketing strategies, the Group, therefore, separately manages the production and operation of each reportable segment and evaluates their operating results respectively, in order to make decisions about resources to be allocated to these segments and to assess their performance.

The Group identified 4 reportable segments as follows:

- Property development
- Property investment
- Property management
- Other business

Inter-segment transfer prices are measured by reference to selling prices to third parties.

The assets are allocated based on the operations of the segment and the physical location of the asset. The liabilities are allocated based on the operations of the segment. Expenses indirectly attributable to each segment are allocated to the segments based on the proportion of each segment's revenue.

(All amounts in millions of RMB unless otherwise stated)

6 Segment information (Continued)

(a) Segment information as at and for the six months ended 30 June 2018 is as follows:

	Properties development	Investment properties operation	Properties management	Other segments	Inter-segment offsetting	Total
Revenue of transaction	278,814	1,574	2,513	12,917	(11,609)	284,209
Inter-segment revenue	-	(72)	(637)	(10,900)	11,609	-
Revenue from external customers	278,814	1,502	1,876	2,017	-	284,209
Share of post-tax (loss)/profit of associates	(2)	-	-	79	-	77
Share of post-tax loss of joint ventures	(204)	-	-	-	-	(204)
Segment results	69,132	1,643	370	1,347	-	72,492
Fair value on financial assets at fair value through profit or loss	-	-	-	-	-	27
Other investment income	-	-	-	-	-	1,728
Financial expenses - net	-	-	-	-	-	(1,425)
Total profit	-	-	-	-	-	72,822
Income tax expenses	-	-	-	-	-	(21,317)
Net profit	-	-	-	-	-	51,505
Segment results include:						
Depreciation and amortisation	(509)	-	(7)	(412)	-	(928)
Segment assets	1,340,985	152,243	3,079	39,947	-	1,536,254
Unallocated amount	-	-	-	-	-	23,766
Total assets	-	-	-	-	-	1,560,020
Segment liabilities	518,725	17,567	2,478	5,202	-	543,972
Unallocated amount	-	-	-	-	-	686,120
Total liabilities	-	-	-	-	-	1,230,092
Addition of other non-current assets (property, equipment and plant, intangible assets, construction in process and capital expenditure on investment properties)	762	6,946	11	2,326	-	10,045

(All amounts in millions of RMB unless otherwise stated)

6 Segment information (Continued)

(b) Segment information as at and for the six months ended 30 June 2017 and for the year ended 31 December 2017 is as follows:

	Properties development	Investment properties operation	Properties management	Other segments	Inter-segment offsetting	Total
Revenue of transaction	178,281	929	1,704	10,304	(9,303)	181,915
Inter-segment revenue	-	(63)	(450)	(8,790)	9,303	-
Revenue from external customers	178,281	866	1,254	1,514	-	181,915
Share of post-tax (loss)/profit of associates	44	-	-	-	-	44
Share of post-tax loss of joint ventures	(387)	-	-	-	-	(387)
Segment results	40,273	6,028	270	(866)	-	45,705
Fair value loss of financial assets at fair value through profit or loss	-	-	-	-	-	(211)
Other investment income	-	-	-	-	-	(3,408)
Financial expenses - net	-	-	-	-	-	(2,585)
Total profit	-	-	-	-	-	39,501
Income tax expenses	-	-	-	-	-	(13,905)
Net profit	-	-	-	-	-	25,596
Segment results include:						
Depreciation and amortisation	(502)	-	(5)	(367)	-	(874)
Segment assets	1,355,113	145,588	3,017	38,147	-	1,541,865
Unallocated amount	-	-	-	-	-	28,197
Total assets	-	-	-	-	-	1,570,062
Segment liabilities	555,630	11,349	2,556	5,018	-	574,553
Unallocated amount	-	-	-	-	-	736,836
Total liabilities	-	-	-	-	-	1,311,389
Addition of other non-current assets (property, equipment and plant, intangible assets, construction in process and capital expenditure on investment properties)	1,015	6,142	6	2,567	-	9,730

As at 30 June 2018 and 31 December 2017, the Group's non-current assets were mainly located in the PRC.

Unallocated assets include the financial assets at fair value through profit or loss, other current assets, the available-for-sale financial assets and the deferred income tax assets.

Unallocated liabilities include short-term borrowings, tax payables, long-term borrowing and Corporate bonds due within one year, long-term borrowings, corporate bonds, deferred income tax liabilities and other non-current liabilities.

(All amounts in millions of RMB unless otherwise stated)

7 Increase in the scope of consolidation

(1) Acquisition of subsidiaries

During the six months ended 30 June 2018, the Group acquired controlling interests of certain real estate development companies in the PRC. These companies only held parcels of land and with no substantial operation had conducted before acquired by the Group. Thus, the management is of the view that the acquisitions do not constitute acquisition of businesses, and should be deemed as the acquisition of land use rights. These acquisitions resulted in an increase in the non-controlling interests of the Group in the amount of RMB1,035,000,000 (six months ended 30 June 2017: RMB202,000,000).

(2) Business combination

(a) The subsidiaries newly acquired by business combinations:

Acquiree	Acquired period	Consideration	Equity acquired	Acquisition method	Acquisition date	The basis for acquisition date
Wuxi Far East Property Development Co. Ltd.	March 2018	1,792	100%	Paid in cash	15 March 2018	Obtaining controlling rights
Tieling Tianping Real Estate Development Co., Ltd.	April 2018	238	100%	Paid in cash	30 April 2018	Obtaining controlling rights
Hebei Yuting Real Estate Development Co., Ltd.	May 2018	11	52%	Paid in cash	31 May 2017	Obtaining controlling rights

(b) Details of the consideration and goodwill recognised are as follows:

Cash consideration	2,041
Fair value of the equity interests held before business combination	-
Total condieration	2,041
Less: fair value of identifiable net assets acquired	2,041
Goodwill	-

(All amounts in millions of RMB unless otherwise stated)

7 Increase in the scope of consolidation (Continued)

(2) Business combination (Continued)

(c) The assets and liabilities of the acquirees at the acquisition date, and the cash flows relating to the acquisition are as follows:

	Fair value	Carrying amount	
	Acquisition date	Acquisition date	31 December 2017
Cash and cash equivalents	4	4	9
Accounts receivable and other receivables	14	48	101
Prepayment	2	2	54
Inventories	3,912	3,149	2,775
Other current assets	-	-	5
Investment property	37	30	30
Property, equipment and plant	6	6	5
Other non-current assets	3	3	-
Less: accounts payable and other payables	(965)	(965)	(2,037)
Advances from customers	(462)	(462)	(487)
Other current liabilities	-	-	(2)
Borrowings	(191)	(191)	(191)
Deferred income tax liabilities	(154)	-	-
Other non-current liabilities	(155)	-	-
Net assets	2,051	1,624	262
Less: Non-controlling interests	(10)	-	-
Net assets obtained	2,041	1,624	262

Cash consideration paid for the business combination

	Amount
Payment for business combnination conducted in the period	86
Less: Cash held by the acquirees on the acquisition date	(4)
Add: Payment for business combnination conducted in prior year	6,671
Net cash paid for the acquisition of subsidiaries	6,753

(d) The revenue, net profit and cash flows of the acquirees for the period from the acquisition date to 30 June 2018 are as follows:

	Amount
Revenue	61
Net profit	8

The fair value of the assets and liabilities of the acquirees at the acquisition date are determined by the Group valuation techniques, such as the market approach and the income approach.

(All amounts in millions of RMB unless otherwise stated)

8 Related parties and related party transactions

(1) Parent company and subsidiaries

The general information and other related information of the subsidiaries is described in note 4.

(a) General information of the parent company

	Place of registration	Major operation
Guangzhou Kailong	PRC	Real estate development

(b) Registered capital and changes in registered capital of the parent company

	30 June 2018	31 December 2017
Guangzhou Kailong	600,000,000 Yuan	600,000,000 Yuan

(c) The percentages of shareholding and voting rights in the Company held by the parent company

	30June 2018 and 31 December 2017	
	Percentage of equity	Voting rights
Guangzhou Kailong	63.46%	63.46%

(2) Nature of key related parties that do not control/ are not controlled by the Company

Related parties without control by the Company are as follows:

Name of the company	Relationship with the Group
China Evergrande	Intermediate holding company of the Company
ANJI (BVI) Co., Limited	Intermediate holding company of the Company
Danzhou Zhongrun Tourism Development Co., Ltd.	Fellow subsidary
Qidong Baofeng Property Co., Ltd.	Fellow subsidary
Danzhou Xinheng Tourism Development Co. Ltd.	Fellow subsidary
Qidong Tong Yu Property Co., Ltd.	Fellow subsidary
Qidong Huan Hua Property Co., Ltd.	Fellow subsidary
Qidong qinsheng Property Co., Ltd.	Fellow subsidary
Qidong Yu Hao Real Estate Co., Ltd.	Fellow subsidary

8 Related parties and related party transactions (Continued)

(2) Nature of key related parties that do not control/ are not controlled by the Company (Continued)

Apart from the associates and joint ventures of the Group, related parties without control by the Company are as follows (Continued):

Name of the company	Relationship with the Group
Qidong Heng Mei Rea Estate Co., Ltd.	Fellow subsidary
Danzhou Tung Tuo Tourism Development Co., Ltd.	Fellow subsidary
Hengda Education and Technology Co., Ltd.	Fellow subsidary
Hengda Tourism Group Co., Ltd.	Fellow subsidary
Danzhou Changyu Tourism Development Co. Ltd.	Fellow subsidary
Kaifeng Wang Hong Tourism Development Co., Ltd.	Fellow subsidary
Changsha Hengda Child World Tourism Development Co., Ltd.	Fellow subsidary
Guiyang Hengda Yijia Tourism Development Co., Ltd.	Fellow subsidary
Hengda Cinemas Management Co., Ltd.	Fellow subsidary
Kaifeng Sheng Bang Tourism Development Co., Ltd.	Fellow subsidary
Guiyang Anjia Shengxin Tourism Development Co.	Fellow subsidary
Kaifeng Bolian Tourism Development Co., Ltd.	Fellow subsidary
Guiyang Hengda Kaiyuan Tourism Development Co., Ltd.	Fellow subsidary
Kaifeng Bohuan Tourism Development Co., Ltd.	Fellow subsidary
Guiyang Hengda Dexiang Tourism Development Co., Ltd.	Fellow subsidary
Hainan Heng Qian Material Equipment Co., Ltd.	Fellow subsidary
Jurong Heng Hao Tourism Development Co., Ltd.	Fellow subsidary
Jurong Hengyi Tourism Development Co., Ltd.	Fellow subsidary
Taicang Yi Tai Tourism Development Co. Ltd.	Fellow subsidary
Hengda Group Co., Ltd.	Fellow subsidary
Ezhou langheng Tourism Development Co., Ltd.	Fellow subsidary
Danzhou Hengda Champagne Island Investment Development Co., Ltd.	Fellow subsidary

8 Related parties and related party transactions (Continued)

(2) Nature of key related parties that do not control/ are not controlled by the Company (Continued)

Apart from the associates and joint ventures of the Group, related parties that do not control/ are nc controlled by the Company are as follows (Continued):

Name of the company	Relationship with the Group
Kaifeng Kaize Tourism Development Co., Ltd.	Fellow subsidary
Kaifeng Children's World Development Co., Ltd.	Fellow subsidary
Guiyang Hengda Yu Shun Tourism Development Co., Ltd.	Fellow subsidary
Xi'an Changde Tourism Development Co., Ltd.	Fellow subsidary
Kaifeng Jingshuo Tourism Development Co., Ltd.	Fellow subsidary
Jurong Hengyuan Tourism Development Co., Ltd.	Fellow subsidary
Taichang Shengyu Tourism Development Co., Ltd.	Fellow subsidary
Jurong Kairun Tourism Development Co., Ltd.	Fellow subsidary
Cangzhou Yiju Real Estate Development Co., Ltd.	Fellow subsidary
Jurong Children's World Development Co., Ltd.	Fellow subsidary
Xi'an Tianhong Tourism Development Co., Ltd.	Fellow subsidary
Qidong Xinhua Real Estate Co. Ltd.	Fellow subsidary
Hengda Internet Group Co., Ltd.	Fellow subsidary
Hengda cultural industry group Limited by Share Ltd and its Subsidiaries	Fellow subsidary
Hengda Financial Holding Group (Shenzhen) Co., Ltd.	Fellow subsidary
Hengda Financial Asset Management (Shenzhen) Co., Ltd.	Fellow subsidary
Hengda Internet financial services (Shenzhen) Co., Ltd.	Fellow subsidary
Kaifeng Hengda children's World Tourism Development Co., Ltd.	Fellow subsidary
Ezhou Hengda Children's World Tourism Development Co., Ltd.	Fellow subsidary
Huizhou Hengda Children's World Tourism Development Co., Ltd.	Fellow subsidary
Guiyang Hengda Children's World Tourism Development Co., Ltd.	Fellow subsidary
Hengda insurance broking Co., Ltd.	Fellow subsidary
Calxon Group	Fellow subsidary

8 Related parties and related party transactions (Continued)

(2) Nature of key related parties that do not control/ are not controlled by the Company (Continued)

Apart from the associates and joint ventures of the Group, related parties that do not control/ are nc controlled by the Company are as follows (Continued):

Name of the company	Relationship with the Group
Shenzhen Hengda Health Industry Co., Ltd.	Fellow subsidary
Jurong Hengda Children's World Tourism Development Co., Ltd.	Fellow subsidary
Jurong Hengrui Tourism Development Co., Ltd.	Fellow subsidary
Qidong Tongyu Gym Club Co., Ltd.	Fellow subsidary
Zhoushan Jingshun Real Estate Co., Ltd.	Fellow subsidary
Danzhou Yi times Tourism Development Co., Ltd.	Fellow subsidary
Danzhou Ming Ce Tourism Development Co., Ltd.	Fellow subsidary
Xi'an Hengda Children's World Tourism Development Co., Ltd.	Fellow subsidary
Meishan Ruilong Tourism Development Co., Ltd.	Fellow subsidary
Yantai Hengchang Tourism Development Co., Ltd.	Fellow subsidary
Hengda Time New City Develop (Wuhan) Co., Ltd.	Fellow subsidary
Yuchi Investment Management (Shanghai) Co., Ltd.	Fellow subsidary
Qidong Hengda Hotel Co., Ltd.	Fellow subsidary
Guiyang Baiyun District Hengda Kindergarden	Fellow subsidary
Danzhou Xiang Lei Investment Co., Ltd.	Fellow subsidary
ShengJian (BVI) Co., Ltd.	Fellow subsidary
Guangzhou Kaishang Health Industry Co., Ltd.	Fellow subsidary
Shenzhen Hengteng Internet Co., Ltd.	Fellow subsidary
Neimenggu Nuqiao Property Development Co., Ltd.	Joint venture of the Company
Taiyuan Hengda Deshen Real Estate Development Co., Ltd.	Joint venture of the Company
Taian Hengda Binghu New Town Property Development Co., Ltd.	Joint venture of the Company
Qinhuangdao Hengyin Real Estate Development Co., Ltd.	Joint venture of the Company
Haozhou Hengyuan Property Development Co., Ltd.	Joint venture of the Company
Guiyang Hengda Guanyun Real Estate Development Co., Ltd.	Joint venture of the Company
Taishan Hengruiyuan Real Estate Development Co., Ltd.	Joint venture of the Company
Zhaoqing Dinghu District Real Estate Development Co., Ltd.	Joint venture of the Company
Huaibei Yueheng Property Development Co., Ltd.	Joint venture of the Company

8 Related parties and related party transactions (Continued)

(2) Nature of key related parties that do not control/ are not controlled by the Company (Continued)

Apart from the associates and joint ventures of the Group, related parties that do not control/ are nc controlled by the Company are as follows (Continued):

Name of the company	Relationship with the Group
Yichang Hengchuang Property Development Co., Ltd.	Joint venture of the Company
Xuancheng Yuefeng Property Development Co., Ltd.	Joint venture of the Company
New World China Real Estate (Haikou) Co., Ltd.	Joint venture of the Company
Tangshan Fujia Real Estate Development Co., Ltd.	Joint venture of the Company
Tangshan Kaitin Real Estate Development Co., Ltd.	Joint venture of the Company
Taian Hengda Binghe Left Bay Property Development Co., Ltd.	Joint venture of the Company
Putian Hengyao Property Development Co., Ltd.	Joint venture of the Company
Chifeng Hengjing Real Estate Development Co., Ltd.	Joint venture of the Company
Huian Hongkang Property Development Co., Ltd.	Joint venture of the Company
Dali Inovation Gardon Co., Ltd.	Joint venture of the Company
Shangrao Dahongyin Property Development Co., Ltd.	Joint venture of the Company
Jiangxi Yumin Property Development Co., Ltd.	Joint venture of the Company
Tangshan Bozhi Real Estate Development Co., Ltd.	Joint venture of the Company
Zhangzhou Jinbi Property Development Co., Ltd.	Joint venture of the Company
Nanning Yuelong Tianxi Real Estate Development Co., Ltd.	Joint venture of the Company
Yantai Yushan Property Development Co., Ltd.	Joint venture of the Company
Huhehaote Hengshun Education Development Co., Ltd.	Joint venture of the Company
Chongqing Yinli Huili Property Development Co., Ltd.	Joint venture of the Company
Yantai Quanhong Property Development Co., Ltd.	Joint venture of the Company
Changxing Jingheng Property Development Co., Ltd.	Joint venture of the Company
Zhanjiang Hengyang Real Estate Development Co., Ltd.	Joint venture of the Company
Huaihua Hengyu Property Development Co., Ltd.	Joint venture of the Company
Suzhou Zhaoyin Property Development Co., Ltd.	Joint venture of the Company
Haiyan Hengyue Property Development Co., Ltd.	Joint venture of the Company
Zhumadian Yubag Real Estate Development Co., Ltd.	Joint venture of the Company
Ma'anshan Weihua Property Development Co., Ltd.	Joint venture of the Company
Jieyang Henggang Property Development Co., Ltd.	Joint venture of the Company
Shanwei Hengruixiang Real Estate Development Co., Ltd.	Joint venture of the Company
Luoding Hengyue Real Estate Development Co., Ltd.	Joint venture of the Company
Shanwei Hengjin Real Estate Development Co., Ltd.	Joint venture of the Company
Shishi Ruiyu Property Development Co., Ltd.	Joint venture of the Company
Shenyang Weishijinshen Real Estate Development Co., Ltd.	Joint venture of the Company
Zhaoqing Hengjin Property Development Co., Ltd.	Joint venture of the Company
Chongqing Hengyu Luocheng Real Estate Development Co., Ltd.	Joint venture of the Company
Fuqing Jinbi Property Development Co., Ltd.	Joint venture of the Company
Heze Dijing Property Development Co., Ltd.	Joint venture of the Company
Haomin Zhongji Guofeng Real Estate Development Co., Ltd.	Joint venture of the Company
Chengdu Haojun Real Estate Development Co., Ltd.	Joint venture of the Company
Liuan Banqiu Property Development Co., Ltd.	Joint venture of the Company
Ezhou Hengjin Real Estate Development Co., Ltd.	Joint venture of the Company
Wuhan Shengshi Yizhan Investment Development Co., Ltd.	Joint venture of the Company
Deyang Xingheng Real Estate Development Co., Ltd.	Joint venture of the Company
Ezhou Dingli Real Estate Development Co., Ltd.	Joint venture of the Company
Nanchong Qingyingshan Real Estate Development Co., Ltd.	Joint venture of the Company

8 Related parties and related party transactions (Continued)

(2) Nature of key related parties that do not control/ are not controlled by the Company (Continued)

Name of the company	Relationship with the Group
Ezhou Hengding Real Estate Development Co., Ltd.	Joint venture of the Company
Yichun Henglong Real Estate Development Co., Ltd.	Joint venture of the Company
Guangzhou Hengda Taobao Football Club Co., Ltd.	Joint venture of the Company
Jinan Hengda West City Property Development Co., Ltd.	Joint venture of the Company
Ma'anshan Hengyuan Property Development Co., Ltd.	Joint venture of the Company
Fuzhou Jingan District Shenan Real Estate Development Co., Ltd.	Joint venture of the Company
Liuan Yuecheng Property Development Co., Ltd.	Joint venture of the Company
Kunming Hengteng Real Estate Development Co., Ltd.	Joint venture of the Company
Hangzhou Hengfu Property Development Co., Ltd.	Joint venture of the Company
Faith Honor Group Limited	Joint venture of the Company
Jinan Quanhong Property Development Co., Ltd.	Joint venture of the Company
Nanchang Henghui Property Development Co., Ltd.	Joint venture of the Company
Shenyang Wanrun New City Property Development Co., Ltd.	Joint venture of the Company
Neimenggu Longji Real Estate Development Co., Ltd.	Joint venture of the Company
Shenyang Wanying Property Development Co., Ltd.	Joint venture of the Company
Shenyang Antai Real Estate Development Co., Ltd.	Joint venture of the Company
Guizhou Hengda Gangcheng Yunxigu Property Development Co., Ltd.	Joint venture of the Company
Shenyang Xingye Wenhua Property Development Co., Ltd.	Joint venture of the Company
Shenyang Shenye Property Development Co., Ltd.	Joint venture of the Company
Shenyang Shunhe Property Development Co., Ltd.	Joint venture of the Company
Dongguan Hengjiang Industry Investment Co., Ltd.	Joint venture of the Company
Nanjin Baoheng Real Estate Development Co., Ltd.	Joint venture of the Company
Jinan Puyuan Property Development Co., Ltd.	Joint venture of the Company
Chongqing Hengyong Real Estate Development Co., Ltd.	Joint venture of the Company
Chongqing Hengshou Tourism Development Co., Ltd.	Joint venture of the Company
Haerbin Chaoyang Wholesale Market of Farm and Sideline Products Co., Ltd.	Joint venture of the Company
Huzhou Yue'an Property Development Co., Ltd.	Joint venture of the Company
Hengshui Hengde Real Estate Development Co., Ltd.	Joint venture of the Company
Xuzhou Hengguan Property Development Co., Ltd.	Joint venture of the Company
Zaozhuang Mindu Property Development Co., Ltd.	Joint venture of the Company
Chongqing Rongchuang Bohang Real Estate Agency Co., Ltd.	Joint venture of the Company
Huhhot Jinbi Tianxia Real Estate Development Co., Ltd.	Joint venture of the Company
Hunan Jinyun Property Development Co., Ltd.	Joint venture of the Company
VMS CSW 1 Land Holdings Ltd	Joint venture of the Company
Rise Gain Development Limited	Joint venture of the Company
Best Wealth Investments Limited	Joint venture of the Company
Jining Hengyun Property Development Co., Ltd.	Joint venture of the Company
Weihai Hengrong Property Development Co., Ltd.	Joint venture of the Company
Shenzhen Jianheng Investment Co., Ltd.	Joint venture of the Company
Shanghai Hongyuan Shengshi Investment Co., Ltd.	Joint venture of the Company
OCI INVESTMENT FUND SPC-OCI	Joint venture of the Company
Huhhot Hengying Real Estate Development Co., Ltd.	Joint venture of the Company
Beijing Beiheng Zhonghui Education Technology Co., Ltd.	Joint venture of the Company
Hengda Life Insurance Co., Ltd.	Joint venture of China Evergrande
Shengjing Bank Co., Ltd.	Associate of China Evergrande

(All amounts in millions of RMB unless otherwise stated)

8 Related parties and related party transactions (Continued)

(3) Related party transactions

(a) Pricing policies

The prices of business transactions between the Group and related parties are determined through negotiations reference to the market prices.

(b) Purchase and sales of goods, rendering and receiving of services

Sales of goods

	Six months ended 30 June	
	2018	2017
Fellow subsidiaries	286	169
Associates	-	10
Joint ventures	235	-
A joint venture of China Evergrande	8	197
	529	376

Rendering of services

	Six months ended 30 June	
	2018	2017
Fellow subsidiaries	562	119
Joint ventures	60	-
A joint venture of China Evergrande	2	-
	624	119

(All amounts in millions of RMB unless otherwise stated)

8 Related parties and related party transactions (Continued)

(3) Related party transactions (Continued)

Purchase of goods

	Six months ended 30 June	
	2018	2017
A joint venture of China Evergrande	4	-
Fellow subsidiaries	-	4
	4	4

Receiving of services

	Six months ended 30 June	
	2018	2017
Fellow subsidiaries	-	12
Joint ventures	170	127
Intermediate holding company	10	-
	180	139

(c) Leases

The Group as the leaser

	Six months ended 30 June	
	2018	2017
Fellow subsidiaries	56	22
Associates	-	2
Joint ventures	3	5
A joint venture of China Evergrande	68	-
	127	29

The Group as the leasee

	Six months ended 30 June	
	2018	2017
Fellow subsidiaries	9	-
A joint venture of China Evergrande	25	-
	34	-

(All amounts in millions of RMB unless otherwise stated)

8 Related parties and related party transactions (Continued)

(3) Related party transactions (Continued)

(d) Interest income from finance leases

	Six months ended 30 June	
	2018	2017
Fellow subsidiaries	15	12

(e) Interest cost from acceptance of borrowings

	Six months ended 30 June	
	2018	2017
An associate of China Evergrande	568	331
A joint venture of China Evergrande	228	318
	796	649

(f) Funds from/to related parties

During the six months ended 30 June 2018 and 2017, there were certain cash advances activities between the Group and certain related parties, the transaction amounts of which are included in "cash received from other investing activities" and "cash paid for other investing activities" under investing activities, as well as "cash received from other financing activities" and "cash paid for other financing activities" under financing activities in the statement of cash flows.

	Six months ended 30 June	
	2018	2017
Cash received from other investing activities	1,544	886
Cash paid for other investing activities	10,204	319
Cash received from other financing activities	5,624	357
Cash paid for other financing activities	1,412	24,767

The balance of financial transactions with related parties is set out in note 8(4).

(g) Remuneration of key management

	Six months ended 30 June	
	2018	2017
Remuneration of key management	132	65

(All amounts in millions of RMB unless otherwise stated)

8 Related parties and related party transactions (Continued)

(3) Related party transactions (Continued)

(h) Provision of guarantee

	30 June 2018	31 December 2017
Joint ventures	14,383	2,229

(4) Amount due from/to related parties

(a) Accounts receivable

	30 June 2018	31 December 2017
Fellow subsidiaries	-	2
Joint ventures	63	8
A joint venture of China Evergrande	2	-
	65	10

(b) Other receivables

	30 June 2018	31 December 2017
Fellow subsidiaries	25	2
Associates	-	20
Joint ventures	13,984	3,896
Joint ventures of China Evergrande	296	317
	14,305	4,235

As at 30 June 2018 and 31 December 2017, the abovementioned other receivables were interest-free, unsecured, unguaranteed and with no fixed repayment terms.

(c) Long-term receivables

	30 June 2018	31 December 2017
Fellow subsidiaries	722	522

(All amounts in millions of RMB unless otherwise stated)

8 Related parties and related party transactions (Continued)

(d) Other payables

	30 June 2018	31 December 2017
Fellow subsidiaries	8	4
Joint ventures	6,608	465
A joint venture of China Evergrande	-	6
	6,616	475

As at 30 June 2018 and 31 December 2017, the abovementioned other payables were amounts with the related parties that were interest-free, unsecured and repayable on demand.

(e) Prepayments

	30 June 2018	31 December 2017
Joint ventures	-	424
Fellow subsidiaries	255	-
A joint venture of China Evergrande	5	26
	260	450

(f) Borrowings

	30 June 2018	31 December 2017
An associate of China Evergrande	2,700	2,700
A joint ventures of China Evergrande	16,559	727
	19,259	3,427

As at 30 June 2018 and 31 December 2017, the above borrowings were secured borrowings. The interest rates of these borrowings range from 6.18% to 12.22% per annum.

(j) Others

	30 June 2018	31 December 2017
An associates of China Evergrande	27,913	31,733

The balances represented cash in bank balances with interest rate of 0.38% per annum.

9 Share-based payment

Share-based payment option scheme is issued by China Evergrande to its employees (including employees of the Group), which is settled with its own shares. The Group is a customers receiving service and has no settlement obligation. Such share-based payment transaction will be treated as an equity-settled share-based payment.

As at 18 May 2010, China Evergrande granted 490,000,000 share options to employees of the Group ("2010 share options"), the exercise price of which was HK$2.4 per share. All share options were exercisable within five years from the date of grant.

As at 9 October 2014, China Evergrande granted 387,000,000 share options to employees of the Group ("2014 share options"), the exercise price of which was HK$3.05 per share. All share options were exercisable within five years from the date of grant.

(All amounts in millions of RMB unless otherwise stated)

As at 6 October 2017, China Evergrande granted 505,140,000 share options to employees of the Group ("2017 share options"), the exercise price of which was HK$30.20 per share. All share options were exercisable within five years from the date of grant.

Movements in the share options are set out as follows:

	Number of share options ('000)
1 January 2018	732,852
Exercised during the year	(7,099)
Lapsed during the year	(45,090)
30 June 2018	680,663

(All amounts in millions of RMB unless otherwise stated)

9 Share-based payment (Continued)

Details of the share options as at 30 June 2018 are set out as follows:

Date of grant	Vesting period	Exercise period	Exercise price/ (HK$ per share)	Number of share options/ ('000)
2010 share options				
18 May 2010	7-55 months	31 December 2010 to 31 December 2019	2.40	15,321
2014 share options				
9 October 2014	1-5 years	9 October 2015 to 8 October 2024	3.05	212,391
2017 share options				
6 October 2017	1-5 years	6 October 2018 to 5 October 2027	30.20	505,140

The weighted average fair value of share options was determined by reference to the valuation prepared by independent valuers using the Binomial Model. The significant inputs into the model were share price at the date of grant, annual risk-free rate, expected volatility, option expiry period and expected dividend yield, which are based on the best estimation of the management. The value of an option varies with different variables of certain subjective assumptions.

As of the six months ended 30 June 2018, the Group has recognised an expense of RMB804,000,000 (six months ended 30 June 2017: RMB29,000,000) under the share option scheme.

(All amounts in millions of RMB unless otherwise stated)

10 Commitments

(1) Operating lease commitments

The future minimum lease payments due under the signed irrevocable operating leases contracts are summarised as follows:

	30 June 2018	31 December 2017
Within 1 year	579	443
1 to 2 years	468	320
2 to 3 years	318	271
Over 3 years	310	169
	1,675	1,203

(2) Capital commitments

Capital expenditures contracted for by the Group but are not yet necessary to be recognised on the consolidated balance sheets as at the balance sheet date are as follows:

	30 June 2018	31 December 2017
Property development activities	184,976	186,219
Acquisition of land use rights	68,235	68,816
	253,211	255,035

(3) Investment commitments

Significant external investment contracted for by the Group but are not yet necessary to be recognised on the consolidated balance sheets as at the balance sheet date are as follows:

	30 June 2018	31 December 2017
Acquisition of subsidiaries	7,539	10,574

(All amounts in millions of RMB unless otherwise stated)

11 Contingencies

	30 June 2018	31 December 2017
Guarantees in respect of mortgage facilities for certain purchasers of the Group's property units (a)	344,767	339,121
Guarantees for borrowings of cooperation parties (b)	9,257	9,101
Guarantees for borrowings of joint ventures (c)	14,383	2,229
	368,407	350,451

(a) The Group provided guarantees in respect of the banking facilities for certain customers of the Group's property units according to relevant regulations. Such guarantees terminate upon the earlier of (i) issuance of the real estate ownership certificate which will generally be available within an average period of two to three years upon the completion of guarantee registration; or (ii) the satisfaction of mortgaged loan by the purchasers of properties. Pursuant to the terms of the guarantees, in case of default in mortgage payments by these purchasers during the period of guarantee, the Group shall repay the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks. After payment of the principals, interest and penalty, the Group is entitled to take over the legal title of the related mortgaged properties.

The management of the Group considers that the fair value of these guarantee contracts at the date of inception was minimal and in case of default in mortgage payments by the purchasers, the net realisable value of the related real estates is sufficient to cover the repayment of the outstanding mortgage principals together with the accrued interest and penalty. Therefore, no provision has been made in the financial statements for the guarantees.

(b) The Group provided financing guarantees for certain cooperation parties (primarily sub-contractors) that are independent of the Group, based on their history of performance in contracts. The Group closely monitors the repayment of such financing guarantees. The management of the Group considers that the possibility of the Group's exposure to compensation risk due to such guarantees is remote, therefore no provision has been made in the financial statements for guarantees.

(c) The Group provided financing guarantees for borrowings for property development projects of some joint ventures. The management of the Group considers that the possibility of the Group's exposure to compensation risk due to such guarantees is remote, therefore no provision has been made in the financial statements for guarantees.

(All amounts in millions of RMB unless otherwise stated)

12 Financial risk management and financial instruments

The Group's activities expose it to a variety of financial risks: market risk (primarily including currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(1) Market risk

(a) Foreign exchange risk

The Group's major operational activities are carried out in Mainland China and most of the transactions are denominated in RMB. The Group is exposed to foreign exchange risk arising from the assets, liabilities, and transactions denominated in foreign currencies, primarily with respect to HKD and US Dollars ("USD"). The Group's finance department is responsible for monitoring the amount of assets, liabilities and transactions denominated in foreign currencies to minimise the foreign exchange risk to the greatest extent. During six months ended 30 June 2018 and 2017, the Group did not enter into any forward exchange contracts or currency swap contracts.

As at 30 June 2018 and 31 December 2017, the financial assets and liabilities denominated in foreign currencies held by companies whose recording currencies are HKD in the Group are insignificant.

As at 30 June 2018 and 31 December 2017, the carrying amounts of the Group's foreign currencies denominated monetary assets and liabilities at the respective balance sheet dates are as follows:

	30 June 2018			
	USD	HKD	Others	Total
Financial assets				
-Cash and cash equivalents	2,724	8,443	12	11,179
-Other receivables	-	889	-	889
	2724	9,332	12	12,068

(All amounts in millions of RMB unless otherwise stated)

12 Financial risk management and financial instruments (Continued)

(1) Market risk (Continued)

(a) Foreign exchange risk (Continued)

	30 June 2018			
	USD	HKD	Others	Total
Financial liabilities				
-Short-term borrowings	23,076	13,172	-	36,248
-Current portion of non-current liabilities	2,433	2,951	-	5,384
-Other payables	-	1,264	-	1,264
-Long-term borrowings	-	3,119	-	3,119
	25,509	20,506	-	46,015

	31 December 2017			
	USD	HKD	Others	Total
Financial assets				
-Cash and cash equivalents	322	6,083	2	6,407
-Other receivables	-	22	-	22
	322	6,105	2	6,429
Financial liabilities				
-Short-term borrowings	28,210	23,807	15,559	67,576
-Current portion of non-current liabilities	2,403	-	-	2,403
-Other payables	-	519	-	519
-Long-term borrowings	-	6,019	-	6,019
	30,613	30,345	15,559	76,517

As at 30 June 2018, if the RMB had strengthened/weakened by 2% against the foreign currencies while all other variables had been held constant, the Group's net for the year would have been higher/lower approximately RMB509,000,000 (31 December 2017: approximately RMB2,628,000,000) respectively and have no impact on other comprehensive income.

(b) Interest rate risk

The Group's interest rate risk arises from long-term interest bearing borrowings. Financial liabilities issued at floating rates expose the Group to cash flow interest rate risk. Financial liabilities issued at fixed rates expose the Group to fair value interest rate risk. The Group determines the relative proportions of its fixed rate and floating rate contracts depending on the prevailing market conditions. As at 30 June 2018, the Group's long-term interest bearing borrowings were mainly RMB-denominated bank borrowings with floating rates, amounting to RMB114,720,000,000 (31 December 2017: RMB100,177,000,000).

12 Financial risk management and financial instruments (Continued)

(b) Interest rate risk (Continued)

The Group's finance department at its headquarters continuously monitors the interest rate position of the Group. Increases in interest rates will increase the cost of new borrowing and the interest expenses with respect to the Group's outstanding floating rate borrowings, and therefore could have a material adverse effect on the Group's financial performance. The Group makes adjustments timely with reference to the latest market conditions and may enter into interest rate swap agreements to mitigate its exposure to interest rate risk. During the period ended 30 June 2018 and the year ended 31 December 2017, the Group did not enter into any interest rate swap agreements.

As at 30 June 2018, if interest rates on the floating rate borrowings had risen/fallen by 100 basis points while all other variables had been held constant, the Group's net profit would have decreased/increased by approximately RMB860,000,000 (31 December 2017: approximately RMB751,000,000).

(2) Credit risk

Credit risk is managed on the grouping basis. Credit risk mainly arises from cash at bank and receivables etc.

The Group expects that there is no significant credit risk associated with cash at bank since they are deposited at state-owned banks and other medium or large size listed banks. Management does not expect that there will be any significant losses from non-performance by these counterparties.

In addition, the Group has policies to limit the credit exposure on receivables. The Group assesses the credit quality of and sets credit limits on its customers by taking into account their financial position, the availability of guarantee from third parties, their credit history and other factors such as current market conditions. The credit history of the customers is regularly monitored by the Group. In respect of customers with a poor credit history, the Group will use written payment reminders, or shorten or cancel credit periods, to ensure the overall credit risk of the Group is limited to a controllable extent.

(3) Liquidity risk

Cash flow forecasting is performed by the Group, which also monitors rolling forecasts of the Group's short-term and long-term liquidity requirements to ensure it has sufficient cash to meet operational needs. Meanwhile the Group maintains sufficient headroom on its undrawn committed borrowing facilities from major financial institutions so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities to meet the short-term and long-term liquidity requirements.

(All amounts in millions of RMB unless otherwise stated)

12 Financial risk management and financial instruments (Continued)

(3) Liquidity risk (Continued)

	30 June 2018				
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Short-term borrowings	98,437	-	-	-	98,437
Notes payables	69,385	-	-	-	69,385
Accounts payables	224,644	-	-	-	224,644
Other payables	76,292	-	-	-	76,292
Interests payable	3,463	-	-	-	3,463
Dividends payable	507	-	-	-	507
Current portion of non-current liabilities	195,624	-	-	-	195,624
Long-term borrowings	19,294	166,542	95,842	395	282,073
Corporate bonds	2,276	1,493	23,976	-	27,745
Long-term payables	3,555	601	-	-	4,156
	693,477	168,636	119,818	395	982,326

	31 December 2017				
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Short-term borrowings	137,101	-	-	-	137,101
Notes payables	64,414	-	-	-	64,414
Accounts payables	172,773	-	-	-	172,773
Other payables	71,204	-	-	-	71,204
Interests payable	2,367	-	-	-	2,367
Dividends payable	1,065	-	-	-	1,065
Current portion of non-current liabilities	232,264	-	-	-	232,264
Long-term borrowings	21,135	175,712	112,278	1,852	310,977
Corporate bonds	1,213	7,764	11,066	-	20,043
Long-term payables	222	4,531	-	-	4,753
	703,758	188,007	123,344	1,852	1,016,961

For the financing guarantees provided by the Group, the management of the Group was in the consideration that the possibility of the Group's exposure to compensation risk is remote, therefore there is no need to present its liquidity risk.

(All amounts in millions of RMB unless otherwise stated)

13 Fair value estimation

The level in which fair value measurement is categorised is determined by the level of the fair value hierarchy of the lowest level input that is significant to the entire fair value measurement:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

(1) Assets measured at fair value on a recurring basis

As at 30 June 2018, the assets measured at fair value on a recurring basis by the above three levels are analysed below:

	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at fair value through profit or loss -				
-Investments in equity instrument held for trading	1,674	-	-	1,674
Available-for-sale financial assets				
-Available-for-sale equity instruments	741	279	-	1,020
	2,415	279	-	2,694
Non-financial assets				
Investment properties	-	-	152,243	152,243
Total assets	2,415	279	152,243	154,937

As at 31 December 2017, the assets measured at fair value on a recurring basis by the above three levels are analysed below:

	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at fair value through profit or loss				
-Investments in equity instrument held for trading	2,772	-	-	2,772
Available-for-sale financial assets				
-Available-for-sale equity instruments	1,448	278	14	1,740
-Monetary fund	-	1,520	-	1,520
	4,220	1,798	14	6,032
Non-financial assets				
Investment properties	-	-	145,588	145,588
Total assets	4,220	1,798	145,602	151,620

The Group takes the date on which events causing the transfers between the levels take place as the timing specific for recognising the transfers. There is no transfer between Level 1 and Level 2 for the current period.

(All amounts in millions of RMB unless otherwise stated)

13 Fair value estimation (Continued)

(1) Assets measured at fair value on a recurring basis (Continued)

The fair value of financial instruments traded in an active market is determined at the quoted market price.

For the six months ended 30 June 2018, there is no change in the valuation method.

(2) Assets and liabilities not measured at fair value but for which the fair value is disclosed

Financial assets and liabilities measured at amortised cost mainly include receivables, short-term borrowings, accounts payable and long-term borrowings.

The carrying amount of such financial assets and liabilities not measured at fair values value is a reasonable approximation of their fair value since the impact of discount is insignificant or the long-term borrowings have a floating rate.

(3) The fair value of corporate bonds in an active market is determined at the quoted market price, and categorised within Level 1 of the fair value hierarchy. The fair value of long-term borrowings, long-term payables and Corporate bonds not quoted in an active market is the present value of the contractually determined stream of future cash flows discounted at the rate of interest applied at that time by the market to instruments of comparable credit status and providing substantially the same cash flows on the same terms, and categorised within Level 3 of the fair value hierarchy.

14 Capital management

The Group’s capital management policies aim to safeguard the Group’s ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, refund capital to shareholders, issue new shares or sell assets to reduce debts.

The Group's total capital is calculated as ‘owners’ equity’ as shown in the consolidated balance sheet. The Group is not subject to external mandatory capital requirements, and monitors capital on the basis of asset-to-liability rate.

As at 30 June 2018 and 31 December 2017, the Group's assets-liabilities rate is as follows:

	30 June 2018	31 December 2017
Assets-liabilities rate	79%	84%

(All amounts in millions of RMB unless otherwise stated)

15 Notes to the Company financial statements

(1) Other receivables

	30 June 2018	31 December 2017
Related parties	220,689	180,880
Third parties	8,826	11,643
	229,515	192,523
Less: Allowance for bad debts	(32)	(28)
	229,483	192,495

The ageing of other receivables and related provisions for bad debts are analysed below:

	30 June 2018			31 December 2017		
	Amount	%	Allowance for bad debts	Amount	%	Allowance for bad debts
Within 1 year	224,423	97.78%	(25)	192,410	99.94%	(2)
1 to 2 years	5,029	2.19%	(5)	5	0.00%	-
Over 2 years	63	0.03%	(2)	108	0.06%	(26)
	229,515	100.00%	(32)	192,523	100%	(28)

As at 30 June 2018 and 31 December 2017, there were no other receivables that were past due but not impaired.

(2) Long- term investments

	30 June 2018	31 December 2017
Subsidiaries	86,385	74,793
Joint ventures	6	6
Associates	1	1
	86,522	74,800

The Group has not been imposed any material restrictions on realising the Long- term equity investments. The Group accounted for the above subsidiaries by cost method while for the above joints ventures and associates by equity method.

(a) Subsidiaries

The movement of investments in subsidiaries is set out below:

	31 December 2017	Additions	Disposal	30 June 2018
Subsidiaries	74,793	11,712	(120)	86,385

(All amounts in millions of RMB unless otherwise stated)

15 Notes to the Company's financial statements (Continued)

(3) Other payables

	30 June 2018	31 December 2017
Amounts due to related parties	176,220	186,280
Deposits payables	115	108
Others	400	403
	176,735	186,791

(4) Revenue and cost of sales

	Six months ended 30 June			
	2018		2017	
	Revenues	Cost of sales	Revenue	Cost of sales
Service income and others	1,980	272	895	12

(5) Financial risk management and financial instruments

The Company's activities expose it to a variety of financial risks: market risk (primarily interest rate risk), credit risk and liquidity risk. The Group's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

(a) Market risk

Interest rate risk

The Company's interest rate risk arises from long-term interest bearing borrowings. Financial liabilities issued at floating rates expose the Company to cash flow interest rate risk. Financial liabilities issued at fixed rates expose the Company to fair value interest rate risk. The Company determines the relative proportions of its fixed rate and floating rate contracts depending on the prevailing market conditions. As at 30 June 2018, the Company's long-term interest bearing borrowings were mainly bank borrowings with floating rates, amounting to RMB8,590 million (31 December 2017: RMB2,090 million).

The Company's finance department continuously monitors the interest rate position of the Company. Increases in interest rates will increase the cost of new borrowing and the interest expenses with respect to the Company's outstanding floating rate borrowings, and therefore could have a material adverse effect on the Company's financial performance. The Company makes adjustments timely with reference to the latest market conditions and may enter into interest rate swap agreements to mitigate its exposure to interest rate risk. As at 30 June 2018 and 31 December 2017, the Company did not enter into any interest rate swap agreements.

As at 30 June 2018, if interest rates on the floating rate borrowings had risen/fallen by 100 basis points while all other variables had been held constant, the Company's net profit would have decreased/increased by approximately RMB64 million (31 December 2017: approximately RMB16 million).

15 Notes to the Company's financial statements (Continued)

(5) Financial risk management and financial instruments (Continued)

(b) Credit risk

Credit risk is managed on the grouping basis. Credit risk mainly arises from cash at bank and receivables etc.

The Company expects that there is no significant credit risk associated with cash at bank since they are deposited at state-owned banks and other medium or large size listed banks. Management does not expect that there will be any significant losses from non-performance by these counterparties.

In addition, the Company has policies to limit the credit exposure on receivables. The Company assesses the credit quality of and sets credit limits on its customers by taking into account their financial position, the availability of guarantee from third parties, their credit history and other factors such as current market conditions. The credit history of the customers is regularly monitored by the Company. In respect of customers with a poor credit history, the Company will use written payment reminders, or shorten or cancel credit periods, to ensure the overall credit risk of the Company is limited to a controllable extent.

(c) Liquidity risk

Financial assets of the Company include financial assets at fair value through profit or loss, accounts receivable and available-for-sale financial assets. Financial liabilities include accounts payable, borrowings and corporate bonds.

Cash flow forecasting is performed by the Company, which also monitors rolling forecasts of the Company's short-term and long-term liquidity requirements to ensure it has sufficient cash to meet operational needs. Meanwhile the Company maintains sufficient headroom on its undrawn committed borrowing facilities from major financial institutions so that the Company does not breach borrowing limits or covenants on any of its borrowing facilities to meet the short-term and long-term liquidity requirements.

恒大地产集团有限公司

截至 2018 年 6 月 30 日止 6 个月期间简明财务报表

恒大地产集团有限公司

截至 2018 年 6 月 30 日止 6 个月期间简明财务报表

内容 页码

审阅报告

普华永道中天阅字(2018)第 0071 号

恒大地产集团有限公司董事会：

我们审阅了后附的恒大地产集团有限公司(以下简称“恒大地产集团”)的中期财务报表，包括2018年6月30日的合并及公司资产负债表，截至2018年6月30日止六个月期间的中期合并及公司利润表、合并及公司所有者权益变动表和合并及公司现金流量表以及中期财务报表附注。按照《企业会计准则第32号—中期财务报告》的规定编制中期财务报表是恒大地产集团管理层的责任，我们的责任是在实施审阅工作的基础上对中期财务报表出具审阅报告。

我们按照《中国注册会计师审阅准则第2101号—财务报表审阅》的规定执行了审阅业务。该准则要求我们计划和实施审阅工作，以对中期财务报表是否不存在重大错报获取有限保证。审阅主要限于询问公司有关人员和对财务数据实施分析程序，提供的保证程度低于审计。我们没有实施审计，因而不发表审计意见。

根据我们的审阅，我们没有注意到任何事项使我们相信上述中期财务报表没有在所有重大方面按照《企业会计准则第32号—中期财务报告》的规定编制。

上述中期财务报表中的部分比较信息，即截至2017年6月30日止六个月期间的中期合并及公司利润表、合并及公司所有者权益变动表和合并及公司现金流量表以及相关附注未经审计或审阅。

普华永道中天
会计师事务所(特殊普通合伙)

注册会计师

汤振峰

中国•上海市
2018年10月29日

注册会计师

魏　泽

恒大地产集团有限公司

2018 年 6 月 30 日合并及公司资产负债表
(除特别注明外，金额单位为人民币百万元)

资　产	附注	合并 2018 年 6 月 30 日 (未经审计)	合并 2017 年 12 月 31 日 (经审计)	公司 2018 年 6 月 30 日 (未经审计)	公司 2017 年 12 月 31 日 (经审计)
流动资产					
货币资金	五(1)	222,969	266,748	40,814	102,302
以公允价值计量且其变动计入当期损益的金融资产	五(2)	1,674	2,772	-	-
应收票据		50	62	-	-
应收账款	五(3)(a)	29,054	12,783	48	20
预付款项	五(4)	132,965	129,952	16,702	17,029
应收利息		11	119	11	112
其他应收款	五(3)(c)、十五(1)	58,398	47,728	229,483	192,495
存货	五(5)	891,635	896,405	2,327	2,415
一年内到期的非流动资产		5,124	8,176	-	-
其他流动资产	五(6)	18,369	20,036	14	29
流动资产合计		1,360,249	1,384,781	289,399	314,402
非流动资产					
可供出售金融资产	五(7)	1,020	1,740	434	798
长期应收款	五(3)(b)	1,982	4,477	-	-
长期股权投资	五(8)、十五(2)	13,377	2,624	86,522	74,800
投资性房地产	五(9)	152,243	145,588	2,424	2,423
固定资产	五(10)	15,944	15,657	844	787
在建工程	五(11)	6,694	6,080	43	13
无形资产	五(12)	5,325	5,271	72	73
长期待摊费用		434	166	49	39
递延所得税资产	五(22)(a)	2,703	3,649	224	126
其他非流动资产		49	29	-	-
非流动资产合计		199,771	185,281	90,612	79,059
资产总计		1,560,020	1,570,062	380,011	393,461

恒大地产集团有限公司

2018年6月30日合并及公司资产负债表(续)
(除特别注明外，金额单位为人民币百万元)

		合并		公司	
		2018年6月30日(未经审计)	2017年12月31日(经审计)	2018年6月30日(未经审计)	2017年12月31日(经审计)
负债及所有者权益	附注				
流动负债					
短期借款	五(13)	95,215	133,178	5,236	1,027
应付票据	五(14)	69,385	64,414	59	41
应付账款		224,644	172,773	443	302
预收款项	五(15)	157,156	244,054	121	516
应付职工薪酬		1,486	1,821	95	102
应交税费	五(16)	97,754	65,180	155	259
应付利息		3,463	2,367	2,561	1,785
应付股利		507	1,065	-	-
其他应付款	五(17)、十五(3)	76,292	71,204	176,735	186,791
一年内到期的非流动负债	五(18)	187,995	215,495	31,939	47,195
流动负债合计		913,897	971,551	217,344	238,018
非流动负债					
长期借款	五(20)	245,268	267,927	4,458	3,599
应付债券	五(21)	23,911	17,380	23,911	17,380
长期应付款	五(19)	584	4,288	-	-
递延所得税负债	五(22)(b)	22,878	25,570	-	-
其他非流动负债	五(23)	23,554	24,673	-	-
非流动负债合计		316,195	339,838	28,369	20,979
负债合计		1,230,092	1,311,389	245,713	258,997
所有者权益					
实收资本		3,940	3,940	3,940	3,940
资本公积		118,068	117,751	128,574	128,574
其他综合损失		(1,049)	(689)	(811)	(538)
盈余公积	五(24)	205	195	205	195
外币报表折算差异		364	177	-	-
未分配利润		138,336	92,032	2,390	2,293
归属于母公司所有者权益合计		259,864	213,406	134,298	134,464
少数股东权益		70,064	45,267	-	-
所有者权益合计		329,928	258,673	134,298	134,464
负债及所有者权益总计		1,560,020	1,570,062	380,011	393,461

后附财务报表附注为财务报表的组成部分。

企业负责人: 主管会计工作的负责人: 会计机构负责人:

恒大地产集团有限公司

截至 2018 年 6 月 30 日止 6 个月期间合并及公司利润表
(除特别注明外，金额单位为人民币百万元)

项　　目	附注	截至 6 月 30 日止 6 个月期间 合并 2018 年 (未经审计)	合并 2017 年 (未经审计)	公司 2018 年 (未经审计)	公司 2017 年 (未经审计)
一、营业收入	五(25)、十五(4)	284,209	181,915	1,980	895
减：营业成本	五(25)、十五(4)	(179,544)	(116,309)	(272)	(12)
税金及附加	五(26)	(18,710)	(13,153)	(65)	(71)
销售费用	五(28)	(7,779)	(7,178)	(418)	(477)
管理费用	五(28)	(4,246)	(3,199)	(827)	(491)
财务费用–净额	五(27)	(1,425)	(2,585)	(253)	(614)
资产减值损失		(251)	(202)	(5)	-
加：公允价值变动损益	五(29)	1,037	5,680	1	5
投资收益/(损失)	五(30)	1,601	(3,751)	(4)	2,834
其中：对联营企业和合营企业的投资损失	五(8)	(127)	(387)	-	(377)
资产处置收益		-	-	-	-
其他收益		73	-	-	-
二、营业利润		74,965	41,218	137	(2,069)
加：营业外收入		569	255	18	-
减：营业外支出	五(31)	(2,712)	(1,972)	(17)	74
三、利润总额		72,822	39,501	138	1,995
减：所得税费用	五(32)	(21,317)	(13,905)	(31)	(324)
四、净利润		51,505	25,596	107	1,671
归属于母公司所有者的净利润		46,314	24,589	107	1,671
少数股东损益		5,191	1,007	-	-
五、其他综合(损失)/收益的税后净额					
归属于母公司所有者的其他综合(损失)/收益的税后净额		(173)	2,362	(273)	(628)
以后将重分类进损益的其他综合(损失)/收益		(173)	2,362	(273)	(628)
可供出售金融资产公允价值变动		(360)	2,572	(273)	(628)
外币财务报表折算差额		187	(210)	-	-
六、综合收益总额		51,332	27,958	(166)	1,043
归属于母公司所有者的综合收益总额		46,141	26,951	(166)	1,043
归属于少数股东的综合收益总额		5,191	1,007	-	-

后附财务报表附注为财务报表的组成部分。

企业负责人:　　　　主管会计工作的负责人:　　　　会计机构负责人:

恒大地产集团有限公司

截至 2018 年 6 月 30 日止 6 个月期间合并及公司现金流量表
(除特别注明外，金额单位为人民币百万元)

项目	附注	截至 6 月 30 日止 6 个月期间 合并 2018 年 (未经审计)	合并 2017 年 (未经审计)	公司 2018 年 (未经审计)	公司 2017 年 (未经审计)
一、经营活动产生的现金流量					
销售商品、提供劳务收到的现金		210,511	185,066	1,663	1,152
收到其他与经营活动有关的现金		2,939	7,245	354	1,084
经营活动现金流入小计		213,450	192,311	2,017	2,236
购建商品、接受劳务支付的现金		(106,153)	(206,081)	(122)	(276)
支付给职工以及为职工支付的现金		(8,949)	(6,668)	(452)	(360)
支付的各项税费		(25,698)	(17,995)	(299)	(101)
支付其他与经营活动有关的现金	五(33)(f)	(9,814)	(14,131)	(655)	(5,913)
经营活动现金流出小计		(150,614)	(244,875)	(1,528)	(6,650)
经营活动产生的现金流量净额	五(33)(a)	62,836	(52,564)	489	(4,414)
二、投资活动产生的现金流量					
收回投资收到的现金		17,006	29,189	701	15
取得投资收益所收到的现金		61	14	115	5,810
处置固定资产、投资性房地产及无形资产收回的现金净额		1,319	808	-	10
处置子公司及其他营业单位收到的现金	五(33)(e)	1,588	4,005	-	6,581
收到其他与投资活动有关的现金		1,923	1,115	-	-
投资活动现金流入小计		21,897	35,131	816	12,416
投资支付的现金		(23,130)	(2,223)	(700)	(2,000)
购建固定资产、投资性房地产及无形资产所支付的现金		(6,691)	(8,104)	(71)	(43)
取得子公司及其他营业单位支付的现金净额		(6,753)	(21,627)	(11,842)	(125)
支付其他与投资活动有关的现金		(14,085)	(4,621)	(37,059)	(63,909)
投资活动现金流出小计		(50,659)	(36,575)	(49,672)	(66,077)
投资活动产生的现金流量净额		(28,762)	(1,444)	(48,856)	(53,661)
三、筹资活动产生的现金流量					
吸收投资所收到的现金		19,064	57,805	-	57,000
取得借款收到的现金		154,609	200,353	6,500	-
收到其他与筹资活动有关的现金		32,235	8,340	40,986	-
筹资活动现金流入小计		205,908	266,498	47,486	57,000
偿还债务支付的现金		(221,415)	(179,416)	(10,224)	(6,769)
分配股利、利润或偿付利息支付的现金		(23,159)	(28,892)	(155)	(1,733)
支付其他与筹资活动有关的现金		(4,977)	(44,373)	(10,060)	(12,400)
筹资活动现金流出小计		(249,551)	(252,681)	(20,439)	(20,902)
筹资活动产生的现金流量净额		(43,643)	13,817	27,047	36,098
四、汇率变动对现金及现金等价物的影响		81	(110)	-	-
五、现金及现金等价物净变动额	五(33)(c)	(9,488)	(40,301)	(21,320)	(21,977)
加：期初现金及现金等价物余额		133,244	171,185	39,170	46,003
六、期末现金及现金等价物余额	五(33)(d)	123,756	130,884	17,850	24,026

后附财务报表附注为财务报表的组成部分。

企业负责人: 主管会计工作的负责人: 会计机构负责人:

恒大地产集团有限公司

截至 2018 年 6 月 30 日止 6 个月期间合并所有者权益变动表
(除特别注明外，金额单位为人民币百万元)

项　　目	归属于母公司所有者权益						少数股东权益	所有者权益合计
	实收资本	资本公积	其他综合(损失)/收益	盈余公积	外币报表折算差异	未分配利润		
2018 年 1 月 1 日年初余额	3,940	117,751	(689)	195	177	92,032	45,267	258,673
截至 2018 年 6 月 30 日止 6 个月期间增减变动额								
综合收益总额								
净利润	-	-	-	-	-	46,314	5,191	51,505
其他综合(损失)/收益	-	-	(360)	-	187	-	-	(173)
综合收益总额合计	-	-	(360)	-	187	46,314	5,191	51,332
所有者投入和减少资本								
所有者投入资本	-	-	-	-	-	-	19,064	19,064
购买部分子公司少数股东权益	-	(487)	-	-	-	-	(520)	(1,007)
收购资产增加的少数股东权益	-	-	-	-	-	-	1,035	1,035
收购业务增加的少数股东权益	-	-	-	-	-	-	10	10
处置子公司	-	-	-	-	-	-	17	17
股份支付计入股东权益的金额	-	804	-	-	-	-	-	804
利润分配								
提取盈余公积	-	-	-	10	-	(10)	-	-
2018 年 6 月 30 日年末余额	3,940	118,068	(1,049)	205	364	138,336	70,064	329,928
2017 年 1 月 1 日年初余额	2,500	14	(3,089)	42	769	52,989	34,917	88,142
截至 2017 年 6 月 30 日止 6 个月期间增减变动额								
综合收益总额								
净利润	-	-	-	-	-	24,589	1,007	25,596
其他综合收益	-	-	2,572	-	(210)	-	-	2,362
综合收益总额合计	-	-	2,572	-	(210)	24,589	1,007	27,958
所有者投入和减少资本								
所有者投入资本	884	69,116	-	-	-	-	11,622	81,622
购买部分子公司少数股东权益	-	(11,123)	-	-	-	-	(2,250)	(13,373)
收购资产增加的少数股东权益	-	-	-	-	-	-	202	202
收购业务增加的少数股东权益	-	-	-	-	-	-	591	591
处置子公司	-	-	-	-	-	-	(2,261)	(2,261)
股份支付计入股东权益的金额	-	29	-	-	-	-	-	29
利润分配								
提取盈余公积	-	-	-	150	-	(150)	-	-
对所有者的分配	-	-	-	-	-	-	(136)	(136)
2017 年 6 月 30 日年末余额	3,384	58,036	(517)	192	559	77,428	43,692	182,774

后附财务报表附注为财务报表的组成部分。

企业负责人:　　　　主管会计工作的负责人:　　　　会计机构负责人:

恒大地产集团有限公司

截至 2018 年 6 月 30 日止 6 个月期间公司所有者权益变动表
(除特别注明外，金额单位为人民币百万元)

项　目	归属于母公司所有者权益					所有者权益合计
	实收资本	资本公积	其他综合(损失)/收益	盈余公积	未分配利润	
2018 年 1 月 1 日年初余额	3,940	128,574	(538)	195	2,293	134,464
截至 2018 年 6 月 30 日止 6 个月期间增减变动额						
综合收益总额						
净利润	-	-	-	-	107	107
其他综合损失	-	-	(273)	-	-	(273)
综合收益总额合计	-	-	(273)	-	107	(166)
利润分配						
提取盈余公积	-	-	-	10	(10)	-
2018 年 6 月 30 日年末余额	3,940	128,574	(811)	205	2,390	134,298
2017 年 1 月 1 日年初余额	2,500	14	199	42	918	3,673
截至 2017 年 6 月 30 日止 6 个月期间增减变动额						
综合收益总额						
净利润	-	-	-	-	1,671	1,671
其他综合损失	-	-	(628)	-	-	(628)
综合收益总额合计	-	-	(628)	-	1,671	1,043
所有者投入和减少资本						
股东投入资本	884	69,116	-	-	-	70,000
利润分配						
提取盈余公积	-	-	-	150	(150)	-
2017 年 6 月 30 日年末余额	3,384	69,130	(429)	192	2,439	74,716

后附财务报表附注为财务报表的组成部分。

企业负责人:　　　　主管会计工作的负责人:　　　　会计机构负责人:

一 公司基本情况

恒大地产集团有限公司(以下简称“本公司”)是广州市凯隆置业有限公司于 1996 年 6 月 24 日在中华人民共和国广州市注册成立的有限责任公司，本公司经批准的经营期限为长期，注册资本和实收资本为人民币 2,500,000,000 元。于 2016 年 9 月 13 日，本公司的注册地变更为深圳市。

于 2017 年 3 月 31 日，中信聚恒(深圳)投资控股中心(有限合伙)、广田投资有限公司、深圳市华建控股有限公司、深圳市美投步阳投资合伙企业(有限合伙)、深圳市中融鼎兴投资合伙企业(有限合伙)、广东唯美明珠投资有限公司、苏州工业园区睿灿投资企业(有限合伙)、山东高速投资控股有限公司及山东铁路发展基金有限公司分别以货币资金人民币 5,000,000,000 元、5,000,000,000 元、5,000,000,000 元、3,500,000,000 元、3,000,000,000 元、3,000,000,000 元、2,500,000,000 元、1,500,000,000 元及 1,500,000,000 元共计 30,000,000,000 元对本公司进行增资，其中注册及实收资本增加人民币 378,787,879 元，人民币 29,621,212,121 元作为资本公积。本次增资完成后，本公司的的注册及实收资本为人民币 2,878,787,879 元。

于 2017 年 6 月 1 日，马鞍山市茂文科技工业园有限公司、深圳市宝信投资控股有限公司、江西省华达置业集团有限公司、深圳市麒翔投资有限公司、苏州工业园区睿灿投资企业(有限合伙)、深圳市键诚投资有限公司、宁波民银金投鸿达叁号投资管理合伙企业(有限合伙)、嘉兴宇民伍号投资合伙企业(有限合伙)、潍坊金橙宏源投资管理合伙企业(有限合伙)、嘉寓汽车配件宁夏(有限合伙)、深圳市中意前海控股有限公司、上海豪仁物业管理有限公司与青岛永合金丰集团有限公司分别以货币资金人民币 5,500,000,000 元、5,000,000,000 元、5,000,000,000 元、5,000,000,000 元、4,000,000,000 元、3,500,000,000 元、3,000,000,000 元、2,000,000,000 元、2,000,000,000 元、2,000,000,000 元、1,000,000,000 元、1,000,000,000 元及 1,000,000,000 元共计 40,000,000,000 元对本公司进行增资，其中注册及实收资本增加人民币 505,050,504 元，人民币 39,494,949,496 元作为资本公积。本次增资完成后，本公司的的注册及实收资本为人民币 3,383,838,383 元。

于 2017 年 11 月 23 日，南京润恒企业管理有限公司、山东高速地产集团有限公司、山东高速投资控股有限公司、济南畅赢金程股权投资合伙企业(有限合伙)、深圳正威(集团)有限公司、嘉寓汽车配件宁夏(有限合伙)、广州逸合投资有限公司、四川鼎祥股权投资基金有限公司分别以货币资金人民币 20,000,000,000 元、9,000,000,000 元、6,000,000,000 元、5,000,000,000 元、5,000,000,000 元、5,000,000,000 元、5,000,000,000 元、5,000,000,000 元共计 60,000,000,000 元对本公司进行增资，其中注册及实收资本增加人民币 555,958,004 元，人民币 59,444,041,996 元作为资本公积。本次增资完成后，本公司的的注册及实收资本为人民币 3,939,796,387 元。

于 2018 年 6 月 30 日，本公司母公司为广州市凯隆置业有限公司(以下简称“广州凯隆”)，持有本公司 63.4552%股权，最终控股公司为鑫鑫(BVI)有限公司，实际控制人为许家印博士。中间控股公司中国恒大集团(以下简称“中国恒大”)为在开曼群岛注册成立的有限公司，该公司的股份于 2009 年 11 月 5 日在香港联合交易所有限公司主板上市。

本公司及子公司(以下合称“本集团”)经批准的经营范围为房地产开发、建材销售、物业管理、酒店运营及企业管理咨询服务等。于截至 2018 年 6 月 30 日止 6 个月期间，本集团的实际主营业务在上述经批准的经营范围内。

(除特别注明外，金额单位为人民币百万元)

一　公司基本情况(续)

本财务报表由本公司企业负责人于 2018 年 10 月 29 日批准报出。

本中期财务报表未经审计。

二　财务报表的编制基础

本财务报表按照财政部于 2006 年 2 月 15 日及以后期间颁布的《企业会计准则——基本准则》、各项具体会计准则及相关规定(以下合称“企业会计准则”)编制。本财务报表根据财政部颁布的《企业会计准则第 32 号—中期财务报告》的要求进行列报和披露，本财务报表应与本集团 2017 年度财务报表一并阅读。本财务报表所采用的会计政策与本集团编制 2017 年度财务报表所采用的会计政策一致。

本财务报表以持续经营为基础编制。

三　税项

本集团适用的主要税种及其税率列示如下：

税种	计税依据	税率
增值税	应纳税增值额(应纳税额按应纳税销售额乘以适用税率扣除当期允许抵扣的进项税后的余额计算)	3%、5%、6%、11%或 17%
土地增值税	按转让房地产所取得的增值额	按超率累进税率 30% - 60%
房产税	房产原值或租金收入	房产原值的 1.2%或租金收入 12%
企业所得税	应纳税所得额	25%

(除特别注明外，金额单位为人民币百万元)

四 子公司

(1) 本期本公司新增直接控股之子公司

本期本公司新增直接控股子公司如下，其他本公司直接控股子公司请参见 2017 年度财务报表附注六。

子公司名称	主要经营地及注册地	业务性质	持股比例	取得方式
深圳市恒宁商业发展有限公司	广东省深圳市	商业运营	51%	设立
忻州恒大国信房地产开发有限公司	山西省忻州市	房地产开发	51%	设立

(2) 本期不纳入合并范围的重要子公司

重要子公司名称	不再纳入合并范围的原因
新世界中国地产(海口)有限公司	已处置

五 合并财务报表项目附注

(1) 货币资金

	2018 年 6 月 30 日	2017 年 12 月 31 日
库存现金	19	23
银行存款	123,737	133,221
其他货币资金	99,213	133,504
	222,969	266,748
减：受到限制的货币资金	(99,213)	(133,504)
现金及现金等价物	123,756	133,244

其他货币资金为本集团存入指定银行专户的房屋按揭保证金、建筑工程的保证金、预售楼款监管专用账户资金以及银行借款的质押保证金，是使用受到限制的货币资金(附注五(33)(d)) 。

(除特别注明外，金额单位为人民币百万元)

五 合并财务报表项目附注(续)

(2) 以公允价值计量且其变动计入当期损益的金融资产

	2018 年 6 月 30 日	2017 年 12 月 31 日
交易性权益工具投资	1,674	2,772

于 2018 年 6 月 30 日及 2017 年 12 月 31 日，以公允价值计量且其变动计入当期损益的金融资产为本集团对中国 A 股市场上市公司的权益投资，均在活跃市场上有公开交易报价。

交易性权益工具投资的公允价值根据上海证券交易所相关期间最后一个交易日收盘价确定。

(3) 应收账款及其他应收款

(a) 应收账款

	2017 年 12 月 31 日	本年增加	本年减少	2018 年 6 月 30 日
应收关联方(附注八(4)(a))	10			65
应收第三方	12,800			29,068
	12,810			29,133
减：坏账准备	(27)	(56)	4	(79)
	12,783			29,054

应收账款账龄分析如下：

	2018 年 6 月 30 日			2017 年 12 月 31 日		
	金额	占总额比例	坏账准备	金额	占总额比例	坏账准备
一年以内	25,666	88.10%	(33)	11,440	89.31%	(14)
一到二年	2,704	9.28%	(12)	510	3.98%	(4)
二年以上	763	2.62%	(34)	860	6.71%	(9)
	29,133	100.00%	(79)	12,810	100.00%	(27)

于 2018 年 6 月 30 日及 2017 年 12 月 31 日，本集团无已逾期未减值的应收账款。

(除特别注明外，金额单位为人民币百万元)

五　合并财务报表项目附注(续)

(3)　应收账款及其他应收款(续)

(b)　长期应收款

	2018 年 6 月 30 日	2017 年 12 月 31 日
应收分期楼款	6,384	12,131
应收融资租赁款(附注八(4)(c))	722	522
	7,106	12,653
减：一年内到期的非流动资产	(5,124)	(8,176)
	1,982	4,477

于 2018 年 6 月 30 日，长期应收款 974,000,000 元(2017 年 12 月 31 日：1,105,000,000 元)已逾期，基于对客户财务状况及其信用记录的分析，本集团认为这部分款项可以收回，没有发生减值。这部分应收款项的逾期账龄分析如下：

	2018 年 6 月 30 日	2017 年 12 月 31 日
一年以内	560	546
一到二年	255	346
二年以上	159	213
	974	1,105

(c)　其他应收款

	2017 年 12 月 31 日	本年增加	本年减少	2018 年 6 月 30 日
应收关联方款项(附注八(4)(b))	4,235			14,305
应收保证金	23,725			21,885
应收少数股东垫款	9,350			10,105
其他	10,780			12,514
	48,090			58,809
减：坏账准备	(362)	(49)	-	(411)
	47,728			58,398

(除特别注明外，金额单位为人民币百万元)

五 合并财务报表项目附注(续)

(3) 应收账款及其他应收款(续)

(c) 其他应收款(续)

其他应收款及相应的坏账准备分析如下：

	2018 年 6 月 30 日			2017 年 12 月 31 日		
	金额	占总额比例	坏账准备	金额	占总额比例	坏账准备
一年以内	44,107	75.00%	(336)	39,018	81.13%	(242)
一到二年	12,614	21.45%	(41)	6,189	12.87%	(65)
二年以上	2,088	3.55%	(34)	2,883	6.00%	(55)
	58,809	100.00%	(411)	48,090	100.00%	(362)

于 2018 年 6 月 30 日及 2017 年 12 月 31 日，本集团无已逾期但未减值的其他应收款。

(4) 预付款项

	2018 年 6 月 30 日		2017 年 12 月 31 日	
	金额	占总额比例	金额	占总额比例
一年以内	99,504	74.83%	111,588	85.87%
一到二年	24,061	18.10%	11,741	9.03%
二年以上	9,400	7.07%	6,623	5.10%
	132,965	100.00%	129,952	100.0%

预付款项主要是未取得土地使用权证的预付土地款。超过一年且金额重大的预付款项主要是对应尚在拆迁的土地或分批获取土地使用权证的预付款项。

(除特别注明外，金额单位为人民币百万元)

五　合并财务报表项目附注(续)

(5)　存货

	2018 年 6 月 30 日	2017 年 12 月 31 日
在建开发产品	773,479	803,728
已完工开发产品	118,088	92,643
其他	68	34
	891,635	896,405

截至 2018 年 6 月 30 日止 6 个月期间，计入在建开发产品的借款费用资本化金额为 20,555,000,000 元(截至 2017 年 6 月 30 日止 6 个月期间：19,052,000,000 元)，用于确定借款费用资本化金额的资本化率为年利率 7.47%(截至 2017 年 6 月 30 日止 6 个月期间：8.56%)。

于 2018 年 6 月 30 日及 2017 年 12 月 31 日，本集团用于银行借款抵押的存货详见附注五(13)(a)和附注五(20)(a)。

(6)　其他流动资产

	2018 年 6 月 30 日	2017 年 12 月 31 日
预缴土地增值税	7,052	5,677
预交增值税	3,280	3,962
预缴企业所得税	2,537	3,190
预缴营业税	1,311	1,752
待抵扣进项税额	3,666	3,461
可供出售金融资产	-	1,520
其他	523	474
	18,369	20,036

(除特别注明外，金额单位为人民币百万元)

五 合并财务报表项目附注(续)

(7) 可供出售金融资产

	2018 年 6 月 30 日	2017 年 12 月 31 日
以公允价值计量 -可供出售权益工具	1,020	1,740

于 2018 年 6 月 30 日及 2017 年 12 月 31 日，本集团可供出售金融资产以人民币计价，本集团并无就可供出售金融资产计提减值准备。

可供出售金融资产主要包括本集团对中国 A 股上市公司的权益投资，在活跃市场上有公开交易报价。

可供出售金融资产的公允价值根据上海证券交易所及深圳证券交易所相关期间最后一个交易日收盘价确定。

(8) 长期股权投资

	2018 年 6 月 30 日	2017 年 12 月 31 日
合营企业(a)	11,368	690
联营企业(b)	2,009	1,934
	13,377	2,624

本集团对上述股权投资均采用权益法核算。本集团不存在长期股权投资变现的重大限制且对上述投资的权益不存在任何承诺。

(a) 合营企业

对合营企业投资列示如下：

	2017 年 12 月 31 日	追加投资	减少投资	按权益法调整的净损失	2018 年 6 月 30 日
合营企业	690	10,905	(23)	(204)	11,368

本集团没有单独重要的合营企业。

(除特别注明外，金额单位为人民币百万元)

五 合并财务报表项目附注(续)

(8) 长期股权投资(续)

(b) 联营企业

对联营企业投资列示如下：

	2017 年 12 月 31 日	追加投资	处置子公司减少	由联营企业转为子公司	按权益法调整的净收益	2018 年 6 月 30 日
联营企业	1,934	-	(2)	-	77	2,009

本集团没有单独重要的联营企业。

(9) 投资性房地产

	房屋及建筑物
2017 年 12 月 31 日	145,588
本年增加	6,946
本年减少	(1,888)
公允价值变动	1,411
外币报表折算差异	186
2018 年 6 月 30 日	152,243

截至 2018 年 6 月 30 日止 6 个月期间，计入投资性房地产的借款费用资本化金额为 498,000,000 元(截至 2017 年 6 月 30 日止 6 个月期间：679,000,000 元)，用于确定借款费用资本化金额的资本化率为年利率 7.47%(截至 2017 年 6 月 30 日止 6 个月期间：8.56%)。

截至 2018 年 6 月 30 日止 6 个月期间，投资性房地产公允价值变动对本集团当期损益的影响金额为 1,411,000,000 元(截至 2017 年 6 月 30 日止 6 个月期间：5,973,000,000 元)。

于 2018 年 6 月 30 日及 2017 年 12 月 31 日，本集团用于银行借款抵押的投资性房地产详见附注五(13)(a)和五(20)(a)。

(除特别注明外，金额单位为人民币百万元)

五　合并财务报表项目附注(续)

(10)　固定资产

	房屋及建筑物	机器设备	运输工具	办公设备	合计
原价					
2017 年 12 月 31 日	14,382	236	740	5,878	21,236
本期增加	1,210	13	62	156	1,441
本期减少	(131)	(8)	(48)	(325)	(512)
2018 年 6 月 30 日	15,461	241	754	5,709	22,165
累计折旧					
2017 年 12 月 31 日	(2,390)	(93)	(449)	(2,647)	(5,579)
本年计提	(339)	(13)	(49)	(372)	(773)
本年减少	48	8	38	37	131
2018 年 6 月 30 日	(2,681)	(98)	(460)	(2,982)	(6,221)
净值					
2018 年 6 月 30 日	12,780	143	294	2,727	15,944
2017 年 12 月 31 日	11,992	143	291	3,231	15,657

截至 2018 年 6 月 30 日 6 个月期间以及截至 2017 年 6 月 30 日 6 个月期间计入营业成本、管理费用及销售费用的折旧费用分别为：

	截至 6 月 30 日止 6 个月期间	
	2018 年	2017 年
营业成本	257	187
管理费用	397	371
销售费用	119	156
	773	714

于 2018 年 6 与 30 日及 2017 年 12 月 31 日，本集团用于银行借款抵押的固定资产详见附注五(13)(a)和五(20)(a)。

(除特别注明外，金额单位为人民币百万元)

五　合并财务报表项目附注(续)

(11) 在建工程

工程名称	2017年12月31日	本年增加	本年转入固定资产	2018年6月30日
酒店工程	6,080	1,497	(883)	6,694
其中：借款费用资本化金额	755	178	(64)	869

截至2018年6月30日止6个月期间，用于确定借款费用资本化金额的资本化率为年利率7.47%(截至2017年6月30日止6个月期间：8.56%)。

(12) 无形资产

	土地使用权	其他	合计
原价			
2017年12月31日	5,517	234	5,751
本年增加	126	35	161
2018年6月30日	5,643	269	5,912
累计摊销			
2017年12月31日	(423)	(57)	(480)
本年摊销	(90)	(17)	(107)
2018年6月30日	(513)	(74)	(587)
净值			
2018年6月30日	5,130	195	5,325
2017年12月31日	5,094	177	5,271

于2018年6月30日及2017年12月31日，本集团用于银行借款抵押的固定资产详见附注五(13)(a)和五(20)(a)。

(除特别注明外，金额单位为人民币百万元)

五　合并财务报表项目附注(续)

(13) 短期借款

	2018 年 6 月 30 日	2017 年 12 月 31 日
担保借款		
-抵押借款(a)	17,439	17,327
-质押借款(b)	55,513	89,052
-保证借款(c)	5,523	19,420
信用借款	16,740	7,379
	95,215	133,178

(a) 于 2018 年 6 月 30 日，抵押借款 17,439,000,000 元系由账面净值 228,000,000 元的土地使用权以及账面价值 26,631,000,000 元的存货作为抵押物(2017 年 12 月 31 日：抵押借款 17,327,000,000 元系由账面价值 4,390,000,000 元的固定资产、账面价值 624,800,000 元的投资性房地产以及账面价值 31,622,000,000 元的存货作为抵押物)。

(b) 于 2018 年 6 月 30 日，质押借款 55,513,000,000 元系由 15,275,000,000 元的货币资金及 12,773,000,000 元的子公司股权作为质押物。(2017 年 12 月 31 日：质押借款 89,052,000,000 元系由 55,303,000,000 元的货币资金及 18,715,000,000 元的子公司股权作为质押物)。

(c) 于 2018 年 6 月 30 日，保证借款 5,523,000,000 元由本公司及其子公司提供保证(2017 年 12 月 31 日：保证借款 19,420,000,000 元由本公司及其子公司提供保证)。

(d) 2018 年 6 月 30 日短期借款的利率区间为 1.30%至 11.12%(2017 年 12 月 31 日：1.32%至 10.89%)。

(14) 应付票据

	2018 年 6 月 30 日	2017 年 12 月 31 日
商业承兑汇票	69,213	63,817
银行承兑汇票	172	597
	69,385	64,414

(除特别注明外，金额单位为人民币百万元)

五　合并财务报表项目附注(续)

(15)　预收款项

	2018 年 6 月 30 日	2017 年 12 月 31 日
物业预售收款	155,282	242,202
其他	1,874	1,852
	157,156	244,054

于 2018 年 6 月 30 日及 2017 年 12 月 31 日，本集团账龄超过一年的预收账款主要为尚未结算的预收房款。

(16)　应交税费

	2018 年 6 月 30 日	2017 年 12 月 31 日
应交土地增值税	46,764	30,660
应交企业所得税	37,040	26,117
未交增值税	12,707	6,662
其他	1,243	1,741
	97,754	65,180

(17)　其他应付款

	2018 年 6 月 30 日	2017 年 12 月 31 日
应付关联方(附注八(4)(d))	6,616	475
应付土地款(a)	34,942	38,710
应付少数股东款项	9,604	9,907
应付收购子公司款项	7,954	8,731
应付保证金及代收款	5,585	4,920
其他	11,591	8,461
	76,292	71,204

(a)　应付土地款主要为通过收购子公司的方式收购土地形成的应付款项。

(除特别注明外，金额单位为人民币百万元)

五　合并财务报表项目附注(续)

(18)　一年内到期的非流动负债

	2018 年 6 月 30 日	2017 年 12 月 31 日
一年内到期的长期借款(附注五(20))	155,981	166,446
一年内到期的应付债券(附注五(21))	21,559	36,483
一年内到期的长期应付款(附注五(19))	10,455	12,566
	187,995	215,495

(19)　长期应付款

	2018 年 6 月 30 日	2017 年 12 月 31 日
应付收购子公司款项	-	3,939
合并结构化主体份额(a)	3,333	3,333
应付少数股东现金垫款(b)	7,706	9,582
	11,039	16,854
减：一年内到期的长期应付款	(10,455)	(12,566)
	584	4,288

(a)　于 2018 年 6 月 30 日，金额包括若干来自合并投资实体单位持有人的现金垫款约 3,333,000,000 元，按 6.65%的平均年利率计息并须根据相应贷款协议还款(于 2017 年 12 月 31 日，金额包括若干来自合并投资实体单位持有人的现金垫款约 3,333,000,000 元，按 6.65%的平均年利率计息并须根据相应贷款协议还款)。

(b)　于 2018 年 6 月 30 日，应付少数股东的现金垫款 45,000,000 元(2017 年 12 月 31 日：45,000,000 元)按 12%(2017 年 12 月 31 日：12%)的平均年利率计息，并须根据相应贷款协议还款。

(除特别注明外，金额单位为人民币百万元)

五　合并财务报表项目附注(续)

(20)　长期借款

	2018 年 6 月 30 日	2017 年 12 月 31 日
担保借款		
-抵押借款(a)	193,067	245,010
-质押借款(b)	131,347	116,562
-保证借款(c)	32,244	42,482
信用借款	44,591	30,319
	401,249	434,373
减：一年内到期的长期借款		
担保借款		
-抵押借款	(70,208)	(74,804)
-质押借款	(49,443)	(51,751)
-保证借款	(23,608)	(26,903)
信用借款	(12,722)	(12,988)
	(155,981)	(166,446)
	245,268	267,927

(a)　于 2018 年 6 月 30 日，抵押借款 193,067,000,000 元系由账面价值 4,324,000,000 元的固定资产、账面价值 14,030,000,000 元的投资性房地产、账面净值 2,257,000,000 元的土地使用权及账面价值 215,366,000,000 元的存货作为抵押物(2017 年 12 月 31 日：抵押借款 245,010,000,000 元系由账面价值 6,516,000,000 元的固定资产、账面价值 9,588,000,000 元的投资性房地产、账面价值 286,892,000,000 元的存货及账面价值 1,149,000,000 元的土地使用权作为抵押物)。

(b)　于 2018 年 6 月 30 日，质押借款 131,347,000,000 元系由 2,135,000,000 元的货币资金及 83,121,000,000 元的子公司股权作为质押物(2017 年 12 月 31 日：质押借款 116,562,000,000 元系由 2,114,000,000 元的货币资金及 91,664,000,000 元的子公司股权作为质押物)。

(c)　于 2018 年 6 月 30 日，保证借款 32,244,000,000 元系由本公司及其子公司提供保证(2017 年 12 月 13 日：保证借款 42,482,000,000 元系由本公司及其子公司提供保证)。

(d)　2018 年 6 月 30 日长期借款的利率区间为 1.20%至 12.22%(2017 年 12 月 31 日：1.20%至 15.00%)。

(除特别注明外，金额单位为人民币百万元)

五 合并财务报表项目附注(续)

(21) 应付债券

	2018 年 6 月 30 日	2017 年 12 月 31 日
公开发行公司债券	16,928	19,879
非公开发行公司债券	28,542	33,984
	45,470	53,863
减：一年内到期的应付债券	(21,559)	(36,483)
	23,911	17,380

本公司于 2015 年 6 月 19 日公开发行公司债券，发行总额 50 亿元，期限为 5 年。此债券采用单利按年计息，固定年利率 5.38%，每年付息一次。

本公司于 2015 年 7 月 7 日公开发行公司债券，发行总额 68 亿元，期限为 4 年。此债券采用单利按年计息，固定年利率 5.30%，每年付息一次。

本公司于 2015 年 7 月 7 日公开发行公司债券，发行总额 82 亿元，期限为 7 年。此债券采用单利按年计息，固定年利率 6.98%，每年付息一次。

本公司于 2015 年 10 月 16 日非公开发行公司债券，发行总额 175 亿元，期限为 5 年。此债券采用单利按年计息，固定年利率 7.38%，每年付息一次。

本公司于 2015 年 10 月 16 日非公开发行公司债券，发行总额 25 亿元，期限为 5 年。此债券采用单利按年计息，固定年利率 7.88%，每年付息一次。

本公司于 2016 年 1 月 11 日非公开发行公司债券，发行总额 100 亿元，期限为 4 年。此债券采用单利按年计息，固定年利率 6.98%，每年付息一次。

本公司于 2016 年 7 月 29 日非公开发行公司债券，发行总额 42 亿元，期限为 3 年。此债券采用单利按年计息，固定年利率 6.80%，每年付息一次。

本公司于 2018 年 1 月 18 日提前赎回了部分利率为 6.98%的公司债券，本金合计 5,482,000,000 元。

(除特别注明外，金额单位为人民币百万元)

五　合并财务报表项目附注(续)

(22)　递延所得税资产和负债

未经抵销的递延所得税资产和递延所得税负债列示如下：

(a)　递延所得税资产

	2018 年 6 月 30 日		2017 年 12 月 31 日	
	递延所得税资产	可抵扣暂时性差异	递延所得税资产	可抵扣暂时性差异
抵销内部未实现利润	782	3,128	721	2,884
可抵扣税前亏损	1,771	7,084	1,890	7,560
成本确认的暂时性差异	646	2,582	669	2,676
可供出售金融资产公允价值变动	355	1,421	246	984
业务收购资产评估值低于其计税基础	42	169	55	220
资产减值准备	419	1,676	356	1,424
捐赠支出	493	1,974	447	1,788
	4,508	18,034	4,384	17,536

(b)　递延所得税负债

	2018 年 6 月 30 日		2017 年 12 月 31 日	
	递延所得税负债	应纳税暂时性差异	递延所得税负债	应纳税暂时性差异
投资性房地产的公允价值变动	11,142	45,646	11,105	44,490
业务收购资产评估值高于其计税基础	13,535	54,138	15,184	60,736
可供出售金融资产公允价值变动	6	23	17	68
	24,683	99,807	26,306	105,294

(c)　抵消后的递延所得税资产和递延所得税负债净额列示如下：

	2018 年 6 月 30 日	2017 年 12 月 31 日
递延所得税资产净额	2,703	3,649
递延所得税负债净额	22,878	25,570

(除特别注明外，金额单位为人民币百万元)

五　合并财务报表项目附注(续)

(23)　其他非流动负债

	2018 年 6 月 30 日	2017 年 12 月 31 日
递延土地增值税负债		
-投资性房地产的公允价值变动	6,041	6,188
-业务收购存货评估值高于其计税基础	17,513	18,485
	23,554	24,673

其他非流动负债为本集团对投资性房地产公允价值变动以及业务收购存货评估增值确认的递延土地增值税负债。

(24)　盈余公积

根据《中华人民共和国公司法》及本公司章程，本公司按年度净利润 10%提取法定盈余公积金，当法定盈余公积金累计额达到注册资本的 50%以上时，可不再提取。法定盈余公积金经批准后可用于弥补亏损，或者增加实收资本。本公司截至 2018 年 6 月 30 日止 6 个月期间提取法定盈余公积金 10,000,000 元(2017 年度：无)。

(除特别注明外，金额单位为人民币百万元)

五　　合并财务报表项目附注(续)

(25)　营业收入和营业成本

	截至 6 月 30 日止 6 个月期间	
	2018 年	2017 年
主营业务收入	282,027	181,221
其他业务收入	2,182	694
	284,209	181,915

	截至 6 月 30 日止 6 个月期间	
	2018 年	2017 年
主营业务成本	178,720	115,792
其他业务成本	824	517
	179,544	116,309

(a)　主营业务收入和主营业务成本

	截至 6 月 30 日止 6 个月期间			
	2018 年		2017 年	
	主营业务收入	主营业务成本	主营业务收入	主营业务成本
楼宇销售	278,814	176,746	178,281	113,536
建筑工程	57	36	655	641
物业管理收入	1,876	1,411	1,254	1,064
酒店收入	611	353	383	260
租金收入	479	-	325	-
其他	190	174	323	291
	282,027	178,720	181,221	115,792

(b)　其他业务收入和其他业务成本

	截至 6 月 30 日止 6 个月期间			
	2018 年		2017 年	
	其他业务收入	其他业务成本	其他业务收入	其他业务成本
处置投资性房地产	1,023	680	541	384
服务费及其他	1,159	144	153	133
	2,182	824	694	517

(除特别注明外，金额单位为人民币百万元)

五　合并财务报表项目附注(续)

(26)　税金及附加

	截至 6 月 30 日止 6 个月期间	
	2018 年	2017 年
土地增值税	16,943	10,518
营业税	276	1,042
城市维护建设税	494	734
教育费附加	418	516
其他	579	343
	18,710	13,153

(27)　财务费用-净额

	截至 6 月 30 日止 6 个月期间	
	2018 年	2017 年
利息支出	24,273	22,844
减：资本化利息	(21,232)	(20,053)
利息费用	3,041	2,791
手续费及其他	335	360
汇兑(收益)/损失	(41)	1,114
减：利息收入	(1,910)	(1,680)
	1,425	2,585

(28)　费用按性质分类

利润表中的营业成本、销售费用和管理费用按照性质分类，列示如下：

	截至 6 月 30 日止 6 个月期间	
	2018 年	2017 年
楼宇销售成本	176,746	113,536
职工薪酬费用	5,980	4,138
广告费及推广费	3,226	3,691
销售佣金	2,039	633
折旧和摊销费	928	874
处置投资性房地产	680	384
建筑工程成本	36	641
其他	1,934	2,789
	191,569	126,686

(除特别注明外，金额单位为人民币百万元)

五 合并财务报表项目附注(续)

(29) 公允价值变动收益

	截至 6 月 30 日止 6 个月期间	
	2018 年	2017 年
以公允价值计量的投资性房地产	1,411	5,975
处置投资性房地产转出公允价值变动损益	(401)	(84)
以公允价值计量且其变动计入当期损益的金融资产	27	(211)
	1,037	5,680

(30) 投资收益/(损失)

	截至 6 月 30 日止 6 个月期间	
	2018 年度	2017 年度
处置以公允价值计量且其变动计入当期损益的金融资产之投资损失	(398)	-
处置可供出售金融资产净损失	43	(7,143)
按权益法核算的长期股权投资损失	(127)	(387)
处置子公司净收益(i)	2,023	3,218
处置联营企业收益	-	101
可供出售金融资产持有期间之投资收益	60	14
其他	-	446
	1,601	(3,751)

(i) 于截至 2018 年 6 月 30 日止 6 个月期间，本集团处置了新世界中国地产(海口)有限公司等子公司，确认处置子公司收益 2,023,000,000 元。

(除特别注明外，金额单位为人民币百万元)

五　合并财务报表项目附注(续)

(31) 营业外支出

	截至 6 月 30 日止 6 个月期间	
	2018 年	2017 年
捐赠支出	2,254	1,340
罚款支出	101	153
交楼违约金	151	112
滞纳金	97	119
其他	109	248
	2,712	1,972

(32) 所得税费用

	截至 6 月 30 日止 6 个月期间	
	2018 年	2017 年
当期所得税	22,017	13,109
递延所得税	(700)	796
	21,317	13,905

将基于合并利润表的利润总额采用适用税率计算的所得税调节为所得税费用：

	截至 6 月 30 日止 6 个月期间	
	2018 年	2017 年
利润总额	72,822	39,501
按适用税率(25%)计算的所得税费用	18,206	9,875
非应纳税收入	-	(29)
不得扣除的成本、费用和损失(a)	2,373	2,256
当期未确认递延所得税资产的可抵扣亏损	738	1,803
所得税费用	21,317	13,905

(a) 不得扣除的成本、费用和损失主要为以收购子公司形式收购土地使用权而无法取得发票的土地成本。

(除特别注明外，金额单位为人民币百万元)

五 合并模拟财务报表项目附注(续)

(33) 现金流量表附注

(a) 将净利润调节为经营活动现金流量

	截至 6 月 30 日止 6 个月期间	
	2018 年	2017 年
净利润	51,505	25,596
加：固定资产折旧	773	714
长期待摊费用摊销	49	82
无形资产摊销	106	78
处置投资性房地产的收益	(343)	(157)
资产减值准备计提	251	202
公允价值变动收益	(1,037)	(5,680)
财务费用	2,422	3,875
投资(收益)/损失	(1,601)	3,751
递延所得税资产的增加/(减少)	(52)	180
递延所得税负债的(减少)/增加	(642)	616
其他非流动负债的减少	(1,273)	(357)
存货的(减少) /增加	7,388	(75,174)
经营性应收项目的减少	(18,321)	(38,868)
经营性受限资金的减少	8,811	6,732
经营性应付项目的增加	13,996	26,117
员工股权计划	804	29
经营活动产生的现金流量净额	62,836	(52,564)

(除特别注明外，金额单位为人民币百万元)

五　合并财务报表项目附注(续)

(33)　现金流量表附注(续)

(b)　不涉及现金收支的投资与筹资活动

于截至 2018 年及 2017 年 6 月 30 日止 6 个月期间，本集团无不涉及现金收支的重大投资和筹资活动。

(c)　现金及现金等价物净变动情况

	2018 年 6 月 30 日	2017 年 12 月 31 日
现金及现金等价物的年末余额	123,756	133,244
减：现金及现金等价物的年初余额	(133,244)	(171,185)
现金及现金等价物净增加	(9,488)	(37,941)

(d)　现金及现金等价物

	2018 年 6 月 30 日	2017 年 12 月 31 日
货币资金(附注五(1))	222,969	266,748
减：受限制的货币资金	(99,213)	(133,504)
现金及现金等价物年末余额	123,756	133,244

(e)　处置子公司收到的现金净额

截至 2018 年 6 月 30 日止 6 个月期间，本集团处置了若干子公司，于处置日有关信息列示如下：

	金额
处置子公司价格	2,861
本年处置子公司于本年收到的现金和现金等价物	2,583
减：处置子公司持有的现金及现金等价物	(995)
处置子公司收到的现金净额	1,588

(除特别注明外，金额单位为人民币百万元)

五 合并财务报表项目附注(续)

(33) 现金流量表附注(续)

(f) 支付其他与经营活动有关的现金

现金流量表中支付其他与经营活动有关的现金主要包括：

	截至 6 月 30 日止 6 个月期间	
	2018 年	2017 年
广告费及推广费	3,062	3,682
支付销售佣金	1,907	785
支付办公及差旅费	519	452
支付专业服务费	304	231
捐赠支出	2,254	1,134
银行手续费	335	360
支付经营相关保证金	25	5,089
其他	1,408	2,398
	9,814	14,131

六 分部信息

本集团的报告分部是提供不同产品或服务的业务单元。由于各种业务需要不同的技术和市场战略，因此，本集团分别独立管理各个报告分部的生产经营活动，分别评价其经营成果，以决定向其配置资源并评价其业绩。

本集团有 4 个报告分部，分别为：

- 房地产开发业务
- 投资性房地产经营
- 物业管理
- 其他业务分部

分部间转移价格参照向第三方销售所采用的价格确定。

资产根据分部的经营以及资产的所在位置进行分配，负债根据分部的经营进行分配，间接归属于各分部的费用按照收入比例在分部之间进行分配。

(除特别注明外，金额单位为人民币百万元)

六 分部信息(续)

(a) 截至 2018 年 6 月 30 日止 6 个月期间分部信息列示如下：

	房地产开发业务	投资性房地产经营	物业管理	其他分部	分部间抵销	合计
交易收入	278,814	1,574	2,513	12,917	(11,609)	284,209
分部间交易收入	-	(72)	(637)	(10,900)	11,609	-
对外交易收入	278,814	1,502	1,876	2,017	-	284,209
对联营企业的投资(损失)/收益	(2)	-	-	79	-	77
对合营企业的投资损失	(204)	-	-	-	-	(204)
分部业绩	69,132	1,643	370	1,347	-	72,492
以公允价值计量且其变动计入当期损益的金融资产之公允价值变动损益	-	-	-	-	-	27
其他投资收益	-	-	-	-	-	1,728
财务费用	-	-	-	-	-	(1,425)
利润总额	-	-	-	-	-	72,822
所得税费用	-	-	-	-	-	(21,317)
净利润	-	-	-	-	-	51,505
其中，分部业绩包括：						
折旧费和摊销费	(509)	-	(7)	(412)	-	(928)
分部资产	1,340,985	152,243	3,079	39,947	-	1,536,254
未分配的金额	-	-	-	-	-	23,766
资产总额	-	-	-	-	-	1,560,020
分部负债	518,725	17,567	2,478	5,202	-	543,972
未分配的金额	-	-	-	-	-	686,120
负债总额	-	-	-	-	-	1,230,092
其他非流动资产增加额(固定资产、无形资产、在建工程、投资性房地产的资本性支出)	762	6,946	11	2,326	-	10,045

(除特别注明外，金额单位为人民币百万元)

六　　分部信息(续)

(b)　　截至 2017 年 6 月 30 日止 6 个月期间及 2017 年 12 月 31 日分部信息列示如下：

	房地产开发业务	投资性房地产经营	物业管理	其他分部	分部间抵销	合计
交易收入	178,281	929	1,704	10,304	(9,303)	181,915
分部间交易收入	-	(63)	(450)	(8,790)	9,303	-
对外交易收入	178,281	866	1,254	1,514	-	181,915
对联营企业的投资收益	44	-	-	-	-	44
对合营企业的投资损失	(387)	-	-	-	-	(387)
分部业绩	40,273	6,028	270	(866)	-	45,705
以公允价值计量且其变动计入当期损益的金融资产之公允价值变动损益	-	-	-	-	-	(211)
其他投资收益	-	-	-	-	-	(3,408)
财务费用	-	-	-	-	-	(2,585)
利润总额	-	-	-	-	-	39,501
所得税费用	-	-	-	-	-	(13,905)
净利润	-	-	-	-	-	25,596
其中，分部业绩包括：						
折旧费和摊销费	(502)	-	(5)	(367)	-	(874)
分部资产	1,355,113	145,588	3,017	38,147	-	1,541,865
未分配的金额	-	-	-	-	-	28,197
资产总额	-	-	-	-	-	1,570,062
分部负债	555,630	11,349	2,556	5,018	-	574,553
未分配的金额	-	-	-	-	-	736,836
负债总额	-	-	-	-	-	1,311,389
其他非流动资产增加额(固定资产、无形资产、在建工程、投资性房地产的资本性支出)	1,015	6,142	6	2,567	-	9,730

于 2018 年 6 月 30 日及 2017 年 12 月 31 日，本集团主要的非流动资产主要位于中华人民共和国境内。

未分配资产包括以公允价值计量且其变动计入当期损益的金融资产、其他流动资产、可供出售金融资产及递延所得税资产；未分配负债包含短期借款、应交税费、一年内到期的长期借款及应付债券、长期借款、应付债券、递延所得税负债及其他非流动负债。

(除特别注明外，金额单位为人民币百万元)

七　合并范围的增加

(1) 收购子公司

截至 2018 年 6 月 30 日止 6 个月期间，本集团收购中国若干房地产开发公司的控股权益，该等公司仅持有土地，且于被本集团收购前并未开展任何重大业务，因此，管理层认为，该等收购事项不构成收购业务，应视为收购土地使用权。该等收购事项使本集团少数股东权益增加 1,035,000,000 元(截至 2017 年 6 月 30 日止 6 个月期间：202,000,000 元)。

(2) 非同一控制下企业合并

(a) 通过非同一控制下的企业合并取得的子公司：

被购买方	取得时点	购买成本	取得的权益比例	取得方式	购买日	购买日确定依据
无锡远东置业有限公司	2018 年 3 月	1,792	100%	现金支付	15/03/2018	实际取得控制权
铁岭天品房地产开发有限公司	2018 年 4 月	238	100%	现金支付	30/04/2018	实际取得控制权
河北裕庭房地产开发有限公司	2018 年 5 月	11	52%	现金支付	31/05/2018	实际取得控制权

(b) 合并成本以及商誉的确认情况如下：

合并成本-	本期合计
现金对价	2,041
原持有股权于购买日的公允价值	-
合并成本合计	2,041
减：取得的可辨认净资产公允价值	2,041
商誉	-

(除特别注明外，金额单位为人民币百万元)

七　企业合并范围的增加(续)

(2)　非同一控制下企业合并(续)

(c)　被购买方于购买日的资产、负债及与收购相关的现金流量情况汇总列示如下：

	公允价值	账面价值	
	购买日	购买日	2017 年 12 月 31 日
货币资金	4	4	9
应收账款及其他应收款	14	48	101
预付账款	2	2	54
存货	3,912	3,149	2,775
其他流动资产	-	-	5
投资性房地产	37	30	30
固定资产	6	6	5
其他非流动资产	3	3	-
减：应付账款及其他应付款	(965)	(965)	(2,037)
预收款项	(462)	(462)	(487)
其他流动负债	-	-	(2)
借款	(191)	(191)	(191)
递延所得税负债	(154)	-	-
其他非流动负债	(155)	-	-
净资产	2,051	1,624	262
减：少数股东权益	(10)	-	-
取得的净资产	2,041	1,624	262

取得子公司支付的现金对价

本期发生的非同一控制下企业合并于本年支付的现金	86
减：购买日被购买方持有的现金	(4)
加：前期发生的非同一控制下企业合并于本期支付的现金	6,671
取得子公司支付的现金净额	6,753

(d)　被购买方自购买日至 2018 年 6 月 30 日止期间的营业收入和净利润列示如下：

营业收入	61
净利润	8

本集团采用市场法和收益法等估值技术来确定被购买方的资产负债于购买日的公允价值。

(除特别注明外，金额单位为人民币百万元)

八　关联方关系及其交易

(1)　母公司和子公司

子公司基本情况及相关信息见附注四。

(a)　母公司基本情况

	注册地	业务性质
广州凯隆	中国	房地产开发

(b)　母公司注册资本及其变化

	2018 年 6 月 30 日	2017 年 12 月 31 日
广州凯隆	600,000,000 元	600,000,000 元

(c)　母公司对本公司的持股比例和表决权比例

	2018 年 6 月 30 日及 2017 年 12 月 31 日	
	持股比例	表决权比例
广州凯隆	63.46%	63.46%

八　关联方关系及其交易(续)

(2)　不存在控制关系的主要关联方的性质

本集团不存在控制关系的主要关联方如下：

公司名称	与本集团的关系
中国恒大	本公司之中间控股公司
安基(BVI)有限公司	本公司之中间控股公司
儋州中润旅游开发有限公司	同受中国恒大控制
启东宝丰置业有限公司	同受中国恒大控制
儋州信恒旅游开发有限公司	同受中国恒大控制
启东通誉置业有限公司	同受中国恒大控制
启东欢华置业有限公司	同受中国恒大控制
启东勤盛置业有限公司	同受中国恒大控制
启东誉豪置业有限公司	同受中国恒大控制
启东衡美置业有限公司	同受中国恒大控制
儋州东拓旅游开发有限公司	同受中国恒大控制
恒大教育科技有限公司	同受中国恒大控制
恒大旅游集团有限公司	同受中国恒大控制
儋州长宇旅游开发有限公司	同受中国恒大控制
开封王鸿旅游开发有限公司	同受中国恒大控制
长沙恒大童世界旅游开发有限公司	同受中国恒大控制
贵阳恒大耀佳旅游开发有限公司	同受中国恒大控制
恒大院线管理有限公司	同受中国恒大控制
开封盛邦旅游开发有限公司	同受中国恒大控制
贵阳安佳盛鑫旅游开发有限公司	同受中国恒大控制
开封博联旅游开发有限公司	同受中国恒大控制
贵阳恒大凯源旅游开发有限公司	同受中国恒大控制
开封博幻旅游开发有限公司	同受中国恒大控制
贵阳恒大德祥旅游开发有限公司	同受中国恒大控制
海南恒乾材料设备有限公司	同受中国恒大控制
句容恒昊旅游开发有限公司	同受中国恒大控制
句容恒毅旅游开发有限公司	同受中国恒大控制
太仓熠泰旅游开发有限公司	同受中国恒大控制
恒大集团有限公司	同受中国恒大控制
鄂州朗恒旅游开发有限公司	同受中国恒大控制
儋州恒大香槟岛投资开发有限公司	同受中国恒大控制
开封凯泽旅游开发有限公司	同受中国恒大控制
开封童世界发展有限公司	同受中国恒大控制
贵阳恒大裕顺旅游开发有限公司	同受中国恒大控制
西安长德旅游开发有限公司	同受中国恒大控制
开封景铄旅游开发有限公司	同受中国恒大控制
句容恒远旅游开发有限公司	同受中国恒大控制
太仓晟宇旅游开发有限公司	同受中国恒大控制
句容开润旅游开发有限公司	同受中国恒大控制
沧州益聚房地产开发有限公司	同受中国恒大控制

八　关联方关系及其交易(续)

(2)　不存在控制关系的主要关联方的性质(续)

公司名称	与本集团的关系
句容童世界旅游发展有限公司	同受中国恒大控制
西安天鸿旅游开发有限公司	同受中国恒大控制
启东鑫华置业有限公司	同受中国恒大控制
恒大互联网集团有限公司	同受中国恒大控制
恒大文化产业集团有限公司及其子公司	同受中国恒大控制
恒大金融控股集团(深圳)有限公司	同受中国恒大控制
恒大金融资产管理(深圳)有限公司	同受中国恒大控制
恒大互联网金融服务(深圳)有限公司	同受中国恒大控制
开封恒大童世界旅游开发有限公司	同受中国恒大控制
鄂州恒大童世界旅游开发有限公司	同受中国恒大控制
惠州恒大童世界旅游开发有限公司	同受中国恒大控制
贵阳恒大童世界旅游开发有限公司	同受中国恒大控制
恒大保险经纪有限公司	同受中国恒大控制
嘉凯城集团股份有限公司	同受中国恒大控制
深圳市恒大健康产业有限公司	同受中国恒大控制
句容恒大童世界旅游开发有限公司	同受中国恒大控制
句容恒瑞旅游开发有限公司	同受中国恒大控制
启东通誉健身俱乐部有限公司	同受中国恒大控制
舟山景顺房地产开发有限公司	同受中国恒大控制
儋州宜倍旅游开发有限公司	同受中国恒大控制
儋州名策旅游开发有限公司	同受中国恒大控制
西安恒大童世界旅游开发有限公司	同受中国恒大控制
眉山瑞隆旅游开发有限公司	同受中国恒大控制
烟台恒昌旅游开发有限公司	同受中国恒大控制
恒大时代新城开发(武汉)有限公司	同受中国恒大控制
寓驰投资管理(上海)有限公司	同受中国恒大控制
启东恒大酒店有限公司	同受中国恒大控制
贵阳市白云区恒大幼儿园	同受中国恒大控制
儋州祥雷投资有限公司	同受中国恒大控制
盛建(BVI)有限公司	同受中国恒大控制
广州市凯尚健康产业有限公司	同受中国恒大控制
深圳市恒腾网络有限公司	同受中国恒大控制
内蒙古鲁桥置业有限公司	本集团之合营公司
太原恒大德盛房地产开发有限公司	本集团之合营公司
泰安恒大滨湖新城置业有限公司	本集团之合营公司
秦皇岛恒盈房地产开发有限公司	本集团之合营公司
亳州恒皖置业有限公司	本集团之合营公司
贵阳恒大观云房地产开发有限公司	本集团之合营公司
台山市恒瑞源房地产开发有限公司	本集团之合营公司
肇庆市鼎湖区恒程房地产开发有限公司	本集团之合营公司
淮北粤恒置业有限公司	本集团之合营公司
宜昌恒创房地产开发有限公司	本集团之合营公司
宣城粤丰置业有限公司	本集团之合营公司

八　关联方关系及其交易(续)

(2)　不存在控制关系的主要关联方的性质(续)

公司名称	与本集团的关系
新世界中国地产(海口)有限公司	本集团之合营公司
唐山市福家房地产开发有限公司	本集团之合营公司
唐山凯庭房地产开发有限公司	本集团之合营公司
泰安恒大滨河左岸置业有限公司	本集团之合营公司
莆田恒耀置业有限公司	本集团之合营公司
赤峰市恒锦房地产开发有限公司	本集团之合营公司
惠安弘康置业有限公司	本集团之合营公司
大理创意园区开发有限公司	本集团之合营公司
上饶大红鹰置业有限公司	本集团之合营公司
江西御茗置业有限公司	本集团之合营公司
唐山市博志房地产开发有限公司	本集团之合营公司
漳州金碧置业有限公司	本集团之合营公司
南宁悦龙天玺房地产开发有限公司	本集团之合营公司
烟台御山置业有限公司	本集团之合营公司
呼和浩特恒舜教育发展有限公司	本集团之合营公司
重庆英利辉利置业有限公司	本集团之合营公司
烟台泉弘置业有限公司	本集团之合营公司
长兴锦恒置业有限公司	本集团之合营公司
湛江市恒扬房地产开发有限公司	本集团之合营公司
怀化恒御置业有限公司	本集团之合营公司
宿州罂嬴置业有限公司	本集团之合营公司
海盐恒悦置业有限公司	本集团之合营公司
驻马店御邦房地产开发有限公司	本集团之合营公司
马鞍山伟华置业发展有限公司	本集团之合营公司
揭阳市恒港置业有限公司	本集团之合营公司
汕尾市恒瑞祥房地产开发有限公司	本集团之合营公司
罗定市恒悦房地产开发有限公司	本集团之合营公司
汕尾市恒锦房地产开发有限公司	本集团之合营公司
石狮睿宇置业有限公司	本集团之合营公司
沈阳维士金盛房地产开发有限责任公司	本集团之合营公司
肇庆市恒晋置业有限公司	本集团之合营公司
重庆恒渝珞城房地产开发有限公司	本集团之合营公司
福清金碧置业有限公司	本集团之合营公司
菏泽帝景置业有限公司	本集团之合营公司
嵩明中稷国丰房地产开发有限公司	本集团之合营公司
成都豪骏房地产开发有限公司	本集团之合营公司
六安伴球置业有限公司	本集团之合营公司
鄂州恒金房地产开发有限公司	本集团之合营公司
武汉盛世艺展投资发展有限公司	本集团之合营公司
德阳欣恒房地产开发有限责任公司	本集团之合营公司
鄂州鼎利房地产开发有限公司	本集团之合营公司
南充市青胤山房地产开发有限责任公司	本集团之合营公司

八 关联方关系及其交易(续)

(2) 不存在控制关系的主要关联方的性质(续)

公司名称	与本集团的关系
鄂州恒鼎房地产开发有限公司	
宜春市恒龙地产有限公司	本集团之合营公司
广州恒大淘宝足球俱乐部股份有限公司	本集团之合营公司
济南恒大城西置业有限公司	本集团之合营公司
马鞍山恒皖置业有限公司	本集团之合营公司
福州市晋安区深安房地产开发有限公司	本集团之合营公司
六安粤诚置业有限公司	本集团之合营公司
昆明恒腾房地产开发有限公司	本集团之合营公司
杭州恒富置业有限公司	本集团之合营公司
Faith Honor Group Limited(信荣集团有限公司)	本集团之合营公司
济南泉弘置业有限公司	本集团之合营公司
南昌恒辉置业有限公司	本集团之合营公司
沈阳万润新城置业有限公司	本集团之合营公司
内蒙古隆基房地产开发有限公司	本集团之合营公司
沈阳万盈置业有限公司	本集团之合营公司
沈阳安泰房产开发有限公司	本集团之合营公司
贵州恒大港城云栖谷置业有限公司	本集团之合营公司
沈阳兴业文华置业有限责任公司	本集团之合营公司
沈阳盛业置业有限责任公司	本集团之合营公司
沈阳顺合置业有限责任公司	本集团之合营公司
东莞市恒江实业投资有限公司	本集团之合营公司
南京保恒房地产开发有限公司	本集团之合营公司
济南璞园置业有限公司	本集团之合营公司
重庆恒永房地产开发有限公司	本集团之合营公司
重庆恒寿旅游开发有限公司	本集团之合营公司
哈尔滨朝阳农副产品批发市场有限公司	本集团之合营公司
湖州悦安置业有限公司	本集团之合营公司
衡水恒德房地产开发有限公司	本集团之合营公司
徐州恒冠置业有限公司	本集团之合营公司
枣庄名都置业有限公司	本集团之合营公司
重庆融创博航房地产经纪有限公司	本集团之合营公司
呼和浩特市金碧天下房地产开发有限公司	本集团之合营公司
湖南金运置业有限公司	本集团之合营公司
VMS CSW 1 LAND HOLDINGS LIMITED	本集团之合营公司
Rise Gain Development Limited 昇益发展有限公司	本集团之合营公司
Best Wealth Investments Limited 佳裕投资有限公司	本集团之合营公司
济宁恒运置业有限公司	本集团之合营公司
威海市恒荣置业有限公司	本集团之合营公司
深圳市建衡投资有限公司	本集团之合营公司
上海虹源盛世投资发展有限公司	本集团之合营公司
OCI INVESTMENT FUND SPC-OCI	本集团之合营公司
呼和浩特市恒盈房地产开发有限公司	本集团之合营公司
北京北恒中慧教育科技有限公司	本集团之合营公司

(除特别注明外，金额单位为人民币百万元)

八 关联方关系及其交易(续)

(2) 不存在控制关系的主要关联方的性质(续)

公司名称	与本集团的关系
恒大人寿保险有限公司	中国恒大之合营企业
盛京银行股份有限公司	中国恒大之联营企业

八 关联方关系及其交易(续)

(3) 关联交易

(a) 定价政策

本集团与关联方业务交易的价格乃参照市场价格由双方协商确定。

(b) 购销商品、提供和接受劳务

销售货物

	截至 6 月 30 日止 6 个月期间	
	2018 年	2017 年
同受中国恒大控制的公司	286	169
联营企业	-	10
合营企业	235	-
中国恒大之合营企业	8	197
	529	376

提供劳务

	截至 6 月 30 日止 6 个月期间	
	2018 年	2017 年
同受中国恒大控制的公司	562	119
合营企业	60	-
中国恒大之合营企业	2	-
	624	119

(除特别注明外，金额单位为人民币百万元)

八 关联方关系及其交易(续)

(3) 关联交易(续)

(b) 购销商品、提供和接受劳务(续)

采购商品

	截至 6 月 30 日止 6 个月期间	
	2018 年	2017 年
中国恒大之合营企业	4	-
同受中国恒大控制的公司	-	4
	4	4

接受劳务

	截至 6 月 30 日止 6 个月期间	
	2018 年	2017 年
同受中国恒大控制的公司	-	12
合营企业	170	127
本公司中间控股公司	10	-
	180	139

(c) 租赁

本集团作为出租方

	截至 6 月 30 日止 6 个月期间	
	2018 年	2017 年
同受中国恒大控制的公司	56	22
联营企业	-	2
合营企业	3	5
中国恒大之合营企业	68	-
	127	29

本集团作为承租方

	截至 6 月 30 日止 6 个月期间	
	2018 年	2017 年
同受中国恒大控制的公司	9	-
中国恒大之合营企业	25	-
	34	-

(除特别注明外，金额单位为人民币百万元)

八 关联方关系及其交易(续)

(3) 关联交易(续)

(d) 提供融资租赁利息收入

	截至 6 月 30 日止 6 个月期间	
	2018 年	2017 年
同受中国恒大控制的公司	15	12

(e) 接受借款的利息成本

	截至 6 月 30 日止 6 个月期间	
	2018 年	2017 年
中国恒大之联营企业	568	331
中国恒大之合营企业	228	318
	796	649

(f) 提供和接受资金

截至 2018 年 6 月 30 日止 6 个月期间及截至 2017 年 6 月 30 日止 6 个月期间，现金流量表投资活动中收到其他与投资活动有关的现金、支付其他与投资活动有关的现金，以及筹资活动中收到其他与筹资活动有关的现金、支付其他与筹资活动有关的现金中包含的本集团与关联方之间的资金往来金额汇总如下：

	截至 6 月 30 日止 6 个月期间	
	2018 年	2017 年
收到其他与投资活动有关的现金	1,544	886
支付其他与投资活动有关的现金	10,204	319
收到其他与筹资活动有关的现金	5,624	357
支付其他与筹资活动有关的现金	1,412	24,767

与关联方之间资金往来的余额请见附注八(4)。

(g) 关键管理人员薪酬

	截至 6 月 30 日止 6 个月期间	
	2018 年	2017 年
关键管理人员薪酬	132	65

(除特别注明外，金额单位为人民币百万元)

八 关联方关系及其交易(续)

(3) 关联交易(续)

(h) 提供担保

	2018 年 6 月 30 日	2017 年 12 月 31 日
合营企业	14,383	2,229

(4) 重大关联方应收、应付余额

(a) 应收账款

	2018 年 6 月 30 日	2017 年 12 月 31 日
同受中国恒大控制的公司	-	2
合营企业	63	8
中国恒大之合营企业	2	-
	65	10

(b) 其他应收款

	2018 年 6 月 30 日	2017 年 12 月 31 日
同受中国恒大控制的公司	25	2
联营企业	-	20
合营企业	13,984	3,896
中国恒大之合营企业	296	317
	14,305	4,235

于 2018 年 6 月 30 日及 2017 年 12 月 31 日，上述其他应收款均为无息、无抵押、无担保和无固定归还期限的往来款。

(c) 长期应收款

	2018 年 6 月 30 日	2017 年 12 月 31 日
同受中国恒大控制的公司	722	522

(除特別注明外，金额单位为人民币百万元)

八　关联方关系及其交易(续)

(4)　重大关联方应收、应付余额(续)

(d)　其他应付款

	2018 年 6 月 30 日	2017 年 12 月 31 日
同受中国恒大控制的公司	8	4
合营企业	6,608	465
中国恒大之合营企业	-	6
	6,616	475

于 2018 年 6 月 30 日及 2017 年 12 月 31 日，上述其他应付款均为无息、无抵押、无担保和无固定归还期限的往来款。

(e)　预付款项

	2018 年 6 月 30 日	2017 年 12 月 31 日
合营企业	-	424
同受中国恒大控制	255	-
中国恒大之合营企业	5	26
	260	450

(f)　借款

	2018 年 6 月 30 日	2017 年 12 月 31 日
中国恒大之合营企业	2,700	2,700
中国恒大之联营企业	16,559	727
	19,259	3,427

于 2018 年 6 月 30 日及 2017 年 12 月 31 日，上述借款为中国恒大之合营企业及联营企业向本集团提供的抵押借款，该等借款利率区间为 6.18%及 12.22%。

(h)　其他

	2018 年 6 月 30 日	2017 年 12 月 31 日
中国恒大之联营企业	27,913	31,733

上述其他为本集团在中国恒大之联营企业的活期存款，利率为 0.38%。

(除特别注明外，金额单位为人民币百万元)

九 股份支付

股份支付为中国恒大授予包括本集团员工在内的中国恒大员工并以中国恒大发行自身的股份进行结算的购股权计划。本集团作为接受服务企业且没有结算义务，将该股份支付交易作为权益结算的股份支付处理。

于 2010 年 5 月 18 日，中国恒大授予本集团员工 49,000 万份购股权(“2010 年购股权”)，行权价格为每股 2.4 港元。所有购股权于授予后 5 年内可行使。

于 2014 年 10 月 9 日，中国恒大授予本集团员工 38,700 万份购股权(“2014 年购股权”)，行权价格为每股 3.05 港元。所有购股权于授予后 5 年内可行使。

于 2017 年 10 月 6 日，中国恒大授予本集团员工 50,514 万份购股权(“2017 年购股权”)，行权价格为每股 30.20 港元。所有购股权于授予后 5 年内可行使。

购股权变动如下：

	购股权数量(千份)
2018 年 1 月 1 日	732,852
年内行权	(7,099)
年内失效	(45,090)
2018 年 6 月 30 日	680,663

(除特别注明外，金额单位为人民币百万元)

九　股份支付(续)

购股权于 2018 年 6 月 30 日的详情如下：

授予日期	归属期	行权期	行权价格 /(港元/股)	股份数 /(千份)
2010 年购股权				
2010 年 5 月 18 日	7 个月-55 个月	2010 年 12 月 31 日至 2019 年 12 月 31 日	2.40	15,321
2014 年购股权				
2014 年 10 月 9 日	1 年-5 年	2015 年 10 月 9 日至 2024 年 10 月 8 日	3.05	212,391
2017 年购股权				
2017 年 10 月 6 日	1 年-5 年	2018 年 10 月 6 日至 2027 年 10 月 5 日	30.20	505,140

购股权加权平均公允价值参考独立估值师采用二项式模式的估值确定。代入该模式的重要输入值为授予日股价、年度无风险利率、预期波幅、购股权年期及预期股息率，为根据本集团管理层的最佳估算确定。购股权价值会因应若干主观假设的不同变量而改变。

截至 2018 年 6 月 30 日止 6 个月期间，本集团根据购股权计划确认费用约 804,000,000 元(截至 2017 年 6 月 30 日止 6 个月期间：29,000,000 元)。

(除特别注明外，金额单位为人民币百万元)

十 承诺事项

(1) 经营租赁承诺事项

根据已签订的不可撤销的经营性租赁合同，本集团未来最低应支付租金汇总如下：

	2018 年 6 月 30 日	2017 年 12 月 31 日
一年以内	579	443
一到二年	468	320
二到三年	318	271
三年以上	310	169
	1,675	1,203

(2) 资本性支出承诺事项

以下为本集团于资产负债表日，已签约而尚不必在资产负债表上列示的资本性支出承诺：

	2018 年 6 月 30 日	2017 年 12 月 31 日
已签订的正在或准备履行的建安合同	184,976	186,219
已签订的正在或准备履行的土地合同	68,235	68,816
	253,211	255,035

(3) 对外投资承诺事项

以下为本集团于资产负债表日，已签约而尚不必在资产负债表上列示的重大对外投资承诺：

	2018 年 6 月 30 日	2017 年 12 月 31 日
收购子公司	7,539	10,574

(除特別注明外，金额单位为人民币百万元)

十一 或有事项

	2018 年 6 月 30 日	2017 年 12 月 31 日
业主按揭担保(a)	344,767	339,121
第三方融资担保(b)	9,257	9,101
合营企业融资担保(c)	14,383	2,229
	368,407	350,451

(a) 本集团按相关规定为本集团物业单位若干买家的银行融资提供担保。该等担保在下列较早者终止：(i)出具房屋产权证，此证一般平均在担保登记完成后两至三年内出具；或(ii)物业买家按揭贷款支付完毕时。根据担保条款，在担保期间，若该等买家拖欠按揭还款时，本集团须向银行偿还买家拖欠的按揭本金连同应计利息及罚金。在支付本息和罚金后，本集团有权接收相关按揭物业的法定业权。

本集团管理层认为，该类担保合约在生效日的公允价值较小，而且一旦买家未能支付按揭款，相关房产的可变现净值足以弥补尚未支付的贷款本金、累计利息和罚金，因此无需在财务报表中为该类担保提取准备。

(b) 本集团根据合作方的履约历史，为部分独立于本集团的合作方(主要为施工分包商)提供融资担保。本集团密切关注此类担保融资的还款情况。本集团管理层认为该类担保导致集团承担代偿风险的可能性极小，因此无需在财务报表中为该类担保提取准备。

(c) 本集团为部分合营企业房地产项目开发借款提供融资担保。本集团管理层认为该类担保导致集团承担代偿风险的可能性极小，因此无需在财务报表中为该类担保提取准备。

十二 金融工具及其风险

本集团的经营活动会面临各种金融风险：市场风险(主要为外汇风险和利率风险)、信用风险和流动风险。本集团整体的风险管理计划针对金融市场的不可预见性，力求减少对本集团财务业绩的潜在不利影响。

(除特别注明外，金额单位为人民币百万元)

十二 金融工具及其风险(续)

(1) 市场风险

(a) 外汇风险

本集团的主要经营位于中国境内，主要业务以人民币结算。本集团之外币资产和负债及外币交易的计价货币主要为港币及美元，存在外汇风险。本集团财务部门负责监控公司外币交易和外币资产及负债的规模，以最大程度降低面临的外汇风险。截至 2018 年 6 月 30 日止 6 个月期间及 2017 年 6 月 30 日止 6 个月期间，本集团未签署任何远期外汇合约或货币互换合约。

于 2018 年 6 月 30 日及 2017 年 12 月 31 日本集团记账本位币为港元的公司持有的外币金融资产和外币金融负债均不重大。

于 2018 年 6 月 30 日及 2017 年 12 月 31 日，本集团记账本位币为人民币的公司持有的外币金融资产和外币金融负债折算成人民币的金额列示如下：

	2018 年 6 月 30 日			
	美元项目	港元项目	其他币种	合计
外币金融资产				
-货币资金	2,724	8,443	12	11,179
-其他应收款	-	889	-	889
	2,724	9,332	12	12,068
外币金融负债				
-短期借款	23,076	13,172	-	36,248
-一年内到期的非流动负债	2,433	2,951	-	5,384
-其他应付款	-	1,264	-	1,264
-长期借款	-	3,119	-	3,119
	25,509	20,506	-	46,015

	2017 年 12 月 31 日			
	美元项目	港元项目	其他币种	合计
外币金融资产				
-货币资金	322	6,083	2	6,407
-其他应收款	-	22	-	22
	322	6,105	2	6,429
外币金融负债				
-短期借款	28,210	23,807	15,559	67,576
-一年内到期的非流动负债	2,403	-	-	2,403
-其他应付款	-	519	-	519
-长期借款	-	6,019	-	6,019
	30,613	30,345	15,559	76,517

十二　金融工具及其风险(续)

(1)　市场风险(续)

(a)　外汇风险(续)

于 2018 年 6 月 30 日，对于本集团各类外币金融资产和外币金融负债，如果人民币对外币升值或贬值 2%，其他因素保持不变，则本集团净利润将增加或减少约 509,000,000 元(2017 年 12 月 31 日：净利润将增加或减少约 2,628,000,000 元)，对其他综合收益无影响。

(b)　利率风险

本集团的利率风险主要产生于长期带息债务。浮动利率的金融负债使本集团面临现金流量利率风险，固定利率的金融负债使本集团面临公允价值利率风险。本集团根据当时的市场环境来决定固定利率及浮动利率合同的相对比例。于 2018 年 6 月 30 日，本集团长期带息债务主要为人民币计价的浮动利率银行借款，金额为 114,720,000,000 元(2017 年 12 月 31 日：100,177,000,000 元)。

本集团总部财务部门持续监控集团利率水平。利率上升会增加新增带息债务的成本以及本集团尚未付清的以浮动利率计息的带息债务的利息支出，并对本集团的财务业绩产生重大的不利影响，管理层会依据最新的市场状况及时做出调整，这些调整可能是进行利率互换的安排来降低利率风险。于 2018 年 6 月 30 日及 2017 年 12 月 31 日本集团并无利率互换安排。

于 2018 年 6 月 30 日，如果以浮动利率计算的借款利率上升或下降 100 个基点，而其他因素保持不变，本集团的净利润将减少或增加约 860,000,000 元(2017 年 12 月 31 日：净利润将减少或增加约 751,000,000 元)。

(2)　信用风险

本集团对信用风险按组合分类进行管理。信用风险主要产生于银行存款与应收款项。

本集团银行存款主要存放于国有银行和其他大中型上市银行，本集团认为其不存在重大的信用风险，不会产生因对方单位违约而导致的任何重大损失。

此外，对于应收款项，本集团设定相关政策以控制信用风险敞口。本集团基于对客户的财务状况、从第三方获取担保的可能性、信用记录及其他因素诸如目前市场状况等评估客户的信用资质并设置相应信用期。本集团会定期对客户信用记录进行监控，对于信用记录不良的客户，本集团会采用书面催款、缩短信用期或取消信用期等方式，以确保本集团的整体信用风险在可控的范围内。

(3)　流动性风险

本集团对现金流量进行预测，并持续监控短期和长期的资金需求，以确保维持合理的现金储备；同时持续监控本集团是否符合借款协议的规定，从主要金融机构获得提供足够备用资金的承诺，以满足短期和长期的资金需求。

(除特别注明外，金额单位为人民币百万元)

十二 金融工具及其风险(续)

(3) 流动性风险(续)

于资产负债表日，本集团各项金融负债以未折现的合同现金流量按到期日列示如下：

	2018 年 6 月 30 日				
	一年以内	一到二年	二到五年	五年以上	合计
短期借款	98,437	-	-	-	98,437
应付票据	69,385	-	-	-	69,385
应付账款	224,644	-	-	-	224,644
其他应付款	76,292	-	-	-	76,292
应付利息	3,463	-	-	-	3,463
应付股利	507	-	-	-	507
一年内到期的非流动负债	195,624	-	-	-	195,624
长期借款	19,294	166,542	95,842	395	282,073
应付债券	2,276	1,493	23,976	-	27,745
长期应付款	3,555	601	-	-	4,156
	693,477	168,636	119,818	395	982,326

	2017 年 12 月 31 日				
	一年以内	一到二年	二到五年	五年以上	合计
短期借款	137,101	-	-	-	137,101
应付票据	64,414	-	-	-	64,414
应付账款	172,773	-	-	-	172,773
其他应付款	71,204	-	-	-	71,204
应付利息	2,367	-	-	-	2,367
应付股利	1,065	-	-	-	1,065
一年内到期的非流动负债	232,264	-	-	-	232,264
长期借款	21,135	175,712	112,278	1,852	310,977
应付债券	1,213	7,764	11,066	-	20,043
长期应付款	222	4,531	-	-	4,753
	703,758	188,007	123,344	1,852	1,016,961

对于本集团对外提供的财务担保(附注十一)，本集团管理层认为该类担保导致集团承担代偿风险的可能性较小，无需列示其流动性风险。

(除特别注明外，金额单位为人民币百万元)

十三 公允价值估计

公允价值计量结果所属的层次，由对公允价值计量整体而言具有重要意义的输入值所属的最低层次决定：

第一层次：相同资产或负债在活跃市场上未经调整的报价。

第二层次：除第一层次输入值外相关资产或负债直接或间接可观察的输入值。

第三层次：相关资产或负债的不可观察输入值。

(1) 持续的以公允价值计量的资产

于 2018 年 6 月 30 日，持续的以公允价值计量的资产按上述三个层次列示如下：

	第一层次	第二层次	第三层次	合计
金融资产				
以公允价值计量且其变动计入当期损益的金融资产				
-交易性权益工具投资	1,674	-	-	1,674
可供出售金融资产				
-可供出售权益工具	741	279	-	1,020
	2,415	279	-	2,694
非金融资产				
投资性房地产	-	-	152,243	152,243
资产合计	2,415	279	152,243	154,937

(除特别注明外，金额单位为人民币百万元)

十三　公允价值估计(续)

(1)　持续的以公允价值计量的资产(续)

于 2017 年 12 月 31 日，持续的以公允价值计量的资产按上述三个层次列示如下：

	第一层次	第二层次	第三层次	合计
金融资产				
以公允价值计量且其变动计入当期损益的金融资产				
-交易性权益工具投资	2,772	-	-	2,772
可供出售金融资产				
-可供出售权益工具	1,448	278	14	1,740
-货币型基金	-	1,520	-	1,520
	4,220	1,798	14	6,032
非金融资产				
投资性房地产	-	-	145,588	145,588
资产合计	4,220	1,798	145,602	151,620

本集团以导致各层次之间转换的事项发生日为确认各层次之间转换的时点。截至 2018 年 6 月 30 日止 6 个月期间，无第一层次与第二层次间的转换。

存在活跃市场的金融工具，以活跃市场中的报价确定其公允价值。

本集团参考独立第三方合资格评估师的评估报告确定投资性房地产的公允价值。投资性房地产公允价值的估值方法包括直接比较法、收益法与残值法，主要评估参数包括最终收益率、资本化率、预期空置率、市场租金、市场价格、预计成本与发展商利润率。

估值方法于截至 2018 年 6 月 30 日止 6 个月期间无变动。

(2)　不以公允价值计量但披露其公允价值的资产和负债

本集团以摊余成本计量的金融资产和金融负债主要包括：应收款项、短期借款、应付款项和长期借款等。

该等不以公允价值计量的金融资产和金融负债的账面价值与公允价值差异很小，由于折现的影响并不重大或者该长期借款按浮动利率计息。

(3)　存在活跃市场的应付债券，以活跃市场中的报价确定其公允价值，属于第一层次。长期借款、长期应付款以及不存在活跃市场的应付债券，以合同规定的未来现金流量按照市场上具有可比信用等级并在相同条件下提供几乎相同现金流量的利率进行折现后的现值确定其公允价值，属于第三层次。

(除特别注明外，金额单位为人民币百万元)

十四 资本管理

本集团资本管理政策的目标是为了保障本集团能够持续经营，从而为股东提供回报，并使其他利益相关者获益，同时维持最佳的资本结构以降低资本成本。

为了维持或调整资本结构，本集团可能会调整支付给股东的股利金额、向股东返还资本、发行新股或出售资产以减低债务。

本集团的总资本为合并资产负债表中所列示的所有者权益。本集团不受制于外部强制性资本要求，利用资产负债比率监控资本。

于 2018 年 6 月 30 日及 2017 年 12 月 31 日，本集团的资产负债比率列示如下：

	2018 年 6 月 30 日	2017 年 12 月 31 日
资产负债比率	79%	84%

十五 公司财务报表主要附注

(1) 其他应收款

	2018 年 6 月 30 日	2017 年 12 月 31 日
关联方	220,689	180,880
第三方	8,826	11,643
	229,515	192,523
减：坏账准备	(32)	(28)
	229,483	192,495

其他应收账款的账龄及相应的坏账准备分析如下：

	2018 年 6 月 30 日			2017 年 12 月 31 日		
	金额	占总额比例	坏账准备	金额	占总额比例	坏账准备
一年以内	224,423	97.78%	(25)	192,410	99.94%	(2)
一到二年	5,029	2.19%	(5)	5	0.00%	-
二年以上	63	0.03%	(2)	108	0.06%	(26)
	229,515	100.00%	(32)	192,523	100%	(28)

于 2018 年 6 月 30 日及 2017 年 12 月 31 日，不存在已逾期但未减值的其他应收款。

(除特别注明外，金额单位为人民币百万元)

十五　公司财务报表主要附注(续)

(2)　长期股权投资

	2018年6月30日	2017年12月31日
子公司(a)	86,385	74,793
合营企业	6	6
联营企业	1	1
	86,522	74,800

本公司不存在长期股权投资变现的重大限制。本公司对上述子公司采取成本法核算，对上述合营企业及联营企业采用权益法核算。

(a)　子公司

对子公司投资列示如下：

	2017年12月31日	本期增加	本期减少	2018年6月30日
子公司	74,793	11,712	(120)	86,385

本公司没有单独重要的合营企业。

(3)　其他应付款

	2018年6月30日	2017年12月31日
应付关联方	176,220	186,280
应付保证金及代收款	115	108
其他	400	403
	176,735	186,791

(4)　营业收入和营业成本

	截至6月30日止6个月期间			
	2018年		2017年	
	营业收入	营业成本	营业收入	营业成本
服务费收入及其他	1,980	272	895	12

(5)　金融工具及其风险

本公司的经营活动会面临各种金融风险：市场风险(主要为利率风险)、信用风险和流动风险。本公司整体的风险管理计划针对金融市场的不可预见性，力求减少对本公司财务业绩的潜在不利影响。

十五　公司财务报表主要附注(续)

(5)　金融工具及其风险

(a)　市场风险

利率风险

本公司的利率风险主要产生于长期带息债务。浮动利率的金融负债使本公司面临现金流量利率风险，固定利率的金融负债使本公司面临公允价值利率风险。本公司根据当时的市场环境来决定固定利率及浮动利率合同的相对比例。2018 年 6 月 30 日，本公司长期带息债务主要为浮动利率计价的银行借款，金额为 8,590,000,000 元(2017 年 12 月 31 日为 2,090,000,000 元)。

本公司财务部门持续监控集团利率水平。利率上升会增加新增带息债务的成本以及本公司尚未付清的以浮动利率计息的带息债务的利息支出，并对本公司的财务业绩产生重大的不利影响，管理层会依据最新的市场状况及时做出调整，这些调整可能是进行利率互换的安排来降低利率风险。于 2018 年 6 月 30 日及 2017 年 12 月 31 日本公司并无利率互换安排。

于 2018 年 6 月 30 日，如果以浮动利率计算的借款利率上升或下降 100 个基点，而其他因素保持不变，本公司的净利润将减少或增加约为 64,000,000 元(2017 年 12 月 31 日：将减少或增加净利润 16,000,000 元)。

(b)　信用风险

本公司对信用风险按组合分类进行管理。信用风险主要产生于银行存款及应收款项。

本公司银行存款主要存放于国有银行和其他大中型上市银行，本公司认为其不存在重大的信用风险，不会产生因对方单位违约而导致的任何重大损失。

此外，对于应收款项，本公司设定相关政策以控制信用风险敞口。本公司基于对客户的财务状况、从第三方获取担保的可能性、信用记录及其他因素诸如目前市场状况等评估客户的信用资质并设置相应信用期。本公司会定期对客户信用记录进行监控，对于信用记录不良的客户，本公司会采用书面催款、缩短信用期或取消信用期等方式，以确保本公司的整体信用风险在可控的范围内。

(c)　流动性风险

本公司金融资产包括以公允价值计量且其变动计入当期损益的金融资产、应收款项和可供出售金融资产。金融负债包括应付款项、借款及应付债券。

本公司对现金流量进行预测，并持续监控短期和长期的资金需求，以确保维持充裕的现金储备。同时持续监控本公司是否符合借款协议的规定，从主要金融机构获得提供足够备用资金的承诺，以满足短期和长期的资金需求。

To the Board of Directors of Hengda Real Estate Group Company Limited

OPINION

What we have audited

We have audited the accompanying financial statements of Hengda Real Estate Group Company Limited (hereinafter "the Company"), which comprise:

- the consolidated and company balance sheets as at 31 December 2017;
- the consolidated and company income statements for the year then ended;
- the consolidated and company cash flow statements for the year then ended;
- the consolidated and company statements of changes in owners' equity for the year then ended; and
- notes to the financial statements.

