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This announcement and the listing document attached hereto are for information purposes only and do not constitute an invitation or offer to acquire, purchase or subscribe for the securities of the Issuer. This announcement and the listing document attached hereto are not, and are not intended to be, an offer of securities of the Issuer for sale, or the solicitation of an offer to buy securities of the Issuer, in the United States. The securities referred to in this announcement and the listing document attached hereto have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act"), and may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to registration requirements of the Securities Act. This announcement and the listing document attached hereto 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.

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Notice to Hong Kong investors*: The Issuer confirms that the Notes (as defined below) are intended for purchase by professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited) only and have been listed on The Stock Exchange of Hong Kong Limited on that basis. Accordingly, the Issuer confirms that the Notes are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.*

PUBLICATION OF OFFERING CIRCULAR AND PRICING SUPPLEMENT

普洛斯
GLP

GLP CHINA HOLDINGS LIMITED
(普洛斯中國控股有限公司)

(incorporated in Hong Kong with limited liability)
(the "Issuer")

Issue of CNY1,200,000,000 4.00 per cent. Notes due 2024
(Stock Code: 86009)
(the "Notes")

under its

HK$20,000,000,000 Medium Term Note Programme
(the "Programme")

Hong Kong, 5 July 2021

As at the date of this announcement, the directors of the Issuer are Mei Ming Zhi, Zhuge Wenjing, Michihiro Higashi, Mok Chi Ming Victor, Tan Mark Hai-Nern, Fang Fenglei, Chau Kwok Man and Chen Rui Wei.

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IMPORTANT NOTICE

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FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR TH APPLICABLE LAWS OF OTHER JURISDICTIONS. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORISED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE SECURITIES DESCRIBED IN THIS OFFERING CIRCULAR.

Confirmation of your Representation: This Offering Circular is being sent at your request and by accepting the e-mail and accessing this Offering Circular, you shall be deemed to have represented to us that the electronic mail address that you gave us and to which this e-mail has been delivered is not located in the United States, its territories or possessions and that you consent to delivery of such Offering Circular and any amendments or supplements thereto by electronic transmission.

You are reminded that this Offering Circular has been delivered to you on the basis that you are a person into whose possession this Offering Circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver this Offering Circular to any other person. If you have gained access to this transmission contrary to the foregoing restrictions, you are not allowed to purchase any of the securities described in the attached Offering Circular.

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This Offering Circular has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Issuer, Morgan Stanley & Co. International plc (the “Arranger”), the Dealers, any person who controls the Arranger or any Dealer, any director, officer, employee or agent of the Issuer, the Arranger or any of the Dealers, or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between this Offering Circular distributed to you in electronic format and the hard copy version available to you on request from the Issuer, the Arranger and the Dealers.

The materials relating to the offering of securities to which this Offering Circular relates do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Arranger or Dealer or any affiliate of the Arranger or Dealer is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Arranger or Dealer or such affiliate on behalf of the Issuer in such jurisdiction.

Actions that You May Not Take: If you receive this document by e-mail, you should not reply by e-mail to this notice, 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 email software, will be ignored or rejected.

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

GLP China Holdings Limited
(普 洛 斯 中 國 控 股 有 限 公 司)

(incorporated in Hong Kong with limited liability)

HK$20,000,000,000
Medium Term Note Programme
(the "Programme")

Under the HK$20,000,000,000 Medium Term Note Programme described in this Offering Circular, GLP China Holdings Limited (普洛斯中國控股有限公司) (the "Issuer" or the "Company"), subject to compliance with all relevant laws, regulations and directives, may from time to time issue notes (the "Notes") under the Programme. The aggregate nominal amount of Notes outstanding will not at any time exceed HK$20,000,000,000 (or its equivalent in other currencies), subject to any increase as described herein. The Notes may be issued to any Dealer appointed under the Programme from time to time by the Issuer (each a "Dealer" and together the "Dealers"), which appointment may be for a specific issue or on an ongoing basis. References in this Offering Circular to the "Relevant Dealer" shall, in the case of an issue of Notes being (or intended to be) subscribed for by more than one Dealer, be to all Dealers agreeing to subscribe for such Notes.

The Programme provides that the Notes may be listed or admitted to trading, as the case may be, on such other or further stock exchange(s) or market(s) as may be agreed between the Issuer and the relevant Dealer. The Issuer may also issue unlisted Notes and/or Notes not admitted to trading on any market. The relevant Pricing Supplement in respect of the issue of any Notes will specify whether or not such Notes will be listed on The Stock Exchange of Hong Kong Limited (the "HKSE") or any other stock exchange.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act") or with any securities regulatory authority of any state of the United States, and the Notes may include Bearer Notes (as defined herein) that are subject to U.S. tax law requirements. The Notes may not be offered, sold, or, in the case of Bearer Notes, delivered within the United States except in accordance with Regulation S under the Securities Act or pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Any Series of Notes may be subject to additional selling restrictions. The relevant Pricing Supplement in respect of such Series of Notes will specify any such restrictions. See "*Subscription and Sale*" and the relevant Pricing Supplement. Registered Notes are subject to certain restrictions on transfer as described in "*Subscription and Sale*".

The Notes of each Series issued in bearer form ("**Bearer Notes**") will be represented on issue by a temporary global note in bearer form (each a "Temporary Global Note") or a permanent global note in bearer form (each a "Permanent Global Note" and, together with the Temporary Global Note, the "Global Notes"). Notes in registered form ("Registered Notes") will be represented by a global certificate in registered form (each a "Global Certificate"), one Global Certificate being issued in respect of each Noteholder's entire holding of Notes in registered form of one Series. Global Notes and Global Certificates may be deposited on the relevant issue date (a) in the case of a Series intended to be cleared through Euroclear Bank SA/NV ("Euroclear") and/or Clearstream Banking S.A. ("Clearstream"), with a common depositary on behalf of Euroclear and/or Clearstream (b) in the case of a Series intended to be cleared through the Central Moneymarkets Unit Service, operated by the Hong Kong Monetary Authority (the "CMU"), with a sub-custodian for the CMU or (c) in the case of a Series intended to be cleared through a clearing system other than, or in addition to, Euroclear and/or Clearstream and/or the CMU or delivered outside a clearing system, as agreed between the Issuer and the relevant Dealer. The provisions governing the exchange of interests in Global Notes for other Global Notes or Definitive Notes or Global Certificates for Individual Certificates are described in "*Summary of Provisions Relating to the Notes while in Global Form*".

Where the Circular 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 Circular") issued by the National Development and Reform Commission (the "NDRC") of the People's Republic of China and which came into effect on 14 September 2015 and any implementation rules as issued by the NDRC from time to time applies, for the benefit of the relevant Series or Tranche of Notes to be issued in accordance with the Conditions (as defined herein) and the Trust Deed (as defined in the Conditions), the Issuer undertakes to (a) file or cause to be filed with the NDRC the requisite information and documents within the prescribed time frame after the relevant Issue Date (as defined in the Conditions) in accordance with the NDRC Circular, and any implementation rules as issued by the NDRC from time to time (the "NDRC Post-issue Filing"); and within 10 China Business Days (as defined in the Conditions) after submission of such NDRC Post-issue Filing set out in Condition 5(c)(i), provide the Trustee with a certificate signed by an authorised signatory of the Issuer confirming the submission of the NDRC Post-issue Filing and provide the Trustee with a notice substantially in the form set out in the Trust Deed confirming the due filing of the NDRC Post-issue Filing for dissemination to the Noteholders in accordance with Condition 20 by the Principal Paying Agent on behalf of the Issuer.

Investing in Notes issued under the Programme involves certain risks and may not be suitable for all investors. Investors should have sufficient knowledge and experience in financial and business matters to evaluate the information contained in this Offering Circular and in the relevant Pricing Supplement and the merits and risks of investing in a particular issue of Notes in the context of their financial position and particular circumstances. Investors also should have the financial capacity to bear the risks associated with an investment in Notes. Investors should not purchase Notes unless they understand and are able to bear risks associated with Notes. Prospective investors should have regard to the factors described under the section headed "*Risk Factors*" in this Offering Circular.

Application has been made to The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**" or "**HKSE**") for the listing of the Programme by way of debt issues to professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited) ("**Professional Investors**") only during the 12-month period after the date of this Offering Circular on the Hong Kong Stock Exchange. This Offering Circular is for distribution to Professional Investors only.

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

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

The Programme is rated "BBB-" and the Issuer is rated "BBB-" by Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc.. These ratings are only correct as at the date of this Offering Circular. Notes issued under the Programme may be rated or unrated. Where a Tranche of Notes is to be rated, such rating will not necessarily be the same as the rating assigned to the Programme. Where an issue of Notes is rated, its rating will not necessarily be the same as the rating applicable to the Programme. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency.

Arranger

Morgan Stanley

Dealer

Morgan Stanley

The date of this Offering Circular is 22 June 2021.

IMPORTANT NOTICE

MiFID II product governance/target market – The Pricing Supplement in respect of any Notes may include a legend entitled "MiFID II Product Governance" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "distributor") should take into consideration the target market assessment; however, a distributor subject to Directive 2014/65/EU (as amended, "MiFID II") is responsible for undertaking its own target market assessment in respect of the Notes and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the "MiFID Product Governance Rules"), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

UK MiFIR product governance/target market – The Pricing Supplement in respect of any Notes may include a legend entitled "UK MiFIR Product Governance" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "distributor") should take into consideration the target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "UK MiFIR Product Governance Rules") is responsible for undertaking its own target market assessment in respect of the Notes and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the UK MiFIR Product Governance Rules, any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arrangers nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the UK MiFIR Product Governance Rules.

PRIIPs/IMPORTANT – EEA RETAIL INVESTORS – If the Pricing Supplement in respect of any Notes includes a legend entitled "Prohibition of Sales to EEA Retail Investors", such Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("EEA"). For these purposes, a "retail investor" means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; (ii) a customer within the meaning of Directive 2002/92/EC (as amended or superseded, the "Insurance Mediation Directive"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended or superseded, the "Prospectus Directive"). 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.

PRIIPs/UK RETAIL INVESTORS – If the Pricing Supplement in respect of any Notes includes a legend entitled "Prohibition of Sales to UK Retail Investors", such Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom ("UK"). For these purposes, a "retail investor" means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("EUWA"); (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the "FSMA") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "UK PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

PRODUCT CLASSIFICATION PURSUANT TO SECTION 309B OF THE SECURITIES AND FUTURES ACT (CHAPTER 289 OF SINGAPORE) – The Pricing Supplement in respect of any Notes may include a legend entitled "Singapore Securities and Futures Act Product Classification" which will state the product classification of the Notes pursuant to section 309B(1) of the Securities and Futures Act (Chapter 289 of Singapore) (the "SFA").

The Issuer will make a determination in relation to each issue about the classification of the Notes being offered for the purposes of section 309B(1)(a). Any such legend included on the relevant Pricing Supplement will constitute notice to "relevant persons" for the purposes of section 309B(1)(c) of the SFA.

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

The Issuer having made all reasonable enquiries, confirms that (i) this Offering Circular contains all information with respect to the Issuer and its subsidiaries taken as a whole (the "Group", "we" or "us"), the Programme and the Notes which is material in the context of the Programme, the issue, offering, sale, marketing or distribution of the Notes, (ii) the statements contained in it relating to the Issuer and the Group are in every material respect true and accurate and not misleading, and there are no other facts in relation to the Issuer, the Group, the Programme and the Notes the omission of which would, in the context of the Programme, and the issue, offering, sale, marketing or distribution of the Notes, make any statement in this Offering Circular misleading, (iii) the statements of intention, opinion, belief or expectation contained in this Offering Circular are honestly and reasonably made or held and have been reached after considering all relevant circumstances and based on reasonable assumptions, (iv) all reasonable enquiries have been made by the Issuer to ascertain such facts and to verify the accuracy of all such information and statements, and (v) all descriptions of contracts or other material documents described in this Offering Circular are accurate in all material respects and fairly summarise the contents of such contracts or documents. The Issuer accepts full responsibility for the information contained in this Offering Circular.

Each Tranche (as defined in the Conditions) of Notes will be issued on the terms set out herein under "*Terms and Conditions of the Notes*" (the "Conditions") as amended and/or supplemented by a document specific to such Tranche by a Pricing Supplement. This Offering Circular and any Pricing Supplement must be read and construed together with any amendments or supplements hereto and with any information incorporated by reference herein and, in relation to any Tranche of Notes, must be read and construed together with the relevant Pricing Supplement. This Offering Circular and any Pricing Supplement shall be read and construed on the basis that such documents are incorporated in and form part of this Offering Circular.

This Offering Circular is to be read in conjunction with all documents which are incorporated herein by reference (see "*Information Incorporated by Reference and Financial Information*"*).* This Offering Circular shall be read and construed on the basis that such documents are incorporated in, and form part of, this Offering Circular.

This Offering Circular has been prepared by the Issuer for use in connection with the offer and sale of the Notes outside the United States. The Issuer, the Arranger and the Dealers reserve the right to reject any offer to purchase the Notes, in whole or in part, for any reason. This Offering Circular does not constitute an offer to any person in the United States. Distribution of this Offering Circular to any person within the United States is unauthorised and any disclosure, without the prior written consent of the Issuer, of any of its contents to any person within the United States is prohibited.

The distribution of this Offering Circular and any Pricing Supplement and the offering of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular and any Pricing Supplement comes are required by the Issuer, the Arranger and the Dealers to inform themselves about and to observe any such restrictions. No action is being taken to permit a public offering of the Notes or the distribution of this Offering Circular and any Pricing Supplement in any jurisdiction where action would be required for such purposes. There are restrictions on the offer and sale of the Notes and the circulation of documents relating thereto in certain jurisdictions including the United States, the United Kingdom, the PRC, Hong Kong and Singapore, and to persons connected therewith. For a description of certain further restrictions on offers, sales and resales of the Notes and distribution of this Offering Circular and any Pricing Supplement, see "*Subscription and Sale*".

THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES, AND THE SECURITIES MAY INCLUDE BEARER NOTES (AS DEFINED HEREIN) THAT ARE SUBJECT TO U.S. TAX LAW REQUIREMENTS. SUBJECT TO CERTAIN EXCEPTIONS, THE NOTES MAY NOT BE OFFERED, SOLD, OR, IN THE CASE OF BEARER NOTES, DELIVERED WITHIN THE UNITED STATES. REGISTERED NOTES ARE SUBJECT TO CERTAIN RESTRICTIONS ON TRANSFER, SEE "SUBSCRIPTION AND SALE". THE NOTES ARE BEING OFFERED AND SOLD OUTSIDE THE UNITED STATES IN RELIANCE ON REGULATION S UNDER THE SECURITIES ACT ("REGULATION S"). FOR A DESCRIPTION OF THESE AND CERTAIN FURTHER RESTRICTIONS ON OFFERS, SALES AND TRANSFERS OF NOTES AND DISTRIBUTION OF THIS OFFERING CIRCULAR, SEE "SUBSCRIPTION AND SALE". THE ATTENTION OF RECIPIENTS OF THIS OFFERING CIRCULAR IS DRAWN TO THE RESTRICTIONS ON RESALE OF THE NOTES SET OUT UNDER THE SECTION "SUBSCRIPTION AND SALE".

THE NOTES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION IN THE UNITED STATES OR ANY OTHER U.S. REGULATORY AUTHORITY, NOR HAS ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF THE OFFERING OF SECURITIES OR THE ACCURACY OR THE ADEQUACY OF THIS OFFERING CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.

No person has been or is authorised to give any information or to make any representation concerning the Issuer, the Group or the Notes, other than as contained herein and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Issuer, the Arranger, the Dealers, the Trustee (as defined herein) or the Principal Paying Agent (as defined herein), the Principal Transfer Agent (as defined herein), the CMU Transfer Agent (as defined herein), the Principal Registrar (as defined herein), the CMU Registrar (as defined herein) and the CMU Lodging and Paying Agent (as defined herein) (collectively, the "Agents"). Save as expressly stated in this Offering Circular, nothing contained herein is, or may be relied upon as, a promise or representation as to the future performance or policies of the Issuer or the Group. Neither the delivery of this Offering Circular and any Pricing Supplement nor any offering, sale or delivery made in connection with the issue of the Notes shall, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in the affairs of the Issuer, the Group or either of them since the date hereof or create any implication that the information contained herein is correct as at any date subsequent to the date hereof. This Offering Circular and any Pricing Supplement does not constitute an offer of, or an invitation by or on behalf of the Issuer, the Arranger, the Dealers, the Trustee or the Agents to subscribe for or purchase any of the Notes and may not be used for the purpose of an offer to, or a solicitation by, anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised or is unlawful.

No representation or warranty, express or implied, is made or given by the Arranger, the Dealers, the Trustee or the Agents (or any of their respective affiliates, directors, officers, employees, representatives, agents and each person who controls any of them) as to the accuracy, completeness or sufficiency of the information contained in this Offering Circular, and nothing contained in this Offering Circular is, or shall be relied upon as, a promise, representation or warranty by the Arranger, the Dealers, the Trustee or the Agents. None of the Arranger, the Dealers, the Trustee and the Agents has independently verified any of the information contained in this Offering Circular and can give assurance that this information is accurate, truthful or complete. This Offering Circular is not intended to provide the basis of any credit or other evaluation nor should it be considered as a recommendation by any of the Issuer, the Arranger, the Dealers, the Trustee or the Agents that any recipient of this Offering Circular should purchase the Notes. Each potential purchaser of the Notes should determine for itself the relevance of the information contained in this Offering Circular and its purchase of the Notes should be based upon such investigations with its own tax, legal and business advisers as it deems necessary.

To the fullest extent permitted by law, none of the Arranger, the Dealers, the Trustee or the Agents or any of their respective affiliates, directors or advisers accepts any responsibility for the contents of this Offering Circular. Each of the Arranger, the Dealers, the Trustee and the Agents and their respective affiliates, directors or advisers accordingly disclaims all and any liability, whether arising in tort or contract or otherwise, which it might otherwise have in respect of this Offering Circular or any such statement. None of the Arranger, the Dealers, the Trustee or the Agents or any of their respective affiliates, directors or advisers undertakes to review the results of operations, financial condition or affairs of the Issuer or the Group during the life of the arrangements contemplated by this Offering Circular nor to advise any investor or potential investor in the Notes of any information coming to the attention of the Arranger, the Dealers, the Trustee or the Agents.

IN CONNECTION WITH THE ISSUE OF ANY TRANCHE OF NOTES, THE ARRANGER AND DEALERS DESIGNATED AS THE STABILISING MANAGER (OR PERSONS ACTING ON BEHALF OF THEM) (THE "STABILISING MANAGERS") IN THE RELEVANT PRICING SUPPLEMENT MAY OVER-ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL FOR A LIMITED PERIOD AFTER THE RELEVANT ISSUE DATE. HOWEVER, THERE IS NO OBLIGATION ON SUCH STABILISING MANAGERS TO DO THIS. SUCH STABILISING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME, AND MUST BE BROUGHT TO AN END AFTER A LIMITED PERIOD. SUCH STABILISING SHALL BE IN COMPLIANCE WITH ALL APPLICABLE LAWS, REGULATIONS AND RULES.

In making an investment decision, investors must rely on their own examination of the Issuer and the terms of the offering, including the merits and risks involved. See "*Risk Factors*" for a discussion of certain factors to be considered in connection with an investment in the Notes.

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

This Offering Circular does not describe all of the risks and investment considerations (including those relating to each investor's particular circumstances) of an investment in Notes of a particular issue. Each potential purchaser of Notes should refer to and consider carefully the relevant Pricing Supplement for each particular issue of Notes, which may describe additional risks and investment considerations associated with such Notes. The risks and investment considerations identified in this Offering Circular and the relevant Pricing Supplement are provided as general information only.

Investors should consult their own financial, tax, accounting and legal advisers as to the risks and investment considerations arising from an investment in an issue of Notes and should possess the appropriate resources to analyse such investment and the suitability of such investment in their particular circumstances.

Notes issued under the Programme may be denominated in Renminbi. Renminbi is currently not freely convertible and conversion of Renminbi is subject to certain restrictions. Investors should be reminded of the conversion risk with Renminbi products. In addition, there is a liquidity risk associated with Renminbi products, particularly if such investments do not have an active secondary market and their prices have large bid/offer spreads.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

This Offering Circular contains the consolidated financial information of the Group as at and for the year ended 31 March 2018, as at and for the nine months ended 31 December 2018 and as at and for the years ended 31 December 2019 and 2020, which has been extracted from the audited consolidated financial statements of the Group as at and for the nine months ended 31 December 2018 (the "**2018 Audited Consolidated Financial Statements**"), as at and for the year ended 31 December 2019 (the "**2019 Audited Consolidated Financial Statements**") and as at and for the year ended 31 December 2020 (the "**2020 Audited Consolidated Financial Statements**" and together with the 2018 Audited Consolidated Financial Statements and 2019 Audited Consolidated Financial Statements, the "**Audited Consolidated Financial Statements**"). The Audited Consolidated Financial Statements have been audited by KPMG, Certified Public Accountants, Hong Kong, and prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRS**"), and have been included elsewhere in this Offering Circular.

From 1 April 2018, the Group changed its financial year-end from 31 March to 31 December. Consequently, the financial year ended 31 December 2018 consisted of only nine months from 1 April 2018 to 31 December 2018. Accordingly, the Group's financial information as at and for the nine months ended 31 December 2018 may therefore not be directly nor entirely comparable against the Group's financial information as at and for the year ended 31 March 2018, 31 December 2019 or 31 December 2020. Investors must therefore exercise caution when making comparisons against the Group's historical financial figures in light of the above.

The 2018 Audited Consolidated Financial Statements were prepared in conjunction with the adoption of HKFRS 9 which took effect from 1 April 2018. Please refer to Note 2(c) of the 2018 Audited Consolidated Financial Statements for a discussion on the impact of the adoption of HKFRS 9. HKFRS 9 which replaces HKAS 39, sets out the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. The Group applied HKFRS 9 retrospectively to items that existed at 1 April 2018 in accordance with the transition requirements. As there is no requirement of any restatement by the Group of the corresponding figures of the period prior to 1 April 2018, the comparative information prior to 1 April 2018 continues to be reported under HKAS39. Accordingly, the Group's consolidated financial information as at and for the year ended 31 March 2018 may not be directly comparable against the Group's consolidated financial information after 1 April 2018, including the Group's consolidated financial information as at and for the nine months ended 31 December 2018, as at and for the year ended 31 December 2019 and as at and for the year ended 31 December 2020. Investors must therefore exercise caution when making comparison of any financial figures after 1 April 2018 and when evaluating the Group's financial condition, results of operations and results. See "*Risk Factors – Risks Relating to the Group's Business and Operations and the Logistics and Warehousing Industry generally – The presentation of certain accounting items in the financial statements of the Group included elsewhere in this Offering Circular may not be directly comparable.*".

The 2018 Audited Consolidated Financial Statements were also prepared in conjunction with the adoption of HKFRS 15 which took effect from 1 April 2018. Please refer to Note 2(c) of the 2018 Audited Consolidated Financial Statements for a discussion on the impact of the adoption of HKFRS 15. HKFRS 15 establishes a comprehensive framework for recognising revenue and some costs from contracts with customers and replaces HKAS 18 (which covered revenue arising from the sale of goods and rendering of services) and HKAS 11 (which specified the accounting for construction contracts). The Group assessed and concluded that adopting HKFRS 15 does not have a significant impact on the consolidated financial statements of the Group.

The 2019 Audited Consolidated Financial Statements were prepared in conjunction with the adoption of HKFRS 16 which took effect from 1 January 2019. Please refer to Note 2(c) of the 2019 Audited Consolidated Financial Statements for a discussion on the impact of the adoption of HKFRS 16. HKFRS 16 replaces HKAS 17, HK(IFRIC) 4 and HK(SIC) 27. HKFRS 16 introduces, amongst others, a single accounting model for lessees, which requires a lessee to recognise a right-of-use asset and a lease liability for all leases, except for leases that have a lease term of 12 months or less and leases of low-value assets. The Group applied HKFRS 16 from 1 January 2019 in accordance with the modified retrospective approach. As there is no requirement of any restatement by the Group of the corresponding figures for the period prior to 1 January 2019, the comparative information prior to 1 January 2019 continues to be reported under HKAS 17. Accordingly, the Group's consolidated financial information as at and for the year ended 31 March 2018 and as at and for the nine months ended 31 December 2018 may not be directly comparable against the Group's consolidated financial information after 1 January 2019, including the Group's consolidated financial information as at and for the year ended 31 December 2019 and as at and for the year ended 31 December 2020. Investors must therefore exercise caution when making comparison of any financial figures after 1 January 2019 and when evaluating the Group's financial condition, results of operations and results. See "*Risk Factors – Risks Relating to the Group's Business and Operations and the Logistics and Warehousing Industry generally – The presentation of certain accounting items in the financial statements of the Group included elsewhere in this Offering Circular may not be directly comparable*.".

As used in this Offering Circular, a non-HKFRS financial measure is one that purports to measure historical or future financial performance, financial position or cash flows, but excludes or includes amounts that would not be so excluded or included in the most comparable HKFRS measures. "EBITDA" is a non-HKFRS financial measure which is defined as profits before tax, net borrowing costs, depreciation and amortisation. EBITDA, as used in this Offering Circular, is a supplemental measure of the Group's performance and liquidity that are not required by or presented in accordance with HKFRS or generally accepted accounting principles in certain other countries. Furthermore, EBITDA is not a measure of financial performance or liquidity under the HKFRS or any other generally accepted accounting principles and should not be considered as an alternative to net income, operating income or any other performance measures derived in accordance with HKFRS or any other generally accepted accounting principles. EBITDA should not therefore be considered in isolation from, or as a substitute for, the analysis of the financial condition or results of operations of the Group, as reported under HKFRS. Further, EBITDA may not reflect all of the financial and operating results and requirements of the Group. In particular, EBITDA does not reflect the Group's needs for capital expenditures, debt servicing or additional capital that may be required to replace assets that are fully depreciated or amortised. Other companies may calculate or define EBITDA differently, limiting its usefulness as a comparative measure. Unless otherwise indicated, all references in this Offering Circular to "China" or the "PRC" are to the People's Republic of China and, for the purpose of this Offering Circular only, excluding Hong Kong, the Macau Special Administrative

Region of the PRC and Taiwan, all references to "Hong Kong" are to the Hong Kong Special Administrative Region of China. References herein to the "US", "U.S." or the "United States" are to the United States of America, its territories and possessions, any state of the United States and the District of Columbia.

Unless otherwise specified or the context requires, references herein to "Renminbi", "RMB" or "CNY" are to the lawful currency of the PRC, references herein to "Hong Kong dollars", "HK dollars" or "HKD" are to the lawful currency of Hong Kong and references herein to "U.S. dollars", "US$" or "USD" are to the lawful currency of the United States.

Unless otherwise specified or the context requires, references herein to the "Group" refer to the Issuer and its Subsidiaries taken as a whole.

Certain monetary amounts and percentages in this Offering Circular have been subject to rounding adjustments; accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them. Any discrepancies in the tables included herein between the listed amounts and the totals thereof are due to rounding.

Market data and certain industry forecasts and statistics in this Offering Circular have been obtained from both public and private sources, including market research, publicly available information and industry publications. Although this information is believed to be reliable, it has not been independently verified by the Issuer, the Arranger, the Dealers, the Trustee, the Agents or their respective directors and advisers, and none of the Issuer, the Arranger, the Dealers, the Trustee, the Agents and their respective directors and advisers makes 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.

In this Offering Circular, where information has been presented in thousands or millions of units, amounts may have been rounded. Accordingly, totals of columns or rows of numbers in tables may not be equal to the apparent total of the individual items and the actual numbers may differ from those contained herein due to rounding. References to information in billions of units are to the equivalent of a thousand million units.

SUPPLEMENTAL OFFERING CIRCULAR

The Issuer has given an undertaking to the effect that, unless the Issuer has notified the Dealers in writing that it has no intention to issue Notes under the Programme for the time being, the Issuer shall update or amend this Offering Circular (following consultation with the Arranger which will consult with the Dealers) by the publication of a supplement thereto or a new Offering Circular in a form approved by the Dealers on or before each anniversary of the date of this Offering Circular and in the event that a significant new factor, material mistake or inaccuracy relating to the information included in this Offering Circular arises or is noted which is capable of affecting an assessment of any Notes which may be issued under the Programme.

SPECIAL NOTE ON FORWARD-LOOKING STATEMENTS

This Offering Circular includes forward-looking statements regarding, amongst other things, the Group's business, results of operations, financial condition, cash flow, future expansion plans and business strategy. These forward-looking statements can be identified by the use of forward-looking terminology, including the words and terms "believe", "expect", "plan", "anticipate", "intend", "aim", "project", "seek", "should", "will", "would", "could", "schedule", "estimate" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this Offering Circular and include statements regarding the Issuer's intentions, belief or current expectations concerning, among other things, the Group's results of operations, financial condition, liquidity, prospectus, growth, strategies and the industry in which the Group operates.

By their nature, forward-looking statements are subject to numerous assumptions, risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Investors are cautioned that forward-looking statements are not guarantees of the Group's future performance and their actual results of operations, financial condition and liquidity, and the development of the industries in which they operate, may differ materially from those made in or suggested by the forward-looking statements contained in this Offering Circular. In addition, even if the Group's results of operations, financial condition and liquidity and the development of the industries in which the Group operate are consistent with the forward-looking statements contained in this Offering Circular, those results or developments may not be indicative of results or developments in subsequent periods.

The cautionary statements set forth above should be considered in connection with any subsequent written or oral forward-looking statements that the Issuer or persons acting on its behalf may issue. The Issuer does not undertake any obligation to review or confirm analysts' expectations or estimates or to release publicly any revisions to any forward-looking statements to reflect events or circumstances after the date of this Offering Circular.

Investors should read the factors described in the "*Risk Factors*" section of this Offering Circular to better understand the risks and uncertainties inherent in the Issuer's and the Group's business and underlying any forward-looking statements.

Any forward-looking statements that the Issuer makes in this Offering Circular speak only as at the date of this Offering Circular, and the Issuer undertakes no obligation to update such statements. Comparisons of results for current and any prior periods are not intended to express any future trends or indications of future performance and should only be viewed as historical data.

INFORMATION INCORPORATED BY REFERENCE AND FINANCIAL INFORMATION

This Offering Circular should be read and construed in conjunction with:

(i) each relevant Pricing Supplement; and

(ii) all amendments and supplements to this Offering Circular from time to time,

which shall be deemed to be incorporated in, and to form part of, this Offering Circular and which shall be deemed to modify or supersede the contents of this Offering Circular.

Any statement contained in this Offering Circular or in a document incorporated by reference into this Offering Circular will be deemed to be modified or superseded for the purposes of this Offering Circular to the extent that a statement contained in any such subsequent document modifies or supersedes that statement. Any statement that is modified or superseded in this manner will no longer be a part of this Offering Circular, except as modified or superseded.

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SUMMARY OF THE GROUP

Overview

The Group, according to Cushman & Wakefield in its Greater China Logistics Market Research for the fourth quarter of 2020, is the largest owner and operator of modern logistics facilities in China. The Group had a properties portfolio across 43 major cities and markets as at 31 December 2020. Through its network of strategically-located properties and ecosystem partners, the Group is able to offer both space and technology-led solutions to drive value for its customers.

The Group is a leading global investment manager and business builder in logistics and supply chain, data infrastructure, renewable energy and related technologies and services. The Group believes that its combined experience and expertise as an investor and an operator provide it with a distinct competitive advantage to build, acquire and scale high-quality businesses and to create value for its customers and investors.

The Group is the investor, developer and operator of approximately 400 infrastructure facilities in logistics and supply chain, manufacturing and research, data infrastructure and renewable energy, across 43 cities in China. As a leading alternative asset manager, GLP Pte. Ltd. ("**GLP**") has US$62 billion in assets under management in China, including several real estate and private equity funds with domestic and international investors and GLP C-REIT, one of the first public offerings of infrastructure REITs approved in China.

As of the date of this Offering Circular, the Group has invested in, developed and managed over 400 infrastructure facilities in logistics and supply chain, manufacturing and research, data infrastructure and renewable energy, across 43 cities in China. Moreover, the Group has taken the lead in the investment and development of innovative technologies, playing a leading role in smart logistics. The Group continues to improve the operational efficiency and enhance the value of assets through equity investment, financial technology platforms and data technology platforms.

The Group has more than 15 years of experience in the development and operation of the modern warehousing industry in China. It is specialised in the development, operation, and management of the modern warehousing and mainly serves third-party logistics companies, as well as companies in the retail industry, manufacturing industry and other downstream industries.

On 15 October 2013, Blear Services Limited established Iowa China Offshore Holdings (Hong Kong) Limited in Hong Kong (Companies Registrar number 1980082). At registry, the Company had a share capital of one share and equity capital of HK$10,000. As at 31 December 2020, the Company has issued 6,950,825,000 ordinary shares with a total share capital of approximately US$6.95 billion.

On 24 October 2013, Blear Services Limited transferred its entire share capital for HK$1 to CLH Limited, a wholly-owned subsidiary of GLP. Since then, GLP has held 100 per cent. of the Company through its control of CLH Limited.

CLH Limited is registered in the Cayman Islands, and holds all of GLP's shareholding interests in logistics and warehousing companies in the PRC via many direct holding companies registered in Barbados, Singapore and Hong Kong. GLPH Limited is also registered in the Cayman Islands, and, through a Barbados-registered direct holding company, controls 100 per cent. of GLP's PRC warehousing development and management company, GLP Investment (Shanghai) Co., Ltd. CLH Limited and GLPH Limited are both wholly-owned subsidiaries of GLP.

On 18 February 2014, GLP entered into a strategic agreement with a strategic investment team to further expand and develop its modern logistics business in the PRC. In accordance with the strategic agreement, GLP completed the restructuring of its PRC assets and businesses on 22 May 2014, to which GLP transferred to the

Company all PRC businesses, assets and liabilities under CLH Limited; all PRC development projects and business functions under GLPH Limited in the PRC (such as business management, talent development, financial and investment management and marketing and sales); and US$4,600,564,752 from GLP Investment (Shanghai) Co., Ltd. As such, the Company became the holding company to all of GLP's PRC warehouse development companies and business management companies. Concurrently, the Company issued 4,600,564,752 ordinary shares to CLH Limited, by which CLH Limited became the parent company of the Company.

On 24 September 2014, all investments made by the strategic investors into the Company were completed. Concurrent to GLP restructuring its PRC assets and businesses, the strategic investment team injected US$2,103,750,000 into the Company via Khangai Company Limited and Khangai II Company Limited and obtained 2,095,089,422 ordinary shares of the Company, thus becoming a shareholder of 30.15 per cent. of the Company's issued shares, Khangai Company Limited and Khangai II Company Limited are aligned with the Company's strategies. Simultaneously, GLP Associates (I) Limited and GLP Associates (II) LLC[1] also injected US$253,750,000 into the Company and obtained 252,787,714 ordinary shares of the Company, thus becoming a shareholder of an estimated 3.64 per cent. of the Company's issued shares. As a result, the Company's paid-in capital increased to US$6.958 billion, and CLH Limited's shareholding of the Company also decreased from 100 per cent. to 66.21 per cent.

As at the date of this Offering Circular, the Company's largest shareholder is CLH Limited at 66.21 per cent. of the Company's shares. GLP holds 100.00 per cent. of the shares of CLH Limited, which means that GLP indirectly holds 66.21 per cent. of the Company's shares through CLH Limited.

As at 31 December 2020, the amount of the Company's total assets was approximately US$32.8 billion.

[1] GLP Associates (I) Limited and GLP Associates (II) LLC are both shareholding companies established for the purpose of the Issuer to implement employee stock ownership plans in the future.

SUMMARY OF THE PROGRAMME

The following summary is a brief summary of the Programme. For a more detailed description of the terms of the Notes, see "Terms and Conditions of the Notes". Capitalised terms used herein and not defined have the meanings given to them in "Terms and Conditions of the Notes". References to Condition in the following summary refer to the corresponding conditions in the Terms and Conditions of the Notes.

Issuer:	GLP China Holdings Limited (普洛斯中國控股有限公司) (Legal Entity Identifier is 254900C6X2D3TGF2CO98).
Description:	Medium Term Note Programme.
Size:	Up to HK$20,000,000,000 (or the equivalent in other currencies at the date of issue) aggregate nominal amount of Notes outstanding at any one time. The Issuer may increase the aggregate nominal amount of the Programme in accordance with the terms of the Dealer Agreement.
Risk Factors:	Investing in Notes under the Programme involves certain risks. The principal risk factors that may affect the abilities of the Issuer to fulfil the obligations in respect of the Notes or the Trust Deed are discussed under the section "*Risk Factors*".
Arranger.	Morgan Stanley & Co. International plc.
Dealer:	Morgan Stanley & Co. International plc.
Certain Restrictions:	For a description of certain restrictions on offers, sales and deliveries of Notes and the distribution of offering material relating to the Notes, see the section on "*Subscription and Sale*". Further restrictions may apply in connection with any particular Series or Tranche of Notes.
Trustee:	Citicorp International Limited.
Principal Paying Agent and Principal Transfer Agent:	Citibank, N.A., London Branch.
Principal Registrar:	Citigroup Global Markets Europe AG.
CMU Lodging and Paying Agent, CMU Registrar and CMU Transfer Agent:	Citicorp International Limited.
Method of Issue:	The Notes may be issued on a syndicated or non-syndicated basis. The Notes will be issued in series (each a "Series") having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest and the timing of the NDRC Post-issue Filing, if applicable), the Notes of each Series being intended to be interchangeable with all other Notes of that Series, and each Series may be issued in tranches (each a "Tranche") on the same or different issue dates. The specific terms of each Tranche will be completed in the Pricing Supplement.

Issue Price:	Notes may be issued at their nominal amount or at a discount or premium to their nominal amount. Partly Paid Notes may be issued, the issue price of which will be payable in two or more instalments.
Clearing Systems:	Clearstream, Euroclear and the CMU and in relation to any Tranche, such other clearing system as may be agreed between the Issuer, the Trustee and the Relevant Dealer.
Currencies:	Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in any currency agreed between the Issuer and the Relevant Dealer.
Specified Denomination:	Notes will be issued in such denominations as may be agreed between the Issuer and the Relevant Dealer save that the minimum denomination of each Notes will be such as may be allowed or required from time to time by the central banks (or equivalent body) or any laws or regulations applicable to the relevant currency (see "*Certain Restrictions*" above).
Withholding Tax:	All payments of principal, premium (if applicable) and interest in respect of the Notes will be made free and clear of withholding taxes of Hong Kong, unless the withholding is required by law. In that event, the Issuer shall (subject to the Conditions) pay such additional amounts as will result in the holders of the relevant Notes receiving such amounts as they would have received in respect of such Notes had no such withholding been required.
Governing Law:	The Notes and the Trust Deed and any non-contractual obligations arising out of or in connection with the Notes and the Trust Deed are governed by English law.
Rating:	Notes issued under the Programme may be rated, or unrated, as specified in the applicable Pricing Supplement. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency. The Issuer is rated "BBB-" and the Programme is rated "BBB-" by Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc.. This rating is only correct as at the date of this Offering Circular. Notes issued under the Programme may be rated or unrated. Where a Tranche of Notes is to be rated, such rating will not necessary be the same as the rating assigned to the Programme. Where an issue of Notes is rated, its rating will not necessarily be the same as the rating applicable to the Programme.
Listing and Admission to Trading:	Application has been made to the Hong Kong Stock Exchange for the listing of the Programme. Application will be made to the Hong Kong Stock Exchange for the permission to deal in, and for the listing of, Notes to be issued under the Programme during the 12-month period after the date of this Offering Circular on

	the Hong Kong Stock Exchange by way of debt issues to Professional Investors only. However, unlisted Notes and Notes to be listed, traded or quoted on or by any other competent authority, stock exchange or quotation system may be issued pursuant to the Programme. The relevant Pricing Supplement in respect of the issue of any Notes will specify whether or not such Notes will be listed on the Hong Kong Stock Exchange or listed, traded or quoted on or by any other competent authority, exchange or quotation system. Notes listed on the Hong Kong Stock Exchange will be traded on the Hong Kong Stock Exchange in a board lot size of at least HK$500,000 (or its equivalent in other currencies). The Notes may also be listed on such other or further stock exchange(s) as may be agreed between the Issuer and the Relevant Dealers in relation to each Series of Notes. The Pricing Supplement relating to each Series of Notes will state whether or not the Notes of such Series will be initially listed on any stock exchange(s) and, if so, on which stock exchange(s) the Notes are to be initially listed. Unlisted Series of Notes may also be issued pursuant to the Programme.
Initial Delivery of the Notes:	On or before the issue date for each Tranche, the Global Note representing Bearer Notes or the Global Certificate representing Registered Notes may be deposited (a) in the case of a Tranche intended to be cleared through Euroclear and/or Clearstream, with a common depositary on behalf of Euroclear and/or Clearstream or, (b) in the case of a Tranche intended to be cleared through the CMU, with a sub-custodian for the Hong Kong Monetary Authority (the "**HKMA**") as operator of the CMU or (c) in the case of a Tranche intended to be cleared through a clearing system other than, or in addition to, Euroclear and/or Clearstream and/or the CMU or delivered outside a clearing system, as agreed between the Issuer and the relevant Dealer.
Status of Notes:	The Notes constitute direct, unconditional and (subject to Condition 5(a)) unsecured obligations of the Issuer which will at all times rank *pari passu* among themselves and at least *pari passu* and without any preference or priority with all other present and future unsecured obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application. See "*Terms and Conditions of the Notes — Status of the Notes*".
Maturities:	Subject to compliance with all relevant laws, regulations and directives, any maturity as may be agreed between the Issuer and the Relevant Dealers.
Form of Notes:	The Notes will be issued in bearer or registered form as described in "*Form of the Pricing Supplement in relation to the Notes*".

Registered Notes will not be exchangeable for Bearer Notes and vice versa.

Each Tranche of Bearer Notes will initially be represented by a Temporary Global Note or a Permanent Global Note as specified in the relevant Pricing Supplement, which, in each case, may be deposited on the Issue Date with a common depositary for Euroclear, Clearstream or any other agreed clearance system compatible with Euroclear and Clearstream or, in respect of Notes intended to be cleared through the CMU, a sub-custodian for the CMU. Each Temporary Global Note will be exchangeable for a Permanent Global Note or, if so specified in the relevant Pricing Supplement, for Definitive Notes. Each Permanent Global Note will be exchangeable for Definitive Notes in accordance with its terms. Definitive Notes will, if interest-bearing, have Coupons attached and, if appropriate, a Talon for further Coupons. Any interest in a Temporary Global Note or a Permanent Global Note will be transferable only in accordance with the rules and procedures or the time being of Euroclear, Clearstream, the CMU and/or any other agreed clearance system, as appropriate.

Bearer Notes will be issued in compliance with applicable U.S. tax rules. Bearer Notes will be issued in compliance with rules in substantially the same form as U.S. Treasury Regulations §1.163-5(c)(2)(i)(D) for purposes of Section 4701 of the U.S. Internal Revenue Code (the “TEFRA D Rules”) unless (i) the relevant Pricing Supplement states that the Bearer Notes are issued in compliance with rules in substantially the same form as U.S. Treasury Regulation §1.163-5(c)(2)(i)(C) for purposes of Section 4701 of the U.S. Internal Revenue Code (the “TEFRA C Rules”) or (ii) the Bearer Notes are issued other than in compliance with the TEFRA D Rules or the TEFRA C Rules but in circumstance in which the Notes will not constitute “registration required obligations” for U.S. federal income tax purposes, which circumstance will be referred to in the relevant Pricing Supplement. If the TEFRA D Rules are specified in the relevant Pricing Supplement as applicable, certification as to non-U.S. beneficial ownership will be a condition precedent to any exchange of an interest in a Temporary Global Note or receipt of any payment of interest in respect of a Temporary Global Note.

Each Tranche of Registered Notes will, unless specified in the relevant Pricing Supplement, be represented by a Global Certificate (as defined in the “*Form of the Notes*”*)*, which will be deposited on or about its issue date with a common depositary for, and registered in the name of a nominee of, Euroclear and Clearstream or in respect of Notes intended to be cleared through the CMU, the Global Certificate will be lodged with a sub-

	custodian for the HKMA as operator of the CMU and registered in the name of the HKMA. With respect to all offers or sales by a Dealer of an unsold allotment or subscription, beneficial interests in a Global Certificate of such Tranche may be held only through Euroclear or Clearstream or the CMU. Application will be made to have Global Notes or Global Certificates of any Tranche accepted for clearance and settlement through the facilities of Euroclear, Clearstream and/or the CMU as appropriate.
Fixed Rate Notes:	Fixed interest will be payable in arrear on such date or dates as may be agreed between the Issuer and the Relevant Dealer and on redemption and will be calculated on the basis of such Day Count Fraction as specified in the relevant pricing supplement.
Floating Rate Notes:	Floating Rate Notes will bear interest payable in arrear and determined separately for each Series as follows: (i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series); or (ii) by reference to LIBOR, EURIBOR or HIBOR (or such other benchmark as may be specified in the relevant Pricing Supplement) as adjusted for any applicable margin; or (iii) on such other basis as may be agreed between the Issuer and the Relevant Dealer. Interest Periods will be specified in the relevant Pricing Supplement.
Benchmark Discontinuation:	Fallback provisions might be specified in the relevant Pricing Supplement together with relevant risk factors, in case of the discontinuation of LIBOR or any other benchmarks, or changes in the manner of administration of any benchmarks.
Zero Coupon Notes:	Zero Coupon Notes (as defined in "*Terms and Conditions of the Notes*") may be issued at their nominal amount or at a discount to it and will not bear interest.
Dual Currency Notes:	Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Notes (as defined in "*Terms and Conditions of the Notes*") will be made in such currencies, and based on such rates of exchange as the Issuer and the Relevant Dealer may agree and as may be specified in the relevant Pricing Supplement.
Interest Periods and Interest Rates:	The length of the Interest Periods for the Notes and the applicable interest rate or its method of calculation may differ from time to time or be constant for any Series. Floating Rate

	Notes may also have a maximum interest rate, a minimum interest rate, or both. The use of interest accrual periods permits the Notes to bear interest at different rates in the same Interest Period. All such information will be set out in the relevant Pricing Supplement.
Partly Paid Notes:	In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid-up nominal amount of such Notes and otherwise as specified in the relevant Pricing Supplement.
Redemption:	The relevant Pricing Supplement will indicate either that the relevant Notes cannot be redeemed prior to their stated maturity (other than in specified instalments, if applicable, or for taxation reasons or following an Event of Default) or that such Notes will be redeemable at the option of the Issuer and/or the Noteholders upon giving notice to the Noteholders or the Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as may be agreed between the Issuer and the Relevant Dealer. The relevant Pricing Supplement may provide that Notes may be redeemable in two or more instalments of such amounts and on such dates as are indicated in the relevant Pricing Supplement. Notes having a maturity of less than one year are subject to certain restrictions on their denomination and distribution.
Optional Redemption:	Notes may be redeemed before their stated maturity at the option of the Issuer (either in whole or in part) and/or the Noteholders to the extent (if at all) specified in the relevant Pricing Supplement and subject to Condition 9 *(Redemption and Purchase)*.
Tax Redemption:	Notes will be redeemable at the Issuer's option prior to maturity for tax reasons as described in Condition 9(b) *(Redemption and Purchase — Redemption for tax reasons)*.
Redemption for Change of Control:	At any time following the occurrence of a Change of Control, each Noteholder will have the right, at such Noteholder's option, to require the Issuer to redeem all, but not some only, of that Noteholder's Notes on the Change of Control Put Date at a price equal to the Early Redemption Amount (Change of Control), together with interest accrued (if any) to the Change of Control Put Date.
Redemption at the Option of the Issuer:	If the Call Option is specified in the relevant Pricing Supplement as being applicable, the Notes may be redeemed at the option of the Issuer in whole or, if so specified in the relevant Pricing Supplement, in part on any Optional Redemption Date (Call) at the relevant Optional Redemption Amount (Call).
Redemption at the option of Noteholders:	If the Put Option is specified in the relevant Pricing Supplement as being applicable, the Issuer shall, at the option of the Noteholder of any Note redeem such Note on the Optional

	Redemption Date (Put) specified in the relevant Put Option Notice at the relevant Optional Redemption Amount (Put) together with interest (if any) accrued to such date.
Covenants:	The Notes will contain a covenants provision, each as described in Condition *5 (Covenants).*
Information Report to the NDRC:	Where the NDRC Circular issued by the NDRC and which came into effect on 14 September 2015 and any implementation rules as issued by the NDRC from time to time applies, for the benefit of the relevant Series or Tranche of Notes to be issued in accordance with the Conditions and the Trust Deed, the Issuer undertakes to: (a) file or cause to be filed with the NDRC the requisite information and documents within the prescribed time frame after the relevant Issue Date in accordance with the NDRC Circular, and any implementation rules as issued by the NDRC from time to time (the "NDRC Post-issue Filing"); and (b) within 10 China Business Days after submission of such NDRC Post-issue Filing set out in Condition 5(c)(i), provide the Trustee with a certificate signed by an authorised signatory of the Issuer confirming the submission of the NDRC Post-issue Filing and provide the Trustee with a notice substantially in the form set out in the Trust Deed confirming the due filing of the NDRC Post-issue Filing for dissemination to the Noteholders in accordance with Condition 20 by the Principal Paying Agent on behalf of the Issuer.
Cross-acceleration:	The Conditions will contain a cross-acceleration provision as described in Condition 13(c) *(Events of Default —Cross-acceleration of Issuer or Principal Subsidiary).*

SUMMARY FINANCIAL INFORMATION

The following tables set forth the summary consolidated financial information of the Group as at and for the periods indicated.

The summary consolidated financial information of the Group as at and for the year ended 31 March 2018 set forth below is derived from the 2018 Audited Consolidated Financial Statements. The summary consolidated financial information of the Group as at and for the nine months ended 31 December 2018 and as at and for the year ended 31 December 2019 set forth below is derived from the 2019 Audited Consolidated Financial Statements. The summary consolidated financial information of the Group as at and for the year ended 31 December 2020 is derived from the 2020 Audited Consolidated Financial Statements. Such financial information should be read in conjunction with the 2018 Audited Consolidated Financial Statements, the 2019 Audited Consolidated Financial Statements, the 2020 Audited Consolidated Financial Statements and their respective notes thereto.

The Audited Consolidated Financial Statements have been audited by KPMG, Certified Public Accountants, Hong Kong, and prepared in accordance with HKFRS. From 1 April 2018, the Group changed its financial year end from 31 March to 31 December. Consequently, the financial year ended 31 December 2018 consisted of only nine months from 1 April 2018 to 31 December 2018. Accordingly, the Group's financial information as at and for the nine months ended 31 December 2018 may therefore not be directly or entirely comparable with the Group's financial information as at and for the years ended 31 March 2018, 31 December 2019 or 31 December 2020. Investors must therefore exercise caution when making comparisons of the Group's historical financial figures in light of the above.

The 2018 Audited Consolidated Financial Statements were prepared in conjunction with the adoption of HKFRS 9 which took effect from 1 April 2018. Please refer to Note 2(c) of the 2018 Audited Consolidated Financial Statements for a discussion on the impact of the adoption of HKFRS 9. HKFRS 9 which replaces HKAS 39 and sets out the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. The Group applied HKFRS 9 retrospectively to items that existed at 1 April 2018 in accordance with the transition requirements. As there is no requirement of any restatement by the Group of the corresponding figures of the period prior to 1 April 2018, the comparative information prior to 1 April 2018 continues to be reported under HKAS39. Accordingly, the Group's consolidated financial information as at and for the year ended 31 March 2018 may not be directly comparable with the Group's consolidated financial information after 1 April 2018, including the Group's consolidated financial information as at and for the nine months ended 31 December 2018, as at and for the year ended 31 December 2019 and as at and for the year ended 31 December 2020. Investors must therefore exercise caution when making comparisons of any financial figures after 1 April 2018 and when evaluating the Group's financial condition, results of operations and results. See "Risk Factors – Risks Relating to the Group's Business and Operations and the Logistics and Warehousing Industry generally – The presentation of certain accounting items in the financial statements of the Group included elsewhere in this Offering Circular may not be directly comparable.".

The 2018 Audited Consolidated Financial Statements were also prepared in conjunction with the adoption of HKFRS 15 which took effect from 1 April 2018. Please refer to Note 2(c) of the 2018 Audited Consolidated Financial Statements for a discussion on the impact of the adoption of HKFRS 15. HKFRS 15 establishes a comprehensive framework for recognising revenue and some costs from contracts with customers and replaces HKAS 18 (which covered revenue arising from the sale of goods and rendering of services) and HKAS 11 (which specified the accounting for construction contracts). The Group assessed and concluded that adopting HKFRS 15 does not have a significant impact on the consolidated financial statements of the Group.

The 2019 Audited Consolidated Financial Statements were prepared in conjunction with the adoption of HKFRS 16 which took effect from 1 January 2019. Please refer to Note 2(c) of the 2019 Audited Consolidated Financial Statements for a discussion on the impact of the adoption of HKFRS 16. HKFRS 16 replaces HKAS 17, HK(IFRIC) 4 and HK(SIC) 27. HKFRS 16 introduces, amongst others, a single accounting model for lessees, which requires a lessee to recognise a right-of-use asset and a lease liability for all leases, except for leases that have a lease term of 12 months or less and leases of low-value assets. The Group applied HKFRS 16 from 1 January 2019 in accordance with the modified retrospective approach. As there is no requirement of any restatement by the Group of the corresponding figures for the period prior to 1 January 2019, the comparative information prior to 1 January 2019 continues to be reported under HKAS 17. Accordingly, the Group's consolidated financial information as at and for the year ended 31 March 2018 and as at and for the nine months ended 31 December 2018 may not be directly comparable with the Group's consolidated financial information after 1 January 2019, including the Group's consolidated financial information as at and for the years ended 31 December 2019 and 2020. Investors must therefore exercise caution when making comparisons of any financial figures after 1 January 2019 and when evaluating the Group's financial condition, results of operations and results. See "Risk Factors – Risks Relating to the Group's Business and Operations and the Logistics and Warehousing Industry generally – The presentation of certain accounting items in the financial statements of the Group included elsewhere in this Offering Circular may not be directly comparable.".

Historical results of the Group are not necessarily indicative of results that may be achieved for any future period.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	For the year ended	For the nine months ended	For the year ended	For the year ended
	31 March 2018	31 December 2018	31 December 2019	31 December 2020
		(US$ '000)		
Revenue	896,558	753,443	990,954	1,149,124
Other income	8,183	52,030	175,724	195,512
Cost of goods sold and other financial services costs	(151,583)	(70,491)	(25,857)	(125,743)
Property-related expenses	(184,057)	(153,193)	(223,535)	(279,087)
Other expenses	(139,941)	(97,186)	(174,778)	(203,414)
Changes in fair value of investment properties	1,680,791	2,433,474	1,081,831	532,835
Share of results (net of tax expense) of joint ventures	67,902	75,114	48,203	73,508
Share of results (net of tax expense) of associates	(1,073)	11,789	7,525	194,043
Profit from operating activities after share of results of joint ventures and associates	2,176,780	3,004,980	1,880,067	1,536,778
Finance costs	(209,833)	(455,248)	(437,661)	(457,018)

	For the year ended 31 March 2018	For the nine months ended 31 December 2018	For the year ended 31 December 2019	For the year ended 31 December 2020
		(US$ '000)		
Finance income	224,225	14,878	40,413	304,365
Net finance costs	14,392	(440,370)	(397,248)	(152,653)
Net gain on disposal of subsidiaries	10,566	163,973	39,283	314,480
Gain on disposal of assets held for sale	-	-	-	92,320
Profit before taxation	2,201,738	2,728,583	1,522,102	1,790,925
Tax expense	(552,418)	(801,824)	(464,497)	(537,469)
Profit for the year/period	1,649,320	1,926,759	1,057,605	1,253,456
Profit attributable to:				
Owners of the Company	1,335,194	1,533,709	811,257	952,320
Non-controlling interests	314,126	393,050	246,348	301,136
Profit for the year/period	1,649,320	1,926,759	1,057,605	1,253,456
Other comprehensive income for the year/period				
Items that will not be reclassified to profit or loss:				
Surplus on revaluation of buildings held for own use carried at fair value	-	-	3,305	3,425
Change in fair value of other investments	-	(249,034)	52,912	27,074
Disposal of other investments	-	-	-	53,299
Items that may be reclassified subsequently to profit or loss:				
Exchange differences arising from consolidation of foreign operations	1,024,814	(1,083,903)	(213,501)	1,023,341
Change in fair value of available-for-sale investments	16,034	-	-	-
Share of other comprehensive income of joint ventures	-	-	-	(3,718)
Other comprehensive income for the year/period	1,040,848	(1,332,937)	(157,284)	1,103,421
Total comprehensive income for the year/period	2,690,168	593,822	900,321	2,356,877

	For the year ended	For the nine months ended	For the year ended	For the year ended
	31 March 2018	31 December 2018	31 December 2019	31 December 2020
		(US$ '000)		
Total comprehensive income attributable to:				
Owners of the Company	2,182,291	406,069	706,052	1,750,169
Non-controlling interests	507,877	187,753	194,269	606,708
Total comprehensive income for the year/period	2,690,168	593,822	900,321	2,356,877

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As at 31 March 2018	As at 31 December 2018	As at 31 December 2019	As at 31 December 2020
		(US$ '000)		
Non-current assets				
Investment properties	16,605,068	17,855,646	20,656,664	21,380,459
Joint ventures	476,109	980,282	1,369,688	2,090,883
Associates	226,757	358,501	666,745	1,799,882
Deferred tax assets	2,608	8,114	8,840	21,455
Property, plant and equipment	8,380	12,149	202,641	348,530
Intangible assets	323,975	295,258	288,972	309,790
Other investments	1,055,980	1,064,663	1,616,453	2,125,346
Other non-current assets	312,851	396,508	203,647	778,399
	19,011,728	20,971,121	25,013,650	28,854,744
Current assets				
Trade and other receivables	1,195,400	1,815,068	1,389,806	1,573,419
Inventories	27,213	7,358	3,654	-
Asset classified as held for sale	-	-	76,011	1,166,970
Cash and cash equivalents	1,106,864	663,296	859,715	1,160,752
Restricted cash	-	-	67,294	-
	2,329,477	2,485,722	2,396,480	3,901,141

	As at 31 March 2018	As at 31 December 2018	As at 31 December 2019	As at 31 December 2020
	(US$ '000)			
Total assets	21,341,205	23,456,843	27,410,130	32,755,885
Equity attributable to owners of the Company				
Share capital	6,950,825	6,950,825	6,950,825	6,950,825
Reserves	2,983,435	3,417,615	4,114,450	5,432,846
	9,934,260	10,368,440	11,065,275	12,383,671
Non-controlling interests	2,294,006	2,600,800	3,762,461	5,176,090
Total equity	12,228,266	12,969,240	14,827,736	17,559,761
Non-current liabilities				
Loans and borrowings	2,517,543	4,470,934	7,015,455	7,096,129
Deferred tax liabilities	1,749,535	2,009,526	2,326,370	2,455,806
Other non-current liabilities	1,933,973	1,022,812	567,504	317,337
	6,201,051	7,503,272	9,909,329	9,869,272
Current liabilities				
Loans and borrowings	1,742,157	1,659,158	1,175,106	3,150,219
Trade and other payables	1,147,751	1,281,163	1,442,850	1,751,374
Current tax payable	21,980	44,010	55,109	95,758
Liabilities classified as held for sale	-	-	-	329,501
	2,911,888	2,984,331	2,673,065	5,326,852
Total liabilities	9,112,939	10,487,603	12,582,394	15,196,124
Total equity and liabilities	21,341,205	23,456,843	27,410,130	32,755,885

CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the year ended 31 March 2018	For the nine months ended 31 December 2018	For the year ended 31 December 2019	For the year ended 31 December 2020
	(US$ '000)			
Cash flows from operating activities				

	For the year ended 31 March 2018	For the nine months ended 31 December 2018	For the year ended 31 December 2019	For the year ended 31 December 2020
		(US$ '000)		
Profit before taxation	2,201,738	2,728,583	1,522,102	1,790,925
Adjustments for:				
Amortisation of intangible assets	1,529	1,159	1,521	1,624
Amortisation of deferred management costs	-	-	155	124
Depreciation of property, plant and equipment	3,172	2,894	12,709	22,604
Loss on disposal of property, plant and equipment	339	62	352	1,030
Gain on acquisition/disposal of subsidiaries	(10,566)	(163,973)	(39,283)	(314,480)
Share of results of joint ventures	(67,902)	(75,114)	(48,203)	(73,508)
Share of results of associates	1,073	(11,789)	(7,525)	(194,043)
Changes in fair value of investment properties	(1,680,791)	(2,433,474)	(1,081,831)	(532,835)
Changes in fair value of financial assets	-	(38,778)	(152,899)	(155,069)
Recognition of impairment loss on trade and other receivables	11,284	3,596	12,175	12,387
Other income from disposal of investments in associates and financial assets	-	-	-	(8,647)
Equity settled share-based payment transactions	16,618	-	-	-
Gain on disposal of assets held for sale	-	-	-	(92,320)
Net finance costs	(14,392)	440,370	397,248	152,653
	462,102	453,536	616,521	610,445
Changes in working capital:				
Trade and other receivables	(365,342)	7,150	(11,369)	(1,106,929)
Trade and other payables	90,574	13,718	36,277	1,078,532
Cash generated from operations	187,334	474,404	641,429	582,048
Tax paid	(54,327)	(76,188)	(79,791)	(94,582)
Net cash generated from operating activities	133,007	398,216	561,638	487,466
Cash flows from investing activities				

	For the year ended	For the nine months ended	For the year ended	For the year ended
	31 March 2018	31 December 2018	31 December 2019	31 December 2020
		(US$ '000)		
Acquisition of subsidiaries, net of cash acquired	(331,954)	(747,011)	(774,164)	(299,500)
Disposal of subsidiaries, net of cash disposed	(6,532)	860,692	448,129	2,216,145
Acquisition of investment properties	(103,965)	(15,087)	(144,610)	-
Deposit (paid)/refunded for acquisition of investment properties	(136,919)	(62,524)	18,184	(20,174)
Deposit refunded for other investments	-	-	-	11,522
Development expenditure on investment properties	(856,492)	(834,729)	(1,345,068)	(1,082,681)
Acquisition of joint ventures	-	-	(104,676)	-
Disposal of joint ventures and associates	30,270	-	-	5,576
Payment for purchase of other investments	(227,550)	(292,489)	(346,986)	(225,302)
Acquisition of intangible assets	-	-	-	(18)
Payment for purchase of property, plant and equipment	(3,874)	(6,870)	(141,942)	(87,910)
Proceeds from sale of property, plant and equipment	-	-	23	1,282
Proceeds from disposal of assets held for sale	-	-	-	215,867
Disposal of investment properties	24,835	-	-	-
Tax paid on disposal of investment properties	(14,849)	-	-	-
Withholding tax paid on disposal gain, dividend and interest income from subsidiaries	-	-	-	(148,059)
Loans to joint ventures	(4,752)	(9,249)	(85,383)	(528,759)
Loans to associates	(38,366)	(158,259)	(40,065)	(23,058)
Loans to non-controlling interests	(6,742)	(4,445)	(4,117)	(49,503)
Loans to third parties	(498,755)	(194,202)	(109,861)	(60,315)
Loan repayment from joint ventures	601	25,750	237,261	136,228
Loan repayment from associates	48,808	7,285	65,554	305,997
Loan repayment from non-controlling interests	14,584	5,832	2,494	7,350

	For the year ended 31 March 2018	For the nine months ended 31 December 2018	For the year ended 31 December 2019	For the year ended 31 December 2020
		(US$ '000)		
Loan repayment from third parties	92,682	71,266	187,222	146,359
Acquisition of associates	-	-	(10,449)	(926,810)
Proceeds from disposal of other investments	-	-	-	422,325
Dividends received from associates	-	-	-	2,968
Capital contribution to joint ventures	(71,297)	(364,752)	(272,054)	(773,393)
Capital contribution to associates	(45,459)	(154,180)	(87,457)	(929,301)
Interest income received	4,390	4,783	34,947	34,092
Net cash used in investing activities	(2,131,336)	(1,868,639)	(2,473,018)	(1,649,072)
Cash flows from financing activities				
Contribution from non-controlling interests, net of transaction costs	136,865	202,807	244,905	626,175
Proceeds from bank loans	2,280,945	2,083,717	2,689,225	5,633,415
Proceeds from issue of bonds	530,931	2,187,195	1,299,113	599,999
Proceeds from loans from intermediate holding company	725,000	267,000	421,161	-
Proceeds of loans from joint ventures	-	31,472	26,494	31,111
Proceeds from non-controlling shareholders	-	2,567	8,992	8,849
Proceeds of loans from third parties	-	5,772	2,702	-
Repayment of bank loans	(703,909)	(2,059,496)	(1,824,551)	(4,292,235)
Repayment of bonds	-	-	(205,171)	(30,285)
Repayment of loans from intermediate holding company	(458,368)	(1,373,395)	(759,556)	(451,554)
Repayment of loans from joint ventures	-	-	-	(59,639)
Repayment of loans from associates	-	-	-	(51,090)
Repayment of loans from non-controlling interests	(42,233)	(36,520)	(421)	(10,672)
Repayment of loans from third parties	-	-	(4,364)	(3,990)
Interest paid	(173,063)	(189,044)	(362,508)	(488,279)
Dividends paid to non-controlling interests	(19,377)	(3,254)	-	(14,527)

	For the year ended 31 March 2018	For the nine months ended 31 December 2018	For the year ended 31 December 2019	For the year ended 31 December 2020
		(US$ '000)		
Cash payments for principal portion of leased liabilities	-	-	(2,273)	(4,622)
Cash payments for interest portion of leased liabilities	-	-	(2,308)	(3,231)
Acquisition of interests in subsidiaries from non-controlling interests	(17,735)	(18,099)	(17,228)	(17,451)
Proceeds from disposal of interests in subsidiaries to non-controlling interests	3,337	-	602,498	-
Net cash generated from financing activities	2,262,393	1,100,722	2,116,710	1,471,974
Net increase/(decrease) in cash and cash equivalents	264,064	(369,701)	205,330	310,368
Cash and cash equivalents at beginning of the year/period	799,777	1,106,864	663,296	859,715
Effect of exchange rate changes on cash balances held in foreign currencies	49,346	(72,277)	(8,911)	51,979
Net decrease in restricted cash	(6,323)	(1,590)	-	-
Cash and cash equivalents at end of year/period	1,106,864	663,296	859,715	1,222,062

OTHER FINANCIAL DATA

The Company uses certain non-HKFRS measures to evaluate the Group's financial performance such as EBITDA. EBTIDA is not an accounting measure under HKFRS and therefore should not be considered as an alternative measure to evaluate the Group's performance. EBTIDA is also not a measurement of performance of liquidity under HKFRS. Therefore, investors should not place undue reliance on this data.

	For the year ended 31 March 2018	For the nine months ended 31 December 2018	For the year ended 31 December 2019	For the year ended 31 December 2020
		(US$ '000)		
EBITDA[(1)]	2,416,272	2,964,596	1,924,516	2,272,171

Note(s):

(1) EBITDA is defined as profits before tax, net borrowing costs, depreciation and amortisation. EBITDA, as used in this Offering Circular, is a supplemental measure of the Group's performance and liquidity that are not required by or presented in accordance with HKFRS or generally accepted accounting principles in certain other countries. Furthermore, EBITDA is not a measure of financial performance or liquidity under the HKFRS or any other generally accepted accounting principles and should not be considered as an alternative to net income, operating income or any other performance measures derived in accordance with HKFRS or any other generally accepted accounting principles. EBITDA should not therefore be considered in isolation from, or as a substitute for, the analysis of the financial condition or results of operations of the Group, as reported under HKFRS. Further, EBITDA may not reflect all of the financial and operating results and requirements of the Group. In particular, EBITDA does not reflect the Group's needs for capital expenditures, debt servicing or additional capital that may be required to replace assets that are fully depreciated or amortised. Other companies may calculate or define EBITDA differently, limiting its usefulness as a comparative measure.

RISK FACTORS

Prior to making any investment decision, investors should consider carefully all of the information in this Offering Circular, including any documents incorporated by reference herein and the risks and uncertainties described below. Any of the risks described below could materially and adversely affect the Issuer's ability to satisfy its obligations under the Notes and have a material adverse effect on the Issuer's and/or the Group's business, financial condition or results of operations. In that event, the market price of the Notes could decline and investors may lose all or part of their investment in the Notes. The risks and uncertainties described below are not the only risks and uncertainties the Issuer and the Group face. In addition to the risks described below, there may be other risks and uncertainties not currently known to the Issuer or the Group or that the Issuer or the Group currently deem to be immaterial which may in the future become material risks. The risks discussed below may also include forward-looking statements and the Issuer's and the Group's actual results may differ substantially from those discussed in these forward-looking statements. Subheadings are for convenience only and risk factors that appear under a particular sheading may also apply to one or more other sub-headings.

Risks Relating to the Group's Business and Operations and the Logistics and Warehousing Industry generally

The Group is subject to the risks of the logistics and warehousing facilities business.

The Group is subject to risks associated with the provision of logistics and warehousing facilities. Some of the factors that may affect the Group's business include:

- local market conditions, such as oversupply of logistics or warehousing facility space, reduction in demand for logistics or warehousing facility space and the rents that the Group can charge for a completed logistics or warehousing facility, which may make a logistics or warehousing facility unprofitable;
- significant liabilities associated with logistics or warehousing facility assets, such as mortgage payments, and real estate taxes, are generally fixed and need to be paid even when market conditions reduce income from the assets;
- the attractiveness of the Group's facilities to potential customers and investors;
- the Group's ability to maintain, refurbish and redevelop existing facilities;
- competition from other available logistics and warehousing facilities and new entrants into the logistics market;
- the Group's ability to maintain, and obtain insurance for, its facilities;
- the Group's ability to control rents and variable operating costs;
- changes in labour laws;
- governmental regulations, including changes in zoning and usage, condemnation, redevelopment and tax laws and changes in these laws;
- difficulty in acquiring land to build logistics and warehousing facilities;
- difficulty in finding a buyer for any land parcel that the Group seeks to sell or in achieving the sales price which may not allow the Group to recover its investment, resulting in additional impairment charges;

- construction costs (including labour costs) of a logistics or warehousing facility may exceed original estimates, or construction may not be concluded on schedule, due to factors such as contract default, the effects of local weather conditions, the possibility of local or national strikes by construction-related labour and the possibility of shortages or an increase in the cost of materials, building supplies or energy and fuel for equipment as a result of rising commodity prices, inflation or otherwise, making the logistics or warehousing facility less profitable than originally estimated or not profitable at all;
- delays in obtaining governmental permits and authorisations, and changes to and liability under all applicable zoning, building, occupancy and other laws;
- changes in or abandonment of development opportunities, and the requirement to recognise an impairment charge for those investments; and
- A slowdown in global economic growth, including as a result of the ongoing COVID-19 pandemic.

Any of these factors could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The outbreak of the COVID-19 pandemic is growing and its impact is uncertain and hard to measure but may cause a material adverse effect on the Group's business.

The 2019-nCoV acute respiratory disease ("**COVID-19**") is a global pandemic that has had a significant impact on the global and PRC economy. Governments and health authorities in affected areas have imposed measures designed to contain the outbreak, including, among others, temporary shutdowns, travel restrictions, quarantines and cancellations of gatherings and events. This, in turn, has resulted in disruptions in global supply chains, reduced trade, lower industrial production and lower consumption generally, even in areas not directly affected by the outbreak, which may negatively impact the Group's business and its customers' business and the demand for logistics and warehousing facilities, which could have a material adverse effect on the Group's business and results of operations.

Although the Group remains operational amidst the COVID-19 pandemic, requirements that entry into offices of the Group's staffs and employees be minimised may lead to a disruption of the Group's business if prolonged. Although the disruption caused by COVID-19 to the Group's development and operating projects has been minimal and there is no sustained shutdown of projects, there have been temporary delays on selected development projects. Furthermore, while the Group is currently seeing an increase in the demand for e-commerce services in the PRC since the start of the outbreak, and while many of the Group's customers are in the e-commerce industry, in part due to the imposition of quarantines, lockdowns or other movement control measures, there is no guarantee that this will continue. A reduction in domestic consumption could reduce demand for products and services of some of the Group's customers which turn could diminish the demand, lease ratio and rental rates for the Group's properties and harm some of the Group's customers' ability or willingness to pay rent, and the Group may provide rent concessions to certain customers, which could have a material adverse effect on the Group's business and results of operations. Moreover, some of the Group's customers may be required by local, regional, state or national authorities to cease operations thereby preventing them from generating revenue. Enforcing the Group's rights as landlord against customers who fail to pay rent or otherwise do not comply with the terms of their leases may be costly and may consume valuable time and resources, and even if the Group obtains a judgment, customers that have been severely impacted may not be able to pay the Group what it is owed.

In addition, due to travel and transportation restrictions, the Group's ability to adequately staff, manage and/or maintain any of its logistics properties may be adversely affected if the pandemic is prolonged. An uncontained spread of COVID-19 to or within the PRC where the Group's logistics properties are located may potentially disrupt the Group's services and operations, and materially decrease the demand for its logistics properties. It is possible that the COVID-19 pandemic will cause a prolonged global economic crisis or recession despite monetary and fiscal interventions by governments and central banks globally. However, given the uncertainties as to the development of the COVID-19 pandemic at the moment, it is difficult to predict how long these conditions will exist and the extent to which the Group may be affected. The extent to which the coronavirus will impact the Group's operations and those of its customers will depend on future developments, which are highly uncertain and cannot be predicted with confidence, including the scope, severity and duration of the outbreak, the actions taken to contain the coronavirus or mitigate its impact, and the direct and indirect economic effects of the illness and containment measures, among others. Should the disruption continue or the extent of such disruption become more severe, the Group may experience delays in construction completion and delivery of the Group's projects, which would in turn result in a delay in the start of new leases. Furthermore, if any of the Group's logistics facilities or properties are identified to be clusters for COVID-19 or if the spread of COVID-19 within the PRC becomes or may become uncontained, such facilities may be required to be suspended or closed, and accordingly the Group's tenants may request or file proceedings to terminate the lease agreements based on the change of circumstances, subject to court judgments. Any of these circumstances could lead to decreased demand for the Group's logistics properties, and in turn have a material adverse impact on the Group's business, financial condition, results of operations, performance and prospects.

Any of these developments, and others, could have a material adverse effect on the Group's business, financial condition and results of operations. To the extent the coronavirus pandemic adversely affects the Group's business and financial results, it may also have the effect of heightening many of the other risks described in this "Risk Factors" section, such as those relating to disruptions to the Group's operations, the Group's dependence on external financing to service or refinance existing financing obligations, fluctuations in properties' value and rental income, the Group's exposure to a range of risks relating to the development of logistics assets and the Group's dependence on its customer's ability to meet lease obligations.

The Group's long-term growth will partially depend upon future acquisitions of logistics and warehousing facilities and land upon which to build new logistics and warehousing facilities, and the Group may be unable to consummate acquisitions at commercially attractive terms or at all, or any such acquisitions may not perform as well as it anticipates.

From time to time the Group has acquired, and intends to continue acquiring, existing logistics and warehousing facilities or land to build new logistics and warehousing facilities. For the year ended 31 March 2018, the nine months ended 31 December 2018, the year ended 31 December 2019 and the year ended 31 December 2020, the logistics and warehousing facilities acquired by the Group through acquisition accounted for approximately 9.7 per cent., 9.2 per cent., 10.4 per cent. and 15.6 per cent. respectively of the Group's total logistics and warehousing facilities in operation, and accordingly form a substantial part of the Group's assets.

Prior to any acquisition, the Group identifies expected synergies, cost savings and growth opportunities but, due to legal, regulatory and business limitations, the Group may not have access to all necessary information and, as a result, will face the operational and financial risks inherent in such acquisitions. The Group makes its developmental and other decisions based on economic, demographic and other data from various sources in addition to published sources. There can be no assurance that these sources are always complete or reliable. The acquisition of these assets entails various risks, including the risk that (i) land and properties suitable for development and investment may not be available, (ii) the Group may be unable to complete acquisitions or develop facilities on the terms it originally anticipated, (iii) the Group's investments may not perform as well as it has expected and (iv) the Group's estimate of the cost required to upgrade an acquired logistics and warehousing facility to its standards or to develop a new logistics and warehousing facility may prove inaccurate.

The Group's performance is dependent on the PRC property market.

As substantially all of the Group's real estate properties are situated in the PRC, the Group's business, financial condition and results of operations are predominantly dependent on the operational and financial performance of these properties which are subject to certain risks inherent in the ownership of, investment in and development of real estate properties, via the Group's private funds. These risks include, but are not limited to, the cyclical nature of property markets, changes in general economic, business and credit conditions, uncertainty and complexity inherent in the development of the PRC macroeconomy, changes in government policies or regulations affecting real estate, building and other raw materials shortages, fluctuations in interest rates and the costs of labour and materials. The Group's property interests are also affected by the strength of the PRC property market.

In the event of economic decline, the Group may experience market pressures that affect companies with significant interests in the PRC property markets, such as pressures from tenants or prospective tenants to provide rent reductions or reduced market prices for sale properties. Rental values are also affected by factors such as supply and demand of comparable properties, political developments, governmental regulations and changes in planning or tax laws, interest rate fluctuations and inflation. Any decline in rental yields or property values could have a material adverse effect on the Group's business, financial condition, results of operations, performance and prospects. There can be no assurance that rental and property values will not decline, the amount of bank credit available to the business of the Group will not decrease or that interest rates will not rise in the future. Any adverse developments with respect to the property markets in the PRC could have a material adverse effect on the Group's business, financial condition, results of operations, performance and prospects.

The Group operates in a capital-intensive industry and may not have adequate funding resources to finance land acquisitions or logistics and warehousing facilities, or to service or refinance its existing financing obligations.

The logistics and warehousing facility business is capital intensive and the Group may in the future require additional financing to fund its capital expenditure, to support the future growth of its business, particularly if significant expansion is undertaken, and/or to refinance existing debt obligations. The Group intends to obtain financing primarily through a combination of strategic recycling of its capital, bank borrowings (which include variable rate borrowings), access to the capital markets, cash from its operations and capital contributions. The Group's ability to arrange adequate external financing and the cost of such financing is dependent on numerous factors, including general economic and capital market conditions, interest rates, credit availability from banks or other lenders, investor confidence in the Group, the success of the Group's business, provisions of relevant tax and securities laws and political and economic conditions in the PRC. There can be no assurance that additional financing, either on a short-term or a long-term basis or that the Group will be able to refinance any maturing indebtedness, that any refinancing would be on terms as favourable as the terms of the maturing indebtedness, or that the Group will be able to otherwise obtain funds by selling assets or raising equity to repay maturing indebtedness.

The inability to refinance its indebtedness at maturity or meet its payment obligations could adversely affect the cash flows and the financial condition of the Group. In such circumstances, the Group may require equity financing, which would be dependent on the appetite and financial capacity of its shareholders. In addition, equity financing may result in a different taxation treatment to debt financing, which may result in an adverse impact on the business, financial condition and results of operation of the Group.

Covenants in the Group's credit agreements limit the Group's flexibility and breaches of these covenants could adversely affect its financial condition.

The terms of the Group's various credit and/or project finance agreements for its businesses require it to comply with a number of customary financial covenants such as restrictions on indebtedness, maintenance of loan-to-value and debt-service coverage ratios and mandatory redemption upon disposal of assets. These covenants may limit the Group's flexibility in its operations, and breaches of these covenants could result in defaults under the instruments governing the applicable indebtedness. Certain of the Group's credit agreements also contain cross-default or cross-acceleration provisions that would permit the lenders thereunder to accelerate repayments of indebtedness in the event of a default or acceleration of repayment of other material indebtedness. Any default of such covenants or inability to cure such defaults could have a material adverse impact on the Group's business, financial condition, results of operations and prospects. The Group could be required to sell one or more logistics and warehousing facilities at times or under circumstances that reduce the Group's return on those assets. In addition, if the maturing debt were secured, the lender may foreclose on the property securing that indebtedness.

The real property portfolio of the Group and the returns from its investments could be adversely affected by fluctuations in the value and rental income of its properties and other factors.

Returns from an investment in real estate depend largely upon the amount of rental income generated from the property and the expenses incurred in the operation of the property, including the management and maintenance of the property, as well as changes in the market value of the property.

Rental income and the market value of properties may be adversely affected by a number of factors including:

- the overall conditions in the PRC economy, such as growth or contraction in gross domestic product, consumer sentiment, employment trends and the level of inflation and interest rates;
- local real estate conditions, such as the level of demand for, and supply of, industrial property and business space;
- the Group's ability to collect rent on a timely basis or at all;
- defects affecting the properties in the Group's portfolio which could affect the ability of the relevant tenants to operate on such properties;
- the perception of prospective customers of the usefulness and convenience of the relevant property;
- the Group's ability to provide adequate management, maintenance or insurance;
- the financial condition of customers and the possible bankruptcy of customers;
- high or increasing vacancy rates;
- changes in tenancy laws; and
- external factors including major world events, such as war, terrorist attacks, epidemics and pandemics, such as the COVID-19 pandemic, and acts of God such as floods and earthquakes. See also "*Risk Factors— Risks Relating to the Group's Business and Operations and the Logistics and Warehousing Industry generally —The outbreak of the COVID-19 pandemic is growing and its impact is uncertain and hard to measure but may cause a material adverse effect on the Group's business.*".

In addition, other factors may adversely affect a property's value without necessarily affecting its current revenues and operating profit, including (i) changes in laws and governmental regulations, including tenancy, zoning, planning, environmental or tax laws, (ii) potential environmental or other legal liabilities, (iii) unforeseen capital expenditure, (iv) the supply and demand for industrial properties or business space, (v) loss of anchor tenants, (vi) the availability of financing and (vii) changes in interest rates.

Consequently, the Group's operating results and financial condition may be materially adversely impacted by economic conditions. Reduction in the maximum loan-to-value ratio for mortgages and increases in interest rates in the PRC where the Group has property interests may also adversely affect the availability of loans on terms acceptable to purchasers, and hence the amount of other income the Group may be able to generate should it wish to dispose of any property interests. The Group may also be subject to third-party solvency and other risks in relation to its financial investments and arrangements.

The Group is exposed to a range of risks relating to the development and of its logistics and warehousing facilities.

As at 31 December 2020, the area of logistics and warehousing facilities under construction/reconstruction and development of the Group was approximately 5.2 million square metres. It takes such projects one to one and a half years on average (calculated from the day of physical commencement) to complete constructions and another few years thereafter to commence operations and generate steady rental income. The Group's ability to develop and construct or expand a logistics and warehousing facility, as well as the time and costs required to complete its development and construction or expansion, may be adversely affected by various factors, including, but not limited to:

- delays or inability to obtain all necessary zoning, land use, building, development and other required governmental and regulatory licences, permits, approvals and authorisations;
- construction risks, which include delays in construction and cost overruns (for example, due to variation from original design plans, a shortage or increase in the cost of construction and building materials, equipment or labour as a result of rising commodity prices, inflation or otherwise), inclement weather conditions, unforeseen engineering, environmental or geological problems, defective materials or building methods, default by contractors and other third-party service and goods providers of their obligations, or financial difficulties faced by such persons, disputes between counterparties to a construction or construction-related contract, work stoppages, strikes or accidents;
- any land which the PRC government delivers to the Group failing to meet all its development or operational requirements, such as the lack of necessary infrastructure leading to the site, the lack of water and power supply, and unsuitable soil level and height of the land for construction. If the land delivered to the Group is not ready for construction or later suffers subsidence or similar damages, the Group would need to prepare its land for use before it commences construction. The costs involved in the preparation of the land may exceed the Group's budget;
- the failure to resolve land resettlement issues;
- the need to incur significant pre-operating costs, which the Group may not recover for some time, or a failure to budget adequately for these pre-operating costs;
- the need to expend significant capital long before the Group's logistics and warehousing facilities begin to generate revenue;
- limited cash available to fund construction and capital improvements and the related possibility that financing for these capital improvements may not be available on commercially acceptable terms or at all;
- insufficient market demand from customers after construction or expansion has begun, whether resulting from a downturn in the economy, a change in the surrounding environment of the project, including the location or operation of transportation hubs or the population density, or otherwise; and
- the occurrence of any force majeure event, such as natural disaster, accidents or other unforeseeable difficulties.

There can be no assurance that the Group will complete any or all of its current or future logistics and warehousing facilities within the anticipated time frame or budget, if at all, as a result of one or more of these risks. As the Group's business model premises on the provisions of such logistics and warehousing facilities to third-party logistics service providers, retailers and manufacturers for the generation of income in the form of rentals and management fees, an inability to complete a logistics and warehousing facility within the anticipated time frame and budget would render the Group exposed to the risk arising from the uncertainty in the income to be generated from such projects which in turn could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The amount of cash flow available to the Group could be adversely affected if property and other operating expenses increase without a corresponding increase in revenue.

Factors which could increase property expenses and other operating expenses include any (i) increase in the amount of maintenance and sinking fund contributions payable to the management corporations of the properties, (ii) increase in agent commission expenses for procuring new customers, (iii) increase in property tax assessments and other statutory charges, (iv) change in statutory laws, regulations or government policies which increase the cost of compliance with such laws, regulations or policies, (v) increase in subcontracted service costs, (vi) increase in the rate of inflation, (vii) increase in insurance premiums and (viii) increase in costs relating to adjustment of the tenant mix. Furthermore, the Group may potentially incur expenditures to restore its facilities to its original state should a customer or tenant fail to remove its equipment fully or adequately at the end of its lease term.

The illiquidity of property investments could limit the Group's ability to respond to adverse changes in the performance of its properties.

The Group's logistics real estate investments are generally illiquid which limits its ability to vary the size and mix of its investment portfolios or the Group's ability to liquidate part of its assets in response to changes in economic, real estate market or other conditions. As at 31 March 2018, 31 December 2018, 31 December 2019 and 31 December 2020, the Group's investment properties amounted to US$16,605.1 million, US$17,855.6 million, US20,656.7 million and US$21,380.5 million respectively and represented the largest non-current assets financial statement item on the Group's balance sheet for each of the respective financial years. The real estate market is affected by many factors beyond the Group's control, such as general economic conditions, availability of financing, interest rates, supply and demand of properties. The Group cannot predict whether it will be able to sell any of its investment properties or other assets for the price or on the terms set by it, or whether any price or other terms offered by a prospective purchaser would be acceptable to it. The Group also cannot predict the length of time needed to find a purchaser or to close a sale in respect of an investment property or other assets. These factors could affect the Group's gains from realisation of its investments in its real estate assets including the value at which the Group may dispose of its holdings in entities that hold the real estate assets, the income or other distributions received by the Group from its respective holdings, which in turn would have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

In addition, the Group may be required to expend funds to maintain properties, correct defects, or make improvements before an investment property or a certain other asset can be sold. There is no assurance that the Group will have funds available for these purposes. These factors and any other factors that would impede the Group's ability to respond to adverse changes in the performance of its investment properties and/or certain other assets could affect its ability to retain customers and to compete with other market participants, as well as negatively affecting its business, financial condition and results of operations.

The Group may be adversely affected if a significant number of its customers is unable to meet their, or its, lease obligations.

The Group's performance depends on its ability to renew leases as they expire, to re-let properties subject to non-renewed leases and to lease newly developed properties on economically favourable terms. If a significant number of the Group's customers are unable to meet their lease obligations and the expiring or terminated leases are unable to be either promptly renewed or the Group is not able to promptly re-let the space covered by such leases, or the terms of re-leasing (including the cost of required renovations or concessions to customers) may be commercially less favourable to the Group than previous lease terms, the Group's results of operations and cash flows would be adversely affected.

The Group's customers are exposed to their own business and other risks, and if one or more customers were to experience downturns in their businesses, the Group could lose the customer, or the customer may fail to make rental payments when due and/or require a restructuring of rental payments that might reduce its cash flow from the lease. If a customer in such a logistics and warehousing facility were not to renew its lease or were to default, the cash flow of the relevant logistics and warehousing facility would decline significantly. It is not possible to predict when the Group would be able to re-let the logistics and warehousing facility, the creditworthiness of the replacement customer or customers, or the rent it could charge the replacement customer. As some of the Group's customers may be related to each other, the risk of such loss is concentrated and could affect the Group's other properties if it should occur. In addition, a customer may seek the protection of bankruptcy, insolvency or similar laws, which could result in the rejection and termination of such customer's lease and thereby reduce the Group's available cash flow. The occurrence of any of these events could have a material adverse effect on the Group's business, financial condition, results of operations and prospects. In addition, as the Group leases a significant portion of the leasable area under its facilities in the PRC to its key customers, its exposure is increased and while the Group would try to replace any key customers it were to lose with other customers, there can be no assurance that the Group would succeed. If any of the Group's largest customers were to stop leasing from it and the Group were unable to replace the revenue it generates from them, it would have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Changes to local, regional and global economic conditions may cause companies to downsize and even close their operations in the PRC and the demand and rental rates for industrial property and business space may greatly reduce. In the event of a default by a significant number of the Group's customers or a default by any of its major customers on all or a significant portion of their leases, the Group would suffer decreased rents and incur substantial costs in enforcing its rights as a landlord, which could adversely affect its results of operations and cash flows.

The Group faces increasing competition with other logistics and warehousing businesses in the PRC which could have an adverse impact on the Group's business.

The PRC market for properties in the logistics and warehousing sectors is competitive and new competition in the form of other property groups, commercial organisations or new facilities may emerge both generally and in the industry. In recent years, the logistics and warehousing facility market has been evolving rapidly. In addition to the expansions by the existing international and domestic logistics and warehousing facility providers of their operations and businesses in China, a number of new entrants from other industries have entered or plan to enter the logistics and warehousing facility market which in turn may severely challenge the Group's current market-leading position. The Group expects many of these providers have sufficient financial, managerial, marketing and other resources to be competitive, and may have more experience in logistics and warehousing facility and land development.

Competition between logistics and warehousing facility providers in the PRC is intense, and the Group faces significant competition for attractive investment opportunities from local and regional providers who may have better local knowledge and relationships as well as greater access to funding to acquire properties than the Group does, which may result in, among other things:

- an increased supply of business or industrial premises from time to time through overdevelopment, which could lead to downward pressure on rental rates;
- volatile supply of tenants and occupants, which may affect the Group's ability to maintain high occupancy levels and rental rates; and
- inflation of prices for existing properties or land for development through competing bids by potential purchasers and developers, which could lead to the inability to acquire properties or development land at satisfactory cost.

Any such developments could have a material adverse effect on the Group's business, financial condition, results of operations and prospects. If the Group cannot respond to changes in market conditions more swiftly or effectively than its competitors do, it could have a material adverse effect on its business, financial condition, results of operations and prospects.

Moreover, the performance of the Group's investment portfolio depends in part on the volumes of trade flowing through the PRC that drives the demand for logistics and warehousing space, and factors such as more favourable regulatory taxation and tariff regimes, cheaper terminal costs and the cost-competitiveness of competing ports compared to the PRC that might divert trade to such alternative ports.

In addition, if the Group's competitors sell assets similar to those that the Group intends to divest in the same markets and/or at lower prices, the Group may not be able to divest its assets on expected terms or at all. Furthermore, competitors selling similar assets at lower prices than comparable assets held by the Group will have an adverse impact on the Group's property valuations. Likewise, the existence of such competition for lettable properties may have a material adverse impact on the Group's ability to secure customers for its properties at satisfactory rental rates and on a timely basis.

The minority shareholders of the Issuer may influence the Group's operations not solely in the interest of the Group.

A consortium of PRC financial institutions (the "**Consortium**") owns 30.15 per cent. of the Issuer's share capital as at the date of this Offering Circular. Certain reserved matters in relation to the Issuer shall also not generally be undertaken without the prior written consent of the Consortium. The Consortium is therefore in a position to influence the outcome of certain major corporate transactions or matters. There can be no assurance that (a) the Consortium will act solely in the Group's interest and not from time to time exert, or attempt to exert, influence over the business of the Group to achieve their own economic objectives or other objectives which may otherwise not be in the interest of the Group or (b) any differences of interest between the Consortium and the Group will be resolved in the Group's favour. There can also be no assurance that conflicts of interests may not arise between the Consortium and the Group, or that any such conflicts can be resolved.

Disputes or conflicts with joint venture or project development partners may materially and adversely affect the Group's business.

The Group has partnered with, or acquired interests in, joint ventures to acquire some of its investment properties. Co-operation and agreement among the Group and its joint venture partners on its existing or future projects is an important factor for the smooth operation and financial success of such projects. In fact, certain corporate actions of these joint ventures require approval of all partners. Such joint ventures may involve special risks associated with the possibility that Group's joint venture partners may (i) have economic or business interests or goals that are inconsistent with those of the Group, (ii) take action contrary to the instructions or requests of the Group or contrary to the Group's policies or objectives with respect to its investments, (iii) be unable or unwilling to fulfil their obligations under the joint venture agreements, (iv) experience financial or other difficulties or (v) have disputes with the Group as to the scope of their responsibilities and obligations.

Although the Group has not experienced any significant problems with respect to its joint venture partners to date which could not be resolved, should such problems occur in the future, they could have a material adverse effect on the success of these joint ventures and thereby material adverse effect on the Group's business, financial condition, results of operations and prospects. In addition, a disposal of the Group's interests in joint ventures is subject to certain pre-emptive rights on the part of the other joint venture partners or certain restrictions. As a result, a disposal of the Group's interests in its joint ventures may require a longer time to complete, if at all, than a disposal of a wholly-owned asset.

The valuations of the Group's properties contain assumptions that may not materialise and may fluctuate from time to time.

Real estate assets are inherently difficult to value. Valuations are subject to subjective judgments and are made on the basis of assumptions which may not necessarily materialise. Additionally, the inspections of the Group's properties and other work undertaken in connection with a valuation exercise may not identify all material defects, breaches of contracts, laws and regulations, and other deficiencies and factors that could affect the valuation. There can be no assurance that the Group's investment in its properties will be realised at the valuations or property values recorded or reflected in its financial statements or in this Offering Circular. The Group applies fair value accounting for all its investment properties. Independent valuations are carried out on the Group's investment properties at least once every year. The Group assesses the valuation of its properties to ensure that the carrying amount of each investment property reflects the market conditions at the relevant financial reporting date. The value of the properties in the Group's portfolio may fluctuate from time to time due to market and other conditions and are also based on certain assumptions which, by their nature, are subjective and uncertain, and may differ materially from actual results. There is no assurance that the Group's properties will retain the price at which they may be valued or that the Group's investment in such properties will be realised at the valuations or property values it has recorded or reflected in its financial statements, and the price at which the Group may sell or lease any part or the whole of the properties may be lower than the valuation for those properties. Such adjustments to the fair value of the properties in the portfolio could have an adverse effect on the Group's net asset value and profitability. It may also affect the Group's ability to obtain more borrowings, or result in the Group having to reduce debt, if the financial covenants in its financing and other agreements require the Group to maintain a level of debt relative to asset value, and such covenants are triggered as a result of adjustments made to the fair value of the Group's properties.

The Group measures its investment properties initially at cost. Subsequent to initial recognition, the Group is required to reassess the fair value of its investment properties at every reporting date for which it issues financial statements. The valuations will be based on market prices or alternative valuation methods, such as discounted cash flow analysis based on estimated future cash flows. In accordance with HKFRS, the Group recognises changes to the fair value of its investment properties as a gain or loss (as applicable) in its consolidated statement of profit or loss in the period in which they arise. The profits attributable to equity holders of the Group may include gains and losses that arise from revaluation of the Group's investment properties. The amount of revaluation adjustments has been, and may continue to be, significantly affected by the prevailing property market conditions and may be subject to market fluctuations. There is no assurance that the fair value of its investment properties will not decrease in the future. Any such decrease in the fair value of the Group's investment properties will reduce the Group's profits, which in turn may have a material adverse effect on its business, financial condition, results of operations, performance and prospects.

The presentation of certain accounting items in the financial statements of the Group included elsewhere in this Offering Circular may not be directly comparable.

From 1 April 2018, the Group changed its financial year end from 31 March to 31 December to align the financial year-end date of the Group with the accounting period of major subsidiaries in the PRC, which ends in December each year. Consequently, the financial year ended 31 December 2018 consisted of only nine months from 1 April 2018 to 31 December 2018. Accordingly, the Group's financial information as at and for the nine months ended 31 December 2018 may therefore not be directly or entirely comparable with the Group's financial information as at and for the years ended 31 March 2018, 31 December 2019 or 31 December 2020. Investors must therefore exercise caution when making comparisons of the Group's historical financial figures in light of the above.

The 2018 Audited Consolidated Financial Statements were prepared in conjunction with the adoption of HKFRS 9 which took effect from 1 April 2018. Please refer to Note 2(c) of the 2018 Audited Consolidated Financial Statements for a discussion on the impact of the adoption of HKFRS 9. HKFRS 9 which replaces HKAS 39, sets out the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. The Group applied HKFRS9 retrospectively to items that existed at 1 April 2018 in accordance with the transition requirements. As there is no requirement of any restatement by the Group of the corresponding figures for the period prior to 1 April 2018, the comparative information prior to 1 April 2018 continues to be reported under HKAS39. Accordingly, the Group's consolidated financial information as at and for the year ended 31 March 2018 may not be directly comparable with the Group's consolidated financial information after 1 April 2018, including the Group's consolidated financial information as at and for the nine months ended 31 December 2018, and as at and for the years ended 31 December 2019 and 2020. Investors must therefore exercise caution when making comparisons of any financial figures after 1 April 2018 and when evaluating the Group's financial condition, results of operations and results.

The 2019 Audited Consolidated Financial Statements were prepared in conjunction with the adoption of HKFRS 16 which took effect from 1 January 2019. Please refer to Note 2(c) of the 2019 Audited Consolidated Financial Statements for a discussion on the impact of the adoption of HKFRS 16. HKFRS 16 replaces HKAS 17, HK(IFRIC) 4 and HK(SIC) 27. HKFRS 16 introduces, amongst others, a single accounting model for lessees, which requires a lessee to recognise a right-of-use asset and a lease liability for all leases, except for leases that have a lease term of 12 months or less and leases of low-value assets. The Group applied HKFRS 16 from 1 January 2019 in accordance with the modified retrospective approach. As there is no requirement of any restatement by the Group of the corresponding figures for the period prior to 1 January 2019, the comparative information prior to 1 January 2019 continues to be reported under HKAS 17. Accordingly, the Group's consolidated financial information as at and for the year ended 31 March 2018 and as at and for the nine months ended 31 December 2018 may not be directly comparable with the Group's consolidated financial information after 1 January 2019, including the Group's consolidated financial information as at and for the years ended 31 December 2019 and 2020. Investors must therefore exercise caution when making comparison of any financial figures after 1 January 2019 and when evaluating the Group's financial condition, results of operations and results.

Potential investors should not place undue reliance on the financial information that is not audited or reviewed.

The Group publishes annual, semi-annual and/or quarterly consolidated financial information to satisfy its continuing disclosure obligations relating to its bonds listed on the stock exchanges in other jurisdictions according to the applicable regulations and rules of such stock exchanges. Such financial information may not be audited or reviewed by the Group's independent auditors and should not be relied upon by investors to provide the same quality of information associated with information that has been subject to an audit or a review. Such unaudited or unreviewed consolidated interim financial information is not necessarily indicative of the results that may be expected for the full financial year or any period thereafter. Consequently, potential investors should not take such financial information as indicative of the expected financial condition or results of operations of the Company or the Group for the relevant full financial year. Potential investors should exercise caution when using such data to evaluate the Company's or the Group's financial condition and results of operations.

Foreign currency exchange rate fluctuations may have a material adverse effect on the Group's results of operations.

The Group operations are exposed to foreign exchange rate fluctuations. The Group's consolidated financial statements are presented in U.S. dollars and its pre-tax profit is also exposed to currency risks on revenue, expenses, borrowings and monetary balances that are denominated in currencies other than the functional currency (i.e. Renminbi) of the Group's entities in the PRC. Any significant depreciation of the Renminbi against these other currencies could have an adverse effect on the Group's business, financial condition, results of operations and prospects. Conversely, any significant appreciation of the Renminbi against these other currencies could have a positive effect on the Group's business, financial condition, results of operations and prospects. Exchange rate gains or losses will arise when the assets and liabilities in the Renminbi are translated or exchanged into U.S. dollars for financial reporting or repatriation purposes. Historically, there has been volatility of the Renminbi-US dollar exchange rate since the implementation of PBOC's further improvement mechanism for computing the Renminbi to US dollar middle price from 11 August 2015. Fluctuations in currency exchange rates could materially affect the Group's reported financial results. While the Group seeks to ensure that the net exposure risk to foreign exchange rate fluctuations in respect of its monetary assets and liabilities denominated in foreign currencies are kept to an acceptable level through the purchase and sale of foreign currencies at spot rates where necessary to address short-term imbalances, there can be no assurance that such risk will always be kept to an acceptable level. The Group recorded a foreign exchange gain of US$262.9 million for the year ended 31 December 2020.

The due diligence exercise on the Group's properties, tenancies, buildings and equipment may not have identified all material defects and other deficiencies.

The Group believes that reasonable due diligence investigations with respect to the Group's properties have been conducted prior to their acquisition. However, there is no assurance that the Group's properties will not have defects or deficiencies requiring repair or maintenance (including design, construction or other latent property or equipment defects or asbestos contamination in the Group's properties which may require additional capital expenditure, special repair or maintenance expenses). Such undisclosed and undetected defects or deficiencies may require significant capital expenditure or trigger obligations to third parties and involve significant and unpredictable patterns and levels of expenditure which may have a material adverse effect on the Group's business, financial condition, results of operations, performance and prospects.

The experts' due diligence reports that the Group relies upon as part of its due diligence process may be subject to inaccuracies and deficiencies. This may be because certain building defects and deficiencies are difficult or impossible to ascertain due to limitations inherent in the scope of the inspections, the technologies or techniques used and other factors. Any inadequacies in the due diligence investigations may result in an adverse impact on the Group's business, financial condition, performance and prospects.

The Group depends on certain key personnel and the loss of any key personnel may adversely affect its operations.

The Group's success depends, in part, upon the continued service and performance of members of the Issuer's senior management team and certain key senior personnel. These key personnel may leave the Group in the future and compete with the Group. The Group has experienced significant growth in recent years and as a consequence would require more personnel with specific skillsets as it continues to expand its operations. However, the competition for talent and skilled personnel is intense, especially for those who have the relevant skillset and experience in the industry in which the Group operates. Although the Group has in place succession planning policies and strategies, and while it believes that the salaries offered to its employees are competitive with respect to, and are in line with, salaries offered by its competitors, the loss of any of these key employees, or the inability to attract skilled employees, could have a material adverse effect on its business, financial condition, results of operations, performance and prospects.

The Group's insurance coverage does not include all potential losses.

The Group currently carries property all risk insurance and business interruption insurance which covers the potential property damage and/or rental loss resulting from accidents and natural hazards. In addition, the Group's operations carry public liability insurance which covers the potential risks as the result of claims from third parties due to its legal liability arising from its business operations. The insurance coverage contains policy specifications and insured limits customarily carried for similar facilities, business activities and markets. While the Issuer believes the Group has insured its facilities in line with industry practices in the respective markets, there can be no assurance that such insurance coverage will be sufficient. For example, there are certain losses, including losses from earthquakes, acts of war, acts of terrorism, riots or labour unrest, which are not customary to insure against in full or at all because it is not deemed economically feasible or prudent to do so. If an uninsured loss or a loss in excess of insured limits were to occur with respect to one or more of its facilities, the Group could experience a significant loss of capital invested and potential revenues in these facilities, and could remain obligated under any recourse debt associated with the logistics and warehousing facility. Any uninsured losses could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Furthermore, whilst every care is taken by the Group during its operation, accidents and other incidents may occur from time to time. Such accidents may result in serious changes to the Group's properties or may expose the Group to liability or other claims by its customers and other third parties. Although the Group believes that it has adequate insurance arrangements in place to cover such eventualities, it is possible that accidents or incidents could occur which are not covered by these arrangements. Any substantial losses arising from the occurrence of any such accidents or incidents which are not covered by insurance could adversely affect the business and results of operations of the Group.

The Group relies on independent service providers for the provision of essential services.

The Group engages contractors and independent third-party service providers in connection with its business and its investment portfolio. There is no assurance that the services rendered by any contractors or independent service providers engaged by the Group will always be satisfactory or match the level of quality expected by the Group or required by the relevant contractual arrangements, or that such contractual relationships will not be breached or terminated.

Furthermore, there can be no assurance that the Group's contractors and service providers will always perform to contractual specifications, or that such providers will continue their contractual relationships with the Group under commercially reasonable terms, if at all, and the Group may be unable to source adequate replacement services in a timely or cost-efficient manner.

There is also a risk that the Group's major contractors and service providers may experience financial or other difficulties which may affect their ability to discharge their obligations, thus delaying the completion of their work in connection with the Group's ordinary business or development projects and may result in additional costs for the Group. The timely performance of these contractors and service providers may also be affected by natural and human factors such as natural disasters, calamities, pandemics such as the recent COVID-19 pandemic, outbreak of wars and strikes which are beyond the control of the Group. See "*Risk Factors— Risks*

Relating to the Group's Business and Operations and the Logistics and Warehousing Industry generally —The outbreak of the COVID-19 pandemic is growing and its impact is uncertain and hard to measure but may cause a material adverse effect on the Group's business". Moreover, such contractors and service providers depend on the services of experienced key senior management and it would be difficult to find and integrate replacement personnel in a timely manner or at all if such contractors and service providers lost their services. Any of these factors could adversely affect the business, financial condition or results of operations of the Group.

The Group may be exposed to operational and other external risk that could negatively impact its business and results of operations.

The existing logistics and warehousing network of the Group encompasses 43 major cities and markets within the PRC and covers a vast area, which in turn has exposed the Group to increasing demands on the overall management, technology upgrade, management systems, fund allocation and cost control of the Group. As the Group continues to expand its business and operations within the PRC, any oversight in management, control and even the failure of project development processes to meet the business expansion may adversely affect the coordinated development of various business lines and subject the Issuer to certain operational risks.

The Group also faces a risk of loss resulting from, among other factors, inadequate or flawed processes or systems, theft and fraud. Operational risk of this kind can occur in many forms including, among others, errors, business interruptions, inappropriate behaviour of, or misconduct by, employees of the Group or those contracted to perform services for the Group, and third parties that do not perform in accordance with their contractual agreements. These events could result in financial losses or other damage to the Group. Furthermore, the Group relies on internal and external information technology systems to manage its operations and is exposed to risk of loss resulting from breaches in the security, or other failures, of these systems.

Any failure, inadequacy and security breach in the Group's computer systems and servers may adversely affect the Group's business.

The Group's operations depend on its ability to process a large number of transactions on a daily basis across its network of offices, most of which are connected through computer systems and servers to its head office. The Group's financial, accounting or other data processing systems may fail to operate adequately or become disabled as a result of events that are beyond its control, including a disruption of electrical or communications services. The Group's ability to operate and remain competitive will depend in part on its ability to maintain and upgrade its information technology systems on a timely and cost-effective basis. The information available to, and received by, the Group's management through its existing systems may not be timely and sufficient to manage risks or to plan for and respond to changes in market conditions and other developments in its operations. The Group may experience difficulties in upgrading, developing and expanding its systems quickly enough to accommodate changing times.

The Group's operations also rely on the secure processing, storage and transmission of confidential and other information in its computer systems and networks. The Group's computer systems, servers and software, including software licensed from vendors and networks, may be vulnerable to unauthorised access, computer viruses or other malicious code and other events that could compromise data integrity and security and result in identity theft, including customer data, employee data and proprietary business data, for which it could potentially be liable. Any failure to effectively maintain, improve or upgrade its management information systems in a timely manner could adversely affect its competitiveness, financial position and results of operations. Moreover, if any of these systems do not operate properly, are disabled or if there are other shortcomings or failures in its internal processes or systems, it could affect the Group's operations or result in financial loss, disruption of its businesses, regulatory intervention or damage to its reputation. In addition, the Group's ability to conduct business may be adversely impacted by a disruption in the infrastructure that supports its business.

The Group is subject to various health and safety and environmental regulations, which could impose significant costs or liabilities on it.

As an owner and lessor of real property, the Group is subject to various laws and regulations concerning the protection of health and safety and the environment, including, among others, laws and regulations related to soil contamination, health and hygiene, environmental pollution, chemical processing, hazardous substances and waste storage.

The particular environmental laws and regulations which apply to any given project site vary greatly according to the site's location, its environmental condition, the present and former uses of the site, as well as the presence of any adjoining properties. In the PRC, the Environment Protection Law sets forth the general principles for pollution controls, and the Law on Prevention and Control of Atmospheric Pollution, the Law on Prevention and Control of Water Pollution and the Law on Prevention and Control of Environmental Pollution by Solid Waste provide more detailed rules on preventing and controlling these major types of pollutions. In addition, the Administration Regulations on Environmental Protection for Construction Projects and other relevant regulations of the PRC specifically regulate environmental issues related to construction activities. Environmental laws and conditions often impose liability without regard to whether the owner or operator knew of, or was responsible for, the release or presence of hazardous substances and accordingly may adversely affect the Group's operations and developments, and may cause the Group to incur compliance and other costs and can prohibit or severely restrict project development activity in environmentally-sensitive regions or areas. While the Group generally conducts environmental reviews of assets that it acquires, these reviews may fail to identify all environmental problems. Based on these reviews and past experience, the Group is not aware of any environmental claims or other liabilities that would require material expenditure. However, there can be no assurance that potential environmental liabilities do not exist or will not arise in the future.

The Group may be involved in legal, regulatory and other proceedings arising from its operations from time to time.

The Group may be involved from time to time in disputes with various parties involved in the development and lease of its properties such as contractors, subcontractors, suppliers, construction companies, purchasers and tenants. These disputes may lead to legal or other proceedings, and may cause the Group to incur additional costs and delays in the Group's development schedule, and the diversion of resources and management's attention, regardless of the outcome. The Group is also unable to predict with certainty the cost of prosecution, the cost of defence or the ultimate outcome of litigation and other proceedings filed by or against it, including remedies and damage awards. If the Group were to fail to win these disputes, it may incur substantial losses and face significant liabilities.

The Group may be subject to regulatory action in the course of its operations, which may subject it to administrative proceedings and unfavourable decisions that could result in penalties and/or delayed construction of new logistics and warehousing facilities. In such cases, the Group's results of operations and cash flow could be materially and adversely affected.

General economic, political and social conditions and government policies in the PRC could affect the Group's business.

The Group's business, financial condition, results of operations and prospects are subject to economic, political and legal developments in the PRC. There are and will be variations in economic, political, governmental and regulatory structure among the jurisdictions in which it operates. The Group's business, financial condition and results of operations will depend in large part on its ability to adapt to economic, political, governmental and regulatory developments in the PRC, especially as it undergoes rapid growth or demographic or other changes. The Group's business, earnings and prospects may be materially and adversely affected by a variety of conditions and developments in the PRC, including:

- inflation, interest rates, and general economic conditions;
- the structure of the economy where the economy has been transitioning from a planned economy to a market-oriented economy but where the government still controls a substantial portion of productive assets, continues to play a significant role in regulating industries through industrial policies and exercises significant control over growth through allocating resources, controlling payment of foreign currency-denominated obligations, setting monetary policy and providing preferential treatment to particular industries or companies;
- the introduction of economic policies to control inflation or stimulate growth, change the rate or method of taxation or impose additional restrictions on currency conversions and remittances abroad where the PRC government has periodically taken measures to slow economic growth to a more manageable level, in response to concerns about the PRC's historically high growth rate in industrial production, bank credit, fixed investment and money supply;
- demographic factors, for instance the rapidly growing population requiring rapid economic growth to ensure employment and stability;
- PRC governmental policies, laws and regulations, including, without limitation, those relating to foreign investment or classification of industries, and changes to such policies, laws and regulations and their implementation and interpretation, which could prevent, delay, increase the cost of or otherwise adversely affect the Group's ability to invest in, acquire or divest, develop, operate or manage its facilities;
- certain recent changes in tax law and proposed application and/or interpretation of these laws could increase the Group's tax liability, and potentially adverse tax consequences from changes to or introduction of tax laws and tax treaties or their interpretation or application, or revocation of tax incentives which may increase the Group's cost of investment or carrying on of business, or adversely affect the Issuer's ability to receive dividends or other distributions from entities in which it has made investments;
- the risk of nationalisation and expropriation of assets;
- currency controls and other regulations, which may affect the Issuer's ability to receive distributions or other dividends from the Issuer's subsidiaries or other entities in which it may have any interest, to borrow onshore or offshore where the facility or the relevant subsidiary or entity is located, or to carry out acquisition, divestment and capital expenditure plans; and
- political and other conditions.

Such conditions and developments, many of which are outside of the Group's control, may have a material adverse effect on its business, financial condition, results of operations and prospects.

The Group may suffer substantial losses in the event of a natural or man-made disaster, such as an earthquake or other casualty event in the PRC.

Natural disasters, severe weather conditions, the outbreak of epidemics, catastrophe or other events, all of which are beyond the Group's control, may adversely affect the economy and infrastructure of the PRC and/or result in severe personal injury, property damage and environmental damage, which may curtail the Group's operations and materially adversely affect its cash flows and, accordingly, adversely affect its ability to service debt. Some cities within the PRC where the Group operates are under the threat of typhoon, flood, earthquake, storm, sandstorm, snowstorm, fire, drought or epidemics such as Severe Acute Respiratory Syndrome ("**SARS**") and H5N1 avian flu or the human swine flu, also known as Influenza A (H1N1), and the recent

COVID-19 pandemic. Past occurrences of such phenomena, for instance the outbreak of SARS in 2003 and the Sichuan province earthquake in May 2008, have caused varying degrees of harm to business and the national and local economies. See also "*Risk Factors— Risks Relating to the Group's Business and Operations and the Logistics and Warehousing Industry generally —The outbreak of the COVID-19 pandemic is growing and its impact is uncertain and hard to measure but may cause a material adverse effect on the Group's business.*".

If any of the Group's properties are damaged by severe weather or any other disaster, accident, catastrophe or other event, the Group's operations may be significantly interrupted, and its business and financial condition adversely affected. The occurrence or continuance of any of these or similar events could increase the costs associated with the Group's operations and reduce its ability to operate its businesses at their intended capacities, thereby reducing revenues and debt serviceability. The occurrence of any of the above stated events could have a material adverse effect on the Group's facilities in the PRC, the businesses of the Group's customers in the PRC, the PRC economy in general and the global supply chain. This in turn, could have a material adverse effect on the Group's business, financial condition and results of operations and prospects.

The Group's business is sensitive to global economic conditions. A severe downturn in the global economy could materially and adversely affect the business, financial condition, and results of operations of the Group.

The global financial markets have been affected by a general slowdown of economic growth globally, resulting in substantial volatility in global equity securities markets and tightening of liquidity in global credit markets. Since 2011, the tightening monetary policies and high inflation in the PRC, global economic uncertainties and the euro zone sovereign debt crisis have resulted in adverse market conditions and increased volatility in the PRC and overseas financial markets. While it is difficult to predict how long these conditions will exist and the extent to which the Group may be affected, these developments may continue to present risks to the Group's business operations for an extended period of time, including an increase in interest expenses on the Group's bank borrowings, or a reduction in the amount of banking facilities currently available to the Group. On 23 June 2016, the United Kingdom held a remain-or-leave referendum on its membership within the European Union, the result of which favoured the exit of the United Kingdom from the European Union ("**Brexit**"). On 31 January 2020, the United Kingdom officially exited the European Union following a UK-EU Withdrawal Agreement signed in October 2019. The UK and the European Union had a transition period to negotiate, among others, trade agreements in details, which ended on 31 December 2020. In December 2020, the United Kingdom, the European Union and the European Atomic Energy Community concluded the EU-UK Trade and Cooperation Agreement, which is provisionally applicable since 1 January 2021 and awaits ratification by the European Parliament and the Council of the European Union and legal revision before it formally comes into effect. Given the lack of precedent and uncertainty of the negotiation, the effect of Brexit remains uncertain, and Brexit has and may continue to create negative economic impact and increase volatility in the global market. These challenging market conditions have resulted in reduced liquidity, widening of credit spreads in credit markets, a reduction in available financing and a tightening of credit terms.

Furthermore, China's economic growth may also slow down due to weakened exports as a result of tariffs and trade tensions caused by the U.S.-China trade war. In 2018 and 2019, the U.S. government, under the administration of the then President Donald J. Trump, imposed several rounds of tariffs on cumulatively U.S.$550 billion worth of Chinese products. In retaliation, the PRC government responded with tariffs on cumulatively U.S.$185 billion worth of U.S. products. In addition, in 2019, the U.S. government restricted certain Chinese technology firms from exporting certain sensitive U.S. goods. The PRC government lodged a complaint in the World Trade Organisation against the U.S. over the import tariffs in the same year. The trade war created substantial uncertainties and volatilities to global markets. On 15 January 2020, the U.S. and Chinese governments signed the U.S.-China Economic and Trade Agreement (the "**Phase I Agreement**"). Under the Phase I Agreement, the U.S. agreed to cancel a portion of tariffs imposed on Chinese products, China promised additional purchases of U.S. goods and services, and both parties expressed a commitment to further improving various trade issues. Despite this reprieve, however, it remains to be seen whether the Phase I Agreement will be abided by both governments and successfully reduce trade tensions. If either government violates the Phase I Agreement, it is likely that enforcement actions will be taken and trade tensions will escalate. Furthermore, additional concessions are needed to reach a comprehensive resolution of the trade war and the U.S. government's approach, under the new administration of President Joseph R. Biden, towards China remains to be seen. The roadmap to the comprehensive resolution remains unclear, as does the lasting impact it may have on the PRC economy.

Should the trade war between the United States and the PRC begin to materially impact the PRC economy, the purchasing power or the operations of the Group's customers in the PRC would be negatively affected. Any severe or prolonged slowdown or instability in the global or PRC economy may materially and adversely affect the Group's business, financial condition and results of operations. Should there be a further economic downturn or credit crisis for any reason, the Group's ability to borrow funds from current or other funding sources may be further limited, causing the Group's continued access to funds to become more expensive, which would adversely affect the Group's business, financial condition, and results of operations. As such, there can be no assurance that the Group's business operations will not suffer further adverse effects caused by the previous or future credit crisis in the near future.

Terrorist attacks, other acts of violence or war and adverse political developments may affect the business, results of operations and financial condition of the Group.

Terrorist activities in the region have contributed to the substantial and continuing economic volatility and social unrest in Asia. Any developments stemming from these events or other similar events could cause further volatility. Any significant military or other response by the U.S. and/or its allies or any further terrorist activities could also materially and adversely affect international financial markets and the PRC economy and may adversely affect the operations, revenues and profitability of the Group. The consequences of any of these terrorist attacks or armed conflicts are unpredictable, and the Group may not be able to foresee events that could have a material adverse effect on its business, financial condition, results of operations, performance and prospects.

Particular Risks Relating to the Group's Business and Operations in the PRC

The PRC government may require the Group to forfeit its land use rights or penalise the Group if it were to fail to comply with the terms of land grant contracts.

Under PRC laws and regulations, if a property owner fails to develop land according to the terms of the land grant contract (including those relating to payment of fees, designated use of land and time for commencement and completion of the development of the land), or to obtain the relevant governmental approval to extend the development period, the relevant government authorities may issue a warning to, or impose a penalty on, the property owner or in the worst case scenario require the property owner to forfeit the land.

Specifically, according to the Rules on Treatment of Idle Lands (閒置土地處置辦法) effective as at 1 July 2012, where land remains undeveloped for at least one year but less than two years, the idle land fee shall be 20 per cent. of the land premium; where land remains undeveloped for two years or more, the idle land would be forfeited to the PRC government without compensation unless the delay in development was caused by government action or force majeure. In addition, a holder of land use rights cannot count the idle land fee into its production costs. Under the Rules on Treatment of Idle Lands, (閒置土地處置辦法), "idle lands" refer to state-owned construction lands (i) for which development has failed to commence for at least one year from the commencement date stipulated in the land grant contract or (ii) for which development has commenced but the developed land accounts for less than one-third of the total land obligated for development or the invested amount accounts for less than 25 per cent. of the total investment amount, and the development has been suspended for at least one year. According to the foregoing rules, "commencement of development" means, subject to the issuance of the construction permit, the completion of the excavation of foundation for projects requiring foundation pits, or the driving of all piles for projects using pile foundations, or the completion of one-third of the foundation for other projects.

There is no assurance that the Group's subsidiaries and joint ventures will commence and/or complete a development within the time limits prescribed in the relevant land grant contracts due to changes of circumstances. In addition, the land held by subsidiaries or joint ventures acquired by the Group might have de facto become idle before the Group's acquisition. There can also be no assurance that the government will not impose the "idle" land fee and/or forfeit the land in respect of which the Group did not begin timely construction. If the relevant government authorities impose the "idle" land fee and/or forfeit the land, it may have an adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group may fail to satisfy certain requirements on the development of land.

In addition to the requirement on the time limit of development, the land grant contracts may also contain, or local governmental agencies may impose, certain other requirements on the developments or the results of developments. Those requirements include, among other things, amount of total investment to be made, investment density to be achieved, the tax contributions or annual turnovers by the relevant Group's subsidiary and joint venture to be achieved after the completion of developments. Failure to satisfy such requirements may result in penalties or an increase in the land grant premium which in turn could have an adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group may not always be able to acquire land reserves that are suitable for development.

The Group derives the majority of its revenue from the leasing of the logistics and warehousing facilities that it has developed. This revenue stream depends on the completion of, and its ability to lease, its developments. To have a steady stream of developed facilities available for lease and continuous growth in the long term, the Group needs to replenish and increase its land reserves that are suitable for development and at a commercially acceptable cost. The Group's ability to identify and acquire suitable development sites is subject to a number of factors, some of which are beyond its control and there can be no assurance that it can identify and undertake suitable future land development projects.

The PRC government controls the supply of land in the PRC and regulates the transfer of land use rights in the secondary market. As a result, the policies of the PRC government have a direct impact on the Group's ability to acquire the land use rights it seeks and could increase its costs of acquisition. Furthermore, most of the Group's land use rights are for a fixed duration of time. There can be no assurance that the Group will be able to renew its land use rights on commercially acceptable terms, or at all. In recent years, the PRC central and local governments have also implemented various measures to regulate the means by which companies obtain land for development and the manner in which land may be developed. The PRC government also controls land supply through zoning, land usage regulations and other measures. All these measures further intensify the competition for land in the PRC among companies. If the Group fails to acquire sufficient land reserves suitable for development in a timely manner and at acceptable prices, its prospects and competitive position may be adversely affected and its business strategies, growth potential and performance may be materially and adversely affected.

The Group may fail to contribute to the registered capital of its subsidiaries or joint ventures or experience material delays in contributing to the registered capital of its subsidiaries and there is

currently no clear applicable PRC law or regulation on governmental penalties in connection with the failure of making such capital contribution.

As at the date of this Offering Circular, except for companies in certain industries which are subject to special requirements in respect of paid-in capital, there is no clear applicable PRC law or regulation on statutory restrictions in terms of minimum amount and time limits for capital contribution, or on governmental penalties in connection with the failure to make capital contributions pursuant to joint venture contracts and/or articles of association for companies outside the specially regulated industries. However, it is possible that local government authorities may still request some of the Group's subsidiaries to specify time limits and/or any other written documents and in the event of any such restrictions on capital contributions, this could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The PRC government may redesignate the usage of land that has been granted to the Group.

The Group is subject to the Urban and Rural Planning Law of the PRC, pursuant to which relevant local governments may, from time to time, redesignate the usage of certain land for local planning and development purposes. When a government re-zones land that has been granted to the Group, it may be required to exchange its original land use right for the land use right of another parcel of land or accept a refund from the local government for the land premium that it paid for the original land use right, thereby affecting the Group's original development plans. There can be no assurance that relevant local governments will not change the zoning of certain land that the Group has already acquired, which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The actual or intended usage of some land or properties may not be in full compliance with legal zoning or usage requirements.

Part of the land held by some of the Group's subsidiaries and joint ventures for developing the logistic and warehousing facilities are zoned for "industrial use" or other usages rather than "logistic use", and part of the properties owned by some of the Group's subsidiaries and joint ventures, although categorised as "factory building" or "others" rather than "warehouse", are actually used by the relevant subsidiaries and joint ventures or by the tenants for logistics and warehousing purposes. Such intended development or actual use may be found by the government to be incompatible with the zoning or other legal designation. The value of land zoned or permitted for use as a warehouse or logistics and warehousing facility may in some cases be greater than land that is designated for general manufacturing, agricultural, residential or other forms of use. As such, loss of such designation may have an immediate economic impact on the value of such property. Moreover, fines or other penalties may be imposed on the relevant subsidiaries and joint ventures, including administrative actions taken by relevant government departments to prevent continued non-conforming uses.

The Group may fail to obtain, or experience material delays in obtaining, requisite governmental approvals, licences and filings.

To establish a logistics and warehousing facility in the PRC, the Group's subsidiaries and joint ventures must go through various PRC governmental approval and filing processes and obtain the requisite approvals and licences for its investment in such logistics and warehousing facility and related business operations. To construct a logistics and warehousing facility, the Group's relevant subsidiaries and joint ventures must obtain permits, licences, certificates and other approvals from the relevant administrative authorities at various stages of land acquisition and construction, including land use rights certificates, construction land planning permits, construction works planning permits, construction works commencement permits and filing forms of completion inspection etc.. Each approval is dependent on the satisfaction of a set of conditions.

The Group did not obtain the relevant required approvals and permits during the construction of certain of its projects in the past and there can be no assurance that the Group will not encounter significant problems in satisfying the conditions to the approvals necessary for the development of its logistics and warehousing facilities, or that the Group will be able to adapt itself to new laws, regulations or policies, or the particular processes related to the granting of the approvals. There may also be delays on the part of the administrative bodies in reviewing the Group's applications and granting approvals. If the Group were to fail to obtain, or experience material delays in obtaining, the requisite governmental approvals, licences and filings, the Group's investment in its subsidiaries and joint ventures and the schedule of development and commencement of the Group's leasing operations could be substantially disrupted, resulting in a material adverse effect on the Group's business, financial condition and results of operations.

The Group may not obtain all the building ownership certificates or real estate ownership certificates, as the case may be, for certain of its facilities in time prior to the leasing out of such facilities.

The Group is required to obtain building ownership certificates or real estate ownership certificates, as the case may be, for its facilities. In the ordinary course of its business, the Group may from time to time execute a pre-lease agreement with its clients in respect of certain of its facilities in advance prior to obtaining the relevant building ownership certificates of such facilities. The Group did not manage to obtain the building ownership certificate for some of its projects in the past and there can be no assurance that the Group will always be able to obtain the building ownership certificate or the real estate ownership certificate, as the case may be, prior to the commencement date of the lease as specified in those pre-lease agreements. Lease of the facilities without building ownership certificates may be deemed as invalid and unenforceable and penalties may be imposed on the Group which could have an adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group may face penalties for the non-registration of its lease agreements with customers in the PRC.

Non-registration does not affect the Group's rights or entitlements to lease out the facilities to customers, or the legality and effectiveness of the lease agreements between the parties to the agreements. However, pursuant to the requirements of the PRC Administrative Measures of Commodity Property Leases and relevant local rules, the Group may be subject to penalties for the non-registration of lease agreements imposed by the local authorities and/or requests by the local authorities to complete the registration formalities. The Group intends to register lease agreements to the extent practicable. Nevertheless, there can be no assurance that the Group would not be subject to such penalties and/or requests for undertaking the registration formalities in the future, any of which could increase its costs.

The Issuer is a holding company and its subsidiaries and jointly controlled entities are subject to restrictions on the payment of dividends.

The Issuer is a holding company with no substantive business operations of its own and accordingly is dependent on the receipt of dividends from its subsidiaries and jointly controlled entities to satisfy its obligations, including its obligations under the Notes. As at 31 December 2020, the Issuer had 926 subsidiaries and 387 jointly controlled entities/associates and, in the event that the business of operations of such subsidiaries and jointly controlled entities/associates fail to perform to their expected levels, this could have a material adverse impact on the Group's business, results of operations and financial condition.

The ability of the Issuer's subsidiaries and jointly controlled entities to pay dividends to their shareholders is however subject to, among other things, applicable laws and restrictions contained in the debt instruments and loan agreements of such companies. The Group's subsidiaries and jointly controlled entities that are foreign invested enterprises in the PRC are subject to PRC laws and regulations governing distribution of dividends and may pay dividends only from accumulated after-tax profits, if any, determined in accordance with PRC accounting standards and regulations.

The Issuer's subsidiaries and jointly controlled entities may also be restricted from paying dividends under the terms of loan agreements to which they are party. Some of the Issuer's subsidiaries and jointly controlled entities in the PRC are required by banks not to pay dividends unless all principal and interest then due have been fully paid off. There can be no assurance that profits of the Issuer's subsidiaries and jointly controlled entities will be distributable. In addition, any delays in or a refusal to grant any such approval, a revocation or variation of consents previously granted, or the imposition of additional taxes or new restrictions may adversely affect the Group's business, results of operations and financial condition.

The logistics and warehousing facility industry in the PRC is susceptible to the industrial policies, macroeconomic policies and austerity measures of the PRC government.

The PRC government has exercised and continues to exercise significant influence over the PRC's economy. From time to time, the PRC government adjusts its monetary and economic policies to prevent and curtail the overheating of the national and provincial economies, which may affect the markets in which the Group operates. Any action by the PRC government concerning the economy or the real estate industry in particular could have a material adverse effect on the business, financial condition and results of operations of the Group. The PRC economy may also be more susceptible to slowdowns or downturns as a result of uncertainties related to the recent trade war between the United States and the PRC. If bilateral trade between the two largest economies in the world shrinks as a result of newly introduced tariffs, the Group's business may be adversely impacted. Should trade tensions persist over a long period of time, the logistics and warehousing facility industry in the PRC may even suffer severe loss of income and encounter operational difficulties, thereby negatively impacting the Group's business, financial condition and results of operations.

The People's Bank of China (the "**PBOC**") has adjusted the deposit reserve ratio for commercial banks several times commencing from 1 January 2008. The deposit reserve refers to the amount of funds that banks must hold in reserve against deposits made by their customers. The increase of the deposit reserve ratio may negatively impact the amount of funds available to be lent to business, including the Group, by commercial banks in the PRC. The central and local authorities in the PRC may continuously adjust interest rates and other economic policies or impose other regulations or restrictions which may adversely affect the business, financial condition and results of operations of the Group.

The Group is also subject to the industrial policies implemented by the PRC government. In August 2011, the State Council issued the *Opinions of the General Office of the State Council on the Policies and Measures for Promoting the Healthy Development of the Logistics Industry (Guo Ban Fa [2011] No. 38)* aimed at promoting the development of the logistics industry through a series of measures, including the tax reduction for logistics enterprises and greater support in land-related policies for the logistics industry. In September 2014, the State Council further published the *Medium- and Long-term Development Plan for the Logistics Industry (2014-2020)* which emphasised that the logistics industry as a whole is fundamental and of strategic importance for the development of the PRC economy and provided guidelines for the warehousing industry to speed up the construction of modern stereoscopic warehouses, logistics distribution centres for resources products and warehousing facilities for vital commodities, as well as to improve the planning of modern distribution centres around large and medium-sized cities and manufacturing bases. While the intensive launch of new policies to promote the logistics and warehousing industry may provide opportunities for the Group, this could also entail new challenges to for the business and operations of the Group. In addition, there is no assurance that the industrial policies of the PRC may not be further adjusted in the future and in turn adversely affect the Group's business, results of operations and financial condition.

Risks Relating to the Group's Fund Management Business

A portion of the Group's revenue and income is derived from its funds management business which would be adversely affected if the performance of the funds which it manages deteriorates.

As at 31 December 2020, the Group managed seven private funds, namely, GLP CLF I, GLP CLF II, GLP China Value-Add Venture 1, GLP China Value-add Venture II, Hidden Hill Modern Logistic PE RMB Fund I, GLP CIF I and GLP China Value-Add Venture III (together, the "**Managed Funds**"). The Group's revenues from the management of each of these Managed Funds generally comprise (1) base, asset and development management fees, (2) property and facility management fees which are generally based on the net operating profit generated by the properties, (3) acquisition and divestment fees and (4) leasing fees. Where appropriate, the Group is also entitled to earn an incentive fee of a certain percentage of the investment return on the aggregate of contributed capital in excess of a specified net internal rate of return and there is no assurance that this fee will be earned at all. A decrease in the values of some of the properties held or the gross revenue and net property incomes would result in a corresponding decrease in such fees. Any condition which might have a material adverse effect on the operating performance or financial condition of the Managed Funds, or termination of the Group's management services, could materially reduce its revenue derived from managing these Managed Funds.

The Group's existing contracts for the provision of fund management services are for the life of the Managed Funds unless the Group resigns or is removed as manager. The Managed Funds also specifically provide that the Group's property and fund management services may be terminated generally as a result of its wilful default, gross negligence or material violation of the provisions of the applicable agreement. In the event that the Group's services are terminated prior to the expiry of the applicable contract, or the Group is removed as a manager in accordance with the terms of the applicable contracts or applicable law, or the Group is unable to renew contracts that have expired, and on terms that are commercially reasonable to the Group, this would adversely affect the Group's business, financial condition, results of operations and prospects.

Additionally, the Group may grow its fee-based income through the establishment of new private funds or through the expansion of the capital base of its existing private funds. There can be no assurance that the Group will be successful in raising capital to establish such funds or that the Group is able to compete against other funds to raise funds and find new investors for new or its existing private funds, or that the level of fees that the Group may generate from such new funds will be comparable to those of its existing private funds.

Fund management is subject to significant regulation and supervision by the regulatory authorities in certain jurisdictions, and compliance failures and changes in regulation could adversely affect the Group.

The fund management industry is subject to significant regulation and supervision by regulatory authorities in certain jurisdictions. The Group may also be adversely affected if new or revised legislation or regulations are enacted, or if there are changes in the interpretation or enforcement of existing rules and regulations that apply to the Group. Such events could increase the Group's costs of doing its fund management business, require the Group to restructure the way in which it carries on its fund management business, or render the Group unable to continue all or part of its fund management business, which in turn could adversely affect the Group's business, financial condition, results of operations and prospects.

Other Risks relating to the PRC generally

The Issuer may be deemed to be a PRC resident enterprise under the PRC Enterprise Income Tax Law and be subject to PRC taxation on the Issuer's worldwide income, which may significantly

increase the Issuer's income tax expenses and materially decrease the Issuer's profitability or otherwise adversely affect the value of your investment.

The Issuer is currently not treated as a PRC resident enterprise by the relevant tax authorities. There is no assurance that the Issuer will not be considered a "resident enterprise" under the PRC Enterprise Income Tax Law and not be subject to the enterprise income tax rate of 25 per cent. on its global income in the future as a result of (a) any change in, or amendment to, the relevant PRC tax laws (including any regulations and rules promulgated thereunder), or (b) any change in, or amendment to, or amendment of any official interpretation or official application of such laws, regulations or rules. In the event that the Issuer is determined to be a PRC resident enterprise, the Issuer will consequently be subject to a 25 per cent. enterprise income tax rate on its global taxable income. In addition, the Issuer may be subject to PRC enterprise income tax reporting obligations. Further, the Issuer will be obligated to withhold PRC income taxes of up to 7 per cent. on interest payments for the Notes paid to holders that are Hong Kong resident enterprises and classified as beneficial owners under the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion in respect of Taxes on Income (the "**Tax Arrangement**"), as well as certain other conditions and requirements under relevant PRC laws and the Tax Arrangement. For holders that are non-resident enterprises which are not eligible for a preferential withholding tax rate under the Tax Arrangement between China and Hong Kong, the Issuer will be obligated to withhold PRC income tax of up to 10 per cent. on interest payments for the Notes if the Issuer is treated as a PRC resident enterprise. In addition, non-resident individual holders may be subject to PRC tax at a rate of 20 per cent. if the Issuer is treated as a PRC resident enterprise. Failure to withhold this income tax if required to do so could cause the Issuer to be subject to fines and other penalties. Similarly, any gain realised by such non-resident enterprise from the transfer of the Notes would be regarded as PRC source income and accordingly would be subject to a 10 per cent. tax (or 20 per cent. in the case of non-resident individual holders). These rates may be reduced by an applicable tax treaty.

If the Issuer is treated as a PRC resident enterprise by the relevant tax authorities, the Issuer may exercise its right to redeem the Notes (in whole but not in part and at any time) under the Terms and Conditions of the Notes.

Gains on the transfer of the Notes may become subject to income taxes under PRC tax laws.

Under the PRC Enterprise Income Tax Law, the PRC Individual Income Tax Law and the relevant implementing rules, as amended from time to time, any gain realised on the transfer of Notes by non-PRC resident enterprise or individual Noteholders may be subject to PRC enterprise income tax ("**EIT**") or PRC individual income tax ("**IIT**") if such gain is regarded as income derived from sources within the PRC. The PRC Enterprise Income Tax Law levies EIT at the rate of 20 per cent. of the gains derived by such non-PRC resident enterprise or individual Noteholder from the transfer of Notes but its implementation rules have reduced the enterprise income tax rate to 10 per cent. The PRC Individual Income Tax Law levies IIT at a rate of 20 per cent. of the gains derived by such non-PRC resident or individual Noteholder from the transfer of Notes.

However, uncertainty remains as to whether the gain realised from the transfer of Notes by non-PRC resident enterprise or individual Noteholders would be treated as income derived from sources within the PRC and become subject to the EIT or IIT. This will depend on how the PRC tax authorities interpret, apply or enforce the PRC Enterprise Income Tax Law, the PRC Individual Income Tax Law and the relevant implementing rules.

Therefore, if non-PRC enterprise or individual resident Noteholders are required to pay PRC income tax on gains derived from the transfer of Notes, unless there is an applicable tax treaty between PRC and the jurisdiction in which such non-PRC enterprise or individual resident holders of Notes reside that reduces or exempts the relevant EIT or IIT, the value of their investment in Notes may be materially and adversely affected.

Interpretation and implementation of PRC laws and regulations may involve uncertainties.

PRC laws and regulations govern the Group's operations in the PRC. The Group and many of its operating subsidiaries are organised under PRC laws. The PRC's legal system is based on written statutes. While a few published prior court decisions may be cited for reference, they have limited precedential value. Since 1979, the PRC has promulgated laws and regulations dealing with economic matters, such as corporate organisation and governance, issuance and trading of securities, shareholder rights, foreign investment, commerce, taxation and trade. However, many of these laws and regulations, in particular with respect to the financial industry, are relatively new and evolving and may be inconsistently implemented, interpreted or enforced. In addition, because of the relatively limited volume of published court decisions and their non-binding nature, there are significant uncertainties relating to the interpretation and enforcement of the PRC laws and regulations. As a result, the legal remedies and protections available to the Group and to Noteholders under the PRC legal system may be limited.

Investors may experience difficulties in effecting service of legal process and enforcing judgments against the Group or the Group's management.

Substantially all of the Group's assets and its subsidiaries are located in the PRC. In addition, many of the Group's directors, supervisors and senior management reside in the PRC. The PRC does not have treaties providing for reciprocal recognition and enforcement of judgments of courts with the United States, the United Kingdom, Japan or many other jurisdictions. As a result, it may be difficult or impossible for investors to serve process upon the Group or its directors, supervisors and senior management in the PRC, or to enforce against the Group or such people in the PRC, any judgments obtained from non-PRC courts.

On 14 July 2006, the Supreme People's Court of the PRC and the government of Hong Kong entered into the Arrangement on Reciprocal Recognition and Enforcement by the Courts of the Mainland and of the Hong Kong Special Administrative Region of Judgments in Civil and Commercial Matters under Consensual Jurisdiction (關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排) (the "**Arrangement**"), which has become effective as from 1 August 2008. Under the Arrangement, where any designated PRC court or any designated Hong Kong court has made an enforceable final judgment requiring payment of money in a civil and commercial case pursuant to a choice of court agreement in writing, any party concerned may apply to the relevant PRC court or Hong Kong court for recognition and enforcement of the judgment. A choice of court agreement in writing is defined as any agreement in writing entered into between parties after the effective date of the Arrangement in which a Hong Kong court or a PRC court is expressly designated as the court having sole jurisdiction for the dispute. Therefore, it is not possible to enforce a judgment rendered by a Hong Kong court in the PRC if the parties in dispute have not agreed to enter into a choice of court agreement in writing. In addition, recognition and enforcement of a Hong Kong court judgment could be refused if the PRC courts consider that the enforcement of such judgment is contrary to the social and public interest of the PRC or meets other circumstances specified by the Arrangement. While it is expected that the PRC courts will recognise and enforce a judgment given by Hong Kong courts in respect of a dispute governed by English law, there can be no assurance that the PRC courts will do so for all such judgments as there is rarely established practice in this area. Compared to other debt securities issuances in the international capital markets where the relevant holders of the debt securities would not typically be required to submit to an exclusive jurisdiction, the holders of the Notes will be deemed to have submitted to the exclusive jurisdiction of the Hong Kong courts, and thus the holder's ability to initiate a claim outside of Hong Kong will be limited.

Additional procedures may be required to be taken to bring English law governed matters or disputes to the Hong Kong courts. There is also no assurance that the PRC courts will recognise and enforce judgments of the Hong Kong courts in respect of English law governed matters or disputes.

The Terms and Conditions and the transaction documents are governed by English law, whereas parties to these documents have submitted to the exclusive jurisdiction of the Hong Kong courts. In order to hear English law governed matters or disputes, Hong Kong courts may require certain additional procedures to be taken. Under the Arrangement, judgments of Hong Kong courts are likely to be recognised and enforced by the PRC courts where the contracting parties to the transactions pertaining to such judgments have agreed to submit to the exclusive jurisdiction of Hong Kong courts. However, recognition and enforcement of a Hong Kong court judgment could be refused if the PRC courts consider that the enforcement of such judgment is contrary to the social and public interest of the PRC. While it is expected that the PRC courts will recognise and enforce a judgment given by Hong Kong courts governed by English law, there can be no assurance that the PRC courts will do so for all such judgments as there is rarely established practice in this area.

Government control of foreign currency conversion may adversely affect the Group's foreign exchange transactions.

Substantially all of the Group's revenue and assets are denominated in Renminbi, which is currently not a freely convertible currency. Conversion and remittance of foreign currencies are subject to PRC foreign exchange laws and regulations which would affect exchange rates and the Group's foreign exchange transactions. A portion of the Group's cash may be required to be converted into other currencies in order to meet the Group's foreign currency needs, including payments of interest and principal of foreign debt obligations of the Group.

There can be no assurance that policies regarding foreign exchange transactions under current accounts or capital accounts will continue in the future. The PRC Government may restrict future access to foreign currencies under current or capital account transactions at its discretion. Foreign exchange policies could restrict the Group's ability to obtain sufficient foreign currency, which could have an effect on the Group's ability to meet foreign exchange requirements. In addition, foreign exchange transactions under current accounts may no longer be freely convertible and could require the approval of the State Administration of Foreign Exchange of the People's Republic of China (the "**SAFE**"). Failure to obtain approval from the SAFE to convert Renminbi into any foreign currency for foreign exchange transactions could have an adverse effect on the Group's results of operations and financial condition. Moreover, if the Group is unable to obtain sufficient foreign currency, it might not be able to pay the interest or principal of the Group's foreign debt obligations in foreign currencies. On the other hand, most foreign exchange transactions under capital accounts in the PRC continue to be not freely convertible and require the approval of the SAFE. These limitations could affect the Group's ability to obtain foreign currencies through equity financing or to obtain foreign currencies for capital expenditures.

Future fluctuations in the value of Renminbi could have a material adverse effect on the Group's financial condition and results of operations.

The Group generates a majority of its revenues in Renminbi, and a portion of its revenues, expenses, bank borrowings and debt securities are denominated in the HK dollar, the U.S. dollar and other foreign currencies. As a result, fluctuations in exchange rates, which are subject to changes resulting from the PRC Government's policies, domestic and international economic and political developments as well as supply and demand in the monetary market, particularly between Renminbi, the HK dollar or the U.S. dollar, may result in foreign currency exchange losses of the Group's foreign currency-denominated assets and liabilities and could affect its ability to pay dividends in foreign currencies and its profitability.

The exchange rate of Renminbi to the U.S. dollar is under a managed floating exchange rate system and has gradually risen over the past decade. On 11 August 2015, the PBOC announced an adjustment to the mechanism of determining the mid-point price of Renminbi to the U.S. dollar to make the exchange rate of Renminbi more market-based. The modified mechanism allows traders to consider the closing exchange rate of the previous trading day when they quote the mid-point price for Renminbi against the U.S. dollar. As a result, the mid-point price of Renminbi against the U.S. dollar depreciated by approximately 4.78 per cent. from 10 August to 27 August 2015, on which date such mid-point price was the lowest since the adjustment. The exchange rate of Renminbi to the U.S. dollar continued to be volatile in 2016.

Lately, Renminbi has experienced a sharp depreciation which drew speculation that the PRC government is resorting to currency devaluation to fend off an escalating trade war with the United States. And hence, the Group cannot assure that Renminbi will not experience significant fluctuation against the U.S. dollar in the future, especially given the growing intensity of the trade war between the PRC and the United States.

The Group cannot predict how the Renminbi will fluctuate in the future. For the past three decades, the PRC government authorities have implemented economic reform measures to emphasise the utilisation of the market as a fundamental factor in resource allocation. The PRC's economy has been transitioning from a planned economy to a more market-oriented economy. From time to time, the PRC government authorities implement various macroeconomic and other policies and measures, including contractionary or expansionary policies and measures at times of or in anticipation of changes in the PRC's economic conditions, to sustain economic stability and utilise new sources of economic growth. Economic reform measures, however, may be adjusted, modified or applied inconsistently from industry to industry or across different regions of the country, as economic reform is a developing process. As a result, the Group may not continue to benefit from all, or any, of these measures. In addition, it cannot be accurately predicted whether changes in the PRC's political, economic and social conditions, laws, regulations and policies will have any adverse effect on the Group's current or future business, financial condition and results of operations. For instance, the United States and China have recently been involved in controversy over trade barriers that have threatened a trade war between the countries. Both countries have implemented or proposed to implement tariffs on certain imported products from the other. Sustained tension between the United States and China over trade policies could significantly undermine the stability of the global and China's economy. Any severe or prolonged slowdown or instability in the global or China's economy may materially and adversely affect the Group's business, financial condition and results of operations. From a global perspective, any further tightening of liquidity in the global financial markets may negatively affect the Group's liquidity, to the extent the Group is looking for expansion overseas. In addition, although the Group has entered into hedging transactions to mitigate its exposure to foreign exchange risk between Renminbi and other currencies, hedging instruments or strategies might not be fully effective in mitigating risk under all market conditions. As a result, the fluctuation of exchange rates between Renminbi and the U.S. dollar or other currencies could materially and adversely affect the Group's business, financial condition, results of operations and prospects.

The implementation of the PRC Social Insurance Law may increase the Issuer's operating expenses and may materially and adversely affect its business, financial condition and results of operations.

The Social Insurance Law of the PRC (the "**Social Insurance Law**") was promulgated on 28 October 2010 and became effective on 1 July 2011 and was further revised on 29 December 2018. Pursuant to the Social Insurance Law, companies in the PRC are required to make social insurance contributions for the benefit of their employees. As at 31 December 2020, the Issuer had a total of 1749 employees in the PRC. The implementation of the Social Insurance Law could increase the Issuer's staff costs and expenses associated with social insurance payable in the PRC and may materially and adversely affect its business, financial condition and results of operations.

The Issuer may be adversely affected by inflation in China.

In recent years, the PRC economy has experienced periods of rapid expansion and highly fluctuating rates of inflation. That has led to the adoption by the PRC Government, from time to time, of various corrective measures designed to restrict the availability of credit or regulate growth and contain inflation. High inflation may in the future cause the PRC Government to impose controls on credit or prices, or to take other action, which could inhibit economic activity in China, and thereby harm the Issuer's business and the businesses of its customers, which could materially and adversely affect its business, financial condition and results of operations.

The Group is subject to the PRC government's control on currency conversion and risks relating to fluctuations in exchange rates.

The Group receives a substantial majority of its revenue in Renminbi, which is currently not a freely convertible currency.

Under the PRC's existing foreign exchange regulations, by complying with certain procedural requirements, the Group will be able to undertake current account foreign exchange transactions, including payment of dividends without prior approval from the SAFE. However, in the future, the PRC government may, at its discretion, take measures to restrict access to foreign currencies for capital account and current account transactions under certain circumstances.

The value of the Renminbi against the U.S. dollar and other currencies fluctuates and is affected by, among other things, changes in the PRC's and international political and economic conditions and the PRC government's fiscal and currency policies. Since 1994, the conversion of Renminbi into foreign currencies, including Hong Kong and U.S. dollars, has been based on rates set by the PBOC, which are set daily based on the previous business day's interbank foreign exchange market rates and current exchange rates on the world financial markets. From 1994 to 20 July 2005, the official exchange rate for the conversion of Renminbi to U.S. dollars was generally stable. On 21 July 2005, the PRC government adopted a more flexible managed floating exchange rate system to allow the value of the Renminbi to fluctuate within a regulated band that is 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 2.1 per cent. against the U.S. dollar. In August 2008, the PRC revised the PRC Foreign Exchange Administration Regulations (中華人民共和國外匯管理條例) to promote the reform of its exchange rate regime. In June 2010, the PBOC decided to further reform the PRC's exchange rate system in order to make it more flexible. Any appreciation of the Renminbi against the U.S. dollar or any other foreign currencies may result in a decrease in the value of the Group's foreign currency-denominated assets. Although the Group seeks to reduce its exchange rate risk through currency derivatives or otherwise, it cannot assure investors that it will be able to reduce its foreign currency risk exposure relating to its foreign currency-dominated assets. In addition, there are limited instruments available for the Group to reduce its foreign currency risk exposure at reasonable costs. Any appreciation of the Renminbi against the U.S. dollar or any other foreign currencies may materially and adversely affect the financial conditions of certain of the Group's customers, particularly those deriving substantial income from exporting products or engaging in related businesses, and in turn affect their abilities to service their obligations to the Group. Furthermore, the Group is also currently required to obtain the approval of the SAFE before converting significant sums of foreign currencies into Renminbi. All of these factors could materially and adversely affect the Group's financial condition, results of operations and compliance with capital adequacy ratios and operational ratios.

Risks relating to the Notes Issued under the Programme

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

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

- have sufficient knowledge and experience to make a meaningful evaluation of the relevant Notes, the merits and risks of investing in the relevant Notes and the information contained or incorporated by reference in this Offering Circular, any applicable supplement to this Offering Circular or any Pricing Supplement;

- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Notes and the impact such investment will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Notes, including where principal or interest is payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- understand thoroughly the terms of the relevant Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes may be complex financial products and such products may be purchased as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to the purchaser's overall portfolios. A potential investor should not invest in Notes which are complex financial products unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of such Notes and the impact this investment will have on the potential investor's overall investment portfolio.

Legal investment considerations may restrict certain investments.

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) the Notes are legal investments for it, (2) the Notes can be used as collateral for various types of borrowing, and (3) other restrictions apply to its purchase of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk-based capital or similar rules.

Modification and waivers are binding on all holders of Notes.

The Conditions contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting(s) and Noteholders who voted in a manner contrary to the majority.

The Conditions also provide that the Trustee may, without the consent of Noteholders or Couponholders, agree to (i) any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the Conditions or any of the provisions of the Trust Deed and the Agency Agreement, or determine, without any such consent as aforesaid, that any Event of Default or Potential Event of Default (as defined in the Trust Deed) shall not be treated as such (provided that, in any such case, it is not, in the opinion of the Trustee, materially prejudicial to interests of the relevant Noteholders) or (ii) any modification which, in the opinion of the Trustee, is of a formal, minor or technical nature or is to correct a manifest error or to comply with mandatory provisions of law.

The Notes may be represented by Global Notes or Global Certificates and holders of a beneficial interest in a Global Note or Global Certificate must rely on the procedures of the relevant Clearing System(s).

Notes issued under the Programme may be represented by one or more Global Notes (in the case of Bearer Notes) or Global Certificates (in the case of Registered Notes). Such Global Notes and Global Certificates will be deposited with a common depositary for Euroclear and Clearstream or a sub-custodian for the CMU (each of Euroclear, Clearstream and the CMU, a "**Clearing System**"), as the case may be. Except in the circumstances described in the relevant Global Note or Global Certificate, investors will not be entitled to receive definitive or individual Notes. The relevant Clearing System(s) will maintain records of the beneficial interests in the Global Notes or Global Certificates. While the Notes are represented by one or more Global Notes or Global Certificates, investors will be able to trade their beneficial interests only through the Clearing Systems.

While the Notes are represented by one or more Global Notes or Global Certificates, the Issuer will discharge its payment obligations under the Notes by making payments to the relevant Clearing System for distribution to their account holders or, in the case of the CMU, to the persons for whose account(s) interests in such Global Note or Global Certificate are credited as being held in the CMU in accordance with the CMU Rules.

A holder of a beneficial interest in a Global Note or Global Certificate must rely on the procedures of the relevant Clearing System(s) to receive payments under the relevant Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes or Global Certificates.

Holders of beneficial interests in the Global Notes or Global Certificates will not have a direct right to vote in respect of the relevant Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant Clearing System(s) to appoint appropriate proxies. Similarly, holders of beneficial interests in the Global Notes or Global Certificates will not have a direct right under the respective Global Notes or Global Certificates to take enforcement action against the Issuer in the event of a default under the relevant Notes but will have to rely upon their rights under the Trust Deed.

Holders of Notes should be aware that definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

In relation to any issue of Notes which have a denomination consisting of a minimum Specified Denomination (as defined in the Conditions) plus a higher integral multiple of another smaller amount, it is possible that the Notes may be traded in amounts in excess of the minimum Specified Denomination that are not integral multiples of such minimum Specified Denomination. In such a case a Holder of Notes who, as a result of trading such amounts, holds a principal amount of less than the minimum Specified Denomination will not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes such that it holds an amount equal to one or more Specified Denominations. If definitive Notes are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

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

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

The Notes are unsecured obligations.

As the Notes are unsecured obligations, the repayment of the Notes may be adversely affected if:

- the Issuer enters into bankruptcy, liquidation, reorganisation or other winding-up proceedings;
- there is a default in payment under the Issuer's future secured indebtedness or other unsecured indebtedness; or
- there is an acceleration of any of the Issuer's indebtedness.

If any of these events were to occur, the Issuer's assets may not be sufficient to pay amounts due on the Notes.

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

The price and trading volume of the Notes may be highly volatile. Factors such as variations in the Issuer's revenues, earnings and cash flows and proposals of new investments, strategic alliances and/or acquisitions, interest rates and fluctuations in prices for comparable companies could cause the price of the Notes to change. Any such developments may result in large and sudden changes in the volume and price at which the Notes will trade. There is no assurance that these developments will not occur in the future.

The insolvency laws of Hong Kong and other local insolvency laws may differ from those of another jurisdiction with which the Noteholders are familiar.

As the Issuer is incorporated under the laws of Hong Kong, any insolvency proceeding relating to the Issuer, even if brought in other jurisdictions, would likely involve Hong Kong insolvency laws, the procedural and substantive provisions of which may differ from comparable provisions of the local insolvency laws of jurisdictions with which the Noteholders are familiar.

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

If the Issuer is unable to comply with its current or future debt obligations and other agreements, there could be a default under the terms of these agreements. In the event of a default under these agreements, the holders of the debt could terminate their commitments to lend to the Issuer, 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 the Issuer's debt agreements, and the Notes, contain cross-acceleration or cross-default provisions. As a result, the Issuer's default under one debt agreement may cause the acceleration of repayment of not only such debt but also other debt, including the Notes, or result in a default under the Issuer's other debt agreements, including the Notes. If any of these events occur, the Issuer cannot assure Noteholders that its assets and cash flows would be sufficient to repay in full all of its indebtedness, or that the Issuer would be able to find alternative financing. Even if the Issuer could obtain alternative financing, it cannot assure holders that it would be on terms that are favourable or acceptable to them.

Uncertainties abound with respect to the implementation of the NDRC Circular on the issue of the Notes.

On 14 September 2015, the NDRC promulgated the NDRC Circular pursuant to which if a PRC enterprise or an offshore branch or enterprise controlled by a PRC enterprise wishes to issue any debt securities outside of the PRC with a tenor of more than one year, such PRC enterprise must, in advance of issuing such debt securities, file certain prescribed documents with the NDRC and obtain the Enterprise Foreign Debt Filing Certificate (企業發行外債備案登記證明) from the NDRC in respect of such issue.

On 18 December 2015, the NDRC issued the Guidelines on Overseas Corporate Bond Issuance (企業境外發行債券指引) (the "**Guideline**"), which further strengthened the compliance of registration requirements under the NDRC Circular, and provides that companies, underwriters, law firms and other intermediary institutions that fail to comply with registration requirements and commit to maliciously report foreign debt percentage and provide fake information might be put on the blacklist of dishonest persons and sanctioned by the PRC government. However, the Guideline does not provide details as to how to implement such blacklist and measures of sanction that the government will take. In the event that Notes to which the NDRC Circular shall be deemed as applicable are intended to be issued under the Programme, the Issuer would need to make an application for the pre-issuance registration of the Offering of such Notes with the NDRC.

On 11 May and 28 June 2018 and in February 2020, the NDRC provided detailed statements as to further clarify some detailed implementation procedures and uncertainties in connection with the registration and post-issuance report required by the NDRC Circular. However, there is no assurance that the NDRC will not issue further implementation rules or notices that may require additional steps in terms of the registration or provide sanctions or other administrative procedures the NDRC may impose if not in compliance with such registration or post-issuance report required by the NDRC Circular. If the Issuer is requested by the NDRC to make the report of post-issuance information with respect to the Notes but does not report the post-issuance information with respect to the Notes within the time frame as provided under the NDRC Circular, the NDRC may impose sanctions or other administrative procedures on the Issuer that may have a material adverse impact to its business, financial condition or results of operations.

A change in the law which governs the Notes may adversely affect Noteholders.

The Conditions will be governed by English law. No assurance can be given as to the impact of any possible judicial decision or change to English law, or administrative practice after the date of issue of the relevant Tranche of Notes.

Performance of contractual obligations.

The ability of the Issuer to make payments in respect of the Notes may depend upon the due performance by the other parties to the transaction documents of the obligations thereunder including the performance by the Principal Paying Agent, any other Paying Agent, each Transfer Agent, the relevant Registrar and/or the relevant Calculation Agent(s) of their respective obligations. Whilst the non-performance of any relevant parties will not relieve the Issuer of its obligations to make payments in respect of the Notes, the Issuer may not, in such circumstances, be able to fulfil its respective obligations to the Noteholders and the Couponholders.

The Issuer may be unable to pay interest or redeem the Notes.

On certain dates, including the occurrence of any early redemption event specified in the relevant Pricing Supplement or otherwise and at maturity of the Notes, the Issuer may, and at maturity, will, be required to pay interest on, or redeem, all of the Notes. If such an event were to occur, the Issuer may not have sufficient cash on hand (whether due to a serious decline in net operating cash flows or otherwise) and may not be able to arrange financing to make such payment or redeem the Notes in time, or on acceptable terms, or at all. The ability to make interest payments or redeem the Notes in such event may also be limited by the terms of other debt instruments. Failure to pay interest on the Notes or to repay, repurchase or redeem tendered Notes by the Issuer would constitute an event of default under the relevant Notes, which may also constitute a default under the terms of other indebtedness of the Group.

The rating of the Programme may be downgraded or withdrawn.

The Programme is rated "BBB-" by Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. The rating represents the opinion of the rating agency and its assessment of the ability of the issuer to perform its obligations under the Notes and credit risks in determining the likelihood that payments will be made when due under the Notes. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency. A reduction or withdrawal of the rating may adversely affect the market price of the Notes and the Issuer's ability to access the debt capital markets.

Any downgrading of the Issuer's corporate ratings, or those of its subsidiaries, by rating agencies could adversely affect the Group's business and the Group's liquidity.

Any adverse revision to the Issuer's corporate ratings, or those of its subsidiaries, for domestic and international debt by rating agencies such as Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., Moody's Investors Service, Inc., a subsidiary of Moody's Corporation or Fitch (Hong Kong) Limited may adversely affect the Group's business, its financial performance and the trading price of the Notes. Further, the Group's ability to obtain financing or to access the capital markets may also be limited, thereby lowering its liquidity.

The credit ratings assigned to the Notes may not reflect all risks.

One or more independent credit rating agencies may assign credit ratings to an issue of the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time. There can be no assurance that the ratings assigned to any Notes will remain in effect for any given period or that the ratings will not be revised or withdrawn by the rating agencies in the future if, in their judgment, the circumstances so warrant. The Group has no obligation to inform holders of the Notes of any such suspension, revision, downgrade or withdrawal. A suspension, downgrade or withdrawal of the ratings of any Notes at any time may adversely affect the market price of the Notes.

Risks relating to the Market for the Notes generally

Set out below is a brief description of certain market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

Notes issued under the Programme have no current active trading market and may trade at a discount to their initial offering price and/or with limited liquidity.

Notes issued under the Programme will be new securities which may not be widely distributed and for which there is currently no active trading market (unless in the case of any particular Tranche, such Tranche is to be consolidated with and form a single series with a Tranche of Notes which is already issued). If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer. If the Notes are trading at a discount, investors may not be able to receive a favourable price for their Notes, and in some circumstances investors may not be able to sell their Notes at all or at their fair market value. Although an application will be made for the Notes issued under the Programme to be admitted to listing on the HKSE, there is no assurance that such application will be accepted, that any particular Tranche of Notes will be so admitted or that an active trading market will develop. In addition, the market for investment grade and crossover grade debt has been subject to disruptions that have caused volatility in prices of securities similar to the Notes issued under the Programme. Accordingly, there is no assurance as to the development or liquidity of any trading market, or that disruptions will not occur, for any particular Tranche of Notes.

This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have an adverse effect on the market value of the Notes.

The Notes may be de-listed, which may materially affect an investor's ability to resell.

Any Notes that are listed on the HKSE or any other listing authority, stock exchange or quotation system may be de-listed. If any Notes are delisted, the Issuer shall use all reasonable endeavours to obtain and maintain a listing of such Notes on such other major stock exchange as they may decide. Although no assurance is made as to the liquidity of the Notes as a result of listing on any listing authority, stock exchange or quotation system, delisting the Notes may have a material adverse effect on a Noteholder's ability to resell the Notes in the secondary market.

Exchange rate risks and exchange controls may result in investors receiving less interest or principal than expected.

The Issuer will pay principal and interest (if applicable) on the Notes in the currency specified in the relevant Pricing Supplement (the "**Specified Currency**"). This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (i) the Investor's Currency equivalent yield on the Notes, (ii) the Investor's Currency equivalent value of the principal payable on the Notes and (iii) the Investor's Currency equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive no or less interest or principal than expected.

The market value of the Notes may fluctuate.

The price and trading volume of the Notes may be highly volatile. Trading prices and volume of the Notes are influenced by numerous factors, including the operating results, business and/or financial condition of the Group, political, economic, financial and any other factors that can affect the capital markets, the industry and/or the Group generally. Adverse economic developments, acts of war and health hazards in countries in which the Group operates in could have a material adverse effect on the Group's operations, operating results, business, financial position and performance which in turn could result in large and sudden changes in the volume and price at which the Notes will trade. There can be no assurance that these developments will not occur in the future.

Developments in other markets may adversely affect the market price of the Notes.

The market price of the Notes may be adversely affected by declines in the international financial markets and world economic conditions. The market for the Notes is, to varying degrees, influenced by economic and market conditions in other markets, especially those in Asia. Although economic conditions are different in each country, investors' reaction to developments in one country could affect the securities markets and the securities of issuers in other countries, including Hong Kong. Since the global financial crisis of 2008 and 2009, the international financial markets have experienced significant volatility. If similar developments occur in the international financial markets in the future, the market price of the Notes could be adversely affected.

Changes in market interest rates may adversely affect the value of Fixed Rate Notes.

Investment in Fixed Rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of Fixed Rate Notes.

Interest rate risk.

Noteholders may suffer unforeseen losses due to fluctuations in interest rates. Generally, a rise in interest rates may cause a fall in the price of the Notes, resulting in a capital loss for the Noteholders. However, the Noteholders may reinvest the interest payments, as applicable, at higher prevailing interest rates. Conversely, when interest rates fall, the price of the Notes may rise. The Noteholders may enjoy a capital gain but interest payments received may be reinvested at lower prevailing interest rates.

Inflation risk.

Noteholders may suffer erosion of the return of their investments due to inflation. Noteholders would have an anticipated rate of return based on expected inflation rates on the purchase of the Notes. An unexpected increase in inflation could reduce the actual returns.

Risks relating to the Structure of a Particular Issue of Notes under the Programme

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of certain such features:

Dual Currency Notes have features which are different from single currency issues.

The Issuer may issue Notes with principal or interest payable in one or more currencies which may be different from the currency in which the Notes are denominated. Potential investors should be aware that:

- the market price of such Notes may be volatile;
- they may receive no interest;
- payment of principal or interest may occur at a different time or in a different currency than expected; and
- the amount of principal payable at redemption may be less than the nominal amount of such Notes or even zero.

Failure by an investor to pay a subsequent instalment of partly-paid Notes may result in an investor losing all of its investment.

The Issuer may issue Notes where the issue price is payable in more than one instalment. Failure to pay any subsequent instalments could result in an investor losing all of its investment.

The market price of variable rate Notes with a multiplier or other leverage factor may be volatile.

Notes with variable interest rates can be volatile securities. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include such features.

Notes carrying an interest rate which may be converted from fixed to floating interest rates, and vice versa, may have lower market values than other Notes.

Fixed Rate Notes and Floating Rate Notes (as defined in "*Summary of the Programme*") may bear interest at a rate that the Issuer may elect to convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate.

The Issuer's ability to convert the interest rate will affect the secondary market and the market value of such Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate, the spread on the Fixed Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on its Notes.

The market prices of Notes issued at a substantial discount or premium tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities.

The market values of Notes issued at a substantial discount or premium to their nominal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

Notes subject to optional redemption by the Issuer may have a lower market value than Notes that cannot be redeemed.

An optional redemption feature is likely to limit the market value of Notes. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This may also be true prior to any redemption period. The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At such times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

Certain benchmark rates, including LIBOR and EURIBOR, may be discontinued or reformed in the future - including the phasing-out of LIBOR after 31 December 2021 or 30 June 2023.

The London Interbank Offered Rate ("**LIBOR**"), the Euro Interbank Offered Rate ("**EURIBOR**") and other interest rate or other types of rates and indices which are deemed to be benchmarks are the subject of ongoing national and international regulatory discussions and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented.

Regulation (EU) No. 2016/1011 (the "**EU Benchmarks Regulation**") applies, subject to certain transitional provisions, to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark, within the EU. Regulation (EU) No. 2016/1011 as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (the "**UK Benchmarks Regulation**") applies to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark, within the UK. The EU Benchmarks Regulation or the UK Benchmarks Regulation, as applicable, could have a material impact on any Notes linked to LIBOR, EURIBOR or another benchmark rate or index, in particular, if the methodology or other terms of the benchmark are changed in order to comply with the terms of the EU Benchmark Regulation or UK Benchmark Regulation, and such changes could (amongst other things) have the effect of reducing or increasing the rate or level, or affecting the volatility of the published rate or level, of the benchmark. More broadly, any of the international, national or other proposals for reform, or the general increased regulatory scrutiny of benchmarks, could increase the costs and risks of administering or otherwise participating in the setting of a benchmark and complying with any such regulations or requirements. Such factors may have the effect of discouraging market participants from continuing to administer or contribute to certain "benchmarks", trigger changes in the rules or methodologies used in certain "benchmarks" or lead to the discontinuance or unavailability of quotes of certain "benchmarks".

As an example of such benchmark reforms, the UK Financial Conduct Authority announced on 27 July 2017 that it would no longer persuade or compel banks to submit rates for the calculation of the LIBOR benchmark after 2021 and confirmed on 5 March 2021 that most LIBOR benchmark tenors would cease or cease to be representative benchmarks from 31 December 2021 or (in the case of certain tenors of USD LIBOR only) from 30 June 2023. On 5 March 2021, the administrator for LIBOR (the ICE Benchmark Administration or IBA) similarly announced that it would cease the publication of the relevant LIBOR settings on 31 December 2021 or 30 June 2023, unless the FCA exercises its proposed new powers (which are included in the current UK Financial Services Bill as proposed amendments to the UK Benchmarks Regulation) to require the IBA to continue publishing such LIBOR settings using a changed methodology (also known as a "synthetic" basis). Such announcements indicate that LIBOR will not continue in its current form and the UK Financial Conduct Authority announcement of 5 March 2021 indicated that it is currently contemplating that any "synthetic" basis, if adopted, would be limited to a small number of currencies and settings. In addition, on 29 November 2017, the Bank of England and the FCA announced that, from January 2018, its working group on Sterling risk-free rates had been mandated with implementing a broad-based transition to the Sterling Overnight Index Average ("SONIA") over the next four years across sterling bond, loan and derivative markets so that SONIA is established as the primary sterling interest rate benchmark by the end of 2021.

On 21 September 2017, the European Central Bank announced that it would be part of a new working group tasked with the identification and adoption of a "risk free overnight rate" which can serve as a basis for an alternative to current benchmarks used in a variety of financial instruments and contracts in the euro area. On 13 September 2018, the working group on Euro risk-free rates recommended the new Euro short-term rate ("**€STR**") as the new risk-free rate for the euro area. The €STR was published for the first time on 2 October 2019. Although EURIBOR has been reformed in order to comply with the terms of the Benchmark Regulation, it remains uncertain as to how long it will continue in its current form, or whether it will be further reformed or replaced with €STR or an alternative benchmark.

The elimination of LIBOR or any other benchmark, or changes in the manner of administration of any benchmark, could require or result in an adjustment to the interest calculation provisions of the Conditions, or result in adverse consequences to holders of any Notes linked to such benchmark (including Floating Rate Notes whose interest rates are linked to LIBOR, EURIBOR or any other such benchmark that is subject to reform). Furthermore, even prior to the implementation of any changes, uncertainty as to the nature of alternative reference rates and as to potential changes to such benchmark may adversely affect such benchmark during the term of the relevant Notes, the return on the relevant Notes and the trading market for securities (including the Notes) based on the same benchmark.

The "Terms and Conditions of the Notes" provide for certain fallback arrangements in the event that a published benchmark, such as LIBOR, (including any page on which such benchmark may be published (or any other successor service)) becomes unavailable or a benchmark event or a benchmark transition event, as applicable, otherwise occurs. Such an event may be deemed to have occurred prior to the issue date for a Series of Notes. Such fallback arrangements include the possibility that the rate of interest could be set by reference to a successor rate or an alternative rate and that such successor rate or alternative reference rate may be adjusted (if required) in accordance with the recommendation of a relevant governmental body or in order to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as applicable) to investors arising out of the replacement of the relevant benchmark, although the application of such adjustments to the Notes may not achieve this objective. Any such changes may result in the Notes performing differently (which may include payment of a lower interest rate) than if the original benchmark continued to apply. In certain circumstances the ultimate fallback of interest for a particular Interest Period may result in the rate of interest for the last preceding Interest Period being used.

This may result in the effective application of a fixed rate for Floating Rate Notes based on the rate which was last observed on the Relevant Screen Page. In addition, due to the uncertainty concerning the availability of successor rates and alternative reference rates and the involvement of an independent adviser, the relevant fallback provisions may not operate as intended at the relevant time.

Any such consequences could have a material adverse effect on the value of and return on any such Notes.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the Benchmark Regulation reforms or possible cessation or reform of certain reference rates in making any investment decision with respect to any Notes linked to or referencing a benchmark.

Inverse Floating Rate Notes are typically more volatile than conventional floating rate debt.

Inverse Floating Rate Notes have an interest rate equal to a fixed rate minus a rate based upon a reference rate such as LIBOR. The market values of such Notes typically are more volatile than market values of other conventional floating rate debt securities based on the same reference rate (and with otherwise comparable terms). Inverse Floating Rate Notes are more volatile because an increase in the reference rate not only decreases the interest rate of the Notes, but may also reflect an increase in prevailing interest rates, which further adversely affects the market value of these Notes.

Risks related to Renminbi Denominated Notes

A description of risks which may be relevant to an investor in Notes denominated in Renminbi ("**Renminbi Notes**") are set out below.

Renminbi is not freely convertible and there are significant restrictions on the remittance of Renminbi into and out of the PRC which may adversely affect the liquidity of Renminbi Notes.

Renminbi is not freely convertible at present. The PRC Government continues to regulate conversion between Renminbi and foreign currencies. However, there has been significant reduction in control by the PRC Government in recent years, particularly over trade transactions involving import and export of goods and services as well as other frequent routine foreign exchange transactions. These transactions are known as current account items.

On the other hand, remittance of Renminbi by foreign investors into the PRC for the settlement of capital account items, such as capital contributions, is generally only permitted upon obtaining specific approvals from, or completing specific registrations or filings with, the relevant authorities on a case-by-case basis and is subject to a strict monitoring system. Regulations in the PRC on the remittance of Renminbi into the PRC for settlement of capital account items are being developed.

Although the Renminbi has been included in the Special Drawing Rights basket created by the International Monetary Fund since 1 October 2016, there is no assurance that the PRC Government will continue to gradually liberalise control over cross-border remittance of Renminbi in the future, that the schemes for Renminbi cross-border utilisation will not be discontinued or that new regulations in the PRC will not be promulgated in the future which have the effect of restricting or eliminating the remittance of Renminbi into or out of the PRC. In the event that funds cannot be repatriated out of the PRC in Renminbi, this may affect the overall availability of Renminbi outside the PRC and the ability of the Issuer to source Renminbi to finance its obligations under Notes denominated in Renminbi.

There is only limited availability of Renminbi outside the PRC, which may affect the liquidity of the Renminbi Notes and the Issuer's ability to source Renminbi outside the PRC to service Renminbi Notes.

As a result of the restrictions by the PRC Government on cross-border Renminbi fund flows, the availability of Renminbi outside the PRC is limited. While PBOC has entered into agreements on the clearing of Renminbi business with financial institutions in a number of financial centres and cities (the "**Renminbi Clearing Banks**"), including but not limited to Hong Kong and are in the process of establishing Renminbi clearing and settlement mechanisms in several other jurisdictions (the "**Settlement Arrangements**"), the current size of Renminbi denominated financial assets outside the PRC is limited.

There are restrictions imposed by PBOC on Renminbi business participating banks in respect of cross-border Renminbi settlement, such as those relating to direct transactions with PRC enterprises. Furthermore, Renminbi business participating banks do not have direct Renminbi liquidity support from PBOC. The Renminbi Clearing Banks only have access to onshore liquidity support from PBOC for the purpose of squaring open positions of participating banks for limited types of transactions and are not obliged to square for participating banks any open positions resulting from other foreign exchange transactions or conversion services. In such cases, the participating banks will need to source Renminbi from outside the PRC to square such open positions.

Although it is expected that the offshore Renminbi market will continue to grow in depth and size, its growth is subject to many constraints as a result of PRC laws and regulations on foreign exchange. There is no assurance that new PRC regulations will not be promulgated or the Settlement Arrangements will not be terminated or amended in the future, which will have the effect of restricting availability of Renminbi outside the PRC. The limited availability of Renminbi outside the PRC may affect the liquidity of the Renminbi Notes. To the extent the Issuer is required to source Renminbi in the offshore market to service its Renminbi Notes, there is no assurance that the Issuer will be able to source such Renminbi on satisfactory terms, if at all.

Investment in the Renminbi Notes is subject to exchange rate risks.

The value of Renminbi against other foreign currencies fluctuates from time to time and is affected by changes in the PRC and international political and economic conditions as well as many other factors. Recently, the PBOC implemented changes to the way it calculates the Renminbi's daily mid-point against the U.S. dollar to take into account market-maker quotes before announcing such daily mid-point. This change, and others that may be implemented, may increase the volatility in the value of the Renminbi against foreign currencies. All payments of interest and principal will be made in Renminbi with respect to Renminbi Notes unless otherwise specified. As a result, the value of these Renminbi payments may vary with the changes in the prevailing exchange rates in the marketplace. If the value of Renminbi depreciates against another foreign currency, the value of the investment made by a holder of the Renminbi Notes in that foreign currency will decline. Depreciation of the Renminbi against such currency could cause a decrease in the effective yield of the Renminbi Notes below their stated coupon rates and could result in a loss when the return on the Renminbi Notes is translated into such currency. In addition, there may be tax consequences for investors as a result of any foreign currency gains resulting from any investment in Renminbi Notes.

Investment in the Renminbi Notes is subject to interest rate risks.

The PRC Government has gradually liberalised its regulation of interest rates in recent years. Further liberalisation may increase interest rate volatility. In addition, the interest rate for Renminbi in markets outside the PRC may significantly deviate from the interest rate for Renminbi in the PRC as a result of foreign exchange controls imposed by PRC law and regulations and prevailing market conditions.

As Renminbi Notes may carry a fixed interest rate, the trading price of the Renminbi Notes will consequently vary with the fluctuations in the Renminbi interest rates. If holders of the Renminbi Notes propose to sell their Renminbi Notes before their maturity, they may receive an offer lower than the amount they have invested.

Payments with respect to the Renminbi Notes may be made only in the manner designated in the Renminbi Notes.

All payments to investors in respect of the Renminbi Notes will be made solely for so long as the Renminbi Notes are represented by global notes or global certificates held with the common depositary for Euroclear and Clearstream or any alternative clearing system, by transfer to a Renminbi bank account maintained in Hong Kong or a financial centre in which a Renminbi Clearing Bank clears and settles Renminbi, if so specified in the Pricing Supplement or for so long as the Renminbi Notes are in definitive form, by transfer to a Renminbi bank account maintained in Hong Kong or a financial centre in which a Renminbi Clearing Bank clears and settles Renminbi, if so specified in the Pricing Supplement in accordance with prevailing rules and regulations. The Issuer cannot be required to make payment by any other means (including in any other currency or by transfer to a bank account in the PRC).

Gains on the transfer of the Renminbi Notes may become subject to income taxes under PRC tax laws.

Under the *PRC Enterprise Income Tax Law*, the *PRC Individual Income Tax Law* and the relevant implementing rules, as amended from time to time, any gain realised on the transfer of Renminbi Notes by non-PRC resident enterprise or individual Noteholders may be subject to EIT or IIT if such gain is regarded as income derived from sources within the PRC. The *PRC Enterprise Income Tax Law* levies EIT at the rate of 20 per cent. of the gains derived by such non-PRC resident enterprise or individual Noteholder from the transfer of Renminbi Notes but its implementation rules have reduced the enterprise income tax rate to 10 per cent. The *PRC Individual Income Tax Law* levies IIT at a rate of 20 per cent. of the gains derived by such non-PRC resident or individual Noteholder from the transfer of Renminbi Notes.

However, uncertainty remains as to whether the gain realised from the transfer of Renminbi Notes by non-PRC resident enterprises or individual Noteholders would be treated as income derived from sources within the PRC and become subject to the EIT or IIT. This will depend on how the PRC tax authorities interpret, apply or enforce the *PRC Enterprise Income Tax Law*, the *PRC Individual Income Tax Law* and the relevant implementing rules. According to the arrangement between the PRC and Hong Kong, for avoidance of double taxation, Noteholders who are residents of Hong Kong, including enterprise Noteholders and individual Noteholders, will not be subject to EIT or IIT on capital gains derived from a sale or exchange of the Notes.

Therefore, if non-PRC enterprise or individual resident Noteholders are required to pay PRC income tax on gains derived from the transfer of Renminbi Notes, unless there is an applicable tax treaty between PRC and the jurisdiction in which such non-PRC enterprise or individual resident Noteholders of Renminbi Notes reside that reduces or exempts the relevant EIT or IIT, the value of their investment in Renminbi Notes may be materially and adversely affected.

Remittance of proceeds in Renminbi into or out of the PRC.

In the event that the Issuer decides to remit some or all of the proceeds into the PRC in Renminbi, its ability to do so will be subject to obtaining all necessary approvals from, and/or registration or filing with, the relevant PRC Government authorities. However, there is no assurance that the necessary approvals from, and/or registration or filing with, the relevant PRC Government authorities will be obtained at all or, if obtained, they will not be revoked or amended in the future.

There is no assurance that the PRC Government will continue to gradually liberalise the control over cross-border Renminbi remittances in the future, that the pilot schemes introduced will not be discontinued or that new PRC regulations will not be promulgated in the future which have the effect of restricting or eliminating the remittance of Renminbi into or outside the PRC. In the event that the Issuer does remit some or all of the proceeds into the PRC in Renminbi and the Issuer subsequently is not able to repatriate funds out of the PRC in Renminbi, it will need to source Renminbi outside the PRC to finance its obligations under the Renminbi Notes, and its ability to do so will be subject to the overall availability of Renminbi outside the PRC.

The following (other than the words in italics) is the text of the terms and conditions of the Notes which, as completed by the relevant Pricing Supplement, will be endorsed on each Note in definitive form issued under the Programme. The terms and conditions applicable to any Note in global form will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under "Summary of Provisions Relating to the Notes while in Global Form" below.

1 Introduction

(a) **Programme**: GLP China Holdings Limited (普洛斯中國控股有限公司) (the "**Issuer**") has established a Medium Term Note Programme (the "**Programme**") for the issuance of up to HK$20,000,000,000 in aggregate principal amount of notes (the "**Notes**").

(b) **Pricing Supplement**: Notes issued under the Programme are issued in series (each a "**Series**") and each Series may comprise one or more tranches (each a "**Tranche**") of Notes. Each Tranche is the subject of a pricing supplement (the "**Pricing Supplement**") which supplements these terms and conditions (the "**Conditions**"). The terms and conditions applicable to any particular Tranche of Notes are these Conditions as supplemented, amended and/or replaced by the relevant Pricing Supplement. In the event of any inconsistency between these Conditions and the relevant Pricing Supplement, the relevant Pricing Supplement shall prevail.

(c) **Trust Deed**: The Notes are constituted by, are subject to, and have the benefit of, a trust deed dated 18 January 2019 (as amended or supplemented from time to time, the "**Trust Deed**") between the Issuer and Citicorp International Limited as trustee (the "**Trustee**", which expression includes all persons for the time being trustee or trustees appointed under the Trust Deed).

(d) **Agency Agreement**: The Notes are the subject of an issue and paying agency agreement dated 18 January 2019 (the "**Agency Agreement**") between the Issuer, Citibank, N.A., London Branch as principal paying agent (the "**Principal Paying Agent**", which expression includes any successor principal paying agent appointed from time to time in connection with the Notes), Citicorp International Limited as CMU lodging and paying agent and CMU registrar (the "**CMU Lodging and Paying Agent**" and the "**CMU Registrar**", respectively, which expression includes any successor CMU lodging and paying agent and CMU registrar appointed from time to time in connection with Notes cleared through the CMU), Citibank, N.A., London Branch as principal registrar (the "**Principal Registrar**", which expression includes any successor principal registrar appointed from time to time in connection with Notes cleared through a clearing system other than the CMU, and together with the CMU Registrar, the "**Registrars**"), the paying agents named therein (together with the Principal Paying Agent, the "**Paying Agents**", which expression includes any successor or additional paying agents appointed from time to time in connection with the Notes), the transfer agents named therein (together with the Registrars, the "**Transfer Agents**", which expression includes any successor or additional transfer agents appointed from time to time in connection with the Notes) and the Trustee. In these Conditions references to the "**Agents**" are to the Paying Agents and the Transfer Agents and any reference to an "**Agent**" is to any one of them. For the purposes of these Conditions, all references (other than in relation to the determination of interest and other amounts payable in respect of the Notes) to the Principal Paying Agent or the Principal Registrar shall, with respect to a Series of Notes to be held in the CMU, be deemed to be a reference to the CMU Lodging and Paying Agent or (as the case may be) the CMU Registrar, and all such references shall be construed accordingly.

(e) **The Notes**: The Notes may be issued in bearer form ("**Bearer Notes**"), or in registered form ("**Registered Notes**"). All subsequent references in these Conditions to "Notes" are to the Notes which are the subject of the relevant Pricing Supplement. Copies of the relevant Pricing Supplement are available for viewing and copies may be obtained from the Specified Office of each of the Paying Agents and Transfer Agents.

(f) **Summaries**: Certain provisions of these Conditions are summaries of the Trust Deed and the Agency Agreement and are subject to their detailed provisions. Noteholders (as defined below) and the holders of the related interest coupons, if any, (the "Couponholders" and the "Coupons", respectively) are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and the Agency Agreement applicable to them. Copies of the Trust Deed and the Agency Agreement are available for inspection upon prior written notice and satisfactory proof of holding by Noteholders during normal business hours at the Specified Offices of each of the Agents.

2 Interpretation

(a) **Definitions**: In these Conditions the following expressions have the following meanings:

"**Accrual Yield**" has the meaning given in the relevant Pricing Supplement;

"**Additional Business Centre(s)**" means the city or cities specified as such in the relevant Pricing Supplement;

"**Additional Financial Centre(s)**" means the city or cities specified as such in the relevant Pricing Supplement;

"**Audited Financial Reports**" means the annual audited consolidated statement of profit or loss and other comprehensive income, statement of financial position, statement of cash flows and statement of changes in equity of the Issuer and its Subsidiaries and statement of financial position of the Issuer together with any statements, reports (including any directors' and auditors' reports) and notes attached to or to be read with any of them;

"**Business Day**" means:

(a) in relation to any sum payable in euro, a TARGET Settlement Day and a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments generally in each (if any) Additional Business Centre;

(b) in relation to any sum payable in Renminbi, a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets are open for business and settle Renminbi payments in Hong Kong and are not authorised or obligated by law or executive order to be closed; and

(c) in relation to any sum payable in a currency other than euro and Renminbi, a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments generally, in the Principal Financial Centre of the relevant currency and in each (if any) Additional Business Centre;

"**Business Day Convention**", in relation to any particular date, has the meaning given in the relevant Pricing Supplement and, if so specified in the relevant Pricing Supplement, may have different meanings in relation to different dates and, in this context, the following expressions shall have the following meanings:

(a) "**Following Business Day Convention**" means that the relevant date shall be postponed to the first following day that is a Business Day;

(b) “**Modified Following Business Day Convention**” or “**Modified Business Day Convention**” means that the relevant date shall be postponed to the first following day that is a Business Day unless that day falls in the next calendar month in which case that date will be the first preceding day that is a Business Day;

(c) “**Preceding Business Day Convention**” means that the relevant date shall be brought forward to the first preceding day that is a Business Day;

(d) “**FRN Convention**”, “**Floating Rate Convention**” or “**Eurodollar Convention**” means that each relevant date shall be the date which numerically corresponds to the preceding such date in the calendar month which is the number of months specified in the relevant Pricing Supplement as the Specified Period after the calendar month in which the preceding such date occurred provided, however, that:

    (i) if there is no such numerically corresponding day in the calendar month in which any such date should occur, then such date will be the last day which is a Business Day in that calendar month;

    (ii) if any such date would otherwise fall on a day which is not a Business Day, then such date will be the first following day which is a Business Day unless that day falls in the next calendar month, in which case it will be the first preceding day which is a Business Day; and

    (iii) if the preceding such date occurred on the last day in a calendar month which was a Business Day, then all subsequent such dates will be the last day which is a Business Day in the calendar month which is the specified number of months after the calendar month in which the preceding such date occurred; and

(e) “**No Adjustment**” means that the relevant date shall not be adjusted in accordance with any Business Day Convention;

“**Calculation Agent**” means the Principal Paying Agent or such other Person specified in the relevant Pricing Supplement as the party responsible for calculating the Rate(s) of Interest and Interest Amount(s) and/or such other amount(s) as may be specified in the relevant Pricing Supplement;

“**Calculation Amount**” has the meaning given in the relevant Pricing Supplement; a “Change of Control” occurs when:

(a) any Person or Person (other than the Permitted Holders) acting together acquires or acquire Control of the Issuer; or

(b) the Permitted Holders, directly or indirectly acting together, cease to be the single largest shareholder of the Issuer; or

(c) the Issuer consolidates with or merges into or sells or transfers all or substantially all of its assets to any other Person, unless the consolidation, merger, sale or transfer will not result in the other Person or Persons acquiring Control over the Issuer or the successor entity;

“**China Business Day**” means a day (other than a Saturday, Sunday or a public holiday) on which banks in Beijing, the PRC are not authorised or obligated by law or executive order to be closed;

“**Clearstream**” means Clearstream Banking S.A.;

“**CMU**” means the Central Moneymarkets Unit Service, operated by the Hong Kong Monetary Authority;

"**Control**" means (a) the ownership or control of more than 50 per cent. of the voting rights of the issued share capital of the Issuer or (b) the right to appoint and/or remove all or the majority of the members of the Issuer's board of directors or other governing body, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of voting rights, contract or otherwise and the terms "**Controlling**" and "**Controlled**" shall have meanings correlative to the foregoing;

"**Coupon Sheet**" means, in respect of a Note, a coupon sheet relating to the Note;

"**Day Count Fraction**" means, in respect of the calculation of an amount for any period of time (the "**Calculation Period**"), such day count fraction as may be specified in these Conditions or the relevant Pricing Supplement and:

(a) if "**Actual/Actual (ICMA)**" is so specified, means:

(i) where the Calculation Period is equal to or shorter than the Regular Period during which it falls, the actual number of days in the Calculation Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and

(ii) where the Calculation Period is longer than one Regular Period, the sum of:

(A) the actual number of days in such Calculation Period falling in the Regular Period in which it begins divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and

(B) the actual number of days in such Calculation Period falling in the next Regular Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year;

(b) if "**Actual/Actual (ISDA)**" is so specified, means the actual number of days in the Calculation Period divided by 365 (or, if any portion of the Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);

(c) if "**Actual/365 (Fixed)**" is so specified, means the actual number of days in the Calculation Period divided by 365;

(d) if "**Actual/360**" is so specified, means the actual number of days in the Calculation Period divided by 360;

(e) if "**30/360**" is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows

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

where:

"$\mathbf{Y_1}$" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"$\mathbf{Y_2}$" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"$\mathbf{M_1}$" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"$\mathbf{M_2}$" is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

"$\mathbf{D_1}$" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D_1 will be 30; and

"$\mathbf{D_2}$" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D_1 is greater than 29, in which case D_2 will be 30;

(f) if "**30E/360**" or "Eurobond Basis" is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

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

where:

"$\mathbf{Y_1}$" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"$\mathbf{Y_2}$" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"$\mathbf{M_1}$" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"$\mathbf{M_2}$" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"$\mathbf{D_1}$" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D_1 will be 30; and

"$\mathbf{D_2}$" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D_2 will be 30; and

(g) if "**30E/360 (ISDA)**" is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

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

where:

"$\mathbf{Y_1}$" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"$\mathbf{Y_2}$" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"$\mathbf{M_1}$" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"$\mathbf{M_2}$" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"$\mathbf{D_1}$" is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D_1 will be 30; and

"**D_2**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D_2 will be 30,

provided, however, that in each such case the number of days in the Calculation Period is calculated from and including the first day of the Calculation Period to but excluding the last day of the Calculation Period;

"**Early Redemption Amount (Change of Control)**" means, in respect of any Note, 101 per cent. of its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Pricing Supplement;

"**Early Redemption Amount (Tax)**" means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Pricing Supplement;

"**Early Termination Amount**" means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, these Conditions or the relevant Pricing Supplement;

"**Euroclear**" means Euroclear Bank S.A./N.V.;

"**Event of Default**" has the meaning given in Condition 13 (Events of Default);

"**Extraordinary Resolution**" has the meaning given in the Trust Deed;

"**Final Redemption Amount**" means, in respect of any Note, its principal amount or such other amount as may be specified, or determined in accordance with, in the relevant Pricing Supplement;

"**First Interest Payment Date**" means the date specified in the relevant Pricing Supplement;

"**Fixed Coupon Amount**" has the meaning given in the relevant Pricing Supplement;

"**Group**" means the Issuer and its Subsidiaries, taken as a whole;

"**Holder**", in the case of Bearer Notes, has the meaning given in Condition 3(b) (*Form, Denomination, Title and Transfer – Title to Bearer Notes*) and, in the case of Registered Notes, has the meaning given in Condition 3(d) (*Form, Denomination, Title and Transfer – Title to Registered Notes*);

"**Hong Kong**" means the Hong Kong Special Administrative Region of the People's Republic of China;

"**Indebtedness for Borrowed Money**" means any indebtedness of any Person for money borrowed or raised including (without limitation) any indebtedness for or in respect of:

(a) amounts raised by acceptance under any acceptance credit facility;

(b) amounts raised under any note purchase facility; and

(c) the amount of any liability in respect of leases or hire purchase contracts which would, in accordance with applicable law and generally accepted accounting principles, be treated as finance or capital leases;

"**Interest Amount**" means, in relation to a Note and an Interest Period, the amount of interest payable in respect of that Note for that Interest Period;

"**Interest Commencement Date**" means the Issue Date of the Notes or such other date as may be specified as the Interest Commencement Date in the relevant Pricing Supplement;

"**Interest Determination Date**" has the meaning given in the relevant Pricing Supplement;

"**Interest Payment Date**" means the First Interest Payment Date and any other date or dates specified as such in, or determined in accordance with the provisions of, the relevant Pricing Supplement and, if a Business Day Convention is specified in the relevant Pricing Supplement:

(a) as the same may be adjusted in accordance with the relevant Business Day Convention; or

(b) if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention and an interval of a number of calendar months is specified in the relevant Pricing Supplement as being the Specified Period, each of such dates as may occur in accordance with the FRN Convention, Floating Rate Convention or Eurodollar Convention at such Specified Period of calendar months following the Interest Commencement Date (in the case of the first Interest Payment Date) or the previous Interest Payment Date (in any other case);

"**Interest Period**" means each period beginning on (and including) the Interest Commencement Date or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date;

"**ISDA Definitions**" means the 2006 ISDA Definitions (as amended and updated as at the date of issue of the first Tranche of the Notes of the relevant Series (as specified in the relevant Pricing Supplement) as published by the International Swaps and Derivatives Association, Inc.);

"**Issue Date**" has the meaning given in the relevant Pricing Supplement;

"**Margin**" has the meaning given in the relevant Pricing Supplement;

"**Maturity Date**" has the meaning given in the relevant Pricing Supplement;

"**Maximum Redemption Amount**" has the meaning given in the relevant Pricing Supplement;

"**Minimum Redemption Amount**" has the meaning given in the relevant Pricing Supplement;

"**NDRC**" means the National Development and Reform Commission of the PRC or its local counterparts;

"**Noteholder**", in the case of Bearer Notes, has the meaning given in Condition 3(b) (*Form, Denomination, Title and Transfer – Title to Bearer Notes*) and, in the case of Registered Notes, has the meaning given in Condition 3(d) (*Form, Denomination, Title and Transfer – Title to Registered Notes*);

"**Optional Redemption Amount (Call)**" means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Pricing Supplement;

"**Optional Redemption Amount (Put)**" means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Pricing Supplement;

"**Optional Redemption Date (Call)**" has the meaning given in the relevant Pricing Supplement;

"**Optional Redemption Date (Put)**" has the meaning given in the relevant Pricing Supplement;

"**Payment Business Day**" means:

(a) if the currency of payment is euro, any day which is:

(i) a day on which (A) banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies and (B) a day on which commercial banks are open for general business (including dealings in foreign currencies) in the city where the Principal Paying Agent or (as the case may be) the CMU Lodging and Paying Agent has its Specified Office; and

(ii) in the case of payment by transfer to an account, a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre; or

(b) if the currency of payment is not euro, any day which is:

(i) a day on which (A) banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies and (B) a day on which commercial banks are open for general business (including dealings in foreign currencies) in the city where the Principal Paying Agent or (as the case may be) the CMU Lodging and Paying Agent has its Specified Office;

(ii) in the case of payment by transfer to an account, a day on which dealings in foreign currencies (excluding payments in Renminbi) may be carried on in the Principal Financial Centre of the currency of payment and in each (if any) Additional Financial Centre; and

(iii) (in the case of payments in Renminbi) a day on which commercial banks and foreign exchange markets in Hong Kong are open for business and settlement of Renminbi payments;

"**Permitted Holders**" means GLP Pte. Ltd. and any trust, corporation, partnership or other entity, of which the direct or indirect beneficiary, equity holder, partner, owner or Person beneficially holding a majority (or more) controlling interest is GLP Pte. Ltd.;

"**Person**" means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality;

"**Potential Event of Default**" means an event or circumstance which could, with the giving of notice, lapse of time, the issuing of a certificate and/or fulfilment of any other requirement provided for in Condition 13 (*Events of Default*), become an Event of Default;

"**PRC**" means the People's Republic of China, which for the purpose of these Conditions, excludes Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan;

"**Principal Financial Centre**" means, in relation to any currency, the principal financial centre for that currency provided, however, that:

(a) in relation to euro, it means the principal financial centre of such Member State of the European Communities as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Calculation Agent;

(b) in relation to New Zealand dollars, it means either Wellington or Auckland as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Calculation Agent; and

(c) in relation to Renminbi, it means Hong Kong or the Principal Financial Centre as is specified in the relevant Pricing Supplement;

"**Principal Subsidiary**" means any Subsidiary of the Issuer:

(a) whose total assets or (in the case of a Subsidiary which itself has Subsidiaries) consolidated total assets, as shown by its latest audited consolidated accounts, are at least three per cent. of the consolidated total assets of the Issuer and the Group taken as a whole, as shown by the Group's latest published audited consolidated accounts; or

(b) to which is transferred the whole or substantially the whole of the assets of a Subsidiary which immediately prior to such transfer was a Principal Subsidiary, provided that the Principal Subsidiary which so transfers its assets shall forthwith upon such transfer cease to be a Principal Subsidiary and the Subsidiary to which the assets are so transferred shall become a Principal Subsidiary at the date on which the first published audited accounts (consolidated, if appropriate) of the Issuer prepared as of a date later than such transfer are issued unless such Subsidiary would continue to be a Principal Subsidiary on the basis of such accounts by virtue of the provisions of paragraph (a) above;

provided that, in relation to paragraph (a) above:

(i) in the case of a corporation or other business entity becoming a Subsidiary after the end of the financial period to which the latest consolidated audited accounts of the Issuer relate, the reference to the then latest consolidated audited accounts of the Issuer for the purposes of the calculation above shall, until consolidated audited accounts of the Issuer for the financial period in which the relevant corporation or other business entity becomes a Subsidiary are published be deemed to be a reference to the then latest consolidated audited accounts of the Issuer adjusted to consolidate the latest audited accounts (consolidated in the case of a Subsidiary which itself has Subsidiaries) of such Subsidiary in such accounts;

(ii) if at any relevant time in relation to the Issuer or any Subsidiary which itself has Subsidiaries no consolidated accounts are prepared and audited, total assets of the Issuer and/or any such Subsidiary shall be determined on the basis of pro forma consolidated accounts prepared for such purpose by the Issuer;

(iii) if at any relevant time in relation to any Subsidiary, no accounts are audited, its total assets (consolidated, if appropriate) shall be determined on the basis of pro forma accounts (consolidated, if appropriate) of the relevant Subsidiary prepared for such purpose by the Issuer; and

(iv) if the accounts of any Subsidiary (not being a Subsidiary referred to in proviso (i) above) are not consolidated with those of the Issuer, then the determination of whether or not such Subsidiary is a Principal Subsidiary shall be based on a pro forma consolidation of its accounts (consolidated, if appropriate) with the consolidated accounts (determined on the basis of the foregoing) of the Issuer.