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated and company's financial position of the Company as at 31 December 2017, and their financial performance and cash flows for the year then ended in accordance with the requirements of Accounting Standards for Business Enterprises ("CASs").

BASIS FOR OPINION

We conducted our audit in accordance with China Standards on Auditing ("CSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the 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.

We are independent of the Company in accordance with the Code of Ethics for Professional Accountants of the Chinese Institute of Certified Public Accountants ("CICPA Code"), and we have fulfilled our other ethical responsibilities in accordance with the CICPA Code.

OTHER INFORMATION

Management of the Company is responsible for the other information. The other information comprises all of the information included in 2017 annual report of the Company other than the financial statements and our auditor's report thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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 MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

Management of the Company is responsible for the preparation and fair presentation of these financial statements in accordance with the CASs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing these financial statements, management is responsible for assessing the Company'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 management either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether these 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with CSAs 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 financial statements.

As part of an audit in accordance with CSAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's 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 Company'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 these 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 Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers Zhong Tian LLP	Signing CPA: ____________________ Chen Yuntao
Shanghai, the People's Republic of China	Signing CPA: ____________________ Wei Ze

26 April 2018

CONSOLIDATED AND COMPANY BALANCE SHEETS

As at 31 December 2017

(All amounts in millions of RMB unless otherwise stated)

		Group		Company	
		31 December		31 December	
	Note	2017	2016	2017	2016
ASSETS					
Current assets					
Cash at bank and on hand	7(1), 18(1)	266,748	275,191	102,302	76,962
Financial assets at fair value through profit or loss	7(2)	2,772	3,076	—	—
Notes receivable	7(3)	62	68	—	—
Accounts receivable	7(4)(a), 18(3)	12,783	8,447	20	185
Prepayments	7(5), 18(2)	129,952	52,159	17,029	288
Interests receivable		119	281	112	301
Dividends receivable		—	—	—	11,545
Other receivables	7(4)(c), 18(4)	47,728	28,627	192,495	107,743
Inventories	7(6), 18(5)	896,405	647,097	2,415	2,264
Current portion of non-current assets	7(4)(b)	8,176	7,019	—	—
Other current assets	7(7)	20,036	14,466	29	24
Total current assets		1,384,781	1,036,431	314,402	199,312
Non-current assets					
Available-for-sale financial assets	7(8)	1,740	34,840	798	1,781
Long-term receivables	7(4)(b)	4,477	8,746	—	—
Long-term equity investments	7(9), 18(6)	2,624	727	74,800	60,654
Investment properties	7(10), 18(7)	145,588	130,196	2,423	2,414
Property, equipment and plant	7(11)	15,657	13,208	787	833
Construction in progress	7(12)	6,080	4,478	13	—
Intangible assets	7(13)	5,271	5,138	73	82
Goodwill		—	1,003	—	—
Long-term prepaid expenses	7(14)	166	204	39	2
Deferred income tax assets	7(25)(e)	3,649	3,809	126	—
Other non-current assets		29	1,358	—	—
Total non-current assets		185,281	203,707	79,059	65,766
TOTAL ASSETS		1,570,062	1,240,138	393,461	265,078

		Group		Company	
		31 December		31 December	
	Note	2017	2016	2017	2016
LIABILITIES AND OWNERS' EQUITY					
Current liabilities					
Short-term borrowings	7(15)	133,178	88,706	1,027	1,100
Notes payable	7(16)	64,414	43,675	41	54
Accounts payable		172,773	132,457	302	429
Advances from customers	7(17)	244,054	183,404	516	356
Employee benefits payable	7(18)	1,821	1,411	102	74
Taxes payable	7(19)	65,180	34,954	259	46
Interests payable		2,367	9,758	1,785	1,711
Dividends payable		1,065	4,189	—	—
Other payables	7(20), 18(8)	71,204	114,710	186,791	183,709
Current portion of non-current liabilities	7(21), 18(9)	215,495	80,754	47,195	7,106
Total current liabilities		971,551	694,018	238,018	194,585
Non-current liabilities					
Long-term borrowings	7(23), 18(10)	267,927	332,137	3,599	19,715
Corporate bonds	7(24)	17,380	47,005	17,380	47,005
Long-term payables	7(22)	4,288	41,345	—	—
Deferred income tax liabilities	7(25)(e)	25,570	21,443	—	100
Other non-current liabilities	7(26)	24,673	16,048	—	—
Total non-current liabilities		339,838	457,978	20,979	66,820
Total liabilities		1,311,389	1,151,996	258,997	261,405
Owners' equity					
Paid-in capital		3,940	2,500	3,940	2,500
Capital surplus		117,751	14	128,574	14
Other comprehensive (loss)/income	7(37)	(512)	(2,320)	(538)	199
Statutory reserve	7(27)	195	42	195	42
Retain earnings		92,032	52,989	2,293	918
Total equity attributable to ordinary shareholders of the Company		213,406	53,225	134,464	3,673
Non-controlling interests		45,267	34,917	—	—
Total owners' equity		258,673	88,142	134,464	3,673
TOTAL LIABILITIES AND OWNERS' EQUITY		1,570,062	1,240,138	393,461	265,078

The accompanying notes form an integral part of these financial statements.

Legal representative: Principal in charge of accounting: Head of accounting department:

CONSOLIDATED AND COMPANY INCOME STATEMENTS

For the year ended 31 December 2017
(All amounts in millions of RMB unless otherwise stated)

		Group		Company	
		Year ended 31 December		Year ended 31 December	
Item	**Note**	**2017**	**2016**	**2017**	**2016**
Revenue	7(28), 18(11)	302,233	205,097	2,264	2,371
Less: Cost of sales	7(28), 18(11)	(191,298)	(140,751)	(34)	(155)
Taxes and surcharges	7(29)	(21,986)	(15,824)	(131)	(306)
Selling expenses	7(31)	(15,411)	(13,907)	(651)	(1,392)
Administrative expenses	7(31)	(7,743)	(5,916)	(1,257)	(1,383)
Financial expenses-net	7(30)	(2,017)	(3,810)	(1,247)	(1,107)
Asset impairment losses	7(32)	(548)	(374)	—	(28)
Add: Profit/(loss) arising from changes in fair value	7(33)	7,582	3,853	9	(623)
Investment (loss)/income	7(34), 18(12)	(3,629)	6	2,968	23,423
Including: Share of loss of associates and joint ventures	7(9)	(403)	(647)	(463)	(506)
(Losses)/gains on disposals of assets		(12)	43	—	—
Other income		58	—	—	—
Operating profit		67,229	28,417	1,921	20,800
Add: Non-operating income	7(35)(a)	660	589	6	7
Less: Non-operating expenses	7(35)(b)	(5,287)	(2,496)	(174)	(64)
Total profit		62,602	26,510	1,753	20,743
Less: Income tax (expenses)/credit	7(36)	(20,604)	(8,809)	(225)	91
Net profit		41,998	17,701	1,528	20,834
Including: Net profit of the acquiree entity in a business combination under common control before the combination date		—	1,512	—	—
Profit attributable to:					
Ordinary shareholders of the Company		39,196	15,840	1,528	20,834
Non-controlling interests		2,802	1,861	—	—
Other comprehensive income/(loss), net of tax					
Attributable to ordinary shareholders of the Company		1,808	(2,573)	(737)	199
Other comprehensive income/(loss) that will be subsequently reclassified to profit or loss		1,808	(2,573)	(737)	199
Shares of other comprehensive income of the investee accounted for using equity method that will be subsequently reclassified to profit or loss		—	(197)	—	—
Changes in fair value of available-for-sale financial assets		2,400	(3,145)	(737)	199
Currency translation differences		(592)	769	—	—
Total comprehensive income attributable to:		43,806	15,128	791	21,033
Ordinary shareholders of the Company		41,004	13,267	791	21,033
Non-controlling interests		2,802	1,861	—	—

The accompanying notes form an integral part of these financial statements.

Legal representative: Principal in charge of accounting: Head of accounting department:

CONSOLIDATED AND COMPANY CASH FLOW STATEMENTS

For the year ended 31 December 2017
(All amounts in millions of RMB unless otherwise stated)

Item	Note	Group 2017	Group 2016	Company 2017	Company 2016
		Year ended 31 December		Year ended 31 December	
Cash flows from operating activities					
Cash received from sales of goods or rendering of services		364,900	273,372	2,648	2,373
Cash received relating to other operating activities		6,222	3,123	1,464	1,356
		371,122	276,495	4,112	3,729
Cash paid for purchase of goods and services		(366,992)	(237,159)	(318)	(285)
Cash paid for employees benefits		(14,176)	(11,551)	(698)	(802)
Payments of taxes and surcharges		(28,514)	(22,817)	(187)	(473)
Cash paid relating to other operating activities	7(38)(f)	(39,838)	(20,802)	(13,942)	(3,509)
		(449,520)	(292,329)	(15,145)	(5,069)
Net cash flows from operating activities	7(38)(a), 18(13)	(78,398)	(15,834)	(11,033)	(1,340)
Cash flows from investing activities					
Cash received from disposal of investments		78,090	4,577	5,932	2,808
Cash received from returns on investments		52	107	11,704	12,867
Net cash received from disposal of property, equipment and plant, investment properties, intangible assets and other long-term assets		2,817	2,912	11	473
Net cash received from disposal of subsidiaries and other business units	7(38)(e)	4,008	1,899	6,584	23
Cash received relating to other investing activities		1,963	19,169	—	16
		86,930	28,664	24,231	16,187
Purchase of property, equipment and plant, investment properties, intangible assets and other long-term assets		(13,994)	(16,897)	(116)	(307)
Cash paid to acquire investments		(51,008)	(45,954)	(23,540)	(37,102)
Acquisition of subsidiaries, net of cash acquired	9(2)(c)(vi)	(37,009)	(44,120)	(313)	—
Cash paid relating to other investing activities		(27,694)	(39,854)	(90,185)	(29,365)
		(129,705)	(146,825)	(114,154)	(66,774)
Net cash flows from investing activities		(42,775)	(118,161)	(89,923)	(50,587)
Cash flows from financing activities					
Capital injection by ordinary shareholders		118,192	16,874	117,000	—
Including: Capital injection by non-controlling interests in subsidiaries		1,192	16,874	—	—
Proceeds from borrowings		458,352	411,748	3,567	30,712
Proceeds from issuance of corporate bonds		—	14,111	—	14,111
Cash received relating to other financing activities		5,578	90,736	16,727	70,540
		582,122	533,469	137,294	115,363
Repayments of borrowings		(375,465)	(211,403)	(9,393)	(13,227)
Dividends distribution or interests paid		(53,911)	(33,876)	(1,538)	(1,710)
Cash payments relating to other financing activities		(69,260)	(74,470)	(32,240)	(9,638)
		(498,636)	(319,749)	(43,171)	(24,575)
Net cash flows from financing activities		83,486	213,720	94,123	90,788
Effect of foreign exchange rate changes on cash and cash equivalents		(254)	159	—	—
Net increase in cash and cash equivalents	7(38)(c)	(37,941)	79,884	(6,833)	38,861
Add: Cash and cash equivalents at beginning of year		171,185	91,301	46,003	7,142
Cash and cash equivalents at end of year	7(38)(d)	133,244	171,185	39,170	46,003

The accompanying notes form an integral part of these financial statements.

Legal representative: Principal in charge of accounting: Head of accounting department:

CONSOLIDATED STATEMENTS OF CHANGES IN OWNERS' EQUITY

For the year ended 31 December 2017

(All amounts in millions of RMB unless otherwise stated)

Item	Note	Attributable to ordinary shareholders of the Company: Paid-in capital	Capital surplus	Other comprehensive income	Statutory reserve	Retained earnings	Non-controlling interests	Total equity
Balance at 1 January 2016 (Restated)		2,500	5,872	56	1,250	71,904	15,464	97,046
Movements for the year ended 31 December 2016								
Total comprehensive income								
Net profit		—	—	—	—	15,840	1,861	17,701
Other comprehensive income		—	—	(2,573)	—	—	—	(2,573)
Total comprehensive income for the year		—	—	(2,573)	—	15,840	1,861	15,128
Capital contribution and withdrawal by owners								
Capital contribution by ordinary shareholders		—	—	—	—	—	16,874	16,874
Acquisition of additional interests in subsidiaries		—	(721)	—	—	—	(6,769)	(7,490)
Non-controlling interests on acquisition of businesses		—	—	—	—	—	1,172	1,172
Non-controlling interests on acquisition of subsidiaries		—	—	—	—	—	6,707	6,707
Businesses combination under common control		—	(2,615)	—	—	(6,839)	—	(9,454)
Disposal of subsidiaries		—	(2,625)	197	(1,250)	(24,304)	(173)	(28,155)
Share-based payment arrangements		—	55	—	—	—	—	55
Others		—	48	—	—	—	—	48
Profit distribution								
Transfer to statutory reserve		—	—	—	42	(42)	—	—
Dividends		—	—	—	—	(3,570)	(219)	(3,789)
Balance at 31 December 2016		2,500	14	(2,320)	42	52,989	34,917	88,142
Balance at 1 January 2017		2,500	14	(2,320)	42	52,989	34,917	88,142
Movement for the year ended 31 December 2017								
Total comprehensive income								
Net profit		—	—	—	—	39,196	2,802	41,998
Other comprehensive income		—	—	1,808	—	—	—	1,808
Total comprehensive income for the year		—	—	1,808	—	39,196	2,802	43,806
Capital contribution and withdrawal by owners								
Capital injection by ordinary shareholders	1	1,440	128,560	—	—	—	12,009	142,009
Acquisition of additional interests in subsidiaries		—	(11,319)	—	—	—	(4,028)	(15,347)
Non-controlling interests on acquisition of assets		—	—	—	—	—	405	405
Non-controlling interests on acquisition of businesses		—	—	—	—	—	1,701	1,701
Disposal of subsidiaries		—	—	—	—	—	(2,261)	(2,261)
Employee share option schemes		—	496	—	—	—	—	496
Profit distribution								
Transfer to statutory reserve		—	—	—	153	(153)	—	—
Distribution to non-controlling interests		—	—	—	—	—	(278)	(278)
Balance at 31 December 2017		3,940	117,751	(512)	195	92,032	45,267	258,673

The accompanying notes form an integral part of these financial statements.

Legal representative: Principal in charge of accounting: Head of accounting department:

COMPANY STATEMENTS OF CHANGES IN OWNERS' EQUITY

For the year ended 31 December 2017
(All amounts in millions of RMB unless otherwise stated)

Item	Paid-in capital	Capital surplus	Other comprehensive income	Statutory reserve	Translation differences	Total equity
Balance at 1 January 2016	2,500	518	—	1,250	5,382	9,650
Movements for the year ended 31 December 2016						
Total comprehensive income						
Net profit	—	—	—	—	20,834	20,834
Other comprehensive income	—	—	199	—	—	199
Total comprehensive income for the year	—	—	199	—	20,834	21,033
Capital contribution and withdrawal by owners						
Businesses combination under common control	—	2,141	—	—	—	2,141
Disposal of subsidiaries	—	(2,659)	—	(1,250)	(25,256)	(29,165)
Others	—	14	—	—	—	14
Profit distribution						
Transfer to statutory reserve	—	—	—	42	(42)	—
Balance at 31 December 2016	2,500	14	199	42	918	3,673
Balance at 1 January 2017	2,500	14	199	42	918	3,673
Movement for the year ended 31 December 2017						
Total comprehensive income						
Net profit	—	—	—	—	1,528	1,528
Other comprehensive income	—	—	(737)	—	—	(737)
Total comprehensive income for the year	—	—	(737)	—	1,528	791
Capital contribution and withdrawal by owners						
Capital contribution	1,440	128,560	—	—	—	130,000
Profit distribution						
Transfer to statutory reserve	—	—	—	153	(153)	—
Balance at 31 December 2017	3,940	128,574	(538)	195	2,293	134,464

The accompanying notes form an integral part of these financial statements.

Legal representative: Principal in charge of accounting: Head of accounting department:

1 General information

Hengda Real Estate Group Company Limited ("the Company") incorporated in Guangzhou of the People's Republic of China on 24 June 1996 as a limited liability company with approved unlimited operating period by Guangzhou Kailong Real Estate Co., Limited ("Guangzhou Kailong"). The registered and paid-in capital of the Company is RMB2,500,000,000. On 13 September 2016, the place of incorporation of the Company move to Shenzhen City.

On 31 March 2017, Zhongxin Juheng (Shenzhen) Investment Holding Center LLP., Guangtian Investment Co., Ltd., Shenzhen Huajian Holding Co., Ltd., Shenzhen Meitoubuyang Investment LLP., Shenzhen Zhongrongdingxing Investment LLP., Guangdong Weimeimingzhu Investment Co, Ltd., Suzhou Industrial Zone Ruican Investment LLP., Shandong Expressway Investment Holding Co., Ltd. and Shandong Railway Development Fund Co., Ltd., additionally injected capital contribution to the Company by cash of RMB5,000,000,000, RMB5,000,000,000, RMB5,000,000,000, RMB3,500,000,000, RMB3,000,000,000, RMB3,000,000,000, RMB2,500,000,000, RMB1,500,000,000 and RMB1,500,000,000 respectively, totaling RMB30,000,000,000, of which increased in the register and paid-in capital amounts to RMB378,787,879 while capital surplus amounts to RMB29,621,212,121. After the capital injection, the registered and paid-in capital of the Company increased to RMB2,878,787,879.

On 1 June 2017, Maanshan Maowen Technology Industrial Zone Co., Ltd, Shenzhen Baoxin Investment Holding Co., Ltd., Jiangxi Huada Property Group Co., Ltd., Shenzhen Linxiang Investment Co., Ltd., Shenzhen Industrial Zone Ruican Investment LLP., Shenzhen Jiancheng Investment Co', Ltd., Ningbo Minyinjintou Hongdasanhao Investment Management LLP., Jiaxing Yuminwuhao Investment LLP., Weifang Jinchenghongyuan Investment Management LLP., Ningxia Jiayu Automobiles Parts LLP., Shenzhen Zhongyiqianhai Holding Co., Ltd., Shanghai Haoren Property Management Co., Ltd. and Qingdao Yonghejinfeng Group Co., Ltd. additionally injected capital contribution to the Company by cash of RMB5,500,000,000, RMB5,000,000,000, RMB5,000,000,000, RMB5,000,000,000, RMB4,000,000,000, RMB3,500,000,000, RMB3,000,000,000, RMB2,000,000,000, RMB2,000,000,000, RMB2,000,000,000, RMB1,000,000,000, RMB1,000,000,000 and RMB1,000,000,000 respectively, totaling RMB40,000,000,000, of which increased the register and paid-in capital amounts to RMB505,050,504 while capital surplus amounts to RMB39,494,949,496. After the capital injection, the registered and paid-in capital of the Company increased to RMB3,383,838,383.

On 23 November 2017, Nanjing Runheng Enterprise Management Co., Ltd., Shandong Expressway Group Co., Ltd., Shandong Expressway Investment Holding Co., Ltd., Jinan Changyingjincheng Equity Investment LLP., Shenzhen Zhengwei (Group) Co., Ltd., Ningxia Jiayu Automobiles Parts LLP., Guangzhou Yihe Investment Co., Ltd. and Sichuan Dingxiang Equity Investment Fund Co., Ltd., additionally injected capital contribution to the Company by cash of RMB20,000,000,000, RMB9,000,000,000, RMB6,000,000,000, RMB5,000,000,000, RMB5,000,000,000, RMB5,000,000,000, RMB5,000,000,000 and RMB5,000,000,000 respectively, totaling RMB60,000,000,000, of which increased the register and paid-in capital amounts to RMB555,958,004 while capital surplus amounts to RMB59,444,041,996. After that, the registered and paid-in capital of the Company increased to RMB3,939,796,387.

The Company's parent company is Guangzhou Kailong, which holds 63.4552% of the shares of the Company. Its ultimate holding company is Xin Xin (BVI) Limited, the beneficial controller of which is Dr. Hui Ka Yan. Its intermediate holding company, China Evergrande Group (the "China Evergrande"), was limited liability company incorporated in the Cayman Islands, the shares of which are listed on the Stock Exchange of Hong Kong Limited on 5 November 2009.

The approved scope of business of the Company and its subsidiaries (together "the Group") includes property development, sales of construction materials, property management, hotel operation and business management consultation. For the year ended 31 December 2017, the ongoing principal activities of the Group are within the approved scope of business as mentioned above.

These financial statements are authorised for issue by the Company's responsible person on 26 April 2018.

2 Basis of preparation

The financial statements are prepared in accordance with the *Accounting Standard for Business Enterprises — Basic Standard*, the specific accounting standards and other relevant regulations issued by the Ministry of Finance on 15 February 2006 and in subsequent periods (the "CAS").

The financial statements are prepared on a going concern basis.

3 Statement of compliance with the Accounting Standard for Business Enterprises

The financial statements of the Company for the year ended 31 December 2017 are in compliance with the CAS and truly and completely present the Group's and Company's financial position of the Company as at 31 December 2017 and of their financial performance, cash flows and other information for the year then ended.

4 Significant accounting policies and accounting estimates

(1) *Accounting year*

The Company's accounting year starts on 1 January and ends on 31 December.

(2) *Functional currency*

The Company's recording currency is Renminbi (RMB). The subsidiaries of the Company decide their own recording currencies in accordance with the economic environment in which they operate. Apart from Pioneer Time Investment Limited whose functional currency is Hong Kong Dollar ("HKD"), the other subsidiaries adopt RMB as their functional currencies. The financial statements are presented in RMB.

(3) *Foreign currency translation*

(a) *Foreign currency transactions*

Foreign currency transactions are translated into RMB using the exchange rates prevailing at the dates of the transactions.

At balance sheet date, monetary items denominated in foreign currencies are translated into RMB using the current exchange rates on the balance sheet date. Exchange differences arising from these translations are recognised in profit or loss, except for those attributable to foreign currency borrowings that have been taken out specifically for acquisition or construction of qualifying assets, which are capitalised as part of the cost of those assets. Non-monetary items denominated in foreign currencies that are measured at historical costs are translated at the balance sheet date using the spot exchange rates at the date of the transactions. The effect of exchange rate changes on cash and cash equivalents are presented separately in the statement of cash flows.

(b) *Currency translations*

The assets and liabilities of the balance sheets for overseas operations are translated at the current exchange rates on the balance sheet date. Among the owners' equity, the items other than retain earnings are translated at the spot exchange rates of the transaction dates. The income and expense items in the statement of profit or loss of overseas operations are translated at the spot exchange rates of the transaction dates. The differences arising from the above translation are presented in statement of other comprehensive income. The cash flows of overseas operations are translated at the spot exchange rates on the dates of the cash inflows/outflows. The effect of exchange rate changes on cash and cash equivalents are presented separately in the statement of cash flows.

(4) *Cash and cash equivalents*

Cash and cash equivalents comprise cash on hand, deposits that can be readily drawn on demand, and short-term and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(5) *Financial assets*

Financial assets are classified into the following categories at initial recognition: financial assets at fair value through profit or loss, held-to-maturity investments, receivables and available-for-sale financial assets. The classification of financial assets depends on the Group's intention and ability to hold the financial assets. During the reporting period, the financial assets of the Group includes financial assets at fair value through profit or loss, receivables and available-for-sale financial assets.

(a) *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss include financial assets held for trading in the short term.

(b) *Receivables*

Receivables, including accounts receivable, other receivables and notes receivable, are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market (Note 4(7)).

(c) *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

(d) *Recognition and measurement*

Financial assets are recognised at fair value on the balance sheets when the Group becomes a party to the contractual provisions of the financial instrument. In the case of financial assets at fair value through profit or loss, the related transaction costs incurred at the time of acquisition are recognised in profit or loss for the current period. For other financial assets, transaction costs that are attributable to acquisition of the financial assets are included in their initially recognised amounts. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Financial assets at fair value through profit or loss and available-for-sale financial assets are subsequently measured at fair value. Investments in equity instruments are measured at cost when they do not have a quoted market price in an active market and whose fair value cannot be reliably measured. Receivables are subsequently measured at amortised cost using the effective interest method.

Gains or losses arising from change in the fair value of financial assets at fair value through profit or loss are recognised in profit or loss as "Changes in fair value" in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the income statement as part of other income when the group's right to receive payments is established.

Gains or losses arising from change in fair value of available-for-sale financial assets are recognised directly in other comprehensive income, except for impairment losses and foreign exchange gains and losses arising from translation of monetary financial assets. When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the profit or loss. Dividends on available-for-sale equity instruments are recognised in the profit or loss when the Group's right to receive payments is established.

(e) *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.

For the impairment on a financial asset carried at amortised cost has occurred, the amount of the impairment loss is provided for at the difference between the asset's carrying amount and the present value of its estimated future cash flows (excluding future credit losses that have not been incurred). If there is objective evidence that the value of the financial asset recovered and the recovery is related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed and the amount of reversal is recognised in profit or loss.

If there is objective evidence that an impairment loss on available-for-sale financial assets measured at fair value incurred, the cumulative loss arising from the decline in fair value that had been recognised directly in equity are removed from equity and recognised as impairment loss. For an investment in debt instrument classified as available-for-sale on which the impairment loss has been recognised, if, in a subsequent period, its fair value increases and the increase can be objectively related to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss for the current period. For an investment in an equity instrument classified as available-for-sale on which the impairment loss has been recognised, the increase in its fair value in a subsequent period is recognised directly in equity.

If an impairment loss on an available-for-sale financial asset measured at cost incurred, the amount of loss is measured at the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for similar financial assets. The previously recognised impairment loss will not be reversed in subsequent periods.

(f) *Derecognisation of financial assets*

A financial asset is derecognised when one of the following is fulfilled: (1) the contractual rights to receive the cash flows from the financial asset have expired; (2) risks and rewards from the financial asset have been transferred; (3) financial assets having been transferred, risks and rewards from the financial asset are neither transferred or maintained by the Group, the Group loss the control over the financial assets.

Once a financial assets are derecognized, the difference between its carrying amount and its consideration received as well as the accumulative amount of changes in fair value which is recognized in other comprehensive income is recognized in profit or loss.

(6) *Financial liabilities*

Financial liabilities are classified into the following categories at initial recognition: financial liabilities at fair value through profit or loss and other financial liabilities. The financial liabilities of the Group mainly comprise other financial liabilities, including payables, borrowings and corporate bonds.

Payables, including trade and other payables, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Borrowings and corporate bonds are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities with maturities within one year (inclusive) are classified as current liabilities. Other financial liabilities with maturities over one year but are due within one year (inclusive) at the balance sheet date are classified as the current portion of non-current liabilities. Others are classified as non-current liabilities.

A financial liability is derecognised or partially derecognised when the current obligation is discharged or partially discharged. The difference between the carrying amount of the derecognised financial liabilities and the consideration paid is recognised in profit or loss.

Financial assets and financial liabilities are separately presented in consolidated balance sheets with no offsetting, except when:

(a) the Company has a legally enforceable right to offset a certain amounts;

(b) the Company has intention to settle on a net basis, or realize the assets and settle the liabilities simultaneously.

(7) *Receivables*

Receivables comprise accounts receivable and other receivables. Accounts receivable arising from sale of goods or rendering of services are initially recognised at fair value of the contractual payments from the customers or service recipients.

(a) Receivables with amounts that are individually significant and subject to separate assessment for impairment.

Receivables with amounts that are individually significant are subject to separate assessment for impairment. If there are objective evidence that the Group will not be able to receive the amount with the original terms, an allowance for bad debts should be made.

Individual accounts receivable with amounts greater than RMB10,000,000 or other receivables with amounts greater than RMB30,000,000 are regarded as significant.

An allowance for bad debts of receivables with amount that is individually significant and subject to separate assessment for impairments is made at the difference between its carrying amount and the present value of estimated future cash flows.

(b) *Allowance for bad debts of receivables with similar credit risk*

Receivables with amounts that are not individually significant and those receivables that have been individually assessed for impairment and have not been impaired are classified into certain groupings based on their credit risk characteristics. Allowance for bad debts is determined based on the historical loss experience for groupings of receivables with similar credit risk, taking into consideration of the current circumstances.

Receivables with similar credit risk are grouped by:

Item	Method for making provision
Receivables from sales of property. . .	No provision is made based on the historical loss experience.
Receivables from related parties within consolidation group	No provision is made based on the historical loss experience.
Receivables from related parties out of consolidation group.	Bad debt provision is made at 1% based on the percentage of balances.
Receivables from non-controlling interests	Bad debt provision is made at 1% based on the percentage of balances.
Deposits and petty cash	No provision is made based on the historical loss experience.
Notes receivable	No provision is made based on the historical loss experience.
Others	Provision is made based on aging analysis.

Allowance of doubtful debt of receivables are based on aging analysis which listed as below:

	Allowance ratio for accounts receivable	Allowance ratio for other receivables
Within 1 year	1%	1%
1 to 2 years	2%	2%
Over 2 years.	5%	5%

(c) *Receivables with amounts that are individually insignificant but subject to separate assessment for impairment*

The reason for separate assessment for impairment is that there exists objective evidence that the Group will not be able to collect the amount under the original terms.

Allowance of bad debts of receivable is made at the difference between its carrying amount and the present value of estimated future cash flows.

(d) When the Group transfers the accounts receivable to the financial institutions without right of recourse, the difference between the proceeds received and their carrying amounts along with related taxes charge are recognised in profit or loss.

(8) *Inventories*

Inventories are categorized by real estate properties and non-real estate properties. Real estate properties include developed properties and properties under development. Non-real estate properties are goods and others.

A property that has developed and is ready for sale. A property under development refers to a property that has not completely developed and hold for sale purpose.

Inventories are initially measured at cost. At as balance sheet date, inventories are measured at the lower of cost and net realisable value.

Costs of real estate properties include costs of land, construction costs, and other direct and indirect development costs.

Borrowing costs that are eligible for capitalization are included in the costs of real estate properties.

Provision for impairment of inventories is determined at the excess amount of the carrying amounts of the inventories over their net realisable value. Net realisable value is determined based on the estimated selling price in the ordinary course of business less the estimated costs to completion and estimated costs necessary to the sales and related taxes charge.

(9) *Long-term equity investments*

Long-term equity investments comprise the Company's investments in its subsidiaries and the Group's investments in its joint ventures and associates.

Subsidiaries are the investees over which the Company is able to exercise control. Joint ventures are under joint arrangement which is structured through a separate vehicle over which the Group has joint control together with other parties and with the rights to the net assets of the arrangement based on legal forms, contractual terms and other facts and circumstances. Associates are the investee over which the Group has significant influence on its financial and operating policy decisions.

Investments in subsidiaries are accounted for at cost less impairment method and are adjusted to the equity method when preparing the consolidated financial statements. Investments in joint ventures and associates are accounted for using the equity method.

(a) *Recognition of the cost of Long-term equity investments*

For the long-term equity investments acquired by business combinations, where it's acquired by business combinations involving under common control, the cost of investment is recognized at the share of the carrying value of the owners' equity of the acquiree on the consolidated financial statements of the ultimate controller at the date of acquisition. Where the long-term equity investments acquired by business combinations not under common control, the cost of investments is recognized at the considerations of combinations.

For the long-term equity investments acquired by other methods other than business combinations, if it's acquired by cash, the cost of investments is initially recognized at the actual payment. If it is acquired by the issuance of equity securities, the fair value of which is initially recognized as the investment cost.

(b) *Subsequent measurement and recognition of profit or loss*

For long-term equity investments accounted for using the cost method are measured at initial investment cost. Cash dividends or profit distributions declared by the investees are recognised as investment income in profit or loss.

For long-term equity investments accounted for using the equity method, where the initial investment cost exceeds the Group's share of the fair value of the investee's identifiable net assets at the date of acquisition, the investment is initially measured at that cost. Where the initial investment cost is less than the Group's share of the fair value of the investee's identifiable net assets at the time of acquisition, the difference is included in profit or loss and the cost of the long-term equity investments is adjusted upwards accordingly.

For investments accounted for using equity method, the Group recognised the investment income according to its share of net profit or loss of the investee. The Group did not recognise further losses when the Group's share of losses in investments accounted for using equity method equals or exceeds its interests (which includes any long-term interests that, in substance, form part of the Group's net investment in investments accounted for using equity method), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures. The Group's share of the changes in investee's owner's equity other than those arising from the net profit or loss, other comprehensive income and profit distribution is recognised in capital surplus with a corresponding adjustment to the carrying amounts of the long-term equity investments. The carrying amount of the investment is reduced by the Group's share of the profit distribution or cash dividends declared by the investees. Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

(c) *Basis for recognition of control, common control and significant influence over the investee*

Control refers to the right over the investee, to participate in the relevant activities of the investee and entitle to a variable return, and the ability to exercise its power over the investee to influence the amount of return.

Joint control refers to a share of control over an arrangement in accordance with a related agreements, and the relevant activities of the arrangement must be agreed by the Group and other parties which share the right of joint control over the investee.

Significant influence refers to the right over the investee, to participate in decisions making of the investee on its financial and operating policies, but not control or be able to common control the decisions making process together with other parties.

(d) *Impairment of long-term equity investments*

For a long-term equity investments in subsidiaries, joint ventures or associates, its carrying amount is written down immediately to its recoverable amount if its carrying amount is greater than its estimated recoverable amount (Note 4(16)).

(10) *Investment properties*

Investment properties, including land use rights, are held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group, which measured initially at cost. Subsequent expenditures incurred in relation to an investment property are included in the cost of the investment property when it is probable that the associated economic benefits will flow to the Group and their costs can be reliably measured; otherwise, the expenditures are recognised in profit or loss for the period in which they are incurred.

Investment properties are subsequently measured using the fair value model and are not depreciated or amortised. The carrying amount of investment properties is adjusted based on their fair value at the balance sheet date, and the difference between the fair value and the original carrying amount is recognised in profit or loss.

If an investment property becomes owner-occupied or commences to be further developed for sale, it is reclassified as property, plant and equipment and land use right or properties under development, and its fair value at the date of change in use becomes its cost for accounting purposes.

If an item of property, plant and equipment becomes an investment property because its use has changed, if the fair value of this item at the date of transfer is less than the carrying amount, the difference is recognised in profit or loss; otherwise, it is included in other comprehensive income.

Investment properties are derecognised on disposal or when the investment properties are permanently withdrawn from use and no future economic benefits are expected from its disposal. The net amount of proceeds from sale, transfer, retirement or damage of investment properties after its carrying amount and related taxes charge and expenses is recognised in profit or loss.

(11) ***Property, equipment and plant***

(a) *Initial recognition and measurement of property, equipment and plant*

Property, equipment and plant comprise buildings, machinery and equipment, motor vehicles and office equipment. Property, equipment and plant purchased or constructed by the Group are initially measured at cost.

Subsequent expenditures incurred for property, equipment and plant are included in the cost of acquired when it is probable that the associated economic benefits will flow to the Group and the related cost can be reliably measured. The carrying amount of the replaced part is derecognised. All the other subsequent expenditures are recognised in profit or loss in which they are incurred.

Property, equipment and plant are depreciated using the straight-line method to allocate the cost of the assets to their estimated residual values over their estimated useful lives. For the property, equipment and plant that have been provided for impairment loss, the related depreciation charge is prospectively determined based upon the adjusted carrying amounts over their remaining useful lives.

(b) *Depreciation of property, equipment and plant*

Property, equipment and plant are depreciated using the straight-line method to allocate the cost of the assets to their estimated residual values over their estimated useful lives. For the property, equipment and plant that have been provided for impairment loss, the related depreciation charge is prospectively determined based upon the adjusted carrying amounts over their remaining useful lives.

The estimated useful lives, the estimated residual values expressed as a percentage of cost and the annual depreciation rates of property, equipment and plant are as follows:

	Estimated useful lives	Estimated residual values	Annual depreciation rates
Buildings	15–30 years	5%	3%–6%
Machinery and equipment. . .	5–10 years	3%	10%–19%
Motor vehicles	5–10 years	5%	10%–19%
Office equipment.	5–10 years	5%	10%–19%

The estimated useful life and the estimated net residual value of property, equipment and plant and the depreciation method applied to the asset are reviewed, and adjusted as appropriate at each year-end.

(c) Carrying amount of property, equipment and plant is written down immediately to its recoverable amount if its carrying amount is greater than its estimated recoverable amount (Note 4(16)).

(d) *Disposal of property, equipment and plant*

Property, equipment and plant are derecognised on disposal or when no future economic benefits are expected from its use or disposal. The amount of proceeds from disposals on sale, transfer, retirement or damage of a fixed asset net of its carrying amount and related taxes and expenses is recognised in profit or loss.

(12) *Construction in progress*

Construction in progress is measured at actual cost. Actual cost comprises construction costs, installation costs, borrowing costs that are eligible for capitalisation and other costs necessary to bring the property, equipment and plant ready for their intended use. Construction in progress is transferred to property, equipment and plant when the assets are ready for their intended use, and depreciation is charged starting from the following month. The carrying amount of a construction in progress is written down immediately to its recoverable amount if its carrying amount is greater than its estimated recoverable amount (Note 4(16)).

(13) *Intangible assets*

Intangible assets comprise land use rights, software licenses and others. Intangible assets are measured at cost and amortized evenly over their estimated useful lives.

(a) *Land use rights*

Land use rights are amortised on the straight-line basis over their approved use period of 40–70 years. If the costs of the land use rights and the buildings located thereon cannot be reasonably allocated between the land use rights and the buildings, all of the costs are recognised as property, equipment and plant.

(b) *Software licenses*

The software licenses purchased by the Group are measured at actual cost and amortised evenly over their useful lives.

(c) *Periodical review of useful life and amortisation method*

For an intangible asset with a finite useful life, review of its useful life and amortisation method is performed by the Group at each year-end, with adjustment made as appropriate.

The estimated useful lives, estimated residual values and annual amortisation rates of intangible assets are as follows:

	Estimated useful lives	Estimated residual values	Annual amortisation rates
Land use rights	40–70	0%	1.43%–2.50%
Others	3–20	0%	5%–33.33%

(14) ***Goodwill***

Goodwill arises on the acquisition of subsidiaries represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identified net assets acquired.

(15) ***Long-term prepaid expenses***

Long-term prepaid expenses are expenditures for improvements to property, equipment and plant under operating leases. Long-term prepaid expenses are amortised on the straight-line basis over the expected beneficial period and are presented at actual expenditure net of accumulated amortisation.

(16) ***Impairment of long-term assets***

Property, equipment and plant, construction in progress, intangible assets with finite useful lives, long-term prepaid expenses and investments in subsidiaries, joint ventures and associates are subject to impairment tests if there is any indicator that the assets may be impaired at the balance sheet date. If the result of the impairment test indicates that the recoverable amount of an asset is less than its carrying amount, a provision for impairment and an impairment loss are 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 to sell and the present value of the future cash flows expected to be derived from the asset. Provision for asset impairment is determined and recognised on the individual asset basis. If it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of a group of assets to which the asset belongs is determined. An assets group is the smallest group of assets that is able to generate independent cash inflows.

Goodwill that is separately presented in the financial statements is tested at least annually for impairment, irrespective of whether there is any indicator that it may be impaired. In conducting the test, the carrying value of goodwill is allocated to the related asset group or groups of asset groups which are expected to benefit from the synergies of the business combination. If the result of the test indicates that the recoverable amount of an asset group or a group of asset groups, including the allocated goodwill is lower than its carrying amount, the corresponding impairment loss is recognised. The impairment loss is first deducted from the carrying amount of goodwill that is allocated to the asset group or group of asset groups, and then deducted from the carrying amounts of other assets within the asset group or group of asset groups in proportion to the carrying amounts of assets other than goodwill.

Any impairment is recognised immediately as an expense and is not subsequently reversed.

(17) *Borrowing costs*

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. The capitalisation of borrowing costs ceases when the asset under acquisition or construction are substantially ready for its intended use and the borrowing costs incurred thereafter are recognised in profit or loss. Capitalisation of borrowing costs is suspended during periods in which the acquisition or construction of an asset is interrupted abnormally and the interruption lasts for more than 3 months, until the acquisition or construction is resumed.

The amount of costs capitalised of specific borrowings directly attributable to the acquisition, construction or production of qualifying assets is limited to the actual borrowing costs incurred on that borrowing during the period less any investment income earned on the temporary investment as well as bank interest of specific borrowings pending their expenditure on qualifying assets.

The amount of costs capitalised of general borrowings directly attributable to the acquisition, construction or production of qualifying assets should be determined by applying the weighted average of the actual interest rates of general borrowings to the weighted average of the accumulated expenditures on qualifying assets less those incurred by specific borrowing. The actual interest rate of a general borrowing is the discounted rate used in the initial measurement of that borrowing for discounting the future cash flow of that borrowing during the expected period of duration or a shorter applicable period.

(18) *Borrowings*

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. 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 respective balance sheet date.

(19) *Employee benefits*

Employee benefits refer to consideration or compensation given by the Group in exchange for service rendered by employees or for termination of employment, which include short-term employee benefits, post-employment benefits and wages and salaries of employees benefited by China Evergrande.

(a) *Short-term employee benefits*

Short-term employee benefits include wages or salaries, bonus, allowances and subsidies, staff welfare, premiums or contributions on medical insurance, work injury insurance and maternity insurance, housing funds, union running costs and employee education costs and etc. The short-term employee benefits actually occurred are recognised as a liability in the accounting period in which the service is rendered by the employees, with a corresponding charge to the profit or loss for the current period or the cost of relevant assets. Non-monetary benefits are measured at fair value.

(b) *Post-employment benefits*

The Group classifies post-employment benefit plans as either defined contribution plans or defined benefit plans. Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into a separate fund and will have no obligation to pay further contributions; and defined benefit plans are post-employment benefit plans other than defined contribution plans. During the reporting period, the Group's post-employment benefits mainly include the premiums or contributions on basic pensions and unemployment insurance, both of which belong to defined contribution plans.

(c) *Post-retirement benefits*

The Group's employees participate in post-retirement benefits plan set up and administered by local authorities of Ministry of Human Resource and Social Security. Monthly payments of premiums on the basic pensions are calculated according to the bases and percentage prescribed by the relevant local authorities. When employees retire, the relevant local authorities are obliged to pay the basic pensions to them. The amounts based on the above calculations are recognised as liabilities in the accounting period in which the service has been rendered by the employees, with a corresponding charge to the profit or loss or the cost of relevant assets.

(d) *Termination benefits*

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

The termination benefits expected to be settled within 12 months since the balance sheet date are classified as current liabilities.

(20) *Construction contracts*

If the construction contract can be estimated reliably, contract revenue and cost should be recognised by reference to the percentage of completion method at the balance sheet date. The term "the outcome of a construction contract can be estimated reliably" refers to the fact where the total income of the contract can be estimated reliably, the economic benefits associated with the contract will flow to the Company, the progress of completion and the cost necessary to complete the contract can be determined reliably at the balance sheet date, and the actual contract cost incurred for the completion of the contract can be differentiated clearly and measured reliably to compare the actual contract cost with the previous estimated costs.

The percentage of completion is measured by the stage of completed works to the estimated total works of the contracts or the surveying progress of the completed works, or the proportion of contract costs actually incurred to the estimated total costs of contracts, based on the nature of construction.

For construction contract completed in the current period, total income of the actual contract is recognized as income for the period after deducting the accumulated recognized income. Meanwhile, total accumulated cost of the actual contract is recognized as cost for the period after deducting the accumulated recognized cost.

When the outcome of a construction contract cannot be estimated reliably, if contract costs can be recovered, contract revenue shall be recognised only to the extent that the contract costs incurred are expected to be recovered, with the contract costs recognised as expenses in the period in which they are incurred. When contract costs cannot be recovered, these costs shall be recognised as expenses promptly when incurred and no contract revenue may be recognised.

In the case where the estimated total costs of contract exceed the estimated total revenue, the estimated losses of the contract shall be included into profit or loss for the current period.

(21) *Deferred income tax assets and liabilities*

Deferred income tax assets and liabilities are calculated and recognised based on the differences arising between the tax bases of assets and liabilities and their carrying amounts (temporary differences). Deferred income tax asset is recognised for the deductible tax losses that can be carried forward to subsequent years for deduction of the taxable profit in accordance with the tax laws. No deferred income tax liabilities is recognised for a temporary difference arising from the initial recognition of goodwill. No deferred income tax assets or liabilities is recognised for the temporary differences resulting from the initial recognition of assets or liabilities due to a transaction other than a business combination, which affects neither accounting profit nor taxable profit (or deductible loss). At the balance sheet date, Deferred income tax assets and Deferred income tax liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled.

Deferred income tax assets are only recognised for deductible temporary differences, deductible losses and tax credits to the extent that it is probable that taxable profit will be available in the future against which the deductible temporary differences, deductible losses and tax credits can be utilised.

Deferred income tax liabilities are recognised for temporary differences arising from investments in subsidiaries, joint ventures and associates, except where the Group is able to control the timing of reversal of the temporary difference, and it is probable that the temporary difference will not reverse in the foreseeable future. When it is probable that the temporary differences arising from investments in subsidiaries and joint ventures will be reversed in the foreseeable future and that the taxable profit will be available in the future against which the temporary differences can be utilised, the corresponding Deferred income tax assets are recognised.

Deferred income tax assets and liabilities are offset when:

- the deferred income taxes are related to the same tax payer within the Group and the same taxation authority jurisdiction; and,
- that tax payer within the Group has a legally enforceable right to offset the current tax assets against liabilities.

(22) *Revenue recognition*

The amount of revenue is determined in accordance with the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is stated net of discounts, rebates and returns.

Revenue is recognised when it's probable that the economic benefits associated with the transaction will flow to the Group, the related revenue can be reliably measured, and the specific criteria of revenue recognition have been met for each type of the Group's activities as described below:

(a) *Sales of properties*

Revenue from sales of properties is recognised when the risks and rewards of properties are transferred to the purchasers, which is when the construction of relevant properties has been completed and the properties have been delivered to the purchasers and collectability of related receivables is reasonably assured. To the extent that the Group has to perform further work on the properties already delivered to the purchasers, the relevant expenses shall be recognised simultaneously.

Deposits and installments received on properties sold prior to the date of revenue recognition are included in the balance sheets under current liabilities.

(b) *Sale of goods*

The Group manufactures and sells of construction materials. Revenue from sales of goods are recognised when the products have been delivered to the customers.

(c) *Rendering of services*

Revenue arising from property management is recognised in the accounting period in which the services are rendered, using a straight-line basis over the term of the contract.

(d) *Hotel operations*

Hotel revenue from room rentals, food and beverage sales and other ancillary services are recognized when the goods are delivered or services are rendered.

(e) *Construction services*

For the accounting policies in relation to the revenue recognition of construction services, please refer to Note 4(20).

(23) *Government Grants*

Government grants refer to the monetary or non-monetary assets obtained by the Group from the government, including tax return, financial subsidy and etc.

Government grants are recognised when the grants can be received and the Group can comply with all attached conditions. If a government grant is a monetary asset, it will be measured at the amount received or receivable. If a government grant is a non-monetary asset, it will be measured at its fair value. If it is unable to obtain its fair value reliably, it will be measured at its nominal amount.

Government grants related to assets refer to government grants which are obtained by the Group for the purposes of purchase, construction or acquisition of the long-term assets. Government grants related to income refer to the government grants other than those related to assets.

Government grants related to assets are deducted against the carrying amount of the assets. Government grants related to income that compensate the future costs, expenses or losses are recorded as deferred income and recognised in profit or loss, or deducted against related costs, expenses or losses in reporting the related expenses; government grants related to income that compensate the incurred costs, expenses or losses are recognised in profit or loss, or deducted against related costs, expenses or losses directly in current period. The Group consistently applies similar presentation to the government grants.

Government grants that are related to ordinary activities are included in operating profit, otherwise, they are recorded in non-operating income or expenses.

(24) ***Maintenance funds and quality deposits***

The maintenance fund recognised in accordance with the relevant local regulations, based on a certain proportion of the total selling price of the properties, or an established standard for by square meter for the multi-story buildings.

Quality deposits are generally reserved on certain proportion of construction project payment and will be paid to the construction vendors after the inspection and approval of completion of the property as well as the prescribed quality guarantee period during which no quality issue incur.

(25) ***Leases***

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

(a) *Finance Lease*

As the leasor, the cost of the finance lease receivables should be determined by the combination of the lowest finance lease receivables as well as the initial direct cost from the beginning date of leasing. The unguaranteed residual value is recorded and the difference between the present value and the combination of the lowest finance lease receivables, initial cost as well as the unguaranteed residual value is recognised as unrealized financing income which would be recognized as current financing income by effective interest method in each leasing period.

(b) *Operating leases*

Lease payments under an operating lease are recognised on a straight-line basis over the period of the lease, and are charged as an expense for the current period.

Rental income from an operating lease is recognised on a straight-line basis over the period of the lease.

(26) ***Financial guarantee contract***

Financial guarantee contracts are classified as financial liabilities, which are initially recognized by their fair values plus transaction costs that are directly attributable to the acquiring or issue of the financial guarantee liabilities. After initial recognition, such liabilities are measured subsequently 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 of fees recognised.

Financial guarantee liabilities are derecognised from the balance sheets when, and only when, the obligation specified in the contract is discharged or cancelled or expired.

(27) ***Dividend distribution***

Dividend distribution to the equity holders of the Company 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 board of directors.

(28) *Business combinations*

(a) *Business combinations under common control*

The consideration paid and net assets obtained by the absorbing party in a business combination are measured at the carrying amount. If the acquire is acquired by the ultimate controller from a third party in the previous year, the assets and liabilities (including the goodwill incurred by the acquisition of the acquire by the ultimate controller) on the consolidation financial statements of the ultimate controller are measured at the carrying value. The difference between the carrying amount of the net assets obtained from the combination and the carrying amount of the consideration paid for the combination is treated as an adjustment to capital surplus (share premium). If the capital surplus (share premium) is not sufficient to absorb the difference, the remaining balance is adjusted against retained earnings. Costs directly attributable to the combination are included in profit or loss in the period in which they are incurred. Transaction costs associated with the issue of equity or debt securities for the business combination are included in the initially recognised amounts of the equity or debt securities.

(b) *Business combinations not under common control*

The cost of combination and identifiable net assets obtained by the acquirer in a business combination are measured at fair value at the acquisition date. Where the cost of the combination exceeds the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is recognised as goodwill; where the cost of combination is lower than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is recognised in profit or loss for the current period. Costs directly attributable to the combination are included in profit or loss in the period in which they are incurred. Transaction costs associated with the issue of equity or debt securities for the business combination are included in the initially recognised amounts of the equity or debt securities.

(29) *Preparation of consolidated financial statements*

The consolidated financial statements comprise the financial statements of the Company and all of its subsidiaries and the structured entities controlled by the Group.

A subsidiary is an entity that is controlled by the Group. Control refers to the right over the investee, to participate in the relevant activities of the investee and enjoy a variable return, and the ability to exercise its power over the investee to influence the amount of return. The Group has more than 50% voting rights in the investee directly or indirectly through the subsidiaries, indicating that the Group is able to control the investee and shall recognize the investee as a subsidiary and incorporate it in the scope of the consolidated financial statements. Subsidiaries are consolidated from the date on which the Group obtains control and are de-consolidated from the date that such control ceases. For a subsidiary that is acquired in business combinations involving entities under common control, it is included in the consolidated financial statements from the date when it, together with the Company, comes under the control of the same ultimate holding company. The portion of the net profits realised before the combination date is presented separately in the consolidated statement of profit or loss and other comprehensive income.

Structured entity is to the decisive factors (such as where voting rights related to administrative affairs) when the voting right or similar rights are not taken as the designed structure of the entity when judging the controlling party of the entity, and the relevant activity of the entity is subject to the contract or corresponding arrangements.

When the Group initiates the establishment of a special asset management plan as the original equity owner and secondary equity owner, the Group will assess whether the Group is exercising decision-making power as the principal responsible person for the structured entity. If the other parties (other investors of the structured entity) exercise the decision-making power, the Group does not control the structured entity. However, if the Group is judged to exercise the decision-making power, it is the principal responsible person and thus controls the structured entity.

Subsidiaries are consolidated from the date on which the Group obtains control and are de-consolidated from the date that such control ceases. For a subsidiary that is acquired in a business combination involving enterprises under common control, it is included in the consolidated financial statements from the date when it, together with the Company, comes under common control of the ultimate controlling party. The portion of the net profits realised before the combination date is presented separately in the consolidated income statement.

In preparing the consolidated financial statements, where the accounting policies and the accounting periods of the Company and subsidiaries are inconsistent, the financial statements of the subsidiaries are adjusted in accordance with the accounting policies and the accounting period of the Company. For subsidiaries acquired from business combinations involving enterprises not under common control, the individual financial statements of the subsidiaries are adjusted based on the fair value of the identifiable net assets at the acquisition date.

All significant inter-group balances, transactions and unrealised profits are eliminated in the consolidated financial statements. The portion of subsidiaries' owners' equity and the portion of subsidiaries' net profits and losses and comprehensive incomes for the period not attributable to the Company are recognised as non-controlling interests, net profit attributed to non-controlling interests and total comprehensive incomes attributed to non-controlling interests, and presented separately in the consolidated financial statements under owners' equity, net profits and total comprehensive income respectively. Unrealised profits and losses resulting from the sale of assets by the Company to its subsidiaries are fully eliminated against net profit attributable to owners of the parent. Unrealised profits and losses resulting from the sale of assets by a subsidiary to the Company are eliminated and allocated between net profit attributable to owners of the parent and net profit attributed to non-controlling interests in accordance with the allocation proportion of the parent in the subsidiary. Unrealised profits and losses resulting from the sale of assets by one subsidiary to another are eliminated and allocated between net profit attributable to owners of the parent and net profit attributed to Non-controlling interests in accordance with the allocation proportion of the parent in the subsidiary.

If the accounting treatment of a transaction is inconsistent in the financial statements at the Group level and at the Company or its subsidiary level, adjustments will be raised from the Group.

(30) ***Segment information***

The Group identifies operating segments based on the organisation structure, management requirements and internal reporting system, and discloses segment information of reportable segments which is determined on the basis of operating segments.

An operating segment is a component of the Group that satisfies all of the following conditions: (1) the component is able to generate revenues and incur expenses from its ordinary activities; (2) whose operating results are regularly reviewed by the Group's management to make decisions about resources to be allocated to the segments and to assess its performance, and (3) for which the information on financial position, operating results and cash flows is available to the Group.

Two or more operating segments that have similar economic characteristics and satisfy certain conditions can be aggregated into one single operating segment.

(31) ***Critical accounting estimates and assumptions***

The Group continually evaluates the critical accounting estimates and key estimates and assumptions applied based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The critical accounting estimates and assumptions that have a significant risk of a material adjustment to the carrying amounts of assets and liabilities within the next accounting period are as below:

(a) *Income taxes*

There are many transactions and calculations for which the ultimate determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters (including the effect of change in the dividend policies of PRC subsidiaries) is different from the amounts that were initially recorded, such difference will impact the income tax and deferred tax provision in the period in which such determination is made.

(b) *PRC land appreciation taxes*

The Group is subject to land appreciation taxes in the PRC. The Group has not finalised its LAT calculation and payments with local tax authorities in the PRC for most of its property projects. Accordingly, judgement is required in determining the amount of the land appreciation taxes. The Group recognised these land appreciation taxes based on management's best estimates according to the interpretation of the tax rules. The final tax outcome could be different from the amounts that were initially recorded, and these differences will impact the income tax expense and tax provisions in the periods in which such taxes have been finalised with local tax authorities.

(c) *Estimated fair value of investment properties*

The best evidence of fair value is current prices in an active market for the properties with similar lease and other contracts. In the absence of such information, the Group determines the amount within a range of reasonable fair value estimates. In making its judgement, the Group considers information from a variety of sources including: (i) current prices in an active market for properties of different nature, condition or location (or subject to different lease or other contracts), adjusted to reflect those differences; (ii) recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and (iii) discounted cash flow projections based on reliable estimates of future cash flows, derived from the terms of any existing lease and other contracts and (where possible) from external evidence such as current market rents for similar properties in the same location and condition, and using capitalisation rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows. The Group assesses the fair value of its investment properties based on valuations determined by independent and professional qualified valuers.

(d) *Provision for properties under development and completed properties held for sale*

The Group assesses the carrying amounts of properties under development and completed properties held for sale according to their recoverable amounts based on the reliability of these properties, taking into account estimated costs to completion based on past experience and committed contracts and estimated net sales value based on prevailing market conditions. The assessment requires the use of judgement and estimates.

(e) *Estimate costs of properties under development*

The Group estimates the total costs of property when recognising the costs of property sales. The estimate is based on management's detailed budgets on the development of the property and is regularly assessed during the construction. If the relevant estimate does not match the cost actually incurred, the difference will affect the correctness of the recognized cost of sales.

(32) *Significant changes in accounting policies*

In 2017, the Ministry of Finance released the revised '*Accounting Standard for Business Enterprises No. 16-Government Grants*' and the '*Circular on Amendment to Formats of Financial Statements of General Industry*' and its interpretation (Cai Kuai [2017] 30). The financial statements are prepared in accordance with the above standards and circular, and impacts on the financial statements of the Company are as follows:

The nature and the reasons of the changes in accounting policies	**Items**	**Amounts**
The Company recorded government grants relates to operation in other income in year ended 31 December 2017. The comparatives of year ended 31 December 2016 were not restated.	N/A	N/A
		Year ended 31 December 2016
The Company recorded the gains or losses on disposals of property, equipment and plant in gains on disposals of assets in year ended 31 December 2017. The comparatives for the year ended 31 December 2016 were restated restoratively.	Add: Gains on disposals of assets	43
	Less: Non-operating income	53
	Less: Non-operating expenses	10

5 Taxation

The main categories and rates of taxes applicable to the Group are set out below:

Category	Tax base	Tax rate
Value added tax ("VAT")	Taxable value added amount (Tax payable is calculated using the current taxable sales amount multiplied by the applicable tax rate less deductible VAT input)	3%, 5%, 6%, 11% or 17%
Business tax (a)	Income of rental or sales of properties and property management	5%
	Construction income	3%
Land appreciation tax. . . .	Value-added amount in sales of properties	30%–60% in a progressive tax rate
Property tax	Original costs of the investment properties or rental income	1.2% of the original costs of the investment properties or 12% of the rental income
Income tax	Taxable income/(losses)	25%

(a) Pursuant to the "*Circular on the Overall Promotion of Pilot Program of Levying VAT in place of Business Tax*" (Cai Shui [2016] 36) jointly issued by the Ministry of Finance and the State Administration of Taxation, revenue from property sales of the Group, is subject to VAT since 1 May 2016, and the applicable tax rate is 5% or 11% for general taxpayers, 3% for small-scale taxpayers. Revenue from construction services, property management and hotel operation is also subject to VAT, the applicable tax rates of which are 11%, 6% and 6% respectively. The business mentioned above is subject to business tax before 1 May 2016, and the applicable tax rate is 5%.

6 Subsidiaries

(1) *Major subsidiaries of the Company*

Name of major subsidiary	Place of incorporation	Nature of business	Ownership interests held by the Company	Acquired/ Established
Guangzhou Junhui Real Estate Development Co., Ltd.	Guangzhou	Real Estate Development	100%	Established
Guangzhou Tongruida Real Estate industry Co., Ltd.	Guangzhou	Real Estate Development	100%	Established
Hengda Real Estate Group Wuhan Co., Ltd.	Wuhan	Real Estate Development	100%	Established
Hengda Real Estate Group Chongqing Co., Ltd.	Chongqing	Real Estate Development	100%	Established
Hengda Real Estate Group Chengdu Co., Ltd.	Chengdu	Real Estate Development	100%	Established
Nanjing Hengda Fufeng Property Co., Ltd.	NanJing	Real Estate Development	100%	Established
Wuhan Xinjin Sightseeing Industrial Park Co., Ltd.	Wuhan	Real Estate Development	100%	Established
Xinxin Meishan City of Pengshan District Tourism Industry Park Co. Ltd.	Meishan	Real Estate Development	100%	Established
Anning City Ganxin Sightseeing Industrial Park Co., Ltd.	Anning	Real Estate Development	100%	Established
Hengda (Qingxin) Ecological Demonstration Garden Co., Ltd.	Qingxin	Real Estate Development	100%	Established
Hengda (Fogang) Tangtang Farm Co., Ltd.	Qingyuan	Real Estate Development	100%	Established
Guangzhou Hengda Ecological Agricultural Development Base Co., Ltd.	Guangzhou	Real Estate Development	100%	Established
Hengda Real Estate Group Tianjin Jixian Co., Ltd..	Tianjin	Real Estate Development	100%	Established
E'zhou Xin Jin Ecological Sightseeing Industrial Park Co., Ltd.	E'zhou	Real Estate Development	100%	Established
Chongqing Xinheng Sightseeing Agriculture Co., Ltd.	Chongqing	Real Estate Development	100%	Established

Name of major subsidiary	Place of incorporation	Nature of business	Ownership interests held by the Company	Acquired/ Established
Hengda Xinlong (Shenyang) Property Co., Ltd.	Shenyang	Real Estate Development	100%	Established
Heshan Xinxin Sightseeing Industrial Park Co., Ltd.	Heshan	Real Estate Development	100%	Established
Hengda Shengyu (Qingxin) Property Co., Ltd.	Qingxin	Real Estate Development	100%	Established
Hengda Real Estate Group Zhengzhou Co., Ltd.	Zhengzhou	Real Estate Development	100%	Established
Guangzhou Jinbi Real Estate agent Co., Ltd.	Guangzhou	Property Management	100%	Established
Guangzhou Jinbishijia Property Service Co., Ltd..	Guangzhou	Property Management	100%	Established
Guangzhou Jinbihengying Property Service Co., Ltd..	Guangzhou	Property Management	100%	Established
Hengda Real Estate Group Xi'an Co., Ltd.	Xi'an	Real Estate Development	100%	Established
Hengda Real Estate Group Luoyang Co., Ltd..	Luoyang	Real Estate Development	100%	Established
Hengda Real Estate Group Taiyuan Co., Ltd.	Taiyuan	Real Estate Development	100%	Established
Xi'an Qujiang Investment and Construction Co., Ltd.	Xi'an	Real Estate Development	100%	Acquired
Xi'an Keiyun Property Co., Ltd.	Xi'an	Real Estate Development	100%	Acquired
Hengda Real Estate Group Nanning Co., Ltd.	Nanning	Real Estate Development	100%	Established
Hengda Real Estate Group Guiyang Property Co., Ltd. . . .	Guizhou	Real Estate Development	100%	Acquired
Nanjing Handian Real Estate Development Co., Ltd.	Nanjing	Real Estate Development	100%	Acquired
Hunan Xiongzhen Property Co., Ltd.	Changsha	Real Estate Development	100%	Acquired
Hengda Real Estate Group Hefei Co., Ltd.	Hefei	Real Estate Development	100%	Established

Name of major subsidiary	Place of incorporation	Nature of business	Ownership interests held by the Company	Acquired/ Established
Hengda Real Estate Group Changsha Property Co., Ltd.	Changsha	Real Estate Development	100%	Established
Guangzhou Henghui Architectural Engineering Co., Ltd..	Guangzhou	Construction	100%	Established
Guangzhou Henghe Engineering Supervision Co., Ltd.	Guangzhou	Construction	100%	Established
Hengda Garden Group Co., Ltd.	Guangzhou	Construction	100%	Established
Guangzhou Hengda Decoration Project Co., Ltd.	Guangzhou	Construction	100%	Established
Foshan Hengda Metal Building Material Co., Ltd.	Foshan	Construction	100%	Established
Guangzhou Hengda Advertising Co., Ltd.	Guangzhou	Advertising Design	100%	Established
Hengda Architectural Design Institute Co., Ltd.	Jingzhou	Advertising Design	100%	Established
Guangzhou Hengda Material Equipment Co., Ltd.	Guangzhou	Construction	100%	Established
Foshan Nanhai Juncheng Real Estate Development Co., Ltd.	Foshan	Real Estate Development	100%	Acquired
Hengda Real Estate Group Guangdong Real Estate Development Co., Ltd.	Guangzhou	Real Estate Development	100%	Established
Hengda Real Estate Group Baotou Co., Ltd.	Baotou	Real Estate Development	100%	Established
Guangdong Hengda Volleyball Club Co., Ltd.	Guangzhou	Culture and Sports	100%	Established
Hengda Real Estate Group Shijiazhuang Co., Ltd.	Shijiazhuang	Real Estate Development	100%	Established
Hengda Real Estate Group Ji'nan Property Co., Ltd.	Jinan	Real Estate Development	100%	Established
Hengda Real Estate Group Tianjin Co., Ltd.	Tianjin	Real Estate Development	100%	Established

Name of major subsidiary	Place of incorporation	Nature of business	Ownership interests held by the Company	Acquired/ Established
Hengda Real Estate Group Fogang Co., Ltd.	Qingyuan	Real Estate Development	100%	Established
Hengda Real Estate Group Shanghai Shengjian Property Co., Ltd.	Shanghai	Real Estate Development	100%	Established
Shenzhen City Centre Port Real Estate Development Co., Ltd. .	Shenzhen	Real Estate Development	100%	Established
Taiyuan Mingdu Real Estate Development Co., Ltd.	Taiyuan	Real Estate Development	100%	Acquired
Hengda Real Estate Group Hainan Co., Ltd.	Haikou	Real Estate Development	100%	Established
Taiyuan JunJing Real Estate Development Co., Ltd.	Taiyuan	Real Estate Development	66%	Established
Chongqing Hengda Junxin Real Estate Development Co., Ltd. .	Chongqing	Real Estate Development	100%	Established
Huaian Hengda Fufeng Real Estate Development Co., Ltd.	Huaian	Real Estate Development	100%	Established
Hengda Real Estate Group Lanzhou Property Co., Ltd. . . .	Lanzhou	Real Estate Development	100%	Acquired
Hengda Real Estate Group Changchun Co., Ltd.	Changchun	Real Estate Development	100%	Established
Hengda Real Estate Group (Shenyang) Investment Co., Ltd.	Shenyang	Real Estate Development	100%	Established
Hengda Real Estate Group (Zhongshan) Co., Ltd.	Zhongshan	Real Estate Development	100%	Acquired
Hengda Real Estate Group Luquan Co., Ltd.	Shijiazhuang	Real Estate Development	100%	Established
Danzhou Hengda Binhai Investment Co., Ltd.	Danzhou	Real Estate Development	100%	Established
Hengda Real Estate Group Jingdezhen Property Co., Ltd.	Jingdezhen	Real Estate Development	100%	Established
Hengda Real Estate Group Kunming Co., Ltd.	Kunming	Real Estate Development	100%	Established

Name of major subsidiary	Place of incorporation	Nature of business	Ownership interests held by the Company	Acquired/ Established
Hengda Real Estate Group Huhehaote Co., Ltd..	Huhehaote	Real Estate Development	100%	Established
Danyang Hengda Property Co., Ltd.	Danyang	Real Estate Development	100%	Established
Hengda Real Estate Group Shizuishan Co., Ltd.	Shizuishan	Real Estate Development	100%	Established
Yuncheng Jinheng Real Estate Development Co., Ltd.	Yuncheng	Real Estate Development	100%	Established
Tongling Hengda Property Co., Ltd.	Tongling	Real Estate Development	100%	Established
Huaibei Yuetong Property Co., Ltd.	Huaibei	Real Estate Development	100%	Established
Hengda Real Estate Group Zigong Co., Ltd.	Zigong	Real Estate Development	100%	Established
Hengda Real Estate Group Yunfu Co., Ltd.	Yunfu	Real Estate Development	100%	Established
Linfen Zijing Real Estate Development Co., Ltd.	Linfen	Real Estate Development	100%	Acquired
Hengda Real Estate Group Yinchuan Co., Ltd.	Yinchuan	Real Estate Development	100%	Established
Hengda Real Estate Group Harbin Co., Ltd.	Harbin	Real Estate Development	100%	Established
Guangzhou Jinbi World Dietetic and Entertainment Co., Ltd.. . .	Guangzhou	Hotel	100%	Acquired
Beijing Runye Culture and Art Co., Ltd.	Beijing	Real Estate Development	100%	Acquired
Guangzhou Hengda National Nong and Dance Troupe Co., Ltd.	Guangzhou	Culture and Sports	100%	Established
Foshan Nanhai Yingyu Real Estate Development Co., Ltd.	Foshan	Real Estate Development	100%	Established
Hengda Real Estate Group Nanjing Property Co., Ltd.	Nanjing	Real Estate Development	100%	Established
Suqian Hengda Huafu Property Co., Ltd.	Suqian	Real Estate Development	100%	Established

Name of major subsidiary	Place of incorporation	Nature of business	Ownership interests held by the Company	Acquired/ Established
Lianyungang Hengda City Property Co., Ltd.	Lianyungang	Real Estate Development	100%	Established
Yueyang Jinbi Property Co., Ltd.	Yueyang	Real Estate Development	100%	Established
Hengda Real Estate Group Shaoguan Co., Ltd.	Shaoguan	Real Estate Development	100%	Established
Taiyuan Junhao Real Estate Development Co., Ltd.	Taiyuan	Real Estate Development	100%	Established
Shenzhen Construction (Group) Co., Ltd.	Shenzhen	Construction	100%	Acquired
Datong JunJing Real Estate Development Co., Ltd.	Datong	Real Estate Development	100%	Established
Hengda Real Estate Group Urumqi Co., Ltd.	Urumqi	Real Estate Development	100%	Established
Hengda Real Estate Group Yancheng Co., Ltd.	Yancheng	Real Estate Development	100%	Established
Hengda Century City (Qingyuan) Hotel Plaza Co., Ltd.	Qingyuan	Real Estate Development	100%	Established
Lvliang Junhui Real Estate Development Co., Ltd.	Lvliang	Real Estate Development	100%	Established
Jiaxing Hengda Property Co., Ltd.	Jiaxing	Real Estate Development	100%	Established
Yuncheng Economic Zone Yijiayi Property Development Co., Ltd.	Yuncheng	Real Estate Development	100%	Acquired
Yuncheng Xinwanrui Real Estate Development Co., Ltd.	Yuncheng	Real Estate Development	100%	Acquired
Dongguan City State Real Estate Development Co., Ltd.	Dongguan	Real Estate Development	100%	Acquired
Hengda Real Estate Group (Shenzhen) Co., Ltd.	Shenzhen	Real Estate Development	100%	Established
Chongqing Hengda Hotel Co., Ltd.	Chongqing	Hotel	100%	Established

Name of major subsidiary	Place of incorporation	Nature of business	Ownership interests held by the Company	Acquired/ Established
Nanchang CIC High-tech Property Co., Ltd.	Nanchang	Real Estate Development	100%	Acquired
Hengda Football School	Guangzhou	Culture and Sports	100%	Established
Hengda Commercial Co., Ltd. . . .	Guangzhou	Hotel	100%	Established
Haiyan Shengjian Construction Co., Ltd.	Haiyan	Real Estate Development	100%	Established
Hengda Real Estate Group Enping Co., Ltd.	Enping	Real Estate Development	100%	Established
Hengda Real Estate Group Baiyangdian Hot Spring City Co., Ltd.	Baoding	Real Estate Development	100%	Established
Guangzhou Food and Banquet Catering Enterprise Management Co., Ltd.	Guangzhou	Hotel	100%	Established
Hengda Real Estate Group Yangjiang Co., Ltd.	Yangjiang	Real Estate Development	100%	Established
Pinghu Hengda Ming Du Property Co., Ltd.	Pinghu	Real Estate Development	100%	Established
Wuhai JunJing Real Estate Development Co., Ltd.	Wuhai	Real Estate Development	100%	Established
Guangzhou Hengda Hotel Co., Ltd.	Guangzhou	Hotel	100%	Established
Wuxi Hengda Real Estate Development Co., Ltd.	Wuxi	Real Estate Development	100%	Established
Hengda Real Estate Group, Tianjin Hotel Plaza Co., Ltd.	Tianjin	Hotel	100%	Established
Hengda Real Estate Group Fangchenggang Co., Ltd.	Fangchenggang	Real Estate Development	100%	Established
Pengshan Hengda Hotel Co., Ltd.	Meishan	Hotel	100%	Established
Chengdu Jintang Hengda Hotel Co., Ltd.	Chengdu	Hotel	100%	Established

Name of major subsidiary	Place of incorporation	Nature of business	Ownership interests held by the Company	Acquired/ Established
Yangquan Liaoyuan Real Estate Development Co., Ltd.	Yangquan	Real Estate Development	100%	Acquired
Hengda Real Estate Group Jiujiang Co., Ltd.	JiuJiang	Real Estate Development	100%	Established
Quzhou Hengda Shengjian Industry Co., Ltd.	Quzhou	Real Estate Development	100%	Established
Hengda Real Estate Group Zhanjiang Imperial Landscape Property Co., Ltd.	Zhanjiang	Real Estate Development	100%	Established
Guangzhou Hengda Yongchang Property Co., Ltd.	Guangzhou	Real Estate Development	100%	Established
Guangzhou Hengda Zhuoyue Property Co., Ltd.	Guangzhou	Real Estate Development	100%	Established
Hengda Real Estate Group Heyuan Co., Ltd.	Heyuan	Real Estate Development	100%	Established
Guangzhou Yufei Investment Co., Ltd.	Guangzhou	Culture and Sports	100%	Established
Hengda Real Estate Group Ji'an Co., Ltd.	Ji'an	Real Estate Development	100%	Established
Beijing Tianlixingye Investment Co., Ltd.	Beijing	Real Estate Development	100%	Acquired
Beijing Shahe Hengda Industry Co., Ltd.	Beijing	Real Estate Development	100%	Established
Hengda Real Estate Group Tianjin Expo International Conference Center Co., Ltd.	Tianjin	Hotel	100%	Established
Hengda Real Estate Group Dalian Co., Ltd.	Dalian	Real Estate Development	100%	Established
Hefei Yuecheng Property Co., Ltd.	Hefei	Real Estate Development	100%	Established
Hefei Yueqi Property Co., Ltd. . .	Hefei	Real Estate Development	100%	Established
Hefei Yueqi Commercial Operation Management Co., Ltd.	Hefei	Real Estate Development	100%	Established

Name of major subsidiary	Place of incorporation	Nature of business	Ownership interests held by the Company	Acquired/ Established
Hefei Yuetai Property Co., Ltd.	Hefei	Real Estate Development	100%	Established
Hefei Yuetai Business Operation Management Co., Ltd.	Hefei	Real Estate Development	100%	Established
Hefei Yuefeng Property Co., Ltd.	Hefei	Real Estate Development	100%	Established
Hengda Real Estate Group Beijing Co., Ltd.	Beijing	Real Estate Development	100%	Established
Ningxia Haotian Real Estate Development Co., Ltd.	Yinchuan	Real Estate Development	100%	Established
Beijing Hengyue Property Co., Ltd.	Beijing	Real Estate Development	100%	Established
Linzhi Huajin Daily Co., Ltd. . . .	Linzhi	Hotel	100%	Established
Hengda Real Estate Group Fuzhou Co., Ltd.	Fuzhou	Real Estate Development	100%	Established
Guangzhou Xinyuan Investment Co., Ltd.	Guangzhou	Hotel	100%	Established
Taiyuan Junheng Real Estate Development Co., Ltd.	Taiyuan	Real Estate Development	100%	Established
Wuhan Hengda Hotel Co., Ltd. . .	Wuhan	Hotel	100%	Established
Shuangyashan Hengda Hotel Co., Ltd.	Shuangyashan	Hotel	100%	Established
Taiyuan Shengshi Jun Tai Real Estate Development Co., Ltd. .	Taiyuan	Real Estate Development	100%	Acquired
Taiyuan Jinshiheng Real Estate Development Co., Ltd.	Taiyuan	Real Estate Development	100%	Established
Beijing Hengshi Investment Co., Ltd.	Beijing	Real Estate Development	100%	Established
Taiyuan Wanheng Real Estate Development Co., Ltd.	Taiyuan	Real Estate Development	100%	Established
Nanning Jinbi Hengda Home Industry Co., Ltd.	Nanning	Real Estate Development	100%	Established
Jiangxi Xingyu Property Development Co., Ltd.	Jiangxi	Real Estate Development	100%	Acquired

Name of major subsidiary	Place of incorporation	Nature of business	Ownership interests held by the Company	Acquired/ Established
Hefei Yueheng Estate Co., Ltd. . .	Hefei	Real Estate Development	100%	Established
Shanxi Jiasheng Real Estate Development Co., Ltd.	Taiyuan	Real Estate Development	100%	Acquired
Guangzhou Hengda Decoration Design Institute Co., Ltd.	Guangzhou	Advertizing Design	100%	Established
Hengda Real Estate Group Guangdong East Co., Ltd.	Zhuhai	Real Estate Development	100%	Established
Hengda Real Estate Group Pearl River Delta Real Estate Development Co., Ltd.	Guangzhou	Real Estate Development	100%	Established
Taiyuan Hengze Real Estate Development Co., Ltd.	Taiyuan	Real Estate Development	100%	Established
Tianji Holdings Co., Ltd.	Hong Kong	Real Estate Development	100%	Established
Tianding Holdings Co., Ltd.	Hong Kong	Real Estate Development	100%	Established
Hengda Dafang Poverty Alleviation Management Co., Ltd.	Guizhou	Real Estate Development	100%	Established
Shanxi Orchid Kangyu Real Estate Development Co., Ltd.	Taiyuan	Real Estate Development	82%	Acquired
Taiyuan Hengdelong Real Estate Development Co., Ltd.	Taiyuan	Real Estate Development	100%	Acquired
Linfen Zijing Real Estate Development Co., Ltd.	Linfen	Real Estate Development	100%	Acquired
Taiyuan Hengda Juntai Real Estate Development Co., Ltd.	Taiyuan	Real Estate Development	70%	Acquired
Guangzhou Hengda (Zengcheng) Real Estate Development Co., Ltd.	Guangzhou	Real Estate Development	100%	Established
Guangzhou Hengda Landscape Design Institute Co., Ltd.	Guangzhou	landscape design	100%	Established
Taiyuan Hengrui Real Estate Development Co., Ltd.	Taiyuan	Real Estate Development	100%	Established

Name of major subsidiary	Place of incorporation	Nature of business	Ownership interests held by the Company	Acquired/ Established
Taiyuan Hengxin Real Estate Development Co., Ltd.	Taiyuan	Real Estate Development	94%	Established
Taiyuan Henglin Real Estate Development Co., Ltd.	Taiyuan	Real Estate Development	100%	Established
Nanjing Hengda Hotel Co., Ltd. .	Nanjing	Hotel	100%	Established
Henan Hengda Household Industrial Park Co., Ltd.	Kaifeng	Real Estate Development	100%	Established
Taiyuan Hengda Shengteng Real Estate Development Co., Ltd.	Taiyuan	Real Estate Development	100%	Established
Taiyuan Hengda Dingsheng Real Estate Development Co., Ltd.	Taiyuan	Real Estate Development	100%	Established
Taiyuan Hengping Real Estate Development Co., Ltd.	Taiyuan	Real Estate Development	100%	Established
Taiyuan Hengling Real Estate Development Co., Ltd.	Taiyuan	Real Estate Development	75%	Established
Taiyuan Hengda Ji'an Real Estate Development Co., Ltd.	Taiyuan	Real Estate Development	100%	Established
Hengda Real Estate Group (Dongguan) Co., Ltd.	Dongguan	Real Estate Development	83%	Established
Linfen Hengping Real Estate Development Co., Ltd.	Linfen	Real Estate Development	55%	Acquired
Lvliang Lishi Hengyu Real Estate Development Co., Ltd.	Lvliang	Real Estate Development	80%	Established
Hengda Real Estate Group Shanxi Co., Ltd.	Taiyuan	Real Estate Development	100%	Established
Yangzhou Xusheng Real Estate Development Co., Ltd.	Yangzhou	Real Estate Development	100%	Established
Hengda Peiguan Education Technology Co., Ltd.	Guangzhou	Others	100%	Established
Pingdingshan Long-time Property Co., Ltd.	Pingdin	Real Estate Development	67%	Acquired
Linzhi Hengda Hotel Co., Ltd. . .	Linzhi	Hotel	100%	Established

Name of major subsidiary	Place of incorporation	Nature of business	Ownership interests held by the Company	Acquired/ Established
Changde Jinze Property Co., Ltd.	Changde	Real Estate Development	100%	Established
Hengda Real Estate Group (Jiangxi) Co., Ltd.	Nanchang	Real Estate Development	100%	Established
Hengda Real Estate Group Wuzhou Royal Lake House Co., Ltd. . .	Wuzhen	Real Estate Development	100%	Established
Qidong Hengda Hotel Co., Ltd. . .	Nantong	Hotel	100%	Established
Shenzhen Hengda Material Logistics Group Co., Ltd.	Shenzhen	Construction Material Sales	100%	Established
Hengda Sports Group Co., Ltd. . .	Shenzhen	Sports Schedule Planning and Operation	100%	Established
Sheng Yu Co., Ltd.	Hong Kong	Real Estate Development	100%	Established
Lingcheng Co., Ltd. (BVI)	BVI	Real Estate Development	100%	Established

(2) ***Disposal of a major subsidiary in year ended 31 December 2017***

Name a major subsidiary	Reason for deconsolidation
Calxon Group Co., Limited (the "Calxon Group")	Disposal

7 Notes to the consolidated financial statements

(1) ***Cash at bank and on hand***

	31 December 2017	31 December 2016
Cash on hand	23	50
Cash at bank	133,221	171,135
Other cash balances	133,504	104,006
	266,748	275,191
Less: Restricted deposits	(133,504)	(104,006)
Cash and cash equivalents	133,244	171,185

Cash equivalents mainly represented restricted deposits for pledge, the deposits for constructional engineering, deposits for pre-sale properties and the pledged guarantee for bank borrowings deposited to the designated bank account by the Group (note 7(38)(d)).

(2) ***Financial assets at fair value through profit or loss***

	31 December 2017	31 December 2016
Investments in equity instrument held for trading	2,772	3,076

As at 31 December 2017 and 2016, the financial assets at fair value through profit or loss were the investments in the China's A share market with publicly available quotations in the active market.

The investments held for trading is determined at the closing price of Shanghai Stock Exchange on the last trading day of the year.

(3) ***Notes receivable***

	31 December 2017	31 December 2016
Trade acceptance notes	62	68

(4) ***Accounts receivable and other receivables***

(a) *Accounts receivable*

	31 December 2016	Impairment charged	Reversal	31 December 2017
Amounts due from related parties *(Note 10(4)(a))*	197			10
Amounts due from third parties .	8,267			12,800
	8,464			12,810
Less: Allowance for bad debts. .	(17)	(12)	2	(27)
	8,447			12,783

The ageing of accounts receivable and related provisions for bad debts are analyzed below:

	31 December 2017			31 December 2016		
	Amount	%	Allowance for bad debts	Amount	%	Allowance for bad debts
Within 1 year . . .	11,440	89.31	(14)	6,929	81.87	(11)
1 to 2 years	510	3.98	(4)	938	11.08	(2)
Over 2 years	860	6.71	(9)	597	7.05	(4)
	12,810	100.00	(27)	8,464	100.00	(17)

As at 31 December 2017 and 2016, there were no accounts receivable that were past due but not impaired.

(b) *Long-term receivables*

	31 December 2017	31 December 2016
Long-term loan instalment receivables	12,131	15,358
Finance leases receivables *(Note 10(4)(c))*.	522	407
	12,653	15,765
Less: Non-current assets due within one year . .	(8,176)	(7,019)
	4,477	8,746

As at 31 December 2017, long-term receivables of RMB1,105,000,000 (31 December 2016: RMB601,000,000) were past due. Based on the analysis of the customers' financial status and credit record the Group expected that the past due amounts can be recovered and the long-term receivables are not impaired. The ageing of these long-term receivables is analysed as follows:

	31 December 2017	31 December 2016
Within 1 year	546	374
1 to 2 years	346	167
Over 2 years	213	60
	1,105	601

(c) *Other receivables*

	31 December 2016	Impairment charged	Reversal	31 December 2017
Amounts due from related parties *(note 10(4)(b))*	2,619			4,235
Deposits	7,981			23,725
Amounts due from non-controlling interests	4,235			9,350
Receivables from the disposal of subsidiaries	6,776			—
Others	7,191			10,780
	28,802			48,090
Less: Allowance for bad debts	(175)	(187)	—	(362)
	28,627			47,728

Other receivables and related provision for bad debts are analysed below:

	31 December 2017			31 December 2016		
	Amount		Allowance for bad debts	Amount		Allowance for bad debts
Within 1 year	39,018	81.13	(242)	23,270	80.79	(115)
1 to 2 years	6,189	12.87	(65)	2,392	8.30	(17)
Over 2 years	2,883	6.00	(55)	3,140	10.91	(43)
	48,090	100.00	(362)	28,802	100.00	(175)

As at 31 December 2017 and 2016, there were no other receivables that were past due but not impaired.

(5) ***Prepayments***

	31 December 2017		31 December 2016	
	Amount		Amount	%
Within 1 year	111,588	85.87	41,787	80.11
1 to 2 years	11,741	9.03	4,088	7.84
Over 2 years	6,623	5.10	6,284	12.05
	129,952	100.00	52,159	100.00

Prepayments mainly represent the prepaid land premium pending for the land use right licenses. Prepayments over 1 year are mainly the prepaid land premium for the land in progress of clearance or with partial transfer of land use right.

(6) ***Inventories***

	31 December 2017	31 December 2016
Properties under development	804,676	567,171
Completed properties	92,731	80,597
Others	34	157
	897,441	647,925
Less: Provision for impairment	(1,036)	(828)
	896,405	647,097

Provisions for impairment are analysed below:

	31 December 2016	Impairment charged	Decrease for the year		31 December 2017
			Reverse	Write-off	
Inventories	(828)	(386)	35	143	(1,036)

In 2017, the capitalised amount for the borrowing fees credited to the properties under development was RMB40,473 million (2016: RMB30,747 million) and the capitalised rate for the recognition of the capitalised borrowing fees was 7.87% per annum (2016: 9.39%).

As at 31 December 2017 and 2016, for the details of the inventories pledged by the Group as collateral for bank borrowings, please refer to Note 7(15)(a) and Note 7(23)(a).

(7) ***Other current assets***

	31 December 2017	31 December 2016
Prepaid land appreciation tax	5,677	4,438
Prepaid VAT	3,962	1,561
Input VAT to be deducted	3,461	218
Prepaid income tax	3,190	3,097
Prepaid business tax	1,752	2,855
Available-for-sale financial assets	1,520	1,672
Others	474	625
	20,036	14,466

(8) ***Available-for-sale financial assets***

	31 December 2017	31 December 2016
Measured at fair value		
— Available-for-sale instruments	1,740	34,840

As at 31 December 2017 and 31 December 2017, there is no impairment to the available-for-sale financial assets which are measured at RMB.

The available-for-sale assets mainly includes the equity investments held by the Group in A-share listed companies which are quoted in an active market.

The fair value of the available-for-sale financial assets is determined at the closing price of Shanghai and Shenzhen Stock Exchange on the last trading day of the year.

(9) ***Investments accounted for using equity method***

	31 December 2017	31 December 2016
Joint ventures (a)	690	566
Associates (b)	1,934	161
	2,624	727

The Group's investments accounted for using equity method. The Group has not been imposed any material restrictions on realising the Investments accounted for using equity method and the above investment interests do not have any contingent liabilities or commitments.

(a) *Joint ventures*

Investments in joint ventures are set out below:

	31 December 2016	Addition	Share of loss for the year	31 December 2017
Joint ventures	566	531	(407)	690

The Group has no joint ventures that are individually significant.

(b) *Associates*

Investments in associates are set out below:

	31 December 2016	Additions	Decrease in disposal on subsidiaries	Transferred to subsidiaries from associates	Share of profit for the year	31 December 2017
Associates	161	1,821	(10)	(42)	4	1,934

The Group has no associates that are individually significant.

In 2017, the Group acquired the equity of several associates from the investors who have control over them. The equity of these associates originally held by the Group before the acquisition date had been remeasured at fair value on the acquisition date, while the difference of RMB120,532,000 between their fair value and carrying amount was recognized as investment income. Before the acquisition date, the equity of these associates held by the Group had no impact on other comprehensive income.

(c) *Summarised financial information for insignificant joint ventures and associates*

	Year ended 31 December	
	2017	**2016**
Joint ventures:		
Aggregated carrying amount of investments	690	1,639
Aggregate of the following items in proportion		
Net loss (i)	(407)	(645)
Other comprehensive income (i)	—	(197)
Total comprehensive income	(407)	(842)
Associates:		
Aggregated carrying amount of investments	1,934	177
Aggregate of the following items in proportion		
Net profit (i)	4	(2)
Other comprehensive income	—	—
Total comprehensive income	4	(2)

(i) The net profit and other comprehensive income have taken into account the impacts of both the fair value of the identifiable assets and liabilities upon the acquisition of investments and the adoption of accounting policies of the Group.

(10) *Investment properties*

	Property and plant
31 December 2016	130,196
Additions	15,772
Changes in fair value	8,537
Disposal of a subsidiary	(5,976)
Disposal	(2,266)
Currency translation differences	(675)
31 December 2017	145,588

In 2017, capitalised borrowing costs for investment properties amounted to RMB2,266,000,000 (2016: RMB2,366,000,000). The capitalisation rate of borrowing costs for the year ended 31 December 2017 was 7.87% (2016: 9.39%).

For the year ended 31 December 2017, the impact on the Group's profit or loss resulting from the changes in fair value of investment properties is RMB8,537,000,000 (31 December 2016: RMB4,925,000,000).

In 2017, the Group disposed of certain investment properties with a carrying amount of RMB2,266,000,000, resulting in a disposal gain of RMB168,437,000.

As at 31 December 2017 and 2016, investment properties pledged by the Group as collateral for bank borrowings refer to Note 7(15)(a) and Note 7(23)(a).

(11) ***Property, equipment and plant***

	Buildings	Machinery and equipment	Motor vehicles	Computers and electronic equipment	Office equipment
Cost					
31 December 2016	11,793	179	570	4,902	17,444
Transferred from construction in process	2,213	73	—	437	2,723
Acquisition of subsidiaries *(note 9(2))*	204	9	8	89	310
Additions	833	6	220	696	1,755
Disposals	(764)	(31)	(58)	(143)	(996)
31 December 2017	14,279	236	740	5,981	21,236
Accumulated depreciation					
31 December 2016	(1,754)	(64)	(403)	(2,015)	(4,236)
Depreciation charged	(669)	(41)	(84)	(669)	(1,463)
Disposals	33	12	38	37	120
31 December 2017	(2,390)	(93)	(449)	(2,647)	(5,579)
Carrying amount					
31 December 2017	11,889	143	291	3,334	15,657
31 December 2016	10,039	115	167	2,887	13,208

In 2017 and 2016, the amount of depreciation expense charged to cost of sales, selling expenses, general and administrative expenses were set out below:

	Year ended 31 December	
	2017	2016
Cost of sales	496	402
General and administrative expenses	756	617
Selling expenses	211	291
	1,463	1,310

As at 31 December 2017 and 2016, property, equipment and plant pledged by the Group as collateral for bank borrowings refer to Note 7(15)(a) and Note 7(23)(a).

(12) ***Construction in progress***

Project name	31 December 2016	Additions	Transfer to property, equipment and plant	31 December 2017
Hotel construction	4,478	4,325	(2,723)	6,080
Including: Capitalised borrowing costs	719	354	(318)	755

The capitalisation rate of borrowing costs for the year ended 31 December 2017 was 7.87% (2016: 9.39%).

(13) ***Intangible assets***

	Land use rights	Others	Total
Cost			
31 December 2016	5,238	226	5,464
Increase in the current year	305	10	315
Acquisition of subsidiaries *(note 9(2))*	12	—	12
Disposals	(38)	(2)	(40)
31 December 2017	5,517	234	5,751
Accumulated amortisation			
31 December 2016	(294)	(32)	(326)
Amortisation charged	(129)	(25)	(154)
Disposals	—	—	—
31 December 2017	(423)	(57)	(480)
Carrying amount			
31 December 2017	5,094	177	5,271
31 December 2016	4,944	194	5,138

As at 31 December 2017 and 2016, intangible assets pledged by the Group as collateral for bank borrowings refer to Note 7(15)(a) and Note 7(23)(a).

(14) ***Long-term prepaid expenses***

	31 December 2017	31 December 2016
Renovation expense	55	143
Others	111	61
	166	204

(15) ***Short-term borrowings***

	31 December 2017	31 December 2016
Secured		
— Pledged (a)	17,327	24,793
— Collateralised (b)	89,052	33,901
— Guaranteed (c)	19,420	26,271
Unsecured	7,379	3,741
	133,178	88,706

(a) As at 31 December 2017, the pledged borrowings of RMB17,327 million were secured by the property, equipment and plant with a carrying amount of RMB4,390 million, the investment properties with a carrying amount of approximately RMB625 million, the land use right with a carrying amount of approximately RMB427 million, and the inventory with a carrying amount of RMB31,622 million (2016: the pledged borrowings of RMB24,793 million were secured by the property, equipment and plant with a carrying amount of RMB1,517 million, the investment properties with a carrying amount of RMB10,598 million and the inventory with a carrying amount of RMB33,991 million).

(b) As at 31 December 2017, the collateralised borrowings of RMB89,052 million were secured by cash of RMB55,303 million and the equity of the subsidiaries of RMB18,715 million (2016: the collateralised borrowings of RMB33,901 million were secured by cash of RMB15,415 million and the equity of the subsidiaries of RMB15,856 million).

(c) As at 31 December 2017, bank borrowings of RMB19,420 million are guaranteed by the Company and its subsidiaries. (31 December 2016: Bank borrowings of RMB25,993 million were guaranteed by the Company and its subsidiaries while bank borrowings of RMB278 million were guaranteed by China Evergrande.

(d) As at 31 December 2016, short-term bank borrowings included a borrowing of RMB2,700 million loaned from joint ventures of the Company's ultimate holding company as the consignors and RMB799 million loaned from associates of the Company's ultimate holding company.

(e) As at 31 December 2017, the interest rates for short-term borrowings range from 1.30% to 10.89% (31 December 2016: from 1.32% to 10.50%).

(16) ***Notes payable***

	31 December 2017	**31 December 2016**
Trade acceptance notes	63,817	43,058
Bank acceptance notes	597	617
	64,414	43,675

(17) ***Advances from customers***

	31 December 2017	**31 December 2016**
Advance receipts from sale of properties	242,202	181,775
Others	1,852	1,629
	244,054	183,404

As at 31 December 2017 and 2016, the Group's receipts in advance over one year were mainly unsettled receipts from sale of properties.

(18) ***Employee benefits payable***

	31 December 2017	**31 December 2016**
Short-term employee benefits payable (a)	1,761	1,355
Defined contribution plans payable (b)	60	56
	1,821	1,411

(a) *Short-term employee benefits payable*

	31 December 2016	Increase	Decrease	31 December 2017
Wages and salaries, bonus, allowances and subsidies	1,229	11,546	(11,159)	1,616
Staff welfare	35	743	(742)	36
Social security contributions	28	573	(572)	29
Including: Medical insurance	24	496	(495)	25
Work injury insurance	2	35	(35)	2
Maternity insurance	2	42	(42)	2
Housing funds	21	460	(453)	28
Labor union funds and employee education funds	42	91	(81)	52
	1,355	13,413	(13,007)	1,761

(b) *Defined contribution plans payable*

	Year ended 31 December			
	2017		2016	
	Payable	Balance	Payable	Balance
Basic pensions	1,133	58	897	54
Unemployment insurance	40	2	44	2
	1,173	60	941	56

(19) *Taxes payable*

	31 December 2017	31 December 2016
Land appreciation tax payable	30,660	19,071
Income tax payable	26,117	15,039
VAT payables	6,662	297
Others	1,741	547
	65,180	34,954

(20) *Other payables*

	31 December 2017	31 December 2016
Amounts due to related parties *(note 10(4)(d))*	475	29,017
Land premium payables (a)	38,710	35,537
Amounts due to non-controlling interests	9,907	4,239
Payables for acquisition of subsidiaries	8,731	18,766
Deposits payables	4,920	3,513
Cash receipts from the investors	—	13,000
Others	8,461	10,638
	71,204	114,710

(a) Land premium payables are payables for acquiring the land by acquiring the subsidiaries.

(21) ***Current portion of non-current liabilities***

	31 December 2017	31 December 2016
Current portion of long-term borrowings *(Note 7(23))*	166,446	67,312
Current portion of corporate bonds *(Note 7(24))*	36,483	6,756
Current portion of long-term payables *(Note 7(22))*	12,566	6,686
	215,495	80,754

(22) ***Long-term payables***

	31 December 2017	31 December 2016
Payables for acquisition of subsidiaries	3,939	9,925
Combined structural shares (a)	3,333	5,093
Amounts due to non-controlling interests (b)	9,582	33,011
Others	—	2
	16,854	48,031
Less: current portion of long-term payables	(12,566)	(6,686)
	4,288	41,345

(a) As at 31 December 2017, long-term payables includes the cash advances of approximately RMB3,333 million from the owners of consolidated investment entities, with the average interest rate of 6.65% per annum and it is repayable according to relevant loan agreements (As at 31 December 2016, the amount includes the cash advances of approximately RMB5,093 million from the owners of consolidated investment entities amounted to RMB1760 million with the average interest rate of 9.6% per annum and the rest 6.65%. The total amount is repayable according to relevant loan agreements.)

(b) As at 31 December 2017, amounts due to non-controlling interests includes the cash advances of approximately RMB45 million (31 December 2016: RMB339 million) from the non-controlling interests, bears the average interest rate of 12% per annum (2016: 12% per annum) and it is payable according to relevant loan agreements.

(23) ***Long-term borrowings***

	31 December 2017	31 December 2016
Secured		
— Pledged (a)	245,010	194,919
— Collateralised (b)	116,562	128,983
— Guaranteed (c)	42,482	58,307
Unsecured	30,319	17,240
	434,373	399,449
Less: Current portion of long-term borrowings		
Secured		
— Pledged (a)	(74,804)	(37,931)
— Collateralised (b)	(51,751)	(15,522)
— Guaranteed (c)	(26,903)	(10,882)
Unsecured	(12,988)	(2,977)
	(166,446)	(67,312)
	267,927	332,137

(a) As at 31 December 2017, the pledged borrowings of RMB245,010 million were secured by the property, equipment and plant with a carrying amount of RMB6,516 million, the investment properties with a carrying amount of RMB9,588 million, the land use right with a carrying amount of RMB1,149 million, and the inventory with a carrying amount of RMB286,892 million (2016: the pledged borrowings of RMB194,919 million were secured by the property, equipment and plant with a carrying amount of RMB5,868 million, the investment properties with a carrying amount of RMB464 million, the inventory with a carrying amount of RMB215,739 million and the land use right with a carrying amount of RMB681 million).

(b) As at 31 December 2017, the collateralised borrowings of RMB116,562 million were secured by cash of RMB2,115 million and the equity of the subsidiaries of RMB91,664 million (2016: the collateralised borrowings of RMB128,983 million were secured by cash of RMB3,111 million and the equity of the subsidiaries of RMB70,739 million).

(c) As at 31 December 2017, bank borrowings of RMB42,482 million are guaranteed by the Company and its subsidiaries (31 December 2016, bank borrowing of RMB56,265 million were guaranteed by the Company and its subsidiaries while bank borrowings of RMB2,042 were guaranteed by China Evergrande).

(d) As at 31 December 2017, long-term bank borrowings included a trust of RMB2,700 million (31 December 2016: RMB301 million) loaned by the joint ventures of the Company's ultimate holding company as the consignors. As at 31 December 2016, long-term borrowings included borrowings of RMB2,515 million loaned by the subsidiaries of joint ventures of the Company's ultimate holding company.

Long-term bank borrowings of RMB727 million are loaned by the associates of the Group's ultimate holding company as at 31 December 2017 (31 December 2016: none).

(e) As at 31 December 2017, the interest rates for long-term borrowings range from 1.20% to 15.00% (2016：from 2.14% to 14.00%).

(24) ***Corporate bonds***

	31 December 2017	31 December 2016
Public issuance of corporate bonds	19,879	19,853
Non-public issuance of corporate bonds	33,984	33,908
	53,863	53,761
Less: Corporate bonds due within one year	(36,483)	(6,756)
	17,380	47,005

On 19 June 2015, the Company publicly issued a 5-year corporate bond, with a total amount of RMB5 billion and simple interest rate fixed at 5.38% per annum.

On 7 July 2015, the Company publicly issued a 4-year corporate bond, with a total amount of RMB6.8 billion and simple interest rate fixed at 5.30% per annum.

On 7 July 2015, the Company publicly issued a 7-year corporate bond, with a total amount of RMB8.2 billion and simple interest rate fixed at 6.98% per annum.

On 16 October 2015, the Company non-publicly issued a 5-year corporate bond, with a total amount of RMB17.5 billion and simple interest rate fixed at 7.38% per annum.

On 16 October 2015, the Company non-publicly issued a 5-year corporate bond, with a total amount of RMB2.5 billion and simple interest rate fixed at 7.88% per annum.

On 11 January 2016, the Company non-publicly issued a 4-year corporate bond, with a total amount of RMB10 billion and simple interest rate fixed at 6.98% per annum.

On 29 July 2016, the Company non-publicly issued a 3-year corporate bond, with a total amount of RMB4.2 billion and simple interest rate fixed at 6.80% per annum.

(25) ***Deferred income tax assets and liabilities***

Deferred income tax assets and liabilities before offsetting of certain debit and credit balances are set out as follows:

(a) *Deferred income tax assets*

	31 December 2017		31 December 2016	
	Deferred tax assets	**Deductible temporary differences**	**Deferred tax assets**	**Deductible temporary differences**
Elimination of intra-group unrealised profit	721	2,884	587	2,348
Deductible tax losses	1,890	7,560	1,670	6,680
Temporary difference of costs recognition	669	2,676	575	2,300
Changes in fair value of available-for-sale financial assets	246	984	1,252	5,008
Valuation decrease from business acquisition	55	220	70	280
Provision for asset impairments	356	1,424	255	1,020
Expenditures for donations	447	1,788	—	—
	4,384	17,536	4,409	17,636

	31 December 2017	**31 December 2016**
Including:		
Expected to be recovered within one year (inclusive)	3,224	3,374
Expected to be recovered over one year	1,160	1,035
	4,384	4,409

(b) Deductible tax losses that are not recognised as deferred income tax assets are analysed as follows:

	31 December 2017	**31 December 2016**
Deductible tax losses	13,210	4,512

(c) Deductible tax losses that are not recognised as deferred income tax assets will be expired as follows:

	31 December 2017	31 December 2016
2017	—	883
2018	697	926
2019	1,021	1,073
2020	182	214
2021	817	1,416
2022	10,493	—
	13,210	4,512

(d) *Deferred income tax liabilities*

	31 December 2017		31 December 2016	
	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences
Change in the fair value of the investment properties	11,105	44,490	9,305	37,274
Valuation up from business acquisition	15,184	60,736	12,515	50,060
Changes in fair value of available-for-sale financial assets	17	68	223	892
	26,306	105,294	22,043	88,226

	31 December 2017	31 December 2016
Including:		
Expected to be recovered within one year (inclusive)	1,148	2,233
Expected to be recovered after one year	25,158	19,810
	26,306	22,043

(e) The net balances of Deferred income tax assets and liabilities after offsetting are as follows:

	31 December 2017	31 December 2016
Deferred income tax assets, net	3,649	3,809
Deferred income tax liabilities, net	25,570	21,443

(26) *Other non-current liabilities*

	31 December 2017	31 December 2016
Deferred land appreciation tax liabilities		
— Change in the fair value of the investment properties	6,188	5,615
— Valuation of business acquisition inventories higher than its tax base	18,485	10,433
	24,673	16,048

Other non-current liabilities represent deferred income tax liabilities recognised by the Group at the change in the fair value of the investment properties and the deferred income tax liabilities cognized by the valuation gain on deferred land appreciation tax.

(27) *Statutory reserve*

In accordance with the Company Law and the Company's Articles of Association, the Company should appropriate 10% of net profit for the year to the statutory reserve, and the Company can cease appropriation when the statutory reserve accumulated to more than 50% of the registered capital. The statutory reserve can be used to make up for the loss or increase the paid-in capital after approval from the appropriate authorities. The Company appropriated RMB153 million for the year ended 31 December 2017 (2016: RMB42 million) to the statutory reserve.

(28) *Revenue and cost of sales*

	Year ended 31 December	
	2017	**2016**
Major operations income	299,543	202,269
Other operations income	2,690	2,828
	302,233	205,097

	Year ended 31 December	
	2017	**2016**
Cost of major operations	189,521	139,495
Cost of other operations	1,777	1,256
	191,298	140,751

(a) *Revenue and cost of sales of major operations*

	Year ended 31 December 2017		Year ended 31 December 2016	
	Revenue of major operations	**Cost of sales of major operations**	**Revenue of major operations**	**Cost of sales of major operations**
Sales of properties	292,811	184,961	195,744	134,535
Construction services	969	911	2,189	2,026
Property management	2,831	2,118	1,973	1,579
Hotel operation	1,076	613	811	565
Rental income	848	—	641	—
Others	1,008	918	911	790
	299,543	189,521	202,269	139,495

(b) *Revenue and cost of sales of other operations*

	Year ended 31 December 2017		Year ended 31 December 2016	
	Revenue of other operations	**Cost of sales of other operations**	**Revenue of other operations**	**Cost of sales of other operations**
Disposal of investment properties	2,435	1,584	2,101	1,015
Service charges and others	255	193	727	241
	2,690	1,777	2,828	1,256

(29) ***Taxes and surcharges***

	Year ended 31 December	
	2017	**2016**
Land appreciation tax	17,738	8,400
Business tax	1,055	5,693
City maintenance and construction tax	1,520	737
Educational surcharge	879	605
Others	794	389
	21,986	15,824

(30) ***Financial expenses — net***

	Year ended 31 December	
	2017	**2016**
Interest costs	46,524	37,012
Less: Amounts capitalised on qualifying assets	(42,022)	(32,933)
Interest expenses	4,502	4,079
Service charges and others	564	1,066
Exchange losses	290	2,035
Less: Interest income	(3,339)	(3,370)
	2,017	3,810

(31) ***Expenses by nature***

The cost of sales, selling expenses and general and administrative expenses in the income statements are listed as follows by nature:

	Year ended 31 December	
	2017	**2016**
Costs of property sales	184,961	134,535
Employee benefits expenses	9,955	8,120
Advertisement expenses	8,911	7,568
Depreciation and amortization	1,686	1,622
Disposal of investment properties	1,584	1,015
Costs of construction services	911	2,026
Others	6,444	5,688
	214,452	160,574

(32) ***Asset impairment losses***

	Year ended 31 December	
	2017	**2016**
Allowance of bad debts	197	91
Provision of inventories	351	283
	548	374

(33) ***Gains on changes in fair value***

	Year ended 31 December	
	2017	**2016**
Investment properties measured at the fair value	8,537	4,925
Fair value gain/loss by disposal of investment properties . .	(682)	(992)
Financial assets at fair value through profit or loss.	(273)	(80)
	7,582	3,853

(34) ***Investment (loss)/income***

	Year ended 31 December	
	2017	**2016**
Net loss on disposal of available-for-sale financial assets (i)	(7,047)	26
Loss on long-term equity investments by equity method . . .	(403)	(647)
Income from disposal of a subsidiary (ii)	3,649	220
Income from disposal of associates	121	300
Investment income from available-for-sale financial assets .	51	107
	(3,629)	6

(i) On 9 June 2017, the Group disposed all the investments in Vanke Enterprises Co., Ltd. at the consideration of RMB29,200 million with investment loss of RMB7,185 million.

(ii) On 9 May 2017, the Group sold 952,292,502 shares, approximately to 52.78% of the total equity of the Calxon Group to Guangzhou Kailong at the consideration of RMB6,218 million, recognizing investment gain on disposal of a subsidiary of RMB3,663 million.

(35) ***Non-operating income and expenses***

(a) *Non-operating income*

	Year ended 31 December	
	2017	**2016**
Income from beaching of agreement.	320	154
Income from default	197	153
Government grants	—	32
Others	143	250
	660	589

(b) *Non-operating expenses*

	Year ended 31 December	
	2017	**2016**
Donation	4,181	1,469
Penalty expenses	405	273
Defaults on delivery of properties	336	171
Overdue fines	170	268
Others	195	315
	5,287	2,496

(36) *Income tax expenses*

	Year ended 31 December	
	2017	2016
Current income tax	20,909	10,017
Deferred income tax	(305)	(1,208)
	20,604	8,809

The reconciliation from income tax calculated based on the applicable tax rates and total profit presented in the consolidated financial statements to the income tax expenses is listed below:

	Year ended 31 December	
	2017	2016
Profit for the year	62,602	26,510
Income tax expenses calculated at applicable tax rates (25%)	15,651	6,628
Income not subject to tax	(39)	(22)
Costs of sales, expenses and losses not deductible for tax purposes (a)	2,369	1,849
Tax losses for which no deferred tax asset was recognised	2,623	354
Income tax expenses	20,604	8,809

(a) Costs of sales, expenses and losses not deductible for tax purposes mainly attributed to the land purchase costs which cannot be invoiced for the land is acquired by acquiring the subsidiaries.

(37) *Other comprehensive income*

	Other comprehensive income of the consolidated balance sheets			Other comprehensive income of the income statements for the year ended 2017			
	31 December 2016	Attributable to ordinary shareholders of the Company, after tax	31 December 2017	Transaction before the income tax for the year	Less: income tax expenses	Attributable to ordinary shareholders of the Company, after tax	Attributable to the non-controlling interests
Other comprehensive income items which will be reclassified subsequently to profit or loss							
Gains or losses arising from changes in fair value of available-for-sale financial assets	(3,089)	2,400	(689)	3,200	(800)	2,400	—
Currency translation differences	769	(592)	177	(592)	—	(592)	—
	(2,320)	1,808	(512)	2,608	(800)	1,808	—

	Other comprehensive income of the consolidated balance sheets			Other comprehensive income of the consolidated income statements for the year ended 2016			
	31 December 2015	Attributable to ordinary shareholders of the Company, after tax	31 December 2016	Transaction before the income tax for the year	Less: income tax expenses	Attributable to ordinary shareholders of the Company, after tax	Attributable to the non-controlling interests
Other comprehensive income items which will be reclassified subsequently to profit or loss							
Share of the other comprehensive income of the investee accounted for using equity method which will be reclassified subsequently to profit and loss	—	—	—	(263)	66	(197)	—
Gains or losses arising from changes in fair value of available-for-sale financial assets	56	(3,145)	(3,089)	(4,193)	1,048	(3,145)	—
Currency translation differences	—	769	769	769	—	769	—
	56	(2,376)	(2,320)	(3,687)	1,114	(2,573)	—

(38) *Notes to the consolidated cash flow statement*

(a) *Reconciliation from net profit to cash flows from operating activities*

	Year ended 31 December	
	2017	2016
Net profit	41,998	17,701
Add: Depreciation of property, equipment and plant	1,463	1,310
Amortisation of long-term prepaid expenses	66	175
Amortisation of intangible assets	154	137
Gains on disposal of property, equipment and plant, intangible assets and investment properties	(839)	(1,129)
Provisions for asset impairment	548	374
Gains on changes in fair value	(7,582)	(3,853)
Financial expenses — net	4,102	3,694
Investment losses/(gains)	3,629	(6)
Increase in deferred income tax assets	(986)	(1,446)
Increase/(decrease) in deferred income tax liabilities	701	(56)
Increase in other non-current liabilities	(688)	—
Increase in inventories	(177,754)	(99,683)
Increase in operating receivables	(80,133)	(38,457)
Increase in restricted cash and bank balances of operating	(13,357)	(28,927)
Increase in operating payables	149,784	134,247
Share base payments and others	496	85
Net cash flows from operating activities	(78,398)	(15,834)

(b) *Significant investing and financing activities that do not involve cash receipts and payments*

In 2017 and 2016, the Group has no material investments and fund-raising activities which do not involve cash in/out.

(c) *Net (decrease)/increase in cash and cash equivalents*

	Year ended 31 December	
	2017	**2016**
Cash and cash equivalents at the end of the year	133,244	171,185
Less: Cash and cash equivalents at the beginning of the year	(171,185)	(91,301)
Net increase in cash and cash equivalents	(37,941)	79,884

(d) *Cash and cash equivalents*

	31 December 2017	**31 December 2016**
Cash and cash equivalents *(Note 7(1))*	266,748	275,191
Less: restricted cash	(133,504)	(104,006)
Cash and cash equivalents at the end of the year	133,244	171,185

(e) *Net proceeds from disposal of subsidiaries*

(i) Cash received upon disposal of subsidiaries

In 2017, the Group disposed the following subsidiaries: Calxon Group (Note 7(34)(ii)), Zhenjiang Shenjian Property Development Co., Ltd and Yancheng Shenjian Property Development Co., Ltd. The related information at the date of the disposal is as follows:

	Amount
Consideration received from the disposal of the subsidiary	6,221
Cash and cash equivalents received from disposal of the subsidiaries	6,221
Less: Cash and cash equivalents held by the disposed subsidiaries	(2,213)
Net cash received from disposal of the subsidiaries	4,008

(ii) Disposal of net assets of the subsidiary

	Date of disposal
Current assets	26,975
Non-current assets	7,634
Current liabilities	(25,024)
Non-current liabilities	(4,779)
	4,806

(iii) Incomes, expenses and profits of the disposed subsidiary from 1 January 2017 to the date of disposal are set out as follows:

	Amount
Income	191
Less: Costs and expenses	(543)
Total loss	(352)
Less: Income tax expense	(7)
Net loss	(359)

(f) *Cash paid relating to other operating activities*

Cash paid relating to other operating activities in the cash flow statement mainly includes:

	Year ended 31 December	
	2017	2016
Advertisement expenses	9,539	8,325
Payment of commission fees	2,490	1,764
Payment of office and traveling expenses	1,154	970
Payment of professional service fees	820	351
Donation expenses	4,181	1,469
Bank service charges	564	1,066
Deposits relating to operating activities	17,299	4,185
Others	3,791	2,672
	39,838	20,802

8 Segment information

The reportable segments of the Group are the business units that provide different products or service. Different businesses require different technologies and marketing strategies, the Group, therefore, separately manages the production and operation of each reportable segment and evaluates their operating results respectively, in order to make decisions about resources to be allocated to these segments and to assess their performance.

The Group identified 4 reportable segments as follows:

- Property development
- Property investment
- Property management
- Other business

Inter-segment transfer prices are measured by reference to selling prices to third parties.

The assets are allocated based on the operations of the segment and the physical location of the asset. The liabilities are allocated based on the operations of the segment. Expenses indirectly attributable to each segment are allocated to the segments based on the proportion of each segment's revenue.

(a) Segment information as at and for the year ended 31 December 2017 is as follows:

	Properties development	**Investment properties operation**	**Properties management**	**Other segments**	**Inter-segment offsetting**	**Total**
Revenue of transaction	292,811	3,449	4,183	23,099	(21,309)	302,233
Inter-segment revenue	—	(166)	(1,352)	(19,791)	21,309	—
Revenue from external customers	292,811	3,283	2,831	3,308	—	302,233
Investment gain/(loss) from joint ventures	56	—	—	(463)	—	(407)
Investment loss from associates	4	—	—	—	—	4
Segment results	61,130	8,897	548	(2,457)	—	68,118
Profit or loss on change of fair value of financial assets at fair value through profit or loss						(273)
Other investment losses						(3,226)
Financial expenses						(2,017)
Total profit						62,602
Income tax expenses						(20,604)
Net profit						41,998
Segment results include:						
Depreciation and amortisation	(909)	—	(11)	(766)	—	(1,686)
Segment assets	1,355,112	145,588	3,017	38,148	—	1,541,865
Unallocated amount						28,197
Total assets						1,570,062
Segment liabilities	555,629	11,349	2,556	5,018	—	574,552
Unallocated amount						736,837
Total liabilities						1,311,389
Addition of other non-current assets (property, equipment and plant, intangible assets, construction in process and capital expenditure on investment properties)	1,668	15,772	24	5,029	—	22,493

(b) Segment information as at and for the year ended 31 December 2016 is as follows:

	Properties development	Investment properties operation	Properties management	Other segments	Inter-segment offsetting	Total
Revenue of transaction	195,744	2,848	3,698	18,488	(15,681)	205,097
Inter-segment revenue	—	(106)	(1,725)	(13,850)	15,681	—
Revenue from external customers	195,744	2,742	1,973	4,638	—	205,097
Investment loss from associates	(2)	—	—	—	—	(2)
Investment loss from joint ventures	(39)	—	—	(606)	—	(645)
Segment results include:	25,294	4,922	368	(837)	—	29,747
Profit or loss on change of fair value of financial assets at fair value through profit or loss						(80)
Other investment gains						653
Financial expenses						(3,810)
Total profit						26,510
Income tax expenses						(8,809)
Net profit						17,701
Segment results include: Depreciation and amortisation	(1,003)	—	(6)	(613)	—	(1,622)
Segment assets	1,026,236	130,196	2,303	25,212	—	1,183,947
Unallocated amount						56,191
Total assets						1,240,138
Segment liabilities	506,901	10,720	2,006	11,322	—	530,949
Unallocated amount						621,047
Total liabilities						1,151,996
Addition of other non-current assets (property, equipment and plant, intangible assets, construction in process and capital expenditure on investment properties)	3,314	31,544	16	2,769	—	37,643

As at 31 December 2017 and 2016, the Group's non-current assets were mainly located in the PRC.

Unallocated assets include the financial assets at fair value through profit or loss, other current assets, the available-for-sale financial assets and the deferred income tax assets.

Unallocated liabilities include short-term borrowings, tax payables, long-term borrowing and Corporate bonds due within one year, long-term borrowings, corporate bonds, deferred income tax liabilities and other non-current liabilities.

9 Increase in the scope of consolidation

(1) *Acquisition of subsidiaries*

In 2017, the Group acquired controlling interests of certain real estate development companies in the PRC. These companies only held parcels of land and with no substantial operation had conducted before acquired by the Group. Thus, the management is of the view that the acquisitions do not constitute acquisition of businesses, and should be deemed as the acquisition of land use rights. These acquisitions resulted in an increase in the non-controlling interests of the Group in the amount of RMB405 million (2016: RMB1,172 million).