A certificate prepared by a director of the Issuer, that in his opinion, a Subsidiary is or is not, or was or was not, a Principal Subsidiary shall, in the absence of manifest error, be conclusive and binding on the Noteholders;

"**Put Option Notice**" means a notice which must be delivered to a Paying Agent by any Noteholder wanting to exercise a right to redeem a Note at the option of the Noteholder;

"**Put Option Receipt**" means a receipt issued by a Paying Agent to a depositing Noteholder upon deposit of a Note with such Paying Agent by any Noteholder wanting to exercise a right to redeem a Note at the option of the Noteholder;

"**Rate of Interest**" means the rate or rates (expressed as a percentage per annum) of interest payable in respect of the Notes specified in the relevant Pricing Supplement or calculated or determined in accordance with the provisions of these Conditions and/or the relevant Pricing Supplement;

"**Redemption Amount**" means, as appropriate, the Final Redemption Amount, the Early Redemption Amount (Change of Control), the Early Redemption Amount (Tax), the Optional Redemption Amount

(Call), the Optional Redemption Amount (Put), the Early Termination Amount or such other amount in the nature of a redemption amount as may be specified in, or determined in accordance with, the relevant Pricing Supplement;

"**Reference Banks**" has the meaning given in the relevant Pricing Supplement or, if none, four major banks selected by the Issuer in the market that is most closely connected with the Reference Rate;

"**Reference Price**" has the meaning given in the relevant Pricing Supplement;

"**Reference Rate**" has the meaning given in the relevant Pricing Supplement in respect of the currency and period specified in the relevant Pricing Supplement;

"**Regular Period**" means:

(a) in the case of Notes where interest is scheduled to be paid only by means of regular payments, each period from and including the Interest Commencement Date to but excluding the first Interest Payment Date and each successive period from and including one Interest Payment Date to but excluding the next Interest Payment Date;

(b) in the case of Notes where, apart from the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where "Regular Date" means the day and month (but not the year) on which any Interest Payment Date falls; and

(c) in the case of Notes where, apart from one Interest Period other than the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where "Regular Date" means the day and month (but not the year) on which any Interest Payment Date falls other than the Interest Payment Date falling at the end of the irregular Interest Period;

"**Relevant Date**" means, in relation to any payment, whichever is the later of (a) the date on which the payment in question first becomes due and (b) if the full amount payable has not been received in the Principal Financial Centre of the currency of payment by the Principal Paying Agent or the Trustee on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Noteholders;

"**Relevant Financial Centre**" has the meaning given in the relevant Pricing Supplement;

"**Relevant Indebtedness**" means any present or future Indebtedness for Borrowed Money incurred outside the PRC which is in the form of or represented by any bond, note, debenture, debenture stock, loan stock, certificate or other instrument which is, or is capable of being, listed, quoted or traded on any stock exchange or in any securities market (including, without limitation, any over-the-counter market);

"**Relevant Period**" means (a) in relation to each of the Audited Financial Reports, each period of twelve months ending on the last day of the Issuer's financial year (being 31 December of that financial year) and (b) in relation to the Unaudited Financial Reports, each period of six months ending on the last day of the Issuer's financial year (being 30 June of that financial year);

"**Relevant Screen Page**" means the page, section or other part of a particular information service (including, without limitation, Reuters) specified as the Relevant Screen Page in the relevant Pricing Supplement, or such other page, section or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the Person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate;

"**Relevant Time**" has the meaning given in the relevant Pricing Supplement;

"**Reserved Matter**" means any proposal to change any date fixed for payment of principal or interest in respect of the Notes, to reduce the amount of principal or interest payable on any date in respect of the Notes, to alter the method of calculating the amount of any payment in respect of the Notes or the date for any such payment (other than any change arising from the discontinuation of any interest rate benchmark used to determine the amount of any payment in respect of the Notes), to change the currency of any payment under the Notes or to change the quorum requirements relating to meetings or the majority required to pass an Extraordinary Resolution;

"**Specified Currency**" has the meaning given in the relevant Pricing Supplement;

"**Specified Denomination(s)**" has the meaning given in the relevant Pricing Supplement;

"**Specified Office**" has the meaning given in the Agency Agreement;

"**Specified Period**" has the meaning given in the relevant Pricing Supplement;

"**Subsidiary**" means, in relation to any Person (the "**first Person**") at any particular time, any other Person (the "**second Person**"):

(a) whose affairs and policies the first Person controls or has the power to control, whether by ownership of share capital, contract, the power to appoint or remove members of the governing body of the second Person or otherwise; or

(b) whose financial statements are, in accordance with applicable law and generally accepted accounting principles, consolidated with those of the first Person;

"**Talon**" means a talon for further Coupons;

"**TARGET2**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007;

"**TARGET Settlement Day**" means any day on which TARGET2 is open for the settlement of payments in euro;

"**Treaty**" means the Treaty on the Functioning of the European Union, as amended;

"**Unaudited Financial Reports**" means the semi-annual (or any other interim reporting period required by applicable law or regulations) unaudited consolidated statement of profit or loss and other comprehensive income, statement of financial position, statement of cash flows and statement of changes in equity of the Issuer and its Subsidiaries and statement of financial position of the Issuer together with any statements, reports (including any directors' and auditors' review reports, if any) and notes attached to or intended to be read with any of them; and

"**Zero Coupon Note**" means a Note specified as such in the relevant Pricing Supplement.

(b) **Interpretation**: In these Conditions:

(i) if the Notes are Zero Coupon Notes, references to Coupons and Couponholders are not applicable;

(ii) if Talons are specified in the relevant Pricing Supplement as being attached to the Notes at the time of issue, references to Coupons shall be deemed to include references to Talons;

(iii) if Talons are not specified in the relevant Pricing Supplement as being attached to the Notes at the time of issue, references to Talons are not applicable;

(iv) any reference to principal shall be deemed to include the Redemption Amount, any additional amounts in respect of principal which may be payable under Condition 12 (*Taxation*), any premium payable in respect of a Note and any other amount in the nature of principal payable pursuant to these Conditions;

(v) any reference to interest shall be deemed to include any additional amounts in respect of interest which may be payable under Condition 12 (*Taxation*) and any other amount in the nature of interest payable pursuant to these Conditions;

(vi) references to Notes being "outstanding" shall be construed in accordance with the Trust Deed;

(vii) if an expression is stated in Condition 2(a) (*Definitions*) to have the meaning given in the relevant Pricing Supplement, but the relevant Pricing Supplement gives no such meaning or specifies that such expression is "not applicable" then such expression is not applicable to the Notes; and

(viii) any reference to the Trust Deed or the Agency Agreement shall be construed as a reference to the Trust Deed or the Agency Agreement, as the case may be, as amended and/or supplemented up to and including the Issue Date of the Notes.

3 Form, Denomination, Title and Transfer

(a) **Bearer Notes**: Bearer Notes are in the Specified Denomination(s) with Coupons and, if specified in the relevant Pricing Supplement, Talons attached at the time of issue. In the case of a Series of Bearer Notes with more than one Specified Denomination, Bearer Notes of one Specified Denomination will not be exchangeable for Bearer Notes of another Specified Denomination.

(b) **Title to Bearer Notes**: Title to Bearer Notes and the Coupons will pass by delivery. In the case of Bearer Notes, "**Holder**" means the holder of such Bearer Note and "**Noteholder**" and "**Couponholder**" shall be construed accordingly.

(c) **Registered Notes**: Registered Notes are in the Specified Denomination(s), which may include a minimum denomination specified in the relevant Pricing Supplement and higher integral multiples of a smaller amount specified in the relevant Pricing Supplement.

(d) **Title to Registered Notes**: The relevant Registrar will maintain a register (the "**Register**") in accordance with the provisions of the Agency Agreement. A certificate (each, a "**Note Certificate**") will be issued to each Holder of Registered Notes in respect of its registered holding. Each Note Certificate will be numbered serially with an identifying number which will be recorded in the Register. In the case of Registered Notes, "**Holder**" means the person in whose name such Registered Note is for the time being registered in the Register (or, in the case of a joint holding, the first named thereof) and "**Noteholder**" shall be construed accordingly.

(e) **Ownership**: The Holder of any Note or Coupon shall (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing thereon or, in the case of Registered Notes, on the Note Certificate relating thereto (other than the endorsed form of transfer) or any notice of any previous loss or theft thereof) and no Person shall be liable for so treating such Holder. No person shall have any right to enforce any term or condition of any Note under the Contracts (Rights of Third Parties) Act 1999.

(f) **Transfers of Registered Notes**: Subject to paragraphs (i) (*Closed periods*) and (j) (*Regulations concerning transfers and registration*) below, a Registered Note may be transferred upon surrender of the relevant Note Certificate, with the endorsed form of transfer duly completed, at the Specified Office of the relevant Registrar or any Transfer Agent, together with such evidence as the relevant Registrar or (as the case may be) such Transfer Agent may reasonably require to prove the title of the transferor and the authority of the individuals who have executed the form of transfer; provided, however, that a Registered Note may not be transferred unless the principal amount of Registered Notes transferred and (where not all of the Registered Notes held by a Holder are being transferred) the principal amount of the balance of Registered Notes not transferred are Specified Denominations. Where not all the Registered Notes represented by the surrendered Note Certificate are the subject of the transfer, a new Note Certificate in respect of the balance of the Registered Notes will be issued to the transferor. No transfer of title to a Note will be valid unless and until entered on the Register.

(g) **Registration and delivery of Note Certificates**: Within five business days of the surrender of a Note Certificate in accordance with paragraph (f) (*Transfers of Registered Notes*) above, the relevant Registrar will register the transfer in question and deliver a new Note Certificate of a like principal amount to the Registered Notes transferred to each relevant Holder at its Specified Office or (as the case may be) the Specified Office of any Transfer Agent or (at the request and risk of any such relevant Holder) by uninsured first class mail (airmail if overseas) to the address specified for the purpose by such relevant Holder. In this paragraph, "**business day**" means a day on which commercial banks are open for general business (including dealings in foreign currencies) in the city where the relevant Registrar or (as the case may be) the relevant Transfer Agent has its Specified Office.

(h) **No charge**: The transfer of a Registered Note will be effected without charge by or on behalf of the Issuer or the relevant Registrar or any Transfer Agent but against such indemnity as the relevant Registrar or (as the case may be) such Transfer Agent may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such transfer.

(i) **Closed periods**: Noteholders may not require transfers to be registered during the period of 15 days ending on the due date for any payment of principal or interest in respect of the Registered Notes.

(j) **Regulations concerning transfers and registration**: All transfers of Registered Notes and entries on the Register are subject to the detailed regulations concerning the transfer of Registered Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer with the prior written approval of the relevant Registrar. A copy of the current regulations will be made available for inspection by the relevant Registrar to any Noteholder upon prior written request and satisfactory proof of holding.

4 Status of the Notes

The Notes constitute direct, unconditional, unsecured and (subject to Condition 5(a) below) unsecured obligations of the Issuer which will at all times rank *pari passu* among themselves and at least *pari passu* and without any preference or priority with all other present and future unsecured obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

5 Covenants

(a) **Negative Pledge**: So long as any Note remains outstanding (as defined in the Trust Deed), the Issuer shall not, and the Issuer shall procure that none of its Subsidiaries will, create or permit to subsist any mortgage, lien, pledge, charge or other similar security interest analogous to any of the foregoing under the laws of any jurisdiction upon the whole or any part of its present or future assets or revenues to secure any Relevant Indebtedness without (a) at the same time or prior thereto securing the Notes equally and rateably therewith to the satisfaction of the Trustee or (b) providing such other security for the Notes as the Trustee may in its absolute discretion consider to be not materially less beneficial to the interests of the Noteholders or as may be approved by an Extraordinary Resolution of Noteholders.

(b) **Financial Statements, etc.**: For so long as any Note remains outstanding, the Issuer will furnish the Trustee with:

(i) a Compliance Certificate (on which the Trustee may rely as to such compliance without liability to any Noteholder) at the time of despatch to the Trustee of the Audited Financial Reports;

(ii) as soon as they are available, but in any event within 180 days after the end of each Relevant Period, copies of the Audited Financial Reports audited by a member firm of independent auditors; and

(iii) as soon as they are available, but in any event within 150 days after the end of each Relevant Period, copies of the Unaudited Financial Reports prepared on a basis consistent with the Audited Financial Reports.

(c) **Information Report to NDRC**: Where the Circular 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 Circular**") issued by the NDRC and which came into effect on 14 September 2015 and any implementation rules as issued by the NDRC from time to time applies, for the benefit of the relevant Series or Tranche of Notes to be issued in accordance with these Conditions and the Trust Deed, the Issuer undertakes to:

(i) file or cause to be filed with the NDRC the requisite information and documents within the prescribed time frame after the relevant Issue Date in accordance with the NDRC Circular, and any implementation rules as issued by the NDRC from time to time (the "**NDRC Post-issue Filing**"); and

(ii) within 10 China Business Days after submission of such NDRC Post-issue Filing set out in Condition 5(c)(i), provide the Trustee with a certificate signed by an authorised signatory of the Issuer confirming the submission of the NDRC Post-issue Filing and provide the Trustee with a notice substantially in the form set out in the Trust Deed confirming the due filing of the NDRC Post-issue Filing for dissemination to the Noteholders in accordance with Condition 20 by the Principal Paying Agent on behalf of the Issuer.

The Trustee shall have no obligation to monitor or ensure the completion of the NDRC Post-issue Filing on or before the deadline referred to above or to verify the accuracy, validity and/or genuineness of any documents in relation to or in connection with the NDRC Post-issue Filing, and shall not be liable to Noteholders or any other person for not doing so.

6 Fixed Rate Note Provisions

(a) **Application**: This Condition 6 (*Fixed Rate Note Provisions*) is applicable to the Notes only if the Fixed Rate Note Provisions are specified in the relevant Pricing Supplement as being applicable.

(b) **Accrual of interest**: The Notes bear interest from the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 10 (*Payments – Bearer Notes*) and Condition 11 (*Payments – Registered Notes*). Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 6 (as well after as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Principal Paying Agent or the Trustee has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

(c) **Fixed Coupon Amount**: The amount of interest payable in respect of each Note for any Interest Period shall be the relevant Fixed Coupon Amount and, if the Notes are in more than one Specified

Denomination, shall be the relevant Fixed Coupon Amount in respect of the relevant Specified Denomination.

(d) **Calculation of interest amount**: The amount of interest payable in respect of each Note for any period for which a Fixed Coupon Amount is not specified shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of such Note divided by the Calculation Amount. For this purpose a "sub-unit" means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.

(e) **Notes accruing interest otherwise than a Fixed Coupon Amount**: This Condition 6(e) shall apply to Notes which are Fixed Rate Notes only where the Pricing Supplement for such Notes specify that the Interest Payment Dates are subject to adjustment in accordance with the Business Day Convention specified therein. The relevant amount of interest payable in respect of each Note for any Interest Period for such Notes shall be calculated by the Calculation Agent by multiplying the product of the Rate of Interest and the Calculation Amount by the relevant Day Count Fraction and rounding the resultant figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards). The Calculation Agent shall cause the relevant amount of interest and the relevant Interest Payment Date to be notified to the Issuer, the Paying Agents, the relevant Registrar (in the case of Registered Notes) and the Noteholders in accordance with Condition 20 (*Notices*) as soon as possible after their determination or calculation but in no event later than the fourth Business Day thereafter. If the Notes are listed on a stock exchange and the rules of such exchange so require, the Issuer shall cause the relevant amount of interest and the relevant Interest Payment Date to be notified to such exchange as soon as possible after their determination or calculation but in no event later than the fifth Business Day thereafter or, if earlier, the time required by the rules of the relevant stock exchange.

7 Floating Rate Note Provisions

(a) **Application**: This Condition 7 (*Floating Rate Note Provisions*) is applicable to the Notes only if the Floating Rate Note Provisions are specified in the relevant Pricing Supplement as being applicable.

(b) **Accrual of interest**: The Notes bear interest from the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 10 (*Payments – Bearer Notes*) and Condition 11 (*Payments – Registered Notes*). Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition (as well after as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Principal Paying Agent or the Trustee has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

(c) **Screen Rate Determination**: If Screen Rate Determination is specified in the relevant Pricing Supplement as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be determined by the Calculation Agent on the following basis:

(i) if the Reference Rate is a composite quotation or customarily supplied by one entity, the Calculation Agent will determine the Reference Rate which appears on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;

(ii) if Linear Interpolation is specified as applicable in respect of an Interest Period in the relevant Pricing Supplement, the Rate of Interest for such Interest Period shall be calculated by the Calculation Agent by straight-line linear interpolation by reference to two rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date, where:

(A) one rate shall be determined as if the relevant Interest Period were the period of time for which rates are available next shorter than the length of the relevant Interest Period; and

(B) the other rate shall be determined as if the relevant Interest Period were the period of time for which rates are available next longer than the length of the relevant Interest Period;

provided, however, that if no rate is available for a period of time next shorter or, as the case may be, next longer than the length of the relevant Interest Period, then the Calculation Agent shall determine such rate at such time and by reference to such sources as it determines appropriate;

(iii) in any other case, the Calculation Agent will determine the arithmetic mean of the Reference Rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;

(iv) if, in the case of (i) above, such rate does not appear on that page or, in the case of (iii) above, fewer than two such rates appear on that page or if, in either case, the Relevant Screen Page is unavailable:

(A) the Issuer will request the principal Relevant Financial Centre office of each of the Reference Banks to provide a quotation of the Reference Rate at approximately the Relevant Time on the Interest Determination Date to prime banks in the Relevant Financial Centre interbank market in an amount that is representative for a single transaction in that market at that time and the Issuer shall provide such quotations in writing to the Calculation Agent; and

(B) the Calculation Agent shall determine the arithmetic mean of such quotations; and

(v) if fewer than two such quotations are provided as requested, the Calculation Agent will determine the arithmetic mean of the rates (being the nearest to the Reference Rate, as determined by the Calculation Agent) quoted by major banks in the Principal Financial Centre of the Specified Currency, selected by the Issuer, at approximately 11.00 a.m. (local time in the Principal Financial Centre of the Specified Currency) on the first day of the relevant Interest Period for loans in the Specified Currency to leading international banks for a period equal to the relevant Interest Period and in an amount that is representative for a single transaction in that market at that time,

and the Rate of Interest for such Interest Period shall be the sum of the Margin and the rate or (as the case may be) the arithmetic mean so determined; provided, however, that if the Calculation Agent is unable to determine a rate or (as the case may be) an arithmetic mean in accordance with the above provisions in relation to any Interest Period, the Rate of Interest applicable to the Notes during such Interest Period will be the sum of the Margin and the rate or (as the case may be) the arithmetic mean last determined in relation to the Notes in respect of a preceding Interest Period.

(d) **ISDA Determination**: If ISDA Determination is specified in the relevant Pricing Supplement as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be the sum of the Margin and the relevant ISDA Rate where "ISDA Rate" in relation to any Interest Period means a rate equal to the Floating Rate (as defined in the ISDA Definitions) that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent were acting as Calculation Agent for that interest rate swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

(i) the Floating Rate Option (as defined in the ISDA Definitions) is as specified in the relevant Pricing Supplement;

(ii) the Designated Maturity (as defined in the ISDA Definitions) is a period specified in the relevant Pricing Supplement;

(iii) the relevant Reset Date (as defined in the ISDA Definitions) is either (A) if the relevant Floating Rate Option is based on LIBOR for a currency, the first day of that Interest Period or (B) in any other case, as specified in the relevant Pricing Supplement; and

(iv) if Linear Interpolation is specified as applicable in respect of an Interest Period in the relevant Pricing Supplement, the Rate of Interest for such Interest Period shall be calculated by the Calculation Agent by straight-line linear interpolation by reference to two rates based on the relevant Floating Rate Option, where:

(A) one rate shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period; and

(B) the other rate shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period,

provided, however, that if there is no rate available for a period of time next shorter than the length of the relevant Interest Period or, as the case may be, next longer than the length of the relevant Interest Period, then the Calculation Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.

(e) **Maximum or Minimum Rate of Interest**: If any Maximum Rate of Interest or Minimum Rate of Interest is specified in the relevant Pricing Supplement, then the Rate of Interest shall in no event be greater than the maximum or be less than the minimum so specified. If the relevant Pricing Supplement does not specify any Minimum Rate of Interest or the Rate of Interest as determined by the Calculation Agent according to this Condition 7 is a negative value, the Rate of Interest shall be zero per cent. per annum.

(f) **Calculation of Other Amounts**: If the relevant Pricing Supplement specifies that any other amount is to be calculated by the Calculation Agent, the Calculation Agent will, as soon as practicable after the time or times at which any such amount is to be determined, calculate the relevant amount. The relevant amount will be calculated by the Calculation Agent in the manner specified in the Pricing Supplement.

(g) **Calculation of Interest Amount**: The Calculation Agent will, as soon as practicable after the time at which the Rate of Interest is to be determined in relation to each Interest Period, calculate the Interest Amount payable in respect of each Note for such Interest Period. The Interest Amount will be calculated by applying the Rate of Interest for such Interest Period to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of the relevant Note divided by the Calculation Amount. For this purpose a "**sub-unit**" means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.

(h) **Publication**: The Calculation Agent will cause each Rate of Interest and Interest Amount determined by it, together with the relevant Interest Payment Date, and any other amount(s) required to be determined by it together with any relevant payment date(s) to be notified to the Paying Agents and the Trustee as soon as practicable after such determination but (in the case of each Rate of Interest, Interest Amount and Interest Payment Date) in any event not later than the first day of the relevant Interest Period. Notice thereof shall also promptly be given by the Issuer to the Noteholders and each competent authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation. The Calculation Agent will be entitled to recalculate any Interest Amount (on the basis of the foregoing provisions) without notice in the event of an extension or shortening of the relevant Interest Period. If the Calculation Amount is less than the minimum Specified Denomination the Calculation Agent shall not be obliged to publish each Interest Amount but instead may publish only the Calculation Amount and the Interest Amount in respect of a Note having the minimum Specified Denomination.

(i) **Notifications etc**: All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition by the Calculation Agent will (in the absence of manifest error) be binding on the Issuer, the Paying Agents, the Noteholders and the Couponholders and (subject as aforesaid) no liability to any such Person will attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

8 Zero Coupon Note Provisions

(a) **Application**: This Condition 8 (*Zero Coupon Note Provisions*) is applicable to the Notes only if the Zero Coupon Note Provisions are specified in the relevant Pricing Supplement as being applicable.

(b) **Late payment on Zero Coupon Notes**: If the Redemption Amount payable in respect of any Zero Coupon Note is improperly withheld or refused, the Redemption Amount shall thereafter be an amount equal to the sum of:

(i) the Reference Price; and

(ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price on the basis of the relevant Day Count Fraction from (and including) the Issue Date to (but excluding) whichever is the earlier of (A) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (B) the day which is seven days after the Principal Paying Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

9 Redemption and Purchase

(a) **Scheduled redemption**: Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their Final Redemption Amount on the Maturity Date, subject as provided in Condition 10 (*Payments – Bearer Notes*) and Condition 11 (*Payments – Registered Notes*).

(b) **Redemption for tax reasons**: The Notes may be redeemed at the option of the Issuer in whole, but not in part:

(i) at any time (unless the Floating Rate Note Provisions are specified in the relevant Pricing Supplement as being applicable); or

(ii) on any Interest Payment Date (if the Floating Rate Note Provisions are specified in the relevant Pricing Supplement as being applicable), on the Issuer's giving not less than 30 nor more than 60 days' notice to the Noteholders, or such other period(s) as may be specified in the relevant Pricing Supplement, (which notice shall be irrevocable), at their Early Redemption Amount (Tax), together with interest accrued (if any) to the date fixed for redemption, if, immediately before giving such notice, the Issuer satisfies the Trustee that:

(A) the Issuer has or will become obliged to pay Additional Amounts (as defined in Condition 12 (*Taxation*)) as provided or referred to in Condition 12 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of Hong Kong or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after the date of issue of the first Tranche of the Notes; and

(B) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

provided, however, that no such notice of redemption shall be given earlier than:

(1) where the Notes may be redeemed at any time, 90 days (or such other period as may be specified in the relevant Pricing Supplement) prior to the earliest date on which the Issuer would be obliged to pay such Additional Amounts if a payment in respect of the Notes were then due; or

(2) where the Notes may be redeemed only on an Interest Payment Date, 60 days (or such other period as may be specified in the relevant Pricing Supplement) prior to the Interest Payment Date occurring immediately before the earliest date on which the Issuer would be obliged to pay such Additional Amounts if a payment in respect of the Notes were then due.

Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver or procure that there is delivered to the Trustee (x) a certificate signed by an Authorised Signatory (as defined in the Trust Deed) of the Issuer stating that the Issuer is entitled to effect such redemption and that the requirement referred to in (A) above cannot be avoided by the Issuer taking reasonable measures available to it and (y) an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such Additional Amounts as a result of such change or amendment.

The Trustee shall be entitled to accept and rely upon such certificate and opinion (without further investigation or enquiry) as sufficient evidence of the satisfaction of the circumstances set out above, in which event they shall be conclusive and binding on the Noteholders.

Upon the expiry of any such notice as is referred to in this Condition 9(b), the Issuer shall be bound to redeem the Notes in accordance with this Condition 9(b).

(c) **Redemption for Change of Control**: At any time following the occurrence of a Change of Control, the holder of any Note will have the right, at such holder's option, to require the Issuer to redeem all, but not some only, of that holder's Notes on the Change of Control Put Date at a price equal to the Early Redemption Amount (Change of Control), together with interest accrued (if any) to the Change of Control Put Date. To exercise such right, the holder of the relevant Note must deposit at the specified office of any Paying Agent a duly completed and signed notice of redemption, in the form for the time being current, obtainable from the specified office of any Paying Agent (a "**Change of Control Put Exercise Notice**"), together with a certificate evidencing the Notes to be redeemed, by not later than 30 days following a Change of Control, or, if later, 30 days following the date upon which notice thereof is given to Noteholders by the Issuer in accordance with Condition 20 (*Notices*). The "**Change of Control**

Put Date" shall be the fourteenth day after the expiry of such period of 30 days as referred to above in this Condition 9(c).

A Change of Control Put Exercise Notice, once delivered, shall be irrevocable and the Issuer shall redeem the Notes which are the subject of Change of Control Put Exercise Notices delivered as aforesaid on the Change of Control Put Date.

The Issuer shall give notice to Noteholders (in accordance with Condition 20 (Notices)) and the Trustee and the Principal Paying Agent by not later than 14 days following the first day on which it becomes aware of the occurrence of a Change of Control, which notice shall specify the procedure for exercise by holders of their rights to require redemption of the Notes pursuant to this Condition 9(c).

Neither the Trustee nor the Agents shall be required to monitor whether a Change of Control or any event which could lead to the occurrence of a Change of Control has occurred and shall not be liable to Noteholders or any other person for not doing so.

(d) **Redemption at the option of the Issuer**: If the Call Option is specified in the relevant Pricing Supplement as being applicable, the Notes may be redeemed at the option of the Issuer in whole or, if so specified in the relevant Pricing Supplement, in part on any Optional Redemption Date (Call) at the relevant Optional Redemption Amount (Call) on the Issuer's giving not less than 30 nor more than 60 days' notice to the Noteholders, or such other period(s) as may be specified in the relevant Pricing Supplement (which notice shall be irrevocable and shall oblige the Issuer to redeem the Notes or, as the case may be, the Notes specified in such notice on the relevant Optional Redemption Date (Call) at the Optional Redemption Amount (Call) plus accrued interest (if any) to such date).

(e) **Partial redemption**: If the Notes are to be redeemed in part only on any date in accordance with Condition 9(d) (*Redemption at the option of the Issuer*), in the case of Bearer Notes, the Notes to be redeemed shall be selected by the drawing of lots in such place as the Trustee approves and in such manner as the Trustee considers appropriate, subject to compliance with applicable law, the rules of each competent authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation and the notice to Noteholders referred to in Condition 9(d) (*Redemption at the option of the Issuer*) shall specify the serial numbers of the Notes so to be redeemed, and, in the case of Registered Notes, each Note shall be redeemed in part in the proportion which the aggregate principal amount of the outstanding Notes to be redeemed on the relevant Optional Redemption Date (Call) bears to the aggregate principal amount of outstanding Notes on such date. If any Maximum Redemption Amount or Minimum Redemption Amount is specified in the relevant Pricing Supplement, then the Optional Redemption Amount (Call) shall in no event be greater than the maximum or be less than the minimum so specified.

(f) **Redemption at the option of Noteholders**: If the Put Option is specified in the relevant Pricing Supplement as being applicable, the Issuer shall, at the option of the Holder of any Note redeem such Note on the Optional Redemption Date (Put) specified in the relevant Put Option Notice at the relevant Optional Redemption Amount (Put) together with interest (if any) accrued to such date. In order to exercise the option contained in this Condition 9(f), the Holder of a Note must, not less than 30 nor more than 60 days before the relevant Optional Redemption Date (Put) (or such other period(s) as may be specified in the relevant Pricing Supplement), deposit with any Paying Agent such Note together with all unmatured Coupons relating thereto and a duly completed Put Option Notice in the form obtainable from any Paying Agent. The Paying Agent with which a Note is so deposited shall deliver a duly completed Put Option Receipt to the depositing Noteholder. No Note, once deposited with a duly completed Put Option Notice in accordance with this Condition 9(f), may be withdrawn; provided, however, that if, prior to the relevant Optional Redemption Date (Put), any such Note becomes immediately due and payable or, upon due presentation of any such Note on the relevant Optional Redemption Date (Put), payment of the redemption moneys is improperly withheld or refused, the relevant Paying Agent shall mail notification thereof to the depositing Noteholder at such address as may have been given by such Noteholder in the relevant Put Option Notice and shall hold such Note at its Specified Office for collection by the depositing Noteholder against surrender of the relevant Put Option Receipt. For so long as any outstanding Note is held by a Paying Agent in accordance with this Condition 9(f), the depositor of such Note and not such Paying Agent shall be deemed to be the Holder of such Note for all purposes.

(g) **No other redemption**: The Issuer shall not be entitled to redeem the Notes and shall have no obligation to make any payment of principal in respect of the Notes otherwise than as provided in paragraphs (a) to (f) above.

(h) **Early redemption of Zero Coupon Notes**: Unless otherwise specified in the relevant Pricing Supplement, the Redemption Amount payable on redemption of a Zero Coupon Note at any time before the Maturity Date shall be an amount equal to the sum of:

(i) the Reference Price; and

(ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date to (but excluding) the date fixed for redemption or (as the case may be) the date upon which the Note becomes due and payable.

Where such calculation is to be made for a period which is not a whole number of years, the calculation in respect of the period of less than a full year shall be made on the basis of such Day Count Fraction as may be specified in the Pricing Supplement for the purposes of this Condition 9(h) or, if none is so specified, a Day Count Fraction of 30E/360.

(i) **Purchase**: The Issuer or any of its Subsidiaries may at any time purchase Notes in the open market or otherwise and at any price, provided that all unmatured Coupons are purchased therewith.

(j) **Cancellation**: All Notes so redeemed or purchased by the Issuer or any of its Subsidiaries and any unmatured Coupons attached to or surrendered with them shall be cancelled and may not be reissued or resold.

10 Payments – Bearer Notes

This Condition 10 is only applicable to Bearer Notes.

(a) **Principal**: Payments of principal shall be made only against presentation and (provided that payment is made in full) surrender of Bearer Notes at the Specified Office of any Paying Agent outside the United States (i) in the case of a currency other than Renminbi by transfer to an account denominated in the currency in which payment is due (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency, and (ii) in the case of Renminbi, by transfer to an account denominated in Renminbi and maintained by the payee with a bank in Hong Kong.

(b) **Interest**: Payments of interest shall, subject to paragraph (h) below, be made only against presentation and (provided that payment is made in full) surrender of the appropriate Coupons at the Specified Office of any Paying Agent outside the United States in the manner described in paragraph (a) above.

Payments of principal and interest in respect of Bearer Notes held in the CMU will be made to the person(s) for whose account(s) interests in the relevant Bearer Note are credited as being held with the CMU in accordance with the CMU Rules (as defined in the Agency Agreement) at the relevant time.

(c) **Payments in New York City**: Payments of principal or interest may be made at the Specified Office of a Paying Agent in New York City if (i) the Issuer has appointed Paying Agents outside the United States with the reasonable expectation that such Paying Agents will be able to make payment of the full amount of the interest on the Notes in the currency in which the payment is due when due, (ii) payment of the full amount of such interest at the offices of all such Paying Agents is illegal or effectively precluded by exchange controls or other similar restrictions and (iii) payment is permitted by applicable United States law.

(d) **Payments subject to fiscal laws**: All payments in respect of the Bearer Notes are subject in all cases to (i) any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 12 (*Taxation*) and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 12 (*Taxation*)) any law implementing an intergovernmental approach thereto.

(e) No commissions or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

(f) **Deductions for unmatured Coupons**: If the relevant Pricing Supplement specifies that the Fixed Rate Note Provisions are applicable and a Bearer Note is presented without all unmatured Coupons relating thereto:

(i) if the aggregate amount of the missing Coupons is less than or equal to the amount of principal due for payment, a sum equal to the aggregate amount of the missing Coupons will be deducted from the amount of principal due for payment; provided, however, that if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of such missing Coupons which the gross amount actually available for payment bears to the amount of principal due for payment;

(ii) if the aggregate amount of the missing Coupons is greater than the amount of principal due for payment:

(A) so many of such missing Coupons shall become void (in inverse order of maturity) as will result in the aggregate amount of the remainder of such missing Coupons (the "**Relevant Coupons**") being equal to the amount of principal due for payment; provided, however, that where this sub-paragraph would otherwise require a fraction of a missing Coupon to become void, such missing Coupon shall become void in its entirety; and

(B) a sum equal to the aggregate amount of the Relevant Coupons (or, if less, the amount of principal due for payment) will be deducted from the amount of principal due for payment; provided, however, that, if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of the Relevant Coupons (or, as the case may be, the amount of principal due for payment) which the gross amount actually available for payment bears to the amount of principal due for payment.

Each sum of principal so deducted shall be paid in the manner provided in paragraph (a) above against presentation and (provided that payment is made in full) surrender of the relevant missing Coupons.

(g) **Unmatured Coupons void**: If the relevant Pricing Supplement specifies that this Condition 10(g) is applicable or that the Floating Rate Note Provisions are applicable, on the due date for final redemption of any Note or early redemption in whole of such Note pursuant to Condition 9(b) (*Redemption for tax reasons*), Condition 9(c) (*Redemption for Change of Control*), Condition 9(f) (*Redemption at the option of Noteholders*), Condition 9(d) (*Redemption at the option of the Issuer*) or Condition 13 (*Events of Default*), all unmatured Coupons relating thereto (whether or not still attached) shall become void and no payment will be made in respect thereof.

(h) **Payments on business days**: If the due date for payment of any amount in respect of any Bearer Note or Coupon is not a Payment Business Day in the place of presentation, the Holder shall not be entitled to payment in such place of the amount due until the next succeeding Payment Business Day in such place and shall not be entitled to any further interest or other payment in respect of any such delay.

(i) **Payments other than in respect of matured Coupons**: Payments of interest other than in respect of matured Coupons shall be made only against presentation of the relevant Bearer Notes at the Specified Office of any Paying Agent outside the United States (or in New York City if permitted by paragraph (c) above).

(j) **Partial payments**: If a Paying Agent makes a partial payment in respect of any Bearer Note or Coupon presented to it for payment, such Paying Agent will endorse thereon a statement indicating the amount and date of such payment.

(k) **Exchange of Talons**: On or after the maturity date of the final Coupon which is (or was at the time of issue) part of a Coupon Sheet relating to the Bearer Notes, the Talon forming part of such Coupon Sheet may be exchanged at the Specified Office of the Principal Paying Agent for a further Coupon Sheet (including, if appropriate, a further Talon but excluding any Coupons in respect of which claims have already become void pursuant to Condition 14 (*Prescription*)). Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note shall become void and no Coupon will be delivered in respect of such Talon.

11 Payments – Registered Notes

This Condition 11 is only applicable to Registered Notes.

(a) **Principal**: Payments of principal shall be made:

(i) in the case of a currency other than Renminbi, by transfer to an account denominated in the currency in which payment is due (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency; and

(ii) in the case of Renminbi, by transfer to an account denominated in Renminbi and maintained by the payee with a bank in Hong Kong,

and (in the case of redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Note Certificates at the Specified Office of any Paying Agent.

(b) **Interest**: Payments of interest shall be made:

(i) in the case of a currency other than Renminbi, by transfer to an account denominated in the currency in which payment is due (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency; and

(ii) in the case of Renminbi, by transfer to an account denominated in Renminbi and maintained by the payee with a bank in Hong Kong,

and (in the case of interest payable on redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Note Certificates at the Specified Office of any Paying Agent.

Payments of principal and interest in respect of Registered Notes held in the CMU will be made to the person(s) for whose account(s) interest in the relevant Registered Note are credited as being held with the CMU in accordance with the CMU Rules at the relevant time.

(c) **Payments subject to fiscal laws**: All payments in respect of the Registered Notes are subject in all cases to (i) any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 12 (*Taxation*) and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 12 (*Taxation*)) any law implementing an intergovernmental approach thereto. No commissions or expenses shall be charged to the Noteholders in respect of such payments.

(d) **Payments on business days**: Where payment is to be made by transfer to an account, payment instructions (for value the due date, or, if the due date is not a Payment Business Day, for value the next succeeding Payment Business Day) will be initiated (i) (in the case of payments of principal and interest payable on redemption) on the later of the due date for payment and the day on which the relevant Note Certificate is surrendered (or, in the case of part payment only, endorsed) at the Specified Office of a Paying Agent and (ii) (in the case of payments of interest payable other than on redemption) on the due date for payment. A Holder of a Registered Note shall not be entitled to any interest or other payment in respect of any delay in payment resulting from the due date for a payment not being a Payment Business Day.

(e) **Partial payments**: If a Paying Agent makes a partial payment in respect of any Registered Note, the Issuer shall procure that the amount and date of such payment are noted on the Register and, in the case of partial payment upon presentation of a Note Certificate, that a statement indicating the amount and the date of such payment is endorsed on the relevant Note Certificate.

(f) **Record date**: Each payment in respect of a Registered Note will be made to the person shown as the Holder in the Register at the close of business in the place of the relevant Registrar's Specified Office on the fifteenth day before the due date for such payment (the "**Record Date**").

So long as the Note Certificate is held on behalf of Euroclear, Clearstream or any other clearing system (other than the CMU), each payment in respect of the Note Certificate will be made to the person shown as the holder in the Register at the close of business of the relevant clearing system on the Clearing System Business Day before the due date for such payments, where "Clearing System Business Day" means a weekday (Monday to Friday, inclusive) except 25 December and 1 January.

So long as the Note Certificate is held through the CMU, any payments of principal, interest (if any) or any other amounts shall be made to the person(s) for whose account(s) interests in the Note Certificate are credited (as set out in the records of the CMU) at the close of business on the Clearing System

Business Day immediately prior to the date for payment, where "Clearing System Business Day" means a day on which the CMU is operating and open for business.

12 Taxation

(a) **Gross up**: All payments of principal and interest in respect of the Notes and the Coupons by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of Hong Kong or any political subdivision therein or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments, or governmental charges is required by law. In that event, the Issuer shall pay such additional amounts (the "**Additional Amounts**") as will result in receipt by the Noteholders and the Couponholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required, except that no such Additional Amounts shall be payable in respect of any Note or Coupon:

(i) held by or on behalf of a Holder which is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of its having some connection with the jurisdiction by which such taxes, duties, assessments or charges have been imposed, levied, collected, withheld or assessed other than the mere holding of the Note or Coupon; or

(ii) where the relevant Note or Coupon or Note Certificate is presented or surrendered for payment more than 30 days after the Relevant Date except to the extent that the Holder of such Note or Coupon would have been entitled to such Additional Amounts on presenting or surrendering such Note or Coupon or Note Certificate for payment on the last day of such period of 30 days; or

(iii) presented for payment by, or on behalf of a holder who would be able to avoid such withholding or deduction by making a declaration or any other statement including, but not limited to, a declaration of residence or non-residence, but fails to do so.

(b) **Taxing jurisdiction**: If the Issuer becomes subject at any time to any taxing jurisdiction other than Hong Kong, references in these Conditions to Hong Kong shall be construed as references to Hong Kong and/or such other jurisdiction.

(c) **Trustee and Agents**: Neither the Trustee nor any Agent shall be responsible for paying any tax, duty, charges, withholding or other payment referred to in this Condition 12 or for determining whether such amounts are payable or the amount thereof, and none of them shall be responsible or liable for any failure by the Issuer, any Noteholder or any third party to pay such tax, duty, charges, withholding or other payment in any jurisdiction or to provide any notice or information to the Trustee or any Agent that would permit, enable or facilitate the payment of any principal, premium (if any), interest or other amount under or in respect of the Notes without deduction or withholding for or on account of any tax, duty, charge, withholding or other payment imposed by or in any jurisdiction.

13 Events of Default

If any of the following events (each, an "**Event of Default**") occurs and is continuing, then the Trustee at its discretion may and, if so requested in writing by Holders of at least one quarter of the aggregate principal amount of the outstanding Notes or if so directed by an Extraordinary Resolution, shall (subject to the Trustee having been indemnified and/or pre-funded and/or provided with security to its satisfaction) give written notice to the Issuer declaring the Notes to be immediately due and payable, whereupon they shall become immediately due and payable at their Early Termination Amount together with accrued interest (if any) without further action or formality:

(a) **Non-payment**: the Issuer fails to pay any amount of principal in respect of the Notes on the due date for payment thereof and such default continues for a period of 7 days or fails to pay any amount of interest in respect of the Notes on the due date for payment thereof and such default continues for a period of 14 days; or

(b) **Breach of other obligations**: the Issuer defaults in the performance or observance of any of its other obligations under or in respect of the Notes (other than any obligation for payment of any principal or interest in respect of the Notes) and such default (i) is, in the opinion of the Trustee, incapable of remedy or (ii) being a default which is, in the opinion of the Trustee, capable of remedy, remains unremedied for 45 days after the Trustee has given written notice thereof to the Issuer and requesting the same to be remedied; or

(c) **Cross-acceleration of Issuer or Principal Subsidiary**:

(i) any Indebtedness for Borrowed Money of the Issuer or any of its Principal Subsidiaries is not paid when due or (as the case may be) within any originally applicable grace period;

(ii) any such Indebtedness for Borrowed Money of the Issuer or a Principal Subsidiary becomes due and payable prior to its stated maturity otherwise than (x) as a result of a failure by the Issuer or the relevant Principal Subsidiary to make payment when due or within any originally applicable grace period or (y) at the option of the Issuer or (as the case may be) the relevant Principal Subsidiary or (provided that no event of default, howsoever described, has occurred) any Person entitled to such Indebtedness for Borrowed Money; or

(iii) the Issuer or any of its Principal Subsidiaries fails to pay when due any amount payable by it under any guarantee of any Indebtedness for Borrowed Money (as extended by any originally applicable grace period),

provided that no such event shall constitute an Event of Default unless the amount of Indebtedness for Borrowed Money referred to in sub-paragraph (i) and/or sub-paragraph (ii) above and/or the amount payable under any guarantee referred to in sub-paragraph (iii) above, individually or in the aggregate, exceeds U.S.$25,000,000 (or its equivalent in any other currency or currencies); or

(d) **Unsatisfied judgment**: one or more final judgment(s) of a court of competent jurisdiction for the payment of any amount which individually or in the aggregate exceeds U.S.$25,000,000 (or its equivalent in foreign currencies) is rendered against the Issuer or any of its Subsidiaries within 30 days from the receipt of notice that such final judgment has been entered against it or an execution is levied on or enforced upon or sued out in pursuance of any judgment against the assets or property of the Issuer or the relevant Subsidiary; or

(e) **Security enforced**: a secured party takes possession, or a receiver, manager or other similar officer is appointed, of the whole or a substantial part of the undertaking, assets and revenues of the Group and is not discharged within 60 days; or

(f) **Insolvency etc**: (i) the Issuer or any of its Principal Subsidiaries becomes insolvent or is unable to pay its debts as they fall due, (ii) an administrator or liquidator is appointed (or application for any such appointment is made where such application is not revoked, discharged or dismissed within 60 days of such application) in respect of the Issuer or any of its Principal Subsidiaries or the whole or a substantial part of the undertaking, assets and revenues of the Issuer or any of its Principal Subsidiaries, (iii) the Issuer or any of its Principal Subsidiaries takes any action for a readjustment or deferment of any of its obligations (save for any such readjustment or deferment where the Issuer or the relevant Principal Subsidiary, as applicable is solvent or makes a general assignment or an arrangement or composition with or for the benefit of its creditors in respect of Indebtedness for Borrowed Money or declares a moratorium in respect of any of its Indebtedness for Borrowed Money or any guarantee of any Indebtedness for Borrowed Money given by it) or (iv) the Issuer or any of its Principal Subsidiaries ceases or threatens to cease to carry on all or any substantial part of its business (except, in the case of a Principal Subsidiary, for the purposes of a reconstruction, union, transfer, merger or amalgamation or other analogous process pursuant to which all or a substantial part of its property, assets and undertaking are transferred to the Issuer or another Subsidiary); or

(g) **Winding up etc**: an order is made by a court of competent jurisdiction or an effective resolution is passed for the winding up, liquidation or dissolution of the Issuer or any of its Principal Subsidiaries (except, in the case of a Principal Subsidiary, for the purposes of a reconstruction, union, transfer, merger or amalgamation or other analogous process pursuant to which all or a substantial part of its property, assets and undertaking are transferred to the Issuer or another Subsidiary); or

(h) **Analogous event**: any event occurs which under the laws of Hong Kong has an analogous effect to any of the events referred to in paragraphs (d) to (g) above; or

(i) **Failure to take action etc**: any action, condition or thing at any time required to be taken, fulfilled or done in order (i) to enable the Issuer lawfully to enter into, exercise its rights and perform and comply with its obligations under and in respect of the Notes or the Trust Deed, (ii) to ensure that those obligations are legal, valid, binding and enforceable and (iii) to make the Notes, the Coupons and the Trust Deed admissible in evidence in the courts of Hong Kong is not taken, fulfilled or done; or

(j) **Unlawfulness**: it is or will become unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Notes or the Trust Deed; or

(k) **Government intervention**: any step is taken by any judicial, governmental, administrative or regulatory authority with a view to the seizure, compulsory acquisition, expropriation or nationalisation of all or a substantial part of the assets of the Group.

14 Prescription

Claims for principal in respect of Bearer Notes shall become void unless the relevant Bearer Notes are presented for payment within ten years of the appropriate Relevant Date. Claims for interest in respect of Bearer Notes shall become void unless the relevant Coupons are presented for payment within five years of the appropriate Relevant Date. Claims for principal and interest on redemption in respect of Registered Notes shall become void unless the relevant Note Certificates are surrendered for payment within ten years (in the case of principal) and five years (in the case of interest) of the appropriate Relevant Date.

15 Replacement of Notes and Coupons

If any Note, Note Certificate or Coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Principal Paying Agent, in the case of Bearer Notes, or the relevant Registrar, in the case of Registered Notes (and, if the Notes are then admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent or Transfer Agent in any particular place, the Paying Agent or Transfer Agent having its Specified Office in the place required by such competent authority, stock exchange and/or quotation system), subject to all applicable laws and competent authority, stock exchange and/or quotation system requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Notes, Note Certificates or Coupons must be surrendered before replacements will be issued.

16 Trustee and Agents

Under the Trust Deed, the Trustee is entitled to be indemnified and/or secured and/or pre-funded to its satisfaction and relieved from responsibility in certain circumstances and to be paid its fees, costs and expenses in priority to the claims of the Noteholders. In addition, the Trustee is entitled to enter into business transactions with the Issuer and any entity relating to the Issuer without accounting for any profit.

In the exercise of its powers and discretions under these Conditions and the Trust Deed, the Trustee will have regard to the interests of the Noteholders as a class and will not be responsible for any consequence for individual Holders of Notes as a result of such Holders being connected in any way with a particular territory or taxing jurisdiction.

In acting under the Agency Agreement and in connection with the Notes and the Coupons, the Agents act solely as agents of the Issuer and (to the extent provided therein) the Trustee and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders or Couponholders.

The initial Agents and their initial Specified Offices are listed below. The initial Calculation Agent (if any) is specified in the relevant Pricing Supplement. The Issuer reserves the right (with the prior approval of the Trustee) at any time to vary or terminate the appointment of any Agent and to appoint a successor principal paying agent, registrar, CMU lodging and paying agent, CMU registrar or calculation agent and additional or successor paying agents; provided, however, that:

(i) the Issuer shall at all times maintain a principal paying agent and a registrar;

(ii) the Issuer shall at all times maintain a CMU lodging and paying agent in relation to Notes accepted for clearance through the CMU and (if such Notes are Registered Notes) a CMU registrar;

(iii) if a Calculation Agent is specified in the relevant Pricing Supplement, the Issuer shall at all times maintain a Calculation Agent; and

(iv) if and for so long as the Notes are admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent and/or a Transfer Agent in any particular place, the Issuer shall maintain a Paying Agent and/or a Transfer Agent having its Specified Office in the place required by such competent authority, stock exchange and/or quotation system.

Notice of any change in any of the Agents or in their Specified Offices shall promptly be given by the Issuer to the Noteholders.

17 Meetings of Noteholders; Modification and Waiver

(a) **Meetings of Noteholders**: The Trust Deed contains provisions for convening meetings of Noteholders to consider matters relating to the Notes, including the modification of any provision of these Conditions. Any such modification may be made if sanctioned by an Extraordinary Resolution. Such a meeting may be convened by the Issuer or by the Trustee and shall be convened by the Trustee upon the request in writing of Noteholders holding not less than one-tenth of the aggregate principal amount of the outstanding Notes. The quorum at any meeting convened to vote on an Extraordinary Resolution will be two or more Persons holding or representing one more than half of the aggregate principal amount of the outstanding Notes or, at any adjourned meeting, two or more Persons being or representing Noteholders whatever the principal amount of the Notes held or represented; provided, however, that Reserved Matters may only be sanctioned by an Extraordinary Resolution passed at a meeting of Noteholders at which two or more Persons holding or representing not less than three-quarters or, at any adjourned meeting, one quarter of the aggregate principal amount of the outstanding Notes form a quorum. Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders and Couponholders, whether present or not.

In addition, a resolution in writing signed by or on behalf of Noteholders holding not less than 90 per cent. of the aggregate principal amount of the then outstanding Notes who for the time being are entitled to receive notice of a meeting of Noteholders under the Trust Deed will take effect as if it were an Extraordinary Resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

(b) **Modification and waiver**: The Trustee may, without the consent of the Noteholders, agree to any modification of these Conditions or the Trust Deed (other than in respect of a Reserved Matter) which is, in the opinion of the Trustee, proper to make if, in the opinion of the Trustee, such modification will not be materially prejudicial to the interests of Noteholders and to any modification of the Notes or the Trust Deed which is of a formal, minor or technical nature or is to correct a manifest error.

In addition, the Trustee may, without the consent of the Noteholders, authorise or waive any proposed breach or breach of the Notes or the Trust Deed (other than a proposed breach or breach relating to the subject of a Reserved Matter) if, in the opinion of the Trustee, the interests of the Noteholders will not be materially prejudiced thereby.

Unless the Trustee agrees otherwise, any such authorisation, waiver or modification shall be binding on the Noteholders and shall be notified to the Noteholders by the Issuer as soon as practicable thereafter.

(c) **Directions from Noteholders**: Notwithstanding anything to the contrary, the Notes, the Trust Deed and/or the Agency Agreement, whenever the Trustee is required or entitled by the terms or the conditions of the Notes, the Trust Deed and/or the Agency Agreement to exercise any discretion or power, take any action, make any decision or give any direction or certification, the Trustee is entitled, prior to exercising any such discretion or power, taking any such action, making any such decision, or giving any such direction or certification, to seek directions from the Noteholders by way of an Extraordinary Resolution and shall have been indemnified and/or provided with security and/or pre-funded to its satisfaction against all action, proceedings, claims and demands to which it may be or become liable and all costs, charges, damages expenses (including but not limited to legal expenses) and liabilities which may be incurred by it in connection therewith, and the Trustee shall not be responsible for any loss or liability incurred as a result of any delay in it exercising such discretion or power, taking such action, making such decision or giving such direction as a result of seeking such direction or clarification of any such direction from the Noteholders or in the event that no direction or clarification of any such direction is given to the Trustee by the Noteholders.

(d) **Certificates and reports**: The Trustee may rely, without liability to Noteholders, on a report, confirmation, opinion or certificate or any advice of any lawyers, accountants, financial advisers, financial institution or any other expert, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may accept and shall be entitled to rely (without further investigation or enquiry) on any such report, confirmation, opinion or certificate or advice and such report, confirmation or certificate or advice shall be binding on the Issuer and the Noteholders.

18 Enforcement

The Trustee may at any time, at its discretion and without notice, institute such proceedings as it thinks fit to enforce its rights under the Trust Deed in respect of the Notes, but it shall not be bound to do so unless:

(i) it has been so requested in writing by the Holders of at least one quarter of the aggregate principal amount of the outstanding Notes or has been so directed by an Extraordinary Resolution; and

(ii) it has been indemnified and/or provided with security and/or pre-funded to its satisfaction.

No Noteholder shall be entitled to (a) take any steps or action against the Issuer to enforce the performance of any of the provisions of the Trust Deed or the Notes or (b) take any other proceedings (including lodging an appeal in any proceedings) in respect of or concerning the Issuer, in each case unless the Trustee, having become bound to do so, fails to do so within a reasonable time and such failure is continuing.

19 Further Issues

The Issuer may from time to time, without the consent of the Noteholders and in accordance with the Trust Deed, create and issue further notes having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest and the timing of the NDRC Post-issue Filing, if applicable) so as to form a single series with the Notes. The Issuer may from time to time create and issue other series of notes having the benefit of the Trust Deed.

20 Notices

(a) **Bearer Notes**: Notices to the Holders of Bearer Notes shall be valid if published in a leading English language daily newspaper published in Hong Kong or, if such publication is not practicable, in a leading English language daily newspaper having general circulation in Asia (which is expected to be the *Asian Wall Street Journal*). Any such notice shall be deemed to have been given on the date of first publication (or if required to be published in more than one newspaper, on the first date on which publication shall have been made in all the required newspapers). Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the Holders of Bearer Notes.

(b) **Registered Notes**: Notices to the Holders of Registered Notes shall be sent to them by first class mail (or its equivalent) or (if posted to an overseas address) by airmail at their respective addresses on the Register or, if such publication is not practicable, in a leading English language daily newspaper having general circulation in Asia (which is expected to be the Asian Wall Street Journal). Any such notice shall be deemed to have been given on the fourth day after the date of mailing.

*So long as the Notes are represented by a Note in global form (a "**Global Note**") or a Note Certificate and such Global Note or Note Certificate is held on behalf of (i) Euroclear or Clearstream or any other clearing system (except as provided in (ii) below), notices to the holders of Notes of that Series may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the Conditions, or (ii) the CMU, notices to the holders of Notes of that Series may be given by delivery of the relevant notice to the Persons shown in a CMU Issue Position Report issued by the Hong Kong Monetary Authority on the business day preceding the date of despatch of such notice. Any such notice shall be deemed to have been given to the holders of the Notes on the second day after the day on which the said notice was given to Euroclear, Clearstream, the CMU and/or the alternative clearing system, as the case may be.*

21 Rounding

For the purposes of any calculations referred to in these Conditions (unless otherwise specified in these Conditions or the relevant Pricing Supplement), (a) all percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 per cent. being rounded up to 0.00001 per cent.), (b) all United States dollar amounts used in or resulting from such calculations will be rounded to the nearest cent (with one half cent being rounded up), (c) all Japanese Yen amounts used in or resulting from such calculations will be rounded downwards to the next lower whole

Japanese Yen amount, and (d) all amounts denominated in any other currency used in or resulting from such calculations will be rounded to the nearest two decimal places in such currency, with 0.005 being rounded upwards.

22 Governing Law and Jurisdiction

(a) **Governing law**: The Notes and the Trust Deed and all non-contractual obligations arising out of or in connection with the Notes and the Trust Deed are governed by English law.

(b) **Jurisdiction**: The Issuer has (i) agreed that the courts of Hong Kong shall have exclusive jurisdiction to settle any dispute (a "**Dispute**") arising out of or in connection with the Notes; (ii) agreed that those courts are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue that any other courts are more appropriate or convenient; (iii) consented to the enforcement of any judgment; and (iv) to the extent that it may in any jurisdiction claim for itself or its assets immunity from suit, execution, attachment (whether in aid of execution, before judgment or otherwise) or other legal process, and to the extent that in any such jurisdiction there may be attributed to itself or its assets or revenues such immunity (whether or not claimed), agreed not to claim and irrevocably waived such immunity to the full extent permitted by the laws of such jurisdiction. The Trust Deed also states that nothing contained in the Trust Deed prevents the Trustee or any of the Noteholders from taking proceedings relating to a Dispute ("**Proceedings**") in any other courts with jurisdiction and that, to the extent allowed by law, the Trustee or any of the Noteholders may take concurrent Proceedings in any number of jurisdictions.

FORM OF PRICING SUPPLEMENT IN RELATION TO NOTES

The Pricing Supplement in respect of each Tranche of the Notes will be substantially in the following form, duly supplemented (if necessary), amended (if necessary) and completed to reflect the particular terms of the relevant Notes and their issue.

Except as otherwise stated in the Pricing Supplement prepared for a particular Tranche of Notes, subject to the disclosures in the "Taxation" section of the Offering Circular, any Notes issued under the Programme shall be regarded as a form of loan capital or debenture under applicable laws.

MiFID II product governance / target market – [*appropriate target market legend to be included*]

Option 1: Legend for issuances involving one or more MiFID Firm manufacturers

[**MiFID II product governance / Professional investors and ECPs only target market** – *Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in [Directive 2014/65/EU (as amended, "**MiFID II**")][MiFID II]; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.*]

Option 2: Legend for issuances where there is a sole manager that is a MiFID Firm manufacturer (i.e. no syndicate) (and assuming that none of the Issuer, the Guarantor or other credit provider is a MiFID regulated entity)

[**MiFID II product governance / Professional investors and ECPs only target market** – *Solely for the purposes of the manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in [Directive 2014/65/EU (as amended, "**MiFID II**")][MiFID II]; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturer's target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer's target market assessment) and determining appropriate distribution channels.*]

UK MiFIR product governance / target market – [*appropriate target market legend to be included*]

Option 1: Legend for issuances involving one or more UK MiFIR Firm manufacturers

[**UK MiFIR product governance / Professional investors and ECPs only target market** – *Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook ("**COBS**"), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**UK MiFIR**") only; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect* *of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels*.]

Option 2: Legend for issuances where there is a sole manager that is a UK MiFIR Firm manufacturer (i.e. no syndicate) (and assuming that none of the Issuer, the Guarantor or other credit provider is a UK MiFIR regulated entity)

[**UK MiFIR product governance / Professional investors and ECPs only target market** – *Solely for the purposes of the manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook ("**COBS**"), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**UK MiFIR**") only; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturer's target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer's target market assessment) and determining appropriate distribution channels*.]

[***PROHIBITION OF SALES TO EEA RETAIL INVESTORS*** – *The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (the "**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive (EU) 2016/97 (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"). Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation*.]

[***PROHIBITION OF SALES TO UK RETAIL INVESTORS*** – *The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom ("**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"); (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the "**FSMA**") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.*]

[**Singapore Securities and Futures Act Product Classification** – Solely for the purposes of its obligations pursuant to sections 30913(1)(a) and 30913(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 Regulation 3(b) of the Securities and Futures (Capital Markets Products) Regulations 2018 (the "**SF (CMP) Regulations**")) that the Notes are "prescribed capital markets products" (as defined in the SF (CMP) Regulations) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).]

[This document is for distribution to professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**")) ("**Professional Investors**") only.

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

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

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

Pricing Supplement dated [●]

GLP China Holdings Limited
(普洛斯中國控股有限公司)

Issue of [Aggregate Nominal Amount of Series] [Title of Notes] under
the HK$20,000,000,000 Medium Term Note Programme

This document constitutes the Pricing Supplement relating to the issue of the Notes described herein.

Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions of the Notes (the "**Conditions**") set forth in the Offering Circular dated [*date*]. This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with such Offering Circular [and the supplemental Offering Circular dated [*date*]].

[*The following alternative language applies if the first tranche of an issue which is being increased was issued under an Offering Circular with an earlier date.*

Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions of the Notes (the "**Conditions**") set forth in the Offering Circular dated [original date]. This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with the Offering Circular dated [c*urrent date*] [and the supplemental Offering Circular dated [*date*]], save in respect of the Conditions which are extracted from the Offering Circular dated [original date] and are attached hereto.]

[Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or sub-paragraphs. Italics denote guidance for completing the Pricing Supplement.]

The Notes have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") or with any securities regulatory authority of any state or other jurisdiction of the United States. The Notes may not be offered, sold or delivered within the United States except in certain transactions exempt from the registration requirements of the Securities Act.

1.	Issuer:		GLP China Holdings Limited (普洛斯中國控股有限公司)
2.	(i)	Series Number:	[●]
	(ii)	Tranche Number:	[●]
	(iii)	[Date on which the Notes become fungible:	[Not Applicable]/[The Notes shall be consolidated, form a single series and be interchangeable for trading purposes with the [*identify earlier tranches of* Notes] on [[●]/the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph 24 below [which is expected to occur on or about [●]]]].]
3.	Specified Currency or Currencies:		[●]
4.	Aggregate Nominal Amount:		[●]
	(i)	[Series:	[●]]
	(ii)	[Tranche:	[●]]
5.	(i)	Issue Price:	[●] per cent. of the Aggregate Nominal Amount [plus accrued interest from [*insert date*] (*in the case of fungible issues only, if applicable*)]
	(ii)	Net Proceeds	[●] [(*Required only for listed issues*)]
6.	(i)	Specified Denominations[2] [3] [4]:	[●]
	(ii)	Calculation Amount:	[●]
7.	(i)	Issue Date:	[●]
	(ii)	Interest Commencement	[*Specify*/Issue Date/Not Applicable] Date:

[2] Notes (including Notes denominated in sterling) in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the FSMA and which have a maturity of less than one year and must have a minimum redemption value of £100,000 (or its equivalent in other currencies).

[3] If the specified denomination is expressed to be EUR100,000 or its equivalent and multiples of a lower principal amount (for example EUR1,000), insert the additional wording as follows: EUR100,000 and integral multiples of EUR1,000 in excess thereof up to and including EUR199,000. No Notes in definitive form will be issued with a denomination above EUR199,000. In relation to any issue of the Notes which are a "Global Note exchangeable for Definitive Notes" in circumstances other than "in the limited circumstances specified in the Global Notes", such Notes may only be issued in denominations equal to, or greater than, EUR100,000 (or equivalent) and multiples thereof.

[4] Notes to be listed on HKSE are required to be traded with board lot size of at least HK$500,000 (or equivalent in other countries).

8.	Maturity Date:	[*Specify date or* (*for Floating Rate Notes*) Interest Payment Date falling in or nearest to the relevant month and year][5] *[If the Maturity Date is less than one year from the Issue Date and either* (*a*) *the issue proceeds are received by the Issuer in the United Kingdom, or* (*b*) *the activity of issuing the Notes is carried on from an establishment maintained by the Issuer in the United Kingdom,* (*i*) *the Notes must have a minimum redemption value of £100,000* (*or its equivalent in other currencies*) *and be sold only to "professional investors" or* (*ii*) *another applicable exemption from section 19 of the FSMA must be available.]*
9.	Interest Basis:	[[●] per cent. Fixed Rate] [*[Specify reference rate] +/-* [●] per cent. Floating Rate] [Zero Coupon] [Other (*Specify*)] (further particulars specified below)
10.	Redemption/Payment Basis:	[Redemption at par] [Other (*Specify*)]
11.	Change of Interest or Redemption/Payment Basis:	*[Specify details of any provision for convertibility of the Notes into another interest or redemption/payment basis*] [Not Applicable]
12.	Put/Call Options:	[Redemption for tax reasons] [Redemption for Change of Control] [Redemption at the option of the Issuer] [Redemption at the option of the Noteholders] [(further particulars specified below)]
13.	[(i) Date of [Board] approval for issuance of Notes obtained:	[●] [and [●], respectively]] (*N.B. Only relevant where Board* (*or similar*) *authorisation is required for the particular tranche of Notes*)
	[(ii) Date of regulatory approval for issuance of Notes obtained:	Pre-issuance NDRC Registration Certificate dated [●]]
14.	Listing:	[Hong Kong/Other (*specify*)/None](For Notes to be listed on the HKSE, insert the expected effective listing date of the Notes)
15.	Method of distribution:	[Syndicated/Non-syndicated]

[5] Note that for Renminbi or Hong Kong dollar denominated Fixed Rate Notes where Interest Payment Dates are subject to modification it will be necessary to use the second option here.

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

16.	Fixed Rate Note Provisions		[Applicable/Not Applicable]
			(*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i)	Rate[(s)] of Interest:	[●] per cent. per annum [payable [annually/semi-annually/quarterly/monthly/other (*specify*)*]* in arrear]
	(ii)	Interest Payment Date(s):	[●] in each year [adjusted in accordance with *[specify Business Day Convention and any applicable Business Centre*(*s*) *for the definition of "Business Day"*]/not adjusted]
	(iii)	Fixed Coupon Amount[(s)]:	[●] per Calculation Amount[6]
	(iv)	Broken Amount(s):	[●] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [●]
	(v)	Day Count Fraction:	[30/360/Actual/Actual (ICMA/ISDA)/other]
	(vi)	Other terms relating to the method of calculating interest for Fixed Rate Notes:	[Not Applicable/give *details*]
17.	**Floating Rate Note Provisions**		[Applicable/Not Applicable]
			(*If not applicable, delete the remaining subparagraphs of this paragraph*)
	(i)	Interest Period(s):	[●]
	(ii)	Specified Period:	[●]
			(*Specified Period and Specified Interest Payment Dates are alternatives. A Specified Period, rather than Specified Interest Payment Dates, will only be relevant if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention. Otherwise, insert "Not Applicable"*)
	(iii)	Specified Interest Payment Dates:	[●]
			(*Specified Period and Specified Interest Payment Dates are alternatives. If the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention, insert "Not Applicable"*)
	(iv)	First Interest Payment Date:	[●]
	(v)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/FRN

[6] For Renminbi or Hong Kong dollar denominated Fixed Rate Notes where the Interest Payment Dates are subject to modification the following alternative wording is appropriate: Each Fixed Coupon Amount shall be calculated by multiplying the product of the Rate of Interest and the Calculation Amount by the Day Count Fraction and rounding the resultant figure to the nearest RMB0.01, RMB0.005 for the case of Renminbi-denominated Fixed Rate Notes and to the nearest HK$0.01, HK$0.005 for the case of Hong Kong dollar denominated Fixed Rate Notes, being rounded upwards.

		Convention/Floating Rate Convention/Euroclear Convention/other (give details)] [Not Applicable]
(vi)	Additional Business Centre(s):	[Not Applicable/*give details*]
(vii)	Manner in which the Rate(s) of Interest is/are to be determined:	[Screen Rate Determination/ISDA Determination/other (*give details*)]
(viii)	Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the Principal Paying Agent):	[*[Name]* shall be the Calculation Agent (*no need to specify if the Principal Paying Agent is to perform this function*)]
(ix)	Screen Rate Determination:	
	• Reference Rate:	[*For example, LIBOR, EURIBOR or CNH HIBOR*]
	• Interest Determination Date(s):	[●]
	• Relevant Screen Page:	[*For example, Reuters LIBOR 01/EURIB0R 01*]
	• Relevant Time:	[*For example, 11.00 a.m. London time/Brussels time*]
	• Relevant Financial Centre:	[*For example, London/Euro-zone* (*where Euro-zone means the region comprised of the countries whose lawful currency is the euro)*]
(x)	ISDA Determination:	
	• Floating Rate Option:	[●]
	• Designated Maturity:	[●]
	• Reset Date:	[●]
	• [ISDA Definitions	[2006]]
(xi)	Margin(s):	[+/-][●] per cent. per annum
(xii)	Minimum Rate of Interest:	[●] per cent. per annum
(xiii)	Maximum Rate of Interest:	[●] per cent. per annum
(xiv)	Day Count Fraction:	[●]
(xv)	Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions:	[●] *[If Floating Rate Notes will be issued, fallback provisions and relevant risk factors may be set out in the schedule annexed to this Pricing Supplement, in case of the discontinuation of LIBOR or any other benchmarks, or changes in the manner of administration of any benchmarks]*

18.	Zero Coupon Note Provisions	[Applicable/Not Applicable]
		(*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i) [Amortisation/Accrual] Yield:	[●] per cent. per annum
	(ii) Reference Price:	[●]
	(iii) Day Count Fraction in relation to Early Redemption Amount:	[30/360/Actual/Actual (ICMA/ISDA)/other]
	(iv) Any other formula/basis of determining amount payable:	[*Consider whether it is necessary to specify a Day Count Fraction for the purposes of Condition 9*(*i*)]

PROVISIONS RELATING TO REDEMPTION

19.	Call Option	[Applicable/Not Applicable]
		(*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i) Optional Redemption Date(s):	[●]
	(ii) Optional Redemption Amount (Call) of each Note and method, if any, of calculation of such amount(s):	[●] per Calculation Amount
	(iii) If redeemable in part:	
	(a) Minimum Redemption Amount:	[●] per Calculation Amount
	(b) Maximum Redemption Amount:	[●] per Calculation Amount
	(iv) Notice period:	[●]
20.	Change of Control Put	[Applicable/Not Applicable]
21.	**Put Option**	[Applicable/Not Applicable]
		(*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i) Optional Redemption Date(s):	[●]
	(ii) Optional Redemption Amount (Put) of each Note and method, if any, of calculation of such amount(s):	[●] per Calculation Amount
	(iii) Notice period:	[●]
22.	**Final Redemption Amount**	[●] per Calculation Amount
23.	**Early Redemption Amount**	[Not Applicable]
	Early Redemption Amount(s) per Calculation Amount payable on	[(*If each of the Early Redemption Amount* (*Tax*), *Early Redemption Amount* (*Change of Control*) *and the Early*

	redemption for taxation reasons, on change of control or on event of default or other early redemption and/or the method of calculating the same (if required or if different from that set out in the Conditions):	*Termination Amount are the principal amount of the Notes/specify the Early Redemption Amount* (*Tax*)*, Early Redemption Amount* (*Change of Control*) *and/or the Early Termination Amount if different from the principal amount of the Notes*)]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

24.	Form of the Notes:	**Bearer Notes:**[7] [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes on [●] days notice/in the limited circumstances specified in the Permanent Global Note][8] [Temporary Global Note exchangeable for Definitive Notes on [●] days notice][9] [Permanent Global Note exchangeable for Definitive Notes on [●] days notice/in the limited circumstances specified in the Permanent Global Note][10] **Registered Notes:** [Global Note Certificate exchangeable for Individual Note Certificates on [●] days notice/in the limited circumstances described in the Global Note Certificate][11]
25.	Additional Financial Centre(s) or other special provisions relating to payment dates:	[Not Applicable/*give details*] [Note that this paragraph relates to the date and place of payment, and not interest period end dates, to which sub-paragraph 17(vi) relates]
26.	Talons for future Coupons to be attached to Definitive Notes (and dates on which such Talons mature):	[No/Yes. As the Notes have more than 27 coupon payments, talons may be required if, on exchange into definitive form, more than 27 coupon payment are left.]
27.	Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made [and consequences (if any) of failure to pay, including any right of the Issuer to	[Not Applicable/*give details*]

7 Bearer Notes issued in compliance with the D Rules must initially be represented by a Temporary Global Note.

8 if the Specified Denominations of the Notes in paragraph 6 includes language substantially to the following effect: "EUR100,000 and integral multiples of EUR1,000 in excess thereof up to and including EUR199,000", the Permanent Global Note shall not be exchangeable on [•] days notice/at any time.

9 if the Specified Denominations of the Notes in paragraph 6 includes language substantially to the following effect: "EUR100,000 and integral multiples of EUR1,000 in excess thereof up to and including EUR199,000", the Temporary Global Note shall not be exchangeable on [•] days notice.

10 if the Specified Denominations of the Notes in paragraph 6 includes language substantially to the following effect: "EUR100,000 and integral multiples of EUR1,000 in excess thereof up to and including EUR199,000", the Permanent Global Note shall not be exchangeable on [•] days notice/at any time.

11 if the Specified Denominations of the Notes in paragraph 6 includes language substantially to the following effect: "EUR100,000 and integral multiples of EUR1,000 in excess thereof up to and including EUR199,000", the Global Note Certificate shall not be exchangeable on [•] days notice.

	forfeit the Notes and interest due on late payment]:	
28.	Details relating to Instalment Notes: amount of each instalment, date on which each payment is to be made:	[Not Applicable/*give details*]
29.	Redenomination, renominalisation and reconventioning provisions:	[Not Applicable/The provisions annexed to this Pricing Supplement apply]
30.	Consolidation provisions:	[The provisions [in Condition 19 (*Further Issues*)] [annexed to this Pricing Supplement] apply]
31.	Any applicable currency disruption/fallback provisions:	[Not Applicable/*give details*]
32.	Other terms or special conditions:	[Not Applicable/*give details*]

DISTRIBUTION

33.	(i) If syndicated, names of Managers:	[Not Applicable/*give names*]
	(ii) Stabilisation Manager(s) (if any):	[Not Applicable/*give names*]
34.	If non-syndicated, name and address of Dealer:	[Not Applicable/*give name and address*]
35.	Total commission and concession:	
36.	U.S. Selling Restrictions:	Reg. S Category [1/2] (*In the case of Bearer Notes*) – [C RULES/D RULES/TEFRA not applicable] [12] The Notes are being offered and sold only in accordance with Regulation S.
37.	Prohibition of Sales to EEA Retail Investors:	[Applicable/Not Applicable] (*If the Notes clearly do not constitute "packaged" products, "Not Applicable" should be specified. If the Notes may constitute "packaged" products and no KID will be prepared, "Applicable" should be specified.*)
38.	Prohibition of Sales to UK Retail Investors:	[Applicable/Not Applicable] (*If the Notes clearly do not constitute "packaged" products, "Not Applicable" should be specified. If the Notes may*

[12] TEFRA not applicable may only be used for Registered Notes, or Bearer Notes with a maturity of 365 days or less (taking into account any unilateral rights to extend or rollover). Bearer Notes with a maturity of more than 365 days (taking into account unilateral rights to extend or rollover) that are held through the CMU must be issued in compliance with the C Rules, unless at the time of issuance the CMU and the CMU Lodging and Paying Agent have procedures in place so as to enable compliance with the certification requirements under the D Rules.

		constitute "packaged" products and no KID will be prepared, "Applicable" should be specified.)
39.	Additional selling restrictions:	[Not Applicable/*give details*]

OPERATIONAL INFORMATION

40.	ISIN Code:	[●]
41.	Common Code:	[●]
42.	Legal Entity Identifier:	254900C6X2D3TGF2CO98
43.	CMU Instrument Number:	[●]
44.	Any clearing system(s) other than Euroclear/Clearstream and the CMU and the relevant identification number(s):	[Not Applicable/*give name*(*s*) *and number*(*s*)]
45.	Delivery:	Delivery [against/free of] payment
46.	Additional Paying Agent(s) (if any):	[●]

GENERAL

47.	Private Bank Rebate/Commission:	[Applicable/Not Applicable] [(*To be included if a PB rebate is paid*)*:* In addition, the Issuer has agreed with the Joint Lead Managers that it will pay a commission to certain private banks in connection with the distribution of the Notes to their clients. This commission will be based on the principal amount of the Notes so distributed, and may be deducted from the purchase price for the Notes payable by such private banks upon settlement]
48.	The aggregate principal amount of the Notes issued has been translated into Hong Kong dollars at the rate of [●], producing a sum of (for Notes not denominated in Hong Kong dollars):	[Not Applicable/HK$[●]]
49.	[Ratings:	The Notes to be issued [have been/are expected to be] rated: [[●]: [●]]; [[●]: [●]]; [and] (each a "**Rating Agency**"). If any Rating Agency shall not make a rating of the Notes publicly available, the Issuer shall select and substitute them with [●] or [●] and its successors.]

[USE OF PROCEEDS

Give details if different from the "*Use of Proceeds*" section in the Offering Circular.]

[STABILISATION

In connection with the issue of the Notes, [*name(s) of Stabilisation Manager(s)*] (or persons acting on behalf of [*name(s) of Stabilisation Manager(s)*]) (the "**Stabilisation Manager[s]**") may over allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail for a limited period after the Issue Date. However, there is no obligation on such Stabilisation Manager[s] to do this. Such stabilisation, if commenced, may be discontinued at any time, and must be brought to an end after a limited period. Such stabilisation shall be in compliance with all applicable laws, regulations and rules.]

PURPOSE OF PRICING SUPPLEMENT

This Pricing Supplement comprises the final terms required for issue and admission to trading on the HKSE of the Notes described herein pursuant to the HK$20,000,000,000 Medium Term Note Programme of the Issuer.

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in this Pricing Supplement.

Signed on behalf of GLP China Holdings Limited
(普洛斯中國控股有限公司):

By: ______________________________________
Duly authorised
Name:
Title:

SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

Bearer Notes

Each Tranche of the Notes to be issued in bearer form ("Bearer Notes") will initially be in the form of either a temporary global note in bearer form (the "Temporary Global Note"), without interest coupons, or a permanent global note in bearer form (the "Permanent Global Note"), without interest coupons, in each case as specified in the relevant Pricing Supplement. Each Temporary Global Note or, as the case may be, Permanent Global Note (each a "Global Note") will be deposited on or around the issue date of the relevant Tranche of the Notes with a depositary or a common depositary for Euroclear as operator of the Euroclear System and/or Clearstream and/or a sub-custodian for the CMU and/or any other relevant clearing system.

In the case of each Tranche of Bearer Notes, the relevant Pricing Supplement will also specify whether United States Treasury Regulation §1.163-5(c)(2)(i)(C) (the "TEFRA C Rules") or United States Treasury Regulation §1.163-5(c)(2)(i)(D) (the "TEFRA D Rules") are applicable in relation to the Notes or, if the Notes do not have a maturity of more than 365 days, that neither the TEFRA C Rules nor the TEFRA D Rules are applicable.

Temporary Global Note exchangeable for Permanent Global Note

If the relevant Pricing Supplement specifies the form of Notes as being "Temporary Global Note exchangeable for a Permanent Global Note", then the Notes will initially be issued in the form of a Temporary Global Note which will be exchangeable, in whole or in part, for interests in a Permanent Global Note, without interest coupons, from the date (the "Exchange Date") which is 40 days after the issue date of the relevant Tranche of the Notes upon certification as to non-U.S. beneficial ownership. No payments will be made under the Temporary Global Note after the Exchange Date unless exchange for interests in the Permanent Global Note is improperly withheld or refused. In addition, interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership, as described above.

Whenever any interest in the Temporary Global Note is to be exchanged for an interest in a Permanent Global Note, the Issuer shall procure (in the case of first exchange) the delivery of a Permanent Global Note, duly authenticated to the bearer of the Temporary Global Note or (in the case of any subsequent exchange) an increase in the principal amount of the Permanent Global Note in accordance with its terms against:

(i) presentation and (in the case of final exchange) presentation and surrender of the Temporary Global Note to or to the order of the Principal Paying Agent or the CMU Lodging and Paying Agent, as the case may be; and

(ii) receipt by the Principal Paying Agent or the CMU Lodging and Paying Agent, as the case may be, of a certificate or certificates of non-U.S. beneficial ownership,

within 7 days of the bearer requesting such exchange. In the case of the CMU, no such exchange will be effected until all relevant accountholders (as set out in a CMU Issue Position Report) (as defined in the rules of the CMU) or any other relevant notification supplied to the CMU Lodging and Paying Agent by the CMU have provided certification of non-U.S. beneficial ownership.

Temporary Global Note exchangeable for Definitive Notes

If the relevant Pricing Supplement specifies the form of Notes as being "Temporary Global Note exchangeable for Definitive Notes" and also specifies that the TEFRA C Rules are applicable or that neither the TEFRA C Rules nor the TEFRA D Rules are applicable, then the Notes will initially be in the form of a Temporary Global Note which will be exchangeable, in whole but not in part, for Bearer Notes in definitive form ("Definitive Notes") not earlier than 40 days after the issue date of the relevant Tranche of the Notes.

If the relevant Pricing Supplement specifies the form of the Notes as being "Temporary Global Note exchangeable for Definitive Notes" and also specifies that the TEFRA D Rules are applicable, then the Notes will initially be issued in the form of a Temporary Global Note which will be exchangeable, in whole or in part, for Definitive Notes on or after the Exchange Date for the relevant Tranche of the Notes upon certification as to non-U.S. beneficial ownership as described above. Interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

Whenever the Temporary Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the relevant Pricing Supplement), in an aggregate principal amount equal to the principal amount of the Temporary Global Note to the bearer of the Temporary Global Note against the surrender of the Temporary Global Note to or to the order of the Principal Paying Agent or the CMU Lodging and Paying Agent, as the case may be, within 30 days of the bearer requesting such exchange.

Permanent Global Note exchangeable for Definitive Notes

If the relevant Pricing Supplement specifies the form of Notes as being "Permanent Global Note exchangeable for Definitive Notes", then the Notes will initially be issued in the form of a Permanent Global Note which will be exchangeable in whole, but not in part, for Definitive Notes:

(i) on the expiry of such period of notice as may be specified in the relevant Pricing Supplement; or

(ii) if the relevant Pricing Supplement specifies "in the limited circumstances described in the Permanent Global Note", then if the Permanent Global Note is held by or on behalf of Euroclear, Clearstream the CMU or any other relevant clearing system:

  (a) Euroclear or Clearstream the CMU or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business; or

  (b) any of the circumstances described in Condition 13 *(Events of Default)* occurs in respect of any Note of the relevant Tranche.

Whenever the Permanent Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the relevant Pricing Supplement), in an aggregate principal amount equal to the principal amount of Notes represented by the Permanent Global Note to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note to or to the order of the Principal Paying Agent or the CMU Lodging and Paying Agent, as the case may be, within 30 days of the bearer requesting such exchange.

Terms and Conditions applicable to the Notes

The terms and conditions applicable to any Definitive Note will be endorsed on that Note and will consist of the terms and conditions set out under "*Terms and Conditions of the Notes*" and the provisions of the relevant Pricing Supplement which supplement, amend and/or replace those terms and conditions.

The terms and conditions applicable to any Note in global form will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under "*Summary of Provisions Relating to the Notes while in Global Form*" below.

Legend concerning United States persons

In the case of any Tranche of Bearer Notes having a maturity of more than 365 days, the Notes in global form, the Notes in definitive form and any Coupons and Talons appertaining thereto will bear a legend to the following effect:

"Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code."

Registered Notes

Each Tranche of Notes in registered form ("Registered Notes") will be represented by either:

(i) individual Certificates in registered form ("Individual Certificates"); or

(ii) one or more unrestricted global certificates ("Global Certificate(s)"), in each case as specified in the relevant Pricing Supplement.

Each Note represented by a Global Certificate will be registered in the name of a common depositary (or its nominee) for Euroclear and/or Clearstream and/or a sub-custodian for the CMU and/or any other relevant clearing system, and the relevant Global Certificate will be deposited on or about the issue date with the common depositary and/or a sub-custodian for the CMU.

If the relevant Pricing Supplement specifies the form of Notes as being Individual Certificates, then the Notes will at all times be represented by Individual Certificates issued to each Noteholder in respect of their respective holdings.

Global Certificate exchangeable for Individual Certificates

If the relevant Pricing Supplement specifies the form of Notes as being "Global Certificate exchangeable for Individual Certificates", then the Notes will initially be represented by one or more Global Certificates, each of which will be exchangeable in whole, but not in part, for Individual Certificates:

(i) on the expiry of such period of notice as may be specified in the relevant Pricing Supplement; or

(ii) if the relevant Pricing Supplement specifies "in the limited circumstances described in the Global Certificate", then:

   (a) in the case of any Global Certificate held by or on behalf of Euroclear and/or Clearstream, the CMU and/or any other clearing system, if Euroclear, Clearstream, the CMU or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business; and

   (b) in any case, if any of the circumstances described in Condition 13 *(Events of Default)* occurs in respect of any Note of the relevant Tranche.

Whenever a Global Certificate is to be exchanged for Individual Certificates, each person having an interest in a Global Certificate must provide the relevant Registrar (through the relevant clearing system) with such information as the Issuer and the relevant Registrar may require to complete and deliver Individual Certificates (including the name and address of each person in which the Notes represented by the Individual Certificates are to be registered and the principal amount of each such person's holding).

Whenever a Global Certificate is to be exchanged for Individual Certificates, the Issuer shall procure that Individual Certificates will be issued in an aggregate principal amount equal to the principal amount of the Global Certificate within five business days of the delivery, by or on behalf of the registered holder of the

Global Certificate to the relevant Registrar of such information as is required to complete and deliver such Individual Certificates against the surrender of the Global Certificate at the specified office of the relevant Registrar.

Such exchange will be effected in accordance with the provisions of the Trust Deed and the Agency Agreement and the regulations concerning the transfer and registration of Notes scheduled to the Agency Agreement and, in particular, shall be effected without charge to any holder, but against such indemnity as the relevant Registrar may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such exchange.

Terms and Conditions applicable to the Notes

The terms and conditions applicable to any Individual Certificate will be endorsed on that Individual Certificate and will consist of the terms and conditions set out under "*Terms and Conditions of the Notes*" below and the provisions of the relevant Pricing Supplement which supplement, amend and/or replace those terms and conditions.

The terms and conditions applicable to any Global Certificate will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under "*Summary of Provisions relating to the Notes while in Global Form*" below.

Summary of Provisions relating to the Notes while in Global Form

Clearing System Accountholders

In relation to any Tranche of Notes represented by a Global Note, references in the Terms and Conditions to "Noteholder" are references to the bearer of the relevant Global Note which, for so long as the Global Note is held by a depositary or a common depositary for Euroclear and/or Clearstream and/or a sub-custodian for the CMU and/or any other relevant clearing system, will be that depositary, common depositary or, as the case may be, sub-custodian.

In relation to any Tranche of Notes represented by one or more Global Certificates, references in the Conditions to "Noteholder" are references to the person in whose name the relevant Global Certificate is for the time being registered in the Register which (a) in the case of any Global Certificate which is lodged with a sub-custodian for or registered with the CMU, will be the HKMA; or (b) in the case of any Global Certificate which is held by or on behalf of a depositary or a common depositary for Euroclear and/or Clearstream and/or any other relevant clearing system, will be that depositary or common depositary or, a nominee for that depositary or common depositary.

Each of the persons shown in the records of Euroclear, Clearstream and/or any other relevant clearing system as being entitled to an interest in a Global Note or a Global Certificate (each an "Accountholder") must look solely to Euroclear, Clearstream and/or such other relevant clearing system (as the case may be) for such Accountholder's share of each payment made by the Issuer to the holder of such Global Note or Global Certificate and in relation to all other rights arising under such Global Note or Global Certificate. The extent to which, and the manner in which, Accountholders may exercise any rights arising under a Global Note or Global Certificate will be determined by the respective rules and procedures of Euroclear and Clearstream and any other relevant clearing system from time to time. For so long as the relevant Notes are represented by a Global Note or Global Certificate, Accountholders shall have no claim directly against the Issuer in respect of payments due under the Notes and such obligations of the Issuer will be discharged by payment to the holder of such Global Note or Global Certificate.

If a Global Note or a Global Certificate is lodged with a sub-custodian for or registered with the CMU, the person(s) for whose account(s) interests in such Global Note or Global Certificate are credited as being held in the CMU in accordance with the rules of the CMU shall be the only person(s) entitled or, in the case of Registered Notes, directed or deemed by the CMU as entitled to receive payments in respect of the Notes represented by such Global Note or Global Certificate and the Issuer will be discharged by payment to, or to the order of, such person(s) for whose account(s) interests in such Global Note or Global Certificate are credited as being held in the CMU in respect of each amount so paid. Each of the persons shown in the records of the CMU, as the beneficial holder of a particular nominal amount of the Notes represented by such Global Note or Global Certificate must look solely to the CMU Lodging and Paying Agent for his share of each payment so made by the Issuer in respect of such Global Note or Global Certificate.

Transfers of Interests in Global Notes and Global Certificates

Transfers of interests in Global Notes and Global Certificates within Euroclear and Clearstream, the CMU or any other relevant clearing system will be in accordance with their respective rules and operating procedures. None of the Issuer, the Trustee, any of the Registrars, the Dealers or the Agents will have any responsibility or liability for any aspect of the records of any Euroclear and Clearstream, the CMU or any other relevant clearing system or any of their respective participants relating to payments made on account of beneficial ownership interests in a Global Note or Global Certificate or for maintaining, supervising or reviewing any of the records of Euroclear and Clearstream, the CMU or any other relevant clearing system or the records of their respective participants relating to such beneficial ownership interests.

The laws of some states of the United States require that certain persons receive individual certificates in respect of their holdings of Notes. Consequently, the ability to transfer interests in a Global Certificate to such persons will be limited. Because clearing systems only act on behalf of participants, who in turn act on behalf of indirect participants, the ability of a person having an interest in a Global Certificate to pledge such interest to persons or entities which do not participate in the relevant clearing systems, or otherwise take actions in respect of such interest, may be affected by the lack of an Individual Certificate representing such interest.

On or after the issue date for any Series, transfers of Notes of such Series between accountholders in Euroclear and/or Clearstream will generally have a settlement date three business days after the trade date (T+3). The customary arrangements for delivery versus payment will apply to such transfers.

Although Euroclear and Clearstream have agreed to the foregoing procedures in order to facilitate transfers of interests in the Global Certificates among participants and accountholders of Euroclear and Clearstream, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, any of the Registrars, the Dealers, the Trustee or the Agents will have any responsibility for the performance by Euroclear or Clearstream or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their respective operations.

While a Global Certificate is lodged with Euroclear, Clearstream, the CMU or any relevant clearing system, Individual Certificates for the relevant Series of Notes will not be eligible for clearing and settlement through such clearing systems.

Conditions applicable to Global Notes and Global Certificates

Each Global Note and Global Certificate will contain provisions which modify the Terms and Conditions as they apply to the Global Note or Global Certificate. The following is a summary of certain of those provisions:

Payments: All payments in respect of the Global Note or Global Certificate which, according to the Terms and Conditions, require presentation and/or surrender of a Note, Certificate or Coupon will be made against presentation and (in the case of payment of principal in full with all interest accrued thereon) surrender of the Global Note or Global Certificate to or to the order of any Paying Agent and will be effective to satisfy and discharge the corresponding liabilities of the Issuer in respect of the Notes. On each occasion on which a payment of principal or interest is made in respect of the Global Note, the Issuer shall procure that the payment is noted in a schedule thereto.

Payment Business Day: in the case of a Global Note or a Global Certificate, shall be: if the currency of payment is euro, any day which is a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre; or, if the currency of payment is not euro, any day which is a day on which dealings in foreign currencies may be carried on in the Principal Financial Centre of the currency of payment and in each (if any) Additional Financial Centre.

Payment Record Date: Each payment in respect of a Global Certificate will be made to the person shown as the Holder in the Register at the close of business (in the relevant clearing system) on the Clearing System Business Day before the due date for such payment (the "Record Date") where "Clearing System Business Day" means a day on which each clearing system for which the Global Certificate is being held is open for business.

Exercise of put option: In order to exercise the option contained in Condition 9(c) *(Redemption and Purchase — Redemption for Change of Control)* or Condition 9(f) *(Redemption and Purchase — Redemption at the option of Noteholders),* the bearer of a Permanent Global Note or the holder of a Global Certificate must, within the period specified in the Conditions for the deposit of the relevant Note and put notice, give written notice of such exercise to the Principal Paying Agent or, as the case may be, the CMU Lodging and Paying Agent, specifying the principal amount of the Notes in respect of which such option is being exercised. Any such notice will be irrevocable and may not be withdrawn.

Partial exercise of call option: In connection with an exercise of the option contained in Condition 9(d) *(Redemption and Purchase — Redemption at the option of the Issuer),* in relation to some only of the Notes, the Permanent Global Note or Global Certificate may be redeemed in part in the principal amount specified by the Issuer in accordance with the Conditions and the Notes to be redeemed will not be selected as provided in the Conditions but in accordance with the rules and procedures of Euroclear and/or Clearstream or the CMU (as the case may be) (to be reflected in the records of Euroclear and/or Clearstream or the CMU (as the case may be) as either a pool factor or a reduction in principal amount, at their discretion).

Notices: Notwithstanding Condition 20 *(Notices),* while all the Notes are represented by a Permanent Global Note (or by a Permanent Global Note and/or a Temporary Global Note) or a Global Certificate and the Permanent Global Note is (or the Permanent Global Note and/or the Temporary Global Note are), or the Global Certificate is, (i) deposited with a depositary or a common depositary for Euroclear and/or Clearstream and/or any other relevant clearing system, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and/or Clearstream and/or any other relevant clearing system and, in any case, such notices shall be deemed to have been given to the Noteholders in accordance with Condition 20 *(Notices)* on the date of delivery to Euroclear and/or Clearstream and/or any other relevant clearing system or (ii) deposited with a sub-custodian for the CMU, notices to Noteholders may be given by delivery of the relevant notice to the CMU in substitution for publication as required by the Conditions or by delivery of the relevant notice to the Noteholders, and any such notice shall be deemed to have been given to the Noteholders on the day on which such notice is delivered to the CMU.

USE OF PROCEEDS

The net proceeds from the offering of each series of Notes will be used for (i) general corporate purposes and (ii) refinancing of existing indebtedness. If, in respect of any particular issue, there is a particular identified use of proceeds, this will be stated in the applicable Pricing Supplement.

CAPITALISATION AND INDEBTEDNESS

The following table sets out the Issuer's capitalisation and indebtedness as derived from the audited consolidated financial statements of the Issuer as at and for the year ended 31 December 2020. The following table should be read in conjunction with the audited consolidated financial statements of the Issuer as at and for the year ended 31 December 2020 and the notes thereto included in this Offering Circular.

	As at 31 December 2020
	(US$ '000)
Borrowings — current portion	
Loans and borrowings	3,150,219
Loans from joint ventures	2,829
Loans from non-controlling interests	3,651
Loans from third parties	513
Borrowings — non-current portion	
Loans and borrowings	7,096,129
Loans from non-controlling interests	10,388
Total borrowings(1)	**10,263,729**
Total equity(2)	**12,383,671**
Total capitalisation(3)	**22,647,400**

Notes:

(1) Total borrowings equal to total current and non-current borrowings.

(2) Total equity includes share capital and reserves attributable to owners of the Issuer.

(3) Total capitalisation includes total borrowings plus total equity.

From time to time, the Issuer may issue debt or other securities in various currencies and in different markets depending on market conditions. On 25 January 2021, the Issuer issued RMB700,000,000 3.98 per cent. bonds due 2024 and such bonds are listed on Shanghai Stock Exchange. On 8 March 2021, the Issuer issued RMB1,700,000,000 4.37 per cent. bonds due 2024 and such bonds are listed on Shanghai Stock Exchange. On 18 March 2021, the Issuer issued RMB1,500,000,000 4.40 per cent. notes due 2024 and such notes are traded on the Inter-bank Market. On 25 March 2021, the Issuer issued RMB1,500,000,000 4.4 per cent. bonds due 2024 and such bonds are listed on Shanghai Stock Exchange. On 22 April 2021, the Issuer issued RMB 1,500,000,000 4.40 per cent. bonds due 2026 and such bonds are listed on Shanghai Stock Exchange. In February and March 2021, the Issuer issued US$126,000,000 2.60 per cent. bonds due 2024 and such bonds are listed on HKSE and Chongwa (Macao) Financial Asset Exchange Co., Ltd. On 29 March 2021, the Issuer issued US$700,000,000 2.95 per cent. notes due 2026 and such notes are listed on

HKSE. On 11 June 2021, the Issuer issued RMB2,000,000,000 4.30 per cent. bonds due 2026 and such bonds are listed on Shanghai Stock Exchange.

Save as disclosed above, there has been no significant adverse change to the total capitalisation and indebtedness of the Group since 31 December 2020.

DESCRIPTION OF THE GROUP

OVERVIEW

The Group, according to Cushman & Wakefield in its Greater China Logistics Market Research for the fourth quarter of 2020, is the largest owner and operator of modern logistics facilities in China. The Group had a properties portfolio across 43 major cities and markets as at 31 December 2020. Through its network of strategically located properties and ecosystem partners, the Group is able to offer both space and technology-led solutions to drive value for its customers.

The Group is a leading global investment manager and business builder in logistics and supply chain, data infrastructure, renewable energy and related technologies and services. The Group believes that its combined experience and expertise as an investor and an operator provide it with a distinct competitive advantage to build, acquire and scale high-quality businesses and to create value for its customers and investors.

The Group is the investor, developer and operator of approximately 400 infrastructure facilities in logistics and supply chain, manufacturing and research, data infrastructure and renewable energy, across 43 cities in China. As a leading alternative asset manager, GLP has US$62 billion in assets under management in China, including several real estate and private equity funds with domestic and international investors and GLP C-REIT, one of the first public offerings of infrastructure REITs approved in China.

As of the date of this Offering Circular, the Group invests in, develops and manages over 400 infrastructure facilities in logistics and supply chain, manufacturing and research, data infrastructure and renewable energy, across 43 cities in China. Moreover, the Group takes the lead in the investment and development of innovative technologies, playing a leading role in smart logistics. The Group continues to improve the operational efficiency and enhance the value of assets through equity investment, financial technology platforms and data technology platforms.

The Group has more than 15 years of experience in the development and operation of the modern warehousing industry in China. It specialises in the development, operation, and management of modern warehousing and mainly serves third-party logistics companies, retail industry, manufacturing industry and other downstream industries.

On 15 October 2013, Blear Services Limited established Iowa China Offshore Holdings (Hong Kong) Limited in Hong Kong (Companies Registrar number 1980082). At registry, the Company had a share capital of one share and equity capital of HK$10,000. As at 31 December 2020, the Company has issued 6,950,825,000 ordinary shares with a total share capital of approximately US$6.95 billion.

On 24 October 2013, Blear Services Limited transferred its entire share capital for HK$1 to CLH Limited, a wholly-owned subsidiary of GLP. Since then, GLP has held 100 per cent. of the Company through its control of CLH Limited.

CLH Limited is registered in the Cayman Islands, and holds all of GLP's shareholding interests in logistics and warehousing companies in the PRC via many direct holding companies registered in Barbados, Singapore and Hong Kong. GLPH Limited is also registered in the Cayman Islands, and, through a Barbados-registered direct holding company, controls 100 per cent. of GLP's PRC warehousing development and management company, GLP Investment (Shanghai) Co., Ltd. CLH Limited and GLPH Limited are both wholly-owned subsidiaries of GLP.

On 18 February 2014, GLP entered into a strategic agreement with a strategic investment team to further expand and develop its modern logistics business in the PRC. In accordance with the strategic agreement, GLP completed the restructuring of its PRC assets and businesses on 22 May 2014, to which GLP transferred to the

Company all PRC businesses, assets and liabilities under CLH Limited; all PRC development projects and business functions under GLPH Limited in the PRC (such as business management, talent development, financial and investment management and marketing and sales); and US$4,600,564,752 from GLP Investment (Shanghai) Co., Ltd. As such, the Company became the holding company of all of GLP's PRC warehouse development companies and business management companies. Concurrently, the Company issued 4,600,564,752 ordinary shares to CLH Limited, by which CLH Limited became the parent company of the Company.

On 24 September 2014, all investments made by the strategic investors into the Company were completed. Concurrent to GLP restructuring its PRC assets and businesses, the strategic investment team injected US$2,103,750,000 into the Company via Khangai Company Limited and Khangai II Company Limited and obtained 2,095,089,422 ordinary shares of the Company, thus becoming a shareholder of 30.15 per cent. of the Company's issued shares. Khangai Company Limited and Khangai II Company Limited are aligned with the Company's strategies. Simultaneously, GLP Associates (I) Limited and GLP Associates (II) LLC[13] also injected US$253,750,000 into the Company and obtained 252,787,714 ordinary shares of the Company, thus becoming a shareholder of an estimated 3.64 per cent. of the Company's issued shares. As a result, the Company's paid-in capital increased to US$6.958 billion, and CLH Limited's shareholding of the Company decreased from 100 per cent. to 66.21 per cent.

As at the date of this Offering Circular, the Company's largest shareholder is CLH Limited at 66.21 per cent. of the Company's shares. GLP holds 100.00 per cent. of the shares of CLH Limited, which means that GLP indirectly holds 66.21 per cent. of the Company's shares through CLH Limited.

As at 31 December 2020, the Company's total assets was approximately US$32.8 billion.

Corporate Milestones

Calendar Year	Event
2002-2004	Prologis (predecessor of GLP) established presence in China – Suzhou, Shanghai and Guangzhou Established its first park – Suzhou GLP Logistics Park and China set Suzhou GLP Logistics Park as the first pilot center of the first B-type bonded logistics center
2005-2007	Established its first port project – GLP Lingang International Logistics Park Established a network of 18 major logistics hubs in China
2008	Designated by the Chinese Olympic Committee as the exclusive Olympic logistics distribution center
2009	Prologis separated its Chinese and Japanese business and GLP was formed therefrom
2010-2011	Acquired shares in a domestic large-scale logistics company to further expand the market GLP listed on the main board of Singapore Exchange Securities Trading Limited on 18 October 2010, the largest IPO project in Singapore since 1993
2012	Established strategic partnerships with a number of large Chinese companies

[13] GLP Associates (I) Limited and GLP Associates (II) LLC are both shareholding companies established for the purpose of the Issuer to implement employee stock ownership plans in the future.

Calendar Year	Event
2013	Iowa China Offshore Holdings (Hong Kong) Limited was incorporated to handle GLP's business and operations in China. CLF I was launched with assets under management of US$3.0 billion
2014-2016	US$2.5 billion landmark agreement with a consortium of Chinese state-owned enterprises and leading financial institutions starting from 2014
2015	CLF II, the Group's second fund with assets under management of US$7.0 billion, was launched
2016-2017	First international company to issue panda bonds on both the Shanghai Stock Exchange and China's Interbank Market
2018	GLP delisted from the main board of the Singapore Exchange Securities Trading Limited in January Iowa China Offshore Holdings (Hong Kong) Limited was renamed GLP China Holdings Limited GLP China Value-add Venture I and GLP China Value-add Venture II were launched Established RMB8.4 billion hidden hill modern logistics private equity fund
2019	The Issuer established a strategic investment partnership with China Merchants Group in which the Issuer will acquire a 50 per cent. stake in China Merchants Capital
2020	The Issuer established GLP China Income Fund with assets under management of RMB15 billion The Issuer established GLP China Value-Add Venture III with assets under management of RMB4.5 billion

Recent Developments

The COVID-19 Pandemic

See "*Risk Factors — Risks Relating to the Group's Business and Operations and the Logistics and Warehousing Industry generally — The outbreak of the COVID-19 pandemic is growing and its impact is uncertain and hard to measure but may cause a material adverse effect on the Group's business.*".

Restructuring of the Issuer's subsidiaries

From time to time, the Issuer continues to explore and evaluate potential opportunities to unlock value in its non-core businesses. In June 2020, GLP China Financing Holding Limited, a subsidiary of the Issuer engaged in the financial services business, was transferred to an affiliate of the Issuer as part of an internal restructuring process. In December 2020, as part of an internal restructuring, the ownership of GLP Golden Lincoln A Partners LP, a subsidiary of the Issuer holding its interests in a leading supply chain and logistics solutions provider was restructured to be held amongst affiliates of the Issuer.

Acquisition of a 50 per cent. stake in China Merchants Capital

In March 2020, the Issuer completed a capital injection in China Merchants Capital, a wholly-owned subsidiary and private equity investment vehicle of China Merchants Group. Following the capital injection, the Issuer and China Merchants Group each hold 50 per cent. stake in China Merchants Capital, respectively.

The Issuer established a RMB15 Billion Fund

On 20 April 2020, the Issuer announced the final close of its newest fund, GLP China Income Fund I with assets under management of RMB15 billion. GLP China Income Fund I raised equity commitments from ten leading Chinese institutional investors, six of which were new investment partners for the Issuer.

The Issuer established a RMB4.5 billion China Value-added Fund

On 23 December 2020, the Issuer announced that it has established a new China fund, GLP China Value-Add Venture III ("**GLP CVA III**"), with a group of leading international and domestic institutional investors through a parallel fund structure. GLP CVA III has RMB4.5 billion planned assets under management and will invest in modern logistics assets in GLP Park Lingang in Shanghai, the biggest and most advanced port-based logistics park in China.

RECOGNITION AND AWARDS

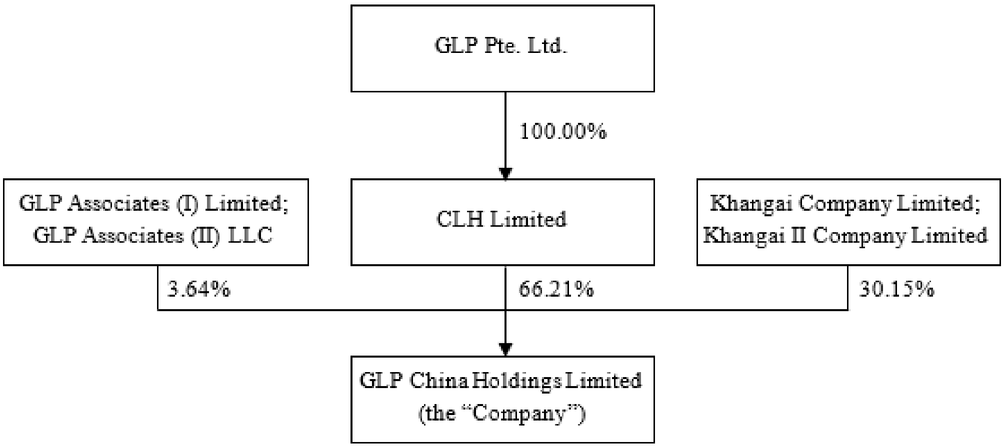
In recognition of the Group's outstanding development and the high quality of its projects, the Group has received numerous awards and recognitions for its operations.

Calendar Year	Award / Recognition
2020	Asian Investor Asset Management Awards 2020 – Best Asset Manager
	Euromoney Real Estate Awards 2020 – Best Industrial/Warehouse Developer (China and Japan)
2019	The Issuer was awarded the following six Global PERE Awards: Global Firm of the Year, Global Logistics Investor of the Year, Global Industry Figure of the Year, Europe Firm of the Year, Asia Firm of the Year and China Firm of the Year
	GLP was awarded the following awards at Euromoney Real Estate Awards 2019: Best Industrial/Warehouse Developer (Asia, Brazil and Japan), Best Overall Developer (Brazil and Japan) and Best Innovative Green Developer (Japan)
2018	Development of the LEED Gold project in China for Adidas (GLP Park Suzhou)
2017	Euromoney Real Estate Awards 2017 – Best Industrial/Warehouse Developer (China)
	Development of the first LEED Gold project in China for BMW China (R&D Center Beijing)
2016	Renminbi Bond of the Year for the Group's RMB1.5 billion Panda Bond recognised at the IFR Asia Awards 2016
2015	Global PERE Awards – Asia Capital Raise of the Year for CLF II
	Euromoney Real Estate Awards 2015 – Best Industrial/Warehouse Developer (China)
2014	Euromoney Real Estate Awards 2014 – Best Industrial/Warehouse Developer (China)
	Global PERE Awards – Asia Capital Raise of the Year for landmark US$2.5 billion China Consortium agreement
2013	Euromoney Real Estate Awards 2013 - Best Industrial/Warehouse Developer (China)
	24 parks are named as "Five – Star Warehouse Properties" recognised by the China Association of Warehouses and Storage
	2012-2013 "Customer Satisfaction Award" China E-commerce Logistics Service Supplier for GLP Park Chengdu and Dianshanhu recognised by the China Federation of Logistics & Purchasing

Calendar Year	Award / Recognition
	Outstanding Chinese Logistics Park Operators awarded by the China Electronic Commerce Association
	2013 Chinese Outstanding Logistics Enterprise awarded by the China Federation of Logistics & Purchasing

STRUCTURE OF THE COMPANY

The following chart sets out the simplified shareholding and corporate structure of the Group as at 31 December 2020:



THE GROUP'S STRENGTHS

The Group believes that it has the following competitive strengths:

Strong shareholder support and integration with GLP

The Group's parent and controlling shareholder, GLP, is a global leader in providing logistics solutions and modern logistics and warehousing facilities. With strong shareholder support and integration with GLP, the Group believes that it has a competitive advantage over its competitors and will be able to continue leveraging support from its relationship with GLP and its subsidiaries and affiliates to further enhance its competitiveness to meet its customer's needs, improving management capabilities and corporate governance and further strengthening the Group's brand equity and credibility.

With 66.21 per cent. of the Company's share capital under GLP's ownership, GLP provides strong shareholder support to the Group and sets the key strategies of the Group. The commonality of shareholders (such as Hopu Logistics Investment Management ("**HOPU**") and Bank of China) at both the GLP and Group levels also ensures further alignment of strategy and focus for the Group. At the operational level, while the Company is responsible for the day-to-day management and operations of the Group and has its own investment committee and decision-making process, these remain guided by GLP. The Group also shares the same capital allocation, risk management structure and risk return threshold methodology as GLP, which aims to deliver strong returns for all stakeholders through the creation of synergies between the logistics ecosystem and asset management and operations. In relation to management, five out of eight of the Group's directors are executive committee members of GLP, and the board of directors of the Group is supported by a senior management team with members who have been serving in GLP since its establishment.

The Group believes that it has a competitive advantage derived from the continued strong support from GLP in terms of its brand name and expertise in the logistics and warehousing facilities industry. As the largest provider of modern logistics and warehousing facilities in the PRC, according to Cushman & Wakefield in its Greater China Logistics Market Research for the fourth quarter of 2020, being part of the GLP global brand has enhanced the Group's strong reputation with logistics and warehousing facilities customers in the PRC, which helps promote brand recognition. The GLP brand is recognised internationally and is associated with quality, responsiveness and excellence, which provides a strong platform for the Group to further attract both well-known international and domestic customers. In addition, GLP's shareholders such as HOPU, Bank of China, Vanke and Hillhouse assist the Group with strengthening both GLP's and the Group's client base. The Group's high historical customer retention ratios, which, in turn, reflect customer demand for the facilities and services that the Group provides, are a strong reflection of the competitive advantages of the Group.

The Group is the largest provider in the PRC of modern logistics and warehousing facilities and integrated logistical solutions for its customers

The Group, according to Cushman & Wakefield in its Greater China Logistics Market Research for the fourth quarter of 2020, is the largest provider of modern logistics and warehousing facilities in the PRC, with its facilities characterised by large floor area, high ceilings, wide column spacing, high load capacity, spacious and modern loading docks, easy track access as well as enhanced safety systems and other value-added features. The Company believes that being the largest provider of modern logistics and warehousing facilities offers the Group a number of strategic benefits:

- "Network effect"—the geographic reach of the Group's network and the number, size, location and quality of its facilities allows customers to expand within its parks as well as across the Group's network locations as their businesses grow.
- Diversified earnings base—the scale of the Group's network helps it to achieve revenue diversity, with over 1,300 established customers spread over eight end-user industry sectors as at 31 December 2020, as well as geographic coverage comprising 402 parks in 43 major cities and markets in the PRC, covering all major PRC airports, seaports, highway networks and logistics hubs.
- Economies of scale—being a leading provider of modern logistics and warehousing facilities in the PRC offers the Group cost efficiencies in terms of negotiating construction contracts and facility management contracts, and optimising personnel resources and information systems.
- "Smart Logistics Ecosystem" – the Group is pioneering the creation of a comprehensive logistics ecosystem for the future by utilising the latest technology and big data to provide solutions to its customers through the use of automation and robotics, data analytics, software solutions and site selection tools, the "Smart Logistics Ecosystem" approach leverages technology and data, takes into account critical details of the supply chain (including warehouse space) and offers both space and technology-led solutions that drive value for its customers. With a portfolio of warehousing assets and customer demand as pillars, and fund management as a financial instrument, the Group is well placed to establish a platform for the broader logistics ecosystem and extract value from the logistics value chain.

The Group's extensive experience and in-depth knowledge of its tenants also allows it to deliver integrated value-added logistical solutions and distinguish itself from its competitors. Leveraging on its network and resources, the Group works closely with its existing and potential tenants early in its project development process to help its customers improve their supply chains, increase efficiency and serve the market more competitively by connecting them with solutions through the creation of a logistics ecosystem that utilises the latest technology, data and service offerings to drive value for its customers. As a result of its close collaboration with its tenants and its dedication in providing value-added solutions, the Group has built a distinguished and well-recognised brand image in the logistics and warehousing facilities industry in the PRC.

The PRC's growing logistics markets provides the Group with attractive opportunities for growth and strengthening of market position

The increasingly developed and established logistics and warehousing market in the PRC allows the Group to derive from its PRC portfolio ("**PRC Portfolio**") positive and stable cash flows and a recurring source of capital for expansion. The Group's modern logistics and warehousing facilities in the PRC have experienced consistently high leasing ratios since 2016. At the same time, the PRC logistics and warehousing market also presents an attractive opportunity for growth for the Group, driven by the following factors:

- Strong growth in gross domestic product ("**GDP**") and disposable income translates into strong demand for logistics and warehousing facilities: With a large and growing middle-income population, the PRC is becoming one of the world's largest consumer markets. The PRC Portfolio comprises 402 parks in 43 major cities and markets in the PRC, covering all major PRC airports, seaports, highway networks and logistics hubs as at 31 December 2020, with plans for further expansion into other cities within the PRC. As at 31 December 2020, approximately 79.0 per cent. of the Group's logistics and warehousing facilities in the PRC, by leased area, catered to domestic demand. Most of the end-industry sectors that the Group's customers serve are closely related to domestic consumption.

- Limited supply of logistics and warehousing facilities, in particular modern logistics and warehousing facilities in the PRC: The Company believes that the current supply of logistics and warehousing facilities in the PRC is insufficient, in terms of both quantity and quality, to address the strong demand, in particular as the current supply of logistics and warehousing facilities in terms of gross floor area ("**GFA**") per capita in the United States and in Japan are currently approximately 4 times and 5 times that of the PRC, respectively. As at 31 December 2020, major modern logistics and warehousing facility providers accounted for approximately 6.4 per cent. of the total supply of logistics and warehousing facilities in the PRC.

- Growth of e-commerce in the PRC: Internet/mail order sales have grown significantly as more and more consumers shop online. The e-commerce industry, a portion of which the Group serves, has grown significantly from 2010 to 2020. The Company expects the rapid growth in e-commerce in the PRC to continue and accordingly drive demand for modern logistics and warehousing facilities and increase the focus on last-mile deliveries. The share of total logistics leased area of the Group's e-commerce increased from 33.0 per cent.as at 31 March 2018, to over 40.0 per cent. as at 31 December 2020.

Prudent financial management and strong balance sheet with defensive growth

The Group has implemented prudential financial management policies that have enabled it to maintain a good credit profile, disciplined investment approach and strong balance sheet with defensive growth. Maintaining a conservative gearing ratio and long weighted average debt maturity, ensuring a high interest coverage ratio, pursuing a natural hedging policy and expanding its lender base to afford the Group wider financial flexibility are part of the Group's commitment to its prudential financial management.

The Group benefits from access to diversified and multi-channel financing channels, including but not limited to bilateral loans, syndicated loans, the capital markets, funds and other borrowings and equity. The Group constantly monitors its current and expected liquidity requirements and compliance with borrowing covenants to ensure sufficient cash reserves and adequate committed facilities to satisfy its short-term and long-term liquidity requirements. The Group has good relationships with its commercial lenders, which include some of the largest commercial banks in the PRC and well-known international banks.

As at 31 March 2018, 31 December 2018, 31 December 2019 and 31 December 2020, the Group had US$1,106.9 million, US$663.3 million, US$859.7 million and US$1,160.8 million, respectively, in cash and cash equivalents and had a gearing ratio (expressed as a percentage of total debt over total assets) of 29.1 per cent., 30.4 per cent., 31.8 per cent. and 31.5 per cent., respectively. Further, the Group's total external debt (expressed as the total of loans and borrowings, loans from non-controlling interests, loans from third parties, note payables and lease liabilities) as at 31 March 2018, 31 December 2018, 31 December 2019, and 31 December 2020 are US$4,307.6 million, US$6,147.2 million, US$8,250.0 million and US$10,320.9 million, respectively. The Group's net external debt (expressed as the difference between total external debt and cash and cash equivalents) as at 31 March 2018, 31 December 2018, 31 December 2019 and 31 December 2020 are US$3,200.7 million, US$5,483.9 million, US$7,390.3 million and US$9,160.1 million, respectively. The Group had an interest coverage ratio (expressed as a ratio of EBITDA over total borrowing costs) of 11.18x, 12.55x, 4.84x and 4.82x for the year ended 31 March 2018, for the nine months ended 31 December 2018, for the year ended 31 December 2019 and for the year ended 31 December 2020, respectively.

In addition, compared to commercial property segments, the inherent characteristics of the modern logistics and warehousing facility sector, coupled with the Group's efficient development practices, result in shorter gestation and cash conversion cycles. In the Group's experience, the cost and time required to develop and stabilise a typical logistics and warehousing facility is substantially less than the cost and time required to develop and stabilise typical retail and office properties. As such, the Group is able to realise its cash returns earlier compared to commercial property segments, and these recurring cash flows can be re-invested to accelerate growth in the business. This lowers the risk exposure of the Group's business to exogenous factors such as economic cycles. A shorter cash conversion cycle also provides the Group with the advantage of being able to be adequately funded and have the flexibility to adjust its operations according to demand conditions.

The Group's fund management business offers a fund management platform based on the Group's longstanding relationships with numerous global institutional investors and its senior management's extensive years of experience in private capital management. As at 31 December 2020, the Group managed seven third-party pooled investment vehicles: GLP CLF I, GLP CLF II, GLP China Value-Add Venture I, GLP China Value-Add Venture II, Hidden Hill Modern Logistic PE RMB Fund I, GLP CIF I and GLP China Value-Add Venture III, established in November 2013, July 2015, February 2018, September 2018, May 2018, April 2020 and December 2020, respectively, representing an aggregate amount of over US$19.0 billion of assets under management when fully leveraged and invested.

High quality and diversified customer base characterised by strong long-term customer relationships

The Group's network is well diversified by tenant mix as well as by geographical presence within the PRC. The Group leases its facilities to a broad range of Fortune Global 500 firms, large- and mid-sized, multi-national and domestic customers, including e-commerce companies, third-party logistics providers, retailers, manufacturers, importers/exporters and others. These customers serve end-users in a large variety of industries, including electronics, fast-moving consumer goods, retail/fast food chains, general logistics services, auto parts, pharmaceuticals/medical instruments and machinery. In terms of geographical presence, the Group has properties located across 43 major cities and markets within the PRC, with over 2,000 completed properties as at 31 December 2020. The Group has plans for further expansion of the Group's network into other cities within the PRC. The Group has been able to establish strong long-term customer relationships in key sectors such as the e-commerce, auto, pharmaceutical and third-party logistics industries, which continue to generate repeated business for the Group. As at 31 December 2020, approximately 61.0 per cent. of the Group's customers renewed their leases, approximately 56.0 per cent. of leased area were occupied by multi-location customers and approximately 79.0 per cent. of new leases in the PRC are with existing customers of the Group. The

Group's high quality and diversified customer base is a strong reflection of the Group's distinguished reputation in the logistics and warehousing facilities industry, which also provides it with a strong platform for growth and further strengthening of its market position.

High quality properties with strong lease profile

The Group's modern logistics and warehousing facilities are characterised by large floor area, high ceilings, wide column spacing, high load capacity, spacious and modern loading docks, easy track access as well as enhanced safety systems and other value-added features. The Group has a strong lease expiry profile for its portfolio by revenue. As at 31 December 2020, approximately 74 per cent. of the Group's leases expire in the year ending 31 December 2021 and later. With respect to the PRC Portfolio, the average lease ratios for completed and stabilised logistics and warehousing properties for the year ended 31 March 2018, for the nine months ended 31 December 2018, for the year ended 31 December 2019 and the year ended 31 December 2020 were 89.0 per cent., 91.0 per cent., 88.0 per cent. and 87.0 per cent., respectively. The weighted average lease expiry ("**WALE**") for such completed and stabilised logistics properties as at 31 December 2020 was approximately 2.0 years.

Well-established track record and network

The Group has a well-established track record, a commitment to excellence and in-depth local market knowledge. The Group adopts a research-driven, disciplined, institutionalised investment process for each development. As part of the Group's approach to development, the Group conducts extensive feasibility studies and fosters close working relationships with local governments to develop master plans for parks in the markets where it operates. The Group is closely involved in the project development process of each development to ensure adherence to development schedules and to ensure that facilities are built in line with specifications. Post development, the Group provides ongoing asset and property management, customer services and maintenance checks.

Since the Group established its network within the PRC by setting up its first PRC park in Suzhou and entered the Shanghai and Guangzhou markets during the years ended 31 March 2004 and 2005, the Group has continued to expand its presence within the PRC. As at 31 December 2020, the Group had established its network in 402 parks in 43 major cities and markets covering all major PRC airports, highway networks and logistics hubs, with plans for further expansion into other cities within the PRC. The Group's completed portfolio has continued to grow significantly since 2004. For the year ended 31 March 2018, the nine months ended 31 December 2018, for the year ended 31 December 2019 and the year ended 31 December 2020, the Group had 20.0 million square metres, 24.3 million square metres, 28.2 million square metres and 31.7 million square metres, respectively, of completed properties.

Strong corporate governance and experienced management team

The Company has high standards of corporate governance in place and operates in accordance with global logistics and warehousing industry best practices. In addition to the Audit department, related departments such as Commercial, Asset Service and Finance monitor project operations, which send monthly operation reports to the Company's management team. The management team evaluates projects according to a pre-agreed and consistent set of investment criteria. The Company's management team comprises industry specialists with public company experience and knowledge of global logistics and warehousing industry best practices, and notably includes:

- *Mei, Ming Z*, a director of the Company since June 2014, is also the Co-founder and the Chief Executive Officer of GLP. He was formerly the chief executive officer of Prologis for PRC and Asian Emerging Markets where he opened Prologis' first PRC office in 2003 and built up its operations in the PRC. Mr

Mei has extensive experience in various business sectors, including but not limited to real estate, land acquisition, construction and asset acquisition.

- *Mok Victor*, a director of the Company since November 2016, is also the Co-President – Real Estate of the Company and is responsible for the operational, procurement, property management and IT functions for the real estate business in the PRC. Mr. Mok also spearheads strategic collaboration with GLP's key partners such as China Material Storage and Transportation Corporation. Mr. Mok previously served as the Chief Commercial Officer of the Company. Prior to joining the Group, Mr. Mok was CEO of North Asia and president of global air transport of DHL Supply Chain. Mr. Mok has close to three decades of experience in the aviation and logistics industries.

- *Michihiro Higashi*, a director of the Company since June 2014, is also the Chief Strategy Officer of the Company and is in charge of overseeing and setting the investment strategy for the Company. He is also responsible for managing and establishing strategic alliances in the PRC. Mr. Michihiro was formerly Senior Vice President and Head of Investment of the Company and helped to grow the Company business relating to Japanese customers.

- *Zhuge Teresa*, a director of the Company since July 2014, is Vice Chairman of the Company and oversees fund management, financial services and capital deployment and leads negotiations for the Company's acquisitions and strategic projects. Ms. Zhuge previously served as the Co-President and Chief Financial Officer of the Company. Ms. Zhuge was deputy CFO of SZITIC Commercial Properties and also worked with Morgan Stanley Properties China and Deloitte.

The Company's senior management has significant international logistics and warehousing property development and management experience.

THE GROUP'S BUSINESS STRATEGIES

The Group intends to implement the following principal strategies to support the further development of its business:

Continue to provide customers with high quality and best-in-class logistics and warehousing facilities and integrated logistical solutions in the PRC

The Group has built a distinguished brand image with high quality and best-in-class logistics and warehousing facilities and is committed to providing its customers with best-in-class, state-of-the-art logistics facilities. The Group believes that its research-driven and disciplined investment process has enabled it to build logistics and warehousing facilities in strategic locations across the PRC which meet the evolving needs and demands of its customers. The Group is committed to developing intelligent, energy-efficient and environmentally-friendly facilities, with features such as energy-efficient lighting and equipment, waste water management systems and expansive green areas.

The core strengths of the Group's logistics and warehousing facilities include (i) strict compliance with premium logistics and warehousing facilities design specifications, including loading capacity, area size, structure, fire protection and security measurements; (ii) proprietary park design with an aim at maximising the efficiency of its tenants' operations; (iii) national coverage with standardised design, allowing its tenants to easily replicate and expand across different locations; (iv) convenient locations with established transportation infrastructure such as highways, railways, ports and airports; and (iv) professional property management services to support the operations of tenants on a 24-hours-a-day and seven-days-a-week basis.

The Group remains focused on being a leading global provider of logistics solutions and in particular building long-term relationships and delivering high-quality solutions that meet its tenants' business needs, helping them to improve their supply chain efficiency and fulfil their strategic expansion goals. The Group maintains constant dialogue with both existing and prospective tenants to manage lease renewals and fill up vacancies at its existing and newly developed logistics and warehousing facilities in a timely and efficient manner. The Group will continue to deepen existing client relationships through category management and bundled offerings of its logistics solutions and logistics and warehousing facilities and promote the broad product and geographic offering of its PRC Portfolio to attract existing and prospective tenants with a view to expanding their national footprint in the PRC. For its existing tenants, the Group leverages its ability to provide integrated value-added solutions that cater to their specific needs to attract renewal of the leases. It also continues to work closely with its existing tenants early in its project development process to secure lease commitments in tenants' expansion process.

In addition, the Group aims to incubate new sources of demand (for example, small businesses) through participation in the logistics ecosystem development and capitalising on its strong brand reputation and broad product and geographic offering of its logistics and warehousing facilities across the PRC, thereby attracting prospective tenants that have never leased its logistics and warehousing facilities. In particular, the Group utilises the industry-specific sales force it has established in view of its future expansion within the PRC. Currently, the Group has leasing teams specialising in (i) electronics and retailers, (ii) third-party logistics providers, (iii) delivery companies, (iv) pharmaceuticals and cold storage, (v) the automobile industry and (vi) manufacturers and others, all comprising personnel with relevant industry background. The Group believes these specialised teams understand the needs of prospective tenants and are therefore able to devise and execute effective sales strategies.

Strengthen the Group's market leadership position and capitalise on the increasing market opportunities within the PRC

The Group intends to continue to focus on strengthening its market leadership, the performance of its existing assets and the timely delivery of its development projects within the PRC and to capitalise on the increasing opportunities within the PRC. With a focus on the expansion of the Group's national network through demand and research-based investment, road-mapping and discipline, the Group's strategy in the PRC market is as follows:

- **Continue to build on the Group's "Network Effect"**: The Group has an extensive base of international and domestic customers, many of whom are lessees in more than one of its logistics and warehousing facilities across the PRC. With a growing presence of 402 parks in 43 major cities and markets in the PRC, covering all major PRC airports, seaports, highway networks and logistics hubs as at 31 December 2020, the Group's customers can benefit from the Group's ability to offer them logistics and warehousing solutions in multiple cities to which they plan to expand. This "Network Effect" enables the Group to expand together with its clients to achieve greater customer loyalty and higher lease ratio for the Group's properties. The Group expects a significant part of this growth to be driven by the expansion of the Group's customer base, giving the Group a network advantage compared to other operators that lack its diverse and high-quality customer base.

- **Capitalise on the fast-growing and strong demand for modern logistics and warehousing facilities in the PRC**: The modern logistics industry in the PRC is fast-growing, driven by strong demand for supply of modern logistics and warehousing facilities. With an already established presence in the PRC and with further plans for expansion to other cities in the PRC, the Group strives to leverage on its market leading position and to continue to capitalise on the fast-growing and strong demand for modern logistics and warehousing facilities in the PRC.

- **Further develop the Group's portfolio to leverage on the rapid growth in domestic consumption and booming e-commerce in the PRC**: Underpinned by a strong growth in real GDP, private consumption as well as a large and rapidly growing middle-income population, the PRC is becoming one of the world's largest consumer markets. Accordingly, rental payments in the logistics sector have increased steadily over the recent years and are expected to continue to increase, while vacancy rates have significantly decreased over the past decade and are expected to continue to decrease, translating into sustainable rental value creation. In addition, growth in e-commerce in the PRC continues to drive demand for modern logistics and warehousing facilities. In the PRC as well as elsewhere globally, e-commerce clients require much more space than traditional brick-and-mortar retailers, and this enlarged e-commerce demand is one of the key drivers of growth in the industry. The PRC's e-commerce gross merchandise value growth is expected to grow significantly in the future and outpace that of the United States and the global industry as a whole. Leveraging on the favourable macroeconomic dynamics which have translated into strong and sustainable demand for logistics and warehousing facilities in the PRC, the Group intends to expand its business by developing new facilities in accordance with its research-driven, disciplined investment process as well as its master planned approach to development to capture the growth in the PRC's domestic consumption and capitalise on the opportunities afforded by the booming e-commerce demand in the PRC.

- **Continue to pursue the Group's long-term growth strategy of expanding its footprint in the PRC through acquisitions of logistics and warehousing facilities and land bank**: In furthering the Group's long-term growth strategy of organic growth and to ensure that it has sufficient land resources available, the Group will continue to acquire existing logistics and warehousing facilities and adopt a conservative approach in the pursuit of additional land bank in strategic locations and cities particularly in the Tier 1 and Tier 1.5 cities in the PRC such as Beijing, Shanghai and Suzhou through strategic partnerships with state-owned enterprises and private companies and acquisitions in the second-hand markets. In addition, the Group will continue to actively explore new opportunities and emerging trends that the Group can engage in and leverage its strong management expertise and diverse existing network of customer relationships. Taken together with the Group's strong liquidity position and the privatisation of GLP from the Singapore Exchange Securities Trading Limited in January 2018 which the Group firmly believes will afford both GLP and itself with more flexibility going forward to further its business plans, the Group is well positioned to pursue its long-term growth strategy.

Increase economies of scale

The Group intends to focus on increasing economies of scale and cost-efficiency via the following key initiatives:

- continue to focus on the Group's approach to parks in the markets within the PRC where it operates, with larger-scale, multi-building parks to lower incremental costs of development and operation;
- streamline sales and marketing expenses by leveraging on the Group's large and growing base of international and domestic customers and continue to promote marketing initiatives between different customer segments;
- continue to increase the Group's negotiation leverage with respect to key supplier contracts;
- explore direct procurement of raw materials to minimise costs introduced by third party intermediaries; and
- optimise and centralise headquarters expenses.

Strategically recycle capital to create and enhance shareholder value

The Group plans to strategically recycle capital to create and enhance shareholder value. The Group strives to utilise the strong recurring income streams from its completed facilities, to drive near-term expansion and growth. The Group also intends to continue to leverage its fund management platform by establishing funds with third-party investors, capitalising on the Group's development capabilities to build its fee-based income. The Group will also monitor market trends and opportunities to free up its capital by monetising completed projects through establishing and injecting such completed projects into investment vehicles. This will also provide an additional source of funds to spur the Group's growth, in particular where the proceeds of the recycled capital from mature, stabilised properties could be used to fund new developments. In the medium to long term, subject to market conditions and at the appropriate time, the Group aims to create new initiatives including more income funds in the PRC as part of its portfolio.

Leverage and continue to build the Group's strong recurring income

It is the Group's intention to build up and enhance its strong and stable recurring income stream from its logistics and warehousing facilities and through its fund management activities. As at 31 December 2020, the Group's lease ratio was 87.0 per cent. and its fund management (assets under management) stood at over US$19.0 billion. The Group believes that the expected recurring income from such activities will allow it to build a strong cash flow position.

Continue to maintain prudent and disciplined financial management and liquidity position

The Group will continue to (i) maintain its strong capital discipline while developing the respective logistics and warehousing facilities to meet demand and (ii) strengthen its financial and cash flow management to support sustainable business growth. The Group firmly believes in a disciplined growth and capital allocation to achieve net asset value growth and to optimise risk-adjusted returns. Accordingly, the Group will continue to improve its internal financial management policies and corporate governance standards, while strictly adhering to the principle of prudent financial management.

High priority on operating and governing with best business practices standards

The Group places a high priority on operating with best business practices standards, with a well-governed platform based on transparency and with consideration for social, environmental, and corporate responsibilities to its customers and communities.

- **Sustainability**: The Group optimises sustainability of its new developments through green design initiatives, positioning its properties to minimise their environmental impact while providing long-term benefits to its customers and the local community. In addition, to reduce its customers' costs and contribute to a greener environment, the Group's warehouses are equipped with energy-efficient technology, such as energy-efficient lighting, waste water management systems, expansive green areas, and solar panels on the rooftops of its buildings.

- **Social responsibility**: Throughout the development, construction and operational phases of each property, the Group is careful to guard against any breaches of human rights and ensure that its work conditions comply with the relevant laws and regulations. The Group also selects its partners carefully and mitigates risks through constant and thorough monitoring of activities on its sites. The management believes that, as a result of these initiatives, financial and reputational risks to its customers, properties and investors are reduced, while its image is enhanced.

- **Governance and transparency**: The Group believes that effective corporate governance is critical to its success. Hence, the Group establishes robust processes and standard operating procedures to minimise the risk of errors while remaining transparent and accountable to its investment partners and other stakeholders. Wherever possible, the Group minimises conflicts of interest through the use of both technology and independent third parties.

PRINCIPAL BUSINESS ACTIVITIES

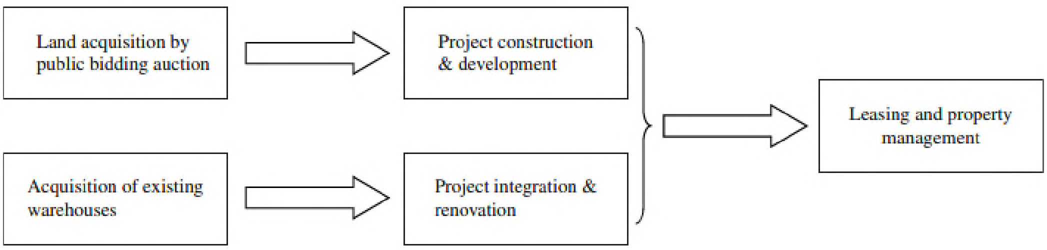
The Group is a leading global investment manager and developer in logistics, real estate, infrastructure, finance and related technologies. The Group believes that its combined experience and expertise as an investor and an operator provide it with a distinct competitive advantage to build, acquire and scale high-quality businesses and to create value for its customers and investors.

The Group is a leading service provider of modern logistics and industrial infrastructure in China. It is dedicated to further developing science and innovation parks, investing in new energy, digital "new infrastructure" and other fields and enhancing its technology and service capacities to create advanced industrial development ecosystem by taking an innovative and entrepreneurial approach. As of the date of this Offering Circular, the Group's assets in China exceed US$30 billion. The Group has extensive experience in investment management and has established and manages a number of private equity funds that invest exclusively within and outside of China.

As of the date of this Offering Circular, the Group invests in, develops and manages over 400 logistics, manufacturing and data centers, science and innovation facilities and office spaces in 43 strategic regional markets across China. Moreover, the Group takes the lead in the investment and development of innovative technologies, playing a leading role in smart logistics. The Group continues to improve the operational efficiency and enhance the value of assets through equity investment, financial technology platforms and data technology platforms.

The current warehousing project development model of the Group is based on market demand, that is, the Group researches and investigates, selects and acquires the land by bidding, auction and listing, facilities designing, engaging in pre-marketing construction financing, construction and/or renovation of the park on it and provides the supporting logistics and warehousing facilities, and ultimately leases it to the customers and requests the dedicated asset management team for logistics consulting services. In addition, given that the current domestic land index is relatively tight, the Group also acquires the existing logistics warehousing assets projects through merger and acquisition or joint ventures, and then leases them to the downstream customers after re-planning and renovation, in an effort to reasonably control costs. The Group is currently focusing on land acquisition and self-construction, and the proportion of its businesses involving acquisition of existing warehousing, planning and renovation has decreased.

Overall operating mode of the Group's warehousing projects



Development of modern logistics and warehousing facilities

The Group constructs new facilities and develops integrated logistics solutions to meet market demand and serve its customers' needs, thereby helping its customers improve their supply chain, increase their efficiency and competitiveness as well as generate significant value through development.

The Group is the largest provider of modern logistics and warehousing facilities in China and has an absolute leading position in the modern warehousing field. The Group can provide its customers with a full suite of solutions and products related to modern logistics and warehousing facilities, including multi-tenant logistics and warehousing facility development and design, customised warehouse design and construction, and acquisition and leasebacks. As at 31 December 2020, the Group's PRC portfolio comprises 402 parks across 43 major cities and markets in the PRC, with the total floor area of the parks reaching approximately 43.3 million square metres.

The following table sets out the Group's warehousing assets portfolio as at or for the year ended 31 March 2018, the nine months ended 31 December 2018, the year ended 31 December 2019 and the year ended 31 December 2020:

	For the year ended 31 March	For the nine months ended 31 December	For the year ended 31 December	For the year ended 31 December
	2018	2018	2019	2020
		(million sq. m.)		
Warehousing assets portfolio				
Completed and Stabilised properties[1]	17.6	20.5	24.2	28.2
Completed and Pre-Stabilised properties[2]........	1.6	3.0	3.2	2.6
Other facilities[3]...	0.8	0.9	1.0	1.0
Properties under development or pending repositioning...	5.0	5.8	5.8	5.1
Land reserves..	5.4	7.0	7.9	6.4

Notes:

(1) "Completed and Stabilised" property refers to the warehousing property projects that meet one of the two conditions: completed for one year or lease ratio over 90.0 per cent.

(2) "Completed and Pre-Stabilised" property refers to the warehousing property projects that have been completed for less than one year and the lease ratio is below 90.0 per cent. The modern warehousing industry generally describes the state of the warehousing property by these two expressions.

(3) Other facilities include container yard and parking lot facilities.

Whether the Group acquires land or existing logistics and warehousing facilities depends on several factors. An investment decision-making committee considers factors such as the per capita GDP of each region, the rental level of parks in the local market, internal rate of return, project budget and future cash flow of the planned investment area. When the Group acquires land from the government directly (i.e. by public bidding auction), local governments will consider the integrated operational capabilities of the potential investor and to what extent the potential investor could contribute to the local economy. By virtue of its strong modern logistics warehousing operational capabilities, the Group has obtained land with optimal integration plans. When the Group acquires existing land or parks owed by other entities, they are willing to deal with the Group on the basis of the Group's good reputation and professionalism.

The following table sets out the Group's land reserves as at or for the year ended 31 March 2018, as at or for the nine months ended 31 December 2018, as at or for the year ended 31 December 2019 and as at or for the year ended 31 December 2020:

	For the year ended 31 March	For the nine months ended 31 December	For the year ended 31 December	For the year ended 31 December
	2018	2018	2019	2020
		(‘000 sq. m.)		
Item				
Newly acquired land reserves	3,376.2	3,944.9	4,478.3	2,441.0
Newly acquired land reserves that is built up ..	2,113.2	3,484.4	3,841.4	1,905.4
Land reserves acquired at the end of the financial year that is built up............................	5,365.0	7,035.0	7,941.2	6,429.7
Land reserves acquired at the end of the financial year	8,191.7	9,763.2	10,375.9	8,141.5

As at 31 December 2020, the business layout of the Company’s main land acquisition or acquisition of existing facilities was mainly in the coastal capital cities and cities with upswing economy, as well as in the main transportation hub zones of first- and second-tier cities.

The following diagram summarises the geographical locations of the Group’s parks as at 31 December 2020:

The following table summarises the Group’s regional land reserves in the PRC as at 31 December 2020:

Cut-off Date	Region in PRC	Site Area	Estimated GFA
		(‘000 sq. m.)	
31 December 2020...	Northern	3,632.4	2,467.4

Cut-off Date	Region in PRC	Site Area	Estimated GFA
		(‘000 sq. m.)	
	Eastern	2,087.6	2,017.3
	Southern	397.8	602.2
	Midwest	2,023.8	1,342.7
Total..		**8,141.5**	**6429.7**

Notes:

(1) “Northern” refers to the provinces or municipalities such as Beijing, Tianjin, Liaoning, Heilongjiang, Jilin and Hebei;

(2) “Eastern” refers to the provinces or municipalities such as Shandong, Shanghai, Jiangsu, Zhejiang and Anhui;

(3) “Southern” refers to the provinces such as Guangdong, Guangxi and Fujian;

(4) “Midwest” refers to the provinces or municipalities such as Sichuan, Shaanxi, Chongqing, Hunan, Henan, Hubei, Guizhou, and Yunnan.

The Group would usually complete the planning and design of the logistics and warehousing facility within three to six months after acquiring a piece of land by bidding or auctioning, and all the warehousing project construction and development or renovation projects will be undertaken by third-party contractors. The Group keeps a list of approximately 40 to 50 contractor partners, which was drafted based on past cooperation, and it selects the contractor for each new project by tender.

Warehouses built by the Group are categorised into standard warehouses and customised warehouses. The standard warehouse is generally a single-dock or cross-dock warehouse, which loads the storage items from one side and then transports the items out from the other side. The custom warehouse is designed by the Group for long-term customers with specific storage requirements. Compared to the standard warehouse, the custom warehouse features more specifications and a higher degree of personalisation, its development cost is higher than that of the standard warehouse, and therefore the rent charged for custom warehouses is also higher than that for standard warehouses.

The following table summarises the Group’s development of warehouses as at or for the year ended 31 March 2018, as at or for the nine months ended 31 December 2018, as at or for the year ended 31 December 2019 and as at or for the year ended 31 December 2020:

	As at or for the year ended 31 March	As at or for the nine months ended 31 December	As at or for the year ended 31 December	As at or for the year ended 31 December
	2018	**2018**	**2019**	**2020**
		(‘000 sq. m.)		
Item				
Construction area of the new construction projects at relevant time period........................	2,148.8	1,758.7	2,928.1	2,932.4
Construction area of the completed construction projects at relevant time period ...	2,406.2	1,790.8	2,557.2	3,273.4

	As at or for the year ended 31 March	As at or for the nine months ended 31 December	As at or for the year ended 31 December	As at or for the year ended 31 December
	2018	**2018**	**2019**	**2020**
		('000 sq. m.)		
Construction area of the ongoing construction projects at the end of the relevant time period .	5,006.4	5,883.5	5,956.6	5,192.7

The average construction period of a new warehouse development is 12 to 18 months, and the payment schedule of the project funds is as follows: 20.0 to 30.0 per cent. of a project's fee will be paid to the main contractor at the start of the project, and the remaining fee will be paid according to schedule after the supervisor has released the supervision report. The Group will simultaneously monitor payments made by the main contractor to sub-contractors to ensure that the project's fee is utilised for the purposes of the project. Any remaining balance will be paid to the main contractor after the project warranty period expires.

For acquired warehouse developments, the Group in most instances would manage its renovation and planning according to the specifications of its downstream tenants.

Modern warehousing operations

The Group owns and manages modern logistics and warehousing facilities and warehouse management is the foundation of its business model. As part of its modern warehousing operations, the Group also engages in lease management, asset and property management and the provision of maintenance checks and customer services. The Company's warehousing business maintained a high rental level. For the year ended 31 March 2018, for the nine months ended 31 December 2018, for the year ended 31 December 2019, and for the year ended 31 December 2020, the leasing ratios of the completed stable properties were 89.0 per cent., 91.0 per cent., 88.0 per cent. and 87.0 per cent., respectively. The average rental level has been growing constantly. For the year ended 31 March 2018, for the nine months ended 31 December 2018, for the year ended 31 December 2019 and for the year ended 31 December 2020, the average rental of the Company's warehousing facilities were RMB33.3/square metre/month, RMB33.8/square metre/month, RMB34.7/square metre/month and RMB36.3/square metre/month, respectively. For the year ended 31 March 2018, for the nine months ended 31 December 2018, for the year ended 31 December 2019, and for the year ended 31 December 2020, the proportion of revenue derived from warehousing and related services as a percentage of the total revenue was 78.8 per cent., 78.0 per cent., 73.1 per cent. and 67.2 per cent., respectively.

The following table sets out the Group's gross operating profits derived from its warehousing and related services and other services for the year ended 31 March 2018, for the nine months ended 31 December 2018, for the year ended 31 December 2019, and for the year ended 31 December 2020:

	For the year ended 31 March		For the nine months ended 31 December		For the year ended 31 December		For the year ended 31 December	
Item	**2018**		**2018**		**2019**		**2020**	
	Gross operating profit	*Proportion*	*Gross operating profit*	*Proportion*	*Gross operating profit*	*Proportion*	*Gross operating profit*	*Proportion*
				(US$ '000)				
Warehousing and related services	560,918	98.5%	529,759	91.1%	741,562	80.8%	744,294	79.2%

Item	For the year ended 31 March 2018		For the nine months ended 31 December 2018		For the year ended 31 December 2019		For the year ended 31 December 2020	
	Gross operating profit	*Proportion*	*Gross operating profit*	*Proportion*	*Gross operating profit*	*Proportion*	*Gross operating profit*	*Proportion*
	(US$ '000)							
Others	8,522	1.5%	52,030	8.9%	175,724	19.2%	195,512	20.8%
Total Gross operating profits	569,440	100.0%	581,789	100.0%	917,286	100.0%	939,806	100.0%

The following table sets out the Group's gross operating profit margins for the year ended 31 March 2018, for the nine months ended 31 December 2018, for the year ended 31 December 2019, and for the year ended 31 December 2020:

Item	For the year ended 31 March 2018	For the nine months ended 31 December 2018	For the year ended 31 December 2019	For the year ended 31 December 2020
Warehousing and related services	62.6%	70.3%	74.8%	64.8%
Others	100.0%	100.0%	100.0%	100.0%
Total Gross operating profit margin	62.9%	72.2%	78.6%	69.9%

The following table sets out the Group's gross operating costs for the year ended 31 March 2018, for the nine months ended 31 December 2018, for the year ended 31 December 2019 and for the year ended 31 December 2020:

Item	For the year ended 31 March 2018		For the nine months ended 31 December 2018		For the year ended 31 December 2019		For the year ended 31 December 2020	
	Gross operating costs	*Proportion*	*Gross operating profit*	*Proportion*	*Gross operating costs*	*Proportion*	*Gross operating costs*	*Proportion*
	(US$ '000)							
Warehousing and related services	335,640	100.0%	223,684	100.0%	249,392	100.0%	404,830	100.0%
Others	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%
Total Gross operating costs	335,640	100.0%	223,684	100.0%	249,392	100.0%	404,830	100.0%

Fund Management

The Group partners with world-class investors to grow its network and holds a substantial portion of its property interests through its investments in private funds that it manages. Through leveraging on third-party equity to fund growth, the Group seeks to de-risk its development pipeline and enhance returns through a steady stream of recurring and performance fees. The Group's integrated business platform enables its institutional clients to maximise their investment returns on logistics-related real estate and to meet their demands for real estate investment. The Group is committed to providing customers with integrated solutions across the entire logistics and warehousing value chain to meet their operational and financial needs. The Group is continuing to actively explore opportunities to grow its platform, especially in new and existing markets such as China.

As at 31 December 2020, the Group managed seven third-party pooled investment vehicles: GLP CLF I, GLP CLF II, GLP China Value-Add Venture I, GLP China Value-Add Venture II, Hidden Hill Modern Logistic PE RMB Fund I, GLP CIF I and GLP China Value-Add Venture III, representing an aggregate amount of over US$19.0 billion of assets under management when fully leveraged and invested.

GLP CLF I

GLP CLF I was established in November 2013 and has US$3.0 billion of assets under management. The leading global institutions from Asia, Europe and North America have partnered the Group to develop these modern logistics facilities in China. The investment has been fully completed and deployed.

GLP CLF II

GLP CLF II was established in July 2015 and has US$7.0 billion of assets under management. GLP CLF II is expected to capitalise on the unprecedented growth opportunities in terms of the shortage of modern logistics facilities in China.

GLP China Value-Add Venture I

GLP China Value-Added Venture I was established in February 2018 and has RMB20.0 billion of assets under management. GLP China Value-Add Venture I is expected to acquire completed logistics and industrial assets in China.

GLP China Value-Add Venture II

GLP China Value-Add Venture II was established in September 2018 and has US$2.0 billion of assets under management. GLP China Value-Add Venture II focuses on income-generating logistics facilities in China.

Hidden Hill Modern Logistics PE RMB Fund

Hidden Hill Modern Logistics PE RMB Fund was established in May 2018, which was the Group's first private equity fund. Hidden Hill Modern Logistics PE RMB Fund has RMB8.4 billion of assets under management. Hidden Hill Modern Logistics PE RMB Fund focuses on equity investments in the logistics ecosystem, mainly in smart logistics and supply chain ecosystems, with an emphasis on investing in companies that improve efficiency through technological innovation and model innovation in modern logistics service systems, food supply chains and cold chain logistics.

GLP CIF I

GLP CIF I was established in April 2020 and has RMB15.0 billion of assets under management. GLP CIF I invests in logistics infrastructures in 18 important logistics nodes in the Yangtze River Delta, Beijing-Tianjin-Hebei and Central China, all of which are modern logistics assets with high standards that have been completed and are in stable operation.

GLP China Value-Add Venture III GLP China Value-Add Venture III was established on 23 December 2020 and has RMB4.5 billion of assets under management. GLP China Value-Add Venture III invests in modern logistics assets in GLP Park Lingang in Shanghai, the biggest and most advanced port-based park in China.

THE GROUP'S PORTFOLIO

All the properties that the Group develops are modern logistics and warehousing facilities, characterised by large floor area, high ceilings, wide column spacing, high load capacity, spacious and modern loading docks, easy track access, as well as enhanced safety systems and other value-added features. They are designed to allow flexibility to add multiple tenants or provide a platform for expansion of a single tenant, with energy-efficient technology and features to reduce its customers' costs. The Group also provides a build-to-suit service that includes site selection, construction and management of dedicated facilities customised to a single customer's specifications. The Group oversees the construction and management of its facilities and hires sub-contractors for the various aspects of construction and management where appropriate.

The Group's portfolio in China (the "**China Portfolio**") was set up in 2003, and the Group has since built up a significant land bank of strategically located sites within key logistics hubs and near major seaports, airports, transportation hubs or industrial zones. The China Portfolio was initially focused on the cities of Shanghai, Beijing, Guangzhou and Shenzhen, as well as the industrial city of Suzhou, which represented the major hubs of economic activity in China. The Group has since gradually expanded into key gateway cities such as Qingdao, Tianjin, Hangzhou, Nanjing, Shenyang and Chengdu, where demand for modern logistics and warehousing facilities is supported by rapid growth in local GDP and consumption.

In China, the Group tries to acquire the best locations available to build logistics and warehousing facilities. On occasion, it also purchases existing facilities, generally with a view towards refurbishing, expanding and modernising or replacing them, or forms joint ventures with local governments, economic zones or port authorities to secure rights to large, strategically located sites. At times, the Group has also acquired and leased out facilities without additional renovation.

As of the date of this Offering Circular, the Group invests in, develops and manages over 400 logistics, manufacturing and data centers, science and innovation facilities and office spaces in 43 strategic regional markets across China. Moreover, the Group takes the lead in the investment and development of innovative technologies, playing a leading role in smart logistics. The Group continues to improve the operational efficiency and enhance the value of assets through equity investment, financial technology platforms and data technology platforms. As at 31 December 2020, the WALE of the Group's completed and stabilised logistics properties in China was approximately 2.0 years.

As at 31 December 2020, major modern logistics and warehousing facilities providers accounted for approximately 6.4 per cent. of the total supply of logistics and warehousing facilities in China. Most of the Group's properties in China offer the following key features that the Company believes characterise modern logistics and warehousing facilities:

- storage safety: security and surveillance features, proper ventilation and basic fire-fighting features such as sprinkler systems;
- optimal space utilisation: large floor area, high ceilings, wide column spacing, high load capacity, spacious and modern loading docks and easy track access;
- high operating efficiency: spacious loading and parking areas equipped with modern loading docks;
- convenient and optimal location to enable its customers to achieve savings on their transportation costs; and
- flexibility to provide customised features such as office space, air-conditioning and refrigeration/freezing.

Main ongoing construction projects

Below is a list of the main ongoing construction projects of the Group as at 31 December 2020:

Project title	Construction period	Planned total investment amount	Invested amount	Sources of funds
		(RMB million)	*(RMB million)*	
GLP Nansha Lanhe West Logistics Park	May 2020 to January 2022	353.7	186.1	60% own funds and 40% borrowings
Jiangyin Huanpu International Industrial Park	June 2020 to January 2022	258.3	106.3	50% own funds and 50% borrowings
South Industrial Park, Hangzhou Economic Development Zone, Huanpu	December 2020 to April 2022	573.3	264.7	32% own funds and 68% borrowings
Suzhou GLP Logistics Park	July 2020 to April 2022	724.8	469.2	52% own funds and 48% borrowings
GLP Huai'an Economic Development Logistics Park	October 2020 to June 2021	226.7	133.9	50% own funds and 50% borrowings
GLP Jinan Cuizhai Logistics Park	November 2020 to August 2022	502.3	128.8	50% own funds and 50% borrowings
Total		**2,640**	**1,289**	

Note:

(1) The starting date of the construction period refers to the starting date of design, namely the date on which the design is started, instead of the actual physical commencement date of construction; and the ending date of the construction period refers to the date on which the project is completed and put into use.

GLP Nansha Lanhe West Logistics Park

This project is located in Lanhe Xinyong Industrial Park, Nansha District of Guangzhou City, the capital of Guangdong Province. The project includes two double-storey ramp warehouses. The Group owns 39 per cent. of the shares in this project. The total investment of the project is estimated to be RMB353.7 million, of which RMB212.6 million being the capital. The project has obtained relevant licences in compliance with relevant national laws and regulations, such as land certificates, building planning permits and construction permits.

As of 31 December 2020, the project has completed an investment of RMB186.1 million and it is expected to be completed by January 2022.

Jiangyin Huanpu International Industrial Park

The project is located in Qingyangi Park, Jiangyin National Hi-tech Industrial Development Zone of Wuxi Jiangyin county, Jiangsu Province. The project includes three single-storey factories and two double-storey ramp warehouses. The Group owns 56 per cent. of the shares in this project. The total investment of the project is estimated to be RMB258.3 million, of which RMB129.2 million is the capital. The project has obtained relevant licences in compliance with relevant national laws and regulations, such as land certificates and building planning permits.

As of 31 December 2020, the project has completed an investment of RMB106.3 million and it is expected to be completed by January 2022.

South Industrial Park, Hangzhou Economic Development Area, Huanpu

The project is located in Hangzhou Economic and Technological Development Area of Qiantang District, Hangzhou, the capital of Zhejiang Province. The project plans to build five double-storey elevator warehouses. The Group owns 100 per cent. of the shares in the project. The total investment of the project is estimated to be RMB573.3 million, of which RMB389.8 million being the capital. The project has obtained relevant licenses in compliance with relevant national laws and regulations, such as land certificates, building planning permits and construction permits.

As at 31 December 2020, the project has completed an investment of RMB264.7 million, and it is expected to be completed by April 2022.

Suzhou GLP Logistics Park

The project is located in Weiting East District, Suzhou Industrial Park in Suzhou, Jiangsu Province. The Group holds 28.4 per cent. of the shares in the project. The project currently has a three-story office building, and plans to build three double-storey elevator warehouses and a high-bay warehouse. The total investment of the project is estimated to be RMB724.8 million, of which RMB376.2 million being the capital. The project has obtained relevant licenses in compliance with relevant national laws and regulations, such as land certificates, building planning permits and construction permits.

As at 31 December 2020, the project has completed an investment of RMB469.2 million, and it is expected to be completed by April 2022.

GLP Huai'an Economic Development Logistics Park

The project is located in Huai'an Economic and Technological Development Zone of Jiangsu Province. The Group holds 56 per cent. of the shares in the project. The project plans to build three single-story warehouses and a three-story dormitory building. The total investment of the project is estimated to be RMB226.7 million, with RMB113.8 million being the Group's own funds. The project has obtained relevant licenses in compliance with relevant national laws and regulations, such as land certificates, building planning permits and construction permits.

As at 31 December 2020, the project has completed an investment of RMB133.9 million, and it is expected to be completed by June 2021.

GLP Jinan Cuizhai Logistics Park

The project is located in Jinan Pioneer Area in Jinan, the capital of Shandong Province. The Group holds 56 per cent. of the shares in the project. The project plans to construct four double-layer ramp warehouses. The total investment of the project is estimated to be RMB502.3 million, with RMB251.2 million being the Group's own funds. The project has obtained relevant licenses in compliance with relevant national laws and regulations, such as land certificates, building planning permits and construction permits.

As at 31 December 2020, the project has completed an investment of RMB128.8 million, and it is expected to be completed by August 2022.

Title

The Group holds substantially all of its properties in China under long-term land use rights granted by the Chinese government that convey the right to derive profit from and dispose of the property and the land use rights.

Leases

Due to the growth that it anticipates in the Chinese logistics and warehousing facilities market, the Group generally prefers leases with shorter terms in China than it would in other more developed markets. Leases typically have one-year to 10-year terms, with a weighted average original term for all of its completed facilities of 4.6 years as at 31 December 2020. As at 31 December 2020, approximately 28.0 per cent. of the Group's leases in China have a term of one to three years, approximately 27.5 per cent. have a term of three to five years and approximately 21.9 per cent. a term of five to 10 years and approximately 7.1 per cent. a term of more than 10 years, while approximately 15.5 per cent. are short-term (i.e., less than one year) or seasonal leases. Leases under build-to-suit arrangements generally have longer terms, and include a rental premium for the specific customisation requested by the customer. As at 31 December 2020, the WALE of the Group's completed and stabilised properties in China was approximately 2.0 years. All of the lease payments for the properties in the China Portfolio are denominated in Renminbi.

CUSTOMERS

The Group cooperates mainly with medium-to-large corporations, including fortune 500 companies, multinational corporations and domestic large corporations in China. In terms of industry coverage, the Group's customers are mainly from third-party logistics ("**3PL**"), retail, manufacturing and medicine industries, many of which are well-known brands in the industries.

Leveraging on the Group's economy of scale and networking effect of its logistics and warehousing facilities, the Group has developed a diverse warehousing customer portfolio, with over 1,300 tenants from various industries as at 31 December 2020.

COMPETITION

The Company is the holding company of GLP's warehousing project assets and business management assets in China and owns leading modern warehouse logistics assets in China; and in terms of the total construction area of warehouse properties, the Group is the largest provider of modern logistics and warehousing facilities in China. While the Group is the largest provider of modern logistics and warehousing facilities in China, it faces competition from other large domestic and, to a lesser extent, international owners and operators of other logistics and warehousing facilities and, within any specific individual market, also from smaller, local players. The Group competes with other providers for locations and sites for future logistics and warehousing facilities. In China, potential customers may also compare the Group's products, services and rents to those of large state-owned logistics and warehousing facilities providers. While the Company believes that those providers generally do not provide modern facilities, potential customers may choose these providers over the Group on the basis of rent if they do not need the modern specifications offered by the Group's facilities.

The Group believes that, in choosing a provider of logistics and warehousing facilities, the Group's customers focus primarily on the size of a provider's network and on the quality of the service provided. Lease rates are generally determined by the market. The Company believes that the size of the Group's network and the Group's focus on customer service and on assisting its customers with establishing and maintaining their logistics networks allow the Group to compete favourably with many of its competitors.

EMPLOYEES

As at 31 December 2020, the Group employs a total of 1749 staff. The following tables summarise the number of the Group's employees by education level and function as at 31 December 2020:

Employees by function

	Number of employees	*Proportion*
Finance/Accounting	139	8.0
Investment management	153	8.8
Leasing service	116	6.6
Project development	205	11.7
Asset management	333	19.0
Development fund operation	13	0.7
Others	790	45.2
Total	1749	100.0

Employees by education level

	Number of employees	*Proportion*
Master's degree or above	501	28.6
Bachelor's degree	1017	58.2
Others	231	13.2
Total	1749	100.0

INSURANCE

The Company believes that its insurance practice is in line with what it believes to be the prevailing industry practice in China. The Group believes that the Group's insurance coverage in China is commercially reasonable and appropriate for a logistics and warehousing facility company operating in that market. Notwithstanding the Group's insurance coverage, should an uninsured loss or a loss in excess of insured limits occur, the Group could lose capital invested in its property and anticipated future revenue therefrom, while the Group remains liable for any mortgage indebtedness or other financial obligations relating to the relevant property. Any such loss could have a material adverse effect on the Group's financial condition and results of operations, to the extent that this disrupts the normal operation of its properties or its businesses. See "*Risk Factors — The Group's insurance coverage does not include all potential losses*".

The Group's insurance policies in China cover loss of rental, fire, flood, malicious damage, other material damage to property and development sites, business interruption and public liability (including third parties' property damage and/or personal injury). The Group also maintains other insurance policies for its employees in accordance with applicable laws and regulations, including workmen's compensation and personal accident insurance, as well as group hospitalisation insurance. There are certain types of risks that are not covered by these insurance policies, including acts of war, environmental damage and breaches of environmental laws and regulations.

LEGAL PROCEEDINGS

The Group is from time to time involved in certain legal proceedings concerning matters arising in the ordinary course of its business. As at the date of this Offering Circular, none of the members of the Group is a party to any legal or administrative proceedings which may have a material adverse effect on the Group's financial condition or results of operations, nor is the Group aware that such proceedings are pending or threatened.

ENVIRONMENTAL, HEALTH AND SAFETY MATTERS

The Group's operations are subject to regulatory requirements and potential liabilities arising under applicable environmental-, health- or safety-related laws and regulations in each of the countries in which it has operations.

The Group believes that it is in compliance in all material respects with applicable environmental regulations in China. As at the date of this Offering Circular, no material environmental, health or safety-related incident involving the Company or any of its subsidiaries has occurred. The Group is not aware of any material environmental, health or safety-related proceedings or investigations to which any member of the Group might become a party.

As the Group does not undertake construction work for its development projects and asset enhancement initiatives itself, the responsibility for ensuring the health or safety of workmen at the Group's development project or asset enhancement worksites generally rests with the contractors it appoints.

INTELLECTUAL PROPERTY

All trademarks relating to "Global Logistic Properties", "GLP" and "GLOBAL LOGISTIC PROPERTIES" and their respective accompanying designs, as well as the GLP logo used by the Group, were registered by GLP.

As at the date of this Offering Circular, none of the members of the Group has infringed the intellectual property rights of other parties or identified any instances of third parties infringing its intellectual property rights.

DIRECTORS

Board of Directors

The following table sets out information in respect of the Directors of the Issuer:

Name	Position
Mei, Ming Z (梅志明)	Director
Zhuge Teresa (諸葛文靜)	Director
Michihiro Higashi (東方浩)	Director
Mok Victor (莫志明)	Director
Tan Mark (陳海能)	Director
Fang Fenglei (方風雷)	Director
Chau Kwok Man (周國民)	Director
Chen Rui Wei (陳瑞蔚)*	Director

* Mr. Chen Rui Wei was appointed as a Director in April 2021.

Mr. Mei, Ming Z (梅志明) has been a director of the Company since June 2014. He is also a co-founder and the chief executive officer of GLP. Mr. Mei sits on the board of GLP and holds a Master of Business Administration from the Kellogg School of Management at Northwestern University and the School of Business and Management at the Hong Kong University of Science and Technology. Mr. Mei received his Bachelor of Science in Finance from Indiana University School of Business. He also attended the Advanced Management Program at Harvard Business School.

Ms. Zhuge Teresa (諸葛文靜) has been a director of the Company since June 2014. She is also a Vice Chairman of the Company. She was formerly Co-President and CFO of the Company. Ms. Zhuge was deputy CFO of SZITIC Commercial Properties, and has also worked with Morgan Stanley Properties China and Deloitte. Ms. Zhuge graduated with a Master of Business Administration from the Kellogg School of Management at Northwestern University and the School of Business and Management at the Hong Kong University of Science and Technology. Ms. Zhuge received her Bachelor's degree from Renmin University of China.

Mr. Michihiro Higashi (東方浩) has been a director of the Company since June 2014. He is also the Chief Strategy Officer of the Company. Mr. Michihiro was formerly Senior Vice President and Head of Investment of the Company and helped to grow the Company's business relating to Japanese customers. He was previously at Nomura Research Institute in Japan where he was responsible for corporate strategy consulting, and Oita Bank where he was in charge of equity research. Mr. Michihiro received his Bachelor of Law from Wuhan University and a Master of Economics from Oita University.

Mr. Mok Victor (莫志明) has been a director of the Company since November 2016. He is also the Co-President – Real Estate of the Company and is responsible for the operational, procurement, property management and IT functions of the real estate business in China. Mr. Mok also spearheads strategic collaboration with GLP key partners such as China Material Storage and Transportation Corporation (CMSTD). He was formerly Chief Commercial Officer of the Company. Prior to joining the Group, Mr. Mok was CEO of North Asia and president of global air transport of DHL Supply Chain. Mr. Mok holds a Master Finance Degree from Stern Business School at New York University and the School of Business and Management at the Hong Kong University of Science and Technology, as well as an Executive MBA from Ivey School of Business, University of Western Ontario Canada. Mr. Mok obtained a Master's degree in Transport Studies and a Bachelor's Degree in Economics and Management from the University of Hong Kong. He also graduated from the Strategic Leadership Program of the University of Oxford.

Mr. Tan Mark (陳海能) has been a director of the Company since May 2018. He is also General Counsel of GLP. Mr. Tan is responsible for overseeing all legal matters, including regulatory compliance, contract negotiations on fund management transactions, acquisitions and dispositions and other significant transactions. Prior to joining GLP, Mr. Tan worked at Shearman & Sterling LLP in Singapore, where he represented underwriters, issuers and private equity sponsors on debt and equity offerings. He also previously worked at Goldman Sachs and Sullivan & Cromwell LLP. Mr. Tan received his Juris Doctor with Honours from the University of Toronto and Bachelor of Mathematics in Computer Science, Economics Minor from the University of Waterloo.

Mr. Fang Fenglei (方風雷) has been a director of the Company since June 2014. He is also the founder and chairman of the Hopu Investment Management, and the chairman of Goldman Sachs Gao Hua Securities. He served as the vice president of China International Capital Corporation Ltd, the president of China International Capital Corporation (Hong Kong), chief executive officer of BOC International Holdings Limited, and chief executive officer of ICEA Financial Holdings Limited. Mr. Fang received his Bachelor's degree in Chinese Language and Literature and Economics from Sun Yat-sen University.

Mr. Chau Kwok Man (周國民) has been a director of the Company since April 2017. He is also a partner and the chief financial officer of Hopu Investment Management. He was previously a partner of KPMG and director of the financial department of China Investment Corporation. Mr. Chau received his Master of Business Administration from the State University of New York and his Bachelor's degree from the Chinese University of Hong Kong.

Mr. Chen Rui Wei (陳瑞蔚) sits on the Board of GLP. He is Managing Director of HOPU. Michael has more than 15 years' experience in the real estate and finance industries with extensive experience in investment, operations, asset management and fund management in China and Singapore. Prior to joining HOPU, he was General Manager (North China) of Perennial Holdings, responsible for the investment, development and asset management of projects in China. He was previously with Ping An Trust and CapitaLand where he had various positions in investment, asset management, operations, private fund and REIT management. He received his Bachelor of Business Management from Singapore Management University.

TAXATION

The following is a general description of certain Hong Kong tax consequences relating to the Notes. It is based upon applicable laws, regulations, rulings and decisions in effect as at the date of this Offering Circular, 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 the Notes should consult their own tax advisors concerning the tax consequences of the purchase, ownership and disposition of the Notes, including such possible consequences under the laws of their country of citizenship, residence or domicile.

Hong Kong

Withholding tax

No withholding tax is payable in Hong Kong in respect of payments of principal or interest on the Notes or in respect of any capital gains arising from the sale of the Notes.

Profits tax

Hong Kong profits tax is chargeable on every person carrying on a trade, profession or business in Hong Kong in respect of profits arising in or derived from Hong Kong from such trade, profession or business (excluding profits arising from the sale of capital assets).

Interest on the Notes may be deemed to be profits arising in or derived from Hong Kong from a trade, profession or business carried on in Hong Kong in the following circumstances:

(i) interest on the Notes is derived from Hong Kong and is received by, or accrues to, a corporation carrying on a trade, profession or business in Hong Kong;

(ii) interest on the Notes is derived from Hong Kong and is received by or accrues to a person, other than a corporation, carrying on a trade, profession or business in Hong Kong and is in respect of the funds of that trade, profession or business;

(iii) interest on the Notes is received by or accrues to a financial institution (as defined in the Inland Revenue Ordinance (Cap. 112 of the Laws of Hong Kong) (the "**IRO**")) and arises through, or from, the carrying on by the financial institution of its business in Hong Kong; or

(iv) interest on the Notes is received by or accrues to a corporation, other than a financial institution, and arises through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (within the meaning of section 16(3) of the IRO).

Sums received by or accrued to a corporation, other than a financial institution, by way of gains or profits arising through or from the carrying on in Hong Kong by a corporation of its intra-group financing business (within the meaning of section 16(3) of the IRO) from the sale, disposal or other redemption of Notes will be subject to Hong Kong profits tax.

Sums derived from the sale, disposal or redemption of the Notes will be subject to Hong Kong profits tax where received by or accrued to a person, other than a corporation, who carries on a trade, profession or business in Hong Kong and the sum has a Hong Kong source unless otherwise exempted. The source of such sums will generally be determined by having regard to the manner in which the Notes are acquired and disposed of.

In certain circumstances, Hong Kong profits tax exemptions (such as concessionary tax rates) may be available. Investors are advised to consult their own tax advisers to ascertain the applicability of any exemptions to their individual position.

Stamp duty

Stamp duty will not be payable on the issue of Bearer Notes, provided either:

(i) such Bearer Notes are denominated in a currency other than the currency of Hong Kong and are not repayable in any circumstances in the currency of Hong Kong; or

(ii) such Bearer Notes constitute loan capital (as defined in the Stamp Duty Ordinance (Cap. 117) of the Laws of Hong Kong (the "**SDO**"))**.**

If stamp duty is payable, it is payable by the Issuer on the issue of Bearer Notes at a rate of 3 per cent. of the market value of the Bearer Notes at the time of issue. No stamp duty will be payable on any subsequent transfer of Bearer Notes.

No stamp duty is payable on the issue of the Registered Notes. Stamp duty may be payable on any transfer of Registered Notes if the relevant transfer is required to be registered in Hong Kong. Stamp duty will, however, not be payable on any transfer of Registered Notes, provided that either:

(c) such Registered Notes are denominated in a currency other than the currency of Hong Kong and are not repayable in any circumstance in the currency of Hong Kong; or

(d) such Registered Notes constitute loan capital (as defined in the SDO).

If stamp duty is payable in respect of the transfer of Registered Notes, it will be payable at the rate of 0.2 per cent. (of which 0.1 per cent. is payable by the seller and 0.1 per cent. is payable by the purchaser) normally by reference to the consideration or its value, whichever is higher. In addition, stamp duty is payable at the fixed rate of HK$5 on each instrument of transfer executed in relation to any transfer of the Registered Notes if the relevant transfer is required to be registered in Hong Kong.

Proposed Financial Transactions Tax ("FTT")

On 14 February 2013, the European Commission published a proposal (the "Commission's Proposal") for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "Participating Member States"). However, Estonia has since stated that it will not participate.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances.

Under the Commission's Proposal, the FTT could apply in certain circumstances to persons both within and outside of the Participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a Participating Member State. A financial institution may be, or be deemed to be, "established" in a Participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a Participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a Participating Member State.

However, the FTT proposal remains subject to negotiation between the participating Member States. It may, therefore, be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective investors considering the purchase of the Notes are advised to seek their own professional advice in relation to the FTT.

United States' Foreign Account Tax Compliance Act Tax Provisions

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "foreign financial institution" may be required to withhold on certain payments it makes ("foreign passthru payments") to persons that fail to meet certain certification, reporting or related requirements. The Issuer may be a foreign financial institution for these purposes. A number of jurisdictions have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("IGAs"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to Notes such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on Notes such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on Notes such as the Notes, such withholding would not apply prior to the date that is two years after the publication of the final regulations defining "foreign passthru payment" and Notes issued on or prior to the date that is six months after the date on which final regulations defining "foreign passthru payments" are filed with the U.S. Federal Register generally would be "grandfathered" for purposes of FATCA withholding unless materially modified after such date. Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Notes.

FATCA IS PARTICULARLY COMPLEX AND ITS APPLICATION TO THE ISSUER, THE NOTES AND THE NOTEHOLDERS, IS UNCERTAIN AT THIS TIME. EACH NOTEHOLDER SHOULD CONSULT ITS OWN TAX ADVISERS TO OBTAIN A MORE DETAILED EXPLANATION OF FATCA AND TO LEARN HOW FATCA MIGHT AFFECT EACH NOTEHOLDER IN ITS PARTICULAR CIRCUMSTANCE.

CLEARANCE AND SETTLEMENT

The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of Euroclear or Clearstream or the CMU currently in effect. The information in this section concerning the Clearing Systems has been obtained from sources that the Issuer believes to be reliable, but none of the Issuer, the Arranger or any Dealer, the Trustee or any Agent takes any responsibility for the accuracy thereof. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. None of the Issuer or any other party to the Agency Agreement will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Notes held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

The Clearing Systems

Euroclear and Clearstream

Euroclear and Clearstream each holds securities for participating organisations, and facilitates the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders. Euroclear and Clearstream provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream also deal with domestic securities markets in several countries through established depository and custodial relationships. Euroclear and Clearstream have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

Euroclear and Clearstream participants are world-wide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear and Clearstream is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system.

Distributions of principal, distribution and interest with respect to book-entry interests in the Notes held through Euroclear or Clearstream will be credited, to the extent received by any Paying Agent, to the cash accounts of Euroclear or Clearstream participants in accordance with the relevant system's rules and procedures.

CMU

The CMU is a central depositary service provided by the Central Moneymarkets Unit of the HKMA for the safe custody and electronic trading between the members of this service ("**CMU Members**") of Exchange Fund Bills and Notes Clearing and Settlement Service securities and capital markets instruments (together, "**CMU Instruments**") which are specified in the CMU Manual as capable of being held within the CMU.

The CMU is only available to CMU Instruments issued by a CMU Member or by a person for whom a CMU Member acts as agent for the purposes of lodging Notes issued by such persons. Membership of the CMU is open to all financial institutions regulated by the Hong Kong Monetary Authority, Securities and Futures Commission, Insurance Authority or Mandatory Provident Fund Schemes Authority. For further details on the full range of the CMU's custodial services, please refer to the CMU Manual.

The CMU has an income distribution service which is a service offered by the CMU to facilitate the distribution of interest, coupon or redemption proceeds (collectively, the "**income proceeds**") by making payments directly to the person(s) shown in the records of the CMU in accordance with the rules of the CMU. Furthermore, the CMU has a corporate action platform which allows an issuer (or its agent) to make an announcement/notification of a corporate action and noteholders to submit the relevant certification. For further details, please refer to the CMU Manual.

An investor holding an interest through an account with either Euroclear or Clearstream, in any Notes held in the CMU will hold that interest through the respective accounts which Euroclear and Clearstream each have with the CMU.

SUBSCRIPTION AND SALE

The Arranger has, in an amended and restated dealer agreement dated [22 June] 2021 as amended and/or supplemented from time to time (the "Dealer Agreement"), agreed with the Issuer a basis on which any dealer to be appointed by the Issuer in respect of a single Tranche or the whole Programme may from time to time agree to subscribe Notes. Any such agreement will extend to those matters stated under Conditions. Under the terms of the Dealer Agreement, the Issuer will undertake to pay each Relevant Dealer a commission as agreed between them in respect of Notes subscribed by it.

The Issuer has agreed to indemnify the Relevant Dealers against certain liabilities in connection with the offer and sale of the Notes. The Dealer Agreement entitles the Relevant Dealers to terminate any agreement that they make to subscribe Notes in certain circumstances prior to payment for such Notes being made to the Issuer.

The Dealers and certain of their affiliates may have performed certain investment banking and advisory services for the Issuer and/or its affiliates from time to time for which they have received customary fees and expenses and may, from time to time, engage in transactions with and perform services for the Issuer and/or its affiliates in the ordinary course of their business. If a jurisdiction requires that an offering is made by a licensed broker or dealer and the Dealers or any affiliate of the Dealer is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Dealers or such affiliate on behalf of the Issuer in such jurisdiction.

In connection with each Tranche of Notes issued under the Programme, the Dealers 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. Further, the Dealers or their respective affiliates may purchase Notes for its or their own account and enter into transactions, including credit derivatives, such as asset swaps, repackaging and credit default swaps relating to such Notes and/or other securities of the Issuer, any of its subsidiaries or affiliates at the same time as the offer and sale of each Tranche of Notes or in secondary market transactions. Such transactions would be carried out as bilateral trades with selected counterparties and separately from any existing sale or resale of the Tranche of Notes to which a particular Pricing Supplement relates (notwithstanding that such selected counterparties may also be purchasers of such Tranche of Notes).

United States of America:

The Notes have not been, and will not be, registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States. The Notes may not be offered, sold or (in the case of Bearer Notes) delivered within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Each of the Dealers has agreed that, except as permitted by the Dealer Agreement, it will not offer, sell or, in the case of Bearer Notes, deliver the Notes within the United States.

In addition, until 40 days after the commencement of any offering, an offer or sale of each Tranche of Notes within the United States by any Dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

European Economic Area

Unless the relevant Pricing Supplement in respect of any Notes specifies the "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Offering Circular as completed by the relevant Pricing Supplement in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision:

(a) the expression "retail investor" means a person who is one (or more) of the following:

 (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "MiFID II"); or

 (ii) a customer within the meaning of Directive 2002/92/EC (as amended or superseded, the "Insurance Mediation Directive"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

If the Pricing Supplement in respect of any Notes specifies "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", in relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Member State"), each Dealer has represented, warranted and agreed, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "Relevant Implementation Date") it has not made and will not make an offer of Notes which are the subject of the offering contemplated by the Offering Circular as completed by the Pricing Supplement in relation thereto to the public in that Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Member State:

(a) *Approved prospectus:* if the Pricing Supplement in relation to the Notes specifies that an offer of those Notes may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Member State (a "Non-exempt Offer"), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Member State or, where appropriate, approved in another Member State and notified to the competent authority in that Member State, provided that any such prospectus has subsequently been completed by the Pricing Supplement contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or Pricing Supplement, as applicable, and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;

(b) *Qualified investors:* at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(c) *Fewer than 150 offerees:* at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(d) *Other exempt offers:* at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (b) to (d) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of Notes to the public" in relation to any Notes in any Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression "Prospectus Directive" means Directive 2003/71/EC (as amended including by Directive 2010/73/EU), and includes any relevant implementing measure in the Relevant Member State.

United Kingdom

Prohibition of Sales to UK Retail Investors

Unless the Pricing Supplement in respect of any Notes specifies "Prohibition of Sales to UK Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Offering Circular as completed by the Pricing Supplement in relation thereto to any retail investor in the United Kingdom. For the purposes of this provision:

(a) the expression "retail investor" means a person who is one (or more) of the following:

 (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("EUWA"); or

 (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or

 (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA; and

(b) the expression an "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

If the Pricing Supplement in respect of any Notes specifies "Prohibition of Sales to UK Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Offering Circular as completed by the final terms in relation thereto to the public in the United Kingdom except that it may make an offer of such Notes to the public in the United Kingdom:

(a) if the final terms in relation to the Notes specify that an offer of those Notes may be made other than pursuant to section 86 of the FSMA (a "Public Offer"), following the date of publication of a prospectus in relation to such Notes which either (i) has been approved by the Financial Conduct Authority, or (ii) is to be treated as if it had been approved by the Financial Conduct Authority in accordance with the transitional provision in Regulation 74 of the Prospectus (Amendment etc.) (EU Exit) Regulations 2019, provided that any such prospectus has subsequently been completed by final terms contemplating such Public Offer, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable, and the Issuer has consented in writing to its use for the purpose of that Public Offer;

(b) at any time to any legal entity which is a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA;

(c) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA) in the United Kingdom subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(d) at any time in any other circumstances falling within section 86 of the FSMA, provided that no such offer of Notes referred to in (b) to (d) above shall require the Issuer or any Dealer to publish a prospectus pursuant to section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA.

For the purposes of this provision, the expression "an offer of Notes to the public" in relation to any Notes means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes and the expression "UK Prospectus Regulation" means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA.

Other regulatory restrictions

(a) ***No deposit-taking:*** in relation to any Notes having a maturity of less than one year,

   (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and

   (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses, or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;

(b) ***Financial promotion:*** it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and

(c) ***General compliance:*** it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Hong Kong

Each Dealer has represented, warranted and undertaken, and each further Dealer appointed under the Programme be required to represent, warrant and undertake, that:

(a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes except for Notes which are a "structured product" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "SFO") other than (i) to "professional investors" as defined in the SFO and any rules made under the SFO; or (ii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "C(WUMP)O") or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and

(b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

Singapore

This Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore, and the Notes will be offered pursuant to exemptions under the Securities and Futures Act, Chapter 289 of Singapore, as modified or amended from time to time (the "SFA"). Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold any Notes or caused such Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell such Notes or cause such Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of such Notes, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA) under Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) 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 Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA, except:

(i) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(ii) where no consideration is or will be given for the transfer;

(iii) where the transfer is by operation of law;

(iv) as specified in Section 276(7) of the SFA; or

(v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Japan

The Notes have not been and will not be registered under the Financial Notes and Exchange Act of Japan (Act No. 25 of 1948), as amended (the "FIEA"). Accordingly, each Dealer has represented and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer to sell any Notes in Japan or to, or for the benefit of, a resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident in Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, FIEA and other relevant laws and regulations of Japan.

General

Each Dealer has represented, warranted and agreed that it has complied and will comply with all applicable laws and regulations in each country or jurisdiction in or from which it purchases, offers, sells or delivers Notes or possesses, distributes or publishes this Offering Circular or any relevant Pricing Supplement or any related offering material, in all cases at its own expense. Other persons into whose hands this Offering Circular or any relevant Pricing Supplement comes are required by the Issuer and each of the Dealers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Notes or possess, distribute or publish this Offering Circular or any relevant Pricing Supplement or any related offering material, in all cases at their own expense.

The Dealer Agreement provides that the Dealers shall not be bound by any of the restrictions relating to any specific jurisdiction (set out above) to the extent that such restrictions shall, as a result of change(s) or change(s) in official interpretation, after the date hereof, of applicable laws and regulations, no longer be applicable but without prejudice to the obligations of the Dealers described in the paragraph above.

Selling restrictions may be supplemented or modified with the agreement of the Issuer. Any such supplement or modification may be set out in the relevant Pricing Supplement (in the case of a supplement or modification relevant only to a particular Tranche of Notes) or in a supplement to this Offering Circular.

GENERAL INFORMATION

1. **Listing of Notes:** Application has been made to the HKSE for listing of the Programme by way of debt issues to Professional Investors only during the 12-month period after the date of this Offering Circular on the HKSE. Notes to be listed on the HKSE are required to be traded on the HKSE in a board lot size of at least HK$500,000 (or its equivalent in other currencies).

2. **Authorisations:** The Issuer has obtained all necessary consents, approvals and authorisations for issue of the Notes thereunder in connection with the update of the Programme and the issue of the Notes thereunder by resolutions of the board of directors of the Issuer dated 6 July 2018.

3. **No Material Adverse Change:** Except as disclosed in this Offering Circular, there has been no material adverse change in the prospects of the Issuer or the Group nor any material adverse change in the financial or trading position of the Group since 31 December 2020.

4. **Litigation:** Except as disclosed in this Offering Circular, none of the Issuer or any of its subsidiaries is involved in any governmental, legal or arbitration proceedings which may have or during the 12 months prior to the date of this Offering Circular have had an effect on the financial position or profitability of the Group which is material in the context of the issue of the Notes, nor is the Issuer aware that any such proceedings are pending or threatened.

5. **Clearing of the Notes:** The Notes may be accepted for clearance through Euroclear and Clearstream and the CMU. The appropriate ISIN and common code, the relevant CMU instrument number and (where applicable) the identification number for any other relevant clearing system in relation to the Notes of each Tranche will be specified in the relevant Pricing Supplement. If the Notes are to be cleared through any additional or alternative Clearing System, the appropriate information will be specified in the relevant Pricing Supplement.

6. **Available Documents:** For so long as Notes may be issued under the Programme, copies of the following documents will be available, during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted), for inspection at the specified office of the Principal Paying Agent, being at the date of this Offering Circular at 20th Floor Citi Tower, One Bay East, 83 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong:

   (i) the Trust Deed (which includes the form of the Global Notes, the Global Certificates, the Notes in definitive form, the Coupons and the Talons);

   (ii) the Agency Agreement;

   (iii) the Memorandum and Articles of Association of the Issuer;

   (iv) the Certificate of Change of Name of the Issuer;

   (v) each Pricing Supplement (save that a Pricing Supplement related to an unlisted Series of Notes will only be available for inspection by a holder of any such Notes and such holder must produce evidence satisfactory to the Issuer or the Trustee as to its holding of such Notes and identity); and

   (vi) a copy of this Offering Circular together with any supplement to this Offering Circular and any other documents incorporated herein or therein referenced.

   Each Bearer Note having a maturity of more than one year, Receipt, Coupon and Talon will bear the following legend: "Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code.".

7. **Financial Statements:** The 2018 Audited Consolidated Financial Statements, 2019 Audited Consolidated Financial Statements and 2020 Audited Financial Statements, which are included elsewhere in this Offering Circular, have been audited by KPMG as stated in its reports thereon.

8. **Legal Entity Identifier:** The Legal Entity Identifier of the Issuer is 254900C6X2D3TGF2CO98.

INDEX TO FINANCIAL STATEMENTS

Note: The audited consolidated financial statements of the Issuer as at and for the nine months ended 31 December 2018, as at and for the year ended 31 December 2019 and as at and for the year ended 31 December2020 set out herein have been reproduced from the Issuer's consolidated financial statements for the nine months ended 31 December 2018, the consolidated financial statements for the year ended 31 December 2019 and the consolidated financial statements for the year ended 31 December 2020, respectively, and page references are to pages set forth in such reports respectively.

GLP China Holdings Limited

Annual Report
For the year ended 31 December 2020

Directors' Report

The directors submit herewith their annual report together with the audited consolidated financial statements for the year ended 31 December 2020.

Principal place of business

GLP China Holdings Limited ("the Company") is a company incorporated and domiciled in Hong Kong and has its registered office and principal place of business at 33/F, Edinburgh Tower, The Landmark, 15 Queen's Road Central, Hong Kong.

Principal activities

The principal activity of the Company is investment holding. The principle activities of the Company and its subsidiaries ("the Group") are investment holding, provision of logistic facilities, fund management and solar energy business and internet data center business. Further discussion and analysis of these activities as required by Schedule 5 to the Hong Kong Companies Ordinance, including a discussion of the principal risks and uncertainties facing the Group and an indication of likely future developments in the Group's business, can be found in the Business Review set out on pages 3 to 7 of this Annual Report. This discussion forms part of this directors' report.

Financial statements

The profit of the Group for the year ended 31 December 2020 and the state of the Company's affairs as at that date are set out in the financial statements on pages 12 to 105.

Transfers to reserves and dividends

Profits attributable to owners of US$952,320,000 (2019: US$811,257,000) has been transferred to reserves. On 22 Jun 2020, the Board of Directors resolved to pay dividends of USD 430,453,000 in respect of the year ended 31 December 2020. Other movements in reserves are set out in the statement of changes in equity.

Share capital

Details of the movements in share capital of the Company are set out in note 24(a) to the financial statements.

Directors

The directors during the financial year and up to date of this report were:

Mei, Ming Zhi	(appointed on 6 June 2014)
Higashi Michihiro	(appointed on 6 June 2014)
Zhuge Wenjing	(appointed on 6 June 2014)
Fang Fenglei	(appointed on 6 June 2014)
Chen Yi	(appointed on 6 June 2014)
MOK Chi Ming	(appointed on 1 November 2016)
Chau Kwok Man	(appointed on 30 April 2017)
Mark Tan	(appointed on 15 May 2018)

There being no provision in the Company's articles of association in connection with the retirement of directors, all existing directors continue in office for the following year.

Indemnity of directors

A permitted indemnity provision (as defined in section 469 of the Hong Kong Companies Ordinance) for the benefit of the directors of the Company is currently in force and was in force throughout this year.

Directors' interest and short positions in shares, underlying shares and debentures

As at 31 December 2020, certain directors of the Company had 345,106 numbers of global shares of GLP China Fund Management Holdings Limited, a subsidiary of the Company (As at 31 December 2019: 29,690 numbers of global shares). Apart from the foregoing, none of the directors of the company or any of their spouses or children under eighteen years of age has interests or short positions in the shares, underlying shares or debentures of the company, or any of its holding company, subsidiaries or other associated corporations.

Directors' interests in transactions, arrangements or contracts

No transaction, arrangement or contract of significance to which the Company, or any of its holding companies, subsidiaries or fellow subsidiaries was a party, and in which a director of the Company had a material interest, subsisted at the end of the year or at any time during the year.

Auditors

KPMG retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of KPMG as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

By order of the board

Director

Director

Business Review

GLP China Holdings Limited ("GLP China") is a leading global investment manager and business builder in logistics, real estate, infrastructure, finance and related technologies. Our US$27 billion properties encompass 51 million sqm site area across China with completed and planned gross floor area ("GFA") of 36 million sqm in total. The scale and breadth of our platform generates a powerful network effect which leads a good visibility on demand, faster lease-up and strong customer retention. Our customers include some of the world's most famous retailers, third-party logistic companies and dynamic manufacturers. Domestic consumption is a key driver of demand for us.

We are focused on sustainable value creation through our logistics ecosystem. Our innovative use of technology and strategic investments create value for our investors, partners and customers as they navigate a rapidly changing business landscape.

Our growth strategy is centered on being the best operator, creating value through developments and expanding our footprint via fund management platform. Our scale and innovation differentiate us from our competitors.

Market overview

The growing domestic logistics market provides us attractive opportunities for growth and with the strengthening of market position, we are able to derive positive and stable cash flows and recurring sources of capital for expansion.

- Steady growth of the logistics and warehousing industry: With a large and growing middle-income population, China is becoming one of the world's largest consumer markets. Our portfolio comprises approximately 400 logistics, manufacturing, R&D business parks as well as data infrastructure facilities across 43 major cities and logistics hub markets in China. Through private equity, fin-tech, technology and data analytics platforms, we are leading the way in adopting and incubating the latest innovations that enhance operational efficiency and create value for our customers and investors.

- Limited supply of logistics and warehousing facilities, in particular modern logistics and warehousing facilities in China: We believe that China's logistics and warehousing industry, driven by changes in consumer behavior, demographic trends and technological progresses, is still in the early stage of long-term development. GLP revolutionized the modern logistics industry by taking an innovative and entrepreneurial approach.

- Growth of e-commerce in China: Online retail sales have grown significantly as more and more consumers shop online. The e-commerce industry, part of our clientele, has been growing rapidly since year 2010. Covid-19 has accelerated the penetration of e-commerce in China. We expect that the e-commerce business will continuously grow in China, which will further drive the demand for the expansion of modern logistics and warehousing facilities and highten the focus on the development of the facilities for last-mile deliveries.

Operations

GLP China owns and manages a portfolio of 51 million sqm site area across China with completed and planned GFA of 36 million sqm in total, valued at US$27 billion as at 31 December 2020. Our portfolio contains completed and stablised properties valued at US$20 billion, representing over 74% of total portfolio, shows a high lease rate of 83% and a high occupancy ratio for of 79% as at 31 December 2020. Rental and related income has reached US$904 million for the year ended 31 December 2020, compared to US$852 million for the calendar year ended 31 December 2019 (hereinafter referred to as the "prior year"), shown a slight increase despite the adverse impact driven from the decreased portfolio relating to transfer of project companies into funds during the year. Besides, our net increase in leased area reached 2.1 million sqm and we are keeping steady rental rate increase over the whole period.

Being a leading provider of modern logistics and warehousing facilities in China offers us cost efficiencies in terms of negotiating contraction contracts and facility management contracts, and optimizing personal resources and information systems. Besides, we are pioneering the creation of a comprehensive logistics ecosystem for the future by utilising the latest technology and big data to provide solutions to its customers through the use of automation and robotics, data analytics, software solutions and site selection tools, this approach leverages technology and data, takes into account critical details of the supply chain and offers both space and technology-led solutions that drive value for our customers.

Development

The development of modern logistics facilities is one of our key engines of growth with development profit a regular and recurring part of our earnings stream. In the current year we completed US$1,414 million developments or 2.3 million GFA constructions, showing an overall 18% development margin, and achieved an overall stabilisation margin of 33%.

In China, land supply in key markets has continued to tighten. In recent years, it has been extremely difficult to acquire logistics land from the government but we have been well-placed given our local strategic relationships. Our strategy is to pursue scarce land resources in cities through strategic partnerships with SOEs and private sellers.

Fund management

Our fund management business offers a fund management platform based on our longstanding relationships with numerous global institutional investors and our senior management's extensive years of experience in private capital management. As at 31 December 2020, we managed seven third-party pooled investment vehicles: CLF Fund I, LP ("CLF I"), CLF Fund II, LP ("CLF II"), GLP China Value-Added Venture I ("CVA I") and GLP China Value-Added Venture I ("CVA II"), Hidden Hill Modern Logistic PE RMB Fund I ("HH"), Zhuhai Puhe Logistic Industrial Investment Fund ("CIF I") and GLP China Value-Add Venture III ("CVA III"), representing in aggregate US$18 billion assets under management ("AUM") when fully leveraged and invested.

HH was established in May 2018, which was the Group's first private equity fund. HH has RMB8.4 billion (equivalent to US$1.3 billion) planned AUM. HH focuses on equity investments in the logistics ecosystem, mainly in smart logistics and supply chain ecosystems, with an emphasis on investing in companies that improve efficiency through technological innovation and model innovation in modern logistics service systems, food supply chains and cold chain logistics.

Fund management (continued)

CIF I was established in April 2020 and has RMB15.0 billion (equivalent to US$2.2 billion) planned AUM. CIF I invests in logistics infrastructures in 18 important logistics nodes in the Yangtze River Delta, Beijing-Tianjin-Hebei and Central China, all of which are modern logistics assets with high standards that have been completed and are in stable operation.

We also established a new China fund, CVA III, with a group of leading international and domestic institutional investors through a parallel fund structure during the current year. CVA III has RMB4.5 billion (equivalent to US$0.7 billion) planned AUM and will invest in modern logistics assets in GLP Park Lingang in Shanghai, the biggest and most advanced port-based logistics park in China.

Financial review

Rental and related income increased by 6% to US$904 million (2019: US$852 million), which was primarily attributable to the rental rate growth and lease-up following the completion and stabilization of development projects, but partially offset by the transfer of project companies to non-consolidated CIF I during the current year.

Property-related expenses increased by 25% to US$279.0 million (2019: US$223.5 million), which was mainly due to the higher property maintenance costs with the increased property portfolio and the development of the newly established solar energy business and internet data center business. Other expenses increased by 16% to US$203.4 million (2019: US$174.8 million), primarily due to the increase in staff related expenses.

Changes in fair value of investment properties decreased by 51% to US$532.8 million (2019: US$1,081.8 million), primarily attributable to the conservative assumption of rental increase because of the uncertainty of Covid-19 situation.

Share of results of associates increased to US$194.1 million (2019: US$7.5 million), primarily contributed by our investment on Hidden Hill.

Gain on disposal of subsidiaries increased to US$314.5 million (2019: US$39.3 million), primarily attributable to gains on seed assets transferred to CIF I in 2020. In addition, US$92 million gain on disposal of assets held for sale incurred in 2020 was due to the net proceeds on the land return by one of our property entities.

The net profit for the year increased by 19% to US$1,253.5 million (2019: US$1,057.6 million), the increase is mainly caused by the new business exploration and investments while our core business on development and management of logistic facilities keeps steady and growing. We believe in our business strategy and our intelligent and experienced team to continue providing customers with high quality and best-in-class logistics and warehousing facilities and integrated logistical solutions in China.

Total assets as of 31 December 2020 were US$32.8 billion as compared to US$27.4 billion as of 31 December 2019. Investment properties increased to US$21.4 billion (2019: US$20.7 billion) due to property acquisitions, developments and completions, and increase in fair values of investment properties. Also, Investment on Associates increased to US$1.8 billion (2019: US$0.7 billion), which was mainly contributed by our investment on Hidden Hill focusing on the developing/mature and high potential companies in the areas of modern logistic eco-system.

Financial review (continued)

We have implemented prudential financial management policies that have enabled us to maintain a good credit profile, disciplined investment approach and strong balance sheet with defensive growth. We benefit from access to diversified and multi-channel financing channels including but not limited to bilateral loans, syndicated loans, capital markets, funds and other borrowings and equity. As at 31 December 2020, we have a total debt of US$10.3 billion (2019: US$8.7 billion), net debt of US$9.1 billion (2019: US$7.8 billion), and net debt to equity ratio of 52.18% (2019: 53.06%), respectively.

Risk management

We place an extremely high importance on risk management. We believe that risk management is not just about minimizing downside risk, but also enabling us to take on the necessary risks to grow and create value. We are committed to fostering a strong risk-centric culture which encourages identification and proactive management of these risks.

The process of risk management is incorporated into day-to-day operations and forms an integral part of all decision-making processes with GLP China.

For example, our operation in China is naturally exposed to foreign exchange rate fluctuations, and our pre-tax profit is exposed to currency risks through sales and purchases which give rise to receivables, payables and cash balances denominated in foreign currencies, primarily United States dollars. In respect of the monetary assets and liabilities denominated in foreign currencies, we ensure that the net exposures to this risk is kept to an acceptable level by monitoring the currency gap and keep reducing our exposure by holding monetary assets and liabilities denominated in foreign currencies in short-term period.

We are also exposed to interest rate risk arising primarily from variable-rate borrowings and cash balances.

Individual operating entities within GLP China are responsible for their own cash management, including the short-term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the parent company's board when the borrowings exceed certain predetermined levels of authority. Our policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

Environmental social and governance

We are deeply invested in fueling the businesses that make the modern world run more efficiently. From expertly investing capital to efficiently operating assets and building businesses, we take a bold and innovative approach to growth and value creation for our customers and investors. We focus on investing and building businesses in logistics, real estate, infrastructure, finance and related technologies.

Environmental social and governance (continued)

Sustainability is an essential part of our long-term success as global corporate citizens. We are committed to a broad range of ESG commitments that elevate our business, create value for our shareholders and investors, support our employees and customers, and show respect to the local communities in which we work. It is our corporate responsibility as business builders and investors as well as an opportunity to promote good business ethics and focus on a more sustainable and resilient future.

By improving efficiency across our businesses through the use and integration of data technology, we are able to reduce consumption, better manage assets and invest capital more efficiently, generate better returns for our shareholders and investors, reduce costs for our customers and partners, and help our global employees become more satisfied and productive.

We maintain a zero-tolerance approach to bribery and corruption and require all management and employees to comply with our Code of Business Conduct at all times and provide annual certification. Our corporate governance framework includes a Code of Business Conduct, Whistleblowing Policy and Governance Principles.

Our goal is to meet or exceed the highest environmental standards available globally. In each community where we operate, we take a local approach while applying these standards to building environmentally sustainable businesses. We aim to integrate environmentally conscious elements into our business including wind power and rainwater power generation, water reuse, waste management, LED lighting, electric vehicle charging, solar thermal energy, battery storage, regionally sourced landscaping.

We aim to incorporate health and well-being throughout our organization in support of our employees, customers and the communities in which we work. By focusing on promoting well-being we can enhance an individual's livelihood, increase motivation and productivity as well as bring communities together.

Logistics is essential for the running of a modern society and is even more critically needed when major disruptions happen such as Covid-19. We prioritized the health and safety of our team, customers and the communities in which we operate. Our logistics infrastructure played a fundamental role, supporting our customers and partners as well as local governments in organizing emergency supplies.

We seek to do the very best for people - those who work for us and with us, and those who live in the communities in which we operate. We want to be a good neighbour and believe in actively supporting local cultural, social and economic projects to bring about a positive impact. We host a diverse set of programs that provide a set number of employees every year the opportunity to bid for a monetary donation and the company also matches funds raised for charity by colleagues in activities. Over the past year, we held several community projects such as teaching, donations and charity events to schools.

KPMG

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Independent auditor's report to the members of GLP China Holdings Limited

(Incorporated in Hong Kong with limited liability)

Opinion

We have audited the consolidated financial statements of GLP China Holdings Limited ("the Company") and its subsidiaries ("the Group") set out on pages 12 to 105, which comprise the consolidated statement of financial position as at 31 December 2020, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year ended 31 December 2020 and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020 and of its consolidated financial performance and its consolidated cash flows for the year ended 31 December 2020 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 are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* ("the Code") and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the consolidated financial statements and auditor's report thereon

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

KPMG

Independent auditor's report to the members of GLP China Holdings Limited (continued)

(Incorporated in Hong Kong with limited liability)

Information other than the consolidated financial statements and auditor's report thereon (continued)

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 directors for the consolidated financial statements

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, 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.

KPMG

Independent auditor's report to the members of GLP China Holdings Limited (continued)

(Incorporated in Hong Kong with limited liability)

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors 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.