(2) ***Business combination involving entities not under common control***

(a) The subsidiaries acquired from business combinations not under common control:

Acquiree	Acquired period	Consideration	Equity acquired	Acquisition method	Acquisition date	The basis for acquisition date
Sichuan University Science and Technology Park (South) Development Co. Ltd.	February 2017	913	100%	Paid in cash	13 February 2017	Obtaining effective control
Jingdao Property Co., Ltd. and Jingdao Commercial Development Co., Ltd.	January 2017	1,800	100%	Paid in cash	13 January 2017	Obtaining effective control
INFINITY Real Estate Holdings PTE. LTD. and Foshan Sanshui District Fan Gao Property Investment Co., Ltd.	February 2017	2,023	100%	Paid in cash	13 February 2017	Obtaining effective control
Zhaoqing City Fangxing Real Estate Development Co., Ltd..	January 2017	910	100%	Paid in cash	17 January 2017	Obtaining effective control
Chongqing Tonking Investment and Development Co. Ltd.	January 2017	170	100%	Paid in cash	17 January 2017	Obtaining effective control
Qingdao Hao Zhou Property Co., Ltd.	March 2017	1,000	100%	Paid in cash	17 March 2017	Obtaining effective control
Yueyang Jinxi Property Co., Ltd.	March 2017	294	65%	Paid in cash	29 March 2017	Obtaining effective control
Huaihua Tianrun Real Estate Development Company Limited	March 2017	78	60%	Paid in cash	30 March 2017	Obtaining effective control
Zibo Gaoxing Zhengcheng Real Estate Development Co., Ltd..	March 2017	300	60%	Paid in cash	31 March 2017	Obtaining effective control
Changchun Xinmao Real Estate Development Co., Ltd.	March 2017	34	62%	Paid in cash	31 March 2017	Obtaining effective control
Jia Tao International Limited and Juntian (Hong Kong) Co., Ltd..	April 2017	151	100%	Paid in cash	18 April 2017	Obtaining effective control
Tianjin Detai Longji Real Estate Development Co. Ltd.	April 2017	260	100%	Paid in cash	1 April 2017	Obtaining effective control
Nanjing Dongrun Real Estate Co. Ltd.	April 2017	950	100%	Paid in cash	1 April 2017	Obtaining effective control
Foshan Sanshui City Real Estate Property Co. Ltd.	June 2017	2,631	100%	Paid in cash	7 June 2017	Obtaining effective control
Foshan Sanshui Industry Investment Co. Ltd..	June 2017	46	100%	Paid in cash	7 June 2017	Obtaining effective control
Foshan Sanshui Shenye Hotel Company Limited	June 2017	203	100%	Paid in cash	7 June 2017	Obtaining effective control
Shaoyang Yida Real Estate Development Co., Ltd.	June 2017	142	64%	Paid in cash	1 June 2017	Obtaining effective control
Taizhou Zhou Shan River Real Estate Development Co., Ltd..	June 2017	2,605	100%	Paid in cash	7 June 2017	Obtaining effective control
Yichun Huijing Industrial Co., Ltd.	May 2017	70	70%	Paid in cash	27 May 2017	Obtaining effective control
Shenyang City Real Estate Development Co., Ltd.	June 2017	117	70%	Paid in cash	16 June 2017	Obtaining effective control
Qingdao Zhongrunde Automobile Trade Co., Ltd..	May 2017	82	100%	Paid in cash	31 May 2017	Obtaining effective control
Ji'nan West Chuang Property Co., Ltd.	January 2017	167	70%	Paid in cash	18 January 2017	Obtaining effective control
Ji'nan Xi Shi Estate Co., Ltd.	January 2017	171	70%	Paid in cash	18 January 2017	Obtaining effective control
Chongqing King Wen Hao Investment Co. Ltd. and the Chongqing Tongjing Wenhong Property Co., Ltd.	September 2017	127	51%	Paid in cash	25 September 2017	Obtaining effective control
Chongqing Zhongtai Tourism Development Co., Ltd.	December 2017	600	100%	Paid in cash	13 December 2017	Obtaining effective control
Hebei Dingjiaqi Property Development Co., Ltd.	December 2017	1,155	51%	Paid in cash	31 December 2017	Obtaining effective control

Acquiree	Acquired period	Consideration	Equity acquired	Acquisition method	Acquisition date	The basis for acquisition date
Sichuan Desheng Group Culture Tourism Investment Development Co., Ltd., Sichuan Mount Emei Hongyuan Industrial Co., Ltd., Mount Emei Sunshine Lvyuan Agricultural Science and Technology Co., Ltd. and Sichuan Jijia Commercial Management Co., Ltd.	November 2017	5,412	100%	Paid in cash	2 November 2017	Obtaining effective control

(b) Details of the combination cost and goodwill recognized are as follows:

Cost of combination

	INFINITY Real Estate Holdings PTE. LTD. and Foshan Sanshui Fangao Property Investment Co., Ltd.	Foshan Sanshui Shenye Property Co., Ltd.	Taizhou Zhoushanhe Property Development Co., Ltd.	Sichuan Desheng Group Cultural Tourism Investment Development Co., Ltd., Sichuan Mount Emei Hongyuan Industrial Co., Ltd., Mount Emei Sunshine Lvyuan Agricultural Technology Co., Ltd.	Others	Total
Cash paid	2,023	2,631	2,605	5,412	9,575	22,246
Fair value of the equity interests held as at acquisition date by the Group	—	—	—	—	163	163
Total cost of combination . .	2,023	2,631	2,605	5,412	9,738	22,409
Less: fair value of identifiable net assets acquired	(2,023)	(2,631)	(2,605)	(5,412)	(9,738)	(22,409)
Goodwill	—	—	—	—	—	—

(c) The assets and liabilities of the acquirees at the acquisition date, and the cash flows relating to the acquisition are as follows:

(i) INFINITY Real Estate Holdings PTE. LTD. and Foshan Sanshui Fangao Property Investment Co., Ltd.

		Carrying amount	
	Fair value Acquisition date	**Fair value Acquisition date**	**31 December 2016**
Cash and cash equivalents	66	66	44
Accounts receivable and other receivables	193	193	270
Inventories	3,039	1,305	1,235
Property, equipment and plant	109	109	275
Less: accounts payable and other payables	(77)	(77)	(588)
Advances from customers	(553)	(553)	(483)
Borrowings	—	—	(58)
Deferred income tax liabilities	(281)	—	—
Other non-current liabilities	(473)	—	—
Net assets	2,023	1,043	695
Less: Non-controlling interests	—	—	—
Net assets obtained	2,023	1,043	695

(ii) Foshan Sanshui Shenye Property Co., Ltd.

		Carrying amount	
	Fair value Acquisition date	**Acquisition date**	**31 December 2016**
Cash and cash equivalents	2	2	165
Accounts receivable and other receivables	98	98	97
Inventories	2,733	1,981	1,982
Less: accounts payable and other payables	(3)	(3)	(2,537)
Advances from customers	(11)	(11)	(22)
Deferred income tax liabilities	(188)	—	—
Net assets	2,631	2,067	(315)
Less: Non-controlling interests	—	—	—
Net assets obtained	2,631	2,067	(315)

(iii) Taizhou Zhoushanhe Property Development Co., Ltd.

		Carrying amount	
	Fair value Acquisition date	**Fair value Acquisition date**	**31 December 2016**
Cash and cash equivalents	79	79	17
Accounts receivable and other receivables	10	10	6
Inventories	3,732	1,400	354
Property, equipment and plant	1	1	1
Less: accounts payable and other payables	(14)	(14)	(453)
Advances from customers	(117)	(117)	(25)
Deferred income tax liabilities	(415)	—	—
Other non-current liabilities	(671)	—	—
Net assets	2,605	1,359	(100)
Less: Non-controlling interests	—	—	—
Net assets obtained	2,605	1,359	(100)

(iv) Sichuan Desheng Group Cultural Tourism Investment Development Co., Ltd., Mount Emei Sunshine Lvyuan Agricultural Technology Co., Ltd., Sichuan Mount Emei Hongyuan Industrial Co., Ltd. and Sichuan Zhongjia Commercial Management Co., Ltd.

		Carrying amount	
	Fair value Acquisition date	**Fair value Acquisition date**	**31 December 2016**
Cash and cash equivalents	2	2	48
Accounts receivable and other receivables	13	13	86
Other non-current assets	—	—	54
Inventories	11,204	1,700	603
Property, equipment and plant	190	190	16
Intangible assets	12	12	829
Less: accounts payable and other payables	—	—	(917)
Advances from customers	(88)	(88)	(33)
Borrowings	—	—	(260)
Deferred income tax liabilities	(1,194)	—	—
Other non-current liabilities	(4,727)	—	—
Net assets	5,412	1,829	426
Less: Non-controlling interests	—	—	—
Net assets obtained	5,412	1,829	426

(v) Other merger parties

	Fair value Acquisition date	Carrying amount Fair value Acquisition date	Carrying amount 31 December 2016
Cash and cash equivalents	544	544	2,587
Accounts receivable and other receivables	2,732	2,732	2,689
Other non-current assets	377	377	320
Inventories	31,875	19,319	15,913
Property, equipment and plant	10	10	11
Intangible assets	—	—	374
Less: accounts payable and other payables	(5,070)	(5,070)	(7,452)
Advances from customers	(8,318)	(8,318)	(7,285)
Borrowings	(5,032)	(5,032)	(5,658)
Deferred income tax liabilities	(2,237)	—	—
Other non-current liabilities	(3,442)	—	—
Net assets	11,439	4,562	1,499
Less: Non-controlling interests	(1,701)	—	—
Net assets obtained	9,738	4,562	1,499

(vi) Cash consideration paid for the acquisition of subsidiaries

	Amount
Cash consideration paid in current year under business combination involving entities not under common control	16,337
Less: Cash held by the acquirees on the acquisition date	(693)
Add: Current year's cash payment of the previous year's business combinations involving enterprises not under common control	21,365
Net cash paid for the acquisition of subsidiaries	37,009

(d) The revenue, net profit and cash flows of the acquirees for the period from the acquisition date to 31 December 2017 are as follows:

	Amount
Revenue	3,357
Net profit	245

The fair value of the assets and liabilities of the acquirees at the acquisition date are determined by the Group valuation techniques, such as the market approach and the income approach.

10 Related parties and related party transactions

(1) *Parent company and subsidiaries*

The general information and other related information of the subsidiaries is depicted in Note 6.

(a) *General information of the parent company*

	Place of registration	Major operation
Guangzhou Kailong	PRC	Real estate development

(b) *Registered capital and changes in registered capital of the parent company*

	31 December 2017	31 December 2016
Guangzhou Kailong	600,000,000	600,000,000

(c) *The percentages of shareholding and voting rights in the Company held by the parent company*

	31 December 2017		31 December 2016	
	Percentage of equity	Voting rights	Percentage of equity	Voting rights
Guangzhou Kailong . . .	63.46%	63.46%	100%	100%

(2) *Nature of key related parties that do not control/are not controlled by the Company*

Apart from the associates and joint ventures of the Group, related parties without control by the Company are as follows:

Name of the company	Relationship with the Group
China Evergrande	Intermediate holding company of the Company
Guangzhou Chaofeng Property Co., Ltd.	Intermediate holding company of the Company
ANJI (BVI) Co., Limited	Intermediate holding company of the Company
ShengJian (BVI) Co., Limited	Under common control of the same ultimate holding company
Hengda Group Co., Ltd.	Under common control of the same ultimate holding company
Hengda Tourism Group Co., Ltd.. . . .	Under common control of the same ultimate holding company
Danzhou Xing He Investment Co., Ltd.	Under common control of the same ultimate holding company
Danzhou Xiang Lei Investment Co., Ltd.	Under common control of the same ultimate holding company
Danzhou Bao Jun Investment Co., Ltd.	Under common control of the same ultimate holding company
Danzhou Huwang Investment Co., Ltd.	Under common control of the same ultimate holding company

Name of the company	Relationship with the Group
Danzhou Nuoya Investment Co., Ltd..	Under common control of the same ultimate holding company
Qidong Baofeng Property Co., Ltd. . .	Under common control of the same ultimate holding company
Qidong Xinhua Real Estate Co., Ltd. .	Under common control of the same ultimate holding company
Qidong Heng Mei Rea Estate Co., Ltd.	Under common control of the same ultimate holding company
Qidong Yu Hao Real Estate Co., Ltd..	Under common control of the same ultimate holding company
Qidong Hengda Hotel Co., Ltd..	Under common control of the same ultimate holding company
Hengda Internet Group Co., Ltd.	Under common control of the same ultimate holding company
Hengda Financial Assets Management (Shenzhen) Co., Ltd..	Under common control of the same ultimate holding company
Danzhou Zhongrun Tourism Development Co., Ltd.	Under common control of the same ultimate holding company
Danzhou Xinheng Tourism Development Co. Ltd..	Under common control of the same ultimate holding company
Qidong Tong Yu Property Co., Ltd.. .	Under common control of the same ultimate holding company
Qidong Huan Hua Property Co., Ltd. .	Under common control of the same ultimate holding company
Sanya Heng He Rong Hospital Cci Investment Management Co., Ltd. .	Under common control of the same ultimate holding company
Qidong Qinsheng Property Co., Ltd. .	Under common control of the same ultimate holding company
Danzhou Zhiyuan Tourism Development Co. Ltd..	Under common control of the same ultimate holding company
Danzhou Jiayuan Tourism Development Co., Ltd.	Under common control of the same ultimate holding company
Danzhou Ming Liang Tourism Development Co., Ltd.	Under common control of the same ultimate holding company
Danzhou Ruifeng Tourism Development Co., Ltd.	Under common control of the same ultimate holding company
Danzhou Yi Times Tourism Development Co., Ltd.	Under common control of the same ultimate holding company
Qidong Hengda Hot Spring City Development Co., Ltd.	Under common control of the same ultimate holding company
Danzhou Sheng Bang Tourism Development Co., Ltd.	Under common control of the same ultimate holding company
Danzhou Tung Tuo Tourism Development Co., Ltd.	Under common control of the same ultimate holding company
Danzhou Wei Hwan Tourism Development Co., Ltd.	Under common control of the same ultimate holding company
Danzhou Changyu Tourism Development Co. Ltd..	Under common control of the same ultimate holding company
Danzhou Heng Le Culture Development Co., Ltd.	Under common control of the same ultimate holding company
Kaifeng Wang Hong Tourism Development Co., Ltd.	Under common control of the same ultimate holding company

Name of the company	Relationship with the Group
Changsha Hengda Child World Tourism Development Co., Ltd. . . .	Under common control of the same ultimate holding company
Guiyang Hengda Yijia Tourism Development Co., Ltd.	Under common control of the same ultimate holding company
Danzhou Heng Culture Development Co., Ltd.	Under common control of the same ultimate holding company
Kaifeng Sheng Bang Tourism Development Co., Ltd.	Under common control of the same ultimate holding company
Guiyang Jiasheng Xin Tourism Development Co.	Under common control of the same ultimate holding company
Danzhou Sheng Lun Tourism Development Co., Ltd.	Under common control of the same ultimate holding company
Taicang Hengda Children's World Tourism Development Co., Ltd. . . .	Under common control of the same ultimate holding company
Danzhou Xuanang Investment Co. Ltd.	Under common control of the same ultimate holding company
Kaifeng Bolian Tourism Development Co., Ltd.	Under common control of the same ultimate holding company
Guiyang Hengda Kaiyuan Tourism Development Co., Ltd.	Under common control of the same ultimate holding company
Danzhou Guanhe Investment Co., Ltd.	Under common control of the same ultimate holding company
Kaifeng Bohuan Tourism Development Co., Ltd.	Under common control of the same ultimate holding company
Guiyang Hengda De Xiang Tourism Development Co., Ltd.	Under common control of the same ultimate holding company
Hainan Heng Qian Material Equipment Co., Ltd.	Under common control of the same ultimate holding company
Jurong Heng Hao Tourism Development Co., Ltd.	Under common control of the same ultimate holding company
Danzhou Heng Hai Pension Service Co., Ltd.	Under common control of the same ultimate holding company
Jurong Hengyi Tourism Development Co., Ltd.	Under common control of the same ultimate holding company
Danzhou Ming Ce Tourism development Co., Ltd..	Under common control of the same ultimate holding company
Taicang Yi Tai Tourism Development Co. Ltd.	Under common control of the same ultimate holding company
Danzhou Jiawei Tourism Development Co. Ltd.	Under common control of the same ultimate holding company
Danzhou Chun He Investment Co., Ltd.	Under common control of the same ultimate holding company
Hengda Cultural Industry Group Limited by Share Ltd and its Subsidiaries.	Under common control of the same ultimate holding company
Danzhou Yi Bei Real Estate Development Co., Ltd.	Under common control of the same ultimate holding company
Hengda Health Industry Group Co., Ltd. and Its Subsidiaries.	Under common control of the same ultimate holding company
Hengda Financial Holding Group (ShenZhen) Co., Ltd.	Under common control of the same ultimate holding company
Ezhou Langheng Tourism Development Co., Ltd.	Under common control of the same ultimate holding company

Name of the company	Relationship with the Group
Hengda Internet Financial Services (Shenzhen) Co., Ltd..	Under common control of the same ultimate holding company
Kaifeng Hengda Children's World Tourism Development Co., Ltd.	Under common control of the same ultimate holding company
Ezhou Hengda Children's World Tourism Development Co., Ltd.	Under common control of the same ultimate holding company
Hengda Haihua Island Co., Ltd..	Under common control of the same ultimate holding company
Heng Teng Network Group Co., Ltd. and its subsidiaries	Under common control of the same ultimate holding company
Huizhou Hengda Children's World Tourism Development Co., Ltd.	Under common control of the same ultimate holding company
Guiyang Hengda Children's World Tourism Development Co., Ltd.	Under common control of the same ultimate holding company
Hengda Insurance Broking Co., Ltd.	Under common control of the same ultimate holding company
Calxon Group	Under common control of the same ultimate holding company
Jurong Hengda Children's World Tourism Development Co., Ltd.	Under common control of the same ultimate holding company
Hengda Insurance Agency Co., Ltd..	Under common control of the same ultimate holding company
Guiyang Hengda Yu Shun Tourism Development Co., Ltd.	Under common control of the same ultimate holding company
Jurong Hengrun Tourism Development Co., Ltd..	Under common control of the same ultimate holding company
Jurong Hengrui Tourism Development Co. Ltd.	Under common control of the same ultimate holding company
Hengda Group (Nanchang) Co., Ltd.	Under common control of the same ultimate holding company
GLORY WEALTH HOLDINGS LIMITED	Under common control of the same ultimate holding company
Guangzhou Kchibo Property Co., Ltd.	Under common control of the same ultimate holding company
Mass Thrive Holding Limited	Under common control of the same ultimate holding company
Hengda Changbai Mountain Mineral Water Co., Ltd.	Under common control of the same ultimate holding company
Hengda Grain and Oil Group Co., Ltd *(note 1)*	Under common control of the same ultimate holding company
Antu Hengda Changbai Mountain Mineral Water Co., Ltd. *(note 1)*	Under common control of the same ultimate holding company
Hengda Dairy Co., Ltd. *(note 1)*	Under common control of the same ultimate holding company
Zhuhai Hongyue Daily Necessities Co., Ltd. *(note 1)*	Under common control of the same ultimate holding company
Shenzhen Hengda Babycare Products Co., Ltd. *(note 1)*	Under common control of the same ultimate holding company
Shenzhen Jiu Chu Investment Co., Ltd. *(note 1)*	Under common control of the same ultimate holding company
Hengda Beverage Group Co., Ltd. *(note 1)*	Under common control of the same ultimate holding company

Name of the company	Relationship with the Group
Hengda Animal Husbandry Co., Ltd. *(note 1)*	Under common control of the same ultimate holding company
Suihua Hengda Non-genetically Modified Squeezed Soybean Oil Co., Ltd. *(note 1)*	Under common control of the same ultimate holding company
Changchun Hengda Ginseng Industry Co., Ltd. *(note 1)*	Under common control of the same ultimate holding company
Tailai Hengda Green Rice Co. Ltd. *(note 1)*	Under common control of the same ultimate holding company
Xingan Hengda Grain and Oil Co., Ltd.	Under common control of the same ultimate holding company
Inner Mongolia New Valley Garden Ecological Agriculture Co., Ltd.	Under common control of the same ultimate holding company
Heihe Sunwu Hengda Non-genetically Modified Soybean Crushing Oil Co., Ltd.	Under common control of the same ultimate holding company
Tailai Hengda Rice Industry Limited Co., Ltd.	Under common control of the same ultimate holding company
Life Asset — Hengda Center Real Estate Debt Investment Plan	Joint venture of the Company's ultimate holding company as the consignor
Wuhan Hengyujin Enterprise Management Co., Ltd.	Subsidiary of the joint venture of the Company's ultimate holding company
Guangzhou Shuiyifang Enterprise Management Consulting Co., Ltd.	Subsidiary of the joint venture of the Company's ultimate holding company
Bohai Trust Hengchuang No.1 Capital Scheme	Joint venture of the Company's ultimate holding company as the consignor
Hengda Life Insurance Co., Ltd.	Joint venture of the Company's ultimate holding company
Shengjing Bank Co., Ltd.	Associate of the Company's ultimate holding company

Note 1: The Group transferred the control over these subsidiaries during the fourth quarter of 2016, which were no longer the related parties of the Group.

(3) *Related party transactions*

(a) *Pricing policies*

The prices of business transactions between the Group and related parties are determined through negotiations reference to the market prices.

(b) *Purchase and sales of goods, rendering and receiving of services*

Sales of goods

	Year ended 31 December	
	2017	2016
Companies under the control of the same ultimate holding company	480	307
Associates	—	101
Joint ventures	94	39
Joint ventures of the Company's ultimate holding company	526	—
	1,100	447

Rendering of services

	Year ended 31 December	
	2017	2016
Companies under common control of the same ultimate holding company	242	280
Associates	—	16
Joint ventures	40	35
Joint ventures of the Company's ultimate holding company	—	1
	282	332

Purchase of goods

	Year ended 31 December	
	2017	2016
Companies under common control of the same ultimate holding company	—	293
Joint ventures	5	10
	5	303

Receiving of services

	Year ended 31 December	
	2017	2016
Companies under common control of the same ultimate holding company	21	16
Intermediate holding companies of the Company	21	17
Joint ventures	260	267
Joint ventures of the Company's ultimate holding company	9	—
	311	300

(c) *Leases*

The Group as the leaser

	Year ended 31 December	
	2017	2016
Companies under common control of the same ultimate holding company	33	10
Joint ventures	7	7
Joint ventures of the Company's ultimate holding company	18	—
	58	17

The Group as the leasee

	Year ended 31 December	
	2017	2016
Joint ventures of the Company's ultimate holding company	50	24

(d) *Interest income from finance leases*

	Year ended 31 December	
	2017	2016
Companies under common control of the same ultimate holding company	26	9

(e) *Interest cost from acceptance of borrowings*

	Year ended 31 December	
	2017	2016
Associates of the Company's ultimate holding company	65	10
Subsidiaries of joint ventures of the Company's ultimate holding company	230	—
Joint ventures of the Company's ultimate holding company as the consignors	364	222
	659	232

(f) *Funds from/to related parties*

During year ended 31 December 2017 and 2016, there were financial transactions between the Group and certain related parties, the transaction amounts of which are included in "cash received from other investing activities" and "cash paid for other investing activities" under investing activities, as well as "cash received from other financing activities" and "cash paid for other financing activities" under financing activities in the statement of cash flows. The balance of financial transactions with related parties is set out in Note 10(4).

(g) *Remuneration of key management*

	Year ended 31 December	
	2017	**2016**
Remuneration of key management	204	184

(h) *Provision of guarantee*

	Year ended 31 December	
	2017	**2016**
Provision of guarantee	2,229	—

(i) *Establishment of joint companies*

In 2017, joint ventures of the Group's ultimate holding company increased their investments amounting to RMB600 million into the subsidiaries of the Group.

In 2016, the Group and certain companies controlled by the joint ventures of the ultimate holding company entered into certain cooperation agreements in relation to the establishment of joint ventures. These newly set-up companies became the subsidiaries of the Group on 31 December 2016, and the capital contribution of the companies controlled by the joint ventures of the ultimate holding company was approximately RMB14,248 million.

(j) *Others*

In 2017, the Group acquired the minority interest of two subsidiaries of the Group from the joint venture of the Company's ultimate holding company at a consideration of RMB2,168 million.

In 2016, The Group transferred the property, equipment and plant held by the Group to the joint venture of the Company's ultimate holding company at a consideration of RMB800 million.

(4) *Amount due from/to related parties*

(a) *Accounts receivable*

	31 December 2017	**31 December 2016**
Companies under common control of the same ultimate holding company	2	197
Joint ventures	8	—
	10	197

(b) *Other receivables*

	31 December 2017	31 December 2016
Companies under common control of the same ultimate holding company	2	36
Intermediate holding companies of the Company	—	573
Associates	20	433
Joint ventures	3,896	1,121
Joint ventures of the Company's ultimate holding company	317	456
	4,235	2,619

As at 31 December 2017 and 31 December 2016, the abovementioned other receivables were amounts with the related parties that were interest-free, unsecured, unguaranteed and had no fixed terms of repayment.

(c) *Long-term receivables*

	31 December 2017	31 December 2016
Companies under common control of the same ultimate holding company	522	407

(d) *Other payables*

	31 December 2017	31 December 2016
Companies under common control of the same ultimate holding company	4	3,800
Intermediate holding companies of the Company	—	24,442
Associates	—	450
Joint ventures	465	325
Joint ventures of the Company's ultimate holding company	6	—
	475	29,017

As at 31 December 2017 and 2016, the abovementioned other payables were amounts with the related parties that were interest-free, unsecured and repayable on demand.

(e) *Prepayments*

	31 December 2017	31 December 2016
Joint ventures	424	—
Joint ventures of the Company's ultimate holding company	26	24
	450	24

(f) *Advances from customers*

	31 December 2017	31 December 2016
Joint ventures of the Company's ultimate holding company	—	84

(g) *Borrowings*

	31 December 2017	31 December 2016
Subsidiaries of joint ventures of the Company's ultimate holding company	—	2,515
Associates of the Company's ultimate holding company	727	799
Joint ventures of the Company's ultimate holding company as the consignors	2,700	3,001
	3,427	6,315

The above borrowings were secured borrowings provided to the Group by the joint ventures and its subsidiaries, as well as the associates of the Company's ultimate holding company. The interest rates of these borrowings fell into 6.18% and 12.22% per annum.

(h) *Corporate bonds*

	31 December 2017	31 December 2016
Companies under common control of the same ultimate holding company	688	653
Intermediate holding companies of the Company	252	3,365
	940	4,018

(i) *Interests payable*

	31 December 2017	31 December 2016
Joint ventures of the Company's ultimate holding company as the consignors	6	223

(j) *Others*

	31 December 2017	31 December 2016
Associates of the Company's ultimate holding company	31,733	4,223

Others mentioned above are current deposits of the Group at the associates of the Company's ultimate holding company with interest rate of 0.38% per annum.

11 Share-based payment

Share-based payment option scheme is issued by China Evergrande to its employees (including employees of the Group), which is settled with its own shares. The Group is a customers receiving service and has no settlement obligation. Such share-based payment transaction will be treated as an equity-settled share-based payment.

As at 14 October 2009, China Evergrande granted 146,000,000 share options to employees of the Group ("Pre-IPO share options"), the exercise price of which was HK$3.5 per share. All share options were exercisable within three years from the date of grant.

As at 18 May 2010, China Evergrande granted 490,000,000 share options to employees of the Group ("2010 share options"), the exercise price of which was HK$2.4 per share. All share options were exercisable within five years from the date of grant.

As at 9 October 2014, China Evergrande granted 387,000,000 share options to employees of the Group ("2014 share options"), the exercise price of which was HK$3.05 per share. All share options were exercisable within five years from the date of grant.

As at 6 October 2017, China Evergrande granted 505,140,000 share options to employees of the Group ("2017 share options"), the exercise price of which was HK$30.20 per share. All share options were exercisable within five years from the date of grant.

Movements in the share options are set out as follows:

	Number of share options ('000)
1 January 2016	375,238
Exercised during the year	(16,923)
Lapsed during the year	(11,800)
31 December 2016	346,515
1 January 2017	346,515
Granted during the year	505,140
Exercised during the year	(112,403)
Lapsed during the year	(6,400)
31 December 2017	732,852

Details of the share options as at 31 December 2017 are set out as follows:

Date of grant	**Vesting period**	**Exercise period**	**Exercise price/ (HK$ per share)**	**Number of share options/('000)**
2010 share options				
18 May 2010	7–55 months	31 December 2010 to 31 December 2019	2.40	15,321
2014 share options				
9 October 2014	1–5 years	9 October 2015 to 8 October 2024	3.05	212,391
2017 share options				
6 October 2017	1–5 years	6 October 2018 to 5 October 2027	30.20	505,140

The weighted average fair value of share options was determined by reference to the valuation prepared by independent valuers using the Binomial Model. The significant inputs into the model were share price at the date of grant, annual risk-free rate, expected volatility, option expiry period and expected dividend yield, which are based on the best estimate of China Evergrande's directors. The value of an option varies with different variables of certain subjective assumptions.

As of 2017, the Group has recognised an expense of RMB496 million (2016: RMB55 million) under the share option scheme.

12 Commitments

(1) *Operating lease commitments*

The future minimum lease payments due under the signed irrevocable operating leases contracts are summarised as follows:

	31 December 2017	31 December 2016
Within 1 year	443	408
1 to 2 years	320	330
2 to 3 years	271	287
Over 3 years	169	423
	1,203	1,448

(2) *Capital commitments*

Capital expenditures contracted for by the Group but are not yet necessary to be recognised on the consolidated balance sheets as at the balance sheet date are as follows:

	31 December 2017	31 December 2016
Construction and installation contracts contracted for which is or going to be performed	186,219	150,075
Land purchase contracts contracted for which is or going to be performed	68,816	59,151
	255,035	209,226

(3) *Investment commitments*

Significant external investment contracted for by the Group but are not yet necessary to be recognised on the consolidated balance sheets as at the balance sheet date are as follows:

	31 December 2017	31 December 2016
Acquisition of subsidiaries	10,574	—

13 Contingencies

	31 December 2017	31 December 2016
Mortgage guarantee for property owners (a)	339,121	247,721
Financing guarantee to third parties (b)	9,101	23,349
Joint ventures financing guarantee (c)	2,229	—
	350,451	271,070

(a) The Group provided guarantees in respect of the banking facilities for certain customers of the Group's property units according to relevant regulations. Such guarantees terminate upon the earlier of (i) issuance of the real estate ownership certificate which will generally be available within an average period of two to three years upon the completion of guarantee registration; or (ii) the satisfaction of mortgaged loan by the purchasers of properties. Pursuant to the terms of the guarantees, in case of default in mortgage payments by these purchasers during the period of guarantee, the Group shall repay the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks. After payment of the principals, interest and penalty, the Group is entitled to take over the legal title of the related mortgaged properties.

The management of the Group considers that the fair value of these guarantee contracts at the date of inception was minimal and in case of default in mortgage payments by the purchasers, the net realisable value of the related real estates is sufficient to cover the repayment of the outstanding mortgage principals together with the accrued interest and penalty. Therefore, no provision has been made in the financial statements for the guarantees.

(b) The Group provided financing guarantees for certain cooperation parties (primarily sub-contractors) that are independent of the Group, based on their history of performance in contracts. The Group closely monitors the repayment of such financing guarantees. The management of the Group considers that the possibility of the Group's exposure to compensation risk due to such guarantees is remote, therefore no provision has been made in the financial statements for guarantees.

(c) The Group provided financing guarantees for borrowings for property development projects of some joint ventures. The management of the Group considers that the possibility of the Group's exposure to compensation risk due to such guarantees is remote, therefore no provision has been made in the financial statements for guarantees.

14 Events after the balance sheet date

As at 18 January 2018, the Company has redeemed part of the corporate bonds with interest rate of 6.98% per annum and principal totaling RMB5,482 million in advance.

15 Financial risk management and financial instruments

The Group's activities expose it to a variety of financial risks: market risk (primarily including currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(1) *Market risk*

(a) *Foreign exchange risk*

The Group's major operational activities are carried out in Mainland China and most of the transactions are denominated in RMB. The Group is exposed to foreign exchange risk arising from the assets, liabilities, and transactions denominated in foreign currencies, primarily with respect to HKD and US Dollars ("USD"). The Group's finance department is responsible for monitoring the amount of assets, liabilities and transactions denominated in foreign currencies to minimise the foreign exchange risk to the greatest extent. During year ended 31 December 2017 and 2016, the Group did not enter into any forward exchange contracts or currency swap contracts.

As at 31 December 2017 and 2016, the financial assets and liabilities denominated in foreign currencies held by companies whose recording currencies are HKD in the Group are insignificant.

As at 31 December 2017 and 2016, the carrying amounts of the Group's foreign currencies denominated monetary assets and liabilities at the respective balance sheet dates are as follows:

	31 December 2017			
	USD	**HKD**	**Others**	**Total**
Financial assets				
— Cash and cash equivalents	322	6,083	2	6,407
— Other receivables	—	22	—	22
	322	6,105	2	6,429
Financial liabilities				
— Short-term borrowings . . .	28,210	23,807	15,559	67,576
— Current portion of non-current liabilities . .	2,403	—	—	2,403
— Other payables	—	519	—	519
— Long-term borrowings . . .	—	6,019	—	6,019
	30,613	30,345	15,559	76,517

	31 December 2016			
	USD	**HKD**	**Others**	**Total**
Financial assets				
— Cash and cash equivalents	521	371	—	892
— Other receivables	2	4	—	6
	523	375	—	898
Financial liabilities				
— Short-term borrowings . . .	11,673	330	5,103	17,106
— Other payables	—	7,888	—	7,888
— Long-term borrowings . . .	—	3,131	1,001	4,132
	11,673	11,349	6,104	29,126

As at 31 December 2017, if the RMB had strengthened/weakened by 5% against the foreign currencies while all other variables had been held constant, the Group's net for the year would have been higher/lower approximately RMB2,628 million (31 December 2016: approximately RMB1,059 million) respectively and have no impact on other comprehensive income.

(b) *Interest rate risk*

The Group's interest rate risk arises from long-term interest bearing borrowings. Financial liabilities issued at floating rates expose the Group to cash flow interest rate risk. Financial liabilities issued at fixed rates expose the Group to fair value interest rate risk. The Group determines the relative proportions of its fixed rate and floating rate contracts depending on the prevailing market conditions. As at 31 December 2017, the Group's long-term interest bearing borrowings were mainly RMB-denominated bank borrowings with floating rates, amounting to RMB100,177 million (31 December 2016: RMB63,079 million).

The Group's finance department at its headquarters continuously monitors the interest rate position of the Group. Increases in interest rates will increase the cost of new borrowing and the interest expenses with respect to the Group's outstanding floating rate borrowings, and therefore could have a material adverse effect on the Group's financial performance. The Group makes adjustments timely with reference to the latest market conditions and may enter into interest rate swap agreements to mitigate its exposure to interest rate risk. During 2017 and 2016, the Group did not enter into any interest rate swap agreements.

As at 31 December 2017, if interest rates on the floating rate borrowings had risen/fallen by 100 basis points while all other variables had been held constant, the Group's net profit would have decreased/increased by approximately RMB751 million (31 December 2016: approximately RMB473 million).

(2) ***Credit risk***

Credit risk is managed on the grouping basis. Credit risk mainly arises from cash at bank and receivables etc.

The Group expects that there is no significant credit risk associated with cash at bank since they are deposited at state-owned banks and other medium or large size listed banks. Management does not expect that there will be any significant losses from non-performance by these counterparties.

In addition, the Group has policies to limit the credit exposure on receivables. The Group assesses the credit quality of and sets credit limits on its customers by taking into account their financial position, the availability of guarantee from third parties, their credit history and other factors such as current market conditions. The credit history of the customers is regularly monitored by the Group. In respect of customers with a poor credit history, the Group will use written payment reminders, or shorten or cancel credit periods, to ensure the overall credit risk of the Group is limited to a controllable extent.

(3) ***Liquidity risk***

Cash flow forecasting is performed by the Group, which also monitors rolling forecasts of the Group's short-term and long-term liquidity requirements to ensure it has sufficient cash to meet operational needs. Meanwhile the Group maintains sufficient headroom on its undrawn committed borrowing facilities from major financial institutions so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities to meet the short-term and long-term liquidity requirements.

The financial liabilities of the Group at the balance sheet date are analysed by their maturity date below at their undiscounted contractual cash flows.

	31 December 2017				
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Short-term borrowings	137,101	—	—	—	137,101
Notes payables	64,414	—	—	—	64,414
Accounts payables	172,773	—	—	—	172,773
Other payables	71,204	—	—	—	71,204
Interests payable	2,367	—	—	—	2,367
Dividends payable	1,065	—	—	—	1,065
Current portion of non-current liabilities	232,264	—	—	—	232,264
Long-term borrowings	21,135	175,712	112,278	1,852	310,977
Corporate bonds	1,213	7,764	11,066	—	20,043
Long-term payables	222	4,531	—	—	4,753
	703,758	188,007	123,344	1,852	1,016,961

	31 December 2016				
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Short-term borrowings	92,181	—	—	—	92,181
Notes payables	43,675	—	—	—	43,675
Accounts payables	132,457	—	—	—	132,457
Other payables	114,710	—	—	—	114,710
Interests payable	9,758	—	—	—	9,758
Dividends payable	4,189	—	—	—	4,189
Current portion of non-current liabilities	84,974	—	—	—	84,974
Long-term borrowings	29,208	169,158	137,476	102,859	438,701
Corporate bonds	3,313	3,313	53,819	—	60,445
Long-term payables	—	36,907	4,167	730	41,804
	514,465	209,378	195,462	103,589	1,022,894

For the financing guarantees provided by the Group, the management of the Group was in the consideration that the possibility of the Group's exposure to compensation risk is remote, therefore there is no need to present its liquidity risk.

16 Fair value estimation

The level in which fair value measurement is categorised is determined by the level of the fair value hierarchy of the lowest level input that is significant to the entire fair value measurement:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

(1) ***Assets measured at fair value on a recurring basis***

As at 31 December 2017, the assets measured at fair value on a recurring basis by the above three levels are analysed below:

	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at fair value through profit or loss				
— Investments in equity instrument held for trading. . .	2,772	—	—	2,772
Available-for-sale financial assets				
— Available-for-sale equity instruments.	1,448	278	14	1,740
— Monetary fund . . .	—	1,520	—	1,520
	4,220	1,798	14	6,032
Non-financial assets				
Investment properties. .	—	—	145,588	145,588
Total assets	4,220	1,798	145,602	151,620

As at 31 December 2016, the assets measured at fair value on a recurring basis by the above three levels are analysed below:

	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at fair value through profit or loss				
— Investments in equity instrument held for trading. . .	3,076	—	—	3,076
Available-for-sale financial assets				
— Available-for-sale equity instruments.	34,538	274	28	34,840
	37,614	274	28	37,916
Non-financial assets				
Investment properties. .	—	—	130,196	130,196
Total assets	37,614	274	130,224	168,112

The Group takes the date on which events causing the transfers between the levels take place as the timing specific for recognising the transfers. There is no transfer between Level 1 and Level 2 for the current year.

The fair value of financial instruments traded in an active market is determined at the quoted market price.

Information about fair value measurements in level 3 are as follows:

	Fair value as at 31 December 2017	Valuation technique	Inputs			
			Name	Range/ weighted average	Relationship with fair value	Observable/ unobservable
Investment properties						
Completed	124,847					
Commercial building . . .	9,956	Income approach	Ultimate yield	4.25%~6.50%	Negative	unobservable
						unobservable
			Capitalisation rate	4.25%~6.50%	Negative	unobservable
			Expected vacancy rate	0.00%~20.00%	Negative	unobservable
			Monthly rental (RMB/square meter)	31~670	Positive	unobservable
Commercial building . . .	60,998	Direct comparison	Market price (RMB/square meter)	3,356~160,000	Positive	unobservable
Parking space	53,893	Direct comparison	Market price (RMB/per parking space)	50,000~530,000	Positive	unobservable
In progress	20,741					
Commercial building . . .	17,681	Residual method	Market price (RMB/square meter)	4,600~54,400	Positive	unobservable
			Budgeted cost (RMB/square meter)	974~16,652	Negative	unobservable
			Developer's profit	2.00%~20.00%	Negative	unobservable
Parking space	3,060	Residual method	Market price (RMB/per parking space)	99,000~164,100	Positive	unobservable
			Budgeted cost (RMB/square meter)	487~2,546	Negative	unobservable
			Developer's profit	2.00%~15.00%	Negative	unobservable
	145,588					

	Fair value as at 31 December 2016	Valuation technique	Inputs			
			Name	Range/ weighted average	Relationship with fair value	Observable/ unobservable
Investment properties						
Completed	106,296					
Commercial building . . .	61,631	Income approach	Ultimate yield	4.00%–6.50%	Negative	unobservable
			Capitalisation rate	4.00%–7.00%	Negative	unobservable
			Expected vacancy rate	0.00%–15.00%	Negative	unobservable
			Monthly rental (RMB/square meter)	21–660	Positive	unobservable
		Direct comparison	Market price (RMB/square meter)	3,356–144,633	Positive	unobservable
Parking space	44,665	Direct comparison	Market price (RMB/per parking space)	65,000–530,000	Positive	unobservable
In progress	23,900					
Commercial building . . .	14,887	Residual method	Market price (RMB/square meter)	5,500–40,500	Positive	unobservable
			Budgeted cost (RMB/square meter)	1,233–7,610	Negative	unobservable
			Developer's profit	5.00%–25.00%	Negative	unobservable
Parking space	9,013	Residual method	Market price (RMB/per parking space)	99,000–363,100	Positive	unobservable
			Budgeted cost (RMB/square meter)	510–2,562	Negative	unobservable
			Developer's profit	2.00%–15.00%	Negative	unobservable
	130,196					

(2) ***Assets and liabilities not measured at fair value but for which the fair value is disclosed***

Financial assets and liabilities measured at amortised cost mainly include receivables, short-term borrowings, accounts payable and long-term borrowings.

The carrying amount of such financial assets and liabilities not measured at fair values value is a reasonable approximation of their fair value since the impact of discount is insignificant or the long-term borrowings have a floating rate.

(3) The fair value of corporate bonds in an active market is determined at the quoted market price, and categorised within Level 1 of the fair value hierarchy. The fair value of long-term borrowings, long-term payables and Corporate bonds not quoted in an active market is the present value of the contractually determined stream of future cash flows discounted at the rate of interest applied at that time by the market to instruments of comparable credit status and providing substantially the same cash flows on the same terms, and categorised within Level 3 of the fair value hierarchy.

17 Capital management

The Group's capital management policies aim to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, refund capital to shareholders, issue new shares or sell assets to reduce debts.

The Group's total capital is calculated as 'owners' equity' as shown in the consolidated balance sheet. The Group is not subject to external mandatory capital requirements, and monitors capital on the basis of asset-to-liability rate.

As at 31 December 2017 and 2016, the Group's assets-liabilities rate is as follows:

	31 December 2017	31 December 2016
Assets-liabilities rate	84%	93%

18 Notes to the Company financial statements

(1) ***Cash and cash equivalents***

	31 December 2017	31 December 2016
Cash on hand	—	1
Cash at bank	39,171	46,002
Cash equivalents	63,131	30,959
	102,302	76,962
Less: Restricted deposits	(63,131)	(30,959)
Cash and cash equivalents	39,171	46,003

Cash equivalents mainly represented restricted deposits for pledge, the deposits for constructional engineering, deposits for pre-sale properties and the pledged guarantee for bank borrowings deposited to the designated bank account by the Company.

(2) *Prepayments*

	31 December 2017		31 December 2016	
	Amount	%	Amount	%
Within 1 year	16,867	99.05%	190	65.97%
1 to 2 years	99	0.58%	85	29.51%
Over 2 years	63	0.37%	13	4.52%
	17,029	100.00%	288	100.00%

(3) *Accounts receivable*

	31 December 2017	31 December 2016
Amounts due from related parties	18	183
Amounts due from third parties	2	2
	20	185

The ageing of accounts receivable and related provisions for bad debts are analysed below:

	31 December 2017			31 December 2016		
	Amount	%	Allowance for bad debts	Amount	%	Allowance for bad debts
Within one year	20	100	—	185	100	—

As at 31 December 2017 and 2016, there were no accounts receivable that were past due but not impaired.

(4) *Other receivables*

	31 December 2017	31 December 2016
Related parties	180,880	106,865
Third parties	11,643	906
	192,523	107,771
Less: Allowance for bad debts	(28)	(28)
	192,495	107,743

The ageing of other receivables and related provisions for bad debts are analysed below:

	31 December 2017			31 December 2016		
	Amount		Allowance for bad debts	Amount		Allowance for bad debts
Within 1 year	192,410	99.94	(2)	107,561	99.81	(1)
1 to 2 years	5	0.00	—	81	0.07	(1)
Over 2 years	108	0.06	(26)	129	0.12	(26)
	192,523	100	(28)	107,771	100.00	(28)

As at 31 December 2017 and 2016, there were no other receivables that were past due but not impaired.

(5) ***Inventories***

	31 December 2017	31 December 2016
Properties under development	2,400	2,251
Completed properties	15	13
	2,415	2,264

(6) ***Long- term investments***

	31 December 2017	31 December 2016
Subsidiaries	74,793	60,184
Joint ventures (a)	6	469
Associates	1	1
	74,800	60,654

The Group has not been imposed any material restrictions on realising the Long- term equity investments. The Group accounted for the above subsidiaries by cost method while for the above joints ventures and associates by equity method.

(a) *Joint ventures*

Investments in joint ventures are set out below:

	31 December 2016	Share of loss for the year adjusted by the equity method	31 December 2017
Joint ventures	469	(463)	6

The Company has no joint ventures that are individually significant.

(7) ***Investment properties***

	Property and plant
31 December 2016	2,414
Changes in fair value	9
31 December 2017	2,423

(8) ***Other payables***

	31 December 2017	31 December 2016
Amounts due to related parties	186,280	170,035
Cash receipts from the investors	—	13,000
Deposits payables	108	54
Others	403	620
	186,791	183,709

(9) ***Current portion of non-current liabilities***

	31 December 2017	31 December 2016
Current portion of long-term borrowings.	10,713	350
Current portion of corporate bonds	36,482	6,756
	47,195	7,106

(10) ***Long-term borrowings***

	31 December 2017	31 December 2016
Secured		
— Pledged (a)	350	1,000
— Collateralised (b)	—	2,160
— Guaranteed (c)	12,715	13,449
Unsecured	1,247	3,456
	14,312	20,065
Less: Current portion of long-term borrowings		
— Pledged (a)	—	(350)
— Guaranteed (c)	(10,713)	—
	(10,713)	(350)
	3,599	19,715

(a) As at 31 December 2017, the pledged borrowings of RMB350 million were secured by the inventory with a carrying amount of RMB2,084 million (2016: the pledged borrowings of RMB1,000 million were secured by the inventory with a carrying amount of RMB1,681 million).

(b) As at 31 December 2016, the collateralised borrowings of RMB2,160 million were secured by the equity of the subsidiaries of RMB2,064 million.

(c) As at 31 December 2017 and 31 December 2017, bank borrowings of RMB12,715 million and RMB13,449 respectively are guaranteed by the subsidiaries of the Company.

(d) As at 31 December 2017, the interest rates for long-term borrowings range from 5.70% to 10.00% (2016：from 4.90% to 10.00%).

(11) ***Revenue and cost of sales***

	Year ended 31 December 2017		Year ended 31 December 2016	
	Revenues	Cost of sales	Revenue	Cost of sales
Service income and others . .	2,264	34	2,371	155

(12) ***Investment income***

	Year ended 31 December	
	2017	2016
Income from disposal of subsidiaries	3,200	—
Income from long-term equity investments by cost method	159	23,922
Income from disposal of available-for-sale financial assets	72	—
Loss on long-term equity investments by equity method	(463)	(506)
Income from disposal of joint ventures	—	7
	2,968	23,423

There is no significant restriction on the repatriation of investment income.

(13) ***Notes to the cash flow statement***

Reconciliation from net profit to cash flows from operating activities

	Year ended 31 December	
	2017	2016
Net profit	1,528	20,834
Add: Depreciation of property, equipment and plant	93	95
Amortisation of intangible assets and long-term prepaid expenses	16	7
Provisions for asset impairment	—	28
Losses on disposal of property, equipment and plant	—	—
(Gains)/Losses on changes in fair value	(9)	623
Financial expense	1,194	1,345
Investment income	(2,968)	(23,423)
Decrease in deferred income tax assets	18	—
Increase/(Decrease) in deferred income tax liabilities	2	(167)
(Increase)/Decrease in inventories	(113)	439
Increase in operating receivables	(10,891)	(113)
(Increase)/Decrease in operating payables	96	(1,008)
Net cash flows from operating activities	(11,034)	(1,340)

(14) ***Commitments***

(a) *Operating lease commitments*

The future minimum lease payments due under the signed irrevocable operating leases contracts are summarised as follows:

	31 December 2017	31 December 2016
Within 1 year	182	168
1 to 2 years	162	132
2 to 3 years	148	113
Over 3 years	24	103
	516	516

(b) *Capital commitments*

Capital expenditures contracted for by the Group but are not yet necessary to be recognised on the consolidated balance sheets as at the balance sheet date are as follows:

	31 December 2017	31 December 2016
Construction and installation contracts contracted for which is or going to be performed......	201	177

(c) *Investment commitments*

Significant external investment contracted for by the Group but are not yet necessary to be recognised on the consolidated balance sheets as at the balance sheet date are as follows:

	31 December 2017	31 December 2016
Acquisition of subsidiaries	1,485	—

(15) *Financial risk management and financial instruments*

The Company's activities expose it to a variety of financial risks: market risk (primarily interest rate risk), credit risk and liquidity risk. The Group's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

(1) *Market risk*

Interest rate risk

The Company's interest rate risk arises from long-term interest bearing borrowings. Financial liabilities issued at floating rates expose the Company to cash flow interest rate risk. Financial liabilities issued at fixed rates expose the Company to fair value interest rate risk. The Company determines the relative proportions of its fixed rate and floating rate contracts depending on the prevailing market conditions. As at 31 December 2017, the Company's long-term interest bearing borrowings were mainly bank borrowings with floating rates, amounting to RMB2,090 million (31 December 2016: RMB2,510 million).

The Company's finance department continuously monitors the interest rate position of the Company. Increases in interest rates will increase the cost of new borrowing and the interest expenses with respect to the Company's outstanding floating rate borrowings, and therefore could have a material adverse effect on the Company's financial performance. The Company makes adjustments timely with reference to the latest market conditions and may enter into interest rate swap agreements to mitigate its exposure to interest rate risk. During 2017 and 2016, the Company did not enter into any interest rate swap agreements.

As at 31 December 2017, if interest rates on the floating rate borrowings had risen/fallen by 100 basis points while all other variables had been held constant, the Company's net profit would have decreased/increased by approximately RMB16 million (31 December 2016: approximately RMB6 million).

(2) ***Credit risk***

Credit risk is managed on the grouping basis. Credit risk mainly arises from cash at bank and receivables etc.

The Company expects that there is no significant credit risk associated with cash at bank since they are deposited at state-owned banks and other medium or large size listed banks. Management does not expect that there will be any significant losses from non-performance by these counterparties.

In addition, the Company has policies to limit the credit exposure on receivables. The Company assesses the credit quality of and sets credit limits on its customers by taking into account their financial position, the availability of guarantee from third parties, their credit history and other factors such as current market conditions. The credit history of the customers is regularly monitored by the Company. In respect of customers with a poor credit history, the Company will use written payment reminders, or shorten or cancel credit periods, to ensure the overall credit risk of the Company is limited to a controllable extent.

(3) ***Liquidity risk***

Financial assets of the Company include financial assets at fair value through profit or loss, accounts receivable and available-for-sale financial assets. Financial liabilities include accounts payable, borrowings and corporate bonds.

Cash flow forecasting is performed by the Company, which also monitors rolling forecasts of the Company's short-term and long-term liquidity requirements to ensure it has sufficient cash to meet operational needs. Meanwhile the Company maintains sufficient headroom on its undrawn committed borrowing facilities from major financial institutions so that the Company does not breach borrowing limits or covenants on any of its borrowing facilities to meet the short-term and long-term liquidity requirements.

恒大地产集团有限公司

2017 年度财务报表及审计报告

恒大地产集团有限公司

2017 年度财务报表及审计报告

内容 | **页码**

pwc

普华永道

审计报告

普华永道中天审字(2018)第 26914 号
(第一页，共三页)

恒大地产集团有限公司董事会：

一、 审计意见

(一) 我们审计的内容

我们审计了恒大地产集团有限公司(以下简称“贵公司”)的财务报表，包括 2017 年 12 月 31 日的合并及公司资产负债表，2017 年度的合并及公司利润表、合并及公司现金流量表、合并及公司所有者权益变动表以及财务报表附注。

(二) 我们的意见

我们认为，后附的财务报表在所有重大方面按照企业会计准则的规定编制，公允反映了贵公司 2017 年 12 月 31 日的合并及公司财务状况以及 2017 年度的合并及公司经营成果和现金流量。

二、 形成审计意见的基础

我们按照中国注册会计师审计准则的规定执行了审计工作。审计报告的“注册会计师对财务报表审计的责任”部分进一步阐述了我们在这些准则下的责任。我们相信，我们获取的审计证据是充分、适当的，为发表审计意见提供了基础。

按照中国注册会计师职业道德守则，我们独立于贵公司，并履行了职业道德方面的其他责任。

三、 其他信息

贵公司管理层对其他信息负责。其他信息包括贵公司 2017 年年度报告中涵盖的信息，但不包括财务报表和我们的审计报告。

我们对财务报表发表的审计意见不涵盖其他信息，我们也不对其他信息发表任何形式的鉴证结论。

普华永道中天会计师事务所(特殊普通合伙)
中国上海市黄浦区湖滨路202号领展企业广场2座普华永道中心11楼 邮编200021
总机: +86 (21) 2323 8888, 传真: +86 (21) 2323 8800, www.pwccn.com

三、 其他信息(续)

结合我们对财务报表的审计，我们的责任是阅读其他信息，在此过程中，考虑其他信息是否与财务报表或我们在审计过程中了解到的情况存在重大不一致或者似乎存在重大错报。基于我们已经执行的工作，如果我们确定其他信息存在重大错报，我们应当报告该事实。在这方面，我们无任何事项需要报告。

四、 管理层和治理层对财务报表的责任

贵公司管理层负责按照企业会计准则的规定编制财务报表，使其实现公允反映，并设计、执行和维护必要的内部控制，以使财务报表不存在由于舞弊或错误导致的重大错报。

在编制财务报表时，管理层负责评估贵公司的持续经营能力，披露与持续经营相关的事项(如适用)，并运用持续经营假设，除非管理层计划清算贵公司、终止运营或别无其他现实的选择。

治理层负责监督贵公司的财务报告过程。

五、 注册会计师对财务报表审计的责任

我们的目标是对财务报表整体是否不存在由于舞弊或错误导致的重大错报获取合理保证，并出具包含审计意见的审计报告。合理保证是高水平的保证，但并不能保证按照审计准则执行的审计在某一重大错报存在时总能发现。错报可能由于舞弊或错误导致，如果合理预期错报单独或汇总起来可能影响财务报表使用者依据财务报表作出的经济决策，则通常认为错报是重大的。

在按照审计准则执行审计工作的过程中，我们运用职业判断，并保持职业怀疑。同时，我们也执行以下工作：

(一) 识别和评估由于舞弊或错误导致的财务报表重大错报风险；设计和实施审计程序以应对这些风险，并获取充分、适当的审计证据，作为发表审计意见的基础。由于舞弊可能涉及串通、伪造、故意遗漏、虚假陈述或凌驾于内部控制之上，未能发现由于舞弊导致的重大错报的风险高于未能发现由于错误导致的重大错报的风险。

普华永道中天审字(2018)第26914号
(第三页，共三页)

五、 **注册会计师对财务报表审计的责任(续)**

(二) 了解与审计相关的内部控制，以设计恰当的审计程序，但目的并非对内部控制的有效性发表意见。

(三) 评价管理层选用会计政策的恰当性和作出会计估计及相关披露的合理性。

(四) 对管理层使用持续经营假设的恰当性得出结论。同时，根据获取的审计证据，就可能导致对贵公司持续经营能力产生重大疑虑的事项或情况是否存在重大不确定性得出结论。如果我们得出结论认为存在重大不确定性，审计准则要求我们在审计报告中提请报表使用者注意财务报表中的相关披露；如果披露不充分，我们应当发表非无保留意见。我们的结论基于截至审计报告日可获得的信息。然而，未来的事项或情况可能导致贵公司不能持续经营。

(五) 评价财务报表的总体列报、结构和内容(包括披露)，并评价财务报表是否公允反映相关交易和事项。

(六) 就贵公司中实体或业务活动的财务信息、获取充分、适当的审计证据，以对合并财务报表发表审计意见。我们负责指导、监督和执行集团审计，并对审计意见承担全部责任。

我们与治理层就计划的审计范围、时间安排和重大审计发现等事项进行沟通，包括沟通我们在审计中识别出的值得关注的内部控制缺陷。

普华永道中天
会计师事务所(特殊普通合伙)

注册会计师 陈耘涛

中国注册會計師
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中国·上海市
2018年4月26日

注册会计师 魏泽

中国注册會計師
魏泽
310000074518

恒大地产集团有限公司

2017年12月31日合并及公司资产负债表
(除特别注明外，金额单位为人民币百万元)

资 产	附注	合并 2017年12月31日	合并 2016年12月31日	公司 2017年12月31日	公司 2016年12月31日
流动资产					
货币资金	七(1)、十八(1)	266,748	275,191	102,302	76,962
以公允价值计量且其变动计入当期损益的金融资产	七(2)	2,772	3,076	-	-
应收票据	七(3)	62	68	-	-
应收账款	七(4)(a)、十八(3)	12,783	8,447	20	185
预付款项	七(5)、十八(2)	129,952	52,159	17,029	288
应收利息		119	281	112	301
应收股利		-	-	-	11,545
其他应收款	七(4)(c)、十八(4)	47,728	28,627	192,495	107,743
存货	七(6)、十八(5)	896,405	647,097	2,415	2,264
一年内到期的非流动资产	七(4)(b)	8,176	7,019	-	-
其他流动资产	七(7)	20,036	14,466	29	24
流动资产合计		1,384,781	1,036,431	314,402	199,312
非流动资产					
可供出售金融资产	七(8)	1,740	34,840	798	1,781
长期应收款	七(4)(b)	4,477	8,746	-	-
长期股权投资	七(9)、十八(6)	2,624	727	74,800	60,654
投资性房地产	七(10)、十八(7)	145,588	130,196	2,423	2,414
固定资产	七(11)	15,657	13,208	787	833
在建工程	七(12)	6,080	4,478	13	-
无形资产	七(13)	5,271	5,138	73	82
商誉		-	1,003	-	-
长期待摊费用	七(14)	166	204	39	2
递延所得税资产	七(25)(e)	3,649	3,809	126	-
其他非流动资产		29	1,358	-	-
非流动资产合计		185,281	203,707	79,059	65,766
资产总计		1,570,062	1,240,138	393,461	265,078

恒大地产集团有限公司

2017年12月31日合并及公司资产负债表(续)
(除特别注明外，金额单位为人民币百万元)

负债及所有者权益	附注	合并 2017年12月31日	合并 2016年12月31日	公司 2017年12月31日	公司 2016年12月31日
流动负债					
短期借款	七(15)	133,178	88,706	1,027	1,100
应付票据	七(16)	64,414	43,675	41	54
应付账款		172,773	132,457	302	429
预收款项	七(17)	244,054	183,404	516	356
应付职工薪酬	七(18)	1,821	1,411	102	74
应交税费	七(19)	65,180	34,954	259	46
应付利息		2,367	9,758	1,785	1,711
应付股利		1,065	4,189	-	-
其他应付款	七(20)、十八(8)	71,204	114,710	186,791	183,709
一年内到期的非流动负债	七(21)、十八(9)	215,495	80,754	47,195	7,106
流动负债合计		971,551	694,018	238,018	194,585
非流动负债					
长期借款	七(23)、十八(10)	267,927	332,137	3,599	19,715
应付债券	七(24)	17,380	47,005	17,380	47,005
长期应付款	七(22)	4,288	41,345	-	-
递延所得税负债	七(25)(e)	25,570	21,443	-	100
其他非流动负债	七(26)	24,673	16,048	-	-
非流动负债合计		339,838	457,978	20,979	66,820
负债合计		1,311,389	1,151,996	258,997	261,405
所有者权益					
实收资本		3,940	2,500	3,940	2,500
资本公积		117,751	14	128,574	14
其他综合(损失)/收益	七(37)	(512)	(2,320)	(538)	199
盈余公积	七(27)	195	42	195	42
未分配利润		92,032	52,989	2,293	918
归属于母公司所有者权益合计		213,406	53,225	134,464	3,673
少数股东权益		45,267	34,917	-	-
所有者权益合计		258,673	88,142	134,464	3,673
负债及所有者权益总计		1,570,062	1,240,138	393,461	265,078

后附财务报表附注为财务报表的组成部分。

企业负责人：守明时　　主管会计工作的负责人：潘翰翎　　会计机构负责人：

恒大地产集团有限公司

2017 年度合并及公司利润表

(除特别注明外，金额单位为人民币百万元)

项　目	附注	合并 2017 年度	合并 2016 年度	公司 2017 年度	公司 2016 年度
一、营业收入	七(28)、十八(11)	302,233	205,097	2,264	2,371
减：营业成本	七(28)、十八(11)	(191,298)	(140,751)	(34)	(155)
税金及附加	七(29)	(21,986)	(15,824)	(131)	(306)
销售费用	七(31)	(15,411)	(13,907)	(651)	(1,392)
管理费用	七(31)	(7,743)	(5,916)	(1,257)	(1,383)
财务费用–净额	七(30)	(2,017)	(3,810)	(1,247)	(1,107)
资产减值损失	七(32)	(548)	(374)	-	(28)
加：公允价值变动收益/(损失)	七(33)	7,582	3,853	9	(623)
投资(损失)/收益	七(34)、十八(12)	(3,629)	6	2,968	23,423
其中：对联营企业和合营企业的投资损失	七(9)	(403)	(647)	(463)	(506)
资产处置(损失)/收益		(12)	43	-	-
其他收益		58	-	-	-
二、营业利润		67,229	28,417	1,921	20,800
加：营业外收入	七(35)(a)	660	589	6	7
减：营业外支出	七(35)(b)	(5,287)	(2,496)	(174)	(64)
三、利润总额		62,602	26,510	1,753	20,743
减：所得税(费用)/贷项	七(36)	(20,604)	(8,809)	(225)	91
四、净利润		41,998	17,701	1,528	20,834
其中：同一控制下企业合并中被合并方在合并前实现的净利润		-	1,512	-	-
归属于母公司所有者的净利润		39,196	15,840	1,528	20,834
少数股东损益		2,802	1,861	-	-

恒大地产集团有限公司

2017 年度合并及公司利润表(续)
(除特别注明外，金额单位为人民币百万元)

项目	附注	合并 2017 年度	合并 2016 年度	公司 2017年度	公司 2016 年度
五、其他综合收益/(损失)的税后净额					
归属于母公司所有者的其他综合收益/(损失)的税后净额		1,808	(2,573)	(737)	199
以后将重分类进损益的其他综合收益/(损失)		1,808	(2,573)	(737)	199
权益法下在被投资单位以后将重分类进损益的其他综合收益中享有的份额		-	(197)	-	-
可供出售金融资产公允价值变动		2,400	(3,145)	(737)	199
外币财务报表折算差额		(592)	769	-	-
六、综合收益总额		43,806	15,128	791	21,033
归属于母公司所有者的综合收益总额		41,004	13,267	791	21,033
归属于少数股东的综合收益总额		2,802	1,861	-	-

后附财务报表附注为财务报表的组成部分。

企业负责人：时守明　　主管会计工作的负责人：潘翰翎　　会计机构负责人：赵长龍

恒大地产集团有限公司

2017 年度合并及公司现金流量表

(除特别注明外，金额单位为人民币百万元)

项 目	附注	合并 2017 年度	合并 2016 年度	公司 2017 年度	公司 2016 年度
一、经营活动产生的现金流量					
销售商品、提供劳务收到的现金		364,900	273,372	2,648	2,373
收到其他与经营活动有关的现金		6,222	3,123	1,464	1,356
经营活动现金流入小计		371,122	276,495	4,112	3,729
购建商品、接受劳务支付的现金		(366,992)	(237,159)	(318)	(285)
支付给职工以及为职工支付的现金		(14,176)	(11,551)	(698)	(802)
支付的各项税费		(28,514)	(22,817)	(187)	(473)
支付其他与经营活动有关的现金	七(38)(f)	(39,838)	(20,802)	(13,942)	(3,509)
经营活动现金流出小计		(449,520)	(292,329)	(15,145)	(5,069)
经营活动使用的现金流量净额	七(38)(a)、十八(13)	(78,398)	(15,834)	(11,033)	(1,340)
二、投资活动产生的现金流量					
收回投资收到的现金		78,090	4,577	5,932	2,808
取得投资收益所收到的现金		52	107	11,704	12,867
处置固定资产、投资性房地产、无形资产及其他长期资产收回的现金净额		2,817	2,912	11	473
处置子公司及其他营业单位收到的现金	七(38)(e)	4,008	1,899	6,584	23
收到其他与投资活动有关的现金		1,963	19,169	-	16
投资活动现金流入小计		86,930	28,664	24,231	16,187
购建固定资产、投资性房地产、无形资产及其他长期资产所支付的现金		(13,994)	(16,897)	(116)	(307)
投资支付的现金		(51,008)	(45,954)	(23,540)	(37,102)
取得子公司及其他营业单位支付的现金	九(2)(c)(vi)	(37,009)	(44,120)	(313)	-
支付其他与投资活动有关的现金		(27,694)	(39,854)	(90,185)	(29,365)
投资活动现金流出小计		(129,705)	(146,825)	(114,154)	(66,774)
投资活动使用的现金流量净额		(42,775)	(118,161)	(89,923)	(50,587)
三、筹资活动产生的现金流量					
吸收投资所收到的现金		118,192	16,874	117,000	-
其中：子公司吸收少数股东投资收到的现金		1,192	16,874	-	-
取得借款收到的现金		458,352	411,748	3,567	30,712
发行债券收到的现金		-	14,111	-	14,111
收到其他与筹资活动有关的现金		5,578	90,736	16,727	70,540
筹资活动现金流入小计		582,122	533,469	137,294	115,363
偿还债务支付的现金		(375,465)	(211,403)	(9,393)	(13,227)
分配股利、利润或偿付利息支付的现金		(53,911)	(33,876)	(1,538)	(1,710)
支付其他与筹资活动有关的现金		(69,260)	(74,470)	(32,240)	(9,638)
筹资活动现金流出小计		(498,636)	(319,749)	(43,171)	(24,575)
筹资活动产生的现金流量净额		83,486	213,720	94,123	90,788
四、汇率变动对现金及现金等价物的影响		(254)	159	-	-
五、现金及现金等价物净变动额	七(38)(c)	(37,941)	79,884	(6,833)	38,861
加：年初现金及现金等价物余额		171,185	91,301	46,003	7,142
六、年末现金及现金等价物余额	七(38)(d)	133,244	171,185	39,170	46,003

后附财务报表附注为财务报表的组成部分。

企业负责人：　　　　主管会计工作的负责人：潘翰翎　　　　会计机构负责人：

恒大地产集团有限公司

2016 年度合并所有者权益变动表

(除特别注明外，金额单位为人民币百万元)

项　目	归属于母公司所有者权益					少数股东权益	所有者权益合计
	实收资本	资本公积	其他综合收益	盈余公积	未分配利润		
2016 年 1 月 1 日年初余额 (经重列)	2,500	5,872	56	1,250	71,904	15,464	97,046
2016 年度增减变动额							
综合收益总额							
净利润	-	-	-	-	15,840	1,861	17,701
其他综合收益	-	-	(2,573)	-	-	-	(2,573)
综合收益总额合计	-	-	(2,573)	-	15,840	1,861	15,128
所有者投入和减少资本							
股东投入资本	-	-	-	-	-	16,874	16,874
购买部分子公司少数股东权益	-	(721)	-	-	-	(6,769)	(7,490)
收购资产增加的少数股东权益	-	-	-	-	-	1,172	1,172
收购业务增加的少数股东权益	-	-	-	-	-	6,707	6,707
同一控制下企业合并	-	(2,615)	-	-	(6,839)	-	(9,454)
处置子公司	-	(2,625)	197	(1,250)	(24,304)	(173)	(28,155)
股份支付计入股东权益的金额	-	55	-	-	-	-	55
其他	-	48	-	-	-	-	48
利润分配							
提取盈余公积	-	-	-	42	(42)	-	-
对所有者的分配	-	-	-	-	(3,570)	(219)	(3,789)
2016 年 12 月 31 日年末余额	2,500	14	(2,320)	42	52,989	34,917	88,142

恒大地产集团有限公司

2017 年度合并所有者权益变动表(续)

(除特别注明外，金额单位为人民币百万元)

项 目	附注	归属于母公司所有者权益					少数股东权益	所有者权益合计
		实收资本	资本公积	其他综合收益	盈余公积	未分配利润		
2017 年 1 月 1 日年初余额		2,500	14	(2,320)	42	52,989	34,917	88,142
2017 年度增减变动额								
综合收益总额								
净利润		-	-	-	-	39,196	2,802	41,998
其他综合收益		-	-	1,808	-	-	-	1,808
综合收益总额合计		-	-	1,808	-	39,196	2,802	43,806
所有者投入和减少资本								
股东投入资本	一	1,440	128,560	-	-	-	12,009	142,009
购买部分子公司少数股东权益		-	(11,319)	-	-	-	(4,028)	(15,347)
收购资产增加的少数股东权益		-	-	-	-	-	405	405
收购业务增加的少数股东权益							1,701	1,701
处置子公司		-	-	-	-	-	(2,261)	(2,261)
股份支付计入股东权益的金额		-	496	-	-	-	-	496
利润分配								
提取盈余公积		-	-	-	153	(153)	-	-
对少数股东的分配		-	-	-	-	-	(278)	(278)
2017 年 12 月 31 日年末余额		3,940	117,751	(512)	195	92,032	45,267	258,673

后附财务报表附注为财务报表的组成部分。

企业负责人：　　　　主管会计工作的负责人：　　　　会计机构负责人：

恒大地产集团有限公司

2016 年度公司所有者权益变动表

(除特别注明外，金额单位为人民币百万元)

项　　目	实收资本	资本公积	其他综合收益	盈余公积	未分配利润	所有者权益合计
2016 年 1 月 1 日年初余额	2,500	518	-	1,250	5,382	9,650
2016 年度增减变动额						
综合收益总额						
净利润	-	-	-	-	20,834	20,834
其他综合收益	-	-	199	-	-	199
综合收益总额合计	-	-	199	-	20,834	21,033
所有者投入资本和减少资本						
同一控制下企业合并	-	2,141	-	-	-	2,141
处置子公司	-	(2,659)	-	(1,250)	(25,256)	(29,165)
其他	-	14	-	-	-	14
利润分配						
提取盈余公积	-	-	-	42	(42)	-
2016 年 12 月 31 日年末余额	2,500	14	199	42	918	3,673

恒大地产集团有限公司

2017 年度公司所有者权益变动表(续)
(除特别注明外，金额单位为人民币百万元)

项　　目	实收资本	资本公积	其他综合收益	盈余公积	未分配利润	所有者权益合计
2017 年 1 月 1 日年初余额	2,500	14	199	42	918	3,673
2017 年度增减变动额						
综合收益总额						
净利润	-	-	-	-	1,528	1,528
其他综合收益	-	-	(737)	-	-	(737)
综合收益总额合计	-	-	(737)	-	1,528	791
所有者投入资本和减少资本						
股东投入资本	1,440	128,560	-	-	-	130,000
利润分配						
提取盈余公积	-	-	-	153	(153)	-
2017 年 12 月 31 日年末余额	3,940	128,574	(538)	195	2,293	134,464

后附财务报表附注为财务报表的组成部分。

企业负责人：守时明　　主管会计工作的负责人：潘翰翎　　会计机构负责人：

恒大地产集团有限公司

2017 年度财务报表附注
(除特别注明外，金额单位为人民币百万元)

一　公司基本情况

恒大地产集团有限公司(以下简称“本公司”)是广州市凯隆置业有限公司于 1996 年 6 月 24 日在中华人民共和国广州市注册成立的有限责任公司，本公司经批准的经营期限为长期，注册资本和实收资本为人民币 2,500,000,000 元。于 2016 年 9 月 13 日，本公司的注册地变更为深圳市。

于 2017 年 3 月 31 日，中信聚恒(深圳)投资控股中心(有限合伙)、广田投资有限公司、深圳市华建控股有限公司、深圳市美投步阳投资合伙企业(有限合伙)、深圳市中融鼎兴投资合伙企业(有限合伙)、广东唯美明珠投资有限公司、苏州工业园区睿灿投资企业(有限合伙)、山东高速投资控股有限公司及山东铁路发展基金有限公司分别以货币资金人民币 5,000,000,000 元、5,000,000,000 元、5,000,000,000 元、3,500,000,000 元、3,000,000,000 元、3,000,000,000 元、2,500,000,000 元、1,500,000,000 元及 1,500,000,000 元共计 30,000,000,000 元对本公司进行增资，其中注册及实收资本增加人民币 378,787,879 元，人民币 29,621,212,121 元作为资本公积。本次增资完成后，本公司的的注册及实收资本为人民币 2,878,787,879 元。

于 2017 年 6 月 1 日，马鞍山市茂文科技工业园有限公司、深圳市宝信投资控股有限公司、江西省华达置业集团有限公司、深圳市麒翔投资有限公司、苏州工业园区睿灿投资企业(有限合伙)、深圳市键诚投资有限公司、宁波民银金投鸿达叁号投资管理合伙企业(有限合伙)、嘉兴宇民伍号投资合伙企业(有限合伙)、潍坊金橙宏源投资管理合伙企业(有限合伙)、嘉寓汽车配件宁夏(有限合伙)、深圳市中意前海控股有限公司、上海豪仁物业管理有限公司与青岛永合金丰集团有限公司分别以货币资金人民币 5,500,000,000 元、5,000,000,000 元、5,000,000,000 元、5,000,000,000 元、4,000,000,000 元、3,500,000,000 元、3,000,000,000 元、2,000,000,000 元、2,000,000,000 元、2,000,000,000 元、1,000,000,000 元、1,000,000,000 元及 1,000,000,000 元共计 40,000,000,000 元对本公司进行增资，其中注册及实收资本增加人民币 505,050,504 元，人民币 39,494,949,496 元作为资本公积。本次增资完成后，本公司的的注册及实收资本为人民币 3,383,838,383 元。

于 2017 年 11 月 23 日，南京润恒企业管理有限公司、山东高速地产集团有限公司、山东高速投资控股有限公司、济南畅赢金程股权投资合伙企业(有限合伙)、深圳正威(集团)有限公司、嘉寓汽车配件宁夏(有限合伙)、广州逸合投资有限公司、四川鼎祥股权投资基金有限公司分别以货币资金人民币 20,000,000,000 元、9,000,000,000 元、6,000,000,000 元、5,000,000,000 元、5,000,000,000 元、5,000,000,000 元、5,000,000,000 元、5,000,000,000 元共计 60,000,000,000 元对本公司进行增资，其中注册及实收资本增加人民币 555,958,004 元，人民币 59,444,041,996 元作为资本公积。本次增资完成后，本公司的的注册及实收资本为人民币 3,939,796,387 元。

本公司母公司为广州市凯隆置业有限公司(以下简称“广州凯隆”)，持有本公司 63.4552% 股权，最终控股公司为鑫鑫(BVI)有限公司，实际控制人为许家印博士。中间控股公司中国恒大集团(以下简称“中国恒大”)为在开曼群岛注册成立的有限公司，该公司的股份于 2009 年 11 月 5 日在香港联合交易所有限公司主板上市。

本公司及子公司(以下合称“本集团”)经批准的经营范围为房地产开发、建材销售、物业管理、酒店运营及企业管理咨询服务等。2017 年度，本集团的实际主营业务在上述经批准的经营范围内。

一 公司基本情况(续)

本财务报表由本公司企业负责人于 2018 年 4 月 26 日批准报出。

二 财务报表的编制基础

本财务报表按照财政部于 2006 年 2 月 15 日及以后期间颁布的《企业会计准则——基本准则》、各项具体会计准则及相关规定(以下合称“企业会计准则”)编制。

本财务报表以持续经营为基础编制。

三 遵循企业会计准则的声明

本公司 2017 年度财务报表符合企业会计准则的要求，真实、完整地反映了本公司 2017 年 12 月 31 日的合并及公司财务状况以及 2017 年度的合并及公司经营成果和现金流量等有关信息。

四 重要会计政策和会计估计

(1) 会计年度

会计年度为公历 1 月 1 日起至 12 月 31 日止。

(2) 记账本位币

本公司记账本位币为人民币。本公司下属子公司根据其经营所处的主要经济环境确定其记账本位币。除本公司子公司 Pioneer Time Investment Limited 的记账本位币为港元外，其他子公司的记账本位币均为人民币。本财务报表以人民币列示。

(3) 外币折算

(a) 外币交易

外币交易按交易发生日的即期汇率将外币金额折算为人民币入账。

于资产负债表日，外币货币性项目采用资产负债表日的即期汇率折算为人民币。为购建符合借款费用资本化条件的资产而借入的外币专门借款产生的汇兑差额在资本化期间内予以资本化；其他汇兑差额直接计入当期损益。以历史成本计量的外币非货币性项目，于资产负债表日采用交易发生日的即期汇率折算。汇率变动对现金的影响额在现金流量表中单独列示。

(b) 外币财务报表的折算

境外经营的资产负债表中的资产和负债项目，采用资产负债表日的即期汇率折算，股东权益中除未分配利润项目外，其他项目采用发生时的即期汇率折算。境外经营的利润表中的收入与费用项目，采用交易发生日的即期汇率折算。上述折算产生的外币报表折算差额，计入其他综合收益。境外经营的现金流量项目，采用现金流量发生日的即期汇率折算。汇率变动对现金的影响额，在现金流量表中单独列示。

四 重要会计政策和会计估计(续)

(4) 现金及现金等价物

现金及现金等价物是指库存现金、可随时用于支付的存款，以及持有的期限短、流动性强、易于转换为已知金额现金及价值变动风险很小的投资。

(5) 金融资产

金融资产于初始确认时分类为：以公允价值计量且其变动计入当期损益的金融资产、持有至到期投资、应收款项和可供出售金融资产。金融资产的分类取决于本集团对金融资产的持有意图和持有能力。于报告期内，本集团的金融资产仅包括以公允价值计量且其变动计入当期损益的金融资产、应收款项和可供出售金融资产。

(a) 以公允价值计量且其变动计入当期损益的金融资产

以公允价值计量且其变动计入当期损益的金融资产包括持有目的为短期内出售的金融资产。

(b) 应收款项

应收款项是指在活跃市场中没有报价、回收金额固定或可确定的非衍生金融资产，包括应收账款及其他应收款等(附注四(7))。

(c) 可供出售金融资产

可供出售金融资产包括初始确认时即被指定为可供出售的非衍生金融资产及未被划分为其他类的金融资产。自资产负债表日起 12 个月内将出售的可供出售金融资产在资产负债表中列示为其他流动资产。

(d) 确认和计量

金融资产于本集团成为金融工具合同的一方时，按公允价值在资产负债表内确认。以公允价值计量且其变动计入当期损益的金融资产，取得时发生的相关交易费用计入当期损益；其他金融资产的相关交易费用计入初始确认金额。当收取某项金融资产现金流量的合同权利已终止或该金融资产所有权上几乎所有的风险和报酬已转移时，终止确认该金融资产。

以公允价值计量且其变动计入当期损益的金融资产和可供出售金融资产按照公允价值进行后续计量，但在活跃市场中没有报价且其公允价值不能可靠计量的权益工具投资，按照成本计量；应收款项采用实际利率法，以摊余成本计量。

以公允价值计量且其变动计入当期损益的金融资产的公允价值变动作为公允价值变动损益计入当期损益；在资产持有期间所取得的利息或现金股利以及在处置时产生的处置损益，计入当期损益。

除减值损失及外币货币性金融资产形成的汇兑损益外，可供出售金融资产公允价值变动直接计入所有者权益，待该金融资产终止确认时，原直接计入权益的公允价值变动累计额转入当期损益。可供出售债务工具投资在持有期间按实际利率法计算的利息，以及被投资单位已宣告发放的与可供出售权益工具投资相关的现金股利，作为投资收益计入当期损益。

四　重要会计政策和会计估计(续)

(5)　金融资产(续)

(e)　金融资产减值

除以公允价值计量且其变动计入当期损益的金融资产外，本集团于资产负债表日对金融资产的账面价值进行检查，如果有客观证据表明某项金融资产发生减值的，计提减值准备。

以摊余成本计量的金融资产发生减值时，按预计未来现金流量(不包括尚未发生的未来信用损失)现值低于账面价值的差额，计提减值准备。如果有客观证据表明该金融资产价值已恢复，且客观上与确认该损失后发生的事项有关，原确认的减值损失予以转回，计入当期损益。

当有客观证据表明以公允价值计量的可供出售金融资产发生减值时，原直接计入所有者权益的因公允价值下降形成的累计损失予以转出并计入减值损失。对已确认减值损失的可供出售债务工具投资，在期后公允价值上升且客观上与确认原减值损失后发生的事项有关的，原确认的减值损失予以转回并计入当期损益。对已确认减值损失的可供出售权益工具投资，期后公允价值上升直接计入所有者权益。

以成本计量的可供出售金融资产发生减值时，按其账面价值超过按类似金融资产当时市场收益率对未来现金流量折现确定的现值之间的差额，确认减值损失。已发生的减值损失以后期间不再转回。

(f)　金融资产的终止确认

金融资产满足下列条件之一的，予以终止确认：(1)收取该金融资产现金流量的合同权利终止；(2)该金融资产已转移，且本集团将金融资产所有权上几乎所有的风险和报酬转移给转入方；或者(3)该金融资产已转移，虽然本集团既没有转移也没有保留金融资产所有权上几乎所有的风险和报酬，但是放弃了对该金融资产控制。

金融资产终止确认时，其账面价值与收到的对价以及原直接计入股东权益的公允价值变动累计额之和的差额，计入当期损益。

四 重要会计政策和会计估计(续)

(6) 金融负债

金融负债于初始确认时分类为以公允价值计量且其变动计入当期损益的金融负债和其他金融负债。本集团的金融负债主要为其他金融负债，包括应付款项、借款及应付债券等。

应付款项包括应付账款、其他应付款等，以公允价值进行初始计量，并采用实际利率法按摊余成本进行后续计量。

借款及应付债券按其公允价值扣除交易费用后的金额进行初始计量，并采用实际利率法按摊余成本进行后续计量。

其他金融负债期限在一年以下(含一年)的，列示为流动负债；期限在一年以上但自资产负债表日起一年内(含一年)到期的，列示为一年内到期的非流动负债；其余列示为非流动负债。

当金融负债的现时义务全部或部分已经解除时，终止确认该金融负债或义务已解除的部分。终止确认部分的账面价值与支付的对价之间的差额，计入当期损益。

金融资产和金融负债应当在资产负债表内分别列示，不得相互抵销。但是，同时满足下列条件的，应当以相互抵销后的净额在资产负债表内列示：

(a) 企业具有抵销已确认金额的法定权利，且该种法定权利现在是可执行的；

(b) 企业计划以净额结算，或同时变现该金融资产和清偿该金融负债。

四 重要会计政策和会计估计(续)

(7) 应收款项

应收款项包括应收账款和其他应收款。本集团对外销售商品或提供劳务形成的应收账款，按从购货方或劳务接受方应收的合同或协议价款的公允价值作为初始确认金额。

(a) 单项金额重大并单独计提坏账准备的应收款项

对于单项金额重大的应收款项，单独进行减值测试。当存在客观证据表明本集团将无法按应收款项的原有条款收回款项时，计提坏账准备。

单项金额大于 1,000 万元的应收账款，及单项金额大于 3,000 万元的其他应收款视为重大。

单项金额重大并单独计提坏账准备的计提方法为：根据应收款项的预计未来现金流量现值低于其账面价值的差额进行计提。

(b) 按信用风险特征组合计提坏账准备的应收款项

对于单项金额不重大的应收款项，与经单独测试后未减值的应收款项一起按信用风险特征划分为若干组合，根据以前年度与之具有类似信用风险特征的应收款项组合的实际损失率为基础，结合现时情况确定应计提的坏账准备。

信用风险特征组合的确定依据：

项目	计提方法
应收楼款组合	根据历史实际损失率确定坏账准备计提比例为零
合并范围内关联方应收款项组合	根据历史实际损失率确定坏账准备计提比例为零
合并范围外关联方应收款项组合	按余额百分比法计提坏账准备，计提比例为 1%
少数股东往来款组合	按余额百分比法计提坏账准备，计提比例为 1%
保证金、备用金组合	根据历史实际损失率确定坏账准备计提比例为零
银行承兑汇票	根据历史实际损失率确定坏账准备计提比例为零
其他	按照账龄分析法计提坏账准备

组合中，采用账龄分析法的计提比例列示如下：

	应收账款计提比例	其他应收款计提比例
一年以内	1%	1%
一到二年	2%	2%
二年以上	5%	5%

四 重要会计政策和会计估计(续)

(7) 应收款项(续)

(c) 单项金额虽不重大但单项计提坏账准备的应收款项

单项计提坏账准备的理由为：存在客观证据表明本集团将无法按应收款项的原有条款收回款项。

坏账准备的计提方法为：根据应收款项的预计未来现金流量现值低于其账面价值的差额进行计提。

(d) 本集团向金融机构转让不附追索权的应收账款，按交易款项扣除已转销应收账款的账面价值和相关税费后的差额计入当期损益。

(8) 存货

存货按房地产开发产品和非房地产开发产品分类。房地产开发产品包括已完工开发产品和在建开发产品。非房地产开发产品为库存商品及其他。

已完工开发产品是指已建成、待出售的物业；在建开发产品是指尚未建成、以出售为目的的物业。

存货按取得成本进行初始计量，于资产负债表日，存货按照成本与可变现净值孰低计量。

房地产开发产品成本包括土地成本、建筑成本、其他直接和间接开发费用等。符合资本化条件的借款费用，亦计入房地产开发产品成本。

存货跌价准备按单项存货成本高于其可变现净值的差额计提。可变现净值按日常活动中，以存货的估计售价减去至完工时估计将要发生的成本、估计的销售费用以及相关税费后的金额确定。

(9) 长期股权投资

长期股权投资包括：本公司对子公司的长期股权投资、本集团对合营企业和联营企业的长期股权投资。

子公司为本公司能够对其实施控制的被投资单位。合营企业为本集团通过单独主体达成，能够与其他方实施共同控制，且基于法律形式、合同条款及其他事实与情况仅对其净资产享有权利的合营安排；联营企业为本集团能够对其财务和经营决策具有重大影响的被投资单位。

对子公司的投资，在公司财务报表中按照成本法确定的金额列示，在编制合并财务报表时按权益法调整后进行合并；对合营企业和联营企业投资采用权益法核算。

四　重要会计政策和会计估计(续)

(9)　长期股权投资(续)

(a)　投资成本确定

对于企业合并形成的长期股权投资：同一控制下企业合并取得的长期股权投资，在合并日按照被合并方所有者权益在最终控制方合并财务报表中的账面价值的份额作为投资成本；非同一控制下企业合并取得的长期股权投资，按照合并成本作为长期股权投资的投资成本。

对于以企业合并以外的其他方式取得的长期股权投资：支付现金取得的长期股权投资，按照实际支付的购买价款作为初始投资成本；发行权益性证券取得的长期股权投资，以发行权益性证券的公允价值作为初始投资成本。

(b)　后续计量及损益确认方法

采用成本法核算的长期股权投资，按照初始投资成本计量，被投资单位宣告分派的现金股利或利润，确认为投资收益计入当期损益。

采用权益法核算的长期股权投资，初始投资成本大于投资时应享有被投资单位可辨认净资产公允价值份额的，以初始投资成本作为长期股权投资成本；初始投资成本小于投资时应享有被投资单位可辨认净资产公允价值份额的，其差额计入当期损益，并相应调增长期股权投资成本。

采用权益法核算的长期股权投资，本集团按应享有或应分担的被投资单位的净损益份额确认当期投资损益。确认被投资单位发生的净亏损，以长期股权投资的账面价值以及其他实质上构成对被投资单位净投资的长期权益减记至零为限，但本集团负有承担额外损失义务且符合预计负债确认条件的，继续确认预计将承担的损失金额。被投资单位除净损益、其他综合收益和利润分配以外所有者权益的其他变动，调整长期股权投资的账面价值并计入资本公积。被投资单位分派的利润或现金股利于宣告分派时按照本集团应分得的部分，相应减少长期股权投资的账面价值。本集团与被投资单位之间未实现的内部交易损益按照持股比例计算归属于本集团的部分，予以抵销，在此基础上确认投资损益。本集团与被投资单位发生的内部交易损失，其中属于资产减值损失的部分，相应的未实现损失不予抵销。

(c)　确定对被投资单位具有控制、共同控制、重大影响的依据

控制是指拥有对被投资单位的权力，通过参与被投资单位的相关活动而享有可变回报，并且有能力运用对被投资单位的权力影响其回报金额。

共同控制是指按照相关约定对某项安排所共有的控制，并且该安排的相关活动必须经过本集团及分享控制权的其他参与方一致同意后才能决策。

重大影响是指对被投资单位的财务和经营政策有参与决策的权力，但并不能够控制或者与其他方一起共同控制这些政策的制定。

四 重要会计政策和会计估计(续)

(9) 长期股权投资(续)

(d) 长期股权投资减值

对子公司、合营企业、联营企业的长期股权投资，当其可收回金额低于其账面价值时，账面价值减记至可收回金额(附注四(16))。

(10) 投资性房地产

投资性房地产包括已出租的土地使用权和以出租为目的的建筑物以及正在建造或开发过程中将来用于出租的建筑物，以成本进行初始计量。与投资性房地产有关的后续支出，在相关的经济利益很可能流入本集团且其成本能够可靠的计量时，计入投资性房地产成本；否则，于发生时计入当期损益。

本集团对所有投资性房地产采用公允价值模式进行后续计量，不计提折旧或进行摊销，在资产负债表日以投资性房地产的公允价值为基础调整其账面价值，公允价值与原账面价值之间的差额计入当期损益。

投资性房地产的用途改变为自用时，自改变之日起，将该投资性房地产转换为固定资产或无形资产，基于转换当日投资性房地产的公允价值确定固定资产和无形资产的账面价值，公允价值与投资性房地产原账面价值的差额计入当期损益。自用房地产的用途改变为赚取租金或资本增值时，自改变之日起，将固定资产或无形资产转换为投资性房地产，以转换当日的公允价值作为投资性房地产的账面价值，转换当日的公允价值小于固定资产和无形资产原账面价值的，差额计入当期损益，转换当日的公允价值大于固定资产和无形资产原账面价值的，差额计入其他综合收益。

当投资性房地产被处置、或者永久退出使用且预计不能从其处置中取得经济利益时，终止确认该项投资性房地产。投资性房地产出售、转让、报废或毁损的处置收入扣除其账面价值和相关税费后的金额计入当期损益。

(11) 固定资产

(a) 固定资产确认及初始计量

固定资产包括房屋及建筑物、机器设备、运输工具以及办公设备等。购置或新建的固定资产按取得时的成本进行初始计量。

与固定资产有关的后续支出，在相关的经济利益很可能流入本集团且其成本能够可靠的计量时，计入固定资产成本；对于被替换的部分，终止确认其账面价值；所有其他后续支出于发生时计入当期损益。

固定资产折旧采用年限平均法并按其入账价值减去预计净残值后在预计使用寿命内计提。对计提了减值准备的固定资产，则在未来期间按扣除减值准备后的账面价值及依据尚可使用年限确定折旧额。

(除特别注明外，金额单位为人民币百万元)

四　重要会计政策和会计估计(续)

(11)　固定资产(续)

(b)　固定资产的折旧方法

固定资产折旧采用年限平均法并按其入账价值减去预计净残值后在预计使用寿命内计提。对计提了减值准备的固定资产，则在未来期间按扣除减值准备后的账面价值及依据尚可使用年限确定折旧额。

固定资产的预计使用寿命、净残值率及年折旧率列示如下：

	预计使用寿命	预计净残值率	年折旧率
房屋及建筑物	15 - 30 年	5%	3% - 6%
机器设备	5 - 10 年	3%	10% - 19%
运输工具	5 - 10 年	5%	10% - 19%
办公设备	5 - 10 年	5%	10% - 19%

对固定资产的预计使用寿命、预计净残值和折旧方法于每年年度终了进行复核并作适当调整。

(c)　当固定资产的可收回金额低于其账面价值时，账面价值减记至可收回金额(附注四(16))。

(d)　固定资产的处置

当固定资产被处置、或者预期通过使用或处置不能产生经济利益时，终止确认该固定资产。固定资产出售、转让、报废或毁损的处置收入扣除其账面价值和相关税费后的金额计入当期损益。

(12)　在建工程

在建工程按实际发生的成本计量。实际成本包括建筑成本、安装成本、符合资本化条件的借款费用以及其他为使在建工程达到预定可使用状态所发生的必要支出。在建工程在达到预定可使用状态时，转入固定资产并自次月起开始计提折旧。当在建工程的可收回金额低于其账面价值时，账面价值减记至可收回金额(附注四(16))。

(除特别注明外，金额单位为人民币百万元)

四　重要会计政策和会计估计(续)

(13) 无形资产

无形资产包括土地使用权、软件使用权等，以成本计量，并按其预计使用年限平均摊销。

(a) 土地使用权

土地使用权按使用年限 40-70 年平均摊销。外购土地及建筑物的价款难以在土地使用权与建筑物之间合理分配的，全部作为固定资产。

(b) 软件使用权

本集团购买的软件使用权按照实际成本计量，并在可使用年限内平均摊销。

(c) 定期复核使用寿命和摊销的方法

本集团对使用寿命有限的无形资产的预计使用寿命及摊销方法于每年年度终了进行复核并作适当调整。

无形资产的预计使用寿命、净残值率及年折旧率列示如下：

	预计使用寿命	预计净残值率	年摊销率
土地使用权	40 - 70	0%	1.43% - 2.50%
其他	3 - 20	0%	5% - 33.33%

(14) 商誉

非同一控制下的企业合并，其合并成本超过合并中取得的被购买方可辨认净资产于购买日的公允价值份额的差额确认为商誉。

(15) 长期待摊费用

长期待摊费用为经营租入固定资产改良支出，按预计受益期间分期平均摊销，并以实际支出减去累计摊销后的净额列示。

四 重要会计政策和会计估计(续)

(16) 长期资产减值

固定资产、在建工程、使用寿命有限的无形资产、长期待摊费用及对子公司、合营企业和联营企业的长期股权投资等，于资产负债表日存在减值迹象的，进行减值测试；减值测试结果表明资产的可收回金额低于其账面价值的，按其差额计提减值准备并计入减值损失。可收回金额为资产的公允价值减去处置费用后的净额与资产预计未来现金流量的现值两者之间的较高者。资产减值准备按单项资产为基础计算并确认，如果难以对单项资产的可收回金额进行估计的，以该资产所属的资产组确定资产组的可收回金额。资产组是能够独立产生现金流入的最小资产组合。

在财务报表中单独列示的商誉，无论是否存在减值迹象，至少每年进行减值测试。减值测试时，商誉的账面价值分摊至预期从企业合并的协同效应中受益的资产组或资产组组合。测试结果表明包含分摊的商誉的资产组或资产组组合的可收回金额低于其账面价值的，确认相应的减值损失。减值损失金额先抵减分摊至该资产组或资产组组合的商誉的账面价值，再根据资产组或资产组组合中除商誉以外的其他各项资产的账面价值所占比重，按比例抵减其他各项资产的账面价值。

上述资产减值损失一经确认，以后期间不予转回价值得以恢复的部分。

(17) 借款费用

本集团发生的可直接归属于需要经过相当长时间的购建活动才能达到预定可使用状态之资产的购建的借款费用，在资产支出及借款费用已经发生、为使资产达到预定可使用状态所必要的购建活动已经开始时，开始资本化并计入该资产的成本。当购建的资产达到预定可使用状态时停止资本化，其后发生的借款费用计入当期损益。如果资产的购建活动发生非正常中断，并且中断时间连续超过 3 个月，暂停借款费用的资本化，直至资产的购建活动重新开始。

对于为购建符合资本化条件的资产而借入的专门借款，以专门借款当期实际发生的利息费用减去尚未动用的借款资金存入银行取得的利息收入或进行暂时性投资取得的投资收益后的金额确定专门借款借款费用的资本化金额。

对于为购建符合资本化条件的资产而占用的一般借款，按照累计资产支出超过专门借款部分的资本支出加权平均数乘以所占用一般借款的加权平均实际利率计算确定一般借款借款费用的资本化金额。实际利率为将借款在预期存续期间或适用的更短期间内的未来现金流量折现为该借款初始确认金额所使用的利率。

(18) 借款

借款按其公允价值扣除交易费用后的金额进行初始计量，并采用实际利率法按摊余成本进行后续计量。借款期限在一年以下(含一年)的借款为短期借款，其余借款为长期借款。

四　　重要会计政策和会计估计(续)

(19)　职工薪酬

职工薪酬是本集团为获得职工提供的服务或解除劳动关系而给予的各种形式的报酬或补偿，包括短期薪酬和离职后福利，以及中国恒大为本集团部分职工承担的工资薪金等。

(a)　短期薪酬

短期薪酬包括工资、奖金、津贴和补贴、职工福利费、医疗保险费、工伤保险费、生育保险费、住房公积金、工会和教育经费等。本集团在职工提供服务的会计期间，将实际发生的短期薪酬确认为负债，并计入当期损益或相关资产成本。其中, 非货币性福利按照公允价值计量。

(b)　离职后福利

本集团将离职后福利计划分类为设定提存计划和设定受益计划。设定提存计划是本集团向独立的基金缴存固定费用后，不再承担进一步支付义务的离职后福利计划；设定受益计划是除设定提存计划以外的离职后福利计划。于报告期内，本集团的离职后福利主要是为员工缴纳的基本养老保险和失业保险，均属于设定提存计划。

(c)　基本养老保险

本集团职工参加了由当地劳动和社会保障部门组织实施的社会基本养老保险。本集团以当地规定的社会基本养老保险缴纳基数和比例，按月向当地社会基本养老保险经办机构缴纳养老保险费。职工退休后，当地劳动及社会保障部门有责任向已退休员工支付社会基本养老金。本集团在职工提供服务的会计期间，将根据上述社保规定计算应缴纳的金额确认为负债，并计入当期损益或相关资产成本。

(d)　辞退福利

本集团在职工劳动合同到期之前解除与职工的劳动关系、或者为鼓励职工自愿接受裁减而提出给予补偿，在本集团不能单方面撤回解除劳动关系计划或裁减建议时和确认与涉及支付辞退福利的重组相关的成本费用时两者孰早日，确认因解除与职工的劳动关系给予补偿而产生的负债，同时计入当期损益。

预期在资产负债表日起一年内需支付的辞退福利，列示为流动负债。

四 重要会计政策和会计估计(续)

(20) 建造合同

在建造合同的结果能够可靠地估计时，根据完工百分比法在资产负债表日确认合同收入及费用。建造合同的结果能够可靠地估计是指合同总收入能可靠地计量，与合同相关的经济利益能够流入本公司，在资产负债表日合同完工进度和为完成合同尚需发生的成本能够可靠地确定及为完成合同已经发生的合同成本能够清楚地区分和可靠地计量，以便实际合同成本能与以前的预计成本相比较。

完工进度主要根据建造项目的性质，按已经完成的合同工作量占合同预计总工作量的比例或已完工合同工作的测量进度或者按实际发生的合同成本占合同预计总成本的比例确定。

当期完成的建造合同，按实际合同总收入扣除以前年度累计已确认的收入后的余额作为当期收入，同时按累计实际发生的合同成本扣除以前年度累计已确认的成本后的余额确认为当期成本。

当建造合同的结果不能可靠地估计，如果合同成本能够收回的，合同收入根据能够收回的实际合同成本加以确认，合同成本在其发生的当期确认为费用；如果合同成本不能收回的，应在发生时立即确认为费用，不确认收入。

如果合同预计总成本将超过合同预计总收入，即将预计损失计入当期损益。

(21) 递延所得税资产和递延所得税负债

递延所得税资产和递延所得税负债根据资产和负债的计税基础与其账面价值的差额(暂时性差异)计算确认。对于按照税法规定能够于以后年度抵减应纳税所得额的可抵扣亏损，确认相应的递延所得税资产。对于商誉的初始确认产生的暂时性差异，不确认相应的递延所得税负债。对于既不影响会计利润也不影响应纳税所得额(或可抵扣亏损)的非企业合并的交易中产生的资产或负债的初始确认形成的暂时性差异，不确认相应的递延所得税资产和递延所得税负债。于资产负债表日，递延所得税资产和递延所得税负债，按照预期收回该资产或清偿该负债期间的适用税率计量。

递延所得税资产的确认以很可能取得用来抵扣可抵扣暂时性差异、可抵扣亏损和税款抵减的应纳税所得额为限。

对与子公司、合营企业及联营企业投资相关的应纳税暂时性差异，确认递延所得税负债，除非本集团能够控制该暂时性差异转回的时间且该暂时性差异在可预见的未来很可能不会转回。对与子公司及合营企业投资相关的可抵扣暂时性差异，当该暂时性差异在可预见的未来很可能转回且未来很可能获得用来抵扣可抵扣暂时性差异的应纳税所得额时，确认递延所得税资产。

同时满足下列条件的递延所得税资产和递延所得税负债以抵销后的净额列示：

- 递延所得税资产和递延所得税负债与同一税收征管部门对本集团内同一纳税主体征收的所得税相关；
- 本集团内该纳税主体拥有以净额结算当期所得税资产及当期所得税负债的法定权利。

四 重要会计政策和会计估计(续)

(22) 收入确认

收入的金额按照本集团在日常经营活动中销售商品和提供劳务时，已收或应收合同或协议价款的公允价值确定。收入按扣除销售折让及销售退回的净额列示。

与交易相关的经济利益很可能流入本集团，相关的收入能够可靠计量且满足下列各项经营活动的特定收入确认标准时，确认相关的收入：

(a) 房地产销售

房地产销售收入于物业的风险及报酬转移给买家时，即相关物业建筑工程完成及物业已交付给买家，且已合理确定可收回有关应收款项时确认。如果本集团须就已交付买家的物业进行其他工程，则须同时确认相关支出。

本集团将已收但尚未达到收入确认条件的房款计入预收款项科目，待符合上述收入确认条件后确认营业收入。

(b) 销售商品

本集团销售建筑材料，商品销售收入于产品交付予客户时进行确认。

(c) 提供劳务

物业管理所产生的收入按合约规定，以直线法在提供服务的会计期间确认。

(d) 酒店运营

来自客房租金、餐饮销售及其他配套服务的酒店收入在交付商品或提供服务时确认。

(e) 建造合同收入

有关建造合同收入的会计政策，请参阅附注四(20)。

(23) 政府补助

政府补助为本集团从政府无偿取得的货币性资产或非货币性资产，包括税费返还、财政补贴等。

政府补助在本集团能够满足其所附的条件并且能够收到时，予以确认。政府补助为货币性资产的，按照收到或应收的金额计量。政府补助为非货币性资产的，按照公允价值计量；公允价值不能可靠取得的，按照名义金额计量。

与资产相关的政府补助，是指企业取得的、用于购建或以其他方式形成长期资产的政府补助。与收益相关的政府补助是指除与资产相关的政府补助之外的政府补助。

四 重要会计政策和会计估计(续)

(23) 政府补助(续)

与资产相关的政府补助，冲减相关资产的账面价值。与收益相关的政府补助，用于补偿以后期间的相关成本费用或损失的，确认为递延收益，并在确认相关成本费用或损失的期间，计入当期损益或冲减相关成本，用于补偿已发生的相关费用或损失的，直接计入当期损益或冲减相关成本。本集团对同类政府补助采用相同的列报方式。

与日常活动相关的政府补助纳入营业利润，与日常活动无关的政府补助计入营业外收支。

(24) 维修基金和质量保证金

维修基金按照当地相关的规定，按房价总额的一定比例或者按照多层及高层每建筑平方米的既定收取标准确定。

质量保证金一般按施工单位工程款的一定比例预留，在开发产品办理竣工验收后并在约定的质量保证期内无质量问题时，再行支付给施工单位。

(25) 租赁

实质上转移了与资产所有权有关的全部风险和报酬的租赁为融资租赁。其他的租赁为经营租赁。

(a) 融资租赁

作为出租人，在租赁开始日本集团按最低租赁收款额与初始直接费用之和作为应收融资租赁款的入账价值，同时记录未担保余值；将最低租赁收款额、初始直接费用及未担保余值之和与其现值之和的差额确认为未实现融资收益。未实现融资收益在租赁期内各个期间采用实际利率法计算确认当期的融资收入。

(b) 经营租赁

经营租赁的租金支出在租赁期内按照直线法计入当期损益。

经营租赁的租金收入在租赁期内按照直线法确认。

(26) 财务担保合同

对于财务担保合同，会作为金融负债进行核算，初始计量以其公允价值加取得或发出财务担保合同之直接交易成本确认入账。初始确认后，本集团会以下列两者之较高者进行后续计量：估计偿付现时义务所需开支之现值，以及初始确认金额减累计摊销后的余额。

财务担保负债只会于合约列明的责任已履行或注销或届满时，方会于资产负债表终止确认。

四 重要会计政策和会计估计(续)

(27) 利润分配

拟发放的利润于董事会批准的当期，确认为负债。

(28) 企业合并

(a) 同一控制下的企业合并

合并方支付的合并对价及取得的净资产均按账面价值计量，如被合并方是最终控制方以前年度从第三方收购来的，则以被合并方的资产、负债(包括最终控制方收购被合并方而形成的商誉)在最终控制方合并财务报表中的账面价值为基础。合并方取得的净资产账面价值与支付的合并对价账面价值的差额，调整资本公积(股本溢价)；资本公积(股本溢价)不足以冲减的，调整留存收益。为进行企业合并发生的直接相关费用于发生时计入当期损益。为企业合并而发行权益性证券或债务性证券的交易费用，计入权益性证券或债务性证券的初始确认金额。

(b) 非同一控制下的企业合并

购买方发生的合并成本及在合并中取得的可辨认净资产按购买日的公允价值计量。合并成本大于合并中取得的被购买方于购买日可辨认净资产公允价值份额的差额，确认为商誉；合并成本小于合并中取得的被购买方可辨认净资产公允价值份额的差额，计入当期损益。为进行企业合并发生的直接相关费用于发生时计入当期损益。为企业合并而发行权益性证券或债务性证券的交易费用，计入权益性证券或债务性证券的初始确认金额。

(29) 合并财务报表的编制方法

编制合并财务报表时，合并范围包括本公司及全部子公司以及本集团控制的结构化主体。

子公司是指被本集团控制的主体。控制，是指拥有对被投资方的权力，通过参与被投资方的相关活动而享有可变回报，并且有能力运用对被投资方的权力影响回报金额。本集团直接或通过子公司间接拥有被投资单位半数以上的表决权，表明本集团能够控制被投资单位，应当将该被投资单位认定为子公司，纳入合并财务报表的合并范围。从取得子公司的实际控制权之日起，本集团开始将其纳入合并范围；从丧失实际控制权之日起停止纳入合并范围。对于同一控制下企业合并取得的子公司，自其与本公司同受最终控制方控制之日起纳入本公司合并范围，并将其在合并日前实现的净利润在合并利润表中单列项目反映。

结构化主体，是指在判断主体的控制方时，表决权或类似权利没有被作为设计主体架构时的决定性因素(例如表决权仅与行政管理事务相关)，而主导该主体相关活动的依据是合同或相应安排。

四　重要会计政策和会计估计(续)

(29)　合并财务报表的编制方法(续)

当本集团作为原始权益人及次级权益持有人发起成立专项资产管理计划时，本集团将评估就该结构化主体而言，本集团是否以主要责任人的身份行使决策权。如果其他方(结构化主体的其他投资者)行使决策权，则本集团不控制该结构化主体。但若本集团被判断为行使决策权，则是主要责任人，因而控制该结构化主体。

从取得子公司的实际控制权之日起，本集团开始将其纳入合并范围；从丧失实际控制权之日起停止纳入合并范围。对于同一控制下企业合并取得的子公司，自其与本公司同受最终控制方控制之日起纳入本公司合并范围，并将其在合并日前实现的净利润在合并利润表中单列项目反映。

在编制合并财务报表时，子公司与本公司采用的会计政策或会计期间不一致的，按照本公司的会计政策或会计期间对子公司财务报表进行必要的调整。对于非同一控制下企业合并取得的子公司，以购买日可辨认净资产公允价值为基础对其财务报表进行调整。

集团内所有重大往来余额、交易及未实现利润在合并财务报表编制时予以抵销。子公司的所有者权益、当期净损益及综合收益中不属于本公司所拥有的部分分别作为少数股东权益、少数股东损益及归属于少数股东的综合收益总额在合并财务报表中所有者权益、净利润及综合收益总额项下单独列示。本公司向子公司出售资产所发生的未实现内部交易损益，全额抵销归属于母公司股东的净利润；子公司向本公司出售资产所发生的未实现内部交易损益，按本公司对该子公司的分配比例在归属于母公司股东的净利润和少数股东损益之间分配抵销。子公司之间出售资产所发生的未实现内部交易损益，按照母公司对出售方子公司的分配比例在归属于母公司股东的净利润和少数股东损益之间分配抵销。

如果以本集团为会计主体与以本公司或子公司为会计主体对同一交易的认定不同时，从本集团的角度对该交易予以调整。

四　重要会计政策和会计估计(续)

(30)　分部信息

本集团以内部组织结构、管理要求、内部报告制度为依据确定经营分部，以经营分部为基础确定报告分部并披露分部信息。

经营分部是指本集团内同时满足下列条件的组成部分：(1)该组成部分能够在日常活动中产生收入、发生费用；(2)本集团管理层能够定期评价该组成部分的经营成果，以决定向其配置资源、评价其业绩；(3)本集团能够取得该组成部分的财务状况、经营成果和现金流量等有关会计信息。如果两个或多个经营分部具有相似的经济特征，并且满足一定条件的，则合并为一个经营分部。

(31)　重要会计估计和判断

本集团根据历史经验和其他因素，包括对未来事项的合理预期，对所采用的重要会计估计和关键判断进行持续的评价。

下列重要会计估计及关键假设存在会导致下一会计年度资产和负债的账面价值出现重大调整的重要风险：

(a)　所得税

在正常的经营活动中，部分交易和事项的最终的税务处理存在不确定性。在考虑计提所得税费用及确认递延所得税时，本集团需要作出重大判断。如果这些税务事项的最终认定结果与最初入账的金额存在差异，该差异将对作出上述最终认定期间的所得税费用和递延所得税的金额产生影响。

(b)　土地增值税

按照中国相关税法规定，本集团需缴纳土地增值税。于资产负债表日，地方税务机关尚未对部分开发项目土地增值税清算应纳税额出具《核准意见书》。本集团依据《土地增值税暂行条例》及其实施细则的规定计算应纳税额入账。如果地方税务机关审核确认税额与原入账金额不一致，该差异将计入完成土地增值税清算的会计期间。

(除特别注明外，金额单位为人民币百万元)

四 重要会计政策和会计估计(续)

(31) 重要会计估计和判断(续)

(c) 投资性房地产的公允价值评估

公允价值的最佳证据为在活跃市场上附带类似租约与其他合约的物业的现行价格。倘若并无有关资料，本集团将金额定于合理公允价值估计的范围内。作出判断时，本集团会考虑多个来源的数据，包括：(i) 不同性质、状况或位置或受不同租约或其他合约规定的物业在活跃市场的现行价格，并予以调整以反映该等差异；(ii) 类似物业在不活跃市场的最近价格，并予以调整以反映自按该等价格进行交易的日期起任何经济状况的变化；及(iii) 按日后现金流量的可靠估计作出的贴现现金流量预测，该估计乃源自任何现有租约及其他合约的条款及(如有可能)源自外来凭证，例如处于相同位置及状况下的类似物业的现行市场租金，并采用可反映现金流量金额及时间不明确性的现有市场评估的折现率计算。本集团根据独立专业合资格估值师确定的估值评估其投资性房地产的公允价值。

(d) 存货跌价准备

本集团于资产负债表日对存货按照成本与可变现净值孰低计量，可变现净值的计算需要利用假设和估计。如果管理层对估计售价及完工时将要发生的成本及费用等进行修订，将影响存货的可变现净值的估计，该差异将对计提的存货跌价准备产生影响。

(e) 估计物业总建筑成本

本集团在确认物业销售成本时需估计物业建筑总成本。该项估计由管理层根据相关物业发展的详细预算资料为基础，并于工程进展期间作出定期评估。如果相关估计与实际发生的成本不符，则该项差异会影响已确认销售成本的正确性。

(32) 重要会计政策变更

财政部于 2017 年颁布了修订后的《企业会计准则第 16 号——政府补助》和《关于修订印发一般企业财务报表格式的通知》(财会(2017)30 号)，本公司已采用上述准则编制 2017 年度财务报表，对本公司财务报表的影响列示如下：

会计政策变更的内容和原因	受影响的报表项目名称	影响金额
本公司将 2017 年度获得的政府补助计入其他收益项目。2016 年度的比较财务报表未重列。	不适用	不适用
		2016 年度
本公司将 2017 年度处置固定资产产生的利得和损失计入资产处置损失项目。2016 年度的比较财务报表已相应调整。	增加：资产处置收益 减少：营业外收入 减少：营业外支出	43 53 10

(除特别注明外，金额单位为人民币百万元)

五 税项

本集团适用的主要税种及其税率列示如下：

税种	计税依据	税率
增值税	应纳税增值额(应纳税额按应纳税销售额乘以适用税率扣除当期允许抵扣的进项税后的余额计算)	3%、5%、6%、11%或 17%
营业税(a)	房地产出租或销售收入、物业管理收入	5%
	提供建筑劳务收入	3%
土地增值税	按转让房地产所取得的增值额	按超率累进税率 30% - 60%
房产税	房产原值或租金收入	房产原值的 1.2%或租金收入 12%
企业所得税	应纳税所得额	25%

(a) 根据财政部、国家税务总局颁布的《财政部国家税务总局关于全面推开营业税改征增值税试点的通知》(财税[2016]36 号)，自 2016 年 5 月 1 日起，本集团的房地产销售业务收入适用增值税，一般纳税人适用税率为 5%或 11%，小规模纳税人适用税率为 3%，建筑工程总承包适用增值税，税率为 11%，物业管理业务收入适用增值税，税率为 6%，酒店运营收入适用增值税，税率为 6%，2016 年 5 月 1 日前该等业务适用营业税，税率为 5%。

六 子公司

(1) 本公司直接控股之子公司

子公司名称	主要经营地及注册地	业务性质	持股比例	取得方式
广州市俊汇房地产开发有限公司	广州市	房地产开发	100%	设立
广州通瑞达房地产实业有限公司	广州市	房地产开发	100%	设立
恒大地产集团武汉有限公司	武汉市	房地产开发	100%	设立
恒大地产集团重庆有限公司	重庆市	房地产开发	100%	设立
恒大地产集团成都有限公司	成都市	房地产开发	100%	设立
南京恒大富丰置业有限公司	南京市	房地产开发	100%	设立
武汉鑫金观光产业园有限公司	武汉市	房地产开发	100%	设立
眉山市彭山区鑫鑫观光产业园有限公司	眉山市	房地产开发	100%	设立
安宁市淦鑫观光产业园有限公司	安宁市	房地产开发	100%	设立
恒大(清新)生态示范园有限公司	清新市	房地产开发	100%	设立
恒大(佛冈)汤塘农场有限公司	清远市	房地产开发	100%	设立
广州恒大生态农业开发基地有限公司	广州市	房地产开发	100%	设立
恒大地产集团天津蓟县有限公司	天津市	房地产开发	100%	设立
鄂州鑫金生态观光产业园有限公司	鄂州市	房地产开发	100%	设立
重庆市鑫恒观光农业有限公司	重庆市	房地产开发	100%	设立
恒大鑫隆(沈阳)置业有限公司	沈阳市	房地产开发	100%	设立
鹤山市鑫鑫观光产业园有限公司	鹤山市	房地产开发	100%	设立
恒大盛宇(清新)置业有限公司	清远市	房地产开发	100%	设立

(除特别注明外，金额单位为人民币百万元)

六 子公司(续)

(1) 本公司直接控股之子公司(续)

子公司名称	主要经营地及注册地	业务性质	持股比例	取得方式
恒大地产集团郑州有限公司	郑州市	房地产开发	100%	设立
广州市金碧房地产代理有限公司	广州市	物业管理	100%	设立
广州市金碧世家物业服务有限公司	广州市	物业管理	100%	设立
广州市金碧恒盈物业服务有限公司	广州市	物业管理	100%	设立
恒大地产集团西安有限公司	西安市	房地产开发	100%	设立
恒大地产集团洛阳有限公司	洛阳市	房地产开发	100%	设立
恒大地产集团太原有限公司	太原市	房地产开发	100%	设立
西安曲江投资建设有限公司	西安市	房地产开发	100%	收购
西安祺云置业有限公司	西安市	房地产开发	100%	收购
恒大地产集团南宁有限公司	南宁市	房地产开发	100%	设立
恒大地产集团贵阳置业有限公司	贵阳市	房地产开发	100%	收购
南京汉典房地产开发有限公司	南京市	房地产开发	100%	收购
湖南雄震置业有限公司	长沙市	房地产开发	100%	收购
恒大地产集团合肥有限公司	合肥市	房地产开发	100%	设立
恒大地产集团长沙置业有限公司	长沙市	房地产开发	100%	设立
广州恒晖建筑工程有限公司	广州市	建筑工程	100%	设立
广州市恒合工程监理有限公司	广州市	建筑工程	100%	设立
恒大园林集团有限公司	广州市	建筑工程	100%	设立
广州恒大装饰工程有限公司	广州市	建筑工程	100%	设立
佛山市恒大金属建筑材料有限公司	佛山市	建筑工程	100%	设立
广州市恒大广告有限公司	广州市	广告设计	100%	设立
恒大建筑设计院有限公司	荆州市	广告设计	100%	设立
广州恒大材料设备有限公司	广州市	建筑工程	100%	设立
佛山市南海俊诚房地产开发有限公司	佛山市	房地产开发	100%	收购
恒大地产集团广东房地产开发有限公司	广州市	房地产开发	100%	设立
恒大地产集团包头有限公司	包头市	房地产开发	100%	设立
广东恒大排球俱乐部有限公司	广州市	文化体育	100%	设立
恒大地产集团石家庄有限公司	石家庄市	房地产开发	100%	设立
恒大地产集团济南置业有限公司	济南市	房地产开发	100%	设立
恒大地产集团天津有限公司	天津市	房地产开发	100%	设立
恒大地产集团佛冈有限公司	清远市	房地产开发	100%	设立
恒大地产集团上海盛建置业有限公司	上海市	房地产开发	100%	设立
深圳市中心港房地产开发有限公司	深圳市	房地产开发	100%	设立
太原名都房地产开发有限公司	太原市	房地产开发	100%	收购
恒大地产集团海南有限公司	海口市	房地产开发	100%	设立
太原俊景房地产开发有限公司	太原市	房地产开发	66%	设立
重庆恒大君鑫房地产开发有限公司	重庆市	房地产开发	100%	设立
淮安恒大富丰房地产开发有限公司	淮安市	房地产开发	100%	设立
恒大地产集团兰州置业有限公司	兰州市	房地产开发	100%	收购
恒大地产集团长春有限公司	长春市	房地产开发	100%	设立
恒大地产集团(沈阳)投资有限公司	沈阳市	房地产开发	100%	设立
恒大地产集团(中山)有限公司	中山市	房地产开发	100%	收购
恒大地产集团鹿泉有限公司	石家庄市	房地产开发	100%	设立
儋州恒大滨海投资有限公司	儋州市	房地产开发	100%	设立
恒大地产集团景德镇置业有限公司	景德镇市	房地产开发	100%	设立
恒大地产集团昆明有限公司	昆明市	房地产开发	100%	设立
恒大地产集团呼和浩特有限公司	呼和浩特市	房地产开发	100%	设立

(除特别注明外，金额单位为人民币百万元)

六 子公司(续)

(1) 本公司直接控股之子公司(续)

子公司名称	主要经营地及注册地	业务性质	持股比例	取得方式
丹阳恒大置业有限公司	丹阳市	房地产开发	100%	设立
恒大地产集团石嘴山有限公司	石嘴山市	房地产开发	100%	设立
运城市金恒房地产开发有限公司	运城市	房地产开发	100%	设立
铜陵恒大置业有限公司	铜陵市	房地产开发	100%	设立
淮北粤通置业有限公司	淮北市	房地产开发	100%	设立
恒大地产集团自贡有限公司	自贡市	房地产开发	100%	设立
恒大地产集团云浮有限公司	云浮市	房地产开发	100%	设立
临汾市紫旌房地产开发有限公司	临汾市	房地产开发	100%	收购
恒大地产集团银川有限公司	银川市	房地产开发	100%	设立
恒大地产集团哈尔滨有限公司	哈尔滨市	房地产开发	100%	设立
广州市金碧大世界饮食娱乐有限公司	广州市	酒店商业	100%	收购
北京润业文化艺术有限公司	北京市	房地产开发	100%	收购
广州恒大民族歌舞团有限公司	广州市	文化体育	100%	设立
佛山市南海盈裕房地产发展有限公司	佛山市	房地产开发	100%	设立
恒大地产集团南京置业有限公司	南京市	房地产开发	100%	设立
宿迁恒大华府置业有限公司	宿迁市	房地产开发	100%	设立
连云港恒大城置业有限公司	连云港市	房地产开发	100%	设立
岳阳金碧置业有限公司	岳阳市	房地产开发	100%	设立
恒大地产集团韶关有限公司	韶关市	房地产开发	100%	设立
太原俊豪房地产开发有限公司	太原市	房地产开发	100%	设立
深圳市建设(集团)有限公司	深圳市	建筑工程	100%	收购
大同俊景房地产开发有限公司	大同市	房地产开发	100%	设立
恒大地产集团乌鲁木齐有限公司	乌鲁木齐市	房地产开发	100%	设立
恒大地产集团盐城有限公司	盐城市	房地产开发	100%	设立
恒大世纪城(清远)酒店有限公司	清远市	房地产开发	100%	设立
吕梁市俊汇房地产开发有限公司	吕梁市	房地产开发	100%	设立
嘉兴恒大置业有限公司	嘉兴市	房地产开发	100%	设立
运城经济开发区壹加壹房地产开发有限公司	运城市	房地产开发	100%	收购
运城市鑫万瑞房地产开发有限公司	运城市	房地产开发	100%	收购
东莞市城邦房地产开发有限公司	东莞市	房地产开发	100%	收购
恒大地产集团(深圳)有限公司	深圳市	房地产开发	100%	设立
重庆恒大酒店有限公司	重庆市	酒店商业	100%	设立
南昌中电投高新置业有限公司	南昌市	房地产开发	100%	收购
恒大足球学校	广州市	文化体育	100%	设立
恒大商业有限公司	广州市	酒店商业	100%	设立
海盐盛建置业有限公司	海盐市	房地产开发	100%	设立
恒大地产集团恩平有限公司	恩平市	房地产开发	100%	设立
恒大地产集团白洋淀温泉城有限公司	保定市	房地产开发	100%	设立
广州市品宴餐饮企业管理有限公司	广州市	酒店商业	100%	设立
恒大地产集团阳江有限公司	阳江市	房地产开发	100%	设立
平湖恒大名都置业有限公司	平湖市	房地产开发	100%	设立
乌海市俊景房地产开发有限公司	乌海市	房地产开发	100%	设立
广州市恒大酒店有限公司	广州市	酒店商业	100%	设立
无锡恒大房产开发有限公司	无锡市	房地产开发	100%	设立
恒大地产集团天津酒店有限公司	天津市	酒店商业	100%	设立
恒大地产集团防城港有限公司	防城港市	房地产开发	100%	设立

(除特别注明外，金额单位为人民币百万元)

六 子公司(续)

(1) 本公司直接控股之子公司(续)

子公司名称	主要经营地及注册地	业务性质	持股比例	取得方式
彭山恒大酒店有限公司	眉山市	酒店商业	100%	设立
成都金堂恒大酒店有限公司	成都市	酒店商业	100%	设立
阳泉市燎原房地产开发有限公司	阳泉市	房地产开发	100%	收购
恒大地产集团九江有限公司	九江市	房地产开发	100%	设立
衢州恒大盛建置业有限公司	衢州市	房地产开发	100%	设立
恒大地产集团湛江御景置业有限公司	湛江市	房地产开发	100%	设立
广州市恒大永昌置业有限公司	广州市	房地产开发	100%	设立
广州市恒大卓越置业有限公司	广州市	房地产开发	100%	设立
恒大地产集团河源有限公司	河源市	房地产开发	100%	设立
广州市裕菲投资有限公司	广州市	文化体育	100%	设立
恒大地产集团吉安有限公司	吉安市	房地产开发	100%	设立
北京天力兴业投资有限公司	北京市	房地产开发	100%	收购
北京沙河恒大置业有限公司	北京市	房地产开发	100%	设立
恒大地产集团天津世博国际会议中心有限公司	天津市	酒店商业	100%	设立
恒大地产集团大连有限公司	大连市	房地产开发	100%	设立
合肥粤诚置业有限公司	合肥市	房地产开发	100%	设立
合肥粤祺置业有限公司	合肥市	房地产开发	100%	设立
合肥粤祺商业运营管理有限公司	合肥市	房地产开发	100%	设立
合肥粤泰置业有限公司	合肥市	房地产开发	100%	设立
合肥粤泰商业运营管理有限公司	合肥市	房地产开发	100%	设立
合肥粤丰置业有限公司	合肥市	房地产开发	100%	设立
恒大地产集团北京有限公司	北京市	房地产开发	100%	设立
宁夏昊天房地产开发有限公司	银川市	房地产开发	100%	设立
北京恒粤置业有限公司	北京市	房地产开发	100%	设立
林芝华锦日用品有限公司	林芝市	酒店商业	100%	设立
恒大地产集团福州有限公司	福州市	房地产开发	100%	设立
广州市鑫源投资有限公司	广州市	酒店商业	100%	设立
太原市俊恒房地产开发有限公司	太原市	房地产开发	100%	设立
武汉恒大酒店有限公司	武汉市	酒店商业	100%	设立
双鸭山恒大酒店有限公司	双鸭山市	酒店商业	100%	设立
太原盛世君泰房地产开发有限公司	太原市	房地产开发	100%	收购
太原金世恒房地产开发有限公司	太原市	房地产开发	100%	设立
北京恒世投资有限公司	北京市	房地产开发	100%	设立
太原万恒房地产开发有限公司	太原市	房地产开发	100%	设立
南宁金碧恒大置业有限公司	南宁市	房地产开发	100%	设立
江西星宇置业发展有限公司	江西市	房地产开发	100%	收购
合肥粤恒置业有限公司	合肥市	房地产开发	100%	设立
山西嘉盛房地产开发有限公司	太原市	房地产开发	100%	收购
广州市恒大装修设计院有限公司	广州市	广告设计	100%	设立
恒大地产集团粤东有限公司	珠海市	房地产开发	100%	设立
恒大地产集团珠三角房地产开发有限公司	广州市	房地产开发	100%	设立
太原恒泽房地产开发有限公司	太原市	房地产开发	100%	设立
天基控股有限公司	香港	房地产开发	100%	设立
天鼎控股有限公司	香港	房地产开发	100%	设立
恒大大方扶贫管理有限公司	贵州市	房地产开发	100%	设立
山西兰花康宇房地产开发有限公司	太原市	房地产开发	82%	收购
太原恒德隆房地产开发有限公司	太原市	房地产开发	100%	收购

(除特别注明外，金额单位为人民币百万元)

六 子公司(续)

(1) 本公司直接控股之子公司(续)

子公司名称	主要经营地及注册地	业务性质	持股比例	取得方式
临汾市紫旌房地产开发有限公司	临汾市	房地产开发	100%	收购
太原恒大君泰房地产开发有限公司	太原市	房地产开发	70%	收购
广州恒大(增城)房地产开发有限公司	广州市	房地产开发	100%	设立
广州市恒大园林设计院有限公司	广州市	园林设计	100%	设立
太原恒睿房地产开发有限公司	太原市	房地产开发	100%	设立
太原恒鑫房地产开发有限公司	太原市	房地产开发	94%	设立
太原恒林房地产开发有限公司	太原市	房地产开发	100%	设立
南京恒大酒店有限公司	南京市	酒店商业	100%	设立
河南恒大家居产业园有限公司	开封市	房地产开发	100%	设立
太原恒大盛腾房地产开发有限公司	太原市	房地产开发	100%	设立
太原恒大鼎盛房地产开发有限公司	太原市	房地产开发	100%	设立
太原恒坪房地产开发有限公司	太原市	房地产开发	100%	设立
太原恒庆房地产开发有限公司	太原市	房地产开发	75%	设立
太原恒大吉安房地产开发有限公司	太原市	房地产开发	100%	设立
恒大地产集团(东莞)有限公司	东莞市	房地产开发	83%	设立
临汾恒平房地产开发有限公司	临汾市	房地产开发	55%	收购
吕梁市离石区恒煜房地产开发有限公司	吕梁市	房地产开发	80%	设立
恒大地产集团山西有限公司	太原市	房地产开发	100%	设立
扬州旭升房地产开发有限公司	扬州市	房地产开发	100%	设立
恒大培冠教育科技有限公司	广州市	其他	100%	设立
平顶山长久置业有限公司	平顶山市	房地产开发	67%	收购
林芝恒大酒店有限公司	林芝市	酒店商业	100%	设立
常德金泽置业有限公司	常德市	房地产开发	100%	设立
恒大地产集团(江西)有限公司	南昌市	房地产开发	100%	设立
恒大地产集团梧州御湖置业有限公司	梧州市	房地产开发	100%	设立
启东恒大酒店有限公司	南通市	酒店商业	100%	设立
深圳恒大材料物流集团有限公司	深圳市	建筑材料销售	100%	设立
恒大体育集团有限公司	深圳市	体育赛事策划运营	100%	设立
升裕有限公司	香港	房地产开发	100%	设立
领诚有限公司(BVI)	BVI	房地产开发	100%	设立

(2) 于 2017 年不纳入合并范围的重要子公司

重要子公司名称	不再纳入合并范围的原因
嘉凯城集团股份有限公司(以下简称“嘉凯城”)	处置

(除特別注明外，金额单位为人民币百万元)

七　合并财务报表项目附注

(1)　货币资金

	2017 年 12 月 31 日	2016 年 12 月 31 日
库存现金	23	50
银行存款	133,221	171,135
其他货币资金	133,504	104,006
	266,748	275,191
减：受到限制的货币资金	(133,504)	(104,006)
现金及现金等价物	133,244	171,185

其他货币资金为本集团存入指定银行专户的房屋按揭保证金、建筑工程的保证金、预售楼款监管专用账户资金以及银行借款的质押保证金，是使用受到限制的货币资金。 (附注七(38)(d)) 。