KPMG

Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

Date: 31 MAR 2021

Consolidated Statement of Comprehensive Income for the year ended 31 December 2020

	Notes	*Year ended 31 December 2020* US$'000	*Year ended 31 December 2019* US$'000
Revenue	4	1,149,124	990,954
Other income	5	195,512	175,724
Cost of goods sold and other financial services costs		(125,743)	(25,857)
Property-related expenses		(279,087)	(223,535)
Other expenses		(203,414)	(174,778)
Changes in fair value of investment properties		532,835	1,081,831
Share of results (net of tax expense) of joint ventures		73,508	48,203
Share of results (net of tax expense) of associates		194,043	7,525
Profit from operations		1,536,778	1,880,067
Finance costs	6	(457,018)	(437,661)
Finance income	6	304,365	40,413
Net finance costs	6	(152,653)	(397,248)
Gain on disposal of subsidiaries	30	314,480	39,283
Gain on disposal of assets held for sale		92,320	-
Profit before taxation	7	1,790,925	1,522,102
Tax expense	8	(537,469)	(464,497)
Profit for the year		1,253,456	1,057,605
Profit attributable to:			
Owners of the Company		952,320	811,257
Non-controlling interests		301,136	246,348
Profit for the year		1,253,456	1,057,605

The notes on pages 21 to 105 form part of these financial statements.

Consolidated Statement of Comprehensive Income for the year ended 31 December 2020 (continued)

	Note	*Year ended 31 December 2020* US$'000	*Year ended 31 December 2019* US$'000
Profit for the year		1,253,456	1,057,605
Other comprehensive income for the year	10		
Items that will not be reclassified to profit or loss:			
Surplus on revaluation of buildings held for own use carried at fair value		3,425	3,305
Change in fair value of other investments		27,074	52,912
Disposal of other investments		53,299	-
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising from consolidation of foreign operations		1,023,341	(213,501)
Share of other comprehensive income of joint ventures		(3,718)	-
Other comprehensive income for the year		1,103,421	(157,284)
Total comprehensive income for the year		2,356,877	900,321
Total comprehensive income attributable to:			
Owners of the Company		1,750,169	706,052
Non-controlling interests		606,708	194,269
Total comprehensive income for the year		2,356,877	900,321

The notes on pages 21 to 105 form part of these financial statements.

Consolidated Statement of Financial Position as at 31 December 2020

	Notes	31 December 2020 US$'000	31 December 2019 US$'000
Non-current assets			
Investment properties	11	21,380,459	20,656,664
Joint ventures	13	2,090,883	1,369,688
Associates	14	1,799,882	666,745
Deferred tax assets	15	21,455	8,840
Property, plant and equipment	16	348,530	202,641
Intangible assets	17	309,790	288,972
Other investments	18	2,125,346	1,616,453
Other non-current assets	19	778,399	203,647
		28,854,744	25,013,650
Current assets			
Trade and other receivables	20	1,573,419	1,389,806
Inventories		-	3,654
Assets classified as held for sale	21	1,166,970	76,011
Cash and cash equivalents	22	1,160,752	859,715
Restricted cash	23	-	67,294
		3,901,141	2,396,480
Total assets		32,755,885	27,410,130
Equity attributable to owners of the Company			
Share capital	24	6,950,825	6,950,825
Reserves	25	5,432,846	4,114,450
		12,383,671	11,065,275
Non-controlling interests		5,176,090	3,762,461
Total equity		17,559,761	14,827,736

The notes on pages 21 to 105 form part of these financial statements.

Consolidated Statement of Financial Position as at 31 December 2020 (continued)

	Notes	31 December 2020 US$'000	31 December 2019 US$'000
Non-current liabilities			
Loans and borrowings	26	7,096,129	7,015,455
Deferred tax liabilities	15	2,455,806	2,326,370
Other non-current liabilities	27	317,337	567,504
		9,869,272	9,909,329
Current liabilities			
Loans and borrowings	26	3,150,219	1,175,106
Trade and other payables	28	1,751,374	1,442,850
Current tax payable		95,758	55,109
Liabilities classified as held for sale	21	329,501	-
		5,326,852	2,673,065
Total liabilities		15,196,124	12,582,394
Total equity and liabilities		32,755,885	27,410,130

Approved and authorised for issue by the Board of Directors on 31 MAR 2021

Director

Director

The notes on pages 21 to 105 form part of these financial statements.

Consolidated Statement of Changes in Equity for the year ended 31 December 2020

Group	Share capital US$'000	Capital and PRC statutory reserve US$'000	Equity compensation reserve US$'000	Currency translation reserve US$'000	Property revaluation reserve US$'000	Fair value reserve (non-recycling) US$'000	Other reserve US$'000	Retained earnings US$'000	Total attributable to owners of the Company US$'000	Non-controlling interests US$'000	Total Equity US$'000
At 1 January 2019	6,950,825	(1,259)	36,849	(686,260)	-	(20,058)	(1,554,630)	5,642,973	10,368,440	2,600,800	12,969,240
Total comprehensive income for the year											
Profit for the year	-	-	-	-	-	-	-	811,257	811,257	246,348	1,057,605
Other comprehensive income											
Exchange differences arising from consolidation of foreign operations	-	-	-	(161,422)	-	-	-	-	(161,422)	(52,079)	(213,501)
Changes in fair value of other investments	-	-	-	-	-	52,912	-	-	52,912	-	52,912
Surplus on revaluation of buildings held for own use carried at fair value	-	-	-	-	3,305	-	-	-	3,305	-	3,305
Total other comprehensive income	-	-	-	(161,422)	3,305	52,912	-	-	(105,205)	(52,079)	(157,284)
Total comprehensive income for the year	-	-	-	(161,422)	3,305	52,912	-	811,257	706,052	194,269	900,321
Transactions with owners, recorded directly in equity											
Capital contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	252,139	252,139
Acquisition of interests in subsidiaries from non-controlling interests	-	(2,167)	-	-	-	-	-	-	(2,167)	(15,061)	(17,228)
Acquisition of subsidiaries (note 30)	-	-								149,437	149,437
Disposal of interest in a subsidiary to non-controlling interests	-	(7,050)	-	-	-	-	-	-	(7,050)	580,877	573,827
Transfer to reserves	-	2,145	-	-	-	-	-	(2,145)	-	-	-
Total contributions by and distributions to owners	-	(7,072)	-	-	-	-	-	(2,145)	(9,217)	967,392	958,175
At 31 December 2019	6,950,825	(8,331)	36,849	(847,682)	3,305	32,854	(1,554,630)	6,452,085	11,065,275	3,762,461	14,827,736

The notes on pages 21 to 105 form part of these financial statements.

Consolidated Statement of Changes in Equity for the year ended 31 December 2020 (continued)

Group	Share capital US$'000	Capital and PRC statutory reserve US$'000	Equity compensation reserve US$'000	Currency translation reserve US$'000	Property revaluation reserve US$'000	Fair value reserve (non-recycling) US$'000	Other reserve US$'000	Retained earnings US$'000	Total attributable to owners of the Company US$'000	Non-controlling interests US$'000	Total Equity US$'000
At 1 January 2020	6,950,825	(8,331)	36,849	(847,682)	3,305	32,854	(1,554,630)	6,452,085	11,065,275	3,762,461	14,827,736
Total comprehensive income for the year											
Profit for the year	-	-	-	-	-	-	-	952,320	952,320	301,136	1,253,456
Other comprehensive income											
Exchange differences arising from consolidation of foreign operations	-	-	-	717,769	-	-	-	-	717,769	305,572	1,023,341
Changes in fair value of other investments	-	-	-	-	-	27,074	-	-	27,074	-	27,074
Disposal of other investments	-	-	-	-	-	53,299	-	-	53,299	-	53,299
Share of other comprehensive income of joint ventures	-	(3,718)	-	-	-	-	-	-	(3,718)	-	(3,718)
Surplus on revaluation of buildings held for own use carried at fair value	-	-	-	-	3,425	-	-	-	3,425	-	3,425
Total other comprehensive income	-	(3,718)	-	717,769	3,425	80,373	-	-	797,849	305,572	1,103,421
Total comprehensive income for the year	-	(3,718)	-	717,769	3,425	80,373	-	952,320	1,750,169	606,708	2,356,877
Transactions with owners, recorded directly in equity											
Capital contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	715,084	715,084
Acquisition of interests in subsidiaries from non-controlling interests	-	(1,320)	-	-	-	-	-	-	(1,320)	(16,131)	(17,451)
Acquisition of subsidiaries (note 30)	-	-	-	-	-	-	-	-	-	183,240	183,240
Disposal of interest in a subsidiary to non-controlling interests	-	-	-	-	-	-	-	-	-	(60,745)	(60,745)
Tax-exempt dividends paid (External)	-	-	-	-	-	-	-	(430,453)	(430,453)	-	(430,453)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(14,527)	(14,527)
Transfer to reserves	-	17,207	-	-	-	-	-	(17,207)	-	-	-
Total contributions by and distributions to owners	-	15,887	-	-	-	-	-	(447,660)	(431,773)	806,921	375,148
At 31 December 2020	6,950,825	3,838	36,849	(129,913)	6,730	113,227	(1,554,630)	6,956,745	12,383,671	5,176,090	17,559,761

The notes on pages 21 to 105 form part of these financial statements.

Consolidated Cash Flow Statement for the year ended 31 December 2020

	Year ended 31 December 2020 US$'000	Year ended 31 December 2019 US$'000
Cash flows from operating activities		
Profit before taxation	1,790,925	1,522,102
Adjustments for:		
Amortisation of intangible assets	1,624	1,521
Amortisation of deferred management costs	124	155
Depreciation of property, plant and equipment	22,604	12,709
Loss on disposal of property, plant and equipment	1,030	352
Gain on acquisition/disposal of subsidiaries	(314,480)	(39,283)
Share of results (net of tax expense) of joint ventures	(73,508)	(48,203)
Share of results (net of tax expense) of associates	(194,043)	(7,525)
Changes in fair value of investment properties	(532,835)	(1,081,831)
Changes in fair value of financial assets	(155,069)	(152,899)
Recognition of impairment loss on trade and other receivables	12,387	12,175
Net finance costs	152,653	397,248
Other income from disposal of investments in associates and financial assets	(8,647)	-
Gain on disposal of assets held for sale	(92,320)	-
	610,445	616,521
Changes in working capital:		
Trade and other receivables	(1,106,929)	(11,369)
Trade and other payables	1,078,532	36,277
Cash generated from operations	582,048	641,429
Tax paid	(94,582)	(79,791)
Net cash generated from operating activities	487,466	561,638

The notes on pages 21 to 105 form part of these financial statements.

Consolidated Cash Flow Statement for the year ended 31 December 2020 (continued)

	Note	Year ended 31 December 2020 US$'000	Year ended 31 December 2019 US$'000
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash acquired	30	(299,500)	(774,164)
Disposal of subsidiaries, net of cash disposed	30	2,216,145	448,129
Acquisition of joint ventures		-	(104,676)
Capital contribution to joint ventures		(773,393)	(272,054)
Acquisition of associates		(926,810)	(10,449)
Capital contribution to associates		(929,301)	(87,457)
Dividends received from associates		2,968	-
Payment for purchase of property, plant and equipment		(87,910)	(141,942)
Proceeds from sale of property, plant and equipment		1,282	23
Proceeds from disposal of other investments		422,325	-
Payment for purchase of other investments		(225,302)	(346,986)
Proceeds from disposal of assets held for sale		215,867	-
Proceeds from disposal of associates and joint ventures		5,576	-
Withholding tax paid on disposal gain, dividend and interest income from subsidiaries		(148,059)	-
Acquisition of investment properties		-	(144,610)
Acquisition of intangible assets		(18)	-
Development expenditure on investment properties		(1,082,681)	(1,345,068)
Deposit (paid)/refunded for acquisition of investment properties		(20,174)	18,184
Refund of deposits placed for other investments		11,522	-
Loans to joint ventures		(528,759)	(85,383)
Loans to associates		(23,058)	(40,065)
Loans to non-controlling interests		(49,503)	(4,117)
Loans to third parties		(60,315)	(109,861)
Loan repayment from jointly ventures		136,228	237,261
Loan repayment from associates		305,997	65,554
Loan repayment from non-controlling interests		7,350	2,494
Loan repayment from third parties		146,359	187,222
Interest income received		34,092	34,947
Net cash used in investing activities		(1,649,072)	(2,473,018)

The notes on pages 21 to 105 form part of these financial statements.

Consolidated Cash Flow Statement for the year ended 31 December 2020 (continued)

	Note	*Year ended 31 December 2020* US$'000	*Year ended 31 December 2019* US$'000
Cash flows from financing activities			
Capital contribution from non-controlling interests		626,175	244,905
Proceeds of loans from intermediate holding company	22(b)	-	421,161
Repayment of loans from intermediate holding company	22(b)	(451,554)	(759,556)
Proceeds of loans from non-controlling interests	22(b)	8,849	8,992
Repayment of loans from non-controlling interests	22(b)	(10,672)	(421)
Proceeds of loans from joint ventures	22(b)	31,111	26,494
Repayment of loans from joint ventures	22(b)	(59,639)	-
Repayment of loans from associates	22(b)	(51,090)	-
Proceeds of loans from third parties	22(b)	-	2,702
Repayment of loans from third parties	22(b)	(3,990)	(4,364)
Proceeds from bank loans	22(b)	5,633,415	2,689,225
Repayment of bank loans	22(b)	(4,292,235)	(1,824,551)
Proceeds from issue of bonds	22(b)	599,999	1,299,113
Repayment of bonds	22(b)	(30,285)	(205,171)
Interest paid	22(b)	(488,279)	(362,508)
Dividends paid to non-controlling interests		(14,527)	-
Acquisition of interests in subsidiaries from non-controlling interests		(17,451)	(17,228)
Proceeds from disposal of interests in subsidiaries to non-controlling interests		-	602,498
Cash payments for principal portion of lease liabilities	22(b)	(4,622)	(2,273)
Cash payments for interest portion of lease liabilities	22(b)	(3,231)	(2,308)
Net cash generated from financing activities		1,471,974	2,116,710
Net increase in cash and cash equivalents		310,368	205,330
Cash and cash equivalents at beginning of year		859,715	663,296
Effect of exchange rate changes on cash balances held in foreign currencies		51,979	(8,911)
Cash and cash equivalents at end of year	22	1,222,062	859,715

The notes on pages 21 to 105 form part of these financial statements.

Notes to the Financial Statements

1. General information

The Company was set up in Hong Kong on 15 October 2013 by CLH Limited, a subsidiary of GLP Pte. Ltd. which was incorporated in the Republic of Singapore ("Singapore").

CLH Limited and Global Logistic Properties Holding Limited ("GLPH Limited"), two Cayman incorporated companies, are intermediate holding vehicles 100% owned by GLP Limited. CLH Limited holds its shares in project companies incorporated in the People's Republic of China (the "PRC") through various intermediate offshore holding companies incorporated in Barbados, Singapore and Hong Kong. GLPH Limited holds its shares in GLP Investment (Shanghai) Co. Ltd. ("CMC"), a management company incorporated in the PRC, through two intermediate holding companies, China Management Holding Srl, incorporated in Barbados, and China Management Holdings (Hong Kong) Limited, incorporated in Hong Kong.

In October 2013, subsequent to the establishment of the Company, GLP China Asset Holdings Limited (former name "Iowa China Asset Holdings (Hong Kong) Limited") ("China Asset Holdco") was then established as a direct subsidiary of the Company. GLP HK Holdings Limited ("HK Holding Platform") and GLP SG Holdings Pte. Ltd. ("SG Holding Platform") were then established as subsidiaries of China Asset Holdco.

On 20 May 2014, certain intermediate offshore holding companies incorporated in Singapore, together with their subsidiaries and joint ventures were transferred to SG Holding Platform, and the rest of the intermediate offshore holding companies incorporated in Barbados, Singapore and Hong Kong, together with their subsidiaries and joint ventures were then transferred to HK Holding Platform. On the same date, GLPH Limited transferred its shares in China Management Holding Srl to the Company.

Subsequent to the reorganisation mentioned above (the "Reorganisation"), the Company owns subsidiaries and joint ventures indirectly through offshore immediate holding companies. As part of the Reorganisation, the Company introduced new investors Khangai Company Limited, Khangai II Company Limited, GLP Associate (I) Limited and GLP Associate (II) LLC. CLH Limited's percentage of interest in the Company was reduced to 66.2%.

The financial statements for the year ended 31 December 2020 comprises the Company and its subsidiaries (the "Group") interests in joint ventures and associates.

2. Significant accounting policies

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (HKFRSs), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (HKASs) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (HKICPA) and accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. Significant accounting policies adopted by the Group are disclosed below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 2(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2020 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interests in associates and joint ventures.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets and liabilities are stated at their fair value as explained in the accounting policies set out below:

- equity investments (see note 2(h)); and

- investment properties (see note 2(j)).

Non-current assets and disposal groups held for sale are stated at the lower of carrying amount and fair value less costs to sell (see note 2(z)).

The functional currency of the Company is Chinese Renminbi Yuan ("RMB"). These financial statements are presented in United States dollars ("USD") and rounded to the nearest thousand. All financial information presented in USD has been translated based on the accounting policy set out in note 2(x).

2. Significant accounting policies (continued)

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 3.

(c) Changes in accounting policies

The Group has applied the following amendments to HKFRSs issued by the HKICPA to these financial statements for the current accounting period:

- Amendments to HKFRS 3, *Definition of a Business*
- Amendments to HKFRS 16, *Covid-19-related Rent Concessions*

Other than the amendment to HKFRS 16, the Group has not applied any new standard for interpretation that is not yet effective for the current accounting period. Impacts of the adoption of the amended HKFRSs are discussed below:

Amendments to HKFRS 3, *Definition of a Business*

The amendments clarify the definition of a business and provide further guidance on how to determine whether a transaction presents a business combination. In addition, the amendments introduce an optional "concentration test" that permits a simplified assessment of whether an acquired set of activities and assets is an asset rather than business acquisition, when substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The Group has applied the amendments prospectively to transactions for which the acquisition date is on or after 1 January 2020. In particular, the Group has elected to apply the concentration test to an acquisition during the year.

Amendment to HKFRS 16, *Covid-19-Related Rent Concessions*

The amendment provides a practical expedient that allows a lessee to by-pass the need to evaluate whether certain qualifying rent concessions occurring as a direct consequence of the COVID-19 pandemic ("COVID-19-related rent concessions") are lease modifications and, instead, account for those rent concessions as if they were not lease modifications.

2. Significant accounting policies (continued)

The Group has elected to early adopt the amendments and applies the practical expedient to all qualifying COVID-19-related rent concessions granted to the Group during the year. Consequently, rent concessions received have been accounted for as negative variable lease payments recognised in profit or loss in the period in which the event or condition that triggers those payments occurred. There is no significant impact on the balance of equity at 1 January 2020 and 31 December 2020.

(d) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of comprehensive income as an allocation of the total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position in accordance with notes 2(r) or 2(s) depending on the nature of the liability.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 2(h)) or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture (see note 2(f)).

2. Significant accounting policies (continued)

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 2(m)), unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale) (see note 2(z)).

(e) Business combination for entities under common control

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group's controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within Group's equity except that any share capital of the acquired entities is recognised as part of merger reserves in other reserves.

(f) Associates and joint ventures

An associate is an entity in which the Group or the Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

A joint venture is an arrangement whereby the Group or the Company and other parties contractually agree to share control of the arrangement, and have rights to the net assets of the arrangement.

An investment in an associate or a joint venture is accounted for in the consolidated financial statements under the equity method, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale) (see note 2(z)). Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see notes 2(g) and 2(m)). Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in the consolidated statement of comprehensive income, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in the consolidated statement of comprehensive income and other comprehensive income.

When the Group's share of losses exceeds its interest in the associate or the joint venture, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate or the joint venture.

Unrealised profits and losses resulting from transactions between the Group and its associates and joint venture are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

2. Significant accounting policies (continued)

If an investment in an associate becomes an investment in a joint venture or vice versa, retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method.

In all other cases, when the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when significant influence or joint control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 2(h)).

In the Company's statement of financial position, investments in associates and joint venture are stated at cost less impairment losses (see note 2(m)), unless classified as held for sale (or included in a disposal group that is classified as held for sale) (see note 2(z)).

(g) Goodwill

Goodwill represents the excess of

(i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over

(ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

When (ii) is greater than (i), then this excess is recognised immediately in profit or loss as a gain on a bargain purchase.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit, or groups of cash generating units, that is expected to benefit from the synergies of the combination and is tested annually for impairment (see note 2(m)).

On disposal of a cash generating unit during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

(h) Other investments in debt and equity securities

The Group's policies for investments in debt and equity securities, other than investments in subsidiaries, associates and joint ventures, are set out below.

Investments in debt and equity securities are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss (FVTPL) for which transaction costs are recognised directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see note 31(f). These investments are subsequently accounted for as follows, depending on their classification.

2. Significant accounting policies (continued)

(i) Investments other than equity investments

Non-equity investments held by the Group are classified into one of the following measurement categories:

- amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method (see note 2(w)(v)).

- fair value through other comprehensive income (FVOCI) - recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss.

- fair value through profit or loss (FVTPL) if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the nvestment (including interest) are recognised in profit or loss.

(ii) Equity investments

An investment in equity securities is classified as FVTPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an irrevocable election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings. It is not recycled through profit or loss.

Dividends from an investment in equity securities, irrespective of whether classified as at FVTPL or FVOCI, are recognised in profit or loss as other income in accordance with the policy set out in note 2(w)(iv).

(i) Property, plant and equipment

The following properties held for own use are stated at their revalued amount, being their fair value at the date of the revaluation less any subsequent accumulated depreciation:

- Buildings held for own use

Revaluations are performed with sufficient regularity to ensure that the carrying amount of these assets does not differ materially from that which would be determined using fair values at the end of reporting period.

2. Significant accounting policies (continued)

The other items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses:

Changes arising on the revaluation of properties held for own use are generally dealt with in other comprehensive income and are accumulated separately in equity in the property revaluation reserve. The only exceptions are as follows:

- when a deficit arises on revaluation, it will be charged to profit or loss to the extent that it exceeds the amount held in the reserve in respect of that same asset immediately prior to the revaluation; and

- when a surplus arises on revaluation, it will be credited to profit or loss to the extent that a deficit on revaluation in respect of that same asset had previously been charged to profit or loss.

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowing costs (see note 2(y)).

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal. Any related revaluation surplus is transferred from the revaluation reserve to retained profits and is not reclassified to profit or loss.

Depreciation is calculated to write off the cost or valuation of items of property, plant and equipment, less their estimated residual value, if any, using the straight line method over their estimated useful lives ranging from 2 to 20 years.

Where parts of an item of property, plant and equipment have different useful lives, the cost or valuation of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

(j) Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or both, but not for sale in the ordinary course of business, used in the production or supply of goods or services, or for administrative purposes. Investment properties comprise completed investment properties, investment properties under re-development, properties under development and land held for development.

Land held for development represents lease prepayments for acquiring rights to use land in the PRC with periods ranging from 40 to 50 years. Such rights granted with consideration are recognised initially at acquisition cost.

2. Significant accounting policies (continued)

(i) Completed investment properties and investment properties under re-development

Completed investment properties and investment properties under re-development are measured at fair value with any changes therein recognised in profit or loss. Rental income from investment properties is accounted for in the manner described in note 2(w).

(ii) Properties under development and land held for development

Property that is being constructed or developed for future use as investment property is initially recognised at cost, including transaction costs, and subsequently at fair value with any change therein recognised in profit or loss.

The cost of properties under development comprises specifically identified cost, including the acquisition cost of land use rights for properties under development, aggregate cost of development, materials and supplies, wages and other direct expenses, an appropriate proportion of overheads and borrowing costs capitalised (see note 2(y)).

When an investment property is disposed of, the resulting gain or loss recognised in profit or loss is the difference between net disposal proceeds and the carrying amount of the property.

(k) Intangible assets (other than goodwill)

Other intangible assets that are acquired by the Group and have finite useful lives are measured at costs less accumulated amortisation and accumulated impairment losses (see note 2(m)). Expenditure on internally generated goodwill and brands is recognised as an expense in the period in which it is incurred.

Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives. The following intangible assets with finite useful lives are amortised from the date they are available for use and their estimated useful lives are as follows:

Trademarks	20 years
Non-competition agreement	over the term of relevant agreement
License rights	over the term of the license period

Both the period and method of amortisation are reviewed annually.

(l) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

2. Significant accounting policies (continued)

(i) As a lessee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets which, for the Group, are motor vehicles and office furniture. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see notes 2(i)), except for the following types of right-of-use asset:

- right-of-use assets that meet the definition of investment property are carried at fair value in accordance with note 2(j);

- right-of-use assets related to interests in leasehold land where the interest in the land is held as inventory are carried at the lower of cost and net realisable value in accordance with note 2(n).

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

2. Significant accounting policies (continued)

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("lease modification") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification. The only exceptions are any rent concessions which arose as a direct consequence of the COVID-19 pandemic and which satisfied the conditions set out in paragraph 46B of HKFRS 16 *Leases*. In such cases, the Group took advantage of the practical expedient set out in paragraph 46A of HKFRS 16 and recognised the change in consideration as if it were not a lease modification.

In the statement of financial position, the current portion of long-term lease liabilities is determined as the principal portion of contractual payments that are due to be settled within twelve months after the reporting period.

(ii) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. If this is not the case, the lease is classified as an operating lease.

When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. The rental income from operating leases is recognised in accordance with note 2(v)(i).

When the Group is an intermediate lessor, the sub-leases are classified as a finance lease or as an operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Group applies the exemption described in note 2(l)(i), then the Group classifies the sub-lease as an operating lease.

(m) Credit losses and impairment of assets

(i) Credit losses from financial instruments, contract assets and lease receivables

The Group recognises a loss allowance for expected credit losses (ECLs) on the following items:

- financial assets measured at amortised cost (including cash and cash equivalents, trade and other receivables and loans to associates);
- contract assets as defined in HKFRS 15 (see note 2(o));
- debt securities measured at FVOCI (recycling);
- lease receivables; and
- loan commitments issued, which are not measured at FVTPL

2. Significant accounting policies (continued)

Other financial assets measured at fair value, including units in bond funds, equity securities measured at FVTPL, equity securities designated at FVOCI (non-recycling) and derivative financial assets, are not subject to the ECL assessment.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

For undrawn loan commitments, expected cash shortfalls are measured as the difference between (i) the contractual cash flows that would be due to the Group if the holder of the loan commitment draws down on the loan and (ii) the cash flows that the Group expects to receive if the loan is drawn down.

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

- fixed-rate financial assets, trade and other receivables and contract assets: effective interest rate determined at initial recognition or an approximation thereof;

- variable-rate financial assets: current effective interest rate;

- lease receivables: discount rate used in the measurement of the lease receivable;

- loan commitments: current risk-free rate adjusted for risks specific to the cash flows.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

- 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and

- lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables, lease receivables and contract assets are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

2. Significant accounting policies (continued)

For all other financial instruments (including loan commitments issued), the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument (including a loan commitment) has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (ii) the financial asset is 90 days past due. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- failure to make payments of principal or interest on their contractually due dates;

- an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);

- an actual or expected significant deterioration in the operating results of the debtor; and

- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

For loan commitments, the date of initial recognition for the purpose of assessing ECLs is considered to be the date that the Group becomes a party to the irrevocable commitment. In assessing whether there has been a significant increase in credit risk since initial recognition of a loan commitment, the Group considers changes in the risk of default occurring on the loan to which the loan commitment relates.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt securities that are measured at FVOCI (recycling), for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve (recycling).

2. Significant accounting policies (continued)

Basis of calculation of interest income

Interest income recognised in accordance with note 2(w)(v) is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset. At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;

- a breach of contract, such as a default or delinquency in interest or principal payments;

- it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;

- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or

- the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset, lease receivable or contract asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(ii) Credit losses from financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

2. Significant accounting policies (continued)

Financial guarantees issued are initially recognised within "trade and other payables at fair value, which is determined by reference to fees charged in an arm's length transaction for similar services, when such information is obtainable, or to interest rate differentials, by comparing the actual rates charged by lenders when the guarantee is made available with the estimated rates that lenders would have charged, had the guarantees not been available, where reliable estimates of such information can be made. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss.

Subsequent to initial recognition, the amount initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued (see note 2(w)(viii)).

The Group monitors the risk that the specified debtor will default on the contract and recognises a provision when ECLs on the financial guarantees are determined to be higher than the amount carried in "trade and other payables" in respect of the guarantees (i.e. the amount initially recognised, less accumulated amortisation).

To determine ECLs, the Group considers changes in the risk of default of the specified debtor since the issuance of the guarantee. A 12-month ECL is measured unless the risk that the specified debtor will default has increased significantly since the guarantee is issued, in which case a lifetime ECL is measured. The same definition of default and the same assessment of significant increase in credit risk as described in note 2(m)(i) apply.

As the Group is required to make payments only in the event of a default by the specified debtor in accordance with the terms of the instrument that is guaranteed, an ECL is estimated based on the expected payments to reimburse the holder for a credit loss that it incurs less any amount that the Group expects to receive from the holder of the guarantee, the specified debtor or any other party. The amount is then discounted using the current risk-free rate adjusted for risks specific to the cash flows.

(iii) Impairment of other non-current assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment (other than properties carried at revalued amounts);
- pre-paid interests in leasehold land classified as being held under an operating lease;
- intangible assets;
- goodwill; and
- investments in subsidiaries, associates and joint ventures in the Company's and the Group's statement of financial position.

2. Significant accounting policies (continued)

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, intangible assets that are not yet available for use and intangible assets that have indefinite useful lives, the recoverable amount is estimated annually whether or not there is any indication of impairment.

- Calculation of recoverable amount

  The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

- Recognition of impairment losses

  An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

- Reversals of impairment losses

  In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

  A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(n) Inventories

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the individual valuation method and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised.

2. Significant accounting policies (continued)

The amount of any writedown of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any writedown of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(o) Contract assets and contract liabilities

A contract asset is recognised when the Group recognises revenue (see note 2(w)) before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for expected credit losses (ECL) in accordance with the policy set out in note 2(m)(i) and are reclassified to receivables when the right to the consideration has become unconditional (see note 2(n)).

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue (see note 2(w)). A contract liability would also be recognised if the Group has an unconditional right to receive non-refundable consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised (see note 2(p)).

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method (see note 2(w)).

(p) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset (see note 2(m)).

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses (see note 2(m)(i)).

(q) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statement.

2. Significant accounting policies (continued)

(r) Trade and other payables

Trade and other payables are initially recognised at fair value. Except for financial guarantee liabilities, trade and other payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(s) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with the Group's accounting policy for borrowing costs (see note 2(y)).

(t) Employee benefits

(i) Short-term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) Share-based payments

For equity-settled share-based payment arrangements, the fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in a capital reserve within equity. The fair value is measured at grant date using the binomial lattice model, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the options, the total estimated fair value of the options is spread over the vesting period, taking into account the probability that the options will vest.

During the vesting period, the number of share options that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to the profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the capital reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of options that vest (with a corresponding adjustment to the capital reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Group's shares. The equity amount is recognised in the capital reserve until either the option is exercised (when it is included in the amount recognised in share capital for the shares issued) or the option expires (when it is released directly to retained profits).

For cash-settled share-based payment arrangements, the fair value of the amount payable to employees which settled in cash, is recognised as an expense with a corresponding increase in liabilities, over the period during which the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date based on the fair value of the cash-settled share-base payment arrangement. Any changes in the liability are recognised in profit or loss.

2. Significant accounting policies (continued)

(iii) Termination benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when it recognises restructuring costs involving the payment of termination benefits.

(u) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

2. Significant accounting policies (continued)

Where investment properties are carried at their fair value in accordance with the accounting policy set out in note 2(j), the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  - the same taxable entity; or

  - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(v) Provisions and contingent liabilities

(i) Provisions and contingent liabilities

Provisions are recognised when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

2. Significant accounting policies (continued)

(ii) Onerous contracts

An onerous contract exists when the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract. Provisions for onerous contracts are measured at the present value of the lower of the expected cost of terminating the contract and the net cost of continuing with the contract.

(iii) Contingent liabilities assumed in business combinations

Contingent liabilities assumed in a business combination which are present obligations at the date of acquisition are initially recognised at fair value, provided the fair value can be reliably measured. After their initial recognition at fair value, such contingent liabilities are recognised at the higher of the amount initially recognised, less accumulated amortization where appropriate, and the amount that would be determined in accordance with note 2(v)(i). Contingent liabilities assumed in a business combination that cannot be reliably fair valued or were not present obligations at the date of acquisition are disclosed in accordance with note 2(v)(i).

(w) Revenue recognition and other income

Income is classified by the Group as revenue when it arises from the sale of goods, the provision of services or the use by others of the Group's assets under leases in the ordinary course of the Group's business.

Revenue is recognised when control over a product or service is transferred to the customer, or the lessee has the right to use the asset, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Where the contract contains a financing component which provides a significant financing benefit to the customer for more than 12 months, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction with the customer, and interest income is accrued separately under the effective interest method. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method. The Group takes advantage of the practical expedient in paragraph 63 of HKFRS 15 and does not adjust the consideration for any effects of a significant financing component if the period of financing is 12 months or less.

Further details of the Group's revenue and other income recognition policies are as follows:

(i) Rental income from operating leases

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned.

2. Significant accounting policies (continued)

(ii) Sales of goods

Revenue is recognised when the customer takes possession of and accepts the products. If the products are a partial fulfilment of a contract covering other goods and/or services, then the amount of revenue recognised is an appropriate proportion of the total transaction price under the contract, allocated between all the goods and services promised under the contract on a relative stand-alone selling price basis.

(iii) Management fee income

Management fee income is recognised in profit or loss as and when services are rendered.

(iv) Dividends

- Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established.

- Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend.

(v) Interest income

Interest income is recognised as it accrues using the effective interest method.

(vi) Government grants

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense.

(vii) Finance income under finance lease

Where the Group provides finance leasing of its warehouses and machines to customers, the Group recognises profit or loss equivalent to the profit or loss resulting from an outright sale of the warehouses and machines products being leased at normal selling prices and finance income over the period of the lease. Finance income implicit in finance lease is recognised over the period of the lease so as to produce an approximately constant periodic rate of return on the outstanding net investment in the lease for each accounting period. Commission paid to dealers for acquisition of finance lease contract is included in the carrying value of the assets and amortised to the profit or loss over the expected life of the lease as an adjustment to finance income.

(viii) Income from financial guarantees issued

Income from financial guarantees issued is recognised over the term of the guarantees (see note 2(m)(ii)).

2. Significant accounting policies (continued)

(x) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss, except those arising from foreign currency borrowings used to hedge a net investment in a foreign operation which are recognised in other comprehensive income.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Nonmonetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

The results of foreign operations are translated into USD at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items, including goodwill arising on consolidation of foreign operations acquired on or after 1 January 2005, are translated into USD at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve. Goodwill arising on consolidation of a foreign operation acquired before 1 January 2005 is translated at the foreign exchange rate that applied at the date of acquisition of the foreign operation.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

(y) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

2. Significant accounting policies (continued)

(z) Non-current assets held for sale and discontinued operations

(i) Non-current assets held for sale

A non-current asset (or disposal group) is classified as held for sale if it is highly probable that its carrying amount will be recovered through a sale transaction rather than through continuing use and the asset (or disposal group) is available for sale in its present condition. A disposal group is a group of assets to be disposed of together as a group in a single transaction, and liabilities directly associated with those assets that will be transferred in the transaction.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all the assets and liabilities of that subsidiary are classified as held for sale when the above criteria for classification as held for sale are met, regardless of whether the Group will retain a non-controlling interest in the subsidiary after the sale.

Immediately before classification as held for sale, the measurement of the non-current assets (and all individual assets and liabilities in a disposal group) is brought up-to-date in accordance with the accounting policies before the classification. Then, on initial classification as held for sale and until disposal, the non-current assets (except for certain assets as explained below), or disposal groups, are recognised at the lower of their carrying amount and fair value less costs to sell. The principal exceptions to this measurement policy so far as the financial statements of the Group and the Company are concerned are deferred tax assets, assets arising from employee benefits, financial assets (other than investments in subsidiaries, associates and joint ventures) and investment properties. These assets, even if held for sale, would continue to be measured in accordance with the policies set out elsewhere in note 2.

Impairment losses on initial classification as held for sale, and on subsequent remeasurement while held for sale, are recognised in profit or loss. As long as a non-current asset is classified as held for sale, or is included in a disposal group that is classified as held for sale, the non-current asset is not depreciated or amortised.

(ii) Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographical area of operations, or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale (see (i) above), if earlier. It also occurs if the operation is abandoned.

2. Significant accounting policies (continued)

Where an operation is classified as discontinued, a single amount is presented on the face of the statement of profit or loss, which comprises:

- the post-tax profit or loss of the discontinued operation; and

- the post-tax gain or loss recognised on the measurement to fair value less costs to sell, or on the disposal, of the assets or disposal group(s) constituting the discontinued operation.

(aa) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

   (i) has control or joint control over the Group;

   (ii) has significant influence over the Group; or

   (iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

   (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

   (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

   (iii) Both entities are joint ventures of the same third party.

   (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

   (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

   (vi) The entity is controlled or jointly controlled by a person identified in (a).

   (vii) A person identified in (a)(ii) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

   (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

3. Accounting estimates and judgements

The following critical accounting policies involve the most significant judgements and estimates used in the preparation of the consolidated financial statements.

(a) *Valuation of investment properties*

An external independent valuation company, has appropriate recognised professional qualifications and recent experience in the locations and categories of property being valued, values the Group's investment property portfolio every three months. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in arms' length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

In the absence of current prices in an active market, the valuations are prepared by considering the aggregate of the estimated cash flows expected to be received from renting out the property. A yield that reflects the specific risks inherent in the net cash flows then is applied to the net annual cash flows to arrive at the property valuation.

Valuations reflect, where appropriate: the type of tenants actually in occupation or responsible for meeting lease commitments or likely to be in occupation after letting vacant accommodation, and the market's general perception of their creditworthiness; the allocation of maintenance and insurance responsibilities between the Group and the lessee; and the remaining economic life of the property. When rent reviews or lease renewals are pending with anticipated reversionary increases, it is assumed that all notices and where appropriate counter-notices have been served validly and within the appropriate time.

Investment property under construction or development is valued by estimating the fair value of the completed investment property and then deducting from that amount the estimated costs to complete construction or development, financing costs and a reasonable profit margin.

(b) *Impairment of non-financial assets*

If circumstances indicate that the carrying amounts of non-financial assets (other than investment properties and deferred tax assets) may not be recoverable, the assets may be considered impaired and are tested for impairment. An impairment loss is recognised when the asset's recoverable amount has declined below its carrying amount. The recoverable amount is the greater of the fair value less costs to sell and value in use. In determining the recoverable amount which requires significant judgements, the Group estimates the future cash flows to be derived from continuing use and ultimate disposal of the asset and applies an appropriate discount rate to these future cash flows.

(c) *Recognition of deferred tax assets*

The Group has recognised deferred tax assets in relation to the unused tax losses as set out in note 15. The ability to realise the deferred tax assets mainly depends on whether it is probable that future taxable profits will be available against which related tax benefits under the deferred tax assets can be utilised. In cases where the actual future taxable profits generated are less than expected, a reversal of deferred tax assets may arise, which will be recognised in profit or loss for the period in which such a reversal takes place.

3. Accounting estimates and judgements (continued)

(d) Valuation of unlisted financial instruments

For financial instruments without an active market, the Group adopts valuation techniques that are applicable in the current circumstances and sufficiently supported by available data and other information, and selects inputs that are consistent with the characteristics of the assets or liabilities considered by the market participants in the transactions of the relevant assets or liabilities, and prioritizes the use of relevant observable inputs. Unobservable inputs are used only if the relevant observable inputs are unavailable or not reasonably available.

4. Revenue

	2020 US$'000	*2019* US$'000
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products or service lines		
Sales of goods	106,642	22,860
Financial services income	13,850	27,063
Management fee income	101,290	82,659
Warehouse services income	19,023	-
Others	4,563	6,114
	245,368	138,696
Disaggregated by timing of revenue recognition		
Point in time	111,448	27,893
Over time	133,920	110,803
	245,368	138,696
Revenue from other sources		
Rental and related income	903,756	852,258
	1,149,124	990,954

The Group's customer base is diversified and no customer with whom transactions have exceeded 10% of the Group's revenue.

5. Other income

	2020 US$'000	2019 US$'000
Government grant	29,351	20,014
Utility income	371	3,163
Changes in fair value of financial assets	155,069	152,899
Loss on disposal of property, plant and equipment	(1,030)	(352)
Disposal gain on interests in associates	2,051	-
Disposal gain on financial assets	8,947	-
Disposal loss on financial assets	(2,351)	-
Others	3,104	-
	195,512	175,724

6. Net finance costs

	2020 US$'000	2019 US$'000
Interest income on:		
- Fixed deposits and cash at bank	3,660	8,795
- Loans to joint ventures	18,456	9,126
- Loans to associates	12,160	8,014
- Loans to non-controlling interests	531	289
- Loans to employees	441	1
- Loans to third parties	6,207	14,188
Interest income	41,455	40,413
Amortisation of transaction costs of bank loans	(16,211)	(7,876)
Amortisation of transaction costs of bonds	(5,450)	(5,233)
Interest expenses on:		
- Bank loans	(221,982)	(164,940)
- Bonds	(207,373)	(188,513)
- Loans from intermediate holding company	(13,950)	(27,088)
- Loans from non-controlling interests	(1,122)	(604)
- Loans from joint ventures	(988)	(976)
- loans from associates	(43)	-
- loans from related corporations	(1,354)	-
- Loans from third parties	(22)	(323)
- Right-of-use assets	(3,079)	(2,308)
Total borrowing costs	(471,574)	(397,861)
Less: borrowing costs capitalised in investment properties	14,556	9,677
Net borrowing costs	(457,018)	(388,184)
Foreign exchange gain/(loss)	262,910	(49,477)
Net finance costs recognised in profit or loss	(152,653)	(397,248)

7. Profit before taxation

The following items have been included in arriving at profit before taxation:

	2020 US$'000	*2019* US$'000
(a) Staff costs		
Wages and salaries	(91,665)	(65,717)
Contributions to defined contribution plans, included in wages and salaries	(4,324)	(6,655)
(b) Other expenses		
Amortisation of intangible assets	(1,624)	(1,521)
Depreciation charge of property, plant and equipment	(22,604)	(12,709)
Recognition of impairment loss on trade and other receivables	(12,387)	(12,175)
Auditors' remuneration	(2,953)	(2,950)

8. Tax expense

	2020 US$'000	2019 US$'000
Current tax	136,556	57,563
Withholding tax on foreign-sourced income	148,990	25,151
	285,546	82,714
Deferred tax		
Origination and reversal of temporary differences	251,923	381,783
	537,469	464,497

Reconciliation of expected to actual tax:

	2020 US$'000	2019 US$'000
Profit before taxation	1,790,925	1,522,102
Less: share of results (net of tax expense) of joint ventures	(73,508)	(48,203)
Less: share of results (net of tax expense) of associates	(194,043)	(7,525)
Profit before share of results of joint ventures and associates (net of tax expense)	1,523,374	1,466,374
Tax expense using PRC tax rate of 25%	380,844	366,593
Effect of different tax from subsidiaries	(26,140)	9,839
Net income not subject to tax	(60,902)	(20,801)
Non-deductible expenses	38,841	54,955
Deferred tax assets not recognised	64,006	38,256
Recognition of previously unrecognised tax losses	(8,170)	(9,496)
Withholding tax on foreign-sourced income	148,990	25,151
	537,469	464,497

9. Directors' remuneration

Directors' remuneration disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of information about Benefits of Directors) Regulation is as follows:

	2020 US$'000	2019 US$'000
Executive Directors		
Salaries allowance and benefits in kind	(3,510)	(2,790)
Discretionary bonuses	(2,521)	(2,995)
Long-term incentive plan	(4,585)	(3,650)
Total	(10,616)	(9,435)

10. Other comprehensive income

(a) *Tax effects relating to other comprehensive income*

	2020			2019		
	Before-Tax amount US$'000	*Tax expense* US$'000	*Net-of-Tax amount* US$'000	*Before-Tax amount* US$'000	*Tax expense* US$'000	*Net-of-Tax amount* US$'000
Exchange differences arising from consolidation of foreign operations	1,023,341	-	1,023,341	(213,501)	-	(213,501)
Changes in fair value of properties	4,567	(1,142)	3,425	4,407	(1,102)	3,305
Change in fair value of other investments	26,707	367	27,074	60,014	(7,102)	52,912
Disposal of other investments	58,561	(5,262)	53,299			
Share of other comprehensive income of jointly ventures	(3,718)	-	(3,718)			
Total other comprehensive income	1,109,458	(6,037)	1,103,421	(149,080)	(8,204)	(157,284)

(b) *Components of other comprehensive income, including reclassification adjustments*

	2020 US$'000	*2019* US$'000
Exchange differences arising from consolidation of foreign operations	1,023,341	(213,501)
Surplus on revaluation of buildings held for own use carried at fair value	3,425	3,305
Change in fair value of other investments	27,074	52,912
Disposal of other investments	53,299	-
Share of other comprehensive income of jointly ventures	(3,718)	-
Net movement during the year recognised in other comprehensive income	1,103,421	(157,284)

11. Investment properties

	31 December 2020 US$'000	31 December 2019 US$'000
At 1 January	20,656,664	17,855,646
Additions	1,257,960	1,486,150
Acquisition of subsidiaries (note 30)	1,050,716	952,988
Disposal of subsidiaries (note 30)	(2,392,203)	(326,663)
Borrowing cost capitalised (note 6)	14,556	9,677
Changes in fair value	532,835	1,081,831
Reclassification to assets held for sale (note 21)	(1,065,798)	(76,011)
Effect of movements in exchange rates	1,325,729	(326,954)
At 31 December	21,380,459	20,656,664
Comprising:		
Completed investment properties	17,679,556	16,852,269
Investment properties under re-development	19,249	241,105
Properties under development	1,813,162	1,804,525
Land held for development	1,868,492	1,758,765
	21,380,459	20,656,664

Fair value measurement of properties

(a) ***Fair value hierarchy***

The following table presents the fair value of the Group's properties measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
- Level 3 valuations: Fair value measured using significant unobservable input

11. Investment properties (continued)

31 December 2020

	The Group			
	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
Investment properties	-	-	21,380,459	21,380,459
Buildings held for own use	-	-	106,254	106,254

31 December 2019

	The Group			
	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
Investment properties	-	-	20,656,664	20,656,664
Buildings held for own use	-	-	73,693	73,693

During the year ended 31 December 2020, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (year ended 31 December 2019: nil). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

As at 31 December 2020, the valuations were carried out by independent firms of surveyors, Jones Lang LaSalle Corporate Appraisal and Advisory Limited and Cushman & Wakefield, who have among their staff fellows of the Hong Kong Institute of Surveyors with recent experience in the locations and categories of property being valued.

(b) Information about Level 3 fair value measurements

In determining fair value, a combination of approaches were used, including the direct comparison, income capitalisation, discounted cash flow and residual approaches. The direct comparison approach involves the analysis of comparable sales of similar properties and adjusting the sale prices to that reflective of the investment properties. The income capitalisation approach capitalises an income stream into a present value using single-year capitalisation rates, and the income stream used is adjusted to market rentals currently being achieved within comparable investment properties and recent leasing transactions achieved within the investment property. The discounted cash flow approach requires the valuer to assume a rental growth rate indicative of market and the selection of a target internal rate of return consistent with current market requirements. The residual approach values properties under development and land held for development by reference to its development potential and deducting development costs to be incurred, together with developers' profit margin, assuming it was completed as at the date of valuation.

In relying on the valuation reports of Jones Lang LaSalle Corporate Appraisal and Advisory Limited and Cushman & Wakefield, management has exercised its judgement and is satisfied that the valuation methods and estimates are reflective of the current market conditions.

11. Investment properties (continued)

	Valuation Techniques	*Unobservable input*	*Range*
Investment properties: Mainland China	Capitalisation approach	Capitalisation rate	4.00% - 7.00%
	Discounted cash flow and Residual value	Discount rate	8.00% - 10.50%
		Terminal yield rate	4.00% - 7.00%
Buildings held for own use: Mainland China	Capitalisation approach	Capitalisation rate	4.00%
	Discounted cash flow and Residual value	Discount rate	8.00%
		Terminal yield rate	4.00%

Descriptions of the sensitivity in unobservable inputs and inter-relationship:

The fair value measurement is negatively correlated to the unobservable input that the lower the factor will result in a higher fair value.

Fair value adjustment of investment properties is recognised in the line item "changes in fair value of investment properties" on the face of the consolidated statement of comprehensive income.

Surplus on revaluation of buildings held for own use is recognised in the line item "surplus on revaluation of buildings held for own use carried at fair value" on the face of the consolidated statement of comprehensive income.

Investment properties are held mainly for leasing to external customers under operating leases. Generally, the leases contain an initial non-cancellable period of one to twenty years. Subsequent renewals are negotiated with the lessees. There are no contingent rents arising from the lease of investment properties.

Interest capitalised as costs of investment properties amounted to approximately US$14,556,000 (31 December 2019: US$9,677,000) during the year. The capitalisation rates of borrowings range from 4.31% to 6.00% for the year ended 31 December 2020 (31 December 2019: 4.61% to 5.64%).

Investment properties with carrying value totalling approximately US$15,445,068,000 as at 31 December 2020 (31 December 2019: US$13,035,696,000) were mortgaged to secure credit facilities for the Group (note 26).

12. Investments in subsidiaries

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group. The class of shares held is ordinary unless otherwise stated.

		Proportion of ownership interest				
Name of subsidiaries	*Place of incorporation and business*	*Group's Effective interest*	*Held by the Company*	*Held by a subsidiary*	*Registered capital*	*Principal activities*
GLP Investment (Shanghai) Co.,Ltd.	PRC	100.00%	-	100.00%	US$'000 900,000	Property management
GLP Capital Investment 4 (HK) Limited	Hong Kong	100.00%	-	100.00%	US$'000 119,088	Investment holding
GLP Golden Lincoln B Holdings Limited	Cayman Islands	68.50%	-	68.50%	HKD'000 4,922,393	Investment holding
Hidden Hill Fund I, L.P.	Cayman Islands	100.00%	-	100.00%	US$'000 127,094	Investment holding
CLF Fund I, LP ("CLF I")	Singapore/PRC	30.12%	-	30.12%	US$'000 1,530,000	Property investment
CLF Fund II, LP ("CLF II")	Cayman Islands/PRC	56.38%	-	56.38%	US$'000 3,725,000	Property investment
GLP Shanghai Chapu Logistics Facilities Co.,Ltd.	PRC	100.00%	-	100.00%	US$'000 14,000	Property investment
GLP Beijing Airport Logistics Development Co.Ltd.	PRC	100.00%	-	100.00%	US$'000 30,000	Property investment
GLP Shanghai Minhang Logistics Facilities Co.,Ltd.	PRC	100.00%	-	100.00%	US$'000 26,000	Property investment
GLP(Guangzhou) Baopu Development Co.Ltd.	PRC	100.00%	-	100.00%	RMB'000 156,000	Property investment
GLP Xujing Logistics Co.Ltd.	PRC	100.00%	-	100.00%	US$'000 20,200	Property investment
GLP Wanqing Logistics Co.Ltd.	PRC	100.00%	-	100.00%	RMB'000 320,000	Property investment
GLP Shanghai Shenjiang Logistics Facilities Co.,Ltd.	PRC	100.00%	-	100.00%	US$'000 20,000	Property investment
GLP Shanghai Pujin Logistics Facilities Co.,Ltd.	PRC	100.00%	-	100.00%	US$'000 50,000	Property investment
Kunshan GLP Dianshanhu Logistics Co.Ltd.	PRC	100.00%	-	100.00%	US$'000 59,000	Property investment
GLP Pugao Logistics Co.,Ltd.	PRC	100.00%	-	100.00%	US$'000 127,900	Property investment
GLP_Shanghai_Songjiang_Logistics_Facilities_Co.,Ltd.	PRC	100.00%	-	100.00%	US$'000 48,000	Property investment
GLP Puyun Warehousing Services Co.Ltd.	PRC	100.00%	-	100.00%	US$'000 47,700	Property investment
Beijing City Power Warehousing Co.Ltd.	PRC	60.00%	-	60.00%	RMB'000 174,497	Property investment
Zhuhai GLP-ZPH Logistics Park Co., Ltd	PRC	70.00%	-	70.00%	US$'000 40,000	Property investment
Foshan Pufeng Logistics Facilities Co., Ltd	PRC	60.00%	-	60.00%	RMB'000 422,813	Property investment
GLP I-Park Xi¯An Science & Technology Industrial Development Co., Ltd	PRC	48.41%	-	48.41%	RMB'000 1,251,800	Property investment
Beijing Lihao Science & Technology Co., Ltd.	PRC	88.00%	-	88.00%	RMB'000 650,944	Property investment
Airport City Development Co., Ltd. ("ACL")	PRC	53.14%	-	53.14%	RMB'000 1,800,000	Property investment
Zhejiang Transfar Logistics Base Co., Ltd.	PRC	60.00%	-	60.00%	RMB'000 185,500	Property investment
GLP Wuxi Puxin Technology & Industrial Development Co., Ltd.	PRC	100.00%	-	100.00%	US$'000 140,000	Property investment
Zhuhai Puxing Logistic Industry Equity Investment Partnership (LP)	PRC	100.00%	-	100.00%	RMB'000 1,799,000	Property investment
Zhuhai Puyin Logistic Investment Partnership (LP)	PRC	100.00%	-	100.00%	RMB'000 5,590,000	Property investment
Puyang (Shanghai) Development Co., Ltd.	PRC	100.00%	-	100.00%	RMB'000 800,000	Property investment
Beijing Sifang Tianlong Medicine Logistic Co., Ltd.	PRC	100.00%	-	100.00%	RMB'000 185,000	Property investment
Dexin Telecommunications Technology (Hangzhou) Co., Ltd.	PRC	100.00%	-	100.00%	US$'000 67,000	Property investment
Shenzhen Lingxian Technology Co., Ltd.	PRC	55.00%	-	55.00%	RMB'000 40,000	Property investment
Beijing Zhengqi Shangcheng Investment Center LLP	PRC	100.00%	-	100.00%	RMB'000 269,080	Property investment

12. Investments in subsidiaries (continued)

Name of subsidiaries	Place of incorporation and business	Proportion of ownership interest: Group's Effective interest	Held by the Company	Held by a subsidiary	Registered capital	Principal activities
Beijing Zhengqi Shanghui Investment Center LLP	PRC	100.00%	-	100.00%	RMB'000 269,620	Property investment
Beijing Zhengqi Shangyu Investment Center LLP	PRC	100.00%	-	100.00%	RMB'000 247,000	Property investment
Guofu Huijin (Tianjin) Investment Management LLP	PRC	100.00%	-	100.00%	RMB'000 3,000,000	Property investment
Zhuhai Puwen Logistic Industrial Investment LLP	PRC	100.00%	-	100.00%	RMB'000 1,000,000	Property investment
Shanghai Fuhe Industrial Development Co., Ltd.	PRC	70.00%	-	70.00%	RMB'000 2,000,000	Property investment
Xiamen Mingsi Junju Investment Fund LLP	PRC	100.00%	-	100.00%	RMB'000 2,500,000	Property investment
Beijing Huayuan Yingdu Real Estate Development Co., Ltd.	PRC	100.00%	-	100.00%	RMB'000 20,000	Property investment

The following tables lists out the information relating to changes in non-controlling interests ("NCI"), and the subsidiaries of the Group which have material NCI.

	Changes in NCI: CLF I US$'000	ACL US$'000	CLF II US$'000	Subsidiaries without material NCI US$'000	Total US$'000
Balance at 1 January 2019	945,654	456,934	322,169	876,043	2,600,800
Profit for the year	71,176	42,658	58,248	74,279	246,361
Exchange differences arising from consolidation of foreign operations	(11,582)	(7,895)	(9,337)	(23,278)	(52,092)
Capital contribution from NCI	(151,713)	-	328,987	74,865	252,139
Acquisition of subsidiaries (note 30)	-	-	59,084	90,353	149,437
Acquisition of interests in subsidiaries from NCI	-	-	(2,149)	(12,912)	(15,061)
Disposal of interest in a subsidiary to NCI	580,877	-	-	-	580,877
Balance at 31 December 2019 and 1 January 2020	1,434,412	491,697	757,002	1,079,350	3,762,461
Profit for the year	133,620	10,935	67,494	89,087	301,136
Exchange differences arising from consolidation of foreign operations	106,472	34,638	36,037	128,425	305,572
Capital contribution from NCI	-	-	391,280	323,804	715,084
Acquisition of subsidiaries (note 30)	-	-	27,887	155,353	183,240
Acquisition of interests in subsidiaries from NCI	-	-	-	(16,131)	(16,131)
Disposal of interest in a subsidiary to NCI	-	-	(12,676)	(48,069)	(60,745)
Dividends paid to non-controlling interests	-	-	-	(14,527)	(14,527)
Balance at 31 December 2020	1,674,504	537,270	1,267,024	1,697,292	5,176,090

12. Investments in subsidiaries (continued)

The following tables lists out the information relating to CLF I, ACL and CLF II, the subsidiaries of the Group which have material non-controlling interest ("NCI"). The summarised financial information presented below represent the amounts before any inter-company elimination.

	31 December 2020 US$'000	31 December 2019 US$'000
CLF I		
NCI percentage	69.88%	69.88%
Current assets	181,617	132,809
Non-current assets	3,843,506	3,373,772
Current liabilities	(164,882)	(151,014)
Non-current liabilities	(1,473,037)	(1,311,929)
Net assets	2,387,204	2,043,638
Carrying amount of NCI	1,674,504	1,434,412

	2020 US$'000	2019 US$'000
Revenue	187,007	176,811
Profit for the year	191,207	123,159
Total comprehensive income	343,566	115,151
Profit allocated to NCI	133,620	71,175
Net cash increase	41,952	18,018

	31 December 2020 US$'000	31 December 2019 US$'000
ACL		
NCI percentage	46.86%	46.86%
Current assets	77,804	54,674
Non-current assets	1,919,171	1,781,182
Current liabilities	(143,715)	(131,419)
Non-current liabilities	(695,796)	(644,933)
Net assets	1,157,464	1,059,504
Carrying amount of NCI	537,270	491,697

	2020 US$'000	2019 US$'000
Revenue	78,104	75,996
Profit for the year	23,335	91,029
Total comprehensive income	97,250	74,183
Profit allocated to NCI	10,935	42,657
Net cash increase	15,450	12,287

12. Investments in subsidiaries (continued)

	31 December 2020 US$'000	31 December 2019 US$'000
CLF II		
NCI percentage	43.62%	43.62%
Current assets	252,335	210,117
Non-current assets	3,939,812	2,198,459
Current liabilities	(677,553)	(507,589)
Non-current liabilities	(761,066)	(264,046)
Non-controlling interests	(117,280)	(74,889)
Net assets	2,636,248	1,562,052
Carrying amount of NCI	1,267,024	757,002

	2020 US$'000	2019 US$'000
Revenue	44,475	21,544
Profit for the year	154,732	132,119
Total comprehensive income	291,785	111,616
Profit allocated to NCI	67,494	58,235
Net cash increase	6,070	98,263

13. Joint ventures

	Notes	31 December 2020	31 December 2019
Shanghai Lingang GLP International Logistics Leasing Co., Ltd. ("Lingang International")	(a)	-	291,842
Beijing Jintonggang Real Estate Development Co., Ltd. ("Z3 project")	(b)	357,162	336,428
GLP Guoyi (Zhuhai) Acquisition Fund (LP) ("CVA I Fund")	(c)	236,593	162,343
China Merchants Capital Investment Co., Ltd. ("CMCI")	(d)	770,916	-
Others	(e)	726,212	579,075
		2,090,883	1,369,688

All the joint ventures are unlisted corporate entities whose quoted market prices are not available.

13. Joint ventures (continued)

(a) Lingang International

In January 2020, the Group acquired additional 20% equity interest in Lingang International at consideration of RMB1.04 billion (equivalent to approximately US$149 million). Thereafter the Group holds 70% equity interest in Lingang International and controls Lingang International. In December 2020, the Group entered into an agreement with third parties to dispose its 63% equity interest in Lingang International. As a result, the assets and liabilities of Lingang International were presented as assets held for sale and liabilities held for sale respectively as at 31 December 2020 (see note 21).

(b) Z3 Project

Beijing Jintonggang Real Estate Development Co., Ltd. (referred to as "Jintonggang") is a property developer and constructor incorporated in the PRC. The Group obtained joint control of Jintonggang through acquiring 100% shares of five limited partnerships holding equity interests in Jintonggang, including Beijing Zhengqi Shangcheng Investment Center LLP, Beijing Zhengqi Shangxin Investment Center LLP, Beijing Zhengqi Shangde Investment Center LLP, Beijing Zhengqi Shangyu Investment Center LLP and Beijing Zhengqi Shanghui Investment Center LLP, jointly referred to as "Z3 Project", in November 2019.

Summarised financial information of Z3 Project, adjusted for any differences in accounting policies, and a reconciliation to the carrying amount in the consolidated financial statements, are disclosed below:

	31 December 2020 US$'000	*31 December 2019* US$'000
Non-current assets	1,082,187	1,011,182
Current assets	2,873	4,248
Non-current liabilities	(475)	(1,269)
Current liabilities	(34,109)	(24,666)
Equity attributed to equity shareholders	1,050,476	989,495
Group's effective interest	34.00%	34.00%
Carrying amount in the consolidated financial statements	357,162	336,428
Included in the above assets and liabilities:		
Cash and cash equivalents	1,780	3,529

13. Joint ventures (continued)

	Year ended 31 December 2020 US$'000	Year ended 31 December 2019 US$'000
Revenue	-	-
Loss for the year from continuing operation	(7,052)	(1,250)
Total comprehensive income	(7,052)	(1,250)
Group's effective interest	34.00%	34.00%
Share of results (net of tax expense) of joint venture	(2,398)	(425)
Included in the above profit:		
Interest income	7	26

(c) *CVA I Fund*

CVA I Fund is a limited partnership established in the PRC in February 2018 by the Group and another third party investor with total equity commitments of RMB9.8 billion (equivalent to approximately US$1.4 billion). The Fund engages in acquisition and management of completed logistics and industrial estate assets in China.

Summarised financial information of CVA I Fund, adjusted for any differences in accounting policies, and a reconciliation to the carrying amount in the consolidated financial statements, are disclosed below:

	31 December 2020 US$'000	31 December 2019 US$'000
Non-current assets	2,681,910	2,097,619
Current assets	303,113	271,433
Non-current liabilities	(1,171,875)	(785,159)
Current liabilities	(129,395)	(318,334)
Non-controlling interests	(253,611)	(231,358)
Equity attributed to equity shareholders	1,430,142	1,034,201
Group's effective interest	18.37%	18.37%
Carrying amount in the consolidated financial statements	236,593	162,343
Included in the above assets and liabilities:		
Cash and cash equivalents	284,043	259,256
Current financial liabilities (excluding trade and other payables)	(5,933)	(1,533)
Non-current financial liabilities (excluding trade and other payables)	(1,171,875)	(709,728)

13. Joint ventures (continued)

	Year ended 31 December 2020 US$'000	*Year ended 31 December 2019* US$'000
Revenue	151,703	120,925
Profit for the year from continuing operations	67,111	80,071
Profit attributable to NCI	(11,458)	(13,352)
Profit attributable to equity shareholders	55,653	66,719
Total comprehensive income	55,653	66,719
Group's effective interest	18.37%	18.37%
Share of results (net of tax expense) of joint venture	10,223	12,256
Included in the above profit:		
Depreciation and amortisation	(76)	(99)
Interest expense	(46,381)	(28,030)
Interest income	1,552	1,683
Income tax expense	(41,011)	(38,865)

(d) CMCI

On 24 March 2020, the Group entered into an investment partnership with China Merchants Group ("CMG") by acquiring 50% equity interest in China Merchants Capital Investment Co., Ltd. ("CMCI"), CMG's private equity investment vehicle incorporated in the PRC. Thereafter CMCI becomes a joint venture of the Group.

Summarised financial information of CMCI, adjusted for any differences in accounting policies, and a reconciliation to the carrying amount in the consolidated financial statements, are disclosed below:

	31 December 2020 US$'000
Non-current assets	2,241,684
Current assets	162,764
Non-current liabilities	(978,274)
Current liabilities	(253,781)
Non-controlling interests	(35,076)
Equity attributed to equity shareholders	1,137,386
Group's effective interest	50.00%
Carrying amount in the consolidated financial statements	770,916
Included in the above assets and liabilities:	
Cash and cash equivalents	114,298
Current financial liabilities (excluding trade and other payables)	(184,577)
Non-current financial liabilities (excluding trade and other payables)	(978,274)

13. Joint ventures (continued)

	Year ended 31 December 2020 US$'000
Revenue	150,132
Profit for the year from continuing operation	97,739
Profit attributable to NCI	(15,561)
Profit attributable to equity shareholders	82,178
Total comprehensive income	89,096
Group's effective interest	50.00%
Share of results (net of tax expense) of joint ventures	41,089
Included in the above profit:	
Depreciation and amortisation	-
Interest expense	(41,773)
Interest income	1,364
Income tax expense	(16,153)

(e) *Other individually immaterial joint ventures*

Summarised financial information of other individually immaterial joint ventures, adjusted for any differences in accounting policies, and a reconciliation to the carrying amount in the consolidated financial statements, are disclosed below:

	Year ended 31 December 2020 US$'000	*Year ended 31 December 2019* US$'000
Profit for the year from continuing operation	109,318	78,180
Profit attributable to NCI	(7,115)	(218)
Profit attributable to equity shareholders	116,434	78,399
Total comprehensive income	116,434	78,399
Aggregate amount of the share of results of joint ventures	24,594	2,662

14. Associates

	Notes	*31 December 2020* US$'000	*31 December 2019* US$'000
Zhongjin Jiaye (Tianjin) Commercial Real Estate Investment Center LLP ("Zhongjin Jiaye")	(a)	216,997	203,885
Zhuhai Hidden Hill Logistic Equity Investment Fund (LP) ("Hidden Hill Fund")	(b)	963,438	91,006
Others	(c)	619,447	371,854
		1,799,882	666,745

14. Associates (continued)

(a) Zhongjin Jiaye

Zhongjin Jiaye (Tianjin) Commercial Real Estate Investment Center LLP (referred to as "Zhongjin Jiaye") is limited partnership established in the PRC. The purpose of the limited partnership is to seek capital appreciation by investing in the Z3 project (see note 13(b)). In April 2019, the Group acquired 58.63% equity interest of Zhongjin Jiaye through acquiring 100% equity interests of one limited partner of Zhongjin Jiaye. Zhongjin Jiaye is primarily controlled by its consulting committee board and investing committee board and the Group has significant influence in it through its membership in these boards.

Summarised financial information of Zhongjin Jiaye, adjusted for any differences in accounting policies, and a reconciliation to the carrying amount in the consolidated financial statements, are disclosed below:

	31 December 2020 US$'000	*31 December 2019* US$'000
Non-current assets	360,289	339,881
Current assets	10,194	8,739
Current liabilities	(372)	(860)
Net assets attributed to equity shareholders	370,111	347,760
Group's interest in associate	58.63%	58.63%
Carrying amount in the consolidated financial statements	216,997	203,885
Included in the above assets and liabilities:		
Cash and cash equivalents	119	1,140

	Year ended 31 December 2020 US$'000	*Year ended 31 December 2019* US$'000
Revenue	-	-
Loss for the year from continuing operation	(1,597)	(83)
Total comprehensive income	(1,597)	(83)
Group's effective interest	58.63%	58.63%
Share of results (net of tax expense) of associate	(936)	(49)
Included in the above profit:		
Interest income	807	318

14. Associates (continued)

(b) *Hidden Hill Fund*

In May 2018, the Group invested 30.76% equity interest of Hidden Hill Fund, which is focusing on logistics ecology. The Group increased its equity interest in Hidden Hill Fund to 67.97% as at 31 December 2020 (31 December 2019: 69.05%). The Hidden Hill Fund is primarily controlled by its consulting committee board and investing committee board consisting of five members with one of them appointed by the Group. Resolutions at any meeting of these committees shall be decided by two-thirds of the voting members and the Group has significant influence in it by virtue of its one membership in these boards.

Summarised financial information of the Hidden Hill Fund, adjusted for any differences in accounting policies, and a reconciliation to the carrying amount in the consolidated financial statements, are disclosed below:

	31 December 2020 US$'000	*31 December 2019* US$'000
Non-current assets	1,098,061	81,885
Current assets	177,178	159,802
Current liabilities	(29,168)	(26,856)
Non-controlling interests	-	(2,305)
Net assets attributable to equity shareholders	1,210,943	212,526
Group's interest in associate	67.97%	69.05%
Carrying amount in the consolidated financial statements	963,438	91,006
Included in the above assets and liabilities:		
Cash and cash equivalents	130,732	158,042

	Year ended 31 December 2020 US$'000	*Year ended 31 December 2019* US$'000
Revenue	257,366	-
Profit/(loss) for the year from continuing operation	213,447	(30,710)
Total comprehensive income	213,447	(30,710)
Group's effective interest	67.97%	69.05%
Share of results (net of tax expense) of associate	185,610	(18,760)
Included in the above profit:		
Interest income	351	139

14. Associates (continued)

(c) *Other individually immaterial associates*

Summarised financial information of other individually immaterial associates, adjusted for any differences in accounting policies, and a reconciliation to the carrying amount in the consolidated financial statements, are disclosed below:

	Year ended 31 December 2020 US$'000	*Year ended 31 December 2019* US$'000
Profit for the year from continuing operation	51,474	38,426
Total comprehensive income	51,474	38,426
Aggregate amount of the results of associates	9,369	26,334

15. Deferred tax

Movements in deferred tax assets and liabilities during the year are as follows:

	At 1 January US$'000	*Acquisition of subsidiaries* (note 30) US$'000	*Disposal of subsidiaries* (note 30) US$'000	*Effect of movement in exchange rates* US$'000	*Recognised in other comprehensive income* (note 10) US$'000	*Recognised in profit or loss* US$'000	*Reclassified to assets held for sale* US$'000	*At 31 December* US$'000
Deferred tax assets								
31 December 2019								
Unutilised tax losses	35,396	-	(939)	(599)	-	1,538	-	35,396
Others	2,546	-	-	(59)	-	1,520	-	4,007
	37,942	-	(939)	(658)	-	3,058	-	39,403
31 December 2020								
Unutilised tax losses	35,396	255	(9,665)	1,510	-	(2,393)	(557)	24,546
Others	4,007	-	-	309	-	557	-	4,873
	39,403	255	(9,665)	1,819	-	(1,836)	(557)	29,419
Deferred tax liabilities								
31 December 2019								
Investment properties	(2,019,304)	(2,533)	40,530	36,707	-	(355,337)	-	(2,299,937)
Other investments	(13,543)	-	-	631	(7,102)	(28,430)	-	(48,444)
Buildings held for own use carried at fair value	-	-	-	13	(1,102)	-	-	(1,089)
Others	(6,507)	-	-	118	-	(1,074)	-	(7,463)
	(2,039,354)	(2,533)	40,530	37,469	(8,204)	(384,841)	-	(2,356,933)
31 December 2020								
Investment properties	(2,299,937)	(135,196)	307,504	(182,304)	-	(188,997)	167,690	(2,331,240)
Other investments	(48,443)	-	(6,513)	(4,211)	367	(21,327)	-	(80,127)
Buildings held for own use carried at fair value	(1,089)	-	-	(141)	(1,142)	-	-	(2,372)
Others	(7,464)	(297)	298	(2,805)	-	(39,763)	-	(50,031)
	(2,356,933)	(135,493)	301,289	(189,461)	(775)	(250,087)	167,690	(2,463,770)

15. Deferred tax (continued)

Deferred tax liabilities and assets are offset when there is a legally enforceable right to set off current tax liabilities and when the deferred taxes relate to the same tax authority. The amounts determined after appropriate offsetting are included in the statement of financial position as follows:

	31 December 2020 US$'000	*31 December 2019* US$'000
Deferred tax assets	21,455	8,840
Deferred tax liabilities	(2,455,806)	(2,326,370)

Deferred tax assets have not been recognised in respect of the following items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits there from:

	31 December 2020 US$'000	*31 December 2019* US$'000
Tax losses	653,028	483,104

Tax losses are subject to agreement by the tax authorities and compliance with tax regulations in the respective countries in which the subsidiaries operate. Unrecognised tax losses amounting to approximately US$653,028,000 (31 December 2019: US$483,104,000) will expire within 1 to 5 years.

The PRC income tax law and its relevant regulations impose a withholding tax at 10%, unless reduced by a tax treaty/arrangement, for dividend distributions out of earnings accumulated beginning on or after 1 January 2008. The Group has not recognised a deferred tax liability amounting to US$89,448,000 (31 December 2019: US$65,224,000) in respect of undistributed earnings of PRC subsidiaries because the Group can control the timing of the distribution and it is probable that the dividend will not be distributed to the holding company outside the PRC in the foreseeable future.

16. Property, plant and equipment

	Furniture, fittings and equipment US$'000	*Solar plants* US$'000	*Assets under construction* US$'000	*Buildings held for own use carried at fair value* US$'000 (note 11)	*Buildings held for own use carried at amortised cost* US$'000	*Right-of-use assets* US$'000	*Total* US$'000
Cost							
At 1 January 2019	36,204	-	-	-	-	-	36,204
Acquisition of subsidiaries	3,176	-	-	-	-	52,248	55,424
Additions	57,061	-	13,478	71,403	-	18,470	160,412
Disposal of subsidiaries	(27)	(9,436)	(3,355)	-	-	-	(12,818)
Disposals	(4,333)	-	-	-	-	-	(4,333)
Transfers	-	10,059	(10,059)	-	-	-	-
Elimination on revaluation	-	-	-	(1,255)	-	-	(1,255)
Surplus on revaluation	-	-	-	4,407	-	-	4,407
Effect of movements in exchange rates	(1,194)	(185)	(64)	(862)	-	(765)	(3,070)
At 31 December 2019	90,887	438	-	73,693	-	69,953	234,971
Acquisition of subsidiaries	33,990	-	-	-	75,471	28,325	137,786
Additions	59,155	-	17,048	23,995	-	11,706	111,904
Disposal of subsidiaries	(98,159)	(436)	-	-	-	(1,789)	(100,384)
Disposals	(8,929)	-	-	-	-	-	(8,929)
Transfers	-	-	-	-	-	-	-
Elimination on revaluation	-	-	-	(2,591)	-	-	(2,591)
Surplus on revaluation	-	-	-	4,566	-	-	4,566
Effect of movements in exchange rates	3,328	(2)	981	6,591	6,117	6,603	23,618
At 31 December 2020	80,272	-	18,029	106,254	81,588	114,798	400,941
Accumulated depreciation							
At 1 January 2019	(24,055)	-	-	-	-	-	(24,055)
Acquisition of subsidiaries	(1,364)	-	-	-	-	-	(1,364)
Charge for the year	(6,623)	(185)	-	(1,255)	-	(4,646)	(12,709)
Disposal of subsidiaries	22	173	-	-	-	-	195
Disposals	3,958	-	-	-	-	-	3,958
Elimination on revaluation	-	-	-	1,255	-	-	1,255
Effect of movements in exchange rates	332	4	-	-	-	54	390
At 31 December 2019	(27,730)	(8)	-	-	-	(4,592)	(32,330)
Acquisition of subsidiaries	(8,330)	-	-	-	(6,962)	(970)	(16,262)
Charge for the year	(9,737)	(4)	-	(2,591)	(1,117)	(9,155)	(22,604)
Disposal of subsidiaries	14,468	12	-	-	-	293	14,773
Disposals	6,617	-	-	-	-	-	6,617
Elimination on revaluation	-	-	-	2,591	-	-	2,591
Effect of movements in exchange rates	(3,625)	-	-	-	(697)	(874)	(5,196)
At 31 December 2020	(28,337)	-	-	-	(8,776)	(15,298)	(52,411)
Carrying amounts							
At 31 December 2019	63,157	430	-	73,693	-	65,361	202,641
At 31 December 2020	51,935	-	18,029	106,254	72,812	99,500	348,530

Further details on fair value measurement of buildings held for own use carried at fair value are set out in notes 11(a) and 11(b).

17. Intangible assets

	Goodwill US$'000	Trademark US$'000	Non-competition agreements US$'000	License rights US$'000	Total US$'000
Cost					
At 1 January 2019	281,295	23,711	4,330	929	310,265
Disposal	-	-	(4,330)	-	(4,330)
Exchange differences	(4,556)	(384)	-	(16)	(4,956)
At 31 December 2019	276,739	23,327	-	913	300,979
Acquisition of subsidiaries	59,841	4,879	-	2,597	67,317
Additions	-	-	-	18	18
Disposal of subsidiaries	(25,657)	(4,956)	-	(212)	(30,825)
Reclassified to assets held for sale	(34,742)	-	-	-	(34,742)
Exchange differences	19,698	1,699	-	67	21,464
At 31 December 2020	295,879	24,949	-	3,383	324,211
Accumulated amortisation					
At 1 January 2019	-	(10,084)	(4,330)	(593)	(15,007)
Additions	-	(1,325)	-	(196)	(1,521)
Disposal	-	-	4,330	-	4,330
Exchange differences	-	179	-	12	191
At 31 December 2019	-	(11,230)	-	(777)	(12,007)
Additions	-	(1,300)	-	(324)	(1,624)
Disposal of subsidiaries	-	212	-	172	384
Exchange differences	-	(1,117)	-	(57)	(1,174)
At 31 December 2020	-	(13,435)	-	(986)	(14,421)
Carrying amounts:					
At 31 December 2019	276,739	12,097	-	136	288,972
At 31 December 2020	295,879	11,514	-	2,397	309,790

Impairment tests for cash-generating units containing goodwill

Goodwill is allocated to the Group's cash-generating units (CGU) identified according to country of operation and operating segment, carrying amount of each CGU as follows:

	31 December 2020 US$'000	31 December 2019 US$'000
GLP China (note)	239,526	224,031
ACL Group	56,352	52,708
Total	295,879	276,739

Note: Relates to the leasing of logistic facilities and provision of asset management services in China and excludes the ACL Group.

17. Intangible assets (continued)

(a) GLP China

The recoverable amount of the CGU is determined based on fair value less costs of disposal. The CGU comprises following categories: development business, fund management, investment properties and other investments as at 31 December 2020. In determining fair value, a combination of approaches were used, including the direct comparison, income capitalisation, discounted cash flow and residual approaches. The direct comparison approach involves the analysis of comparable properties or public companies, the Group invests in companies listed in active markets, and these equity securities are stated at their fair values at the reporting date. The income capitalisation approach capitalises an income stream into a present value using single-year capitalisation rates, and the income stream used is adjusted to market rentals currently being achieved within comparable investment properties and recent leasing transactions achieved within the investment property. The discounted cash flow approach requires the valuer to assume a rental growth rate indicative of market and the selection of a target internal rate of return consistent with current market requirements. The residual approach values properties under development and land held for development by reference to its development potential and deducting development costs to be incurred, together with developers' profit margin, assuming it was completed as at the date of valuation.

As at 31 December 2020, key assumptions on which management has based its determination of fair value less costs to sell or disposal are capitalisation rate 4.00% - 7.00% (31 December 2019: 4.00% - 7.00%), discount rate 8.00%-10.50% (31 December 2019: 6.60% - 11.44%), terminal yield rate 4.00%-7.00% (31 December 2019: 4.00% - 7.00%). The Group believes that any reasonably possible changes in the above key assumptions applied are not likely to materially cause the recoverable amount to be lower than its carrying amount.

(b) ACL Group

The recoverable amount of the CGU is determined based on value in use calculation. The value in use calculation is a discounted cash flow model using cash flow projections based on the most recent budgets and forecasts approved by management covering ten years. Cash flows beyond these periods are extrapolated using the estimated terminal growth rate. The discount rate applied is the weighted average cost of capital from the relevant business segment. The terminal growth rate used does not exceed management's expectation of the long-term average growth rate of the respective industry and country in which the CGU operates. The discount rate and terminal growth rate used as at 31 December 2020 are 7.5% and 3% respectively (31 December 2019: 7.5% and 3%). The Group believes that any reasonably possible changes in the above key assumptions applied are not likely to materially cause the recoverable amount to be lower than its carrying amount.

18. Other investments

	31 December 2020 US$'000	31 December 2019 US$'000
Listed equity securities – at FVOCI (non-recycling)	418,902	590,047
Listed equity securities – at FVTPL	50,525	-
Unlisted equity securities – at FVTPL	1,655,919	1,026,406
	2,125,346	1,616,453

As at 31 December 2020, listed equity securities at FVOCI comprise 6.10% (31 December 2019: 6.10%) interest in Shenzhen New Nanshan Holding (Group) Co., Ltd. ("SNNH"), which is listed on Shenzhen Stock Exchange, 1.47% (31 December 2019: 1.47%) interest in Shanghai Lingang Holdings Co., Ltd. ("SHLG") and 10.00% (31 December 2019: 10.00%) interest in Beijing Vantone Real Estate Co., Ltd. ("BJ Vantone"), which are listed on the Shanghai Stock Exchange. The Group designated these investments at FVOCI (non-recycling), as these investments are held for strategic purposes.

In December 2020, the Group sold the investment in CMSTD to a fellow subsidiary at original cost of investment. Fair value of the investment at the date of disposal was approximately US$ 240 million, which resulted in a gain on disposal of US$ 59 million recognised in reserve.

19. Other non-current assets

	31 December 2020 US$'000	31 December 2019 US$'000
Trade receivables	50,253	44,340
Prepayments	74,079	48,442
Finance lease receivables	-	16,130
Loans to joint ventures	513,416	65,662
Loans to associates	4,971	12,226
Loans to third parties	10,411	15,740
Other investments held for disposal	125,269	-
Others	-	1,107
	778,399	203,647

The loans to joint ventures are repayable after one year, and bear interest rate ranging from 5.70% to 8.63% per annum (31 December 2019: 5.39% to 7.90%).

The loans to associates are repayable after one year, and bear interest rate ranging from 8.00% to 10.00% per annum (31 December 2019: 10.00% per annum)

The loans to third parties in relation to new strategic investments are unsecured, repayable after one year, and bear interest rate at 18.00% per annum (31 December 2019: 18.00% per annum).

20. Trade and other receivables

	31 December 2020 US$'000	31 December 2019 US$'000
Net trade receivables:		
- Trade receivables	53,122	58,536
- Impairment losses	(1,921)	(2,984)
	51,201	55,552
Net finance lease receivables:		
- Finance lease receivables	-	157,777
- Impairment losses	-	(22,444)
	-	135,333
Amounts due from joint ventures:		
- Trade	16,635	23,377
- Non-trade	58,056	245,328
- Loans to joint ventures	29,468	56,799
	104,159	325,504
Amounts due from associates:		
- Trade	41,834	44,388
- Non-trade	240,780	22
- Loans to associates	193,722	163,143
	476,336	207,553
Amounts due from non-controlling interests:		
- Non-trade	15,301	2,966
- Loans to non-controlling interests	49,503	7,640
	64,804	10,606
Amounts due from related parties:		
- Non-trade	331,452	26,085
Loans to third parties	34,546	126,884
Loans to employees	103,731	8,779
Deposits	78,283	182,256
Net other receivables:		
- Other receivables	301,527	233,464
- Impairment losses	(265)	(56)
	301,262	233,408
Prepayments	27,645	77,846
	1,573,419	1,389,806

The non-trade amounts due from joint ventures, associates, non-controlling interests and related parties are unsecured, interest-free and repayable on demand.

The loans to joint ventures, associates and non-controlling interests are unsecured, bear effective interests ranging from 5.10% to 10.00% (31 December 2019: 6.00%% to 10.00%) per annum at the reporting date and are repayable within the next 12 months.

20. Trade and other receivables (continued)

The loans to third parties in relation to acquisition of new investments are secured, repayable within the next 12 months, and bear effective interest ranging from 8.00% to 10.00% (31 December 2019: 4.90% to 12.00%) per annum, except for US$12,935,000 which is interest-free upon completion of the acquisition (31 December 2019: US$10,835,000 which is interest-free upon completion of the acquisition).

Deposits include an amount of approximately US$ 47,341,000 (31 December 2019: US$168,578,000) in relation to the acquisition of new investments. Other receivables comprise principally interest receivable and VAT recoverable.

Trade receivables are due on the date of billing. Further details on the Group's credit policy are set out in note 31(a).

(a) *Impairment of trade and other receivables*

The Group measures loss allowances for trade receivables and contract assets at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables and contract assets as at 31 December 2019 and 31 December 2020:

		31 December 2019	
	Expected loss rate %	*Gross carrying amount* US$'000	*Loss allowance* $'000
Within 1 month	0.68	43,308	(293)
1 to 2 months	6.68	4,996	(334)
2 to 3 months	12.29	1,194	(147)
3 to 6 months	9.36	3,285	(307)
7 to 12 months	13.96	4,475	(625)
Over 12 months	100.00	1,278	(1,278)
		58,536	(2,984)

20. Trade and other receivables (continued)

	Expected loss rate %	*31 December 2020* *Gross carrying amount* US$'000	*Loss allowance* $'000
Within 1 month	0.67	44,066	(295)
1 to 2 months	6.67	4,198	(280)
2 to 3 months	19.58	507	(99)
3 to 6 months	18.73	1,579	(296)
7 to 12 months	21.45	2,318	(497)
Over 12 months	100.00	454	(454)
		53,122	(1,921)

Expected loss rates are based on actual loss experience over the past 12 months. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Movement in the loss allowance account in respect of trade receivables during the year is as follows:

	31 December 2020 US$'000	*31 December 2019* US$'000
Balance at 1 January	25,484	14,298
Impairment loss recognised	12,387	12,774
Impairment loss reversed	-	(599)
Acquisition of subsidiaries	126	(624)
Disposal of subsidiaries	(35,018)	-
Translation differences	(793)	(365)
Balance at 31 December	2,186	25,484

Credit risk arising from loans to joint ventures, loans to associates, loans to non-controlling interests and loans to third parties

The loans to joint ventures, the loans to associates, the loans to non-controlling interests and the loans to third parties are repayable within the next 12 months. The Group considers that the credit risk arising from these loans are insignificant as the loans are within the credit period.

21 Assets classified as held for sale and disposal group held for sale

		31 December 2020 US$'000	*31 December 2019* US$'000
Assets of disposal group held for sale	(a)	1,166,970	-
Liabilities of disposal group held for sale	(a)	(329,501)	-
An investment property		-	76,011
		837,469	76,011

(a) In December 2020, the Group entered into agreements with certain related parties to dispose of certain subsidiaries, including Shanghai Lingang GLP International Logistics Development Co. Ltd., Tongxiang GLP Logistics Facilities Co., Ltd., GLP (Chengdu) Hi-Tech Industrial Park Development Co., Ltd. and Minshang (Nanning) Internet of Things Technology Development Co., Ltd. at consideration of approximately RMB 6,639,528,000 (equivalent to approximately US$ 1,017,568,000) in total with amount subjected to capital expenditures to be occurred prior to disposal date. As at 31 December 2020, although some industrial and commercial administrative procedures for these disposals were still in progress, it remains reasonable to expect such disposals to be completed in the near future. As a result, the assets and liabilities of those subsidiaries were presented as assets held for sale and liabilities held for sale respectively as at 31 December 2020.

(a) Assets of disposal group held for sale comprise:

	31 December 2020 US$'000
Investment properties	1,065,798
Cash at bank	61,310
Other assets	39,862
Assets held for sale	1,166,970

22. Cash and cash equivalents

(a) Liabilities of disposal group held for sale comprise:

	31 December 2020 US$'000
Loans and borrowings	141,127
Deferred tax liabilities	167,690
Others	20,684
Liabilities held for sale	329,501

(a) Cash and cash equivalents comprise:

	31 December 2020 US$'000	*31 December 2019* US$'000
Fixed deposits	58	91,292
Cash at bank	1,160,694	768,423
Cash and cash equivalents in consolidated statement of financial position	1,160,752	859,715
Cash and cash equivalents in disposal group	61,310	-
Cash and cash equivalents in the consolidated cashflow statement	1,222,062	859,715

The effective interest rates relating to fixed deposits and certain cash at bank balances at the reporting date for the Group ranged from 1.10% to 2.30% (31 December 2019: 1.10% to 2.30%) and 0.01% to 0.35% (31 December 2019: 0.03% to 0.35%) per annum respectively.

22. Cash and cash equivalents (continued)

(b) Reconciliation of liabilities arising from financing activities:

The table below details changes in the company's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the cash flow statement as cash flows from financing activities.

	Loans and borrowings (note 26) US$'000	*Loans from intermediate holding company* (note 27) US$'000	*Loans from non-controlling interests, joint ventures and third parties* (note 28) US$'000	*Notes payable* (note 28) US$'000	*Lease liabilities* (note 29) US$'000	*Interest payable* (note 28) US$'000	*Total* US$'000
At 1 January 2019	6,130,092	950,224	44,169	4,363	-	142,160	7,271,008
Changes from financing cash flows:							
Proceeds from bank loans	2,689,225	-	-	-	-	-	2,689,225
Repayment of bank loans	(1,824,551)	-	-	-	-	-	(1,824,551)
Proceeds from issue of bonds	1,299,113	-	-	-	-	-	1,299,113
Repayment of bonds	(205,171)	-	-	-	-	-	(205,171)
Repayment of loans from intermediate holding company	-	(498,670)	-	-	-	-	(498,670)
Repayment of loans from non-controlling interests	-	-	(421)	-	-	-	(421)
Proceeds of loans from joint ventures	-	-	26,494	-	-	-	26,494
Proceeds of loans from third parties	-	-	2,702	-	-	-	2,702
Repayment of loans from third parties	-	-	(4,364)	-	-	-	(4,364)
Cash payments for principal portion of lease liabilities	-	-	-	-	(2,273)	-	(2,273)
Cash payments for interest portion of lease liabilities	-	-	-	-	(2,308)	-	(2,308)
Interest paid						(362,508)	(362,508)
Total changes from financing cash flows	1,958,616	(498,670)	24,411	-	(4,581)	(362,508)	1,117,268
Other changes:							
Acquisition of subsidiaries (note 30)	156,342	-	-	-	29,914	-	186,256
Disposal of subsidiaries (note 30)	(24,382)	-	-	-	-	-	(24,382)
Additions	-	-	-	-	20,778	-	20,778
Net off with a related party	-	-	(32,088)	-	-		(32,088)
Interest expense	-	-	-	-	-	384,751	384,751
Effect of movements in exchange rates	(30,107)	-	(701)	(71)	(623)	2,537	(28,965)
Others	-	-	-	(729)	-	-	(729)
Total other changes	101,853	-	(32,789)	(800)	50,069	387,288	505,621
At 31 December 2019	8,190,561	451,554	35,791	3,563	45,488	166,940	8,893,897

22. Cash and cash equivalents (continued)

(b) Reconciliation of liabilities arising from financing activities:

	Loans and borrowings (note 26) US$'000	Loans from intermediate holding company (note 27) US$'000	Loans from non-controlling interests, joint ventures, associate and third parties (note 28) US$'000	Notes payable (note 28) US$'000	Lease liabilities (note 29) US$'000	Interest payable (note 28) US$'000	Total US$'000
At 1 January 2020	8,190,561	451,554	35,791	3,563	45,488	166,940	8,893,897
Changes from financing cash flows:							
Proceeds from bank loans	5,633,415	-	-	-	-	-	5,633,415
Repayment of bank loans	(4,292,235)	-	-	-	-	-	(4,292,235)
Proceeds from issue of bonds	599,999	-	-	-	-	-	599,999
Repayment of bonds	(30,285)	-	-	-	-	-	(30,285)
Repayment of loans from intermediate holding company	-	(451,554)	-	-	-	-	(451,554)
Repayment of loans from non-controlling interests	-	-	(10,672)	-	-	-	(10,672)
Proceeds of loans from non-controlling interests	-	-	8,849	-	-	-	8,849
Proceeds of loans from joint ventures	-	-	31,111	-	-	-	31,111
Repayment of loans from associate	-	-	(51,090)	-	-	-	(51,090)
Proceeds of loans from third parties	-	-	-	-	-	-	-
Repayment of loans from joint ventures	-	-	(59,639)	-	-	-	(59,639)
Repayment of loans from third parties	-	-	(3,990)	-	-	-	(3,990)
Cash payments for principal portion of lease liabilities	-	-	-	-	(4,622)	-	(4,622)
Cash payments for interest portion of lease liabilities	-	-	-	-	(3,231)	-	(3,231)
Interest paid	-	-	-	-	-	(488,279)	(488,279)
Repayment of notes payable	-	-	-	(3,809)	-	-	(3,809)
Total changes from financing cash flows	1,910,894	(451,554)	(85,431)	(3,809)	(7,853)	(488,279)	873,968
Other changes:							
Acquisition of subsidiaries (note 30)	144,093	-	16,757	-	5,447	544	166,841
Disposal of subsidiaries (note 30)	(303,886)	-	(2,500)	-	(1,496)	(2,098)	(309,980)
Additions	-	-	-	-	14,786	-	14,786
Interest expense	-	-	-	-	3,079	446,833	449,912
Effect of movements in exchange rates	283,025	-	1,674	246	550	812	286,307
Others	21,661	-	51,090	-	-	-	72,751
Total other changes	144,893	-	67,021	246	22,366	446,091	680,617
At 31 December 2020	10,246,348	-	17,381	-	60,001	124,752	10,448,482

23 Restricted cash

	31 December 2020 US$'000	31 December 2019 US$'000
Restricted cash	-	67,294

24. Share capital and capital management

(a) *Movements in components of equity*

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

Company	*Share capital* US$'000	*Currency translation reserve* US$'000	*Retained earnings* US$'000	*Total* US$'000
Balance at 1 January 2019	6,950,825	(707,553)	(315,479)	5,927,793
Changes in equity for the year:				
Total comprehensive income for the year	-	(44,191)	(228,909)	(273,100)
Balance at 31 December 2019	6,950,825	(751,744)	(544,388)	5,654,693
Changes in equity for the year:				
Total comprehensive income for the year	-	431,658	963,357	1,395,015
Tax-exempt dividends paid (External)	-	-	(430,453)	(430,453)
Balance at 31 December 2020	6,950,825	(320,086)	(11,484)	6,619,255

(b) *Share capital*

Issued share capital

	31 December	
	No. of shares '000	US$'000
Ordinary shares, issued and fully paid:	6,950,825	6,950,825

In accordance with section 135 of the Hong Kong Companies Ordinance, the ordinary shares of the Company do not have a par value.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regarding to the Company's residual assets.

24. Share capital and capital management (continued)

(c) Dividends

On 22 Jun 2020, the Board of Directors resolved to pay dividends of USD 430,453,000 in respect of the year ended 31 December 2020.

(d) Capital management

The Group's objectives when managing capital are to build a strong capital base so as to sustain the future developments of its business and to maintain an optimal capital structure to maximise shareholder's value. The Group defines "capital" as including all components of equity plus loans from its holding companies and related corporations with no fixed terms of repayment.

The Group's capital structure is regularly reviewed and managed with due regard to the capital management practices of the larger group to which the Company belongs. Adjustments are made to the capital structure in light of changes in economic conditions, regulatory requirements and business strategies affecting the Group.

The Group also monitors capital using a net debt to equity ratio, which is defined as net borrowings divided by total equity (including non-controlling interests).

	31 December 2020 US$'000	*31 December 2019* US$'000
Loans and borrowings	10,246,348	8,190,561
Loans from intermediate holding company	-	451,554
Loans from non-controlling interests	14,039	6,363
Loans from third parties	513	4,063
Loan from joint ventures	2,829	25,365
Notes payable	-	3,563
Lease liabilities	60,001	45,488
Total debt	10,323,730	8,726,957
Less: cash and cash equivalents	(1,160,752)	(859,715)
Net debt	9,162,978	7,867,242
Total equity	17,559,761	14,827,736
Total assets	32,755,885	27,410,230
Net debt to equity ratio	52.18%	53.06%
Net debt to asset ratio	27.97%	28.70%

The Group seeks to strike a balance between the higher returns that might be possible with higher levels of borrowings and the liquidity and security afforded by a sound capital position.

There were no changes in the Group's approach to capital management during the year.

24. Share capital and capital management (continued)

During year 2020, the Group's strategy, which was unchanged from the year ended 31 December 2019, was to maintain net debt-to-asset ratio of no more than 50% or net debt-to-equity ratio of no more than 55%. In order to maintain or adjust the ratio, the Group may adjust the amount of dividends paid to shareholders, issue new shares or request new loans from other group companies or sell assets to reduce debt.

All of the Group's banking facilities are subject to the fulfilment of covenants relating to certain of the Group's balance sheet ratios, as are commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants the drawn down facilities would become payable on demand. The Group regularly monitors its compliance with these covenants. Further details of the Group's management of liquidity risk are set out in note 31(b). As at and during the year ended 31 December 2020, none of the covenants relating to drawn down facilities had been breached (31 December 2019: none).

25. Reserves

	31 December 2020 US$'000	*31 December 2019* US$'000
Capital reserve	3,838	(8,331)
Equity compensation reserve	36,849	36,849
Currency translation reserve	(129,913)	(847,682)
Fair value reserve (non-recycling)	113,227	32,854
Property revaluation reserve	6,730	3,305
Other reserve	(1,554,630)	(1,554,630)
Retained earnings	6,956,745	6,452,085
	5,432,846	4,114,450

The capital reserve comprises mainly equity transactions gain or loss from the changes in the Group's interest in a subsidiary that do not result in a loss of control and the Group's share of the statutory reserve of its PRC-incorporated subsidiaries. Statutory reserve of its PRC-incorporated subsidiaries was transferred from retained earnings in accordance with the relevant PRC rules and regulations and the articles of association of the Company's subsidiaries incorporated in PRC, and were approved by the respective board of directors. As at 31 December 2020, retained earnings includes approximately US$58,958,000 (31 December 2019: US$49,530,000) to be transferred to statutory reserve before distribution of any dividends to shareholders in the future.

The equity compensation reserve comprises the cumulative value of employee services received for the issue of the shares under the GLP Performance Share Plan and Restricted Share Plan.

The property revaluation reserve has been set up and is dealt with in accordance with the accounting policies adopted for buildings held for own use carried at fair value.

The fair value reserve (non-recycling) comprises the cumulative net change in the fair value of equity investments designated at FVOCI under HKFRS 9 that are held at the end of the reporting period (see note 2(h)).

Other reserve mainly represents capital contributions from the immediate holding company and the merger reserve which was the difference between the Company's share of the nominal value of the paid-up capital and capital reserve related to shareholders' injection of the subsidiaries acquired over the nominal value of the ordinary shares issued by the Company.

26. Loans and borrowings

	31 December 2020 US$'000	*31 December 2019* US$'000
Non-current liabilities		
Secured bank loans	4,393,572	2,642,396
Secured bonds	746,715	428,595
Unsecured bank loans	461,705	567,914
Unsecured bonds	1,494,137	3,376,550
	7,096,129	7,015,455
Current liabilities		
Secured bank loans	248,428	449,971
Secured bonds	2,458	16,302
Unsecured bank loans	465,968	699,751
Unsecured bonds	2,433,365	9,082
	3,150,219	1,175,106

The secured bank loans and secured bonds are secured by mortgages on the borrowing subsidiaries' investment properties with a carrying amount of approximately US$15,445,068,000 (31 December 2019: US$13,035,696,000) (note 11).

The effective interest rates for bank borrowings ranged from 1.29% to 6.77% (31 December 2019: 1.25% to 6.50%) per annum.

27. Other non-current liabilities

	31 December 2020 US$'000	*31 December 2019* US$'000
Security deposits received	77,791	65,942
Provision for reinstatement costs	-	86
Contract liabilities	551	1,610
Employee bonus and incentive payable	21,483	6,210
Loans from intermediate holding company	-	451,554
Loans from non-controlling interests	10,388	-
Lease liabilities (note 29)	53,813	42,102
Deposits received for disposal of other investments	114,396	-
Consideration payable for acquisition of joint ventures	37,303	-
Others	1,612	-
	317,337	567,504

28. Trade and other payables

	31 December 2020 US$'000	31 December 2019 US$'000
Trade payables	2,379	3,547
Notes payable	-	3,563
Accrued construction costs	692,675	486,715
Accrued operating expenses	92,429	63,618
Contract liabilities	40,645	41,627
Interest payable	116,380	105,840
Security deposits received	87,744	100,209
Amounts due to:		
- Intermediate holding company (trade)	51,266	36,647
- Related parties (trade)	14,532	6,801
- Related parties (non-trade)	300,342	-
- Non-controlling interests (trade)	3,358	3,018
- Non-controlling interests (non-trade)	17,736	23,790
- Joint ventures (trade)	1,522	1,238
- Joint ventures (non-trade)	495	213
- Associates (trade)	70	6
- Associates (non-trade)	32	-
Interest payable on loans from intermediate holding company	7,383	60,322
Loans from non-controlling interests	3,651	6,363
Interest payable on loans from non-controlling interests	129	403
Loan from joint ventures	2,829	25,365
Interest payable on loans from joint ventures	644	233
Loans from third parties	513	4,063
Interest payable on loans from third parties	216	142
Consideration payable for acquisition of subsidiaries	143,018	222,525
Deposits received and accrued expenses for disposal of investment properties	58,909	55,098
Consideration payable for acquisition of investment properties	8,950	8,371
Other payables	95,423	179,747
Dividends payable	1,916	-
Lease liabilities (note 29)	6,188	3,386
	1,751,374	1,442,850

The non-trade amounts due to non-controlling interests, joint ventures, associates and related parties are unsecured, interest-free and have no fixed repayment terms. The loans from non-controlling interests, joint ventures and third parties are unsecured and repayable on demand. The interest-bearing loans from non-controlling interests, joint ventures and third parties bear effective interests ranging from 3.00% to 6.08% (31 December 2019: 3.92% to 8.00%) per annum as at the reporting date.

29. Lease liabilities

The remaining contractual maturities of the Group's lease liabilities at the end of the reporting year are as follows:

	At 31 December 2020	
	Present value of the minimum lease payments US$'000	*Total minimum lease payments* US$'000
Within 1 year	6,188	9,313
After 1 year but within 2 years	5,963	8,734
After 2 years but within 5 years	15,540	22,185
After 5 years	32,310	40,312
	60,001	80,544
Less: total future interest expenses		(20,543)
Present value of lease liabilities		60,001

	At 31 December 2019	
	Present value of the minimum lease payments US$'000	*Total minimum lease payments* US$'000
Within 1 year	3,386	5,788
After 1 year but within 2 years	2,855	5,035
After 2 years but within 5 years	10,297	15,959
After 5 years	28,950	36,316
	45,488	63,098
Less: total future interest expenses		(17,610)
Present value of lease liabilities		45,488

30. Notes to cash flow statement

Acquisition of subsidiaries

The primary reason for the Group's acquisitions of subsidiaries is to expand its portfolio of investment properties held in the PRC and possession of qualification for architecture designing.

(i) The list of subsidiaries acquired during the year ended 31 December 2020 is as follows:

Name of subsidiaries	*Date acquired*	*Equity interest acquired* %
Shanghai Lingang GLP International Logistics Development Co.,Ltd.	Jan 2020	70
Hangzhou Yunchu Technology Co., Ltd.	Jan 2020	100
Shanghai Jiangao Logistics Co., Ltd.	March 2020	100
Jiangsu Kangbo Supply Chain Management Co., Ltd.	March 2020	90
Tompkins International LLC.	April 2020	66
Dalian Zhangzidao Central Freezer Logistics Co., Ltd.	May 2020	75
Suzhou Industrial Park Chuangpu Asset Management Co., Ltd	June 2020	70
Shanghai Tongjiang Management Co., Ltd.	July 2020	100
Suzhou Industrial Zone Pushuo Logistics Facilities Co., Ltd.	August 2020	50
Shanghai Jiangkai Technology Co., Ltd.	September 2020	100
HK Daily Products Limited	December 2020	100
Meiriyouxian (Changshu) Supply Chain Management Co., Ltd	December 2020	94
Green Peak Tech Co., Ltd.	November 2020	100
Hongyun Technology Development (Changshu) Co., Ltd	November 2020	100
Beijing Huayuan Yingdu Real Estate Development Co., Ltd.	December 2020	100
Shanghai G2link Internet Technology Co., Ltd.	December 2020	80

30. Notes to cash flow statement (continued)

(ii) The list of subsidiaries acquired during the year ended 31 December 2019 is as follows:

Name of subsidiaries	*Date acquired*	*Equity interest acquired* %
Chongqing Minzhao Internet of Things Technology Co., Ltd.	March 2019	95
Jinan Buffalo Supply Chain Management Co., Ltd.	March 2019	85
Shanghai Aolun Industry Co., Ltd.	March 2019	100
Guofu Huijin (Tianjin) Investment Management LLP	April 2019	100
Huai'an Pufu Technology Development Co., Ltd.	June 2019	100
Nan'an Civil and Commercial Internet of Things Technology Development Co., Ltd.	June 2019	95
Shanghai Fuhe Industrial Development Co., Ltd.	June 2019	70
Beijing Zongheng Qiyun Information Technology Co., Ltd.	June 2019	100
Guangzhou G7 Logistics Co., Ltd.	July 2019	100
Dongguan Fumanduo Food Co., Ltd.	August 2019	100
Minshang (Hefei) Internet of Things Technology Development Co., Ltd.	September 2019	90
GLP Dalian Pujin Logistics Facilities Co., Ltd.	September 2019	51
Minshang (Ganjiang New Zone) Internet of Things Technology Development Co., Ltd.	November 2019	95
Shanghai Zhongji Yangshan Container Services Co., Ltd.	November 2019	100
Chengdu Times Noah Ark Information Technology Co., Ltd.	November 2019	100
Chengdu Chenggong Xinye Industrial Co., Ltd.	November 2019	73
Guangzhou Zhengongfu Supply Chain Co., Ltd.	November 2019	70
Tianjin Minxi Internet of Things Technology Development Co., Ltd.	December 2019	95
Shenzhen Dekai Vehicle Electronic Co., Ltd.	December 2019	100
Hangzhou Xinheng Corporate Management Co., Ltd.	December 2019	95
Hangzhou Xinke Corporate Management Co., Ltd.	December 2019	95
Zhengzhou Haoxiangni Warehousing & Logistics Co., Ltd.	December 2019	51
Zhonghang Cloud Data (Shenzhen) Co., Ltd.	December 2019	100

30. Notes to cash flow statement (continued)

Effect of the acquisitions

The cash flow and the net assets of the subsidiaries acquired during the year ended 31 December 2020 and 2019 are provided below:

	Year ended 31 December 2020 *Recognised values on acquisition* US$'000	*Year ended 31 December 2019* *Recognised values on acquisition* US$'000
Investment properties	1,050,716	952,988
Property, plant and equipment	121,524	54,060
Interests in associates	-	211,379
Intangible assets	14,495	-
Other investments	1,134	-
Deferred tax assets	255	-
Other assets	347	92
Cash and cash equivalents	72,905	53,621
Trade and other receivables	26,310	33,029
Trade and other payables	(138,053)	(134,002)
Loans and borrowings	(144,093)	(156,342)
Current tax payable	(1,574)	-
Deferred tax liabilities	(135,493)	(2,533)
Other non-current liabilities	(5,329)	(29,995)
Non-controlling interests	(183,240)	(149,437)
Net assets acquired	679,904	832,860
Goodwill	52,822	
Gain on acquisition of a subsidiary	(80)	(957)
Purchase consideration	732,646	831,903
Fair value of previous held equity interest	(314,003)	-
Consideration payable	(37,080)	(154,232)
Satisfied by acquisition deposits paid in prior year	(83,133)	-
Cash of subsidiaries acquired	(72,905)	(53,621)
Payment of consideration in relation to prior years' acquisitions	73,975	150,114
Cash outflow on acquisitions of subsidiaries	299,500	774,164

The total related acquisition costs for the above-mentioned subsidiaries amounted to approximately US$732,646,000 (year ended 31 December 2019: US$831,903,000). From the respective dates of acquisitions to 31 December 2020, the above-mentioned acquisitions contributed net profit of approximately US$ 45,758,000 to the Group's results for the year, before accounting for financing costs attributable to the acquisitions. Had the acquisitions occurred on 1 January 2020, management estimates that the above-mentioned acquisitions would have contributed approximately US$76,532,000 and US$32,535,000 to the Group's revenue and net profit respectively for year ended 31 December 2020.

30. Notes to cash flow statement (continued)

Disposal of subsidiaries

(i) The list of subsidiaries disposed during the year ended 31 December 2020 is as follows:

Name of subsidiaries	*Date disposed*	*Equity interest disposed* %
Jiangsu Beisheng Technology Co.,Ltd.	March 2020	100
Wuxi Pulanfeng New Energy Co., Ltd.	March 2020	100
Foshan Pudan Warehousing Services Co., Ltd	May 2020	100
Dongguan Ever Profit Logistics Co., Ltd.	May 2020	100
Guangzhou Pufu Warehousing Service Co., Ltd.	May 2020	80
GLP Kunshan Shipu Logistics Facilities Co., Ltd.	May 2020	100
Xi'an Kapu Logistics Facilities Co., Ltd.	May 2020	96
Sanhui Food Logistic (Tianjin) Co., Ltd.	May 2020	90
GLP Chongqing Development Co.,Ltd.	June 2020	100
GLP Pukai Xi'an Warehousing Service Co., Ltd.	June 2020	100
Vailog (Nanjing) Storage Services Co., Ltd.	June 2020	100
Global Logistic Properties (ChengDu) Warehousing Facilities Co., Ltd.	June 2020	100
GLP (Ningbo Beilun) Warehousing Co.,Ltd.	June 2020	100
Shenyang Puling Warehousing Services Co., Ltd.	June 2020	100
GLP Puxin Xi'an Warehousing Service Co., Ltd.	June 2020	100
Suzhou Yuhang Logistics Co., Ltd.	June 2020	100
GLP Wuhan Puxia Logistics Facilities Co., Ltd.	June 2020	100
Wuxi GLP Logistics Development Co., Ltd.	June 2020	100
GLP Kunshan Puxing Logistics Development Co.,Ltd.	June 2020	100
GLP Kunshan Pujiang Logistics Facilities Co., Ltd	June 2020	100
Vailog (Kunshan) Storage Co.,Ltd.	June 2020	100
GLP Feidong Logistics Facilities Co., Ltd.	June 2020	100
GLP Changzhou High-tech District Logistics Facilities Co., Ltd.	June 2020	100
Tianjin Puling Warehousing Service Co., Ltd.	June 2020	100
Tianjin Pushi Logistics Facilities Co., Ltd.	June 2020	100
GLP Wuhan Huangpi Logistics Facilities Co. Ltd.	June 2020	100
GLP Hefei Hi-Tech Logistics Facilities Co.,Ltd.	June 2020	100
GLP Changsha Puxia Logistics Facilities Co., Ltd.	June 2020	100
GLP China Financing Holding Limited	June 2020	100
GLP (Hangzhou) Warehousing Co.,Ltd.	July 2020	100
Hangzhou Linpu Logistics Facilities Co., Ltd.	July 2020	100
GLP Tianjin Puya Logistics Facilities Co., Ltd.	July 2020	100
GLP Langfang Logistics Facilities Co.,Ltd.	July 2020	100
Tianjin Puqing Logistics Co.,Ltd.	July 2020	100
GLP Zhuozhou Logistics Facilities Co., Ltd.	July 2020	100
GLP Hangzhou Logistics Development Co., Ltd.	July 2020	100
GLP Jiashan Pujia Logistics Co.,Ltd.	July 2020	100
GLP Haining Logistics Facilities Co., Ltd.	July 2020	100
GLP Tianjin Pujia Logistics Facilities Co., Ltd.	July 2020	100
GLP (Qingdao) Airport International Logistics Development Co.,Ltd.	September 2020	100

30. Notes to cash flow statement (continued)

Name of subsidiaries	*Date disposed*	*Equity interest disposed* %
CLH 38 (HK) Limited & Suzhou Industrial Park Pushang Logistics Facilities Co., Ltd.	September 2020	100
Tompkins International LLC	December 2020	83
CLH 12 (HK) Limited	December 2020	100
GLP Golden Lincoln A Partners, LP	December 2020	100
GLP Nantong NSIP Logistics Facilities Co., Ltd.	December 2020	100
Buffalo (Jinan) Warehousing Co., Ltd	December 2020	100

(ii) The list of subsidiaries disposed during the year ended 31 December 2019 is as follows:

Name of subsidiaries	*Date disposed*	*Equity interest disposed* %
Weilun Storage Services Co., Ltd.	August 2019	100
GLP Nanjing Jiangning Development Co. Ltd.	October 2019	100
GLP Suzhou Puping Logistics Facilities Co., Ltd.	November 2019	100
GLP Tangshan Logistics Facilities Co., Ltd.	December 2019	100
Chongqing Pujia Logistics Facilities Co., Ltd.	December 2019	100
Suzhou Industrial Park Pushang Bofeng New Energy Co., Ltd.	December 2019	100
Shanghai Puyi New Energy Co., Ltd.	December 2019	100
Suzhou Industrial Park Pufeng New Energy Co., Ltd.	December 2019	100
Beijing Pushun New Energy Co., Ltd.	December 2019	100

30. Notes to cash flow statement (continued)

Effect of the disposals

The cash flow and the net assets of the subsidiaries disposed during the year ended 31 December 2020 are provided below:

	Year ended 31 December 2020 Recognised values on disposal US$'000	Year ended 31 December 2019 Recognised values on disposal US$'000
Investment properties	2,392,203	326,663
Interests in associates	352,379	-
Intangible assets	30,441	-
Property, plant and equipment	85,611	12,623
Other investments	241,258	-
Deferred tax assets	9,665	939
Other assets	15,705	223
Trade and other receivables	660,475	2,681
Cash and cash equivalents	416,775	31,106
Trade and other payables	(775,050)	(63,467)
Loans and borrowings - non-current	(245,912)	(24,382)
Loans and borrowings - current	(57,974)	-
Current tax payable	(1,684)	(411)
Deferred tax liabilities	(301,289)	(40,530)
Other non-current liabilities	(6,644)	-
Non-controlling interests	(60,745)	-
Net assets disposed	2,755,214	245,445
Gain on disposal of subsidiaries recognised:		
- In profit and loss	314,400	38,326
- In reserve	58,561	-
Disposal consideration	3,128,175	283,771
Consideration receivable	(292,233)	(222,779)
Satisfied through non-cash settlement	(430,440)	-
Cash of subsidiaries disposed	(416,775)	(31,106)
Receipt of consideration in relation to prior years' disposals	227,418	418,243
Cash inflow from disposals of subsidiaries	2,216,145	448,129

From 1 January 2020 to respective dates of disposals, the above-mentioned subsidiaries contributed approximately US$210,113,000.00 and US$46,825,000.00 to the Group's revenue and net profit respectively for the year ended 31 December 2020.

The dividend of US$430,453 was settled as non cash transaction by offsetting with consideration of disposal of subsidiaries (See note 24(c)).

31. Financial risk management and fair values of financial instruments

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. The Group is also exposed to equity price risk arising from its equity investments in other entities.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade receivables. The Group's exposure to credit risk arising from cash and cash equivalents, bills receivable and derivative financial assets is limited because the counterparties are banks and financial for which the Group considers to have low credit risk.

Trade receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers.

Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due from the date of billing. Debtors with balances that are more than 6 months past due are requested to settle all outstanding balances before any further credit is granted.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and other receivables are set out in note 20.

(b) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short-term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the parent company's board when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

31. Financial risk management and fair values of financial instruments (continued)

The following tables show the remaining contractual maturities at the end of the reporting period of the Group's non-derivative financial liabilities and derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date Group can be required to pay:

	Carrying amount	Contractual cash flows	Cash flows Within 1 year	From 1 to 5 years	After 5 years
	US$'000	US$'000	US$'000	US$'000	US$'000
31 December 2020					
Bank loans	5,569,673	6,718,531	895,185	3,056,248	2,767,098
Secured bonds	749,173	1,234,841	35,925	154,681	1,044,235
Unsecured bonds	3,927,502	4,126,397	2,547,427	1,578,970	-
Trade and other payables/other non-current liabilities *	2,027,514	2,049,354	1,714,467	326,885	8,002
	12,273,862	14,129,123	5,193,004	5,116,784	3,819,335
31 December 2019					
Bank loans	4,360,031	5,139,170	1,285,476	2,570,121	1,283,573
Secured bonds	444,897	758,593	36,681	92,724	629,188
Unsecured bonds	3,385,632	3,838,515	183,831	3,653,865	819
Trade and other payables/other non-current liabilities *	1,967,117	2,001,174	1,419,636	574,171	7,367
	10,157,677	11,737,452	2,925,624	6,890,881	1,920,947

* Excludes contract liabilities.

(c) *Interest rate risk*

The Group's interest rate risk arises primarily from loans and borrowings and cash and cash equivalents and restricted cash.

Cash and cash equivalents and restricted cash comprise mainly cash at bank, with an interest rate ranged from 0.01% to 2.30% per annum as at 31 December 2020 (31 December 2019: 0.05% to 2.30% per annum). Pledged bank deposits and time deposits maturing after three months are not held for speculative purposes but are placed to satisfy conditions for borrowing facilities granted to the Group and for higher yield returns than cash at bank.

The Group's variable rate loans and borrowings are exposed to a risk of change in cash flows due to changes in interest rates. The interest rates and terms of repayment of the loans and borrowings are disclosed in note 26.

When appropriate and at times of interest rate uncertainty or volatility, interest rate swaps may be used to assist in the Group's management of interest rate exposure.

31. Financial risk management and fair values of financial instruments (continued)

(i) Interest rate profile

The following table details the interest rate profile of the Group's loans and borrowings at the balance sheet date:

	31 December 2020		31 December 2019	
	Effective interest rate %	US$'000	Effective interest rate %	US$'000
Fixed rate borrowings				
Trade and other payables/other non-current liabilities	3.00% - 8.00%	77,382	3.92% - 8.00%	536,396
Loans and borrowings	3.40% -5.65 %	4,676,675	3.58% - 5.70%	3,830,529
Variable rate borrowings				
Loans and borrowings	1.29% -6.77%	5,569,673	1.25% - 6.50%	4,360,032
Total interest-bearing financial liabilities		10,323,730		8,726,957
Fixed rate borrowings as a percentage of total borrowings		46.05%		50.04%

(ii) Sensitivity analysis

At 31 December 2020, it is estimated that a general increase/decrease of 50 basis points in interest rates, with all other variables held constant, would have decreased/increased the Group's profit before taxation by approximately US$27,848,000 (31 December 2019: US$21,800,000).

The sensitivity analysis above indicates the instantaneous change in the Group's profit before taxation and other components of consolidated equity that would arise assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to fair value interest rate risk at the end of the reporting period. In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the end of the reporting period, the impact on the Group's profit before taxation and other components of consolidated equity is estimated as an annualised impact on interest expense or income of such a change in interest rates. The analysis is performed on the same basis for 31 December 2019.

(d) Currency risk

The Group is exposed to currency risk primarily through sales and purchases which give rise to other investments, cash balances, receivables, payables, non-current liabilities, loans and borrowings that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily USD and Hong Kong dollars.

In respect of the monetary assets and liabilities denominated in foreign currencies, the Group ensures that the net exposures to this risk is kept to an acceptable level by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances. Management does not enter into currency hedging transactions since it considers that the cost of such instruments outweighs the potential risk of exchange rate fluctuations.

31. Financial risk management and fair values of financial instruments (continued)

(i) Exposure to currency risk

The following table details the Group's exposure at the end of the reporting period to currency risk arising from recognized assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in USD, translated using the spot rate at the year-end date.

	2020 US$'000	*2019* US$'000
Other investments	623,641	428,871
Cash and cash equivalents	111,751	176,389
Trade and other receivables	40,262	40,262
Trade and other payables	(7,383)	(60,322)
Non-current liabilities	-	(451,554)
Loans and borrowings	(3,273,691)	(2,558,620)
Overall exposure	(2,505,420)	(2,424,974)

The following significant exchange rates applied during the year:

	Average rates		*Reporting date spot rate*	
	2020	*2019*	*2020*	*2019*
United States Dollars	6.9003	6.8956	6.5249	6.9762

(ii) Sensitivity analysis

The following table indicates the approximate change in the Group's profit before taxation and other components of consolidated equity in response to a 5% strengthening of the USD against the foreign currencies to which the Group had exposure at the balance sheet date. This analysis assumes that the reasonably possible change in foreign exchange rates had occurred at the balance sheet date and had been applied to each for the Group entities' exposure to currency risk for financial instruments in existence at that date, and that all other variables, in particular interest rates, remain constant.

	2020 US$'000	*2019* US$'000
United States Dollars	(125,271)	(121,249)

31. Financial risk management and fair values of financial instruments (continued)

A 5% weakening of the USD against the above currencies at 31 December would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting period, including inter-company payables and receivables within the Group which are denominated in a currency other than the functional currencies of the lender or the borrower. The analysis excludes differences that would result from the translation of the financial statements of foreign operations into the Group's presentation currency. The analysis is performed on the same basis for 31 December 2019.

(e) *Equity price risk*

The Group is exposed to equity price changes arising from equity investments classified as other investments at FVOCI, and other investments at FVTPL (see note 18). The Group's listed investments are listed on the Shenzhen Stock Exchange and Shanghai Stock Exchange. Decisions to buy or sell trading securities are based on daily monitoring of the performance of individual securities compared to that of the Index and other industry indicators, as well as the Group's liquidity needs. Certain of listed investments held in the other investments have been chosen based on their longer term growth potential and are monitored regularly for performance against expectations. The other certain of listed investments held in the other investments have been chosen based on short term market performance and profitability through open market.

At 31 December 2020, it is estimated that an increase of 5% (31 December 2019: 5%) in the relevant stock market index (for listed investments) with all other variables held constant, would have increased the Group's fair value reserve and profit before tax as follows:

	31 December 2020 US$'000	*31 December 2019* US$'000
Other investments	23,471	29,502

A decrease of 5% in the relevant stock market index at 31 December would have had the equal but opposite effect on the above equity investment to the amounts shown above, on the basis that all other variables remain constant.

The sensitivity analysis indicates the instantaneous change in the Group's fair value reserve and profit before tax that would arise assuming that the changes in the stock market index or other relevant risk variables had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to equity price risk at the end of the reporting period. It is also assumed that the fair values of the Group's equity investments would change in accordance with the historical correlation with the relevant stock market index or the relevant risk variables, that none of the Group's available-for-sale investments would be considered impaired as a result of the decrease in the relevant stock market index or other relevant risk variables, and that all other variables remain constant. The analysis is performed on the same basis for 31 December 2019.

31. Financial risk management and fair values of financial instruments (continued)

(f) Fair value measurement

(i) Financial assets and liabilities measured at fair value

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs

	Fair value at 31 December 2020	*Fair value measurements as at 31 December 2020 categorised into*		
		Level 1	*Level 2*	*Level 3*
Recurring fair value measurement	$'000	$'000	$'000	$'000
Financial assets:				
Other investments:				
- Listed equity securities	469,427	469,427	-	-
- Unlisted equity securities	1,655,919	-	-	1,655,919

	Fair value at 31 December 2019	*Fair value measurements as at 31 December 2019 categorised into*		
		Level 1	*Level 2*	*Level 3*
Recurring fair value measurement	$'000	$'000	$'000	$'000
Financial assets:				
Other investments:				
- Listed equity securities	590,047	590,047	-	-
- Unlisted equity securities	1,026,406	-	-	1,026,406

31. Financial risk management and fair values of financial instruments (continued)

During the year ended 31 December 2020, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (2019: none). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

	Valuation techniques	*Significant unobservable inputs*	*Range*
Unlisted equity securities	Income approach	Discount rate	14.1%
Unlisted equity securities	Market approach	Discount for lack of marketability	0% - 24%

The fair value of unlisted equity securities is determined using income approach and market approach. The fair value of unlisted equity securities using income approach uses the agreed redemption rate of return from potential buyer. The fair value measurement is negatively correlated to the redemption rate. The fair value of unlisted equity securities using market approach uses the price/sales ratios and price/book ratios of comparable listed companies adjusted for lack of marketability discount. The fair value measurement is negatively correlated to the discount for lack of marketability.

	31 December 2020 $'000	*31 December 2019* $'000
Unlisted equity securities:		
At 1 January	1,026,406	717,762
Additions	872,940	172,393
Disposals	(434,256)	-
Exchange differences	53,198	(16,647)
Net unrealised gains or losses recognised in profit or loss during the year	137,631	152,899
At 31 December	1,655,919	1,026,407
Total gains or losses for the year included in profit or loss for assets held at the end of the reporting year	137,631	152,899

(ii) Fair value of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31 December 2020 and 31 December 2019.

32. Commitments

The Group had the following commitments as at the reporting date:

	31 December 2020 US$'000	31 December 2019 US$'000
Commitments in relation to share capital of other investments not yet due and not provided for	422,716	3,985
Development expenditure contracted but not provided for	1,493,469	808,637

33. Significant related party transactions

Remuneration of key management personnel

Key management personnel of the Group are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group.

The key management personnel compensation included as part of staff costs for those key management personnel employed by the Group are as follows:

	Year ended 31 December 2020 US$'000	Year ended 31 December 2019 US$'000
Salaries, bonuses, contributions to defined contribution plans and other benefits	12,802	11,854

34. Significant related party transactions (continued)

In addition to the related party information disclosed elsewhere in the financial statements, there were the following significant related party transactions which were carried out in the normal course of business on terms agreed between the parties during the year:

	Year ended 31 December 2020 US$'000	*Year ended 31 December 2019* US$'000
Joint ventures		
Asset management fee income from joint ventures	11,238	7,715
Investment management fee income from joint ventures	542	576
Property management fee income from joint ventures	6,484	4,763
Development management fee income from joint ventures	4,290	1,189
Leasing management fee income from joint ventures	4,474	2,258
Acquisition management fee income from joint ventures	6,927	16,140
Dividend income received from joint ventures	4,690	1,093
Other service fee	-	3,479
Interest income from joint ventures	18,456	9,126
Interest expenses charged by joint ventures	(988)	(976)
Associates		
Asset management fee income from associates	6,439	1,382
Investment management fee income from associates	15,773	31,580
Property management fee income from associates	2,767	851
Development fee income from associates	134	574
Dividend income received from associates	2,968	-
Other service fee	-	175
Interest income from associates	12,160	8,014
Interest expenses charged by associates	(43)	-
Fellow subsidiaries		
Asset management fee charged by fellow subsidiaries	(13,074)	(11,230)
Asset management fee income from fellow subsidiaries	8,634	7,416
Interest income from fellow subsidiaries	531	289
Interest expenses charged by fellow subsidiaries	(1,122)	(604)
Intermediate holding company		
Management service fee charged by intermediate holding company	(6,271)	(2,983)
Interest expenses charged by intermediate holding company	(13,950)	(27,088)

34. Significant related party transactions (continued)

Disposal of assets and liabilities to related parties

During the year ended 31 December 2020, the Group disposed of certain subsidiaries, associates, other investments and financial assets to Brookfield JV (Joint venture), CVA I Fund (Joint venture), CIF Fund (Associate), Hidden Hill Fund (Associate), CFH Limited (entity under common control), CVA II Fund (Joint venture) and GLP GV China Limited (entity under common control).

The assets and liabilities disposed of are provided below:

	Joint ventures US$'000	*Associates* US$'000	*CFH Limited* US$'000	*GLP GV China Limited* US$'000	*Total* US$'000
Net assets disposed	284,083	1,459,570	415,037	579,560	2,738,250
Disposal gain recognised in profit and loss	40,583	252,324	15,402	6,091	314,400
Disposal gain recognised in reserve	-	-	-	58,561	58,561
Disposal consideration	324,666	1,711,894	430,439	644,212	3,111,211

Guarantees provided to related parties

The Group has provided guarantees for bank borrowings of related parties, GLP China Financing Holding Limited's subsidiaries. As at 31 December 2020, the outstanding amount of the relevant bank borrowings was approximately US$160,527,000 (31 December 2019: US$69,774,000).

Besides, GLP Commercial Factoring (Chongqing) Co., Ltd., issued asset-backed securities amounting to RMB205,000,000 (equivalent to approximately US$31,418,000) in August 2020 with maturities between years 2020 and 2022 with a fixed interest rate of 3.85%. As at 31 December 2020, GLP Commercial Factoring (Chongqing) Co., Ltd., has not repaid any amount of the asset-backed securities. The Group has provided guarantee to investors of the asset-backed securities. The scope of guarantee hereunder includes any shortfall of scheduled payment of debt principal and interest, penalty, damages and expenses incurred in execution of the creditors' rights.

35. Subsequent events

Subsequent to 31 December 2020, the following events have occurred:

In January 2021, the Company issued RMB 700,000,000 (equivalent to US$ 107,281,000) bonds due 2024 on Shanghai Stock Exchange at fixed interest rate of 3.98% per annum.

In January and February 2021, the Group disposed of 3 subsidiaries, namely Tongxiang GLP Logistics Facilities Co., Ltd., GLP (Chengdu) Hi-Tech Industrial Park Development Co., Ltd. and Minshang (Nanning) Internet of Things Technology Development Co., Ltd., to third parties at consideration of approximately RMB 792,287,000 (equivalent to approximately US$ 121,425,000) in total.

In February and March 2021, the Company issued a total of US$ 126,000,000 bonds due 2024 on the Chongwa (Macao) Financial Asset Exchange Co., Ltd. at fixed interest rate of 2.60% per annum.

In March 2021, the Company issued RMB 1,700,000,000 (equivalent to US$260,540,000) of RMB denominated bonds due 2024 on the Shanghai Stock Exchange at fixed interest rate of 4.37% per annum.

In March 2021, the Company issued RMB 1,500,000,000 (equivalent to US$229,889,000) Medium Term Notes due 2024 on the China Inter-Bank Bond Market at fixed interest rate of 4.40% per annum.

In March 2021, the Company issued RMB 1,500,000,000 (equivalent to US$229,889,000) of RMB denominated bonds due 2024 on the Shanghai Stock Exchange at fixed interest rate of 4.40% per annum.

In March 2021, the Company issued US$ 700,000,000 Medium Term Notes due 2026 on the Hong Kong Stock Exchange at fixed interest rate of 2.90% per annum.

On 19 March 2021, CLH 88 (HK) Limited, a subsidiary of the Group signed a LPA with Suning Group to set up a new company, namely Zhuhai Puyi Logistics Industry Investment Partnership Limited ("Zhuhai Puyi"). The Group will inject RMB3.04 billion (equivalent to US$466.9 million) into Zhuhai Puyi, representing 80% of the investment capital and Suning Group will contribute the remaining 20%. Based on the SPA subsequently signed on 21 March 2021, Zhuhai Puyi will acquire the logistics infrastructure assets in the PRC directly or indirectly held by Suning Group with a value of approximately RMB 7.0 billion (equivalent to US$1.1 billion).

36. Company-level statement of financial position

	Notes	31 December 2020 US$'000	31 December 2019 US$'000
Non-current assets			
Investments in subsidiaries	12	14,439,971	11,551,584
Other non-current assets		2,136	2,563
Loans to subsidiaries		763,911	1,077,751
		15,206,018	12,631,898
Current assets			
Other receivables		3,135,838	527,177
Cash and cash equivalents		70,074	100,406
Loans to a joint venture		-	5,137
		3,205,912	632,720
Total assets		18,411,930	13,264,618
Equity attributable to owners of the Company			
Share capital	24	6,950,825	6,950,825
Reserves		(331,570)	(1,296,132)
Total equity		6,619,255	5,654,693
Non-current liabilities			
Loans and borrowings		3,050,841	3,938,330
Other non-current liabilities		-	451,554
		3,050,841	4,389,884
Current liabilities			
Loans and borrowings		2,840,330	607,356
Other payables		5,900,177	2,611,444
Current tax payable		1,327	1,241
		8,741,834	3,220,041
Total liabilities		11,792,675	7,609,925
Total equity and liabilities		18,411,930	13,264,618

Approved and authorised for issue by the Board of Directors on 31 MAR 2021

Director

Director

37. Company-level statement of comprehensive income

	Year ended 31 December 2020 US$'000	*Year ended 31 December 2019* US$'000
Revenue	-	-
Other income	-	319
Dividend income from a subsidiary	1,050,990	-
Other expenses	(25,371)	(12,183)
Profit/(loss) from operations	1,025,619	(11,864)
Finance costs	(283,500)	(269,302)
Finance income	226,295	56,668
Net finance costs	(57,205)	(212,634)
Profit/(loss) before taxation	968,414	(224,498)
Income tax	(5,057)	(4,411)
Profit/(loss) for the year	963,357	(228,909)
Other comprehensive income for the year		
Items that may be reclassified subsequently to profit of loss:		
Exchange differences on translation of financial statements	431,658	(44,191)
Total comprehensive income for the year	1,395,015	(273,100)

38. Company-level cash flow statement

	Year ended 31 December 2020 US$'000	Year ended 31 December 2019 US$'000
Cash flows from operating activities		
Profit/(loss) before taxation	968,414	(224,498)
Adjustments for:		
Dividend income	(1,050,990)	-
Net finance costs	(44,732)	219,568
Withholding tax	1,668	2,112
	(125,640)	(2,818)
Changes in working capital:		
Trade and other receivables	61,943	76,024
Trade and other payables	1,821,220	1,297,284
Cash generated from operations	1,757,523	1,370,490
Tax paid	-	-
Net cash generated from operating activities	1,757,523	1,370,490
Cash flows from investing activities		
Interest income received	63,454	30,405
Repayment of loan from subsidiaries	448,307	79,417
Loans to subsidiaries	(107,186)	(69,054)
Loans to a joint venture	-	(5,000)
Investments in subsidiaries	(2,539,712)	(1,864,987)
Net cash used in investing activities	(2,135,137)	(1,829,219)

38. Company-level cash flow statement (continued)

	Year ended 31 December 2020 US$'000	Year ended 31 December 2019 US$'000
Cash flows from financing activities		
Proceeds of loans from shareholder	-	421,161
Proceeds from issue of bonds	314,118	985,504
Proceeds from bank loans	4,859,173	1,050,548
Repayment of bank loans	(4,080,545)	(869,699)
Repayment of bonds	-	(145,641)
Repayment of loans from shareholder	(451,554)	(759,556)
Interest paid	(295,058)	(203,424)
Net cash generated from financing activities	346,134	478,893
Net (decrease)/increase in cash and cash equivalents	(31,480)	20,164
Cash and cash equivalents at beginning of the year	100,406	80,965
Effect of exchange rate changes	1,148	(723)
Cash and cash equivalents at end of the year	70,074	100,406

39. Immediate parent and ultimate holding company

As at 31 December 2020, the directors consider the immediate parent company and the ultimate holding company of the Company to be CLH Limited and GLP Holdings, L.P., respectively, which are both incorporated in the Cayman Islands.

40. Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 December 2020

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments and a new standard, HKFRS 17, *Insurance contracts*, which are not yet effective for the year ended 31 December 2020 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the company.

	Effective for accounting periods beginning on or after
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16, Interest Rate Benchmark Reform — Phase 2	1 January 2021
Amendments to HKFRS 3, Reference to the Conceptual Framework	1 January 2022
Amendments to HKAS 16, Property, Plant and Equipment: Proceeds before Intended Use	1 January 2022
Amendments to HKAS 37, Onerous Contracts - Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to HKFRSs 2018-2020 Cycle	1 January 2022
Amendments to HKAS 1, Classification of Liabilities as Current or Non-current	1 January 2023
HKFRS 17, Insurance contracts	1 January 2023
Amendment to HKFRS 4, Extension of the temporary exemption from applying HKFRS 9	1 January 2023

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the financial statements.

GLP China Holdings Limited

Annual Report
For the year ended 31 December 2019

Directors' Report

The directors submit herewith their annual report together with the audited consolidated financial statements for the year ended 31 December 2019.

Principal place of business

GLP China Holdings Limited ("the Company") is a company incorporated and domiciled in Hong Kong and has its registered office and principal place of business at 33/F, Edinburgh Tower, The Landmark, 15 Queen's Road Central, Hong Kong.

Principal activities

The principal activity of the Company is investment holding. The principle activities of the Company and its subsidiaries ("the Group") are investment holding, provision of logistic facilities and related financial services. Further discussion and analysis of these activities as required by Schedule 5 to the Hong Kong Companies Ordinance, including a discussion of the principal risks and uncertainties facing the Group and an indication of likely future developments in the Group's business, can be found in the Business Review set out on pages 3 to 7 of this Annual Report. This discussion forms part of this directors' report.

Financial statements

The profit of the Group for the year ended 31 December 2019 and the state of the Company's affairs as at that date are set out in the financial statements on pages 11 to 105.

Transfers to reserves

Profits attributable to owners of US$811,257,000 (2018: US$1,533,709,000) has been transferred to reserves. Other movements in reserves are set out in the statement of changes in equity.

Share capital

Details of the movements in share capital of the Company are set out in note 24(b) to the financial statements.

Directors

The directors during the financial year were:

Mei, Ming Zhi	(appointed on 6 June 2014)
Higashi Michihiro	(appointed on 6 June 2014)
Zhuge Wenjing	(appointed on 6 June 2014)
Fang Fenglei	(appointed on 6 June 2014)
Chen Yi	(appointed on 6 June 2014)
MOK Chi Ming	(appointed on 1 November 2016)
Chau Kwok Man	(appointed on 30 April 2017)
Mark Tan	(appointed on 15 May 2018)

There being no provision in the Company's articles of association in connection with the retirement of directors, all existing directors continue in office for the following year.

Indemnity of directors

A permitted indemnity provision (as defined in section 469 of the Hong Kong Companies Ordinance) for the benefit of the directors of the Company is currently in force and was in force throughout this year.

Directors' interests in transactions, arrangements or contracts

No transaction, arrangement or contract of significance to which the company, or any of its holding company, subsidiaries or fellow subsidiaries was a party, and in which a director of the company had a material interest, subsisted at the end of the year or at any time during the year.

Auditors

KPMG retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of KPMG as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

By order of the board

Director *Director*

30 APR 2020

Business Review

GLP China Holdings Limited ("GLP China") is a leading global investment manager and business builder in logistics, real estate, infrastructure, finance and related technologies. Our US$21 billion properties encompass 46 million sqm site area across China with completed and planned gross floor area ("GFA") of 32 million sqm in total. The scale and breadth of our platform generates a powerful network effect which leads a good visibility on demand, faster lease-up and strong customer retention. Our customers include some of the world's most famous retailers, third-party logistic companies and dynamic manufacturers. Domestic consumption is a key driver of demand for us.

We are focused on sustainable value creation through our logistics ecosystem. Our innovative use of technology and strategic investments create value for our investors, partners and customers as they navigate a rapidly changing business landscape.

Our growth strategy is centered on being the best operator, creating value through developments and expanding our footprint via fund management platform. Our scale and innovation differentiate us from our competitors.

Market overview

The domestic growing logistics markets provides us attractive opportunities for growth and strengthening of market position, allows us to derive positive and stable cash flows and recurring sources of capital for expansion.

- Strong growth in gross domestic product ("GDP") and disposable income translates into strong demand for logistics and warehousing facilities: With a large and growing middle-income population, China is becoming one of the world's largest consumer markets. Our portfolio comprises over three hundreds logistic parks in 43 major cities and logistic hub markets in China, covering all major airports, seaports, highway networks and logistic hubs with plans for further expansion.

- Limited supply of logistics and warehousing facilities, in particular modern logistics and warehousing facilities in China: We believe that the current supply of logistics and warehousing facilities in China is still insufficient, in terms of both quantity and quality, to address the strong demand, in particular as the current supply of logistics and warehousing facilities in terms of GFA per capita in the United States and in Japan are currently approximately 13 times and 10 times that of in China, respectively.

- Growth of e-commerce in China: Internet/mail order sales have grown significantly as more and more consumers shop online. The e-commerce industry, a portion of which we serves, has grown significantly since year 2010. We expect the rapid growth in e-commerce in China to continue and accordingly drive demand for modern logistics and warehousing facilities and increase the focus on last-mile deliveries.

Key business highlights

– **Operations**

GLP China owns and manages a portfolio of 46 million sqm site area across China with completed and planned GFA of 32 million sqm in total, valued at US$21 billion as at 31 December 2019. Our portfolio contains completed and stablised properties valued at US$14 billion, representing over 70% of total portfolio, shows a high lease rate of 87% and a high occupancy ratio for of 85% as at 31 December 2019. Rental and related income has reached US$852 million for the year ended 31 December 2019, compared to US$832 million for the calendar year from 1 January to 31 December 2018 (hereinafter referred to as the "prior year"), which is not in line with financial year from 1 April to 31 December 2018 for comparative purpose, still shown a slight increase despite the adverse impact driven from depreciation of Renminbi ("RMB") against United States Dollars ("USD") as well as decreased portfolio relating to transfer of project companies into funds during the year. Besides, our net increase in leased area reached 1.15 million sqm and we are keeping steady rental rate increase over the whole period.

Being a leading provider of modern logistics and warehousing facilities in China offers us cost efficiencies in terms of negotiating contraction contracts and facility management contracts, and optimizing personal resources and information systems. Besides, we are pioneering the creation of a comprehensive logistics ecosystem for the future by utilising the latest technology and big data to provide solutions to its customers through the use of automation and robotics, data analytics, software solutions and site selection tools, this approach leverages technology and data, takes into account critical details of the supply chain and offers both space and technology-led solutions that drive value for our customers.

– **Development**

The development of modern logistics facilities is one of our key engines of growth with development profit a regular and recurring part of our earnings stream. In the current year we completed US$1,268 million developments or 2.4 million GFA constructions, showing an overall 29% development margin, and achieved an overall stabilisation margin of 50%, showing increase of 6% compared to the prior period.

In China, land supply in key markets has continued to tighten. In recent years, it has been extremely difficult to acquire logistics land from the government but we have been well-placed given our local strategic relationships. Our strategy is to pursue scarce land resources in cities through strategic partnerships with SOEs and private sellers.

– **Fund management**

Our fund management business offers a fund management platform based on our longstanding relationships with numerous global institutional investors and our senior management's extensive years of experience in private capital management. As at 31 December 2019, we managed four third-party pooled investment vehicles: CLF Fund I, LP ("CLF I"), CLF Fund II, LP ("CLF II"), GLP China Value-Added Venture I ("CVA I") and GLP China Value-Added Venture II ("CVA II"), representing in aggregate US$15 billion assets under management ("AUM") when fully leveraged and invested.

Specifically, since the establishment of CVA I fund in year 2018, which is our first largest China value-add fund which engages in acquisition and management of completed logistics and industrial assets in China, this fund's AUM has increased by US$648 million in the current year.

We have also closed initial funding period of Hidden Hill Logistics Private Equity Fund ("Hidden Hill") which was established in prior year and the total equity funding scale is determined to be US$1,204 million in all and we expect its AUM to increase sharply in the near future.

We also established a new fund with a group of leading domestic institutional investors to invest in stabilised, income-generating modern logistics assets in China during the current year. The amount of investment portfolio is targeted to be RMB 15 billion. The establishment of GLP China Income Fund I ("CIF I") is consistent with our strategy to establish new funds and increase our capital recycling initiatives.

Financial review

Rental and related income increased by 2% to US$852 million during the current year as compared to US$832 million during the prior year, primarily attributable to rental growth and lease-up following the completion and stabilisation of development projects, but partially offset by depreciation of RMB against USD and transfer of project companies to non-consolidated CVA I fund during the current year. Besides, our revenue from fund management has increased significantly compared to the prior year, showing US$53 million and 250% increase respectively.

Property-related expenses increased by 10% compared to the prior year, mainly increase in property maintenance and repair and property tax contributed by increased property portfolio, as well as additional costs incurred on newly established solar energy business and internet data center business which are both during initial business development stages. Other expenses increased by 27% to US$175 million during the current year compared to US$138 million during the prior year, primarily due to increased staff related expenses, legal and profession fees, office expenses occurred on Shanghai headquarter new office decoration and old office relocation, financial services bad debts provision and depreciation.

Changes in fair value of investment properties decreased significantly from US$3,621 million during the current year compared to US$1,082 million during the prior year, mainly due to adjustment on compression of cap rate and discount during the prior year which causes significant fair value gain on investment properties.

Changes in fair value of financial assets increased significantly from US$39 million to US$153 million since adoption of new accounting standards on financial instruments after 1 April 2018 and fair value gain on unquoted financial assets measure at FVTPL. The increase mainly due to adjustment on valuation method from income approach to market approach on these investments will not transferred to Hidden Hill.

Although the net profit for the year decreased significantly to US$1,058 million for the current year as compared to US$2,999 million during the prior year, the decrease is mainly caused by market fair value changes and new business exploration and our core business on development and management of logistic facilities keeps steady and continuing growth, and we believe in our business strategy and our intelligent and experienced team to continue providing customers with high quality and best-in-class logistics and warehousing facilities and integrated logistical solutions in China.

Total assets as of 31 December 2019 were US$27.4 billion as compared to US$23.5 billion as of 31 December 2018. Investment properties increased to US$20.7 billion (2018: US$17.9 billion) due to property acquisitions, developments and completions, and increase in fair values arising from re-assessment of property values.

We have implemented prudential financial management policies that have enabled us to maintain a good credit profile, disciplined investment approach and strong balance sheet with defensive growth. We benefits from access to diversified and multi-channel financing channels including but not limited to bilateral loans, syndicated loans, capital markets, funds and other borrowings and equity. As at 31 December 2019, we has a total debt of US$8,727 million (2018: US$7,129 million), net debt of US$7,827 million (2018: US$6,466 million), and net debt to equity ratio of 52.79% (2018: 49.85%), respectively.

Risk management

We place an extremely high importance on risk management. We believe that risk management is not just about minimizing downside risk, but also enabling us to take on the necessary risks to grow and create value. We are committed to fostering a strong risk-centric culture which encourages identification and proactive management of these risks.

The process of risk management is incorporated into day-to-day operations and forms an integral part of all decision-making processes with GLP China.

For example, our operation in China is naturally exposed to foreign exchange rate fluctuations, and our pre-tax profit is exposed to currency risks through sales and purchases which give rise to receivables, payables and cash balances denominated in foreign currencies, primarily United States dollars. In respect of the monetary assets and liabilities denominated in foreign currencies, we ensure that the net exposures to this risk is kept to an acceptable level by monitoring the currency gap and keep reducing our exposure by holding monetary assets and liabilities denominated in foreign currencies in short-term period.

We are also exposed to interest rate risk arising primarily from variable-rate borrowings and cash balances. We manages the net exposure to interest rate risks by maintaining sufficient lines of credit to obtain acceptable lending costs and by monitoring the exposure to such risks on an ongoing basis.

Individual operating entities within GLP China are responsible for their own cash management, including the short-term investment of cash surpluses and the raising of loans to cover expected cash demands. Our policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

Environmental social and governance

We seek to contribute in a positive, meaningful way to the communities and environments in which we operate. Sustainability is at the heart of delivering our business objectives and our continued ability to provide enhanced economic, environmental and social value to our investors, clients, staff, suppliers and the communities in which we operate, both now and into the future.

We maintain a zero corruption policy across all our operations and take an active role to instill a culture of business integrity and ethical values. Strict written policies detailing the Code of Business Conduct and Ethics underpin this commitment, with all employees required to comply on an annual basis.

We are committed to manage our activities to provide the highest level of protection to the environment and to safeguard the health and safety of our employees, customers and communities. We are committed to ensuring that material risks and opportunities are built into investment research and screening, selection of investments and portfolio management.

We create comprehensive training initiatives and a positive work environment that supports individual growth and development and promotes a healthy, safe and balanced lifestyle. As part of our cultural values, we seek to identify talent both internally and externally and to build our talent pipeline for succession planning.

When facing the coronavirus epidemic during the beginning of year 2020, we have shown show our support for the most heavily impacted communities in Wuhan and the Hubei province, our teams were able to leverage GLP's global network to source and procure over a million pieces of medical supplies including protective clothing, surgical masks, medical gloves, eye-protectors, etc. to donate to hospitals to protect the safety of physicians and medical workers. We also opened up over 2 million square meters of storage spaces from over 110 GLP logistics parks in more than 40 cities to governments at all levels, charities and social organizations, and businesses for the purpose of managing the logistics of the supplies for the relief efforts.

We are dedicated to giving back to the communities in which we operate, with our employees playing a vital part. We believe this involvement leads to greater employee satisfaction and happiness as they realise they are part of building something meaningful and long-lasting. Over the past year, we held several community projects such as teaching, donations and charity events to schools.

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Independent auditor's report to the members of GLP China Holdings Limited

(Incorporated in Hong Kong with limited liability)

Opinion

We have audited the consolidated financial statements of GLP China Holdings Limited ("the Company") and its subsidiaries ("the Group") set out on pages 11 to 105, which comprise the consolidated statement of financial position as at 31 December 2019, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year ended 31 December 2019 and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2019 and of its consolidated financial performance and its consolidated cash flows for the year ended 31 December 2019 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 are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* ("the Code") and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the consolidated financial statements and auditor's report thereon

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Information other than the consolidated financial statements and auditor's report thereon (continued)

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 directors for the consolidated financial statements

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, 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.

KPMG

Independent auditor's report to the members of GLP China Holdings Limited (continued)

(Incorporated in Hong Kong with limited liability)

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors 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.

kpmg

Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

Date: 30 APR 2020

Consolidated Statement of Comprehensive Income for the year ended 31 December 2019

	Notes	*Year ended 31 December 2019* US$'000	*Year from 1 April 2018 to 31 December 2018* US$'000
Revenue	4	990,954	753,443
Other income	5	175,724	52,030
Cost of goods sold and other financial services costs		(25,857)	(70,491)
Property-related expenses		(223,535)	(153,193)
Other expenses		(174,778)	(97,186)
Changes in fair value of investment properties		1,081,831	2,433,474
Share of results (net of tax expense) of joint ventures		48,203	75,114
Share of results (net of tax expense) of associates		7,525	11,789
Profit from operations		1,880,067	3,004,980
Finance costs	6	(437,661)	(455,248)
Finance income	6	40,413	14,878
Net finance costs	6	(397,248)	(440,370)
Gain on acquisition/disposal of subsidiaries	30	39,283	163,973
Profit before taxation	7	1,522,102	2,728,583
Tax expense	8	(464,497)	(801,824)
Profit for the year		1,057,605	1,926,759
Profit attributable to:			
Owners of the Company		811,257	1,533,709
Non-controlling interests		246,348	393,050
Profit for the year		1,057,605	1,926,759

Note: The Group has initially applied HKFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See note 2(c).

The notes on pages 20 to 105 form part of these financial statements.

Consolidated Statement of Comprehensive Income for the year ended 31 December 2019 (continued)

	Note	*Year ended 31 December 2019* US$'000	*Year from 1 April 2018 to 31 December 2018* US$'000
Profit for the year		1,057,605	1,926,759
Other comprehensive income for the year	10		
Items that will not be reclassified to profit or loss:			
Surplus on revaluation of buildings held for own use carried at fair value		3,305	-
Change in fair value of other investments		52,912	(249,034)
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising from consolidation of foreign operations		(213,501)	(1,083,903)
Other comprehensive income for the year		(157,284)	(1,332,937)
Total comprehensive income for the year		900,321	593,822
Total comprehensive income attributable to:			
Owners of the Company		706,052	406,069
Non-controlling interests		194,269	187,753
Total comprehensive income for the year		900,321	593,822

Note: The Group has initially applied HKFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See note 2(c).

The notes on pages 20 to 105 form part of these financial statements.

Consolidated Statement of Financial Position as at 31 December 2019

	Notes	*31 December 2019* US$'000	*31 December 2018* US$'000
Non-current assets			
Investment properties	11	20,656,664	17,855,646
Joint ventures	13	1,369,688	980,282
Associates	14	666,745	358,501
Deferred tax assets	15	8,840	8,114
Property, plant and equipment	16	202,641	12,149
Intangible assets	17	288,972	295,258
Other investments	18	1,616,453	1,064,663
Other non-current assets	19	203,647	396,508
		25,013,650	20,971,121
Current assets			
Trade and other receivables	20	1,389,806	1,815,068
Inventories		3,654	7,358
Asset classified as held for sale	21	76,011	-
Cash and cash equivalents	22	859,715	663,296
Restricted cash	23	67,294	-
		2,396,480	2,485,722
Total assets		27,410,130	23,456,843
Equity attributable to owners of the Company			
Share capital	24	6,950,825	6,950,825
Reserves	25	4,114,450	3,417,615
		11,065,275	10,368,440
Non-controlling interests		3,762,461	2,600,800
Total equity		14,827,736	12,969,240

Note: The Group has initially applied HKFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See note 2(c).

The notes on pages 20 to 105 form part of these financial statements.

Consolidated Statement of Financial Position as at 31 December 2019 (continued)

	Notes	31 December 2019 US$'000	31 December 2018 US$'000
Non-current liabilities			
Loans and borrowings	26	7,015,455	4,470,934
Deferred tax liabilities	15	2,326,370	2,009,526
Other non-current liabilities	27	567,504	1,022,812
		9,909,329	7,503,272
Current liabilities			
Loans and borrowings	26	1,175,106	1,659,158
Trade and other payables	28	1,442,850	1,281,163
Current tax payable		55,109	44,010
		2,673,065	2,984,331
Total liabilities		12,582,394	10,487,603
Total equity and liabilities		27,410,130	23,456,843

Approved and authorised for issue by the Board of Directors on 30 APR 2020.

Director

Director

Note: The Group has initially applied HKFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See note 2(c).

The notes on pages 20 to 105 form part of these financial statements.

Consolidated Statement of Changes in Equity for the year from 1 April 2018 to 31 December 2018

Group	*Share capital* US$'000	*Capital and PRC statutory reserve* US$'000	*Equity compensation reserve* US$'000	*Currency translation reserve* US$'000	*Fair value reserve (recycling)* US$'000	*Fair value reserve (non-recycling)* US$'000	*Other reserve* US$'000	*Retained earnings* US$'000	*Total attributable to owners of the Company* US$'000	*Non-controlling interests* US$'000	*Total Equity* US$'000
At 1 April 2018	6,950,825	(6,054)	36,849	192,346	228,976	-	(1,554,630)	4,085,948	9,934,260	2,294,006	12,228,266
Impact on initial application of HKFRS 9	-	-	-	-	(228,976)	228,976	-	25,119	25,119	-	25,119
Adjustment balance at 1 April 2018	6,950,825	(6,054)	36,849	192,346	-	228,976	(1,554,630)	4,111,067	9,959,379	2,294,006	12,253,385
Total comprehensive income for the year											
Profit for the year	-	-	-	-	-	-	-	1,533,709	1,533,709	393,050	1,926,759
Other comprehensive income											
Exchange differences arising from consolidation of foreign operations	-	-	-	(878,606)	-	-	-	-	(878,606)	(205,297)	(1,083,903)
Change in fair value of other investments	-	-	-	-	-	(249,034)	-	-	(249,034)	-	(249,034)
Total other comprehensive income	-	-	-	(878,606)	-	(249,034)	-	-	(1,127,640)	(205,297)	(1,332,937)
Total comprehensive income for the year	-	-	-	(878,606)	-	(249,034)	-	1,533,709	406,069	187,753	593,822
Transactions with owners, recorded directly in equity											
Capital contribution from non-controlling interests	-	3,012	-	-	-	-	-	-	3,012	199,795	202,807
Acquisition of interests in subsidiaries from non-controlling interests	-	(20)	-	-	-	-	-	-	(20)	(18,079)	(18,099)
Acquisition of subsidiaries (note 30)	-	-	-	-	-	-	-	-	-	122,361	122,361
Disposal of subsidiaries (note 30)	-	-	-	-	-	-	-	-	-	(181,783)	(181,783)
Transfer to reserves	-	1,803	-	-	-	-	-	(1,803)	-	-	-
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(3,253)	(3,253)
Total contributions by and distributions to owners	-	4,795	-	-	-	-	-	(1,803)	2,992	119,041	122,033
At 31 December 2018	6,950,825	(1,259)	36,849	(686,260)	-	(20,058)	(1,554,630)	5,642,973	10,368,440	2,600,800	12,969,240

Note: The Group has initially applied HKFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See note 2(c).

The notes on pages 20 to 105 form part of these financial statements.

Consolidated Statement of Changes in Equity
for the year from 1January 2019 to 31 December 2019 (continued)

Group	*Share capital* US$'000	*Capital and PRC statutory reserve* US$'000	*Equity compensation reserve* US$'000	*Currency translation reserve* US$'000	*Property revaluation reserve* US$'000	*Fair value reserve (non-recycling)* US$'000	*Other reserve* US$'000	*Retained earnings* US$'000	*Total attributable to owners of the Company* US$'000	*Non-controlling interests* US$'000	*Total Equity* US$'000
At 1 January 2019	6,950,825	(1,259)	36,849	(686,260)	-	(20,058)	(1,554,630)	5,642,973	10,368,440	2,600,800	12,969,240
Total comprehensive income for the year											
Profit for the year	-	-	-	-	-	-	-	811,257	811,257	246,348	1,057,605
Other comprehensive income											
Exchange differences arising from consolidation of foreign operations	-	-	-	(161,422)	-	-	-	-	(161,422)	(52,079)	(213,501)
Changes in fair value of other investments	-	-	-	-	-	52,912	-	-	52,912	-	52,912
Surplus on revaluation of buildings held for own use carried at fair value	-	-	-	-	3,305	-	-	-	3,305	-	3,305
Total other comprehensive income	-	-	-	(161,422)	3,305	52,912	-	-	(105,205)	(52,079)	(157,284)
Total comprehensive income for the year	-	-	-	(161,422)	3,305	52,912	-	811,257	706,052	194,269	900,321
Transactions with owners, recorded directly in equity											
Capital contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	252,139	252,139
Acquisition of interests in subsidiaries from non-controlling interests	-	(2,167)	-	-	-	-	-	-	(2,167)	(15,061)	(17,228)
Acquisition of subsidiaries (note 30)	-	-								149,437	149,437
Disposal of interest in a subsidiary to non-controlling interests	-	(7,050)	-	-	-	-	-	-	(7,050)	580,877	573,827
Transfer to reserves	-	2,145	-	-	-	-	-	(2,145)	-	-	-
Total contributions by and distributions to owners	-	(7,072)	-	-	-	-	-	(2,145)	(9,217)	967,392	958,175
At 31 December 2019	6,950,825	(8,331)	36,849	(847,682)	3,305	32,854	(1,554,630)	6,452,085	11,065,275	3,762,461	14,827,736

Note: The Group has initially applied HKFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See note 2(c).

The notes on pages 20 to 105 form part of these financial statements.

Consolidated Cash Flow Statement
for the year ended 31 December 2019

	Year ended 31 December 2019	*Year from 1 April 2018 to 31 December 2018*
	US$'000	US$'000
Cash flows from operating activities		
Profit before taxation	1,522,102	2,728,583
Adjustments for:		
Amortisation of intangible assets	1,521	1,159
Amortisation of deferred management costs	155	-
Depreciation of property, plant and equipment	12,709	2,894
Loss on disposal of property, plant and equipment	352	62
Gain on acquisition/disposal of subsidiaries	(39,283)	(163,973)
Share of results (net of tax expense) of joint ventures	(48,203)	(75,114)
Share of results (net of tax expense) of associates	(7,525)	(11,789)
Changes in fair value of investment properties	(1,081,831)	(2,433,474)
Changes in fair value of financial assets	(152,899)	(38,778)
Recognition of impairment loss on trade and other receivables	12,175	3,596
Net finance costs	397,248	440,370
	616,521	453,536
Changes in working capital:		
Trade and other receivables	(11,369)	7,150
Trade and other payables	36,277	13,718
Cash generated from operations	641,429	474,404
Tax paid	(79,791)	(76,188)
Net cash generated from operating activities	561,638	398,216

Note: The Group has initially applied HKFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See note 2(c).

The notes on pages 20 to 105 form part of these financial statements.

Consolidated Cash Flow Statement for the year ended 31 December 2019 (continued)

	Note	*Year ended 31 December 2019* US$'000	*Year from 1 April 2018 to 31 December 2018* US$'000
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash acquired	30	(774,164)	(747,011)
Disposal of subsidiaries, net of cash disposed	30	448,129	860,692
Acquisition of joint ventures		(104,676)	-
Capital contribution to joint ventures		(272,054)	(364,752)
Acquisition of associates		(10,449)	-
Capital contribution to associates		(87,457)	(154,180)
Payment for purchase of property, plant and equipment		(141,942)	(6,870)
Proceeds from sale of property, plant and equipment		23	-
Payment for purchase of other investments		(346,986)	(292,489)
Acquisition of investment properties		(144,610)	(15,087)
Development expenditure on investment properties		(1,345,068)	(834,729)
Deposit refunded/(paid) for acquisition of investment properties		18,184	(62,524)
Loans to joint ventures		(85,383)	(9,249)
Loans to associates		(40,065)	(158,259)
Loans to non-controlling interests		(4,117)	(4,445)
Loans to third parties		(109,861)	(194,202)
Loan repayment from jointly-controlled entities		237,261	25,750
Loan repayment from associates		65,554	7,285
Loan repayment from non-controlling interests		2,494	5,382
Loan repayment from third parties		187,222	71,266
Interest income received		34,947	4,783
Net cash used in investing activities		(2,473,018)	(1,868,639)

Note: The Group has initially applied HKFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See note 2(c).

The notes on pages 20 to 105 form part of these financial statements.

Consolidated Cash Flow Statement
for the year ended 31 December 2019 (continued)

	Note	*Year ended 31 December 2019* US$'000	*Year from 1 April 2018 to 31 December 2018* US$'000
Cash flows from financing activities			
Capital contribution from non-controlling interests		244,905	202,807
Proceeds of loans from intermediate holding company		421,161	267,000
Repayment of loans from intermediate holding company		(759,556)	(1,373,395)
Loans from non-controlling interests		8,992	2,567
Repayment of loans from non-controlling interests		(421)	(36,520)
Proceeds of loans from joint ventures		26,494	31,472
Proceeds of loans from third parties		2,702	5,772
Repayment of loans from third parties		(4,364)	-
Proceeds from bank loans		2,689,225	2,083,717
Repayment of bank loans		(1,824,551)	(2,059,496)
Proceeds from issue of bonds		1,299,113	2,187,195
Repayment of bonds		(205,171)	-
Interest paid		(362,508)	(189,044)
Dividends paid to non-controlling interests		-	(3,254)
Acquisition of interests in subsidiaries from non-controlling interests		(17,228)	(18,099)
Proceeds from disposal of interests in subsidiaries to non-controlling interests		602,498	-
Cash payments for principal portion of leased liabilities		(2,273)	-
Cash payments for interest portion of leased liabilities		(2,308)	-
Net cash generated from financing activities		2,116,710	1,100,722
Net increase/(decrease) in cash and cash equivalents		205,330	(369,701)
Cash and cash equivalents at beginning of the year		663,296	1,106,864
Effect of exchange rate changes on cash balances held in foreign currencies		(8,911)	(73,867)
Cash and cash equivalents at end of year	22	859,715	663,296

Note: The Group has initially applied HKFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See note 2(c).

The notes on pages 20 to 105 form part of these financial statements.

Notes to the Financial Statements

1. General information

The Company was set up in Hong Kong on 15 October 2013 by CLH Limited, a subsidiary of GLP Pte. Ltd. which was incorporated in the Republic of Singapore ("Singapore").

CLH Limited and Global Logistic Properties Holding Limited ("GLPH Limited"), two Cayman incorporated companies, are intermediate holding vehicles 100% owned by GLP Limited. CLH Limited holds its shares in project companies incorporated in the People's Republic of China (the "PRC") through various intermediate offshore holding companies incorporated in Barbados, Singapore and Hong Kong. GLPH Limited holds its shares in GLP Investment (Shanghai) Co. Ltd. ("CMC"), a management company incorporated in the PRC, through two intermediate holding companies, China Management Holding Srl, incorporated in Barbados, and China Management Holdings (Hong Kong) Limited, incorporated in Hong Kong.

In October 2013, subsequent to the establishment of the Company, GLP China Asset Holdings Limited (former name "Iowa China Asset Holdings (Hong Kong) Limited") ("China Asset Holdco") was then established as a direct subsidiary of the Company. GLP HK Holdings Limited ("HK Holding Platform") and GLP SG Holdings Pte. Ltd. ("SG Holding Platform") were then established as subsidiaries of China Asset Holdco.

On 20 May 2014, certain intermediate offshore holding companies incorporated in Singapore, together with their subsidiaries and joint ventures were transferred to SG Holding Platform, and the rest of the intermediate offshore holding companies incorporated in Barbados, Singapore and Hong Kong, together with their subsidiaries and joint ventures were then transferred to HK Holding Platform. On the same date, GLPH Limited transferred its shares in China Management Holding Srl to the Company.

Subsequent to the reorganisation mentioned above (the "Reorganisation"), the Company owns subsidiaries and joint ventures indirectly through offshore immediate holding companies. As part of the Reorganisation, the Company introduced new investors Khangai Company Limited, Khangai II Company Limited, GLP Associate (I) Limited and GLP Associate (II) LLC. CLH Limited's percentage of interest in the Company was reduced to 66.2%.

The principal activities of the Company and its subsidiaries are those of investment holding, developing and operating warehouses, logistics and distribution facilities by the Company's project companies in PRC, provision of investment management and consulting, marketing and sales consulting, employees training, financial management, technical and IT support, and research and development services to the Company's project companies in PRC by CMC and its subsidiaries, and provision of related financial services.

The annual report for the year ended 31 December 2019 comprises the Company and its subsidiaries and the Group's interest in joint ventures and associates.

2. Significant accounting policies

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (HKFRSs), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (HKASs) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (HKICPA) and accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. Significant accounting policies adopted by the Group are disclosed below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 2(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

(b) Basis of preparation of the financial statements

As set out in the announcement of the Company issued on 20 December 2018, the financial year of the Company and the Group has been changed from 31 March to 31 December to align the financial year end date of the Group with the accounting period of major subsidiaries in the PRC, which ends in December each year. Accordingly, the current accounting year covers a year of twelve months from 1 January 2019 to 31 December 2019. The corresponding comparative amounts shown for the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and related notes cover a period of nine months from 1 April 2018 to 31 December 2018 are therefore not entirely comparable with those of the current year.

The consolidated financial statements for the year ended 31 December 2019 comprise the Company and its subsidiaries (together referred to as the “Group”) and the Group’s interest in associates and joint ventures.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets and liabilities are stated at their fair value as explained in the accounting policies set out below:

- equity investments (see note 2(h)); and

- investment property (see note 2(j)).

Non-current assets and disposal groups held for sale are stated at the lower of carrying amount and fair value less costs to sell (see note 2(z)).

The functional currency of the Company is Chinese Renminbi Yuan (“RMB”). These financial statements are presented in United States dollars (“USD”) and rounded to the nearest thousand. All financial information presented in USD has been translated based on the accounting policy set out in note 2(x).

2. Significant accounting policies (continued)

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 3.

(c) Changes in accounting policies

The HKICPA has issued a new HKFRS, HKFRS 16, *Leases*, and a number of amendments to HKFRSs that are first effective for the current accounting period of the Group.

Except for HKFRS 16, *Leases*, none of the developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

HKFRS 16, *Leases*

HKFRS 16 replaces HKAS 17, *Leases*, and the related interpretations, HK(IFRIC) 4, *Determining whether an arrangement contains a lease*, HK(SIC) 15, *Operating leases – incentives, and HK(SIC) 27, Evaluating the substance of transactions involving the legal form of a lease*. It introduces a single accounting model for lessees, which requires a lessee to recognise a right-of-use asset and a lease liability for all leases, except for leases that have a lease term of 12 months or less ("short-term leases") and leases of low-value assets. The lessor accounting requirements are brought forward from HKAS 17 substantially unchanged.

HKFRS 16 also introduces additional qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.

The Group has initially applied HKFRS 16 as from 1 January 2019. The Group has elected to use the modified retrospective approach and has therefore recognised the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 January 2019. Comparative information has not been restated and continues to be reported under HKAS 17.

2. Significant accounting policies (continued)

Further details of the nature and effect of the changes to previous accounting policies and the transition options applied are set out below:

a. New definition of a lease

The change in the definition of a lease mainly relates to the concept of control. HKFRS 16 defines a lease on the basis of whether a customer controls the use of an identified asset for a period of time, which may be determined by a defined amount of use. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The Group applies the new definition of a lease in HKFRS 16 only to contracts that were entered into or changed on or after 1 January 2019. For contracts entered into before 1 January 2019, the Group has used the transitional practical expedient to grandfather the previous assessment of which existing arrangements are or contain leases. Accordingly, contracts that were previously assessed as leases under HKAS 17 continue to be accounted for as leases under HKFRS 16 and contracts previously assessed as non-lease service arrangements continue to be accounted for as executory contracts.

b. Lessee accounting and transitional impact

HKFRS 16 eliminates the requirement for a lessee to classify leases as either operating leases or finance leases, as was previously required by HKAS 17. Instead, the Group is required to capitalise all leases when it is the lessee, including leases previously classified as operating leases under HKAS 17, other than those short-term leases and leases of low-value assets which are exempt. As far as the Group is concerned, these newly capitalised leases are primarily in relation to property, plant and equipment as disclosed in note 16. For an explanation of how the company applies lessee accounting, see note 2(l)(i).

At the date of transition to HKFRS 16 (1 January 2019), the Group determined the length of the remaining lease terms and measured the lease liabilities for the leases previously classified as operating leases at the present value of the remaining lease payments. Most of remaining lease terms were less than 1 year and cumulative effect of initial application was insignificant, no opening balance of equity at 1 January 2019 has been restated.

To ease the transition to HKFRS 16, the company applied the following recognition exemption and practical expedients at the date of initial application of HKFRS 16:

(i) the Group elected not to apply the requirements of HKFRS 16 in respect of the recognition of lease liabilities and right-of-use assets to leases for which the remaining lease term ends within 12 months from the date of initial application of HKFRS 16, i.e. where the lease term ends on or before 31 December 2019;

(ii) when measuring the lease liabilities at the date of initial application of HKFRS 16, the Group applied a single discount rate to a portfolio of leases with reasonably similar characteristics (such as leases with a similar remaining lease term for a similar class of underlying asset in a similar economic environment); and

(iii) when measuring the right-of-use assets at the date of initial application of HKFRS 16, the Group relied on the previous assessment for onerous contract provisions as at 31 December 2018 as an alternative to performing an impairment review.

2. Significant accounting policies (continued)

c. Impact on the financial result and cash flows of the company

After the initial recognition of right-of-use assets and lease liabilities as at 1 January 2019, the company as a lessee is required to recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. This results in a positive impact on the reported profit from operations in the company's statement of profit or loss and other comprehensive income, as compared to the results if HKAS 17 had been applied during the year.

In the cash flow statement, the company as a lessee is required to split rentals paid under capitalised leases into their capital element and interest element (see note 24(b)). These elements are classified as financing cash outflows, similar to how leases previously classified as finance leases under HKAS 17 were treated, rather than as operating cash outflows, as was the case for operating leases under HKAS 17. Although total cash flows are unaffected, the adoption of HKFRS 16 therefore results in a significant change in presentation of cash flows within the cash flow statement (see note 24(c)).

d. Leasehold investment property

Under HKFRS 16, the Group is required to account for all leasehold properties as investment properties when these properties are held to earn rental income and/or for capital appreciation ("leasehold investment properties"). The adoption of HKFRS 16 does not have a significant impact on the Group's financial statements as the Group previously elected to apply HKAS 40, *Investment properties*, to account for all of its leasehold properties that were held for investment purposes as at 31 December 2018. Consequentially, these leasehold investment properties continue to be carried at fair value.

e. Lessor accounting

In addition to leasing out the investment property referred to in paragraph d. above, the Group leases out a number of items of vehicles as the lessor of operating leases. The accounting policies applicable to the Group as a lessor remain substantially unchanged from those under HKAS 17.

Under HKFRS 16, when the Group acts as an intermediate lessor in a sublease arrangement, the Group is required to classify the sublease as a finance lease or an operating lease by reference to the right-of-use asset arising from the head lease, instead of by reference to the underlying asset. The adoption of HKFRS 16 does not have a significant impact on the Group's financial statements in this regard.

2. Significant accounting policies (continued)

(d) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of comprehensive income as an allocation of the total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position in accordance with notes 2(r) or 2(s) depending on the nature of the liability.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 2(h)) or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture (see note 2(f)).

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 2(m)), unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale) (see note 2(z)).

2. Significant accounting policies (continued)

(e) Business combination for entities under common control

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group's controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within Group equity except that any share capital of the acquired entities is recognised as part of merger reserves in other reserves. Any cash paid for the acquisition is recognised directly in equity.

(f) Associates and joint ventures

An associate is an entity in which the Group or company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

A joint venture is an arrangement whereby the Group or company and other parties contractually agree to share control of the arrangement, and have rights to the net assets of the arrangement.

An investment in an associate or a joint venture is accounted for in the consolidated financial statements under the equity method, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale) (see note 2(z)). Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see notes 2(g) and 2(m)). Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in the consolidated statement of comprehensive income, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in the consolidated statement of comprehensive income and other comprehensive income.

When the Group's share of losses exceeds its interest in the associate or the joint venture, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate or the joint venture.

Unrealised profits and losses resulting from transactions between the Group and its associates and joint venture are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

If an investment in an associate becomes an investment in a joint venture or vice versa, retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method.

2. Significant accounting policies (continued)

In all other cases, when the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when significant influence or joint control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 2(h)).

In the Company's statement of financial position, investments in associates and joint venture are stated at cost less impairment losses (see note 2(m)), unless classified as held for sale (or included in a disposal group that is classified as held for sale) (see note 2(z)).

(g) Goodwill

Goodwill represents the excess of

(i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over

(ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

When (ii) is greater than (i), then this excess is recognised immediately in profit or loss as a gain on a bargain purchase.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit, or groups of cash generating units, that is expected to benefit from the synergies of the combination and is tested annually for impairment (see note 2(m)).

On disposal of a cash generating unit during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

(h) Other investments in debt and equity securities

The Group's policies for investments in debt and equity securities, other than investments in subsidiaries, associates and joint ventures, are set out below.

Investments in debt and equity securities are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss (FVPL) for which transaction costs are recognised directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see note 31(f). These investments are subsequently accounted for as follows, depending on their classification.

2. Significant accounting policies (continued)

(i) Investments other than equity investments

Non-equity investments held by the Group are classified into one of the following measurement categories:

- amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method (see note 2(w)(v)).

- fair value through other comprehensive income (FVOCI) - recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss.

- fair value at profit or loss (FVPL) if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the nvestment (including interest) are recognised in profit or loss.

(ii) Equity investments

An investment in equity securities is classified as FVPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an irrevocable election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings. It is not recycled through profit or loss.

Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI, are recognised in profit or loss as other income in accordance with the policy set out in note 2(w)(iv).

(i) Property, plant and equipment

The following properties held for own use are stated at their revalued amount, being their fair value at the date of the revaluation less any subsequent accumulated depreciation:

- Buildings held for own use

Revaluations are performed with sufficient regularity to ensure that the carrying amount of these assets does not differ materially from that which would be determined using fair values at the end of reporting period.

2. Significant accounting policies (continued)

The other items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses:

Changes arising on the revaluation of properties held for own use are generally dealt with in other comprehensive income and are accumulated separately in equity in the property revaluation reserve. The only exceptions are as follows:

- when a deficit arises on revaluation, it will be charged to profit or loss to the extent that it exceeds the amount held in the reserve in respect of that same asset immediately prior to the revaluation; and

- when a surplus arises on revaluation, it will be credited to profit or loss to the extent that a deficit on revaluation in respect of that same asset had previously been charged to profit or loss.

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowing costs (see note 2(y)).

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal. Any related revaluation surplus is transferred from the revaluation reserve to retained profits and is not reclassified to profit or loss.

Depreciation is calculated to write off the cost or valuation of items of property, plant and equipment, less their estimated residual value, if any, using the straight line method over their estimated useful lives ranging from 2 to 20 years.

Where parts of an item of property, plant and equipment have different useful lives, the cost or valuation of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

(j) Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or both, but not for sale in the ordinary course of business, used in the production or supply of goods or services, or for administrative purposes. Investment properties comprise completed investment properties, investment properties under re-development, properties under development and land held for development.

Land held for development represents lease prepayments for acquiring rights to use land in the PRC with periods ranging from 40 to 50 years. Such rights granted with consideration are recognised initially at acquisition cost.

2. Significant accounting policies (continued)

(i) Completed investment properties and investment properties under re-development

Completed investment properties and investment properties under re-development are measured at fair value with any changes therein recognised in profit or loss. Rental income from investment properties is accounted for in the manner described in note 2(w).

(ii) Properties under development and land held for development

Property that is being constructed or developed for future use as investment property is initially recognised at cost, including transaction costs, and subsequently at fair value with any change therein recognised in profit or loss.

The cost of properties under development comprises specifically identified cost, including the acquisition cost of land use rights for properties under development, aggregate cost of development, materials and supplies, wages and other direct expenses, an appropriate proportion of overheads and borrowing costs capitalised (see note 2(y)).

When an investment property is disposed of, the resulting gain or loss recognised in profit or loss is the difference between net disposal proceeds and the carrying amount of the property.

(k) Intangible assets (other than goodwill)

Other intangible assets that are acquired by the Group and have finite useful lives are measured at costs less accumulated amortisation and accumulated impairment losses (see note 2(m)). Expenditure on internally generated goodwill and brands is recognised as an expense in the period in which it is incurred.

Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives. The following intangible assets with finite useful lives are amortised from the date they are available for use and their estimated useful lives are as follows:

Trademarks	20 years
Non-competition	over the term of relevant agreement
License rights	over the term of the license period

Both the period and method of amortisation are reviewed annually.

(l) Leased assets

At inception of a contract, the company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

2. Significant accounting policies (continued)

(i) As a lessee

(A) Policy applicable from 1 January 2019

Where the contract contains lease component(s) and non-lease component(s), the company has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the company recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets which, for the company, are motor vehicles and office furniture. When the company enters into a lease in respect of a low-value asset, the company decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see notes 2(i)), except for the following types of right-of-use asset:

- right-of-use assets that meet the definition of investment property are carried at fair value in accordance with note 2(j);

- right-of-use assets related to interests in leasehold land where the interest in the land is held as inventory are carried at the lower of cost and net realisable value in accordance with note 2(n).

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the company's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the company will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

2. Significant accounting policies (continued)

In the statement of financial position, the company presents right-of-use assets within the same line item as similar underlying assets and presents lease liabilities separately.

(B) Policy applicable prior to 1 January 2019

In the comparative period, as a lessee the company classified leases as finance leases if the leases transferred substantially all the risks and rewards of ownership to the company. Leases which did not transfer substantially all the risks and rewards of ownership to the company were classified as operating leases, with the following exceptions:

- property held under operating leases that would otherwise meet the definition of an investment property was classified as investment property on a property-by-property basis and, if classified as investment property, was accounted for as if held under a finance lease (see note 2(j)); and

- land held for own use under an operating lease, the fair value of which could not be measured separately from the fair value of a building situated thereon at the inception of the lease, was accounted for as being held under a finance lease, unless the building was also clearly held under an operating lease. For these purposes, the inception of the lease was the time that the lease was first entered into by the company, or taken over from the previous lessee.

Where the company acquired the use of assets under finance leases, the amounts representing the fair value of the leased asset, or, if lower, the present value of the minimum lease payments, of such assets were recognised as property, plant and equipment and the corresponding liabilities, net of finance charges, were recorded as obligations under finance leases. Depreciation was provided at rates which wrote off the cost of the assets over the term of the relevant lease or, where it was likely the company would obtain ownership of the asset, the life of the asset, as set out in note 2(i). Impairment losses were accounted for in accordance with the accounting policy as set out in note 2(i). Finance charges implicit in the lease payments were charged to profit or loss over the period of the leases so as to produce an approximately constant periodic rate of charge on the remaining balance of the obligations for each accounting period. Contingent rentals were charged to profit or loss in the accounting period in which they were incurred.

Where the company had the use of other assets held under operating leases, payments made under the leases were charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis was more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received were recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals were charged to profit or loss in the accounting period in which they were incurred.

2. Significant accounting policies (continued)

(ii) As a lessor

When the company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. If this is not the case, the lease is classified as an operating lease.

When a contract contains lease and non-lease components, the company allocates the consideration in the contract to each component on a relative stand-alone selling price basis. The rental income from operating leases is recognised in accordance with note 2(v)(i).

When the company is an intermediate lessor, the sub-leases are classified as a finance lease or as an operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the company applies the exemption described in note 2(l)(i), then the company classifies the sub-lease as an operating lease.

(m) Credit losses and impairment of assets

(i) Credit losses from financial instruments, contract assets and lease receivables

The Group recognises a loss allowance for expected credit losses (ECLs) on the following items:

- financial assets measured at amortised cost (including cash and cash equivalents, trade and other receivables and loans to associates);

- contract assets as defined in HKFRS 15 (see note 2(o));

- debt securities measured at FVOCI (recycling);

- lease receivables; and

- loan commitments issued, which are not measured at FVPL

Other financial assets measured at fair value, including units in bond funds, equity securities measured at FVPL, equity securities designated at FVOCI (non-recycling) and derivative financial assets, are not subject to the ECL assessment.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

For undrawn loan commitments, expected cash shortfalls are measured as the difference between (i) the contractual cash flows that would be due to the Group if the holder of the loan commitment draws down on the loan and (ii) the cash flows that the Group expects to receive if the loan is drawn down.

2. Significant accounting policies (continued)

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

- fixed-rate financial assets, trade and other receivables and contract assets: effective interest rate determined at initial recognition or an approximation thereof;

- variable-rate financial assets: current effective interest rate;

- lease receivables: discount rate used in the measurement of the lease receivable;

- loan commitments: current risk-free rate adjusted for risks specific to the cash flows. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

- 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and

- lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables, lease receivables and contract assets are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments (including loan commitments issued), the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument (including a loan commitment) has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (ii) the financial asset is 90 days past due. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

2. Significant accounting policies (continued)

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- failure to make payments of principal or interest on their contractually due dates;

- an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);

- an actual or expected significant deterioration in the operating results of the debtor; and

- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

For loan commitments, the date of initial recognition for the purpose of assessing ECLs is considered to be the date that the Group becomes a party to the irrevocable commitment. In assessing whether there has been a significant increase in credit risk since initial recognition of a loan commitment, the Group considers changes in the risk of default occurring on the loan to which the loan commitment relates.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt securities that are measured at FVOCI (recycling), for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve (recycling).

Basis of calculation of interest income

Interest income recognised in accordance with note 2(w)(v) is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset. At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

2. Significant accounting policies (continued)

Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;

- a breach of contract, such as a default or delinquency in interest or principal payments;

- it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;

- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or

- the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset, lease receivable or contract asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(ii) Credit losses from financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the “holder”) for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees issued are initially recognised within “trade and other payables at fair value, which is determined by reference to fees charged in an arm’s length transaction for similar services, when such information is obtainable, or to interest rate differentials, by comparing the actual rates charged by lenders when the guarantee is made available with the estimated rates that lenders would have charged, had the guarantees not been available, where reliable estimates of such information can be made. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group’s policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss.

Subsequent to initial recognition, the amount initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued (see note 2(w)(viii)).

The Group monitors the risk that the specified debtor will default on the contract and recognises a provision when ECLs on the financial guarantees are determined to be higher than the amount carried in “trade and other payables” in respect of the guarantees (i.e. the amount initially recognised, less accumulated amortisation).

2. Significant accounting policies (continued)

To determine ECLs, the Group considers changes in the risk of default of the specified debtor since the issuance of the guarantee. A 12-month ECL is measured unless the risk that the specified debtor will default has increased significantly since the guarantee is issued, in which case a lifetime ECL is measured. The same definition of default and the same assessment of significant increase in credit risk as described in note 2(m)(i) apply. As the Group is required to make payments only in the event of a default by the specified debtor in accordance with the terms of the instrument that is guaranteed, an ECL is estimated based on the expected payments to reimburse the holder for a credit loss that it incurs less any amount that the Group expects to receive from the holder of the guarantee, the specified debtor or any other party. The amount is then discounted using the current risk-free rate adjusted for risks specific to the cash flows.

(iii) Impairment of other non-current assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment (other than properties carried at revalued amounts);
- pre-paid interests in leasehold land classified as being held under an operating lease;
- intangible assets;
- goodwill; and
- investments in subsidiaries, associates and joint ventures in the company's statement of financial position.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, intangible assets that are not yet available for use and intangible assets that have indefinite useful lives, the recoverable amount is estimated annually whether or not there is any indication of impairment.

- Calculation of recoverable amount

  The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

- Recognition of impairment losses

  An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

2. Significant accounting policies (continued)

- Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(n) Inventories

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the individual valuation method and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised.

The amount of any writedown of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any writedown of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(o) Contract assets and contract liabilities

A contract asset is recognised when the Group recognises revenue (see note 2(w)) before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for expected credit losses (ECL) in accordance with the policy set out in note 2(m)(i) and are reclassified to receivables when the right to the consideration has become unconditional (see note 2(n)).

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue (see note 2(w)). A contract liability would also be recognised if the Group has an unconditional right to receive non-refundable consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised (see note 2(p)).

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method (see note 2(w)).

2. Significant accounting policies (continued)

(p) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset (see note 2(m)).

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses (see note 2(m)(i)).

(q) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statement.

(r) Trade and other payables

Trade and other payables are initially recognised at fair value. Except for financial guarantee liabilities, trade and other payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(s) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with the Group's accounting policy for borrowing costs (see note 2(y)).

(t) Employee benefits

(i) Short-term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

2. Significant accounting policies (continued)

(ii) Share-based payments

The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in a capital reserve within equity. The fair value is measured at grant date using the binomial lattice model, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the options, the total estimated fair Equity-settled share-based payments value of the options is spread over the vesting period, taking into account the probability that the options will vest.

During the vesting period, the number of share options that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to the profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the capital reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of options that vest (with a corresponding adjustment to the capital reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the company's shares. The equity amount is recognised in the capital reserve until either the option is exercised (when it is included in the amount recognised in share capital for the shares issued) or the option expires (when it is released directly to retained profits).

(iii) Termination benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when it recognises restructuring costs involving the payment of termination benefits.

(u) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

2. Significant accounting policies (continued)

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

Where investment properties are carried at their fair value in accordance with the accounting policy set out in note 2(j), the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

2. Significant accounting policies (continued)

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  - the same taxable entity; or

  - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(v) Provisions and contingent liabilities

(i) Provisions and contingent liabilities

Provisions are recognised when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(ii) Onerous contracts

An onerous contract exists when the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract. Provisions for onerous contracts are measured at the present value of the lower of the expected cost of terminating the contract and the net cost of continuing with the contract.

(iii) Contingent liabilities assumed in business combinations

Contingent liabilities assumed in a business combination which are present obligations at the date of acquisition are initially recognised at fair value, provided the fair value can be reliably measured. After their initial recognition at fair value, such contingent liabilities are recognised at the higher of the amount initially recognised, less accumulated amortization where appropriate, and the amount that would be determined in accordance with note 2(v)(i). Contingent liabilities assumed in a business combination that cannot be reliably fair valued or were not present obligations at the date of acquisition are disclosed in accordance with note 2(v)(i).

2. Significant accounting policies (continued)

(w) Revenue recognition and other income

Income is classified by the Group as revenue when it arises from the sale of goods, the provision of services or the use by others of the Group's assets under leases in the ordinary course of the Group's business.

Revenue is recognised when control over a product or service is transferred to the customer, or the lessee has the right to use the asset, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Where the contract contains a financing component which provides a significant financing benefit to the customer for more than 12 months, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction with the customer, and interest income is accrued separately under the effective interest method. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method. The Group takes advantage of the practical expedient in paragraph 63 of HKFRS 15 and does not adjust the consideration for any effects of a significant financing component if the period of financing is 12 months or less.

Further details of the Group's revenue and other income recognition policies are as follows:

(i) Rental income from operating leases

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned.

(ii) Sales of goods

Revenue is recognised when the customer takes possession of and accepts the products. If the products are a partial fulfilment of a contract covering other goods and/or services, then the amount of revenue recognised is an appropriate proportion of the total transaction price under the contract, allocated between all the goods and services promised under the contract on a relative stand-alone selling price basis.

(iii) Management fee income

Management fee income is recognised in profit or loss as and when services are rendered.

2. Significant accounting policies (continued)

(iv) Dividends

- Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established.

- Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend.

(v) Interest income

Interest income is recognised as it accrues using the effective interest method.

(vi) Government grants

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense.

(vii) Finance income under finance lease

Where the Group provides finance leasing of its warehouses and machines to customers, the Group recognises profit or loss equivalent to the profit or loss resulting from an outright sale of the warehouses and machines products being leased at normal selling prices and finance income over the period of the lease. Finance income implicit in finance lease is recognised over the period of the lease so as to produce an approximately constant periodic rate of return on the outstanding net investment in the lease for each accounting period. Commission paid to dealers for acquisition of finance lease contract is included in the carrying value of the assets and amortised to the profit or loss over the expected life of the lease as an adjustment to finance income.

(viii) Income from financial guarantees issued

Income from financial guarantees issued is recognised over the term of the guarantees (see note 2(m)(ii)).

(x) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss, except those arising from foreign currency borrowings used to hedge a net investment in a foreign operation which are recognised in other comprehensive income.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Nonmonetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

2. Significant accounting policies (continued)

The results of foreign operations are translated into USD at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items, including goodwill arising on consolidation of foreign operations acquired on or after 1 January 2005, are translated into USD at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve. Goodwill arising on consolidation of a foreign operation acquired before 1 January 2005 is translated at the foreign exchange rate that applied at the date of acquisition of the foreign operation.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

(y) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

(z) Non-current assets held for sale and discontinued operations

(i) Non-current assets held for sale

A non-current asset (or disposal group) is classified as held for sale if it is highly probable that its carrying amount will be recovered through a sale transaction rather than through continuing use and the asset (or disposal group) is available for sale in its present condition. A disposal group is a group of assets to be disposed of together as a group in a single transaction, and liabilities directly associated with those assets that will be transferred in the transaction.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all the assets and liabilities of that subsidiary are classified as held for sale when the above criteria for classification as held for sale are met, regardless of whether the Group will retain a non-controlling interest in the subsidiary after the sale.

2. Significant accounting policies (continued)

Immediately before classification as held for sale, the measurement of the non-current assets (and all individual assets and liabilities in a disposal group) is brought up-to-date in accordance with the accounting policies before the classification. Then, on initial classification as held for sale and until disposal, the non-current assets (except for certain assets as explained below), or disposal groups, are recognised at the lower of their carrying amount and fair value less costs to sell. The principal exceptions to this measurement policy so far as the financial statements of the Group and the Company are concerned are deferred tax assets, assets arising from employee benefits, financial assets (other than investments in subsidiaries, associates and joint ventures) and investment properties. These assets, even if held for sale, would continue to be measured in accordance with the policies set out elsewhere in note 2.

Impairment losses on initial classification as held for sale, and on subsequent remeasurement while held for sale, are recognised in profit or loss. As long as a non-current asset is classified as held for sale, or is included in a disposal group that is classified as held for sale, the non-current asset is not depreciated or amortised.

(ii) Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographical area of operations, or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale (see (i) above), if earlier. It also occurs if the operation is abandoned.

Where an operation is classified as discontinued, a single amount is presented on the face of the statement of profit or loss, which comprises:

- the post-tax profit or loss of the discontinued operation; and
- the post-tax gain or loss recognised on the measurement to fair value less costs to sell, or on the disposal, of the assets or disposal group(s) constituting the discontinued operation.

(aa) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

2. Significant accounting policies (continued)

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(ii) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

3. Accounting estimates and judgements

The following critical accounting policies involve the most significant judgements and estimates used in the preparation of the consolidated financial statements.

(a) Valuation of investment properties

An external, independent valuation company, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, values the Group's investment property portfolio every three months. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in arms' length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

3. Accounting estimates and judgements (continued)

In the absence of current prices in an active market, the valuations are prepared by considering the aggregate of the estimated cash flows expected to be received from renting out the property. A yield that reflects the specific risks inherent in the net cash flows then is applied to the net annual cash flows to arrive at the property valuation.

Valuations reflect, where appropriate: the type of tenants actually in occupation or responsible for meeting lease commitments or likely to be in occupation after letting vacant accommodation, and the market's general perception of their creditworthiness; the allocation of maintenance and insurance responsibilities between the Group and the lessee; and the remaining economic life of the property. When rent reviews or lease renewals are pending with anticipated reversionary increases, it is assumed that all notices and where appropriate counter-notices have been served validly and within the appropriate time.

Investment property under construction or development is valued by estimating the fair value of the completed investment property and then deducting from that amount the estimated costs to complete construction or development, financing costs and a reasonable profit margin.

(b) Impairment of non-financial assets

If circumstances indicate that the carrying amounts of non-financial assets (other than investment properties and deferred tax assets) may not be recoverable, the assets may be considered impaired and are tested for impairment. An impairment loss is recognised when the asset's recoverable amount has declined below its carrying amount. The recoverable amount is the greater of the fair value less costs to sell and value in use. In determining the recoverable amount which requires significant judgements, the Group estimates the future cash flows to be derived from continuing use and ultimate disposal of the asset and applies an appropriate discount rate to these future cash flows.

(c) Recognition of deferred tax assets

At 31 December 2019, the Group has recognised deferred tax assets in relation to the unused tax losses as set out in note 15. The ability to realise the deferred tax assets mainly depends on whether it is probable that future taxable profits will be available against which related tax benefits under the deferred tax assets can be utilised. In cases where the actual future taxable profits generated are less than expected, a reversal of deferred tax assets may arise, which will be recognised in profit or loss for the period in which such a reversal takes place.

4. Revenue

	Year ended 31 December 2019 US$'000	*Year from 1 April 2018 to 31 December 2018* US$'000
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products or service lines		
Sales of goods	22,860	70,906
Financial services income	27,063	24,585
Management fee income	82,659	18,997
Others	6,114	10,671
	138,696	125,159
Disaggregated by timing of revenue recognition		
Point in time	27,893	81,577
Over time	110,803	43,582
	138,696	125,159
Revenue from other sources		
Rental and related income	852,258	628,284
	990,954	753,443

The Group's customer base is diversified and no customer with whom transactions have exceeded 10% of the Group's revenue.

5. Other income

	Year ended 31 December 2019 US$'000	*Year from 1 April 2018 to 31 December 2018* US$'000
Government grant	20,014	6,515
Utility income	3,163	808
Changes in fair value of financial assets	152,899	38,778
Compensation	-	5,991
Loss on sale of property, plant and equipment	(352)	(62)
	175,724	52,030

6. Net finance costs

	Year ended 31 December 2019 US$'000	*Year from 1 April 2018 to 31 December 2018* US$'000
Interest income on:		
- Fixed deposits and cash at bank	8,795	3,368
- Loans to joint ventures	9,126	1,107
- Loans to associates	8,014	1,976
- Loans to non-controlling interests	289	255
- Loans to third parties	14,189	8,172
Interest income	40,413	14,878
Amortisation of transaction costs of bank loans	(7,876)	(4,286)
Amortisation of transaction costs of bonds	(5,233)	(2,593)
Interest expenses on:		
- Bank loans	(164,940)	(104,759)
- Bonds	(188,513)	(82,509)
- Loans from intermediate holding company	(27,088)	(41,181)
- Loans from non-controlling interests	(604)	(944)
- Loans from joint ventures	(976)	(11)
- Loans from third party	(323)	-
- Right-of-use assets	(2,308)	-
Total borrowing costs	(397,861)	(236,283)
Less: borrowing costs capitalised in investment properties	9,677	4,323
Net borrowing costs	(388,184)	(231,960)
Foreign exchange loss	(49,477)	(223,288)
Net finance costs recognised in profit or loss	(397,248)	(440,370)

7. Profit before taxation

The following items have been included in arriving at profit before taxation:

		Year ended 31 December 2019	*Year from 1 April 2018 to 31 December 2018*
		US$'000	US$'000
(a)	***Staff costs***		
	Wages and salaries	(65,717)	(32,934)
	Contributions to defined contribution plans, included in wages and salaries	(6,655)	(3,422)
(b)	***Other expenses***		
	Amortisation of intangible assets	(1,521)	(1,159)
	Depreciation charge of property, plant and equipment	(12,709)	(2,894)
	Recognition of impairment loss on trade and other receivables	(12,175)	(3,596)
	Audit fees	(2,950)	(2,678)

Note: The Group has initially applied HKFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See note 2(c).

8. Tax expense

	Year ended 31 December 2019 US$'000	*Year from 1 April 2018 to 31 December 2018* US$'000
Current tax	57,563	115,413
Withholding tax on foreign-sourced income	25,151	7,546
	82,714	122,959
Deferred tax		
Origination and reversal of temporary differences	381,783	678,865
	464,497	801,824
Reconciliation of expected to actual tax:		
Profit before taxation	1,522,102	2,728,583
Less: share of results (net of tax expense) of joint ventures	(48,203)	(75,114)
Less: share of results (net of tax expense) of associates	(7,525)	(11,789)
Profit before share of results of joint ventures and associates (net of tax expense)	1,466,374	2,641,680
Tax expense using PRC tax rate of 25%	366,593	660,420
Effect of different tax from subsidiaries	9,839	2,839
Net income not subject to tax	(20,801)	(9,064)
Non-deductible expenses	54,955	126,679
Deferred tax assets not recognised	38,256	24,257
Recognition of previously unrecognised tax losses	(9,496)	(10,853)
Withholding tax on foreign-sourced income	25,151	7,546
	464,497	801,824

9. Directors' remuneration

Directors' remuneration disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of information about Benefits of Directors) Regulation is as follows:

	Year ended 31 December 2019 US$'000	*Year from 1 April 2018 to 31 December 2018* US$'000
Executive Directors		
Salaries allowance and benefits in kind	(2,790)	(2,355)
Discretionary bonuses	(2,995)	(2,115)
Long-term incentive plan	(3,650)	(1,451)
Total	(9,435)	(5,921)

10. Other comprehensive income

(a) Tax effects relating to other comprehensive income

	Year ended 31 December2019			*Year from 1 April 2018 to 31 December2018*		
	Before-Tax amount US$'000	*Tax expense* US$'000	*Net-of-Tax amount* US$'000	*Before-Tax amount* US$'000	*Tax expense* US$'000	*Net-of-Tax amount* US$'000
Exchange differences arising from consolidation of foreign operations	(213,501)	-	(213,501)	(1,083,903)	-	(1,083,903)
Changes in fair value of properties	4,407	(1,102)	3,305	-	-	-
Change in fair value of other investments	60,014	(7,102)	52,912	(278,137)	29,103	(249,034)
Total other comprehensive income	(149,080)	(8,204)	(157,284)	(1,362,040)	29,103	(1,332,937)

(b) Components of other comprehensive income, including reclassification adjustments

	Year ended 31 December 2019 US$'000	*Year from 1 April 2018 to 31 December 2018* US$'000
Surplus on revaluation of buildings held for own use carried at fair value	3,305	-
Change in fair value of other investments	52,912	(249,034)
Exchange differences arising from consolidation of foreign operations	(213,501)	(1,083,903)
Net movement during the year recognised in other comprehensive income	(157,284)	(1,332,937)

11. Investment properties

	31 December 2019 US$'000	*31 December 2018* US$'000
At 1 January/April	17,855,646	16,605,068
Additions	1,486,150	751,879
Acquisition of subsidiaries (note 30)	952,988	1,170,548
Disposal of subsidiaries (note 30)	(326,663)	(1,634,627)
Borrowing cost capitalised (note 6)	9,677	4,323
Changes in fair value	1,081,831	2,433,474
Reclassification to asset held for sale (note 21)	(76,011)	-
Effect of movements in exchange rates	(326,954)	(1,475,019)
At 31 December	20,656,664	17,855,646
Comprising:		
Completed investment properties	16,852,269	14,176,914
Investment properties under re-development	241,105	476,862
Properties under development	1,804,525	1,581,337
Land held for development	1,758,765	1,620,533
	20,656,664	17,855,646

Fair value measurement of properties

(a) Fair value hierarchy

The following table presents the fair value of the Group's properties measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date

- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available

- Level 3 valuations: Fair value measured using significant unobservable input

11. Investment properties (continued)

31 December 2019

	The Group			
	Level 1 US$'000	*Level 2* US$'000	*Level 3* US$'000	*Total* US$'000
Investment properties	-	-	20,656,664	20,656,664
Buildings held for own use	-	-	73,693	73,693

31 December 2018

	The Group			
	Level 1 US$'000	*Level 2* US$'000	*Level 3* US$'000	*Total* US$'000
Investment properties	-	-	17,855,646	17,855,646

During the year ended 31 December 2018 and 2019, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (year ended 31 December 2018: nil). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

The valuations were carried out by an independent firm of surveyors, Jones Lang LaSalle Limited, who have among their staff fellows of the Hong Kong Institute of Surveyors with recent experience in the location and category of property being valued.