(2)　以公允价值计量且其变动计入当期损益的金融资产

	2017 年 12 月 31 日	2016 年 12 月 31 日
交易性权益工具投资	2,772	3,076

于 2017 年 12 月 31 日及 2016 年 12 月 31 日，以公允价值计量且其变动计入当期损益的金融资产为本集团对中国 A 股市场上市公司的权益投资，均在活跃市场上有公开交易报价。

交易性权益工具投资的公允价值根据上海证券交易所相关期间最后一个交易日收盘价确定。

(除特别注明外，金额单位为人民币百万元)

七 合并财务报表项目附注(续)

(3) 应收票据

	2017 年 12 月 31 日	2016 年 12 月 31 日
商业承兑汇票	62	68

(4) 应收账款及其他应收款

(a) 应收账款

	2016 年 12 月 31 日	本年增加	本年减少	2017 年 12 月 31 日
应收关联方(附注十(4)(a))	197			10
应收第三方	8,267			12,800
	8,464			12,810
减：坏账准备	(17)	(12)	2	(27)
	8,447			12,783

应收账款账龄分析如下：

	2017 年 12 月 31 日			2016 年 12 月 31 日		
	金额	占总额比例	坏账准备	金额	占总额比例	坏账准备
一年以内	11,440	89.31%	(14)	6,929	81.87%	(11)
一到二年	510	3.98%	(4)	938	11.08%	(2)
二年以上	860	6.71%	(9)	597	7.05%	(4)
	12,810	100.00%	(27)	8,464	100.00%	(17)

于 2017 年 12 月 31 日及 2016 年 12 月 31 日，本集团无已逾期未减值的应收账款。

(除特别注明外，金额单位为人民币百万元)

七 合并财务报表项目附注(续)

(4) 应收账款及其他应收款(续)

(b) 长期应收款

	2017 年 12 月 31 日	2016 年 12 月 31 日
应收分期楼款	12,131	15,358
应收融资租赁款(附注十(4)(c))	522	407
	12,653	15,765
减：一年内到期的非流动资产	(8,176)	(7,019)
	4,477	8,746

于 2017 年 12 月 31 日，长期应收款 1,105,000,000 元(2016 年 12 月 31 日：601,000,000 元)已逾期，基于对客户财务状况及其信用记录的分析，本集团认为这部分款项可以收回，没有发生减值。这部分应收款项的逾期账龄分析如下：

	2017 年 12 月 31 日	2016 年 12 月 31 日
一年以内	546	374
一到二年	346	167
二年以上	213	60
	1,105	601

(c) 其他应收款

	2016 年 12 月 31 日	本年增加	本年减少	2017 年 12 月 31 日
应收关联方款项(附注十(4)(b))	2,619			4,235
应收保证金	7,981			23,725
应收少数股东不带息垫款	4,235			9,350
应收处置子公司款项	6,776			-
其他	7,191			10,780
	28,802			48,090
减：坏账准备	(175)	(187)	-	(362)
	28,627			47,728

(除特别注明外，金额单位为人民币百万元)

七　合并财务报表项目附注(续)

(4)　应收账款及其他应收款(续)

(c)　其他应收款(续)

其他应收款及相应的坏账准备分析如下：

	2017 年 12 月 31 日			2016 年 12 月 31 日		
	金额	占总额比例	坏账准备	金额	占总额比例	坏账准备
一年以内	39,018	81.13%	(242)	23,270	80.79%	(115)
一到二年	6,189	12.87%	(65)	2,392	8.30%	(17)
二年以上	2,883	6.00%	(55)	3,140	10.91%	(43)
	48,090	100.00%	(362)	28,802	100.00%	(175)

于 2017 年 12 月 31 日及 2016 年 12 月 31 日，本集团无已逾期但未减值的其他应收款。

(5)　预付款项

	2017 年 12 月 31 日		2016 年 12 月 31 日	
	金额	占总额比例	金额	占总额比例
一年以内	111,588	85.87%	41,787	80.11%
一到二年	11,741	9.03%	4,088	7.84%
二年以上	6,623	5.10%	6,284	12.05%
	129,952	100.00%	52,159	100.00%

预付款项主要是未取得土地使用权证的预付土地款。超过一年且金额重大的预付款项主要是对应尚在拆迁的土地或分批获取土地使用权证的预付款项。

(除特别注明外，金额单位为人民币百万元)

七 合并财务报表项目附注(续)

(6) 存货

	2017 年 12 月 31 日	2016 年 12 月 31 日
在建开发产品	804,676	567,171
已完工开发产品	92,731	80,597
其他	34	157
	897,441	647,925
减：存货跌价准备	(1,036)	(828)
	896,405	647,097

存货跌价准备分析如下：

	2016 年 12 月 31 日	本年计提额	本年减少额 转回	本年减少额 转销	2017 年 12 月 31 日
存货	(828)	(386)	35	143	(1,036)

2017 年度，计入在建开发产品的借款费用资本化金额为 40,473,000,000 元(2016 年度：30,747,000,000 元)，用于确定借款费用资本化金额的资本化率为年利率 7.87%(2016 年：9.39%)。

于 2017 年 12 月 31 日及 2016 年 12 月 31 日，本集团用于银行借款抵押的存货详见附注七(15)(a)和附注七(23)(a)。

(7) 其他流动资产

	2017 年 12 月 31 日	2016 年 12 月 31 日
预缴土地增值税	5,677	4,438
预交增值税	3,962	1,561
待抵扣进项税额	3,461	218
预缴企业所得税	3,190	3,097
预缴营业税	1,752	2,855
可供出售金融资产	1,520	1,672
其他	474	625
	20,036	14,466

(除特别注明外，金额单位为人民币百万元)

七　合并财务报表项目附注(续)

(8)　可供出售金融资产

	2017 年 12 月 31 日	2016 年 12 月 31 日
以公允价值计量		
-可供出售权益工具	1,740	34,840

于 2017 年 12 月 31 日及 2016 年 12 月 31 日，本集团可供出售金融资产以人民币计价且并无就可供出售金融资产计提减值准备。

可供出售金融资产主要包括本集团对中国 A 股上市公司的权益投资，在活跃市场上有公开交易报价。

可供出售金融资产的公允价值根据上海证券交易所及深圳证券交易所相关期间最后一个交易日收盘价确定。

(9)　长期股权投资

	2017 年 12 月 31 日	2016 年 12 月 31 日
合营企业(a)	690	566
联营企业(b)	1,934	161
	2,624	727

本集团对上述股权投资均采用权益法核算。本集团不存在长期股权投资变现的重大限制且对上述投资的权益不存在任何或有负债或承诺。

(a)　合营企业

对合营企业投资列示如下：

	2016 年 12 月 31 日	追加投资	按权益法调整的净损失	2017 年 12 月 31 日
合营企业	566	531	(407)	690

本集团没有单独重要的合营企业。

(除特别注明外，金额单位为人民币百万元)

七 合并财务报表项目附注(续)

(9) 长期股权投资(续)

(b) 联营企业

对联营企业投资列示如下：

	2016 年 12 月 31 日	追加投资	处置子公司减少	由联营企业转为子公司	按权益法调整的净收益	2017 年 12 月 31 日
联营企业	161	1,821	(10)	(42)	4	1,934

本集团没有单独重要的联营企业。

于 2017 年度，本集团收购若干对联营企业实施控制的投资方股权，对于购买日之前持有的联营企业股权，已相应按照原持有股权在购买日的公允价值进行重新计量，公允价值与其账面价值的差异合计 120,532,000 元计入投资收益；购买日之前持有的联营企业股权均不涉及其他综合收益。

(c) 不重要合营企业和联营企业的汇总信息

	2017 年度	2016 年度
合营企业：		
投资账面价值合计	690	1,639
下列各项按持股比例计算的合计数		
-净亏损(i)	(407)	(645)
-其他综合收益(i)	-	(197)
-综合收益总额	(407)	(842)
联营企业：		
投资账面价值合计	1,934	177
下列各项按持股比例计算的合计数		
-净利润/(亏损)(i)	4	(2)
-其他综合收益	-	-
-综合收益总额	4	(2)

(i) 净利润和其他综合收益均已考虑取得投资时可辨认资产和负债的公允价值以及统一会计政策的调整影响。

(除特别注明外，金额单位为人民币百万元)

七 合并财务报表项目附注(续)

(10) 投资性房地产

	房屋及建筑物
2016 年 12 月 31 日	130,196
本年增加	15,772
公允价值变动	8,537
本年处置子公司转出	(5,976)
本年处置	(2,266)
外币报表折算差异	(675)
2017 年 12 月 31 日	145,588

2017 年度，计入投资性房地产的借款费用资本化金额为 2,266,000,000 元(2016 年度：2,366,000,000 元)，用于确定借款费用资本化金额的资本化率为年利率 7.87%(2016 年：9.39%)。

2017 年度，投资性房地产公允价值变动对本集团当期损益的影响金额为 8,537,000,000 元(2016 年度：4,925,000,000 元)。

2017 年度，本集团处置了账面价值 2,266,000,000 元的投资性房地产，处置收益为 168,437,000 元。

于 2017 年 12 与 31 日及 2016 年 12 月 31 日，本集团用于银行借款抵押的投资性房地产详见附注七(15)(a)和七(23)(a)。

(除特别注明外，金额单位为人民币百万元)

七 合并财务报表项目附注(续)

(11) 固定资产

	房屋及建筑物	机器设备	运输工具	办公设备	合计
原价					
2016 年 12 月 31 日	11,793	179	570	4,902	17,444
在建工程转入	2,213	73	-	437	2,723
非同一控制下企业合并 (附注九(2))	204	9	8	89	310
本年购置	833	6	220	696	1,755
本年减少	(764)	(31)	(58)	(143)	(996)
2017 年 12 月 31 日	14,279	236	740	5,981	21,236
累计折旧					
2016 年 12 月 31 日	(1,754)	(64)	(403)	(2,015)	(4,236)
本年计提	(669)	(41)	(84)	(669)	(1,463)
本年减少	33	12	38	37	120
2017 年 12 月 31 日	(2,390)	(93)	(449)	(2,647)	(5,579)
净值					
2017 年 12 月 31 日	11,889	143	291	3,334	15,657
2016 年 12 月 31 日	10,039	115	167	2,887	13,208

2017 年度以及 2016 年度计入营业成本、管理费用及销售费用的折旧费用分别为：

	2017 年度	2016 年度
营业成本	496	402
管理费用	756	617
销售费用	211	291
	1,463	1,310

于 2017 年 12 与 31 日及 2016 年 12 月 31 日，本集团用于银行借款抵押的固定资产详见附注七(15)(a)和七(23)(a)。

(除特别注明外，金额单位为人民币百万元)

七　合并财务报表项目附注(续)

(12)　在建工程

工程名称	2016 年 12 月 31 日	本年增加	本年转入固定资产	2017 年 12 月 31 日
酒店工程	4,478	4,325	(2,723)	6,080
其中：借款费用资本化金额	719	354	(318)	755

2017 年度用于确定借款费用资本化金额的资本化率为年利率 7.87%(2016 年：9.39%)。

(13)　无形资产

	土地使用权	其他	合计
原价			
2016 年 12 月 31 日	5,238	226	5,464
本年增加	305	10	315
非同一控制下企业合并(附注九(2))	12	-	12
本年减少	(38)	(2)	(40)
2017 年 12 月 31 日	5,517	234	5,751
累计摊销			
2016 年 12 月 31 日	(294)	(32)	(326)
本年摊销	(129)	(25)	(154)
本年减少	-	-	-
2017 年 12 月 31 日	(423)	(57)	(480)
净值			
2017 年 12 月 31 日	5,094	177	5,271
2016 年 12 月 31 日	4,944	194	5,138

于 2017 年 12 月 31 日及 2016 年 12 月 31 日，本集团用于银行借款抵押的固定资产详见附注七(15)(a)和七(23)(a)。

(14)　长期待摊费用

	2017 年 12 月 31 日	2016 年 12 月 31 日
装修费	55	143
其他	111	61
	166	204

(除特别注明外，金额单位为人民币百万元)

七 合并财务报表项目附注(续)

(15) 短期借款

	2017 年 12 月 31 日	2016 年 12 月 31 日
担保借款		
-抵押借款(a)	17,327	24,793
-质押借款(b)	89,052	33,901
-保证借款(c)	19,420	26,271
信用借款	7,379	3,741
	133,178	88,706

(a) 于 2017 年 12 月 31 日，抵押借款 17,327,000,000 元系由账面价值 4,390,000,000 元的固定资产、账面价值 624,800,000 元的投资性房地产、账面净值 427,030,000 元的土地使用权以及账面价值 31,622,000,000 元的存货作为抵押物(2016 年：抵押借款 24,793,000,000 元系由账面价值 1,517,000,000 元的固定资产、账面价值 10,598,000,000 元的投资性房地产以及账面价值 33,991,000,000 元的存货作为抵押物)。

(b) 于 2017 年 12 月 31 日，质押借款 89,052,000,000 元系由 55,303,000,000 元的货币资金及 18,715,000,000 元的子公司股权作为质押物。(2016 年：质押借款 33,901,000,000 元系由 15,415,000,000 元的货币资金及 15,856,000,000 元的子公司股权作为质押物)。

(c) 于 2017 年 12 月 31 日，保证借款 19,420,000,000 元由本公司及其子公司提供保证(2016 年 12 月 31 日：保证借款 25,993,000,000 元由本公司及其子公司提供保证；保证借款 278,000,000 元由中国恒大提供保证)。

(d) 于 2016 年 12 月 31 日，短期借款中包括本公司最终控股公司之合营公司为委托人向本集团提供的借款 2,700,000,000 元以及本公司最终控股公司之联营企业向本集团提供的借款 799,000,000 元。

(e) 2017 年 12 月 31 日短期借款的利率区间为 1.30%至 10.89%(2016 年 12 月 31 日：1.32%至 10.50%)。

(16) 应付票据

	2017 年 12 月 31 日	2016 年 12 月 31 日
商业承兑汇票	63,817	43,058
银行承兑汇票	597	617
	64,414	43,675

(除特别注明外，金额单位为人民币百万元)

七　合并财务报表项目附注(续)

(17)　预收款项

	2017 年 12 月 31 日	2016 年 12 月 31 日
物业预售收款	242,202	181,775
其他	1,852	1,629
	244,054	183,404

于 2017 年 12 月 31 日及 2016 年 12 月 31 日，本集团账龄超过一年的预收账款主要为尚未结算的预收房款。

(18)　应付职工薪酬

	2017 年 12 月 31 日	2016 年 12 月 31 日
应付短期薪酬(a)	1,761	1,355
应付设定提存计划(b)	60	56
	1,821	1,411

(a)　短期薪酬

	2016 年 12 月 31 日	本年增加	本年减少	2017 年 12 月 31 日
工资、奖金、津贴和补贴	1,229	11,546	(11,159)	1,616
职工福利费	35	743	(742)	36
社会保险费	28	573	(572)	29
其中：医疗保险费	24	496	(495)	25
工伤保险费	2	35	(35)	2
生育保险费	2	42	(42)	2
住房公积金	21	460	(453)	28
工会经费和职工教育经费	42	91	(81)	52
	1,355	13,413	(13,007)	1,761

(除特别注明外，金额单位为人民币百万元)

七　合并财务报表项目附注(续)

(18)　应付职工薪酬(续)

(b)　设定提存计划

	2017 年度		2016 年度	
	应付金额	期末余额	应付金额	期末余额
基本养老保险	1,133	58	897	54
失业保险费	40	2	44	2
	1,173	60	941	56

(19)　应交税费

	2017 年 12 月 31 日	2016 年 12 月 31 日
应交土地增值税	30,660	19,071
应交企业所得税	26,117	15,039
未交增值税	6,662	297
其他	1,741	547
	65,180	34,954

(20)　其他应付款

	2017 年 12 月 31 日	2016 年 12 月 31 日
应付关联方(附注十(4)(d))	475	29,017
应付土地款(a)	38,710	35,537
应付少数股东款项	9,907	4,239
应付收购子公司款项	8,731	18,766
应付保证金及代收款	4,920	3,513
暂收投资者投入款	-	13,000
其他	8,461	10,638
	71,204	114,710

(a)　应付土地款为通过收购子公司的形式收购土地形成的应付土地款。

(除特别注明外，金额单位为人民币百万元)

七　合并财务报表项目附注(续)

(21)　一年内到期的非流动负债

	2017 年 12 月 31 日	2016 年 12 月 31 日
一年内到期的长期借款(附注七(23))	166,446	67,312
一年内到期的应付债券(附注七(24))	36,483	6,756
一年内到期的长期应付款(附注七(22))	12,566	6,686
	215,495	80,754

(22)　长期应付款

	2017 年 12 月 31 日	2016 年 12 月 31 日
应付收购子公司款项	3,939	9,925
合并结构化主体份额(a)	3,333	5,093
应付少数股东现金垫款(b)	9,582	33,011
其他	-	2
	16,854	48,031
减：一年内到期的长期应付款	(12,566)	(6,686)
	4,288	41,345

(a)　于 2017 年 12 月 31 日，金额包括若干来自合并投资实体单位持有人的现金垫款约 3,333,000,000 元，按 6.65%的平均年利率计息并须根据相应贷款协议还款(于 2016 年 12 月 31 日，金额包括若干来自合并投资实体单位持有人的现金垫款约 5,093,333,000 元，其中 1,760,000,000 元的现金垫款按 9.60%的平均年利率计息并须根据相应贷款协议还款；3,333,333,000 元的现金垫款按 6.65%的平均年利率计息并须根据相应贷款协议还款)。

(b)　于 2017 年 12 月 31 日，金额包括若干来自少数股东的现金垫款约 45,000,000 元(2016 年 12 月 31 日：339,000,000 元)，按 12%(2016 年 12 月 31 日：12%)的平均年利率计息，并须根据相应贷款协议还款。

(除特别注明外，金额单位为人民币百万元)

七　合并财务报表项目附注(续)

(23) 长期借款

	2017 年 12 月 31 日	2016 年 12 月 31 日
担保借款		
-抵押借款(a)	245,010	194,919
-质押借款(b)	116,562	128,983
-保证借款(c)	42,482	58,307
信用借款	30,319	17,240
	434,373	399,449
减：一年内到期的长期借款		
担保借款		
-抵押借款	(74,804)	(37,931)
-质押借款	(51,751)	(15,522)
-保证借款	(26,903)	(10,882)
信用借款	(12,988)	(2,977)
	(166,446)	(67,312)
	267,927	332,137

(a) 于 2017 年 12 月 31 日，抵押借款 245,010,000,000 元系由账面价值 6,516,000,000 元的固定资产、账面价值 9,588,000,000 元的投资性房地产、账面净值 1,149,000,000 元的土地使用权及账面价值 286,892,000,000 元的存货作为抵押物(2016 年：抵押借款 194,919,000,000 元系由账面价值 5,868,000,000 元的固定资产、账面价值 464,000,000 元的投资性房地产、账面价值 215,739,000,000 元的存货及账面价值 681,000,000 元的土地使用权作为抵押物)。

(b) 于 2017 年 12 月 31 日，质押借款 116,562,000,000 元系由 2,115,000,000 元的货币资金及 91,664,000,000 元的子公司股权作为质押物(2016 年：质押借款 128,983,000,000 元系由 3,111,000,000 元的货币资金及 70,739,000,000 元的子公司股权作为质押物)。

(c) 于 2017 年 12 月 31 日，保证借款 42,482,000,000 元系由本公司及其子公司提供保证(2016 年 12 月 13 日：保证借款 56,265,000,000 元系由本公司及其子公司提供保证；保证借款 2,042,000,000 元由中国恒大提供保证)。

(d) 于 2017 年 12 月 31 日，长期借款中包括本公司最终控股公司之合营公司为委托人向本集团提供的信托借款 2,700,000,000 元(2016 年 12 月 31 日：301,000,000 元)，于 2016 年 12 月 31 日，长期借款中包括本公司最终控股公司之合营企业之子公司向本集团提供的借款 2,515,000,000 元。

于 2017 年 12 月 31 日，长期借款中包括本公司最终控股公司之联营企业向本集团提供的借款 727,000,000 元(2016 年 12 月 31 日：无)。

(e) 2017 年 12 月 31 日长期借款的利率区间为 1.20%至 15.00%(2016 年 12 月 31 日：2.14%至 14.00%)。

(除特别注明外，金额单位为人民币百万元)

七 合并财务报表项目附注(续)

(24) 应付债券

	2017年12月31日	2016年12月31日
公开发行公司债券	19,879	19,853
非公开发行公司债券	33,984	33,908
	53,863	53,761
减：一年内到期的应付债券	(36,483)	(6,756)
	17,380	47,005

本公司于2015年6月19日公开发行公司债券，发行总额50亿元，期限为5年。此债券采用单利按年计息，固定年利率5.38%，每年付息一次。

本公司于2015年7月7日公开发行公司债券，发行总额68亿元，期限为4年。此债券采用单利按年计息，固定年利率5.30%，每年付息一次。

本公司于2015年7月7日公开发行公司债券，发行总额82亿元，期限为7年。此债券采用单利按年计息，固定年利率6.98%，每年付息一次。

本公司于2015年10月16日非公开发行公司债券，发行总额175亿元，期限为5年。此债券采用单利按年计息，固定年利率7.38%，每年付息一次。

本公司于2015年10月16日非公开发行公司债券，发行总额25亿元，期限为5年。此债券采用单利按年计息，固定年利率7.88%，每年付息一次。

本公司于2016年1月11日非公开发行公司债券，发行总额100亿元，期限为4年。此债券采用单利按年计息，固定年利率6.98%，每年付息一次。

本公司于2016年7月29日非公开发行公司债券，发行总额42亿元，期限为3年。此债券采用单利按年计息，固定年利率6.80%，每年付息一次。

(除特别注明外，金额单位为人民币百万元)

七 合并财务报表项目附注(续)

(25) 递延所得税资产和负债

未经抵销的递延所得税资产和递延所得税负债列示如下：

(a) 递延所得税资产

	2017 年 12 月 31 日		2016 年 12 月 31 日	
	递延所得税资产	可抵扣暂时性差异	递延所得税资产	可抵扣暂时性差异
抵销内部未实现利润	721	2,884	587	2,348
可抵扣税前亏损	1,890	7,560	1,670	6,680
成本确认的暂时性差异	669	2,676	575	2,300
可供出售金融资产公允价值变动	246	984	1,252	5,008
业务收购资产评估值低于其计税基础	55	220	70	280
资产减值准备	356	1,424	255	1,020
捐赠支出	447	1,788	-	-
	4,384	17,536	4,409	17,636

	2017 年 12 月 31 日	2016 年 12 月 31 日
其中：		
预计于 1 年内(含 1 年)转回的金额	3,224	3,374
预计于 1 年后转回的金额	1,160	1,035
	4,384	4,409

(b) 本集团未确认递延所得税资产的可抵扣亏损分析如下：

	2017 年 12 月 31 日	2016 年 12 月 31 日
可抵扣亏损	13,210	4,512

(c) 未确认递延所得税资产的可抵扣亏损之到期日分布如下：

	2017 年 12 月 31 日	2016 年 12 月 31 日
2017 年	-	883
2018 年	697	926
2019 年	1,021	1,073
2020 年	182	214
2021 年	817	1,416
2022 年	10,493	-
	13,210	4,512

(除特别注明外，金额单位为人民币百万元)

七 合并财务报表项目附注(续)

(25) 递延所得税资产和负债(续)

(d) 递延所得税负债

	2017 年 12 月 31 日		2016 年 12 月 31 日	
	递延所得税负债	应纳税暂时性差异	递延所得税负债	应纳税暂时性差异
投资性房地产的公允价值变动	11,105	44,490	9,305	37,274
业务收购资产评估值高于其计税基础	15,184	60,736	12,515	50,060
可供出售金融资产公允价值变动	17	68	223	892
	26,306	105,294	22,043	88,226

	2017 年 12 月 31 日	2016 年 12 月 31 日
其中：		
预计于 1 年内(含 1 年)转回的金额	1,148	2,233
预计于 1 年后转回的金额	25,158	19,810
	26,306	22,043

(e) 抵消后的递延所得税资产和递延所得税负债净额列示如下：

	2017 年 12 月 31 日	2016 年 12 月 31 日
递延所得税资产净额	3,649	3,809
递延所得税负债净额	25,570	21,443

(26) 其他非流动负债

	2017 年 12 月 31 日	2016 年 12 月 31 日
递延土地增值税负债		
-投资性房地产的公允价值变动	6,188	5,615
-业务收购存货评估值高于其计税基础	18,485	10,433
	24,673	16,048

其他非流动负债为本集团对投资性房地产公允价值变动以及业务收购存货评估增值确认的递延土地增值税负债。

(除特别注明外，金额单位为人民币百万元)

七 合并财务报表项目附注(续)

(27) 盈余公积

根据《中华人民共和国公司法》及本公司章程，本公司按年度净利润的 10%提取法定盈余公积金，当法定盈余公积金累计额达到注册资本的 50%以上时，可不再提取。法定盈余公积金经批准后可用于弥补亏损，或者增加实收资本。本公司 2017 年提取法定盈余公积金 153,000,000 元(2016 年：42,000,000 元)。

(28) 营业收入和营业成本

	2017 年度	2016 年度
主营业务收入	299,543	202,269
其他业务收入	2,690	2,828
	302,233	205,097

	2017 年度	2016 年度
主营业务成本	189,521	139,495
其他业务成本	1,777	1,256
	191,298	140,751

(a) 主营业务收入和主营业务成本

	2017 年度		2016 年度	
	主营业务收入	主营业务成本	主营业务收入	主营业务成本
楼宇销售	292,811	184,961	195,744	134,535
建筑工程	969	911	2,189	2,026
物业管理收入	2,831	2,118	1,973	1,579
酒店收入	1,076	613	811	565
租金收入	848	-	641	-
其他	1,008	918	911	790
	299,543	189,521	202,269	139,495

(除特别注明外，金额单位为人民币百万元)

七　合并财务报表项目附注(续)

(28) 营业收入和营业成本(续)

(b) 其他业务收入和其他业务成本

	2017 年度		2016 年度	
	其他业务收入	其他业务成本	其他业务收入	其他业务成本
处置投资性房地产	2,435	1,584	2,101	1,015
服务费及其他	255	193	727	241
	2,690	1,777	2,828	1,256

(29) 税金及附加

	2017 年度	2016 年度
土地增值税	17,738	8,400
营业税	1,055	5,693
城市维护建设税	1,520	737
教育费附加	879	605
其他	794	389
	21,986	15,824

(30) 财务费用-净额

	2017 年度	2016 年度
利息支出	46,524	37,012
减：资本化利息	(42,022)	(32,933)
利息费用	4,502	4,079
手续费及其他	564	1,066
汇兑损失	290	2,035
减：利息收入	(3,339)	(3,370)
	2,017	3,810

(除特别注明外，金额单位为人民币百万元)

七　合并财务报表项目附注(续)

(31) 费用按性质分类

利润表中的营业成本、销售费用和管理费用按照性质分类，列示如下：

	2017 年度	2016 年度
楼宇销售成本	184,961	134,535
职工薪酬费用	9,955	8,120
广告费及推广费	8,911	7,568
折旧和摊销费	1,686	1,622
处置投资性房地产	1,584	1,015
建筑工程成本	911	2,026
其他	6,444	5,688
	214,452	160,574

(32) 资产减值损失

	2017 年度	2016 年度
坏账损失	197	91
存货跌价损失	351	283
	548	374

(33) 公允价值变动收益

	2017 年度	2016 年度
以公允价值计量的投资性房地产	8,537	4,925
处置投资性房地产转出公允价值变动损益	(682)	(992)
以公允价值计量且其变动计入当期损益的金融资产	(273)	(80)
	7,582	3,853

(除特别注明外，金额单位为人民币百万元)

七　合并财务报表项目附注(续)

(34)　投资(损失)/收益

	2017 年度	2016 年度
处置可供出售金融资产净损失(i)	(7,047)	26
按权益法核算的长期股权投资损失	(403)	(647)
处置子公司净收益(ii)	3,649	220
处置联营企业收益	121	300
可供出售金融资产持有期间之投资收益	51	107
	(3,629)	6

(i) 于 2017 年 6 月 9 日，本集团以对价 29,200,000,000 元处置了对万科企业股份有限公司的全部投资，损失 7,185,000,000 元。

(ii)于 2017 年 5 月 9 日，本公司将持有的嘉凯城 952,292,502 股股份，占其已发行股本总额约 52.78%，转让予广州凯隆，转让总价款为 6,218,000,000 元，确认处置子公司收益 3,663,000,000 元。

(35)　营业外收入及营业外支出

(a)　营业外收入

	2017 年度	2016 年度
违约金收入	320	154
没收定金收入	197	153
政府补助	-	32
其他	143	250
	660	589

(b)　营业外支出

	2017 年度	2016 年度
捐赠支出	4,181	1,469
罚款支出	405	273
交楼违约金	336	171
滞纳金	170	268
其他	195	315
	5,287	2,496

(除特别注明外，金额单位为人民币百万元)

七 合并财务报表项目附注(续)

(36) 所得税费用

	2017 年度	2016 年度
当期所得税	20,909	10,017
递延所得税	(305)	(1,208)
	20,604	8,809

将基于合并利润表的利润总额采用适用税率计算的所得税调节为所得税费用：

	2017 年度	2016 年度
利润总额	62,602	26,510
按适用税率(25%)计算的所得税费用	15,651	6,628
非应纳税收入	(39)	(22)
不得扣除的成本、费用和损失(a)	2,369	1,849
当期未确认递延所得税资产的可抵扣亏损	2,623	354
所得税费用	20,604	8,809

(a) 不得扣除的成本、费用和损失主要为以收购子公司形式收购土地使用权而无法取得发票的土地成本。

(除特别注明外，金额单位为人民币百万元)

七 合并财务报表项目附注(续)

(37) 其他综合收益

	合并资产负债表中其他综合收益			2017 年度合并利润表中其他综合收益			
	2016 年 12 月 31 日	税后归属于母公司	2017 年 12 月 31 日	本年所得税前发生额	减：所得税费用	税后归属于母公司	税后归属于少数股东
以后将重分类进损益的其他综合收益							
可供出售金融资产公允价值变动损益	(3,089)	2,400	(689)	3,200	(800)	2,400	-
外币报表折算差异	769	(592)	177	(592)	-	(592)	-
	(2,320)	1,808	(512)	2,608	(800)	1,808	-

	合并资产负债表中其他综合收益			2016 年度合并利润表中其他综合收益			
	2015 年 12 月 31 日	税后归属于母公司	2016 年 12 月 31 日	本年所得税前发生额	减：所得税费用	税后归属于母公司	税后归属于少数股东
以后将重分类进损益的其他综合收益							
权益法下在被投资单位以后将重分类进损益的其他综合收益中享有的份额	-	-	-	(263)	66	(197)	-
可供出售金融资产公允价值变动损益	56	(3,145)	(3,089)	(4,193)	1,048	(3,145)	-
外币报表折算差异	-	769	769	769	-	769	-
	56	(2,376)	(2,320)	(3,687)	1,114	(2,573)	-

(除特别注明外，金额单位为人民币百万元)

七　合并模拟财务报表项目附注(续)

(38) 现金流量表附注

(a) 将净利润调节为经营活动现金流量

	2017 年度	2016 年度
净利润	41,998	17,701
加：固定资产折旧	1,463	1,310
长期待摊费用摊销	66	175
无形资产摊销	154	137
处置固定资产、无形资产和投资性房地产的收益	(839)	(1,129)
资产减值准备计提	548	374
公允价值变动收益	(7,582)	(3,853)
财务费用	4,102	3,694
投资损失/(收益)	3,629	(6)
递延所得税资产的增加	(986)	(1,446)
递延所得税负债的增加/(减少)	701	(56)
其他非流动负债增加	(688)	-
存货的增加	(177,754)	(99,683)
经营性应收项目的增加	(80,133)	(38,457)
经营性受限资金的增加	(13,357)	(28,927)
经营性应付项目的增加	149,784	134,247
员工股权计划及其他	496	85
经营活动产生的现金流量净额	(78,398)	(15,834)

(除特别注明外，金额单位为人民币百万元)

七 合并财务报表项目附注(续)

(38) 现金流量表附注(续)

(b) 不涉及现金收支的投资与筹资活动

于 2017 及 2016 年度，本集团无不涉及现金收支的重大投资和筹资活动。

(c) 现金及现金等价物净变动情况

	2017 年度	2016 年度
现金及现金等价物的年末余额	133,244	171,185
减：现金及现金等价物的年初余额	(171,185)	(91,301)
现金及现金等价物净增加	(37,941)	79,884

(d) 现金及现金等价物

	2017 年 12 月 31 日	2016 年 12 月 31 日
货币资金(附注七(1))	266,748	275,191
减：受限制的货币资金	(133,504)	(104,006)
现金及现金等价物年末余额	133,244	171,185

(e) 处置子公司收到的现金净额

(i) 处置子公司收到的现金

于 2017 年度，本集团处置子公司嘉凯城(附注七(34)(ii))、镇江深建房地产开发有限公司及盐城市深建房地产开发有限公司，于处置日有关信息列示如下：

	金额
处置子公司价格	6,221
本年处置子公司于本年收到的现金和现金等价物	6,221
减：处置子公司持有的现金及现金等价物	(2,213)
处置子公司收到的现金净额	4,008

(除特别注明外，金额单位为人民币百万元)

七 合并财务报表项目附注(续)

(38) 现金流量表附注(续)

(e) 处置子公司收到的现金净额(续)

(ii) 处置子公司的净资产：

	处置日
流动资产	26,975
非流动资产	7,634
流动负债	(25,024)
非流动负债	(4,779)
	4,806

(iii) 处置子公司从 2017 年 1 月 1 日至处置日的收入、费用和亏损如下：

	金额
收入	191
减：成本和费用	(543)
亏损总额	(352)
减：所得税费用	(7)
净亏损	(359)

(f) 支付其他与经营活动有关的现金

现金流量表中支付其他与经营活动有关的现金主要包括：

	2017 年度	2016 年度
广告费及推广费	9,539	8,325
支付销售佣金	2,490	1,764
支付办公及差旅费	1,154	970
支付专业服务费	820	351
捐赠支出	4,181	1,469
银行手续费	564	1,066
支付经营相关保证金	17,299	4,185
其他	3,791	2,672
	39,838	20,802

八 分部信息

本集团的报告分部是提供不同产品或服务的业务单元。由于各种业务需要不同的技术和市场战略，因此，本集团分别独立管理各个报告分部的生产经营活动，分别评价其经营成果，以决定向其配置资源并评价其业绩。

本集团有 4 个报告分部，分别为：

- 房地产开发业务
- 投资性房地产经营
- 物业管理
- 其他业务分部

分部间转移价格参照向第三方销售所采用的价格确定。

资产根据分部的经营以及资产的所在位置进行分配，负债根据分部的经营进行分配，间接归属于各分部的费用按照收入比例在分部之间进行分配。

(除特别注明外，金额单位为人民币百万元)

八　分部信息(续)

(a)　2017 年度分部信息列示如下：

	房地产开发业务	投资性房地产经营	物业管理	其他分部	分部间抵销	合计
交易收入	292,811	3,449	4,183	23,099	(21,309)	302,233
分部间交易收入	-	(166)	(1,352)	(19,791)	21,309	-
对外交易收入	292,811	3,283	2,831	3,308	-	302,233
对合营企业的投资收益/(损失)	56	-	-	(463)	-	(407)
对联营企业的投资损失	4	-	-	-	-	4
分部业绩	61,130	8,897	548	(2,457)	-	68,118
以公允价值计量且其变动计入当期损益的金融资产之公允价值变动损益						(273)
其他投资损失						(3,226)
财务费用						(2,017)
利润总额						62,602
所得税费用						(20,604)
净利润						41,998
其中，分部业绩包括：						
折旧费和摊销费	(909)	-	(11)	(766)	-	(1,686)
分部资产	1,355,112	145,588	3,017	38,148	-	1,541,865
未分配的金额						28,197
资产总额						1,570,062
分部负债	555,629	11,349	2,556	5,018	-	574,552
未分配的金额						736,837
负债总额						1,311,389
其他非流动资产增加额(固定资产、无形资产、在建工程、投资性房地产的资本性支出)	1,668	15,772	24	5,029	-	22,493

(除特别注明外，金额单位为人民币百万元)

八 分部信息(续)

(b) 2016 年度分部信息列示如下：

	房地产开发业务	投资性房地产经营	物业管理	其他分部	分部间抵销	合计
交易收入	195,744	2,848	3,698	18,488	(15,681)	205,097
分部间交易收入	-	(106)	(1,725)	(13,850)	15,681	-
对外交易收入	195,744	2,742	1,973	4,638	-	205,097
对联营企业的投资损失	(2)	-	-	-	-	(2)
对合营企业的投资损失	(39)	-	-	(606)	-	(645)
分部业绩	25,294	4,922	368	(837)	-	29,747
以公允价值计量且其变动计入当期损益的金融资产之公允价值变动损益						(80)
其他投资收益						653
财务费用						(3,810)
利润总额						26,510
所得税费用						(8,809)
净利润						17,701
其中，分部业绩包括：						
折旧费和摊销费	(1,003)	-	(6)	(613)	-	(1,622)
分部资产	1,026,236	130,196	2,303	25,212	-	1,183,947
未分配的金额						56,191
资产总额						1,240,138
分部负债	506,901	10,720	2,006	11,322	-	530,949
未分配的金额						621,047
负债总额						1,151,996
其他非流动资产增加额(固定资产、无形资产、在建工程、投资性房地产的资本性支出)	3,314	31,544	16	2,769	-	37,643

于 2017 年 12 月 31 日及 2016 年 12 月 31 日，本集团主要的非流动资产主要位于中华人民共和国境内。

未分配资产包括以公允价值计量且其变动计入当期损益的金融资产、其他流动资产、可供出售金融资产及递延所得税资产；未分配负债包含短期借款、应交税费、一年内到期的长期借款及应付债券、长期借款、应付债券、递延所得税负债及其他非流动负债。

(除特别注明外，金额单位为人民币百万元)

九 合并范围的增加

(1) 收购子公司

于 2017 年度，本集团收购中国若干房地产开发公司的控股权益，该等公司仅持有土地，且于被本集团收购前并未开展任何重大业务，因此，管理层认为，该等收购事项不构成收购业务，应视为收购土地使用权。该等收购事项使本集团少数股东权益增加 405,000,000 元(2016 年度：1,172,000,000 元)。

(2) 非同一控制下企业合并

(a) 通过非同一控制下的企业合并取得的子公司：

被购买方	取得时点	购买成本	取得的权益比例	取得方式	购买日	购买日确定依据
四川川大科技园（南区）开发有限公司	2017 年 2 月	913	100%	现金支付	2017 年 2 月 13 日	实际取得控制权
金道置业有限公司及金道商业发展有限公司	2017 年 1 月	1,800	100%	现金支付	2017 年 1 月 13 日	实际取得控制权
INFINITY Real Estate Holdings PTE. LTD.及佛山市三水区帆高置业投资有限公司	2017 年 2 月	2,023	100%	现金支付	2017 年 2 月 13 日	实际取得控制权
肇庆市团星房地产开发有限公司	2017 年 1 月	910	100%	现金支付	2017 年 1 月 17 日	实际取得控制权
重庆同景投资发展有限公司	2017 年 1 月	170	100%	现金支付	2017 年 1 月 17 日	实际取得控制权
青岛豪洲置业有限公司	2017 年 3 月	1,000	100%	现金支付	2017 年 3 月 17 日	实际取得控制权
岳阳金玺置业有限公司	2017 年 3 月	294	65%	现金支付	2017 年 3 月 29 日	实际取得控制权
怀化天润房地产开发有限公司	2017 年 3 月	78	60%	现金支付	2017 年 3 月 30 日	实际取得控制权
淄博高新正承房地产开发有限公司	2017 年 3 月	300	60%	现金支付	2017 年 3 月 31 日	实际取得控制权
长春鑫茂房地产开发有限公司	2017 年 3 月	34	62%	现金支付	2017 年 3 月 31 日	实际取得控制权
佳涛国际有限公司及俊天(香港)有限公司	2017 年 4 月	151	100%	现金支付	2017 年 4 月 18 日	实际取得控制权
天津德泰隆基房地产开发有限公司	2017 年 4 月	260	100%	现金支付	2017 年 4 月 1 日	实际取得控制权
南京东润置业有限公司	2017 年 4 月	950	100%	现金支付	2017 年 4 月 1 日	实际取得控制权
佛山市三水深业地产有限公司	2017 年 6 月	2,631	100%	现金支付	2017 年 6 月 7 日	实际取得控制权
佛山市三水深业投资有限公司	2017 年 6 月	46	100%	现金支付	2017 年 6 月 7 日	实际取得控制权

(除特别注明外，金额单位为人民币百万元)

九　合并范围的增加(续)

(2)　非同一控制下企业合并(续)

(a)　通过非同一控制下的企业合并取得的子公司(续)：

被购买方	取得时点	购买成本	取得的权益比例	取得方式	购买日	购买日确定依据
佛山市三水深业酒店有限公司	2017 年 6 月	203	100%	现金支付	2017 年 6 月 7 日	实际取得控制权
邵阳市亿达房地产开发有限公司	2017 年 6 月	142	64%	现金支付	2017 年 6 月 1 日	实际取得控制权
泰州周山河房地产开发有限公司	2017 年 6 月	2,605	100%	现金支付	2017 年 6 月 7 日	实际取得控制权
宜春市汇景实业有限公司	2017 年 5 月	70	70%	现金支付	2017 年 5 月 27 日	实际取得控制权
沈阳颐和城地产开发有限公司	2017 年 6 月	117	70%	现金支付	2017 年 6 月 16 日	实际取得控制权
青岛中润德汽车贸易有限公司	2017 年 5 月	82	100%	现金支付	2017 年 5 月 31 日	实际取得控制权
济南西创置业有限公司	2017 年 1 月	167	70%	现金支付	2017 年 1 月 18 日	实际取得控制权
济南西实置业有限公司	2017 年 1 月	171	70%	现金支付	2017 年 1 月 18 日	实际取得控制权
重庆同景文浩置业有限公司及重庆同景文宏置地有限公司	2017 年 9 月	127	51%	现金支付	2017 年 9 月 25 日	实际取得控制权
重庆中泰旅业发展有限责任公司	2017 年 12 月	600	100%	现金支付	2017 年 12 月 13 日	实际取得控制权
河北鼎嘉琪房地产开发有限公司	2017 年 12 月	1,155	51%	现金支付	2017 年 12 月 31 日	实际取得控制权
四川德胜集团文化旅游投资发展有限公司、四川峨眉山宏远实业有限公司、峨眉山阳光绿源农业科技有限公司及四川众嘉商业管理有限公司	2017 年 11 月	5,412	100%	现金支付	2017 年 11 月 2 日	实际取得控制权

(除特别注明外，金额单位为人民币百万元)

九 企业合并范围的增加(续)

(2) 非同一控制下企业合并(续)

(b) 合并成本以及商誉的确认情况如下：

合并成本-

	INFINITY Real Estate Holdings PTE. LTD.及佛山市三水区帆高置业投资有限公司	佛山市三水深业地产有限公司	泰州周山河房地产开发有限公司	四川德胜集团文化旅游投资发展有限公司、四川峨眉山宏远实业有限公司及峨眉山阳光绿源农业科技有限公司	其他	合计
现金对价	2,023	2,631	2,605	5,412	9,575	22,246
原持有股权于购买日的公允价值	-	-	-	-	163	163
合并成本合计	2,023	2,631	2,605	5,412	9,738	22,409
减：取得的可辨认净资产公允价值	(2,023)	(2,631)	(2,605)	(5,412)	(9,738)	(22,409)
商誉	-	-	-	-	-	-

(除特别注明外，金额单位为人民币百万元)

九　企业合并范围的增加(续)

(2)　非同一控制下企业合并(续)

(c)　被购买方于购买日的资产、负债及与收购相关的现金流量情况列示如下：

(i)　Infinity Real Estate Holdings Pte. LTD.及佛山市三水区帆高置业投资有限公司

	公允价值	账面价值	
	购买日	购买日	2016 年 12 月 31 日
货币资金	66	66	44
应收账款及其他应收款	193	193	270
存货	3,039	1,305	1,235
固定资产	109	109	275
减：应付账款及其他应付款	(77)	(77)	(588)
预收款项	(553)	(553)	(483)
借款	-	-	(58)
递延所得税负债	(281)	-	-
其他非流动负债	(473)	-	-
净资产	2,023	1,043	695
减：少数股东权益	-	-	-
取得的净资产	2,023	1,043	695

(除特别注明外，金额单位为人民币百万元)

九　企业合并范围的增加(续)

(2)　非同一控制下企业合并(续)

(c)　被购买方于购买日的资产、负债及与收购相关的现金流量情况列示如下(续)：

(ii)　佛山市三水深业地产有限公司

	公允价值	账面价值	
	购买日	购买日	2016 年 12 月 31 日
货币资金	2	2	165
应收账款及其他应收款	98	98	97
存货	2,733	1,981	1,982
减：应付账款及其他应付款	(3)	(3)	(2,537)
预收款项	(11)	(11)	(22)
递延所得税负债	(188)	-	-
净资产	2,631	2,067	(315)
减：少数股东权益	-	-	-
取得的净资产	2,631	2,067	(315)

(iii)　泰州周山河房地产开发有限公司

	公允价值	账面价值	
	购买日	购买日	2016 年 12 月 31 日
货币资金	79	79	17
应收账款及其他应收款	10	10	6
存货	3,732	1,400	354
固定资产	1	1	1
减：应付账款及其他应付款	(14)	(14)	(453)
预收款项	(117)	(117)	(25)
递延所得税负债	(415)	-	-
其他非流动负债	(671)	-	-
净资产	2,605	1,359	(100)
减：少数股东权益	-	-	-
取得的净资产	2,605	1,359	(100)

(除特别注明外，金额单位为人民币百万元)

九 企业合并范围的增加(续)

(2) 非同一控制下企业合并(续)

(c) 被购买方于购买日的资产、负债及与收购相关的现金流量情况列示如下(续)：

(iv) 四川德胜集团文化旅游投资发展有限公司、峨眉山阳光绿源农业科技有限公司、四川峨眉山宏远实业有限公司及四川众嘉商业管理有限公司

	公允价值	账面价值	
	购买日	购买日	2016 年 12 月 31 日
货币资金	2	2	48
应收账款及其他应收款	13	13	86
其他非流动资产	-	-	54
存货	11,204	1,700	603
固定资产	190	190	16
无形资产	12	12	829
减：应付账款及其他应付款	-	-	(917)
预收款项	(88)	(88)	(33)
借款	-	-	(260)
递延所得税负债	(1,194)	-	-
其他非流动负债	(4,727)	-	-
净资产	5,412	1,829	426
减：少数股东权益	-	-	-
取得的净资产	5,412	1,829	426

(v) 其他合并方

	公允价值	账面价值	
	购买日	购买日	2016 年 12 月 31 日
货币资金	544	544	2,587
应收账款及其他应收款	2,732	2,732	2,689
其他流动资产	377	377	320
存货	31,875	19,319	15,913
固定资产	10	10	11
无形资产	-	-	374
减：应付账款及其他应付款	(5,070)	(5,070)	(7,452)
预收款项	(8,318)	(8,318)	(7,285)
借款	(5,032)	(5,032)	(5,658)
递延所得税负债	(2,237)	-	-
其他非流动负债	(3,442)	-	-
净资产	11,439	4,562	1,499
减：少数股东权益	(1,701)	-	-
取得的净资产	9,738	4,562	1,499

九　企业合并范围的增加(续)

(2)　非同一控制下企业合并(续)

(c)　被购买方于购买日的资产、负债及与收购相关的现金流量情况列示如下(续)：

(vi)　取得子公司支付的现金对价

本年发生的非同一控制下企业合并于本年支付的现金	16,337
减：购买日被购买方持有的现金	(693)
加：前期发生的非同一控制下企业合并于本年支付的现金	21,365
取得子公司支付的现金净额	37,009

(d)　被购买方自购买日至 2017 年 12 月 31 日止期间的营业收入和净利润列示如下：

营业收入	3,357
净利润	245

本集团采用市场法和收益法等估值技术来确定被购买方的资产负债于购买日的公允价值。

(除特别注明外，金额单位为人民币百万元)

十　关联方关系及其交易

(1)　母公司和子公司

子公司基本情况及相关信息见附注六。

(a)　母公司基本情况

	注册地	业务性质
广州凯隆	中国	房地产开发

(b)　母公司注册资本及其变化

	2017 年 12 月 31 日	2016 年 12 月 31 日
广州凯隆	600,000,000	600,000,000

(c)　母公司对本公司的持股比例和表决权比例

	2017 年 12 月 31 日		2016 年 12 月 31 日	
	持股比例	表决权比例	持股比例	表决权比例
广州凯隆	63.46%	63.46%	100%	100%

十 关联方关系及其交易(续)

(2) 不存在控制关系的主要关联方的性质

除本集团之联营企业及合营企业外不存在控制关系的主要关联方如下：

公司名称	与本集团的关系
中国恒大	本公司中间控股公司
广州市超丰置业有限公司	本公司中间控股公司
安基(BVI)有限公司	本公司中间控股公司
盛建(BVI)有限公司	受同一最终控股公司控制
恒大集团有限公司	受同一最终控股公司控制
恒大旅游集团有限公司	受同一最终控股公司控制
儋州兴合投资有限公司	受同一最终控股公司控制
儋州祥雷投资有限公司	受同一最终控股公司控制
儋州保军投资有限公司	受同一最终控股公司控制
儋州辉望投资有限公司	受同一最终控股公司控制
儋州诺亚投资有限公司	受同一最终控股公司控制
启东宝丰置业有限公司	受同一最终控股公司控制
启东鑫华置业有限公司	受同一最终控股公司控制
启东衡美置业有限公司	受同一最终控股公司控制
启东誉豪置业有限公司	受同一最终控股公司控制
启东恒大酒店有限公司	受同一最终控股公司控制
恒大互联网集团有限公司	受同一最终控股公司控制
恒大金融资产管理(深圳)有限公司	受同一最终控股公司控制
儋州中润旅游开发有限公司	受同一最终控股公司控制
儋州信恒旅游开发有限公司	受同一最终控股公司控制
启东通誉置业有限公司	受同一最终控股公司控制
启东欢华置业有限公司	受同一最终控股公司控制
三亚恒合融医院投资管理有限公司	受同一最终控股公司控制
启东勤盛置业有限公司	受同一最终控股公司控制
儋州智源旅游开发有限公司	受同一最终控股公司控制
儋州嘉元旅游开发有限公司	受同一最终控股公司控制
儋州明良旅游开发有限公司	受同一最终控股公司控制
儋州瑞丰旅游开发有限公司	受同一最终控股公司控制
儋州宜倍旅游开发有限公司	受同一最终控股公司控制
启东恒大温泉城开发有限公司	受同一最终控股公司控制
儋州盛邦旅游开发有限公司	受同一最终控股公司控制
儋州东拓旅游开发有限公司	受同一最终控股公司控制
儋州威焕旅游开发有限公司	受同一最终控股公司控制
儋州长宇旅游开发有限公司	受同一最终控股公司控制
儋州恒乐文化发展有限公司	受同一最终控股公司控制
开封王鸿旅游开发有限公司	受同一最终控股公司控制
长沙恒大童世界旅游开发有限公司	受同一最终控股公司控制
贵阳恒大耀佳旅游开发有限公司	受同一最终控股公司控制
儋州恒视文化发展有限公司	受同一最终控股公司控制
开封盛邦旅游开发有限公司	受同一最终控股公司控制
贵阳安佳盛鑫旅游开发有限公司	受同一最终控股公司控制

十 关联方关系及其交易(续)

(2) 不存在控制关系的主要关联方的性质(续)

公司名称	与本集团的关系
儋州胜伦旅游开发有限公司	受同一最终控股公司控制
太仓恒大童世界旅游开发有限公司	受同一最终控股公司控制
儋州轩昂投资有限公司	受同一最终控股公司控制
开封博联旅游开发有限公司	受同一最终控股公司控制
贵阳恒大凯源旅游开发有限公司	受同一最终控股公司控制
儋州冠合投资有限公司	受同一最终控股公司控制
开封博幻旅游开发有限公司	受同一最终控股公司控制
贵阳恒大德祥旅游开发有限公司	受同一最终控股公司控制
海南恒乾材料设备有限公司	受同一最终控股公司控制
句容恒昊旅游开发有限公司	受同一最终控股公司控制
儋州恒海养老服务有限公司	受同一最终控股公司控制
句容恒毅旅游开发有限公司	受同一最终控股公司控制
儋州名策旅游开发有限公司	受同一最终控股公司控制
太仓熠泰旅游开发有限公司	受同一最终控股公司控制
儋州嘉伟旅游开发有限公司	受同一最终控股公司控制
儋州春和投资有限公司	受同一最终控股公司控制
恒大文化产业集团股份有限公司及其子公司	受同一最终控股公司控制
儋州宜倍房地产开发有限公司	受同一最终控股公司控制
恒大健康产业集团有限公司及其子公司	受同一最终控股公司控制
恒大金融控股集团(深圳)有限公司	受同一最终控股公司控制
鄂州朗恒旅游开发有限公司	受同一最终控股公司控制
恒大互联网金融服务(深圳)有限公司	受同一最终控股公司控制
开封恒大童世界旅游开发有限公司	受同一最终控股公司控制
鄂州恒大童世界旅游开发有限公司	受同一最终控股公司控制
恒大海花岛有限公司	受同一最终控股公司控制
恒腾网络集团有限公司及其子公司	受同一最终控股公司控制
惠州恒大童世界旅游开发有限公司	受同一最终控股公司控制
贵阳恒大童世界旅游开发有限公司	受同一最终控股公司控制
恒大保险经纪有限公司	受同一最终控股公司控制
嘉凯城	受同一最终控股公司控制
句容恒大童世界旅游开发有限公司	受同一最终控股公司控制
恒大保险代理有限公司	受同一最终控股公司控制
贵阳恒大裕顺旅游开发有限公司	受同一最终控股公司控制
句容恒润旅游开发有限公司	受同一最终控股公司控制
句容恒瑞旅游开发有限公司	受同一最终控股公司控制
恒大集团(南昌)有限公司	受同一最终控股公司控制
GLORY WEALTH HOLDINGS LIMITED	受同一最终控股公司控制
广州市凯隆置业有限公司	受同一最终控股公司控制
Mass Thrive Hloding Limited	受同一最终控股公司控制
恒大长白山矿泉水股份有限公司	受同一最终控股公司控制
恒大粮油集团有限公司[注1]	受同一最终控股公司控制

十　关联方关系及其交易(续)

(2)　不存在控制关系的主要关联方的性质(续)

公司名称	与本集团的关系
安图恒大长白山矿泉水有限公司注1	受同一最终控股公司控制
恒大乳业有限公司注1	受同一最终控股公司控制
珠海泓粤日用品有限公司注1	受同一最终控股公司控制
深圳恒大母婴用品有限公司注1	受同一最终控股公司控制
深圳市久初投资有限公司注1	受同一最终控股公司控制
恒大饮品集团有限公司注1	受同一最终控股公司控制
恒大畜牧业有限公司注1	受同一最终控股公司控制
绥化恒大非转基因压榨大豆油有限公司注1	受同一最终控股公司控制
长春恒大人参产业有限公司注1	受同一最终控股公司控制
泰来恒大绿色米业有限公司注1	受同一最终控股公司控制
兴安恒大粮油有限公司	受同一最终控股公司控制
内蒙古新谷园生态农业有限公司	受同一最终控股公司控制
黑河孙吴恒大非转基因压榨大豆油有限公司	受同一最终控股公司控制
泰来恒大米业有限公司	受同一最终控股公司控制
生命资产-恒大中心不动产债权投资计划	本公司最终控股公司之合营公司为委托人
武汉市恒御锦企业管理有限公司	本公司最终控股公司之合营企业之子公司
广州水一方企业管理咨询有限公司	本公司最终控股公司之合营企业之子公司
渤海信托•恒创 1 号集合资金信托计划	本公司最终控股公司之合营公司为委托人
恒大人寿保险有限公司	本公司最终控股公司之合营企业
盛京银行股份有限公司	本公司最终控股公司之联营企业

注 1：本集团于 2016 年第四季度转让了该等子公司的控制权，之后该等公司不再为本集团之关联方。

(除特别注明外，金额单位为人民币百万元)

十　关联方关系及其交易(续)

(3)　关联交易

(a)　定价政策

本集团与关联方业务交易的价格乃参照市场价格由双方协商确定。

(b)　购销商品、提供和接受劳务

销售货物

	2017 年度	2016 年度
受同一最终控股公司控制的公司	480	307
联营企业	-	101
合营企业	94	39
本公司最终控股公司之合营企业	526	-
	1,100	447

提供劳务

	2017 年度	2016 年度
受同一最终控股公司控制的公司	242	280
联营企业	-	16
合营企业	40	35
本公司最终控股公司之合营企业	-	1
	282	332

(除特别注明外，金额单位为人民币百万元)

十 关联方关系及其交易(续)

(3) 关联交易(续)

(b) 购销商品、提供和接受劳务(续)

采购商品

	2017 年度	2016 年度
受同一最终控股公司控制的公司	-	293
合营企业	5	10
	5	303

接受劳务

	2017 年度	2016 年度
受同一最终控股公司控制的公司	21	16
本公司中间控股公司	21	17
合营企业	260	267
本公司最终控股公司之合营企业	9	-
	311	300

(c) 租赁

本集团作为出租方

	2017 年度	2016 年度
受同一最终控股公司控制的公司	33	10
合营企业	7	7
本公司最终控股公司之合营企业	18	-
	58	17

本集团作为承租方

	2017 年度	2016 年度
本公司最终控股公司之合营企业	50	24

(d) 提供融资租赁利息收入

	2017 年度	2016 年度
受同一最终控股公司控制的公司	26	9

(除特别注明外，金额单位为人民币百万元)

十　关联方关系及其交易(续)

(3)　关联交易(续)

(e)　接受借款的利息成本

	2017 年度	2016 年度
本公司最终控股公司之联营企业	65	10
本公司最终控股公司之合营企业之子公司	230	-
本公司最终控股公司之合营公司为委托人	364	222
	659	232

(f)　提供和接受资金

2017 及 2016 年度，本集团与若干关联方之间有资金往来，交易额已包含在现金流量表投资活动中收到其他与投资活动有关的现金、支付其他与投资活动有关的现金及筹资活动中收到其他与筹资活动有关的现金及支付其他与筹资活动有关的现金中。与关联方之间资金往来的余额请见附注十(4)。

(g)　关键管理人员薪酬

	2017 年度	2016 年度
关键管理人员薪酬	204	184

(h)　提供担保

	2017 年度	2016 年度
合营企业	2,229	-

(除特别注明外，金额单位为人民币百万元)

十 关联方关系及其交易(续)

(3) 关联交易(续)

(i) 共同设立公司

于 2017 年度，本集团最终控股公司之合营企业对本集团的子公司进行增资扩股，增资金额为人民币 600,000,000 元。

于 2016 年度，本集团与最终控股公司之合营企业控制的若干企业就成立合资公司签订若干合作协议。这些新成立的公司于 2016 年 12 月 31 日为本集团的子公司，最终控股公司之合营企业控制的企业的出资额合计约为人民币 14,248,000,000 元。

(4) 重大关联方应收、应付余额

(a) 应收账款

	2017 年 12 月 31 日	2016 年 12 月 31 日
受同一最终控股公司控制的公司	2	197
合营企业	8	-
	10	197

(b) 其他应收款

	2017 年 12 月 31 日	2016 年 12 月 31 日
受同一最终控股公司控制的公司	2	36
本公司中间控股公司	-	573
联营企业	20	433
合营企业	3,896	1,121
本公司最终控股公司之合营企业	317	456
	4,235	2,619

于 2017 年 12 月 31 日及 2016 年 12 月 31 日，上述其他应收款均为无息、无抵押、无担保和无固定归还期限的往来款。

(除特别注明外，金额单位为人民币百万元)

十 关联方关系及其交易(续)

(4) 重大关联方应收、应付余额(续)

(c) 长期应收款

	2017 年 12 月 31 日	2016 年 12 月 31 日
受同一最终控股公司控制的公司	522	407

(d) 其他应付款

	2017 年 12 月 31 日	2016 年 12 月 31 日
受同一最终控股公司控制的公司	4	3,800
本公司中间控股公司	-	24,442
联营企业	-	450
合营企业	465	325
本公司最终控股公司之合营企业	6	-
	475	29,017

于 2017 年 12 月 31 日及 2016 年 12 月 31 日，上述其他应付款均为无息、无抵押、无担保和无固定归还期限的往来款。

(e) 预付款项

	2017 年 12 月 31 日	2016 年 12 月 31 日
合营企业	424	-
本公司最终控股公司之合营企业	26	24
	450	24

(f) 预收款项

	2017 年 12 月 31 日	2016 年 12 月 31 日
本公司最终控股公司之合营企业	-	84

(g) 借款

	2017 年 12 月 31 日	2016 年 12 月 31 日
本公司最终控股公司之合营企业之子公司	-	2,515
本公司最终控股公司之联营企业	727	799
本公司最终控股公司之合营公司为委托人	2,700	3,001
	3,427	6,315

(除特别注明外，金额单位为人民币百万元)

十 关联方关系及其交易(续)

(4) 重大关联方应收、应付余额(续)

(g) 借款(续)

上述借款为本公司最终控股公司之合营企业、其子公司及联营企业向本集团提供的抵押借款，该等借款利率区间为6.18%及12.22%。

(h) 应付股利

	2017 年 12 月 31 日	2016 年 12 月 31 日
受同一最终控股公司控制的公司	688	653
本公司中间控股公司	252	3,365
	940	4,018

(i) 应付利息

	2017 年 12 月 31 日	2016 年 12 月 31 日
本公司最终控股公司之合营公司为委托人	6	223

(j) 其他

	2017 年 12 月 31 日	2016 年 12 月 31 日
本公司最终控股公司之联营企业	31,733	4,223

上述其他为本集团在本公司最终控股公司之联营企业的活期存款，利率为0.38%。

(除特别注明外，金额单位为人民币百万元)

十一　股份支付

股份支付为中国恒大授予包括本集团员工在内的中国恒大员工并以中国恒大发行自身的股份进行结算的购股权计划。本集团作为接受服务企业且没有结算义务，将该股份支付交易作为权益结算的股份支付进行处理。

于 2009 年 10 月 14 日，中国恒大授予本集团员工 14,600 万份购股权("首次公开招股前购股权")，行权价格为每股 3.5 港元。所有购股权于授予后 3 年内可行使。

于 2010 年 5 月 18 日，中国恒大授予本集团员工 49,000 万份购股权("2010 年购股权")，行权价格为每股 2.4 港元。所有购股权于授予后 5 年内可行使。

于 2014 年 10 月 9 日，中国恒大授予本集团员工 38,700 万份购股权("2014 年购股权")，行权价格为每股 3.05 港元。所有购股权于授予后 5 年内可行使。

于 2017 年 10 月 6 日，中国恒大授予本集团员工 50,514 万份购股权(“2017 年购股权”)，行权价格为每股 30.20 港元。所有购股权于授予后 5 年内可行使。

购股权变动如下：

	购股权数量(千份)
2016 年 1 月 1 日	375,238
年内行权	(16,923)
年内失效	(11,800)
2016 年 12 月 31 日	346,515
2017 年 1 月 1 日	346,515
年内授予	505,140
年内行权	(112,403)
年内失效	(6,400)
2017 年 12 月 31 日	732,852

(除特别注明外，金额单位为人民币百万元)

十一 股份支付

购股权于 2017 年 12 月 31 日的详情如下：

授予日期	归属期	行权期	行权价格 /(港元/股)	股份数 /(千份)
2010 年购股权				
2010 年 5 月 18 日	7 个月-55 个月	2010 年 12 月 31 日至 2019 年 12 月 31 日	2.40	15,321
2014 年购股权				
2014 年 10 月 9 日	1 年-5 年	2015 年 10 月 9 日至 2024 年 10 月 8 日	3.05	212,391
2017 年购股权				
2017 年 10 月 6 日	1 年-5 年	2018 年 10 月 6 日至 2027 年 10 月 5 日	30.20	505,140

购股权加权平均公允价值参考独立估值师采用二项式模式的估值确定。代入该模式的重要输入值为授予日股价、年度无风险利率、预期波幅、购股权年期及预期股息率，为根据中国恒大董事的最佳估算确定。购股权价值会因应若干主观假设的不同变量而改变。

截至 2017 年度，本集团根据购股权计划确认费用约 496,000,000 元(2016 年：55,000,000 元)。

(除特别注明外，金额单位为人民币百万元)

十二 承诺事项

(1) 经营租赁承诺事项

根据已签订的不可撤销的经营性租赁合同，本集团未来最低应支付租金汇总如下：

	2017 年 12 月 31 日	2016 年 12 月 31 日
一年以内	443	408
一到二年	320	330
二到三年	271	287
三年以上	169	423
	1,203	1,448

(2) 资本性支出承诺事项

以下为本集团于资产负债表日，已签约而尚不必在资产负债表上列示的资本性支出承诺：

	2017 年 12 月 31 日	2016 年 12 月 31 日
已签订的正在或准备履行的建安合同	186,219	150,075
已签订的正在或准备履行的土地合同	68,816	59,151
	255,035	209,226

(3) 对外投资承诺事项

以下为本集团于资产负债表日，已签约而尚不必在资产负债表上列示的重大对外投资承诺：

	2017 年 12 月 31 日	2016 年 12 月 31 日
收购子公司	10,574	-

(除特别注明外，金额单位为人民币百万元)

十三 或有事项

	2017 年 12 月 31 日	2016 年 12 月 31 日
业主按揭担保(a)	339,121	247,721
第三方融资担保(b)	9,101	23,349
合营企业融资担保(c)	2,229	-
	350,451	271,070

(a) 本集团按相关规定为本集团物业单位若干买家的银行融资提供担保。该等担保在下列较早者终止：(i)出具房屋产权证，此证一般平均在担保登记完成后两至三年内出具；或(ii)物业买家按揭贷款支付完毕时。根据担保条款，在担保期间，若该等买家拖欠按揭还款时，本集团须向银行偿还买家拖欠的按揭本金连同应计利息及罚金。在支付本息和罚金后，本集团有权接收相关按揭物业的法定业权。

本集团管理层认为，该类担保合约在生效日的公允价值较小，而且一旦买家未能支付按揭款，相关房产的可变现净值足以弥补尚未支付的贷款本金、累计利息和罚金，因此无需在财务报表中为该类担保提取准备。

(b) 本集团根据合作方的履约历史，为部分独立于本集团的合作方(主要为施工分包商)提供融资担保。本集团密切关注此类担保融资的还款情况。本集团管理层认为该类担保导致集团承担代偿风险的可能性极小，因此无需在财务报表中为该类担保提取准备。

(c) 本集团为部分合营企业房地产项目开发借款提供融资担保。本集团管理层认为该类担保导致集团承担代偿风险的可能性极小，因此无需在财务报表中为该类担保提取准备。

十四 资产负债表日后事项

于 2018 年 1 月 18 日，本公司提前赎回了部分利率为 6.98%的公司债券，本金合计 5,482,000,000 元。

(除特别注明外，金额单位为人民币百万元)

十五 金融工具及其风险

本集团的经营活动会面临各种金融风险：市场风险(主要为外汇风险和利率风险)、信用风险和流动风险。本集团整体的风险管理计划针对金融市场的不可预见性，力求减少对本集团财务业绩的潜在不利影响。

(1) 市场风险

(a) 外汇风险

本集团的主要经营位于中国境内，主要业务以人民币结算。本集团之外币资产和负债及外币交易的计价货币主要为港币及美元，存在外汇风险。本集团财务部门负责监控公司外币交易和外币资产及负债的规模，以最大程度降低面临的外汇风险。于 2017 年度及 2016 年度，本集团未签署任何远期外汇合约或货币互换合约。

于 2017 年 12 月 31 日及 2016 年 12 月 31 日本集团记账本位币为港元的公司持有的外币金融资产和外币金融负债均不重大。

于 2017 年 12 月 31 日及 2016 年 12 月 31 日，本集团记账本位币为人民币的公司持有的外币金融资产和外币金融负债折算成人民币的金额列示如下：

	2017 年 12 月 31 日			
	美元项目	港元项目	其他币种	合计
外币金融资产				
-货币资金	322	6,083	2	6,407
-其他应收款	-	22	-	22
	322	6,105	2	6,429
外币金融负债				
-短期借款	28,210	23,807	15,559	67,576
-一年内到期的非流动负债	2,403	-	-	2,403
-其他应付款	-	519	-	519
-长期借款	-	6,019	-	6,019
	30,613	30,345	15,559	76,517

	2016 年 12 月 31 日			
	美元项目	港元项目	其他币种	合计
外币金融资产				
-货币资金	521	371	-	892
-其他应收款	2	4	-	6
	523	375	-	898
外币金融负债				
-短期借款	11,673	330	5,103	17,106
-其他应付款	-	7,888	-	7,888
-长期借款	-	3,131	1,001	4,132
	11,673	11,349	6,104	29,126

十五 金融工具及其风险(续)

(1) 市场风险(续)

(a) 外汇风险(续)

于 2017 年 12 月 31 日，对于本集团各类外币金融资产和外币金融负债，如果人民币对外币升值或贬值 5%，其他因素保持不变，则本集团净利润将增加或减少约 2,628,000,000 元(2016 年 12 月 31 日：净利润将增加或减少约 1,059,000,000 元)，对其他综合收益无影响。

(b) 利率风险

本集团的利率风险主要产生于长期带息债务。浮动利率的金融负债使本集团面临现金流量利率风险，固定利率的金融负债使本集团面临公允价值利率风险。本集团根据当时的市场环境来决定固定利率及浮动利率合同的相对比例。于 2017 年 12 月 31 日，本集团长期带息债务主要为人民币计价的浮动利率银行借款，金额为 100,177,000,000 元(2016 年 12 月 31 日：63,079,000,000 元)。

本集团总部财务部门持续监控集团利率水平。利率上升会增加新增带息债务的成本以及本集团尚未付清的以浮动利率计息的带息债务的利息支出，并对本集团的财务业绩产生重大的不利影响，管理层会依据最新的市场状况及时做出调整，这些调整可能是进行利率互换的安排来降低利率风险。于 2017 年度及 2016 年度本集团并无利率互换安排。

于 2017 年 12 月 31 日，如果以浮动利率计算的借款利率上升或下降 100 个基点，而其他因素保持不变，本集团的净利润将减少或增加约 751,000,000 元(2016 年 12 月 31 日：净利润将减少或增加约 473,000,000 元)。

(2) 信用风险

本集团对信用风险按组合分类进行管理。信用风险主要产生于银行存款与应收款项。

本集团银行存款主要存放于国有银行和其他大中型上市银行，本集团认为其不存在重大的信用风险，不会产生因对方单位违约而导致的任何重大损失。

此外，对于应收款项，本集团设定相关政策以控制信用风险敞口。本集团基于对客户的财务状况、从第三方获取担保的可能性、信用记录及其他因素诸如目前市场状况等评估客户的信用资质并设置相应信用期。本集团会定期对客户信用记录进行监控，对于信用记录不良的客户，本集团会采用书面催款、缩短信用期或取消信用期等方式，以确保本集团的整体信用风险在可控的范围内。

(除特别注明外，金额单位为人民币百万元)

十五　金融工具及其风险(续)

(3)　流动性风险

本集团对现金流量进行预测，并持续监控短期和长期的资金需求，以确保维持合理的现金储备；同时持续监控本集团是否符合借款协议的规定，从主要金融机构获得提供足够备用资金的承诺，以满足短期和长期的资金需求。

于资产负债表日，本集团各项金融负债以未折现的合同现金流量按到期日列示如下：

	2017 年 12 月 31 日				
	一年以内	一到二年	二到五年	五年以上	合计
短期借款	137,101	-	-	-	137,101
应付票据	64,414	-	-	-	64,414
应付账款	172,773	-	-	-	172,773
其他应付款	71,204	-	-	-	71,204
应付利息	2,367	-	-	-	2,367
应付股利	1,065	-	-	-	1,065
一年内到期的非流动负债	232,264	-	-	-	232,264
长期借款	21,135	175,712	112,278	1,852	310,977
应付债券	1,213	7,764	11,066	-	20,043
长期应付款	222	4,531	-	-	4,753
	703,758	188,007	123,344	1,852	1,016,961

	2016 年 12 月 31 日				
	一年以内	一到二年	二到五年	五年以上	合计
短期借款	92,181	-	-	-	92,181
应付票据	43,675	-	-	-	43,675
应付账款	132,457	-	-	-	132,457
其他应付款	114,710	-	-	-	114,710
应付利息	9,758	-	-	-	9,758
应付股利	4,189	-	-	-	4,189
一年内到期的非流动负债	84,974	-	-	-	84,974
长期借款	29,208	169,158	137,476	102,859	438,701
应付债券	3,313	3,313	53,819	-	60,445
长期应付款	-	36,907	4,167	730	41,804
	514,465	209,378	195,462	103,589	1,022,894

对于本集团对外提供的财务担保(附注十三)，本集团管理层认为该类担保导致集团承担代偿风险的可能性较小，无需列示其流动性风险。

(除特别注明外，金额单位为人民币百万元)

十六　公允价值估计

公允价值计量结果所属的层次，由对公允价值计量整体而言具有重要意义的输入值所属的最低层次决定：

第一层次：相同资产或负债在活跃市场上未经调整的报价。

第二层次：除第一层次输入值外相关资产或负债直接或间接可观察的输入值。

第三层次：相关资产或负债的不可观察输入值。

(1)　持续的以公允价值计量的资产

于 2017 年 12 月 31 日，持续的以公允价值计量的资产按上述三个层次列示如下：

	第一层次	第二层次	第三层次	合计
金融资产				
以公允价值计量且其变动计入当期损益的金融资产				
-交易性权益工具投资	2,772	-	-	2,772
可供出售金融资产				
-可供出售权益工具	1,448	278	14	1,740
-货币型基金	-	1,520	-	1,520
	4,220	1,798	14	6,032
非金融资产				
投资性房地产	-	-	145,588	145,588
资产合计	4,220	1,798	145,602	151,620

(除特别注明外，金额单位为人民币百万元)

十六　公允价值估计(续)

(1)　持续的以公允价值计量的资产(续)

于 2016 年 12 月 31 日，持续的以公允价值计量的资产按上述三个层次列示如下：

	第一层次	第二层次	第三层次	合计
金融资产				
以公允价值计量且其变动计入当期损益的金融资产				
-交易性权益工具投资	3,076	-	-	3,076
可供出售金融资产				
-可供出售权益工具	34,538	274	28	34,840
	37,614	274	28	37,916
非金融资产				
投资性房地产	-	-	130,196	130,196
资产合计	37,614	274	130,224	168,112

本集团以导致各层次之间转换的事项发生日为确认各层次之间转换的时点。2017 年度无第一层次与第二层次间的转换。

存在活跃市场的金融工具，以活跃市场中的报价确定其公允价值。

(除特别注明外，金额单位为人民币百万元)

十六 公允价值估计(续)

(1) 持续的以公允价值计量的资产(续)

第三层次公允价值计量的相关信息如下：

	2017 年 12 月 31 日 公允价值	估值技术	输入值 名称	范围/加权平均值	与公允价值之间的关系	可观察/不可观察
投资性房地产						
已完工	124,847					
-商业建筑物	9,956	收益法	最终收益率	4.25%至 6.50%	反向	不可观察
			资本化率	4.50%至 6.50%	反向	不可观察
			预期空置率	0.00%至 20.00%	反向	不可观察
			月租金(人民币元/平方米)	31 元至 670 元	正向	不可观察
-商业建筑物	60,998	直接比较法	市场价格(人民币元/平方米)	3,356 元至 160,000 元	正向	不可观察
-车位	53,893	直接比较法	市场价格(人民币元/车位)	50,000 元至 530,000 元	正向	不可视察
在建	20,741					
-商业建筑物	17,681	残值法	市场价格(人民币元/平方米)	4,600 元至 54,400 元	正向	不可视察
			预计成本(人民币元/平方米)	974 元至 16,652 元	反向	不可视察
			发展商利润	2.00%至 20.00%	反向	不可视察
-车位	3,060	残值法	市场价格(人民币元/车位)	99,000 元至 164,100 元	正向	不可视察
			预计成本(人民币元/平方米)	487 元至 2,546 元	反向	不可视察
			发展商利润	2.00%至 15.00%	反向	不可视察
	145,588					

(除特别注明外，金额单位为人民币百万元)

十六　公允价值估计(续)

(1)　持续的以公允价值计量的资产(续)

	2016 年 12 月 31 日 公允价值	估值技术	输入值 名称	范围/加权平均值	与公允价值之间的关系	可观察/不可观察
投资性房地产						
已完工	106,296					
-商业建筑物	61,631	收益法	最终收益率	4.00%至 6.50%	反向	不可观察
			资本化率	4.00%至 7.00%	反向	不可观察
			预期空置率	0.00%至 15.00%	反向	不可观察
			月租金(人民币元/平方米)	21 元至 660 元	正向	不可观察
		直接比较法	市场价格 (人民币元/平方米)	3,356 元至 144,633 元	正向	不可观察
车位	44,665	直接比较法	市场价格 (人民币元/车位)	65,000 元至 530,000 元	正向	不可观察
在建	23,900					
-商业建筑物	14,887	残值法	市场价格 (人民币元/平方米)	5,500 元至 40,500 元	正向	不可观察
			预计成本 (人民币元/平方米)	1,233 元至 7,610 元	反向	不可观察
			发展商利润	5.00%至 25.00%	反向	不可观察
-车位	9,013	残值法	市场价格 (人民币元/车位)	99,000 元至 363,100 元	正向	不可观察
			预计成本 (人民币元/平方米)	510 元至 2,562 元	反向	不可观察
			发展商利润	2.00%至 15.00%	反向	不可观察
	130,196					

(2)　不以公允价值计量但披露其公允价值的资产和负债

本集团以摊余成本计量的金融资产和金融负债主要包括：应收款项、短期借款、应付款项和长期借款等。

该等不以公允价值计量的金融资产和金融负债的账面价值与公允价值差异很小，由于折现的影响并不重大或者该长期借款按浮动利率计息。

(3)　存在活跃市场的应付债券，以活跃市场中的报价确定其公允价值，属于第一层次。长期借款、长期应付款以及不存在活跃市场的应付债券，以合同规定的未来现金流量按照市场上具有可比信用等级并在相同条件下提供几乎相同现金流量的利率进行折现后的现值确定其公允价值，属于第三层次。

(除特别注明外，金额单位为人民币百万元)

十七 资本管理

本集团资本管理政策的目标是为了保障本集团能够持续经营，从而为股东提供回报，并使其他利益相关者获益，同时维持最佳的资本结构以降低资本成本。

为了维持或调整资本结构，本集团可能会调整支付给股东的股利金额、向股东返还资本、发行新股或出售资产以减低债务。

本集团的总资本为合并资产负债表中所列示的所有者权益。本集团不受制于外部强制性资本要求，利用资产负债比率监控资本。

于 2017 年 12 月 31 日及 2016 年 12 月 31 日，本集团的资产负债比率列示如下：

	2017 年 12 月 31 日	2016 年 12 月 31 日
资产负债比率	84%	93%

十八 公司财务报表主要附注

(1) 货币资金

	2017 年 12 月 31 日	2016 年 12 月 31 日
库存现金	-	1
银行存款	39,171	46,002
其他货币资金	63,131	30,959
	102,302	76,962
减：受到限制的货币资金	(63,131)	(30,959)
	39,171	46,003

其他货币资金为本公司存入指定银行专户的银行借款的质押保证金，预售楼款监管专用账户资金、房屋按揭保证金以及建筑工程保证金，是受到限制的货币资金。

(2) 预付款项

	2017 年 12 月 31 日		2016 年 12 月 31 日	
	金额	占总额比例	金额	占总额比例
一年以内	16,867	99.05%	190	65.97%
一到二年	99	0.58%	85	29.51%
二年以上	63	0.37%	13	4.52%
	17,029	100.00%	288	100.00%

(除特别注明外，金额单位为人民币百万元)

十八　公司财务报表主要附注(续)

(3)　应收账款

	2017 年 12 月 31 日	2016 年 12 月 31 日
应收关联方	18	183
应收第三方	2	2
	20	185

应收账款的账龄及相应的坏账准备分析如下：

	2017 年 12 月 31 日			2016 年 12 月 31 日		
	金额	占总额比例	坏账准备	金额	占总额比例	坏账准备
一年以内	20	100%	-	185	100%	-

于 2017 年 12 月 31 日与 2016 年 12 月 31 日，本公司不存在已逾期但未减值的应收账款。

(4)　其他应收款

	2017 年 12 月 31 日	2016 年 12 月 31 日
关联方	180,880	106,865
第三方	11,643	906
	192,523	107,771
减：坏账准备	(28)	(28)
	192,495	107,743

其他应收账款的账龄及相应的坏账准备分析如下：

	2017 年 12 月 31 日			2016 年 12 月 31 日		
	金额	占总额比例	坏账准备	金额	占总额比例	坏账准备
一年以内	192,410	99.94%	(2)	107,561	99.81%	(1)
一到二年	5	0.00%	-	81	0.07%	(1)
二年以上	108	0.06%	(26)	129	0.12%	(26)
	192,523	100%	(28)	107,771	100.00%	(28)

于 2017 年 12 月 31 日及 2016 年 12 月 31 日，不存在已逾期但未减值的其他应收款。

(除特别注明外，金额单位为人民币百万元)

十八 公司财务报表主要附注(续)

(5) 存货

	2017 年 12 月 31 日	2016 年 12 月 31 日
在建开发产品	2,400	2,251
已完工开发产品	15	13
	2,415	2,264

(6) 长期股权投资

	2017 年 12 月 31 日	2016 年 12 月 31 日
子公司	74,793	60,184
合营企业(a)	6	469
联营企业(b)	1	1
	74,800	60,654

本公司不存在长期股权投资变现的重大限制。本公司对上述子公司采取成本法核算，对上述合营企业及联营企业采用权益法核算。

(a) 合营企业

对合营企业投资列示如下：

	2016 年 12 月 31 日	按权益法调整的净损失	2017 年 12 月 31 日
合营企业	469	(463)	6

本公司没有单独重要的合营企业。

(除特别注明外，金额单位为人民币百万元)

十八　公司财务报表主要附注(续)

(7)　投资性房地产

	房屋及建筑物
2016 年 12 月 31 日	2,414
公允价值变动	9
2017 年 12 月 31 日	2,423

(8)　其他应付款

	2017 年 12 月 31 日	2016 年 12 月 31 日
应付关联方	186,280	170,035
暂收投资者投入款	-	13,000
应付保证金及代收款	108	54
其他	403	620
	186,791	183,709

(9)　一年内到期的非流动负债

	2017 年 12 月 31 日	2016 年 12 月 31 日
一年内到期的长期借款	10,713	350
一年内到期的应付债券	36,482	6,756
	47,195	7,106

(除特别注明外，金额单位为人民币百万元)

十八　公司财务报表主要附注(续)

(10) 长期借款

	2017 年 12 月 31 日	2016 年 12 月 31 日
担保借款		
-抵押借款(a)	350	1,000
-质押借款(b)	-	2,160
-保证借款(c)	12,715	13,449
信用借款	1,247	3,456
	14,312	20,065
减：一年内到期的长期借款		
抵押借款	-	(350)
保证借款	(10,713)	-
	(10,713)	(350)
	3,599	19,715

(a) 于 2017 年 12 月 31 日，抵押借款 350,000,000 元系由账面价值 2,084,000,000 元的存货作为抵押物(2016 年 12 月 31 日：抵押借款 1,000,000,000 元系由账面价值 1,681,000,000 元的存货作为抵押物)。

(b) 于 2016 年 12 月 31 日，质押借款 2,160,000,000 元系由 2,064,000,000 元的子公司股权作为质押物。

(c) 于 2017 年 12 月 31 日及 2016 年 12 月 31 日，保证借款 12,715,000,000 元及 13,449,000,000 元系由本公司的子公司提供保证。

(d) 于 2017 年 12 月 31 日，长期借款的利率区间为 5.70%至 10.00%(2016 年 12 月 31 日：4.90%至 10.00%)

(11) 营业收入和营业成本

	2017 年度		2016 年度	
	营业收入	营业成本	营业收入	营业成本
服务费收入及其他	2,264	34	2,371	155

(除特别注明外，金额单位为人民币百万元)

十八 公司财务报表主要附注(续)

(12) 投资收益

	2017 年 12 月 31 日	2016 年 12 月 31 日
处置子公司收益	3,200	-
按成本法核算的长期股权投资收益	159	23,922
可供出售金融资产处置收益	72	-
按权益法核算的长期股权投资损失	(463)	(506)
处置联营企业收益	-	7
	2,968	23,423

本公司不存在投资收益汇回的重大限制。

(13) 现金流量表附注

将净利润调节为经营活动现金流量

	2017 年 12 月 31 日	2016 年 12 月 31 日
净利润	1,528	20,834
加：固定资产折旧	93	95
无形资产及长期待摊费用摊销	16	7
资产减值准备计提	-	28
处置固定资产的损失	-	-
公允价值变动(收益)/损失	(9)	623
财务费用	1,194	1,345
投资收益	(2,968)	(23,423)
递延所得税资产的减少	18	-
递延所得税负债的增加/(减少)	2	(167)
存货的(增加)/减少	(113)	439
经营性应收项目的增加	(10,891)	(113)
经营性应付项目的增加/(减少)	96	(1,008)
经营活动产生的现金流量净额	(11,034)	(1,340)

(除特别注明外，金额单位为人民币百万元)

十八 公司财务报表主要附注(续)

(14) 承诺事项

(a) 经营租赁承诺事项

根据已签订的不可撤销的经营性租赁合同，本公司未来最低应支付租金汇总如下：

	2017 年 12 月 31 日	2016 年 12 月 31 日
一年以内	182	168
一到二年	162	132
二到三年	148	113
三年以上	24	103
	516	516

(b) 资本性支出承诺事项

以下为本公司于资产负债表日，已签约而尚不必在资产负债表上列示的资本性支出承诺：

	2017 年 12 月 31 日	2016 年 12 月 31 日
已签订的正在或准备履行的建安合同	201	177

(c) 对外投资承诺事项

以下为本公司与资产负债表日,已签约而尚不必在资产负债表上列示的对外投资承诺事项：

	2017 年 12 月 31 日	2016 年 12 月 31 日
收购子公司	1,485	-

(15) 金融工具及其风险

本公司的经营活动会面临各种金融风险：市场风险(主要为利率风险)、信用风险和流动风险。本公司整体的风险管理计划针对金融市场的不可预见性，力求减少对本公司财务业绩的潜在不利影响。

(a) 市场风险

利率风险

本公司的利率风险主要产生于长期带息债务。浮动利率的金融负债使本公司面临现金流量利率风险，固定利率的金融负债使本公司面临公允价值利率风险。本公司根据当时的市场环境来决定固定利率及浮动利率合同的相对比例。2017 年 12 月 31 日，本公司长期带息债务主要为浮动利率计价的银行借款，金额为 2,090,000,000 元(2016 年 12 月 31 日为 2,510,000,000 元)。

十二 金融工具及其风险(续)

(1) 市场风险(续)

利率风险(续)

本公司财务部门持续监控集团利率水平。利率上升会增加新增带息债务的成本以及本公司尚未付清的以浮动利率计息的带息债务的利息支出，并对本公司的财务业绩产生重大的不利影响，管理层会依据最新的市场状况及时做出调整，这些调整可能是进行利率互换的安排来降低利率风险。于 2017 年度及 2016 年度本公司并无利率互换安排。

于 2017 年 12 月 31 日，如果以浮动利率计算的借款利率上升或下降 100 个基点，而其他因素保持不变，本公司的净利润将减少或增加约为 16,000,000 元(2016 年 12 月 31 日：将减少或增加净利润 6,000,000 元)。

(2) 信用风险

本公司对信用风险按组合分类进行管理。信用风险主要产生于银行存款及应收款项。

本公司银行存款主要存放于国有银行和其他大中型上市银行，本公司认为其不存在重大的信用风险，不会产生因对方单位违约而导致的任何重大损失。

此外，对于应收款项，本公司设定相关政策以控制信用风险敞口。本公司基于对客户的财务状况、从第三方获取担保的可能性、信用记录及其他因素诸如目前市场状况等评估客户的信用资质并设置相应信用期。本公司会定期对客户信用记录进行监控，对于信用记录不良的客户，本公司会采用书面催款、缩短信用期或取消信用期等方式，以确保本公司的整体信用风险在可控的范围内。

(3) 流动性风险

本公司金融资产包括以公允价值计量且其变动计入当期损益的金融资产、应收款项和可供出售金融资产。金融负债包括应付款项、借款及应付债券。

本公司对现金流量进行预测，并持续监控短期和长期的资金需求，以确保维持充裕的现金储备。同时持续监控本公司是否符合借款协议的规定，从主要金融机构获得提供足够备用资金的承诺，以满足短期和长期的资金需求。

To the Board of Directors of Hengda Real Estate Group Company Limited,

We have audited the accompanying financial statements of Hengda Real Estate Group Company Limited (hereinafter "the Company"), which comprise the consolidated and company balance sheets as at 31 December 2016, and the consolidated and company income statements, the consolidated and company statements of changes in owners' equity and the consolidated and company cash flow statements for the year then ended, and the notes to the financial statements.

Management's Responsibility for the Financial Statements

Management of the Company is responsible for the preparation and fair presentation of these financial statements in accordance with the requirements of Accounting Standards for Business Enterprises, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with China Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated and company's financial position of the Company as at 31 December 2016, and their financial performance and cash flows for the year then ended in accordance with the requirements of Accounting Standards for Business Enterprises.

PricewaterhouseCoopers Zhong Tian LLP

Signing CPA: ____________________
Lin Yupeng

Signing CPA: ____________________
Wei Ze

Shanghai, the People's Republic of China

28 April 2017

CONSOLIDATED AND COMPANY BALANCE SHEETS

As at 31 December 2016

(All amounts in millions of RMB unless otherwise stated)

		Group		Company	
		31 December		31 December	
	Note	2016	2015	2016	2015
			(Restated)		
ASSETS					
Current assets					
Cash at bank and on hand	7(1)	275,191	151,067	76,962	28,435
Financial assets at fair value through profit or loss	7(2)	3,076	—	—	—
Notes receivable	7(3)	68	45	—	—
Accounts receivable	7(4)(a), 18(1)	8,447	3,712	185	3
Prepayments	7(5)	52,159	32,164	288	1,960
Interests receivable		281	22	301	—
Dividends receivable		—	—	11,545	38
Other receivables	7(4)(c), 18(2)	28,627	35,089	107,743	77,482
Inventories	7(6)	647,097	378,858	2,264	2,699
Current portion of non-current assets	7(4)(b)	7,019	5,303	—	—
Other current assets	7(7)	14,466	7,534	24	12
Total current assets		1,036,431	613,794	199,312	110,629
Non-current assets					
Available-for-sale financial assets	7(8)	34,840	787	1,781	—
Long-term receivables	7(4)(b)	8,746	10,305	—	39
Long-term equity investments	7(9), 18(3)	727	8,549	60,654	55,433
Investment properties	7(10)	130,196	96,382	2,414	2,151
Property, equipment and plant	7(11)	13,208	9,177	833	664
Construction in progress	7(12)	4,478	3,575	—	—
Intangible assets	7(13)	5,138	3,242	82	53
Goodwill		1,003	—	—	—
Long-term prepaid expenses	7(14)	204	144	2	2
Deferred income tax assets	7(25)(e)	3,809	1,633	—	—
Other non-current assets		1,358	—	—	—
Total non-current assets		203,707	133,794	65,766	58,342
TOTAL ASSETS		1,240,138	747,588	265,078	168,971

	Note	Group		Company	
		31 December		31 December	
		2016	2015	2016	2015
			(Restated)		
LIABILITIES AND OWNERS' EQUITY					
Current liabilities					
Short-term borrowings	7(15)	88,706	37,957	1,100	—
Notes payable	7(16)	43,675	42,069	54	168
Accounts payable		132,457	87,700	429	119
Advances from customers	7(17)	183,404	81,610	356	141
Employee benefits payable	7(18)	1,411	1,108	74	103
Taxes payable	7(19)	34,954	24,566	46	100
Interests payable		9,758	5,201	1,711	979
Dividends payable		4,189	2,370	—	1,076
Other payables	7(20)	114,710	82,893	183,709	113,205
Current portion of non-current liabilities	7(21)	80,754	83,408	7,106	2,200
Total current liabilities		694,018	448,882	194,585	118,091
Non-current liabilities					
Long-term borrowings	7(23)	332,137	143,357	19,715	1,480
Corporate bonds	7(24)	47,005	39,549	47,005	39,549
Long-term payables	7(22)	41,345	2,359	—	—
Deferred income tax liabilities	7(25)(d)	21,443	10,345	100	201
Other non-current liabilities	7(26)	16,048	6,050	—	—
Total non-current liabilities		457,978	201,660	66,820	41,230
Total liabilities		1,151,996	650,542	261,405	159,321
Owners' equity					
Paid-in capital		2,500	2,500	2,500	2,500
Capital surplus		14	5,872	14	518
Other comprehensive (loss)/income	7(38)	(3,089)	56	199	—
Statutory reserve	7(27)	42	1,250	42	1,250
Currency translation differences		769	—	—	—
Retain earnings	7(28)	52,989	71,904	918	5,382
Total equity attributable to ordinary shareholders of the Company		53,225	81,582	3,673	9,650
Non-controlling interests		34,917	15,464	—	—
Total owners' equity		88,142	97,046	3,673	9,650
TOTAL LIABILITIES AND OWNERS' EQUITY		1,240,138	747,588	265,078	168,971

The accompanying notes form an integral part of these financial statements.

Legal representative: Principal in charge of accounting: Head of accounting department:

CONSOLIDATED AND COMPANY INCOME STATEMENTS

For the year ended 31 December 2016

(All amounts in millions of RMB unless otherwise stated)

		Group		Company	
		Year ended 31 December		Year ended 31 December	
Item	**Note**	**2016**	**2015**	**2016**	**2015**
			(Restated)		
Revenue	7(29),18(4)	205,097	130,686	2,371	1,280
Less: Cost of sales	7(29),18(4)	140,751	86,806	155	105
Taxes and surcharges	7(30)	15,824	13,326	306	190
Selling expenses	7(32)	13,907	10,246	1,392	885
Administrative expenses	7(32)	5,916	4,112	1,383	1,013
Financial expenses — net	7(31)	3,810	1,244	1,107	228
Asset impairment losses/(reverses)	7(33)	374	(4)	28	—
Add: Profit/(loss) arising from changes in fair value	7(34)	3,853	8,648	(623)	(142)
Investment income	7(35),18(5)	6	6,132	23,423	4,535
Including: Share of (loss)/gain of associates and joint ventures	7(9)	(647)	(421)	(506)	(373)
Operating profit		28,374	29,736	20,800	3,252
Add: Non-operating income	7(36)(a)	642	290	7	17
Including: Gains on disposal of non-current assets		53	—	—	—
Less: Non-operating expenses	7(36)(b)	2,506	742	64	5
Include: Losses on disposal of non-current assets		10	3	—	—
Total profit		26,510	29,284	20,743	3,264
Add: Income tax credit/(expenses)	7(37)	8,809	7,800	(91)	(303)
Net profit		17,701	21,484	20,834	3,567
Including: Net profit of the acquiree entity in a business combination under common control before the combination date		1,512	1,673	—	—
Profit attributable to:					
Ordinary shareholders of the Company		15,840	19,646	20,834	3,567
Non-controlling interests		1,861	1,838	—	—
Other comprehensive (loss)/income, net of tax					
Attributable to ordinary shareholders of the Company		(2,573)	56	199	—
Other comprehensive (loss)/income that will be subsequently reclassified to profit or loss		(2,573)	56	199	—
Shares of other comprehensive income of the investee accounted for using equity method that will be subsequently reclassified to profit or loss		(197)	—	—	—
Changes in fair value of available-for- sale financial assets		(3,145)	56	199	—
Currency translation differences		769	—	—	—
Total comprehensive income attributable to:		15,128	21,540	21,033	3,567
Ordinary shareholders of the Company		13,267	19,702	21,033	3,567
Non-controlling interests		1,861	1,838	—	—

The accompanying notes form an integral part of these financial statements.

Legal representative: Principal in charge of accounting: Head of accounting department:

CONSOLIDATED AND COMPANY CASH FLOW STATEMENTS

For the year ended 31 December 2016
(All amounts in millions of RMB unless otherwise stated)

Item	Note	Group Year ended 31 December 2016	Group Year ended 31 December 2015 (Restated)	Company Year ended 31 December 2016	Company Year ended 31 December 2015
Cash flows from operating activities					
Cash received from sales of goods or rendering of services		273,372	148,550	2,373	1,324
Cash received relating to other operating activities		3,123	1,944	1,356	544
		276,495	150,494	3,729	1,868
Cash paid for purchase of goods and services		(237,159)	(114,790)	(285)	(650)
Cash paid for employees benefits		(11,551)	(8,616)	(802)	(564)
Payments of taxes and surcharges		(22,817)	(14,999)	(473)	(119)
Cash paid relating to other operating activities	7(39)(f)	(20,802)	(12,070)	(3,509)	(1,485)
		(292,329)	(150,475)	(5,069)	(2,818)
Net cash flows from operating activities	7(39)(a), 18(6)	(15,834)	19	(1,340)	(950)
Cash flows from investing activities					
Cash received from disposal of investments		4,577	18,049	2,808	—
Cash received from returns on investments		107	24	12,867	5,071
Net cash received from disposal of property, equipment and plant, investment properties, intangible assets and other long-term assets		2,912	1,191	473	695
Net cash received from disposal of subsidiaries and other business units	7(39)(e)	1,899	—	23	—
Cash received relating to other investing activities		19,169	7,855	16	—
		28,664	27,119	16,187	5,766
Purchase of property, equipment and plant, investment properties, intangible assets and other long-term assets		(16,897)	(18,429)	(307)	(191)
Cash paid to acquire investments		(45,954)	(4,726)	(37,102)	(18,599)
Acquisition of subsidiaries, net of cash acquired	9(2)(c)(v)	(44,120)	(4,866)	—	—
Cash paid relating to other investing activities		(39,854)	(12,574)	(29,365)	(20,429)
		(146,825)	(40,595)	(66,774)	(39,219)
Net cash flows from investing activities		(118,161)	(13,476)	(50,587)	(33,453)
Cash flows from financing activities					
Capital injection by ordinary shareholders		16,874	624	—	—
Proceeds from borrowings		411,748	192,790	30,712	1,480
Proceeds from issuance of corporate bonds		14,111	39,522	14,111	39,522
Cash received relating to other financing activities		90,736	15,392	70,540	10,460
		533,469	248,328	115,363	51,462
Repayments of borrowings		(211,403)	(116,259)	(13,227)	(600)
Dividends distribution or interests paid		(33,876)	(25,424)	(1,710)	(3,132)
Cash payments relating to other financing activities		(74,470)	(30,623)	(9,638)	(6,701)
		(319,749)	(172,306)	(24,575)	(10,433)
Net cash flows from financing activities		213,720	76,022	90,788	41,029
Effect of foreign exchange rate changes on cash and cash equivalents		159	112	—	—
Net increase in cash and cash equivalents	7(39)(c)	79,884	62,677	38,861	6,626
Add: Cash and cash equivalents at beginning of year		91,301	28,624	7,142	516
Cash and cash equivalents at end of year	7(39)(d)	171,185	91,301	46,003	7,142

The accompanying notes form an integral part of these financial statements.

Legal representative: Principal in charge of accounting: Head of accounting department:

CONSOLIDATED STATEMENTS OF CHANGES IN OWNERS' EQUITY

For the year ended 31 December 2016

(All amounts in millions of RMB unless otherwise stated)

	Attributable to ordinary shareholders of the Company							
Item	**Paid-in capital**	**Capital surplus**	**Other comprehensive income**	**Statutory reserve**	**Translation differences**	**Retained earnings**	**Non-controlling interests**	**Total equity**
Balance at 31 December 2014	2,500	—	—	841	—	42,706	6,309	52,356
Businesses combination under common control	—	4,165	—	—	—	9,961	2,445	16,571
Balance at 1 January 2015 (Restated)	2,500	4,165	—	841	—	52,667	8,754	68,927
Movements for the year ended 31 December 2015								
Total comprehensive income								
Net profit	—	—	—	—	—	19,646	1,838	21,484
Other comprehensive income	—	—	56	—	—	—	—	56
Total comprehensive income for the year	—	—	56	—	—	19,646	1,838	21,540
Capital contribution and withdrawal by owners	—	—	—	—	—	—	—	—
Capital contribution by ordinary shareholders	—	—	—	—	—	—	624	624
Acquisition of additional interests in subsidiaries	—	(56)	—	—	—	—	(85)	(141)
Non-controlling interests on acquisition of businesses	—	—	—	—	—	—	1,649	1,649
Non-controlling interests on acquisition of subsidiaries	—	—	—	—	—	—	2,905	2,905
Disposal of subsidiaries	—	1,620	—	—	—	—	—	1,620
Share-based payment arrangements	—	80	—	—	—	—	—	80
Others	—	63	—	—	—	—	—	63
Profit distribution								
Transfer to statutory reserve	—	—	—	409	—	(409)	—	—
Dividends	—	—	—	—	—	—	(221)	(221)
Balance at 31 December 2015	2,500	5,872	56	1,250	—	71,904	15,464	97,046
Balance at 1 January 2016 (Restated)	2,500	5,872	56	1,250	—	71,904	15,464	97,046
Movement for the year ended 31 December 2016								
Total comprehensive income								
Net profit	—	—	—	—	—	15,840	1,861	17,701
Other comprehensive income	—	—	(3,342)	—	769	—	—	(2,573)
Total comprehensive income for the year	—	—	(3,342)	—	769	15,840	1,861	15,128
Capital contribution and withdrawal by owners								
Capital injection by ordinary shareholders	—	—	—	—	—	—	16,874	16,874
Acquisition of additional interests in subsidiaries	—	(721)	—	—	—	—	(6,769)	(7,490)
Non-controlling interests on acquisition of assets	—	—	—	—	—	—	1,172	1,172
Non-controlling interests on acquisition of businesses	—	—	—	—	—	—	6,707	6,707
Businesses combination under common control	—	(2,615)	—	—	—	(6,839)	—	(9,454)
Disposal of subsidiaries	—	(2,625)	197	(1,250)	—	(24,304)	(173)	(28,155)
Share-based payment arrangements	—	55	—	—	—	—	—	55
Others	—	48	—	—	—	—	—	48
Profit distribution								
Transfer to statutory reserve	—	—	—	42	—	(42)	—	—
Distribution to non-controlling interests	—	—	—	—	—	(3,570)	(219)	(3,789)
Balance at 31 December 2016	2,500	14	(3,089)	42	769	52,989	34,917	88,142

The accompanying notes form an integral part of these financial statements.

Legal representative: Principal in charge of accounting: Head of accounting department:

COMPANY STATEMENTS OF CHANGES IN OWNERS' EQUITY

For the year ended 31 December 2016

(All amounts in millions of RMB unless otherwise stated)

Item	Paid-in capital	Capital surplus	Other comprehensive income	Statutory reserve	Translation differences	Total equity
Balance at 1 January 2015	2,500	518	—	841	2,224	6,083
Movements for the year ended 31 December 2015						
Net profit	—	—	—	—	3,567	3,567
Transfer to statutory reserve	—	—	—	409	(409)	—
Balance at 31 December 2015	2,500	518	—	1,250	5,382	9,650
Balance at 1 January 2016	2,500	518	—	1,250	5,382	9,650
Movement for the year ended 31 December 2016						
Net profit	—	—	—	—	20,834	20,834
Other comprehensive income	—	—	199	—	—	199
Businesses combination under common control	—	2,141	—	—	—	2,141
Disposal of subsidiaries	—	(2,659)	—	(1,250)	(25,256)	(29,165)
Others	—	14	—	—	—	14
Transfer to statutory reserve	—	—	—	42	(42)	—
Balance at 31 December 2016	2,500	14	199	42	918	3,673

The accompanying notes form an integral part of these financial statements.

Legal representative: Principal in charge of accounting: Head of accounting department:

1 General information

Hengda Real Estate Group Company Limited ("the Company") incorporated in Guangzhou of the People's Republic of China on 24 June 1996 as a limited liability company with approved unlimited operating period by Guangzhou Kailong Real Estate Co., Limited ("Guangzhou Kailong"). The registered and paid-in capital of the Company is RMB2,500,000,000.

The Company's parent company is Guangzhou Kailong and its intermediate holding company is China Evergrande Group (the "China Evergrande"), the shares of which are listed on the Stock Exchange of Hong Kong Limited. The Company's ultimate holding company is Xin Xin (BVI) Limited, the beneficial controller of which is Dr. Hui Ka Yan.

The approved scope of business of the Company and its subsidiaries (together "the Group") includes property development, property investment, construction general contracting, building materials and property management, hotel operation etc. For the year ended 31 December 2016, the ongoing principal activities of the Group are within the approved scope of business as mentioned above.

These financial statements are authorised for issue by the Company's responsible person on 28 April 2016.

2 Basis of preparation

The financial statements are prepared in accordance with the *Accounting Standard for Business Enterprises — Basic Standard*, the specific accounting standards and other relevant regulations issued by the Ministry of Finance on 15 February 2006 and in subsequent periods (the "CAS").

The financial statements are prepared on a going concern basis.

In 2016, the Group merged the following companies originally controlled by China Evergrande: Guangzhou Hengda Zengcheng Real Estate Development Co., Ltd., Guangzhou Real Estate Development Co., Ltd., Nanjing Hengda Fengfu Real Estate Co., Ltd., Hengda Xinlong (Shenyang) Real Estate Co., Ltd., Baofeng Group Co., Ltd., Shengqi Group Co., Ltd., Suihua Investment Co., Ltd., Chengtong (BVI) Co., Ltd., Shengyu Co., Ltd., Shengri Enterprise Co., Ltd., Changxing Holding Co., Ltd., Ruiyu Enterprise Co., Ltd., Shangfeng Co., Ltd., MARVEL on FIRST DEVELOPMENTS LIMITED and Yali Group Co., Ltd., Instant Choice Development Ltd. and Hengda Real Estate Group (Shenzhen) Co., Ltd. (hereinafter referred to "the mergee"). Because the transaction is regarded as business combination under common control, its accounting treatment is in accordance with the standard on business combination under common control in Accounting Standard No. 20 "Business Combination" of CAS. As a result, the consolidated balance sheets, statement of profit or loss and other comprehensive income, statement of changes in owners' equity and statement of cash flows are restated to include the assets, liabilities and profits accounted from the date whey these mergee are under common control with the Group. For details, please refer to the disclosure of Note 9(3) on the business combination under common control.

3 Statement of compliance with the Accounting Standard for Business Enterprises

The financial statements of the Company for the year ended 31 December 2016 are in compliance with the CAS and truly and completely present the Group's and Company's financial position of the Company as at 31 December 2016 and of their financial performance, cash flows and other information for the year then ended.

4 Significant accounting policies and accounting estimates

(1) *Accounting year*

The Company's accounting year starts on 1 January and ends on 31 December.

(2) *Functional currency*

The Company's recording currency is Renminbi ("RMB").

(3) *Foreign currency translation*

(a) *Foreign currency transactions*

Foreign currency transactions are translated into RMB using the exchange rates prevailing at the dates of the transactions.

At balance sheet date, monetary items denominated in foreign currencies are translated into RMB using the current exchange rates on the balance sheet date. Exchange differences arising from these translations are recognised in profit or loss, except for those attributable to foreign currency borrowings that have been taken out specifically for acquisition or construction of qualifying assets, which are capitalised as part of the cost of those assets. Non-monetary items denominated in foreign currencies that are measured at historical costs are translated at the balance sheet date using the spot exchange rates at the date of the transactions. The effect of exchange rate changes on cash and cash equivalents are presented separately in the statement of cash flows.

(b) *Currency translation*

The assets and liabilities of the balance sheets for overseas operations are translated at the current exchange rates on the balance sheet date. Among the owners' equity, the items other than retain earnings are translated at the spot exchange rates of the transaction dates. The income and expense items in the statement of profit or loss of overseas operations are translated at the spot exchange rates of the transaction dates. The differences arising from the above translation are presented in statement of other comprehensive income. The cash flows of overseas operations are translated at the spot exchange rates on the dates of the cash inflows/outflows. The effect of exchange rate changes on cash and cash equivalents are presented separately in the statement of cash flows.

(4) *Cash and cash equivalents*

Cash and cash equivalents comprise cash on hand, deposits that can be readily drawn on demand, and short-term and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(5) ***Financial assets***

Financial assets are classified into the following categories at initial recognition: financial assets at fair value through profit or loss, held-to-maturity investments, receivables and available-for-sale financial assets. The classification of financial assets depends on the Group's intention and ability to hold the financial assets. During the reporting period, the financial assets of the Group includes financial assets at fair value through profit or loss, receivables and available-for-sale financial assets.

(a) *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss include financial assets held for trading in the short term.

(b) *Receivables*

Receivables, including accounts receivable, other receivables and notes receivable, are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market (Note 4(7)).

(c) *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

(d) *Recognition and measurement*

Financial assets are recognised at fair value on the balance sheets when the Group becomes a party to the contractual provisions of the financial instrument. In the case of financial assets at fair value through profit or loss, the related transaction costs incurred at the time of acquisition are recognised in profit or loss for the current period. For other financial assets, transaction costs that are attributable to acquisition of the financial assets are included in their initially recognised amounts. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Financial assets at fair value through profit or loss and available-for-sale financial assets are subsequently measured at fair value. Investments in equity instruments are measured at cost when they do not have a quoted market price in an active market and whose fair value cannot be reliably measured. Receivables are subsequently measured at amortised cost using the effective interest method.

Gains or losses arising from change in the fair value of financial assets at fair value through profit or loss are recognised in profit or loss as "Profit arising from changes in fair value" in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the income statement as part of other income when the group's right to receive payments is established.

Gains or losses arising from change in fair value of available-for-sale financial assets are recognised directly in other comprehensive income, except for impairment losses and foreign exchange gains and losses arising from translation of monetary financial assets. When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the profit or loss. Dividends on available-for-sale equity instruments are recognised in the profit or loss when the Group's right to receive payments is established.

(e) *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.

For the impairment on a financial asset carried at amortised cost has occurred, the amount of the impairment loss is provided for at the difference between the asset's carrying amount and the present value of its estimated future cash flows (excluding future credit losses that have not been incurred). If there is objective evidence that the value of the financial asset recovered and the recovery is related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed and the amount of reversal is recognised in profit or loss.

If there is objective evidence that an impairment loss on available-for-sale financial assets measured at fair value incurred, the cumulative loss arising from the decline in fair value that had been recognised directly in equity are removed from equity and recognised as impairment loss. For an investment in debt instrument classified as available-for-sale on which the impairment loss has been recognised, if, in a subsequent period, its fair value increases and the increase can be objectively related to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss for the current period. For an investment in an equity instrument classified as available-for-sale on which the impairment loss has been recognised, the increase in its fair value in a subsequent period is recognised directly in equity.

If an impairment loss on an available-for-sale financial asset measured at cost incurred, the amount of loss is measured at the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for similar financial assets. The previously recognised impairment loss will not be reversed in subsequent periods.

(f) *Derecognisation of financial assets*

A financial asset is derecognised when one of the following is fulfilled: (1) the contractual rights to receive the cash flows from the financial asset have expired; (2) risks and rewards from the financial asset have been transferred; (3) financial assets having been transferred, risks and rewards from the financial asset are neither transferred or maintained by the Group, the Group loss the control over the financial assets.

Once a financial assets are derecognized, the difference between its carrying amount and its consideration received as well as the accumulative amount of changes in fair value which is recognized in other comprehensive income is recognized in profit or loss.

(6) *Financial liabilities*

Financial liabilities are classified into the following categories at initial recognition: financial liabilities at fair value through profit or loss and other financial liabilities. The financial liabilities of the Group mainly comprise other financial liabilities, including payables, borrowings and corporate bonds.

Payables, including trade and other payables, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Borrowings and corporate bonds are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities with maturities within one year (inclusive) are classified as current liabilities. Other financial liabilities with maturities over one year but are due within one year (inclusive) at the balance sheet date are classified as the current portion of non-current liabilities. Others are classified as non-current liabilities.

A financial liability is derecognised or partially derecognised when the current obligation is discharged or partially discharged. The difference between the carrying amount of the derecognised financial liabilities and the consideration paid is recognised in profit or loss.

Financial assets and financial liabilities are separately presented in balance sheets with no offsetting, except when:

(a) the Company has a legally enforceable right to offset a certain amounts;

(b) the Company has intention to settle on a net basis, or realize the assets and settle the liabilities simultaneously.

(7) *Receivables*

Receivables comprise accounts receivable and other receivables. Accounts receivable arising from sale of goods or rendering of services are initially recognised at fair value of the contractual payments from the customers or service recipients.

(a) *Receivables with amounts that are individually significant and subject to separate assessment for impairment*

Receivables with amounts that are individually significant are subject to separate assessment for impairment. If there are objective evidence that the Group will not be able to receive the amount with the original terms, an allowance for bad debts should be made.

Individual accounts receivable with amounts greater than RMB10,000,000 or other receivables with amounts greater than RMB30,000,000 are regarded as significant.

An allowance for bad debts of receivables with amount that is individually significant and subject to separate assessment for impairments is made at the difference between its carrying amount and the present value of estimated future cash flows.

(b) *Allowance for bad debts of receivables with similar credit risk*

Receivables with amounts that are not individually significant and those receivables that have been individually assessed for impairment and have not been impaired are classified into certain groupings based on their credit risk characteristics. Allowance for bad debts is determined based on the historical loss experience for groupings of receivables with similar credit risk, taking into consideration of the current circumstances.

Receivables with similar credit risk are grouped by:

Item	Method for making provision
Receivables from sales of property.	No provision is made.
Receivables from related parties	No provision is made.
Receivables from non-controlling interests .	No provision is made.
Deposits and petty cash	No provision is made.
Others	Provision is made based on aging analysis

Allowance of doubtful debt of receivables are based on aging analysis which listed as below:

	Allowance ratio for accounts receivable	Allowance ratio for other receivables
Within 1 year	1%	1%
1 to 2 years	2%	2%
Over 2 years.	5%	5%

(c) *Receivables with amounts that are individually insignificant but subject to separate assessment for impairment*

The reason for separate assessment for impairment is that there exists objective evidence that the Group will not be able to collect the amount under the original terms.

Allowance of bad debts of receivable is made at the difference between its carrying amount and the present value of estimated future cash flows.

(d) When the Group transfers the accounts receivable to the financial institutions without right of recourse, the difference between the proceeds received and their carrying amounts along with related taxes charge are recognised in profit or loss.

(8) *Inventories*

Inventories are categorized by real estate properties and non-real estate properties. Real estate properties include developed properties and properties under development. Non-real estate properties are goods and others.

A property that has developed and is ready for sale. A property under development refers to a property that has not completely developed and hold for sale purpose.

Inventories are initially measured at cost. At as balance sheet date, inventories are measured at the lower of cost and net realisable value.

Costs of real estate properties include costs of land, construction costs, and other direct and indirect development costs.

Borrowing costs that are eligible for capitalization are included in the costs of real estate properties.

Provision for impairment of inventories is determined at the excess amount of the carrying amounts of the inventories over their net realisable value. Net realisable value is determined based on the estimated selling price in the ordinary course of business less the estimated costs to completion and estimated costs necessary to the sales and related taxes charge.

(9) ***Long-term equity investments***

Long-term equity investments comprise the Company's investments in its subsidiaries and the Group's investments in its joint ventures and associates.

Subsidiaries are the investees over which the Company is able to exercise control. Joint ventures are under joint arrangement which is structured through a separate vehicle over which the Group has joint control together with other parties and with the rights to the net assets of the arrangement based on legal forms, contractual terms and other facts and circumstances. Associates are the investee over which the Group has significant influence on its financial and operating policy decisions.

Investments in subsidiaries are accounted for at cost less impairment method and are adjusted to the equity method when preparing the consolidated financial statements. Investments in joint ventures and associates are accounted for using the equity method.

(a) *Recognition of the cost of Long-term equity investments*

For the long-term equity investment acquired by business combinations, where it's acquired by business combinations under common control, the cost of investment is recognized at the share of the carrying value of the owners' equity of the acquiree at the date of acquisition. Where the long-term equity investment acquired by business combinations not under common control, the cost of investments is recognized at the considerations of combinations.

For the long-term equity investment acquired by other methods other than business combinations, if it's acquired by cash, the cost of investments is initially recognized at the actual payment. If it is acquired by the issuance of equity securities, the fair value of which is initially recognized as the investment cost.

(b) *Subsequent measurement and recognition of profit or loss*

For long-term equity investments accounted for using the cost method are measured at initial investment cost. Cash dividends or profit distributions declared by the investees are recognised as investment income in profit or loss.

For long-term equity investments accounted for using the cost method, where the initial investment cost exceeds the Group's share of the fair value of the investee's identifiable net assets at the date of acquisition, the investment is initially measured at that cost. Where the initial investment cost is less than the Group's share of the fair value of the investee's identifiable net assets at the time of acquisition, the difference is included in profit or loss and the cost of the long-term equity investment is adjusted upwards accordingly.

For investments accounted for using equity method, the Group recognises the investment income according to its share of net profit or loss of the investee. The Group does not recognise further losses when the Group's share of losses in investments accounted for using equity method equals or exceeds its interests (which includes any long-term equity interests that, in substance, form part of the Group's net investment in investments accounted for using equity method), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures. The Group's share of the changes in investee's owner's equity other than those arising from the net profit or loss, other comprehensive income and profit distribution is recognised in capital surplus with a corresponding adjustment to the carrying amounts of the long-term equity investment. The carrying amount of the investment is reduced by the Group's share of the profit distribution or cash dividends declared by the investees. Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

(c) *Basis for recognition of control, common control and significant influence over the investee*

Control refers to the right over the investee, to participate in the relevant activities of the investee and entitle to a variable return, and the ability to exercise its power over the investee to influence the amount of return.

Joint control refers to a share of control over an arrangement in accordance with a related agreements, and the relevant activities of the arrangement must be agreed by the Group and other parties which share the right of joint control over the investee.

Significant influence refers to the right over the investee, to participate in decisions making of the investee on its financial and operating policies, but not control or be able to common control the decisions making process together with other parties.

(d) *Impairment of long-term equity investments*

For a long-term equity investment in subsidiaries, joint ventures or associates, its carrying amount is written down immediately to its recoverable amount if its carrying amount is greater than its estimated recoverable amount (Note 4(16)).

(10) *Investment properties*

Investment properties, including land use rights, are held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group, which measured initially at cost. Subsequent expenditures incurred in relation to an investment property are included in the cost of the investment property when it is probable that the associated economic benefits will flow to the Group and their costs can be reliably measured; otherwise, the expenditures are recognised in profit or loss for the period in which they are incurred.

Investment properties are subsequently measured using the fair value model and are not depreciated or amortised. The carrying amount of investment properties is adjusted based on their fair value at the balance sheet date, and the difference between the fair value and the original carrying amount is recognised in profit or loss.

If an investment property becomes owner-occupied or commences to be further developed for sale, it is reclassified as property, plant and equipment and land use right or properties under development, and its fair value at the date of change in use becomes its cost for accounting purposes.

If an item of property, plant and equipment becomes an investment property because its use has changed, if the fair value of this item at the date of transfer is less than the carrying amount, the difference is recognised in profit or loss for the current period; otherwise, it is included in other comprehensive income.

Investment properties are derecognised on disposal or when the investment properties are permanently withdrawn from use and no future economic benefits are expected from its disposal. The net amount of proceeds from sale, transfer, retirement or damage of investment properties after its carrying amount and related taxes charge and expenses is recognised in profit or loss.

(11) ***Property, equipment and plant***

(a) *Initial recognition and measurement of property, equipment and plant*

Property, equipment and plant comprise buildings, machinery and equipment, motor vehicles and office equipment. Property, equipment and plant purchased or constructed by the Group are initially measured at cost.

Subsequent expenditures incurred for property, equipment and plant are included in the cost of acquired when it is probable that the associated economic benefits will flow to the Group and the related cost can be reliably measured. The carrying amount of the replaced part is derecognised. All the other subsequent expenditures are recognised in profit or loss in which they are incurred.

Property, equipment and plant are depreciated using the straight-line method to allocate the cost of the assets to their estimated residual values over their estimated useful lives. For the property, equipment and plant that have been provided for impairment loss, the related depreciation charge is prospectively determined based upon the adjusted carrying amounts over their remaining useful lives.

(b) *Depreciation of property, equipment and plant*

Property, equipment and plant are depreciated using the straight-line method to allocate the cost of the assets to their estimated residual values over their estimated useful lives. For the property, equipment and plant that have been provided for impairment loss, the related depreciation charge is prospectively determined based upon the adjusted carrying amounts over their remaining useful lives.

The estimated useful lives, the estimated residual values expressed as a percentage of cost and the annual depreciation rates of property, equipment and plant are as follows:

	Estimated useful lives	Estimated residual values	Annual depreciation rates
Buildings	15–30 years	5%	3%–6%
Machinery and equipment. . .	5–10 years	3%	10%–19%
Motor vehicles	5–10 years	5%	10%–19%
Office equipment.	5–10 years	5%	10%–19%

The estimated useful life and the estimated net residual value of property, equipment and plant and the depreciation method applied to the asset are reviewed, and adjusted as appropriate at each year-end.

(c) Carrying amount of property, equipment and plant is written down immediately to its recoverable amount if its carrying amount is greater than its estimated recoverable amount (Note 4(16)).

(d) *Disposal of property, equipment and plant*

Property, equipment and plant are derecognised on disposal or when no future economic benefits are expected from its use or disposal. The amount of proceeds from disposals on sale, transfer, retirement or damage of a fixed asset net of its carrying amount and related taxes and expenses is recognised in profit or loss.

(12) *Construction in progress*

Construction in progress is measured at actual cost. Actual cost comprises construction costs, installation costs, borrowing costs that are eligible for capitalisation and other costs necessary to bring the property, equipment and plant ready for their intended use. Construction in progress is transferred to property, equipment and plant when the assets are ready for their intended use, and depreciation is charged starting from the following month. The carrying amount of a construction in progress is written down immediately to its recoverable amount if its carrying amount is greater than its estimated recoverable amount (Note 4(16)).

(13) *Intangible assets*

Intangible assets comprise land use rights, software licenses and others. Intangible assets are measured at cost and amortized evenly over their estimated useful lives.

(a) *Land use rights*

Land use rights are amortised on the straight-line basis over their approved use period of 40–70 years. If the costs of the land use rights and the buildings located thereon cannot be reasonably allocated between the land use rights and the buildings, all of the costs are recognised as property, equipment and plant.

(b) *Software licenses*

The software licenses purchased by the Group are measured at actual cost and amortised evenly over their useful lives.

(c) *Periodical review of useful life and amortisation method*

For an intangible asset with a finite useful life, review of its useful life and amortisation method is performed by the Group at each year-end, with adjustment made as appropriate.

The estimated useful lives, estimated residual values and annual amortisation rates of intangible assets are as follows:

	Estimated useful lives	Estimated residual values	Annual amortisation rates
Land use rights	40–70	0%	1.43%–2.50%
Others	3–20	0%	5%–33.33%

(14) *Goodwill*

Goodwill arises on the acquisition of subsidiaries represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identified net assets acquired.

(15) ***Long-term prepaid expenses***

Long-term prepaid expenses are expenditures for improvements to property, equipment and plant under operating leases. Long-term prepaid expenses are amortised on the straight-line basis over the expected beneficial period and are presented at actual expenditure net of accumulated amortisation.

(16) ***Impairment of long-term assets***

Property, equipment and plant, construction in progress, intangible assets with finite useful lives, long-term prepaid expenses and investments in subsidiaries, joint ventures and associates are subject to impairment tests if there is any indicator that the assets may be impaired at the balance sheet date. If the result of the impairment test indicates that the recoverable amount of an asset is less than its carrying amount, a provision for impairment and an impairment loss are 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 to sell and the present value of the future cash flows expected to be derived from the asset. Provision for asset impairment is determined and recognised on the individual asset basis. If it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of a group of assets to which the asset belongs is determined. An assets group is the smallest group of assets that is able to generate independent cash inflows.

Goodwill that is separately presented in the financial statements is tested at least annually for impairment, irrespective of whether there is any indicator that it may be impaired. In conducting the test, the carrying value of goodwill is allocated to the related asset group or groups of asset groups which are expected to benefit from the synergies of the business combination. If the result of the test indicates that the recoverable amount of an asset group or a group of asset groups, including the allocated goodwill is lower than its carrying amount, the corresponding impairment loss is recognised. The impairment loss is first deducted from the carrying amount of goodwill that is allocated to the asset group or group of asset groups, and then deducted from the carrying amounts of other assets within the asset group or group of asset groups in proportion to the carrying amounts of assets other than goodwill.

Any impairment is recognised immediately as an expense and is not subsequently reversed.

(17) ***Borrowing costs***

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. The capitalisation of borrowing costs ceases when the asset under acquisition or construction are substantially ready for its intended use and the borrowing costs incurred thereafter are recognised in profit or loss. Capitalisation of borrowing costs is suspended during periods in which the acquisition or construction of an asset is interrupted abnormally and the interruption lasts for more than 3 months, until the acquisition or construction is resumed.

The amount of costs capitalised of specific borrowings directly attributable to the acquisition, construction or production of qualifying assets is limited to the actual borrowing costs incurred on that borrowing during the period less any investment income earned on the temporary investment as well as bank interest of specific borrowings pending their expenditure on qualifying assets.

The amount of costs capitalised of general borrowings directly attributable to the acquisition, construction or production of qualifying assets should be determined by applying the weighted average of the actual interest rates of general borrowings to the weighted average of the accumulated expenditures on qualifying assets less those incurred by specific borrowing. The actual interest rate of a general borrowing is the discounted rate used in the initial measurement of that borrowing for discounting the future cash flow of that borrowing during the expected period of duration or a shorter applicable period.

(18) *Borrowings*

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. 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 respective balance sheet date.

(19) *Employee benefits*

Employee benefits refer to consideration or compensation given by the Group in exchange for service rendered by employees or for termination of employment, which include short-term employee benefits, post-employment benefits and wages and salaries of employees benefited by China Evergrande.

(a) *Short-term employee benefits*

Short-term employee benefits include wages or salaries, bonus, allowances and subsidies, staff welfare, premiums or contributions on medical insurance, work injury insurance and maternity insurance, housing funds, union running costs and employee education costs and etc. The short-term employee benefits actually occurred are recognised as a liability in the accounting period in which the service is rendered by the employees, with a corresponding charge to the profit or loss for the current period or the cost of relevant assets. Non-monetary benefits are measured at fair value.

(b) *Post-employment benefits*

The Group classifies post-employment benefit plans as either defined contribution plans or defined benefit plans. Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into a separate fund and will have no obligation to pay further contributions; and defined benefit plans are post-employment benefit plans other than defined contribution plans. During the reporting period, the Group's post-employment benefits mainly include the premiums or contributions on basic pensions and unemployment insurance, both of which belong to defined contribution plans.

(c) *Post-retirement benefits*

The Group's employees participate in post-retirement benefits plan set up and administered by local authorities of Ministry of Human Resource and Social Security. Monthly payments of premiums on the basic pensions are calculated according to the bases and percentage prescribed by the relevant local authorities. When employees retire, the relevant local authorities are obliged to pay the basic pensions to them. The amounts based on the above calculations are recognised as liabilities in the accounting period in which the service has been rendered by the employees, with a corresponding charge to the profit or loss or the cost of relevant assets.

(d) *Termination benefits*

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

The termination benefits expected to be settled within 12 months since the balance sheet date are classified as current liabilities.

(20) ***Construction contracts***

If the construction contract can be estimated reliably, contract revenue and cost should be recognised by reference to the percentage of completion method at the balance sheet date. The term "the outcome of a construction contract can be estimated reliably" refers to the fact where the total income of the contract can be estimated reliably, the economic benefits associated with the contract will flow to the Company, the progress of completion and the cost necessary to complete the contract can be determined reliably at the balance sheet date, and the actual contract cost incurred for the completion of the contract can be differentiated clearly and measured reliably to compare the actual contract cost with the previous estimated costs.

The percentage of completion is measured by the stage of completed works to the estimated total works of the contracts or the surveying progress of the completed works, or the proportion of contract costs actually incurred to the estimated total costs of contracts, based on the nature of construction.

For construction contract completed in the current period, total income of the actual contract is recognized as income for the period after deducting the accumulated recognized income. Meanwhile, total accumulated cost of the actual contract is recognized as cost for the period after deducting the accumulated recognized cost.

When the outcome of a construction contract cannot be estimated reliably, if contract costs can be recovered, contract revenue shall be recognised only to the extent that the contract costs incurred are expected to be recovered, with the contract costs recognised as expenses in the period in which they are incurred. When contract costs cannot be recovered, these costs shall be recognised as expenses promptly when incurred and no contract revenue may be recognised.

In the case where the estimated total costs of contract exceed the estimated total revenue, the estimated losses of the contract shall be included into profit or loss for the current period.

(21) ***Deferred income tax assets and liabilities***

Deferred income tax assets and liabilities are calculated and recognised based on the differences arising between the tax bases of assets and liabilities and their carrying amounts (temporary differences). Deferred income tax asset is recognised for the deductible tax losses that can be carried forward to subsequent years for deduction of the taxable profit in accordance with the tax laws. No deferred income tax liabilities is recognised for a temporary difference arising from the initial recognition of goodwill. No deferred income tax assets or liabilities is recognised for the temporary differences resulting from the initial recognition of assets or liabilities due to a transaction other than a business combination, which affects neither accounting profit nor taxable profit (or deductible loss). At the balance sheet date, Deferred income tax assets and Deferred income tax liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled.