(b) Information about Level 3 fair value measurements

In determining fair value, a combination of approaches were used, including the direct comparison, income capitalisation, discounted cash flow and residual approaches. The direct comparison approach involves the analysis of comparable sales of similar properties and adjusting the sale prices to that reflective of the investment properties. The income capitalisation approach capitalises an income stream into a present value using single-year capitalisation rates, and the income stream used is adjusted to market rentals currently being achieved within comparable investment properties and recent leasing transactions achieved within the investment property. The discounted cash flow approach requires the valuer to assume a rental growth rate indicative of market and the selection of a target internal rate of return consistent with current market requirements. The residual approach values properties under development and land held for development by reference to its development potential and deducting development costs to be incurred, together with developers' profit margin, assuming it was completed as at the date of valuation.

In relying on the valuation reports, management has exercised its judgement and is satisfied that the valuation methods and estimates are reflective of the current market conditions.

11. Investment properties (continued)

	Valuation Techniques	*Unobservable input*	*Range*
Investment properties: Mainland China	Capitalisation approach	Capitalisation rate	4.00% - 7.00%
	Discounted cash flow and Residual value	Discount rate	8.00% - 10.50%
		Terminal yield rate	4.00% - 7.00%
Buildings held for own use: Mainland China	Capitalisation approach	Capitalisation rate	4.00%
	Discounted cash flow and Residual value	Discount rate	8.00%
		Terminal yield rate	4.00%

Descriptions of the sensitivity in unobservable inputs and inter-relationship:

The fair value measurement is negatively correlated to the unobservable input that the lower the factor will result in a higher fair value.

Fair value adjustment of investment properties is recognised in the line item "changes in fair value of investment properties" on the face of the consolidated statement of comprehensive income.

Surplus on revaluation of Buildings held for own use is recognised in the line item "surplus on revaluation of buildings held for own use carried at fair value" on the face of the consolidated statement of comprehensive income.

Exchange adjustment of investment properties and Buildings held for own use are recognised in other comprehensive income in "currency translation reserve".

Investment properties are held mainly for use by external customers under operating leases. Generally, the leases contain an initial non-cancellable period of one to twenty years. Subsequent renewals are negotiated with the lessees. There are no contingent rents arising from the lease of investment properties.

The capitalisation rates of borrowings range from 4.61% to 5.64% for the year ended 31 December 2019 (from 1 April 2018 to 31 December 2018: 4.90% to 6.15%).

Investment properties with carrying value totalling approximately US$13,035,696,000 as at 31 December 2019 (31 December 2018: US$9,020,340,000) were mortgaged to secure credit facilities for the Group (note 26). Interest capitalised as costs of investment properties amounted to approximately US$9,677,000 (31 December 2018: US$4,323,000) during the year.

12. Investment in subsidiaries

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group. The class of shares held is ordinary unless otherwise stated.

		Proportion of ownership interest				
Name of subsidiaries	*Place of incorporation and business*	*Group's Effective interest*	*Held by the Company*	*Held by a subsidiary*	*Registered capital*	*Principal activities*
GLP Investment (Shanghai) Co., Ltd.	PRC	100.00%	-	100.00%	US$'000 900,000	Property management
GLP Capital Investment 4 (HK) Limited	Hong Kong	100.00%	-	100.00%	US$'000 119,088	Investment holding
CLH 12 (HK) Limited	Hong Kong	100.00%	-	100.00%	US$'000 311,936	Investment holding
China Logistic Investment Holding (2) Limited	Cayman Islands	100.00%	-	100.00%	US$'000 3	Investment holding
CLF Fund I, LP	Singapore/PRC	30.12%	-	30.12%	US$'000 1,530,000	Property investment
CLF Fund II, LP	Cayman Islands/PRC	56.38%	-	56.38%	US$'000 3,725,000	Property investment
GLP Financial Holding (Chongqing) Co., Ltd.	PRC	100.00%	-	100.00%	US$'000 400,000	Financial service
Airport City Development Co., Ltd.	PRC	53.14%	-	53.14%	RMB'000 1,800,000	Property investment
Zhejiang Transfar Logistics Base Co., Ltd.	PRC	60.00%	-	60.00%	RMB'000 185,500	Property investment
Beijing Lihao Science & Technology Co., Ltd.	PRC	88.00%	-	88.00%	RMB'000 559,743	Property investment
GLP I-Park Xi'An Science & Technology Industrial Development Co., Ltd.	PRC	48.41%	-	48.41%	RMB'000 1,251,800	Property investment
Shanghai Fuhe Industrial Development Co., Ltd.	PRC	70.00%	-	70.00%	RMB'000 250,000	Property investment
GLP Beijing Airport Logistics Development Co., Ltd.	PRC	100.00%	-	100.00%	US$'000 30,000	Property investment
Beijing Sifang Tianlong Medicine Logistic Co., Ltd.	PRC	100.00%	-	100.00%	RMB'000 185,000	Property investment
Zhuhai Puxing Logistic Industry Equity Investment Partnership LLP	PRC	100.00%	-	100.00%	RMB'000 1,799,000	Property investment
Shenzhen Lingxian Technology Co., Ltd.	PRC	55.00%	-	55.00%	RMB'000 40,000	Property investment
GLP Puyun Warehousing Services Co., Ltd.	PRC	100.00%	-	100.00%	US$'000 47,700	Property investment
GLP Wuxi Puxin Technology & Industrial Development Co., Ltd.	PRC	100.00%	-	100.00%	US$'000 140,000	Property investment
GLP Shanghai Minhang Logistics Facilities Co., Ltd.	PRC	100.00%	-	100.00%	US$'000 26,000	Property investment
Foshan Pufeng Logistics Facilities Co., Ltd.	PRC	60.00%	-	60.00%	RMB'000 422,813	Property investment
GLP Pugao Logistics Facilities Co., Ltd.	PRC	100.00%	-	100.00%	US$'000 127,900	Property investment
GLP Xujing Logistics Facilities Co., Ltd.	PRC	100.00%	-	100.00%	US$'000 20,200	Property investment
GLP Shanghai Songjiang Logistics Facilities Co., Ltd.	PRC	100.00%	-	100.00%	US$'000 48,000	Property investment
Kunshan GLP Dianshanhu Logistics Facilities Co., Ltd.	PRC	100.00%	-	100.00%	US$'000 59,000	Property investment
Zhuhai Puyin Logistic Investment Partnership LLP	PRC	100.00%	-	100.00%	RMB'000 1,500,000	Property investment
GLP Wanqing Logistics Facilities Co., Ltd.	PRC	100.00%	-	100.00%	RMB'000 320,000	Property investment
GLP Shanghai Chapu Logistics Facilities Co., Ltd.	PRC	100.00%	-	100.00%	US$'000 14,000	Property investment
Beijing City Power Logistics Facilities Co., Ltd.	PRC	60.00%	-	60.00%	RMB'000 174,497	Property investment
GLP Shanghai Waigaoqiao Logistics Facilities Co., Ltd.	PRC	100.00%	-	100.00%	US$'000 68,560	Property investment
GLP Shanghai Pujin Logistics Facilities Co., Ltd.	PRC	100.00%	-	100.00%	US$'000 50,000	Property investment
Puyang (Shanghai) Development Co., Ltd.	PRC	100.00%	-	100.00%	RMB'000 800,000	Property investment
Dongguan Ever Profit Logistics Facilities Co., Ltd.	PRC	100.00%	-	100.00%	RMB'000 288,690	Property investment
GLP Foshan Logistics Facilities Co., Ltd.	PRC	100.00%	-	100.00%	US$'000 17,000	Property investment
Guangzhou Baopu Logistics Facilities Co., Ltd.	PRC	100.00%	-	100.00%	RMB'000 156,000	Property investment

12. Investment in subsidiaries (continued)

Name of subsidiaries	Place of incorporation and business	Group's Effective interest (Proportion of ownership interest)	Held by the Company (Proportion of ownership interest)	Held by a subsidiary (Proportion of ownership interest)	Registered capital	Principal activities
GLP Shanghai Shenjiang Logistics Facilities Co., Ltd.	PRC	100.00%	-	100.00%	US$'000 20,000	Property investment
GLP Guangzhou Logistics Facilities Management Co., Ltd.	PRC	100.00%	-	100.00%	RMB'000 50,000	Property investment
Dalian Puji Logistics Facilities Co., Ltd.	PRC	60.00%	-	60.00%	US$'000 80,000	Property investment
Dexin Telecommunications Technology (Hangzhou) Co., Ltd.	PRC	100.00%	-	100.00%	US$'000 67,000	Property investment
GLP Langfang Logistics Facilities Co., Ltd.	PRC	100.00%	-	100.00%	US$'000 29,400	Property investment
Beijing Zhengqi Shangyu Investment Center LLP	PRC	100.00%	-	100.00%	RMB'000 247,000	Property investment
Beijing Zhengqi Shanghui Investment Center LLP	PRC	100.00%	-	100.00%	RMB'000 269,620	Property investment
Beijing Zhengqi Shangcheng Investment Center LLP	PRC	100.00%	-	100.00%	RMB'000 269,080	Property investment
Beijing Zhengqi Shangxin Investment Center LLP	PRC	100.00%	-	100.00%	RMB'000 268,000	Property investment
Beijing Zhengqi Shangde Investment Center LLP	PRC	100.00%	-	100.00%	RMB'000 265,300	Property investment
Guofu Huijin (Tianjin) Investment Management LLP	PRC	100.00%	-	100.00%	RMB'000 3,000,000	Property investment

The following tables lists out the information relating to changes in non-controlling interests ("NCI"), and the subsidiaries of the Group which have material NCI.

	Changes in NCI				
	CLF I US$'000	ACL US$'000	CLF II US$'000	Others US$'000	Total US$'000
Balance at 1 April 2018	884,957	374,758	151,589	882,702	2,294,006
Profit for the year	125,848	117,060	18,429	131,713	393,050
Exchange differences arising from consolidation of foreign operations	(78,386)	(34,884)	(16,627)	(75,400)	(205,297)
Capital contribution from NCI	13,235	-	152,432	34,128	199,795
Dividends paid to NCI	-	-	-	(3,253)	(3,253)
Acquisition of subsidiaries (note 30)	-	-	16,346	106,015	122,361
Acquisition of interests in subsidiaries from NCI	-	-	-	(18,079)	(18,079)
Disposal of subsidiaries (note 30)	-	-	-	(181,783)	(181,783)
Balance at 31 December 2018 and 1 January 2019	945,654	456,934	322,169	876,043	2,600,800
Profit for the year	71,176	42,658	58,248	74,279	246,361
Exchange differences arising from consolidation of foreign operations	(11,582)	(7,895)	(9,337)	(23,278)	(52,092)
Capital contribution from NCI	(151,713)	-	328,987	74,865	252,139
Acquisition of subsidiaries (note 30)		-	59,084	90,353	149,437
Acquisition of interests in subsidiaries from NCI	-	-	(2,149)	(12,912)	(15,061)
Disposal of interest in a subsidiary to NCI	580,877	-	-	-	580,877
Balance at 31 December 2019	1,434,412	491,697	757,002	1,079,350	3,762,461

12. Investment in subsidiaries (continued)

The following tables lists out the information relating to CLF I, ACL and CLF II, the subsidiaries of the Group which have material non-controlling interest ("NCI"). The summarised financial information presented below represent the amounts before any inter-company elimination.

	31 December 2019 US$'000	*31 December 2018* US$'000
CLF I		
NCI percentage	69.88%	44.12%
Current assets	132,809	114,483
Non-current assets	3,373,772	3,178,894
Current liabilities	(151,014)	(360,036)
Non-current liabilities	(1,311,929)	(789,855)
Net assets	2,043,638	2,143,486
Carrying amount of NCI	1,434,412	945,654

	Year ended 31 December 2019 US$'000	*Year from 1 April 2018 to 31 December 2018* US$'000
Revenue	176,811	123,000
Profit for the year	123,159	285,254
Total comprehensive income	115,151	107,579
Profit allocated to NCI	71,175	125,848
Net cash increase/(decrease)	18,018	(40,176)

	31 December 2019 US$'000	*31 December 2018* US$'000
ACL		
NCI percentage	46.86%	46.86%
Current assets	54,674	47,848
Non-current assets	1,781,182	1,689,348
Current liabilities	(131,419)	(192,086)
Non-current liabilities	(644,933)	(559,620)
Net assets	1,059,504	985,490
Carrying amount of NCI	491,697	456,934

12. Investment in subsidiaries (continued)

	Year ended 31 December 2019 US$'000	Year from 1 April 2018 to 31 December 2018 US$'000
Revenue	75,996	53,236
Profit for the year	91,029	249,800
Total comprehensive income	74,183	174,387
Profit allocated to NCI	42,657	117,060
Net cash increase	12,287	18,422

	31 December 2019 US$'000	31 December 2018 US$'000
CLF II		
NCI percentage	43.62%	43.62%
Current assets	210,117	171,996
Non-current assets	2,198,459	1,117,008
Current liabilities	(507,589)	(510,027)
Non-current liabilities	(264,046)	(63,901)
Non-controlling interests	(74,889)	(16,557)
Net assets	1,562,052	698,519
Carrying amount of NCI	757,002	322,169

	Year ended 31 December 2019 US$'000	Year from 1 April 2018 to 31 December 2018 US$'000
Revenue	21,544	6,034
Profit for the year	132,119	41,966
Total comprehensive income	111,616	3,367
Profit allocated to NCI	58,235	18,429
Net cash increase/(decrease)	98,263	(74,350)

13. Joint ventures

	Notes	*31 December 2019* US$'000	*31 December 2018* US$'000
Shanghai Lingang GLP International Logistics Leasing Co., Ltd. ("Lingang International")	(a)	291,842	262,778
Beijing Jintonggang Real Estate Development Co., Ltd. ("Z3 project")	(b)	336,428	-
GLP Guoyi (Zhuhai) Acquisition Fund (LP) ("CVA I Fund")	(c)	162,343	91,710
Others		579,075	625,794
		1,369,688	980,282

All the joint ventures are unlisted corporate entities whose quoted market prices are not available.

(a) Lingang International

Lingang International was established by a subsidiary of the Company with a state-owned property developer and constructor in the PRC. Summarised financial information of Lingang International, adjusted for any differences in accounting policies, and a reconciliation to the carrying amount in the consolidated financial statements, are disclosed below:

	31 December 2019 US$'000	*31 December 2018* US$'000
Non-current assets	800,535	755,527
Current assets	44,353	41,143
Non-current liabilities	(228,820)	(251,644)
Current liabilities	(32,384)	(19,471)
Equity	583,684	525,555
Group's effective interest	50.00%	50.00%
Carrying amount in the consolidated financial statements	291,842	262,778
Included in the above assets and liabilities:		
Cash and cash equivalents	39,748	34,205
Current financial liabilities (excluding trade and other payables)	(15,696)	(16,877)
Non-current financial liabilities (excluding trade and other payables)	(95,476)	(115,771)

13. Joint ventures (continued)

	Year ended 31 December 2019 US$'000	*Year from 1 April 2018 to 31 December 2018* US$'000
Revenue	42,507	29,098
Profit for the year	67,420	72,996
Total comprehensive income	67,420	72,996
Group's effective interest	50.00%	50.00%
Share of results (net of tax expense) of joint ventures	33,710	36,498
Included in the above profit:		
Depreciation and amortisation	(89)	(43)
Interest income	400	96
Interest expense	(5,802)	(4,992)
Income tax expense	(22,495)	(24,357)

(b) Z3 Project

Beijing Jintonggang Real Estate Development Co., Ltd. (referred to as "Jintonggang") is a property developer and constructor. The Group entered into a joint control of Jintonggang through acquiring 100% shares of five limited partnerships holding equity interests in Jintonggang, including Beijing Zhengqi Shangcheng Investment Center LLP, Beijing Zhengqi Shangxin Investment Center LLP, Beijing Zhengqi Shangde Investment Center LLP, Beijing Zhengqi Shangyu Investment Center LLP and Beijing Zhengqi Shanghui Investment Center LLP, jointly referred to as "Z3 Project".

13. Joint ventures (continued)

Summarised financial information of Z3 Project, adjusted for any differences in accounting policies, and a reconciliation to the carrying amount in the consolidated financial statements, are disclosed below:

	31 December 2019
Non-current assets	1,011,182
Current assets	4,248
Non-current liabilities	(1,269)
Current liabilities	(24,666)
Equity	989,495
Group's effective interest	34.00%
Carrying amount in the consolidated financial statements	336,428
Included in the above assets and liabilities:	
Cash and cash equivalents	3,529

	Year ended 31 December 2019
Revenue	-
Loss for the year	(1,250)
Total comprehensive income	(1,250)
Group's effective interest	34.00%
Share of results (net of tax expense) of joint ventures	(425)
Included in the above profit:	
Interest income	26

(c) CVA I Fund

CVA I Fund is a limited partnership established in February 2018 by the Group and another third party investor with total equity commitments of RMB9.8 billion (equivalent to approximately US$1.4 billion). The Fund engages in acquisition and management of completed logistics and industrial assets in China.

13. Joint ventures (continued)

Summarised financial information of CVA I Fund, adjusted for any differences in accounting policies, and a reconciliation to the carrying amount in the consolidated financial statements, are disclosed below:

	31 December 2019 US$'000	*31 December 2018* US$'000
Non-current assets	2,097,619	1,459,514
Current assets	271,433	364,876
Non-current liabilities	(785,159)	(294,088)
Current liabilities	(318,334)	(499,034)
Equity attributed to NCI	(231,358)	-
Equity attributed to the Group	1,034,201	1,031,268
Group's effective interest	18.37%	18.37%
Carrying amount in the consolidated financial statements	162,343	91,710
Included in the above assets and liabilities:		
Cash and cash equivalents	259,256	326,278
Current financial liabilities (excluding trade and other payables)	(1,533)	(5,620)
Non-current financial liabilities (excluding trade and other payables)	(709,728)	(257,093)

	Year ended 31 December 2019 US$'000	*Year from 1 April 2018 to 31 December 2018* US$'000
Revenue	120,925	34,978
Profit for the year	80,071	82,758
Profit attributable to NCI	(13,352)	(16,183)
Profit attributable to the Group	66,719	66,575
Total comprehensive income	66,719	66,575
Group's effective interest	18.37%	18.37%
Share of results (net of tax expense) of joint ventures	12,256	12,230
Included in the above profit:		
Depreciation and amortisation	(99)	(11)
Interest expense	(28,030)	(5,365)
Interest income	1,683	3,823

14. Associates

	Notes	*31 December 2019* US$'000	*31 December 2018* US$'000
Zhongjin Jiaye (Tianjin) Commercial Real Estate Investment Center LLP ("Zhongjin Jiaye")	(a)	203,885	-
Zhuhai Hidden Hill Logistic Equity Investment Fund (LP) ("Hidden Hill Fund")	(b)	91,006	56,639
Others		371,854	301,862
		666,745	358,501

(a) Zhongjin Jiaye

On 23 April 2019, the Group acquired 58.63% equity interest of Zhongjin Jiaye through acquiring 100% equity interests of one limited partner of Zhongjin Jiaye. As at 31 December 2019 the Group has significant influence on Zhongjin Jieye through this acquisition.

Summarised financial information of Zhongjin Jiaye, adjusted for any differences in accounting policies, and a reconciliation to the carrying amount in the consolidated financial statements, are disclosed below:

	31 December 2019 US$'000
Non-current assets	339,881
Current assets	8,739
Current liabilities	(860)
Net assets belonging to the owners	347,760
Group's interest in associates	58.63%
Carrying amount in the consolidated financial statements	203,885
Included in the above assets and liabilities:	
Cash and cash equivalents	1,140

14. Associates (continued)

	Year ended 31 December 2019 US$'000
Revenue	-
Profit for the year	(83)
Total comprehensive income	(83)
Group's effective interest	58.63%
Share of results (net of tax expense) of associates	(49)
Included in the above profit:	
Interest income	318

(b) Hidden Hill Fund

In May 2018, the Group invested 30.76% equity interest of Hidden Hill Fund, and the Group increased its equity interest in Hidden Hill Fund to 69.05% as at 31 December 2019. The Hidden Hill Fund is primarily controlled by its consulting committee board and investing committee board and the Group has significant influence in it through its membership in the board.

Summarised financial information of the Hidden Hill Fund, adjusted for any differences in accounting policies, and a reconciliation to the carrying amount in the consolidated financial statements, are disclosed below:

	31 December 2019 US$'000	*31 December 2018* US$'000
Non-current assets	81,885	34,265
Current assets	159,802	52,907
Current liabilities	(26,856)	(4,334)
Non-controlling interests	(2,305)	-
Net assets belonging to the owners	212,526	82,838
Group's interest in associates	69.05%	30.76%
Carrying amount in the consolidated financial statements	91,006	56,639
Included in the above assets and liabilities:		
Cash and cash equivalents	158,042	52,907

14. Associates (continued)

	Year ended 31 December 2019 US$'000	*Year from 1 April 2018 to 31 December 2018* US$'000
Revenue	-	-
Loss for the year	(30,710)	(4,338)
Total comprehensive income	(30,710)	(4,338)
Group's effective interest	69.05%	30.76%
Share of results (net of tax expense) of associates	(18,760)	(1,335)
Included in the above profit:		
Interest income	139	108

15. Deferred tax

in deferred tax assets and liabilities during the year are as follows:

	At 1 April/ 1 January US$'000	*Changes in accounting policy* US$'000	*Acquisition of subsidiaries (note 30)* US$'000	*Disposal of subsidiaries (note 30)* US$'000	*Effect of movement in exchange rates* US$'000	*Recognised in other comprehensive income (note 10)* US$'000	*Recognised in profit or loss* US$'000	*At 31 December* US$'000
Deferred tax assets								
31 December 2018								
Unutilised tax losses	36,076	-	-	(1,545)	(3,192)	-	4,057	35,396
Others	3,188	-	-	-	(262)	-	(380)	2,546
	39,264	-	-	(1,545)	(3,454)	-	3,677	37,942
31 December 2019								
Unutilised tax losses	35,396	-	-	(939)	(599)	-	1,538	35,396
Others	2,546	-	-	-	(59)	-	1,520	4,007
	37,942	-	-	(939)	(658)	-	3,058	39,403
Deferred tax liabilities								
31 December 2018								
Investment properties	(1,748,548)	-	-	242,909	161,904	-	(675,569)	(2,019,304)
Other investments	(29,368)	(7,378)	-	-	2,163	29,103	(8,063)	(13,543)
Others	(8,275)	-	-	-	678	-	1,090	(6,507)
	(1,786,191)	(7,378)	-	242,909	164,745	29,103	(682,542)	(2,039,354)
31 December 2019								
Investment properties	(2,019,304)	-	(2,533)	40,530	36,707	-	(355,337)	(2,299,937)
Other investments	(13,543)	-	-	-	631	(7,102)	(28,430)	(48,444)
Buildings held for own use carried at fair value	-	-	-	-	13	(1,102)	-	(1,089)
Others	(6,507)		-	-	118	-	(1,074)	(7,463)
	(2,039,354)	-	(2,533)	40,530	37,469	(8,204)	(384,841)	(2,356,933)

15. Deferred tax (continued)

Deferred tax liabilities and assets are offset when there is a legally enforceable right to set off current tax liabilities and when the deferred taxes relate to the same tax authority. The amounts determined after appropriate offsetting are included in the statement of financial position as follows:

	31 December 2019 US$'000	*31 December 2018* US$'000
Deferred tax assets	8,840	8,114
Deferred tax liabilities	(2,326,370)	(2,009,526)

Deferred tax assets have not been recognised in respect of the following items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits there from:

	31 December 2019 US$'000	*31 December 2018* US$'000
Tax losses	483,104	408,741

Tax losses are subject to agreement by the tax authorities and compliance with tax regulations in the respective countries in which the subsidiaries operate. Unrecognised tax losses amounting to approximately US$483,104,000 (31 December 2018: US$408,741,000) will expire within 1 to 5 years.

The PRC income tax law and its relevant regulations impose a withholding tax at 10%, unless reduced by a tax treaty/arrangement, for dividend distributions out of earnings accumulated beginning on or after 1 January 2008. The Group has not recognised a deferred tax liability because it is probable that they will not be distributed to the holding company outside the PRC in the foreseeable future.

16. Property, plant and equipment

	Furniture, fittings and equipment US$'000	*Solar plants* US$'000	*Assets under construction* US$'000	*Buildings held for own use carried at fair value* US$'000 (note 11)	*Right-of-use assets* US$'000	*Total* US$'000
Cost						
At 1 April 2018	33,017	-	-	-	-	33,017
Acquisition of subsidiaries	1,324	-	-	-	-	1,324
Additions	6,870	-	-	-	-	6,870
Disposal of subsidiaries	(1,314)	-	-	-	-	(1,314)
Disposals	(1,040)	-	-	-	-	(1,040)
Effect of movements in exchange rates	(2,653)	-	-	-	-	(2,653)
At 31 December 2018	36,204	-	-	-	-	36,204
Acquisition of subsidiaries	3,176	-	-	-	52,248	55,424
Additions	57,061	-	13,478	71,403	18,470	160,412
Disposal of subsidiaries	(27)	(9,436)	(3,355)	-	-	(12,818)
Disposals	(4,333)	-	-	-	-	(4,333)
Transfers	-	10,059	(10,059)	-	-	-
Elimination on revaluation	-	-	-	(1,255)	-	(1,255)
Surplus on revaluation	-	-	-	4,407	-	4,407
Effect of movements in exchange rates	(1,194)	(185)	(64)	(862)	(765)	(3,070)
At 31 December 2019	90,887	438	-	73,693	69,953	234,971
Accumulated depreciation						
At 1 April 2018	(24,637)	-	-	-	-	(24,637)
Charge for the year	(2,894)	-	-	-	-	(2,894)
Disposals	978	-	-	-	-	978
Disposal of subsidiaries	1,204	-	-	-	-	1,204
Effect of movements in exchange rates	1,294	-	-	-	-	1,294
At 31 December 2018	(24,055)	-	-	-	-	(24,055)
Acquisition of subsidiaries	(1,364)	-	-	-	-	(1,364)
Charge for the year	(6,623)	(185)	-	(1,255)	(4,646)	(12,709)
Disposal of subsidiaries	22	173	-	-	-	195
Disposals	3,958	-	-	-	-	3,958
Elimination on revaluation	-	-	-	1,255	-	1,255
Effect of movements in exchange rates	332	4	-	-	54	390
At 31 December 2019	(27,730)	(8)	-	-	(4,592)	(32,330)
Carrying amounts						
At 1 April 2018	8,380	-	-	-	-	8,380
At 31 December 2018	12,149	-	-	-	-	12,149
At 31 December 2019	63,157	430	-	73,693	65,361	202,641

Further details on fair value measurement of buildings held for own use carried at fair value are set out in note 11(a) and 11(b).

17. Intangible assets

	Goodwill US$'000	Trademark US$'000	Non-competition US$'000	License rights US$'000	Total US$'000
Cost					
At 1 April 2018	307,491	25,920	4,330	1,015	338,756
Effect of movements in exchange rates	(26,196)	(2,209)	-	(86)	(28,491)
At 31 December 2018	281,295	23,711	4,330	929	310,265
Disposal	-	-	(4,330)	-	(4,330)
Effect of movements in exchange rates	(4,556)	(384)	-	(16)	(4,956)
At 31 December 2019	276,739	23,327	-	913	300,979
Accumulated amortisation					
At 1 April 2018	-	(9,965)	(4,330)	(486)	(14,781)
Charge for the year	-	(1,007)	-	(152)	(1,159)
Effect of movements in exchange rates	-	888	-	45	933
At 31 December 2018	-	(10,084)	(4,330)	(593)	(15,007)
Charge for the year	-	(1,325)	-	(196)	(1,521)
Disposal	-	-	4,330	-	4,330
Effect of movements in exchange rates	-	179	-	12	191
At 31 December 2019	-	(11,230)	-	(777)	(12,007)
Carrying amounts:					
At 1 April 2018	307,491	15,955	-	529	323,975
At 31 December 2018	281,295	13,627	-	336	295,258
At 31 December 2019	276,739	12,097	-	136	288,972

Impairment tests for cash-generating units containing goodwill

Goodwill is allocated to the Group's cash-generating units (CGU) identified according to country of operation and operating segment, carrying amount of each CGU as follows:

	31 December 2019 US$'000	31 December 2018 US$'000
GLP China (note)	224,031	227,720
ACL Group	52,708	53,575
Total	276,739	281,295

Note: Relates to the leasing of logistic facilities and provision of asset management services in China and excludes the ACL Group.

17. Intangible assets (continued)

(a) GLP China

The recoverable amount of the CGU is determined based on fair value less costs of disposal. The CGU comprises following categories: development business, fund management, investment properties, financial service and other investments as at 31 December 2019. In determining fair value, a combination of approaches were used, including the direct comparison, income capitalisation, discounted cash flow and residual approaches. The direct comparison approach involves the analysis of comparable properties or public companies, the Group invests in companies listed in active markets, and these equity securities are stated at their fair values at the reporting date. The income capitalisation approach capitalises an income stream into a present value using single-year capitalisation rates, and the income stream used is adjusted to market rentals currently being achieved within comparable investment properties and recent leasing transactions achieved within the investment property. The discounted cash flow approach requires the valuer to assume a rental growth rate indicative of market and the selection of a target internal rate of return consistent with current market requirements. The residual approach values properties under development and land held for development by reference to its development potential and deducting development costs to be incurred, together with developers' profit margin, assuming it was completed as at the date of valuation.

Key assumptions on which management has based its determination of fair value less costs to sell or disposal are capitalisation rate 4.00% - 7.00% (31 December 2018: 4.25% - 7.00%), discount rate 6.60% - 11.44% (31 December 2018: 7.06% - 11.23%), terminal yield rate 4.00% - 7.00% (31 December 2018: 4.25% - 6.75%). The Group believes that any reasonably possible changes in the above key assumptions applied are not likely to materially cause the recoverable amount to be lower than its carrying amount.

(b) ACL Group

The recoverable amount of the CGU is determined based on value in use calculation. The value in use calculation is a discounted cash flow model using cash flow projections based on the most recent budgets and forecasts approved by management covering ten years. Cash flows beyond these periods are extrapolated using the estimated terminal growth rate. The discount rate applied is the weighted average cost of capital from the relevant business segment. The terminal growth rate used does not exceed management's expectation of the long-term average growth rate of the respective industry and country in which the CGU operates. The discount rate and terminal growth rate used as at 31 December 2019 are 7.5% and 3% respectively (31 December 2018: 7.5% and 3%). The Group believes that any reasonably possible changes in the above key assumptions applied are not likely to materially cause the recoverable amount to be lower than its carrying amount.

18. Other investments

	31 December 2019 US$'000	*31 December 2018* US$'000
Listed equity securities – at FVOCI (non-recycling)	590,047	346,901
Unlisted equity securities – at FVTPL	1,026,406	717,762
	1,616,453	1,064,663

Listed equity securities comprise 6.10% (31 December 2018: 6.10%) interest in Shenzhen New Nanshan Holding (Group) Co., Ltd. ("SNNH"), which is listed on Shenzhen Stock Exchange, 15.45% (31 December 2018: 15.45%) interest in China Materials Storage and Transportation Development Co., Ltd. ("CMSTD"), which is listed on the Shanghai Stock Exchange, 1.47% (31 December 2018: 0.89%) interest in Shanghai Lingang Holdings Co., Ltd. ("SHLG") and 10.00% (31 December 2018: nil) interest in Beijing Vantone Real Estate Co., Ltd. ("BJ Vantone"), which are listed on the Shanghai Stock Exchange. The Group designated these investments at FVOCI (non-recycling), as these investments are held for strategic purposes. Dividend income amounting to approximately US$2,307,000 was recognised from these investments during the year (2018: nil).

In May 2019, the Group purchased 10.00% equity interests in BJ Vantone at a consideration of approximately US$119,698,000.

19. Other non-current assets

	31 December 2019 US$'000	*31 December 2018* US$'000
Trade receivables	44,340	36,985
Deposits	-	999
Prepayments	48,442	75,732
Finance lease receivables	16,130	52,065
Loans to joint ventures	65,662	164,622
Loans to associates	12,226	43,688
Loans to third parties	15,740	22,417
Others	1,107	-
	203,647	396,508

The loans to joint ventures are repayable after one year, and bear interest rate ranging from 5.39% to 7.90% per annum (31 December 2018: 3.28% to 6.50%).

The loans to associates are repayable after one year, and bear interest rate at 10.00% per annum (31 December 2018: 8.00% to 10.00%).

The loans to third parties in relation to new strategic investments are unsecured, repayable after one year, and bear interest rate at 18.00% per annum (31 December 2018: 8.00% to 18.00%).

20. Trade and other receivables

	31 December 2019 US$'000	*31 December 2018* US$'000
Net trade receivables:		
- Trade receivables	58,536	68,445
- Impairment losses	(2,984)	(2,914)
	55,552	65,531
Net finance lease receivables:		
- Finance lease receivables	157,777	180,553
- Impairment losses	(22,444)	(11,372)
	135,333	169,181
Amounts due from joint ventures:		
- Trade	23,377	8,806
- Non-trade	245,328	416,269
- Loans to joint ventures	56,799	82,260
	325,504	507,335
Amounts due from associates:		
- Trade	44,388	13,786
- Non-trade	22	15
- Loans to associates	163,143	144,286
	207,553	158,087
Amounts due from non-controlling interests:		
- Non-trade	2,966	3,390
- Loans to non-controlling interests	7,640	5,931
	10,606	9,321
Amounts due from intermediate holding company:		
- Non-trade	-	160,275
Amounts due from related parties:		
- Non-trade	26,085	11,840
Loans to third parties	126,884	349,638
Loans to employees	8,779	-
Deposits	182,256	182,225
Notes receivables	-	3,705
Net other receivables:		
- Other receivables	233,464	131,028
- Impairment losses	(56)	(12)
	233,408	131,016
Prepayments	77,846	66,914
	1,389,806	1,815,068

The non-trade amounts due from joint ventures, associates, non-controlling interests, intermediate holding company and related parties are unsecured, interest-free and repayable on demand.

The loans to joint ventures, associates and non-controlling interests are unsecured, bear effective interests ranging from 6.00% to 10.00% (31 December 2018: 6.00%% to 10.00%) per annum at the reporting date and are repayable within the next 12 months.

20. Trade and other receivables (continued)

The loans to third parties in relation to acquisition of new investments are secured, repayable within the next 12 months, and bear effective interest ranging from 4.90% to 12.00% (31 December 2018: 4.90% to 15.00%) per annum, except for US$10,835,000 which is interest-free upon completion of the acquisition (31 December 2018: US$185,274,000 which is interest-free upon completion of the acquisition). The other loans to third parties are secured, repayable within the next 12 months and bear effective interests ranging from 12.00% to 13.00% (31 December 2018: 10.00% to 15.00%) per annum.

Deposits include an amount of approximately US$168,578,000 (31 December 2018: US$178,832,000) in relation to the acquisition of new investments. Other receivables comprise principally interest receivables and other recoverables.

(a) Aging analysis

As of the end of the reporting period, the aging analysis of trade receivables based on the invoice date and net of allowance for doubtful debts, is as follows:

	31 December 2019	*31 December 2018*
	US$'000	US$'000
Within 1 month	43,013	53,810
1 to 2 months	4,662	6,569
2 to 3 months	1,048	822
Over 3 months	6,829	4,330
	55,552	65,531

Trade receivables are due on the date of billing. Further details on the Group's credit policy are set out in note 31(a).

(b) Impairment of trade and other receivables

The Group measures loss allowances for trade receivables and contract assets at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

20. Trade and other receivables (continued)

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables and contract assets as at 31 December 2019:

	Expected loss rate %	*Gross carrying amount* US$'000	*Loss allowance* $'000
Within 1 month	0.68	43,308	(293)
1 to 2 months	6.68	4,996	(334)
2 to 3 months	12.29	1,194	(147)
3 to 6 months	9.36	3,285	(307)
7 to 12 months	13.96	4,475	(625)
Over 12 months	100	1,278	(1,278)
		58,536	(2,984)

The following table provides information about the Group's exposure to credit risk and ECLs for finance lease receivables and contract assets as at 31 December 2019:

	Expected loss rate %	*Gross carrying amount* US$'000	*Loss allowance* $'000
Within 2 months	3.07	111,014	(3,406)
2 to 4 months	23.31	15,762	(3,674)
4 to 6 months	34.21	11,521	(3,942)
6 to 8 months	42.49	5,881	(2,499)
8 to 10 months	48.20	5,147	(2,481)
10 to 12 months	56.40	4,611	(2,601)
Over 12 months	100.00	3,841	(3,841)
		157,777	(22,444)

Expected loss rates are based on actual loss experience over the past 12 months. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

20. Trade and other receivables (continued)

Movement in the loss allowance account in respect of trade receivables during the year is as follows:

	31 December 2019 US$'000	*31 December 2018* US$'000
Balance at 1 January/April	14,298	10,810
Impairment loss recognised	12,774	4,579
Impairment loss reversed	(599)	(983)
Acquisition of subsidiaries	(624)	(73)
Translation differences	(365)	(35)
Balance at 31 December	25,484	14,298

Credit risk arising from loans to associates, the loans to non-controlling interests and the loans to third parties

The loans to joint ventures, the loans to associates, the loans to non-controlling interests and the loans to third parties are repayable within the next 12 months. The Group considers that the credit risk arising from the loans are insignificant as the loans are within the credit period.

21 Asset classified as held for sale

	31 December 2019 US$'000	*31 December 2018* US$'000
An investment property	76,011	-

The Group entered into an agreement with a third party on 19 November 2019 to dispose of an investment property at a consideration of approximately US$76,011,000. Nevertheless, certain assets transfer procedures are still in process and such disposal is expected to be completed in the near future. As a result, such exploration and evaluation assets are presented as assets classified as held for sale as at 31 December 2019.

22. Cash and cash equivalents

(a) Cash and cash equivalents comprise:

	31 December 2019 US$'000	*31 December 2018* US$'000
Fixed deposits	91,292	10,635
Cash at bank	768,423	611,190
Restricted cash	-	41,471
Cash and cash equivalents	859,715	663,296

The effective interest rates relating to fixed deposits and certain cash at bank balances at the reporting date for the Group ranged from 1.10% to 2.30% (31 December 2018: 1.10% to 2.10%) and 0.03% to 0.35% (31 December 2018: 0.05% to 0.35%) per annum respectively.

22. Cash and cash equivalents (continued)

(b) Reconciliation of liabilities arising from financing activities:

The table below details changes in the company's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the cash flow statement as cash flows from financing activities.

	Loans and borrowings (note 26) US$'000	*Loans from intermediate holding company (note 27,28)* US$'000	*Loans from non-controlling interests, joint ventures and third parties (note 28)* US$'000	*Notes payable (note 28)* US$'000	*Total* US$'000
At 1 April 2018	4,259,700	1,891,484	42,603	5,254	6,199,041
Changes from financing cash flows:					
Proceeds from bank loans	2,083,717	-	-	-	2,083,717
Repayment of bank loans	(2,059,496)	-	-	-	(2,059,496)
Proceeds from issue of bonds	2,187,195	-	-	-	2,187,195
Proceeds of loans from intermediate holding company	-	267,000	-	-	267,000
Repayment of loans from intermediate holding company	-	(1,373,395)	-	-	(1,373,395)
Proceeds of loans from non-controlling interests	-	-	2,567	-	2,567
Repayment of loans from non-controlling interests	-	-	(36,520)	-	(36,520)
Proceeds of loans from joint ventures	-	-	31,472	-	31,472
Proceeds of loans from third parties	-	-	5,772	-	5,772
Total changes from financing cash flows	2,211,416	(1,106,395)	3,291	-	1,108,312
Other changes:					
Acquisition of subsidiaries (note 30)	76,331	-	-	-	76,331
Disposal of subsidiaries (note 30)	(79,037)	-	-	-	(79,037)
Effect of movements in exchange rates	(338,318)	165,135	(1,725)	3	(174,905)
Others	-	-	-	(894)	(894)
Total other changes	(341,024)	165,135	(1,725)	(891)	(178,505)
At 31 December 2018	6,130,092	950,224	44,169	4,363	7,128,848

22. Cash and cash equivalents (continued)

	Loans and borrowings (note 26) US$'000	*Loans from intermediate holding company (note 27)* US$'000	*Loans from non-controlling interests, joint ventures and third parties (note 28)* US$'000	*Notes payable (note 28)* US$'000	*Lease liabilities (note 29)* US$'000	*Total* US$'000
At 1 January 2019	6,130,092	950,224	44,169	4,363	-	7,128,848
Changes from financing cash flows:						
Proceeds from bank loans	2,689,225	-	-	-	-	2,689,225
Repayment of bank loans	(1,824,551)	-	-	-	-	(1,824,551)
Proceeds from issue of bonds	1,299,113	-	-	-	-	1,299,113
Repayment of bonds	(205,171)	-	-	-	-	(205,171)
Repayment of loans from intermediate holding company	-	(498,670)	-	-	-	(498,670)
Repayment of loans from non-controlling interests	-	-	(421)	-	-	(421)
Proceeds of loans from joint ventures	-	-	26,494	-	-	26,494
Proceeds of loans from third parties	-	-	2,702	-	-	2,702
Repayment of loans from third parties	-	-	(4,364)	-	-	(4,364)
Cash payments for principal portion of leased liabilities	-	-	-	-	(2,273)	(2,273)
Cash payments for interest portion of leased liabilities	-	-	-	-	(2,308)	(2,308)
Total changes from financing cash flows	1,958,616	(498,670)	24,411	-	(4,581)	1,479,776
Other changes:						
Acquisition of subsidiaries (note 30)	156,342	-	-	-	29,914	186,256
Disposal of subsidiaries (note 30)	(24,382)	-	-	-	-	(24,382)
Additions	-	-	-	-	20,778	20,778
Net off with a related party	-	-	(32,088)	-	-	(32,088)
Effect of movements in exchange rates	(30,107)	-	(701)	(71)	(623)	(31,502)
Others	-	-	-	(729)	-	(729)
Total other changes	101,853	-	(32,789)	(800)	50,069	118,333
At 31 December 2019	8,190,561	451,554	35,791	3,563	45,488	8,726,957

23 Restricted cash

	31 December 2019 US$'000	31 December 2018 US$'000
Restricted cash	67,294	-

As at 31 December 2019, the restricted cash represents restricted bank deposit under the Group's bank account. This bank deposit can be convertible to demand deposits under the authorization of both the Group and a third party.

24. Share capital and capital management

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

Company	*Share capital* US$'000	*Currency translation reserve* US$'000	*Retained earnings* US$'000	*Total* US$'000
Balance at 1 April 2018	6,950,825	(135,114)	(14,245)	6,801,466
Changes in equity for the year:				
Total comprehensive income for the year	-	(572,439)	(301,234)	(873,673)
Balance at 31 December 2018	6,950,825	(707,553)	(315,479)	5,927,793
Changes in equity for the year:				
Total comprehensive income for the year	-	(44,191)	(228,909)	(273,100)
Balance at 31 December 2019	6,950,825	(751,744)	(544,388)	5,654,693

(b) Share capital

Issued share capital

	31 December	
	No. of shares '000	US$'000
Ordinary shares, issued and fully paid:	6,948,442	6,950,825

In accordance with section 135 of the Hong Kong Companies Ordinance, the ordinary shares of the Company do not have a par value.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

(c) Dividends

The Board of Directors has resolved not to propose dividends in respect of the year ended 31 December 2019.

24. Share capital and capital management (continued)

(d) Capital management

The Group's objectives when managing capital are to build a strong capital base so as to sustain the future developments of its business and to maintain an optimal capital structure to maximise shareholder's value. The Group defines "capital" as including all components of equity plus loans from its intermediate holding company and related corporations with no fixed terms of repayment.

The Group's capital structure is regularly reviewed and managed with due regard to the capital management practices of the Group to which the Company belongs. Adjustments are made to the capital structure in light of changes in economic conditions, regulatory requirements and business strategies affecting the Group.

The Group also monitors capital using a net debt to equity ratio, which is defined as net borrowings divided by total equity (including non-controlling interests).

	31 December 2019 US$'000	*31 December 2018* US$'000
Loans and borrowings	8,190,561	6,130,092
Loans from intermediate holding company	451,554	950,224
Loans from non-controlling interests	6,363	6,883
Loans from third parties	4,063	5,814
Loan from jointly-controlled entities	25,365	31,472
Notes payable	3,563	4,363
Lease liability	45,488	-
Total debt	8,726,957	7,128,848
Less: cash and cash equivalents	(859,715)	(663,296)
Net debt	7,867,242	6,465,552
Total equity	14,827,736	12,969,240
Net debt to equity ratio	53.06%	49.85%

The Group seeks to strike a balance between the higher returns that might be possible with higher levels of borrowings and the liquidity and security afforded by a sound capital position.

There were no changes in the Group's approach to capital management during the year.

During 2019, the company's strategy, which was unchanged from 31 December 2018, was to maintain an adjusted net debt-to-asset ratio of no more than 55%. In order to maintain or adjust the ratio, the company may adjust the amount of dividends paid to shareholders, issue new shares or request new loans from other group companies or sell assets to reduce debt.

24. Share capital and capital management (continued)

All of the Group's banking facilities are subject to the fulfilment of covenants relating to certain of the Group's balance sheet ratios, as are commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants the drawn down facilities would become payable on demand. The Group regularly monitors its compliance with these covenants. Further details of the Group's management of liquidity risk are set out in note 31(b). As at 31 December 2019, none of the covenants relating to drawn down facilities had been breached (31 December 2018: nil).

25. Reserves

	31 December 2019 US$'000	*31 December 2018* US$'000
Capital reserve	(8,331)	(1,259)
Equity compensation reserve	36,849	36,849
Currency translation reserve	(847,682)	(686,260)
Fair value reserve (non-recycling)	32,854	(20,058)
Property revaluation reserve	3,305	-
Other reserve	(1,554,630)	(1,554,630)
Retained earnings	6,452,085	5,642,973
	4,114,450	3,417,615

The capital reserve comprises mainly equity transactions gain or loss from the changes in the Group's interests in a subsidiary that do not result in a loss of control and the Group's share of the statutory reserve of its PRC-incorporated subsidiaries. Statutory reserve of its PRC-incorporated subsidiaries was transferred from retained earnings in accordance with the relevant PRC rules and regulations and the articles of association of the Company's subsidiaries incorporated in PRC, and were approved by the respective board of directors. As at 31 December 2019, retained earnings includes approximately US$49,530,000 (31 December 2018: US$20,153,000) to be transferred to statutory reserve before distribution of any dividends to shareholders in the future.

The equity compensation reserve comprises the cumulative value of employee services received for the issue of the shares under the GLP Performance Share Plan and Restricted Share Plan.

The property revaluation reserve has been set up and is dealt with in accordance with the accounting policies adopted for buildings held for own use carried at fair value.

The fair value reserve (non-recycling) comprises the cumulative net change in the fair value of equity investments designated at FVOCI under HKFRS 9 that are held at the end of the reporting period (see note 2(h)).

Other reserve mainly represents capital contributions from the immediate holding company and the merger reserve which was the difference between the Company's share of the nominal value of the paid-up capital and capital reserve related to shareholders' injection of the subsidiaries acquired over the nominal value of the ordinary shares issued by the Company.

26. Loans and borrowings

	31 December 2019 US$'000	*31 December 2018* US$'000
Non-current liabilities		
Secured bank loans	2,642,396	1,512,249
Secured bonds	428,595	218,372
Unsecured bank loans	567,914	297,859
Unsecured bonds	3,376,550	2,442,454
	7,015,455	4,470,934
Current liabilities		
Secured bank loans	449,971	684,374
Secured bonds	16,302	141
Unsecured bank loans	699,751	832,632
Unsecured bonds	9,082	142,011
	1,175,106	1,659,158

The secured bank loans and secured bonds are secured by mortgages on the borrowing subsidiaries' investment properties with a carrying amount of approximately US$13,035,696,000 (31 December 2018: US$9,020,340,000) (note 11).

The effective interest rates for bank borrowings ranged from 1.25% to 6.50% (31 December 2018: 1.25% to 6.50%) per annum.

27. Other non-current liabilities

	31 December 2019 US$'000	*31 December 2018* US$'000
Security deposits received	65,942	69,675
Provision for reinstatement costs	86	87
Contract liabilities	1,610	2,826
Loans from intermediate holding company	451,554	950,224
Lease liabilities (note 29)	42,102	-
Others	6,210	-
	567,504	1,022,812

The loans from intermediate holding company is unsecured and bear effective interests ranging from 3.95% to 5.94% (31 December 2018: 3.95% to 6.10%) per annum as at the reporting date and will be settled in accordance with the repayment schedule after more than one year.

28. Trade and other payables

	31 December 2019 US$'000	*31 December 2018* US$'000
Trade payables	3,547	7,811
Notes payable	3,563	4,363
Accrued construction costs	486,715	483,469
Accrued operating expenses	63,618	36,053
Contract liabilities	41,627	34,548
Interest payable	105,840	82,070
Security deposits received	100,209	72,919
Amounts due to:		
- Intermediate holding company (trade)	36,647	32,177
- Related parties (non-trade)	6,801	16,925
- Non-controlling interests (trade)	3,018	1,816
- Non-controlling interests (non-trade)	23,790	4,466
- Joint ventures (trade)	1,238	664
- Joint ventures (non-trade)	213	215
Interest payable on loans from intermediate holding company	60,322	59,702
Loans from non-controlling interests	6,363	6,883
Interest payable on loans from non-controlling interests	403	371
Loan from joint ventures	25,365	31,472
Interest payable on loans from joint ventures	233	16
Loans from third parties	4,063	5,814
Interest payable on loans from third parties	142	-
Consideration payable for acquisition of subsidiaries	222,525	227,119
Deposits received and accrued expenses for disposal of investment properties	55,098	56,005
Consideration payable for acquisition of investment properties	8,371	14,423
Consideration payable for acquisition of other investments	-	18,000
Other payables	179,753	83,862
Lease liabilities (note 29)	3,386	-
	1,442,850	1,281,163

The non-trade amounts due to non-controlling interests, joint ventures and related parties are unsecured, interest-free and have no fixed repayment terms. The loans from non-controlling interests, joint ventures and third parties are unsecured and repayable on demand. The interest-bearing loans from joint ventures, non-controlling interests and third parties bear effective interests ranging from 3.92% to 8.00% (31 December 2018: 4.00% to 8.00%) per annum as at the reporting date.

29. Lease liabilities

The remaining contractual maturities of the Group's lease liabilities at the end of the reporting year are as follows:

	At 31 December 2019	
	Present value of the minimum lease payments $'000	*Total minimum lease payments* $'000
Within 1 year	3,386	5,788
After 1 year but within 2 years	2,855	5,035
After 2 years but within 5 years	10,297	15,959
After 5 years	28,950	36,316
	45,488	63,098
Less: total future interest expenses		(17,610)
Present value of lease liabilities		45,488

30. Notes to the statement of cash flows

Acquisition of subsidiaries

The primary reason for the Group's acquisitions of subsidiaries is to expand its portfolio of investment properties held in the PRC and possession of qualification for architecture designing.

(i) The list of subsidiaries acquired during the year ended 31 December 2019 is as follows:

Name of subsidiaries	*Date acquired*	*Equity interest acquired* %
Chongqing Minzhao Internet of Things Technology Co., Ltd.	March 2019	95
Jinan Buffalo Supply Chain Management Co., Ltd.	March 2019	85
Shanghai Aolun Industry Co., Ltd.	March 2019	100
Guofu Huijin (Tianjin) Investment Management LLP	April 2019	100
Huai'an Pufu Technology Development Co., Ltd.	June 2019	100
Nan'an Civil and Commercial Internet of Things Technology Development Co., Ltd.	June 2019	95
Shanghai Fuhe Industrial Development Co., Ltd.	June 2019	70
Beijing Zongheng Qiyun Information Technology Co., Ltd.	June 2019	100
Guangzhou G7 Logistics Co., Ltd.	July 2019	100
Dongguan Fumanduo Food Co., Ltd.	August 2019	100
Minshang (Hefei) Internet of Things Technology Development Co., Ltd.	September 2019	90
Shaoxing Pujian Science & Technology Industrial Development Co., Ltd.	September 2019	51
Minshang (Ganjiang New Zone) Internet of Things Technology Development Co., Ltd.	November 2019	95
Shanghai Zhongji Yangshan Container Services Co., Ltd.	November 2019	100
Chengdu Times Noah Ark Education Software Co., Ltd.	November 2019	100
Chengdu Times Noah Ark Information Technology Co., Ltd.	November 2019	100
Chengdu Chenggong Xinye Industrial Co., Ltd.	November 2019	73
Guangzhou Zhengongfu Supply Chain Co., Ltd.	November 2019	70
Tianjin Minxi Internet of Things Technology Development Co., Ltd.	December 2019	95
Shenzhen Dekai Vehicle Electronic Co., Ltd.	December 2019	100
Hangzhou Xinheng Corporate Management Co., Ltd.	December 2019	95
Hangzhou Xinke Corporate Management Co., Ltd.	December 2019	95
Zhengzhou Haoxiangni Warehousing & Logistics Co., Ltd.	December 2019	51
Zhonghang Cloud Data (Shenzhen) Co., Ltd.	December 2019	100

30. Notes to the statement of cash flows (continued)

(ii) The list of subsidiaries acquired during the year ended 31 December 2018 is as follows:

Name of subsidiaries	*Date acquired*	*Equity interest acquired* %
Hongjin (Beijing) Sports Equipment Co., Ltd.	April 2018	100
Changsha Wangcheng Jingyang Logistics Facilities Co., Ltd.	May 2018	80
Shanghai Sanaier Zhenhua Logistics Co., Ltd.	June 2018	100
Beijing Sifang Tianlong Medicine Logistic Co., Ltd.	July 2018	100
Huayuan Group Ningbo New Material Co., Ltd.	July 2018	100
Hunan Landun Machinery & Equipment Co., Ltd.	July 2018	98
Dexin Telecommunications Technology (Hangzhou) Co., Ltd.	July 2018	100
Kunshan Createc Automation Tech Co., Ltd.	August 2018	100
Shanghai Puguang Logistic Development Co., Ltd.	September 2018	100
Ningbo Anqirui Technology Co., Ltd.	September 2018	100
Ningbo Yongrui Zhibo Technology Co., Ltd.	September 2018	100
Ningbo Zhida Hongchuang Technology Co., Ltd.	September 2018	100
Beijing Gangtong Sifang Logistics Co., Ltd.	October 2018	100
East Europe Energy New Technology (Shanghai) Development Cooperation Center Co., Ltd.	October 2018	100
Shanghai Junbo Textile Co., Ltd.	November 2018	80
Haimei (Taicang) Intelligent Technology Development Co., Ltd.	December 2018	70
Hubei Hanhong Tongrui Technology Co., Ltd.	December 2018	51
Guangzhou Xiangxue Airport Cross Border Logistics Co., Ltd.	December 2018	51
Hengtong Group Shanghai Electronic Technology Co., Ltd.	December 2018	100
Kanglian International Food (Hangzhou) Co., Ltd.	December 2018	100
Sanhui Food Logistic (Tianjin) Co., Ltd.	December 2018	90
Shenzhen Lingxian Technology Co., Ltd.	December 2018	55
Tianjin Xiangzhan Logistics Co., Ltd.	December 2018	100

30. Notes to the statement of cash flows (continued)

Effect of the acquisitions

The cash flow and the net assets of the subsidiaries acquired during the year ended 31 December 2019 are provided below:

	Year ended 31 December 2019 Recognised values on acquisition US$'000	*Year from 1 April 2018 to 31 December 2018 Recognised values on acquisition* US$'000
Investment properties	952,988	1,170,548
Property, plant and equipment	54,060	1,324
Interests in associates	211,379	-
Other assets	92	-
Cash and cash equivalents	53,621	7,472
Trade and other receivables	33,029	37,184
Trade and other payables	(134,002)	(155,455)
Loans and borrowings	(156,342)	(76,331)
Current tax payable	-	63
Deferred tax liabilities	(2,533)	-
Other non-current liabilities	(29,995)	-
Non-controlling interests	(149,437)	(122,361)
Net assets acquired	832,860	862,444
Gain on acquisition of a subsidiary	(957)	-
Purchase consideration	831,903	862,444
Consideration payable	(154,232)	(175,957)
Cash of subsidiaries acquired	(53,621)	(7,472)
Satisfied in cash in relation to prior years	150,114	67,996
Cash outflow on acquisition of subsidiaries	774,164	747,011

The total related acquisition costs for the above-mentioned subsidiaries amounted to approximately US$831,903,000 (year ended 31 December 2018: US$862,444,000). From the dates of acquisitions to 31 December 2019, the above-mentioned acquisitions contributed net loss of approximately US$3,810,000 to the Group's results for the year, before accounting for financing costs attributable to the acquisitions. If the acquisitions have occurred on 1 January 2019, management estimates that the above-mentioned acquisitions would contribute approximately US$10,746,000 and US$5,696,000 to the Group's revenue and net loss respectively for year ended 31 December 2019.

30. Notes to the statement of cash flows (continued)

Disposal of subsidiaries

During the year ended 31 December 2019, the Group sold equity interest in Weilun Storage Services Co., Ltd., GLP Nanjing Jiangning Development Co.Ltd., GLP Suzhou Puping Logistics Facilities Co., Ltd., GLP Tangshan Logistics Facilities Co., Ltd., and Chongqing Pujia Logistics Facilities Co., Ltd. to CVA I Fund (see note 13).

During the year ended 31 December 2019, the Group sold equity interest in Suzhou Industrial Park Pushang Bofeng New Energy Co., Ltd., Shanghai Puyi New Energy Co., Ltd., Suzhou Industrial Park Pufeng New Energy Co., Ltd. and Beijing Pushun New Energy Co., Ltd. to a wholly owned subsidiary of GSP Renewable Energy Pte. Ltd. (“Brookfield JV”) which is a joint venture of the Group and the Group holds 50% equity interest on it.

(i) The list of subsidiaries disposed during the year ended 31 December 2019 is as follows:

Name of subsidiaries	*Date disposed*	*Equity interest disposed* %
Weilun Storage Services Co., Ltd.	August 2019	100
GLP Nanjing Jiangning Development Co.Ltd.	October 2019	100
GLP Suzhou Puping Logistics Facilities Co., Ltd.	November 2019	100
GLP Tangshan Logistics Facilities Co., Ltd.	December 2019	100
Chongqing Pujia Logistics Facilities Co., Ltd.	December 2019	100
Suzhou Industrial Park Pushang Bofeng New Energy Co., Ltd.	December 2019	100
Shanghai Puyi New Energy Co., Ltd.	December 2019	100
Suzhou Industrial Park Pufeng New Energy Co., Ltd.	December 2019	100
Beijing Pushun New Energy Co., Ltd.	December 2019	100

30. Notes to the statement of cash flows (continued)

(ii) The list of subsidiaries disposed during the year ended 31 December 2018 is as follows:

Name of subsidiaries	*Date disposed*	*Equity interest disposed* %
Suzhou Industrial Park Genway Factory Building Industrial Co., Ltd.	May 2018	70
Shanghai Sanaier Zhenhua Logistics Co., Ltd.	September 2018	100
Shanghai Yuhang Anting Logistics Co., Ltd.	November 2018	100
GLP Zhengzhou ILZ Logistics Facilities Co., Ltd.	December 2018	100
Zhonghui (Nanjing) Curtain Wall Technology Co., Ltd.	December 2018	100
GLP Suzhou Development Co., Ltd.	December 2018	80
GLP Changzhou Tianning Logistics Facilities Co., Ltd.	December 2018	100
GLP Deqing Pu'an Logistics Facilities Co., Ltd	December 2018	100
Changchun CMT International Logistic Co., Ltd.	December 2018	100
Shen Yang GLP Jifa Logistics Development Co. Ltd.	December 2018	100
GLP Wangcheng EDZ Logistics Facilities Co., Ltd.	December 2018	100
GLP Shenyang Punan Logistics Facilities Co., Ltd.	December 2018	100
Wuhan Puling Warehousing Services Co., Ltd.	December 2018	100
Nantong Puling Warehousing Service Co., Ltd.	December 2018	100
Chongqing Puqing Warehousing Service Co., Ltd.	December 2018	100

30. Notes to the statement of cash flows (continued)

Effect of the disposals

The cash flow and the net assets of the subsidiaries disposed during the year ended 31 December 2019 are provided below:

	Year ended 31 December 2019 Recognised values on disposal US$'000	*Year from 1 April 2018 to 31 December 2018 Recognised values on disposal* US$'000
Investment properties	326,663	1,634,627
Property, plant and equipment	12,623	110
Deferred tax assets	939	1,545
Other assets	223	555
Trade and other receivables	2,681	19,986
Cash and cash equivalents	31,106	83,689
Trade and other payables	(63,467)	(146,434)
Loans and borrowings	(24,382)	(79,037)
Current tax payable	(411)	(1,456)
Deferred tax liabilities	(40,530)	(242,909)
Non-controlling interests	-	(181,783)
Net assets disposed	245,445	1,088,893
Gain on disposal of subsidiaries	38,326	163,973
Disposal consideration	283,771	1,252,866
Consideration receivable	(222,779)	(415,956)
Cash of subsidiaries disposed	(31,106)	(83,689)
Satisfied in cash in relation to prior years	418,243	107,471
Cash inflow on disposal of subsidiaries	448,129	860,692

From 1 January 2019 to dates of disposals, the above-mentioned subsidiaries contributed approximately US$12,729,000 and US$6,931,000 to the Group's revenue and net profit respectively for the year ended 31 December 2019.

31. Financial risk management and fair values of financial instruments

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. The Group is also exposed to equity price risk arising from its equity investments in other entities.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade receivables. The Group's exposure to credit risk arising from cash and cash equivalents, bills receivable and derivative financial assets is limited because the counterparties are banks and financial for which the Group considers to have low credit risk.

Trade receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers.

Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due from the date of billing. Debtors with balances that are more than 6 months past due are requested to settle all outstanding balances before any further credit is granted. Normally, the Group does not obtain collateral from customers.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and other receivables are set out in note 20.

(b) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short-term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the parent company's board when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

31. Financial risk management and fair values of financial instruments (continued)

The following tables show the remaining contractual maturities at the end of the reporting period of the Group's and the Company's non-derivative financial liabilities and derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group and the Company can be required to pay:

	Carrying amount US$'000	*Contractual cash flows* US$'000	*Cash flows* *Within 1 year* US$'000	*From 1 to 5 years* US$'000	*After 5 years* US$'000
31 December 2019					
Bank loans	4,360,032	5,139,170	1,285,476	2,570,121	1,283,573
Secured bonds	444,897	758,593	36,681	92,724	629,188
Unsecured bonds	3,385,632	3,838,515	183,831	3,653,865	819
Trade and other payables/other non-current liabilities *	1,967,117	2,001,174	1,419,636	574,171	7,367
	10,157,678	11,737,452	2,925,624	6,890,881	1,920,947
31 December 2018					
Bank loans	3,327,114	3,742,673	1,635,727	1,566,725	540,221
Secured bonds	218,513	392,084	11,088	48,351	332,645
Unsecured bonds	2,584,465	2,984,018	276,354	2,707,664	-
Trade and other payables/other non-current liabilities *	2,266,601	2,316,633	1,285,665	1,030,968	-
	8,396,693	9,435,408	3,208,834	5,353,708	872,866

* Excludes contract liabilities.

(c) Interest rate risk

The Group's interest rate risk arises primarily from long-term borrowings and cash and cash equivalents.

Cash and cash equivalents and restricted cash comprise mainly cash at bank, with an interest rate ranged from 0.05% to 2.30% per annum as at 31 December 2019 (31 December 2018: 0.05% to 2.10% per annum). Pledged bank deposits and time deposits maturing after three months are not held for speculative purposes but are placed to satisfy conditions for borrowing facilities granted to the Group and for higher yield returns than cash at bank.

The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. The interest rates and terms of repayment of the loans and borrowings are disclosed in note 26.

The Group manages the net exposure to interest rate risks by maintaining sufficient lines of credit to obtain acceptable lending costs and by monitoring the exposure to such risks on an ongoing basis. When appropriate and at times of interest rate uncertainty or volatility, interest rate swaps may be used to assist in the Group's management of interest rate exposure.

31. Financial risk management and fair values of financial instruments (continued)

(i) Interest rate profile

The following table details the interest rate profile of the Group's loans and borrowings at the balance sheet date:

	Year ended 31 December 2019		*Year from 1 April 2018 to 31 December 2018*	
	Effective interest rate %	US$'000	*Effective interest rate %*	US$'000
Fixed rate borrowings				
Trade and other payables/other non-current liabilities	3.92% - 8.00%	536,396	4.00% - 8.00%	998,756
Loans and borrowings	3.58% - 5.70%	3,830,529	3.12% - 5.65%	2,584,466
Variable rate borrowings				
Loans and borrowings	1.25% - 6.50%	4,360,032	1.25% - 6.50%	3,545,626
Total interest-bearing financial liabilities		8,726,957		7,128,848
Fixed rate borrowings as a percentage of total borrowings		50.04%		50.26%

(ii) Sensitivity analysis

At 31 December 2019, it is estimated that a general increase/decrease of 50 basis points in interest rates, with all other variables held constant, would have decreased/increased the Group's profit before taxation by approximately US$21,800,000 (31 December 2018: US$17,728,000).

The sensitivity analysis above indicates the instantaneous change in the Group's profit before taxation and other components of consolidated equity that would arise assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to fair value interest rate risk at the end of the reporting period. In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the end of the reporting period, the impact on the Group's profit before taxation and other components of consolidated equity is estimated as an annualised impact on interest expense or income of such a change in interest rates. The analysis is performed on the same basis for 31 December 2018.

(d) Currency risk

The Group is exposed to currency risk primarily through sales and purchases which give rise to other investment, payables, non-current liabilities, loans and borrowings and cash balances that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily USD and Hong Kong dollars.

In respect of the monetary assets and liabilities denominated in foreign currencies, the Group ensures that the net exposures to this risk is kept to an acceptable level by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances. Management does not enter into currency hedging transactions since it considers that the cost of such instruments outweighs the potential risk of exchange rate fluctuations.

31. Financial risk management and fair values of financial instruments (continued)

(i) Exposure to currency risk

The following table details the Group's exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in USD, translated using the spot rate at the year-end date.

	Year ended 31 December 2019 US$'000	*Year from 1 April 2018 to 31 December 2018* US$'000
Other investments	428,871	228,378
Cash and cash equivalents	176,389	111,483
Trade and other receivables	40,262	-
Trade and other payables	(60,322)	(59,702)
Non-current liabilities	(451,554)	(950,224)
Loans and borrowings	(2,558,620)	(1,656,454)
Overall exposure	(2,424,974)	(2,326,519)

The following significant exchange rates applied during the year:

	Average rates		*Reporting date spot rate*	
	Year ended 31 December 2019	*Year from 1 April 2018 to 31 December 2018*	*Year ended 31 December 2019*	*Year from 1 April 2018 to 31 December 2018*
United States Dollars	6.8956	6.6897	6.9762	6.8632

(ii) Sensitivity analysis

The following table indicates the approximate change in the Group's profit before taxation and other components of consolidated equity in response to a 5% strengthening of the USD against the foreign currencies to which the Group had exposure at the balance sheet date. This analysis assumes that the reasonably possible change in foreign exchange rates had occurred at the balance sheet date and had been applied to each for the Group entities' exposure to currency risk for financial instruments in existence at that date, and that all other variables, in particular interest rates, remain constant.

	Loss	
	Year ended 31 December 2019 US$'000	*Year from 1 April 2018 to 31 December 2018* US$'000
United States Dollars	(121,249)	(116,326)

31. Financial risk management and fair values of financial instruments (continued)

A 5% weakening of the USD against the above currencies at 31 December would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting period, including inter-company payables and receivables within the Group which are denominated in a currency other than the functional currencies of the lender or the borrower. The analysis excludes differences that would result from the translation of the financial statements of foreign operations into the Group's presentation currency. The analysis is performed on the same basis for 31 December 2018.

(e) Equity price risk

The Group is exposed to equity price changes arising from equity investment classified as other investments (see note 18). The Group's listed investment is listed on the Shenzhen Stock Exchange and Shanghai Stock Exchange. Decisions to buy or sell trading securities are based on daily monitoring of the performance of individual securities compared to that of the Index and other industry indicators, as well as the Group's liquidity needs. Listed investment held in the other investment have been chosen based on their longer term growth potential and are monitored regularly for performance against expectations.

At 31 December 2019, it is estimated that an increase of 5% (31 December 2018: 5%) in the relevant stock market index (for listed investments) with all other variables held constant, would have increased the Group's fair value reserve as follows:

	31 December 2019 US$'000	*31 December 2018* US$'000
Other investment	29,502	17,345

A decrease of 5% in the relevant stock market index at 31 December would have had the equal but opposite effect on the above equity investment to the amounts shown above, on the basis that all other variables remain constant.

The sensitivity analysis indicates the instantaneous change in the Group's fair value reserve that would arise assuming that the changes in the stock market index or other relevant risk variables had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to equity price risk at the end of the reporting period. It is also assumed that the fair values of the Group's equity investments would change in accordance with the historical correlation with the relevant stock market index or the relevant risk variables, that none of the Group's available-for-sale investments would be considered impaired as a result of the decrease in the relevant stock market index or other relevant risk variables, and that all other variables remain constant. The analysis is performed on the same basis for 31 December 2018.

31. Financial risk management and fair values of financial instruments (continued)

(f) Fair value measurement

(i) Financial assets and liabilities measured at fair value

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs

The Group has a team headed by the finance manager performing valuations for the financial instruments, including the unlisted equity securities. The team reports directly to the chief financial officer. A valuation report with analysis of changes in fair value measurement is prepared by the team at each interim and annual reporting date, and is reviewed and approved by the chief financial officer.

	Fair value at 31 December 2019	*Fair value measurements as at 31 December 2019 categorised into*		
		Level 1	*Level 2*	*Level 3*
	$'000	$'000	$'000	$'000
Recurring fair value measurement				
Financial assets:				
Other investments:				
- Listed equity securities	590,047	590,047	-	-
- Unlisted equity securities	1,026,406	-	-	1,026,406

	Fair value at 31 December 2018	*Fair value measurements as at 31 December 2018 categorised into*		
		Level 1	*Level 2*	*Level 3*
	$'000	$'000	$'000	$'000
Recurring fair value measurement				
Financial assets:				
Other investments:				
- Listed equity securities	346,901	346,901	-	-
- Unlisted equity securities	717,762	-	-	717,762

31. Financial risk management and fair values of financial instruments (continued)

During the year ended 31 December 2019, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (2018: nil). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

	Valuation techniques	*Significant unobservable inputs*	*Range*
Unlisted equity securities	Income approach	Internal Rate of Return	10%
Unlisted equity securities	Market approach	Discount for lack of marketability	0% - 20%

The fair value of unlisted equity securities is determined using income approach and market approach. The fair value of unlisted equity securities using income approach uses the agreed internal rate of return from potential buyer. The fair value measurement is positively correlated to the internal rate of return. The fair value of unlisted equity securities using market approach uses the price/sales ratios and price/book ratios of comparable listed companies adjusted for lack of marketability discount. The fair value measurement is negatively correlated to the discount for lack of marketability.

	At 31 December 2019 $'000
Unlisted equity securities:	
At 1 January	717,762
Additional securities acquired	172,392
Exchange differences	(16,647)
Net unrealised gains or losses recognised in profit or loss during the period	152,899
At 31 December	1,026,406
Total gains or losses for the year included in profit or loss for assets held at the end of the reporting year	152,899

(ii) Fair value of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's and the Company's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31 December 2019 and 31 December 2018.

32. Commitments

The Group had the following commitments as at the reporting date:

	Year ended 31 December 2019 US$'000	*Year from 1 April 2018 to 31 December 2018* US$'000
Commitments in relation to share capital of other investments not yet due and not provided for	3,985	39,622
Development expenditure contracted but not provided for	808,637	809,482

33. Significant related party transactions

Remuneration of key management personnel

Key management personnel of the Group are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group.

The key management personnel compensation included as part of staff costs for those key management personnel employed by the Group are as follows:

	Year ended 31 December 2019 US$'000	*Year from 1 April 2018 to 31 December 2018* US$'000
Salaries, bonuses, contributions to defined contribution plans and other benefits	11,854	6,405

34. Significant related party transactions (continued)

In addition to the related party information disclosed elsewhere in the annual report, there were the following significant related party transactions which were carried out in the normal course of business on terms agreed between the parties during the year:

	Year ended 31 December 2019 US$'000	*Year from 1 April 2018 to 31 December 2018* US$'000
Joint ventures		
Asset management fee income from joint ventures	7,715	4,900
Investment management fee income from joint ventures	576	677
Property management fee income from joint ventures	4,763	554
Development management fee income from joint ventures	1,189	1,456
Leasing management fee income from joint ventures	2,258	196
Acquisition management fee income from joint ventures	16,140	-
Other service fee	3,479	-
Associates		
Asset management fee income from associates	1,382	5,587
Investment management fee income from associates	31,580	-
Property management fee income from associates	851	566
Development fees received/receivable	574	320
Other service fee	175	-
Related Parties		
Asset management fee charged by related parties	(11,230)	(7,181)
Asset management fee income from related parties	7,416	4,741
Intermediate holding company		
Management service fee charged by intermediate holding company	(2,983)	(1,351)
Interest expenses charged by intermediate holding company	(27,088)	(41,181)

35. Subsequent events

Subsequent to 31 December 2019, the following events occurred:

Since the outbreak of Novel Coronavirus ("COVID-19") across the country in January 2020, a series of precautionary and control measures have been and continued to be implemented across China. The outbreak may impact the Group's operations and financial performance. The degree of impact will depend on the situation, duration of the epidemic prevention and control, and the implementation of various control policies. The Group will keep continuous attention on the situation of the COVID-19, assess its impact on the financial position and operating results of the Group and take any actions as necessary to mitigate the impact. Up to the approval date of the financial statements, the Group assessed that the outbreak will not have significant impact on the Group's financial position and operating results.

On 19 January 2020, the Group acquired additional 20% shares of Lingang International at consideration of RMB 1.04 billion (equivalent to approximately US$149 million). Thereof the Group holds 70% shares of Lingang International and controls Lingang International.

On 13 March 2020, the Group issued RMB1.90 billion (equivalent to approximately US$272 million) of RMB denominated Commercial Mortgage Backed Securities (the "CMBS") on Shanghai Stock Exchange. The CMBS is due on 3.40% per annum, with a coupon reset and an option to redeem every three years.

On 24 March 2020, the Group entered into an investment partnership with China Merchants Group ("CMG") by acquiring 50% shares of China Merchants Capital ("CMC"), CMG's private equity investment vehicle. Thereof CMC became a joint venture of the Group. The Group would subscribe for RMB1.00 billion (equivalent to approximately US$143 million) of registered share capital of CMC newly issued at consideration of RMB4.76 billion (equivalent to approximately US$683 million), and would provide loans not exceeding RMB3.73 billion (equivalent to approximately US$535 million) to support CMC's daily operation.

36. Company-level statement of financial position

For the year ended 31 December 2019

	Notes	*Year ended 31 December 2019* US$'000	*Year from 1 April 2018 to 31 December 2018* US$'000
Non-current assets			
Investment in subsidiaries		11,551,584	9,871,718
Other non-current assets		2,563	3,135
Loans to subsidiaries		1,077,751	1,096,314
		12,631,898	10,971,167
Current assets			
Other receivables		527,177	611,607
Cash and cash equivalents		100,406	80,965
Loans to a joint venture		5,137	-
		632,720	692,572
Total assets		13,264,618	11,663,739
Equity attributable to owners of the Company			
Share capital	24	6,950,825	6,950,825
Reserves	25	(1,296,132)	(1,023,032)
Total equity		5,654,693	5,927,793
Non-current liabilities			
Loans and borrowings		3,938,330	2,584,465
Other non-current liabilities		451,554	950,224
		4,389,884	3,534,689
Current liabilities			
Loans and borrowings		607,356	987,130
Other payables		2,611,444	1,212,866
Current tax payable		1,241	1,261
		3,220,041	2,201,257
Total liabilities		7,609,925	5,735,946
Total equity and liabilities		13,264,618	11,663,739

Approved and authorised for issue by the Board of Directors on 30 APR 2020

Director

Director

37. Company-level statement of comprehensive income

For the year ended 31 December 2019

	Year ended 31 December 2019 US$'000	*Year from 1 April 2018 to 31 December 2018* US$'000
Revenue	319	-
Other expenses	(12,183)	(5,924)
Loss from operations	(11,864)	(5,924)
Finance costs	(269,302)	(330,621)
Finance income	56,668	37,747
Net finance costs	(212,634)	(292,874)
Loss before taxation	(224,498)	(298,798)
Income tax	(4,411)	(2,436)
Loss for the year	(228,909)	(301,234)
Other comprehensive income for the year		
Items that may be reclassified subsequently to profit of loss:		
Exchange differences on translation of financial statements	(44,191)	(572,439)
Total comprehensive income for the year	(273,100)	(873,673)

38. Company-level statement of cash flows

For the 12 months ended 31 December 2019

	Year ended 31 December 2019 US$'000	*Year from 1 April 2018 to 31 December 2018* US$'000
Cash flows from operating activities		
Loss before taxation	(224,498)	(298,798)
Adjustments for:		
Net finance costs	219,568	295,467
Withholding tax	2,112	1,302
	(2,818)	(2,029)
Changes in working capital:		
Trade and other receivables	76,024	(276,756)
Trade and other payables	1,297,284	929,417
Cash generated from operations	1,370,490	650,632
Tax paid	-	-
Net cash generated from operating activities	1,370,490	650,632
Cash flows from investing activities		
Interest income received	30,405	18,328
Repayment of loan from subsidiaries	79,417	126,139
Loans to subsidiaries	(69,054)	(320,680)
Loans to a joint venture	(5,000)	-
Investment in subsidiaries	(1,864,987)	(1,564,807)
Net cash used in investing activities	(1,829,219)	(1,741,020)

38. Company-level statement of cash flows (continued)

For the 9 months ended 31 December 2018

	Year ended 31 December 2019 US$'000	*Year from 1 April 2018 to 31 December 2018* US$'000
Cash flows from financing activities		
Proceeds of loan from shareholder	421,161	267,000
Proceeds of loans from joint ventures	-	31,472
Proceeds from issue of bonds	985,504	1,961,441
Proceeds from bank loans	1,050,548	1,385,655
Repayment of bank loan	(869,699)	(1,275,793)
Repayment of bonds	(145,641)	-
Repayment of loans from shareholder	(759,556)	(1,373,395)
Interest paid	(203,424)	(91,862)
Net cash generated from financing activities	478,893	904,518
Net increase/(decrease) in cash and cash equivalents	20,164	(185,870)
Cash and cash equivalents at beginning of the year	80,965	267,732
Effect of exchange rate changes on cash balances held in foreign currencies	(723)	(897)
Cash and cash equivalents at end of the year	100,406	80,965

39. Immediate and ultimate holding company

As at 31 December 2019, the directors consider the immediate holding company and the ultimate holding company of the Company to be CLH Limited and GLP Holdings, L.P., respectively, which are both incorporated in Cayman Islands.

40. Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 December 2019

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments and a new standard, HKFRS 17, *Insurance contracts*, which are not yet effective for the year ended 31 December 2019 and which have not been adopted in these financial statements. These include the following which may be relevant to the company.

	Effective for accounting periods beginning on or after
Revised Conceptual Framework for Financial Reporting 2018	1 January 2020
Amendments to HKFRS 9, HKAS 39 and HKFRS 7, *Interest Rate Benchmark Reform*	1 January 2020
Amendments to HKFRS 3, *Definition of a business*	1 January 2020
Amendments to HKAS 1 and HKAS 8, *Definition of material*	1 January 2020
HKFRS 17, *Insurance contracts*	1 January 2021

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the financial statements.

GLP China Holdings Limited

Annual Report
For the year from 1 April 2018
to 31 December 2018

Directors' Report

The directors submit herewith their annual report together with the audited consolidated financial statements for the year from 1 April 2018 to 31 December 2018.

Principal place of business

GLP China Holdings Limited ("the Company") is a company incorporated and domiciled in Hong Kong and has its registered office and principal place of business at 33/F, Edinburgh Tower, The Landmark, 15 Queen's Road Central, Hong Kong.

Principal activities

The principal activity of the Company is investment holding. The principle activities of the Company and its subsidiaries ("the Group") are investment holding, provision of logistic facilities and related financial services. Further discussion and analysis of these activities as required by Schedule 5 to the Hong Kong Companies Ordinance, including a discussion of the principal risks and uncertainties facing the Group and an indication of likely future developments in the Group's business, can be found in the Business Review set out on pages 3 to 7 of this Annual Report. This discussion forms part of this directors' report.

Financial statements

The profit of the Group for the year from 1 April 2018 to 31 December 2018 and the state of the Company's affairs as at that date are set out in the financial statements on pages 11 to 108.

Transfers to reserves

Profits attributable to owners of US$1,533,709,000 (31 March 2018: US$1,335,194,000) has been transferred to reserves. Other movements in reserves are set out in the statement of changes in equity.

Share capital

Details of the movements in share capital of the Company are set out in note 22(b) to the financial statements.

Directors

The directors during the financial year were:

Mei, Ming Zhi	(appointed on 6 June 2014)
Higashi Michihiro	(appointed on 6 June 2014)
Zhuge Wenjing	(appointed on 6 June 2014)
Fang Fenglei	(appointed on 6 June 2014)
Chen Yi	(appointed on 6 June 2014)
MOK Chi Ming	(appointed on 1 November 2016)
Chau Kwok Man	(appointed on 30 April 2017)
Mark Tan	(appointed on 15 May 2018)

There being no provision in the Company's articles of association in connection with the retirement of directors, all existing directors continue in office for the following year.

Indemnity of directors

A permitted indemnity provision (as defined in section 469 of the Hong Kong Companies Ordinance) for the benefit of the directors of the Company is currently in force and was in force throughout this year.

Directors' interests in transactions, arrangements or contracts

No transaction, arrangement or contract of significance to which the company, or any of its holding company, subsidiaries or fellow subsidiaries was a party, and in which a director of the company had a material interest, subsisted at the end of the year or at any time during the year.

Auditors

KPMG retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of KPMG as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

By order of the board

Director

Director

29 MAR 2019

Business Review

GLP China Holdings Limited ("GLP China") is a leading owner, manager and developer of modern logistics facilities, with dominant market position in China. Our US$18 billion properties encompass 44 million sqm site area across China with total GFA of 29 million sqm. The scale and breadth of our platform generates a powerful network effect which leads a good visibility on demand, faster lease-up and strong customer retention. Our customers include some of the world's most famous retailers, third-party logistic companies and dynamic manufacturers. Domestic consumption is a key driver of demand for us.

We are focused on sustainable value creation through our logistics ecosystem. Our innovative use of technology and strategic investments create value for our investors, partners and customers as they navigate a rapidly changing business landscape.

Our growth strategy is centered on being the best operator, creating value through developments and expanding our footprint via fund management platform. Our scale and innovation differentiate us from our competitors.

Market overview

Our innovative mindset and business model enable us to be resilient yet nimble enough to capture growth opportunities.

- **Domestic consumption**

  Consumption is the key driver of demand for our modern logistics facilities. Over 80% of our portfolio is occupied by businesses geared towards domestic consumption, which tends to remain relatively stable throughout economic cycles. This is a secular, long-term trend that is fueled by population growth, urbanisation and a growing middle class.

- **Growth in organised retail and e-commerce**

  E-commerce is becoming increasingly important to consumers, with global e-commerce sales expected to grow at high speed, outpacing traditional retail sales. Consumers continue moving toward organised retail channels, including e-commerce and chain stores. This drives demand for modern logistics solutions as it requires efficient movement of goods on a large scale.

- **Undersupply of modern infrastructure**

  China market still reflects strong absorption due to a long-term undersupply of modern logistics facilities. Warehouse stock per capita in China is only 1/13th the amount of the US. Supply chains are evolving and businesses are in need of modern, well-located warehouse facilities to improve efficiency and keep costs low.

- **Growth of 3PL providers**

  Third-party logistics (3PL) providers are one of our largest and fastest growing segments. Given the lack of scale and capabilities, many retailers and manufacturers choose to outsource their delivery services to 3PL providers to increase efficiency. We also see new customers emerging, including aggregators of previously fragmented operations.

Key business highlights

– **Operations**

GLP China owns and manages a portfolio of 44 million sqm site area across China with total GFA of 29 million sqm, valued at US$17 billion as at 31 December 2018. Our portfolio has a high occupancy ratio for stablised properties of 90% and recorded a total growth of 5% from 85% since last year. Profit from operating activities also increased significantly by US$828 million or 38% increase compared to last year. In the nine months ended 31 December 2018, we signed approximately 10.02 million sqm of new and renewal leases, equivalent to prior year performance for the period of 12 months. And we capitalised on positive market conditions to achieve 6.4% rent growth on new and renewal leases throughout this year.

Technology is changing consumer buying habits and retail patterns and customers are increasingly looking for integrated solutions to improve overall supply chain efficiency. With this in mind, we have introduced integrated solutions and bundled offerings such as warehouse location optimisation tools and financial services for equipment leasing to enable the growth and success of our customers. These new offerings enhance customer retention and stickiness while simultaneously reinforcing our market leadership position.

– **Development**

The development of modern logistics facilities is one of our key engines of growth with development profit a regular and recurring part of our earnings stream. In the current year we completed US$937 million developments and achieved a stabilisation margin of 44%.

In China, land supply in key markets has continued to tighten. In recent years, it has been extremely difficult to acquire logistics land from the government but we have been well-placed given our local strategic relationships. Our strategy is to pursue scarce land resources in cities through strategic partnerships with SOEs and private sellers. Significant partnerships with leading SOEs like CIMC, CMSTD and Capital Farm provide good visibility into our future development pipeline.

– **Fund management**

GLP China manages 5 funds totaling US$17.1 billion of AUM[1] which has increased by US$3.9 billion since our establishment of China Value Added II fund (the "CVA 2") and Hidden Hill fund during the current year. GLP China generated total fund management fee amounting to US$19.0 million for the year from 1 April 2018 to 31 December 2018. Uncalled capital of US$5.7 billion will drive further growth of fund fees as it is invested.

The fund management platform enhances returns on our invested capital, and as part of our capital recycling policy, we will continue to explore options to expand our fund management platform in China.

[1] AUM includes invested capital and future investment capacity based on equity committed by us and our capital partners.

Financial review

Rental and related income projected to 12 months increased by 12% to US$108 million as compared to US$896 million for the year ended 31 March 2017, primarily attributable to rental growth and lease-up following the completion and stabilisation of development projects.

Property-related expenses increased by 11% when projected to 12 months, mainly property maintenance and repair and property tax contributed by increased property portfolio. Considering the revenue generated, operating profit from financial services business increased significantly by 61% when projected to 12 months due to increased portion of factoring business with higher profit margin. Other expenses increased by only 7% to US$97 million for the nine months ended 31 December 2018 from US$140 million for the prior year, primarily due to decrease in bad debts provision on financial service business and costs control.

Changes in fair value of investment properties increased significantly from US$1,681 million last year 12 months to US$2,433 million current year 9 months, mainly due to development gain on un-stabilised properties, good expectation on market rent and compression of cap rate and discount rate while the whole market shows a general trend of compression of the yield this year.

Profit for the year increased significantly to US$1,927 million for the nine months ended 31 December 2018 as compared to US$1,649 million for the prior year 12 months period, primarily due to significant increase in operating profit by 38%, investment properties fair value gain by 93%, partially offset by higher net borrowing costs, income tax expense and foreign exchange losses.

Total assets as of 31 December 2018 were US$23.5 billion as compared to US$21.3 billion of 31 March 2018. Investment properties increased to US$17.9 billion (31 March 2018: US$16.6 billion) due to property acquisitions, developments and completions, and increase in fair values arising from re-assessment of property values.

The total amount of loans and borrowings increased to US$6.1 billion as of 31 December 2018 from US$4.3 billion as of 31 March 2018, primarily due to the drawdown of new bank loans, issuance of Panda bonds and CMBS bonds. Deferred tax liabilities increased to US$2.0 billion as of 31 December 2018 from US$1.7 billion as of 31 March 2018, primarily due to the increase of fair value of investment properties.

Risk management

We place an extremely high importance on risk management. We believe that risk management is not just about minimizing downside risk, but also enabling us to take on the necessary risks to grow and create value. We are committed to fostering a strong risk-centric culture which encourages identification and proactive management of these risks.

The process of risk management is incorporated into day-to-day operations and forms an integral part of all decision-making processes with GLP China.

For example, our operation in China is naturally exposed to foreign exchange rate fluctuations, and our pre-tax profit is exposed to currency risks through sales and purchases which give rise to receivables, payables and cash balances denominated in foreign currencies, primarily United States dollars. In respect of the monetary assets and liabilities denominated in foreign currencies, we ensure that the net exposures to this risk is kept to an acceptable level by monitoring the currency gap and keep reducing our exposure by holding monetary assets and liabilities denominated in foreign currencies in short-term period.

We are also exposed to interest rate risk arising primarily from variable-rate borrowings and cash balances. We manages the net exposure to interest rate risks by maintaining sufficient lines of credit to obtain acceptable lending costs and by monitoring the exposure to such risks on an ongoing basis.

Individual operating entities within GLP China are responsible for their own cash management, including the short-term investment of cash surpluses and the raising of loans to cover expected cash demands. Our policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

Environmental social and governance

We seek to contribute in a positive, meaningful way to the communities and environments in which we operate. Sustainability is at the heart of delivering our business objectives and our continued ability to provide enhanced economic, environmental and social value to our investors, clients, staff, suppliers and the communities in which we operate, both now and into the future.

We maintain a zero corruption policy across all our operations and take an active role to instill a culture of business integrity and ethical values. Strict written policies detailing the Code of Business Conduct and Ethics underpin this commitment, with all employees required to comply on an annual basis.

We are committed to manage our activities to provide the highest level of protection to the environment and to safeguard the health and safety of our employees, customers and communities. We are committed to ensuring that material risks and opportunities are built into investment research and screening, selection of investments and portfolio management.

We create comprehensive training initiatives and a positive work environment that supports individual growth and development and promotes a healthy, safe and balanced lifestyle. As part of our cultural values, we seek to identify talent both internally and externally and to build our talent pipeline for succession planning.

We are dedicated to giving back to the communities in which we operate, with our employees playing a vital part. We believe this involvement leads to greater employee satisfaction and happiness as they realise they are part of building something meaningful and long-lasting. Over the past year, we held several community projects such as teaching, donations and charity events to schools.

We are dedicated to inspiring and educating the generation through its work with the Hope School program. Since its inception in 2006, we have funded 14 schools through the program, benefiting approximately 8,000 students. GLP Hope Schools and Spring Charity Foundation work together to build up confidence and social skills for children across China.

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Independent auditor's report to the members of GLP China Holdings Limited

(Incorporated in Hong Kong with limited liability)

Opinion

We have audited the consolidated financial statements of GLP China Holdings Limited ("the Company") and its subsidiaries ("the Group") set out on pages 11 to 108, which comprise the consolidated statement of financial position as at 31 December 2018, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year from 1 April 2018 to 31 December 2018 and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2018 and of its consolidated financial performance and its consolidated cash flows for the year from 1 April 2018 to 31 December 2018 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 are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* ("the Code") and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the consolidated financial statements and auditor's report thereon

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Information other than the consolidated financial statements and auditor's report thereon (continued)

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 directors for the consolidated financial statements

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, 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.

Independent auditor's report to the members of GLP China Holdings Limited (continued)

(Incorporated in Hong Kong with limited liability)

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors 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.

Kpmg

Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

29 MAR 2019

Consolidated Statement of Comprehensive Income for the year from 1 April 2018 to 31 December 2018

	Notes	*Year from 1 April 2018 to 31 December 2018* US$'000	*Year ended 31 March 2018* US$'000
Revenue	4	753,443	896,558
Other income	5	52,030	8,183
Cost of goods sold and other financial services costs		(70,491)	(151,583)
Property-related expenses		(153,193)	(184,057)
Other expenses		(97,186)	(139,941)
Changes in fair value of investment properties		2,433,474	1,680,791
Share of results (net of tax expense) of joint ventures	13	75,114	67,902
Share of results (net of tax expense) of associates	14	11,789	(1,073)
Profit from operations		3,004,980	2,176,780
Finance costs		(455,248)	(209,833)
Finance income		14,878	224,225
Net finance (costs)/income	6	(440,370)	14,392
Net gain on disposal of subsidiaries		163,973	10,566
Profit before taxation	7	2,728,583	2,201,738
Tax expense	8	(801,824)	(552,418)
Profit for the year		1,926,759	1,649,320
Profit attributable to:			
Owners of the Company		1,533,709	1,335,194
Non-controlling interests		393,050	314,126
Profit for the year		1,926,759	1,649,320

The notes on pages 20 to 108 form part of these financial statements.

Consolidated Statement of Comprehensive Income for the year from 1 April 2018 to 31 December 2018 (continued)

	Note	Year from 1 April 2018 to 31 December 2018 US$'000	Year ended 31 March 2018 US$'000
Profit for the year		1,926,759	1,649,320
Other comprehensive income for the year	10		
Items that will not be reclassified to profit or loss:			
Change in fair value of equity investments (non-recycling)		(249,034)	-
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising from consolidation of foreign operations		(1,083,903)	1,024,814
Change in fair value of equity investments (recycling)		-	16,034
Other comprehensive income for the year		(1,332,937)	1,040,848
Total comprehensive income for the year		593,822	2,690,168
Total comprehensive income attributable to:			
Owners of the Company		406,069	2,182,291
Non-controlling interests		187,753	507,877
Total comprehensive income for the year		593,822	2,690,168

The notes on pages 20 to 108 form part of these financial statements.

Consolidated Statement of Financial Position as at 31 December 2018

	Notes	*31 December 2018* US$'000	*31 March 2018* US$'000
Non-current assets			
Investment properties	11	17,855,646	16,605,068
Joint ventures	13	980,282	476,109
Associates	14	358,501	226,757
Deferred tax assets	15	8,114	2,608
Plant and equipment	16	12,149	8,380
Intangible assets	17	295,258	323,975
Other investments	18	1,064,663	1,055,980
Other non-current assets	19	396,508	312,851
		20,971,121	19,011,728
Current assets			
Trade and other receivables	20	1,815,068	1,195,400
Inventories		7,358	27,213
Cash and cash equivalents	21	663,296	1,106,864
		2,485,722	2,329,477
Total assets		23,456,843	21,341,205
Equity attributable to owners of the Company			
Share capital	22	6,950,825	6,950,825
Reserves	23	3,417,615	2,983,435
		10,368,440	9,934,260
Non-controlling interests	24	2,600,800	2,294,006
Total equity		12,969,240	12,228,266

The notes on pages 20 to 108 form part of these financial statements.

Consolidated Statement of Financial Position as at 31 December 2018 (continued)

	Notes	31 December 2018 US$'000	31 March 2018 US$'000
Non-current liabilities			
Loans and borrowings	25	4,470,934	2,517,543
Deferred tax liabilities	15	2,009,526	1,749,535
Other non-current liabilities	26	1,022,812	1,933,973
		7,503,272	6,201,051
Current liabilities			
Loans and borrowings	25	1,659,158	1,742,157
Trade and other payables	27	1,281,163	1,147,751
Current tax payable		44,010	21,980
		2,984,331	2,911,888
Total liabilities		10,487,603	9,112,939
Total equity and liabilities		23,456,843	21,341,205

Approved and authorised for issue by the Board of Directors on 29 MAR 2019.

Director

Director

The notes on pages 20 to 108 form part of these financial statements.

Consolidated Statement of Changes in Equity for the year from 1 April 2018 to 31 December 2018

Group	*Share capital* US$'000	*Capital reserve* US$'000	*Equity compensation reserve* US$'000	*Currency translation reserve* US$'000	*Fair value reserve* US$'000	*Other reserve* US$'000	*Retained earnings* US$'000	*Total attributable to owners of the Group* US$'000	*Non-controlling interests* US$'000	*Total Equity* US$'000
At 1 April 2017	6,950,825	(4,150)	20,231	(638,717)	212,942	(1,554,630)	2,753,200	7,739,701	1,715,873	9,455,574
Total comprehensive income for the year										
Profit for the year	-	-	-	-	-	-	1,335,194	1,335,194	314,126	1,649,320
Other comprehensive income										
Exchange differences arising from consolidation of foreign operations	-	-	-	831,063	-	-	-	831,063	193,751	1,024,814
Change in fair value of available-for-sale investments	-	-	-	-	16,034	-	-	16,034	-	16,034
Total other comprehensive income	-	-	-	831,063	16,034	-	-	847,097	193,751	1,040,848
Total comprehensive income for the year	-	-	-	831,063	16,034	-	1,335,194	2,182,291	507,877	2,690,168
Transactions with owners, recorded directly in equity										
Capital contribution from non-controlling interests	-	-	-	-	-	-	-	-	136,865	136,865
Acquisition of interests in subsidiaries from non-controlling interests	-	6,662	-	-	-	-	-	6,662	(24,397)	(17,735)
Disposal of interests in subsidiaries to non-controlling interests	-	(1,930)	-	-	-	-	-	(1,930)	7,496	5,566
Acquisition of subsidiaries (note 28)	-	-	-	-	-	-	-	-	10,930	10,930
Disposal of subsidiaries (note 28)	-	(9,082)	-	-	-	-	-	(9,082)	(41,261)	(50,343)
Transfer to reserves	-	2,446	-	-	-	-	(2,446)	-	-	-
Share-based payment transactions	-	-	16,618	-	-	-	-	16,618	-	16,618
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	(19,377)	(19,377)
Total contributions by and distributions to owners	-	(1,904)	16,618	-	-	-	(2,446)	12,268	70,256	82,524
At 31 March 2018	6,950,825	(6,054)	36,849	192,346	228,976	(1,554,630)	4,085,948	9,934,260	2,294,006	12,228,266

The notes on pages 20 to 108 form part of these financial statements.

Consolidated Statement of Changes in Equity
for the year from 1 April 2018 to 31 December 2018 (continued)

Group	*Share capital* US$'000	*Capital reserve* US$'000	*Equity compensation reserve* US$'000	*Currency translation reserve* US$'000	*Fair value reserve (recycling)* US$'000	*Fair value reserve (non-recycling)* US$'000	*Other reserve* US$'000	*Retained earnings* US$'000	*Total attributable to owners of the Group* US$'000	*Non-controlling interests* US$'000	*Total Equity* US$'000
At 1 April 2018	6,950,825	(6,054)	36,849	192,346	228,976	-	(1,554,630)	4,085,948	9,934,260	2,294,006	12,228,266
Impact on initial application of HKFRS 9	-	-	-	-	(228,976)	228,976	-	25,119	25,119	-	25,119
Adjustment balance at 1 April 2018	6,950,825	(6,054)	36,849	192,346	-	228,976	(1,554,630)	4,111,067	9,959,379	2,294,006	12,253,385
Total comprehensive income for the year											
Profit for the year	-	-	-	-	-	-	-	1,533,709	1,533,709	393,050	1,926,759
Other comprehensive income											
Exchange differences arising from consolidation of foreign operations	-	-	-	(878,606)	-	-	-	-	(878,606)	(205,297)	(1,083,903)
Change in fair value of other investments	-	-	-	-	-	(249,034)	-	-	(249,034)	-	(249,034)
Total other comprehensive income	-	-	-	(878,606)	-	(249,034)	-	-	(1,127,640)	(205,297)	(1,332,937)
Total comprehensive income for the year	-	-	-	(878,606)	-	(249,034)	-	1,533,709	406,069	187,753	593,822
Transactions with owners, recorded directly in equity											
Capital contribution from non-controlling interests	-	3,012	-	-	-	-	-	-	3,012	199,795	202,807
Acquisition of interests in subsidiaries from non-controlling interests	-	(20)	-	-	-	-	-	-	(20)	(18,079)	(18,099)
Acquisition of subsidiaries (note 28)	-	-	-	-	-	-	-	-	-	122,361	122,361
Disposal of subsidiaries (note 28)	-	-	-	-	-	-	-	-	-	(181,783)	(181,783)
Transfer to reserves	-	1,803	-	-	-	-	-	(1,803)	-	-	-
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(3,253)	(3,253)
Total contributions by and distributions to owners	-	4,795	-	-	-	-	-	(1,803)	2,992	119,041	122,033
At 31 December 2018	6,950,825	(1,259)	36,849	(686,260)	-	(20,058)	(1,554,630)	5,642,973	10,368,440	2,600,800	12,969,240

The notes on pages 20 to 108 form part of these financial statements.