Deferred income tax assets are only recognised for deductible temporary differences, deductible losses and tax credits to the extent that it is probable that taxable profit will be available in the future against which the deductible temporary differences, deductible losses and tax credits can be utilised.

Deferred income tax liabilities are recognised for temporary differences arising from investments in subsidiaries, joint ventures and associates, except where the Group is able to control the timing of reversal of the temporary difference, and it is probable that the temporary difference will not reverse in the foreseeable future. When it is probable that the temporary differences arising from investments in subsidiaries and joint ventures will be reversed in the foreseeable future and that the taxable profit will be available in the future against which the temporary differences can be utilised, the corresponding Deferred income tax assets are recognised.

Deferred income tax assets and liabilities are offset when:

- the deferred income taxes are related to the same tax payer within the Group and the same taxation authority jurisdiction; and,
- that tax payer within the Group has a legally enforceable right to offset the current tax assets against liabilities.

(22) *Revenue recognition*

The amount of revenue is determined in accordance with the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is stated net of discounts, rebates and returns.

Revenue is recognised when it's probable that the economic benefits associated with the transaction will flow to the Group, the related revenue can be reliably measured, and the specific criteria of revenue recognition have been met for each type of the Group's activities as described below:

(a) *Sales of properties*

Revenue from sales of properties is recognised when the risks and rewards of properties are transferred to the purchasers, which is when the construction of relevant properties has been completed and the properties have been delivered to the purchasers and collectability of related receivables is reasonably assured. To the extent that the Group has to perform further work on the properties already delivered to the purchasers, the relevant expenses shall be recognised simultaneously.

Deposits and installments received on properties sold prior to the date of revenue recognition are included in the balance sheets under current liabilities.

(b) *Sale of goods*

The Group manufactures and sells of construction materials. Revenue from sales of goods are recognised when the products have been delivered to the customers.

(c) *Rendering of services*

Revenue arising from property management is recognised in the accounting period in which the services are rendered, using a straight-line basis over the term of the contract.

(d) *Hotel operations*

Hotel revenue from room rentals, food and beverage sales and other ancillary services are recognized when the goods are delivered or services are rendered.

(e) *Construction services*

For the accounting policies in relation to the revenue recognition of construction services, please refer to Note 4(20).

(23) *Government Grants*

Government grants refer to the monetary or non-monetary assets obtained by the Group from the government, including tax return, financial subsidy and etc.

Government grants are recognised when the grants can be received and the Group can comply with all attached conditions. If a government grant is a monetary asset, it will be measured at the amount received or receivable. If a government grant is a non-monetary asset, it will be measured at its fair value. If it is unable to obtain its fair value reliably, it will be measured at its nominal amount.

Government grants related to assets refer to government grants which are obtained by the Group for the purposes of purchase, construction or acquisition of the long-term assets. Government grants related to income refer to the government grants other than those related to assets.

Government grants related to assets are recorded as deferred income, and evenly amortised to profit or loss of the current period over the useful life of the related assets. Government grants measured at nominal amount are directly recorded into profit or loss in the current period.

Government grants related to income that compensate the future expenses or losses are recorded as deferred income and recognised in profit or loss of the period during which the expenses and losses incur; government grants related to income that compensate the incurred expenses or losses are recognised in profit or loss directly in current period.

Government grants that are related to ordinary activities are included in operating profit, otherwise, they are recorded in non-operating income or expenses.

(24) *Leases*

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

(a) *Finance Lease*

As the leasor, the cost of the finance lease receivables should be determined by the combination of the lowest finance lease receivables as well as the initial direct cost from the beginning date of leasing. The unguaranteed residual value is recorded and the difference between the present value and the combination of the lowest finance lease receivables, initial cost as well as the unguaranteed residual value is recognised as unrealized financing income which would be recognized as current financing income by effective interest method in each leasing period.

(b) *Operating leases*

Lease payments under an operating lease are recognised on a straight-line basis over the period of the lease, and are charged as an expense for the current period.

Rental income from an operating lease is recognised on a straight-line basis over the period of the lease.

(25) ***Financial guarantee contract***

Financial guarantee contracts are classified as financial liabilities plus transaction costs that are directly attributable to the issue of the financial guarantee liabilities. After initial recognition, such liabilities 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 of fees recognised.

Financial guarantee liabilities are derecognised from the balance sheets when, and only when, the obligation specified in the contract is discharged or cancelled or expired.

(26) ***Dividend distribution***

Dividend distribution to the equity holders of the Company 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 board of directors.

(27) ***Business combinations***

(a) *Business combinations under common control*

The consideration paid and net assets obtained by the absorbing party in a business combination are measured at the carrying amount. The difference between the carrying amount of the net assets obtained from the combination and the carrying amount of the consideration paid for the combination is treated as an adjustment to capital surplus (share premium). If the capital surplus (share premium) is not sufficient to absorb the difference, the remaining balance is adjusted against retained earnings. Costs directly attributable to the combination are included in profit or loss in the period in which they are incurred. Transaction costs associated with the issue of equity or debt securities for the business combination are included in the initially recognised amounts of the equity or debt securities.

(b) *Business combinations not under common control*

The cost of combination and identifiable net assets obtained by the acquirer in a business combination are measured at fair value at the acquisition date. Where the cost of the combination exceeds the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is recognised as goodwill; where the cost of combination is lower than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is recognised in profit or loss for the current period. Costs directly attributable to the combination are included in profit or loss in the period in which they are incurred. Transaction costs associated with the issue of equity or debt securities for the business combination are included in the initially recognised amounts of the equity or debt securities.

(28) ***Preparation of consolidated financial statements***

The consolidated financial statements comprise the financial statements of the Company and all of its subsidiaries and the structured entities controlled by the Group.

A subsidiary is an entity that is controlled by the Group. Control refers to the right over the investee, to participate in the relevant activities of the investee and enjoy a variable return, and the ability to exercise its power over the investee to influence the amount of return. The Group has more than 50% voting rights in the investee directly or indirectly through the subsidiaries, indicating that the Group is able to control the investee and shall recognize the investee as a subsidiary and incorporate it in the scope of the consolidated financial statements. Subsidiaries are consolidated from the date on which the Group obtains control and are de-consolidated from the date that such control ceases. For a subsidiary that is acquired in business combinations under common control, it is included in the consolidated financial statements from the date when it, together with the Company, comes under the control of the same ultimate holding company. The portion of the net profits realised before the combination date is presented separately in the consolidated statement of profit or loss and other comprehensive income.

Structured entity is to the decisive factors (such as where voting rights related to administrative affairs) when the voting right or similar rights are not taken as the designed structure of the entity when judging the controlling party of the entity, and the relevant activity of the entity is subject to the contract or corresponding arrangements.

When the Group initiates the establishment of a special asset management plan as the original equity owner and secondary equity owner, the Group will assess whether the Group is exercising decision-making power as the principal responsible person for the structured entity. If the other parties (other investors of the structured entity) exercise the decision-making power, the Group does not control the structured entity. However, if the Group is judged to exercise the decision-making power, it is the principal responsible person and thus controls the structured entity.

Subsidiaries are consolidated from the date on which the Group obtains control and are de-consolidated from the date that such control ceases. For a subsidiary that is acquired in a business combination under common control, it is included in the consolidated financial statements from the date when it, together with the Company, comes under common control of the ultimate controlling party. The portion of the net profits realised before the combination date is presented separately in the consolidated income statement.

In preparing the consolidated financial statements, where the accounting policies and the accounting periods of the Company and subsidiaries are inconsistent, the financial statements of the subsidiaries are adjusted in accordance with the accounting policies and the accounting period of the Company. For subsidiaries acquired from business combinations not under common control, the individual financial statements of the subsidiaries are adjusted based on the fair value of the identifiable net assets at the acquisition date.

All significant inter-group balances, transactions and unrealised profits are eliminated in the consolidated financial statements. The portion of subsidiaries' owners' equity and the portion of subsidiaries' net profits and losses and comprehensive incomes for the period not attributable to the Company are recognised as non-controlling interests, net profit attributed to non-controlling interests and total comprehensive incomes attributed to non-controlling interests, and presented separately in the consolidated financial statements under owners' equity, net profits and total comprehensive income respectively. Unrealised profits and losses resulting from the sale of assets by the Company to its subsidiaries are fully eliminated against net profit attributable to owners of the parent. Unrealised profits and losses resulting from the sale of assets by a subsidiary to the Company are eliminated and allocated between net profit attributable to owners of the parent and net profit attributed to non-controlling interests in accordance with the allocation proportion of the parent in the subsidiary. Unrealised profits and losses resulting from the sale of assets by one subsidiary to another are eliminated and allocated between net profit attributable to owners of the parent and net profit attributed to Non-controlling interests in accordance with the allocation proportion of the parent in the subsidiary.

If the accounting treatment of a transaction is inconsistent in the financial statements at the Group level and at the Company or its subsidiary level, adjustments will be raised from the Group.

(29) ***Segment information***

The Group identifies operating segments based on the organisation structure, management requirements and internal reporting system, and discloses segment information of reportable segments which is determined on the basis of operating segments.

An operating segment is a component of the Group that satisfies all of the following conditions: (1) the component is able to generate revenues and incur expenses from its ordinary activities; (2) whose operating results are regularly reviewed by the Group's management to make decisions about resources to be allocated to the segments and to assess its performance, and (3) for which the information on financial position, operating results and cash flows is available to the Group.

Two or more operating segments that have similar economic characteristics and satisfy certain conditions can be aggregated into one single operating segment.

(30) ***Critical accounting estimates and assumptions***

The Group continually evaluates the critical accounting estimates and key estimates and assumptions applied based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The critical accounting estimates and assumptions that have a significant risk of a material adjustment to the carrying amounts of assets and liabilities within the next accounting period are as below:

(a) *Income taxes*

There are many transactions and calculations for which the ultimate determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters (including the effect of change in the dividend policies of PRC subsidiaries) is different from the amounts that were initially recorded, such difference will impact the income tax and deferred tax provision in the period in which such determination is made.

(b) *PRC land appreciation taxes*

The Group is subject to land appreciation taxes in the PRC. The Group has not finalised its LAT calculation and payments with local tax authorities in the PRC for most of its property projects. Accordingly, judgement is required in determining the amount of the land appreciation taxes. The Group recognised these land appreciation taxes based on management's best estimates according to the interpretation of the tax rules. The final tax outcome could be different from the amounts that were initially recorded, and these differences will impact the income tax expense and tax provisions in the periods in which such taxes have been finalised with local tax authorities.

(c) *Estimated fair value of investment properties*

The best evidence of fair value is current prices in an active market for the properties with similar lease and other contracts. In the absence of such information, the Group determines the amount within a range of reasonable fair value estimates. In making its judgement, the Group considers information from a variety of sources including: (i) current prices in an active market for properties of different nature, condition or location (or subject to different lease or other contracts), adjusted to reflect those differences; (ii) recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and (iii) discounted cash flow projections based on reliable estimates of future cash flows, derived from the terms of any existing lease and other contracts and (where possible) from external evidence such as current market rents for similar properties in the same location and condition, and using capitalisation rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows. The Group assesses the fair value of its investment properties based on valuations determined by independent and professional qualified valuers.

(d) *Provision for properties under development and completed properties held for sale*

The Group assesses the carrying amounts of properties under development and completed properties held for sale according to their recoverable amounts based on the realisability of these properties, taking into account estimated costs to completion based on past experience and committed contracts and estimated net sales value based on prevailing market conditions. The assessment requires the use of judgement and estimates.

(e) *Estimate costs of properties under development*

The Group estimates the total costs of property when recognising the costs of property sales. The estimate is based on management's detailed budgets on the development of the property and is regularly assessed during the construction. If the relevant estimate does not match the cost actually incurred, the difference will affect the correctness of the recognized cost of sales.

5 Taxation

The main categories and rates of taxes applicable to the Group are set out below:

Category	Tax base	Tax rate
Value added tax ("VAT")	Taxable value added amount (Tax payable is calculated using the current taxable sales amount multiplied by the applicable tax rate less deductible VAT input)	3%, 5%, 6%, 11% or 17%
Business tax (a)	Income of rental or sales of properties and property management	5%
	Construction income	3%
Land Appreciation Tax. . .	Value-added amount in sales of properties	30%–60% in a progressive tax rate
Property Tax.	Original costs of the investment properties or rental income	1.2% of the original costs of the investment properties or 12% of the rental income
Income tax	Taxable income/(losses)	25%

(a) Pursuant to the "*Regulations of Overall Promotion of Pilot Program of Levying VAT in place of Business Tax*" in "*Circular on the Overall Promotion of Pilot Program of Levying VAT in place of Business Tax*" (Cai Shui [2016] 36) jointly issued by the Ministry of Finance and the State Administration of Taxation and other relevant regulations, revenues from property sales, construction services, property management and hotel operation of the Group, are subject to VAT since 1 May 2016. The applicable tax rate is 11% for property sales and construction services, 6% for property management. The applicable tax rates for businesses of property sales and construction services whose VAT is levied by simple and easy method are 5% and 3% respectively.

6 Subsidiaries

(1) *Major subsidiaries of the Company*

Name of major subsidiary	Place of incorporation	Nature of business	Ownership interests held by the Company	Acquired/ Established
Guangzhou Junhui Real Estate Development Co., Ltd.	Guangzhou	Real Estate Development	100%	Established
Guangzhou Tong Ruida Real Estate industry Co., Ltd.	Guangzhou	Real Estate Development	100%	Established
Guangzhou Hongjun Property Development Co., Ltd.	Guangzhou	Real Estate Development	100%	Established
Hengda Real Estate Group Wuhan Co., Ltd.	Wuhan	Real Estate Development	100%	Established
Hengda Real Estate Group Chongqing Co., Ltd.	Chongqing	Real Estate Development	100%	Established
Hengda Real Estate Group Chengdu Co., Ltd.	Chengdu	Real Estate Development	100%	Established
Nanjing Hengda Fufeng Property Co., Ltd.	NanJing	Real Estate Development	100%	Established
Wuhan Xin Jin Sightseeing Industrial Park Co., Ltd..	Wuhan	Real Estate Development	100%	Established
Pengshan Xinxin Sightseeing Industrial Zone Co., Ltd.	Meishan	Real Estate Development	100%	Established
Anning City Gan Xin Sightseeing Industrial Park Co., Ltd.	Anning	Real Estate Development	100%	Established
Hengda (Qingxin) Ecological Demonstration Garden Co., Ltd.	Qingxin	Real Estate Development	100%	Established
Hengda (Fogang) Tangtang Farm Co., Ltd.	Qingyuan	Real Estate Development	100%	Established
Guangzhou Hengda Ecological Agricultural Development base Co., Ltd.	Guangzhou	Real Estate Development	100%	Established
Hengda Real Estate Group Tianjin Jixian Co., Ltd..	Tianjin	Real Estate Development	100%	Established
E’zhou Xin Jin Ecological Sightseeing Industrial Park Co., Ltd.	E’zhou	Real Estate Development	100%	Established

Name of major subsidiary	Place of incorporation	Nature of business	Ownership interests held by the Company	Acquired/ Established
Chongqing Xinheng Sightseeing Agriculture Co., Ltd.	Chongqing	Real Estate Development	100%	Established
Hengda Xinlong (Shenyang) Property Co., Ltd.	Shenyang	Real Estate Development	100%	Established
Heshan Xinxin Sightseeing Industrial Park Co., Ltd..	Heshan	Real Estate Development	100%	Established
Hengda Sheng Yu (Qingxin) Property Co., Ltd.	Qingxin	Real Estate Development	100%	Established
Hengda Real Estate Group Zhengzhou Co., Ltd.	Zhengzhou	Real Estate Development	100%	Established
Guangzhou Jin Bi Real Estate Agent Co., Ltd.	Guangzhou	Property Management	100%	Established
Guangzhou Jin Bi Shijia Property Service Co., Ltd..	Guangzhou	Property Management	100%	Established
Guangzhou Jin Bi Heng Ying Property Service Co., Ltd..	Guangzhou	Property Management	100%	Established
Hengda Real Estate Group Xi'an Co., Ltd.	Xi'an	Real Estate Development	100%	Established
Hengda Real Estate Group Luoyang Co., Ltd.	Luoyang	Real Estate Development	100%	Established
Hengda Real Estate Group Taiyuan Co., Ltd.	Taiyuan	Real Estate Development	100%	Established
Xi'an Qujiang investment and Construction Co., Ltd.	Xi'an	Real Estate Development	100%	Acquired
Xi'an Kei Yun Property Co., Ltd. . . .	Xi'an	Real Estate Development	100%	Acquired
Hengda Real Estate Group Nanning Co., Ltd.	Nanning	Real Estate Development	100%	Established
Hengda Real Estate Group Guiyang Property Co., Ltd.	Guiyang	Real Estate Development	100%	Acquired
Nanjing Han Dian Real Estate Development Co., Ltd.	Nanjing	Real Estate Development	100%	Acquired
Hunan Xiong Zhen Property Co., Ltd.	Changsha	Real Estate Development	100%	Acquired

Name of major subsidiary	Place of incorporation	Nature of business	Ownership interests held by the Company	Acquired/ Established
Hengda Real Estate Group Hefei Co., Ltd.	Hefei	Real Estate Development	100%	Established
Hengda Real Estate Group Changsha Property Co., Ltd.	Changsha	Real Estate Development	100%	Established
Guangzhou Heng Hui Architectural Engineering Co., Ltd..	Guangzhou	Construction	100%	Established
Guangzhou Henghe Engineering Supervision Co., Ltd..	Guangzhou	Construction	100%	Established
Hengda Garden Group Co., Ltd.	Guangzhou	Construction	100%	Established
Guangzhou Hengda Decoration Project Co., Ltd..	Guangzhou	Construction	100%	Established
Foshan Hengda Metal Building Material Co., Ltd..	Foshan	Construction	100%	Established
Guangzhou Hengda Advertising Co., Ltd.	Guangzhou	Advertising Design	100%	Established
Jingzhou Qingchuang Architectural Design Institute Co., Ltd.	Jingzhou	Advertising Design	100%	Established
Guangzhou Hengda Material Equipment Co., Ltd.	Guangzhou	Construction	100%	Established
Foshan Nanhai Juncheng Real Estate Development Co., Ltd..	Foshan	Real Estate Development	100%	Acquired
Hengda Real Estate Group Guangdong Real Estate Development Co., Ltd. .	Guangzhou	Real Estate Development	100%	Established
Hengda Real Estate Group Baotou Co., Ltd..	Baotou	Real Estate Development	100%	Established
Guangdong Hengda Volleyball Club Co., Ltd..	Guangzhou	Culture and Sports	100%	Established
Jiangxi Hongji Investment Co., Ltd.. .	Nanchang	Real Estate Development	100%	Acquired
Hengda Real Estate Group Shijiazhuang Co., Ltd..	Shijiazhuang	Real Estate Development	100%	Established
Hengda Real Estate Group Ji'nan Property Co., Ltd..	Jinan	Real Estate Development	100%	Established

Name of major subsidiary	Place of incorporation	Nature of business	Ownership interests held by the Company	Acquired/ Established
Hengda Real Estate Group Tianjin Co., Ltd.	Tianjin	Real Estate Development	100%	Established
Hengda Real Estate Group Fogang Co., Ltd.	Qingyuan	Real Estate Development	100%	Established
Hengda Real Estate Group Shanghai Sheng Jian Property Co., Ltd.	Shanghai	Real Estate Development	100%	Established
Shenzhen City Centre Port Real Estate development Co., Ltd.	Shenzhen	Real Estate Development	100%	Established
Taiyuan Ming Du real estate development Co., Ltd.	Taiyuan	Real Estate Development	100%	Acquired
Hengda Real Estate Group Hainan Co., Ltd.	Haikou	Real Estate Development	100%	Established
Taiyuan JunJing Real Estate Development Co., Ltd.	Taiyuan	Real Estate Development	100%	Established
Chongqing Hengda Junxin Property Development Co., Ltd.	Chongqing	Real Estate Development	100%	Established
Huaian Hengda Fengfu Property Development Co., Ltd.	Huaian	Real Estate Development	100%	Established
Evergrande Real Estate Group Lanzhou Property Co., Ltd.	Lanzhou	Real Estate Development	100%	Acquired
Evergrande Real Estate Group Changchun Property Co., Ltd.	Changchun	Real Estate Development	100%	Established
Hengda Real Estate Group (Shenyang) Investment Co., Ltd.	Shenyang	Real Estate Development	100%	Established
Hengda Real Estate Group (Zhongshan) Co., Ltd.	Zhongshan	Real Estate Development	100%	Acquired
Hengda Real Estate Group Luquan Co., Ltd.	Shijiazhuang	Real Estate Development	100%	Established
Danzhou Hengda Binhai Investment Co., Ltd.	Danzhou	Real Estate Development	100%	Established
Hengda Real Estate Group Jingdezhen Property Co., Ltd.	Jingdezhen	Real Estate Development	100%	Established
Hengda Real Estate Group Kunming Co., Ltd.	Kunming	Real Estate Development	100%	Established

Name of major subsidiary	Place of incorporation	Nature of business	Ownership interests held by the Company	Acquired/ Established
Hengda Real Estate Group Huhehaote Co., Ltd.	Huhehaote	Real Estate Development	100%	Established
Danyang Hengda Property Co., Ltd. . .	Danyang	Real Estate Development	100%	Established
Hengda Real Estate Group Shizuishan Co., Ltd.	Shizuishan	Real Estate Development	100%	Established
Yuncheng Jin Heng real estate development Co., Ltd.	Yuncheng	Real Estate Development	100%	Established
Tongling Hengda Property Co., Ltd. . .	Tongling	Real Estate Development	100%	Established
Huaibei Guangdong Tong Property Co., Ltd.	Huaibei	Real Estate Development	100%	Established
Hengda Real Estate Group Zigong Co., Ltd.	Zigong	Real Estate Development	100%	Established
Hengda Real Estate Group Yunfu Co., Ltd.	Yunfu	Real Estate Development	100%	Established
Linfen Zijing Real Estate Development Co., Ltd.	Linfen	Real Estate Development	100%	Acquired
Hengda Real Estate Group Yinchuan Co., Ltd.	Yinchuan	Real Estate Development	100%	Established
Hengda Real Estate Group Harbin Co., Ltd.	Harbin	Real Estate Development	100%	Established
Guangzhou Jin Bi World Dietetic and Entertainment Co., Ltd.	Guangzhou	Hotel	100%	Acquired
Beijing Run Ye Culture and Art Co., Ltd.	Beijing	Real Estate Development	100%	Acquired
Guangzhou Hengda National Nong and Dance Troupe Co., Ltd.	Guangzhou	Culture and Sports	100%	Established
Foshan Nanhai Yiingyu Real Estate Development Co., Ltd.	Foshan	Real Estate Development	100%	Established
Hengda Real Estate Group Nanjing Property Co., Ltd.	Nanjing	Real Estate Development	100%	Established
Suqian Hengda Hua Fu Property Co., Ltd.	Suqian	Real Estate Development	100%	Established

Name of major subsidiary	Place of incorporation	Nature of business	Ownership interests held by the Company	Acquired/ Established
Lianyungang Hengda City Property Co., Ltd.	Lianyungang	Real Estate Development	100%	Established
Yueyang Jin Bi Property Co., Ltd. . . .	Yueyang	Real Estate Development	100%	Established
Hengda Real Estate Group Shaoguan Co., Ltd.	Shaoguan	Real Estate Development	100%	Established
Taiyuan Junhao Real Estate Development Co., Ltd.	Taiyuan	Real Estate Development	100%	Established
Shenzhen Construction (Group) Co., Ltd.	Shenzhen	Construction	100%	Acquired
Datong JunJing Real Estate Development Co., Ltd.	Datong	Real Estate Development	100%	Established
Hengda Real Estate Group Urumqi Co., Ltd.	Urumqi	Real Estate Development	100%	Established
Hengda Real Estate Group Yancheng Co., Ltd.	Yancheng	Real Estate Development	100%	Established
Hengda Century City (Qingyuan) Hotel Plaza Co., Ltd.	Qingyuan	Real Estate Development	100%	Established
Lvliang Junhui Real Estate Development Co., Ltd.	Lvliang	Real Estate Development	100%	Established
Jiaxing Hengda Property Co., Ltd. . . .	Jiaxing	Real Estate Development	100%	Established
Yuncheng Economic Zone Yijiayi Property Development Co., Ltd. . . .	Yuncheng	Real Estate Development	100%	Acquired
Yuncheng Xinwan Real Estate Development Co., Ltd.	Yuncheng	Real Estate Development	100%	Acquired
Dongguan City State Real Estate Development Co., Ltd.	Dongguan	Real Estate Development	100%	Acquired
Hengda Real Estate Group (Shenzhen) Co., Ltd.	Shenzhen	Real Estate Development	100%	Established
Chongqing Heng Da Hotel Co., Ltd.. .	Chongqing	Hotel	100%	Established
Nanchang CIC high-tech Property Co., Ltd.	Nanchang	Real Estate Development	100%	Acquired

Name of major subsidiary	Place of incorporation	Nature of business	Ownership interests held by the Company	Acquired/ Established
Hengda Football School	Guangzhou	Culture and Sports	100%	Established
Hengda Commercial Co., Ltd.	Guangzhou	Hotel	100%	Established
Haiyan Construction and Construction Co., Ltd.	Haiyan	Real Estate Development	100%	Established
Hengda Real Estate Group Enping Co., Ltd.	Enping	Real Estate Development	100%	Established
Hengda Real Estate Group Baiyangdian Hot Spring City Co., Ltd.	Baoding	Real Estate Development	100%	Established
Guangzhou Food and Banquet Catering Enterprise Management Co., Ltd.	Guangzhou	Hotel	100%	Established
Hengda Real Estate Group Yangjiang Co., Ltd.	Yangjiang	Real Estate Development	100%	Established
Beijing Guangzhi Culture And Arts Co., Ltd.	Beijing	Culture and Sports	100%	Acquired
Pinghu Hengda Ming Du Property Co., Ltd.	Pinghu	Real Estate Development	100%	Established
Wuhai JunJing Real Estate Development Co., Ltd.	Wuhai	Real Estate Development	100%	Established
Guangzhou Hengda Hotel Co., Ltd. . .	Guangzhou	Hotel	100%	Established
Wuxi Hengda Real Estate Development Co., Ltd.	Wuxi	Real Estate Development	100%	Established
Hengda Real Estate Group Tianjin Jixian Hotel Co., Ltd.	Tianjin	Hotel	100%	Established
Hengda Real Estate Group Fangchenggang Co., Ltd.	Fangchenggang	Real Estate Development	100%	Established
Pengshan Hengda Hotel Co., Ltd. . . .	Meishan	Hotel	100%	Established
Chengdu Jintang Hengda Hotel Co., Ltd.	Chengdu	Hotel	100%	Established
Yangquan Liaoyuan Real Estate Development Co., Ltd.	Yangquan	Real Estate Development	100%	Acquired

Name of major subsidiary	Place of incorporation	Nature of business	Ownership interests held by the Company	Acquired/ Established
Hengda Real Estate Group Jiujiang Co., Ltd.	JiuJiang	Real Estate Development	100%	Established
Quzhou Hengda Sheng Jian Industry Co., Ltd.	Quzhou	Real Estate Development	100%	Established
Hengda Real Estate Group Zhanjiang Imperial Landscape Property Co., Ltd.	Zhanjiang	Real Estate Development	100%	Established
Guangzhou Hengda Yongchang Property Co., Ltd.	Guangzhou	Real Estate Development	100%	Established
Guangzhou Hengda Zhuoyue Property Co., Ltd.	Guangzhou	Real Estate Development	100%	Established
Hengda Real Estate Group Heyuan Co., Ltd.	Heyuan	Real Estate Development	100%	Established
Hengda Health Industry Co., Ltd	Guangzhou	Culture and Sports	100%	Established
Hengda Real Estate Group Ji'an Co., Ltd.	Ji'an	Real Estate Development	100%	Established
Beijing Tianli Xingye Investment Co., Ltd.	Beijing	Real Estate Development	100%	Acquired
Beijing Shahe Hengda Industry Co., Ltd.	Beijing	Real Estate Development	100%	Established
Hengda Real Estate Group Tianjin Expo International Conference Center Co., Ltd.	Tianjin	Hotel	100%	Established
Hengda Real Estate Group Dalian Co., Ltd.	Dalian	Real Estate Development	100%	Established
Hefei Yuecheng Property Co., Ltd.	Hefei	Real Estate Development	100%	Established
Hefei Yue Qi Property Co., Ltd.	Hefei	Real Estate Development	100%	Established
Hefei Yue Qi Commercial Operation Management Co., Ltd.	Hefei	Real Estate Development	100%	Established
Hefei Yue Tai Property Co., Ltd.	Hefei	Real Estate Development	100%	Established

Name of major subsidiary	Place of incorporation	Nature of business	Ownership interests held by the Company	Acquired/ Established
Hefei Yue Tai Business Operation Management Co., Ltd.	Hefei	Real Estate Development	100%	Established
Hefei Yuefeng Property Co., Ltd.	Hefei	Real Estate Development	100%	Established
Hengda Real Estate Group Beijing Co., Ltd.	Beijing	Real Estate Development	100%	Established
Ningxia Haotian Real Estate Development Co., Ltd.	Yinchuan	Real Estate Development	100%	Established
Beijing Heng Yue Property Co., Ltd.	Beijing	Real Estate Development	100%	Established
Lin Zhihua Jin Daily Co., Ltd.	Linzhi	Hotel	100%	Established
Hengda Real Estate Group Fuzhou Co., Ltd.	Fuzhou	Real Estate Development	100%	Established
Guangzhou Xinyuan Investment Co., Ltd.	Guangzhou	Hotel	100%	Established
Taiyuan Junheng Real Estate Development Co., Ltd.	Taiyuan	Real Estate Development	100%	Established
Wuhan Hengda Hotel Co., Ltd.	Wuhan	Hotel	100%	Established
Shuangyashan Hengda Hotel Co., Ltd.	Shuangyashan	Hotel	100%	Established
Taiyuan Shengshi Jun Tai Real Estate Development Co., Ltd.	Taiyuan	Real Estate Development	100%	Acquired
Taiyuan Jin Shi Heng real estate development Co., Ltd.	Taiyuan	Real Estate Development	100%	Established
Beijing Heng Shi Investment Co., Ltd.	Beijing	Real Estate Development	100%	Established
Taiyuan Wan Heng Real Estate Development Co., Ltd.	Taiyuan	Real Estate Development	100%	Established
Nanning Jin Bi Hengda Home Industry Co., Ltd.	Nanning	Real Estate Development	100%	Established
Jiangxi Xingyu Property Development Co., Ltd.	Jiangxi	Real Estate Development	100%	Acquired
Hefei Guangdong Heng Estate Co., Ltd.	Hefei	Real Estate Development	100%	Established

Name of major subsidiary	Place of incorporation	Nature of business	Ownership interests held by the Company	Acquired/ Established
Shanxi Jiasheng Real Estate Development Co., Ltd.	Taiyuan	Real Estate Development	100%	Acquired
Guangzhou Hengda Decoration Design Institute Co., Ltd.	Guangzhou	Advertizing Design	100%	Established
Hengda Real Estate Group Guangdong East Co., Ltd..	Zhuhai	Real Estate Development	100%	Established
Hengda Real Estate Group Pearl River Delta Real Estate development Co., Ltd.	Guangzhou	Real Estate Development	100%	Established
Taiyuan Heng Ze Real Estate Development Co., Ltd.	Taiyuan	Real Estate Development	100%	Established
Tian Ji Holdings Co., Ltd.	Hong Kong	Real Estate Development	100%	Established
Tian Ding Holdings Co., Ltd.	Hong Kong	Real Estate Development	100%	Established
Hengda Dafang Poverty Alleviation Management Co., Ltd.	Guizhou	Real Estate Development	100%	Established
Shanxi Orchid Kang Yu Real Estate Development Co., Ltd.	Taiyuan	Real Estate Development	82%	Acquired
Taiyuan Hengdelong Real Estate Development Co., Ltd.	Taiyuan	Real Estate Development	100%	Acquired

(2) ***Disposal of a major subsidiary in year ended 31 December 2016***

Name a major subsidiary	Reason for Deconsolidation
Hengda Culture Industry Group Co., Ltd. and its subsidiaries (the "Hengda Culture")	Disposal
Hengda Tourism Group Co., Ltd. and its subsidiaries (the "Hengda Tourism")	Disposal
Danzhou Hengda Champagne Island Investment And Development Co., Ltd. and its subsidiaries (the "Hengda Champagne Island")	Disposal
Hengda Real Estate Group (Nanchang) Co., Ltd. (the "Hengda Nanchang")	Disposal

7 Notes to the consolidated financial statements

(1) *Cash at bank and on hand*

	31 December 2016	31 December 2015
Cash on hand	50	45
Cash at bank	171,135	91,256
Other cash balances	104,006	59,766
	275,191	151,067
Less: Restricted deposits	(104,006)	(59,766)
Cash and cash equivalents	171,185	91,301

Cash equivalents mainly represented restricted deposits for housing mortgage, the deposits for clearance compensation, and the pledged guarantee for bank borrowings deposited to the designated bank account by the Group (note 7(39)(d)).

(2) *Financial assets at fair value through profit or loss*

	31 December 2016	31 December 2015
Investments in equity instrument held for trading	3,076	—

As at 31 December 2016 and 2015, the financial assets at fair value through profit or loss were the investments in the China's A share market with publicly available quotations in the active market.

As at 31 December 2015, the Group did not have any financial assets at fair value through profit or loss.

The investments held for trading is determined at the closing price of Shanghai Stock Exchange on the last trading day of the year.

(3) *Notes receivable*

	31 December 2016	31 December 2015
Trade acceptance notes	68	35
Bank acceptance notes	—	10
	68	45

(4) *Accounts receivable and other receivables*

(a) *Accounts receivable*

	31 December 2015	Impairment charged	Reversal	31 December 2016
Amounts due from related parties*(Note 10(4)(a))*	90			197
Amounts due from third parties .	3,640			8,267
	3,730			8,464
Less: Allowance for bad debts. .	(18)	(6)	7	(17)
	3,712			8,447

The ageing of accounts receivable and related provisions for bad debts are analysed below:

	31 December 2016			31 December 2015		
	Amount	%	Allowance for bad debts	Amount	%	Allowance for bad debts
Within 1 year . . .	6,929	81.87%	—	3,402	91.21%	—
1 to 2 years	938	11.08%	—	179	4.80%	—
Over 2 years	597	7.05%	(17)	149	3.99%	(18)
	8,464	100.00%	(17)	3,730	100.00%	(18)

As at 31 December 2016 and 2015, there were no accounts receivable that were past due but not impaired.

(b) *Long-term receivables*

	31 December 2016	31 December 2015
Long-term loan instalment receivables	15,358	15,608
Finance leases receivables *(Note 10(4)(c))*.	407	—
	15,765	15,608
Less: Non-current assets due within one year . .	(7,019)	(5,303)
	8,746	10,305

As at 31 December 2016, long-term receivables of RMB601,000,000 (31 December 2015: RMB663,000,000) were past due. Based on the analysis of the customers' financial status and credit record the Group expected that the past due amounts can be recovered and the long-term receivables are not impaired. Hence, no impairment was individually accrued. The ageing of these long-term receivables is analysed as follows:

	31 December 2016	31 December 2015
Within 1 year	374	580
1 to 2 years	167	83
Over 2 years	60	—
	601	663

(c) *Other receivables*

	31 December 2015	Impairment charged	Reversal	31 December 2016
Amounts due from related parties *(note 10(4)(b))*	25,988			2,619
Deposits	4,970			7,981
Amounts due from non-controlling interests	1,284			4,235
Receivables from the disposal of subsidiaries	—			6,776
Others	2,930			7,191
	35,172			28,802
Less: Allowance for bad debts	(83)	(95)	3	(175)
	35,089			28,627

Other receivables and related provision for bad debts are analysed below:

	31 December 2016			31 December 2015		
	Amount	%	Allowance for bad debts	Amount	%	Allowance for bad debts
Within 1 year	23,270	80.79%	(115)	31,245	88.83%	—
1 to 2 years	2,392	8.30%	(17)	1,776	5.05%	—
Over 2 years	3,140	10.91%	(43)	2,151	6.12%	(83)
	28,802	100.00%	(175)	35,172	100.00%	(83)

As at 31 December 2016 and 2015, there were no other receivables that were past due but not impaired.

(5) *Prepayments*

	31 December 2016		31 December 2015	
	Amount	%	Amount	%
Within 1 year	41,787	80.11%	20,521	63.80%
1 to 2 years	4,088	7.84%	5,446	16.93%
Over 2 years	6,284	12.05%	6,197	19.27%
	52,159	100.00%	32,164	100.00%

Prepayments mainly represent the prepaid land premium pending for the land use right licenses. Prepayments over 1 year are mainly the prepaid land premium of those in progress of clearance or with partial transfer of land use right.

(6) *Inventories*

	31 December 2016	31 December 2015
Properties under development	567,171	326,390
Completed properties	80,597	52,935
Others	157	95
	647,925	379,420
Less: Provision for impairment	(828)	(562)
	647,097	378,858

Provisions for impairment are analysed below:

	31 December 2015	Impairment charged	Write-off for the year	31 December 2016
Inventories	(562)	(283)	17	(828)

In 2016, the capitalised amount for the borrowing fees credited to the properties under development was RMB30,747 million (2015: RMB21,048 million) and the capitalised rate for the recognition of the capitalised borrowing fees was 9.39% per annum (2015: 10.41%).

As at 31 December 2016 and 2015, for the details of the inventories pledged by the Group as collateral for bank borrowings, please refer to Note 7(15)(a) and Note 7(23)(a).

(7) *Other current assets*

	31 December 2016	31 December 2015
Prepaid business tax	2,855	3,293
Prepaid income tax	3,097	2,113
Prepaid land appreciation tax	4,438	1,973
Available-for-sale financial assets	1,672	—
Prepaid VAT	1,561	17
Prepaid construction tax	348	75
Prepaid education surcharge	253	59
Input VAT to be deducted	218	—
Others	24	4
	14,466	7,534

(8) ***Available-for-sale financial assets***

	31 December 2016	31 December 2015
Measured at fair value		
— Available-for-sale instruments	34,840	787

As at 31 December 2016 and 31 December 2015, there is no impairment to the available-for-sale financial assets which are measured at RMB.

The available-for-sale assets mainly includes the equity investments held by the Group in A-share listed companies which are quoted in an active market.

The fair value of the available-for-sale financial assets is determined at the closing price of Shanghai and Shenzhen Stock Exchange on the last trading day of the year.

(9) ***Long-term equity investments***

	31 December 2016	31 December 2015
Joint ventures (a)	566	8,396
Associates (b)	161	153
	727	8,549

The Group's investments accounted for using equity method. The Group has not been imposed any material restrictions on realising the Investments accounted for using equity method and the above investment interests do not have any contingent liabilities or commitments.

(a) *Joint ventures*

	Place of Incorporation	Business Nature	Registered Capital	Ownership interests held by the Group 2016	Ownership interests held by the Group 2015
Beijing Beiheng Zhonghui Education Technology Co., Ltd.	PRC	Cultural Education	10,000,000	55%	55%
Wangfujing Hengda Commercial Holdings Company Limited	PRC	Business Management	1,000,000,000	51%	51%
Inner Mongolia Luqiao Property Co., Ltd.	PRC	Property Development	200,000,000	50%	50%
Guangzhou Hengda Taobao Football Club Corp., Ltd.	PRC	Cultural Entertainment	375,000,000	60%	60%
Hengda Life Insurance Co., Ltd. (Hengda Life Insurance)	PRC	Insurance	1,000,000,000	N/A	50%
Hangzhou Jingli Property Co., Ltd.	PRC	Property Development	USD370,000,000	N/A	49%
Jinan Hengda Chengxi Property Co., Ltd.	PRC	Property Development	10,000,000	49%	N/A

Investments in joint ventures are set out below:

	31 December 2015	Increase in investment	Decrease in investment	Other consolidated income adjusted by equity method	Other capital reserve adjusted by equity method	Net profit or loss adjusted by equity method	31 December 2016
Joint ventures	8,396	6,044	(13,046)	(197)	14	(645)	566

The Group has no joint ventures that are individually significant.

(b) *Associates*

	Place of Incorporation	Business Nature	Registered Capital	Ownership interests held by the Group 2016	2015
Chongqing Tongjin Wenhao Property Co., Ltd.	PRC	Property Development	100,000,000	49%	49%
Jinan Xichuang Property Co., Ltd.	PRC	Property Development	18,000,000	30%	30%
Jinan Xishi Property Co., Ltd.	PRC	Property Development	18,000,000	30%	30%
Hunan Repulse Bay Xiangya Hot Spring Garden Co., Ltd.	PRC	Property Development	30,000,000	18%	18%
Jinan Xiye Property Co., Ltd.	PRC	Property Development	18,000,000	N/A	30%
Jinan Xikai Property Co., Ltd.	PRC	Property Development	18,000,000	N/A	30%
Shanghai Shencheng Movie And Media Co., Ltd.	PRC	Culture and Arts	40,000,000	N/A	25%
Qianhai Kaiyuan Assets Management (Shenzhen) Co., Ltd.	PRC	Assets Management	100,000,000	N/A	16%
Dongying Yujing Property Co., Ltd.	PRC	Property Development	100,000,000	N/A	20%

Investments in associates are set out below:

	31 December 2015	Increase in investment	Decrease in investment	Other capital reserves adjusted by equity method	Net income or loss adjusted by equity method	31 December 2016
Associates	153	53	(47)	4	(2)	161

The Group has no associates that are individually significant.

(c) *Summarised financial information for insignificant joint ventures and associates*

	Year ended 31 December	
	2016	**2015**
Joint ventures:		
Aggregated carrying amount of investments	1,639	9,046
Aggregate of the following items in proportion		
Net loss (i)	(645)	(595)
Other comprehensive income (i)	(197)	—
Total comprehensive income	(842)	(595)
Associates:		
Aggregated carrying amount of investments	177	134
Aggregate of the following items in proportion		
Net (losses)/profit (i)	(2)	174
Other comprehensive income (i)	—	—
Total comprehensive income	(2)	174

(i) The net profit and other comprehensive income have taken into account the impacts of both the fair value of the identifiable assets and liabilities upon the acquisition of investments and the adoption of accounting policies of the Group.

(10) ***Investment properties***

	Property and plant
31 December 2015	96,382
Additions	14,810
Business combinations not under common control *(note 9(2))*	16,734
Fixed assets transferred in	(1,310)
Changes in fair value	4,925
Currency translation differences	847
Disposal of a subsidiary	(185)
Disposal	(2,007)
31 December 2016	130,196

In 2016, capitalised borrowing costs for investment properties amounted to RMB2,366,000,000 (2015: RMB1,710,000,000). The capitalisation rate of borrowing costs for the year ended 31 December 2016 was 9.39% (2015: 10.41%).

For the year ended 31 December 2016, the impact on the Group's profit or loss resulting from the changes in fair value of investment properties is RMB4,925,000,000 (31 December 2015: RMB12,746,000,000).

In 2016, the Group's disposal income of investment properties was RMB94,000,000 (2015: RMB185,000,000).

As at 31 December 2016 and 2015, investment properties pledged by the Group as collateral for bank borrowings refer to Note 7(15)(a) and Note 7(23)(a).

(11) *Property, equipment and plant*

	Buildings	Machinery and equipment	Motor vehicles	Computers and electronic equipment	Office equipment
Cost					
31 December 2015.	7,625	288	500	4,067	12,480
Transferred from construction in process	1,299	22	—	374	1,695
Transferred from investment properties	1,310	—	—	—	1,310
Business combination involving enterprises not under common control *(note 9(2))*.	1,443	26	24	80	1,573
Additions	799	205	92	479	1,575
Disposals	(683)	(362)	(46)	(98)	(1,189)
31 December 2016.	11,793	179	570	4,902	17,444
Accumulated depreciation					
31 December 2015.	(1,284)	(82)	(362)	(1,575)	(3,303)
Depreciation charged	(671)	(49)	(81)	(509)	(1,310)
Disposals	201	67	40	69	377
31 December 2016.	(1,754)	(64)	(403)	(2,015)	(4,236)
Carrying amount					
31 December 2016.	10,039	115	167	2,887	13,208
31 December 2015.	6,341	206	138	2,492	9,177

In 2016 and 2015, the amount of depreciation expense charged to cost of sales, selling expenses, general and administrative expenses were set out below

	Year ended 31 December	
	2016	2015
Cost of sales.	402	463
General and administrative expenses	617	476
Selling expenses	291	151
	1,310	1,090

As at 31 December 2016 and 2015, property, equipment and plant pledged by the Group as collateral for bank borrowings refer to Note 7(15)(a) and Note 7(23)(a).

(12) *Construction in progress*

Project name	31 December 2015	Additions	Transfer to property, equipment and plant	31 December 2016
Hotel construction	3,575	2,598	(1,695)	4,478
Including: Capitalised borrowing costs	526	442	(249)	719

The capitalisation rate of borrowing costs for the year ended 31 December 2016 was 9.39% (2015: 10.41%).

(13) ***Intangible assets***

	Land use rights	Others	Total
Cost			
31 December 2015	3,326	142	3,468
Increase in the current year	1,896	46	1,942
Business combination involving enterprises not under common control *(note 9(2))*	59	102	161
Disposals	(43)	(64)	(107)
31 December 2016	5,238	226	5,464
Accumulated amortisation			
31 December 2015	(180)	(46)	(226)
Amortisation charged	(119)	(18)	(137)
Disposals	5	32	37
31 December 2016	(294)	(32)	(326)
Carrying amount			
31 December 2016	4,944	194	5,138
31 December 2015	3,146	96	3,242

(14) ***Long-term prepaid expenses***

	31 December 2016	31 December 2015
Renovation expense	143	88
Others	61	56
	204	144

(15) ***Short-term borrowings***

	31 December 2016	31 December 2015
Secured		
— Pledged (a)	24,793	5,370
— Collateralised (b)	33,901	7,805
— Guaranteed (c)	26,271	5,083
Unsecured	3,741	19,699
	88,706	37,957

(a) As at 31 December 2016, the pledged borrowings of RMB24,793 million were secured by the property, equipment and plant with a carrying amount of RMB1,517 million, the investment properties with a carrying amount of approximately RMB10,598 million, the land use right with a carrying amount of approximately RMB427 million, and the inventory with a carrying amount of RMB33,991 million (2015: the pledged borrowings of RMB5,370 million were secured by the property, equipment and plant with a carrying amount of RMB217 million, the investment properties with a carrying amount of RMB733 million, the intangible asset, land use right, with a carrying amount of RMB21 million and the inventory with a carrying amount of RMB4,342 million).

(b) As at 31 December 2016, the collateralised borrowings of RMB33,901 million were secured by time deposit of RMB15,415 million and the equity of the subsidiaries of RMB15,856 million (2015: the collateralised borrowings of RMB7,805 million were secured by time deposit of RMB2,901 million and the equity of the subsidiaries of RMB5,749 million).

(c) As at 31 December 2016, bank borrowings of RMB278 million (31 December 2015: RMB5,083 million) are secured by China Evergrande while RMB25,993 million (31 December 2015: none) are guaranteed by the Company and its subsidiaries.

As at 31 December 2016, short-term bank borrowings included a borrowing of RMB2,700 million loaned from joint ventures of the Company's ultimate holding company and another one of RMB799 million loaned from associates of the Company's ultimate holding company.

As at 31 December 2016, the interest rates for short-term borrowings range from 1.32% to 10.50% (31 December 2015：from 1.09% to 13.00%).

(16) ***Notes payable***

	31 December 2016	31 December 2015
Trade acceptance notes	43,058	39,156
Bank acceptance notes	617	2,913
	43,675	42,069

(17) ***Advances from customers***

	31 December 2016	31 December 2015
Advance receipts from sale of properties	181,775	79,517
Others	1,629	2,093
	183,404	81,610

As at 31 December 2016 and 2015, the Group's receipts in advance over one year were mainly unsettled receipts from sale of properties.

(18) ***Employee benefits payable***

	31 December 2016	31 December 2015
Short-term employee benefits payable (a)	1,355	1,079
Defined contribution plans payable (b)	56	29
	1,411	1,108

(a) *Short-term employee benefits payable*

	31 December 2015	Increase	Decrease	31 December 2016
Wages and salaries, bonus, allowances and subsidies	999	9,985	(9,755)	1,229
Staff welfare	19	523	(507)	35
Social security contributions	16	465	(453)	28
Including: Medical insurance	13	401	(390)	24
Work injury insurance	2	30	(30)	2
Maternity insurance	1	34	(33)	2
Housing funds	15	378	(372)	21
Labor union funds and employee education funds	30	78	(66)	42
	1,079	11,429	(11,153)	1,355

(b) *Defined contribution plans payable*

	Year ended 31 December			
	2016		2015	
	Payable	Balance	Payable	Balance
Basic pensions	897	54	667	28
Unemployment insurance	44	2	62	1
	941	56	729	29

(19) ***Taxes payable***

	31 December 2016	31 December 2015
VAT payables	19,071	13,510
Income tax payable	15,039	9,349
VAT due	297	33
Personal Income Tax payable	105	86
Tax payables on land use	87	76
Business Tax payable	82	1,082
Stamp Tax payable	76	148
City Maintenance and Construction Tax payable	54	92
Educational Surcharge Tax payable	43	68
Land Lease Tax payable	3	—
Others	97	122
	34,954	24,566

(20) ***Other payables***

	31 December 2016	31 December 2015
Amounts due to related parties *(note 10(4)(d))*	29,017	34,587
Land premium payable	35,537	13,638
Payables for acquisition of subsidiaries	18,766	16,267
Cash receipts from the investors	13,000	—
Amounts due to non-controlling interests	4,239	4,180
Deposits payables	3,513	4,317
Payables for acquisition of joint ventures	—	2,157
Others	10,638	7,747
	114,710	82,893

(21) ***Current portion of non-current liabilities***

	31 December 2016	31 December 2015
Current portion of long-term borrowings *(Note 7(23))*	67,312	82,902
Current portion of corporate bonds *(Note 7(24))*	6,756	—
Current portion of long-term payables *(Note 7(22))*	6,686	506
	80,754	83,408

(22) ***Long-term payables***

	31 December 2016	31 December 2015
Payables for acquisition of subsidiaries	9,925	—
Combined structural shares (a)	5,093	1,760
Amounts due to non-controlling interests (b)	33,011	1,099
Others	2	6
	48,031	2,865
Less: current portion of long-term payables	(6,686)	(506)
	41,345	2,359

(a) As at 31 December 2016, long-term payables includes the cash advances of RMB5,093 million from the owners of consolidated investment entities, of which cash advances of RMB1,760 million bear an average interest rate of 9.60% per annum and are repayable according to relevant loan agreements. Cash advances of RMB3,333 million bear an average interest rate of 6.65% per annum and are repayable according to relevant loan agreements. As at 31 December 2015, the amount includes the cash advances of RMB1,760 million from the owners of consolidated investment entities with the average interest rate of 9.60% per annum. The amount is also repayable according to relevant loan agreements.

(b) As at 31 December 2016, amounts due to non-controlling interests includes the cash advances of RMB339 million (31 December 2015: RMB527 million) from the non-controlling interests, bears the average interest rate of 12% per annum (2015: 12% per annum) and it is payable according to relevant loan agreements.

(23) ***Long-term borrowings***

	31 December 2016	31 December 2015
Secured		
— Pledged (a)	194,919	143,271
— Collateralised (b)	128,983	56,596
— Guaranteed (c)	58,307	26,130
Unsecured	17,240	262
	399,449	226,259
Less: Current portion of long-term borrowings		
Secured		
— Pledged (a)	(37,931)	(43,630)
— Collateralised (b)	(15,522)	(25,626)
— Guaranteed (c)	(10,882)	(13,610)
Unsecured	(2,977)	(36)
	(67,312)	(82,902)
	332,137	143,357

(a) As at 31 December 2016, the pledged borrowings of RMB194,919 million were secured by the property, equipment and plant with a carrying amount of RMB5,868 million, the investment properties with a carrying amount of RMB464 million, the land use right with a carrying amount of RMB681 million, and the inventory with a carrying amount of RMB215,739 million (2015: the pledged borrowings of RMB143,271 million were secured by the property, equipment and plant with a carrying amount of RMB5,327 million, the investment properties with a carrying amount of RMB3,978 million, the inventory with a carrying amount of RMB125,302 million and the land use right with a carrying amount of RMB1,883 million).

(b) As at 31 December 2016, the collateralised borrowings of RMB128,983 million were secured by time deposit of RMB3,111 million and the equity of the subsidiaries of RMB70,739 million (2015: the collateralised borrowings of RMB56,596 million were secured by time deposit of RMB6,671 million and the equity of the subsidiaries of RMB41,661 million).

(c) As at 31 December 2016, bank borrowings of RMB2,042 million (31 December 2015: RMB26,130) were guaranteed by China Evergrande while bank borrowings of RMB56,265 million (31 December 2015: none) were guaranteed by the Company and its subsidiaries.

As at 31 December 2016, long-term bank borrowings included a borrowing of RMB2,816 million loaned by the joint ventures of the Company's ultimate holding company.

As at 31 December 2016, the interest rates for long-term borrowings range from 2.14% to 14.00% (2015：from 2.08% to 14.00%).

(24) ***Corporate bonds***

	31 December 2016	31 December 2015
Public issuance of corporate bonds	19,853	19,817
Non-public issuance of corporate bonds	33,908	19,732
	53,761	39,549
Less: Corporate bonds due within one year	(6,756)	—
Balance of corporate bonds.	47,005	39,549

On 19 June 2015, the Company publicly issued a 5-year corporate bond, with a total amount of RMB5 billion and simple interest rate fixed at 5.38% per annum.

On 7 July 2015, the Company publicly issued a 4-year corporate bond, with a total amount of RMB6.8 billion and simple interest rate fixed at 5.30% per annum.

On 7 July 2015, the Company publicly issued a 7-year corporate bond, with a total amount of RMB8.2 billion and simple interest rate fixed at 6.98% per annum.

On 16 October 2015, the Company non-publicly issued a 5-year corporate bond, with a total amount of RMB17.5 billion and simple interest rate fixed at 7.38% per annum.

On 16 October 2015, the Company non-publicly issued a 5-year corporate bond, with a total amount of RMB2.5 billion and simple interest rate fixed at 7.88% per annum.

On 11 January 2016, the Company non-publicly issued a 4-year corporate bond, with a total amount of RMB10 billion and simple interest rate fixed at 6.98% per annum.

On 29 July 2016, the Company non-publicly issued a 3-year corporate bond, with a total amount of RMB4.2 billion and simple interest rate fixed at 6.80% per annum.

(25) ***Deferred income tax assets and liabilities***

Deferred income tax assets and liabilities before offsetting of certain debit and credit balances are set out as follows:

(a) *Deferred income tax assets*

	31 December 2016		31 December 2015	
	Deferred tax assets	**Deductible temporary differences**	**Deferred tax assets**	**Deductible temporary differences**
Elimination of intra-group unrealised profit.	587	2,348	535	2,140
Deductible tax losses	1,670	6,724	924	3,696
Temporary difference of costs recognition	575	2,300	403	1,612
Changes in fair value of available-for-sale financial assets	1,252	5,008	—	—
Valuation decrease from business acquisition	70	236	45	180
Provision for asset impairments .	255	1,020	164	656
	4,409	17,636	2,071	8,284

	31 December 2016	**31 December 2015**
Including:		
Expected to be recovered within one year (inclusive)	3,374	1,238
Expected to be recovered over one year	1,035	833
	4,409	2,071

(b) Deductible tax losses that are not recognised as deferred income tax assets are analysed as follows:

	31 December 2016	**31 December 2015**
Deductible tax losses	4,512	4,698

(c) Deductible tax losses that are not recognised as deferred income tax assets will be expired as follows:

	31 December 2016	**31 December 2015**
2016	—	600
2017	883	974
2018	926	1,089
2019	1,073	1,589
2020	214	446
2021	1,416	—
	4,512	4,698

(d) *Deferred income tax liabilities*

	31 December 2016		31 December 2015	
	Deferred tax liabilities	**Taxable temporary differences**	**Deferred tax liabilities**	**Taxable temporary differences**
Deferred income tax				
Change in the fair value of the investment properties	9,305	37,274	8,519	34,076
Valuation up from business acquisition	12,515	50,060	2,245	8,980
Changes in fair value of available-for-sale financial assets	223	891	19	76
	22,043	88,225	10,783	43,132

	31 December 2016	**31 December 2015**
Including:		
Expected to be recovered within one year (inclusive)	2,233	806
Expected to be recovered after one year	19,810	9,977
	22,043	10,783

(e) The net balances of Deferred income tax assets and liabilities after offsetting are as follows:

	31 December 2016	**31 December 2015**
Deferred income tax assets, net	3,809	1,633
Deferred income tax liabilities, net	21,443	10,345

(26) *Other non-current liabilities*

	31 December 2016	**31 December 2015**
Deferred income tax liabilities		
— Change in the fair value of the investment properties	5,615	4,880
— Valuation of business acquisition inventories higher than its tax base	10,433	1,170
	16,048	6,050

Other non-current liabilities represent deferred income tax liabilities recognised by the Group at the change in the fair value of the investment properties and the deferred income tax liabilities cognized by the valuation gain on deferred land appreciation tax.

(27) *Statutory reserve*

In accordance with the Company Law and the Company's Articles of Association, the Company should appropriate 10% of net profit for the year to the statutory reserve, and the Company can cease appropriation when the statutory reserve accumulated to more than 50% of the registered capital. The statutory reserve can be used to make up for the loss or increase the paid-in capital after approval from the appropriate authorities. With the resolution by the Board, the Company appropriated RMB42 million for the year ended 31 December 2016 (2015: RMB409 million) to the statutory reserve.

(28) *Retain earnings*

As stated in note 2, the Group merged certain subsidiaries controlled by China Evergrande during 2016. Before the date of merger, the subsidiaries decided to allocate the profit as of 30 June 2016 to the original shareholders amounting RMB3,570 million.

(29) *Revenue and cost of sales*

	Year ended 31 December	
	2016	2015
Major operations income	202,269	129,715
Other operations income	2,828	971
	205,097	130,686

	Year ended 31 December	
	2016	2015
Cost of major operations	139,495	86,409
Cost of other operations	1,256	397
	140,751	86,806

(a) *Revenue and cost of sales of major operations*

	Year ended 31 December 2016		Year ended 31 December 2015	
	Revenue of major operations	Cost of sales of major operations	Revenue of major operations	Cost of sales of major operations
Sales of properties	195,744	134,535	125,510	83,048
Construction services	2,189	2,026	1,286	1,272
Property management	1,973	1,579	1,355	1,005
Hotel operation	811	565	562	397
Rental income	641	—	241	—
Others	911	790	761	687
	202,269	139,495	129,715	86,409

(b) *Revenue and cost of sales of other operations*

	Year ended 31 December 2016		Year ended 31 December 2015	
	Revenue of other operations	Cost of sales of other operations	Revenue of other operations	Cost of sales of other operations
Disposal of investment properties	2,101	1,015	780	254
Service charges and others	727	241	191	143
	2,828	1,256	971	397

(30) ***Taxes and surcharges***

	Year ended 31 December	
	2016	**2015**
Land Appreciation Tax	8,400	5,867
Business Tax	5,693	6,606
City maintenance and construction tax	737	472
Educational surcharge	605	337
Others	389	44
	15,824	13,326

(31) ***Financial expenses — net***

	Year ended 31 December	
	2016	**2015**
Interest expenses	4,079	895
Less: Interest income	(3,370)	(1,474)
Service charges	1,066	593
Exchange losses	2,035	1,230
	3,810	1,244

(32) ***Expenses by nature***

The cost of sales, selling expenses and general and administrative expenses in the income statements are listed as follows by nature:

	Year ended 31 December	
	2016	**2015**
Costs of property sales	134,535	83,048
Employee benefits expenses	8,120	5,795
Advertisement expenses	7,568	5,524
Costs of construction services	2,026	1,272
Disposal of investment properties	1,015	254
Depreciation and amortization	1,622	1,263
Others	5,688	4,008
	160,574	101,164

(33) ***Asset impairment losses***

	Year ended 31 December	
	2016	**2015**
Allowance of bad debts	91	(110)
Provision of inventories	283	106
	374	(4)

(34) *Gains on changes in fair value*

	Year ended 31 December	
	2016	2015
Investment properties measured at the fair value	4,925	12,747
Fair value gain/loss by disposal of investment properties	(992)	(341)
Financial assets at fair value through profit or loss	(80)	(3,758)
	3,853	8,648

(35) *Investment (loss)/income*

	Year ended 31 December	
	2016	2015
Investment income from financial assets held at fair value through profit or loss	—	6,238
Loss on long-term equity investment by equity method	(647)	(421)
Income from disposal of subsidiaries	220	—
Income from disposal of joint ventures and associates	300	—
Loss on disposal of available-for-sale financial assets	26	323
Investment income from available-for-sale financial assets	107	24
Others	—	(32)
	6	6,132

(36) *Non-operating income and expenses*

(a) *Non-operating income*

	Year ended 31 December	
	2016	2015
Income from beaching of agreement	153	80
Income from default	154	87
Income from disposal of fixed assets and intangible assets	53	—
Government grants	32	3
Others	250	120
	642	290

(b) *Non-operating expenses*

	Year ended 31 December	
	2016	2015
Donation	1,469	114
Penalty expenses	273	158
Defaults on delivery of properties	268	219
Overdue fines	171	109
Loss on disposal of fixed assets and intangible assets	10	3
Others	315	139
	2,506	742

(37) ***Income tax expenses***

	Year ended 31 December	
	2016	2015
Current income tax	10,017	5,566
Deferred income tax	(1,208)	2,234
	8,809	7,800

The reconciliation from income tax calculated based on the applicable tax rates and total profit presented in the consolidated financial statements to the income tax expenses is listed below:

	Year ended 31 December	
	2016	2015
Profit for the year	26,510	29,284
Income tax expenses calculated at applicable tax rates (25%)	6,628	7,321
Income not subject to tax	(22)	(473)
Costs of sales, expenses and losses not deductible for tax purposes	1,849	836
Tax losses for which no deferred tax asset was recognised	354	116
Income tax expenses	8,809	7,800

(38) ***Other comprehensive income***

	Other comprehensive income of the consolidated balance sheets			Other comprehensive income of the consolidated income statements for the year ended 2016			
	31 December 2015	Attributable to ordinary shareholders of the Company, after tax	31 December 2016	Transaction before the income tax for the year	Less: income tax expenses	Attributable to ordinary shareholders of the Company, after tax	Attributable to the non-controlling interests
Other comprehensive income items which will be reclassified subsequently to profit or loss							
Share of the other comprehensive income of the investee accounted for using equity method which will be reclassified subsequently to profit and loss	—	—	—	(263)	66	(197)	—
Gains or losses arising from changes in fair value of available-for-sale financial assets	56	(3,145)	(3,089)	(4,193)	1,048	(3,145)	—
Currency translation differences	—	769	769	769	—	769	—
	56	(2,376)	(2,320)	(3,687)	1,114	(2,573)	—

	Other comprehensive income of the consolidated balance sheets			Other comprehensive income of the consolidated income statements for the year ended 2015			
	31 December 2014	Attributable to ordinary shareholders of the Company, after tax	31 December 2015	Transaction before the income tax for the year	Less: income tax expenses	Attributable to ordinary shareholders of the Company, after tax	Attributable to the non-controlling interests
Other comprehensive income items which will be reclassified subsequently to profit or loss							
Gains or losses arising from changes in fair value of available-for-sale financial assets	—	56	56	75	(19)	56	—

(39) ***Notes to the consolidated cash flow statement***

(a) *Reconciliation from net profit to cash flows from operating activities*

	Year ended 31 December	
	2016	2015
Net profit	17,701	21,484
Add: Depreciation of property, equipment and plant	1,310	1,090
Amortisation of long-term prepaid expenses	175	85
Amortisation of intangible assets	137	88
Gains on disposal of property, equipment and plant, intangible assets and investment properties	(1,129)	(523)
Provisions for asset impairment	374	(4)
Gains on changes in fair value	(3,853)	(8,648)
Financial expenses — net	3,694	546
Investment gains	(6)	(6,132)
Increase in deferred income tax assets	(1,446)	(133)
(Increase)/decrease in deferred income tax liabilities	(56)	4,140
Increase in inventories	(99,683)	(76,030)
(Increase)/decrease in operating receivables	(38,457)	6,243
Increase in restricted cash and bank balances of operating	(28,927)	(8,531)
Increase in operating payables	134,247	66,201
Share base payments and others	85	143
Net cash flows from operating activities	(15,834)	19

(b) *Significant investing and financing activities that do not involve cash receipts and payments*

In 2016 and 2015, the Group has no material investments and fund-raising activities which do not involve cash in/out.

(c) *Net (decrease)/increase in cash and cash equivalents*

	Year ended 31 December	
	2016	**2015**
Cash and cash equivalents at the end of the year	171,185	91,301
Less: Cash and cash equivalents at the beginning of the year	(91,301)	(28,624)
Net increase in cash and cash equivalents	79,884	62,677

(d) *Cash and cash equivalents*

	31 December 2016	**31 December 2015**
Cash and cash equivalents *(Note 7(1))*	275,191	151,067
Less: restricted cash	(104,006)	(59,766)
Cash and cash equivalents at the end of the year	171,185	91,301

(e) *Net proceeds from disposal of subsidiaries*

(i) Cash received upon disposal of subsidiaries

In 2016, the Company transferred all the shareholdings in Hengda Culture, Hengda Tourism, Hengda Champagne Island and Hengda Nanchang to Hengda Group Limited, controlled by the same ultimate holding company China Evergrande, at nil consideration. Net asset value of the companies transferred out at the date of transfer was RMB28,179 million, the loss of which equals the allocation to the owners minus capital surplus, statutory reserve and retain earnings.

Information at the date of disposal is set out below:

	Amount
Consideration received from the disposal of the subsidiary	—
Cash and cash equivalents received from disposal of the subsidiaries	—
Less: Cash and cash equivalents held by the disposed subsidiaries	(9,633)
Net cash outflow on disposal of the subsidiaries	(9,633)

The difference between the cash and cash equivalents received in the above price and the cash and cash equivalents held by the disposed subsidiaries is negative and will be reclassified into the item of "cash paid for other investing activities".

In 2016, the Company transferred all the shareholdings in Qingdao Calxon Real Estate Development Co., Ltd., Guangjuyuan (Chengdu) Investment Co., Ltd. and 51% of the shareholdings in Jinan Hengda Chengxi Property Co., Ltd, to third parties.

Information at the date of disposal is set out below:

	Amount
Consideration received from the disposal of the subsidiary	4,111
Cash and cash equivalents received from disposal of the subsidiaries	1,933
Less: Cash and cash equivalents held by the disposed subsidiaries	(34)
Net cash received from disposal of the subsidiaries	1,899

(ii) Disposal of net assets of the subsidiary

	Date of disposal	31 December 2015
Current assets	34,400	38,570
Non-current assets	24,760	16,079
Current liabilities	(17,287)	(18,284)
Non-current liabilities	(9,784)	(5,120)
Total	32,089	31,245

(iii) Incomes, expenses and profits of the disposed subsidiary from 1 January 2016 to the date of disposal are set out as follows:

	Amount
Income	535
Less: Costs and expenses	(1,997)
Total loss	(1,462)
Less: Income tax expense	294
Net loss	(1,168)

(f) *Cash paid relating to other operating activities*

Cash paid relating to other operating activities in the cash flow statement mainly includes:

	Year ended 31 December	
	2016	2015
Advertisement expenses	8,325	6,026
Payment of commission fees	1,764	721
Payment of office and traveling expenses	970	860
Payment of professional service fees	351	210
Donation expenses.	1,469	114
Bank service charges	1,066	593
Deposits relating to operating activities	4,185	2,576
Others	2,672	970
	20,802	12,070

8 Segment information

The reportable segments of the Group are the business units that provide different products or service. Different businesses require different technologies and marketing strategies, the Group, therefore, separately manages the production and operation of each reportable segment and evaluates their operating results respectively, in order to make decisions about resources to be allocated to these segments and to assess their performance.

The Group identified 4 reportable segments as follows:

- Property development
- Property investment
- Property management
- Other business

Inter-segment transfer prices are measured by reference to selling prices to third parties.

The assets are allocated based on the operations of the segment and the physical location of the asset. The liabilities are allocated based on the operations of the segment. Expenses indirectly attributable to each segment are allocated to the segments based on the proportion of each segment's revenue.

(a) Segment information as at and for the year ended 31 December 2016 is as follows:

	Properties development	Investment properties operation	Properties management	Other segments	Inter-segment offsetting	Total
Revenue of transaction	195,744	2,848	3,698	18,488	(15,681)	205,097
Inter-segment revenue	—	(106)	(1,725)	(13,850)	15,681	—
Revenue from external customers	195,744	2,742	1,973	4,638	—	205,097
Investment loss from associates	(2)	—	—	—	—	(2)
Investment loss from joint ventures	(39)	—	—	(606)	—	(645)
Segment results	25,294	4,922	368	(837)	—	29,747
Profit or loss on change of fair value of financial assets at fair value through profit or loss						(80)
Other investment losses						653
Financial expenses						(3,810)
Total profit						26,510
Income tax expenses						(8,809)
Net profit						17,701
Segment results include:						
Depreciation and amortisation	1,003	—	6	613	—	1,622
Segment assets	1,026,236	130,196	2,303	25,212	—	1,183,947
Unallocated amount						56,191
Total assets						1,240,138
Segment liabilities	506,901	10,720	2,006	11,322	—	530,949
Unallocated amount						621,047
Total liabilities						1,151,996
Addition of other non-current assets (property, equipment and plant, intangible assets, construction in process and capital expenditure on investment properties)	3,314	31,544	16	2,769	—	37,643

(b) Segment information as at and for the year ended 31 December 2015 is as follows:

	Properties development	Investment properties operation	Properties management	Other segments	Inter-segment offsetting	Total
Revenue of transaction	125,510	1,135	3,256	13,593	(12,808)	130,686
Inter-segment revenue	—	(114)	(1,901)	(10,793)	12,808	—
Revenue from external customers	125,510	1,021	1,355	2,800	—	130,686
Investment gain from associates	173	—	—	1	—	174
Investment loss from joint ventures	(16)	—	—	(579)	—	(595)
Segment results include:	14,761	13,399	60	(487)	—	27,733
Profit or loss on change of fair value of financial assets at fair value through profit or loss						(3,758)
Other investment gains						6,553
Financial expenses						(1,244)
Total profit						29,284
Income tax expenses						(7,800)
Net profit						21,484
Segment results include: Depreciation and amortisation	619	—	8	636	—	1,263
Segment assets	635,098	96,382	1,186	4,968	—	737,634
Unallocated amount						9,954
Total assets						747,588
Segment liabilities	293,513	5,858	969	4,970	—	305,310
Unallocated amount						345,232
Total liabilities						650,542
Addition of other non-current assets (property, equipment and plant, intangible assets, construction in process and capital expenditure on investment properties)	1,752	23,053	8	1,461	—	26,274

As at 31 December 2016 and 2015, the Group's non-current assets were mainly located in the PRC.

Unallocated assets include the financial assets at fair value through profit or loss, other current assets, the available-for-sale financial assets and the deferred income tax assets.

Unallocated liabilities include short-term borrowings, tax payables, long-term borrowing and Corporate bonds due within one year, long-term borrowings, corporate bonds, deferred income tax liabilities and other non-current liabilities.

9 Increase in the scope of consolidation

(1) *Acquisition of subsidiaries*

In 2016, the Group acquired controlling interests of certain real estate development companies in the PRC. These companies only held parcels of land and with no substantial operation had conducted before acquired by the Group. Thus, the management is of the view that the acquisitions do not constitute acquisition of businesses, and should be deemed as the acquisition of land use rights. These acquisitions resulted in an increase in the non-controlling interests of the Group in the amount of RMB405 million (2015: RMB1,172 million).

(2) *Business combination not under common control*

(a) The subsidiaries acquired from business combinations not under common control:

Acquiree	Acquired period	Consideration	Equity acquired	Acquisition method	Acquisition date	The basis for acquisition date
Subsidiaries of New World Development (China) Limited						
— Hinto Developments Limited	January 2016	3,635	60%	Paid in cash	January 2016	Obtaining effective control
— Superb Capital Enterprises Limited, Dragon Fortune Limited and White Heron Limited	January 2016	1,070	100%	Paid in cash	January 2016	Obtaining effective control
— Jiayu Investment Co., Ltd.	January 2016	8,205	100%	Paid in cash	January 2016	Obtaining effective control
— Shengxiong International Limited.	February 2016	5,300	100%	Paid in cash	February 2016	Obtaining effective control
— Zhenying Global Limited	May 2016	2,000	60%	Paid in cash	May 2016	Obtaining effective control
Subsidiaries of Chow Tai Fook Enterprises Limited						
— Lilaifuhua Group Co., Ltd.	January 2016	7,000	100%	Paid in cash	January 2016	Obtaining effective control
— Qingdao Jinwan Property Company Limited	January 2016	2,000	100%	Paid in cash	January 2016	Obtaining effective control
— Charisma City Limited	March 2016	1,800	90%	Paid in cash	March 2016	Obtaining effective control
— Ace Score Holding Limited	March 2016	1,700	90%	Paid in cash	March 2016	Obtaining effective control
Pioneer Time Investment Limited	January 2016	8,700	100%	Paid in cash	January 2016	Obtaining effective control
Full Jolly Investments Limited and Win Harbor Investments Limited	March 2016	1,559	100%	Paid in cash	March 2016	Obtaining effective control
Hangzhou Jingli Real Estate Co., Ltd.	February 2016	1,360	100%	Paid in cash	February 2016	Obtaining effective control
Dalian Shengdu Yihe Real Estate Development Co., Ltd., Dalian Orient Holdings Co., Ltd. and Dalian Oriental Asia. Yadu Property Co., Ltd.	July 2016	1,266	100%	Paid in cash	July 2016	Obtaining effective control
Guizhou Integrated Real Estate Development Co., Ltd.	January 2016	1,227	100%	Paid in cash	January 2016	Obtaining effective control
Yuanji Investment Consulting Co., Ltd.	January 20166	899	100%	Paid in cash	January 20166	Obtaining effective control
Shenzhen Xinyi Real Estate Co., Ltd.	February 2016	850	100%	Paid in cash	February 2016	Obtaining effective control
Jinan Yuanhao Real Estate Co., Ltd..	July 2016	810	100%	Paid in cash	July 2016	Obtaining effective control
Ever Shiny International Limited	February 2016	770	100%	Paid in cash	February 2016	Obtaining effective control
Foshan Nanhai District Otai Real Estate Co., Ltd..	January 2016	694	100%	Paid in cash	January 2016	Obtaining effective control
Fujian Rock Real Estate Development Co., Ltd.	August 2016	663	100%	Paid in cash	August 2016	Obtaining effective control
Hunan Yicheng Investment Co., Ltd..	July 2016	576	73%	Paid in cash	July 2016	Obtaining effective control
Harbin Shenghe Real Estate Co., Ltd.	March 2016	480	100%	Paid in cash	March 2016	Obtaining effective control
Harbin Gaodeng Real Estate Co., Ltd.	March 2016	400	100%	Paid in cash	March 2016	Obtaining effective control
Gansu Hengyuan Real Estate Development Co., Ltd.	March 2016	359	100%	Paid in cash	March 2016	Obtaining effective control
Dongying Yujing Real Estate Co., Ltd.	February 2016	350	100%	Paid in cash	February 2016	Obtaining effective control

Acquiree	Acquired period	Consideration	Equity acquired	Acquisition method	Acquisition date	The basis for acquisition date
Quanzhou Diamond Investment Development Co., Ltd.	April 2016	340	100%	Paid in cash	April 2016	Obtaining effective control
Wuxi Yunxia Real Estate Co., Ltd..	July 2016	314	65%	Paid in cash	July 2016	Obtaining effective control
Meizhou Dabaihui Brand Industrial Park Co., Ltd.	June 2016	277	60%	Paid in cash	June 2016	Obtaining effective control
Harbin Shengmao Real Estate Co., Ltd.	April 2016	260	100%	Paid in cash	April 2016	Obtaining effective control
Guangdong Jiangmen Shipyard Co., Ltd.	March 2016	185	100%	Paid in cash	March 2016	Obtaining effective control
Zhengzhou Zhongkai Properties Co., Ltd.	April 2016	167	70%	Paid in cash	April 2016	Obtaining effective control
Jinan Xikai Real Estate Co., Ltd..	August 2016	115	60%	Paid in cash	August 2016	Obtaining effective control
Harbin Zhongcheng Real Estate Development Co., Ltd.	July 2016	103	51%	Paid in cash	July 2016	Obtaining effective control
Founder Holdings Co., Ltd.	September 2016	102	70%	Paid in cash	September 2016	Obtaining effective control
Jinan Xiye Real Estate Co., Ltd.	August 2016	93	65%	Paid in cash	August 2016	Obtaining effective control
Laishui Lihua Real Estate Development Co., Ltd.	July 2016	20	100%	Paid in cash	July 2016	Obtaining effective control
Sanya Hada Agricultural Products Trading Co., Ltd.	April 2016	3,000	53%	Paid in cash	April 2016	Obtaining effective control
China Calxon Group Co., Ltd..	June 2016	700	100%	Paid in cash	June 2016	Obtaining effective control
Chongqing and Shengyu Real Estate Development Co., Ltd.	November 2016	26	90%	Paid in cash	November 2016	Obtaining effective control
Chongqing Kaicheng Real Estate Development Co., Ltd.	November 2016	292	100%	Paid in cash	November 2016	Obtaining effective control
Hans (Dalian) Apartment Development Co., Ltd.	November 2016	53	100%	Paid in cash	November 2016	Obtaining effective control
Jilin Province Zhongbao Real Estate Development Co., Ltd.	November 2016	1,065	100%	Paid in cash	November 2016	Obtaining effective control
Healthy Time International Limited.	December 2016	982	100%	Paid in cash	December 2016	Obtaining effective control
Hainan Jincui Real Estate Development Co., Ltd.	December 2016	73	100%	Paid in cash	December 2016	Obtaining effective control
Chongqing Beimeng Shihui land Co., Ltd.	December 2016	167	70%	Paid in cash	December 2016	Obtaining effective control
Win Peak Group Limited	December 2016	289	100%	Paid in cash	December 2016	Obtaining effective control
Billion Sino Investments Limited and Xi 'an Zhongyu Land Co., Ltd..	December 2016	153	100%	Paid in cash	December 2016	Obtaining effective control
Chongqing Hengyang Real Estate Development Co., Ltd., Chongqing Kaiyang Real Estate Development Co., Ltd., Chongqing Taiyang Real Estate Development Co., Ltd., and Chongqing Ruiyang Real Estate Development Co., Ltd.	December 2016	700	100%	Paid in cash	December 2016	Obtaining effective control
Hunan Da Dong Huang Real Estate Co., Ltd.	December 2016	113	65%	Paid in cash	December 2016	Obtaining effective control
Zhejiang Jinhu Real Estate Co., Ltd..	December 2016	114	100%	Paid in cash	December 2016	Obtaining effective control

(b) Details of the combination cost and goodwill recognized are as follows:

Cost of combination

	New World Development (China) Limited	Chow Tai Fook Enterprises Limited	Pioneer Time Investment Limited	Others	Total
Cash paid	20,210	12,500	8,700	21,212	62,622
Fair value of the equity interests held as at acquisition date by the Group	—	—	—	817	817
Total cost of combination	20,210	12,500	8,700	22,029	63,439
Less: fair value of identifiable net assets acquired	(20,210)	(12,500)	(8,700)	(21,026)	(62,436)
Goodwill	—	—	—	1,003	1,003

In 2016, the Group acquired 52.78% of equity interests in China Calxon Group Co., Ltd., an A-share listed company in Mainland China, at a cash consideration of RMB3,000 million, giving rise to goodwill of RMB1,003 million.

The Group adopts valuation techniques to determine the fair values of the non-cash assets transferred and that of the liabilities incurred or undertaken.

(c) The assets and liabilities of the acquirees at the acquisition date, and the cash flows relating to the acquisition are as follows:

(i) *The subsidiaries of New World Development (China) Limited*

		Carrying amount	
	Fair value Acquisition date	Acquisition date	31 December 2015
Cash and cash equivalents	1,117	1,117	1,117
Accounts receivable and other receivables	2,120	2,120	2,120
Prepayments	683	683	683
Inventories	30,767	14,550	14,550
Investment properties	1,731	1,730	1,730
Property, equipment and plant	1,049	1,049	1,049
Intangible assets	24	24	24
Deferred income tax assets	6	6	6
Less: accounts payable and other payables	(4,877)	(4,877)	(9,283)
Advances from customers	(3,605)	(3,605)	(3,605)
Borrowings	(1,264)	(1,264)	(1,955)
Deferred income tax liabilities	(3,630)	(17)	(17)
Other non-current liabilities	(679)	—	—
Net assets	23,442	11,516	6,419
Less: Non-controlling interests	(3,232)	(848)	(848)
Net assets obtained	20,210	10,668	5,571

(ii) *The subsidiaries of Chow Tai Fook Enterprises Limited*

	Fair value	Carrying amount	
	Acquisition date	Acquisition date	31 December 2015
Cash and cash equivalents	517	517	517
Accounts receivable and other receivables	1,533	1,533	1,533
Prepayments	88	88	88
Inventories	19,758	7,925	7,925
Property, equipment and plant	3	3	3
Deferred income tax assets	19	19	19
Less: accounts payable and other payables	(1,748)	(1,748)	(3,831)
Advances from customers	(883)	(883)	(883)
Deferred income tax liabilities	(1,798)	—	—
Other non-current liabilities	(4,843)	—	—
Net assets	12,646	7,454	5,371
Less: Non-controlling interests	(146)	—	—
Net assets obtained	12,500	7,454	5,371

(iii) *Pioneer Time Investment Limited*

	Fair value	Carrying amount	
	Acquisition date	Acquisition date	31 December 2015
Prepayments	5	5	2
Investment properties	9,651	9,184	9,184
Less: accounts payable and other payables	(886)	(886)	(930)
Advances from customers	(54)	(54)	(8)
Deferred income tax liabilities	(14)	(14)	(14)
Other non-current liabilities	(2)	(2)	—
Net assets	8,700	8,233	8,234
Less: Non-controlling interests	—	—	—
Net assets obtained	8,700	8,233	8,234

(iv) *Other merger parties in 2016*

	Fair value Acquisition date	Carrying amount Acquisition date	Carrying amount 31 December 2015
Cash and cash equivalents	3,397	3,397	4,517
Accounts receivable and other receivables	7,031	7,031	23,804
Prepayments	1,382	1,382	4,092
Inventories	94,514	70,795	78,980
Investment properties	5,352	3,650	517
Property, equipment and plant	521	360	511
Construction in progress	—	—	3
Intangible assets	137	67	150
Deferred income tax assets	10	51	51
Other assets	811	919	1,807
Less: accounts payable and other payables	(25,613)	(25,613)	(43,439)
Advances from customers	(18,527)	(18,527)	(27,948)
Borrowings	(33,098)	(33,098)	(28,402)
Tax payable	(1,526)	(1,526)	(1,609)
Deferred income tax liabilities	(6,072)	—	—
Other non-current liabilities	(3,964)	—	—
Net assets	24,355	8,888	13,034
Less: Non-controlling interests	(3,329)	(1,205)	(1,293)
Net assets obtained	21,026	7,683	11,741

(v) *Cash consideration paid for the acquisition of subsidiaries*

	Amount
Cash consideration	62,622
Less: Cash held by the acquirees on the acquisition date	(5,031)
Acquisition consideration prepaid in the previous year	(1,047)
Unpaid acquisition consideration	(20,879)
Net cash paid for the acquisition of subsidiaries	35,665
Payment of the previous year's acquisition consideration in the current year	—
Cash outflow for the acquisition of subsidiaries	44,120

(d) The revenue, net profit and cash flows of the acquirees for the period from the acquisition date to 31 December 2016 are as follows:

	Amount
Revenue	10,328
Net profit	(735)

The fair value of the assets and liabilities of the acquirees at the acquisition date are determined by the Group valuation techniques, such as the market approach and the income approach.

(3) *Business combinations under common control*

As described in Note 2, in 2016, the Group combined certain subsidiaries which are under the control of China Evergrande, thus constituting business combinations by entities under common control. The combination cost and the carrying amount of the net assets obtained are set out as follows:

Combination cost —	
Cash paid	9,454
Less: Carrying amount of the net assets obtained	(11,936)
Adjustment to capital reserve	(2,482)

The carrying amounts of the assets and liabilities as at the combination date are set out as follows:

	Carrying amount	
	Acquisition date	31 December 2015
Cash and cash equivalents	19,472	26,655
Notes receivable	61	10
Accounts receivable	1,522	969
Prepayments	12,920	15,296
Dividends receivable	26	447
Other receivables	143,345	71,661
Inventories	133,457	58,803
Other current assets	2,808	433
Available-for-sale financial assets	519	784
Long-term equity investments	1,801	—
Investment properties	18,756	14,552
Property, equipment and plant	4,765	2,556
Construction in progress	1,555	1,089
Intangible assets	2,945	1,445
Deferred income tax assets	273	76
Other no-current assets	159	94
Less: Borrowings	(81,749)	(42,542)
Notes payable	(7,196)	(5,998)
Accounts payable	(19,064)	(15,151)
Advances from customers	(27,239)	(9,840)
Employee remuneration payable	(263)	(272)
Tax payable	(6,489)	(6,255)
Interests payable	(3,088)	(80)
Dividends payable	(5,011)	(1,918)
Other payables	(146,421)	(89,577)
Deferred income tax liabilities	(9,080)	(1,187)
Other non-current liabilities	(8,892)	(2,526)
Other liabilities	(9,347)	—
Net assets	20,545	19,524
Less: Non-controlling interests	(8,609)	(5,807)
Net assets obtained	11,936	13,717

The revenue, net profit and cash flow for 2015 and from the period between 1 January 2016 and the combination date are set out as follows:

	The period between 1 January 2016 and the combination date	2015
Revenue	20,432	17,422
Net profit	1,512	1,673

10 Related parties and related party transactions

(1) *Parent company and subsidiaries*

The general information and other related information of the subsidiaries is depicted in Note 6.

(a) *General information of the parent company*

	Place of registration	Major operation
Guangzhou Kailong	PRC	Real estate development

(b) *Registered capital and changes in registered capital of the parent company*

	31 December 2016	31 December 2015
Guangzhou Kailong	600,000,000	600,000,000

(c) *The percentages of shareholding and voting rights in the Company held by the parent company*

	31 December 2016		31 December 2015	
	Percentage of equity	Voting rights	Percentage of equity	Voting rights
Guangzhou Kailong	100%	100%	100%	100%

(2) *Nature of key related parties that do not control/are not controlled by the Company*

Apart from the associates and joint ventures of the Group, related parties without control by the Company are as follows:

Name of the company	Relationship with the Group
China Evergrande	Intermediate holding company of the Company
Guangzhou Chaofeng Property Co., Ltd.	Intermediate holding company of the Company
ANJI (BVI) Co., Limited	Intermediate holding company of the Company
ShengJian (BVI) Co., Limited	Under common control of the same ultimate holding company
Billion Mark Limited	Under common control of the same ultimate holding company
Able key Development Limited	Under common control of the same ultimate holding company
Excel Come Limited	Under common control of the same ultimate holding company
Jiajiang (BVI) Co., Ltd.	Under common control of the same ultimate holding company
Hengda Group Co., Ltd.	Under common control of the same ultimate holding company
Hengda Tourism Group Co., Ltd.	Under common control of the same ultimate holding company
Danzhou Champagne Island Investment Development Co., Ltd.	Under common control of the same ultimate holding company
Danzhou Xinheng Property Development Co., Ltd.	Under common control of the same ultimate holding company
Danzhou Zhongrun Property Development Co., Ltd.	Under common control of the same ultimate holding company
Danzhou Xing He Investment Co., Ltd.	Under common control of the same ultimate holding company
Danzhou Xiang Lei Investment Co., Ltd.	Under common control of the same ultimate holding company
Danzhou Jiayuan Property Development Co., Ltd.	Under common control of the same ultimate holding company
Danzhou Bao Jun Investment Co., Ltd.	Under common control of the same ultimate holding company
Danzhou Huwang Investment Co., Ltd.	Under common control of the same ultimate holding company
Danzhou Nuoya Investment Co., Ltd.	Under common control of the same ultimate holding company
Qidong Baofeng Property Co., Ltd.	Under common control of the same ultimate holding company
Qidong Xinhua Real Estate Co. Ltd.	Under common control of the same ultimate holding company
Qidong Heng Mei Rea Estate Co., Ltd.	Under common control of the same ultimate holding company
Qidong Yu Hao Real Estate Co., Ltd.	Under common control of the same ultimate holding company
Qidong Liqun Gym Club Co., Ltd.	Under common control of the same ultimate holding company

Name of the company	Relationship with the Group
Qidong Wanren Dynamic Movie City Co., Ltd.	Under common control of the same ultimate holding company
Qidong Gloden Shore Hotel Co., Ltd.	Under common control of the same ultimate holding company
Qidong Yiran Rehabilitation and Health Care Co., Ltd.	Under common control of the same ultimate holding company
Qidong Huikoufu Food Squire Co., Ltd.	Under common control of the same ultimate holding company
Qidong Tongxin Entertainment Co., Ltd.	Under common control of the same ultimate holding company
Qidong Xinqing Entertainment Co., Ltd..	Under common control of the same ultimate holding company
Qidong Tongyu Gym Club Co., Ltd.	Under common control of the same ultimate holding company
Qidong Kangbao Rehabilitation and Health Care Co., Ltd.	Under common control of the same ultimate holding company
Qidong Hengmei Movie City Co., Ltd..	Under common control of the same ultimate holding company
Qidong Huanhua Hotel Co., Ltd.	Under common control of the same ultimate holding company
Qidong Yuhao Food Square Co., Ltd..	Under common control of the same ultimate holding company
Qidong Qinsheng Entertainment Co., Ltd..	Under common control of the same ultimate holding company
Qidong Liqun Gym Club Co., Ltd.	Under common control of the same ultimate holding company
Qidong Hengda Hotel Co., Ltd..	Under common control of the same ultimate holding company
Qidong Real Estate Group (Nanchang) Co., Ltd.	Under common control of the same ultimate holding company
Hengda Internet Group Co., Ltd.	Under common control of the same ultimate holding company
Guangdong Qianyong Investment Co., Ltd.	Under common control of the same ultimate holding company
Hengda Financial Assets Management (Shenzhen) Co., Ltd..	Under common control of the same ultimate holding company
Guangzhou Ruikai Investment Co..	Under common control of the same ultimate holding company
Shenzhen Hengda Hotel Management Co., Ltd.	Under common control of the same ultimate holding company
Hengda Cultural Industry Group Co., Ltd. and its subsidiaries	Under common control of the same ultimate holding company
Hengda Changbai Mountain Mineral Water Co., by Share Ltd. *(note 1)*	Under common control of the same ultimate holding company
Hengda Grain and Oil Group Co., Ltd. *(note 1)*.	Under common control of the same ultimate holding company
Antu Hengda Changbai Mountain Mineral Water Co., Ltd. *(note 1)*.	Under common control of the same ultimate holding company
Hengda Dairy Co., Ltd. *(note 1)*	Under common control of the same ultimate holding company
Shenzhen Hengda Grain and Oil Sale Co., Ltd. *(note 1)*	Under common control of the same ultimate holding company

Name of the company	Relationship with the Group
Shenzhen Hengda Beverage Co., Ltd. *(note 1)*	Under common control of the same ultimate holding company
Zhuhai Hongyue Daily Necessities Co., Ltd. *(note 1)*	Under common control of the same ultimate holding company
Shenzhen Hengda Babycare Products Co., Ltd. *(note 1)*	Under common control of the same ultimate holding company
Hengda Grain and Oil Co., Ltd. *(note 1)*	
Shenzhen Jiu Chu Investment Co., Ltd. *(note 1)*	Under common control of the same ultimate holding company
Hengda Beverage Group Co., Ltd. *(note 1)*	Under common control of the same ultimate holding company
Hengda Animal Husbandry Co., Ltd. *(note 1)*	Under common control of the same ultimate holding company
Shenzhen Hengda Health Industry Co., Ltd. *(note 1)*	Under common control of the same ultimate holding company
Hengda Ginseng Co., Ltd. *(note 1)*	Under common control of the same ultimate holding company
Hengda Changbai Mountain Mineral Water Co., Ltd. *(note 1)*	Under common control of the same ultimate holding company
Suihua Hengda Non-genetically Modified Squeezed Soybean Oil Co., Ltd. *(note 1)*	Under common control of the same ultimate holding company
Changchun Hengda Ginseng Industry Co., Ltd. *(note 1)*	Under common control of the same ultimate holding company
Tailai Hengda Green Rice Co. Ltd. *(note 1)*	Under common control of the same ultimate holding company
Xingan Hengda Grain and Oil Co., Ltd. *(note 1)*	Under common control of the same ultimate holding company
Inner Mongolia New Valley Garden Ecological Agriculture Co., Ltd. *(note 1)*	Under common control of the same ultimate holding company
Heihe Sunwu Hengda Non-genetically Modified Soybean Crushing Oil Co. Ltd. *(note 1)*	Under common control of the same ultimate holding company
Tailai Hengda Rice Industry Co., Ltd. *(note 1)*	Under common control of the same ultimate holding company
Hengda Life Insurance Co., Ltd.	Joint venture of the Company's ultimate holding company
Shengjing Bank Co., Ltd.	Associate of the Company's ultimate holding company

Note 1: The Group transferred the control over these subsidiaries during the fourth quarter of 2016.

(3) *Related party transactions*

(a) *Pricing policies*

The prices of business transactions between the Group and related parties are determined through negotiations reference to the market prices.

(b) *Sales of goods*

	Year ended 31 December	
	2016	2015
Companies under the control of the same ultimate holding company	307	284
Associates	101	77
Joint ventures	39	—
	447	361

(c) *Rendering of services*

	Year ended 31 December	
	2016	2015
Companies under common control of the same ultimate holding company	280	96
Associates	16	—
Joint ventures	35	23
Joint ventures of the Company's ultimate holding company	1	—
	332	119

(d) *Purchase of goods*

	Year ended 31 December	
	2016	2015
Companies under common control of the same ultimate holding company	293	273
Joint ventures	10	77
	303	350

(e) *Receiving of services*

	Year ended 31 December	
	2016	2015
Companies under common control of the same ultimate holding company	33	234
Joint ventures	267	29
	300	263

(f) *Leases*

The Group as the leaser

	Year ended 31 December	
	2016	2015
Companies under common control of the same ultimate holding company	11	—
Associated	1	—
Joint ventures	5	4
	17	4

(g) *Interest income from finance leases*

	Year ended 31 December	
	2016	**2015**
Companies under common control of the same ultimate holding company	9	—

(h) *Interest cost from acceptance of borrowings*

	Year ended 31 December	
	2016	**2015**
Associates of the Company's ultimate holding company	222	—
Joint ventures of the Company's ultimate holding company	10	—
	232	—

(i) *Lease payments*

	Year ended 31 December	
	2016	**2015**
Joint ventures of the Company's ultimate holding company	24	—

(j) *Funds from/to related parties*

During year ended 31 December 2016 and 2015, there were financial transactions between the Group and certain related parties, the transaction amounts of which are included in "cash received from other investing activities" and "cash paid for other investing activities" under investing activities, as well as "cash received from other financing activities" and "cash paid for other financing activities" under financing activities in the statement of cash flows. The balance of financial transactions with related parties is set out in Note 10(4).

(k) *Remuneration of key management*

	Year ended 31 December	
	2016	**2015**
Remuneration of key management	184	225

(l) *Establishment of joint companies*

In 2016, the Group and certain companies controlled by the joint ventures of the ultimate holding company entered into certain cooperation agreements in relation to the establishment of joint ventures. These newly set-up companies became the subsidiaries of the Group on 31 December 2016, and the capital contribution of the companies controlled by the joint ventures of the ultimate holding company was approximately RMB14,248 million.

(m) *Others*

In 2016, The Group transferred the property, equipment and plant held by the Group to the joint venture of the Company's ultimate holding company at a consideration of RMB800 million.

(4) ***Amount due from/to related parties***

(a) *Accounts receivable*

	31 December 2016	31 December 2015
Companies under common control of the same ultimate holding company	197	90

(b) *Accounts payable*

	31 December 2016	31 December 2015
Companies under common control of the same ultimate holding company	—	339

(c) *Other receivables*

	31 December 2016	31 December 2015
Companies under common control of the same ultimate holding company	609	24,178
Associates	433	575
Joint ventures	1,121	1,235
Joint ventures of the Company's ultimate holding company	456	—
	2,619	25,988

As at 31 December 2016 and 31 December 2015, the abovementioned other receivables were amounts with the related parties that were interest-free, unsecured, unguaranteed and had no fixed terms of repayment.

(d) *Long-term receivables*

	31 December 2016	31 December 2015
Companies under common control of the same ultimate holding company	407	—

(e) *Other payables*

	31 December 2016	31 December 2015
Companies under common control of the same ultimate holding company	28,242	33,288
Associates	450	701
Joint ventures	325	598
	29,017	34,587

As at 31 December 2016 and 2015, the abovementioned other payables were amounts with the related parties that were interest-free, unsecured and repayable on demand.

(f) *Prepayments*

	31 December 2016	31 December 2015
Joint ventures of the Company's ultimate holding company	24	—

(g) *Advances from customers*

	31 December 2016	31 December 2015
Joint ventures of the Company's ultimate holding company	84	—

(h) *Borrowings*

	31 December 2016	31 December 2015
Joint ventures of the Company's ultimate holding company	5,516	—
Associates of the Company's ultimate holding company	799	—
	6,315	—

The above borrowings were secured borrowings provided to the Group by the joint ventures as well as the associates of the Company's ultimate holding company. The interest rates of these borrowings fell into 10.20% and 7.35% per annum.

(i) *Dividends payable*

	31 December 2016	31 December 2015
Guangzhou Kailong	—	1,076
Companies under common control of the same ultimate holding company	4,049	1,294
	4,049	2,370

(j) *Interests payable*

	31 December 2016	31 December 2015
Joint ventures of the Company's ultimate holding company	223	—

11 Share-based payment

Share-based payment option scheme is issued by China Evergrande to its employees (including employees of the Group), which is settled with its own shares. The Group is a customer's receiving service and has no settlement obligation. Such share-based payment transaction will be treated as an equity-settled share-based payment.

As at 14 October 2009, China Evergrande granted 146,000,000 share options to employees of the Group ("Pre-IPO share options"), the exercise price of which was HK$3.5 per share. All share options were exercisable within three years from the date of grant.

As at 18 May 2010, China Evergrande granted 490,000,000 share options to employees of the Group ("2010 share options"), the exercise price of which was HK$2.4 per share. All share options were exercisable within five years from the date of grant.

As at 9 October 2014, China Evergrande granted 387,000,000 share options to employees of the Group ("2014 share options"), the exercise price of which was HK$3.05 per share. All share options were exercisable within five years from the date of grant.

Movements in the share options are set out as follows:

	Number of share options ('000)
1 January 2015	670,312
Exercised during the year	(238,644)
Lapsed during the year	(56,430)
31 December 2015	375,238
1 January 2016	375,238
Exercised during the year	(16,923)
Lapsed during the year	(11,800)
31 December 2016	346,515

Details of the share options as at 31 December 2016 are set out as follows:

Date of grant	**Vesting period**	**Exercise period**	**Exercise price/ (HK$ per share)**	**Number of share options/('000)**
2010 share options				
18 May 2010	7–55 months	31 December 2010 to 31 December 2019	2.40	41,760
2014 share options				
9 October 2014	1–5 years	9 October 2015 to 8 October 2024	3.05	304,755

The weighted average fair value of share options was determined by reference to the valuation prepared by independent valuers Real Actuarial Consulting Limited using the Binomial Model. The significant inputs into the model were share price at the date of grant, annual risk-free rate, expected volatility, option expiry period and expected dividend yield, which are based on the best estimate of China Evergrande's directors. The value of an option varies with different variables of certain subjective assumptions.

12 Commitments

(1) *Operating lease commitments*

The future minimum lease payments due under the signed irrevocable operating leases contracts are summarised as follows:

	31 December 2016	31 December 2015
Within 1 year	408	96
1 to 2 years	330	238
2 to 3 years	287	79
Over 3 years	423	39
	1,448	452

(2) *Capital commitments*

Capital expenditures contracted for by the Group but are not yet necessary to be recognised on the consolidated balance sheets as at the balance sheet date are as follows:

	31 December 2016	31 December 2015
Construction and installation contracts contracted for which is or going to be performed	150,075	78,771
Land purchase contracts contracted for which is or going to be performed	59,151	20,897
	209,226	99,668

(3) *Investment commitments*

Significant external investment contracted for by the Group but are not yet necessary to be recognised on the consolidated balance sheets as at the balance sheet date are as follows:

	31 December 2016	31 December 2015
Acquisition of subsidiaries	—	41,525

13 Contingencies

	31 December 2016	31 December 2015
Mortgage guarantee for property owners (a)	247,721	141,388
Financing guarantee to third parties (b)	23,349	3,185
	271,070	144,573

(a) The Group provided guarantees in respect of the banking facilities for certain customers of the Group's property units according to relevant regulations. Such guarantees terminate upon the earlier of (i) issuance of the real estate ownership certificate which will generally be available within an average period of two to three years upon the completion of guarantee registration; or (ii) the satisfaction of mortgaged loan by the purchasers of properties. Pursuant to the terms of the guarantees, in case of default in mortgage payments by these purchasers during the period of guarantee, the Group shall repay the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks. After payment of the principals, interest and penalty, the Group is entitled to take over the legal title of the related mortgaged properties.

The management of the Group considers that the fair value of these guarantee contracts at the date of inception was minimal and in case of default in mortgage payments by the purchasers, the net realisable value of the related real estates is sufficient to cover the repayment of the outstanding mortgage principals together with the accrued interest and penalty. Therefore, no provision has been made in the financial statements for the guarantees.

(b) The Group provided financing guarantees for certain cooperation parties (primarily sub-contractors) that are independent of the Group, based on their history of performance in contracts. The Group closely monitors the repayment of such financing guarantees. The management of the Group considers that the possibility of the Group's exposure to compensation risk due to such guarantees is remote, therefore no provision has been made in the financial statements for guarantees.

(c) The Group provided financing guarantees for borrowings for property development projects of some joint ventures. The management of the Group considers that the possibility of the Group's exposure to compensation risk due to such guarantees is remote, therefore no provision has been made in the financial statements for guarantees.

14 Events after the balance sheet date

On 31 March 2017, the Company lodged an application to increase its registered capital by RMB378,787,879 in accordance with the Company's shareholder resolution and the amended Articles of Association. Such contributions were made by Zhongxin Juheng (Shenzhen) Investment Holding Center LLP., Guangtian Investment Co., Ltd., Shenzhen Huajian Holding Co., Ltd., Shenzhen Meitoubuyang Investment LLP., Shenzhen Zhongrongdingxing Investment LLP., Guangdong Weimeimingzhu Investment Co, Ltd., Suzhou Industrial Zone Ruican Investment LLP., Shandong Expressway Investment Holding Co., Ltd. and Shandong Railway Development Fund Co., Ltd. (hereafter abbreviated as ''nine additional investors'') in cash. The registered capital reached RMB2,878,787,879 after the injection. As of 31 March 2017, the Company has received the additional contribution paid by nine additional investors in the total amount of RMB30,000,000,000, among which RMB378,787,879 was registered and paid-up capital while RMB29,621,212,121 was capital reserves.

15 Financial risk management and financial instruments

The Group's activities expose it to a variety of financial risks: market risk (primarily including currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(1) *Market risk*

(a) *Foreign exchange risk*

The Group's major operational activities are carried out in Mainland China and most of the transactions are denominated in RMB. The Group is exposed to foreign exchange risk arising from the assets, liabilities, and transactions denominated in foreign currencies, primarily with respect to HKD and US Dollars (''USD''). The Group's finance department is responsible for monitoring the amount of assets, liabilities and transactions denominated in foreign currencies to minimise the foreign exchange risk to the greatest extent. During year ended 31 December 2016 and 2015, the Group did not enter into any forward exchange contracts or currency swap contracts.

As at 31 December 2016 and 2015, the carrying amounts of the Group's foreign currencies denominated monetary assets and liabilities at the respective balance sheet dates are as follows:

	31 December 2016			
	USD	**HKD**	**Others**	**Total**
Financial assets				
— Cash and cash equivalents	521	418	—	939
— Other receivables	2	4	—	6
	523	422	—	945
Financial liabilities				
— Short-term borrowings . . .	11,673	330	5,103	17,106
— Other payables	—	7,943	—	7,943
— Long-term borrowings . . .	—	3,131	1,001	4,132
	11,673	11,404	6,104	29,181

	31 December 2015			
	USD	**HKD**	**Others**	**Total**
Financial assets				
— Cash and cash equivalents	36	3,701	—	3,737
— Other receivables	810	3,012	—	3,822
	846	6,713	—	7,559
Financial liabilities				
— Short-term borrowings . . .	2,474	855	—	3,329
— Other payables	3,873	16,248	—	20,121
— Long-term borrowings . . .	2,076	—	—	2,076
	8,423	17,103	—	25,526

As at 31 December 2016, if the RMB had strengthened/weakened by 5% against the foreign currencies while all other variables had been held constant, the Group's net for the year would have been higher/lower approximately RMB1,059 million (31 December 2015: approximately RMB674 million) respectively and have no impact on other comprehensive income.

(b) *Interest rate risk*

The Group's interest rate risk arises from long-term interest bearing borrowings. Financial liabilities issued at floating rates expose the Group to cash flow interest rate risk. Financial liabilities issued at fixed rates expose the Group to fair value interest rate risk. The Group determines the relative proportions of its fixed rate and floating rate contracts depending on the prevailing market conditions. As at 31 December 2016, the Group's long-term interest bearing borrowings were mainly RMB-denominated bank borrowings with floating rates, amounting to RMB63,079 million (31 December 2015: RMB43,354 million).

The Group's finance department at its headquarters continuously monitors the interest rate position of the Group. Increases in interest rates will increase the cost of new borrowing and the interest expenses with respect to the Group's outstanding floating rate borrowings, and therefore could have a material adverse effect on the Group's financial performance. The Group makes adjustments timely with reference to the latest market conditions and may enter into interest rate swap agreements to mitigate its exposure to interest rate risk. During 2016 and 2015, the Group did not enter into any interest rate swap agreements.

As at 31 December 2016, if interest rates on the floating rate borrowings had risen/fallen by 100 basis points while all other variables had been held constant, the Group's net profit would have decreased/increased by approximately RMB473 million (31 December 2015: approximately RMB325 million).

(2) ***Credit risk***

Credit risk is managed on the grouping basis. Credit risk mainly arises from cash at bank, accounts receivable, other receivables and notes receivable, etc.

The Group expects that there is no significant credit risk associated with cash at bank since they are deposited at state-owned banks and other medium or large size listed banks. Management does not expect that there will be any significant losses from non-performance by these counterparties.

In addition, the Group has policies to limit the credit exposure on accounts receivable, other receivables and notes receivable. The Group assesses the credit quality of and sets credit limits on its customers by taking into account their financial position, the availability of guarantee from third parties, their credit history and other factors such as current market conditions. The credit history of the customers is regularly monitored by the Group. In respect of customers with a poor credit history, the Group will use written payment reminders, or shorten or cancel credit periods, to ensure the overall credit risk of the Group is limited to a controllable extent.

(3) ***Liquidity risk***

Cash flow forecasting is performed by the Group, which also monitors rolling forecasts of the Group's short-term and long-term liquidity requirements to ensure it has sufficient cash to meet operational needs. Meanwhile the Group maintains sufficient headroom on its undrawn committed borrowing facilities from major financial institutions so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities to meet the short-term and long-term liquidity requirements.

The financial liabilities of the Group at the balance sheet date are analysed by their maturity date below at their undiscounted contractual cash flows

	31 December 2016				
	Within 1 year	**1 to 2 years**	**2 to 5 years**	**Over 5 years**	**Total**
Short-term borrowings	92,181	—	—	—	92,181
Notes payables	43,675	—	—	—	43,675
Accounts payables	132,457	—	—	—	132,457
Other payables	114,710	—	—	—	114,710
Interests payable	9,758	—	—	—	9,758
Dividends payable	4,189	—	—	—	4,189
Current portion of non-current liabilities	84,974	—	—	—	84,974
Long-term borrowings	29,208	169,158	137,476	102,859	438,701
Corporate bonds	3,313	3,313	53,819	—	60,445
Long-term payables	—	36,907	4,167	730	41,804
	514,465	209,378	195,462	103,589	1,022,894

	31 December 2015				
	Within 1 year	**1 to 2 years**	**2 to 5 years**	**Over 5 years**	**Total**
Short-term borrowings	38,665	—	—	—	38,665
Notes payables	42,069	—	—	—	42,069
Accounts payables	87,700	—	—	—	87,700
Other payables	82,893	—	—	—	82,893
Interests payable	5,201	—	—	—	5,201
Dividends payable	2,370	—	—	—	2,370
Current portion of non-current liabilities	86,956	—	—	—	86,956
Long-term borrowings	7,106	58,875	27,435	63,936	157,352
Corporate bonds	2,690	2,690	38,519	8,993	52,892
Long-term payables	—	439	2,402	—	2,841
	355,650	62,004	68,356	72,929	558,939

Prudent liquidity risk management refers to maintaining sufficient cash and availability of funds through different sources of capital, including raise of bank borrowings, issuance of bonds, proceeds from pre-sale of properties and proceeds from shareholders' contribution. Due to the dynamic nature of the businesses, the Group maintains flexibility of the general working capital through having an adequate amount of cash and cash equivalents as well as different financing sources.

The Group has formulated certain alternative plans to mitigate the potential effects on the anticipated cash flow should there be materially adverse changes in the economic environment. Such plans include adjusting and further slowing down the construction plans for properties under development, implementing cost control measures, accelerating sales with more flexible pricing, seeking joint venture partners to co-develop in quality projects, selling certain land use rights and investment properties at an acceptable price and renegotiating the payment terms of certain land acquisitions with related parties. The Group will implement such plans as and when appropriate based on the evaluation of cost and profit in the future.

16 Fair value estimation

The level in which fair value measurement is categorised is determined by the level of the fair value hierarchy of the lowest level input that is significant to the entire fair value measurement:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

(1) *Assets measured at fair value on a recurring basis*

As at 31 December 2016, the assets measured at fair value on a recurring basis by the above three levels are analysed below:

	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at fair value through profit or loss				
— Investments in equity instrument held for trading	3,076	—	—	3,076
Available-for-sale financial assets				
— Available-for-sale equity instruments .	34,538	274	28	34,840
Non-financial assets				
Investment properties	—	—	130,196	130,196
Total assets	37,614	274	130,224	168,112

As at 31 December 2015, the assets measured at fair value on a recurring basis by the above three levels are analysed below:

	Level 1	Level 2	Level 3	Total
Financial assets				
Available-for-sale financial assets				
— Available-for-sale equity instruments . .	287	305	195	787
Non-financial assets				
Investment properties	—	—	96,382	96,382
Total assets	287	305	96,577	97,169

The Group takes the date on which events causing the transfers between the levels take place as the timing specific for recognising the transfers. There is no transfer between Level 1 and Level 2 for the current year.

The fair value of financial instruments traded in an active market is determined at the quoted market price.

Information about fair value measurements in level 3 are as follows:

	Fair value as at 31 December 2016	Valuation technique	Inputs: Name	Range/ weighted average	Relationship with fair value	Observable/ unobservable
Investment properties						
Completed —	106,296					
Commercial building	61,631	Income approach	Ultimate yield	4.00%–6.50%	Negative	unobservable
			Capitalisation rate	4.00%–7.00%	Negative	unobservable
			Expected vacancy rate	0.00%-15.00%	Negative	unobservable
			Monthly rental (RMB/square meter)	21–660	Positive	unobservable
		Direct comparison	Market price (RMB/square meter)	3,356–144,633	Positive	unobservable
Parking space	44,665	Direct comparison	Market price (RMB/per parking space)	65,000–530,000	Positive	unobservable
In progress	23,900					
Commercial building	14,887	Residual method	Market price (RMB/square meter)	5,500–40,500	Positive	unobservable
			Budgeted cost (RMB/square meter)	1,233–7,610	Negative	unobservable
			Developer's profit	5.00%–25.00%	Negative	unobservable
Parking space	9,013	Residual method	Market price (RMB/per parking space)	99,000–363,100	Positive	unobservable
			Budgeted cost (RMB/square meter)	510–2,562	Negative	unobservable
			Developer's profit	2.00%-15.00%	Negative	unobservable
	130,196					

	Fair value as at 31 December 2015	Valuation technique	Inputs: Name	Range/ weighted average	Relationship with fair value	Observable/ unobservable
Investment properties						
Completed -—	63,635					
Commercial building	32,104	Income approach	Ultimate yield	4.00%–5.50%	Negative	unobservable
			Capitalisation rate	4.00%–7.00%	Negative	unobservable
			Expected vacancy rate	0.00%–10.00%	Negative	unobservable
			Monthly rental (RMB/square meter)	42–660	Positive	unobservable
		Direct comparison	Market price (RMB/square meter)	6,970–77,500	Positive	unobservable
Parking space	31,531	Direct comparison	Market price (RMB/per parking space)	84,300–391,000	Positive	unobservable
In progress —	32,747					
Commercial building	18,002	Residual method	Market price (RMB/square meter)	5,360–26,532	Positive	unobservable
			Budgeted cost (RMB/square meter)	100–6,038	Negative	unobservable
			Developer's profit	2.00%–30.00%	Negative	unobservable
Parking space	14,745	Residual method	Market price (RMB/per parking space)	91,230–288,000	Positive	unobservable
			Budgeted cost (RMB/square meter)	100–2,754	Negative	unobservable
			Developer's profit	2.00%–20.00%	Negative	unobservable
	96,382					

(2) ***Assets and liabilities not measured at fair value but for which the fair value is disclosed***

Financial assets and liabilities measured at amortised cost mainly include receivables, short-term borrowings, accounts payable and long-term borrowings.

The carrying amount of such financial assets and liabilities not measured at fair values value is a reasonable approximation of their fair value since the impact of discount is insignificant or the long-term borrowings have a floating rate.

(3) The fair value of corporate bonds in an active market is determined at the quoted market price, and categorised within Level 1 of the fair value hierarchy. The fair value of long-term borrowings, long-term payables and Corporate bonds not quoted in an active market is the present value of the contractually determined stream of future cash flows discounted at the rate of interest applied at that time by the market to instruments of comparable credit status and providing substantially the same cash flows on the same terms, and categorised within Level 3 of the fair value hierarchy.

17 Capital management

The Group's capital management policies aim to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, refund capital to shareholders, issue new shares or sell assets to reduce debts.

The Group's total capital is calculated as 'owners' equity' as shown in the consolidated balance sheet. The Group is not subject to external mandatory capital requirements, and monitors capital on the basis of asset-to-liability rate.

As at 31 December 2016 and 2015, the Group's assets-liabilities rate is as follows:

	31 December 2016	31 December 2015
Assets-liabilities rate	93%	87%

18 Notes to the Company financial statements

(1) ***Accounts receivable***

	31 December 2016	31 December 2015
Amounts due from related parties	183	—
Amounts due from third parties	2	3
	185	3

The ageing of accounts receivable and related provisions for bad debts are analysed below:

	31 December 2016			31 December 2015		
	Amount	%	Allowance for bad debts	Amount	%	Allowance for bad debts
Within one year	185	100%	—	3	100%	—

As at 31 December 2016 and 2015, there were no accounts receivable that were past due but not impaired.

(2) ***Other receivables***

	31 December 2016	31 December 2015
Related parties	106,865	75,797
Third parties.	906	1,685
	107,771	77,482
Less: Allowance for bad debts.	(28)	—
	107,743	77,482

The ageing of other receivables and related provisions for bad debts are analysed below:

	31 December 2016			31 December 2015		
	Amount	%	Allowance for bad debts	Amount	%	Allowance for bad debts
Within 1 year	107,561	99.81%	—	77,316	99.79%	—
1 to 2 years	81	0.07%	—	50	0.06%	—
Over 2 years	129	0.12%	(28)	116	0.15%	—
	107,771	100.00%	(28)	77,482	100.00%	—

As at 31 December 2016 and 2015, there were no other receivables that were past due but not impaired.

(3) ***Long-term equity investments***

	31 December 2016	31 December 2015
Subsidiaries	60,184	54,306
Joint ventures (a).	469	976
Associates (b)	1	151
	60,654	55,433

The Group has not been imposed any material restrictions on realising the Long- term equity investments. The Group accounted for the above subsidiaries by cost method while for the above joints ventures and associates by equity method.

(a) *Joint ventures*

	Place of Incorporation	Major operation	Registered Capital	Percentage of shareholding and voting right 2016	2015
Beijing Beiheng Zhonghui Education Technology Co., Ltd.	PRC	Cultural Education	10,000,000	55%	55%
Wangfujing Hengda Commercial Holdings Company Co., Ltd. . . .	PRC	Business Management	1,000,000,000	51%	51%
Guangzhou Hengda Taobao Football Club Co., Ltd.	PRC	Cultural Entertainment	375,000,000	60%	60%

Investments in joint ventures are set out below:

	31 December 2015	Increase in investment	Decrease in investment	Adjustment of net profit/ loss using the equity method	Other changes in equity	31 December 2016
Joint ventures.	976	—	—	(521)	14	469

The Company has no joint ventures that are individually significant.

(b) *Associates*

	Place of Incorporation	Business Nature	Registered Capital	Percentage of equity and voting right 2016	2015
Beijing Guanzhi Culture And Arts Co., Ltd..	PRC	Culture and Arts	1,000,000	30%	30%
Beijing Runye Culture And Arts Co., Ltd.	PRC	Culture and Arts	1,000,000	25%	25%
Qianhai Kaiyuan Assets Management (Shenzhen) Co., Ltd.	PRC	Assets Management	100,000,000	N/A	16%
Hengda Real Estate Group (Shenzhen) Co., Ltd.	PRC	Property Development	130,000,000	N/A	32%

	31 December 2015	Increase in investment	Decrease in investment	Adjustment of net profit/ loss using the equity method	Other changes in equity	31 December 2016
Associates	151	—	(165)	15	—	1

The Company has no associates that are individually significant.

(4) ***Revenue and cost of sales***

	Year ended 31 December 2016		Year ended 31 December 2015	
	Revenues	Cost of sales	Revenue	Cost of sales
Service income and others	2,371	155	1,280	105

(5) ***Investment income***

	Year ended 31 December	
	2016	2015
Income from long-term equity investments by cost method .	23,922	4,908
Loss on long-term equity investments by equity method . . .	(506)	(373)
Income from disposal of associates	7	—
	23,423	4,535

There is no significant restriction on the repatriation of investment income.

(6) ***Notes to the cash flow statement***

Reconciliation from net profit to cash flows from operating activities

	2016	2015
Net profit	20,277	3,567
Add: Provisions for asset impairment	28	—
Depreciation of fixed assets	95	71
Amortisation of intangible assets	7	7
Losses on changes in fair value	623	142
Interest expense	1,344	566
Investment income.	(22,866)	(4,535)
Increase in net deferred tax liabilities	(167)	(302)
Decrease/(Increase) in inventories	439	(577)
Increase in operating receivables	(113)	(623)
(Decrease)/Increase in operating payables	(1,007)	734
Net cash flows from operating activities	(1,340)	(950)

恒大地产集团有限公司

2016年度财务报表及审计报告

恒大地产集团有限公司

2016 年度财务报表及审计报告

内容 页码

pwc

普华永道

审计报告

普华永道中天审字(2017)第 26243 号

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恒大地产集团有限公司董事会：

我们审计了后附的恒大地产集团有限公司(以下简称“贵公司”)的财务报表，包括 2016 年 12 月 31 日的合并及公司资产负债表，2016 年度的合并及公司利润表、合并及公司所有者权益变动表和合并及公司现金流量表以及财务报表附注。

一、管理层对财务报表的责任

编制和公允列报财务报表是贵公司管理层的责任。这种责任包括：
(1) 按照企业会计准则的规定编制财务报表，并使其实现公允反映；
(2) 设计、执行和维护必要的内部控制，以使财务报表不存在由于舞弊或错误导致的重大错报。

二、注册会计师的责任

我们的责任是在执行审计工作的基础上对财务报表发表审计意见。我们按照中国注册会计师审计准则的规定执行了审计工作。中国注册会计师审计准则要求我们遵守中国注册会计师职业道德守则，计划和执行审计工作以对财务报表是否不存在重大错报获取合理保证。

审计工作涉及实施审计程序，以获取有关财务报表金额和披露的审计证据。选择的审计程序取决于注册会计师的判断，包括对由于舞弊或错误导致的财务报表重大错报风险的评估。在进行风险评估时，注册会计师考虑与财务报表编制和公允列报相关的内部控制，以设计恰当的审计程序，但目的并非对内部控制的有效性发表意见。审计工作还包括评价管理层选用会计政策的恰当性和作出会计估计的合理性，以及评价财务报表的总体列报。

我们相信，我们获取的审计证据是充分、适当的，为发表审计意见提供了基础。

普华永道中天会计师事务所(特殊普通合伙)
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三、审计意见

我们认为，上述贵公司的财务报表在所有重大方面按照企业会计准则的规定编制，公允反映了贵公司 2016 年 12 月 31 日的合并及公司财务状况以及 2016 年度的合并及公司经营成果和现金流量。

普华永道中天
会计师事务所(特殊普通合伙)

注册会计师
林宇鹏

中国•上海市
2017 年 4 月 28 日

注册会计师
魏泽

恒大地产集团有限公司

2016年12月31日合并及公司资产负债表
(除特别注明外，金额单位为人民币百万元)

资　产	附注	合并 2016年12月31日	合并 2015年12月31日 (经重列)	公司 2016年12月31日	公司 2015年12月31日
流动资产					
货币资金	七(1)	275,191	151,067	76,962	28,435
以公允价值计量且其变动计入当期损益的金融资产	七(2)	3,076	-	-	-
应收票据	七(3)	68	45	-	-
应收账款	七(4)(a)、十八(1)	8,447	3,712	185	3
预付款项	七(5)	52,159	32,164	288	1,960
应收利息		281	22	301	-
应收股利		-	-	11,545	38
其他应收款	七(4)(c)、十八(2)	28,627	35,089	107,743	77,482
存货	七(6)	647,097	378,858	2,264	2,699
一年内到期的非流动资产	七(4)(b)	7,019	5,303	-	-
其他流动资产	七(7)	14,466	7,534	24	12
流动资产合计		1,036,431	613,794	199,312	110,629
非流动资产					
可供出售金融资产	七(8)	34,840	787	1,781	-
长期应收款	七(4)(b)	8,746	10,305	-	39
长期股权投资	七(9)、十八(3)	727	8,549	60,654	55,433
投资性房地产	七(10)	130,196	96,382	2,414	2,151
固定资产	七(11)	13,208	9,177	833	664
在建工程	七(12)	4,478	3,575	-	-
无形资产	七(13)	5,138	3,242	82	53
商誉		1,003	-	-	-
长期待摊费用	七(14)	204	144	2	2
递延所得税资产	七(25)(a)	3,809	1,633	-	-
其他非流动资产		1,358	-	-	-
非流动资产合计		203,707	133,794	65,766	58,342
资产总计		1,240,138	747,588	265,078	168,971

恒大地产集团有限公司

2016 年 12 月 31 日合并及公司资产负债表(续)
(除特别注明外，金额单位为人民币百万元)

负债及所有者权益	附注	合并 2016 年 12 月 31 日	合并 2015 年 12 月 31 日 (经重列)	公司 2016 年 12 月 31 日	公司 2015 年 12 月 31 日
流动负债					
短期借款	七(15)	88,706	37,957	1,100	-
应付票据	七(16)	43,675	42,069	54	168
应付账款		132,457	87,700	429	119
预收款项	七(17)	183,404	81,610	356	141
应付职工薪酬	七(18)	1,411	1,108	74	103
应交税费	七(19)	34,954	24,566	46	100
应付利息		9,758	5,201	1,711	979
应付股利		4,189	2,370	-	1,076
其他应付款	七(20)	114,710	82,893	183,709	113,205
一年内到期的非流动负债	七(21)	80,754	83,408	7,106	2,200
流动负债合计		694,018	448,882	194,585	118,091
非流动负债					
长期借款	七(23)	332,137	143,357	19,715	1,480
应付债券	七(24)	47,005	39,549	47,005	39,549
长期应付款	七(22)	41,345	2,359	-	-
递延所得税负债	七(25)(d)	21,443	10,345	100	201
其他非流动负债	七(26)	16,048	6,050	-	-
非流动负债合计		457,978	201,660	66,820	41,230
负债合计		1,151,996	650,542	261,405	159,321
所有者权益					
实收资本		2,500	2,500	2,500	2,500
资本公积		14	5,872	14	518
其他综合(损失)/收益	七(38)	(3,089)	56	199	-
盈余公积	七(27)	42	1,250	42	1,250
外币报表折算差异		769	-	-	-
未分配利润	七(28)	52,989	71,904	918	5,382
归属于母公司所有者权益合计		53,225	81,582	3,673	9,650
少数股东权益		34,917	15,464	-	-
所有者权益合计		88,142	97,046	3,673	9,650
负债及所有者权益总计		1,240,138	747,588	265,078	168,971

后附财务报表附注为财务报表的组成部分。

企业负责人: 赵长龙　　主管会计工作的负责人: 潘弥润　　会计机构负责人: 王小鹏

恒大地产集团有限公司

2016 年度合并及公司利润表

(除特别注明外，金额单位为人民币百万元)

项目	附注	合并 2016 年度	合并 2015 年度 (经重列)	公司 2016 年度	公司 2015 年度
一、营业收入	七(29)、十八(4)	205,097	130,686	2,371	1,280
减：营业成本	七(29)、十八(4)	140,751	86,806	155	105
税金及附加	七(30)	15,824	13,326	306	190
销售费用	七(32)	13,907	10,246	1,392	885
管理费用	七(32)	5,916	4,112	1,383	1,013
财务费用—净额	七(31)	3,810	1,244	1,107	228
资产减值损失/(转回)	七(33)	374	(4)	28	-
加：公允价值变动损益	七(34)	3,853	8,648	(623)	(142)
投资收益	七(35)、十八(5)	6	6,132	23,423	4,535
其中：对联营企业和合营企业的投资(损失)/收益	七(9)	(647)	(421)	(506)	(373)
二、营业利润		28,374	29,736	20,800	3,252
加：营业外收入	七(36)(a)	642	290	7	17
其中：非流动资产处置利得		53	-	-	-
减：营业外支出	七(36)(b)	2,506	742	64	5
其中：非流动资产处置损失		10	3	-	-
三、利润总额		26,510	29,284	20,743	3,264
减：所得税费用/(贷项)	七(37)	8,809	7,800	(91)	(303)
四、净利润		17,701	21,484	20,834	3,567
其中：同一控制下企业合并中被合并方在合并前实现的净利润		1,512	1,673	-	-
归属于母公司所有者的净利润		15,840	19,646	20,834	3,567
少数股东损益		1,861	1,838	-	-
五、其他综合(损失)/收益的税后净额					
归属于母公司所有者的其他综合(损失)/收益的税后净额		(2,573)	56	199	-
以后将重分类进损益的其他综合(损失)/收益		(2,573)	56	199	-
权益法下在被投资单位以后将重分类进损益的其他综合收益中享有的份额		(197)	-	-	-
可供出售金融资产公允价值变动		(3,145)	56	199	-
外币财务报表折算差额		769	-	-	-
六、综合收益总额		15,128	21,540	21,033	3,567
归属于母公司所有者的综合收益总额		13,267	19,702	21,033	3,567
归属于少数股东的综合收益总额		1,861	1,838	-	-

后附财务报表附注为财务报表的组成部分。

企业负责人：赵长龙　　主管会计工作的负责人：潘裕娟　　会计机构负责人：王小丽

恒大地产集团有限公司

2016 年度合并及公司现金流量表
(除特别注明外，金额单位为人民币百万元)

项　　目	附注	合并 2016 年度	合并 2015 年度 (经重列)	公司 2016 年度	公司 2015 年度
一、经营活动产生的现金流量					
销售商品、提供劳务收到的现金		273,372	148,550	2,373	1,324
收到其他与经营活动有关的现金		3,123	1,944	1,356	544
经营活动现金流入小计		276,495	150,494	3,729	1,868
购建商品、接受劳务支付的现金		(237,159)	(114,790)	(285)	(650)
支付给职工以及为职工支付的现金		(11,551)	(8,616)	(802)	(564)
支付的各项税费		(22,817)	(14,999)	(473)	(119)
支付其他与经营活动有关的现金	七(39)(f)	(20,802)	(12,070)	(3,509)	(1,485)
经营活动现金流出小计		(292,329)	(150,475)	(5,069)	(2,818)
经营活动产生的现金流量净额	七(39)(a)、十八(6)	(15,834)	19	(1,340)	(950)
二、投资活动产生的现金流量					
收回投资收到的现金		4,577	18,049	2,808	-
取得投资收益所收到的现金		107	24	12,867	5,071
处置固定资产、投资性房地产、无形资产和其他长期资产收回的现金净额		2,912	1,191	473	695
处置子公司及其他营业单位收到的现金	七(39)(e)	1,899	-	23	-
收到其他与投资活动有关的现金		19,169	7,855	16	-
投资活动现金流入小计		28,664	27,119	16,187	5,766
购建固定资产、投资性房地产、无形资产所支付的现金		(16,897)	(18,429)	(307)	(191)
投资支付的现金		(45,954)	(4,726)	(37,102)	(18,599)
取得子公司及其他营业单位支付的现金	九(2)(c)(v)	(44,120)	(4,866)	-	-
支付其他与投资活动有关的现金		(39,854)	(12,574)	(29,365)	(20,429)
投资活动现金流出小计		(146,825)	(40,595)	(66,774)	(39,219)
投资活动产生的现金流量净额		(118,161)	(13,476)	(50,587)	(33,453)
三、筹资活动产生的现金流量					
吸收投资所收到的现金		16,874	624	-	-
取得借款收到的现金		411,748	192,790	30,712	1,480
发行债券收到的现金		14,111	39,522	14,111	39,522
收到其他与筹资活动有关的现金		90,736	15,392	70,540	10,460
筹资活动现金流入小计		533,469	248,328	115,363	51,462
偿还债务支付的现金		(211,403)	(116,259)	(13,227)	(600)
分配股利、利润或偿付利息支付的现金		(33,876)	(25,424)	(1,710)	(3,132)
支付其他与筹资活动有关的现金		(74,470)	(30,623)	(9,638)	(6,701)
筹资活动现金流出小计		(319,749)	(172,306)	(24,575)	(10,433)
筹资活动产生的现金流量净额		213,720	76,022	90,788	41,029
四、汇率变动对现金及现金等价物的影响		159	112	-	-
五、现金及现金等价物净变动额		79,884	62,677	38,861	6,626
加：年初现金及现金等价物余额	七(39)(c)	91,301	28,624	7,142	516
六、年末现金及现金等价物余额	七(39)(d)	171,185	91,301	46,003	7,142

后附财务报表附注为财务报表的组成部分。

企业负责人：赵长龙　　主管会计工作的负责人：潘大荣　　会计机构负责人：王小群

恒大地产集团有限公司

2016 年度合并所有者权益变动表
(除特别注明外，金额单位为人民币百万元)

项　目	归属于母公司所有者权益						少数股东权益	所有者权益合计
	实收资本	资本公积	其他综合收益	盈余公积	外币报表折算差异	未分配利润		
2014 年 12 月 31 日年末余额	2,500	-	-	841	-	42,706	6,309	52,356
同一控制下企业合并	-	4,165	-	-	-	9,961	2,445	16,571
2015 年 1 月 1 日年初余额 (经重列)	2,500	4,165	-	841	-	52,667	8,754	68,927
2015 年度增减变动额								
综合收益总额								
净利润	-	-	-	-	-	19,646	1,838	21,484
其他综合收益	-	-	56	-	-	-	-	56
综合收益总额合计	-	-	56	-	-	19,646	1,838	21,540
所有者投入和减少资本								
所有者投入资本	-	-	-	-	-	-	624	624
购买部分子公司少数股东权益	-	(56)	-	-	-	-	(85)	(141)
收购资产增加的少数股东权益	-	-	-	-	-	-	1,649	1,649
收购业务增加的少数股东权益	-	-	-	-	-	-	2,905	2,905
处置子公司	-	1,620	-	-	-	-	-	1,620
股份支付计入股东权益的金额	-	80	-	-	-	-	-	80
其他	-	63	-	-	-	-	-	63
利润分配								
提取盈余公积	-	-	-	409	-	(409)	-	-
对所有者的分配	-	-	-	-	-	-	(221)	(221)
2015 年 12 月 31 日年末余额 (经重列)	2,500	5,872	56	1,250	-	71,904	15,464	97,046

恒大地产集团有限公司

2016 年度合并所有者权益变动表
(除特别注明外，金额单位为人民币百万元)

项目	归属于母公司所有者权益						少数股东权益	所有者权益合计
	实收资本	资本公积	其他综合收益	盈余公积	外币报表折算差异	未分配利润		
2016 年 1 月 1 日年初余额 (经重列)	2,500	5,872	56	1,250	-	71,904	15,464	97,046
2016 年度增减变动额								
综合收益总额								
净利润	-	-	-	-	-	15,840	1,861	17,701
其他综合收益	-	-	(3,342)	-	769	-	-	(2,573)
综合收益总额合计	-	-	(3,342)	-	769	15,840	1,861	15,128
所有者投入和减少资本								
股东投入资本	-	-	-	-	-	-	16,874	16,874
购买部分子公司少数股东权益	-	(721)	-	-	-	-	(6,769)	(7,490)
收购资产增加的少数股东权益	-	-	-	-	-	-	1,172	1,172
收购业务增加的少数股东权益	-	-	-	-	-	-	6,707	6,707
同一控制下企业合并	-	(2,615)	-	-	-	(6,839)	-	(9,454)
处置子公司	-	(2,625)	197	(1,250)	-	(24,304)	(173)	(28,155)
股份支付计入股东权益的金额	-	55	-	-	-	-	-	55
其他	-	48	-	-	-	-	-	48
利润分配								
提取盈余公积	-	-	-	42	-	(42)	-	-
对所有者的分配	-	-	-	-	-	(3,570)	(219)	(3,789)
2016 年 12 月 31 日年末余额	2,500	14	(3,089)	42	769	52,989	34,917	88,142

后附财务报表附注为财务报表的组成部分。

企业负责人：赵长龙　　主管会计工作的负责人：潘瀚翎　　会计机构负责人：王小鹏

恒大地产集团有限公司

2016 年度公司所有者权益变动表
(除特别注明外，金额单位为人民币百万元)

项　　目	实收资本	资本公积	其他综合收益	盈余公积	未分配利润	所有者权益合计
2015 年 1 月 1 日年初余额	2,500	518	-	841	2,224	6,083
2015 年度增减变动额						
净利润	-	-	-	-	3,567	3,567
提取盈余公积	-	-	-	409	(409)	-
2015 年 12 月 31 日年末余额	2,500	518	-	1,250	5,382	9,650
2016 年 1 月 1 日年初余额	2,500	518	-	1,250	5,382	9,650
2016 年度增减变动额						
净利润	-	-	-	-	20,834	20,834
其他综合收益	-	-	199	-	-	199
同一控制下企业合并	-	2,141	-	-	-	2,141
处置子公司	-	(2,659)	-	(1,250)	(25,256)	(29,165)
其他	-	14	-	-	-	14
提取盈余公积	-	-	-	42	(42)	-
2016 年 12 月 31 日年末余额	2,500	14	199	42	918	3,673

后附财务报表附注为财务报表的组成部分。

企业负责人：赵长龙　　主管会计工作的负责人：潘裕钢　　会计机构负责人：[illegible]

一 公司基本情况

恒大地产集团有限公司(以下简称“本公司”)是广州市凯隆置业有限公司于 1996 年 6 月 24 日在中华人民共和国广州市注册成立的有限责任公司，本公司经批准的经营期限为长期，注册资本和实收资本为人民币 2,500,000,000 元。

本公司母公司为广州市凯隆置业有限公司，中间控股公司为中国恒大集团(该公司的股份在香港联合交易所有限公司上市)，最终控股公司为鑫鑫(BVI)有限公司，实际控制人为许家印博士。

本公司及子公司(以下合称“本集团”)经批准的经营范围为房地产开发、投资、建筑施工总承包、建材及物业管理、酒店运营等。于 2016 年度，本集团的实际主营业务在上述经批准的经营范围内。

本财务报表由本公司企业负责人于 2017 年 4 月 28 日批准报出。

二 财务报表的编制基础

本财务报表按照财政部于 2006 年 2 月 15 日及以后期间颁布的《企业会计准则——基本准则》、各项具体会计准则及相关规定(以下合称“企业会计准则”)编制。

本财务报表以持续经营为基础编制。

于 2016 年度，本集团合并受中国恒大集团控制的对广州恒大增城房地产开发有限公司、广州市俊汇房地产开发有限公司、南京恒大富丰置业有限公司、恒大鑫隆(沈阳)置业有限公司、宝丰集团有限公司、昇祺集团有限公司、穗华投资有限公司、盛通(BVI)有限公司、盛誉有限公司、盛日企业有限公司、昌兴控股有限公司、瑞宇企业有限公司、上丰有限公司、MARVEL FIRST DEVELOPMENTS LIMITED 及雅立集团有限公司、Instant Choice Development Ltd.及恒大地产集团(深圳)有限公司(以下称“被合并方”)。该等交易被视为涉及受共同控制实体的业务合并，并按照企业会计准则第 20 号“企业合并”中同一控制下企业合并相关规定进行会计处理。因此，2015 年 12 月 31 日的合并资产负债表，2015 年度的合并利润表、合并所有者权益变动表及合并现金流量表已经重述，以包括被合并方开始受共同控制日期起计算的资产、负债及利润。请参见附注九(3)对同一控制下企业合并的披露。

三 遵循企业会计准则的声明

本公司 2016 年度财务报表符合企业会计准则的要求，真实、完整地反映了本公司 2016 年 12 月 31 日的合并及公司财务状况以及 2016 年度的合并及公司经营成果和现金流量等有关信息。

四 重要会计政策和会计估计

(1) 会计年度

会计年度为公历 1 月 1 日起至 12 月 31 日止。

四　重要会计政策和会计估计(续)

(2)　记账本位币

记账本位币为人民币。

(3)　外币折算

(a)　外币交易

外币交易按交易发生日的即期汇率将外币金额折算为人民币入账。

于资产负债表日，外币货币性项目采用资产负债表日的即期汇率折算为人民币。为购建符合借款费用资本化条件的资产而借入的外币专门借款产生的汇兑差额在资本化期间内予以资本化；其他汇兑差额直接计入当期损益。以历史成本计量的外币非货币性项目，于资产负债表日采用交易发生日的即期汇率折算。汇率变动对现金的影响额在现金流量表中单独列示。

(b)　外币财务报表的折算

境外经营的资产负债表中的资产和负债项目，采用资产负债表日的即期汇率折算，股东权益中除未分配利润项目外，其他项目采用发生时的即期汇率折算。境外经营的利润表中的收入与费用项目，采用交易发生日的即期汇率折算。上述折算产生的外币报表折算差额，计入其他综合收益。境外经营的现金流量项目，采用现金流量发生日的即期汇率折算。汇率变动对现金的影响额，在现金流量表中单独列示。

(4)　现金及现金等价物

现金及现金等价物是指库存现金、可随时用于支付的存款，以及持有的期限短、流动性强、易于转换为已知金额现金及价值变动风险很小的投资。

(5)　金融资产

金融资产于初始确认时分类为：以公允价值计量且其变动计入当期损益的金融资产、持有至到期投资、应收款项和可供出售金融资产。金融资产的分类取决于本集团对金融资产的持有意图和持有能力。于报告期内，本集团的金融资产仅包括以公允价值计量且其变动计入当期损益的金融资产、应收款项和可供出售金融资产。

(a)　以公允价值计量且其变动计入当期损益的金融资产

以公允价值计量且其变动计入当期损益的金融资产包括持有目的为短期内出售的金融资产。

(b)　应收款项

应收款项是指在活跃市场中没有报价、回收金额固定或可确定的非衍生金融资产，包括应收账款及其他应收款等(附注四(7))。

四　重要会计政策和会计估计(续)

(5)　金融资产(续)

(c)　可供出售金融资产

可供出售金融资产包括初始确认时即被指定为可供出售的非衍生金融资产及未被划分为其他类的金融资产。自资产负债表日起 12 个月内将出售的可供出售金融资产在资产负债表中列示为其他流动资产。

(d)　确认和计量

金融资产于本集团成为金融工具合同的一方时，按公允价值在资产负债表内确认。以公允价值计量且其变动计入当期损益的金融资产，取得时发生的相关交易费用计入当期损益；其他金融资产的相关交易费用计入初始确认金额。当收取某项金融资产现金流量的合同权利已终止或该金融资产所有权上几乎所有的风险和报酬已转移时，终止确认该金融资产。

以公允价值计量且其变动计入当期损益的金融资产和可供出售金融资产按照公允价值进行后续计量，但在活跃市场中没有报价且其公允价值不能可靠计量的权益工具投资，按照成本计量；应收款项采用实际利率法，以摊余成本计量。

以公允价值计量且其变动计入当期损益的金融资产的公允价值变动作为公允价值变动损益计入当期损益；在资产持有期间所取得的利息或现金股利以及在处置时产生的处置损益，计入当期损益。

除减值损失及外币货币性金融资产形成的汇兑损益外，可供出售金融资产公允价值变动直接计入所有者权益，待该金融资产终止确认时，原直接计入权益的公允价值变动累计额转入当期损益。可供出售债务工具投资在持有期间按实际利率法计算的利息，以及被投资单位已宣告发放的与可供出售权益工具投资相关的现金股利，作为投资收益计入当期损益。

(e)　金融资产减值

除以公允价值计量且其变动计入当期损益的金融资产外，本集团于资产负债表日对金融资产的账面价值进行检查，如果有客观证据表明某项金融资产发生减值的，计提减值准备。

以摊余成本计量的金融资产发生减值时，按预计未来现金流量(不包括尚未发生的未来信用损失)现值低于账面价值的差额，计提减值准备。如果有客观证据表明该金融资产价值已恢复，且客观上与确认该损失后发生的事项有关，原确认的减值损失予以转回，计入当期损益。

当有客观证据表明以公允价值计量的可供出售金融资产发生减值时，原直接计入所有者权益的因公允价值下降形成的累计损失予以转出并计入减值损失。对已确认减值损失的可供出售债务工具投资，在期后公允价值上升且客观上与确认原减值损失后发生的事项有关的，原确认的减值损失予以转回并计入当期损益。对已确认减值损失的可供出售权益工具投资，期后公允价值上升直接计入所有者权益。

以成本计量的可供出售金融资产发生减值时，按其账面价值超过按类似金融资产当时市场收益率对未来现金流量折现确定的现值之间的差额，确认减值损失。已发生的减值损失以后期间不再转回。

四 重要会计政策和会计估计(续)

(5) 金融资产(续)

(f) 金融资产的终止确认

金融资产满足下列条件之一的，予以终止确认：(1)收取该金融资产现金流量的合同权利终止；(2)该金融资产已转移，且本集团将金融资产所有权上几乎所有的风险和报酬转移给转入方；或者(3)该金融资产已转移，虽然本集团既没有转移也没有保留金融资产所有权上几乎所有的风险和报酬，但是放弃了对该金融资产控制。

金融资产终止确认时，其账面价值与收到的对价以及原直接计入股东权益的公允价值变动累计额之和的差额，计入当期损益。

(6) 金融负债

金融负债于初始确认时分类为以公允价值计量且其变动计入当期损益的金融负债和其他金融负债。本集团的金融负债主要为其他金融负债，包括应付款项、借款及应付债券等。

应付款项包括应付账款、其他应付款等，以公允价值进行初始计量，并采用实际利率法按摊余成本进行后续计量。

借款及应付债券按其公允价值扣除交易费用后的金额进行初始计量，并采用实际利率法按摊余成本进行后续计量。

其他金融负债期限在一年以下(含一年)的，列示为流动负债；期限在一年以上但自资产负债表日起一年内(含一年)到期的，列示为一年内到期的非流动负债；其余列示为非流动负债。

当金融负债的现时义务全部或部分已经解除时，终止确认该金融负债或义务已解除的部分。终止确认部分的账面价值与支付的对价之间的差额，计入当期损益。

金融资产和金融负债应当在资产负债表内分别列示，不得相互抵销。但是，同时满足下列条件的，应当以相互抵销后的净额在资产负债表内列示：

(a) 企业具有抵销已确认金额的法定权利，且该种法定权利现在是可执行的；

(b) 企业计划以净额结算，或同时变现该金融资产和清偿该金融负债。

四　重要会计政策和会计估计(续)

(7)　应收款项

应收款项包括应收账款和其他应收款。本集团对外销售商品或提供劳务形成的应收账款，按从购货方或劳务接受方应收的合同或协议价款的公允价值作为初始确认金额。

(a)　单项金额重大并单独计提坏账准备的应收款项

对于单项金额重大的应收款项，单独进行减值测试。当存在客观证据表明本集团将无法按应收款项的原有条款收回款项时，计提坏账准备。

单项金额大于人民币 1,000 万元的应收账款，及单项金额大于人民币 3,000 万元的其他应收款视为重大。

单项金额重大并单独计提坏账准备的计提方法为：根据应收款项的预计未来现金流量现值低于其账面价值的差额进行计提。

(b)　按信用风险特征组合计提坏账准备的应收款项

对于单项金额不重大的应收款项，与经单独测试后未减值的应收款项一起按信用风险特征划分为若干组合，根据以前年度与之具有类似信用风险特征的应收款项组合的实际损失率为基础，结合现时情况确定应计提的坏账准备。

信用风险特征组合的确定依据：

项目	计提方法
应收楼款组合	无需计提坏账准备
关联方往来款组合	无需计提坏账准备
少数股东往来款组合	无需计提坏账准备
保证金、备用金组合	无需计提坏账准备
其他	按照账龄分析法计提坏账准备

组合中，采用账龄分析法的计提比例列示如下：

	应收账款计提比例	其他应收款计提比例
一年以内	1%	1%
一到二年	2%	2%
二年以上	5%	5%

四　重要会计政策和会计估计(续)

(7)　应收款项(续)

(c)　单项金额虽不重大但单项计提坏账准备的应收款项

单项计提坏账准备的理由为：存在客观证据表明本集团将无法按应收款项的原有条款收回款项。

坏账准备的计提方法为：根据应收款项的预计未来现金流量现值低于其账面价值的差额进行计提。

(d)　本集团向金融机构转让不附追索权的应收账款，按交易款项扣除已转销应收账款的账面价值和相关税费后的差额计入当期损益。

(8)　存货

存货按房地产开发产品和非房地产开发产品分类。房地产开发产品包括已完工开发产品和在建开发产品。非房地产开发产品为库存商品及其他。

已完工开发产品是指已建成、待出售的物业；在建开发产品是指尚未建成、以出售为目的的物业。

存货按取得成本进行初始计量，于资产负债表日，存货按照成本与可变现净值孰低计量。

房地产开发产品成本包括土地成本、建筑成本、其他直接和间接开发费用等。符合资本化条件的借款费用，亦计入房地产开发产品成本。

存货跌价准备按单项存货成本高于其可变现净值的差额计提。可变现净值按日常活动中，以存货的估计售价减去至完工时估计将要发生的成本、估计的销售费用以及相关税费后的金额确定。

(9)　长期股权投资

长期股权投资包括：本公司对子公司的长期股权投资、本集团对合营企业和联营企业的长期股权投资。

子公司为本公司能够对其实施控制的被投资单位。合营企业为本集团通过单独主体达成，能够与其他方实施共同控制，且基于法律形式、合同条款及其他事实与情况仅对其净资产享有权利的合营安排；联营企业为本集团能够对其财务和经营决策具有重大影响的被投资单位。

对子公司的投资，在公司财务报表中按照成本法确定的金额列示，在编制合并财务报表时按权益法调整后进行合并；对合营企业和联营企业投资采用权益法核算。

四 重要会计政策和会计估计(续)

(9) 长期股权投资(续)

(a) 投资成本确定

对于企业合并形成的长期股权投资：同一控制下企业合并取得的长期股权投资，在合并日按照取得被合并方所有者权益账面价值的份额作为投资成本；非同一控制下企业合并取得的长期股权投资，按照合并成本作为长期股权投资的投资成本。

对于以企业合并以外的其他方式取得的长期股权投资：支付现金取得的长期股权投资，按照实际支付的购买价款作为初始投资成本；发行权益性证券取得的长期股权投资，以发行权益性证券的公允价值作为初始投资成本。

(b) 后续计量及损益确认方法

采用成本法核算的长期股权投资，按照初始投资成本计量，被投资单位宣告分派的现金股利或利润，确认为投资收益计入当期损益。

采用权益法核算的长期股权投资，初始投资成本大于投资时应享有被投资单位可辨认净资产公允价值份额的，以初始投资成本作为长期股权投资成本；初始投资成本小于投资时应享有被投资单位可辨认净资产公允价值份额的，其差额计入当期损益，并相应调增长期股权投资成本。

采用权益法核算的长期股权投资，本集团按应享有或应分担的被投资单位的净损益份额确认当期投资损益。确认被投资单位发生的净亏损，以长期股权投资的账面价值以及其他实质上构成对被投资单位净投资的长期权益减记至零为限，但本集团负有承担额外损失义务且符合或有事项准则所规定的预计负债确认条件的，继续确认投资损失并作为预计负债核算。被投资单位除净损益、其他综合收益和利润分配以外所有者权益的其他变动，调整长期股权投资的账面价值并计入资本公积。被投资单位分派的利润或现金股利于宣告分派时按照本集团应分得的部分，相应减少长期股权投资的账面价值。本集团与被投资单位之间未实现的内部交易损益按照持股比例计算归属于本集团的部分，予以抵销，在此基础上确认投资损益。本集团与被投资单位发生的内部交易损失，其中属于资产减值损失的部分，相应的未实现损失不予抵销。

(c) 确定对被投资单位具有控制、共同控制、重大影响的依据

控制是指拥有对被投资单位的权力，通过参与被投资单位的相关活动而享有可变回报，并且有能力运用对被投资单位的权力影响其回报金额。

共同控制是指按照相关约定对某项安排所共有的控制，并且该安排的相关活动必须经过本集团及分享控制权的其他参与方一致同意后才能决策。

重大影响是指对被投资单位的财务和经营政策有参与决策的权力，但并不能够控制或者与其他方一起共同控制这些政策的制定。

四　重要会计政策和会计估计(续)

(9)　长期股权投资(续)

(d)　长期股权投资减值

对子公司、合营企业、联营企业的长期股权投资，当其可收回金额低于其账面价值时，账面价值减记至可收回金额(附注四(16))。

(10)　投资性房地产

投资性房地产包括已出租的土地使用权和以出租为目的的建筑物以及正在建造或开发过程中将来用于出租的建筑物，以成本进行初始计量。与投资性房地产有关的后续支出，在相关的经济利益很可能流入本集团且其成本能够可靠的计量时，计入投资性房地产成本；否则，于发生时计入当期损益。

本集团对所有投资性房地产采用公允价值模式进行后续计量，不计提折旧或进行摊销，在资产负债表日以投资性房地产的公允价值为基础调整其账面价值，公允价值与原账面价值之间的差额计入当期损益。

投资性房地产的用途改变为自用时，自改变之日起，将该投资性房地产转换为固定资产或无形资产，基于转换当日投资性房地产的公允价值确定固定资产和无形资产的账面价值，公允价值与投资性房地产原账面价值的差额计入当期损益。自用房地产的用途改变为赚取租金或资本增值时，自改变之日起，将固定资产或无形资产转换为投资性房地产，以转换当日的公允价值作为投资性房地产的账面价值，转换当日的公允价值小于固定资产和无形资产原账面价值的，差额计入当期损益，转换当日的公允价值大于固定资产和无形资产原账面价值的，差额计入其他综合收益。

当投资性房地产被处置、或者永久退出使用且预计不能从其处置中取得经济利益时，终止确认该项投资性房地产。投资性房地产出售、转让、报废或毁损的处置收入扣除其账面价值和相关税费后的金额计入当期损益。

(11)　固定资产

(a)　固定资产确认及初始计量

固定资产包括房屋及建筑物、机器设备、运输工具以及办公设备等。购置或新建的固定资产按取得时的成本进行初始计量。

与固定资产有关的后续支出，在相关的经济利益很可能流入本集团且其成本能够可靠的计量时，计入固定资产成本；对于被替换的部分，终止确认其账面价值；所有其他后续支出于发生时计入当期损益。

固定资产折旧采用年限平均法并按其入账价值减去预计净残值后在预计使用寿命内计提。对计提了减值准备的固定资产，则在未来期间按扣除减值准备后的账面价值及依据尚可使用年限确定折旧额。

(除特别注明外，金额单位为人民币百万元)

四 重要会计政策和会计估计(续)

(11) 固定资产(续)

(b) 固定资产的折旧方法

固定资产折旧采用年限平均法并按其入账价值减去预计净残值后在预计使用寿命内计提。对计提了减值准备的固定资产，则在未来期间按扣除减值准备后的账面价值及依据尚可使用年限确定折旧额。

固定资产的预计使用寿命、净残值率及年折旧率列示如下：

	预计使用寿命	预计净残值率	年折旧率
房屋及建筑物	15 - 30 年	5%	3% - 6%
机器设备	5 - 10 年	3%	10% - 19%
运输工具	5 - 10 年	5%	10% - 19%
办公设备	5 - 10 年	5%	10% - 19%

对固定资产的预计使用寿命、预计净残值和折旧方法于每年年度终了进行复核并作适当调整。

(c) 当固定资产的可收回金额低于其账面价值时，账面价值减记至可收回金额(附注四(16))。

(d) 固定资产的处置

当固定资产被处置、或者预期通过使用或处置不能产生经济利益时，终止确认该固定资产。固定资产出售、转让、报废或毁损的处置收入扣除其账面价值和相关税费后的金额计入当期损益。

(12) 在建工程

在建工程按实际发生的成本计量。实际成本包括建筑成本、安装成本、符合资本化条件的借款费用以及其他为使在建工程达到预定可使用状态所发生的必要支出。在建工程在达到预定可使用状态时，转入固定资产并自次月起开始计提折旧。当在建工程的可收回金额低于其账面价值时，账面价值减记至可收回金额(附注四(16))。

(除特别注明外，金额单位为人民币百万元)

四 重要会计政策和会计估计(续)

(13) 无形资产

无形资产包括土地使用权、软件使用权等，以成本计量，并按其预计使用年限平均摊销。

(a) 土地使用权

土地使用权按使用年限 40 - 70 年平均摊销。外购土地及建筑物的价款难以在土地使用权与建筑物之间合理分配的，全部作为固定资产。

(b) 软件使用权

本集团购买的软件使用权按照实际成本计量，并在可使用年限内平均摊销。

(c) 定期复核使用寿命和摊销的方法

本集团对使用寿命有限的无形资产的预计使用寿命及摊销方法于每年年度终了进行复核并作适当调整。

无形资产的预计使用寿命、净残值率及年折旧率列示如下：

	预计使用寿命	预计净残值率	年摊销率
土地使用权	40 - 70	0%	1.43% - 2.50%
其他	3 - 20	0%	5% - 33.33%

(14) 商誉

非同一控制下的企业合并，其合并成本超过合并中取得的被购买方可辨认净资产于购买日的公允价值份额的差额确认为商誉。

(15) 长期待摊费用

长期待摊费用为经营租入固定资产改良支出，按预计受益期间分期平均摊销，并以实际支出减去累计摊销后的净额列示。

四　重要会计政策和会计估计(续)

(16)　长期资产减值

固定资产、在建工程、使用寿命有限的无形资产、长期待摊费用及对子公司、合营企业和联营企业的长期股权投资等，于资产负债表日存在减值迹象的，进行减值测试；减值测试结果表明资产的可收回金额低于其账面价值的，按其差额计提减值准备并计入减值损失。可收回金额为资产的公允价值减去处置费用后的净额与资产预计未来现金流量的现值两者之间的较高者。资产减值准备按单项资产为基础计算并确认，如果难以对单项资产的可收回金额进行估计的，以该资产所属的资产组确定资产组的可收回金额。资产组是能够独立产生现金流入的最小资产组合。

在财务报表中单独列示的商誉，无论是否存在减值迹象，至少每年进行减值测试。减值测试时，商誉的账面价值分摊至预期从企业合并的协同效应中受益的资产组或资产组组合。测试结果表明包含分摊的商誉的资产组或资产组组合的可收回金额低于其账面价值的，确认相应的减值损失。减值损失金额先抵减分摊至该资产组或资产组组合的商誉的账面价值，再根据资产组或资产组组合中除商誉以外的其他各项资产的账面价值所占比重，按比例抵减其他各项资产的账面价值。

上述资产减值损失一经确认，以后期间不予转回价值得以恢复的部分。

(17)　借款费用

发生的可直接归属于需要经过相当长时间的购建活动才能达到预定可使用状态之资产的购建的借款费用，在资产支出及借款费用已经发生、为使资产达到预定可使用状态所必要的购建活动已经开始时，开始资本化并计入该资产的成本。当购建的资产达到预定可使用状态时停止资本化，其后发生的借款费用计入当期损益。如果资产的购建活动发生非正常中断，并且中断时间连续超过 3 个月，暂停借款费用的资本化，直至资产的购建活动重新开始。

对于为购建符合资本化条件的资产而借入的专门借款，以专门借款当期实际发生的利息费用减去尚未动用的借款资金存入银行取得的利息收入或进行暂时性投资取得的投资收益后的金额确定专门借款借款费用的资本化金额。

对于为购建符合资本化条件的资产而占用的一般借款，按照累计资产支出超过专门借款部分的资本支出加权平均数乘以所占用一般借款的加权平均实际利率计算确定一般借款借款费用的资本化金额。实际利率为将借款在预期存续期间或适用的更短期间内的未来现金流量折现为该借款初始确认金额所使用的利率。

(18)　借款

借款按其公允价值扣除交易费用后的金额进行初始计量，并采用实际利率法按摊余成本进行后续计量。借款期限在一年以下(含一年)的借款为短期借款，其余借款为长期借款。

四 重要会计政策和会计估计(续)

(19) 职工薪酬

职工薪酬是本集团为获得职工提供的服务或解除劳动关系而给予的各种形式的报酬或补偿，包括短期薪酬和离职后福利，以及中国恒大集团为本集团部分职工承担的工资薪金等。

(a) 短期薪酬

短期薪酬包括工资、奖金、津贴和补贴、职工福利费、医疗保险费、工伤保险费、生育保险费、住房公积金、工会和教育经费等。本集团在职工提供服务的会计期间，将实际发生的短期薪酬确认为负债，并计入当期损益或相关资产成本。其中, 非货币性福利按照公允价值计量。

(b) 离职后福利

本集团将离职后福利计划分类为设定提存计划和设定受益计划。设定提存计划是本集团向独立的基金缴存固定费用后，不再承担进一步支付义务的离职后福利计划；设定受益计划是除设定提存计划以外的离职后福利计划。于报告期内，本集团的离职后福利主要是为员工缴纳的基本养老保险和失业保险，均属于设定提存计划。

(c) 基本养老保险

本集团职工参加了由当地劳动和社会保障部门组织实施的社会基本养老保险。本集团以当地规定的社会基本养老保险缴纳基数和比例，按月向当地社会基本养老保险经办机构缴纳养老保险费。职工退休后，当地劳动及社会保障部门有责任向已退休员工支付社会基本养老金。本集团在职工提供服务的会计期间，将根据上述社保规定计算应缴纳的金额确认为负债，并计入当期损益或相关资产成本。

(d) 辞退福利

本集团在职工劳动合同到期之前解除与职工的劳动关系、或者为鼓励职工自愿接受裁减而提出给予补偿，在本集团不能单方面撤回解除劳动关系计划或裁减建议时和确认与涉及支付辞退福利的重组相关的成本费用时两者孰早日，确认因解除与职工的劳动关系给予补偿而产生的负债，同时计入当期损益。

预期在资产负债表日起一年内需支付的辞退福利，列示为流动负债。

四　重要会计政策和会计估计(续)

(20)　建造合同

在建造合同的结果能够可靠地估计时，根据完工百分比法在资产负债表日确认合同收入及费用。建造合同的结果能够可靠地估计是指合同总收入能可靠地计量，与合同相关的经济利益能够流入本公司，在资产负债表日合同完工进度和为完成合同尚需发生的成本能够可靠地确定及为完成合同已经发生的合同成本能够清楚地区分和可靠地计量，以便实际合同成本能与以前的预计成本相比较。

完工进度主要根据建造项目的性质，按已经完成的合同工作量占合同预计总工作量的比例或已完工合同工作的测量进度或者按实际发生的合同成本占合同预计总成本的比例确定。

当期完成的建造合同，按实际合同总收入扣除以前年度累计已确认的收入后的余额作为当期收入，同时按累计实际发生的合同成本扣除以前年度累计已确认的成本后的余额确认为当期成本。

当建造合同的结果不能可靠地估计，如果合同成本能够收回的，合同收入根据能够收回的实际合同成本加以确认，合同成本在其发生的当期确认为费用；如果合同成本不能收回的，应在发生时立即确认为费用，不确认收入。

如果合同预计总成本将超过合同预计总收入，即将预计损失计入当期损益。

(21)　递延所得税资产和递延所得税负债

递延所得税资产和递延所得税负债根据资产和负债的计税基础与其账面价值的差额(暂时性差异)计算确认。对于按照税法规定能够于以后年度抵减应纳税所得额的可抵扣亏损，确认相应的递延所得税资产。对于商誉的初始确认产生的暂时性差异，不确认相应的递延所得税负债。对于既不影响会计利润也不影响应纳税所得额(或可抵扣亏损)的非企业合并的交易中产生的资产或负债的初始确认形成的暂时性差异，不确认相应的递延所得税资产和递延所得税负债。于资产负债表日，递延所得税资产和递延所得税负债，按照预期收回该资产或清偿该负债期间的适用税率计量。

递延所得税资产的确认以很可能取得用来抵扣可抵扣暂时性差异、可抵扣亏损和税款抵减的应纳税所得额为限。

对与子公司、合营企业及联营企业投资相关的应纳税暂时性差异，确认递延所得税负债，除非本集团能够控制该暂时性差异转回的时间且该暂时性差异在可预见的未来很可能不会转回。对与子公司及合营企业投资相关的可抵扣暂时性差异，当该暂时性差异在可预见的未来很可能转回且未来很可能获得用来抵扣可抵扣暂时性差异的应纳税所得额时，确认递延所得税资产。

同时满足下列条件的递延所得税资产和递延所得税负债以抵销后的净额列示：

- 递延所得税资产和递延所得税负债与同一税收征管部门对本集团内同一纳税主体征收的所得税相关；
- 本集团内该纳税主体拥有以净额结算当期所得税资产及当期所得税负债的法定权利。

四　重要会计政策和会计估计(续)

(22)　收入确认

收入的金额按照本集团在日常经营活动中销售商品和提供劳务时，已收或应收合同或协议价款的公允价值确定。收入按扣除销售折让及销售退回的净额列示。

与交易相关的经济利益很可能流入本集团，相关的收入能够可靠计量且满足下列各项经营活动的特定收入确认标准时，确认相关的收入：

(a)　房地产销售

房地产销售收入于物业的风险及报酬转移给买家时，即相关物业建筑工程完成及物业已交付给买家，且已合理确定可收回有关应收款项时确认。如果本集团须就已交付买家的物业进行其他工程，则须同时确认相关支出。

本集团将已收但尚未达到收入确认条件的房款计入预收款项科目，待符合上述收入确认条件后确认营业收入。

(b)　销售商品

本集团销售建筑材料及矿泉水。商品销售收入于产品交付予客户时进行确认。

(c)　提供劳务

物业管理所产生的收入按合约规定，以直线法在提供服务的会计期间确认。

(d)　酒店运营

来自客房租金、餐饮销售及其他配套服务的酒店收入在交付商品或提供服务时确认。

(e)　建造合同收入

有关建造合同收入的会计政策，请参阅附注四(20)。

(23)　政府补助

政府补助为本集团从政府无偿取得的货币性资产或非货币性资产，包括税费返还、财政补贴等。

政府补助在本集团能够满足其所附的条件并且能够收到时，予以确认。政府补助为货币性资产的，按照收到或应收的金额计量。政府补助为非货币性资产的，按照公允价值计量；公允价值不能可靠取得的，按照名义金额计量。

与资产相关的政府补助，是指企业取得的、用于购建或以其他方式形成长期资产的政府补助。与收益相关的政府补助是指除与资产相关的政府补助之外的政府补助。

四 重要会计政策和会计估计(续)

(23) 政府补助(续)

与资产相关的政府补助，确认为递延收益，并在相关资产使用寿命内平均分配，计入当期损益。按照名义金额计量的政府补助，直接计入当期损益。

与收益相关的政府补助，用于补偿以后期间的相关费用或损失的，确认为递延收益，并在确认相关费用的期间，计入当期损益；用于补偿已发生的相关费用或损失的，直接计入当期损益。

(24) 租赁

实质上转移了与资产所有权有关的全部风险和报酬的租赁为融资租赁。其他的租赁为经营租赁。

(a) 融资租赁

作为出租人，在租赁开始日重组集团按最低租赁收款额与初始直接费用之和作为应收融资租赁款的入账价值，同时记录未担保余值；将最低租赁收款额、初始直接费用及未担保余值之和与其现值之和的差额确认为未实现融资收益。未实现融资收益在租赁期内各个期间采用实际利率法计算确认当期的融资收入。

(b) 经营租赁

经营租赁的租金支出在租赁期内按照直线法计入相关资产成本或当期损益。

经营租赁的租金收入在租赁期内按照直线法确认。

(25) 财务担保合同

对于财务担保合同，会列为金融负债核算，初步按其公允价值加收购或发出财务担保合同之直接应占交易成本确认入账。初步确认后，本集团会以下列两者之较高者计算财务担保合同：估计偿付现时债务所需开支之现值，以及初步确认之款项减累计摊销。

财务担保负债只会于合约列明的责任已履行或注销或届满时，方会于资产负债表终止确认。

(26) 利润分配

拟发放的利润于董事会批准的当期，确认为负债。

四 重要会计政策和会计估计(续)

(27) 企业合并

(a) 同一控制下的企业合并

合并方支付的合并对价及取得的净资产均按账面价值计量。合并方取得的净资产账面价值与支付的合并对价账面价值的差额，调整资本公积(股本溢价)；资本公积(股本溢价)不足以冲减的，调整留存收益。为进行企业合并发生的直接相关费用于发生时计入当期损益。为企业合并而发行权益性证券或债务性证券的交易费用，计入权益性证券或债务性证券的初始确认金额。

(b) 非同一控制下的企业合并

购买方发生的合并成本及在合并中取得的可辨认净资产按购买日的公允价值计量。合并成本大于合并中取得的被购买方于购买日可辨认净资产公允价值份额的差额，确认为商誉；合并成本小于合并中取得的被购买方可辨认净资产公允价值份额的差额，计入当期损益。为进行企业合并发生的直接相关费用于发生时计入当期损益。为企业合并而发行权益性证券或债务性证券的交易费用，计入权益性证券或债务性证券的初始确认金额。

(28) 合并财务报表的编制方法

编制合并财务报表时，合并范围包括本公司及全部子公司以及本集团控制的结构化主体。

子公司是指被本集团控制的主体。控制，是指拥有对被投资方的权力，通过参与被投资方的相关活动而享有可变回报，并且有能力运用对被投资方的权力影响回报金额。本集团直接或通过子公司间接拥有被投资单位半数以上的表决权，表明本集团能够控制被投资单位，应当将该被投资单位认定为子公司，纳入合并财务报表的合并范围。从取得子公司的实际控制权之日起，本集团开始将其纳入合并范围；从丧失实际控制权之日起停止纳入合并范围。对于同一控制下企业合并取得的子公司，自其与本公司同受最终控制方控制之日起纳入本公司合并范围，并将其在合并日前实现的净利润在合并利润表中单列项目反映。

结构化主体，是指在判断主体的控制方时，表决权或类似权利没有被作为设计主体架构时的决定性因素(例如表决权仅与行政管理事务相关)，而主导该主体相关活动的依据是合同或相应安排。

当本集团作为原始权益人及次级权益持有人发起成立专项资产管理计划时，本集团将评估就该结构化主体而言，本集团是否以主要责任人的身份行使决策权。如果其他方(结构化主体的其他投资者)行使决策权，则本集团不控制该结构化主体。但若本集团被判断为行使决策权，则是主要责任人，因而控制该结构化主体。

从取得子公司的实际控制权之日起，本集团开始将其纳入合并范围；从丧失实际控制权之日起停止纳入合并范围。对于同一控制下企业合并取得的子公司，自其与本公司同受最终控制方控制之日起纳入本公司合并范围，并将其在合并日前实现的净利润在合并利润表中单列项目反映。

在编制合并财务报表时，子公司与本公司采用的会计政策或会计期间不一致的，按照本公司的会计政策或会计期间对子公司财务报表进行必要的调整。对于非同一控制下企业合并取得的子公司，以购买日可辨认净资产公允价值为基础对其财务报表进行调整。

四　重要会计政策和会计估计(续)

(28)　合并财务报表的编制方法(续)

集团内所有重大往来余额、交易及未实现利润在合并财务报表编制时予以抵销。子公司的所有者权益、当期净损益及综合收益中不属于本公司所拥有的部分分别作为少数股东权益、少数股东损益及归属于少数股东的综合收益总额在合并财务报表中所有者权益、净利润及综合收益总额项下单独列示。本公司向子公司出售资产所发生的未实现内部交易损益，全额抵销归属于母公司股东的净利润；子公司向本公司出售资产所发生的未实现内部交易损益，按本公司对该子公司的分配比例在归属于母公司股东的净利润和少数股东损益之间分配抵销。子公司之间出售资产所发生的未实现内部交易损益，按照母公司对出售方子公司的分配比例在归属于母公司股东的净利润和少数股东损益之间分配抵销。

如果以本集团为会计主体与以本公司或子公司为会计主体对同一交易的认定不同时，从本集团的角度对该交易予以调整。

(29)　分部信息

本集团以内部组织结构、管理要求、内部报告制度为依据确定经营分部，以经营分部为基础确定报告分部并披露分部信息。

经营分部是指本集团内同时满足下列条件的组成部分：(1)该组成部分能够在日常活动中产生收入、发生费用；(2)本集团管理层能够定期评价该组成部分的经营成果，以决定向其配置资源、评价其业绩；(3)本集团能够取得该组成部分的财务状况、经营成果和现金流量等有关会计信息。如果两个或多个经营分部具有相似的经济特征，并且满足一定条件的，则合并为一个经营分部。

(30)　重要会计估计和判断

本集团根据历史经验和其他因素，包括对未来事项的合理预期，对所采用的重要会计估计和关键判断进行持续的评价。

下列重要会计估计及关键假设存在会导致下一会计年度资产和负债的账面价值出现重大调整的重要风险：

(a)　所得税

在正常的经营活动中，部分交易和事项的最终的税务处理存在不确定性。在考虑计提所得税费用及确认递延所得税时，本集团需要作出重大判断。如果这些税务事项的最终认定结果与最初入账的金额存在差异，该差异将对作出上述最终认定期间的所得税费用和递延所得税的金额产生影响。

(b)　土地增值税

按照中国相关税法规定，本集团需缴纳土地增值税。于资产负债表日，地方税务机关尚未对部分开发项目土地增值税清算应纳税额出具《核准意见书》。本集团依据《土地增值税暂行条例》及其实施细则的规定计算应纳税额入账。如果地方税务机关审核确认税额与原入账金额不一致，该差异将计入完成土地增值税清算的会计期间。

四　重要会计政策和会计估计(续)

(30)　重要会计估计和判断(续)

(c)　投资性房地产的公允价值评估

公允价值的最佳证据为在活跃市场上附带类似租约与其他合约的物业的现行价格。倘若并无有关资料，本集团将金额定于合理公允价值估计的范围内。作出判断时，本集团会考虑多个来源的数据，包括：(i) 不同性质、状况或位置或受不同租约或其他合约规定的物业在活跃市场的现行价格，并予以调整以反映该等差异；(ii) 类似物业在不活跃市场的最近价格，并予以调整以反映自按该等价格进行交易的日期起任何经济状况的变化；及(iii) 按日后现金流量的可靠估计作出的贴现现金流量预测，该估计乃源自任何现有租约及其他合约的条款及(如有可能)源自外来凭证，例如处于相同位置及状况下的类似物业的现行市场租金，并采用可反映现金流量金额及时间不明确性的现有市场评估的折现率计算。本集团根据独立专业合资格估值师确定的估值评估其投资物业的公允价值。

(d)　存货跌价准备

本集团于资产负债表日对存货按照成本与可变现净值孰低计量，可变现净值的计算需要利用假设和估计。如果管理层对估计售价及完工时将要发生的成本及费用等进行修订，将影响存货的可变现净值的估计，该差异将对计提的存货跌价准备产生影响。

(e)　估计物业总建筑成本

本集团在确认物业销售成本时需估计物业建筑总成本。该项估计由管理层根据相关物业发展的详细预算资料为基础，并于工程进展期间作出定期评估。如果相关估计与实际发生的成本不符，则该项差异会影响已确认销售成本的正确性。

(除特别注明外，金额单位为人民币百万元)

五 税项

本集团适用的主要税种及其税率列示如下：

税种	计税依据	税率
增值税	应纳税增值额(应纳税额按应纳税销售额乘以适用税率扣除当期允许抵扣的进项税后的余额计算)	3%、5%、6%、11%或 17%
营业税(a)	房地产出租或销售收入、物业管理收入	5%
	提供建筑劳务收入	3%
土地增值税	按转让房地产所取得的增值额	按超率累进税率 30% - 60%
房产税	房产原值或租金收入	原值的 1.2%或租金的 12%
企业所得税	应纳税所得额	25%

(a) 根据财政部、国家税务总局颁布的《财政部国家税务总局关于全面推开营业税改征增值税试点的通知》(财税[2016]36 号)中的《营业税改征增值税试点有关事项的规定》及相关规定，自 2016 年 5 月 1 日起，本集团的房地产销售业务、建筑劳务、物业管理及酒店运营适用增值税。其中，房地产销售业务收入及建筑劳务收入适用税率为 11%，物业管理业务收入适用税率为 6%，采用简易征收的房地产销售和建筑劳务业务适用征收率分别为 5%和 3%。

六 子公司

(1) 本公司之一级子公司

子公司名称	主要经营地及注册地	业务性质	持股比例	取得方式
广州市俊汇房地产开发有限公司	广州市	房地产开发	100%	设立
广州通瑞达房地产实业有限公司	广州市	房地产开发	100%	设立
广州市俊鸿房地产开发有限公司	广州市	房地产开发	100%	设立
恒大地产集团武汉有限公司	武汉市	房地产开发	100%	设立
恒大地产集团重庆有限公司	重庆市	房地产开发	100%	设立
恒大地产集团成都有限公司	成都市	房地产开发	100%	设立
南京恒大富丰置业有限公司	南京市	房地产开发	100%	设立
武汉鑫金观光产业园有限公司	武汉市	房地产开发	100%	设立
彭山县鑫鑫观光产业园有限公司	眉山市	房地产开发	100%	设立
安宁市淦鑫观光产业园有限公司	安宁市	房地产开发	100%	设立
恒大(清新)生态示范园有限公司	清新市	房地产开发	100%	设立
恒大(佛冈)汤塘农场有限公司	清远市	房地产开发	100%	设立
广州恒大生态农业开发基地有限公司	广州市	房地产开发	100%	设立
恒大地产集团天津蓟县有限公司	天津市	房地产开发	100%	设立
鄂州鑫金生态观光产业园有限公司	鄂州市	房地产开发	100%	设立
重庆市鑫恒观光农业有限公司	重庆市	房地产开发	100%	设立
恒大鑫隆(沈阳)置业有限公司	沈阳市	房地产开发	100%	设立
鹤山市鑫鑫观光产业园有限公司	鹤山市	房地产开发	100%	设立
恒大盛宇(清新)置业有限公司	清远市	房地产开发	100%	设立
恒大地产集团郑州有限公司	郑州市	房地产开发	100%	设立

(除特别注明外，金额单位为人民币百万元)

六 子公司(续)

(1) 本公司之一级子公司(续)

子公司名称	主要经营地及注册地	业务性质	持股比例	取得方式
广州市金碧房地产代理有限公司	广州市	物业管理	100%	设立
广州市金碧世家物业服务有限公司	广州市	物业管理	100%	设立
广州市金碧恒盈物业服务有限公司	广州市	物业管理	100%	设立
恒大地产集团西安有限公司	西安市	房地产开发	100%	设立
恒大地产集团洛阳有限公司	洛阳市	房地产开发	100%	设立
恒大地产集团太原有限公司	太原市	房地产开发	100%	设立
西安曲江投资建设有限公司	西安市	房地产开发	100%	收购
西安祺云置业有限公司	西安市	房地产开发	100%	收购
恒大地产集团南宁有限公司	南宁市	房地产开发	100%	设立
恒大地产集团贵阳置业有限公司	贵阳市	房地产开发	100%	收购
南京汉典房地产开发有限公司	南京市	房地产开发	100%	收购
湖南雄震投资有限公司	长沙市	房地产开发	100%	收购
恒大地产集团合肥有限公司	合肥市	房地产开发	100%	设立
恒大地产集团长沙置业有限公司	长沙市	房地产开发	100%	设立
广州恒晖建筑工程有限公司	广州市	建筑工程	100%	设立
广州市恒合工程监理有限公司	广州市	建筑工程	100%	设立
恒大园林集团有限公司	广州市	建筑工程	100%	设立
广州恒大装饰工程有限公司	广州市	建筑工程	100%	设立
佛山市恒大金属建筑材料有限公司	佛山市	建筑工程	100%	设立
广州市恒大广告有限公司	广州市	广告设计	100%	设立
荆州市晴川建筑设计院有限公司	荆州市	广告设计	100%	设立
广州恒大材料设备有限公司	广州市	建筑工程	100%	设立
佛山市南海俊诚房地产开发有限公司	佛山市	房地产开发	100%	收购
恒大地产集团广东房地产开发有限公司	广州市	房地产开发	100%	设立
恒大地产集团包头有限公司	包头市	房地产开发	100%	设立
广东恒大排球俱乐部有限公司	广州市	文化体育	100%	设立
江西宏吉投资有限公司	南昌市	房地产开发	100%	收购
恒大地产集团石家庄有限公司	石家庄市	房地产开发	100%	设立
恒大地产集团济南置业有限公司	济南市	房地产开发	100%	设立
恒大地产集团天津有限公司	天津市	房地产开发	100%	设立
恒大地产集团佛冈有限公司	清远市	房地产开发	100%	设立
恒大地产集团上海盛建置业有限公司	上海市	房地产开发	100%	设立
深圳市中心港房地产开发有限公司	深圳市	房地产开发	100%	设立
太原名都房地产开发有限公司	太原市	房地产开发	100%	收购
恒大地产集团海南有限公司	海口市	房地产开发	100%	设立
太原俊景房地产开发有限公司	太原市	房地产开发	100%	设立
重庆恒大君鑫房地产开发有限公司	重庆市	房地产开发	100%	设立
淮安恒大富丰房地产开发有限公司	淮安市	房地产开发	100%	设立
恒大地产集团兰州置业有限公司	兰州市	房地产开发	100%	收购
恒大地产集团长春有限公司	长春市	房地产开发	100%	设立
恒大地产集团(沈阳)投资有限公司	沈阳市	房地产开发	100%	设立
恒大地产集团(中山)有限公司	中山市	房地产开发	100%	收购
恒大地产集团鹿泉有限公司	石家庄市	房地产开发	100%	设立
儋州恒大滨海投资有限公司	儋州市	房地产开发	100%	设立
恒大地产集团景德镇置业有限公司	景德镇市	房地产开发	100%	设立
恒大地产集团昆明有限公司	昆明市	房地产开发	100%	设立
恒大地产集团呼和浩特有限公司	呼和浩特市	房地产开发	100%	设立

(除特别注明外，金额单位为人民币百万元)

六 子公司(续)

(1) 本公司之一级子公司(续)

子公司名称	主要经营地及注册地	业务性质	持股比例	取得方式
丹阳恒大置业有限公司	丹阳市	房地产开发	100%	设立
恒大地产集团石嘴山有限公司	石嘴山市	房地产开发	100%	设立
运城市金恒房地产开发有限公司	运城市	房地产开发	100%	设立
铜陵恒大置业有限公司	铜陵市	房地产开发	100%	设立
淮北粤通置业有限公司	淮北市	房地产开发	100%	设立
恒大地产集团自贡有限公司	自贡市	房地产开发	100%	设立
恒大地产集团云浮有限公司	云浮市	房地产开发	100%	设立
临汾市紫旌房地产开发有限公司	临汾市	房地产开发	100%	收购
恒大地产集团银川有限公司	银川市	房地产开发	100%	设立
恒大地产集团哈尔滨有限公司	哈尔滨市	房地产开发	100%	设立
广州市金碧大世界饮食娱乐有限公司	广州市	酒店商业	100%	收购
北京润业文化艺术有限公司	北京市	房地产开发	100%	收购
广州恒大民族歌舞团有限公司	广州市	文化体育	100%	设立
佛山市南海盈裕房地产发展有限公司	佛山市	房地产开发	100%	设立
恒大地产集团南京置业有限公司	南京市	房地产开发	100%	设立
宿迁恒大华府置业有限公司	宿迁市	房地产开发	100%	设立
连云港恒大城置业有限公司	连云港市	房地产开发	100%	设立
岳阳金碧置业有限公司	岳阳市	房地产开发	100%	设立
恒大地产集团韶关有限公司	韶关市	房地产开发	100%	设立
太原俊豪房地产开发有限公司	太原市	房地产开发	100%	设立
深圳市建设(集团)有限公司	深圳市	建筑工程	100%	收购
大同俊景房地产开发有限公司	大同市	房地产开发	100%	设立
恒大地产集团乌鲁木齐有限公司	乌鲁木齐市	房地产开发	100%	设立
恒大地产集团盐城有限公司	盐城市	房地产开发	100%	设立
恒大世纪城(清远)酒店有限公司	清远市	房地产开发	100%	设立
吕梁市俊汇房地产开发有限公司	吕梁市	房地产开发	100%	设立
嘉兴恒大置业有限公司	嘉兴市	房地产开发	100%	设立
运城经济开发区壹加壹房地产开发有限公司	运城市	房地产开发	100%	收购
运城市鑫万瑞房地产开发有限公司	运城市	房地产开发	100%	收购
东莞市城邦房地产开发有限公司	东莞市	房地产开发	100%	收购
恒大地产集团(深圳)有限公司	深圳市	房地产开发	100%	设立
重庆恒大酒店有限公司	重庆市	酒店商业	100%	设立
南昌中电投高新置业有限公司	南昌市	房地产开发	100%	收购
恒大足球学校	广州市	文化体育	100%	设立
恒大商业有限公司	广州市	酒店商业	100%	设立
海盐盛建置业有限公司	海盐市	房地产开发	100%	设立
恒大地产集团恩平有限公司	恩平市	房地产开发	100%	设立
恒大地产集团白洋淀温泉城有限公司	保定市	房地产开发	100%	设立
广州市品宴餐饮企业管理有限公司	广州市	酒店商业	100%	设立
恒大地产集团阳江有限公司	阳江市	房地产开发	100%	设立
北京观止文化艺术有限公司	北京市	文化体育	100%	收购
平湖恒大名都置业有限公司	平湖市	房地产开发	100%	设立
乌海市俊景房地产开发有限公司	乌海市	房地产开发	100%	设立
广州市恒大酒店有限公司	广州市	酒店商业	100%	设立
无锡恒大房产开发有限公司	无锡市	房地产开发	100%	设立
恒大地产集团天津蓟县酒店有限公司	天津市	酒店商业	100%	设立
恒大地产集团防城港有限公司	防城港市	房地产开发	100%	设立

(除特别注明外，金额单位为人民币百万元)

六　子公司(续)

(1)　本公司之一级子公司(续)

子公司名称	主要经营地及注册地	业务性质	持股比例	取得方式
彭山恒大酒店有限公司	眉山市	酒店商业	100%	设立
成都金堂恒大酒店有限公司	成都市	酒店商业	100%	设立
阳泉市燎原房地产开发有限公司	阳泉市	房地产开发	100%	收购
恒大地产集团九江有限公司	九江市	房地产开发	100%	设立
衢州恒大盛建置业有限公司	衢州市	房地产开发	100%	设立
恒大地产集团湛江御景置业有限公司	湛江市	房地产开发	100%	设立
广州市恒大永昌置业有限公司	广州市	房地产开发	100%	设立
广州市恒大卓越置业有限公司	广州市	房地产开发	100%	设立
恒大地产集团河源有限公司	河源市	房地产开发	100%	设立
恒大健康产业有限公司	广州市	文化体育	100%	设立
恒大地产集团吉安有限公司	吉安市	房地产开发	100%	设立
北京天力兴业投资有限公司	北京市	房地产开发	100%	收购
北京沙河恒大置业有限公司	北京市	房地产开发	100%	设立
恒大地产集团天津世博国际会议中心有限公司	天津市	酒店商业	100%	设立
恒大地产集团大连有限公司	大连市	房地产开发	100%	设立
合肥粤诚置业有限公司	合肥市	房地产开发	100%	设立
合肥粤祺置业有限公司	合肥市	房地产开发	100%	设立
合肥粤祺商业运营管理有限公司	合肥市	房地产开发	100%	设立
合肥粤泰置业有限公司	合肥市	房地产开发	100%	设立
合肥粤泰商业运营管理有限公司	合肥市	房地产开发	100%	设立
合肥粤丰置业有限公司	合肥市	房地产开发	100%	设立
恒大地产集团北京有限公司	北京市	房地产开发	100%	设立
宁夏昊天房地产开发有限公司	银川市	房地产开发	100%	设立
北京恒粤置业有限公司	北京市	房地产开发	100%	设立
林芝华锦日用品有限公司	林芝市	酒店商业	100%	设立
恒大地产集团福州有限公司	福州市	房地产开发	100%	设立
广州市鑫源投资有限公司	广州市	酒店商业	100%	设立
太原市俊恒房地产开发有限公司	太原市	房地产开发	100%	设立
武汉恒大酒店有限公司	武汉市	酒店商业	100%	设立
双鸭山恒大酒店有限公司	双鸭山市	酒店商业	100%	设立
太原盛世君泰房地产开发有限公司	太原市	房地产开发	100%	收购
太原金世恒房地产开发有限公司	太原市	房地产开发	100%	设立
北京恒世投资有限公司	北京市	房地产开发	100%	设立
太原万恒房地产开发有限公司	太原市	房地产开发	100%	设立
南宁金碧恒大置业有限公司	南宁市	房地产开发	100%	设立
江西星宇置业发展有限公司	江西市	房地产开发	100%	收购
合肥粤恒置业有限公司	合肥市	房地产开发	100%	设立
山西嘉盛房地产开发有限公司	太原市	房地产开发	100%	收购
广州市恒大装修设计院有限公司	广州市	广告设计	100%	设立
恒大地产集团粤东有限公司	珠海市	房地产开发	100%	设立
恒大地产集团珠三角房地产开发有限公司	广州市	房地产开发	100%	设立
太原恒泽房地产开发有限公司	太原市	房地产开发	100%	设立
天基控股有限公司	香港	房地产开发	100%	设立
天鼎控股有限公司	香港	房地产开发	100%	设立
恒大大方扶贫管理有限公司	贵州市	房地产开发	100%	设立
山西兰花康宇房地产开发有限公司	太原市	房地产开发	82%	收购
太原恒德隆房地产开发有限公司	太原市	房地产开发	100%	收购

(除特别注明外，金额单位为人民币百万元)

六　子公司(续)

(2)　于 2016 年不纳入合并范围的重要子公司

重要子公司名称	不再纳入合并范围的原因
恒大文化产业集团股份有限公司及其子公司("恒大文化")	处置
恒大旅游集团有限公司及其子公司("恒大旅游")	处置
儋州恒大香槟岛投资开发有限公司及其子公司("恒大香槟岛")	处置
恒大地产集团(南昌)有限公司("恒大南昌")	处置

七　合并财务报表项目附注

(1)　货币资金

	2016 年 12 月 31 日	2015 年 12 月 31 日
库存现金	50	45
银行存款	171,135	91,256
其他货币资金	104,006	59,766
	275,191	151,067
减：受到限制的货币资金	(104,006)	(59,766)
现金及现金等价物	171,185	91,301

其他货币资金为本集团存入指定银行专户的房屋按揭保证金, 用于拆迁补偿的保证金以及银行借款的质押保证金，是受到限制的货币资金 (附注七(39)(d)) 。

(2)　以公允价值计量且其变动计入当期损益的金融资产

	2016 年 12 月 31 日	2015 年 12 月 31 日
交易性权益工具投资	3,076	-

于 2016 年 12 月 31 日，以公允价值计量且其变动计入当期损益的金融资产为本集团对中国 A 股市场上市公司的权益投资，均在活跃市场上有公开交易报价。

于 2015 年 12 月 31 日，本集团无以公允价值计量且其变动计入当期损益的金融资产。

交易性权益工具投资的公允价值根据上海证券交易所 2016 年最后一个交易日收盘价确定。

(除特别注明外，金额单位为人民币百万元)

七 合并财务报表项目附注(续)

(3) 应收票据

	2016 年 12 月 31 日	2015 年 12 月 31 日
商业承兑汇票	68	35
银行承兑汇票	-	10
	68	45

(4) 应收账款及其他应收款

(a) 应收账款

	2015 年 12 月 31 日	本年增加	本年减少	2016 年 12 月 31 日
应收关联方(附注十(4)(a))	90			197
应收第三方	3,640			8,267
	3,730			8,464
减：坏账准备	(18)	(6)	7	(17)
	3,712			8,447

应收账款账龄分析如下：

	2016 年 12 月 31 日			2015 年 12 月 31 日		
	金额	占总比例	坏账准备	金额	占总比例	坏账准备
一年以内	6,929	81.87%	-	3,402	91.21%	-
一到二年	938	11.08%	-	179	4.80%	-
二年以上	597	7.05%	(17)	149	3.99%	(18)
	8,464	100.00%	(17)	3,730	100.00%	(18)

于 2016 年 12 月 31 日及 2015 年 12 月 31 日，本集团无已逾期未减值的应收账款。

(除特别注明外，金额单位为人民币百万元)

七　合并财务报表项目附注(续)

(4)　应收账款及其他应收款(续)

(b)　长期应收款

	2016 年 12 月 31 日	2015 年 12 月 31 日
应收分期楼款	15,358	15,608
应收融资租赁款	407	-
	15,765	15,608
减：一年内到期的非流动资产	(7,019)	(5,303)
	8,746	10,305

于 2016 年 12 月 31 日，长期应收款 601,000,000 元 (2015 年 12 月 31 日：663,000,000 元)已逾期，但基于对欠款方财务状况及其信用记录的分析，本集团认为这部分款项可以收回，没有发生减值，故未单独计提减值准备。这部分应收款项的逾期账龄分析如下：

	2016 年 12 月 31 日	2015 年 12 月 31 日
一年以内	374	580
一到二年	167	83
二年以上	60	-
	601	663

(c)　其他应收款

	2015 年 12 月 31 日	本年增加	本年减少	2016 年 12 月 31 日
应收关联方款项(附注十(4)(c))	25,988			2,619
应收保证金	4,970			7,981
应收少数股东	1,284			4,235
应收处置子公司款项	-			6,776
其他	2,930			7,191
	35,172			28,802
减：坏账准备	(83)	(95)	3	(175)
	35,089			28,627

(除特别注明外，金额单位为人民币百万元)

七　合并财务报表项目附注(续)

(4)　应收账款及其他应收款(续)

(c)　其他应收款(续)

其他应收款及相应的坏账准备分析如下：

	2016 年 12 月 31 日			2015 年 12 月 31 日		
	金额	占总比例	坏账准备	金额	占总比例	坏账准备
一年以内	23,270	80.79%	(115)	31,245	88.83%	-
一到二年	2,392	8.30%	(17)	1,776	5.05%	-
二年以上	3,140	10.91%	(43)	2,151	6.12%	(83)
	28,802	100.00%	(175)	35,172	100.00%	(83)

于 2016 年 12 月 31 日及 2015 年 12 月 31 日，不存在已逾期但未减值的其他应收款。

(5)　预付款项

	2016 年 12 月 31 日		2015 年 12 月 31 日	
	金额	占总比例	金额	占总比例
一年以内	41,787	80.11%	20,521	63.80%
一到二年	4,088	7.84%	5,446	16.93%
二年以上	6,284	12.05%	6,197	19.27%
	52,159	100.00%	32,164	100.00%

预付款项主要是未取得土地使用权证的预付土地款。超过一年且金额重大的预付款项主要是还在拆迁的地块或分批拿证地块的预付款。

(除特别注明外，金额单位为人民币百万元)

七　合并财务报表项目附注(续)

(6)　存货

	2016 年 12 月 31 日	2015 年 12 月 31 日
在建开发产品	567,171	326,390
已完工开发产品	80,597	52,935
其他	157	95
	647,925	379,420
减：存货跌价准备	(828)	(562)
	647,097	378,858

存货跌价准备分析如下：

	2015 年 12 月 31 日	本年计提	本年转销	2016 年 12 月 31 日
存货	(562)	(283)	17	(828)

2016 年度，计入在建开发产品的借款费用资本化金额为 30,747,000,000 元(2015 年度：21,048,000,000 元)，用于确定借款费用资本化金额的资本化率为年利率 9.39%(2015 年：10.41%)。

于 2016 年 12 月 31 日及 2015 年 12 月 31 日，本集团用于银行借款抵押的存货详见附注七(15)(a)和附注七(23)(a)。

(7)　其他流动资产

	2016 年 12 月 31 日	2015 年 12 月 31 日
预缴营业税	2,855	3,293
预缴企业所得税	3,097	2,113
预缴土地增值税	4,438	1,973
可供出售金融资产	1,672	-
预交增值税	1,561	17
预缴城建税	348	75
预缴教育费附加	253	59
待抵扣进项税额	218	-
其他	24	4
	14,466	7,534

(除特别注明外，金额单位为人民币百万元)

七 合并财务报表项目附注(续)

(8) 可供出售金融资产

	2016 年 12 月 31 日	2015 年 12 月 31 日
以公允价值计量		
—可供出售权益工具	34,840	787

于 2016 年 12 月 31 日及 2015 年 12 月 31 日，本集团可供出售金融资产以人民币计价且并无就可供出售金融资产作出减值准备。

可供出售金融资产主要包括本集团对中国 A 股上市公司的权益投资，在活跃市场上有公开交易报价。

可供出售金融资产的公允价值根据上海证券交易所及深圳证券交易所相关期间最后一个交易日收盘价确定。

(9) 长期股权投资

	2016 年 12 月 31 日	2015 年 12 月 31 日
合营企业(a)	566	8,396
联营企业(b)	161	153
	727	8,549

本集团对上述股权投资均采用权益法核算。本集团不存在长期股权投资变现的重大限制且对上述投资的权益不存在任何或有负债或承诺。

(a) 合营企业

				持股及表决权例	
	注册地	业务性质	注册资本	2016	2015
北京北恒中慧教育科技有限公司	中国	文化教育	人民币 10,000,000	55%	55%
王府井恒大商业控股有限公司	中国	商业管理	人民币 1,000,000,000	51%	51%
内蒙古鲁桥置业有限公司	中国	房地产开发	人民币 200,000,000	50%	50%
广州恒大淘宝足球俱乐部股份有限公司	中国	文化娱乐	人民币 375,000,000	60%	60%
恒大人寿保险有限公司(“恒大人寿”)	中国	保险	人民币 1,000,000,000	不适用	50%
杭州晶立置业有限公司	中国	房地产开发	美元 370,000,000	不适用	49%
济南恒大城西置业有限公司	中国	房地产开发	人民币 10,000,000	49%	不适用

(除特别注明外，金额单位为人民币百万元)

七 合并财务报表项目附注(续)

(9) 长期股权投资(续)

(a) 合营企业(续)

对合营企业投资列示如下：

	2015 年 12 月 31 日	追加投资	减少投资	按权益法调整的其他综合收益	按权益法调整的其他资本公积	按权益法调整的净损益	2016 年 12 月 31 日
合营企业	8,396	6,044	(13,046)	(197)	14	(645)	566

本集团没有单独重要的合营企业。

(b) 联营企业

	注册地	业务性质	注册资本	持股及表决权例 2016	2015
重庆同景文浩置业有限公司	中国	房地产开发	人民币 100,000,000	49%	49%
济南西创置业有限公司	中国	房地产开发	人民币 18,000,000	30%	30%
济南西实置业有限公司	中国	房地产开发	人民币 18,000,000	30%	30%
湖南浅水湾湘雅温泉花园有限公司	中国	房地产开发	人民币 30,000,000	18%	18%
济南西业置业有限公司	中国	房地产开发	人民币 18,000,000	不适用	30%
济南西开置业有限公司	中国	房地产开发	人民币 18,000,000	不适用	30%
上海申城影视传媒有限公司	中国	文化艺术	人民币 40,000,000	不适用	25%
前海开源资产管理(深圳)有限公司	中国	资产管理	人民币 100,000,000	不适用	16%
东营御景置业有限公司	中国	房地产开发	人民币 100,000,000	不适用	20%

对联营企业投资列示如下：

	2015 年 12 月 31 日	追加投资	减少投资	按权益法调整的其他资本公积	按权益法调整的净损益	2016 年 12 月 31 日
联营企业	153	53	(47)	4	(2)	161

本集团没有单独重要的联营企业。

(除特别注明外，金额单位为人民币百万元)

七　合并财务报表项目附注(续)

(9)　长期股权投资(续)

(c)　不重要合营企业和联营企业的汇总信息

	2016 年度	2015 年度
合营企业：		
投资账面价值合计	1,639	9,046
下列各项按持股比例计算的合计数		
净亏损(i)	(645)	(595)
其他综合收益(i)	(197)	-
综合收益总额	(842)	(595)
联营企业：		
投资账面价值合计	177	134
下列各项按持股比例计算的合计数		
净(亏损)/利润(i)	(2)	174
其他综合收益(i)	-	-
综合收益总额	(2)	174

(i) 净利润和其他综合收益均已考虑取得投资时可辨认资产和负债的公允价值以及统一会计政策的调整影响。

(10)　投资性房地产

	房屋及建筑物
2015 年 12 月 31 日	96,382
本年增加	14,810
非同一控制下企业合并(附注九(2))	16,734
转入固定资产	(1,310)
公允价值变动	4,925
外币报表折算差异	847
本年处置子公司	(185)
本年减少	(2,007)
2016 年 12 月 31 日	130,196

2016 年度，计入投资性房地产的借款费用资本化金额为人民币 2,366,000,000 元(2015 年度：人民币 1,710,000,000 元)，用于确定借款费用资本化金额的资本化率为年利率 9.39%(2015 年：10.41%)。

2016 年度，投资性房地产公允价值变动对本集团当期损益的影响金额为人民币 4,925,000,000 元(2015 年度：人民币 12,746,000,000 元)。

(除特别注明外，金额单位为人民币百万元)

七　合并财务报表项目附注(续)

(10)　投资性房地产(续)

2016 年度，本集团投资性房地产的处置收益为人民币 94,000,000 元(2015 年度：人民币 185,000,000 元)。

于 2016 年 12 与 31 日及 2015 年 12 月 31 日，本集团用于银行借款抵押的投资性房地产详见附注七(15)(a)和七(23)(a)。

(11)　固定资产

	房屋及建筑物	机器设备	运输工具	办公设备	合计
原价					
2015 年 12 月 31 日	7,625	288	500	4,067	12,480
在建工程转入	1,299	22	-	374	1,695
投资性房地产转入	1,310	-	-	-	1,310
非同一控制下企业合并(附注九(2))	1,443	26	24	80	1,573
本年购置	799	205	92	479	1,575
本年减少	(683)	(362)	(46)	(98)	(1,189)
2016 年 12 月 31 日	11,793	179	570	4,902	17,444
累计折旧					
2015 年 12 月 31 日	(1,284)	(82)	(362)	(1,575)	(3,303)
本年计提	(671)	(49)	(81)	(509)	(1,310)
本年减少	201	67	40	69	377
2016 年 12 月 31 日	(1,754)	(64)	(403)	(2,015)	(4,236)
净值					
2016 年 12 月 31 日	10,039	115	167	2,887	13,208
2015 年 12 月 31 日	6,341	206	138	2,492	9,177

2016 年度以及 2015 年度计入营业成本、管理费用及销售费用的折旧费用分别为：

	2016 年度	2015 年度
营业成本	402	463
管理费用	617	476
销售费用	291	151
	1,310	1,090

于 2016 年 12 与 31 日及 2015 年 12 月 31 日，本集团用于银行借款抵押的固定资产详见附注七(15)(a)和七(23)(a)。

(除特别注明外，金额单位为人民币百万元)

七 合并财务报表项目附注(续)

(12) 在建工程

工程名称	2015 年 12 月 31 日	本年增加	本年转入固定资产	2016 年 12 月 31 日
酒店工程	3,575	2,598	(1,695)	4,478
其中：借款费用资本化金额	526	442	(249)	719

2016 年度用于确定借款费用资本化金额的资本化率为年利率 9.39%(2015 年：10.41%)。

(13) 无形资产

	土地使用权	其他	合计
原价			
2015 年 12 月 31 日	3,326	142	3,468
本年增加	1,896	46	1,942
非同一控制下企业合并(附注九(2))	59	102	161
本年减少	(43)	(64)	(107)
2016 年 12 月 31 日	5,238	226	5,464
累计摊销			
2015 年 12 月 31 日	(180)	(46)	(226)
本年摊销	(119)	(18)	(137)
本年减少	5	32	37
2016 年 12 月 31 日	(294)	(32)	(326)
净值			
2016 年 12 月 31 日	4,944	194	5,138
2015 年 12 月 31 日	3,146	96	3,242

(14) 长期待摊费用

	2016 年 12 月 31 日	2015 年 12 月 31 日
装修费	143	88
其他	61	56
	204	144

(除特别注明外，金额单位为人民币百万元)

七 合并财务报表项目附注(续)

(15) 短期借款

	2016 年 12 月 31 日	2015 年 12 月 31 日
担保借款		
抵押(a)	24,793	5,370
质押(b)	33,901	7,805
保证(c)	26,271	5,083
信用借款	3,741	19,699
	88,706	37,957

(a) 于 2016 年 12 月 31 日，抵押借款人民币 24,793,000,000 元系由账面净值人民币 1,517,000,000 元的固定资产，账面价值人民币 10,598,000,000 元的投资性房地产以及账面价值人民币 33,991,000,000 元的存货作为抵押物(2015 年：抵押借款人民币 5,370,000,000 元系由账面净值 217,000,000 元的固定资产，账面价值人民币 733,000,000 元的投资性房地产，账面价值人民币 21,000,000 元的无形资产-土地使用权，以及账面价值人民币 4,342,000,000 元的存货作为抵押物)。

(b) 于 2016 年 12 月 31 日，质押借款人民币 33,901,000,000 元系由人民币 15,415,000,000 元的定期存款，及人民币 15,856,000,000 元的子公司股权作为质押物(2015 年：质押借款人民币 7,805,000,000 元系由人民币 2,901,000,000 元的人民币定期存款及人民币 5,749,000,000 元的子公司股权作为质押物)。

(c) 于 2016 年 12 月 31 日保证借款人民币 278,000,000 元(2015 年：人民币 5,083,000,000 元)系由中国恒大集团提供保证，人民币 25,993,000,000 元(2015 年：无)系由本公司及其子公司提供保证。

于 2016 年 12 月 31 日，短期借款中包括本公司最终控股公司之合营公司向本集团提供的借款 2,700,000,000 元，以及本公司最终控股公司之联营公司向本集团提供的借款 799,000,000 元。

2016 年 12 月 31 日短期借款的利率区间为 1.32%至 10.50%(2015 年：1.09%至 13.00%)。

(16) 应付票据

	2016 年 12 月 31 日	2015 年 12 月 31 日
商业承兑汇票	43,058	39,156
银行承兑汇票	617	2,913
	43,675	42,069

(除特别注明外，金额单位为人民币百万元)

七　合并财务报表项目附注(续)

(17)　预收款项

	2016 年 12 月 31 日	2015 年 12 月 31 日
物业预售收款	181,775	79,517
其他	1,629	2,093
	183,404	81,610

于 2016 年 12 月 31 日及 2015 年 12 月 31 日，本集团账龄超过一年的预收账款主要为尚未结算的预收房款。

(18)　应付职工薪酬

	2016 年 12 月 31 日	2015 年 12 月 31 日
应付短期薪酬(a)	1,355	1,079
应付设定提存计划(b)	56	29
	1,411	1,108

(a)　短期薪酬

	2015 年 12 月 31 日	本年增加	本年减少	2016 年 12 月 31 日
工资、奖金、津贴和补贴	999	9,985	(9,755)	1,229
职工福利费	19	523	(507)	35
社会保险费	16	465	(453)	28
其中：医疗保险费	13	401	(390)	24
工伤保险费	2	30	(30)	2
生育保险费	1	34	(33)	2
住房公积金	15	378	(372)	21
工会经费和职工教育经费	30	78	(66)	42
	1,079	11,429	(11,153)	1,355

(除特别注明外，金额单位为人民币百万元)

七 合并财务报表项目附注(续)

(18) 应付职工薪酬(续)

(b) 设定提存计划

	2016 年度		2015 年度	
	应付金额	期末余额	应付金额	期末余额
基本养老保险	897	54	667	28
失业保险费	44	2	62	1
	941	56	729	29

(19) 应交税费

	2016 年 12 月 31 日	2015 年 12 月 31 日
应交土地增值税	19,071	13,510
应交企业所得税	15,039	9,349
未交增值税	297	33
应交个人所得税	105	86
应交土地使用税	87	76
应交营业税	82	1,082
应交印花税	76	148
应交城市维护建设税	54	92
应交教育费附加	43	68
应交契税	3	-
其他	97	122
	34,954	24,566

(20) 其他应付款

	2016 年 12 月 31 日	2015 年 12 月 31 日
应付关联方(附注十(4)(e))	29,017	34,587
应付土地款	35,537	13,638
应付收购子公司款项	18,766	16,267
暂收投资者投入款	13,000	-
应付少数股东	4,239	4,180
应付保证金及代收款	3,513	4,317
应付收购合营公司款项	-	2,157
其他	10,638	7,747
	114,710	82,893

(除特别注明外，金额单位为人民币百万元)

七 合并财务报表项目附注(续)

(21) 一年内到期的非流动负债

	2016 年 12 月 31 日	2015 年 12 月 31 日
一年内到期的长期借款(附注七(23))	67,312	82,902
一年内到期的应付债券(附注七(24))	6,756	-
一年内到期的长期应付款(附注七(22))	6,686	506
	80,754	83,408

(22) 长期应付款

	2016 年 12 月 31 日	2015 年 12 月 31 日
应付收购子公司款项	9,925	-
合并结构化主体份额(a)	5,093	1,760
应付少数股东(b)	33,011	1,099
其他	2	6
	48,031	2,865
减：一年内到期的长期应付款	(6,686)	(506)
	41,345	2,359

(a) 于 2016 年 12 月 31 日，金额包括若干来自合并投资实体单位持有人的现金垫款约人民币 5,093,000,000 元，其中，1,760,000,000 元的现金垫款按 9.60%的平均年利率计息并须根据相应贷款协议还款；3,333,000,000 元的现金垫款按 6.65%的平均年利率计息并须根据相应贷款协议还款。于 2015 年 12 月 31 日，金额包括若干来自合并投资实体单位持有人的现金垫款约人民币 1,760,000,000 元，按 9.60%的平均年利率计息并须根据相应贷款协议还款。

(b) 于 2016 年 12 月 31 日，金额包括若干来自少数股东的现金垫款约人民币 339,000,000 元(2015 年：人民币 527,000,000 元)，按 12%(2015 年: 12%)的平均年利率计息，并须根据相应贷款协议还款。

(除特别注明外，金额单位为人民币百万元)

七　合并财务报表项目附注(续)

(23)　长期借款

	2016 年 12 月 31 日	2015 年 12 月 31 日
抵押借款(a)	194,919	143,271
质押借款(b)	128,983	56,596
保证借款(c)	58,307	26,130
信用借款	17,240	262
	399,449	226,259
减：一年内到期的长期借款		
抵押借款(a)	(37,931)	(43,630)
质押借款(b)	(15,522)	(25,626)
保证借款(c)	(10,882)	(13,610)
信用借款	(2,977)	(36)
	(67,312)	(82,902)
	332,137	143,357

(a)　于 2016 年 12 月 31 日，抵押借款人民币 194,919,000,000 元系由账面净值人民币 5,868,000,000 元的固定资产，账面价值人民币 464,000,000 元的投资性房地产，账面价值人民币 215,739,000,000 元的存货及账面净值人民币 681,000,000 元的无形资产-土地使用权作为抵押物(2015 年：抵押借款人民币 143,271,000,000 元系由账面净值人民币 5,327,000,000 元的固定资产，账面价值人民币 3,978,000,000 元的投资性房地产，账面价值人民币 125,302,000,000 元的存货及账面净值人民币 1,883,000,000 元的无形资产-土地使用权作为抵押物)。

(b)　于 2016 年 12 月 31 日，质押借款人民币 128,983,000,000 元系由人民币 3,111,000,000 元的定期存款及人民币 70,739,000,000 元的子公司股权作为质押物(2015 年：质押借款人民币 56,596,000,000 元系由人民币 6,671,000,000 元的人民币定期存款及人民币 41,661,000,000 元的子公司股权作为质押物)。

(c)　于 2016 年 12 月 31 日，保证借款人民币 2,042,000,000 元(2015 年：人民币 26,130,000,000 元)系由中国恒大集团提供保证，及人民币 56,265,000,000 元(2015 年：无) 系由本公司及其子公司提供保证。

于 2016 年 12 月 31 日，长期借款中包括本公司最终控股公司之合营公司向本集团提供的借款 2,816,000,000 元。

2016 年 12 月 31 日长期借款的利率区间为 2.14%至 14.00%(2015 年 12 月 31 日：2.08%至 14.00%)。

(除特别注明外，金额单位为人民币百万元)

七　合并财务报表项目附注(续)

(24) 应付债券

	2016 年 12 月 31 日	2015 年 12 月 31 日
公开发行公司债券	19,853	19,817
非公开发行公司债券	33,908	19,732
	53,761	39,549
减：一年内到期的应付债券	(6,756)	-
应付债券余额	47,005	39,549

本公司于 2015 年 6 月 19 日公开发行公司债券，发行总额人民币 50 亿元，期限为 5 年。此债券采用单利按年计息，固定年利率 5.38%，每年付息一次。

本公司于 2015 年 7 月 7 日公开发行公司债券，发行总额人民币 68 亿元，期限为 4 年。此债券采用单利按年计息，固定年利率 5.30%，每年付息一次。

本公司于 2015 年 7 月 7 日公开发行公司债券，发行总额人民币 82 亿元，期限为 7 年。此债券采用单利按年计息，固定年利率 6.98%，每年付息一次。

本公司于 2015 年 10 月 16 日非公开发行公司债券，发行总额人民币 175 亿元，期限为 5 年。此债券采用单利按年计息，固定年利率 7.38%，每年付息一次。

本公司于 2015 年 10 月 16 日非公开发行公司债券，发行总额人民币 25 亿元，期限为 5 年。此债券采用单利按年计息，固定年利率 7.88%，每年付息一次。

本公司于 2016 年 1 月 11 日非公开发行公司债券，发行总额人民币 100 亿元，期限为 4 年。此债券采用单利按年计息，固定年利率 6.98%，每年付息一次。

本公司于 2016 年 7 月 29 日非公开发行公司债券，发行总额人民币 42 亿元，期限为 3 年。此债券采用单利按年计息，固定年利率 6.80%，每年付息一次。

(除特别注明外，金额单位为人民币百万元)

七 合并财务报表项目附注(续)

(25) 递延所得税资产和负债

未经抵销的递延所得税资产和递延所得税负债列示如下：

(a) 递延所得税资产

	2016 年 12 月 31 日		2015 年 12 月 31 日	
	递延所得税资产	可抵扣暂时性差异	递延所得税资产	可抵扣暂时性差异
抵销内部未实现利润	587	2,348	535	2,140
可抵扣税前亏损	1,670	6,724	924	3,696
成本确认的暂时性差异	575	2,300	403	1,612
可供出售金融资产公允价值变动	1,252	5,008	-	-
业务收购资产评估值低于其计税基础	70	236	45	180
资产减值准备	255	1,020	164	656
	4,409	17,636	2,071	8,284

	2016 年 12 月 31 日	2015 年 12 月 31 日
其中：		
预计于 1 年内(含 1 年)转回的金额	3,374	1,238
预计于 1 年后转回的金额	1,035	833
	4,409	2,071

(b) 本集团未确认递延所得税资产的可抵扣亏损分析如下：

	2016 年 12 月 31 日	2015 年 12 月 31 日
可抵扣亏损	4,512	4,698

(除特别注明外，金额单位为人民币百万元)

七　合并财务报表项目附注(续)

(25)　递延所得税资产和负债(续)

(c)　未确认递延所得税资产的可抵扣亏损之到期日分布如下：

	2016 年 12 月 31 日	2015 年 12 月 31 日
2016 年	-	600
2017 年	883	974
2018 年	926	1,089
2019 年	1,073	1,589
2020年	214	446
2021 年	1,416	-
	4,512	4,698

(d)　递延所得税负债

	2016 年 12 月 31 日		2015 年 12 月 31 日	
	递延所得税负债	应纳税暂时性差异	递延所得税负债	应纳税暂时性差异
递延企业所得税				
投资性房地产的公允价值变动	9,305	37,274	8,519	34,076
业务收购资产评估值高于其计税基础	12,515	50,060	2,245	8,980
可供出售金融资产公允价值变动	223	891	19	76
	22,043	88,225	10,783	43,132

	2016 年 12 月 31 日	2015 年 12 月 31 日
其中：		
预计于 1 年内(含 1 年)转回的金额	2,233	806
预计于 1 年后转回的金额	19,810	9,977
	22,043	10,783

(e)　抵消后的递延所得税资产和递延所得税负债净额列示如下：

	2016 年 12 月 31 日	2015 年 12 月 31 日
递延所得税资产净额	3,809	1,633
递延所得税负债净额	21,443	10,345

(除特别注明外，金额单位为人民币百万元)

七 合并财务报表项目附注(续)

(26) 其他非流动负债

	2016 年 12 月 31 日	2015 年 12 月 31 日
递延所得税负债		
- 投资性房地产的公允价值变动	5,615	4,880
- 业务收购存货评估值高于其计税基础	10,433	1,170
	16,048	6,050

其他非流动负债为本集团对投资性房地产公允价值变动，以及业务收购存货评估增值确认的递延土地增值税。

(27) 盈余公积

根据《中华人民共和国公司法》及本公司章程，本公司按年度净利润的 10%提取法定盈余公积金，当法定盈余公积金累计额达到注册资本的 50%以上时，可不再提取。法定盈余公积金经批准后可用于弥补亏损，或者增加实收资本。经董事会决议，本公司 2016 年提取法定盈余公积金 42,000,000 元(2015 年：409,000,000 元)。

(28) 未分配利润

如附注二所述，于 2016 年度，本集团合并受中国恒大集团控制的若干子公司，于合并日前，该等公司做出决议对截至 2016 年 6 月 30 日的利润对原股东进行分配，金额合计人民币 3,570,000,000 元。

(29) 营业收入和营业成本

	2016 年度	2015 年度
主营业务收入	202,269	129,715
其他业务收入	2,828	971
	205,097	130,686

	2016 年度	2015 年度
主营业务成本	139,495	86,409
其他业务成本	1,256	397
	140,751	86,806

(除特别注明外，金额单位为人民币百万元)

七　合并财务报表项目附注(续)

(29) 营业收入和营业成本(续)

(a) 主营业务收入和主营业务成本

	2016 年度		2015 年度	
	主营业务收入	主营业务成本	主营业务收入	主营业务成本
楼宇销售	195,744	134,535	125,510	83,048
建筑工程	2,189	2,026	1,286	1,272
物业管理收入	1,973	1,579	1,355	1,005
酒店收入	811	565	562	397
租金收入	641	-	241	-
其他	911	790	761	687
	202,269	139,495	129,715	86,409

(b) 其他业务收入和其他业务成本

	2016 年度		2015 年度	
	其他业务收入	其他业务成本	其他业务收入	其他业务成本
处置投资物业	2,101	1,015	780	254
服务费及其他	727	241	191	143
	2,828	1,256	971	397

(30) 税金及附加

	2016 年度	2015 年度
土地增值税	8,400	5,867
营业税	5,693	6,606
城市维护建设税	737	472
教育费附加	605	337
其他	389	44
	15,824	13,326

(31) 财务费用-净额

	2016 年度	2015 年度
利息费用	4,079	895
减：利息收入	(3,370)	(1,474)
手续费	1,066	593
汇兑损失	2,035	1,230
	3,810	1,244

(除特别注明外，金额单位为人民币百万元)

七　合并财务报表项目附注(续)

(32) 费用按性质分类

利润表中的营业成本、销售费用和管理费用按照性质分类，列示如下：

	2016 年度	2015 年度
楼宇销售成本	134,535	83,048
职工薪酬费用	8,120	5,795
广告费及推广费	7,568	5,524
建筑工程成本	2,026	1,272
处置投资物业	1,015	254
折旧和摊销费	1,622	1,263
其他	5,688	4,008
	160,574	101,164

(33) 资产减值损失

	2016 年度	2015 年度
坏账损失	91	(110)
存货跌价损失	283	106
	374	(4)

(34) 公允价值变动收益

	2016 年度	2015 年度
以公允价值计量的投资性房地产	4,925	12,747
处置投资性房地产转出公允价值变动损益	(992)	(341)
以公允价值计量且其变动计入当期损益的金融资产	(80)	(3,758)
	3,853	8,648

(除特别注明外，金额单位为人民币百万元)

七 合并财务报表项目附注(续)

(35) 投资收益

	2016 年度	2015 年度
以公允价值计量且其变动计入当期损益的金融资产持有期间取得的投资收益	-	6,238
按权益法核算的长期股权投资损失	(647)	(421)
处置子公司收益	220	-
处置合营公司及联营公司收益	300	-
处置可供出售金融资产收益	26	323
可供出售金融资产持有期间之投资收益	107	24
其他	-	(32)
	6	6,132

(36) 营业外收入及营业外支出

(a) 营业外收入

	2016 年度	2015 年度
没收定金收入	153	80
违约金收入	154	87
处置固定资产、无形资产的收入	53	-
政府补助	32	3
其他	250	120
	642	290

(b) 营业外支出

	2016 年度	2015 年度
捐赠支出	1,469	114
罚款支出	273	158
滞纳金	268	219
交楼违约金	171	109
处置固定资产、无形资产的损失	10	3
其他	315	139
	2,506	742

(除特别注明外，金额单位为人民币百万元)

七 合并财务报表项目附注(续)

(37) 所得税费用

	2016 年度	2015 年度
当期所得税	10,017	5,566
递延所得税	(1,208)	2,234
	8,809	7,800

将基于合并利润表的利润总额采用适用税率计算的所得税调节为所得税费用：

	2016 年度	2015 年度
利润总额	26,510	29,284
按适用税率(25%)计算的所得税费用	6,628	7,321
非应纳税收入	(22)	(473)
不得扣除的成本、费用和损失	1,849	836
当期未确认递延所得税资产的可抵扣亏损	354	116
所得税费用	8,809	7,800

(除特别注明外，金额单位为人民币百万元)

七 合并模拟财务报表项目附注(续)

(38) 其他综合收益

	资产负债表中其他综合收益			2016 年度利润表中其他综合收益			
	2015 年 12 月 31 日	税后归属于母公司	2016 年 12 月 31 日	本年所得税前发生额	减：所得税费用	税后归属于母公司	税后归属于少数股东
以后将重分类进损益的其他综合收益							
权益法下在被投资单位以后将重分类进损益的其他综合收益中享有的份额	-	-	-	(263)	66	(197)	-
可供出售金融资产公允价值变动损益	56	(3,145)	(3,089)	(4,193)	1,048	(3,145)	-
外币报表折算差异	-	769	769	769	-	769	-
	56	(2,376)	(2,320)	(3,687)	1,114	(2,573)	-

	资产负债表中其他综合收益			2015 年度利润表中其他综合收益			
	2014 年 12 月 31 日	税后归属于母公司	2015 年 12 月 31 日	本年所得税前发生额	减：所得税费用	税后归属于母公司	税后归属于少数股东
以后将重分类进损益的其他综合收益							
可供出售金融资产公允价值变动损益	-	56	56	75	(19)	56	-

(除特别注明外，金额单位为人民币百万元)

七　合并模拟财务报表项目附注(续)

(39)　现金流量表附注

(a)　将净利润调节为经营活动现金流量

	2016 年度	2015 年度
净利润	17,701	21,484
加：固定资产折旧	1,310	1,090
长期待摊费用摊销	175	85
无形资产摊销	137	88
处置固定资产、无形资产和投资性房地产的收益	(1,129)	(523)
资产减值准备计提/(转回)	374	(4)
公允价值变动收益	(3,853)	(8,648)
财务费用	3,694	546
投资(收益)/损失	(6)	(6,132)
递延所得税资产的增加	(1,446)	(133)
递延所得税负债的(增加)/减少	(56)	4,140
存货的增加	(99,683)	(76,030)
经营性应收项目的(增加)/减少	(38,457)	6,243
经营性受限资金的增加	(28,927)	(8,531)
经营性应付项目的增加	134,247	66,201
员工股权计划及其他	85	143
经营活动产生的现金流量净额	(15,834)	19

(除特别注明外，金额单位为人民币百万元)

七 合并财务报表项目附注(续)

(39) 现金流量表附注(续)

(b) 不涉及现金收支的投资与筹资活动

于 2016 及 2015 年度，本集团无不涉及现金收支的重大投资和筹资活动。

(c) 现金及现金等价物净变动情况

	2016 年度	2015 年度
现金及现金等价物的年末余额	171,185	91,301
减：现金及现金等价物的年初余额	(91,301)	(28,624)
现金及现金等价物净增加	79,884	62,677

(d) 现金及现金等价物

	2016 年 12 月 31 日	2015 年 12 月 31 日
货币资金(附注七(1))	275,191	151,067
减：受限制的货币资金	(104,006)	(59,766)
现金及现金等价物年末余额	171,185	91,301

(e) 处置子公司收到的现金净额

(i) 处置子公司收到的现金

于 2016 年度，本公司将持有的恒大文化、恒大旅游、恒大香槟岛和恒大南昌的股权全部以零对价划转予受同一最终控股公司中国恒大集团控制的恒大集团有限公司，该部分公司于转让日的净资产为人民币 28,179,000,000 元，其转让损失视同对所有者的分配冲减资本公积、盈余公积和未分配利润。

处置日有关信息列示如下：

	金额
处置子公司价格	-
处置收到的现金和现金等价物	-
减：处置子公司持有的现金和现金等价物	(9,633)
处置流出的现金净额	(9,633)

上述处置价格收到的现金减去被处置公司持有的现金和现金等价物后的净额为负数，将其重分类至“支付的其他与投资活动有关的现金”项目进行反映。

(除特别注明外，金额单位为人民币百万元)

七 合并财务报表项目附注(续)

(39) 现金流量表附注(续)

(e) 处置子公司收到的现金净额(续)

于 2016 年度，本公司将拥有的青岛嘉凯城房地产开发有限公司 100%股权、成都广聚源投资有限公司 100%股权及济南恒大城西置业有限公司 51%股权分别转让予第三方。

处置日有关信息列示如下：

	金额
处置子公司价格	4,111
处置收到的现金和现金等价物	1,933
减：处置子公司持有的现金和现金等价物	(34)
处置收到的现金净额	1,899

(ii) 处置子公司的净资产：

	处置日	2015 年 12 月 31 日
流动资产	34,400	38,570
非流动资产	24,760	16,079
流动负债	(17,287)	(18,284)
非流动负债	(9,784)	(5,120)
合计	32,089	31,245

(iii) 处置子公司从 2016 年 1 月 1 日至处置日的收入、费用和利润如下：

	金额
收入	535
减：成本和费用	(1,997)
亏损总额	(1,462)
减：所得税费用	294
净亏损	(1,168)

(除特别注明外，金额单位为人民币百万元)

七 合并财务报表项目附注(续)

(39) 现金流量表附注(续)

(f) 支付其他与经营活动有关的现金

现金流量表中支付其他与经营活动有关的现金主要包括：

	2016 年度	2015 年度
广告费及推广费	8,325	6,026
支付销售佣金	1,764	721
支付办公及差旅费	970	860
支付专业服务费	351	210
捐赠支出	1,469	114
银行手续费	1,066	593
支付经营相关保证金	4,185	2,576
其他	2,672	970
	20,802	12,070

八 分部信息

本集团的报告分部是提供不同产品或服务的业务单元。由于各种业务需要不同的技术和市场战略，因此，本集团分别独立管理各个报告分部的生产经营活动，分别评价其经营成果，以决定向其配置资源并评价其业绩。

本集团有 4 个报告分部，分别为：

- 房地产开发业务
- 投资物业经营
- 物业管理
- 其他业务分部

分部间转移价格参照向第三方销售所采用的价格确定。

资产根据分部的经营以及资产的所在位置进行分配，负债根据分部的经营进行分配，间接归属于各分部的费用按照收入比例在分部之间进行分配。

(除特别注明外，金额单位为人民币百万元)

八　分部信息(续)

(a)　2016 年度分部信息列示如下：

	房地产开发业务	投资物业经营	物业管理	其他分部	分部间抵销	合计
交易收入	195,744	2,848	3,698	18,488	(15,681)	205,097
分部间交易收入	-	(106)	(1,725)	(13,850)	15,681	-
对外交易收入	195,744	2,742	1,973	4,638	-	205,097
对联营企业的投资损失	(2)	-	-	-	-	(2)
对合营企业的投资损失	(39)	-	-	(606)	-	(645)
分部业绩	25,294	4,922	368	(837)	-	29,747
以公允价值计量且其变动计入当期损益的金融资产之公允价值变动损益						(80)
其他投资收益						653
财务费用						(3,810)
利润总额						26,510
所得税费用						(8,809)
净利润						17,701
其中，分部业绩包括：						
折旧费和摊销费	1,003	-	6	613	-	1,622
分部资产	1,026,236	130,196	2,303	25,212	-	1,183,947
未分配的金额						56,191
资产总额						1,240,138
分部负债	506,901	10,720	2,006	11,322	-	530,949
未分配的金额						621,047
负债总额						1,151,996
其他非流动资产增加额(固定资产、无形资产、在建工程、投资性房地产的资本性支出)	3,314	31,544	16	2,769	-	37,643

(除特别注明外，金额单位为人民币百万元)

八　分部信息(续)

(b)　2015 年度分部信息列示如下：

	房地产开发业务	投资物业经营	物业管理	其他分部	分部间抵销	合计
交易收入	125,510	1,135	3,256	13,593	(12,808)	130,686
分部间交易收入	-	(114)	(1,901)	(10,793)	12,808	-
对外交易收入	125,510	1,021	1,355	2,800	-	130,686
对联营企业的投资收益	173	-	-	1	-	174
对合营企业的投资损失	(16)	-	-	(579)	-	(595)
分部业绩	14,761	13,399	60	(487)	-	27,733
以公允价值计量且其变动计入当期损益的金融资产之公允价值变动收益						(3,758)
其他投资收益						6,553
财务费用						(1,244)
利润总额						29,284
所得税费用						(7,800)
净利润						21,484
其中，分部业绩包括：						
折旧费和摊销费	619	-	8	636	-	1,263
分部资产	635,098	96,382	1,186	4,968	-	737,634
未分配的金额						9,954
资产总额						747,588
分部负债	293,513	5,858	969	4,970	-	305,310
未分配的金额						345,232
负债总额						650,542
其他非流动资产增加额(固定资产、无形资产、在建工程、投资性房地产的资本性支出)	1,752	23,053	8	1,461	-	26,274

于 2016 年 12 月 31 日及 2015 年 12 月 31 日，本集团主要的非流动资产主要位于中华人民共和国境内。

未分配资产包括以公允价值计量且其变动计入当期损益的金融资产、其他流动资产、可供出售金融资产及递延所得税资产。

未分配负债包含短期借款、应交税费、一年内到期的非流动负债、长期借款、应付债券、递延所得税负债及其他非流动负债。

(除特别注明外，金额单位为人民币百万元)

九 合并范围的增加

(1) 收购子公司

于 2016 年度，本集团收购中国若干房地产开发公司的控股权益，该等公司仅持有土地，且于被本集团收购前并未进行任何重大业务，因此，管理层认为，该等收购事项不构成收购业务，被视为收购土地使用权。该等收购事项使本集团少数股东权益增加人民币 1,172,000,000 元(2015 年度：1,649,000,000 元)。

(2) 非同一控制下企业合并

(a) 通过非同一控制下的企业合并取得的子公司：

被购买方	取得时点	购买成本	取得的权益比例	取得方式	购买日	购买日确定依据
新世界发展(中国)有限公司附属子公司						
- Hinto Developments Limited	2016 年 1 月	3,635	60%	现金支付	2016 年 1 月	实际取得控制权
- Superb Capital Enterprises Limited Dragon Fortune Limited 及 White Heron Limited	2016 年 1 月	1,070	100%	现金支付	2016 年 1 月	实际取得控制权
- 佳裕投资有限公司	2016 年 1 月	8,205	100%	现金支付	2016 年 1 月	实际取得控制权
- 胜雄国际有限公司	2016 年 2 月	5,300	100%	现金支付	2016 年 2 月	实际取得控制权
- 振鹰环球有限公司	2016 年 5 月	2,000	60%	现金支付	2016 年 5 月	实际取得控制权
周大福企业有限公司附属子公司						
- 丽来富华集团有限公司	2016 年 1 月	7,000	100%	现金支付	2016 年 1 月	实际取得控制权
- 青岛金湾置业有限公司	2016 年 1 月	2,000	100%	现金支付	2016 年 1 月	实际取得控制权
- Charisma City Limited	2016 年 3 月	1,800	90%	现金支付	2016 年 3 月	实际取得控制权
- Ace Score Holding Limited	2016 年 3 月	1,700	90%	现金支付	2016 年 3 月	实际取得控制权

(除特别注明外，金额单位为人民币百万元)

九 合并范围的增加(续)

(2) 非同一控制下企业合并(续)

(a) 通过非同一控制下的企业合并取得的子公司(续)：

被购买方	取得时点	购买成本	取得的权益比例	取得方式	购买日	购买日确定依据
Pioneer Time Investment Limited	2016 年 1 月	8,700	100%	现金支付	2016 年 1 月	实际取得控制权
Full Jolly Investments Limited 及 Win Harbor Investments Limited	2016 年 3 月	1,559	100%	现金支付	2016 年 3 月	实际取得控制权
杭州晶立置业有限公司	2016 年 2 月	1,360	100%	现金支付	2016 年 2 月	实际取得控制权
大连盛都怡和房地产开发有限公司，大连东方盛都置地有限公司及大连东方亚都置业	2016 年 7 月	1,266	100%	现金支付	2016 年 7 月	实际取得控制权
贵州集成房地产开发有限公司	2016 年 1 月	1,227	100%	现金支付	2016 年 1 月	实际取得控制权
元基投资顾问有限公司	2016 年 1 月	899	100%	现金支付	2016 年 1 月	实际取得控制权
深圳市心怡房地产有限公司	2016 年 2 月	850	100%	现金支付	2016 年 2 月	实际取得控制权
济南源浩置业有限公司	2016 年 7 月	810	100%	现金支付	2016 年 7 月	实际取得控制权
Ever Shiny International Limited	2016 年 2 月	770	100%	现金支付	2016 年 2 月	实际取得控制权
佛山市南海区欧泰置业有限公司	2016 年 1 月	694	100%	现金支付	2016 年 1 月	实际取得控制权
福建省磐石房地产开发有限公司	2016 年 8 月	663	100%	现金支付	2016 年 8 月	实际取得控制权
湖南亦成投资有限公司	2016 年 7 月	576	73%	现金支付	2016 年 7 月	实际取得控制权
哈尔滨盛和置业有限公司	2016 年 3 月	480	100%	现金支付	2016 年 3 月	实际取得控制权
哈尔滨高登置业有限公司	2016 年 3 月	400	100%	现金支付	2016 年 3 月	实际取得控制权
甘肃恒源房地产开发有限公司	2016 年 3 月	359	100%	现金支付	2016 年 3 月	实际取得控制权
东营御景置业有限公司	2016 年 2 月	350	100%	现金支付	2016 年 2 月	实际取得控制权
泉州市钻石投资发展有限公司	2016 年 4 月	340	100%	现金支付	2016 年 4 月	实际取得控制权
无锡云厦置业有限公司	2016 年 7 月	314	65%	现金支付	2016 年 7 月	实际取得控制权
梅州大百汇品牌产业园有限公司	2016 年 6 月	277	60%	现金支付	2016 年 6 月	实际取得控制权
哈尔滨盛茂置业有限公司	2016 年 4 月	260	100%	现金支付	2016 年 4 月	实际取得控制权
广东江门船厂有限公司	2016 年 3 月	230	100%	现金支付	2016 年 3 月	实际取得控制权

(除特别注明外，金额单位为人民币百万元)

九 合并范围的增加(续)

(2) 非同一控制下企业合并(续)

(a) 通过非同一控制下的企业合并取得的子公司(续)：

被购买方	取得时点	购买成本	取得的权益比例	取得方式	购买日	购买日确定依据
郑州中楷置业有限公司	2016 年 4 月	185	100%	现金支付	2016 年 4 月	实际取得控制权
济南西开置业有限公司	2016 年 8 月	167	70%	现金支付	2016 年 8 月	实际取得控制权
哈尔滨众诚置业房地产开发有限公司	2016 年 7 月	115	60%	现金支付	2016 年 7 月	实际取得控制权
创见控股有限公司	2016 年 9 月	103	51%	现金支付	2016 年 9 月	实际取得控制权
济南西业置业有限公司	2016 年 8 月	102	70%	现金支付	2016 年 8 月	实际取得控制权
涞水利华房地产开发有限公司	2016 年 7 月	93	65%	现金支付	2016 年 7 月	实际取得控制权
三亚哈达农副产品交易有限公司	2016 年 4 月	20	100%	现金支付	2016 年 4 月	实际取得控制权
嘉凯城集团股份有限公司	2016 年 6 月	3,000	53%	现金支付	2016 年 6 月	实际取得控制权
重庆和生裕房地产开发有限公司	2016 年 11 月	700	100%	现金支付	2016 年 11 月	实际取得控制权
重庆恺成房地产开发有限公司	2016 年 11 月	26	90%	现金支付	2016 年 11 月	实际取得控制权
汉斯(大连)公寓开发有限公司	2016 年 11 月	292	100%	现金支付	2016 年 11 月	实际取得控制权
吉林省中报房地产开发有限公司	2016 年 11 月	53	100%	现金支付	2016 年 11 月	实际取得控制权
Healthy Time International Limited	2016 年 12 月	1,065	100%	现金支付	2016 年 12 月	实际取得控制权
海南金萃房地产开发有限公司	2016 年 12 月	982	100%	现金支付	2016 年 12 月	实际取得控制权
重庆贝蒙世晖置地有限公司	2016 年 12 月	73	100%	现金支付	2016 年 12 月	实际取得控制权
Win Peak Group Limited	2016 年 12 月	289	100%	现金支付	2016 年 12 月	实际取得控制权
Billion Sino Investments Limited 及西安中渝置地有限公司	2016 年 12 月	153	100%	现金支付	2016 年 12 月	实际取得控制权
重庆恒阳房地产开发有限公司、重庆开阳房地产开发有限公司、重庆台阳房地产开发有限公司及重庆睿阳房地产开发有限公司	2016 年 12 月	700	100%	现金支付	2016 年 12 月	实际取得控制权
湖南大东皇置业有限公司	2016 年 12 月	113	65%	现金支付	2016 年 12 月	实际取得控制权
浙江金湖置业有限公司	2016 年 12 月	114	100%	现金支付	2016 年 12 月	实际取得控制权

九　企业合并范围的增加(续)

(2)　非同一控制下企业合并(续)

(b)　合并成本以及商誉的确认情况如下：

合并成本—

	新世界发展(中国)有限公司	周大福企业有限公司	Pioneer Time Investment Limited	其他	合计
现金对价	20,210	12,500	8,700	21,212	62,622
原持有股权于购买日的公允价值	-	-	-	817	817
合并成本合计	20,210	12,500	8,700	22,029	63,439
减：取得的可辨认净资产公允价值	(20,210)	(12,500)	(8,700)	(21,026)	(62,436)
商誉	-	-	-	1,003	1,003

于 2016 年度，本集团以现金对价 3,000 百万元收购 A 股上市公司嘉凯城集团股份有限公司 52.78%的股权，产生商誉 1,003 百万元。

本集团采用估值技术确定所转移非现金资产的公允价值以及所发生或承担的负债的公允价值。

(除特别注明外，金额单位为人民币百万元)

九　企业合并范围的增加(续)

(2)　非同一控制下企业合并(续)

(c)　被购买方于购买日的资产、负债及与收购相关的现金流量情况列示如下：

(i)　新世界发展(中国)有限公司附属子公司

	公允价值	账面价值	
	购买日	购买日	2015 年 12 月 31 日
货币资金	1,117	1,117	1,117
应收账款及其他应收款	2,120	2,120	2,120
预付款项	683	683	683
存货	30,767	14,550	14,550
投资性房地产	1,731	1,730	1,730
固定资产	1,049	1,049	1,049
无形资产	24	24	24
递延所得税资产	6	6	6
减：应付账款及其他应付款	(4,877)	(4,877)	(9,283)
预收款项	(3,605)	(3,605)	(3,605)
借款	(1,264)	(1,264)	(1,955)
递延所得税负债	(3,630)	(17)	(17)
其他非流动负债	(679)	-	-
净资产	23,442	11,516	6,419
减：少数股东权益	(3,232)	(848)	(848)
取得的净资产	20,210	10,668	5,571

(除特别注明外，金额单位为人民币百万元)

九　企业合并范围的增加(续)

(2)　非同一控制下企业合并(续)

(c)　被购买方于购买日的资产、负债及与收购相关的现金流量情况列示如下：

(ii)　周大福企业有限公司附属子公司

	公允价值	账面价值	
	购买日	购买日	2015 年 12 月 31 日
货币资金	517	517	517
应收账款及其他应收款	1,533	1,533	1,533
预付款项	88	88	88
存货	19,758	7,925	7,925
固定资产	3	3	3
递延所得税资产	19	19	19
减：应付账款及其他应付款	(1,748)	(1,748)	(3,831)
预收款项	(883)	(883)	(883)
递延所得税负债	(1,798)	-	-
其他非流动负债	(4,843)	-	-
净资产	12,646	7,454	5,371
减：少数股东权益	(146)	-	-
取得的净资产	12,500	7,454	5,371

(c)　被购买方于购买日的资产、负债及与收购相关的现金流量情况列示如下：

(iii)　Pioneer Time Investment Limited

	公允价值	账面价值	
	购买日	购买日	2015 年 12 月 31 日
预付款项	5	5	2
投资性房地产	9,651	9,184	9,184
减：应付账款及其他应付款	(886)	(886)	(930)
预收款项	(54)	(54)	(8)
递延所得税负债	(14)	(14)	(14)
其他流动负债	(2)	(2)	-
净资产	8,700	8,233	8,234
减：少数股东权益	-	-	-
取得的净资产	8,700	8,233	8,234

(除特别注明外，金额单位为人民币百万元)

九　企业合并范围的增加(续)

(2) 非同一控制下企业合并(续)

(c) 被购买方于购买日的资产、负债及与收购相关的现金流量情况列示如下：

(iv) 2016 年其他合并方

	公允价值	账面价值	
	购买日	购买日	2015 年 12 月 31 日
货币资金	3,397	3,397	4,517
应收账款及其他应收款	7,031	7,031	23,804
预付款项	1,382	1,382	4,092
存货	94,514	70,795	78,980
投资性房地产	5,352	3,650	517
固定资产	521	360	511
在建工程	-	-	3
无形资产	137	67	150
递延所得税资产	10	51	51
其他资产	811	919	1,807
减：应付账款及其他应付款	(25,613)	(25,613)	(43,439)
预收款项	(18,527)	(18,527)	(27,948)
借款	(33,098)	(33,098)	(28,402)
应交税费	(1,526)	(1,526)	(1,609)
递延所得税负债	(6,072)	-	-
其他非流动负债	(3,964)	-	-
净资产	24,355	8,888	13,034
减：少数股东权益	(3,329)	(1,205)	(1,293)
取得的净资产	21,026	7,683	11,741

(v) 取得子公司支付的现金对价

现金对价	62,622
减：取得的被收购子公司的现金及现金等价物	(5,031)
去年预付收购对价	(1,047)
尚未支付的收购对价	(20,879)
取得子公司支付的现金净额	35,665
本年支付以前年度收购对价	8,455
取得子公司现金流出	44,120

九 企业合并范围的增加(续)

(2) 非同一控制下企业合并(续)

(d) 被购买方自购买日至 2016 年 12 月 31 日止期间的收入、净利润和现金流量列示如下：

营业收入	10,328
净亏损	(735)

本集团采用市场法和收益法等估值技术来确定被购买方的资产负债于购买日的公允价值。

(3) 同一控制下企业合并

如附注(二)所述，本集团 2016 年度合并受中国恒大集团控制的部分子公司而形成同一控制下企业合并。该等合并成本及取得的净资产账面价值如下：

合并成本 -	
支付的现金	9,454
减：取得的净资产账面价值	(11,936)
调整资本公积的金额	(2,482)

(除特别注明外，金额单位为人民币百万元)

九　企业合并范围的增加(续)

(3)　同一控制下企业合并(续)

于合并日的资产、负债账面价值列示如下：

	账面价值	
	合并日	2015 年 12 月 31 日
货币资金	19,472	26,655
应收票据	61	10
应收账款	1,522	969
预付款项	12,920	15,296
应收股利	26	447
其他应收款	143,345	71,661
存货	133,457	58,803
其他流动资产	2,808	433
可供出售金融资产	519	784
长期股权投资	1,801	-
投资性房地产	18,756	14,552
固定资产	4,765	2,556
在建工程	1,555	1,089
无形资产	2,945	1,445
递延所得税资产	273	76
其他非流动资产	159	94
减：借款	(81,749)	(42,542)
应付票据	(7,196)	(5,998)
应付款项	(19,064)	(15,151)
预收款项	(27,239)	(9,840)
应付职工薪酬	(263)	(272)
应交税费	(6,489)	(6,255)
应付利息	(3,088)	(80)
应付股利	(5,011)	(1,918)
其他应付款	(146,421)	(89,577)
递延所得税负债	(9,080)	(1,187)
其他非流动负债	(8,892)	(2,526)
其他负债	(9,347)	-
净资产	20,545	19,524
减：少数股东权益	(8,609)	(5,807)
取得的净资产	11,936	13,717

(除特别注明外，金额单位为人民币百万元)

九　企业合并范围的增加(续)

(3)　同一控制下企业合并(续)

2015 年度和自 2016 年 1 月 1 日至合并日止期间的收入、净利润和现金流量列示如下：

	自 2016 年 1 月 1 日至合并日止	2015 年度
营业收入	20,432	17,422
净利润	1,512	1,673

十　关联方关系及其交易

(1)　母公司和子公司

子公司基本情况及相关信息见附注六。

(a)　母公司基本情况

	注册地	业务性质
广州市凯隆置业有限公司	中国	房地产开发

(b)　母公司注册资本及其变化

	2016 年及 2015 年 12 月 31 日
广州市凯隆置业有限公司	600,000,000

(c)　母公司对本公司的持股比例和表决权比例

	2016 年及 2015 年 12 月 31 日	
	持股比例	表决权比例
广州市凯隆置业有限公司	100%	100%

十　关联方关系及其交易(续)

(2)　不存在控制关系的主要关联方的性质

公司名称	与本集团的关系
中国恒大集团	本公司中间控股公司
广州市超丰置业有限公司	本公司中间控股公司
安基(BVI)有限公司	本公司中间控股公司
盛建(BVI)有限公司	受同一最终控股公司控制
Billion Mark Limited	受同一最终控股公司控制
Able key Development Limited	受同一最终控股公司控制
Excel Come Limited	受同一最终控股公司控制
嘉建(BVI)有限公司	受同一最终控股公司控制
恒大集团有限公司	受同一最终控股公司控制
恒大旅游集团有限公司	受同一最终控股公司控制
儋州恒大香槟岛投资开发有限公司	受同一最终控股公司控制
儋州信恒房地产开发有限公司	受同一最终控股公司控制
儋州中润房地产开发有限公司	受同一最终控股公司控制
儋州兴合投资有限公司	受同一最终控股公司控制
儋州祥雷投资有限公司	受同一最终控股公司控制
儋州嘉元房地产开发有限公司	受同一最终控股公司控制
儋州保军投资有限公司	受同一最终控股公司控制
儋州辉望投资有限公司	受同一最终控股公司控制
儋州诺亚投资有限公司	受同一最终控股公司控制
启东宝丰置业有限公司	受同一最终控股公司控制
启东鑫华置业有限公司	受同一最终控股公司控制
启东衡美置业有限公司	受同一最终控股公司控制
启东誉豪置业有限公司	受同一最终控股公司控制
启东市立群健身俱乐部有限公司	受同一最终控股公司控制
启东市万仁动感影视城有限公司	受同一最终控股公司控制
启东市金色海岸大酒店有限公司	受同一最终控股公司控制
启东市怡然康复保健有限公司	受同一最终控股公司控制
启东市惠口福饮食广场有限公司	受同一最终控股公司控制
启东市童心游乐有限公司	受同一最终控股公司控制
启东市欣晴娱乐有限公司	受同一最终控股公司控制
启东通誉健身俱乐部有限公司	受同一最终控股公司控制
启东宝丰康复保健有限公司	受同一最终控股公司控制
启东衡美影视城有限公司	受同一最终控股公司控制
启东欢华大酒店有限公司	受同一最终控股公司控制
启东誉豪饮食广场有限公司	受同一最终控股公司控制
启东勤盛游乐有限公司	受同一最终控股公司控制
启东恒大酒店有限公司	受同一最终控股公司控制
恒大地产集团(南昌)有限公司	受同一最终控股公司控制
恒大互联网集团有限公司	受同一最终控股公司控制
广东乾永投资有限公司	受同一最终控股公司控制
恒大金融资产管理(深圳)有限公司	受同一最终控股公司控制
广州市瑞恺投资有限公司	受同一最终控股公司控制
深圳市恒大酒店管理有限公司	受同一最终控股公司控制
恒大文化产业集团有限公司及其子公司	受同一最终控股公司控制

十　关联方关系及其交易(续)

(2)　不存在控制关系的主要关联方的性质(续)

公司名称	与本集团的关系
恒大长白山矿泉水股份有限公司[注]	受同一最终控股公司控制
恒大粮油集团有限公司[注]	受同一最终控股公司控制
安图恒大长白山矿泉水有限公司[注]	受同一最终控股公司控制
恒大乳业有限公司[注]	受同一最终控股公司控制
深圳市恒大粮油销售有限公司[注]	受同一最终控股公司控制
深圳市恒大饮品有限公司[注]	受同一最终控股公司控制
珠海泓粤日用品有限公司[注]	受同一最终控股公司控制
深圳恒大母婴用品有限公司[注]	受同一最终控股公司控制
恒大粮油有限公司[注]	受同一最终控股公司控制
深圳市久初投资有限公司[注]	受同一最终控股公司控制
恒大饮品集团有限公司[注]	受同一最终控股公司控制
恒大畜牧业有限公司[注]	受同一最终控股公司控制
深圳市恒大健康产业有限公司[注]	受同一最终控股公司控制
恒大人参有限公司[注]	受同一最终控股公司控制
恒大长白山矿泉水有限公司[注]	受同一最终控股公司控制
绥化恒大非转基因压榨大豆油有限公司[注]	受同一最终控股公司控制
长春恒大人参产业有限公司[注]	受同一最终控股公司控制
泰来恒大绿色米业有限公司[注]	受同一最终控股公司控制
兴安恒大粮油有限公司[注]	受同一最终控股公司控制
内蒙古新谷园生态农业有限公司[注]	受同一最终控股公司控制
黑河孙吴恒大非转基因压榨大豆油有限公司[注]	受同一最终控股公司控制
泰来恒大米业有限公司[注]	受同一最终控股公司控制
恒大人寿保险有限公司	本公司最终控股公司之合营公司
盛京银行股份有限公司	本公司最终控股公司之联营公司

注：中国恒大集团于 2016 年第四季度丧失对该等子公司的控制权。

(除特别注明外，金额单位为人民币百万元)

十 关联方关系及其交易(续)

(3) 关联交易

(a) 定价政策

本集团与关联方业务交易的价格乃参照市场价格由双方协商确定。

(b) 销售货物

	2016 年度	2015 年度
受同一最终控股公司控制的公司	307	284
联营企业	101	77
合营企业	39	-
	447	361

(c) 提供劳务

	2016 年度	2015 年度
受同一最终控股公司控制的公司	280	96
联营企业	16	-
合营企业	35	23
本公司最终控股公司之合营公司	1	-
	332	119

(d) 采购商品

	2016 年度	2015 年度
受同一最终控股公司控制的公司	293	273
合营企业	10	77
	303	350

(e) 接受劳务

	2016 年度	2015 年度
受同一最终控股公司控制的公司	33	234
合营企业	267	29
	300	263

(除特别注明外，金额单位为人民币百万元)

十 关联方关系及其交易(续)

(3) 关联交易(续)

(f) 租赁

本集团作为出租方

	2016 年度	2015 年度
受同一最终控股公司控制的公司	11	-
联营企业	1	-
合营企业	5	4
	17	4

(g) 提供融资租赁利息收入

	2016 年度	2015 年度
受同一最终控股公司控制的公司	9	-

(h) 接受借款的利息成本

	2016 年度	2015 年度
本公司最终控股公司之联营公司	222	-
本公司最终控股公司之合营公司	10	-
	232	-

(i) 租金支出

	2016 年度	2015 年度
本公司最终控股公司之合营公司	24	-

(j) 提供和接受资金

2016 及 2015 年度，本集团与若干关联方之间有资金往来，交易额已包含在现金流量表投资活动中收到其他与投资活动有关的现金，支付其他与投资活动有关的现金及筹资活动中收到其他与筹资活动有关的现金及支付其他与筹资活动有关的现金中。与关联方之间资金往来的余额请见附注十(4)。

(k) 关键管理人员薪酬

	2016 年度	2015 年度
关键管理人员薪酬	184	225

(除特别注明外，金额单位为人民币百万元)

十 关联方关系及其交易(续)

(3) 关联交易(续)

(l) 共同设立公司

于 2016 年度，本集团与最终控股公司之合营公司控制的若干企业就成立合资公司签订若干合作协议。这些新成立的公司于 2016 年 12 月 31 日为本集团的子公司，最终控股公司之合营公司控制的企业的出资额合计约为人民币 14,248,000,000 元。

(m) 其他

本集团将其持有的固定资产以人民币 800,000,000 元对价转让给本公司最终控股公司之合营公司。

(4) 重大关联方应收、应付余额

(a) 应收账款

	2016 年 12 月 31 日	2015 年 12 月 31 日
受同一最终控股公司控制的公司	197	90

(b) 应付账款

	2016 年 12 月 31 日	2015 年 12 月 31 日
受同一最终控股公司控制的公司	-	339

(c) 其他应收款

	2016 年 12 月 31 日	2015 年 12 月 31 日
受同一最终控股公司控制的公司	609	24,178
联营企业	433	575
合营企业	1,121	1,235
本公司最终控股公司之合营公司	456	-
	2,619	25,988

于 2016 年 12 月 31 日及 2015 年 12 月 31 日，上述其他应收款均为无息、无抵押、无担保和无固定归还期限的往来款。

(除特别注明外，金额单位为人民币百万元)

十 关联方关系及其交易(续)

(4) 重大关联方应收、应付余额(续)

(d) 长期应收款

	2016 年 12 月 31 日	2015 年 12 月 31 日
受同一最终控股公司控制的公司	407	-

(e) 其他应付款

	2016 年 12 月 31 日	2015 年 12 月 31 日
受同一最终控股公司控制的公司	28,242	33,288
联营企业	450	701
合营企业	325	598
	29,017	34,587

于 2016 年 12 月 31 日及 2015 年 12 月 31 日，上述其他应付款均为无息、无抵押、无担保和无固定归还期限的往来款。

(f) 预付款项

	2016 年 12 月 31 日	2015 年 12 月 31 日
本公司最终控股公司之合营公司	24	-

(g) 预收款项

	2016 年 12 月 31 日	2015 年 12 月 31 日
本公司最终控股公司之合营公司	84	-

(h) 借款

	2016 年 12 月 31 日	2015 年 12 月 31 日
本公司最终控股公司之合营公司	5,516	-
本公司最终控股公司之联营公司	799	-
	6,315	-

上述借款为本公司最终控股公司之合营及联营公司向本集团提供的抵押借款，该等借款的加权平均年利率为 10.20%及 7.35%。

(除特别注明外，金额单位为人民币百万元)

十 关联方关系及其交易(续)

(4) 重大关联方应收、应付余额(续)

(i) 应付股利

	2016 年 12 月 31 日	2015 年 12 月 31 日
广州市凯隆置业有限公司	-	1,076
受同一最终控股公司控制的公司	4,049	1,294
	4,049	2,370

(j) 应付利息

	2016 年 12 月 31 日	2015 年 12 月 31 日
本公司最终控股公司之合营公司	223	-

(除特别注明外，金额单位为人民币百万元)

十一 股份支付

股份支付为中国恒大授予包括本集团员工在内的中国恒大员工并以中国恒大发行自身的股份进行结算的购股权计划。本集团作为接受服务企业且没有结算义务，将该股份支付交易作为权益结算的股份支付进行处理。

于 2009 年 10 月 14 日，中国恒大授予本集团员工 14,600 万份购股权(“首次公开招股前购股权”)，行权价格为每股 3.5 港元。所有购股权于授予后 3 年内可行使。

于 2010 年 5 月 18 日，中国恒大授予本集团员工 49,000 万份购股权(“2010 年购股权”)，行权价格为每股 2.4 港元。所有购股权于授予后 5 年内可行使。

于 2014 年 10 月 9 日，中国恒大授予本集团员工 38,700 万份购股权(“2014 年购股权”)，行权价格为每股 3.05 港元。所有购股权于授予后 5 年内可行使。

购股权变动如下：

	购股权数量(千份)
2015 年 1 月 1 日	670,312
年内行权	(238,644)
年内失效	(56,430)
2015 年 12 月 31 日	375,238
2016 年 1 月 1 日	375,238
年内行权	(16,923)
年内失效	(11,800)
2016 年 12 月 31 日	346,515

购股权于 2016 年 12 月 31 日的详情如下：

授予日期	归属期	行权期	行权价格/(港元/股)	股份数/(千份)
2010 年购股权				
2010 年 5 月 18 日	7 个月-55 个月	2010 年 12 月 31 日至 2019 年 12 月 31 日	2.40	41,760
2014 年购股权				
2014 年 10 月 9 日	1 年-5 年	2015 年 10 月 9 日至 2024 年 10 月 8 日	3.05	304,755

购股权加权平均公允价值参考独立估值师 Real Actuarial Consulting Limited 采用二项式模式的估值确定。代入该模式的重要输入值为授予日股价、年度无风险利率、预期波幅、购股权年期及预期股息率，为根据中国恒大董事的最佳估算确定。购股权价值会因应若干主观假设的不同变量而改变。

截至 2016 年度，本集团根据购股权计划确认费用约人民币 55,000,000 元(2015 年：80,000,000 元)。

(除特别注明外，金额单位为人民币百万元)

十二　承诺事项

(1)　经营租赁承诺事项

根据已签订的不可撤销的经营性租赁合同，本集团未来最低应支付租金汇总如下：

	2016 年 12 月 31 日	2015 年 12 月 31 日
一年以内	408	96
一到二年	330	238
二到三年	287	79
三年以上	423	39
	1,448	452

(2)　资本性支出承诺事项

以下为本集团于资产负债表日，已签约而尚不必在资产负债表上列示的资本性支出承诺：

	2016 年 12 月 31 日	2015 年 12 月 31 日
已签订的正在或准备履行的建安合同	150,075	78,771
已签订的正在或准备履行的土地合同	59,151	20,897
	209,226	99,668

(3)　对外投资承诺事项

以下为本集团于资产负债表日，已签约而尚不必在资产负债表上列示的对外投资承诺：

	2016 年 12 月 31 日	2015 年 12 月 31 日
收购子公司	-	41,525

(除特别注明外，金额单位为人民币百万元)

十三　或有事项

	2016 年 12 月 31 日	2015 年 12 月 31 日
业主按揭担保(a)	247,721	141,388
第三方融资担保(b)	23,349	3,185
	271,070	144,573

(a) 本集团按相关规定为本集团物业单位若干买家的银行融资提供担保。该等担保在下列较早者终止：(i)出具房屋产权证，此证一般平均在担保登记完成后两至三年内出具；或(ii)物业买家按揭贷款支付完毕时。根据担保条款，在担保期间，若该等买家拖欠按揭还款时，本集团须向银行偿还买家拖欠的按揭本金连同应计利息及罚金。在支付本息和罚金后，本集团有权接收相关按揭物业的法定业权。

本集团管理层认为，该类担保合约在生效日的公允价值较小，而且一旦买家未能支付按揭款，相关房产的可变现净值足以弥补尚未支付的贷款本金、累计利息和罚金，因此无需在财务报表中为该类担保提取准备。

(b) 本集团根据合作方的履约历史，为部分独立于本集团的合作方(主要为施工分包商)提供融资担保。本集团密切关注此类担保融资的还款情况。本集团管理层认为该类担保导致集团承担代偿风险的可能性极小，因此无需在财务报表中为该类担保提取准备。

十四　资产负债表日后事项

于 2017 年 3 月 31 日，根据本公司股东决议及修改后的公司章程，本公司申请增加注册资本人民币 378,787,879 元，由中信聚恒(深圳)投资控股中心(有限合伙)、广田投资有限公司、深圳市华建控股有限公司、深圳市美投步阳投资合伙企业(有限合伙)、深圳市中融鼎兴投资合伙企业(有限合伙)、广东唯美明珠投资有限公司、苏州工业园区睿灿投资企业(有限合伙)、山东高速投资控股有限公司及山东铁路发展基金有限公司(以下简称“九个新增投资方”)以货币出资。变更后的注册资本为人民币 2,878,787,879 元。截至 2017 年 3 月 31 日止，本公司已收到九个新增投资方缴纳的新增出资合计人民币 30,000,000,000 元，其中实收资本为人民币 378,787,879 元，资本公积为人民币 29,621,212,121 元。

(除特别注明外，金额单位为人民币百万元)

十五　金融工具及其风险

本集团的经营活动会面临各种金融风险：市场风险(主要为外汇风险和利率风险)、信用风险和流动风险。本集团整体的风险管理计划针对金融市场的不可预见性，力求减少对本集团财务业绩的潜在不利影响。

(1)　市场风险

(a)　外汇风险

本集团的主要经营位于中国境内，主要业务以人民币结算。本集团之外币资产和负债及外币交易的计价货币主要为港币及美元，存在外汇风险。本集团财务部门负责监控公司外币交易和外币资产及负债的规模，以最大程度降低面临的外汇风险。于 2016 年度及 2015 年度，本集团未签署任何远期外汇合约或货币互换合约。

于 2016 年 12 月 31 日及 2015 年 12 月 31 日，本集团持有的外币金融资产和外币金融负债折算成人民币的金额列示如下：

	2016 年 12 月 31 日			
	美元项目	港元项目	其他币种	合计
外币金融资产 -				
货币资金	521	418	-	939
其他应收款	2	4	-	6
	523	422	-	945
外币金融负债 -				
短期借款	11,673	330	5,103	17,106
其他应付款	-	7,943	-	7,943
长期借款	-	3,131	1,001	4,132
	11,673	11,404	6,104	29,181

	2015 年 12 月 31 日			
	美元项目	港元项目	其他币种	合计
外币金融资产 -				
货币资金	36	3,701	-	3,737
其他应收款	810	3,012	-	3,822
	846	6,713	-	7,559
外币金融负债 -				
短期借款	2,474	855	-	3,329
其他应付款	3,873	16,248	-	20,121
长期借款	2,076	-	-	2,076
	8,423	17,103	-	25,526

十五　金融工具及其风险(续)

(1)　市场风险(续)

(a)　外汇风险(续)

于 2016 年 12 月 31 日，对于本集团各类外币金融资产和美元金融负债，如果人民币对外币升值或贬值 5%，其他因素保持不变，则本集团将增加或减少净利润约 1,059,000,000 元(2015 年 12 月 31 日：增加或减少净利润约 674,000,000 元)，对其他综合收益无影响。

(b)　利率风险

本集团的利率风险主要产生于长期带息债务。浮动利率的金融负债使本集团面临现金流量利率风险，固定利率的金融负债使本集团面临公允价值利率风险。本集团根据当时的市场环境来决定固定利率及浮动利率合同的相对比例。于 2016 年 12 月 31 日及 2015 年 12 月 31 日，本集团长期带息债务主要为人民币计价的浮动利率银行借款，金额分别为 63,079,000,000 元及 43,354,000,000 元。

本集团总部财务部门持续监控集团利率水平。利率上升会增加新增带息债务的成本以及本集团尚未付清的以浮动利率计息的带息债务的利息支出，并对本集团的财务业绩产生重大的不利影响，管理层会依据最新的市场状况及时做出调整，这些调整可能是进行利率互换的安排来降低利率风险。于 2016 年度及 2015 年度本集团并无利率互换安排。

于 2016 年 12 月 31 日，如果以浮动利率计算的借款利率上升或下降 100 个基点，而其他因素保持不变，本集团的净利润会减少或增加约为 473,000,000 元(2015 年 12 月 31 日：减少或增加净利润 325,000,000 元)。

(2)　信用风险

本集团对信用风险按组合分类进行管理。信用风险主要产生于银行存款、应收账款、其他应收款和应收票据等。

本集团银行存款主要存放于国有银行和其他大中型上市银行，本集团认为其不存在重大的信用风险，不会产生因对方单位违约而导致的任何重大损失。

此外，对于应收账款、其他应收款和应收票据，本集团设定相关政策以控制信用风险敞口。本集团基于对客户的财务状况、从第三方获取担保的可能性、信用记录及其他因素诸如目前市场状况等评估客户的信用资质并设置相应信用期。本集团会定期对客户信用记录进行监控，对于信用记录不良的客户，本集团会采用书面催款、缩短信用期或取消信用期等方式，以确保本集团的整体信用风险在可控的范围内。

(除特别注明外，金额单位为人民币百万元)

十五　金融工具及其风险(续)

(3)　流动性风险

本集团对现金流量进行预测，并持续监控短期和长期的资金需求，以确保维持合理的现金储备；同时持续监控本集团是否符合借款协议的规定，从主要金融机构获得提供足够备用资金的承诺，以满足短期和长期的资金需求。

于资产负债表日，本集团各项金融负债以未折现的合同现金流量按到期日列示如下：

	2016 年 12 月 31 日				
	一年以内	一到二年	二到五年	五年以上	合计
短期借款	92,181	-	-	-	92,181
应付票据	43,675	-	-	-	43,675
应付账款	132,457	-	-	-	132,457
其他应付款	114,710	-	-	-	114,710
应付利息	9,758	-	-	-	9,758
应付股利	4,189	-	-	-	4,189
一年内到期的非流动负债	84,974	-	-	-	84,974
长期借款	29,208	169,158	137,476	102,859	438,701
应付债券	3,313	3,313	53,819	-	60,445
长期应付款	-	36,907	4,167	730	41,804
	514,465	209,378	195,462	103,589	1,022,894

	2015 年 12 月 31 日				
	一年以内	一到二年	二到五年	五年以上	合计
短期借款	38,665	-	-	-	38,665
应付票据	42,069	-	-	-	42,069
应付账款	87,700	-	-	-	87,700
其他应付款	82,893	-	-	-	82,893
应付利息	5,201	-	-	-	5,201
应付股利	2,370	-	-	-	2,370
一年内到期的非流动负债	86,956	-	-	-	86,956
长期借款	7,106	58,875	27,435	63,936	157,352
应付债券	2,690	2,690	38,519	8,993	52,892
长期应付款	-	439	2,402	-	2,841
	355,650	62,004	68,356	72,929	558,939

(除特别注明外，金额单位为人民币百万元)

十五　金融工具及其风险(续)

(3)　流动性风险(续)

谨慎的流动性风险管理指通过不同资金渠道来维持充足的现金和资金获取能力，包括借入银行借款、发行债券、物业预售所获款项、通过股东注资所获得款项等。由于业务本身的多变性，本集团通过维持充足的现金及现金等价物和通过保持不同的融资渠道来保持营运资金的灵活性。

若经济环境出现重大不利变动，本集团制定若干替代计划以减轻对预期现金流量的潜在影响。有关计划包括调整及进一步放缓开发中物业兴建计划、采取成本控制措施、加快销售及作出更灵活定价、物色合营伙伴共同发展优质项目、按可接受价格出售若干土地使用权及投资物业及就若干土地收购与有关方重新磋商付款条款。 本集团将根据有关日后成本及利益的评估，在适当时候采取有关方案。

十六　公允价值估计

公允价值计量结果所属的层次，由对公允价值计量整体而言具有重要意义的输入值所属的最低层次决定：

第一层次：相同资产或负债在活跃市场上未经调整的报价。

第二层次：除第一层次输入值外相关资产或负债直接或间接可观察的输入值。

第三层次：相关资产或负债的不可观察输入值。

(1)　持续的以公允价值计量的资产

于 2016 年 12 月 31 日，持续的以公允价值计量的资产按上述三个层次列示如下：

	第一层次	第二层次	第三层次	合计
金融资产				
以公允价值计量且其变动计入当期损益的金融资产——交易性权益工具投资	3,076	-	-	3,076
可供出售金融资产——可供出售权益工具	34,538	274	28	34,840
非金融资产				
投资性房地产	-	-	130,196	130,196
资产合计	37,614	274	130,224	168,112

(除特别注明外，金额单位为人民币百万元)

十六 公允价值估计(续)

(1) 持续的以公允价值计量的资产(续)

于 2015 年 12 月 31 日，持续的以公允价值计量的资产按上述三个层次列示如下：

	第一层次	第二层次	第三层次	合计
金融资产				
可供出售金融资产——可供出售权益工具	287	305	195	787
非金融资产				
投资性房地产	-	-	96,382	96,382
资产合计	287	305	96,577	97,169

本集团以导致各层次之间转换的事项发生日为确认各层次之间转换的时点。本年度无第一层次与第二层次间的转换。

存在活跃市场的金融工具，以活跃市场中的报价确定其公允价值。

(除特别注明外，金额单位为人民币百万元)

十六 公允价值估计(续)

(1) 持续的以公允价值计量的资产(续)

第三层次公允价值计量的相关信息如下：

	2016 年 12 月 31 日 公允价值	估值技术	输入值 名称	范围/加权平均值	与公允价值之间的关系	可观察/不可观察
投资性房地产						
已完工——	106,296					
商业建筑物	61,631	收益法	最终收益率	4%-6.5%	反向	不可观察
			资本化率	4%-7%	反向	不可观察
			预期空置率	0%-15%	反向	不可观察
			月租金(人民币元/平方米)	21-660	正向	不可观察
		直接比较法	市场价格(人民币元/平方米)	3,356-144,633	正向	不可观察
车位	44,665	直接比较法	市场价格(人民币元/车位)	65,000-530,000	正向	不可观察
在建——	23,900					
商业建筑物	14,887	残值法	市场价格(人民币元/平方米)	5,500-40,500	正向	不可观察
			预计成本(人民币元/平方米)	1,233-7,610	反向	不可观察
			发展商利润	5%-25%	反向	不可观察
车位	9,013	残值法	市场价格(人民币元/车位)	99,000-363,100	正向	不可观察
			预计成本(人民币元/平方米)	510-2,562	反向	不可观察
			发展商利润	2%-15%	反向	不可观察
	130,196					

(除特别注明外，金额单位为人民币百万元)

十六 公允价值估计(续)

(1) 持续的以公允价值计量的资产(续)

	2015 年 12 月 31 日 公允价值	估值技术	输入值 名称	范围/加权 平均值	与公允价值 之间的关系	可观察/ 不可观察
投资性房地产						
已完工——	63,635					
商业建筑物	32,104	收益法	折现率	4%-5.5%	反向	不可观察
			资本化率	4%-7%	反向	不可观察
			预期空置率	0%-10%	反向	不可观察
			月租金 (人民币/平方米)	42-660	正向	不可观察
		直接比较法	市场价格 (人民币/平方米)	6,970-77,500	正向	不可观察
车位	31,531	直接比较法	市场价格 (人民币/车位)	84,300-391,000	正向	不可观察
在建——	32,747					
商业建筑物	18,002	残值法	市场价格 (人民币/平方米)	5,360-26,532	正向	不可观察
			预计成本 (人民币/平方米)	100-6,038	反向	不可观察
			发展商利润	2%-30%	反向	不可观察
车位	14,745	残值法	市场价格 (人民币/车位)	91,230-288,000	正向	不可观察
			预计成本 (人民币/平方米)	100-2,754	反向	不可观察
			发展商利润	2%-20%	反向	不可观察
	96,382					

(2) 不以公允价值计量但披露其公允价值的资产和负债

本集团以摊余成本计量的金融资产和金融负债主要包括：应收款项、短期借款、应付款项和长期借款等。

该等不以公允价值计量的金融资产和金融负债的账面价值与公允价值差异很小，由于折现的影响并不重大或者该长期借款按浮动利率计息。

(3) 存在活跃市场的应付债券，以活跃市场中的报价确定其公允价值，属于第一层次。长期借款、长期应付款以及不存在活跃市场的应付债券，以合同规定的未来现金流量按照市场上具有可比信用等级并在相同条件下提供几乎相同现金流量的利率进行折现后的现值确定其公允价值，属于第三层次。

(除特别注明外，金额单位为人民币百万元)

十七 资本管理

本集团资本管理政策的目标是为了保障本集团能够持续经营，从而为股东提供回报，并使其他利益相关者获益，同时维持最佳的资本结构以降低资本成本。

为了维持或调整资本结构，本集团可能会调整支付给股东的股利金额、向股东返还资本、发行新股或出售资产以减低债务。

本集团的总资本为合并资产负债表中所列示的所有者权益。本集团不受制于外部强制性资本要求，利用资产负债比率监控资本。

于 2016 年 12 月 31 日及 2015 年 12 月 31 日，本集团的资产负债比率列示如下：

	2016 年 12 月 31 日	2015 年 12 月 31 日
资产负债比率	93%	87%

十八 公司财务报表主要附注

(1) 应收账款

	2016 年 12 月 31 日	2015 年 12 月 31 日
应收关联方	183	-
应收第三方	2	3
	185	3

应收账款的账龄及相应的坏账准备分析如下：

	2016 年 12 月 31 日			2015 年 12 月 31 日		
	金额	占总比例	坏账准备	金额	占总比例	坏账准备
一年以内	185	100%	-	3	100%	-

于 2016 年 12 月 31 日及 2015 年 12 月 31 日，不存在已逾期但未减值的应收账款。

(除特别注明外，金额单位为人民币百万元)

十八　公司财务报表主要附注(续)

(2)　其他应收款

	2016 年 12 月 31 日	2015 年 12 月 31 日
关联方	106,865	75,797
第三方	906	1,685
	107,771	77,482
减：坏账准备	(28)	-
	107,743	77,482

其他应收账款的账龄及相应的坏账准备分析如下：

	2016 年 12 月 31 日			2015 年 12 月 31 日		
	金额	占总比例	坏账准备	金额	占总比例	坏账准备
一年以内	107,561	99.81%	-	77,316	99.79%	-
一到二年	81	0.07%	-	50	0.06%	-
二年以上	129	0.12%	(28)	116	0.15%	-
	107,771	100.00%	(28)	77,482	100.00%	-

于 2016 年 12 月 31 日及 2015 年 12 月 31 日，不存在已逾期但未减值的其他应收款。

(3)　长期股权投资

	2016 年 12 月 31 日	2015 年 12 月 31 日
子公司	60,184	54,306
合营企业(a)	469	976
联营企业(b)	1	151
	60,654	55,433

本公司不存在长期股权投资变现的重大限制。本公司对上述子公司采取成本法核算，对上述合营企业及联营企业采用权益法核算。

(除特别注明外，金额单位为人民币百万元)

十八 公司财务报表主要附注(续)

(3) 长期股权投资(续)

(a) 合营企业

	注册地	业务性质	注册资本 (人民币元)	持股及表决权比例 2016	2015
北京北恒中慧教育科技有限公司	中国	文化教育	10,000,000	55%	55%
王府井恒大商业控股有限公司	中国	商业管理	1,000,000,000	51%	51%
广州恒大淘宝足球俱乐部股份有限公司	中国	文化娱乐	375,000,000	60%	60%

对合营企业投资列示如下：

	2015 年 12 月 31 日	追加投资	减少投资	按权益法调整的净损益	其他权益变动	2016 年 12 月 31 日
合营企业	976	-	-	(521)	14	469

本公司没有单独重要的合营企业。

(b) 联营企业

	注册地	业务性质	注册资本 (人民币元)	持股及表决权比例 2016	2015
北京观止文化艺术有限公司	中国	文化艺术	1,000,000	30%	30%
北京润业文化艺术有限公司	中国	文化艺术	1,000,000	25%	25%
前海开源资产管理(深圳)有限公司	中国	资产管理	100,000,000	不适用	16%
恒大地产集团(深圳)有限公司	中国	房地产开发	130,000,000	不适用	32%

	2015 年 12 月 31 日	追加投资	减少投资	按权益法调整的净损益	其他权益变动	2016 年 12 月 31 日
联营企业	151	-	(165)	15	-	1

本公司没有单独重要的联营企业。

(4) 营业收入和营业成本

	2016 年度		2015 年度	
	营业收入	营业成本	营业收入	营业成本
服务费收入及其他	2,371	155	1,280	105

(除特别注明外，金额单位为人民币百万元)

十八 公司财务报表主要附注(续)

(5) 投资收益

	2016 年 12 月 31 日	2015 年 12 月 31 日
按成本法核算的长期股权投资收益	23,922	4,908
按权益法核算的长期股权投资损失	(506)	(373)
处置联营公司收益	7	-
	23,423	4,535

本公司不存在投资收益汇回的重大限制。

(6) 现金流量表附注

将净利润调节为经营活动现金流量：

	2016 年度	2015 年度
净利润	20,277	3,567
加：资产减值准备计提	28	-
固定资产折旧	95	71
无形资产摊销	7	7
公允价值变动损失	623	142
利息支出	1,344	566
投资收益	(22,866)	(4,535)
递延所得税净负债的增加	(167)	(302)
存货的减少/(增加)	439	(577)
经营性应收项目的增加	(113)	(623)
经营性应付项目的(减少)/增加	(1,007)	734
经营活动产生的现金流量净额	(1,340)	(950)

REPORT ON REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
TO THE BOARD OF DIRECTORS OF TIANJI HOLDING LIMITED
(incorporated in Hong Kong with limited liability)

Introduction

We have reviewed the interim consolidated financial information set out on pages 1 to 31, which comprises the condensed consolidated balance sheet of Tianji Holding Limited (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2018 and the related condensed consolidated statements of comprehensive income, changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The directors of the Company are responsible for the preparation and presentation of this interim consolidated financial information in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. Our responsibility is to express a conclusion on this interim consolidated financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim consolidated financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim consolidated financial information is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting".

Other matter

The comparative information for the interim condensed consolidated balance sheet is based on the audited financial statements as at 31 December 2017. The comparative information for the interim condensed consolidated statements of comprehensive income, changes in equity and cash flows, and related explanatory notes, for the six months ended 30 June 2017 has not been audited or reviewed.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 29 October 2018

TIANJI HOLDING LIMITED
CONDENSED CONSOLIDATED BALANCE SHEET

	Note	30 June 2018	31 December 2017
		(Unaudited) RMB'000	(Audited) RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	8	5,144,597	5,933,364
Land use rights	8	2,929,545	3,044,962
Investment properties	8	31,170,950	30,185,920
Intangible assets	8	89,740	93,535
Trade and other receivables	11	97,612	417,768
Investments accounted for using the equity method	13	8,612,235	4,469,748
Financial assets at fair value through other comprehensive income	14	278,671	-
Available-for-sale financial assets	4	-	549,672
Deferred income tax assets		155,010	235,526
		48,478,360	44,930,495
Current assets			
Inventories		-	1,864
Properties under development	9	101,942,319	127,619,184
Completed properties held for sale	10	17,818,867	18,446,149
Trade and other receivables	11	97,131,051	105,284,572
Contract costs		193,158	-
Prepayments	12	2,403,200	4,736,827
Income tax recoverable		800,604	1,325,167
Financial assets at fair value through profit or loss	15	240,382	-
Restricted cash	16	6,870,225	4,137,217
Cash and cash equivalents	17	13,685,956	14,465,717
		241,085,762	276,016,697
Total assets		289,564,122	320,947,192

	Note	30 June 2018	31 December 2017
		(Unaudited) RMB'000	(Audited) RMB'000
EQUITY			
Equity attributable to shareholders of the Company			
Share capital	18	66,962	66,962
Other reserves	19	(7,572,337)	(7,708,604)
Retained earnings		11,864,892	5,636,249
		4,359,517	(2,005,393)
Non-controlling interests		9,787,725	9,241,738
Total equity		14,147,242	7,236,345
LIABILITIES			
Non-current liabilities			
Borrowings	20	28,803,940	43,899,345
Deferred income tax liabilities		18,480,564	20,814,368
		47,284,504	64,713,713
Current liabilities			
Borrowings	20	57,071,293	89,420,116
Trade and other payables	21	139,422,821	114,322,444
Contract liabilities		21,194,532	-
Receipt in advance from customers		-	36,312,907
Current income tax liabilities		10,443,730	8,941,667
		228,132,376	248,997,134
Total liabilities		275,416,880	313,710,847
Total equity and liabilities		289,564,122	320,947,192

The above condensed consolidated balance sheet should be read in conjunction with the accompanying notes.

Director

TIANJI HOLDING LIMITED
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Six months ended 30 June 2018	2017
		(Unaudited) RMB'000	(Unaudited) RMB'000
Revenue	7	29,359,373	16,957,333
Cost of sales	24	(22,429,700)	(12,038,707)
Gross profit		6,929,673	4,918,626
Fair value gains on investment properties	8	3,423,498	1,849,278
Other income	22	334,347	191,156
Other gains, net	23	3,312,582	176,875
Selling and marketing costs	24	(695,755)	(811,992)
Administrative expenses	24	(961,975)	(904,094)
Other operating expenses	24	(486,928)	(343,845)
Operating profit		11,855,442	5,076,004
Share of profits of investments accounted for using the equity method	13	271,203	173,612
Fair value losses on financial assets at fair value through profit or loss	15	(43,548)	-
Finance costs, net	25	(977,557)	(1,845,871)
Profit before income tax		11,105,540	3,403,745
Income tax expenses	26	(4,540,041)	(2,399,988)
Profit for the period		6,565,499	1,003,757
Other comprehensive income			
(Item that may be reclassified to profit or loss)			
Changes in fair value of available-for-sale financial assets, net of tax		-	17,372
Currency translation differences		186,655	(209,747)
(Item that may not be reclassified to profit or loss)			
Changes in fair value of financial assets at fair value through other comprehensive income, net of tax		543	-
Other comprehensive income/(losses) for the period, net of tax		187,198	(192,375)
Total comprehensive income for the period		6,752,697	811,382
Profit attributable to:			
Shareholders of the Company		6,242,996	1,184,624
Non-controlling interests		322,503	(180,867)
		6,565,499	1,003,757
Total comprehensive income attributable to:			
Shareholders of the Company		6,430,194	992,249
Non-controlling interests		322,503	(180,867)
		6,752,697	811,382

The above condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

TIANJI HOLDING LIMITED
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to shareholders of the Company					
	Share capital	**Reserves**	**Retained earnings**	**Sub-total**	**Non -controlling interests**	**Total equity**
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Unaudited:						
Balance as at 31 December 2017	66,962	(7,708,604)	5,636,249	(2,005,393)	9,241,738	7,236,345
Change in accounting policy (note 4)	-	(49,986)	(14,353)	(64,339)	-	(64,339)
Restated balance as at 1 January 2018	66,962	(7,758,590)	5,621,896	(2,069,732)	9,241,738	7,172,006
Comprehensive income						
Profit for the period	-	-	6,242,996	6,242,996	322,503	6,565,499
Other comprehensive income						
Change in fair value of financial assets at fair value through other comprehensive income, net of tax	-	543	-	543	-	543
Currency translation differences	-	186,655	-	186,655	-	186,655
Total comprehensive income	-	187,198	6,242,996	6,430,194	322,503	6,752,697
Transactions with owners:						
Dividends	-	-	-	-	(119,732)	(119,732)
Capital injection from non-controlling interests	-	-	-	-	419,193	419,193
Changes in ownership interest in subsidiaries without change of control	-	(506)	-	(506)	(324)	(830)
Disposal of subsidiaries	-	(439)	-	(439)	(75,653)	(76,092)
Total transactions with owners		(945)	-	(945)	223,484	222,539
Balance as at 30 June 2018	66,962	(7,572,337)	11,864,892	4,359,517	9,787,725	14,147,242

TIANJI HOLDING LIMITED
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

	Attributable to shareholders of the Company					
	Share capital	**Reserves**	**Retained earnings**	**Sub-total**	**Non -controlling interests**	**Total equity**
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Unaudited:						
Balance as at 1 January 2017	66,962	(4,908,350)	3,014,558	(1,826,830)	7,630,312	5,803,482
Comprehensive income						
Profit for the period	-	-	1,184,624	1,184,624	(180,867)	1,003,757
Other comprehensive income						
Change in fair value of available-for-sale financial assets, net of tax	-	17,372	-	17,372	-	17,372
Currency translation differences	-	(209,747)	-	(209,747)	-	(209,747)
Total comprehensive income	-	(192,375)	1,184,624	992,249	(180,867)	811,382
Transactions with owners:						
Changes in ownership interest in subsidiaries without change of control	-	(2,191,257)	-	(2,191,257)	(226,863)	(2,418,120)
Capital injection from non-controlling interests	-	-	-		1,590,494	1,590,494
Total transactions with owners	-	(2,191,257)	-	(2,191,257)	1,363,631	(827,626)
Balance as at 30 June 2017	66,962	(7,291,982)	4,199,182	(3,025,838)	8,813,076	5,787,238

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

TIANJI HOLDING LIMITED
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 June 2018	2017
	(Unaudited) RMB'000	(Unaudited) RMB'000
Cash flows of operating activities		
Net cash generate from operations	4,395,523	1,747,241
Tax paid	(2,263,600)	(2,173,743)
Interest paid	(3,073,838)	(3,674,233)
Net cash used in operating activities	(941,915)	(4,100,735)
Cash flows of investing activities		
Acquisition of subsidiaries, net of cash acquired	(5,330,693)	(11,625,630)
Purchases of property, plant and equipment, investment properties, land use rights and intangible assets	(1,837,011)	(744,178)
Proceeds from disposal of property, plant and equipment and investment properties	651,391	34,090
Investments in associates	(196,026)	(55,165)
Investments in joint ventures	(1,388,424)	(742,746)
Net proceeds from disposal of subsidiaries	7,496,519	-
Purchase of available-for-sale financial assets	-	(1,395)
Proceeds from disposal of available-for-sale financial assets	-	10,000
Dividend received	331,919	-
Purchase of financial assets at fair value through profit or loss	(14,259)	-
Cash advances to joint ventures	(557,842)	(1,601,942)
Repayments from joint ventures	60,517	-
Cash advances to associates	(60,487)	(3,131)
Repayments from associates	12,240	1,271
Cash advances to non-controlling interests	(331)	(154)
Repayment from non-controlling interests	-	8,000
Repayment from associates of the immediate holding company	-	9,692
Repayment from joint ventures of the immediate holding company	-	390
Cash advance to joint ventures of the immediate holding company	(9,440)	-
Repayments from fellow subsidiaries	17,121,842	2,273,796
Cash advance to fellow subsidiaries	(8,804,145)	(16,764,177)
Interest received	81,773	35,783
Net cash generated from/(used in) investing activities	7,557,543	(29,165,496)

	Six months ended 30 June 2018	2017
	(Unaudited) RMB'000	(Unaudited) RMB'000
Cash flows from financing activities		
Proceeds from bank and other borrowings	34,034,258	63,972,643
Repayments of bank and other borrowings	(71,474,183)	(27,600,370)
Dividend paid	(557,879)	(1,511,216)
Acquisition of equity interest in subsidiaries from non-controlling interests	(830)	(2,418,120)
Capital injection from non-controlling interests	419,193	100
Cash advance from non-controlling interests	2,497,693	1,266,774
Repayment made to non-controlling interests	(218,359)	(188,523)
Cash advances from joint ventures	63,866	-
Repayments to joint ventures	(240,470)	(823)
Cash advance from associates	104,733	15,350
Repayments to associates	(1,500)	(4,059)
Cash advances from fellow subsidiaries	42,310,595	28,177,420
Repayment made to fellow subsidiaries	(12,118,596)	(30,768,793)
Cash advance from joint ventures of the immediate holding company	345,037	42
Repayment made to joint ventures of the immediate holding company	-	(24,090)
Restricted cash pledged for bank borrowings	(2,639,947)	4,217,187
Net cash (used in)/generated from financing activities	(7,476,389)	35,133,522
Net (decrease)/increase in cash and cash equivalents	(860,761)	1,867,291
Cash and cash equivalents at beginning of period	14,465,717	10,998,779
Exchange gain/(loss) on cash and cash equivalents	81,000	(110,000)
Cash and cash equivalents at end of period	13,685,956	12,756,070

The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

1. General information

Tianji Holding Limited (the "Company") was incorporated in the Hong Kong on 19 May 2009 as an exempted company with limited liability and is engaged in investment holding. The immediate holding company of the Company is Hengda Real Estate Group Limited, and Hengda Real Estate Group Limited is an indirectly held subsidiary of China Evergrande Group which is a company listed on the Main Board of The Stock Exchange of Hong Kong Limited. The Company and its subsidiaries (the "Group") are principally engaged in the property development, property investment, property management, hotel and other property development related services in the People's Republic of China (the "PRC") including mainland China (the "Mainland China") and Hong Kong. The address of its registered office is at 20/F Alexandra House, 18 Charter Road, Central, Hong Kong and its principal place of business is Hong Kong.

This condensed consolidated interim financial information is presented in Renminbi Yuan ("RMB") thousands, unless otherwise stated. This condensed consolidated interim financial information has been approved for issue by the director of the Company on 29 October 2018.

This condensed consolidated interim financial information has not been audited.

2. Basis of preparation

This condensed consolidated interim financial information for the six months ended 30 June 2018 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34, "Interim financial reporting". The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2017, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

3. Accounting Policies

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2017, as described in those annual financial statements.

(i) New standards and amendments to standards adopted by the Group as at 1 January 2018

The following amendments to standards are mandatory for the Group's financial year beginning on 1 January 2018:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers
HKFRS 2 (Amendment)	Classification and Measurement of Share-based Payment Transactions
HKFRS 4 (Amendment)	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
HKAS 28 (Amendment)	Investments in Associates and Joint Ventures
HKFRS 40 (Amendment)	Investments in Investment property
HK (IFRIC) 22	Foreign Currency Transactions and Advance Consideration

Save for the impact of adoption of HKFRS 9 and HKFRS 15 disclosed in note 4, the adoption of other new and amended standards does not have any significant impact to the results and financial position of the Group.

3. Accounting Policies (Continued)

(ii) New standards and amendments to standards that have been issued but are not effective

HKAS 19 (Amendments)	Employee Benefits [1]
HKAS 28 (Amendments)	Long-term Interests in an Associate or Joint Venture [1]
HKFRS 9 (Amendments)	Prepayment Features with Negative Compensation [1]
HKFRS 16	Leases [1]
HKFRS 17	Insurance Contracts [2]
HKFRS 10 and HKAS 28 (Amendments)	Sale or contribution of assets between an investor and its associate or joint venture [3]
Annual Improvements to 2015-2017 Cycle	Improvements to HKFRS [1]
HK (IFRIC) 23	Uncertainty over Income Tax Treatments [1]

1 Effective for periods beginning on or after 1 January 2019.
2 Effective for periods beginning on or after 1 January 2021.
3 Effective date is to be determined by the International Accounting Standard Board.

The Group has already commenced an assessment of the impact of these new or revised standards and amendments, certain of which are relevant to the Group's operations. According to the preliminary assessment made by the Group, no significant impact on the financial performance and position of the Group is expected when they become effective except for HKFRS 16.

HKFRS 16

The Group is a lessee of certain offices and buildings, which are currently accounted for as operating leases under HKAS 17. Under HKFRS 16, lessees are required to recognise a lease liability reflecting future lease payments and a right-of-use asset for all lease contracts in the balance sheet. Lessees will also have to present interest expense on the lease liability and depreciation on the right-of-use asset in the income statement. In comparison with operating leases under HKAS 17, this will change not only the allocation of expenses but also the total amount of expenses recognised for each period of the lease term. The combination of a straight-line depreciation of the right-of-use asset and the effective interest rate method applied to the lease liability will result in a higher total charge to profit or loss in the initial years of the lease, and decreasing expenses during the latter part of the lease term. The new standard has included an optional exemption for certain short-term leases and leases of low-value assets. This exemption can only be applied by lessees. The Group is expected to apply the new standard starting from the financial year beginning on 1 January 2019.

4. Changes in accounting policies

This note explains the impact of the adoption of HKFRS 9 Financial Instruments and HKFRS 15 Revenue from Contracts with Customers on the Group's financial statements and also discloses the new accounting policies that have been applied from 1 January 2018, where they are different to those applied in prior periods.

(a) Impact on the financial statements

The Group applied the modified retrospective approach to adopt HKFRS 9 and HKFRS 15 without restating comparative information. The reclassifications and the adjustments arising from the new accounting policies are therefore not reflected in the balance sheet as at 31 December 2017, but are recognised in the opening balance sheet on 1 January 2018.

(b) HKFRS 9 Financial Instruments – Impact of adoption

HKFRS 9 replaces the provisions of 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.

The adoption of HKFRS 9 Financial Instruments from 1 January 2018 resulted in changes in accounting policies and adjustments on the equity of the Group as at 1 January 2018. The new accounting policies are set out in note 4(c) below.

4. Changes in accounting policies (Continued)

(b) HKFRS 9 Financial Instruments – Impact of adoption (Continued)

The effects of the adoption of HKFRS 9 are as follows:

Classification and measurement of financial instruments

The adjustments to the Group's equity due to classification and measurement of financial instruments as at 1 January 2018 is as follows:

At 1 January 2018	Reserves	Retained earnings	Total
	RMB'000	RMB'000	RMB'000
Opening balance — HKAS 39	(7,708,604)	5,636,249	(2,072,355)
Increase in provision for trade and other receivables, net of tax	-	(64,339)	(64,339)
- Increase in provision for trade and other receivables	-	(85,786)	(85,786)
- Increase in deferred tax assets relating to impairment provisions	-	21,447	21,447
Reclassify from available-for-sale investments to financial assets at fair value through profit or loss	(49,986)	49,986	-
Opening balance — HKFRS 9	(7,758,590)	5,621,896	(2,136,694)

Management has assessed the business models and the contractual terms of the cash flows apply to the financial assets held by the Group at the date of initial application of HKFRS 9 (1 January 2018) and has classified its financial instruments into the appropriate HKFRS 9 categories, which are those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss) and those to be measured at amortised cost. The main effects resulting from this reclassification are as follows:

At 1 January 2018	Available-for-sale financial assets ("AFS")	Financial assets at fair value through other comprehensive income ("FVOCI")	Financial assets at fair value through profit or loss ("FVPL")	Other receivables
	RMB'000	RMB'000	RMB'000	RMB'000
Opening balance — HKAS 39	549,672	-	-	-
Reclassify listed equity securities from AFS to FVPL	(269,671)	-	269,671	-
Reclassify unlisted equity securities from AFS to FVOCI	(277,946)	277,946	-	-
Reclassify unlisted investments from AFS to other receivables	(2,055)	-	-	2,055
Opening balance — HKFRS 9	-	277,946	269,671	2,055

The main effects resulting from this reclassification on the Group's equity is as follows:

At 1 January 2018	AFS reserve	FVOCI reserve	Retained earnings
	RMB'000	RMB'000	RMB'000
Opening balance — HKAS 39	44,314	-	-
Reclassify listed equity securities from AFS to FVPL	(49,986)	-	49,986
Reclassify unlisted equity securities from AFS to FVOCI	5,672	(5,672)	-
Opening balance — HKFRS 9	-	(5,672)	49,986

4. Changes in accounting policies (Continued)

(b) HKFRS 9 Financial Instruments – Impact of adoption (Continued)

Classification and measurement of financial instruments (Continued)

There is no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities except for derivative financial instruments. The derecognition rules have been transferred from HKAS 39 Financial Instruments: Recognition and Measurement and have not been changed.

Impairment of financial assets

The Group has two types of financial assets at amortised cost subject to new expected credit loss model of HKFRS 9:

- Trade receivables
- Other receivables

The Group revised its impairment methodology under HKFRS 9 for each of these classes of assets.

(i) Trade receivables

The Group applies the simplified approach to providing for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables

RMB2,350,000 was recognised in retained earnings as at 1 January 2018 for those trade receivables whose credit risk has been assessed as other than low and for which the impairment methodology described in note 4(c) has been applied.

(ii) Other receivables

Other receivables at amortised cost include other receivables from third parties and related parties. The Group has assessed that the expected credit losses for these receivables under the 12 months expected losses method.

RMB83,436,000 was recognised in retained earnings as at 1 January 2018 for those other receivables whose credit risk has been assessed as other than low and for which the impairment methodology described in note 4(c) has been applied.

(c) HKFRS 9 Financial Instruments – Accounting policies

Investments and other financial assets

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, or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity'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 other comprehensive income. For investments in equity instruments that are not held for trading, the classification will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

4. Changes in accounting policies (Continued)

(c) HKFRS 9 Financial Instruments – Accounting policies (Continued)

Investments and other financial assets (Continued)

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss 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:

- Amortised 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 amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in the consolidated statement of comprehensive income when the asset is derecognised or impaired. Interest income from these financial assets is included in other income using the effective interest rate method.

- 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 other comprehensive income, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit and loss accounts and recognised in other gains/(losses). Interest income from these financial assets is included in other income using the effective interest rate method.

- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss accounts and is not part of a hedging relationship is recognised in profit or loss and presented as a separate line item in the consolidated statement of comprehensive income within "Fair value gain or loss on financial assets at fair value through profit or loss" in the period in which it arises. Interest income from these financial assets is included in the other income.

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 other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised 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 at FVPL are recognised in other gains/(losses) in the profit or loss accounts 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.

Impairment

From 1 January 2018, the Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. For other receivables, the Group applies the 12 months expected losses method to assesse the expected credit losses.

4. Changes in accounting policies (Continued)

(d) HKFRS 15 Revenue from Contracts with Customers – Impact of adoption

HKFRS 15 replaces the provisions of HKAS 18 "Revenue" and HKAS 11 "Construction contracts" that relate to the recognition, classification and measurement of revenue and costs.

The Group has adopted HKFRS 15 Revenue from Contracts with Customers from 1 January 2018 which resulted in changes in accounting policies. The new accounting policies are set out in note 4(e) below.

The effects of the adoption of HKFRS 15 are as follows:

Presentation of assets and liabilities related to contracts with customers

Reclassifications were made as at 1 January 2018 to be consistent with the terminology used under HKFRS 15:

- The incremental costs of obtaining a contract and the costs directly related to fulfilling a contract, such as sales commissions, are capitalised as contract costs.

- Contract liabilities for progress billing recognised in relation to property development activities were previously presented as advanced receipt in advance from customers.

Accounting for sales of properties

Under HKFRS 15, for properties that have no alternative use to the Group due to contractual reasons and when the Group has an enforceable right to payment from the customers for performance completed to date, the Group recognises revenue as the performance obligation is satisfied over time in accordance with the input method for measuring progress.

For the six months ended 30 June 2018, the Group has assessed that there is no enforceable right to payment from the customers for performance completed to date. Thus, the adoption of HKFRS 15 did not have an impact on the timing of revenue recognition for sales of properties.

Accounting for significant financing component

For contracts where the period between the payment by the customer and the transfer of the promised property or service exceeds one year, the transaction price and the amount of revenue from the sales of completed properties is adjusted for the effects of a financing component, if significant. For the six months ended 30 June 2018, the Group has assessed and considered that the financing component effect is insignificant.

Accounting for costs incurred to obtain a contract

Under HKFRS 15, costs such as stamp duty and sales commissions incurred directly attributable to obtaining a contract, if recoverable, are capitalised and recorded in contract costs.

(e) HKFRS 15 Revenue from Contracts with Customers – accounting policies

Sales of properties

Revenue are 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 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 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 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 asset.

4. Changes in accounting policies (Continued)

(e) HKFRS 15 Revenue from Contracts with Customers – accounting policies (Continued)

Sales of properties (Continued)

The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation, by reference to the contract costs incurred up to the end of reporting period as a percentage of total estimated costs for each contract.

For property development and sales contract for which the control of the property is transferred at a point in time, revenue is recognised when the customer obtains the physical possession or the legal title of the completed property and the Group has present right to payment and the collection of the consideration is probable.

In determing the transaction price, the Group adjusts the promised amount of consideration for the effect of a financing component if it is significant.

5. Estimates

The preparation of condensed consolidated interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2017.

6. Financial risk management

a) Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

b) Foreign exchange risk

The Group's businesses are principally conducted in RMB, except that certain receipts of sales proceeds and borrowings are denominated in other currencies. As at 30 June 2018, the carrying amounts of the Group's foreign currency denominated monetary assets and liabilities at the respective balance sheet dates are as follows:

	30 June 2018	**31 December 2017**
	RMB'000	RMB'000
Monetary assets		
- HK$	7,969,557	6,167,783
- US$	2,559,860	322,850
- EUR$	8,642	2,433
- Others	15	-
	10,538,074	6,493,066
Monetary liabilities		
- HK$	19,242,749	30,392,513
- US$	25,509,513	30,612,974
- EUR$	-	15,558,800
	44,752,262	76,564,287

6. Financial risk management (Continued)

b) Foreign exchange risk (Continued)

The following table shows the sensitivity analysis of a 2% change in RMB against the relevant foreign currencies. The sensitivity analysis includes only foreign currency denominated monetary items and adjusts their translation at the period-end for a 2% change in foreign currency rates. If there is a 2% increase/decrease in RMB against the relevant currencies, the effect of increase/(decrease) in the profit for the year is as follows:

	30 June 2018	31 December 2017
	RMB'000	RMB'000
2% appreciation in RMB against HK$	169,098	363,371
2% depreciation in RMB against HK$	(169,098)	(363,371)
2% appreciation in RMB against US$	344,245	454,352
2% depreciation in RMB against US$	(344,425)	(454,352)
2% appreciation in RMB against EUR$	(130)	233,346
2% depreciation in RMB against EUR$	130	(233,346)

The condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2017.

There have been no changes in the risk management department or in any risk management policies since year ended 31 December 2017.

c) Liquidity risk

Management aims to maintain sufficient cash and cash equivalents or have available funding through an adequate amount of available financing, including proceeds from pre-sale of properties, committed credit facilities, short-term and long-term borrowings to meet its construction commitments. Due to the dynamic nature of the underlying businesses, the Group maintains flexibility in funding by maintaining adequate amount of cash and cash equivalents and through having available sources of financing.

The Group raised significant amounts of borrowings to cope with the rapid expansion of the Group's businesses. As at 30 June 2018, the Group's total borrowings stood at RMB85,875 million which decreased by RMB47,444 million during the period.

The Group has a number of alternative plans to mitigate the potential impacts on anticipated cash flows should there be significant adverse changes in economic environment. These include control on investment in land reserve, adjusting project development timetable to adapt the changing local real estate market environment, implementing cost control measures, promotion of sales of completed properties, accelerating sales with more flexible pricing. The Group will pursue such options based on its assessment of relevant future costs and benefits.

The directors of the Company has reviewed the working capital forecast of the Group for the 12 months from 30 June 2018 and are of the opinion that the Group will have sufficient working capital to meet its financial obligations as and when they fall due within the next 12 months from the date of the consolidated balance sheet.

6. Financial risk management (Continued)

d) Fair value estimation

The different levels of fair value estimation have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within 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).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's financial asset that are measured at fair value:

	Level 1	Level 2	Level 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At 30 June 2018				
Assets				
FVOCI	-	278,671	-	278,671
FVPL	240,382	-	-	240,382
Total assets	240,382	278,671	-	519,053
At 31 December 2017				
Assets				
AFS	269,675	277,947	2,050	549,672

The fair value of the following financial assets and liabilities approximate their carrying amount:

- Trade and other receivables
- Cash and cash equivalents
- Current borrowings and non-current borrowings
- Trade and other payables

7. Segment information

The chief operating decision-maker ("CODM") of the Group has been identified as the executive directors of the Company who are responsible for reviewing the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports. The Group is organised into four business segments: property development, property investment, property management and other businesses. Other businesses mainly include hotel operations. As the CODM of the Group considers most of the revenue and results of the Group are attributable to the market in the Mainland China, and only an immaterial part (less than 10%) of the Group's assets are located outside the PRC, no geographical segment information is presented.

The directors of the Company assess the performance of the operating segments based on a measure of segment results. Fair value losses on FVPL, Gain on disposal of FVOCI, dividend income of AFS and finance cost and income are not included in the result for each operating segment.

Transactions between segments are carried out at agreed terms amongst relevant parties. The revenue from external parties reported to the management is measured in a manner consistent with that in the condensed consolidated statement of comprehensive income.

7. Segment information (Continued)

The segment results and other segment items included in the condensed consolidated statement of comprehensive income for the six months ended 30 June 2018 are as follows:

	Property development	Property investment	Property management services	Other businesses	Group
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Gross segment revenue	26,396,761	352,834	2,474,056	187,976	29,411,627
Inter-segment revenue	-	(4,007)	(48,159)	(88)	(52,254)
Revenue	26,396,761	348,827	2,425,897	187,888	29,359,373
Revenue from contracts with customers					
- Recognised at a point in time	26,396,761	-	-	-	26,396,761
- Recognised over time	-	-	2,425,897	187,888	2,613,785
Revenue from other sources: rental income	-	348,827	-	-	348,827
Share of post-tax profits of associates	297,503	-	-	-	297,503
Share of post-tax losses of joint ventures	(26,300)	-	-	-	(26,300)
Segment results	8,881,318	2,724,713	508,133	(409)	12,113,755
Fair value losses on FVPL					(43,548)
Gain on disposal of FVOCI					12,890
Finance costs, net					(977,557)
Profit before income tax					11,105,540
Income tax expenses					(4,540,041)
Profit for the period					6,565,499
Depreciation and amortisation	103,595	-	6,952	92,791	203,338
Fair value gains on investment properties	-	3,423,498	-	-	3,423,498

The segment results and other segment items included in the condensed consolidated statement of comprehensive income for the six months ended 30 June 2017 are as follows:

	Property development	Property investment	Property management services	Other businesses	Group
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Gross segment revenue	14,875,275	317,617	1,627,742	172,581	16,993,215
Inter-segment revenue	-	(1,759)	(34,123)	-	(35,882)
Revenue	14,875,275	315,858	1,593,619	172,581	16,957,333
Share of post-tax profits of associates	78,987	-	-	-	78,987
Share of post-tax profits of joint ventures	94,625	-	-	-	94,625
Segment results	2,122,429	2,683,521	354,628	73,391	5,233,969
Dividend income of AFS					15,647
Finance costs, net					(1,845,871)
Profit before income tax					3,403,745
Income tax expenses					(2,399,988)
Profit for the period					1,003,757
Depreciation and amortisation	133,050	-	5,382	90,399	228,831
Fair value gains on investment properties	-	1,849,278	-	-	1,849,278

7. Segment information (Continued)

Segment assets as at 30 June 2018 are as follows:

	Property development	Property investment	Property management services	Other businesses	Group
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Segment assets	249,962,420	31,170,950	2,935,324	4,020,761	288,089,455
Unallocated assets					1,474,667
Total assets					289,564,122
Segment assets include:					
Interest in associates	2,915,758	-	-	-	2,915,758
Interest in joint ventures	5,696,477	-	-	-	5,696,477

Segment assets as at 31 December 2017 are as follows:

	Property development	Property investment	Property management services	Other businesses	Group
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Segment assets	280,291,546	30,185,920	2,971,586	5,387,775	318,836,827
Unallocated assets					2,110,365
Total assets					320,947,192
Segment assets include:					
Interest in associates	2,144,024	-	-	-	2,144,024
Interest in joint ventures	2,325,724	-	-	-	2,325,724

There are no differences from the latest annual financial statements in the basis of segmentation or in the basis of measurement of segment profit or loss.

Segment assets consist primarily of property, plant and equipment, investment properties, land use rights, intangible assets, investments accounted for using equity method, properties under development, completed properties held for sale, trade and other receivables, contract costs, prepayments and cash balances. They exclude deferred income tax assets, income tax recoverable, FVOCI, AFS, and FVPL.

8. Property, plant and equipment, land use rights, intangible assets, investment properties

	Property, plant and equipment RMB'000	**Land use rights** RMB'000	**Investment properties** RMB'000	**Intangible assets** RMB'000	**Total** RMB'000
Six months ended 30 June 2018					
Opening net book amount as at 1 January 2018	5,933,364	3,044,962	30,185,920	93,535	39,257,781
Additions	384,101	35,896	1,657,331	76	2,077,404
Disposal of subsidiaries	(627,920)	(120,730)	(4,115,272)	-	(4,863,922)
Disposals	(360,585)	(2,118)	(167,187)	(12)	(529,902)
Fair value gains on investment properties	-	-	3,423,498	-	3,423,498
Depreciation and amortisation charge	(184,363)	(28,465)	-	(3,859)	(216,687)
Exchange difference	-	-	186,660	-	186,660
Closing net book amount as at 30 June 2018	5,144,597	2,929,545	31,170,950	89,740	39,334,832
Six months ended 30 June 2017					
Opening net book amount as at 1 January 2017	5,350,906	3,091,026	27,192,835	101,372	35,736,139
Additions	399,811	15,557	229,129	1,469	645,966
Business combination	114,985	-		53	115,038
Disposals	(29,126)	-	(4,492)	(496)	(34,114)
Fair value gains on investment properties	-	-	1,849,278	-	1,849,278
Depreciation and amortisation charge	(196,569)	(61,621)	-	(8,863)	(267,053)
Exchange difference	-	-	(209,730)	-	(209,730)
Closing net book amount as at 30 June 2017	5,640,007	3,044,962	29,057,020	93,535	37,835,524

The Group measures its investment properties at fair value. The fair value of the Group's investment properties as at 30 June 2018 has been determined on the basis of valuation carried out by CB Richard Ellis Limited ("CBRE"), an independent and professionally qualified valuer.

8. Property, plant and equipment, land use rights, intangible assets, investment properties (Continued)

Valuation techniques

(i) direct comparison approach is adopted assuming sale of each of these properties in its existing state with the benefit of vacant possession. By making reference to sales transactions as available in the relevant market, comparable properties in close proximity have been selected and adjustments have been made to account for the difference in factors such as location and property size.

(ii) income approach takes into account the current rents of the property interests and the reversionary potentials of the tenancies, term yield and reversionary yield are then applied respectively to derive the market value of the property.

(iii) residual method of valuation which is commonly used in valuing development sites by establishing the market value of the properties on an "as-if" completed basis with appropriate deduction on construction costs, professional fees, contingency, marketing and legal cost, and interest payments to be incurred, anticipated developer's profits, as well as land acquisition costs, interest payment and profit on land.

There were no changes to the valuation techniques during the six months ended 30 June 2018.

The investment properties are included in level 3 as the quantitative information about fair value measurements are using below significant unobservable inputs.

- Terminal yield, reversionary yield, expected vacancy rate, market rental and market price

  For completed investment properties, increase in terminal yield, reversionary yield and expected vacancy rate may result in decrease of fair value. Decrease in market rent and market price may result in decrease of fair value.

- Market price, budgeted construction costs to be incurred, estimated percentage to completion and developer's profit margin.

  For investment properties under construction, decrease in market price may result in decrease in fair value. Increase in budgeted construction costs to be incurred, estimated outstanding percentage to completion and developer's profit margin may result in decrease in fair value.

9. Properties under development

	30 June 2018	31 December 2017
	RMB'000	RMB'000
Properties under development expected to be completed within normal operating cycle included under current assets	101,942,319	127,619,184
Properties under development comprise:		
- Construction costs and capitalised expenditures	31,903,312	38,173,074
- Interest capitalised	10,146,943	11,322,109
- Land use rights	59,892,064	78,124,001
	101,942,319	127,619,184

Properties under development include costs of acquiring rights to use certain lands, which are located in various areas of the Mainland China, for property development over fixed periods. Land use rights are held on leases of between 40 to 70 years.

The capitalisation rate of borrowing costs for the six months ended 30 June 2018 is 7.28% (for the six months ended 30 June 2017: 6.83%).

10. Completed properties held for sale

All completed properties held for sale are located in the Mainland China.

11. Trade and other receivables

(a) Trade receivables

	30 June 2018	**31 December 2017**
	RMB'000	RMB'000
Trade receivables	3,286,723	3,962,619
Less: allowance provision for impairment	(11,974)	(8,530)
Trade receivables - net	3,274,749	3,954,089
Less: non-current portion	(97,612)	(417,768)
Current portion	3,177,137	3,536,321

During the six months ended 30 June 2018, loss of provision of RMB1,094,000 (2017: RMB8,530,000) was made against the gross amount of trade receivables.

Trade receivables mainly arose from sales of properties. Proceeds in respect of sales of properties are to be received in accordance with the terms of the related sales and purchase agreements.

The ageing analysis of trade receivables is as follows:

	30 June 2018	**31 December 2017**
	RMB'000	RMB'000
Within 90 days	1,717,306	1,263,960
Over 90 days and within 180 days	403,129	658,154
Over 180 days and within 365 days	361,907	853,833
Over 365 days	804,381	1,186,672
	3,286,723	3,962,619

The maximum exposure to credit risk at each balance sheet date is the carrying value of each class of receivables mentioned above. The Group has retained the legal titles of the properties sold to these customers before the trade receivables are settled.

(b) Other receivables

	30 June 2018	**31 December 2017**
	RMB'000	RMB'000
Other receivables	94,053,725	101,761,046
Less: allowance provision for impairment	(99,811)	(12,795)
Other receivables - net	93,953,914	101,748,251

The amounts of other receivables mainly represented the receivables from joint ventures, non-controlling interests, deposits for acquisition of land use right, construction projects and borrowings, and loans to certain third parties which were facilitated through the internet finance platform.

During the six months ended 30 June 2018, impairment provision of RMB3,580,000 (2017: RMB12,795,000) was made against the gross amount of other receivables.

The carrying amounts of the Group's other receivables are denominated in RMB.

The maximum exposure to credit risk at each balance sheet date is the carrying value of each class of receivables mentioned above.

As at 30 June 2018 and 31 December 2017, the fair value of trade and other receivables approximated their carrying amounts.

12. Prepayments

	30 June 2018	31 December 2017
	RMB'000	RMB'000
Prepaid value added taxes and other taxes	740,278	1,220,164
Prepayments and advances to third parties	1,662,922	3,516,663
- for acquisition of land use rights	1,224,047	3,061,128
- others	438,875	455,535
	2,403,200	4,736,827

13. Investments accounted for using the equity method

	30 June 2018	31 December 2017
	RMB'000	RMB'000
Associates	2,915,758	2,144,024
Joint ventures	5,696,477	2,325,724
	8,612,235	4,469,748

The amounts recognised in the income statement are as follows:

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
Share of profit of associates	297,503	78,987
Share of (losses)/profit of joint ventures	(26,300)	94,625
	271,203	173,612

Interests in associates

The movements of the interests in associates are as follows:

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
Balance as at 1 January	2,144,024	617,489
Additions	474,231	55,165
Share of post-tax profits of associates	297,503	78,987
Balance as at 30 June	2,915,758	751,641

There are no contingent liabilities or commitment relating to the Group's interests in the associates.

13. Investments accounted for using the equity method (Continued)

Interests in joint ventures

The movements of the interests in joint ventures are as follows:

	Six months ended 30 June	
	2018	**2017**
	RMB'000	RMB'000
Balance as at 1 January	2,325,724	1,326,168
Additions	3,728,972	742,746
Dividends declared	(331,919)	-
Share of post-tax (losses)/profits of joint ventures	(26,300)	94,625
Balance as at 30 June	5,696,477	2,163,539

The additions during the period mainly included the investments in a number of property development companies newly established.

As at 30 June 2018 and 31 December 2017, the Group provided no financial guarantees for borrowings of joint ventures.

There are no commitment relating to the Group's interests in the joint ventures.

14. Financial assets at fair value through other comprehensive income

	Six months ended 30 June 2018
	RMB'000
Balance as at 1 January	-
Reclassified from AFS (note 4(b))	277,946
Net gains recognised in equity	725
Balance as at 30 June	278,671

As at 30 June 2018, FVOCI were all unlisted equity investments and denominated in RMB.

There were no impairment provisions on FVOCI made during the six months ended 30 June 2018.

15. Financial assets at fair value through profit or loss

	Six months ended 30 June 2018
	RMB'000
Balance as at 1 January	-
Reclassified from AFS (note 4(b))	269,671
Additions	14,259
Fair value loss	(43,548)
Balance as at 30 June	240,382

As at 30 June 2018, FVPL represented the Group's equity investments in certain companies listed on the Shanghai Stock Exchange and the Stock Exchange of Hong Kong Limited, which are quoted in an active market.

Changes in fair values of these investments are recorded in "Fair value losses on financial assets at fair value through profit or loss" in the consolidated statement of comprehensive income.

16. Restricted cash

	30 June 2018	31 December 2017
	RMB'000	RMB'000
Denominated in RMB	6,865,860	4,131,415
Denominated in other currencies	4,365	5,802
	6,870,225	4,137,217

The conversion of the PRC group entities' RMB denominated bank balances into foreign currencies and the remittance of such foreign currencies denominated bank balances and cash out of the PRC are subject to relevant rules and regulations of foreign exchange control promulgated by the PRC government.

As at 30 June 2018, the Group's restricted cash mainly comprised guarantee deposits for construction of projects and guarantee deposits for bank acceptance notes and loans.

17. Cash and cash equivalents

	30 June 2018	31 December 2017
	RMB'000	RMB'000
Cash at bank and in hand:		
- Denominated in RMB	4,041,838	8,008,825
- Denominated in other currencies	9,644,118	6,456,892
	13,685,956	14,465,717

The conversion of RMB denominated balances into foreign currencies and the remittance of such foreign currencies denominated bank balances and cash out of the PRC are subject to relevant rules and regulation of foreign exchange control promulgated by the PRC government.

Cash at banks earns interest at floating daily bank deposit rates.

18. Share capital

Ordinary shares:

	Number of share	Share capital RMB'000
At 30 June 2018 and 31 December 2017	1	66,962

At 30 June 2018 and 31 December 2017, the issued share capital of the Company represented 1 ordinary share with par value of HK$1 per share.

19. Reserves

	Merger reserve	Other reserves	Statutory reserves	Translation reserve	Total
	RMB'000 (note (a))	RMB'000	RMB'000 (note (b))	RMB'000	RMB'000
Six months ended 30 June 2018					
Balance as at 31 December 2017	(5,593,653)	(3,174,308)	882,840	176,517	(7,708,604)
Change in accounting policy (note 4)	-	(49,986)	-	-	(49,986)
Restated balance at 1 January 2018	(5,593,653)	(3,224,294)	882,840	176,517	(7,758,590)
Change in fair value of FVOCI, net of tax	-	543	-	-	543
Currency translation differences	-	-	-	186,655	186,655
Disposal of subsidiaries	-	-	(439)	-	(439)
Changes in ownership interest in subsidiaries without change of control	-	(506)	-	-	(506)
Balance at 30 June 2018	(5,593,653)	(3,224,257)	882,401	363,172	(7,572,337)
Six months ended 30 June 2017					
Balance at 1 January 2017	(5,593,653)	(771,608)	688,085	768,826	(4,908,350)
Change in fair value of available-for-sale financial assets, net of tax	-	17,372	-	-	17,372
Currency translation differences	-	-	-	(209,747)	(209,747)
Changes in ownership interest in subsidiaries without change of control	-	(2,191,257)	-	-	(2,191,257)
Balance at 30 June 2017	(5,593,653)	(2,945,493)	688,085	559,079	(7,291,982)

(a) Merger reserve

The merger reserve represents the aggregate nominal value of the share capital/paid-in capital of the subsidiaries acquired by the Company less considerations paid.

(b) Statutory reserves

Pursuant to the relevant rules and regulation concerning foreign investment enterprise established in the PRC and the articles of association of certain PRC subsidiaries of the Group, those subsidiaries are required to transfer an amount of their profit after taxation to the statutory reserve fund, until the accumulated total of the fund reaches 50% of their registered capital. The statutory reserve fund may be distributed to equity holders in form of bonus issue.

20. Borrowings

	30 June 2018	31 December 2017
	RMB'000	RMB'000
Borrowings included in non-current liabilities:		
Bank borrowings	29,580,615	36,265,945
Other borrowings (note (a))	18,838,878	25,489,954
	48,419,493	61,755,899
Less: current portion of non-current borrowings	(19,615,553)	(17,856,554)
	28,803,940	43,899,345
Borrowings included in current liabilities:		
Bank borrowings	37,455,740	69,090,862
Other borrowings (note (a))	-	2,472,700
Current portion of non-current borrowings	19,615,553	17,856,554
	57,071,293	89,420,116
Total borrowings	85,875,233	133,319,461

The total borrowings are denominated in the following currencies:

	30 June 2018	31 December 2017
RMB	41,122,971	57,321,846
US$	25,509,513	30,612,961
HK$	19,242,749	29,825,854
EUR$	-	15,558,800
	85,875,233	133,319,461

(a) Other borrowings

Certain group companies in the PRC which are engaged in development of real estate projects have entered into fund arrangements with certain financial institutions (the "Trustees"), respectively, pursuant to which Trustees raised trust funds and injected the funds to the group companies. All the funds bear fixed interest rates and have fixed repayment terms.

21. Trade and other payables

	30 June 2018	31 December 2017
	RMB'000	RMB'000
Trade payables- third parties	28,523,118	27,306,308
Other payables	109,082,502	85,597,249
Accrued expenses	52,568	98,401
Payroll payable	403,363	489,407
Other taxes payable	1,361,270	831,079
	139,422,821	114,322,444

22. Other income

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
Interest income	81,773	35,783
Forfeited customer deposits	98,843	63,127
Gain on disposal of property, plant and equipment and investment properties	124,175	489
Others	29,556	91,757
	334,347	191,156

23. Other gains – net

	Six months ended 30 June 2018	Six months ended 30 June 2017
	RMB'000	RMB'000
Net gains on disposal of subsidiaries (note (a))	2,953,836	5
Net foreign exchange gains	358,746	176,870
	3,312,582	176,875

(a) Amounts comprised mainly the gain from partial disposal of certain property development projects of the Group in Hainan Province.

24. Expenses by nature

Major expenses included in cost of sales, selling and marketing costs, administrative expenses and other operating expenses are analysed as follows:

	Six months ended 30 June 2018	Six months ended 30 June 2017
	RMB'000	RMB'000
Cost of properties sold	19,770,594	9,838,674
Employee benefit expenses	2,407,106	1,862,794
Employee benefit expenditure – including directors' emoluments	2,664,555	2,100,503
Less: capitalised in properties under development, investment properties under construction and construction in progress	(257,449)	(237,709)
Tax and other levies	157,484	521,608
Advertising and promotion expenses	296,245	443,576
Sales commissions	124,645	65,478
Depreciation of property, plant and equipment	184,363	196,569
Amortisation of land use rights and intangible assets	18,975	32,262
Operating lease expenses	20,866	19,243
Donations	407,063	246,080

25. Finance cost, net

	Six months ended 30 June 2018	Six months ended 30 June 2017
	RMB'000	RMB'000
Finance costs		
-Bank and other borrowings	3,044,607	2,575,920
-Less: interest capitalised	(2,347,895)	(2,378,987)
	696,712	196,933
Exchange losses from borrowings	250,885	1,490,512
Other finance costs	29,960	158,426
	977,557	1,845,871

26. Income tax expenses

	Six months ended 30 June	
	2018	**2017**
	RMB'000	RMB'000
Current income tax		
- Hong Kong profits tax	10,614	16,197
- PRC corporate income tax	2,680,230	1,684,259
- PRC land appreciation tax	2,348,597	1,519,431
	5,039,441	3,219,887
Deferred income tax		
- PRC corporate income tax	(76,800)	(426,425)
- PRC land appreciation tax	(422,600)	(393,474)
	4,540,041	2,399,988

Overseas income tax

Certain subsidiaries of the Group in the British Virgin Islands were incorporated under the International Business Companies Act of the British Virgin Islands and accordingly, are exempted from British Virgin Islands income tax.

Hong Kong profits tax

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 June 2017: 16.5%)on the estimated assessable profit for the current period in respect of operations in Hong Kong.

PRC corporate income tax

The income tax provision of the Group in respect of operations in Mainland China has been calculated at the applicable tax rate of 25% (six months ended 30 June 2017: 25%) on the estimated assessable profits for the period, based on the existing legislation, interpretations and practices in respect thereof.

PRC withholding income tax

According to the new Corporate Income Tax Law of the PRC, starting from 1 January 2008, a withholding tax of 10% will be levied on the immediate holding companies outside the PRC when their PRC subsidiaries declare dividend out of profits earned after 1 January 2008. A lower 5% withholding tax rate may be applied when the immediate holding companies of the PRC subsidiaries are established in Hong Kong according to the tax treaty arrangements between the PRC and Hong Kong.

PRC land appreciation tax

PRC land appreciation tax is levied at progressive rate ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including land use rights and property development expenditures.

27. Financial guarantees

	30 June 2018	31 December 2017
	RMB'000	RMB'000
Guarantees in respect of mortgage facilities for certain purchasers of the Group's property units (note (a))	24,420,494	27,919,916
Guarantees for borrowings of cooperation parties	30,000	30,000
	24,450,494	27,949,916

(a) The Group has arranged bank financing for certain purchasers of the Group's property units and provided guarantees to secure obligations of such purchasers for repayments. Such guarantees terminate upon the earlier of (i) issuance of the real estate ownership certificate which will generally be available within an average period of two to three years upon the completion of guarantee registration; or (ii) the satisfaction of mortgaged loan by the purchasers of properties.

Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible for repaying the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties. The Group's guarantee period starts from the dates of grant of the mortgages. The directors consider that the likelihood of default in payments by purchasers is minimal and therefore the financial guarantees measured at fair value is immaterial.

28. Commitments

(a) Operating leases commitments

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	30 June 2018	31 December 2017
	RMB'000	RMB'000
Property, plant and equipment:		
Not later than one year	56,475	23,313
Later than one year and not later than five years	79,731	39,061
Later than five years	51,752	39,492
	187,958	101,866

(b) Commitments for property development expenditure

	30 June 2018	31 December 2017
	RMB'000	RMB'000
Contracted but not provided for		
- Property development activities	18,689,074	19,881,846
- Acquisition of land use rights	1,025,400	3,977,564
	19,714,474	23,859,410

29. Related party transactions

(a) Transactions with related parties

During six months ended 30 June 2018 and 2017, the Group had the following significant transactions with related parties, which are carried out in the normal course of the Group's business:

	Six months ended 30 June	
	2018	**2017**
	RMB'000	RMB'000
Nature of transactions		
Fellow Subsidiaries		
Purchase of goods from fellow subsidiaries	652,400	577,529
Property managemenet services to fellow subsidiaries	563,748	484,161
Rental income from fellow subsidiaries	55,058	35,810
Provision of services to fellow subsidiaries	16,640	9,901
Rental expenditure charged by a fellow subsidiary	67	165
	1,287,913	1,107,566

Aforementioned revenue and cost were charged in accordance with the terms of the underlying agreements which, in the opinion of the directors of the Company, were determined with reference to the market price of the prescribed year. In the opinion of the directors of the Company, the above related party transactions were carried out in the normal course of business and at terms mutually negotiated between the Group and the respective related parties.

(b) Balances with related parties

As at 30 June 2018 and 31 December 2017, the Group had the following significant non-trade balances with related parties:

	30 June 2018	**31 December 2017**
	RMB'000	RMB'000
Due from related parties (note (i))		
Included in trade and other receivables		
- Associates	48,247	-
- Joint ventures	1,356,559	859,234
- Joint ventures of Hengda Real Estate Group Limited	9,451	11
- Fellow subsidiaries	90,329,346	98,647,043
	91,743,603	99,506,288

29. Related party transactions (continued)

(b) Balances with related parties (continued)

	30 June 2018	**31 December 2017**
	RMB'000	RMB'000
Due to related parties		
Included in trade and other payables (note (i))		
- Associates	104,733	1,500
- Joint ventures	63,866	240,470
- Fellow subsidiaries	100,681,040	70,489,041
- Joint ventures of Hengda Real Estate Group Limited	345,037	-
	101,194,676	70,731,011
Included in borrowings (note (ii))		
- An associate of China Evergrande Group	197,770	-

(i) The balances are cash advances in nature, which are unsecured, interest-free and repayable on demand.

(ii) The balances are borrowings in nature, which are secured, interest bearing and repayable according to respective loan agreements.

(c) Key management compensation

Key management includes directors and heads of major operational departments. The compensation paid or payable to key management for employee services is shown below:

	Six months ended 30 June	
	2018	**2017**
	RMB'000	RMB'000
Salaries and other employee benefits	7,495	2,613

REPORT OF THE DIRECTOR

The director of Tianji Holding Limited (the "Company") presents his report together with the audited consolidated financial statements for the year ended 31 December 2017.

Principal activities

The principal activity of the Company is investment holdings. The activities of the subsidiaries are set out in note 38 to the financial statements.

Results and appropriations

The results of the Group for the year ended 31 December 2017 are set out in the consolidated statement of comprehensive income on page 7.

The director does not recommend the payment of a dividend.

Donations

During the year, the charitable contributions and other donations made in Hong Kong and China by the Group totalled RMB 863,282,000.

Share issued in the year

There is no share issued in the year ended 31 December 2017. Details of the shares are set out in note 18 to the financial statements.

Director

The director of the Company during the year and up to the date of this report was:

Mr Huang Xiangui
Ms Pan Hanling

Ms. Pan Hanling was appointed as director on 30 September 2017. Mr. Huang Xiangui resigned from the directors on 30 September 2017.

There being no provision in the Company's Articles of Association for retirement by rotation, the director continues in office.

Director's material interests in transactions, arrangements and contracts that are significant in relation to the Company's business

No transactions, arrangements and contracts of significance in relation to the Company's business to which the Company's subsidiary, fellow subsidiaries or its parent Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at 31 December 2017 or at any time during the year ended 31 December 2017.

Director's interests in the shares, underlying shares and debentures of the Company or any associated corporation

As at 31 December 2017, the interests in the underlying shares and debentures of China Evergrande Group ("Evergrande"), the Company's ultimate holding company, held by the director of the Company are as below:

Name of director	Nature of interest	Number of shares involved in the options granted under the Share Option Scheme	Approximate percentage of shareholding of those options granted under the Share Option Scheme based on the existing issued shares of the Company
Pan Hanling	beneficiary owner	2,600,000	0.02%

The details of the options granted are as follows:

Date of grant of options	Number of options granted	Number of shares under Share Options Scheme outstanding as at 1 January 2017	Number of options granted during the year	Number of options exercised during the year	Number of shares under Share Options Scheme outstanding as at 31 December 2017
9 October 2014	5,000,000	4,700,000	—	(2,700,000)	2,000,000
6 October 2017	600,000	—	600,000	—	600,000
	5,600,000	4,700,000	600,000	(2,700,000)	2,600,000

Management contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

Auditor

The financial statements have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board

Name of Director

Hong Kong, 28 April 2018

OPINION

What we have audited

The consolidated financial statements of Tianji Holding Limited (the "Company") and its subsidiaries (the "Group") set out on pages 4 to 70, 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.

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 Hong Kong Companies Ordinance.

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.

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.

OTHER INFORMATION

The director of the Company is responsible for the other information. The other information comprises the information included in the director's report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTOR AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The director of the Company is 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 Hong Kong Companies Ordinance, and for such internal control as the director 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 director is 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 director either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with Section 405 of the Hong Kong Companies Ordinance and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the director.

- Conclude on the appropriateness of the director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 28 April 2018

CONSOLIDATED BALANCE SHEET

	Note	31 December 2017 RMB'000	31 December 2016 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	6	5,933,364	5,350,906
Land use rights	7	3,044,962	3,091,026
Investment properties	8	30,185,920	27,192,835
Trade and other receivables	11	417,768	623,328
Prepayments	12	—	934,659
Intangible assets		93,535	101,372
Investments accounted for using equity method	13	4,469,748	1,943,657
Available-for-sale financial assets	14	549,672	551,544
Deferred income tax assets	21	235,526	150,914
		44,930,495	39,940,241
Current assets			
Inventories		1,864	33,717
Properties under development	9	127,619,184	113,607,621
Completed properties held for sale	10	18,446,149	15,960,912
Trade and other receivables	11	105,284,572	84,145,587
Prepayments	12	4,736,827	1,792,317
Income tax recoverable		1,325,167	1,064,598
Restricted cash	16	4,137,217	7,294,305
Cash and cash equivalents	17	14,465,717	10,998,779
		276,016,697	234,897,836
Total assets		320,947,192	274,838,077
EQUITY			
Capital and reserves attributable to the shareholder of the Company			
Share capital	18	66,962	66,962
Other reserves	19	(7,708,604)	(4,908,350)
Retained earnings		5,636,249	3,014,558
		(2,005,393)	(1,826,830)
Non-controlling interests	34	9,241,738	7,630,312
Total equity		7,236,345	5,803,482
LIABILITIES			
Non-current liabilities			
Borrowings	20	43,899,345	49,721,810
Other payables	22	—	9,115,190
Deferred income tax liabilities	21	20,814,368	19,923,033
		64,713,713	78,760,033

	Note	31 December 2017 RMB'000	31 December 2016 RMB'000
Current liabilities			
Borrowings	20	89,420,116	29,116,658
Trade and other payables	22	114,322,444	125,349,033
Receipt in advance from customers		36,312,907	31,125,930
Current income tax liabilities	23	8,941,667	4,682,941
		248,997,134	190,274,562
Total liabilities		313,710,847	269,034,595
Total equity and liabilities		320,947,192	274,838,077

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

Director

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Year ended 31 December 2017 RMB'000	2016 RMB'000
Revenue	5	35,639,069	21,089,044
Cost of sales	26	(24,963,279)	(15,261,509)
Gross profit		10,675,790	5,827,535
Fair value gains on investment properties	8	1,812,366	1,241,402
Other gains	24	148,734	42,248
Other income	25	279,065	350,902
Selling and marketing costs	26	(1,647,628)	(1,459,150)
Administrative expenses	26	(1,895,450)	(2,990,877)
Other operating expenses	26	(1,016,551)	(331,853)
Operating profit		8,356,326	2,680,207
Finance costs	28	(1,416,038)	(812,492)
Share of profit of investments accounted for using equity method	13	221,668	99,345
Profit before income tax		7,161,956	1,967,060
Income tax expense	29	(4,507,508)	(2,306,181)
Profit/(loss) for the year		2,654,448	(339,121)
Other comprehensive income			
(Item that may be reclassified to profit or loss)			
Change in value of available-for-sale financial assets, net of tax		16,004	(27,681)
Currency translation differences		(592,309)	768,826
		(576,305)	741,145
Total comprehensive income for the year		2,078,143	402,024
Profit attributable to:			
Shareholders of the Company		2,816,446	(525,678)
Non-controlling interests		(161,998)	186,557
		2,654,448	(339,121)
Total comprehensive income attributable to:			
Shareholders of the Company		2,240,141	215,467
Non-controlling interests		(161,998)	186,557
		2,078,143	402,024

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to shareholders of the Company					
	Share capital	Reserves	Retained earnings	Total	Non -controlling interests	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance as at 1 January 2016	66,962	3,690,445	6,873,860	10,631,267	6,661,173	17,292,440
Comprehensive income						
Loss/(profit) for the year	—	—	(525,678)	(525,678)	186,557	(339,121)
Other comprehensive income						
Change in value of available-for-sale financial assets	—	(27,681)	—	(27,681)	—	(27,681)
Currency translation differences	—	768,826	—	768,826	—	768,826
Total comprehensive income	—	741,145	(525,678)	215,467	186,557	402,024
Transactions with owners						
Transfer to statutory reserves	—	163,372	(163,372)	—	—	—
Consideration paid for acquisition of subsidiaries under common control	—	(8,698,605)	—	(8,698,605)	—	(8,698,605)
Dividends *(note 34)*	—	—	(3,170,252)	(3,170,252)	(319,590)	(3,489,842)
Changes in ownership interests in subsidiaries without change of control *(note 34)*	—	(804,707)	—	(804,707)	(4,275,243)	(5,079,950)
Capital injection from non-controlling interests *(note 34)*	—	—	—	—	1,996,742	1,996,742
Non-controlling interests arising from business combination *(note 34)*	—	—	—	—	3,477,280	3,477,280
Disposal of subsidiaries *(note 34)*	—	—	—	—	(96,607)	(96,607)
Total transactions with owners	—	(9,339,940)	(3,333,624)	(12,673,564)	782,582	(11,890,982)
Balance as at 31 December 2016	66,962	(4,908,350)	3,014,558	(1,826,830)	7,630,312	5,803,482
Balance as at 1 January 2017	66,962	(4,908,350)	3,014,558	(1,826,830)	7,630,312	5,803,482
Comprehensive income						
Profit/(loss) for the year	—	—	2,816,446	2,816,446	(161,998)	2,654,448
Other comprehensive income						
Change in value of available-for-sale financial assets	—	16,004	—	16,004	—	16,004
Currency translation differences	—	(592,309)	—	(592,309)	—	(592,309)
Total comprehensive income	—	(576,305)	2,816,446	2,240,141	(161,998)	2,078,143
Transactions with owners						
Transfer to statutory reserves	—	194,755	(194,755)	—	—	—
Changes in ownership interests in subsidiaries without change of control *(note 34)*	—	(2,418,704)	—	(2,418,704)	(226,863)	(2,645,567)
Capital injection from non-controlling interests *(note 34)*	—	—	—	—	2,000,287	2,000,287
Total transactions with owners	—	(2,223,949)	(194,755)	(2,418,704)	1,773,424	(645,280)
Balance as at 31 December 2017	66,962	(7,708,604)	5,636,249	(2,005,393)	9,241,738	7,236,345

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Year ended 31 December 2017 RMB'000	2016 RMB'000
Cash flows of operating activities			
Net cash generated from operations	30	7,053,048	8,250,641
Income tax paid		(1,725,219)	(1,048,297)
Interest paid		(7,771,248)	(2,952,228)
Net cash generated from operating activities		(2,443,419)	4,250,116
Cash flows of investing activities			
Acquisition of subsidiaries, net of cash acquired	35	(18,321,608)	(31,918,833)
Purchases of property, plant and equipment and investment properties		(1,470,619)	(1,496,222)
Proceeds from disposal of property, plant and equipment, land use rights and intangible assets		1,272	224,115
Proceeds from disposal of investment properties		178,212	69,787
Purchase of land use rights		(15,557)	(119,739)
Purchase of intangible assets		(1,470)	(2,132)
Investment in associates		(1,561,677)	(638,711)
Investment in joint ventures		(742,746)	(1,205,601)
Disposal of subsidiaries		—	(1,632)
Purchase of available-for-sale financial assets	14	(1,597,186)	(10,950)
Proceeds from disposal of available-for-sale financial assets		1,620,588	232,032
Dividend received	25	—	32,388
Cash advance to fellow subsidiaries		(30,702,496)	(38,322,812)
Cash advance to associates		—	(48,921)
Cash advance to joint ventures		(565,459)	(293,775)
Cash advance to associates of the ultimate holding company		—	(9,692)
Cash advance to joint ventures of the ultimate holding company		—	(6,602)
Cash advance to non-controlling interests		(203)	(528,000)
Repayment from fellow subsidiaries		11,632,642	—
Repayment from associates		48,921	—
Repayment from associates of the ultimate holding company		9,692	—
Repayment from joint ventures of the ultimate holding company		6,591	—
Repayment from non-controlling interests		6,885	—
Interest received		58,200	89,082
Net cash used in investing activities		(41,416,018)	(73,956,218)

	Note	Year ended 31 December 2017 RMB'000	2016 RMB'000
Cash flows of financing activities			
Proceeds from bank and other borrowings		116,941,289	71,612,210
Repayments of bank and other borrowings		(64,974,261)	(25,779,447)
Acquisition of entities under common control		—	(8,698,605)
Dividends paid		(3,145,967)	(766,961)
Acquisition of non-controlling interests in subsidiaries		(2,645,567)	(1,634,144)
Capital injection from non-controlling interests	34	409,893	1,996,742
Cash advance from associates		1,500	154,451
Cash advance from fellow subsidiaries		7,704,361	34,830,766
Cash advance from joint ventures		240,470	82,406
Cash advance from joint ventures of the ultimate holding company		—	78,060
Repayment to associates		(82,406)	—
Repayment to fellow subsidiaries		(10,817,420)	—
Repayment to joint ventures		(115,589)	—
Repayment made to joint ventures of the ultimate holding company		(154,451)	—
Repayment to associates of the ultimate holding company		—	(38,091)
Repayment to non-controlling interests		(699,743)	(30,126)
Advances from investors of subsidiaries		—	4,536,299
Restricted cash pledged for bank borrowings		4,399,261	(4,404,038)
Net cash generated from financing activities		47,061,370	71,939,522
Net increase in cash and cash equivalents		3,201,933	2,233,420
Cash and cash equivalents at beginning of year		10,998,779	8,607,739
Exchange gain on cash and cash equivalents		265,005	157,620
Cash and cash equivalents at end of year		14,465,717	10,998,779

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 General information

Tianji Holding Limited (the "Company") was incorporated in the Hong Kong on 19 May 2009 as an exempted company with limited liability and is engaged in investment holding. The Company and its subsidiaries (the "Group") are principally engaged in the property development, property investment, property management, hotel and other property development related services in the People's Republic of China (the "PRC"). The address of its registered office is at 20/F Alexandra House, 18 Charter Road, Central, Hongkong and its principal place of business is Hong Kong.

These consolidated financial statements are presented in Renminbi Yuan ("RMB") thousands, unless otherwise stated. These consolidated financial statements have been approved for issue by the director of the Company on 28 April 2018.

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.

(a) *Basis of preparation*

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") and requirements of the Hong Kong Companies ordinance Cap. 622. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets and investment properties, which are carried at fair value.

The preparation of financial statements in conformity with the HKFRS 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.

(i) *New and amended standards adopted by the Group*

The following amendments to standards are mandatory for the Group's financial year beginning on 1 January 2017. The adoption of these amended standards does not have any significant impact to the results and financial position of the Group.

The amendments to HKAS 7 require disclosure of changes in liabilities arising from financing activities, see note 30(b).

HKAS 7 (Amendments)	Statement of cash flows
HKAS 12 (Amendments)	Income tax
HKFRS 12 (Amendments)	Disclosure of interest in other entities

(ii) *New standards and amendments to standards that have been issued but are not effective*

The following new standards and amendments to standards have been issued but are not effective for the financial year beginning on 1 January 2017 and have not been early adopted by the Group:

HKFRS 15	Revenue from Contracts with Customers[1]
HKFRS 9	Financial Instruments[1]
HKFRS 16	Leases[2]
HKFRS 2 (Amendment)	Classification and Measurement of Share-based Payment Transactions[1]
HKFRS 4 (Amendment)	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[1]
HKAS 28 (Amendment)	Investments in Associates and Joint Ventures[1]
HKFRS 40 (Amendment)	Investments in Investment property[1]
HK (IFRIC) 22	Foreign Currency Transactions and Advance Consideration[1]
HK (IFRIC) 23	Uncertainty over Income Tax Treatments[2]
HKFRS 17	Insurance contracts[2]
HKFRS 10 and HKAS 28 (Amendments)	Sale or contribution of assets between an investor and its associate or joint venture[3]

[1] Effective for annual periods beginning on or after 1 January 2018.
[2] Effective for annual periods beginning on or after 1 January 2019.
[3] Effective date is to be determined by the International Accounting Standard Board.

The Group has already commenced an assessment of the impact of these new or revised standards and amendments, certain of which are relevant to the Group's operations.

HKFRS 15

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.

The Group 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 in the PRC 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 be transferred over time or at a point in time.

- The timing of revenue recognition for sale of completed properties, which is currently based on whether significant risk and reward of ownership of properties has been transferred, will be recognised at a later point in time when the underlying property is legally or physically transferred to the customer under the control transfer model.

- The Group currently offers different payment schemes to customers, the transaction price and the amount of revenue for the sale of property will be adjusted when significant financial component exists in that contract.

- The Group provides different incentives to customers when they sign a property sale contract. Certain incentives (e.g. free gift and property management service) represents separate performance obligation in a contract. Part of the consideration of the contract will be allocated to those performance obligations and recognised as revenue only when performance obligation is satisfied. The amount of revenue for the sale of property will also be reduced for any cash payment to customer which does not represent fair value of good or service provided by the customer.

- Certain costs incurred for obtaining a pre-sale property contract, which is currently expensed off in profit and loss directly, will be eligible for capitalisation under HKFRS 15 and match with revenue recognition pattern of related contract in the future.

The Group intends to adopt the standard on all uncompleted contracts as at 1 January 2018 using the modified retrospective approach which means that the cumulative impact of the adoption will be recognised in retained earnings as of 1 January 2018 and that comparatives will not be restated.

At this stage, the Group is not able to estimate the impact of the new rules on the Group's financial statements. The Group will make more detailed assessments of the impact over the next few months.

HKFRS 15 is mandatory for financial years commencing on or after 1 January 2018. The Group does not intend to adopt the standard before its effective date.

HKFRS 9

HKFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.

While the Group has yet to undertake a detailed assessment, the Group's financial assets currently classified as available-for-sale (AFS) would appear to satisfy the conditions for classification as fair value through other comprehensive income (FVOCI) and hence there will be no change to the accounting for these assets. And the Group expects that its financial assets currently measured at amortised cost and fair value through profit or loss will continue with their respective classification and measurements.

There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities. The derecognition rules have been transferred from HKAS 39 Financial Instruments: Recognition and Measurement and have not been changed.

The new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses as is the case under HKAS 39. It applies to financial assets classified at amortised cost, debt instruments measured at FVOCI, contract assets under HKFRS 15 Revenue from Contracts with Customers, lease receivables, loan commitments and certain financial guarantee contracts. While the Group has not yet undertaken a detailed assessment of how its impairment provisions would be affected by the new model, it may result in an earlier recognition of credit losses.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

HKFRS 9 must be applied for financial years commencing on or after 1 January 2018. Based on the transitional provisions in the completed HKFRS 9, early adoption in phases was only permitted for annual reporting periods beginning before 1 February 2015. After that date, the new rules must be adopted in their entirety. The Group does not intend to adopt HKFRS 9 before its mandatory date.

HKFRS 16

The Group is a lessee of certain offices and buildings, which are currently accounted for as operating leases under HKAS 17. Under HKFRS 16, lessees are required to recognise a lease liability reflecting future lease payments and a right-of-use asset for all lease contracts in the balance sheet. Lessees will also have to present interest expense on the lease liability and depreciation on the right-of-use asset in the income statement. In comparison with operating leases under HKAS 17, this will change not only the allocation of expenses but also the total amount of expenses recognised for each period of the lease term. The combination of a straight-line depreciation of the right-of-use asset and the effective interest rate method applied to the lease liability will result in a higher total charge to profit or loss in the initial years of the lease, and decreasing expenses during the latter part of the lease term. The new standard has included an optional exemption for certain short-term leases and leases of low-value assets. This exemption can only be applied by lessees. The Group is expected to apply the new standard starting from the financial year beginning on 1 January 2019.

(b) ***Consolidation***

(i) *Subsidiaries*

Subsidiaries are entities (including a structured entity) 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.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

(ii) *Business combinations*

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by HKFRS.

Acquisition-related costs are expensed off as incurred.

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 re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with HKAS 39 in profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

(iii) *Changes in ownership interests in subsidiaries without change of control*

Transactions with non-controlling interests that do not result in a loss of control are accounted for as equity transactions — that is, as transactions with the owners of the subsidiary in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying amount of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(iv) *Disposal of subsidiaries*

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is 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.

(v) *Investments in subsidiaries*

In the Company's statement of financial position, the 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.

(c) *Associates*

An associate is an entity over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investments in associates include goodwill identified on acquisition. Upon the acquisition of the ownership interest in an associate, any difference between the cost of the associate and the Group's share of the net fair value of the associate's identifiable assets and liabilities is accounted for as goodwill.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of post-tax loss of associates' in the income statement.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Gain or losses on dilution of equity interest in associates are recognised in the income statement.

(d) *Joint arrangements*

The Group has applied HKFRS 11 to all joint arrangements. Under HKFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. The Group's investments in joint ventures include goodwill identified on acquisition. Upon the acquisition of the ownership interest in a joint venture, any difference between the cost of the joint venture and the Group's share of the net fair value of the joint venture's identifiable assets and liabilities is accounted for as goodwill. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

(e) *Segment reporting*

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (CODM). The CODM who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors that makes strategic decisions.

(f) *Foreign currency translation*

(i) *Functional and presentation currency*

Items included in the financial statements of each group entities are measured using the currency of the primary economic environment in which the entities operate (the "functional currency"). The consolidated financial statements are presented in RMB, which is the functional and presentation currency of the Company.

(ii) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of comprehensive income, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gain and losses that relate to borrowings denominated in foreign currencies are presented in the consolidated statement of comprehensive income within 'finance income/(costs), net'. All other foreign exchange gain and losses are presented in the consolidated statement of comprehensive income within other income or other expenses.

(iii) *Group entities*

The results and financial positions of the Group entities (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 of the Group entities are translated at the closing rate at the date of that balance sheet;

- income and expenses for each income statement of the Group entities are translated at average exchange rates; and

- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken into holders' equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale.

(g) *Property, plant and equipment*

Property, plant and equipment are stated at historical cost less depreciation and any impairment loss. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised 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 repairs and maintenance are recognised in profit or loss during the period in which they are incurred.

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Buildings	20–30 years
Machinery	5–10 years
Transportation equipment	5–10 years
Furniture, fitting and equipment	5–10 years

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at each balance sheet date.

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.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within other (losses)/gains, in the statement of comprehensive income.

Assets under construction are stated at historical cost less impairment losses. Historical cost includes expenditure that is directly attributable to the development of the assets which comprises construction costs, amortisation of land use rights, borrowing costs and professional fees incurred during the development period. On completion, the assets are transferred to buildings within property, plant and equipment.

No depreciation is provided for assets under construction. The carrying amount of an asset under construction is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

(h) ***Investment properties***

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group, is classified as investment property. Properties and land use right that are currently being constructed or developed for future use as investment property is classified as investment property.

Investment property is measured initially at its cost, including related transaction costs.

After initial recognition, investment property is carried at fair value. Where fair value of investment property under construction is not reliably measurable, the property is measured at cost until the earlier of the date construction is completed or the date at which fair value becomes reliably measurable. 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 this information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections.

Subsequent expenditure is charged to the asset's carrying amount 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 repairs and maintenance costs are recognised in profit or loss during the financial period in which they are incurred.

Changes in fair values of investment property are recognised in profit or loss.

If an investment property becomes owner-occupied or commences to be further developed for sale, it is reclassified as property, plant and equipment and land use right or properties under development, and its fair value at the date of change in use becomes its cost for accounting purposes.

If an item of property, plant and equipment becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this item at the date of transfer is recognised in equity as a revaluation of property, plant and equipment under HKAS 16. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in profit or loss to the extent the impairment provision previous made.

(i) ***Intangible asset***

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of three to ten years.

(j) ***Impairment of non-financial assets***

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed 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 to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows ("cash-generating unit"). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(k) *Financial assets*

(i) *Classification*

The Group classifies its financial assets as financial assets at fair value through profit or loss, loans and receivables, and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorized as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

Loans and receivables

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 those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are classified as 'trade and other receivables' and 'cash and cash equivalents' in the balance sheet.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

(ii) *Recognition and measurement*

Regular way purchases and sales of financial assets are recognised on the trade-date — the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income statement within 'fair value gain on financial assets at fair value through profit or loss' in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the income statement as part of other income when the group's right to receive payments is established.

Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognised in other comprehensive income.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the profit or loss.

Dividends on available-for-sale equity instruments are recognised in the profit or loss when the Group's right to receive payments is established.

(iii) *Offsetting financial instruments*

Financial assets and liabilities are offset and the net amount reported in the balance sheet 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. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

(l) *Impairment of financial assets*

(i) *Assets carried at amortised cost*

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 or held- to-maturity investment 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 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.

(ii) *Assets classified as available for sale*

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. For equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists, the cumulative loss — measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss — is removed from equity and recognised in profit or loss. Impairment losses recognised in profit or loss on equity instruments are not reversed through profit or loss.

(m) *Properties under development*

Properties under development are stated at the lower of cost and net realisable value. Net realisable value takes into account the price ultimately expected to be realised, less applicable variable selling expenses and anticipated cost to completion.

Development cost of property comprises mainly construction costs, cost of land use rights, borrowing costs, and professional fees incurred during the development period. On completion, the properties are transferred to completed properties held for sale.

Properties under development are classified as current assets unless those will not be realised in one normal operating cycle.

(n) *Completed properties held for sale*

Completed properties remaining unsold at the end of each relevant year are stated at the lower of cost and net realisable value.

Cost comprises development costs attributable to the unsold properties.

Net realisable value is determined by reference to the estimated selling price in the ordinary course of business, less applicable estimated selling expenses to make the sale.

(o) *Inventories*

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of finished goods and work in progress comprises, raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

(p) *Trade and other receivables*

Trade receivables are amounts due from customers for properties sold or services performed in the ordinary course of business. 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.

(q) ***Cash and cash equivalents***

Cash and cash equivalent includes cash in hand and at banks and deposits held at call with banks, other short-term high liquidity investment with original maturities of three months or less.

Bank deposits which are restricted to use are classified as "restricted cash". Restricted cash are excluded from cash and cash equivalents in the cash flow statements.

(r) ***Share capital***

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new share or options are shown in equity as a deduction, net of tax, from the proceeds.

(s) ***Trade and other payables***

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (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 effective interest method.

(t) ***Borrowings***

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Fees paid to the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that part 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 respective balance sheet date.

(u) ***Borrowing costs***

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. Other borrowing costs are recognised as an expense in the period in which they are incurred.

Borrowing costs include interest expense, and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs. The exchange gains and losses that are an adjustment to interest costs include the interest rate differential between borrowing costs that would be incurred if the entity had borrowed funds in its functional currency, and the borrowing costs actually incurred on foreign currency borrowings. Such amounts are estimated based on forward currency rates at the inception of the borrowings.

When the construction of the qualifying assets takes more than one accounting period, the amount of foreign exchange differences eligible for capitalisation is determined for each annual period and are limited to the difference between the hypothetical interest amount for the functional currency borrowings and the actual interest incurred for foreign currency borrowings. Foreign exchange differences that did not meet the criteria for capitalisation in previous years should not be capitalised in subsequent years.

(v) ***Current and deferred income tax***

The tax expense for the period comprises current and deferred tax. Tax is recognised in the profit or loss, except 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.

(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 Group's entities 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 and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) *Deferred income tax*

Inside basis differences

Deferred income tax is recognised, 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, the deferred income tax is 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 the tax rates that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Outside basis differences

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associate and joint ventures, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the Group is unable to control the reversal of the temporary difference for its associate, only where there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference not recognised.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint ventures only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

(iii) *Offsetting*

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 tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(w) *Employee benefits*

(i) *Employee leave entitlements*

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) *Retirement benefits*

In accordance with the rules and regulations in the PRC, the PRC based employees of the Group participate in various defined contribution retirement benefit plans organised by the relevant municipal and provincial governments in the PRC under which the Group and the PRC based employees are required to make monthly contributions to these plans calculated at a percentage of the employees' salaries.

The municipal and provincial governments undertake to assume the retirement benefit obligations of all existing and future retired PRC based employees' payable under the plans described above. Other than the monthly contributions, the Group has no further obligation for the payment of retirement and other post retirement benefits of its employees. The assets of these plans are held separately from those of the Group in independently administrated funds managed by the PRC government.

The Group also participates in a pension scheme under the rules and regulations of the Mandatory Provident Fund Scheme Ordinance ("MPF Scheme") for all employees in Hong Kong, which is a defined contribution retirement scheme. The contributions to the MPF Scheme are based on minimum statutory contribution requirement of 5% of eligible employees' relevant aggregate income. The assets of this pension scheme are held separately from those of the Group in independently administered funds.

The Group's contributions to the defined contribution retirement schemes are expensed as incurred.

(iii) *Termination benefits*

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance sheet date are discounted to present value.

(x) ***Provisions and contingent liabilities***

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 expenditures expected to be required to settle the obligation using a pre-tax discount 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.

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 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.

(y) ***Revenue recognition***

Revenue comprises the fair value of the consideration received or receivable for the sales of properties and services in the ordinary course of the Group's activities. Revenue is shown, net of discount and after eliminated sales with the group entities.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probably that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The group bases its estimates of return on historical results, taking into consideration the type of customers, the type of transactions and the specifics of each arrangement.

(i) *Sales of properties*

Revenue from sales of properties is recognised when the risks and rewards of properties are transferred to the purchasers, which is when the construction of relevant properties has been completed and the properties have been delivered to the purchasers and collectability of related receivables is reasonably assured. To the extent that the Group has to perform further work on the properties already delivered to the purchasers, the relevant expenses shall be recognised simultaneously. Deposits and installments received on properties sold prior to the date of revenue recognition are included in the balance sheets under current liabilities.

(ii) *Property management*

Revenue arising from property management is recognised in the accounting period in which the services are rendered, using a straight-line basis over the term of the contract.

(iii) *Hotel operations*

Hotel revenue from room rentals, food and beverage sales and other ancillary services are recognised when the goods are delivered or services are rendered.

(iv) *Interest income*

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cashflow discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

(v) *Rental income*

Rental income of property leasing under operating leases is recognised on a straight-line basis over the lease terms.

(vi) *Dividend income*

Dividend income is recognised when the right to receive payment is established.

(z) *Leases*

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

(i) *The Group is the lessee other than operating lease of land use rights*

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.

(ii) *The Group is the lessee under operating lease of land use rights*

Land use rights under operating lease, which mainly comprised land use rights to be developed for hotel properties and self-use buildings, are stated at cost and subsequently amortised in the consolidated statement of comprehensive income on a straight-line basis over the operating lease periods, less accumulated impairment provision.

(iii) *The Group is the lessor*

Assets leased out under operating leases are included in investment properties in the balance sheets.

(aa) *Dividend distribution*

Dividend distribution to the equity holders of the Company 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 equity holders or the director, where appropriate.

(ab) *Financial guarantee liabilities*

Financial guarantee liabilities are recognised in respect of the financial guarantee provided by the Group to the banks for 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 liabilities 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 of fees recognised.

Financial guarantee liabilities are derecognised from the balance sheet when, and only when, the obligation specified in the contract is discharged or cancelled or expired.

3 Financial risk management

(a) *Financial risk factor*

The Group's major financial instruments include cash and bank deposits, trade and other receivables, available-for-sale financial assets, trade and other payables and borrowings. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The Company manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(i) *Foreign exchange risk*

The Group's businesses are principally conducted in RMB, except that certain receipts of sales proceeds and borrowings are denominated in other currencies. As at 31 December 2017, the carrying amounts of the Group's foreign currency denominated monetary assets and liabilities at the respective balance sheet dates are as follows:

	31 December	
	2017	**2016**
	RMB'000	**RMB'000**
Monetary assets		
— HK$	6,167,783	420,748
— US$	322,850	522,528
— EUR$	2,433	—
	6,493,066	943,276
Monetary liabilities		
— HK$	30,392,513	12,919,569
— US$	30,612,974	14,666,787
— EUR$	15,558,800	6,104,199
	76,564,287	33,690,555

The following table shows the sensitivity analysis of a 5% change in RMB against the relevant foreign currencies. The sensitivity analysis includes only foreign currency denominated monetary items and adjusts their translation at the year-end for a 5% change in foreign currency rates. If there is a 5% increase/decrease in RMB against the relevant currencies, the effect of increase/(decrease) in the profit for the year is as follows:

	31 December	
	2017	**2016**
	RMB'000	**RMB'000**
5% appreciation in RMB against HK$	908,427	468,706
5% depreciation in RMB against HK$	(908,427)	(468,706)
5% appreciation in RMB against US$	1,135,880	530,410
5% depreciation in RMB against US$	(1,135,880)	(530,410)
5% appreciation in RMB against EUR$	583,364	228,907
5% depreciation in RMB against EUR$	(583,364)	(228,907)

(ii) *Price risk*

The Group is exposed to equity securities price risk in connection with the available-for-sale financial assets held by the Group, which are publicly traded in stock exchange. The Group closely monitors the fluctuation of the price and assesses the impact on the Group's financial statements. If the price of equity securities the Group invested had been 5% higher/lower, other comprehensive income for the year ended 31 December 2017 would have been approximately RMB10,113,000 higher/lower (2016: RMB9,978,000 higher/lower), as a result of more/less fair value gain on available-for-sale financial assets.

(iii) *Interest rate risk*

The Group's interest-bearing assets and liabilities are mainly restricted cash, cash and cash equivalents and borrowings. The Group's exposure to changes in interest rates is mainly attributable to its long term borrowings. Borrowings at variable rates expose the Group to cash flow interest-rate risk. Borrowings issued at fixed rates expose the Group to fair value interest-rate risk.

As at 31 December 2017, if interest rate on borrowings at variable rates had been 100 basis point higher/lower with all variables held constant, post-tax profit for the year ended 31 December 2017 would decrease/increase by approximately RMB178,553,000 (2016:decrease/increase by approximately RMB43,014,000), mainly as a result of more/less interest expense on borrowings at variable rates.

The Group has not used any interest rate swaps to hedge its exposure to interest rate risk.

(iv) *Credit risk*

Cash transactions are limited to high-credit-quality institutions. The extent of the Group's credit exposure is represented by the aggregate balance of cash in bank, trade and other receivables. Deposits are only placed with reputable banks.

For credit exposures to customers, credit terms are granted to customers upon obtaining approval from the Company's senior management after assessing the credit history of those customers. The Group closely monitors the collection of progress payments from customers in accordance with payment schedule agreed with customers. The Group has policies in place to ensure that sales are made to purchasers with an appropriate financial strength and appropriate percentage of down payments.

Meanwhile, the Group has the right to cancel the contracts once repayment from the customers is in default; it also has monitoring procedures to ensure that follow-up actions are taken to recover overdue balances. In addition, the Group regularly reviews the recoverable amount of each individual trade and other receivables to ensure that adequate impairment provisions are made for irrecoverable amounts. The Group has no significant concentrations of credit risk, with exposure spread over a number of counterparties and customers.

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. Detailed disclosure of these guarantees is made in note 31. 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 principal the loan and any interest accrued thereon. Under such circumstances, the Group is able to retain the customer's deposit and resell the property to recover any amounts paid by the Group to the bank. In this regard, the director of the Company consider that the Group's credit risk is significantly reduced.

(v) *Liquidity risk*

Management aims to maintain sufficient cash and cash equivalents or have available funding through an adequate amount of available financing, including proceeds from pre-sale of properties, committed credit facilities and short-term and long-term borrowings to meet its construction commitments. Due to the dynamic nature of the underlying businesses, the Group maintains flexibility in funding by maintaining adequate amount of cash and cash equivalents and through having available sources of financing.

To cope with the rapid expansion of the Group's businesses, the Group raised significant amounts of borrowings during the years ended 31 December 2017. As at 31 December 2017, the Group's total borrowings stood at RMB133,319,461,000 and its gearing ratio achieved at 41.54% (note 3(b)).

In order to properly manage the group's liquidity risk and capital structure, the Group has a number of plans to mitigate the potential impacts on anticipated cash flows should there be significant adverse changes in economic environment. These include control on investment in land reserve, adjusting project development timetable to adapt the changing local real estate market environment, implementing cost control measures, promotion of sales of completed properties, accelerating sales with more flexible pricing. The Group will pursue such options based on its assessment of relevant future costs and benefits. With the aforementioned plans, the director of the Company considered the Group's liquidity risk has been controlled.

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 date. The amounts disclosed in the table are the contractual undiscount cash flows.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2017					
Borrowings	95,037,148	32,353,200	13,634,012	737,199	141,761,559
Trade and other payables*	113,001,958	—	—	—	113,001,958
	208,039,106	32,353,200	13,634,012	737,199	254,763,517
At 31 December 2016					
Borrowings	34,060,395	13,009,807	36,409,966	20,311,465	103,791,633
Trade and other payables*	128,645,408	3,860,019	—	1,433,590	133,939,017
	162,705,803	16,869,826	36,409,966	21,745,055	237,730,650

* Excluding staff welfare benefit payable and other taxes payable.

The amounts have not included financial guarantee contracts:

— which the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee for loans procured by the purchasers of the Group's properties (note 31). Such guarantees terminate upon the earlier of (i) issuance of the real estate ownership certificate which will generally be available within an average period of two to three years upon the completion of guarantee registration; or (ii) the satisfaction of mortgaged loan by the purchasers of properties;

The Group considers that it is more likely than not that no amount will be payable under the arrangement.

(b) *Capital risk management*

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for equity owners and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to equity owners, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total borrowings divided by total assets, as shown in the consolidated balance sheets.

The gearing ratios as at 31 December 2017 and 2016 were as follows:

	31 December	
	2017	**2016**
	RMB'000	**RMB'000**
Total borrowings *(note 20)*	133,319,461	78,838,468
Total assets	320,947,192	274,838,077
Gearing ratio	41.54%	28.69%

(c) ***Fair value estimation***

The different levels of the financial instruments carried at fair value, by valuation method, have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within 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).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

	Level 1	**Level 2**	**Level 3**	**Total**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
At 31 December 2017				
Assets				
Available-for-sale financial assets	269,675	277,947	2,050	549,672
At 31 December 2016				
Assets				
Available-for-sale financial assets	266,073	274,471	11,000	551,544

There were no transfers among different categories during the year.

The nominal value less impairment provisions of trade and other receivables and the nominal value of trade and other payables approximate their fair value due to their short maturities. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

4 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

Estimates and judgements used in preparing the financial statements are evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. 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 may have a significant effect on the carrying amounts of assets and liabilities within the next financial year are discussed below:

(a) *Estimated fair value of investment properties*

The best evidence of fair value is current prices in an active market for the properties with similar lease and other contracts. In the absence of such information, the Group determines the amount within a range of reasonable fair value estimates. In making its judgement, the Group considers information from a variety of sources including:

(i) current prices in an active market for properties of different nature, condition or location (or subject to different lease or other contracts), adjusted to reflect those differences;

(ii) recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and

(iii) discounted cash flow projections based on reliable estimates of future cash flows, derived from the terms of any existing lease and other contracts and (where possible) from external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

(iv) estimated costs to completion and expected developer's profit margin, derived from the construction budget and historical information of similar properties.

The Group assesses the fair value of its investment properties based on valuations determined by independent and professional qualified valuers.

(b) *Provision for properties under development and completed properties held for sale*

The Group estimates property construction cost upon recognition of respective costs of sales. Such estimates are substantiated by detailed budgetary information as developed by the management, and will be assessed periodically, as the constructions progress. Should these estimates depart from their actual finalised costs, such differences would affect the accuracy of costs of sales recognised.

The Group assesses the carrying amounts of properties under development and completed properties held for sale according to their recoverable amounts based on the realisability of these properties, taking into account estimated costs to completion based on past experience and committed contracts and estimated net sales value based on prevailing market conditions. Provision is made when events or changes in circumstances indicate that the carrying amounts may not be realised. The assessment requires the use of judgement and estimates.

(c) ***PRC corporate income taxes and deferred taxation***

The Group's subsidiaries that operate in the PRC are subject to income tax in the PRC. Judgement is required in determining the provision for income tax and withholding tax on unremitted earnings of PRC subsidiaries. There are many transactions and calculations for which the ultimate determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters (including the effect of change in the dividend policies of PRC subsidiaries) is different from the amounts that were initially recorded, such difference will impact the income tax and deferred tax provision in the period in which such determination is made.

Deferred tax assets relating to certain temporary differences and tax losses are recognised when management considers to be probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. The outcome of their actual utilisation may be different.

(d) ***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 properties projects. Accordingly, judgement is required in determining the amount of the land appreciation taxes. The Group recognised these land appreciation taxes based on management's best estimates according to the interpretation of the tax rules. The final tax outcome could be different from the amounts that were initially recorded, and these differences will impact the income tax expense and tax provisions in the periods in which such taxes have been finalised with local tax authorities.

5 Segment information

The chief operating decision-maker ("CODM") of the Group has been identified as the executive director of the Company who are responsible for reviewing the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports. The Group is organised into four business segments: property development, property investment, property management and other businesses. Other businesses mainly include hotel operations. As the CODM of the Group considers most of the revenue and results of the Group are attributable to the market in the PRC, and only an immaterial part (less than 10%) of the Group's assets are located outside the PRC, no geographical segment information is presented.

The director of the Company assess the performance of the operating segments based on a measure of segment results. Dividend income of available-for-sale financial assets, gain or loss on disposal of available-for-sale financial assets and finance cost and income are not included in the result for each operating segment.

Revenue for the year ended 31 December 2017 consists of sales of properties, rental income of investment properties, income from property management services and income from other businesses, which are set out below:

	Year ended 31 December	
	2017	2016
	RMB'000	RMB'000
Sales of properties	30,660,133	17,325,364
Rental income of investment properties	618,155	374,187
Property management services	3,864,766	3,008,201
Other businesses	496,015	381,292
	35,639,069	21,089,044

The segment results and other segment items included in the consolidated statement of comprehensive income for the year ended 31 December 2017 are as follows:

	Property development	Property investment	Property management services	Other businesses	Group
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Gross segment revenue	30,660,133	624,894	3,977,308	497,075	35,759,410
Inter-segment revenue	—	(6,739)	(112,542)	(1,060)	(120,341)
Revenue	30,660,133	618,155	3,864,766	496,015	35,639,069
Share of loss of associates					(35,142)
Share of profit of a joint venture					256,810
Segment results	5,399,024	2,305,715	806,859	66,205	8,577,803
Gain on disposal of available-for-sale financial assets					191
Finance costs					(1,416,038)
Profit before income tax					7,161,956
Income tax expense					(4,507,508)
Profit for the year					2,654,448
Depreciation and amortisation	260,815	—	10,481	203,985	475,281
Fair value gains on investment properties	—	1,812,366	—	—	1,812,366

The segment results and other segment items included in the consolidated statement of comprehensive income for the year ended 31 December 2016 are as follows:

	Property development	Property investment	Property management services	Other businesses	Group
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Gross segment revenue	17,325,364	375,846	3,070,738	381,385	21,153,333
Inter-segment revenue	—	(1,659)	(62,537)	(93)	(64,289)
Revenue	17,325,364	374,187	3,008,201	381,292	21,089,044
Share of loss of associates					(21,222)
Share of profit of a joint venture					120,567
Segment results	848,444	1,597,323	374,562	(98,705)	2,721,624
Dividend income of available-for-sale financial assets					32,388
Gain on disposal of available-for-sale financial assets					25,540
Finance costs					(812,492)
Profit before income tax					1,967,060
Income tax expense					(2,306,181)
Profit for the year					(339,121)
Depreciation and amortisation	275,416	—	13,595	183,359	472,370
Fair value gains on investment properties	—	1,241,402	—	—	1,241,402

Segment assets and liabilities as at 31 December 2017 are as follows:

	Property development	Property investment	Property management services	Other businesses	Group
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**
Segment assets	280,291,546	30,185,920	2,971,586	5,387,775	318,836,827
Unallocated assets					2,110,365
Total assets					320,947,192
Segment assets include:					
Interest in associates	2,144,024	—	—	—	2,144,024
Interest in joint ventures	2,325,724	—	—	—	2,325,724
Segment liabilities	147,509,548	444,997	2,502,069	178,737	150,635,351
Unallocated liabilities					163,075,496
Total liabilities					313,710,847
Capital expenditure	227,449	2,125,126	22,528	747,422	3,122,525

Segment assets and liabilities as at 31 December 2016 are as follows:

	Property development	Property investment	Property management services	Other businesses	Group
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**
Segment assets	238,078,146	27,192,835	2,062,916	5,737,124	273,071,021
Unallocated assets					1,767,056
Total assets					274,838,077
Segment assets include:					
Interest in associates	617,489	—	—	—	617,489
Interest in joint ventures	1,326,168	—	—	—	1,326,168
Segment liabilities	159,565,985	3,314,138	1,952,829	757,201	165,590,153
Unallocated liabilities					103,444,442
Total liabilities					269,034,595
Capital expenditure	240,535	13,297,692	15,778	2,252,722	15,806,727

Sales between segments are carried out at agreed terms amongst relevant parties. The revenue from external parties reported to the management is measured in a manner consistent with that in the consolidated statement of comprehensive income.

Segment assets consist primarily of property, plant and equipment, investment properties, land use rights, properties under development, completed properties held for sale, receivables, prepayments and cash balances. They exclude deferred tax assets, income tax recoverable and available-for-sale financial assets.

Segment liabilities consist of operating liabilities. Unallocated liabilities comprise taxation and borrowings.

Capital expenditure comprises additions to property, plant and equipment, investment properties, land use rights and intangible assets.

Reportable segments' assets are reconciled to total assets as follows:

	31 December	
	2017	2016
	RMB'000	RMB'000
Segment assets	318,836,827	273,071,021
Unallocated:		
Income tax recoverable	1,325,167	1,064,598
Deferred income tax assets	235,526	150,914
Available-for-sale financial assets	549,672	551,544
Total assets per consolidated balance sheet	320,947,192	274,838,077

Reportable segments' liabilities are reconciled to total liabilities as follows:

	31 December	
	2017	2016
	RMB'000	RMB'000
Segment liabilities	150,635,351	165,590,153
Unallocated:		
Current income tax liabilities	8,941,667	4,682,941
Deferred income tax liabilities	20,814,368	19,923,033
Borrowings	133,319,461	78,838,468
Total liabilities per consolidated balance sheet	313,710,847	269,034,595

No material revenues are derived from any single external customer (2016: none).

6 Property, plant and equipment

	Buildings	Machinery	Transportation equipment	Furniture, fitting and equipment	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2016						
Opening net book amount	1,270,623	27,382	15,972	526,763	484,536	2,325,276
Additions	363,228	5,036	38,953	64,866	689,827	1,161,910
Acquisition of subsidiaries	1,057,976	4,064	(5,783)	2,080	5,885	1,064,222
Transfers	365,284	17,547	—	99,284	(482,115)	—
Transfer from Investment Properties *(note 8)*	1,309,575	—	—	—	—	1,309,575
Disposals	(158,098)	(1,331)	(619)	(3,004)	—	(163,052)
Depreciation	(161,574)	(7,714)	(22,352)	(155,385)	—	(347,025)
Closing net book amount	4,047,014	44,984	26,171	534,604	698,133	5,350,906
At 31 December 2016						
Cost	4,456,318	63,925	95,348	928,288	698,133	6,242,012
Accumulated depreciation	(409,304)	(18,941)	(69,177)	(393,684)	—	(891,106)
Net book amount	4,047,014	44,984	26,171	534,604	698,133	5,350,906
Year ended 31 December 2017						
Opening net book amount	4,047,014	44,984	26,171	534,604	698,133	5,350,906
Additions	3,020	9,564	12,438	420,333	424,841	870,196
Acquisition of subsidiaries *(note 35)*	100,229	—	865	9,029	—	110,123
Transfers	70,437	287	—	134	(70,858)	—
Disposals	—	(15)	(312)	(917)	—	(1,244)
Depreciation	(189,509)	(8,812)	(11,052)	(187,244)	—	(396,617)
Closing net book amount	4,031,191	46,008	28,110	775,939	1,052,116	5,933,364
At 31 December 2017						
Cost	4,630,004	73,599	101,752	1,352,327	1,052,116	7,209,798
Accumulated depreciation	(598,813)	(27,591)	(73,642)	(576,388)	—	(1,276,434)
Net book amount	4,031,191	46,008	28,110	775,939	1,052,116	5,933,364

During the year ended 31 December 2017, the Group capitalised borrowing costs amounting to RMB8,705,000 (2016: RMB93,806,000) on the construction in progress. Borrowing costs were capitalised at the weighted average rate of its borrowings of 6.07% (2016: 7.16%).

As at 31 December 2017, property, plant and equipment of RMB1,402,138,000 (2016: RMB631,059,000) were pledged as collateral for the Group's bank borrowings (note 20).

7 Land use rights

Land use rights are related to properties outside Hong Kong, held on leases of over 40 years:

	Year ended 31 December	
	2017	2016
	RMB'000	RMB'000
Opening net book amount	3,091,026	1,669,133
Additions	15,557	1,491,268
Acquisition of subsidiaries	—	24,448
Disposal	—	(23,450)
Amortisation	(61,621)	(70,373)
Closing net book amount	3,044,962	3,091,026

Land use rights comprise cost of acquiring rights to use certain land, which are principally located in the PRC, for hotel buildings and self-use buildings over fixed periods.

As at 31 December 2017, land use rights of RMB901,396,000 (2016: RMB657,483,000) were pledged as collateral for the Group's bank borrowings (note 20).

8 Investment properties

	Year ended 31 December	
	2017	2016
	RMB'000	RMB'000
Opening net book amount	27,192,835	13,164,260
Additions	2,125,126	1,916,121
Acquisition of subsidiaries	—	11,381,571
Disposals	(269,288)	(48,209)
Transfer to property, plant and equipment *(note 6)*	—	(1,309,575)
Fair value gains on investment properties	1,812,366	1,241,402
Currency translation differences	(675,119)	847,265
Closing net book amount	30,185,920	27,192,835
Comprise of:		
Completed	28,139,920	22,249,135
Under construction	2,046,000	4,943,700

As at 31 December 2017, the Group had no unprovided contractual obligations for future repairs and maintenance (2016: nil).

As at 31 December 2017, investment properties of RMB8,702,404,000 (2016: RMB9,651,071,000) were pledged as collateral for the Group's borrowings (note 20).

(a) ***Valuation processes of the Group***

The Group measures its investment properties at fair value. The fair value of the Group's investment properties has been determined on the basis of valuation carried out by CB Richard Ellis Limited ("CBRE"), an independent and professionally qualified valuer.

Discussions of valuation processes and results are held between the management and the valuer at least once every six months, in line with the Group's interim and annual reporting dates.

(b) ***Valuation techniques***

Valuations were based on either:

(i) direct comparison approach is adopted assuming sale of each of these properties in its existing state with the benefit of vacant possession. By making reference to sales transactions as available in the relevant market, comparable properties in close proximity have been selected and adjustments have been made to account for the difference in factors such as location and property size.

(ii) income approach takes into account the current rents of the property interests and the reversionary potentials of the tenancies, term yield and reversionary yield are then applied respectively to derive the market value of the property.

(iii) residual method of valuation which is commonly used in valuing development sites by establishing the market value of the properties on an "as-if" completed basis with appropriate deduction on construction costs, professional fees, contingency, marketing and legal cost, and interest payments to be incurred, anticipated developer's profits, as well as land acquisition costs.

There were no changes to the valuation techniques during the year.

(c) ***Information about fair value measurements using significant unobservable inputs (level 3)***

	Property Category	Fair value as at 31 December 2017	Valuation techniques	Unobservable inputs	Range of unobservable inputs
Completed investment properties	Commercial properties	3,963,900	Income capitalisation	Terminal yield	5.00%–6.00%
				Reversionary yield	5.00%–6.00%
				Capitalisation rate	5.00%–5.50%
				Expected vacancy rate	0.00%–15.00%
				Monthly rental (RMB/square meter/month)	49–670
		16,777,620	Direct comparison	Market price (RMB/square meter)	6,364–44,000
	Car park	7,398,400	Direct comparison	Market price (RMB/square meter)	80,000–430,000

	Property Category	Fair value as at 31 December 2017	Valuation techniques	Unobservable inputs	Range of unobservable inputs
Investment properties under construction	Commercial properties	1,946,700	Residual method	Market price (RMB/square meter)	7,900–20,400
				Budgeted cost (RMB/square meter)	1,681–4,728
				Anticipated developer's profit margin	2.00%–10.00%
	Car park	99,300	Residual method	Market price (RMB/per car park)	130,900
				Budgeted cost (RMB/square meter)	688
				Anticipated developer's profit margin	2.00%
Completed investment properties	Commercial properties	3,197,925	Income capitalisation	Term yield	5.00%
				Reversionary yield	5.00%
				Capitalisation rate	5.00%–6.00%
				Expected vacancy rate	0.00%–10.00%
				Monthly rental (RMB/square meter/month)	70–660
		13,627,610	Direct comparison	Market price (RMB/square meter)	7,000–144,633
	Car park	5,423,600	Direct comparison	Market price (RMB/per car park)	70,000–430,000
Investment properties under construction . .	Commercial properties	3,438,500	Residual method	Market price (RMB/square meter)	6,800–21,900
				Budgeted cost (RMB/square meter)	1,233–7,610
				Anticipated developer's profit margin	5.00%–20.00%
	Car park	1,505,200	Residual method	Market price (RMB/per car park)	100,000–158,100
				Budgeted cost (RMB/square meter)	525–1,171
				Anticipated developer's profit margin	2.00%–5.00%

Relationship of unobservable inputs to fair value:

- The higher terminal and reversionary yield, the lower fair value;
- The higher capitalisation rate, the lower fair value;
- The higher expected vacancy, the lower fair value;
- The higher monthly rental, the higher fair value;
- The higher market price, the higher fair value;
- The higher budgeted construction cost to be incurred, the lower fair value;
- The higher the anticipated developer's profit margin, the lower fair value.

(d) ***The following amounts have been recognised in the consolidated statement of comprehensive income:***

	Year ended 31 December	
	2017	**2016**
	RMB'000	**RMB'000**
Rental income	618,155	374,187
Direct operating expenses arising from investment properties that generate rental income	(33,737)	(39,840)

The future aggregate minimum rental receivables under non-cancellable operating leases are as follows:

	31 December	
	2017	**2016**
	RMB'000	**RMB'000**
Not later than one year	121,154	215,886
Later than one year and not later than five years	262,198	338,089
Later than five years	185,186	196,242
	568,538	750,217

During the year ended 31 December 2017 and 2016, the investment properties are mainly located in the PRC and have lease periods less than 20 years.

9 Properties under development

	31 December	
	2017	2016
	RMB'000	RMB'000
Properties under development expected to be completed:		
— Within one operating cycle included under current assets	127,619,184	113,607,621
Properties under development comprise:		
— Construction costs and capitalised expenditures	38,173,074	33,589,045
— Interests capitalised	11,322,109	7,379,384
— Land use rights	78,124,001	72,639,192
	127,619,184	113,607,621

The properties under development include costs of acquiring rights to use certain lands, which are located in the PRC, for property development over fixed periods. Land use rights are held on leases of between 40 to 70 years.

As at 31 December 2017, properties under development of approximately RMB35,159,498,000 (2016: RMB55,146,378,000) were pledged as collateral for the Group's borrowings (note 20).

The capitalisation rate of borrowing costs for the year ended 31 December 2017 is 6.07% (2016: 7.16%).

10 Completed properties held for sale

All completed properties held for sale are located in the PRC.

As at 31 December 2017, completed properties held for sale of approximately RMB1,268,962,000 (2016: RMB4,906,894,000) were pledged as collateral for the Group's borrowings (note 20).

11 Trade and other receivables

	31 December 2017	31 December 2016
	RMB'000	RMB'000
Trade receivables — third parties *(note (a))*	3,954,089	2,624,151
Other receivables:	101,748,251	82,144,764
— Associates *(note (b), note 33(c))*	—	48,921
— Joint ventures *(note (b), note 33(c))*	859,234	293,775
— Associates of the ultimate holding company *(note (b), note 33(c))*	—	9,692
— Joint ventures of the ultimate holding company *(note (b), note 33(c))*	11	6,602
— Non-controlling interests *(note (b))*>	521,318	528,000
— Fellow subsidiaries *(note (b), note 33(c))*	98,647,043	79,577,189
— Other amounts due from third parties *(note (c))*	1,720,645	1,680,585
	105,702,340	84,768,915
Less: non-current portion		
Trade receivables — third parties *(note (a))*	(417,768)	(623,328)
Current portion	105,284,572	84,145,587

As at 31 December 2017 and 2016, the fair value of trade and other receivables approximated their carrying amounts.

(a) Trade receivables mainly arose from sales of properties. Proceeds in respect of sales of properties are to be received in accordance with the terms of the related sales and purchase agreements.

As at 31 December 2017, trade receivables of RMB81,660,000 (31 December 2016: RMB45,615,000) were past due but not impaired. These accounts are mainly related to a number of customers who did not have a recent history of default, and the Group normally holds collateral of the properties before collection of the outstanding balances and pass the titles to the purchasers. The director of the Company considers that the past due trade receivables would be recovered and no provision was made against past due receivables as at 31 December 2017 (31 December 2016: nil). The ageing analysis of these trade receivables is as follows:

	31 December 2017	31 December 2016
	RMB'000	RMB'000
Within 90 days	15,317	15,158
Over 90 days and within 180 days	10,792	9,908
Over 180 days and within 365 days	13,769	2,887
Over 365 days	41,783	17,662
	81,661	45,615

The maximum exposure to credit risk at each balance sheet date is the carrying value of each class of receivables mentioned above. The Group has retained the legal titles of the properties sold to these customers before the trade receivables are settled.

The carrying amounts of the Group's trade and other receivables are mainly denominated in RMB, HKD and USD.

(b) Amounts are unsecured, interest free and repayable on demand.

(c) Amounts mainly represented the deposits for construction projects.

The trade and other receivables are denominated in the following currencies:

	31 December	
	2017	2016
	RMB'000	RMB'000
Denominated in RMB	105,671,957	84,763,753
Denominated in other currencies	30,383	5,162
	105,702,340	84,768,915

12 Prepayments

	31 December	
	2017	2016
	RMB'000	RMB'000
Prepaid business taxes and other taxes	1,220,164	1,037,367
Prepayments and advances to third parties:	3,516,663	1,689,609
— for acquisition of land use rights	3,061,128	89,824
— others	455,535	1,599,785
	4,736,827	2,726,976
Less: non-current portion		
— prepayment for acquisition of property, plant and equipment	—	(934,659)
	4,736,827	1,792,317

13 Investments accounted for using equity method

	31 December	
	2017	2016
	RMB'000	RMB'000
Associates	2,144,024	617,489
Joint ventures *(note (a))*	2,325,724	1,326,168
	4,469,748	1,943,657

The amounts recognised in the income statement are as follows:

	Year ended 31 December	
	2017	2016
	RMB'000	RMB'000
Share of loss of Associates	(35,142)	(21,222)
Share of profit of Joint ventures	256,810	120,567
	221,668	99,345

Note a:

Hangzhou Jingli Property Co., Ltd ("Hangzhou Jingli") is a significant joint venture of the Group, which is principally engaged in property development in the PRC.

Set out below is the summarised financial information of Hangzhou Jingli as at 31 December 2017, which, in the opinion of the director of the Company, is material to the Group.

Summarised balance sheet

	31 December 2017	31 December 2016
	RMB'000	RMB'000
Assets		
Current assets	5,835,736	6,392,603
Non current assets	1,070	1,198
Total assets	5,836,806	6,393,801
Current liabilities	2,462,631	1,427,504
Non current liabilities	230,959	2,365,967
Total liabilities	2,693,590	3,793,471
Net assets	3,143,216	2,600,330

Summarised statement of comprehensive income

	Year end 31 December 2017	For the period from acquisition day to 31 December 2016
	RMB'000	RMB'000
Revenue	2,041,384	1,071,120
Profit before tax	673,375	294,056
Income tax expense	(130,489)	(57,650)
Profit for the period	542,886	236,406
Other comprehensive income	—	—
Total comprehensive income	542,886	236,406

Reconciliation of summarised financial information

	31 December 2017	31 December 2016
	RMB'000	RMB'000
Net assets as at 1 January 2017/acquisition day	2,600,330	2,363,924
Profit for the period	542,886	236,406
Net assets as at 31 December	3,143,216	2,600,330
Interest in the joint venture	1,603,040	1,326,168
Goodwill	—	—
Carrying value	1,603,040	1,326,168

There are no contingent liabilities or commitment relating to the Group's interests in associates and the joint venture.

14 Available-for-sale financial assets

	31 December	
	2017	2016
	RMB'000	RMB'000
At 1 January	551,544	783,943
Acquisition of subsidiaries	—	50
Additions	1,597,186	10,950
Disposals	(1,620,397)	(206,492)
Net gains/(losses) recognised in equity	21,339	(36,907)
	549,672	551,544

Available-for-sale financial assets include the following:

	31 December	
	2017	2016
	RMB'000	RMB'000
Listed equity securities	269,675	266,073
Unlisted equity investments	277,947	274,471
Other unlisted investments	2,050	11,000
	549,672	551,544

As at 31 December 2017, available-for-sale financial assets are denominated in RMB.

There were no impairment provisions on available-for-sale financial assets made during the year ended 31 December 2017(2016: nil).

15 Financial instruments by category

Assets as per consolidated balance sheet

	31 December	
	2017	2016
	RMB'000	RMB'000
Loans and receivables		
Trade and other receivables	105,702,340	84,768,915
Restricted cash	4,137,217	7,294,305
Cash and cash equivalents	14,465,717	10,998,779
	124,305,274	103,061,999
Available-for-sale financial assets	549,672	551,544
	124,854,946	103,613,543

Liabilities as per consolidated balance sheet

	31 December	
	2017	2016
	RMB'000	RMB'000
Other financial liabilities at amortised cost		
Borrowings	133,319,461	78,838,468
Trade and other payables excluding other taxes and payroll payable	113,001,958	133,939,017
	246,321,419	212,777,485

16 Restricted cash

The restricted cash is denominated in the following currencies:

	31 December	
	2017	2016
	RMB'000	RMB'000
— Denominated in RMB	4,131,415	7,293,645
— Denominated in other currencies	5,802	660
	4,137,217	7,294,305

The conversion of the RMB denominated bank balances into foreign currencies and the remittance of such foreign currencies denominated bank balances and cash out of the PRC are subject to relevant rules and regulation of foreign exchange control promulgated by the PRC government.

17 Cash and cash equivalents

	31 December	
	2017	2016
	RMB'000	RMB'000
Cash at bank and in hand:		
— Denominated in RMB	8,008,825	10,065,998
— Denominated in other currencies	6,456,892	932,781
	14,465,717	10,998,779

The conversion of RMB denominated balances into foreign currencies and the remittance of such foreign currencies denominated bank balances and cash out of the PRC are subject to relevant rules and regulation of foreign exchange control promulgated by the PRC government.

Cash at banks earns interest at floating daily bank deposit rates.

18 Share capital

Ordinary shares, issued but not yet paid:

	Number of share	Share capital
		RMB'000
At 31 December 2017 and 2016	1	66,962

At 31 December 2017, the issued share capital of the Company was RMB1, comprising 1 ordinary shares of HK$1 per share.

19 Reserves

	Merger reserve	Other reserves	Statutory reserves	Translation reserves	Total
	RMB'000 (note (a))	**RMB'000 (note (b))**	**RMB'000**	**RMB'000**	**RMB'000**
Balance at 1 January 2016	3,104,952	60,780	524,713	—	3,690,445
Retained earnings appropriated to statutory reserves	—	—	163,372	—	163,372
Changes in ownership interests in subsidiaries without change of control	—	(804,707)	—	—	(804,707)
Fair value losses of available-for-sale financial assets, net of tax	—	(27,681)	—	—	(27,681)
Business combination under common control *(note (c))*	(8,698,605)	—	—	—	(8,698,605)
Currency translation differences	—	—	—	768,826	768,826
Balance at 31 December 2016	(5,593,653)	(771,608)	688,085	768,826	(4,908,350)
Balance at 1 January 2017	(5,593,653)	(771,608)	688,085	768,826	(4,908,350)
Retained earnings appropriated to statutory reserves	—	—	194,755	—	194,755
Changes in ownership interests in subsidiaries without change of control *(note 34)*	—	(2,418,704)	—	—	(2,418,704)
Fair value losses of available-for-sale financial assets, net of tax	—	16,004	—	—	16,004
Currency translation differences	—	—	—	(592,309)	(592,309)
Balance at 31 December 2017	(5,593,653)	(3,174,308)	882,840	176,517	(7,708,604)

(a) *Merger reserve*

The merger reserve represents the aggregate nominal value of the share capital/paid-in capital of the subsidiaries acquired by the Company less considerations paid.

(b) *Statutory reserves*

Pursuant to the relevant rules and regulation concerning foreign investment enterprise established in the PRC and the articles of association of certain PRC subsidiaries of the Group, those subsidiaries are required to transfer an amount of their profit after taxation to the statutory reserve fund, until the accumulated total of the fund reaches 50% of their registered capital. The statutory reserve fund may be distributed to equity holders in form of bonus issue.

(c) *Business combination under common control*

On 29 September 2016, Ever Grace Group Limited, a wholly-owned subsidiary of the Company, entered into agreements with ANJI (BVI) Limited and SHENGJIAN (BVI) Limited, to acquire twelve subsidiaries of ANJI and one subsidiary of SHENGJIAN, at total cash considerations of RMB8,698,605,000.

20 Borrowings

	31 December	
	2017	**2016**
	RMB'000	**RMB'000**
Borrowings included in non-current liabilities:		
Bank borrowings *(note (b))*	36,265,945	23,807,825
Other borrowings *(note (a))*	25,489,954	31,239,591
	61,755,899	55,047,416
Less: current portion of non-current borrowings	(17,856,554)	(5,325,606)
	43,899,345	49,721,810
Borrowings included in current liabilities:		
Bank borrowings	69,090,862	22,728,353
Current portion of non-current borrowings	17,856,554	5,325,606
Other borrowings	2,472,700	1,062,699
	89,420,116	29,116,658
Total borrowings	133,319,461	78,838,468

The total borrowings are denominated in the following currencies:

RMB	57,321,846	54,607,099
US dollar	30,612,961	14,666,776
HK dollar	29,825,854	3,460,394
EUR dollar	15,558,800	6,104,199
	133,319,461	78,838,468

(a) *Other borrowings*

Certain group companies in the PRC which are engaged in development of real estate projects have entered into fund arrangements with certain financial institutions (the "Trustees"), respectively, pursuant to which Trustees raised trust funds and injected the funds to the group companies. All the funds bear fixed interest rates and have fixed repayment terms.

As at 31 December 2017, the Group's other borrowings of RMB25,505,275,000 (2016: RMB31,222,289,000) were secured by pledge of the Group's property, plant and equipment, land use rights, investment properties, properties under development, completed properties held for sale, cash in bank and equity interest of certain subsidiaries, totalling RMB24,106,318,000 (2016: RMB27,238,936,000).

(b) *Bank borrowings*

As at 31 December 2017, the Group's bank borrowings of RMB103,499,427,000 (2016: RMB34,243,234,000) were secured by pledge of the Group's property, plant and equipment, land use rights, investment properties, properties under development, completed properties held for sale, cash in bank and equity interests of certain subsidiaries, totalling RMB94,110,513,000 (2016: RMB43,242,468,000).

As at 31 December 2017, the effective interest rate of borrowings is 5.08% (31 December 2016: 7.9%).

The exposure of the bank and other borrowings to interest-rate changes and the contractual repricing dates or maturity date whichever is earlier are as follows:

	6 months or less	6–12 months	1–5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2017 . .	53,705,848	52,027,491	27,586,122	133,319,461
At 31 December 2016 . .	28,684,477	14,266,122	35,887,869	78,838,468

The fair value of the Group's bank borrowings and other borrowings approximates their carrying amounts at each of the balance sheet date for the reason that the impact of discounting is not significant or the borrowings carry floating rate of interests.

21 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 offset amounts of deferred tax assets and liabilities of the Group are as follows:

	31 December	
	2017	2016
	RMB'000	RMB'000
Deferred income tax assets to be recovered within 12 months	110,040	28,555
Deferred income tax assets to be recovered after more than 12 months	125,486	122,359
Deferred income tax assets	235,526	150,914
Deferred income tax liabilities to be settled within 12 months	3,619,360	2,017,326
Deferred income tax liabilities to be settled after more than 12 months	17,195,008	17,905,707
Deferred income tax liabilities.	20,814,368	19,923,033
	20,578,842	19,772,119

The net movements on the deferred taxation are as follows:

	Year ended 31 December	
	2017	2016
	RMB'000	RMB'000
Beginning of the year	19,772,119	4,257,869
Acquisition of subsidiaries *(note 35)*	2,152,040	15,537,987
Tax charged relating to components of other comprehensive income	5,335	(9,226)
Disposal of subsidiaries	—	(27,937)
Recognised in income tax expenses *(note 29)*	(1,350,652)	13,426
Ending of the year.	20,578,842	19,772,119

Movements in gross deferred tax assets and liabilities are as follows:

Deferred income tax assets

	Tax losses	Temporary difference on recognition of cost of sales and expenses	Revaluation of available-for-sale financial assets	Carrying amount of land use right smaller than the tax bases	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2016	59,078	54,949	—	—	114,027
Acquisition of subsidiaries	—	—	—	25,106	25,106
Disposal of subsidiaries	(20,519)	—	—	—	(20,519)
Charged to other comprehensive income	—	—	2,759	—	2,759
Credited to the income tax expenses	143,264	71,454	—	—	214,718
As at 31 December 2016	181,823	126,403	2,759	25,106	336,091
As at 1 January 2017	181,823	126,403	2,759	25,106	336,091
Charged to other comprehensive income	—	—	(869)	—	(869)
Credited/(charged) to the income tax expenses	96,061	93,672	—	(20,520)	169,213
As at 31 December 2017	277,884	220,075	1,890	4,586	504,435

Deferred income tax assets are recognised for tax losses carry-forwards to the extent that the realisation of the related benefit through future taxable profits is probable. The Group did not recognise deferred tax assets of RMB95,024,000(2016: RMB53,807,000) in respect of tax losses amounting to RMB380,096,000(2016: RMB215,227,000) in certain subsidiaries as the future profit streams of these subsidiaries are uncertain. These tax losses will expire in the following years:

Year	31 December	
	2017	2016
	RMB'000	RMB'000
2017	—	10,243
2018	245	245
2019	52	52
2020	7,431	8,223
2021	178,996	196,464
2022	193,372	—
	380,096	215,227

Deferred income tax liabilities

	Excess of carrying amount of land use right and intangible asset over the tax bases	Temporary difference on recognition of fair value gain of investment properties	Revaluation of available-for-sale financial assets	Total
	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2016	2,404,287	1,948,945	18,664	4,371,896
Acquisition of subsidiaries	15,563,093	—	—	15,563,093
Disposal of subsidiaries	(48,456)	—	—	(48,456)
Charged to other comprehensive income	—	—	(6,467)	(6,467)
(Credited)/charged to the income tax expenses	(533,597)	761,741	—	228,144
As at 31 December 2016	17,385,327	2,710,686	12,197	20,108,210
As at 1 January 2017	17,385,327	2,710,686	12,197	20,108,210
Acquisition of subsidiaries *(note 35)*	2,152,040	—	—	2,152,040
Charged to other comprehensive income	—	—	4,466	4,466
(Credited)/charged to the income tax expenses	(1,666,167)	484,728	—	(1,181,439)
As at 31 December 2017	17,871,200	3,195,414	16,663	21,083,277

22 Trade and other payables

	31 December	
	2017	2016
	RMB'000	RMB'000
Trade payables — third parties	27,306,308	19,757,498
Other payables:	85,597,249	112,586,493
— Associates *(note 33(c))*	1,500	82,406
— Joint ventures *(note 33(c))*	240,470	115,589
— Joint ventures of the ultimate holding company *(note 33(c))*	—	154,451
— Fellow subsidiaries *(note 33(c))*	70,489,041	73,602,100
— Non-controlling interests	2,464,521	218,359
— Advance from investors of subsidiaries	—	4,536,299
— Acquisition of land use rights	1,655,848	5,743,980
— Acquisition of subsidiaries	7,838,209	22,418,623
— Third parties *(note (a))*	2,907,660	5,714,686
Accrued expenses	98,401	1,595,026
Payroll payable	489,407	426,864
Other taxes payable	831,079	98,342
	114,322,444	134,464,223
Less: non-current portion		
Other payables:	—	(9,115,190)
— advance from investors of subsidiaries	—	(4,536,299)
— acquisition of subsidiaries	—	(4,578,891)
Current portion	114,322,444	125,349,033

(a) Amounts mainly represented deposits and temporary receipts.

The trade and other payables are denominated in the following currencies:

	31 December	
	2017	2016
	RMB'000	RMB'000
— Denominated in RMB	113,755,772	125,005,038
— Denominated in other currencies	566,672	9,459,185
	114,322,444	134,464,223

23 Current income tax liabilities

The current income tax liabilities are analysed as follows:

	31 December	
	2017	2016
	RMB'000	RMB'000
Income tax payables		
— PRC corporate income tax	3,342,457	1,624,430
— PRC land appreciation tax	5,599,210	3,058,511
	8,941,667	4,682,941

24 Other gains — net

	Year ended 31 December	
	2017	2016
	RMB'000	RMB'000
Gain on disposal of subsidiaries	—	16,708
Gain on disposal of available-for-sale financial assets	191	25,540
Net foreign exchange gains	148,543	—
	148,734	42,248

25 Other income

	Year ended 31 December	
	2017	2016
	RMB'000	RMB'000
Interest income	44,940	102,342
Forfeited customer deposits	140,871	85,101
Dividend income of available-for-sale financial assets	—	32,388
Others	93,254	131,071
	279,065	350,902

26 Expenses by nature

Major expenses included in cost of sales, selling and marketing costs, administrative expenses and other operating expenses are analysed as follows:

	Year ended 31 December	
	2017	2016
	RMB'000	RMB'000
Cost of properties sold — including construction cost, land cost and interest cost	19,972,814	9,915,636
Business tax and other levies	806,734	723,326
Employee benefit expenses *(note 27)*	3,912,249	2,987,429
Employee benefit expenditure — including director's emoluments	4,425,638	3,407,466
Less: capitalised in properties under development, investment properties under construction and construction in progress	(513,389)	(420,037)
Advertising expenses	883,093	766,865
Sales commissions	177,831	102,245
Depreciation	396,617	347,025
Amortisation	78,664	125,345
Donations	863,282	278,307
Operating lease expenses	25,721	35,215
Auditors' remuneration — audit service	1,000	1,000

27 Employee benefit expenses

	Year ended 31 December	
	2017	2016
	RMB'000	RMB'000
Wages, salaries and bonus	3,442,199	2,586,719
Pension costs — statutory pension	400,308	319,713
Staff welfare	416,275	370,292
Medical benefits	166,856	130,742
	4,425,638	3,407,466
Less: capitalised in properties under development, investment properties underconstruction and construction in progress	(513,389)	(420,037)
	3,912,249	2,987,429

28 Finance costs

	Year ended 31 December	
	2017	2016
	RMB'000	RMB'000
Interest expenses		
— Bank and other borrowings	6,243,143	4,336,243
— Less: interest capitalised	(5,313,326)	(4,126,477)
	929,817	209,766
Exchange losses from borrowings	443,965	568,157
Other finance costs	42,256	34,569
	1,416,038	812,492

29 Income tax expenses

	Year ended 31 December	
	2017	2016
	RMB'000	RMB'000
Current income tax		
— Hong Kong profits tax	33,462	14,695
— PRC corporate income tax	2,920,653	805,388
— PRC land appreciation tax	2,904,045	1,472,672
	5,858,160	2,292,755
Deferred income tax *(note 21)*		
— PRC corporate income tax	(510,470)	(247,220)
— PRC land appreciation tax	(840,182)	260,646
	4,507,508	2,306,181

The income tax on the Group's profit before income tax differs from the theoretical amount that would arise using the enacted tax rate of the home country of the group entities as follows:

	Year ended 31 December	
	2017	2016
	RMB'000	RMB'000
Profit before income tax	7,161,954	1,967,060
Add: Share of profit of investments in joint ventures and associates,net	(221,668)	(99,345)
	6,940,286	1,867,715
Calculated at PRC corporate income tax rate	1,735,072	466,929
PRC land appreciation tax deductible for PRC corporate income tax purposes	(515,966)	(433,330)
Income not subject to tax *(note (a))*	—	(8,097)
Expenses not deductible for tax purposes *(note (b))*	1,271,646	505,815
Utilisation of previously unrecognised tax losses	(4,565)	—
Tax losses for which no deferred income tax asset was recognised	48,343	49,116
Effect of different tax rates applicable to subsidiaries operating in Hong Kong	(90,885)	(7,570)
PRC corporate income tax	2,443,645	572,863
PRC land appreciation tax	2,063,863	1,733,318
	4,507,508	2,306,181

(a) Income not subject to tax for the year ended 31 December 2017 mainly comprised dividend income of available-for-sale financial assets.

(b) Expenses not deductible for tax purpose for the year ended 31 December 2017 mainly comprised: (i) the cost of land premium without official invoices resulted from the land acquisitions through acquisitions of companies; and (ii) exchange losses and expenses incurred by offshore group companies.

Hong Kong profits tax

Hong Kong profits tax has been provided at the rate of 16.5% (2016: 16.5%) on the estimated assessable profit for the current period in respect of operations in Hong Kong. (2016: the estimated assessable profit for the current period in respect of operations in Hong Kong).

PRC corporate income tax

The income tax provision of the Group in respect of operations in Mainland China has been calculated at the applicable tax rate of 25% (2016: 25%) on the estimated assessable profits for the year, based on the existing legislation, interpretations and practices in respect thereof.

PRC withholding income tax

According to the new Corporate Income Tax Law of the PRC, starting from 1 January 2008, a withholding tax of 10% will be levied on the immediate holding companies outside the PRC when their PRC subsidiaries declare dividend out of profits earned after 1 January 2008. A lower 5% withholding tax rate may be applied when the immediate holding companies of the PRC subsidiaries are established in Hong Kong according to the tax treaty arrangements between the PRC and Hong Kong.

PRC land appreciation tax

PRC land appreciation tax 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 land use rights and all property development expenditures.

30 Net cash generated from operations

(a) *Net cash generated from operations*

	Year ended 31 December	
	2017	2016
	RMB'000	RMB'000
Profit/(loss) for the year	2,654,448	(339,121)
Adjustments for:		
Income tax expenses *(note 29)*	4,507,508	2,306,181
Interest income *(note 25)*	(44,940)	(102,342)
Finance cost *(note 28)*	972,073	244,335
Exchange loss *(note 24, note 28)*	295,422	568,157
Depreciation *(note 6)*	396,617	347,025
Amortisation *(note 26)*	78,664	125,345
Fair value gains on investment properties *(note 8)*	(1,812,366)	(1,241,402)
Gain on disposal of property and equipment	356	(37,217)
Loss/(gain) on disposal of investment properties	91,076	(21,578)
Gain on disposal of a subsidiary *(note 24)*	—	(16,708)
Share of profit of investments accounted for using equity method *(note 13)*	(221,668)	(99,345)
Disposal of gain on available-for-sales financial assets	(191)	(25,540)
Dividend income on available-for-sale financial assets *(note 25)*	—	(32,388)
Changes in working capital:		
Properties under development and completed properties held for sale	(1,979,299)	(10,358,181)
Inventories	31,853	(29,179)
Restricted cash as guarantee for construction of projects and other operating activities	(1,242,173)	(2,057,591)
Trade and other receivables and prepayments	(2,885,627)	4,075,340
Trade and other payables and receipt in advance from customers	6,211,295	14,944,850
Net cash generated from operations	7,053,048	8,250,641

(b) ***The reconciliation of liabilities arising from financial activities is as follows:***

	Borrowings	Other payables	Dividends	Total
		(note (i))		
	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2017	78,838,468	78,709,204	4,173,623	161,721,295
Cash flows				
— Inflow from financing activities	116,941,289	7,946,331	—	124,887,620
— Outflow from financing activities	(64,974,261)	(11,869,609)	(3,145,967)	(79,989,837)
Non-cash changes				
— Acquisition of subsidiaries	2,070,000	—	—	2,070,000
— Foreign exchange adjustments	443,965	—	—	443,965
— Other non-cash movement	—	(1,590,394)	—	(1,590,394)
As at 31 December, 2017	133,319,461	73,195,532	1,027,656	207,542,649

(i) Amounts represent cash advances from associates, joint ventures, joint ventures of the ultimate holding company, fellow subsidiaries, non-controlling interests and investors of subsidiaries.

31 Financial guarantees

	31 December	
	2017	2016
	RMB'000	RMB'000
Guarantees in respect of mortgage facilities for certain purchasers of the Group's property units *(note(a))*	27,919,916	18,619,236
Guarantees for borrowings of cooperation parties	30,000	—
	27,949,916	18,619,236

(a) The Group has arranged bank financing for certain purchasers of the Group's property units and provided guarantees to secure obligations of such purchasers for repayments. Such guarantees terminate upon the earlier of (i) issuance of the real estate ownership certificate which will generally be available within an average period of two to three years upon the completion of guarantee registration; or (ii) the satisfaction of mortgaged loan by the purchasers of properties.

Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties. The Group's guarantee period starts from the dates of grant of the mortgages. The director consider that the likelihood of default in payments by purchasers is minimal and the financial guarantees measured at fair value is immaterial.

32 Commitments

(a) *Operating leases commitments*

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	31 December	
	2017	**2016**
	RMB'000	**RMB'000**
Property, plant and equipment:		
Not later than one year	23,313	27,753
Later than one year and not later than five years	39,061	70,564
Later than five years	39,492	48,782
	101,866	147,099

(b) *Commitments for property development and acquisition of subsidiaries*

	31 December	
	2017	**2016**
	RMB'000	**RMB'000**
Contracted but not provided for		
— Property development activities	19,881,846	19,758,691
— Acquisition of land use rights	3,977,564	1,263,833
	23,859,410	21,022,524

33 Related party transactions

(a) *Name and relationship with related parties*

Name	**Relationship**
China Evergrande Group	Ultimate holding company
Evergrande Real Estate Group Limited 恒大地產集團有限公司	Immediate holding company
Chongqing Tongjin Wenhao Property Co., Ltd. 重慶同景文浩置業有限公司	Associate of the Group
Chongqing Tongjin Wenhong Property Co., Ltd. 重慶同景文宏置地有限公司	Associate of the Group
Qingdao Jinwan Property Co., Ltd. 青島金灣置業有限公司	Associate of the Group
Lianyungang Henglong Real Estate development Co., Ltd. 連雲港恒隆房地產開發有限公司	Associate of the Group
Fangyou Information Technology Co., Ltd.	Associate of the Group
Hangzhou Jingli Property Co., Ltd. 杭州晶立置業有限公司	Joint venture of the Group
Hangzhou Fengtao Property Co., Ltd.. 杭州豐濤置業有限公司	Joint venture of the Group

(b) ***Transactions with related parties***

During the years ended 31 December 2017 and 2016, the Group had the following significant transactions with related parties, which are carried out in the normal course of the Group's business:

	Year ended 31 December	
	2017	2016
	RMB'000	RMB'000
Nature of transactions		
Joint venture		
Provision of services to a joint venture	—	1,356
Fellow subsidiaries		
Provision of services to fellow subsidiaries	38,144	25,533
Property services to fellow subsidiaries	684,809	555,841
Rental income from fellow subsidiaries	86,230	65,650
Rental expenses charged by a fellow subsidiary	305	2,904
Purchase of goods from fellow subsidiaries	1,364,270	773,191

Aforementioned related party transactions were charged in accordance with the terms of the underlying agreements which, in the opinion of the director of the Company, were determined with reference to the market price of the prescribed year. In the opinion of the director of the Company, the above related party transactions were carried out in the normal course of business and at terms mutually negotiated between the Group and the respective related parties.

(c) ***Balances with related parties***

As at 31 December 2017 and 2016, the Group had the following significant balances with related parties:

	31 December	
	2017	2016
	RMB'000	RMB'000
Due from related parties (i)		
Included in trade and other receivables:		
— Associates	—	48,921
— Joint ventures	859,234	293,775
— Associates of the ultimate holding company	—	9,692
— Joint ventures of the ultimate holding company	11	6,602
— Fellow subsidiaries	98,647,043	79,577,189
	99,506,288	79,936,179

	31 December	
	2017	2016
	RMB'000	RMB'000
Due to related parties (i)		
Included in trade and other payables *(note (i))*		
— Associates	1,500	82,406
— Joint ventures	240,470	115,589
— Joint ventures of the ultimate holding company	—	154,451
— Fellow subsidiaries	70,489,041	73,602,100
	70,731,011	73,954,546

Note (i): The balances are cash advances in nature, which are unsecured, interest-free and repayable on demand.

(d) ***Key management compensation***

Key management includes director and heads of major operational departments. The compensation paid or payable to key management for employee services is shown below:

	Year ended 31 December	
	2017	**2016**
	RMB'000	**RMB'000**
Salaries and other employee benefits	7,173	4,941
Retirement scheme contributions	30	16
	7,203	4,957

34 Non — controlling interests

	31 December	
	2017	**2016**
	RMB'000	**RMB'000**
At 1 January	7,630,312	6,661,173
Profit for the year	(161,998)	186,557
Acquisition of subsidiaries — acquisition of asset	2,000,287	1,996,742
Acquisition of subsidiaries — acquisition of business	—	3,477,280
Changes in ownership interests in subsidiaries without change of control *(note (i))*	(226,863)	(4,275,243)
Dividends	—	(319,590)
Disposal of subsidiaries	—	(96,607)
	9,241,738	7,630,312

Note (i): During the year ended 31 December 2017, the Group acquired certain equity interests of certain subsidiaries from non-controlling shareholders, and the difference between consideration paid and the carrying amount of equity interests acquired, which amounted to RMB2,418,704,000, was recognised as a decrease in reserves.

35 Business combinations

During the year ended 31 December 2017, the Group acquired controlling interests of certain property development companies and other companies in the PRC and Hong Kong to increase its land reserve, optimize its regional layout and diversify its business.

During the year ended 31 December 2017, the Group acquired certain property development companies at a total consideration of RMB3,924,787,000.

The following table summarises the consideration paid for acquisition of these subsidiaries, the fair value of assets acquired and liabilities assumed at the acquisition date.

	RMB'000
Cash consideration	3,924,787
Recognised amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	183,593
Property, plant and equipment	110,123
Intangible assets	53
Properties under development	9,384,187
Trade and other receivables	556,720
Borrowings	(2,070,000)
Trade and other payables	(213,299)
Receipt in advance from customers	(1,874,550)
Deferred income tax liabilities	(2,152,040)
Total identifiable net assets	3,924,787
Non-controlling interest	—
Identifiable net assets acquired	3,924,787
Goodwill	—

Reconciliation of total cash considerations of business combinations and cash outflow on acquisitions is as follows:

Cash considerations	3,924,787
Considerations deferred	(2,196,178)
Cash and cash equivalents acquired	(183,593)
Payment for business combinations conducted in the year	1,545,016
Payment for business combinations conducted in prior year	16,776,592
Cash outflow on acquisitions	18,321,608

Acquisition-related costs of RMB163,000 have been charged to administrative expenses in the consolidated statement of comprehensive income for the year ended 31 December 2017.

No contingent liability has been recognised for the business combination.

The acquired businesses contributed revenues of RMB378,891,000 and net loss of RMB20,072,000 to the Group for the period from the respective acquisition dates to 31 December 2017. If the acquisitions had occurred on 1 January 2017, consolidated revenue and consolidated loss for the year ended 31 December 2017 would have been RMB35,629,824,000 and RMB2,646,897,000 respectively.

36 Balance sheet and reserve movement of the Company

Balance sheet of the Company

	31 December 2017	31 December 2016
	RMB'000	RMB'000
ASSETS		
Non-current assets		
Investments in subsidiaries	743,880	743,880
Current assets		
Amounts due from related parties	60,648,250	41,477,653
Amounts due from third parties	217,176	95
Cash and cash equivalents	5,937,616	153,949
	66,803,042	41,631,697
Total assets	67,546,922	42,375,577
EQUITY		
Capital and reserves attributable to the shareholder of the Company		
Share capital	66,962	66,962
Accumulated losses	(5,559,074)	(922,728)
Total equity	(5,492,112)	(855,766)
LIABILITIES		
Non-current liabilities		
Borrowings	3,092,867	1,001,032
Current liabilities		
Borrowings	69,315,093	19,769,944
Amounts due to related parties	610,235	22,361,174
Amounts due to third parties	20,839	99,193
	69,946,167	42,230,311
Total liabilities	73,039,034	43,230,343
Total equity and liabilities	67,546,922	42,374,577

The balance sheet of the Company was approved by the director on 28 April 2018 and was signed on its behalf.

Director

Reserve movement of the Company

	Retained earnings
	RMB'000
At 1 January 2016	(488,759)
Loss for the year	(433,969)
At 31 December 2016	(922,728)
At 1 January 2017	(922,728)
Loss for the year	(4,636,346)
At 31 December 2017	(5,559,074)

37 Benefits and interests of directors

(a) *Director's emoluments*

The remuneration of directors of the Company for the year ended 31 December 2017 is set out below:

	Fees	Salary	Contribution to pension scheme	Employees share option scheme	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Ms Pan Hanling (note (i))	—	8,149	67	930	9,146

Note (i): Ms. Pan Hanling was appointed as director on 30 September 2017.

(b) *Director's retirement benefits*

During the year ended 31 December 2017, there were no additional retirement benefit received by the director except for the attribution to a retirement benefit scheme as disclosed in note(a) above (2016: nil).

(c) *Director's termination benefits*

During the year ended 31 December 2017, there was no termination benefits received by the director (2016: nil).

(d) *Consideration provided to third parties for making available directors' services*

During the year ended 31 December 2017, no consideration was paid for making available the services of the director of the Company (2016: nil).

(e) *Information about loans, quasi-loans and other dealings in favour of director, controlled bodies corporate by and connected entities with such director*

During year ended 31 December 2017, there were no loans, quasi-loans and other dealings entered into by the Company or subsidiaries undertaking of the Company, where applicable, in favour of director.

(f) *Director's material interests in transactions, arrangements or contracts*

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company 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.

38 Particulars of principal subsidiaries

The following is a list of the particulars of principal subsidiaries at 31 December 2017:

Incorporated in the BVI with limited liability and operating in the PRC

Name	Date of incorporation/ Establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest	Principal activities
Ever Grace Group Limited	18 September 2008	US$100	100%	Investment holding

Incorporated and operating in Hong Kong with limited liability

Name	Date of incorporation/ Establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest	Principal activities
Pioneer Time Investment Limited. .	15 January 2016	US$10,000	100%	Property investment

Incorporated in the PRC with limited liability and operating in the PRC

Name	Date of incorporation/ Establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest	Principal activities
盤錦嘉鼎置業有限公司 . . . . Jiading (Panjin) Property Corporation Limited	09 August 2010	USD190,000,000	100%	Property development
北海南國天堂房地產開發有限公司 Nanguo Tiantang (Beihai) Real Estate Development Company Limited	24 September 2004	RMB38,686,000	100%	Property development
句容天工置業有限公司 . . . . Tiangong (Jurong) Property Company Limited	06 November 2009	USD50,000,000	100%	Property development
葫蘆島嘉汕置業有限公司. . . . . . . Jiashan (Huludao) Property Company Limited	02 November 2013	USD60,000,000	100%	Property development
城博 (寧波) 置業有限公司 . . . . . . Chengbo (Ningbo) Property Corporation Limited	18 January 2011	USD328,000,000	100%	Property development

Name	Date of incorporation/ Establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest	Principal activities
桂林桂加房地產有限公司. . . . . Guijia (Guilin) Real Estate Company Limited	08 November 2011	RMB200,000,000	51%	Property development
西安金圖置業有限公司 . . . . Jintu (Xian) Property Corporation Limited	17 November 2010	USD99,000,000	100%	Property development
西安盈裕置業有限公司 . . . . Yingyu (Xian) Property Corporation Limited	10 October 2013	USD120,000,000	100%	Property development
昌江廣億房地產開發有限公司. . . . Guangyi (Changjiang) Real Estate Development Company Limited	04 November 2013	USD30,000,000	100%	Property development
西安嘉智置業有限公司 . . . . Jiazhi (Xian) Property Corporation Limited	21 March 2014	USD85,000,000	100%	Property development
愛美高房地產 (成都)有限公司 . . . Aimeigao (Chengdu) Real Estate Company Limited	28 September 2006	USD100,000,000	100%	Property development
佛山市順德區順亞方舟房產有限公司 . . . . Shunde Shunya (Foshan) Real Estate Company Limited	31 March 2005	RMB10,000,000	100%	Property development
北京麗來房地產開發有限公司. . . . Lilai (Beijing) Real Estate Development Company Limited	06 January 1993	USD29,900,000	100%	Property development
貴陽中渝雲上房地產開發有限公司 Zhongyu Yunshang (Guiyang) Real Estate Development Company Limited	02 July 2015	RMB10,000,000	100%	Property development
廣東聚廷峰房地產開發有限公司 . . Juyanfeng (Guangdong) Real Estate Development Company Limited	30 December 2010	USD15,000,000	100%	Property development
漢斯 (大連) 公寓開發有限公司 . . . Hansi (Dalian) Apartment Development Company Limited	23 May 2008	RMB610,285,000	100%	Property development
重慶同景共好置地有限公司 . . . . . Tongjing Gonghao (Chongqing) Real Estate Company Limited	17 June 2011	RMB300,000,000	51%	Property development
瀋陽金道房地產開發有限公司. . . . Jindao (Shenyang) Real Estate Development Company Limited	29 November 2011	USD145,000,000	100%	Property development
成都天府水城房地產開發有限公司 Tianfu Shuicheng (Chengdu) Real Estate Development Company Limited	22 March 2010	USD230,000,000	100%	Property development

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寧波禦城置業有限公司 . . . . . . Yucheng (Ningbo) Property Company Limited	30 May 2012	USD76,834,508	100%	Property development
重慶中渝物業發展有限公司 . . . . . Zhongyu (Chongqing) Property Management Company Limited	10 July 2015	USD131,000,000	60%	Property development
愛美高實業(成都)有限公司. . . . . . Avergo (Chengdu) Industrial Company Limited	14 July 2015	USD449,400,000	100%	Property development
重慶尖置房地產有限公司. . . . . . . Jianzhi (Chongqing) Real Estate Company Limited	10 July 2015	HKD5,880,000,000	69%	Property development
貴陽新世界房地產有限公司 . . . . . New World (Guiyang) Real Estate Company Limited	18 February 2016	USD301,350,000	100%	Property development
新世界中國地產(海口)有限公司 . . New World China Real Estate (Haikou) Company Limited	14 January 2016	USD750,000,000	100%	Property development
武漢新世界康居發展有限公司. . . . New World Peaceful Living (Wuhan) Development Company Limited	05 January 2016	RMB96,000,000	60%	Property development
上海豐濤置業有限公司 . . . . Fengtao (Shanghai) Property Company Limited	14 March 2016	RMB316,949,620	90%	Property development
北京富華房地產開發有限公司. . . . Fuhua (Beijing) Real Estate Development Company Limited	11 January 2016	USD29,900,000	100%	Property development
廣盛華僑(大亞灣)房產開發有限公司 . . . . Guangsheng Huaqiao (Dayawan) Real Estate Development Company Limited	29 April 2016	USD20,820,000	100%	Property development
成都心怡房地產開發有限公司. . . . Xinyi (Chengdu) Real Estate Development Company Limited	03 May 2016	USD99,500,000	80%	Property development
開封國際城一號實業開發有限公司 Guojicheng Yihao (Kaifeng) Industrial Development Company Limited	17 May 2010	USD152,500,000	100%	Property development
貴陽中渝置地房地產開發有限公司 Zhongyu Zhidi (Guiyang) Real Estate Development Company Limited	26 December 2016	USD130,000,000	100%	Property development

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成都裕龍壹號房地產開發有限公司 . . . . Yulong Yihao (Chengdu) Real Estate Development Company Limited	18 September 2012	RMB525,000,000	52%	Property development
西安遠聲實業有限公司 . . . . Yuansheng (Xian) Industrial Company Limited	26 December 2016	RMB120,000,000	60%	Property development
重慶同景宏航置地有限公司 . . . . . Tongjing Honghang (Chongqing) Land Limited	22 December 2016	RMB220,000,000	100%	Property development
佛山市三水區能潤置地房地產開發有限公司 . . . . Sanshui Nengrun (Foshan) Real Estate Development Company Limited	04 April 2007	RMB752,000,000	100%	Property development
四川雍橋置業有限公司 . . . . Yongqiao (Sichuan) Property Company Limited	26 October 2009	RMB100,000,000	100%	Property development
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REPORT OF THE DIRECTOR

The director of Tianji Holding Limited (the "Company") presents his report together with the audited consolidated financial statements for the year ended 31 December 2016.

Principal activities

The principal activity of the Company is investment holdings. The activities of the subsidiaries are set out in note 38 to the financial statements.

Results and appropriations

The results of the Group for the year ended 31 December 2016 are set out in the consolidated statement of comprehensive income on page 7.

The director does not recommend the payment of a dividend.

Share issued in the year

There is no share issued in the year ended 31 December 2016. Details of the shares are set out in note 18 to the financial statements.

Director

The director of the Company during the year and up to the date of this report was:

Mr Huang Xiangui

There being no provision in the Company's Articles of Association for retirement by rotation, the director continues in office.

Director's material interests in transactions, arrangements and contracts that are significant in relation to the Company's business

No transactions, arrangements and contracts of significance in relation to the Company's business to which the Company's subsidiary, fellow subsidiaries or its parent Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at 31 December 2016 or at any time during the year ended 31 December 2016.

Director's interests in the shares, underlying shares and debentures of the Company or any associated corporation

As at 31 December 2016, the interests in the underlying shares and debentures of China Evergrande Group ("Evergrande"), the Company's ultimate holding company, held by the director of the Company are as below:

Name of director	Nature of interest	Number of shares involved in the options granted under the Share Option Scheme	Approximate percentage of shareholding of those options granted under the Share Option Scheme based on the existing issued shares of the Company
Huang Xiangui	beneficiary owner	5,000,000	0.04%

The details of the options granted are as follows:

Date of grant of options	Number of options granted	Number of shares under Share Options Scheme outstanding as at 1 January 2016	Number of options exercised during the year	Number of shares under Share Options Scheme outstanding as at 31 December 2016
9 October 2014	5,000,000	5,000,000	—	5,000,000

Management contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

Auditor

The financial statements have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board

[Name of Director]

Hong Kong, 5 June 2017

pwc 羅兵咸永道

To the Member of Tianji Holding limited
(incorporated in Hong Kong with limited liability)

OPINION

What we have audited

The consolidated financial statements of Tianji Holding Limited (the "Company") and its subsidiaries (the "Group") set out on pages 6 to 67, which comprise:

- the consolidated balance sheet as at 31 December 2016;
- 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.

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 2016, 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 Hong Kong Companies Ordinance.

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.

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.

PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

OTHER INFORMATION

The director of the Company are responsible for the other information. The other information comprises the information included in the director's report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

OTHER MATTER

The consolidated financial statements of the Group for the year ended 31 December 2015 were unaudited.

RESPONSIBILITIES OF THE DIRECTOR AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The director 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 Hong Kong Companies Ordinance, and for such internal control as the director 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 director is 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 director either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with Section 405 of the Hong Kong Companies Ordinance and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the director.

- Conclude on the appropriateness of the director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 5 June 2017

CONSOLIDATED BALANCE SHEET

	Note	31 December 2016 RMB'000	31 December 2015 RMB'000 (Restated)
ASSETS			
Non-current assets			
Property, plant and equipment	6	5,350,906	2,325,276
Land use rights	7	3,091,026	1,669,133
Investment properties	8	27,192,835	13,164,260
Trade and other receivables	11	623,328	717,615
Prepayments	12	934,659	—
Intangible assets		101,372	6,571
Investments accounted for using equity method	13	1,943,657	—
Available-for-sale financial assets	14	551,544	783,943
Deferred income tax assets	21	150,914	114,027
		39,940,241	18,780,825
Current assets			
Inventories		33,717	709
Properties under development	9	113,607,621	40,176,879
Completed properties held for sale	10	15,960,912	8,407,533
Trade and other receivables	11	84,145,587	43,406,923
Prepayments	12	1,792,317	2,087,443
Income tax recoverable		1,064,598	267,662
Restricted cash	16	7,294,305	832,676
Cash and cash equivalents	17	10,998,779	8,607,739
		234,897,836	103,787,564
Total assets		274,838,077	122,568,389
EQUITY			
Capital and reserves attributable to the shareholder of the Company			
Share capital	18	66,962	66,962
Other reserves	19	(4,908,350)	3,690,445
Retained earnings		3,014,558	6,873,860
		(1,826,830)	10,631,267
Non-controlling interests	34	7,630,312	6,661,173
Total equity		5,803,482	17,292,440

	Note	31 December 2016 RMB'000	31 December 2015 RMB'000 (Restated)
LIABILITIES			
Non-current liabilities			
Borrowings	20	49,721,810	16,510,543
Other payables	22	9,115,190	—
Deferred income tax liabilities	21	19,923,033	4,371,896
		78,760,033	20,882,439
Current liabilities			
Borrowings	20	29,116,658	10,060,101
Trade and other payables	22	125,349,033	64,500,677
Receipt in advance from customers		31,125,930	7,191,185
Current income tax liabilities	23	4,682,941	2,641,547
		190,274,562	84,393,510
Total liabilities		269,034,595	105,275,949
Total equity and liabilities		274,838,077	122,568,389

The notes on pages 12 to 67 are an integral part of these consolidated financial statements.

Director

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Year ended 31 December 2016 RMB'000	2015 RMB'000 (Restated)
Revenue	5	21,089,044	11,430,757
Cost of sales	26	(15,261,509)	(8,228,920)
Gross profit		5,827,535	3,201,837
Fair value gains on investment properties	8	1,241,402	2,913,298
Other gains	24	42,248	267,224
Other income	25	350,902	216,938
Selling and marketing costs	26	(1,459,150)	(855,946)
Administrative expenses	26	(2,990,877)	(1,866,352)
Other operating expenses	26	(331,853)	(64,375)
Operating profit		2,680,207	3,812,624
Finance costs	28	(812,492)	(409,938)
Share of profit of investments accounted for using equity method	13	99,345	—
Profit before income tax		1,967,060	3,402,686
Income tax expenses	29	(2,306,181)	(1,952,790)
(Loss)/profit for the year		(339,121)	1,449,896
Other comprehensive income			
(Item that may be reclassified to profit or loss)			
Change in value of available-for-sale financial assets, net of tax		(27,681)	55,992
Currency translation differences		768,826	—
		741,145	55,992
Total comprehensive income for the year		402,024	1,505,888
Profit attributable to:			
Shareholders of the Company		(525,678)	1,224,069
Non-controlling interests		186,557	225,827
		(339,121)	1,449,896
Total comprehensive income attributable to:			
Shareholders of the Company		215,467	1,280,061
Non-controlling interests		186,557	225,827
		402,024	1,505,888

The notes on pages 12 to 67 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to shareholders of the Company					
	Share capital	**Reserves**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**
Balance as at 1 January 2015	66,962	—	(19,815)	47,147	—	47,147
Merger accounting restatement	—	3,511,204	5,788,067	9,299,271	4,580,990	13,880,261
Balance as at 1 January 2015 (Restated)	66,962	3,511,204	5,768,252	9,346,418	4,580,990	13,927,408
Comprehensive income						
Profit for the year	—	—	1,224,069	1,224,069	225,827	1,449,896
Other comprehensive income						
Available-for-sale financial assets	—	55,992	—	55,992	—	55,992
Total comprehensive income	—	55,992	1,224,069	1,280,061	225,827	1,505,888
Transactions with owners						
Transfer to statutory reserves	—	118,461	(118,461)	—	—	—
Dividends *(note 34)*	—	—	—	—	(185,885)	(185,885)
Changes in ownership interests in subsidiaries without change of control *(note 34)*	—	4,788	—	4,788	(55,853)	(51,065)
Non-controlling interests arising from business combination *(note 34)*	—	—	—	—	2,091,066	2,091,066
Acquisition of subsidiaries *(note 34)*	—	—	—	—	5,028	5,028
Total transactions with owners	—	123,249	(118,461)	4,788	1,854,356	1,859,144
Balance as at 31 December 2015 (Restated)	66,962	3,690,445	6,873,860	10,631,267	6,661,173	17,292,440

	Attributable to shareholders of the Company					
	Share capital	Reserves	Retained earnings	Total	Non-controlling interests	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance as at 1 January 2016 (Restated)	66,962	3,690,445	6,873,860	10,631,267	6,661,173	17,292,440
Comprehensive income						
Loss for the year	—	—	(525,678)	(525,678)	186,557	(339,121)
Other comprehensive income						
Change in value of available-for-sale financial assets	—	(27,681)	—	(27,681)	—	(27,681)
Currency translation differences	—	768,826	—	768,826	—	768,826
Total comprehensive income	—	741,145	(525,678)	215,467	186,557	402,024
Transactions with owners						
Transfer to statutory reserves	—	163,372	(163,372)	—	—	—
Consideration paid for acquisition of subsidiaries under common control	—	(8,698,605)	—	(8,698,605)	—	(8,698,605)
Dividends *(note 34)*	—	—	(3,170,252)	(3,170,252)	(319,590)	(3,489,842)
Changes in ownership interests in subsidiaries without change of control *(note 34)*	—	(804,707)	—	(804,707)	(4,275,243)	(5,079,950)
Capital injection from non-controlling interests *(note 34)*	—	—	—	—	1,996,742	1,996,742
Non-controlling interests arising from business combination *(note 34)*	—	—	—	—	3,477,280	3,477,280
Disposal of subsidiaries *(note 34)*	—	—	—	—	(96,607)	(96,607)
Total transactions with owners	—	(9,339,940)	(3,333,624)	(12,673,564)	782,582	(11,890,982)
Balance as at 31 December 2016	66,962	(4,908,350)	3,014,558	(1,826,830)	7,630,312	5,803,482

The notes on pages 12 to 67 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Year ended 31 December 2016 RMB'000	2015 RMB'000 (Restated)
Cash flows of operating activities			
Net cash generated from operations	30	8,250,641	4,816,943
Income tax paid		(1,048,297)	(615,839)
Interest paid		(2,952,228)	(1,507,613)
Net cash generated from operating activities		4,250,116	2,693,491
Cash flows of investing activities			
Acquisition of subsidiaries, net of cash acquired	35	(31,918,833)	(2,075,085)
Purchases of property, plant and equipment and investment properties		(1,496,222)	(2,171,204)
Proceeds from disposal of property, plant and equipment, land use rights and intangible asset		224,115	3,606
Proceeds from disposal of investment properties		69,787	117,418
Purchase of land use rights		(119,739)	(362)
Purchase of intangible assets		(2,132)	—
Investment in associates		(638,711)	—
Investment in a joint venture		(1,205,601)	—
Proceeds from disposal of an associate		—	35,155
Disposal of subsidiaries		(1,632)	—
Purchase of available-for-sale financial assets	14	(10,950)	(1,060,681)
Proceeds from disposal of available-for-sale financial assets		232,032	895,155
Dividend received	25	32,388	24,495
Cash advance to fellow subsidiaries		(38,322,812)	(5,787,042)
Cash advance to associates		(48,921)	—
Cash advance to a joint venture		(293,775)	—
Cash advance to associates of the ultimate holding company		(9,692)	—
Cash advance to joint ventures of the ultimate holding company		(6,602)	—
Cash advance to non-controlling interests		(528,000)	—
Interest received		89,082	47,646
Net cash used in investing activities		(73,956,218)	(9,970,899)

	Note	Year ended 31 December 2016 RMB'000	2015 RMB'000 (Restated)
Cash flows of financing activities			
Proceeds from bank and other borrowings		71,612,210	20,663,342
Repayments of bank and other borrowings		(25,779,447)	(21,333,200)
Acquisition of entities under common control		(8,698,605)	—
Dividends paid		(766,961)	(29,144)
Acquisition of non-controlling interests in subsidiaries		(1,634,144)	(51,065)
Capital injection from non-controlling interests	34	1,996,742	—
Cash advance from associates		154,451	—
Cash advance from fellow subsidiaries		34,830,766	14,740,108
Cash advance from a joint venture		82,406	—
Cash advance from joint ventures of the ultimate holding company		78,060	76,391
Cash advance from associates of the ultimate holding company		—	38,091
Cash advance from non-controlling interests		—	12,967
Repayment to associates of the ultimate holding company		(38,091)	—
Repayment to non-controlling interests		(30,126)	—
Advances from investors of subsidiaries		4,536,299	—
Restricted cash pledged for bank borrowings		(4,404,038)	(201,490)
Net cash generated from financing activities		71,939,522	13,916,000
Net increase in cash and cash equivalents		2,233,420	6,638,592
Cash and cash equivalents at beginning of year		8,607,739	1,913,552
Exchange gain on cash and cash equivalents		157,620	55,595
Cash and cash equivalents at end of year		10,998,779	8,607,739

The notes on pages 12 to 67 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 General information

Tianji Holding Limited (the "Company") was incorporated in the Hong Kong on 19 May 2009 as an exempted company with limited liability and is engaged in investment holding. The Company and its subsidiaries (the "Group") are principally engaged in the property development, property investment, property management, hotel and other property development related services in the People's Republic of China (the "PRC"). The address of its registered office is at Suite 1501, One Pacific Place 88 Queensway and its principal place of business is Hong Kong.

These consolidated financial statements are presented in Renminbi Yuan ("RMB") thousands, unless otherwise stated. These consolidated financial statements have been approved for issue by the director of the Company on 5 June 2017.

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.

(a) *Basis of preparation*

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") and requirements of the Hong Kong Companies ordinance Cap. 622. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets and investment properties, which are carried at fair value.

The preparation of financial statements in conformity with the HKFRS 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 Group has recorded net liabilities of RMB1,826,830,000 attributed to the shareholder of the Company as at 31 December 2016. The director has secured sufficient financial support from the immediate holding company, Evergrande Real Estate Group Limited, to enable the Group to meet the obligations and settle its liabilities as and when they fall due and to enable the Group to continue operations fro the foreseeable future. The director believes that the Group will continue as a going concern and consequently has prepared the financial statements on the going concern basis.

(i) *New and amended standards adopted by the Group*

The following amendments to standards are mandatory for the Group's financial year beginning on 1 January 2016. The adoption of these amended standards does not have any significant impact to the results and financial position of the Group.

HKFRS 11 (Amendment)	Accounting for acquisitions of interests in joint operation
HKAS 16 and HKAS 38 (Amendments)	Clarification of acceptable methods of depreciation and amortisation
HKFRS 10, HKFRS 12 and HKAS 28 (Amendment)	Investment entities: applying the consolidation exception
HKAS 27 (Amendment)	Equity method in separate financial statements
Annual improvements 2014	Annual improvements 2012–2014 cycle
HKAS 1 (Amendment)	Disclosure initiative
HKFRS 14	Regulatory deferral accounts
HKAS 16 and HKAS 41 (Amendments)	Agriculture: bearer plants

(ii) *New standards and amendments to standards that have been issued but are not effective*

The following new standards and amendments to standards have been issued but are not effective for the financial year beginning on 1 January 2016 and have not been early adopted by the Group:

HKAS 7 (Amendments)	Changes in liabilities arising from financial activities[1]
HKAS 12 (Amendments)	Recognition of deferred tax assets for unrealised losses[1]
HKFRS 9	Financial instruments[2]
HKFRS 15	Revenue from contracts with customers[2]
HKFRS 16	Leases[3]
HKFRS 10 and HKAS 28 (Amendments)	Sale or contribution of assets between an investor and its associate or joint venture[4]

1 Effective for annual periods beginning on or after 1 January 2017.
2 Effective for annual periods beginning on or after 1 January 2018.
3 Effective for annual periods beginning on or after 1 January 2019.
4 Effective date is to be determined by the International Accounting Standard Board.

The Group has already commenced an assessment of the impact of these new or revised standards and amendments, certain of which are relevant to the Group's operations.

The amendments to HKAS 7 introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities.

The amendments to HKAS 12 on the recognition of deferred tax assets for unrealised losses clarify how to account for deferred tax assets related to debt instruments measured at fair value.

HKFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.

While the Group has yet to undertake a detailed assessment, the Group's financial assets currently classified as available-for-sale (AFS) would appear to satisfy the conditions for classification as fair value through other comprehensive income (FVOCI) and hence there will be no change to the accounting for these assets. And the Group expects that its financial assets currently measured at amortised cost and fair value through profit or loss will continue with their respective classification and measurements.

There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities. The derecognition rules have been transferred from HKAS 39 Financial Instruments: Recognition and Measurement and have not been changed.

The new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses as is the case under HKAS 39. It applies to financial assets classified at amortised cost, debt instruments measured at FVOCI, contract assets under HKFRS 15 Revenue from Contracts with Customers, lease receivables, loan commitments and certain financial guarantee contracts. While the Group has not yet undertaken a detailed assessment of how its impairment provisions would be affected by the new model, it may result in an earlier recognition of credit losses.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

HKFRS 9 must be applied for financial years commencing on or after 1 January 2018. Based on the transitional provisions in the completed HKFRS 9, early adoption in phases was only permitted for annual reporting periods beginning before 1 February 2015. After that date, the new rules must be adopted in their entirety. The Group does not intend to adopt HKFRS 9 before its mandatory date.

HKFRS 15 replaces the previous revenue standards: HKAS 18 Revenue and HKAS 11 Construction Contracts, and the related Interpretations on revenue recognition. HKFRS 15 establishes a comprehensive framework for determining when to recognise revenue and how much revenue to recognise through a 5-step approach: (1) Identify the contract(s) with customer; (2) Identify separate performance obligations in a contract; (3) Determine the transaction price; (4) Allocate transaction price to performance obligations and (5) Recognise revenue when performance obligation is satisfied. The core principle is that a company should recognise revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. It moves away from a revenue recognition model based on an approach of transfer of risk and rewards to an approach based on transfer of control. HKFRS 15 provides specific guidance on capitalisation of contract cost and licence arrangements. It also includes a cohesive set of disclosure requirements about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. Under HKFRS 15, an entity recognises revenue when a performance obligation is satisfied.

At this stage, the Group is not able to estimate the impact of HKFRS 15 on the Group's financial statements. The Group will make more detailed assessments of the impact over the next twelve months.

HKFRS 15 is mandatory for financial years commencing on or after 1 January 2018. At this stage, the Group does not intend to adopt the standard before its effective date.

The amendments to HKFRS 10 and HKAS 28 address an inconsistency between HKFRS 10 and HKAS 28 in the sale and contribution of assets between an investor and its associate or joint venture. A full gain or loss is recognised when a transaction involves a business. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if those assets are in a subsidiary. The amendments were originally intended to be effective for annual periods beginning on or after 1 January 2016. The effective date has now been deferred/removed. Early application of the amendments continues to be permitted.

HKFRS 16 will result in almost all leases being recognised on the balance sheet, 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 recognised. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change.

The standard will affect primarily the accounting for Group's operating leases. Management expects there will be no significant impact on the Group's financial statements when it becomes effective as the Group does not have material lease arrangements as lessee.

Some of the commitments may be covered by the exception for short-term and low value leases and some commitments may relate to arrangements that will not qualify as leases under HKFRS 16.

The new standard is mandatory for financial years commencing on or after 1 January 2019. At this stage, the Group does not intend to adopt the standard before its effective date.

(b) *Meger accounting restatement*

On 29 September 2016, Ever Grace Group Limited ("Ever Grace"), a wholly-owned subsidiary of the Company, entered into agreements with ANJI (BVI) Limited ("ANJI") and SHENGJIAN (BVI) Limited ("SHENGJIAN"), to acquire twelve subsidiaries of ANJI and one subsidiary of SHENGJIAN ("the Acquired Group"), at total cash considerations of RMB8,698,605,000.

The Acquired Group is principally engaged in the property development, property investment, property management, hotel and other property development related services in the PRC.

The above acquisition is considered as business combination involving entities under common control and has been accounted for using merger accounting method, in accordance with the guidance set out in Accounting Guideline 5 "Merger Accounting for Common Control Combinations" issued by the Hong Kong Institute of Certified Public Accountants. As a result, the consolidated balance sheet as at 1 January 2015 and 31 December 2015 and consolidated statement of comprehensive income, changes in equity and cash flows for the year ended 31 December 2015 have been restated, in order to include the profits, assets and liabilities of the combining entities since the date of which first come under common control.

The adoption of merger accounting has resulted in an increase in the Group's total comprehensive income attributable to the owner of the Company for the year ended 31 December 2015 of RMB1,530,167,000, and an increase in the Group's profit attributable to the owner of the Company for the year ended 31 December 2015 of RMB 1,474,175,000 respectively.

The effects of the merger accounting restatement described above on the consolidated balance sheet as at 1 January 2015 and 31 December 2015 are as follows:

	1 January 2015	Merger accounting restatement	1 January 2015
	RMB'000 (Original stated/ unaudited)	RMB'000	RMB'000 (Restated/ unaudited)
Total assets less total liabilities	47,147	13,880,261	13,927,408
Share capital	66,962	—	66,962
Reserves	—	3,511,204	3,511,204
Retained earnings	(19,815)	5,788,067	5,768,252
Non-controlling interests	—	4,580,990	4,580,990

	31 December 2015	Merger accounting restatement	31 December 2015
	RMB'000 (Original stated/ unaudited)	RMB'000	RMB'000 (Restated/ unaudited)
Total assets less total liabilities	(202,960)	17,495,400	17,292,440
Share capital	66,962	—	66,962
Reserves	—	3,690,445	3,690,445
Retained earnings	(269,922)	7,143,782	6,873,860
Non-controlling interests	—	6,661,173	6,661,173

The effects of the merger accounting restatement described above on the consolidated statement of comprehensive income for the year ended 31 December 2015 is as follows:

	Year end 31 December 2015	Merger accounting restatement	Year end 31 December 2015
	(Original stated)		(Restated)
Revenue	—	11,430,757	11,430,757
Operating profit	238,155	3,574,469	3,812,624
(Loss)/profit for the year	(250,106)	1,700,002	1,449,896
Profit attributable to:			
Shareholder of the Company	(250,106)	1,474,175	1,224,069
Non-controlling interests	—	225,827	225,827
Total comprehensive income attributable to:			
Shareholder of the Company	(250,106)	1,530,167	1,280,061
Non-controlling interests	—	225,827	225,827

(c) *Consolidation*

(i) *Subsidiaries*

Subsidiaries are entities (including a structured entity) 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.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

(ii) *Business combinations*

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by HKFRS.

Acquisition-related costs are expensed off as incurred.

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 re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with HKAS 39 in profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

(iii) *Merger accounting for business combination involving entities under common control*

The consolidated financial statements incorporate the financial statement items of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are consolidated using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets and liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated statement of comprehensive income includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

The comparative amounts in the consolidated financial statements are presented as if the entities or businesses had been combined at the end of the previous reporting period or when they first came under common control, whichever is shorter.

Business combination related costs are generally recognised in profit or loss as incurred.

(iv) *Changes in ownership interests in subsidiaries without change of control*

Transactions with non-controlling interests that do not result in a loss of control are accounted for as equity transactions — that is, as transactions with the owners of the subsidiary in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying amount of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(v) *Disposal of subsidiaries*

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is 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.

(vi) *Investments in subsidiaries*

In the Company's statement of financial position, the 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.

(d) ***Associates***

An associate is an entity over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investments in associates include goodwill identified on acquisition. Upon the acquisition of the ownership interest in an associate, any difference between the cost of the associate and the Group's share of the net fair value of the associate's identifiable assets and liabilities is accounted for as goodwill.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of post-tax loss of associates' in the income statement.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Gain or losses on dilution of equity interest in associates are recognised in the income statement.

(e) ***Joint arrangements***

The Group has applied HKFRS 11 to all joint arrangements. Under HKFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. The Group's investments in joint ventures include goodwill identified on acquisition. Upon the acquisition of the ownership interest in a joint venture, any difference between the cost of the joint venture and the Group's share of the net fair value of the joint venture's identifiable assets and liabilities is accounted for as goodwill. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

(f) ***Segment reporting***

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (CODM). The CODM who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors that makes strategic decisions.

(g) ***Foreign currency translation***

(i) *Functional and presentation currency*

Items included in the financial statements of each group entities are measured using the currency of the primary economic environment in which the entities operate (the "functional currency"). The consolidated financial statements are presented in RMB, which is the functional and presentation currency of the Company.

(ii) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of comprehensive income, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gain and losses that relate to borrowings denominated in foreign currencies are presented in the consolidated statement of comprehensive income within 'finance income/(costs), net'. All other foreign exchange gain and losses are presented in the consolidated statement of comprehensive income within 'Administrative expenses'.

(iii) *Group entities*

The results and financial positions of the Group entities (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 of the Group entities are translated at the closing rate at the date of that balance sheet;

- income and expenses for each income statement of the Group entities are translated at average exchange rates; and

- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken into equity holders' equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale.

(h) ***Property, plant and equipment***

Property, plant and equipment are stated at historical cost less depreciation and any impairment loss. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised 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 repairs and maintenance are recognised in profit or loss during the period in which they are incurred.

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Buildings	20–30 years
Machinery	5–10 years
Transportation equipment	5–10 years
Furniture, fitting and equipment	5–10 years

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at each balance sheet date.

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.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within other (losses)/gains, in the statement of comprehensive income.

Assets under construction are stated at historical cost less impairment losses. Historical cost includes expenditure that is directly attributable to the development of the assets which comprises construction costs, amortisation of land use rights, borrowing costs and professional fees incurred during the development period. On completion, the assets are transferred to buildings within property, plant and equipment.

No depreciation is provided for assets under construction. The carrying amount of an asset under construction is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

(i) ***Investment properties***

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group, is classified as investment property. Properties and land use right that are currently being constructed or developed for future use as investment property is classified as investment property.

Investment property is measured initially at its cost, including related transaction costs.

After initial recognition, investment property is carried at fair value. Where fair value of investment property under construction is not reliably measurable, the property is measured at cost until the earlier of the date construction is completed or the date at which fair value becomes reliably measurable. 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 this information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections.

Subsequent expenditure is charged to the asset's carrying amount 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 repairs and maintenance costs are recognised in profit or loss during the financial period in which they are incurred.

Changes in fair values of investment property are recognised in profit or loss.

If an investment property becomes owner-occupied or commences to be further developed for sale, it is reclassified as property, plant and equipment and land use right or properties under development, and its fair value at the date of change in use becomes its cost for accounting purposes.

If an item of property, plant and equipment becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this item at the date of transfer is recognised in equity as a revaluation of property, plant and equipment under HKAS 16. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in profit or loss to the extent the impairment provision previous made.

(j) ***Intangible asset***

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of three to ten years.

(k) ***Impairment of non-financial assets***

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed 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 to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows ("cash-generating unit"). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(l) *Financial assets*

(i) *Classification*

The Group classifies its financial assets as financial assets at fair value through profit or loss, loans and receivables, and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorized as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

Loans and receivables

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 those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are classified as 'trade and other receivables' and 'cash and cash equivalents' in the balance sheet.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

(ii) *Recognition and measurement*

Regular way purchases and sales of financial assets are recognised on the trade-date — the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income statement within 'fair value gain on financial assets at fair value through profit or loss' in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the income statement as part of other income when the group's right to receive payments is established.

Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognised in other comprehensive income.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the profit or loss.

Dividends on available-for-sale equity instruments are recognised in the profit or loss when the Group's right to receive payments is established.

(iii) *Offsetting financial instruments*

Financial assets and liabilities are offset and the net amount reported in the balance sheet 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. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

(m) *Impairment of financial assets*

(i) *Assets carried at amortised cost*

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 or held- to-maturity investment 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 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.

(ii) *Assets classified as available for sale*

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. For equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists, the cumulative loss — measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss — is removed from equity and recognised in profit or loss. Impairment losses recognised in profit or loss on equity instruments are not reversed through profit or loss.

(n) ***Properties under development***

Properties under development are stated at the lower of cost and net realisable value. Net realisable value takes into account the price ultimately expected to be realised, less applicable variable selling expenses and anticipated cost to completion.

Development cost of property comprises mainly construction costs, cost of land use rights, borrowing costs, and professional fees incurred during the development period. On completion, the properties are transferred to completed properties held for sale.

Properties under development are classified as current assets unless those will not be realised in one normal operating cycle.

(o) ***Completed properties held for sale***

Completed properties remaining unsold at the end of each relevant year are stated at the lower of cost and net realisable value.

Cost comprises development costs attributable to the unsold properties.

Net realisable value is determined by reference to the estimated selling price in the ordinary course of business, less applicable estimated selling expenses to make the sale.

(p) ***Inventories***

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of finished goods and work in progress comprises, raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

(q) ***Trade and other receivables***

Trade receivables are amounts due from customers for properties sold or services performed in the ordinary course of business. 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.

(r) ***Cash and cash equivalents***

Cash and cash equivalent includes cash in hand and at banks and deposits held at call with banks, other short-term high liquidity investment with original maturities of three months or less.

Bank deposits which are restricted to use are classified as ‘‘restricted cash’’. Restricted cash are excluded from cash and cash equivalents in the cash flow statements.

(s) ***Share capital***

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new share or options are shown in equity as a deduction, net of tax, from the proceeds.

(t) ***Trade and other payables***

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (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 effective interest method.

(u) ***Borrowings***

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Fees paid to the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that part 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 respective balance sheet date.

(v) ***Borrowing costs***

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. Other borrowing costs are recognised as an expense in the period in which they are incurred.

Borrowing costs include interest expense, and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs. The exchange gains and losses that are an adjustment to interest costs include the interest rate differential between borrowing costs that would be incurred if the entity had borrowed funds in its functional currency, and the borrowing costs actually incurred on foreign currency borrowings. Such amounts are estimated based on forward currency rates at the inception of the borrowings.

When the construction of the qualifying assets takes more than one accounting period, the amount of foreign exchange differences eligible for capitalisation is determined for each annual period and are limited to the difference between the hypothetical interest amount for the functional currency borrowings and the actual interest incurred for foreign currency borrowings. Foreign exchange differences that did not meet the criteria for capitalisation in previous years should not be capitalised in subsequent years.

(w) ***Current and deferred income tax***

The tax expense for the period comprises current and deferred tax. Tax is recognised in the profit or loss, except 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.

(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 Group's entities 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 and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) *Deferred income tax*

Inside basis differences

Deferred income tax is recognised, 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, the deferred income tax is 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 the tax rates that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Outside basis differences

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associate and joint ventures, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the Group is unable to control the reversal of the temporary difference for its associate, only where there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference not recognised.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint ventures only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

(iii) *Offsetting*

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 tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(x) *Employee benefits*

(i) *Employee leave entitlements*

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) *Retirement benefits*

In accordance with the rules and regulations in the PRC, the PRC based employees of the Group participate in various defined contribution retirement benefit plans organised by the relevant municipal and provincial governments in the PRC under which the Group and the PRC based employees are required to make monthly contributions to these plans calculated at a percentage of the employees' salaries.

The municipal and provincial governments undertake to assume the retirement benefit obligations of all existing and future retired PRC based employees' payable under the plans described above. Other than the monthly contributions, the Group has no further obligation for the payment of retirement and other post retirement benefits of its employees. The assets of these plans are held separately from those of the Group in independently administrated funds managed by the PRC government.

The Group also participates in a pension scheme under the rules and regulations of the Mandatory Provident Fund Scheme Ordinance ("MPF Scheme") for all employees in Hong Kong, which is a defined contribution retirement scheme. The contributions to the MPF Scheme are based on minimum statutory contribution requirement of 5% of eligible employees' relevant aggregate income. The assets of this pension scheme are held separately from those of the Group in independently administered funds.

The Group's contributions to the defined contribution retirement schemes are expensed as incurred.

(iii) *Termination benefits*

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance sheet date are discounted to present value.

(y) *Provisions and contingent liabilities*

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 expenditures expected to be required to settle the obligation using a pre-tax discount 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.

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 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.

(z) *Revenue recognition*

Revenue comprises the fair value of the consideration received or receivable for the sales of properties and services in the ordinary course of the Group's activities. Revenue is shown, net of discount and after eliminated sales with the group entities.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probably that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The group bases its estimates of return on historical results, taking into consideration the type of customers, the type of transactions and the specifics of each arrangement.

(i) *Sales of properties*

Revenue from sales of properties is recognised when the risks and rewards of properties are transferred to the purchasers, which is when the construction of relevant properties has been completed and the properties have been delivered to the purchasers and collectability of related receivables is reasonably assured. To the extent that the Group has to perform further work on the properties already delivered to the purchasers, the relevant expenses shall be recognised simultaneously. Deposits and installments received on properties sold prior to the date of revenue recognition are included in the balance sheets under current liabilities.

(ii) *Property management*

Revenue arising from property management is recognised in the accounting period in which the services are rendered, using a straight-line basis over the term of the contract.

(iii) *Hotel operations*

Hotel revenue from room rentals, food and beverage sales and other ancillary services are recognised when the goods are delivered or services are rendered.

(iv) *Interest income*

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cashflow discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

(v) *Rental income*

Rental income of property leasing under operating leases is recognised on a straight-line basis over the lease terms.

(vi) *Advertising income*

Advertising income is recognised upon the publication of the edition in which the advertisement is placed.

(vii) *Dividend income*

Dividend income is recognised when the right to receive payment is established.

(aa) *Leases*

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

(i) *The Group is the lessee other than operating lease of land use rights*

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.

(ii) *The Group is the lessee under operating lease of land use rights*

Land use rights under operating lease, which mainly comprised land use rights to be developed for hotel properties and self-use buildings, are stated at cost and subsequently amortised in the consolidated statement of comprehensive income on a straight-line basis over the operating lease periods, less accumulated impairment provision.

(iii) *The Group is the lessor*

Assets leased out under operating leases are included in investment properties in the balance sheets.

(ab) *Dividend distribution*

Dividend distribution to the equity holders of the Company 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 equity holders or the director, where appropriate.

(ac) *Financial guarantee liabilities*

Financial guarantee liabilities are recognised in respect of the financial guarantee provided by the Group to the banks for 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 liabilities 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 of fees recognised.

Financial guarantee liabilities are derecognised from the balance sheet when, and only when, the obligation specified in the contract is discharged or cancelled or expired.

3 Financial risk management

(a) *Financial risk factor*

The Group's major financial instruments include cash and bank deposits, trade and other receivables, trade and other payables and borrowings. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The Company manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(i) *Foreign exchange risk*

The Group's businesses are principally conducted in RMB, except that certain receipts of sales proceeds and borrowings are denominated in other currencies. As at 31 December 2016, the carrying amounts of the Group's foreign currency denominated monetary assets and liabilities at the respective balance sheet dates are as follows:

	31 December	
	2016	**2015**
	RMB'000	**RMB'000**
Monetary assets		
— HK$	420,748	6,712,031
— US$	522,528	845,677
	943,276	7,557,708
Monetary liabilities		
— HK$	12,919,569	17,605,716
— US$	14,666,787	9,950,767
— EUR$	6,104,199	—
	33,690,555	27,556,483

The following table shows the sensitivity analysis of a 5% change in RMB against the relevant foreign currencies. The sensitivity analysis includes only foreign currency denominated monetary items and adjusts their translation at the year-end for a 5% change in foreign currency rates. If there is a 5% increase/decrease in RMB against the relevant currencies, the effect of increase/(decrease) in the profit for the year is as follows:

	31 December	
	2016	**2015**
	RMB'000	**RMB'000**
5% appreciation in RMB against HK$	468,706	408,513
5% depreciation in RMB against HK$	(468,706)	(408,513)
5% appreciation in RMB against US$	530,410	341,441
5% depreciation in RMB against US$	(530,410)	(341,441)
5% appreciation in RMB against EUR$	228,907	—
5% depreciation in RMB against EUR$	(228,907)	—

(ii) *Price risk*

The Group is exposed to equity securities price risk in connection with the available-for-sale financial assets held by the Group, which are publicly traded in stock exchange. The Group closely monitors the fluctuation of the price and assesses the impact on the Group's financial statements. If the price of equity securities the Group invested had been 5% higher/lower, other comprehensive income for the year ended 31 December 2016 would have been approximately RMB9,978,000 higher/lower (2015: RMB10,745,000 higher/lower), as a result of more/less fair value gain on available-for-sale financial assets.

(iii) *Interest rate risk*

The Group's interest-bearing assets and liabilities are mainly restricted cash, cash and cash equivalents and borrowings. The Group's exposure to changes in interest rates is mainly attributable to its long term borrowings. Borrowings at variable rates expose the Group to cash flow interest-rate risk. Borrowings issued at fixed rates expose the Group to fair value interest-rate risk.

As at 31 December 2016, if interest rate on borrowings had been 100 basis point higher/lower with all variables held constant, post-tax profit for the year ended 31 December 2016 would decrease/increase by approximately RMB43,014,000 (2015:decrease/increase by approximately RMB2,636,000), mainly as a result of more/less interest expense on borrowings at variable rates.

The Group has not used any interest rate swaps to hedge its exposure to interest rate risk.

(iv) *Credit risk*

Cash transactions are limited to high-credit-quality institutions. The extent of the Group's credit exposure is represented by the aggregate balance of cash in bank, trade and other receivables. Deposits are only placed with reputable banks.

For credit exposures to customers, credit terms are granted to customers upon obtaining approval from the Company's senior management after assessing the credit history of those customers. The Group closely monitors the collection of progress payments from customers in accordance with payment schedule agreed with customers. The Group has policies in place to ensure that sales are made to purchasers with an appropriate financial strength and appropriate percentage of down payments.

Meanwhile, the Group has the right to cancel the contracts once repayment from the customers is in default; it also has monitoring procedures to ensure that follow-up actions are taken to recover overdue balances. In addition, the Group regularly reviews the recoverable amount of each individual trade and other receivables to ensure that adequate impairment provisions are made for irrecoverable amounts. The Group has no significant concentrations of credit risk, with exposure spread over a number of counterparties and customers.

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. Detailed disclosure of these guarantees is made in note 31. 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 principal the loan and any interest accrued thereon. Under such circumstances, the Group is able to retain the customer's deposit and resell the property to recover any amounts paid by the Group to the bank. In this regard, the director of the Company consider that the Group's credit risk is significantly reduced.

(v) *Liquidity risk*

Management aims to maintain sufficient cash and cash equivalents or have available funding through an adequate amount of available financing, including proceeds from pre-sale of properties, committed credit facilities and short-term and long-term borrowings to meet its construction commitments. Due to the dynamic nature of the underlying businesses, the Group maintains flexibility in funding by maintaining adequate amount of cash and cash equivalents and through having available sources of financing.

To cope with the rapid expansion of the Group's businesses, the Group raised significant amounts of borrowings during the years ended 31 December 2016. As at 31 December 2016, the Group's total borrowings stood at RMB78,838,468,000 and its gearing ratio achieved at 28.69% (note 3(b)).

In order to properly manage the group's liquidity risk and capital structure, the Group has a number of plans to mitigate the potential impacts on anticipated cash flows should there be significant adverse changes in economic environment. These include control on investment in land reserve, adjusting project development timetable to adapt the changing local real estate market environment, implementing cost control measures, promotion of sales of completed properties, accelerating sales with more flexible pricing. The Group will pursue such options based on its assessment of relevant future costs and benefits. With the aforementioned plans, the director of the Company considered the Group's liquidity risk has been controlled.

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 date. The amounts disclosed in the table are the contractual undiscount cash flows.

	Less than 1 year	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**	**Total**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**
At 31 December 2016					
Borrowings.	34,060,395	13,009,807	36,409,966	20,311,465	103,791,633
Trade and other payables*	128,645,408	3,860,019	—	1,433,590	133,939,017
	162,705,803	16,869,826	36,409,966	21,745,055	237,730,650
At 31 December 2015					
Borrowings.	11,158,630	7,694,599	3,212,000	6,581,099	28,646,328
Trade and other payables*	64,098,993	—	—	—	64,098,993
	75,257,623	7,694,599	3,212,000	6,581,099	92,745,321

* Excluding staff welfare benefit payable and other taxes payable.

The amounts have not included financial guarantee contracts:

— which the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee for loans procured by the purchasers of the Group's properties (note 31). Such guarantees terminate upon the earlier of (i) issuance of the real estate ownership certificate which will generally be available within an average period of two to three years upon the completion of guarantee registration; or (ii) the satisfaction of mortgaged loan by the purchasers of properties;

Based on expectations at the end of the reporting period, the Group considers that it is more likely than not that no amount will be payable under the arrangement.

(b) ***Capital risk management***

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for equity owners and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to equity owners, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total borrowings divided by total assets, as shown in the consolidated balance sheets.

The gearing ratios as at 31 December 2016 and 2015 were as follows:

	31 December	
	2016	2015
	RMB'000	RMB'000
Total borrowings *(Note 20)*	78,838,468	26,570,644
Total assets	274,838,077	122,568,389
Gearing ratio	28.69%	21.68%

(c) ***Fair value estimation***

The different levels of the financial instruments carried at fair value, by valuation method, have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within 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).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

	Level 1	Level 2	Level 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2016				
Assets				
Available-for-sale financial assets	266,073	274,471	11,000	551,544
At 31 December 2015				
Assets				
Available-for-sale financial assets	286,541	305,402	192,000	783,943

There were no transfers among different categories during the year.

The nominal value less impairment provisions of trade and other receivables and the nominal value of trade and other payables approximate their fair value due to their short maturities. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

4 Critical accounting estimates and assumptions

Estimates and judgements used in preparing the financial statements are evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. 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 may have a significant effect on the carrying amounts of assets and liabilities within the next financial year are discussed below:

(a) *Estimated fair value of investment properties*

The best evidence of fair value is current prices in an active market for the properties with similar lease and other contracts. In the absence of such information, the Group determines the amount within a range of reasonable fair value estimates. In making its judgement, the Group considers information from a variety of sources including:

(i) current prices in an active market for properties of different nature, condition or location (or subject to different lease or other contracts), adjusted to reflect those differences;

(ii) recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and

(iii) discounted cash flow projections based on reliable estimates of future cash flows, derived from the terms of any existing lease and other contracts and (where possible) from external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

(iv) estimated costs to completion and expected developer's profit margin, derived from the construction budget and historical information of similar properties.

The Group assesses the fair value of its investment properties based on valuations determined by independent and professional qualified valuers.

(b) *Provision for properties under development and completed properties held for sale*

The Group estimates property construction cost upon recognition of respective costs of sales. Such estimates are substantiated by detailed budgetary information as developed by the management, and will be assessed periodically, as the constructions progress. Should these estimates depart from their actual finalised costs, such differences would affect the accuracy of costs of sales recognised.

The Group assesses the carrying amounts of properties under development and completed properties held for sale according to their recoverable amounts based on the realisability of these properties, taking into account estimated costs to completion based on past experience and committed contracts and estimated net sales value based on prevailing market conditions. Provision is made when events or changes in circumstances indicate that the carrying amounts may not be realised. The assessment requires the use of judgement and estimates.

(c) ***PRC corporate income taxes and deferred taxation***

The Group's subsidiaries that operate in the PRC are subject to income tax in the PRC. Judgement is required in determining the provision for income tax and withholding tax on unremitted earnings of PRC subsidiaries. There are many transactions and calculations for which the ultimate determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters (including the effect of change in the dividend policies of PRC subsidiaries) is different from the amounts that were initially recorded, such difference will impact the income tax and deferred tax provision in the period in which such determination is made.

Deferred tax assets relating to certain temporary differences and tax losses are recognised when management considers to be probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. The outcome of their actual utilisation may be different.

(d) ***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 properties projects. Accordingly, judgement is required in determining the amount of the land appreciation taxes. The Group recognised these land appreciation taxes based on management's best estimates according to the interpretation of the tax rules. The final tax outcome could be different from the amounts that were initially recorded, and these differences will impact the income tax expense and tax provisions in the periods in which such taxes have been finalised with local tax authorities.

5 Segment information

The chief operating decision-maker ("CODM") of the Group has been identified as the executive director of the Company who are responsible for reviewing the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports. The Group is organised into four business segments: property development, property investment, property management and other businesses. Other businesses mainly include hotel operations. As the CODM of the Group considers most of the revenue and results of the Group are attributable to the market in the PRC, and only an immaterial part (less than 10%) of the Group's assets are located outside the PRC, no geographical segment information is presented.

The director of the Company assess the performance of the operating segments based on a measure of segment results. Dividend income of available-for-sale financial assets, gain or loss on disposal of available-for-sale financial assets and finance cost and income are not included in the result for each operating segment.

Revenue for the year ended 31 December 2016 consists of sales of properties, rental income of investment properties, income from property management services and income from other businesses, which are set out below:

	Year ended 31 December	
	2016	2015
	RMB'000	RMB'000
Sales of properties	17,325,364	8,648,708
Rental income of investment properties	374,187	127,668
Property management services	3,008,201	2,515,277
Other businesses	381,292	139,104
	21,089,044	11,430,757

The segment results and other segment items included in the consolidated statement of comprehensive income for the year ended 31 December 2016 are as follows:

	Property development	Property investment	Property management services	Other businesses	Group
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Gross segment revenue	17,325,364	375,846	3,070,738	381,385	21,153,333
Inter-segment revenue	—	(1,659)	(62,537)	(93)	(64,289)
Revenue	17,325,364	374,187	3,008,201	381,292	21,089,044
Share of loss of associates					(21,222)
Share of profit of a joint venture					120,567
Segment results	848,444	1,597,323	374,562	(98,705)	2,721,624
Dividend income of available-for-sale financial assets					32,388
Gain on disposal of available-for-sale financial assets					25,540
Finance costs					(812,492)
Profit before income tax					1,967,060
Income tax expenses					(2,306,181)
Profit for the year					(339,121)
Depreciation and amortisation	275,416	—	13,595	183,359	472,370
Fair value gains on investment properties	—	1,241,402	—	—	1,241,402

The segment results and other segment items included in the consolidated statement of comprehensive income for the year ended 31 December 2015 are as follows:

	Property development	Property investment	Property management services	Other businesses	Group
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**
Gross segment revenue	8,648,708	128,462	2,606,368	139,313	11,522,851
Inter-segment revenue	—	(794)	(91,091)	(209)	(92,094)
Revenue	28,648,708	127,668	2,515,277	139,104	11,430,757
Segment results	413,550	3,079,976	64,833	(32,299)	3,526,060
Gain on disposal of available-for-sale financial assets					262,069
Dividend income of available-for-sale financial assets					24,495
Finance costs					(409,938)
Profit before income tax					3,402,686
Income tax expenses					(1,952,790)
Profit for the year					1,449,896
Depreciation and amortisation	144,152	—	8,932	87,957	241,041
Fair value gains on investment properties	—	2,913,298	—	—	2,913,298

Segment assets and liabilities as at 31 December 2016 are as follows:

	Property development	Property investment	Property management services	Other businesses	Group
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**
Segment assets	238,078,146	27,192,835	2,062,916	5,737,124	273,071,021
Unallocated assets					1,767,056
Total assets					274,838,077
Segment assets include:					
Interest in associates	617,489	—	—	—	617,489
Interest in a joint venture	1,326,168	—	—	—	1,326,168
Segment liabilities	159,565,985	3,314,138	1,952,829	757,201	165,590,153
Unallocated liabilities					103,444,442
Total liabilities					269,034,595
Capital expenditure	240,535	13,297,692	15,778	2,252,722	15,806,727

Segment assets and liabilities as at 31 December 2015 are as follows:

	Property development	Property investment	Property management services	Other businesses	Group
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**
Segment assets	103,592,955	13,164,260	1,168,402	3,477,140	121,402,757
Unallocated assets					1,165,632
Total assets					122,568,389
Segment liabilities	68,705,235	1,722,004	924,713	339,910	71,691,862
Unallocated liabilities					33,584,087
Total liabilities					105,275,949
Capital expenditure	406,455	2,934,861	9,311	880,805	4,231,432

Sales between segments are carried out at agreed terms amongst relevant parties. The revenue from external parties reported to the management is measured in a manner consistent with that in the consolidated statement of comprehensive income.

Segment assets consist primarily of property, plant and equipment, investment properties, land use rights, properties under development, completed properties held for sale, receivables, prepayments and cash balances. They exclude deferred tax assets, income tax recoverable and available-for-sale financial assets.

Segment liabilities consist of operating liabilities. Unallocated liabilities comprise taxation and borrowings.

Capital expenditure comprises additions to property, plant and equipment, investment properties, land use rights and intangible assets.

Reportable segments' assets are reconciled to total assets as follows:

	31 December	
	2016	**2015**
	RMB'000	**RMB'000**
Segment assets	273,071,021	121,402,757
Unallocated:		
Income tax recoverable	1,064,598	267,662
Deferred income tax assets	150,914	114,027
Available-for-sale financial assets	551,544	783,943
Total assets per consolidated balance sheet	274,838,077	122,568,389

Reportable segments' liabilities are reconciled to total liabilities as follows:

	31 December	
	2016	**2015**
	RMB'000	**RMB'000**
Segment liabilities	165,590,153	71,691,862
Unallocated:		
Current income tax liabilities	4,682,941	2,641,547
Deferred income tax liabilities	19,923,033	4,371,896
Borrowings	78,838,468	26,570,644
Total liabilities per consolidated balance sheet	269,034,595	105,275,949

No material revenues are derived from any single external customer (2015: none).

6 Property, plant and equipment

	Buildings	Machinery	Transportation equipment	Furniture, fitting and equipment	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2015						
Opening net book amount	605,993	30,884	14,113	502,611	303,107	1,456,708
Additions	28,912	553	3,592	24,951	181,429	239,437
Acquisition of subsidiaries	704,583	7	9,352	113,236	—	827,178
Disposals	—	(1)	(1,407)	(1,656)	—	(3,064)
Depreciation	(68,865)	(4,061)	(9,678)	(112,379)	—	(194,983)
Closing net book amount	1,270,623	27,382	15,972	526,763	484,536	2,325,276
At 31 December 2015						
Cost	1,572,704	39,341	66,798	777,627	484,536	2,941,006
Accumulated depreciation	(302,081)	(11,959)	(50,826)	(250,864)	—	(615,730)
Net book amount	1,270,623	27,382	15,972	526,763	484,536	2,325,276
Year ended 31 December 2016						
Opening net book amount	1,270,623	27,382	15,972	526,763	484,536	2,325,276
Additions	363,228	5,036	38,953	64,866	689,827	1,161,910
Acquisition of subsidiaries *(note 35)*	1,057,976	4,064	(5,783)	2,080	5,885	1,064,222
Transfers	365,284	17,547	—	99,284	(482,115)	—
Transfer from Investment Properties *(note 8)*	1,309,575	—	—	—	—	1,309,575
Disposals	(158,098)	(1,331)	(619)	(3,004)	—	(163,052)
Depreciation	(161,574)	(7,714)	(22,352)	(155,385)	—	(347,025)
Closing net book amount	4,047,014	44,984	26,171	534,604	698,133	5,350,906
At 31 December 2016						
Cost	4,456,318	63,925	95,348	928,288	698,133	6,242,012
Accumulated depreciation	(409,304)	(18,941)	(69,177)	(393,684)	—	(891,106)
Net book amount	4,047,014	44,984	26,171	534,604	698,133	5,350,906

During the year ended 31 December 2016, the Group capitalised borrowing costs amounting to RMB93,806,000 (2015: RMB57,633,000) on the construction in progress. Borrowing costs were capitalised at the weighted average rate of its general borrowings of 7.16% (2015: 7.13%).

As at 31 December 2016, property, plant and equipment of RMB631,059,000 (2015: RMB639,455,000) were pledged as collateral for the Group's bank borrowings (note 20).

7 Land use rights

Land use rights are related to properties outside Hong Kong, held on leases of over 40 years:

	Year ended 31 December	
	2016	2015
	RMB'000	RMB'000
Opening net book amount	1,669,133	1,569,770
Additions	1,491,268	362
Acquisition of subsidiaries *(note 35)*	24,448	132,000
Disposal	(23,450)	—
Amortisation	(70,373)	(32,999)
Closing net book amount	3,091,026	1,669,133

Land use rights comprise cost of acquiring rights to use certain land, which are principally located in the PRC, for hotel buildings and self-use buildings over fixed periods.

As at 31 December 2016, land use rights of RMB657,483,000 (2015: RMB1,207,076,000) were pledged as collateral for the Group's bank borrowings (note 20).

8 Investment properties

	Year ended 31 December	
	2016	**2015**
	RMB'000	**RMB'000**
Opening net book amount	13,164,260	7,380,046
Additions	1,916,121	2,608,861
Acquisition of subsidiaries *(note 35)*	11,381,571	326,000
Disposals	(48,209)	(63,945)
Transfer to property, plant and equipment *(note 6)*	(1,309,575)	—
Fair value gains on investment properties	1,241,402	2,913,298
Currency translation differences	847,265	—
Closing net book amount	27,192,835	13,164,260
Comprise of:		
Completed	22,249,135	8,771,160
Under construction	4,943,700	4,393,100

As at 31 December 2016, the Group had no unprovided contractual obligations for future repairs and maintenance (2015: nil).

As at 31 December 2016, investment properties of RMB9,651,071,000 (2015: RMB1,751,926,000) were pledged as collateral for the Group's borrowings (note 20).

(a) *Valuation processes of the Group*

The Group measures its investment properties at fair value. The fair value of the Group's investment properties has been determined on the basis of valuation carried out by CB Richard Ellis Limited ("CBRE"), an independent and professionally qualified valuer.

Discussions of valuation processes and results are held between the management and the valuer at least once every six months, in line with the Group's interim and annual reporting dates.

(b) *Valuation techniques*

Valuations were based on either:

(i) direct comparison approach is adopted assuming sale of each of these properties in its existing state with the benefit of vacant possession. By making reference to sales transactions as available in the relevant market, comparable properties in close proximity have been selected and adjustments have been made to account for the difference in factors such as location and property size.

(ii) income approach takes into account the current rents of the property interests and the reversionary potentials of the tenancies, term yield and reversionary yield are then applied respectively to derive the market value of the property.

(iii) residual method of valuation which is commonly used in valuing development sites by establishing the market value of the properties on an "as-if" completed basis with appropriate deduction on construction costs, professional fees, contingency, marketing and legal cost, and interest payments to be incurred, anticipated developer's profits, as well as land acquisition costs.

There were no changes to the valuation techniques during the year.

(c) ***Information about fair value measurements using significant unobservable inputs (level 3)***

	Property Category	Fair value as at 31 December 2016	Valuation techniques	Unobservable inputs	Range of unobservable inputs
Completed investment properties	Commercial properties	3,197,925	Income capitalisation	Term yield	4.00%–5.00%
				Reversionary yield	4.00%–5.00%
				Capitalisation rate	5.00%–6.00%
				Expected vacancy rate	5.00%–10.00%
				Monthly rental (RMB/ square meter/month)	70–660
		13,627,610	Direct comparison	Market price (RMB/square meter)	5,000–144,633
	Car park	5,423,600	Direct comparison	Market price (RMB/per car park)	70,000–430,000
Investment properties under construction	Commercial properties	3,438,500	Residual method	Market price (RMB/square meter)	6,800–21,900
				Budgeted cost (RMB/square meter)	1,233–7,610
				Anticipated developer's profit margin	5.00%–20.00%
	Car park	1,505,200	Residual method	Market price (RMB/per car park)	100,000–158,100
				Budgeted cost (RMB/square meter)	525–1,171
				Anticipated developer's profit margin	2.00%–5.00%
Completed investment properties	Commercial properties	3,907,400	Income capitalisation	Term yield	4.00%–5.50%
				Reversionary yield	4.00%–5.50%
				Capitalisation rate	4.00%–7.00%
				Expected vacancy rate	0–10.00%
				Monthly rental (RMB/ square meter/month)	42–660
		1,542,560	Direct comparison	Market price (RMB/square meter)	6,970–77,500
	Car park	3,321,200	Direct comparison	Market price (RMB/per car park)	84,300–391,000

	Property Category	Fair value as at 31 December 2016	Valuation techniques	Unobservable inputs	Range of unobservable inputs
Investment properties under construction .	Commercial properties	3,220, 200	Residual method	Market price (RMB/square meter)	5,360–26,532
				Budgeted cost (RMB/square meter)	100–6,038
				Anticipated developer's profit margin	5.00%-20.00%
	Car park	1,172,900	Residual method	Market price (RMB/per car park)	91,230–288,000
				Budgeted cost (RMB/square meter)	100–2,754
				Anticipated developer's profit margin	2.00%–5.00%

Relationship of unobservable inputs to fair value:

- The higher terminal and reversionary yield, the lower fair value;
- The higher capitalisation rate, the lower fair value;
- The higher expected vacancy, the lower fair value;
- The higher monthly rental, the higher fair value;
- The higher market price, the higher fair value;
- The higher budgeted construction cost to be incurred, the lower fair value;
- The higher the anticipated developer's profit margin, the lower fair value.

(d) ***The following amounts have been recognised in the consolidated statement of comprehensive income:***

	Year ended 31 December	
	2016	2015
	RMB'000	RMB'000
Rental income.	374,187	127,668
Direct operating expenses arising from investment properties that generate rental income	(39,840)	(14,463)

The future aggregate minimum rental receivables under non-cancellable operating leases are as follows:

	31 December	
	2016	2015
	RMB'000	RMB'000
Not later than one year.	215,886	88,759
Later than one year and not later than five years	338,089	430,191
Later than five years	196,242	33,623
	750,217	552,573

During the year ended 31 December 2016 and 2015, the investment properties are mainly located in the PRC and have lease periods less than 20 years.

9 Properties under development

	31 December	
	2016	2015
	RMB'000	RMB'000
Properties under development expected to be completed:		
— Within one operating cycle included under current assets	113,607,621	40,176,879
Properties under development comprise:		
— Construction costs and capitalised expenditures	33,589,045	15,705,018
— Interests capitalised	7,379,384	2,562,047
— Land use rights	72,639,192	21,909,814
	113,607,621	40,176,879

The properties under development include costs of acquiring rights to use certain lands, which are located in the PRC, for property development over fixed periods. Land use rights are held on leases of between 40 to 70 years.

As at 31 December 2016, properties under development of approximately RMB55,146,378,000 (2015: RMB2,355,423,000) were pledged as collateral for the Group's borrowings (note 20).

The capitalisation rate of borrowing costs for the year ended 31 December 2016 is 7.16% (2015: 7.13%).

10 Completed properties held for sale

All completed properties held for sale are located in the PRC.

As at 31 December 2016, completed properties held for sale of approximately RMB4,906,894,000 (2015: RMB2,360,004,000) were pledged as collateral for the Group's borrowings (note 20).

11 Trade and other receivables

	31 December	
	2016	2015
	RMB'000	RMB'000
Trade receivables — third parties *(note (a))*	2,624,151	2,108,135
Other receivables:	82,144,764	42,016,403
— associates *(note (b), note 33)*	48,921	—
— a joint venture *(note (b), note 33)*	293,775	—
— associates of the ultimate holding company *(note (b), note 33)*	9,692	—
— joint ventures of the ultimate holding company *(note (b), note 33)*	6,602	—
— non-controlling interests *(note (b))*	528,000	—
— fellow subsidiaries	79,577,189	41,254,377
— other amounts due from third parties *(note (c))*	1,680,585	762,026
	84,768,915	44,124,538
Less: non-current portion		
Trade receivables — third parties *(note (a))*	(623,328)	(717,615)
Current portion	84,145,587	43,406,923

As at 31 December 2016 and 2015, the fair value of trade and other receivables approximated their carrying amounts.

(a) Trade receivables mainly arose from sales of properties. Proceeds in respect of sales of properties are to be received in accordance with the terms of the related sales and purchase agreements.

As at 31 December 2016, trade receivables of RMB45,615,000(31 December 2015: RMB74,129,000) were past due but not impaired. These accounts are mainly related to a number of customers who did not have a recent history of default, and the Group normally holds collateral of the properties before collection of the outstanding balances and pass the titles to the purchasers. The director of the Company consider that the past due trade receivables would be recovered and no provision was made against past due receivables as at 31 December 2016 (31 December 2015: nil). The ageing analysis of these trade receivables is as follows:

	31 December	
	2016	2015
	RMB'000	RMB'000
Within 90 days	15,158	74,129
Over 90 days and within 180 days	9,908	—
Over 180 days and within 365 days	2,887	—
Over 365 days	17,662	—
	45,615	74,129

The maximum exposure to credit risk at each balance sheet date is the carrying value of each class of receivables mentioned above. The Group has retained the legal titles of the properties sold to these customers before the trade receivables are settled.

The carrying amounts of the Group's trade and other receivables are mainly denominated in RMB, HKD and USD.

(b) Amounts are unsecured, interest free and repayable on demand.

(c) Amounts mainly represented the deposits for construction projects.

The trade and other receivables are denominated in the following currencies:

	31 December	
	2016	2015
	RMB'000	RMB'000
— Denominated in RMB	84,763,753	40,302,588
— Denominated in other currencies	5,162	3,821,950
	84,768,915	44,124,538

12 Prepayments

	31 December	
	2016	2015
	RMB'000	RMB'000
Prepaid business taxes and other taxes	1,037,367	331,688
Prepayments and advances to third parties:	1,689,609	1,755,755
— for acquisition of land use rights	89,824	500,907
— for acquisition of subsidiaries	—	1,047,225
— others	1,599,785	207,623
	2,726,976	2,087,443
Less: non-current portion		
— prepayment for acquisition of property, plant and equipment	(934,659)	—
	1,792,317	2,087,443

13 Investments accounted for using equity method

	31 December	
	2016	2015
	RMB'000	RMB'000
Associates	617,489	—
A Joint venture *(note (a))*	1,326,168	—
	1,943,657	—

The amounts recognised in the income statement are as follows:

	Year ended 31 December	
	2016	2015
	RMB'000	RMB'000
Share of loss of Associates	(21,222)	—
Share of profit of a Joint venture	120,567	—
	99,345	—

Note a: During the year ended 31 December 2016, the Group acquired 51% equity interests of Hangzhou Jingli Property Co., Ltd ("Hangzhou Jingli") at a consideration of RMB693,708,000, and the Group subsequently made a capital injection of RMB 511,893,000 to Hangzhou Jingli.

Set out below is the summarised financial information of Hangzhou Jingli as at 31 December 2016, which, in the opinion of the director of the Company, is material to the Group.

Summarised balance sheet

	31 December 2016
	RMB'000
Assets	
Current assets	6,392,603
Non current assets	1,198
Total assets	6,393,801
Current liabilities	1,427,504
Non current liabilities	2,365,967
Total liabilities	3,793,471
Net assets	2,600,330

Summarised statement of comprehensive income

	For the period from acquisition day to 31 December 2016
	RMB'000
Revenue	1,071,120
Profit before tax	294,056
Income tax expense	(57,650)
Profit for the period	236,406
Other comprehensive loss	—
Total comprehensive income	236,406

Reconciliation of summarised financial information

	31 December 2016
	RMB'000
Net assets as at acquisition day	2,363,924
Profit for the period	236,406
Net assets as at 31 December 2016	2,600,330
Interest in the joint venture	1,326,168
Goodwill	—
Carrying value	1,326,168

There are no contingent liabilities or commitment relating to the Group's interests in associates and the joint venture.

14 Available-for-sale financial assets

	31 December	
	2016	2015
	RMB'000	RMB'000
At 1 January	783,943	—
Acquisition of subsidiaries	50	281,692
Additions	10,950	1,060,681
Disposals	(206,492)	(633,086)
Net (losses)/gains recognised in equity	(36,907)	74,656
	551,544	783,943

Available-for-sale financial assets include the following:

	31 December	
	2016	2015
	RMB'000	RMB'000
Listed equity securities	266,073	286,541
Unlisted fund investments	274,471	305,402
Unlisted equity securities	11,000	42,000
Unlisted debt securities	—	150,000
	551,544	783,943

As at 31 December 2016, available-for-sale financial assets are denominated in RMB.

There were no impairment provisions on available-for-sale financial assets made during the year ended 31 December 2016 (2015: nil).

15 Financial instruments by category

Assets as per consolidated balance sheet

	31 December	
	2016	2015
	RMB'000	RMB'000
Loans and receivables		
Trade and other receivables	84,768,915	44,124,538
Restricted cash	7,294,305	832,676
Cash and cash equivalents	10,998,779	8,607,739
	103,061,999	53,564,953
Available-for-sale financial assets	551,544	783,943
	103,613,543	54,348,896

Liabilities as per consolidated balance sheet

	31 December	
	2016	2015
	RMB'000	RMB'000
Other financial liabilities at amortised cost		
Borrowings	78,838,468	26,570,644
Trade and other payables excluding other taxes and payroll payable	133,939,017	64,098,993
	212,777,485	90,669,637

16 Restricted cash

The restricted cash is denominated in the following currencies:

	31 December 2016	31 December 2015
	RMB'000	RMB'000
— Denominated in RMB	7,293,645	832,573
— Denominated in other currencies	660	103
	7,294,305	832,676

The conversion of the RMB denominated bank balances into foreign currencies and the remittance of such foreign currencies denominated bank balances and cash out of the PRC are subject to relevant rules and regulation of foreign exchange control promulgated by the PRC government.

17 Cash and cash equivalents

	31 December 2016	31 December 2015
	RMB'000	RMB'000
Cash at bank and in hand:		
— Denominated in RMB	10,065,998	4,872,110
— Denominated in other currencies	932,781	3,735,629
	10,998,779	8,607,739

The conversion of RMB denominated balances into foreign currencies and the remittance of such foreign currencies denominated bank balances and cash out of the PRC are subject to relevant rules and regulation of foreign exchange control promulgated by the PRC government.

Cash at banks earns interest at floating daily bank deposit rates.

18 Share capital

Ordinary shares, issued but not yet paid:

	Number of share	Share capital
		RMB'000
At 31 December 2016 and 2015 *(i)*	1	66,962

At 31 December 2016, the issued share capital of the Company was RMB1, comprising 1 ordinary shares of HK$1 per share.

19 Reserves

	Merger reserve	Other reserves	Statutory reserves	Translation reserves	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(note (a))		*(note (b))*		
Balance at 1 January 2015	—	—	—	—	—
Merger accounting restatement	3,104,952	—	406,252	—	3,511,204
Balance at 1 January 2015 (restated)	3,104,952	—	406,252	—	3,511,204
Revaluation of available-for-sale financial assets, net of tax	—	55,992	—	—	55,992
Retained earnings appropriated to statutory reserves	—	—	118,461	—	118,461
Changes in ownership interests in subsidiaries without change of control	—	4,788	—	—	4,788
Balance at 31 December 2015	3,104,952	60,780	524,713	—	3,690,445
Retained earnings appropriated to statutory reserves	—	—	163,372	—	163,372
Changes in ownership interests in subsidiaries without change of control	—	(804,707)	—	—	(804,707)
Fair value losses of available-for-sale financial assets, net of tax	—	(27,681)	—	—	(27,681)
Business combination under common control	(8,698,605)	—	—	—	(8,698,605)
Currency translation differences	—	—	—	768,826	768,826
Balance at 31 December 2016	(5,593,653)	(771,608)	688,085	768,826	(4,908,350)

(a) *Merger reserve*

The merger reserve represents the aggregate nominal value of the share capital/paid-in capital of the subsidiaries acquired by the Company less considerations paid.

(b) *Statutory reserves*

Pursuant to the relevant rules and regulation concerning foreign investment enterprise established in the PRC and the articles of association of certain PRC subsidiaries of the Group, those subsidiaries are required to transfer an amount of their profit after taxation to the statutory reserve fund, until the accumulated total of the fund reaches 50% of their registered capital. The statutory reserve fund may be distributed to equity holders in form of bonus issue.

20 Borrowings

	31 December	
	2016	2015
	RMB'000	RMB'000
Borrowings included in non-current liabilities:		
Bank borrowings *(note (b))*	23,807,825	11,981,497
Other borrowings *(note (a))*	31,239,591	10,321,550
	55,047,416	22,303,047
Less: current portion of non-current borrowings	(5,325,606)	(5,792,504)
	49,721,810	16,510,543
Borrowings included in current liabilities:		
Bank borrowings *(note (b))*	22,728,353	3,672,597
Current portion of non-current borrowings	5,325,606	5,792,504
Other borrowings	1,062,699	595,000
	29,116,658	10,060,101
Total borrowings	78,838,468	26,570,644

The total borrowings are denominated in the following currencies:

RMB	54,607,099	19,135,326
US dollar	14,666,776	6,077,277
HK dollar	3,460,394	1,358,041
EUR dollar	6,104,199	—
	78,838,468	26,570,644

(a) ***Other borrowings***

Certain group companies in the PRC which are engaged in development of real estate projects have entered into fund arrangements with certain financial institutions (the "Trustees"), respectively, pursuant to which Trustees raised trust funds and injected the funds to the group companies. All the funds bear fixed interest rates and have fixed repayment terms.

As at 31 December 2016, the Group's other borrowings of RMB31,222,289,000 (2015: RMB5,925,150,000) were secured by pledge of the Group's property, plant and equipment, land use rights, investment properties, properties under development, completed properties held for sale, cash in bank and equity interest of certain subsidiaries, totalling RMB27,238,936,000 (2015: RMB14,012,344,000).

(b) ***Bank borrowings***

As at 31 December 2016, the Group's bank borrowings of RMB34,243,234,000 (2015: RMB8,550,318,000) were secured by pledge of the Group's property, plant and equipment, land use rights, investment properties, properties under development, completed properties held for sale, cash in bank and equity interests of certain subsidiaries, totalling RMB43,242,468,000 (2015: RMB15,404,085,000).

As at 31 December 2016, the effective interest rate of borrowings is 7.9% (31 December 2015: 7.1%).

The exposure of the bank and other borrowings to interest-rate changes and the contractual repricing dates or maturity date whichever is earlier are as follows:

	6 months or less	6–12 months	1–5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2016 . . .	28,684,477	14,266,122	35,887,869	78,838,468
At 31 December 2015 . . .	10,554,485	7,142,374	8,873,785	26,570,644

The carrying amounts and fair value of the non-current borrowings are as follows:

	31 December 2016		31 December 2015	
	Carrying amount	Fair value	Carrying amount	Fair value
	RMB'000	RMB'000	RMB'000	RMB'000
Bank and other borrowings	49,721,810	49,721,810	16,510,543	16,510,543

The fair value of the Group's bank borrowings and other borrowings approximates their carrying amounts at each of the balance sheet date for the reason that the impact of discounting is not significant or the borrowings carry floating rate of interests.

21 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 offset amounts of deferred tax assets and liabilities of the Group are as follows:

	31 December	
	2016	2015
	RMB'000	RMB'000
Deferred income tax assets to be recovered within 12 months	28,555	61,588
Deferred income tax assets to be recovered after more than 12 months	122,359	52,439
Deferred income tax assets	150,914	114,027
Deferred income tax liabilities to be settled within 12 months	2,017,326	853,468
Deferred income tax liabilities to be settled after more than 12 months	17,905,707	3,518,428
Deferred income tax liabilities.	19,923,033	4,371,896
	19,772,119	4,257,869

The net movements on the deferred taxation are as follows:

	Year ended 31 December	
	2016	2015
	RMB'000	RMB'000
Beginning of the year	4,257,869	1,116,127
Acquisition of subsidiaries *(note 35)*	15,537,987	2,273,305
Tax charged relating to components of other comprehensive income	(9,226)	18,664
Disposal of subsidiaries	(27,937)	—
Recognised in income tax expenses *(note 29)*	13,426	849,773
Ending of the year	19,772,119	4,257,869

Movements in gross deferred tax assets and liabilities are as follows:

Deferred income tax assets

	Tax losses	Temporary difference on recognition of cost of sales and expenses	Revaluation of available-for-sale financial assets	Carrying amount of land use right smaller than the tax bases	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2015	110,005	4,467	—	—	114,472
(Credited)/charged to the income tax expenses	(50,927)	50,482	—	—	(445)
As at 31 December 2015	59,078	54,949	—	—	114,027
Acquisition of subsidiaries	—	—	—	25,106	25,106
Disposal of subsidiaries	(20,519)	—	—	—	(20,519)
Charged to other comprehensive income	—	—	2,759	—	2,759
Credited to the income tax expenses	143,264	71,454	—	—	214,718
As at 31 December 2016	181,823	126,403	2,759	25,106	336,091

Deferred income tax assets are recognised for tax losses carry-forwards to the extent that the realisation of the related benefit through future taxable profits is probable. The Group did not recognise deferred tax assets of RMB53,807,000 (2015: RMB4,691,000) in respect of tax losses amounting to RMB215,227,000 (2015: RMB18,763,000) in certain subsidiaries as the future profit streams of these subsidiaries are uncertain. These tax losses will expire in the following years:

	31 December	
	2016	2015
	RMB'000	RMB'000
Year		
2017	10,243	10,243
2018	245	245
2019	52	52
2020	8,223	8,223
2021	196,464	—
	215,227	18,763

Deferred income tax liabilities

	Excess of carrying amount of land use right and intangible asset over the tax bases	Temporary difference on recognition of fair value gain of investment properties	Revaluation of available-for-sale financial assets	Total
As at 1 January 2015	186,637	1,043,962	—	1,230,599
Acquisition of subsidiaries	2,273,305	—	—	2,273,305
Charged to other comprehensive income	—	—	18,664	18,664
(Credited)/charged to the income tax expenses	(55,655)	904,983	—	849,328
As at 31 December 2015	2,404,287	1,948,945	18,664	4,371,896
Acquisition of subsidiaries	15,563,093	—	—	15,563,093
Disposal of subsidiaries	(48,456)	—	—	(48,456)
Charged to other comprehensive income	—	—	(6,467)	(6,467)
Credited/(charged) to the income tax expenses	(533,597)	761,741	—	228,144
As at 31 December 2016	17,385,327	2,710,686	12,197	20,108,210

22 Trade and other payables

	31 December	
	2016	2015
	RMB'000	RMB'000
Trade payables		
— third parties	19,757,498	8,381,449
Other payables:	112,586,493	55,524,583
— associates *(note 33(c))*	82,406	—
— A joint venture *(note 33(c))*	115,589	—
— associates of the ultimate holding company *(note 33(c))*	—	38,091
— joint ventures of the ultimate holding company *(note 33(c))*	154,451	76,391
— fellow subsidiaries *(note 33(c))*	73,602,100	38,771,334
— non-controlling interests	218,359	248,485
— advance from investors of subsidiaries *(note (a))*	4,536,299	—
— acquisition of land use rights	5,743,980	315,638
— acquisition of subsidiaries	22,418,623	13,050,083
— third parties *(note (b))*	5,714,686	3,024,561
Accrued expenses	1,595,026	192,961
Payroll payable	426,864	235,395
Other taxes payable	98,342	166,289
	134,464,223	64,500,677
Less: non-current portion		
Other payables:	(9,115,190)	—
— advance from investors of subsidiaries *(note (a))*	(4,536,299)	—
— acquisition of subsidiaries	(4,578,891)	—
Current portion	125,349,033	64,500,677

(a) During the year, the Group received cash advances totalling RMB4,536,302,000 from an investor for cooperation in certain property development projects of the Group. As at 31 December 2016, the cooperation arrangements in the projects were yet to be finalised, the cash advanced by the investor was classified as other payables — non-current portion.

(b) Amounts mainly represented deposits and temporary receipts.

The trade and other payables are denominated in the following currencies:

	31 December	
	2016	2015
	RMB'000	RMB'000
— Denominated in RMB	125,005,038	44,379,512
— Denominated in other currencies	9,459,185	20,121,165
	134,464,223	64,500,677

23 Current income tax liabilities

The current income tax liabilities are analysed as follows:

	31 December	
	2016	2015
	RMB'000	RMB'000
Income tax payables		
— PRC corporate income tax	1,624,430	933,064
— PRC land appreciation tax	3,058,511	1,708,483
	4,682,941	2,641,547

24 Other gains — net

	Year ended 31 December	
	2016	2015
	RMB'000	RMB'000
Gain on disposal of subsidiaries	16,708	—
Gain on disposal of an associate	—	5,155
Gain on disposal of available-for-sale financial assets	25,540	262,069
	42,248	267,224

25 Other income

	Year ended 31 December	
	2016	2015
	RMB'000	RMB'000
Interest income from bank deposits	102,342	47,646
Forfeited customer deposits	85,101	35,640
Gain on disposal of investment properties	21,578	53,473
Dividend income of available-for-sale financial assets	32,388	24,495
Others	109,493	55,684
	350,902	216,938

26 Expenses by nature

Major expenses included in cost of sales, selling and marketing costs, administrative expenses and other operating expenses are analysed as follows:

	Year ended 31 December	
	2016	2015
	RMB'000	RMB'000
Cost of properties sold — including construction cost, land cost and interest cost	9,915,636	6,557,082
Business tax and other levies	723,326	660,754
Employee benefit expenditure — including director's emoluments	3,407,466	2,607,595
Less: capitalised in properties under development, investment properties under construction and construction in progress	(420,037)	(306,881)
Employee benefit expenses *(note 27)*	2,987,429	2,300,714
Advertising expenses	766,865	436,188
Sales commissions	102,245	42,261
Depreciation	347,025	194,983
Amortisation	125,345	46,058
Donations	278,307	30,596
Operating lease expenses	35,215	15,644
Auditors' remuneration — audit service	1,000	18

27 Employee benefit expenses

	Year ended 31 December	
	2016	2015
	RMB'000	RMB'000
Wages, salaries and bonus	2,586,719	1,968,155
Pension costs — statutory pension	319,713	258,934
Staff welfare	370,292	277,328
Medical benefits	130,742	103,178
	3,407,466	2,607,595
Less: capitalised in properties under development, investment properties underconstruction and construction in progress	(420,037)	(306,881)
	2,987,429	2,300,714

28 Finance costs

	Year ended 31 December	
	2016	2015
	RMB'000	RMB'000
Interest expenses		
— Bank and other borrowings	4,336,243	1,682,019
— Less: interest capitalised	(4,126,477)	(1,665,319)
	209,766	16,700
Exchange losses from borrowings	568,157	335,499
Other finance costs	34,569	57,739
	812,492	409,938

29 Income tax expenses

	Year ended 31 December	
	2016	2015
	RMB'000	RMB'000
Current income tax		
— Hong Kong profit tax	14,695	—
— PRC corporate income tax	805,388	343,401
— PRC land appreciation tax	1,472,672	759,616
	2,292,755	1,103,017
Deferred income tax *(note 21)*		
— PRC corporate income tax	(247,220)	614,230
— PRC land appreciation tax	260,646	235,543
	2,306,181	1,952,790

The income tax on the Group's profit before income tax differs from the theoretical amount that would arise using the enacted tax rate of the home country of the group entities as follows:

	Year ended 31 December	
	2016	2015
	RMB'000	RMB'000
Profit before income tax	1,967,060	3,402,686
Add: Share of loss of investments in a joint venture and associates, net	(99,345)	—
	1,867,715	3,402,686
Calculated at PRC corporate income tax rate	466,929	850,672
PRC land appreciation tax deductible for PRC corporate income tax purposes	(433,330)	(248,790)
Income not subject to tax *(note (a))*	(8,097)	(6,124)
Expenses not deductible for tax purposes *(note (b))*	505,815	359,817
Tax losses for which no deferred income tax asset was recognised	49,116	2,056
Effect of different tax rates applicable to subsidiaries operating in Hong Kong	(7,570)	—
PRC corporate income tax	572,863	957,631
PRC withholding income tax	—	—
PRC land appreciation tax	1,733,318	995,159
	2,306,181	1,952,790

(a) Income not subject to tax for the year ended 31 December 2016 mainly comprised dividend income of available-for-sale financial assets.

(b) Expenses not deductible for tax purpose for the year ended 31 December 2016 mainly comprised: (i) the cost of land premium without official invoices resulted from the land acquisitions through acquisitions of companies; and (ii) exchange losses and expenses incurred by offshore group companies.

Hong Kong profits tax

Hong Kong profits tax has been provided at the rate of 16.5% (2015: 16.5%) on the estimated assessable profit for the current period in respect of operations in Hong Kong. (2015: the estimated assessable profit for the current period in respect of operations in Hong Kong).

PRC corporate income tax

The income tax provision of the Group in respect of operations in Mainland China has been calculated at the applicable tax rate of 25% (2015: 25%) on the estimated assessable profits for the year, based on the existing legislation, interpretations and practices in respect thereof.

PRC withholding income tax

According to the new Corporate Income Tax Law of the PRC, starting from 1 January 2008, a withholding tax of 10% will be levied on the immediate holding companies outside the PRC when their PRC subsidiaries declare dividend out of profits earned after 1 January 2008. A lower 5% withholding tax rate may be applied when the immediate holding companies of the PRC subsidiaries are established in Hong Kong according to the tax treaty arrangements between the PRC and Hong Kong.

PRC land appreciation tax

PRC land appreciation tax 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 land use rights and all property development expenditures.

30 Net cash generated from operations

	Year ended 31 December	
	2016	2015
	RMB'000	RMB'000
(Loss)/profit for the year	(339,121)	1,449,896
Adjustments for:		
Income tax expenses	2,306,181	1,952,790
Interest income from bank deposits *(note 25)*	(102,342)	(47,646)
Finance cost *(note 28)*	244,335	74,439
Exchange loss *(note 28)*	568,157	335,499
Depreciation *(note 6)*	347,025	194,983
Amortisation	125,345	46,058
Fair value gains on investment properties *(note 8)*	(1,241,402)	(2,913,298)
Gain on disposal of property and equipment	(37,217)	—
Gain on disposal of investment properties *(note 25)*	(21,578)	(53,473)
Gain on disposal of a subsidiary *(note 24)*	(16,708)	—
Gain on disposal of an associate *(note 24)*	—	(5,155)
Share of profit of investments accounted for using equity method *(note 13)*	(99,345)	—
Disposal of gain on available-for-sales financial assets *(note 24)*	(25,540)	(262,069)
Dividend income on available-for-sale financial assets *(note 25)*	(32,388)	(24,495)
Changes in working capital:		
Properties under development and completed properties held for sale	(10,358,181)	2,032,520
Inventories	(29,179)	(709)
Restricted cash as guarantee for construction of projects and other operating activities	(2,057,591)	(231,798)
Trade and other receivables and prepayments	4,075,340	2,314,376
Trade and other payables and receipt in advance from customers	14,944,850	(44,975)
Net cash generated from operations	8,250,641	4,816,943

31 Financial guarantees

	31 December	
	2016	2015
	RMB'000	RMB'000
Guarantees in respect of mortgage facilities for certain purchasers of the Group's property units *(note (a))*	18,619,236	8,629,105

(a) The Group has arranged bank financing for certain purchasers of the Group's property units and provided guarantees to secure obligations of such purchasers for repayments. Such guarantees terminate upon the earlier of (i) issuance of the real estate ownership certificate which will generally be available within an average period of two to three years upon the completion of guarantee registration; or (ii) the satisfaction of mortgaged loan by the purchasers of properties.

Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and the

Group is entitled to take over the legal title and possession of the related properties. The Group's guarantee period starts from the dates of grant of the mortgages. The director consider that the likelihood of default in payments by purchasers is minimal and the financial guarantees measured at fair value is immaterial.

32 Commitments

(a) *Operating leases commitments*

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	31 December	
	2016	**2015**
	RMB'000	**RMB'000**
Property, plant and equipment:		
Not later than one year	27,753	10,470
Later than one year and not later than five years	70,564	8,516
Later than five years	48,782	4
	147,099	18,990

(b) *Commitments for property development and acquisition of subsidiaries*

	31 December	
	2016	**2015**
	RMB'000	**RMB'000**
Contracted but not provided for		
— Property development activities	19,758,691	7,363,715
— Acquisition of land use rights	1,263,833	138,244
— Acquisition of subsidiaries	—	40,363,183
	21,022,524	47,865,142

33 Related party transactions

(a) *Name and relationship with related parties*

Name	Relationship
China Evergrande Group	Ultimate holding company
Evergrande Real Estate Group Limited 恒大地產集團有限公司	Immediate holding company
Chongqing Tongjin Wenhao Property Co., Ltd. 重慶同景文浩置業有限公司	Associate of the Group
Chongqing Tongjin Wenhong Property Co., Ltd. 重慶同景文宏置地有限公司	Associate of the Group
Qingdao Jinwan Property Co., Ltd. 青島金灣置業有限公司	Associate of the Group
Hangzhou Jingli Property Co., Ltd 杭州晶立置業有限公司	Joint venture of the Group

(b) ***Transactions with related parties***

During the years ended 31 December 2016 and 2015, the Group had the following significant transactions with related parties, which are carried out in the normal course of the Group's business:

	Year ended 31 December	
	2016	2015
	RMB'000	RMB'000
Nature of transactions		
Joint venture		
Provision of services to a joint venture	1,356	—
Fellow subsidiaries		
Provision of services to fellow subsidiaries	25,533	26,222
Property services to fellow subsidiaries	555,841	916,444
Rental income from fellow subsidiaries	65,650	69,694
Rental expenses charged by a fellow subsidiary	2,904	4,706
Purchase of goods from fellow subsidiaries	773,191	581,910

Aforementioned related party transactions were charged in accordance with the terms of the underlying agreements which, in the opinion of the director of the Company, were determined with reference to the market price of the prescribed year. In the opinion of the director of the Company, the above related party transactions were carried out in the normal course of business and at terms mutually negotiated between the Group and the respective related parties.

(c) ***Balances with related parties***

As at 31 December 2016 and 2015, the Group had the following significant balances with related parties:

	31 December	
	2016	2015
	RMB'000	RMB'000
Due from related parties *(i)*		
Included in trade and other receivables:		
— Associates	48,921	—
— A Joint venture	293,775	—
— Associates of the ultimate holding company	9,692	—
— Joint ventures of the ultimate holding company	6,602	—
— Fellow subsidiaries	79,577,189	41,254,377
	79,936,179	41,254,377
Due to related parties *(i)*		
Included in trade and other payables *(note (i))*		
— Associates	82,406	—
— A Joint venture	115,589	—
— Associates of the ultimate holding company	—	38,091
— Joint ventures of the ultimate holding company	154,451	76,391
— Fellow subsidiaries	73,602,100	38,771,334
	73,954,546	38,885,816

Note (i): The balances are cash advances in nature, which are unsecured, interest-free and repayable on demand.

(d) *Key management compensation*

Key management includes director and heads of major operational departments. The compensation paid or payable to key management for employee services is shown below:

	Year ended 31 December	
	2016	**2015**
	RMB'000	**RMB'000**
Salaries and other employee benefits	4,941	8,747
Retirement scheme contributions	16	15
	4,957	8,762

34 Non-controlling interests

	31 December	
	2016	**2015**
	RMB'000	**RMB'000**
At 1 January	6,661,173	4,580,990
Profit for the year	186,557	225,827
Acquisition of subsidiaries — acquisition of asset	1,996,742	5,028
Acquisition of subsidiaries — acquisition of business	3,477,280	2,091,066
Changes in ownership interests in subsidiaries without change of control *(note (i))*	(4,275,243)	(55,853)
Dividends	(319,590)	(185,885)
Disposal of subsidiaries	(96,607)	—
	7,630,312	6,661,173

Note i: During the year ended 31 December 2016, the Group acquired certain equity interests of certain subsidiaries from non-controlling shareholders, and the difference between consideration paid and the carrying amount of equity interests acquired, which amounted to RMB804,707, was recognised as a decrease in reserves.

35 Business combinations

During the year ended 31 December 2016, the Group acquired controlling interests of certain property development companies and other companies in the PRC and Hong Kong to increase its land reserve, optimize its regional layout and diversify its business.

(i) *Acquisition of subsidiaries from New World Development (China) Limited*

During the year ended 31 December 2016, the Group acquired certain project development companies from New World Development (China) Limited at total considerations of RMB20,210,508,000.

The following table summarises the consideration paid for the acquisition, the fair value of assets acquired and liabilities assumed at the acquisition date.

	RMB'000
Cash consideration	20,210,508
Recognised amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	1,117,004
Property, plant and equipment	1,048,908
Land use rights	24,448
Investment properties	1,730,500
Deferred income tax assets	5,923
Inventories	3,760
Properties under development	29,891,057
Completed properties held for sale	872,400
Trade and other receivables	2,119,365
Prepayments	683,358
Borrowings	(1,263,620)
Trade and other payables	(4,875,677)
Receipt in advance from customers	(3,605,163)
Deferred income tax liabilities	(4,309,710)
Total identifiable net assets	23,442,553
Non-controlling interest	(3,232,045)
Identifiable net assets acquired	20,210,508
Goodwill	—

(ii) ***Acquisition of subsidiaries from Chow Tai Fook Enterprises Limited***

During the year ended 31 December 2016, the Group acquired certain project development companies from Chow Tai Fook Enterprises Limited at total considerations of RMB10,500,000,000.

The following table summarises the consideration paid for the acquisition, the fair value of assets acquired and liabilities assumed at the acquisition date.

	RMB'000
Cash consideration	10,500,000
Recognised amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	322,218
Property, plant and equipment	1,473
Deferred income tax assets	19,183
Inventories	69
Properties under development	17,288,053
Trade and other receivables	1,463,012
Prepayments	87,474
Trade and other payables	(1,743,345)
Receipt in advance from customers	(214,360)
Deferred income tax liabilities	(6,577,704)
Total identifiable net assets	10,646,073
Non-controlling interest	(146,073)
Identifiable net assets acquired	10,500,000
Goodwill	—

(iii) ***Acquisition of Pioneer Time Investment Limited***

In January 2016, the Group acquired 100% equity interest of Pioneer Time Investment Limited, which is engaged in property investment in Hong Kong, at a consideration of RMB8,698,605,000.

The following table summarises the consideration paid for the acquisition, the fair value of assets acquired and liabilities assumed at the acquisition date.

	RMB'000
Cash consideration	8,698,605
Recognised amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	454
Property, plant and equipment	77
Investment properties	9,651,071
Prepayments	5,006
Trade and other payables	(886,249)
Receipt in advance from customers	(54,249)
Current income tax liabilities	(3,031)
Deferred income tax liabilities	(14,474)
Total identifiable net assets	8,698,605
Non-controlling interest	—
Identifiable net assets acquired	8,698,605
Goodwill	—

(iv) ***Other acquisitions***

During the year ended 31 December 2016, except for the aforementioned companies, the Group also acquired certain property development companies at a total consideration of RMB5,131,382,000.

The following table summarises the consideration paid for acquisition of these subsidiaries, the fair value of assets acquired and liabilities assumed at the acquisition date.

	RMB'000
Cash consideration	5,131,382
Fair value of investment in an associate held before business combination	—
Total consideration	5,131,382
Recognised amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	766,221
Property, plant and equipment	13,764
Intangible assets	98,833
Available-for-sale financial assets	50
Properties under development	22,397,975
Trade and other receivables	1,447,827
Prepayments	268,077
Other non-current assets	230,479
Borrowings	(4,603,284)
Trade and other payables	(5,655,720)
Receipt in advance from customers	(4,975,569)
Current income tax liabilities	(96,904)
Deferred income tax liabilities	(4,661,205)
Total identifiable net assets	5,230,544
Non-controlling interest	(99,162)
Identifiable net assets acquired	5,131,382
Goodwill	—

Reconciliation of total cash considerations of business combinations and cash outflow on acquisitions is as follows:

Cash considerations	44,540,495
Prepaid in last year	(1,047,225)
Considerations deferred	(16,480,643)
Cash and cash equivalents acquired	(2,205,897)
Payment for business combinations conducted in the year	24,806,730
Payment for business combinations conducted in prior year	7,112,103
Cash outflow on acquisitions	31,918,833

Acquisition-related costs of RMB9,479,000 have been charged to administrative expenses in the consolidated statement of comprehensive income for the year ended 31 December 2016.

No contingent liability has been recognised for the business combination.

The acquired businesses contributed revenues of RMB4,809,610,000 and net loss of RMB725,151,000 to the Group for the period from the respective acquisition dates to 31 December 2016. If the acquisitions had occurred on 1 January 2016, consolidated revenue and consolidated loss for the year ended 31 December 2016 would have been RMB22,872,118,000 and RMB22,628,000 respectively.

36 Balance sheet and reserve movement of the Company

Balance sheet of the Company

	31 December 2016	31 December 2015
	RMB'000	RMB'000
ASSETS		
Non-current assets		
Investments in subsidiaries	743,880	152,535
Current assets		
Amounts due from subsidiaries	188	25,974
Amounts due from fellow subsidiaries	41,477,465	5,958,290
Amounts due from third parties	95	—
Cash and cash equivalents	153,949	25,884
	41,631,697	6,010,148
Total assets	42,375,577	6,162,683
EQUITY		
Capital and reserves attributable to the shareholder of the Company		
Share capital	66,962	66,962
Accumulated losses	(922,728)	(488,759)
Total equity	(855,766)	(421,797)
LIABILITIES		
Non-current liabilities		
Borrowings	1,001,032	—
Current liabilities		
Borrowings	19,769,944	6,427,160
Amounts due to subsidiaries	626,306	136,579
Amounts due to fellow subsidiaries	21,734,868	—
Amounts due to third parties	99,193	20,741
	42,230,311	6,584,480
Total liabilities	43,230,343	6,584,480
Total equity and liabilities	42,374,577	6,162,683

The balance sheet of the Company was approved by the director on 5 June 2017 and was signed on its behalf.

Director

Reserve movement of the Company

	Retained earnings
	RMB'000
At 1 January 2015	(217,546)
Loss for the year	(271,213)
At 31 December 2015	(488,759)
At 1 January 2016	(488,759)
Loss for the year	(433,969)
At 31 December 2016	(922,728)

37 Benefits and interests of directors

(a) ***Director's emoluments***

No director's emoluments were borne by the Group for the year ended 31 December 2016 (2015: nil).

(b) ***Director's retirement benefits***

During the year ended 31 December 2016, there were no additional retirement benefit received by the director except for the attribution to a retirement benefit scheme as disclosed in note(a) above (2015: nil).

(c) ***Director's termination benefits***

During the year ended 31 December 2016, there was no termination benefits received by the director (2015: nil).

(d) ***Consideration provided to third parties for making available directors' services***

During the year ended 31 December 2016, no consideration was paid for making available the services of the director of the Company (2015: nil).

(e) ***Information about loans, quasi-loans and other dealings in favour of director, controlled bodies corporate by and connected entities with such director***

During year ended 31 December 2016, there were no loans, quasi-loans and other dealings entered into by the Company or subsidiaries undertaking of the Company, where applicable, in favour of director.

(f) ***Director's material interests in transactions, arrangements or contracts***

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company 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.

38 Particulars of principal subsidiaries

The following is a list of the particulars of principal subsidiaries at 31 December 2016:

Name	Date of incorporation/ Establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest	Principal activities
Incorporated in the BVI with limited liability and operating in the PRC				
Ever Grace Group Limited	18 September 2008	US$100	100%	Investment holding
Incorporated in the PRC with limited liability and operating in the PRC				
金碧物業有限公司 Jinbi Property Management Company Limited	10 September 1997	RMB177,600,000	100%	Property management
海南東方明珠房地產有限公司 Hainan Oriental Pearl Real Estate Company Limited	16 December 2009	RMB70,000,000	100%	Property development
城博(寧波)置業有限公司 Chengbo (Ningbo) Property Company Limited	18 January 2011	USD328,000,000	51%	Property development
愛美高實業(成都)有限公司 Avergo (Chengdu) Industrial Company Limited	14 July 2015	USD449,400,000	100%	Property development
重慶尖置房地產有限公司 Jianzhi (Chongqing) Real Estate Company Limited	10 July 2015	HKD5,880,000,000	100%	Property development
貴陽新世界房地產有限公司 New World (Guiyang) Real Estate Company Limited	18 February 2016	USD301,350,000	100%	Property development
新世界中國地產(海口)有限公司 New World China Real Estate (Haikou) Company Limited . . .	14 January 2016	USD750,000,000	100%	Property development
武漢新世界康居發展有限公司 New World Peaceful Living (Wuhan) Development Company Limited	05 January 2016	RMB96,000,000	60%	Property development
北京富華房地產開發有限公司 Fuhua (Beijing) Real Estate Development Company Limited.	11 January 2016	USD29,900,000	100%	Property development
成都心怡房地產開發有限公司 Xinyi (Chengdu) Real Estate Development Company Limited.	03 May 2016	USD99,500,000	60%	Property development
貴陽中渝置地房地產開發有限公司 Zhongyu (Guiyang) Property Real Estate Development Company Limited	10 July 2015	USD130,000,000	100%	Property development

Name	Date of incorporation/ Establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest	Principal activities
西安遠聲實業有限公司 Yuansheng (Xian) Industrial Company Limited	26 December 2016	RMB120,000,000	100%	Property development
重慶同景宏航置地有限公司 Tongjing Honghang (Chongqing) Land Limited	22 December 2016	RMB220,000,000	100%	Property development

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