Consolidated Cash Flow Statement
for the year from 1 April 2018 to 31 December 2018

	Year from 1 April 2018 to 31 December 2018 US$'000	*Year ended 31 March 2018* US$'000
Cash flows from operating activities		
Profit before taxation	2,728,583	2,201,738
Adjustments for:		
Amortisation of intangible assets	1,159	1,529
Depreciation of plant and equipment	2,894	3,172
Loss on disposal of property, plant and equipment	62	339
Gain on disposal of subsidiaries	(163,973)	(10,566)
Share of results of joint ventures	(75,114)	(67,902)
Share of results of associates	(11,789)	1,073
Changes in fair value of investment properties	(2,433,474)	(1,680,791)
Changes in fair value of financial assets	(38,778)	-
Recognition of impairment loss on trade and other receivables	3,596	11,284
Equity settled share-based payment transactions	-	16,618
Net financial costs/(income)	440,370	(14,392)
	453,536	462,102
Changes in working capital:		
Trade and other receivables	7,150	(365,342)
Trade and other payables	13,718	90,574
Cash generated from operations	474,404	187,334
Tax paid	(76,188)	(54,327)
Net cash generated from operating activities	398,216	133,007

The notes on pages 20 to 108 form part of these financial statements.

Consolidated Cash Flow Statement for the year from 1 April 2018 to 31 December 2018 (continued)

	Note	Year from 1 April 2018 to 31 December 2018 US$'000	Year ended 31 March 2018 US$'000
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash acquired	28	(747,011)	(331,954)
Disposal of subsidiaries, net of cash disposed	28	860,692	(6,532)
Disposal of joint ventures and associates		-	30,270
Payment for purchase of other investments		(292,489)	(227,550)
Acquisition of investment properties		(15,087)	(103,965)
Disposal of investment properties		-	24,835
Tax paid on disposal of investment properties		-	(14,849)
Development expenditure on investment properties		(834,729)	(856,492)
Deposit paid for acquisition of investment properties		(62,524)	(136,919)
Loans to joint ventures		(9,249)	(4,752)
Loans to associates		(158,259)	(38,366)
Loans to non-controlling interests		(4,445)	(6,742)
Loans to third parties		(194,202)	(498,755)
Loan repayment from jointly-controlled entities		25,750	601
Loan repayment from associates		7,285	48,808
Loan repayment from non-controlling interests		5,382	14,584
Loan repayment from third parties		71,266	92,682
Contribution to joint ventures		(364,752)	(71,297)
Contribution to associates		(154,180)	(45,459)
Payment for purchase of plant and equipment		(6,870)	(3,874)
Interest income received		4,783	4,390
Net cash used in investing activities		(1,868,639)	(2,131,336)

The notes on pages 20 to 108 form part of these financial statements.

Consolidated Cash Flow Statement for the year from 1 April 2018 to 31 December 2018 (continued)

	Note	*Year from 1 April 2018 to 31 December 2018* US$'000	*Year ended 31 March 2018* US$'000
Cash flows from financing activities			
Contribution from non-controlling interests, net of transaction costs		202,807	136,865
Proceeds of loans from intermediate holding company		267,000	725,000
Repayment of loans from intermediate holding company		(1,373,395)	(458,368)
Loans from non-controlling shareholders		2,567	-
Repayment of loans from non-controlling interests		(36,520)	(42,233)
Proceeds of loans from joint ventures		31,472	-
Proceeds of loans from third parties		5,772	-
Proceeds from bank loans		2,083,717	2,280,945
Repayment of bank loans		(2,059,496)	(703,909)
Proceeds from issue of bonds		2,187,195	530,931
Interest paid		(189,044)	(173,063)
Dividends paid to non-controlling interests		(3,254)	(19,377)
Acquisition of interests in subsidiaries from non-controlling interests		(18,099)	(17,735)
Proceeds from disposal of interests in subsidiaries to non-controlling interests		-	3,337
Net cash generated from financing activities		1,100,722	2,262,393
Net (decrease)/increase in cash and cash equivalents		(369,701)	264,064
Cash and cash equivalents at beginning of the year		1,106,864	799,777
Effect of exchange rate changes on cash balances held in foreign currencies		(72,277)	49,346
Net decrease in restricted cash		(1,590)	(6,323)
Cash and cash equivalents at end of year	21	663,296	1,106,864

The notes on pages 20 to 108 form part of these financial statements.

Notes to the Financial Statements

1. General information

The Company was set up in Hong Kong on 15 October 2013 by CLH Limited, a subsidiary of GLP Pte. Ltd. which was incorporated in the Republic of Singapore ("Singapore").

CLH Limited and Global Logistic Properties Holding Limited ("GLPH Limited"), two Cayman incorporated companies, are intermediate holding vehicles 100% owned by GLP Limited. CLH Limited holds its shares in project companies incorporated in the People's Republic of China (the "PRC") through various intermediate offshore holding companies incorporated in Barbados, Singapore and Hong Kong. GLPH Limited holds its shares in GLP Investment (Shanghai) Co. Ltd. ("CMC"), a management company incorporated in the PRC, through two intermediate holding companies, China Management Holding Srl, incorporated in Barbados, and China Management Holdings (Hong Kong) Limited, incorporated in Hong Kong.

In October 2013, subsequent to the establishment of the Company, GLP China Asset Holdings Limited (former name "Iowa China Asset Holdings (Hong Kong) Limited ") ("China Asset Holdco") was then established as a direct subsidiary of the Company. GLP HK Holdings Limited ("HK Holding Platform") and GLP SG Holdings Pte. Ltd. ("SG Holding Platform") were then established as subsidiaries of China Asset Holdco.

On 20 May 2014, certain intermediate offshore holding companies incorporated in Singapore, together with their subsidiaries and joint ventures were transferred to SG Holding Platform, and the rest of the intermediate offshore holding companies incorporated in Barbados, Singapore and Hong Kong, together with their subsidiaries and joint ventures were then transferred to HK Holding Platform. On the same date, GLPH Limited transferred its shares in China Management Holding Srl to the Company.

Subsequent to the reorganisation mentioned above (the "Reorganisation"), the Company owns subsidiaries and joint ventures indirectly through offshore immediate holding companies. As part of the Reorganisation, the Company introduced new investors Khangai Company Limited, Khangai II Company Limited, GLP Associate (I) Limited and GLP Associate (II) LLC. CLH Limited's percentage of interest in the Company was reduced to 66.2%.

The principal activities of the Company and its subsidiaries are those of investment holding, developing and operating warehouses, logistics and distribution facilities by the Company's project companies in PRC, provision of investment management and consulting, marketing and sales consulting, employees training, financial management, technical and IT support, and research and development services to the Company's project companies in PRC by CMC and its subsidiaries, and provision of related financial services.

The annual report for the year from 1 April 2018 to 31 December 2018 comprises the Company and its subsidiaries and the Group's interest in joint ventures and associates.

2. Significant accounting policies

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (HKFRSs), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (HKASs) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (HKICPA) and accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. Significant accounting policies adopted by the Group are disclosed below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 2(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

(b) Basis of preparation of the financial statements

As set out in the announcement of the Company issued on 20 December 2018, the financial year of the Company and the Group has been changed from 31 March to 31 December to align the financial year end date of the Group with the accounting period of major subsidiaries in the PRC, which ends in December each year. Accordingly, the current accounting period covers a period of nine months from 1 April 2018 to 31 December 2018. The corresponding comparative amounts shown for the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and related notes cover a period of twelve months from 1 April 2017 to 31 March 2018 are therefore not entirely comparable with those of the current period.

The consolidated financial statements for the year from 1 April 2018 to 31 December 2018 comprise the Company and its subsidiaries (together referred to as the “Group”) and the Group’s interest in associates and joint ventures.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets and liabilities are stated at their fair value as explained in the accounting policies set out below:

– equity investments (see note 2(h)); and

– investment property (see note 2(j)).

Non-current assets and disposal groups held for sale are stated at the lower of carrying amount and fair value less costs to sell (see note 2(y)).

The functional currency of the Company is Chinese Renminbi Yuan (“RMB”). These financial statements are presented in United States dollars (“USD”) and rounded to the nearest thousand. All financial information presented in USD has been translated based on the accounting policy set out in note 2(w).

2. Significant accounting policies (continued)

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 3.

(c) Changes in accounting policies

a Overview

The HKICPA has issued a number of new HKFRSs and amendments to HKFRSs that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group's financial statements:

- HKFRS 9, Financial instruments
- HKFRS 15, Revenue from contracts with customers
- HK(IFRIC) 22, Foreign currency transactions and advance consideration

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period, except for the amendments to HKFRS 9, *Prepayment features with negative compensation* which have been adopted at the same time as HKFRS 9.

2. Significant accounting policies (continued)

b HKFRS 9, *Financial instruments*, including the amendments to HKFRS 9, *Prepayment features with negative compensation*

HKFRS 9 replaces HKAS 39, *Financial instruments: recognition and measurement*. It sets out the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items.

The Group has applied HKFRS 9 retrospectively to items that existed at 1 April 2018 in accordance with the transition requirements. The Group has recognised the cumulative effect of initial application as an adjustment to the opening equity at 1 April 2018. Therefore, comparative information continues to be reported under HKAS 39.

The following table summarises the impact of transition to HKFRS 9 on retained earnings and reserves and the related tax impact at 1 April 2018.

	$'000
Retained earnings	
Transferred from fair value reserve (recycling) relating to financial assets now measured at FVPL	32,497
Related tax	(7,378)
Net increase in retained earnings at 1 April 2018	25,119
Fair value reserve (recycling)	
Transferred from fair value reserve (recycling) relating to equity securities now measured at FVOCI and increase in fair value reserve (non-recycling)	(228,976)
Fair value reserve (non-recycling)	
Transferred from fair value reserve (recycling) relating to equity securities now measured at FVOCI and increase in fair value reserve (non-recycling) at 1 April 2018	228,976

Further details of the nature and effect of the changes to previous accounting policies and the transition approach are set out below:

(i) Classification of financial assets and financial liabilities

HKFRS 9 categories financial assets into three principal classification categories: measured at amortised cost, at fair value through other comprehensive income (FVOCI) and at fair value through profit or loss (FVPL). These supersede HKAS 39's categories of held-to-maturity investments, loans and receivables, available-for-sale financial assets and financial assets measured at FVPL. The classification of financial assets under HKFRS 9 is based on the business model under which the financial asset is managed and its contractual cash flow characteristics.

2. Significant accounting policies (continued)

The following table shows the original measurement categories for each class of the Group's financial assets under HKAS 39 and reconciles the carrying amounts of those financial assets determined in accordance with HKAS 39 to those determined in accordance with HKFRS 9.

	HKAS 39 carrying amount at 31 March 2018 $'000	*Reclassification* $'000	*Remeasurement* $'000	*HKFRS 9 carrying amount at 1 April 2018* $'000
Financial assets measured at FVPL				
Equity securities not held for trading (note (i))	-	376,258	32,497	408,755
Financial assets carried at FVOCI (non-recyclable)				
Equity securities (note (i))	-	679,722	-	679,722
Financial assets classified as available-for-sale under HKAS 39	1,055,980	(1,055,980)	-	-

Note:

(i) Under HKAS 39, equity securities not held for trading were classified as available-for-sale financial assets. These equity securities are classified as at FVPL under HKFRS 9, unless they are eligible for and designated at FVOCI by the Group. At 1 April 2018, the Group designated its investment in China Materials Storage and Transportation Development Company, Shenzhen New Nanshan Holding (Group) Co., Ltd. and Shanghai Lingang Holdings Corporation Limited at FVOCI (non-recycling), as the investment is held for strategic purposes. (see note 18)

The measurement categories for all financial liabilities remain the same, except for financial guarantee contracts.

The Group did not designate or de-designate any financial asset or financial liability at FVPL at 1 April 2018.

2. Significant accounting policies (continued)

(ii) Credit losses

HKFRS 9 replaces the "incurred loss" model in HKAS 39 with the ECL model. The ECL model requires an ongoing measurement of credit risk associated with a financial asset and therefore recognises ECLs earlier than under the "incurred loss" accounting model in HKAS 39.

The Group applies the new ECL model to the following items:

- financial assets measured at amortised cost (including cash and cash equivalents, trade and other receivables and loans to associates);
- contract assets as defined in HKFRS 15;
- debt securities measured at FVOCI (recycling);
- lease receivables;
- financial guarantee contracts issued (see note 2(b)(i)); and
- loan commitments issued, which are not measured at FVPL.

For further details on the group's accounting policy for accounting for credit losses, see note 2(m)(i) and (ii).

(iii) Hedge accounting

The Group has elected to adopt the new general hedge accounting model in HKFRS 9. Depending on the complexity of the hedge, this new accounting model allows a more qualitative approach to assessing hedge effectiveness compared to HKAS 39 to be applied, and the assessment is always forward-looking. The adoption of HKFRS 9 has not had a significant impact on the Group's financial statements in this regard.

2. Significant accounting policies (continued)

(iv) Transition

Changes in accounting policies resulting from the adoption of HKFRS 9 have been applied retrospectively, except as described below:

- Information relating to comparative periods has not been restated. Differences in the carrying amounts of financial assets resulting from the adoption of HKFRS 9 are recognised in retained earnings and reserves as at 1 April 2018. Accordingly, the information presented for 2017 continues to be reported under HKAS 39 and thus may not be comparable with the current period.

- The following assessments have been made on the basis of the facts and circumstances that existed at 1 April 2018 (the date of initial application of HKFRS 9 by the Group):

  - the determination of the business model within which a financial asset is held; and

  - the designation of certain investments in equity instruments not held for trading to be classified as at FVOCI (non-recycling).

- If, at the date of initial application, the assessment of whether there has been a significant increase in credit risk since initial recognition would have involved undue cost or effort, a lifetime ECL has been recognised for that financial instrument.

- All hedging relationships designated under HKAS 39 at 31 March 2018 met the criteria for hedge accounting under HKFRS 9 at 1 April 2018 and are therefore regarded as continuing hedging relationships. Changes to hedge accounting policies have been applied prospectively.

c HKFRS 15, *Revenue from contracts with customers*

HKFRS 15 establishes a comprehensive framework for recognising revenue and some costs from contracts with customers. HKFRS 15 replaces HKAS 18, *Revenue*, which covered revenue arising from sale of goods and rendering of services, and HKAS 11, *Construction contracts*, which specified the accounting for construction contracts.

The Group has assessed the impact of HKFRS 15 and expected that the standard will not have significant impact, when applied, on the consolidated financial statements of the Group.

2. Significant accounting policies (continued)

d HK(IFRIC) 22, *Foreign currency transactions and advance consideration*

This interpretation provides guidance on determining "the date of the transaction" for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) arising from a transaction in which an entity receives or pays advance consideration in a foreign currency.

The Interpretation clarifies that "the date of the transaction" is the date on initial recognition of the non-monetary asset or liability arising from the payment or receipt of advance consideration. If there are multiple payments or receipts in advance of recognising the related item, the date of the transaction for each payment or receipt should be determined in this way. The adoption of HK(IFRIC)22 does not have any material impact on the financial position and the financial result of the Group.

The Group has assessed the impact of HK(IFRIC)22 and expected that the standard will not have significant impact, when applied, on the consolidated financial statements of the Group.

(d) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of comprehensive income as an allocation of the total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position in accordance with notes 2(q) or 2(r) depending on the nature of the liability.

2. Significant accounting policies (continued)

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 2(h)) or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture (see note 2(f)).

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 2(m)), unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale) (see note 2(y)).

(e) Business combination for entities under common control

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group's controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within Group equity except that any share capital of the acquired entities is recognised as part of merger reserves in other reserves. Any cash paid for the acquisition is recognised directly in equity.

(f) Associates and joint ventures

An associate is an entity in which the Group or company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

A joint venture is an arrangement whereby the Group or company and other parties contractually agree to share control of the arrangement, and have rights to the net assets of the arrangement.

An investment in an associate or a joint venture is accounted for in the consolidated financial statements under the equity method, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale) (see note 2(y)). Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see notes 2(g) and 2(m)). Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in the consolidated statement of comprehensive income, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in the consolidated statement of comprehensive income and other comprehensive income.

2. Significant accounting policies (continued)

When the Group's share of losses exceeds its interest in the associate or the joint venture, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate or the joint venture.

Unrealised profits and losses resulting from transactions between the Group and its associates and joint venture are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

If an investment in an associate becomes an investment in a joint venture or vice versa, retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method.

In all other cases, when the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when significant influence or joint control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 2(h)).

In the Company's statement of financial position, investments in associates and joint venture are stated at cost less impairment losses (see note 2(m)), unless classified as held for sale (or included in a disposal group that is classified as held for sale) (see note 2(y)).

(g) Goodwill

Goodwill represents the excess of

(i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over

(ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

When (ii) is greater than (i), then this excess is recognised immediately in profit or loss as a gain on a bargain purchase.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit, or groups of cash generating units, that is expected to benefit from the synergies of the combination and is tested annually for impairment (see note 2(m)).

On disposal of a cash generating unit during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

2. Significant accounting policies (continued)

(h) Other investments in debt and equity securities

The Group's policies for investments in debt and equity securities, other than investments in subsidiaries, associates and joint ventures, are set out below.

Investments in debt and equity securities are recognised / derecognised on the date the Group commits to purchase / sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss (FVPL) for which transaction costs are recognised directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see note 29(f). These investments are subsequently accounted for as follows, depending on their classification.

(A) Policy applicable from 1 April 2018

Investments other than equity investments

Non-equity investments held by the Group are classified into one of the following measurement categories:

- amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method (see note 1(v)(v)).
- fair value through other comprehensive income (FVOCI) - recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss.
- fair value at profit or loss (FVPL) if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the nvestment (including interest) are recognised in profit or loss.

2. Significant accounting policies (continued)

Equity investments

An investment in equity securities is classified as FVPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an irrevocable election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI, are recognised in profit or loss as other income in accordance with the policy set out in note 1(v)(iv).

(B) Policy applicable prior to 1 April 2018

Investments in securities held for trading were classified as financial assets measured at FVPL. Any attributable transaction costs were recognised in profit or loss as incurred. At the end of each reporting period the fair value was remeasured, with any resultant gain or loss being recognised in profit or loss.

Dated debt securities that the Group had the positive ability and intention to hold to maturity were classified as held-to-maturity securities. Held-to-maturity securities were stated at amortised cost (for impairment see note 1(m)(i) – policy applicable prior to 1 April 2018).

Investments which did not fall into any of the above categories were classified as available-for-sale financial assets. At the end of each reporting period the fair value was remeasured, with any resultant gain or loss being recognised in other comprehensive income and accumulated separately in equity in the fair value reserve (recycling).

Dividend income from equity investments and interest income from debt securities calculated using the effective interest method were recognised in profit or loss in accordance with the policies set out in notes 1(v)(iv) and 1(v)(v), respectively. Foreign exchange gains and losses arising from debt securities were also recognised in profit or loss. When the investments were derecognised or impaired (see note 1(m)(i) – policy applicable prior to 1 April 2018), the cumulative gain or loss recognised in equity was reclassified to profit or loss.

(i) Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

2. Significant accounting policies (continued)

Subsequent expenditure relating to plant and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Group. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

Depreciation is recognised on a straight-line basis over their estimated useful lives of furniture, fittings and equipment ranging from 2 to 10 years.

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if necessary, at each reporting date.

(j) Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or both, but not for sale in the ordinary course of business, used in the production or supply of goods or services, or for administrative purposes. Investment properties comprise completed investment properties, investment properties under re-development, properties under development and land held for development.

Land held for development represents lease prepayments for acquiring rights to use land in the PRC with periods ranging from 40 to 50 years. Such rights granted with consideration are recognised initially at acquisition cost.

(i) Completed investment properties and investment properties under re-development

Completed investment properties and investment properties under re-development are measured at fair value with any changes therein recognised in profit or loss. Rental income from investment properties is accounted for in the manner described in note 2(v).

(ii) Properties under development and land held for development

Property that is being constructed or developed for future use as investment property is initially recognised at cost, including transaction costs, and subsequently at fair value with any change therein recognised in profit or loss.

The cost of properties under development comprises specifically identified cost, including the acquisition cost of land use rights for properties under development, aggregate cost of development, materials and supplies, wages and other direct expenses, an appropriate proportion of overheads and borrowing costs capitalised (see note 2(x)).

When an investment property is disposed of, the resulting gain or loss recognised in profit or loss is the difference between net disposal proceeds and the carrying amount of the property.

2. Significant accounting policies (continued)

(k) Intangible assets (other than goodwill)

Other intangible assets that are acquired by the Group and have finite useful lives are measured at costs less accumulated amortisation and accumulated impairment losses (see note 2(m)). Expenditure on internally generated goodwill and brands is recognised as an expense in the period in which it is incurred.

Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives. The following intangible assets with finite useful lives are amortised from the date they are available for use and their estimated useful lives are as follows:

Trademarks	20 years
Non-competition	over the term of relevant agreement
License rights	over the term of the license period

Both the period and method of amortisation are reviewed annually.

(l) Leased assets

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(i) Classification of assets leased to the Group

Assets that are held by group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases, with the following exceptions:

- property held under operating leases that would otherwise meet the definition of an investment property is classified as investment property on a property-by-property basis and, if classified as investment property, is accounted for as if held under a finance lease (see note 2(j)); and

- land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease. For these purposes, the inception of the lease is the time that the lease was first entered into by the Group, or taken over from the previous lessee.

2. Significant accounting policies (continued)

(ii) Assets acquired under finance leases

Where the Group acquires the use of assets under finance leases, the amounts representing the fair value of the leased asset, or, if lower, the present value of the minimum lease payments, of such assets are included in fixed assets and the corresponding liabilities, net of finance charges, are recorded as obligations under finance leases. Depreciation is provided at rates which write off the cost or valuation of the assets over the term of the relevant lease or, where it is likely the Group will obtain ownership of the asset, the life of the asset, as set out in note 2(i). Impairment losses are accounted for in accordance with the accounting policy as set out in note 2(m). Finance charges implicit in the lease payments are charged to profit or loss over the period of the leases so as to produce an approximately constant periodic rate of charge on the remaining balance of the obligations for each accounting period. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

(iii) Operating lease charges

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

The cost of acquiring land held under an operating lease is amortised on a straight-line basis over the period of the lease term except where the property is classified as an investment property (see note 2(j)) or is held for development for sale.

(iv) Finance lease

Where the Group provides finance leasing of its warehouses and machines to customers, an amount representing the net investment in the lease is included in the financial position as receivables under finance lease. Finance income earned under finance lease is accounted for in accordance with accounting policy as set out in note 2(v)(vi). Impairment losses of receivables under finance lease are accounted for in accordance with the accounting policy as set out in note 2(m).

2. Significant accounting policies (continued)

(m) Credit losses and impairment of assets

(i) Credit losses from financial instruments, contract assets and lease receivables

(A) Policy applicable from 1 April 2018

The Group recognises a loss allowance for expected credit losses (ECLs) on the following items:

- financial assets measured at amortised cost (including cash and cash equivalents, trade and other receivables and loans to associates);
- contract assets as defined in HKFRS 15 (see note 2(b)c);
- debt securities measured at FVOCI (recycling);
- lease receivables; and
- loan commitments issued, which are not measured at FVPL

Financial assets measured at fair value, including units in bond funds, equity securities measured at FVPL, equity securities designated at FVOCI (non-recycling) and derivative financial assets, are not subject to the ECL assessment.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

For undrawn loan commitments, expected cash shortfalls are measured as the difference between (i) the contractual cash flows that would be due to the Group if the holder of the loan commitment draws down on the loan and (ii) the cash flows that the Group expects to receive if the loan is drawn down.

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

- fixed-rate financial assets, trade and other receivables and contract assets: effective interest rate determined at initial recognition or an approximation thereof;
- variable-rate financial assets: current effective interest rate;
- lease receivables: discount rate used in the measurement of the lease receivable;
- loan commitments: current risk-free rate adjusted for risks specific to the cash flows90. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

2. Significant accounting policies (continued)

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

– 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and

– lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables, lease receivables and contract assets are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments (including loan commitments issued), the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument (including a loan commitment) has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (ii) the financial asset is 90 days past due. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

– failure to make payments of principal or interest on their contractually due dates93;

– an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);

– an actual or expected significant deterioration in the operating results of the debtor; and

– existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

2. Significant accounting policies (continued)

For loan commitments, the date of initial recognition for the purpose of assessing ECLs is considered to be the date that the Group becomes a party to the irrevocable commitment. In assessing whether there has been a significant increase in credit risk since initial recognition of a loan commitment, the Group considers changes in the risk of default occurring on the loan to which the loan commitment relates.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings94.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt securities that are measured at FVOCI (recycling), for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve (recycling).

Basis of calculation of interest income

Interest income recognised in accordance with note 1(v)(v) is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset. At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset, lease receivable or contract asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

2. Significant accounting policies (continued)

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(B) Policy applicable prior to 1 April 2018

Prior to 1 April 2018, an "incurred loss" model was used to measure impairment losses on financial assets not classified as at FVPL (e.g. trade and other receivables, available-for-sale investments and held-to-maturity debt securities). Under the "incurred loss" model, an impairment loss was recognised only when there was objective evidence of impairment.

Objective evidence of impairment included:

– significant financial difficulties of the debtor;

– a breach of contract, such as a default or delinquency in interest or principal payments;

– it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;

– significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and

– a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

If any such evidence existed, an impairment loss was determined and recognised as follows:

– For trade and other receivables and other financial assets carried at amortised cost, impairment loss was measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate, where the effect of discounting was material.

  This assessment was made collectively where these financial assets shared similar risk characteristics, such as similar past due status, and had not been individually assessed as impaired. Future cash flows for financial assets which were assessed for impairment collectively were based on historical loss experience for assets with credit risk characteristics similar to the collective group.

  If in a subsequent period the amount of an impairment loss decreased and the decrease could be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss was reversed through profit or loss. A reversal of an impairment loss was only recognised to the extent that it did not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

2. Significant accounting policies (continued)

When the recovery of a trade debtor or other financial assets carried at amortised cost was considered doubtful but not remote, associated impairment losses were recorded using an allowance account. When the Group was satisfied that recovery was remote, the amount considered irrecoverable was written off against the gross carrying amount of those assets directly. Subsequent recoveries of amounts previously charged to the allowance account were reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly were recognised in profit or loss.

– For available-for-sale investments, the cumulative loss that had been recognised in the fair value reserve (recycling) was reclassified to profit or loss. The amount of the cumulative loss that was recognised in profit or loss was the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that asset previously recognised in profit or loss.

  Impairment losses recognised in profit or loss in respect of available-for-sale equity securities were not reversed through profit or loss. Any subsequent increase in the fair value of such assets was recognised in other comprehensive income. Impairment losses recognised in profit or loss in respect of available-for-sale debt securities were reversed if the subsequent increase in fair value could be objectively related to an event occurring after the impairment loss was recognised. Reversals of impairment losses in such circumstances were recognised in profit or loss.

(ii) Credit losses from financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the “holder”) for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees issued are initially recognised within “trade and other payables at fair value, which is determined by reference to fees charged in an arm’s length transaction for similar services, when such information is obtainable, or to interest rate differentials, by comparing the actual rates charged by lenders when the guarantee is made available with the estimated rates that lenders would have charged, had the guarantees not been available, where reliable estimates of such information can be made. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group’s policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss.

Subsequent to initial recognition, the amount initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued (see note 1(m)(ii)).

2. Significant accounting policies (continued)

(A) Policy applicable from 1 April 2018

The Group monitors the risk that the specified debtor will default on the contract and recognises a provision when ECLs on the financial guarantees are determined to be higher than the amount carried in “trade and other payables” in respect of the guarantees (i.e. the amount initially recognised, less accumulated amortisation).

To determine ECLs, the Group considers changes in the risk of default of the specified debtor since the issuance of the guarantee. A 12-month ECL is measured unless the risk that the specified debtor will default has increased significantly since the guarantee is issued, in which case a lifetime ECL is measured. The same definition of default and the same assessment of significant increase in credit risk as described in note 1(m)(i) apply. As the Group is required to make payments only in the event of a default by the specified debtor in accordance with the terms of the instrument that is guaranteed, an ECL is estimated based on the expected payments to reimburse the holder for a credit loss that it incurs less any amount that the Group expects to receive from the holder of the guarantee, the specified debtor or any other party. The amount is then discounted using the current risk-free rate adjusted for risks specific to the cash flows.

(B) Policy applicable prior to 1 April 2018

Prior to 1 April 2018, a provision would be recognised if and when it became probable that (i) the holder of the guarantee would call upon the Group under the guarantee and (ii) the amount of the claim on the Group was expected to exceed the amount carried in “trade and other payables” in respect of the guarantee.

(iii) Impairment of other non-current assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment (other than properties carried at revalued amounts);
- pre-paid interests in leasehold land classified as being held under an operating lease;
- intangible assets;
- goodwill; and
- investments in subsidiaries, associates and joint ventures in the company’s statement of financial position.

2. Significant accounting policies (continued)

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, intangible assets that are not yet available for use and intangible assets that have indefinite useful lives, the recoverable amount is estimated annually whether or not there is any indication of impairment.

– Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

– Recognition of impairment losses

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

– Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

2. Significant accounting policies (continued)

(n) Inventories

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the individual valuation method and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised.

The amount of any writedown of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any writedown of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(o) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset (see note 2(m)).

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses (see note 1(m)(i)).

(p) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statement. Cash and cash equivalents are assessed for expected credit losses (ECL) in accordance with the policy set out in note 1(m)(i).

(q) Trade and other payables

Trade and other payables are initially recognised at fair value. Except for financial guarantee liabilities, trade and other payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

2. Significant accounting policies (continued)

(r) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with the Group's accounting policy for borrowing costs (see note 2(x)).

(s) Employee benefits

(i) Short-term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) Share-based payments

The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in a capital reserve within equity. The fair value is measured at grant date using the binomial lattice model, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the options, the total estimated fair Equity-settled share-based payments value of the options is spread over the vesting period, taking into account the probability that the options will vest.

During the vesting period, the number of share options that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged / credited to the profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the capital reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of options that vest (with a corresponding adjustment to the capital reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the company's shares. The equity amount is recognised in the capital reserve until either the option is exercised (when it is included in the amount recognised in share capital for the shares issued) or the option expires (when it is released directly to retained profits).

(iii) Termination benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when it recognises restructuring costs involving the payment of termination benefits.

2. Significant accounting policies (continued)

(t) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

Where investment properties are carried at their fair value in accordance with the accounting policy set out in note 2(j), the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

2. Significant accounting policies (continued)

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or
- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
  - the same taxable entity; or
  - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(u) Provisions and contingent liabilities

(i) Provisions and contingent liabilities

Provisions are recognised when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(ii) Onerous contracts

An onerous contract exists when the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract. Provisions for onerous contracts are measured at the present value of the lower of the expected cost of terminating the contract and the net cost of continuing with the contract.

2. Significant accounting policies (continued)

(iii) Contingent liabilities assumed in business combinations

Contingent liabilities assumed in a business combination which are present obligations at the date of acquisition are initially recognised at fair value, provided the fair value can be reliably measured. After their initial recognition at fair value, such contingent liabilities are recognised at the higher of the amount initially recognised, less accumulated amortization where appropriate, and the amount that would be determined in accordance with note 1(u)(i). Contingent liabilities assumed in a business combination that cannot be reliably fair valued or were not present obligations at the date of acquisition are disclosed in accordance with note 1(u)(i).

(v) Revenue recognition and other income

Income is classified by the Group as revenue when it arises from the sale of goods, the provision of services or the use by others of the Group's assets under leases in the ordinary course of the Group's business.

Revenue is recognised when control over a product or service is transferred to the customer, or the lessee has the right to use the asset, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Where the contract contains a financing component which provides a significant financing benefit to the customer for more than 12 months, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction with the customer, and interest income is accrued separately under the effective interest method. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method. The Group takes advantage of the practical expedient in paragraph 63 of HKFRS 15 and does not adjust the consideration for any effects of a significant financing component if the period of financing is 12 months or less.

Further details of the Group's revenue and other income recognition policies are as follows:

(i) Rental income from operating leases

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned.

2. Significant accounting policies (continued)

(ii) Sales of goods

Revenue is recognised when the customer takes possession of and accepts the products. If the products are a partial fulfilment of a contract covering other goods and/or services, then the amount of revenue recognised is an appropriate proportion of the total transaction price under the contract, allocated between all the goods and services promised under the contract on a relative stand-alone selling price basis.

(iii) Management fee income

Management fee income is recognised in profit or loss as and when services are rendered.

(iv) Dividends

- Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established.
- Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend.

(v) Interest income

Interest income is recognised as it accrues using the effective interest method.

(vi) Government grants

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense.

(vii) Finance income under finance lease

Where the Group provides finance leasing of its warehouses and machines to customers, the Group recognises profit or loss equivalent to the profit or loss resulting from an outright sale of the warehouses and machines products being leased at normal selling prices and finance income over the period of the lease. Finance income implicit in finance lease is recognised over the period of the lease so as to produce an approximately constant periodic rate of return on the outstanding net investment in the lease for each accounting period. Commission paid to dealers for acquisition of finance lease contract is included in the carrying value of the assets and amortised to the profit or loss over the expected life of the lease as an adjustment to finance income.

2. Significant accounting policies (continued)

(w) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss, except those arising from foreign currency borrowings used to hedge a net investment in a foreign operation which are recognised in other comprehensive income.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Nonmonetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

The results of foreign operations are translated into USD at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items, including goodwill arising on consolidation of foreign operations acquired on or after 1 January 2005, are translated into USD at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve. Goodwill arising on consolidation of a foreign operation acquired before 1 January 2005 is translated at the foreign exchange rate that applied at the date of acquisition of the foreign operation.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

(x) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

2. Significant accounting policies (continued)

(y) Non-current assets held for sale and discontinued operations

(i) Non-current assets held for sale

A non-current asset (or disposal group) is classified as held for sale if it is highly probable that its carrying amount will be recovered through a sale transaction rather than through continuing use and the asset (or disposal group) is available for sale in its present condition. A disposal group is a group of assets to be disposed of together as a group in a single transaction, and liabilities directly associated with those assets that will be transferred in the transaction.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all the assets and liabilities of that subsidiary are classified as held for sale when the above criteria for classification as held for sale are met, regardless of whether the Group will retain a non-controlling interest in the subsidiary after the sale.

Immediately before classification as held for sale, the measurement of the non-current assets (and all individual assets and liabilities in a disposal group) is brought up-to-date in accordance with the accounting policies before the classification. Then, on initial classification as held for sale and until disposal, the non-current assets (except for certain assets as explained below), or disposal groups, are recognised at the lower of their carrying amount and fair value less costs to sell. The principal exceptions to this measurement policy so far as the financial statements of the Group and the Company are concerned are deferred tax assets, assets arising from employee benefits, financial assets (other than investments in subsidiaries, associates and joint ventures) and investment properties. These assets, even if held for sale, would continue to be measured in accordance with the policies set out elsewhere in note 2.

Impairment losses on initial classification as held for sale, and on subsequent remeasurement while held for sale, are recognised in profit or loss. As long as a non-current asset is classified as held for sale, or is included in a disposal group that is classified as held for sale, the non-current asset is not depreciated or amortised.

(ii) Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographical area of operations, or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale (see (i) above), if earlier. It also occurs if the operation is abandoned.

2. Significant accounting policies (continued)

Where an operation is classified as discontinued, a single amount is presented on the face of the statement of profit or loss, which comprises:

– the post-tax profit or loss of the discontinued operation; and

– the post-tax gain or loss recognised on the measurement to fair value less costs to sell, or on the disposal, of the assets or disposal group(s) constituting the discontinued operation.

(z) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(ii) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

3. Accounting estimates and judgements

The following critical accounting policies involve the most significant judgements and estimates used in the preparation of the consolidated financial statements.

(a) Valuation of investment properties

An external, independent valuation company, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, values the Group's investment property portfolio every three months. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in arms' length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

In the absence of current prices in an active market, the valuations are prepared by considering the aggregate of the estimated cash flows expected to be received from renting out the property. A yield that reflects the specific risks inherent in the net cash flows then is applied to the net annual cash flows to arrive at the property valuation.

Valuations reflect, where appropriate: the type of tenants actually in occupation or responsible for meeting lease commitments or likely to be in occupation after letting vacant accommodation, and the market's general perception of their creditworthiness; the allocation of maintenance and insurance responsibilities between the Group and the lessee; and the remaining economic life of the property. When rent reviews or lease renewals are pending with anticipated reversionary increases, it is assumed that all notices and where appropriate counter-notices have been served validly and within the appropriate time.

Investment property under construction or development is valued by estimating the fair value of the completed investment property and then deducting from that amount the estimated costs to complete construction or development, financing costs and a reasonable profit margin.

(b) Impairment of non-financial assets

If circumstances indicate that the carrying amounts of non-financial assets (other than investment properties and deferred tax assets) may not be recoverable, the assets may be considered impaired and are tested for impairment. An impairment loss is recognised when the asset's recoverable amount has declined below its carrying amount. The recoverable amount is the greater of the fair value less costs to sell and value in use. In determining the recoverable amount which requires significant judgements, the Group estimates the future cash flows to be derived from continuing use and ultimate disposal of the asset and applies an appropriate discount rate to these future cash flows.

(c) Recognition of deferred tax assets

At 31 December 2018, the Group has recognised deferred tax assets in relation to the unused tax losses as set out in note 15. The ability to realise the deferred tax assets mainly depends on whether it is probable that future taxable profits will be available against which related tax benefits under the deferred tax assets can be utilised. In cases where the actual future taxable profits generated are less than expected, a reversal of deferred tax assets may arise, which will be recognised in profit or loss for the period in which such a reversal takes place.

4. Revenue

	Year from 1 April 2018 to 31 December 2018 US$'000	*Year ended 31 March 2018* US$'000
Rental and related income	628,284	712,774
Sales of goods	70,906	151,813
Financial services income	24,585	20,500
Management fee income	18,997	7,941
Others	10,671	3,530
	753,443	896,558

5. Other income

	Year from 1 April 2018 to 31 December 2018 US$'000	*Year ended 31 March 2018* US$'000
Government grant	6,515	5,421
Utility income	808	3,101
Changes in fair value of financial assets	38,778	-
Compensation	5,991	-
Loss on sale of property, plant and equipment	(62)	(339)
	52,030	8,183

6. Net finance (costs)/income

	Year from 1 April 2018 to 31 December 2018 US$'000	*Year ended 31 March 2018* US$'000
Interest income on:		
- Fixed deposits and cash at bank	3,368	2,253
- Loans to joint ventures	1,107	81
- Loans to associates	1,976	1,703
- Loans to non-controlling interests	255	61
- Loans to third parties	8,172	2,790
Interest income	14,878	6,888
Amortisation of transaction costs of bank loans	(4,286)	(2,456)
Amortisation of transaction costs of bonds	(2,593)	(565)
Interest expenses on:		
- Bank loans	(104,759)	(107,900)
- Bonds	(82,509)	(12,442)
- Loans from intermediate holding company	(41,181)	(90,797)
- Loans from non-controlling interests	(944)	(1,923)
- Loans from joint ventures	(11)	-
Total borrowing costs	(236,283)	(216,083)
Less: borrowing costs capitalised in investment properties	4,323	6,250
Net borrowing costs	(231,960)	(209,833)
Foreign exchange (loss)/gain	(223,288)	217,337
Net finance (costs)/income recognised in profit or loss	(440,370)	14,392

7. Profit before taxation

The following items have been included in arriving at profit before taxation:

	Year from 1 April 2018 to 31 December 2018 US$'000	*Year ended 31 March 2018* US$'000
(a) Staff costs		
Wages and salaries	(32,934)	(39,391)
Contributions to defined contribution plans, included in wages and salaries	(3,422)	(3,506)
Share-based expenses	-	(16,618)
(b) Other expenses		
Amortisation of intangible assets	(1,159)	(1,529)
Depreciation of plant and equipment	(2,894)	(3,172)
Recognition of impairment loss on trade and other receivables	(3,596)	(11,284)
Operating lease expense	(4,517)	(5,461)
Audit fees	(2,678)	(3,201)

8. Tax expense

	Year from 1 April 2018 to 31 December 2018 US$'000	*Year ended 31 March 2018* US$'000
Current tax	115,413	52,052
Withholding tax on foreign-sourced income	7,546	11,088
	122,959	63,140
Deferred tax		
Origination and reversal of temporary differences	678,865	489,278
	801,824	552,418
Reconciliation of expected to actual tax:		
Profit before taxation	2,728,583	2,201,738
Less: share of results (net of tax expense) of joint ventures	(75,114)	(67,902)
Less: share of results (net of tax expense) of associates	(11,789)	1,073
Profit before share of results of joint ventures and associates (net of tax expense)	2,641,680	2,134,909
Tax expense using PRC tax rate of 25%	660,420	533,727
Net income not subject to tax	(9,064)	(70,250)
Non-deductible expenses	126,679	11,729
Deferred tax assets not recognised	24,257	77,314
Recognition of previously unrecognised tax losses	(10,853)	(9,565)
Withholding tax on foreign-sourced income	7,546	11,088
Others	2,839	(1,625)
	801,824	552,418

9. Directors' remuneration

Directors' remuneration disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of information about Benefits of Directors) Regulation is as follows:

	Year from 1 April 2018 to 31 December 2018 US$'000	*Year ended 31 March 2018* US$'000
Executive Directors		
Salaries allowance and benefits in kind	(2,355)	(10,671)
Discretionary bonuses	(2,115)	(2,650)
Share-based payment	-	(10,851)
Long-term incentive plan	(1,451)	-
Total	(5,921)	(24,172)

10. Other comprehensive income

(a) Tax effects relating to other comprehensive income

	Year from 1 April 2018 to 31 December2018			*Year ended 31 March 2018*		
	Before-Tax amount US$'000	*Tax expense* US$'000	*Net-of-Tax amount* US$'000	*Before-Tax amount* US$'000	*Tax expense* US$'000	*Net-of-Tax amount* US$'000
Exchange differences arising from consolidation of foreign operations	(1,083,903)	-	(1,083,903)	1,024,814	-	1,024,814
Change in fair value of other investments	(278,137)	29,103	(249,034)	19,158	(3,124)	16,034
Total other comprehensive income	(1,362,040)	29,103	(1,332,937)	1,043,972	(3,124)	1,040,848

(b) Components of other comprehensive income, including reclassification adjustments

	Year from 1 April 2018 to 31 December 2018 US$'000	*Year ended 31 March 2018* US$'000
Change in fair value of other investments	(249,034)	16,034
Exchange differences arising from consolidation of foreign operations	(1,083,903)	1,024,814
Net movement during the year recognised in other comprehensive income	(1,332,937)	1,040,848

11. Investment properties

	31 December 2018 US$'000	*31 March 2018* US$'000
At April 1	16,605,068	12,406,581
Additions	751,879	961,045
Disposals	-	(49,761)
Acquisition of subsidiaries (note 28)	1,170,548	422,622
Disposal of subsidiaries (note 28)	(1,634,627)	(208,325)
Borrowing cost capitalised	4,323	6,250
Changes in fair value	2,433,474	1,680,791
Effect of movements in exchange rates	(1,475,019)	1,385,865
At 31 December/31 March	17,855,646	16,605,068
Comprising:		
Completed investment properties	14,176,914	13,463,646
Investment properties under re-development	476,862	367,142
Properties under development	1,581,337	1,456,120
Land held for development	1,620,533	1,318,160
	17,855,646	16,605,068

Fair value measurement of properties

(a) Fair value hierarchy

The following table presents the fair value of the Group's properties measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date

- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available

- Level 3 valuations: Fair value measured using significant unobservable input

11. Investment properties (continued)

31 December 2018

	The Group			
	Level 1 US$'000	*Level 2* US$'000	*Level 3* US$'000	*Total* US$'000
Investment properties	-	-	17,855,646	17,855,646

31 March 2018

	The Group			
	Level 1 US$'000	*Level 2* US$'000	*Level 3* US$'000	*Total* US$'000
Investment properties	-	-	16,605,068	16,605,068

During the period from 1 April 2018 to 31 December 2018, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (year ended 31 March 2018: nil). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur. All of the Group's investment properties were stated at fair value as at 31 December 2018.

The valuations were carried out by an independent firm of surveyors, Jones Lang LaSalle Limited, who have among their staff fellows of the Hong Kong Institute of Surveyors with recent experience in the location and category of property being valued.

(b) Information about Level 3 fair value measurements

In determining fair value, a combination of approaches were used, including the direct comparison, income capitalisation, discounted cash flow and residual approaches. The direct comparison approach involves the analysis of comparable sales of similar properties and adjusting the sale prices to that reflective of the investment properties. The income capitalisation approach capitalises an income stream into a present value using single-year capitalisation rates, and the income stream used is adjusted to market rentals currently being achieved within comparable investment properties and recent leasing transactions achieved within the investment property. The discounted cash flow approach requires the valuer to assume a rental growth rate indicative of market and the selection of a target internal rate of return consistent with current market requirements. The residual approach values properties under development and land held for development by reference to its development potential and deducting development costs to be incurred, together with developers' profit margin, assuming it was completed as at the date of valuation.

In relying on the valuation reports, management has exercised its judgement and is satisfied that the valuation methods and estimates are reflective of the current market conditions.

11. Investment properties (continued)

	Valuation Techniques	*Unobservable input*	*Range*
Investment properties:	Capitalisation approach	Capitalisation rate	4.25% - 6.75%
Mainland China	Discounted cash flow and Residual value	Discount rate Terminal yield rate	8.00% - 10.50% 4.25% - 7.00%

Descriptions of the sensitivity in unobservable inputs and inter-relationship:

The fair value measurement is negatively correlated to the unobservable input that the lower the factor will result in a higher fair value.

Fair value adjustment of investment properties is recognised in the line item “changes in fair value of investment properties” on the face of the consolidated statement of comprehensive income.

Surplus on revaluation and exchange adjustment of properties held for own use are recognised in other comprehensive income in “currency translation reserve”.

All the gains recognised in profit or loss for the year arise from the properties held at the end of the reporting period.

Investment properties are held mainly for use by external customers under operating leases. Generally, the leases contain an initial non-cancellable period of one to twenty years. Subsequent renewals are negotiated with the lessees. There are no contingent rents arising from the lease of investment properties.

The capitalisation rates of borrowings range from 4.90% to 6.15% for the year from 1 April 2018 to 31 December 2018 (year ended 31 March 2018: 4.28% to 6.86%).

Investment properties with carrying value totalling approximately US$9,020,340,000 as at 31 December 2018 (31 March 2018: US$9,071,880,000) were mortgaged to banks to secure credit facilities for the Group (note 25). Interest capitalised as costs of investment properties amounted to approximately US$4,324,000 (31 March 2018: US$6,250,000) during the year.

12. Investment in subsidiaries

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group. The class of shares held is ordinary unless otherwise stated.

Name of subsidiaries	Place of incorporation and business	Proportion of ownership interest: Group's Effective interest	Held by the Company	Held by a subsidiary	Registered capital	Principal activities
GLP Investment (Shanghai) Co., Ltd. ("CMC")	PRC	100%	-	100%	US$'000 600,000	Property management
CLH 12 (HK) Limited	Hong Kong	100%	-	100%	US$'000 311,936	Investment holding
China Logistics Holdings (12) Pte. Ltd.	Singapore	100%	-	100%	US$'000 70,920	Investment holding
Zhuhai Puxing Logistic Industry Equity Investment Partnership (LP)	PRC	100%	-	100%	RMB'000 1,799,000	Investment holding
CLF Fund I, LP ("CLF I")	Singapore/ PRC	55.88%	-	55.88%	US$'000 1,413,179	Property investment
CLF Fund II, LP ("CLF II")	Cayman Islands/PRC	56.38%	-	56.38%	US$'000 283,919	Property investment
GLP Finance Leasing (Shanghai) Co., Ltd.	PRC	100%	-	100%	RMB'000 380,000	Financial service
Zhejiang Transfar Logistics Base Co., Ltd. ("Transfar")	PRC	60%	-	60%	RMB'000 111,333	Financial service
GLP Shanghai Chapu Logistics Facilities Co., Ltd.	PRC	100%	-	100%	US$'000 14,000	Property investment
GLP Puyun Warehousing Services Co., Ltd.	PRC	100%	-	100%	US$'000 47,700	Property investment
GLP Beijing Airport Logistics Development Co., Ltd.	PRC	100%	-	100%	US$'000 30,000	Property investment
GLP Foshan Logistics Co., Ltd.	PRC	100%	-	100%	US$'000 17,000	Property investment
GLP Hangzhou Logistics Development Co., Ltd.	PRC	100%	-	100%	US$'000 24,000	Property investment
GLP Shanghai Songjiang Logistics Facilities Co., Ltd.	PRC	100%	-	100%	US$'000 48,000	Property investment
GLP Shanghai Minhang Logistics Facilities Co., Ltd.	PRC	100%	-	100%	US$'000 26,000	Property investment
GLP(Guangzhou) Baopu Development Co., Ltd.	PRC	100%	-	100%	RMB'000 156,000	Property investment
GLP Xujing Logistics Co., Ltd.	PRC	100%	-	100%	US$'000 20,200	Property investment
GLP Wanqing Logistics Co., Ltd.	PRC	100%	-	100%	RMB'000 320,000	Property investment
GLP Guangzhou Warehousing Co., Ltd.	PRC	100%	-	100%	RMB'000 50,000	Property investment
GLP Shanghai Pujin Logistics Facilities Co., Ltd.	PRC	100%	-	100%	US$'000 50,000	Property investment
Kunshan GLP Dianshanhu Logistics Co., Ltd.	PRC	100%	-	100%	US$'000 59,000	Property investment
GLP Langfang Logistics Facilities Co.,Ltd.	PRC	100%	-	100%	US$'000 41,900	Property investment
Tianjin Puya Logistics Facilities Co., Ltd.	PRC	100%	-	100%	US$'000 35,400	Property investment
GLP Shanghai Waigaoqiao Logistics Facilities Co., Ltd.	PRC	100%	-	100%	US$'000 68,560	Property investment
GLP Pugao Logistics Co., Ltd.	PRC	100%	-	100%	US$'000 120,000	Property investment
Hangzhou Linpu Logistics Facilities Co., Ltd.	PRC	100%	-	100%	US$'000 50,000	Property investment
GLP Wuxi Puxin Technology & Industrial Development Co., Ltd.	PRC	100%	-	100%	US$'000 140,000	Property investment
Dongguan Ever Profit Logistics Co., Ltd.	PRC	100%	-	100%	RMB'000 257,393	Property investment
Beijing Sifang Tianlong Medicine Logistic Co., Ltd.	PRC	100%	-	100%	RMB'000 185,000	Property investment
Dalian GLP-Jifa Logistics Facilities Co., Ltd.	PRC	60%	-	60%	US$'000 80,000	Property investment
Beijing City Power Warehousing Co., Ltd.	PRC	60%	-	60%	RMB'000 174,497	Property investment
GLP Shanghai Shenjiang Logistics Facilities Co.,Ltd.	PRC	100%	-	100%	USD'000 20,000	Property investment
Airport City Development Co., Ltd. ("ACL")	PRC	53.14%	-	53.14%	RMB'000 1,800,000	Property investment
Weilun Storage Services Co., Ltd.	PRC	100%	-	100%	US$'000 20,000	Property investment

12. Investment in subsidiaries (continued)

Name of subsidiaries	Place of incorporation and business	Group's Effective interest	Held by the Company	Held by a subsidiary	Registered capital	Principal activities
	Proportion of ownership interest					
Beijing Lihao Science & Technology Co., Ltd.	PRC	88%	-	88%	RMB'000 559,743	Property investment
Foshan Pufeng Logistics Facilities Co., Ltd.	PRC	60%	-	60%	RMB'000 422,813	Property investment
Shenzhen Lingxian Technology Co., Ltd.	PRC	55%	-	55%	RMB'000 40,000	Property investment
GLP I-Park Xi'An Science & Technology Industrial Development Co., Ltd.	PRC	48%	-	48%	RMB'000 1,251,800	Property investment

The following tables lists out the information relating to changes in non-controlling interests ("NCI"), and the subsidiaries of the Group which have material NCI.

	Changes in NCI				
	CLF I US$'000	ACL US$'000	CLF II US$'000	Others US$'000	Total US$'000
Balance at 1 April 2017	636,557	322,429	25,845	731,042	1,715,873
Profit for the year	152,229	24,423	23,861	113,613	314,126
Exchange differences arising from consolidation of foreign operations	71,906	33,243	9,666	78,936	193,751
Capital contribution by non-controlling shareholders	24,265	-	92,217	20,383	136,865
Dividends paid to NCI	-	-	-	(19,377)	(19,377)
Acquisition of subsidiaries	-	-	-	10,930	10,930
Acquisition of interests in subsidiaries from NCI	-	-	-	(24,397)	(24,397)
Disposal of subsidiaries	-	-	-	(41,261)	(41,261)
Disposal of interests in subsidiaries to NCI	-	-	-	7,496	7,496
Balance at 31 March 2018 and 1 April 2018	884,957	380,095	151,589	877,365	2,294,006
Profit for the year	125,848	117,060	18,429	131,713	393,050
Exchange differences arising from consolidation of foreign operations	(78,386)	(35,340)	(17,727)	(73,844)	(205,297)
Capital contribution by non-controlling shareholders	13,235	-	152,432	34,128	199,795
Dividends paid to NCI	-	-	-	(3,253)	(3,253)
Acquisition of subsidiaries	-	-	-	122,361	122,361
Acquisition of interests in subsidiaries from NCI	-	-	-	(18,079)	(18,079)
Disposal of subsidiaries	-	-	-	(181,783)	(181,783)
Balance at 31 December 2018	945,654	461,815	304,723	888,608	2,600,800

12. Investment in subsidiaries (continued)

The following tables lists out the information relating to CLF I, ACL and CLF II, the subsidiaries of the Group which have material non-controlling interest ("NCI"). The summarised financial information presented below represent the amounts before any inter-company elimination.

	31 December 2018 US$'000	*31 March 2018* US$'000
CLF I		
NCI percentage	44.12%	44.12%
Current assets	114,483	170,420
Non-current assets	3,178,894	2,965,507
Current liabilities	(360,036)	(298,382)
Non-current liabilities	(789,855)	(831,641)
Net assets	2,143,486	2,005,904
Carrying amount of NCI	945,654	884,957

	Year from 1 April 2018 to 31 December 2018 US$'000	*Year ended 31 March 2018* US$'000
Revenue	123,000	106,601
Profit for the year	285,254	345,053
Total comprehensive income	107,579	508,040
Profit allocated to NCI	125,848	152,229
Net cash (decrease)/increase	(40,176)	2,221

	31 December 2018 US$'000	*31 March 2018* US$'000
ACL		
NCI percentage	46.86%	46.86%
Current assets	47,848	42,347
Non-current assets	1,689,348	1,466,921
Current liabilities	(192,086)	(200,886)
Non-current liabilities	(559,620)	(497,279)
Net assets	985,490	811,103
Carrying amount of NCI	461,815	380,095

12. Investment in subsidiaries (continued)

	Year from 1 April 2018 to 31 December 2018 US$'000	*Year ended 31 March 2018* US$'000
Revenue	53,236	62,804
Profit for the year	249,800	52,118
Total comprehensive income	174,387	123,057
Profit allocated to NCI	117,060	24,423
Net cash (increase)/decrease	18,422	(552)

	31 December 2018 US$'000	*31 March 2018* US$'000
CLF II		
NCI percentage	43.62%	43.62%
Current assets	171,996	158,797
Non-current assets	1,117,008	653,572
Current liabilities	(510,027)	(417,039)
Non-current liabilities	(63,901)	(47,841)
Non-controlling interests	(16,557)	-
Net assets	698,519	347,489
Carrying amount of NCI	304,723	151,589

	Year from 1 April 2018 to 31 December 2018 US$'000	*Year ended 31 March 2018* US$'000
Revenue	6,034	401
Profit for the year	41,966	54,698
Total comprehensive income	3,367	76,861
Profit allocated to NCI	18,429	23,861
Net cash (decrease)/increase	(74,350)	77,545

13. Joint ventures

	Notes	*31 December 2018* US$'000	*31 March 2018* US$'000
Shanghai Lingang GLP International Logistics Leasing Co., Ltd. ("Lingang International")	(a)	262,778	248,361
Beijing Zhengqi Shangcheng Investment Center LLP, Beijing Zhengqi Shangxin Investment Center LLP, Beijing Zhengqi Shangde Investment Center LLP and Beijing Zhengqi Shanghui Investment Center LLP ("Z3")	(b)	241,874	-
Others		475,630	227,748
		980,282	476,109

All the joint ventures are unlisted corporate entities whose quoted market prices are not available.

(a) Lingang International

Lingang International was established by a subsidiary of the Company with a state-owned property developer and constructor in the PRC. Summarised financial information of Lingang International, adjusted for any differences in accounting policies, and a reconciliation to the carrying amount in the consolidated financial statements, are disclosed below:

	31 December 2018 US$'000	*31 March 2018* US$'000
Non-current assets	755,527	743,163
Current assets	41,143	44,254
Non-current liabilities	(251,644)	(266,478)
Current liabilities	(19,471)	(24,218)
Equity	525,555	496,721
Group's effective interest	50.00%	50.00%
Carrying amount in the consolidated financial statements	262,778	248,361
Included in the above assets and liabilities:		
Cash and cash equivalents	34,205	26,942
Current financial liabilities (excluding trade and other payables)	(16,877)	(16,089)
Non-current financial liabilities (excluding trade and other payables)	(115,771)	(142,610)

13. Joint ventures (continued)

	Year from 1 April 2018 to 31 December 2018 US$'000	*Year ended 31 March 2018* US$'000
Revenue	29,098	36,132
Profit for the year	72,996	89,038
Total comprehensive income	72,996	130,241
Group's effective interest	50.00%	50.00%
Share of results (net of tax expense) of joint ventures	36,498	44,519

	31 December 2018 US$'000	*31 March 2018* US$'000
Included in the above profit:		
Depreciation and amortisation	(43)	(56)
Interest income	96	138
Interest expense	(4,992)	(6,760)
Income tax expense	(24,357)	(29,974)

(b) Z3

On 8 November 2018, the Group acquired 89% shares of four limited partnerships including Beijing Zhengqi Shangcheng Investment Center LLP, Beijing Zhengqi Shangxin Investment Center LLP, Beijing Zhengqi Shangde Investment Center LLP and Beijing Zhengqi Shanghui Investment Center LLP, jointly referred to as "Z3", whose boards' are composed of seven members with two of them appointed by the Group. Decisions about the relevant activities require more than 75% of the total seven members. Summarised financial information of Z3, adjusted for any differences in accounting policies, and a reconciliation to the carrying amount in the consolidated financial statements, are disclosed below:

13. Joint ventures (continued)

	31 December 2018 US$'000
Non-current assets	272,693
Current assets	932
Current liabilities	(1,857)
Equity	271,768
Group's effective interest	89.00%
Carrying amount in the consolidated financial statements	241,874
Included in the above assets and liabilities:	
Cash and cash equivalents	7,390

	Year from 1 April 2018 to 31 December 2018 US$'000
Revenue	17
Profit for the year	(1,238)
Total comprehensive income	(1,238)
Group's effective interest	89.00%
Share of results (net of tax expense) of joint ventures	(1,102)
Included in the above profit:	
Depreciation and amortisation	(7)
Interest income	24

14. Associates

	Notes	*31 December 2018* US$'000	*31 March 2018* US$'000
Beijing Capital Farm Co., Ltd. ("BCF")	(a)	124,332	134,155
Zhuhai Hidden Hill Logistic Equity Investment Fund (LP) ("Hidden Hill")	(b)	56,639	-
Zhuhai Anshi Yiying Investment Center LLP ("Anshi Yiying")	(c)	32,055	-
Guanghzou Top Ideal Commercial Development Co., Ltd. ("Top Ideal")		31,488	32,676
Tompkins International LLC		30,185	35,788
Vantone Industrial Real Estate Fund I ("Vantone Fund")		24,196	20,828
Hibiscus Vantage Investment LP ("HV")		19,059	-
G7 Fleet Limited ("G7 Fleet")		18,669	-
Others		21,878	3,310
		358,501	226,757

(a) BCF

On 6 June 2016, the Group acquired 21.64% equity interest of BCF through acquiring 89% equity interests of two intermediate holding companies of BCF, Beijing Youshan Hengrong Yanong Investment Management Center (LLP) and Beijing Youshan Shengyue Investment Management Center (LLP), with cash investment amounting to RMB448.4 million (equivalent to approximately US$65,334,000).

On 8 February 2017, the Group further acquired 21.29% equity interest of BCF with cash consideration of RMB350 million (equivalent to approximately US$50,997,000). On 17 January 2018, the Group further invested 10% equity interest of a wholly-owned subsidiary of BCF with cash consideration of RMB10.8 million (equivalent to approximately US$1,570,000).

On 15 May 2018, the Group disposed 0.5% equity interest in BCF amounting to RMB9.9 million (equivalent to approximately US$1,400,000).

As of 31 December 2018, the Group holds, through its subsidiaries, collectively 37.51% equity interest of BCF with total cash consideration of RMB799.3 million (equivalent to approximately US$124,800,000).

Summarised financial information of the BCF, adjusted for any differences in accounting policies, and a reconciliation to the carrying amount in the consolidated financial statements, are disclosed below:

14. Associates (continued)

	31 December 2018 US$'000	*31 March 2018* US$'000
Non-current assets	710,804	718,222
Current assets	249,173	226,963
Non-current liabilities	(191,542)	(174,054)
Current liabilities	(388,038)	(446,551)
Minority interest of BCF	(48,933)	(30,445)
Net assets belonging to the owners	331,464	294,135
Group's interest in associates	37.51%	45.61%
Carrying amount in the annual report	124,332	134,155
Included in the above assets and liabilities:		
Cash and cash equivalents	81,254	65,106
Current financial liabilities (excluding trade and other payables)	(28,013)	(128,771)
Non-current financial liabilities (excluding trade and other payables)	(145,479)	(138,183)

	Year from 1 April 2018 to 31 December 2018 US$'000	*Year ended 31 March 2018* US$'000
Revenue	407,171	431,619
Profit for the year	13,319	(1,454)
Profit attributable to NCI	(5,208)	(2,597)
Profit attributable to the Group	8,111	(4,051)
Total comprehensive income	(20,333)	22,325
Group's effective interest	37.51%	45.61%
Share of results (net of tax expense) of associates	(7,627)	(1,848)
Included in the above profit:		
Depreciation and amortisation	(11,866)	(30,575)
Interest income	765	923
Interest expense	(14,547)	(12,390)
Income tax expense	(174)	(152)

14. Associates (continued)

(b) Hidden Hill

In May 2018, the Group invested 30.76% equity interest of Hidden Hill, whose board is composed of five members with one of them appointed by the Group.

As at 31 December 2018, the Group's cash investment on Hidden Hill amounts to RMB398 million (equivalent to approximately US$60,487,000).

Summarised financial information of the Hidden Hill, adjusted for any differences in accounting policies, and a reconciliation to the carrying amount in the consolidated financial statements, are disclosed below:

	31 December 2018 US$'000
Non-current assets	34,265
Current assets	52,907
Current liabilities	(4,334)
Net assets belonging to the owners	82,838
Group's interest in associates	30.76%
Carrying amount in the annual report	56,639
Included in the above assets and liabilities:	
Cash and cash equivalents	52,907

	Year from 1 April 2018 to 31 December 2018 US$'000
Revenue	-
Profit for the year	(4,338)
Total comprehensive income	(4,338)
Group's effective interest	30.76%
Share of results (net of tax expense) of associates	(1,335)
Included in the above profit:	
Interest income	108

14. Associates (continued)

(c) Anshi Yiying

On 24 Decemeber 2018, the Group invested 49.99% equity interest of Anshi Yiying, whose board is composed of five members with one of them appointed by the Group.

As at 31 Decemeber 2018, the Group's cash investment on Anshi Yiying amounts to RMB220 million (equivalent to approximately US$31,881,000).

Summarised financial information of the Anshi Yiying, adjusted for any differences in accounting policies, and a reconciliation to the carrying amount in the consolidated financial statements, are disclosed below:

	31 December 2018 US$'000
Non-current assets	63,469
Current assets	656
Current liabilities	(16)
Net assets belonging to the owners	64,109
Group's interest in associates	49.99%
Carrying amount in the annual report	32,055
Included in the above assets and liabilities:	
Cash and cash equivalents	656

	Year from 1 April 2018 to 31 December 2018 US$'000
Revenue	-
Profit for the year	(16)
Total comprehensive income	(16)
Group's effective interest	49.99%
Share of results (net of tax expense) of associates	(8)

15. Deferred tax

Movements in deferred tax assets and liabilities during the year are as follows:

	At 1 April US$'000	Changes in accounting policy (note 2)	Acquisition of subsidiaries (note 28) US$'000	Disposal of subsidiaries (note 28) US$'000	Effect of movement in exchange rates US$'000	Recognised in other comprehensive income (note 10) US$'000	Recognised in profit or loss US$'000	At 31 December/ 31 March US$'000
Deferred tax assets								
31 March 2018								
Unutilised tax losses	28,254	-	69	-	3,055	-	4,698	36,076
Others	3,023	-	-	-	292	-	(127)	3,188
	31,277	-	69	-	3,347	-	4,571	39,264
31 December 2018								
Unutilised tax losses	36,076	-	-	(1,545)	(3,192)	-	4,057	35,396
Others	3,188	-	-	-	(262)	-	(380)	2,546
	39,264	-	-	(1,545)	(3,454)	-	3,677	37,942
Deferred tax liabilities								
31 March 2018								
Investment properties	(1,132,034)	-	-	21,362	(139,836)	-	(498,040)	(1,748,548)
Other investments	(23,724)	-	-	-	(2,520)	(3,124)	-	(29,368)
Others	(11,558)	-	-	-	(908)	-	4,191	(8,275)
	(1,167,316)	-	-	21,362	(143,264)	(3,124)	(493,849)	(1,786,191)
31 December 2018								
Investment properties	(1,748,548)	-	-	242,909	161,904	-	(675,569)	(2,019,304)
Other investments	(29,368)	(7,378)	-	-	2,163	29,103	(8,063)	(13,543)
Others	(8,275)	-	-	-	678	-	1,090	(6,507)
	(1,786,191)	(7,378)	-	242,909	164,745	29,103	(682,542)	(2,039,354)

Deferred tax liabilities and assets are offset when there is a legally enforceable right to set off current tax liabilities and when the deferred taxes relate to the same tax authority. The amounts determined after appropriate offsetting are included in the statement of financial position as follows:

	31 December 2018 US$'000	*31 March 2018* US$'000
Deferred tax assets	8,114	2,608
Deferred tax liabilities	(2,009,526)	(1,749,535)

Deferred tax assets have not been recognised in respect of the following items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits there from:

	31 December 2018 US$'000	*31 March 2018* US$'000
Tax losses	408,741	571,405

Tax losses are subject to agreement by the tax authorities and compliance with tax regulations in the respective countries in which the subsidiaries operate. Unrecognised tax losses amounting to approximately US$408,741,000 (31 March 2018: US$571,405,000) will expire within 1 to 5 years.

16. Plant and equipment

	Furniture, fittings and equipment US$'000
Cost:	
At 1 April 2017	26,358
Acquisition of subsidiaries (note 28)	660
Additions	3,874
Disposals	(705)
Effect of movements in exchange rates	2,830
At 31 March 2018	33,017
Acquisition of subsidiaries (note 28)	1,324
Additions	6,870
Disposals	(1,040)
Disposal of subsidiaries (note 28)	(1,314)
Effect of movements in exchange rates	(2,653)
At 31 December 2018	36,204
Accumulated depreciation:	
At 1 April 2017	(19,275)
Charge for the year	(3,172)
Disposals	366
Effect of movements in exchange rates	(2,556)
At 31 March 2018	(24,637)
Charge for the year	(2,894)
Disposals	978
Disposal of subsidiaries (note 28)	1,204
Effect of movements in exchange rates	1,294
At 31 December 2018	(24,055)
Carrying amounts:	
At 1 April 2017	7,083
At 31 March 2018	8,380
At 31 December 2018	12,149

17. Intangible assets

	Goodwill US$'000	*Trademark* US$'000	*Non-competition* US$'000	*License rights* US$'000	*Total* US$'000
Cost:					
At 1 April 2017	279,823	23,588	4,330	923	308,664
Effect of movements in exchange rates	27,668	2,332	-	92	30,092
At 31 March 2018	307,491	25,920	4,330	1,015	338,756
Effect of movements in exchange rates	(26,196)	(2,209)	-	(86)	(28,491)
At 31 December 2018	281,295	23,711	4,330	929	310,265
Accumulated amortisation:					
At 1 April 2017	-	(7,795)	(4,330)	(247)	(12,372)
Charge for the year	-	(1,325)	-	(204)	(1,529)
Effect of movements in exchange rates	-	(845)	-	(35)	(880)
At 31 March 2018	-	(9,965)	(4,330)	(486)	(14,781)
Charge for the year	-	(1,007)	-	(152)	(1,159)
Effect of movements in exchange rates	-	888	-	45	933
At 31 December 2018	-	(10,084)	(4,330)	(593)	(15,007)
Carrying amounts:					
At 1 April 2017	279,823	15,793	-	676	296,292
At 31 March 2018	307,491	15,955	-	529	323,975
At 31 December 2018	281,295	13,627	-	336	295,258

Impairment tests for cash-generating units containing goodwill

Goodwill is allocated to the Group's cash-generating units (CGU) identified according to country of operation and operating segment, carrying amount of each CGU as follows:

	31 December 2018 US$'000	*31 March 2018* US$'000
GLP China (note)	227,720	248,926
ACL Group	53,575	58,565
Total	281,295	307,491

Note: Relates to the leasing of logistic facilities and provision of asset management services in China and excludes the ACL Group.

17. Intangible assets (continued)

(a) GLP China

To meet the requirement of group level valuation, recoverable amount of the CGU changed from value in use to fair value less costs of disposal. The CGU comprises following categories: development business, fund management, investment properties and other investment as at 31 December 2018. In determining fair value, a combination of approaches were used, including the direct comparison, income capitalisation, discounted cash flow and residual approaches. The direct comparison approach involves the analysis of comparable properties or public companies, the Group invests in companies listed in active markets, and these equity securities are stated at their fair values at the reporting date. The income capitalisation approach capitalises an income stream into a present value using single-year capitalisation rates, and the income stream used is adjusted to market rentals currently being achieved within comparable investment properties and recent leasing transactions achieved within the investment property. The discounted cash flow approach requires the valuer to assume a rental growth rate indicative of market and the selection of a target internal rate of return consistent with current market requirements. The residual approach values properties under development and land held for development by reference to its development potential and deducting development costs to be incurred, together with developers' profit margin, assuming it was completed as at the date of valuation.

Key assumptions on which management has based its determination of fair value less costs to sell of disposal are capitalization rate 4.25% - 7%, discount rate 7.06% - 11.23%, terminal yield rate 4.25% - 6.75%. The Group believes that any reasonably possible changes in the above key assumptions applied are not likely to materially cause the recoverable amount to be lower than its carrying amount.

(b) ACL Group

The recoverable amount of the CGU is determined based on value in use calculation. The value in use calculation is a discounted cash flow model using cash flow projections based on the most recent budgets and forecasts approved by management covering ten years. Cash flows beyond these periods are extrapolated using the estimated terminal growth rate. The discount rate applied is the weighted average cost of capital from the relevant business segment. The terminal growth rate used does not exceed management's expectation of the long-term average growth rate of the respective industry and country in which the CGU operates. The discount rate and terminal growth rate used as at 31 December 2018 are 7.5% and 3% respectively (31 March 2018: 8% and 3%). The Group believes that any reasonably possible changes in the above key assumptions applied are not likely to materially cause the recoverable amount to be lower than its carrying amount.

18. Other investments

	31 December 2018 US$'000	*1 April 2018* US$'000	*31 March 2018* US$'000
Listed equity securities – at FVOCI (non-recycling)	346,901	679,722	-
Unlisted equity securities – at FVTPL	717,762	408,755	-
	1,064,663	1,088,477	-
Available-for-sale financial assets			
- Listed equity securities	-	-	679,722
- Unlisted equity securities	-	-	376,258
	-	-	1,055,980

Listed equity securities comprise 15.45% (31 March 2018: 15.45%) interest in China Materials Storage and Transportation Development Company, which is listed on the Shanghai Stock Exchange and 0.89% (31 March 2018: 0.89%) interest in Shanghai Lingang Holdings Corporation Limited ("SHLG"), which is listed on the Shanghai Stock Exchange. The Group designated these investments at FVOCI (non-recycling), as these investments are held for strategic purposes. No dividends were received on this investment during the year (2017: nil).

In June 2018, Shenzhen New Nanshan Holding (Group) Co., Ltd. ("SNNH"), which is listed on the Shenzhen Stock Exchange, issued shares to merge Shenzhen Chiwan Petroleum Base Co., Ltd. ("SCPSB"). According to the stock exchange price in the announcement, the conversion ratio of SCPSB and SNNH is 1:3.6004. As a result, the Group holds 6.1% interest in SNNH (31 March 2018: 19.9% in SCPSB).

Available-for-sale financial assets were reclassified to financial assets measured at FVTPL and equity securities designated at FVOCI (non-recycling) upon the initial application of HKFRS 9 at 1 April 2018 (see note 2(c)(b)).

19. Other non-current assets

	31 December 2018 US$'000	*31 March 2018* US$'000
Trade receivables	36,985	40,960
Deposits	999	1,161
Prepayments	75,732	1,608
Finance lease receivables	52,065	70,044
- Finance lease receivables	52,065	71,475
- Impairment losses	-	(1,431)
Loans to joint ventures	164,622	999
Loans to associates	43,688	-
Loans to third parties	22,417	198,079
	396,508	312,851

The loans to joint ventures are repayable after one year, and bear interest rate ranging from 3.28% to 6.50% per annum (31 March 2018: 5.39%).

The loans to associates are repayable after one year, and bear interest rate ranging from 8% to 10% per annum.

The loans to third parties in relation to new strategic investments are unsecured, repayable after one year, and bear interest rate ranging from 8% to 18% per annum (31 March 2018: 3.28% to 8.00%).

20. Trade and other receivables

	31 December 2018 US$'000	*31 March 2018* US$'000
Net trade receivables:		
- Trade receivables	68,445	114,188
- Impairment losses	(2,914)	(2,767)
	65,531	111,421
Net finance lease receivables		
- Finance lease receivables	180,553	220,598
- Impairment losses	(11,372)	(8,031)
	169,181	212,567
Amounts due from joint ventures:		
- Trade	8,806	754
- Non-trade	416,269	102,523
- Loans to joint ventures	82,260	4,808
	507,335	108,085
Amounts due from associates:		
- Trade	13,786	7,820
- Non-trade	15	7
- Loans to associates	144,286	13,779
	158,087	21,606
Amounts due from non-controlling interests:		
- Non-trade	3,390	2,330
- Loans to non-controlling interests	5,931	7,213
	9,321	9,543
Amounts due from intermediate holding company:		
- Non-trade	160,275	-
Amounts due from related parties:		
- Trade	-	7,581
- Non-trade	11,840	6
	11,840	7,587
Loans to third parties	349,638	296,086
Deposits	182,225	216,887
Notes receivables	3,705	-
Net other receivables:		
- Other receivables	131,028	108,478
- Impairment losses	(12)	(12)
	131,016	108,466
Prepayments	66,914	103,152
	1,815,068	1,195,400

The non-trade amounts due from joint ventures, associates, non-controlling interests, intermediate holding company and related parties are unsecured, interest-free and repayable on demand.

The loans to joint ventures, associates and non-controlling interests are unsecured, bear effective interests ranging from 6.00% to 10.00% (31 March 2018: 5.39%% to 10.00%) per annum at the reporting date and are repayable within the next 12 months.

20. Trade and other receivables (continued)

The loans to third parties in relation to acquisition of new investments are secured, repayable within the next 12 months, and bear effective interest ranging from 4.90% to 15.00% (31 March 2018: 4.90% to 15.00%) per annum, except for US$185,274,000 which is interest-free upon completion of the acquisition (31 March 2018: US$23,732,000 which is interest-free upon completion of the acquisition). The other loans to third parties are secured, repayable within the next 12 months and bear effective interests ranging from 10.00% to 15.00% (31 March 2018: 9.50% to 12.00%) per annum.

Deposits include an amount of approximately US$178,832,000 (31 March 2018: US$209,567,000) in relation to the acquisition of new investments. Other receivables comprise principally interest receivables and other recoverables.

(a) Aging analysis

As of the end of the reporting period, the aging analysis of trade receivables based on the invoice date and net of allowance for doubtful debts, is as follows:

	31 December 2018 US$'000	*31 March 2018* US$'000
Within 1 month	53,810	66,288
1 to 2 months	6,569	27,843
2 to 3 months	822	5,560
Over 3 months	4,330	11,730
	65,531	111,421

Trade receivables are due on the date of billing. Further details on the Group's credit policy are set out in note 29(a).

(b) Impairment of trade and other receivables

The Group measures loss allowances for trade receivables and contract assets at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

20. Trade and other receivables (continued)

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables and contract assets as at 31 December 2018:

	Expected loss rate	*Gross carrying amount*	*Loss allowance*
	%	$'000	$'000
Within 1 month	0.85%	54,270	(460)
1 to 2 months	7.88%	7,131	(562)
2 to 3 months	15.78%	976	(154)
3 to 6 months	16.58%	2,925	(485)
7 to 12 months	20.75%	2,385	(495)
Over 12 months	100.00%	758	(758)
		68,445	(2,914)

Expected loss rates are based on actual loss experience over the past 9 months. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Comparative information under HKAS 39

Prior to 1 April 2018, an impairment loss was recognised only when there was objective evidence of impairment (see note 2(m)(i) – policy applicable prior to 1 April 2018). The aging analysis of trade debtors that were not considered to be impaired was as follows:

	31 March 2018
	US$'000
Within 1 month	53,810
1 to 2 months	6,569
2 to 3 months	822
Over 3 months	4,330
At 31 March	65,531

Receivables that were neither past due nor impaired related to a wide range of customers for whom there was no recent history of default.

Receivables that were past due but not impaired related to a number of independent customers that had a good track record with the Group. Based on past experience, management believed that no impairment allowance was necessary in respect of these balances as there had been no significant change in credit quality and the balances were still considered fully recoverable.

20. Trade and other receivables (continued)

Movement in the loss allowance account in respect of trade receivables during the year is as follows:

	31 December 2018 $'000	*31 March 2018* $'000
Balance at 31 March under HKAS 39	10,810	292
Impact on initial application of HKFRS 9 (note 2(c)a)	-	-
Balance at 1 April	10,810	292
Impairment loss reversed	(983)	(1,645)
Impairment loss recognized	4,579	11,556
Acquisition of subsidiaries	(73)	-
Translation differences	(35)	607
Balance at 31 December/31 March	14,298	10,810

Credit risk arising from loans to associates, the loans to non-controlling interests and the loans to third parties

The loans to joint ventures, the loans to associates, the loans to non-controlling interests and the loans to third parties are repayable within the next 12 months. The Group considers that the credit risk arising from the loans are insignificant as the loans are within the credit validity.

21. Cash and cash equivalents

(a) Cash and cash equivalents comprise:

	31 December 2018 US$'000	*31 March 2018* US$'000
Fixed deposits	10,635	25,824
Cash at bank	611,190	1,037,979
Restricted cash	41,471	43,061
Cash and cash equivalents	663,296	1,106,864

The effective interest rates relating to fixed deposits and certain cash at bank balances at the reporting date for the Group ranged from 1.10% to 2.10% (31 March 2018: 1.10% to 2.10%) and 0.05% to 0.35% (31 March 2018: 0.05% to 0.35%) per annum respectively. Interest rates reprice at intervals of one to twelve months.

Restricted cash represents bank balances of certain subsidiaries pledged as security for future investments.

21. Cash and cash equivalents (continued)

(b) Reconciliation of liabilities arising from financing activities:

The table below details changes in the company's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the cash flow statement as cash flows from financing activities.

	Bank loans (note 25) US$'000	Unsecured bonds (note 25) US$'000	Secured bonds (note 25) US$'000	Loans from intermediate holding company (note 26,27) US$'000	Loans from non-controlling interests (note 27) US$'000	Loan from jointly-controlled entities (note 27)I US$'000	Loan from third parties (note 27)I US$'000	Notes payable (note 27)I US$'000	Total US$'000
At 1 April 2017	1,771,235	216,498	-	1,619,835	31,590	-	-	3,725	3,642,883
Changes from financing cash flows:									
Proceeds from bank loans	2,280,945	-	-	-	-	-	-	-	2,280,945
Repayment of bank loans	(703,909)	-	-	-	-	-	-	-	(703,909)
Proceeds from issue of bonds	-	530,931	-	-	-	-	-	-	530,931
Proceeds of loans from intermediate holding company	-	-	-	725,000	-	-	-	-	725,000
Repayment of loans from intermediate holding company	-	-	-	(458,368)	-	-	-	-	(458,368)
Repayment of loans from non-controlling interests	-	-	-	-	(42,233)	-	-	-	(42,233)
Total changes from financing cash flows	1,577,036	530,931	-	266,632	(42,233)	-	-	-	2,332,366
Other changes:									
Acquisition of subsidiaries (note 28)	17,287	-	-	-	50,086	-	-	-	67,373
Disposal of subsidiaries (note 28)	(39,961)	-	-	-	-	-	-	-	(39,961)
Effect of movements in exchange rates	157,747	28,927	-	5,017	3,160	-	-	429	195,280
Others	-	-	-	-	-	-	-	1,100	1,100
Total other changes	135,073	28,927	-	5,017	53,246	-	-	1,529	223,792
At 31 March 2018	3,483,344	776,356	-	1,891,484	42,603	-	-	5,254	6,199,041

21. Cash and cash equivalents (continued)

	Bank loans (note 25) US$'000	*Unsecured bonds (note 25)* US$'000	*Secured bonds (note 25)* US$'000	*Loans from intermediate holding company (note 26,27)* US$'000	*Loans from non-controlling interests (note 27)* US$'000	*Loan from jointly-controlled entities (note 27)* US$'000	*Loan from third parties (note 27)* US$'000	*Notes payable (note 27)* US$'000	*Total* US$'000
At 1 April 2018	3,483,344	776,356	-	1,891,484	42,603	-	-	5,254	6,199,041
Changes from financing cash flows:									
Proceeds from bank loans	2,083,717	-	-	-	-	-	-	-	2,083,717
Repayment of bank loans	(2,059,496)	-	-	-	-	-	-	-	(2,059,496)
Proceeds from issue of bonds	-	1,970,155	217,040	-	-	-	-	-	2,187,195
Proceeds of loans from intermediate holding company	-	-	-	267,000	-	-	-	-	267,000
Repayment of loans from intermediate holding company	-	-	-	(1,373,395)	-	-	-	-	(1,373,395)
Proceeds of loans from non-controlling interests	-	-	-	-	2,567	-	-	-	2,567
Repayment of loans from non-controlling interests	-	-	-	-	(36,520)	-	-	-	(36,520)
Proceeds of loans from joint ventures	-	-	-	-	-	31,472	-	-	31,472
Proceeds of loans from third parties	-	-	-	-	-	-	5,772	-	5,772
Total changes from financing cash flows	24,221	1,970,155	217,040	(1,106,395)	(33,953)	31,472	5,772	-	1,108,312
Other changes:									
Acquisition of subsidiaries (note 28)	76,331	-	-	-	-	-	-	-	76,331
Disposal of subsidiaries (note 28)	(79,037)	-	-	-	-	-	-	-	(79,037)
Effect of movements in exchange rates	(177,745)	(162,046)	1,473	165,135	(1,767)	-	42	3	(174,905)
Others	-	-	-	-	-	-	-	(894)	(894)
Total other changes	(180,451)	(162,046)	1,473	165,135	(1,767)	-	42	(891)	(178,505)
At 31 December 2018	3,327,114	2,584,465	218,513	950,224	6,883	31,472	5,814	4,363	7,128,848

22. Share capital and capital management

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

Company	*Share capital* US$'000	*Currency translation reserve* US$'000	*Retained earnings* US$'000	*Total* US$'000
Balance at 1 April 2017	6,950,825	(743,514)	(105,978)	6,101,333
Changes in equity for the year:				
Total comprehensive income for the year	-	608,400	91,733	700,133
Balance at 31 March 2018	6,950,825	(135,114)	(14,245)	6,801,466
Changes in equity for the year:				
Total comprehensive income for the year	-	(572,439)	(301,234)	(873,673)
Balance at 31 December 2018	6,950,825	(707,553)	(315,479)	5,927,793

(b) Share capital

Issued share capital

	31 December/31 March	
	No. of shares '000	US$'000
Ordinary shares, issued and fully paid:	6,948,442	6,950,825

In accordance with section 135 of the Hong Kong Companies Ordinance, the ordinary shares of the Company do not have a par value.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

(c) Dividends

The Board of Directors has resolved not to propose dividends in respect of the year from 1 April 2018 to 31 December 2018.

(d) Capital management

The Group's objectives when managing capital are to build a strong capital base so as to sustain the future developments of its business and to maintain an optimal capital structure to maximise shareholder's value. The Group defines "capital" as including all components of equity plus loans from its intermediate holding company and related corporations with no fixed terms of repayment.

22. Share capital and capital management (continued)

The Group's capital structure is regularly reviewed and managed with due regard to the capital management practices of the Group to which the Company belongs. Adjustments are made to the capital structure in light of changes in economic conditions, regulatory requirements and business strategies affecting the Group.

The Group also monitors capital using a net debt to equity ratio, which is defined as net borrowings divided by total equity (including non-controlling interests).

	31 December 2018 US$'000	*31 March 2018* US$'000
Loans and borrowings	6,130,092	4,259,700
Loans from intermediate holding company	950,224	1,891,484
Loans from non-controlling interests	6,883	42,603
Loans from third parties	5,814	-
Loan from jointly-controlled entities	31,472	-
Notes payable	4,363	5,254
Total debt	7,128,848	6,199,041
Less: cash and cash equivalents	(663,296)	(1,106,864)
Net debt	6,465,552	5,092,177
Total equity	12,969,240	12,228,266
Net debt to equity ratio	49.85%	41.64%

The Group seeks to strike a balance between the higher returns that might be possible with higher levels of borrowings and the liquidity and security afforded by a sound capital position.

There were no changes in the Group's approach to capital management during the year.

During 2018, the company's strategy, which was unchanged from 31 March 2018, was to maintain an adjusted net debt-to-asset ratio of no more than 55%. In order to maintain or adjust the ratio, the company may adjust the amount of dividends paid to shareholders, issue new shares or request new loans from other group companies or sell assets to reduce debt.

All of the Group's banking facilities are subject to the fulfilment of covenants relating to certain of the Group's balance sheet ratios, as are commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants the drawn down facilities would become payable on demand. The Group regularly monitors its compliance with these covenants. Further details of the Group's management of liquidity risk are set out in note 29(b). As at 31 December 2018, none of the covenants relating to drawn down facilities had been breached (31 March 2018: nil).

23. Reserves

	31 December 2018 US$'000	*31 March 2018* US$'000
Capital reserve	(1,259)	(6,054)
Equity compensation reserve	36,849	36,849
Currency translation reserve	(686,260)	192,346
Fair value reserve (non-recycling)	(20,058)	-
Fair value reserve (recycling)	-	228,976
Other reserve	(1,554,630)	(1,554,630)
Retained earnings	5,642,973	4,085,948
	3,417,615	2,983,435

The capital reserve comprises mainly equity transactions gain or loss from the changes in the Group's interests in a subsidiary that do not result in a loss of control and the Group's share of the statutory reserve of its PRC-incorporated subsidiaries. Statutory reserve of its PRC-incorporated subsidiaries was transferred from retained earnings in accordance with the relevant PRC rules and regulations and the articles of association of the Company's subsidiaries incorporated in PRC, and were approved by the respective board of directors. As at 31 December 2018, retained earnings includes approximately US$20,153,000 (31 March 2018: US$15,467,000) to be transferred to statutory reserve before distribution of any dividends to shareholders in the future.

The equity compensation reserve comprises the cumulative value of employee services received for the issue of the shares under the GLP Performance Share Plan and Restricted Share Plan.

The fair value reserve (recycling) comprises the cumulative net change in the fair value of equity investment measured at FVOCI under HKFRS 9 held at the end of the reporting period (see note 2(h)). Prior to 1 April 2018, this reserve included the cumulative net change in the fair value of available-for-sale financial assets held at the end of the reporting period in accordance with HKAS 39. This amount has been reclassified to fair value reserve (non-recycling) upon the initial adoption of HKFRS 9 at 1 April 2018 (see note 2(c)(b)).

The fair value reserve (non-recycling) comprises the cumulative net change in the fair value of equity investments designated at FVOCI under HKFRS 9 that are held at the end of the reporting period (see note 2(h)).

Other reserve mainly represents capital contributions from the immediate holding company and the merger reserve which was the difference between the Company's share of the nominal value of the paid-up capital and capital reserve related to shareholders' injection of the subsidiaries acquired over the nominal value of the ordinary shares issued by the Company.

24. Non-controlling interests

	31 December 2018	*31 March 2018*
	US$'000	US$'000
Share of net assets of non-controlling shareholders	2,600,800	2,294,006

Share of net assets of non-controlling shareholders pertains to non-controlling shareholders of the Group's subsidiaries.

25. Loans and borrowings

	31 December 2018	*31 March 2018*
	US$'000	US$'000
Non-current liabilities		
Secured bank loans	1,512,249	1,711,946
Secured bonds	218,372	-
Unsecured bank loans	297,859	29,241
Unsecured bonds	2,442,454	776,356
	4,470,934	2,517,543
Current liabilities		
Secured bank loans	684,374	342,272
Secured bonds	141	-
Unsecured bank loans	832,632	1,399,885
Unsecured bonds	142,011	-
	1,659,158	1,742,157

The secured bank loans and secured bonds are secured by mortgages on the borrowing subsidiaries' investment properties with a carrying amount of approximately US$9,020,340,000 (31 March 2018: US$9,071,880,000) (note 11).

The effective interest rates for bank borrowings ranged from 1.25% to 6.50% (31 March 2018: 1.25% to 6.86%) per annum.

26. Other non-current liabilities

	31 December 2018	*31 March 2018*
	US$'000	US$'000
Security deposits received	69,675	80,382
Payable for acquisition of investment properties	-	13,416
Provision for reinstatement costs	87	96
Advance rental received	2,826	4,341
Loans from intermediate holding company	950,224	1,835,738
	1,022,812	1,933,973

The loans from intermediate holding company is unsecured and bear effective interests ranging from 3.95% to 6.10% (31 March 2018: 3.95% to 5.61%) per annum as at the reporting date and will be settled in accordance with the repayment schedule after more than one year.

27. Trade and other payables

	31 December 2018 US$'000	*31 March 2018* US$'000
Trade payables	7,811	4,894
Notes payable	4,363	5,254
Accrued construction costs	483,469	453,454
Accrued operating expenses	36,053	50,560
Advance rental received	-	42,741
Contract liabilities	34,548	-
Interest payable	82,070	21,284
Security deposits received	72,919	63,263
Amounts due to:		
- Intermediate holding company (trade)	32,177	33,326
- Related parties (non-trade)	16,925	10,849
- Non-controlling interests (trade)	1,816	2,366
- Non-controlling interests (non-trade)	4,466	387
- Joint ventures (trade)	664	186
- Joint ventures (non-trade)	215	-
- Associates (non-trade)	-	3,823
Loans from intermediate holding company	-	55,746
Interest payable on loans from intermediate holding company	59,702	79,621
Loans from non-controlling interests	6,883	42,603
Interest payable on loans from non-controlling interests	371	894
Loan from joint ventures	31,472	-
Interest payable on loans from joint ventures	16	-
Loans from third parties	5,814	-
Consideration payable for acquisition of subsidiaries	227,119	125,669
Deposits received and accrued expenses for disposal of investment properties	56,005	61,221
Consideration payable for investment in associates	-	11,151
Consideration payable for acquisition of investment properties	14,423	19,226
Consideration payable for acquisition of other investments	18,000	-
Other payables	83,862	59,233
	1,281,163	1,147,751

The non-trade amounts due to non-controlling interests, joint ventures, associates and related parties are unsecured, interest-free and have no fixed repayment terms. The loans from non-controlling interests, joint ventures and third parties are unsecured and repayable on demand. The interest-bearing loans from non-controlling interests bear effective interests ranging from 4.00% to 8.00% (31 March 2018: 4.00% to 6.00%) per annum as at the reporting date.

Other payables relate primarily to retention sums, advance payments received and amounts payable in connection with capital expenditure incurred.

28. Notes to the statement of cash flows

Acquisition of subsidiaries

The primary reason for the Group's acquisitions of subsidiaries is to expand its portfolio of investment properties held in the PRC and possession of qualification for architecture designing.

(i) The list of subsidiaries acquired during the year from 1 April 2018 to 31 December 2018 is as follows:

Name of subsidiaries	*Date acquired*	*Equity interest acquired* %
Hongjin (Beijing) Sports Equipment Co., Ltd.	April 2018	100
Changsha Wangcheng Jingyang Logistics Facilities Co., ltd.	May 2018	80
Shanghai Sanaier Zhenhua Logistics Co., ltd.	June 2018	100
Beijing Sifang Tianlong Medicine Logistic Co., Ltd.	July 2018	100
Huayuan Group Ningbo New Material Co., Ltd.	July 2018	100
Hunan Landun Machinery & Equipment Co., Ltd.	July 2018	98
Dexin Telecommunications Technology (Hangzhou) Co., Ltd.	July 2018	100
Kunshan Createc Automation Tech Co., Ltd.	August 2018	100
Shanghai Puguang Logistic Development Co., Ltd.	September 2018	100
Ningbo Anqirui Technology Co., Ltd.	September 2018	100
Ningbo Yongrui Zhibo Technology Co., Ltd.	September 2018	100
Ningbo Zhida Hongchuang Technology Co., Ltd.	September 2018	100
Beijing Gangtong Sifang Logistics Co., Ltd.	October 2018	100
East Europe Energy New Technology (Shanghai) Development Cooperation Center Co., Ltd.	October 2018	100
Shanghai Junbo Textile Co., Ltd.	November 2018	80
Haimei (Taicang) Intelligent Technology Development Co., Ltd.	December 2018	70
Hubei Hanhong Tongrui Technology Co., Ltd.	December 2018	51
Guangzhou Xiangxue Airport Cross Border Logistics Co., Ltd.	December 2018	51
Hengtong Group Shanghai Electronic Technology Co., Ltd.	December 2018	100
Kanglian International Food (Hangzhou) Co., Ltd.	December 2018	100
Sanhui Food Logistic (Tianjin) Co., Ltd.	December 2018	90
Shenzhen Lingxian Technology Co., Ltd.	December 2018	55
Tianjin Xiangzhan Logistics Co., Ltd.	December 2018	100

28. Notes to the statement of cash flows (continued)

(ii) The list of subsidiaries acquired during the year ended 31 March 2018 is as follows:

Name of subsidiaries	*Date acquired*	*Equity interest acquired* %
Minshang (Chengdu Qingbaijiang) Internet of Things Technology Development Co., Ltd.	May 2017	95
Dongguan Ever Profit Logistics Co., Ltd.	June 2017	100
Minshang (Wuhan Dongxihu) Internet of Things Technology Development Co., Ltd.	July 2017	95
Mengxi Fastener (Kunshan) Co., Ltd.	July 2017	100
Kunshan Huacheng Weaving & Dyeing Co., Ltd.	July 2017	100
Shanghai Zhuorui Packing Co., Ltd.	September 2017	100
Kunshan Huaqing Furtiture Co., Ltd	October 2017	75
Zhongbang (Shanghai) Computer Sewing Apparel Co., Ltd.	December 2017	100
Minxi (Hubei) Internet of Things Technology Co., Ltd.	December 2017	95
Wuxi Guolian Logistic Facilities Co., Ltd.	December 2017	60
Shandong ZhenHua Logistics Co., Ltd.	January 2018	100
Shenyang BangSong Logistics Co., Ltd.	January 2018	100
Xi’an Bailixing Logistics Co., Ltd.	March 2018	100
Lide Logistics (Wuhan) Co., Ltd.	March 2018	100
Beijing Jinqiao Jiashen Technology Logistics Co., Ltd.	March 2018	100
Changchun Huarun Logistics Co., Ltd.	March 2018	90

28. Notes to the statement of cash flows (continued)

Effect of the acquisitions

The cash flow and the net assets of the subsidiaries acquired during the year from 1 April 2018 to 31 December 2018 are provided below:

	Year from 1 April 2018 to 31 December 2018 Recognised values on acquisition US$'000	*Year ended 31 March 2018 Recognised values on acquisition* US$'000
Investment properties	1,170,548	422,622
Plant and equipment	1,324	660
Deferred tax assets	-	69
Cash and cash equivalents	7,472	41,484
Trade and other receivables	37,184	2,597
Trade and other payables	(155,455)	(76,124)
Loans and borrowings	(76,331)	(17,287)
Current tax payable	63	(337)
Non-controlling interests	(122,361)	(10,930)
Net assets acquired	862,444	362,754
Purchase consideration	862,444	362,754
Consideration payable	(175,957)	(77,983)
Cash of subsidiaries acquired	(7,472)	(41,484)
Satisfied in cash in relation to prior years	67,996	88,667
Cash outflow on acquisition of subsidiaries	747,011	331,954

The total related acquisition costs for the above-mentioned subsidiaries amounted to approximately US$862,444,000 (year ended 31 March 2018: US$362,754,000). From the dates of acquisitions to 31 December 2018, the above-mentioned acquisitions contributed net profit of approximately US$17,376,000 to the Group's results for the year, before accounting for financing costs attributable to the acquisitions. If the acquisitions have occurred on 1 April 2018, management estimates that the above-mentioned acquisitions would contribute approximately US$11,059,000 and US$7,193,000 to the Group's revenue and net loss respectively for year from 1 April 2018 to 31 December 2018.

Disposal of subsidiaries

During the year from 1 April 2018 to 31 December 2018, the Group sold equity interest in Suzhou Industrial Park Genway Factory Building Industrial, Shanghai Sanaier Zhenhua Logistics Co., Ltd., Shanghai Yuhang Anting Logistics Co., Ltd., GLP Zhengzhou ILZ Logistics Facilities Co., Ltd., Zhonghui (Nanjing) Curtain Wall Technology Co., Ltd. and GLP Suzhou Development Co., Ltd. to GLP China Value-Add Venture I ("CVA I"). The shareholders of CVA I, including the Group, jointly control CVA I under the arrangement. The Group holds 18.37% equity interest of CVA I.

28. Notes to the statement of cash flows (continued)

In Decemeber 2018, the Group sold 100% equity interest in GLP Changzhou Tianning Logistics Facilities Co., Ltd., GLP Deqing Pu'an Logistics Facilities Co., Ltd, Changchun CMT International Logistic Co., Ltd., Shen Yang GLP Jifa Logistics Development Co.Ltd, GLP Wangcheng EDZ Logistics Facilities Co., Ltd., GLP Shenyang Punan Logistics Facilities Co., Ltd., Wuhan Puling Warehousing Services Co., Ltd., Nantong Puling Warehousing Service Co., Ltd., and Chongqing Puqing Warehousing Service Co., Ltd. to GLP China Value-Add Venture II ("CVA II"). The shareholders of CVA II, including the Group, jointly control CVA II under the arrangement. The Group holds 20% equity interest of CVA II.

(i) The list of subsidiaries disposed during the year from 1 April 2018 to 31 December 2018 is as follows:

Name of subsidiaries	*Date disposed*	*Equity interest disposed* %
Suzhou Industrial Park Genway Factory Building Industrial.	May 2018	70
Shanghai Sanaier Zhenhua Logistics Co., Ltd.	September 2018	100
Shanghai Yuhang Anting Logistics Co., Ltd.	November 2018	100
GLP Zhengzhou ILZ Logistics Facilities Co., Ltd.	December 2018	100
Zhonghui (Nanjing) Curtain Wall Technology Co., Ltd.	December 2018	100
GLP Suzhou Development Co., Ltd.	December 2018	80
GLP Changzhou Tianning Logistics Facilities Co., Ltd.	December 2018	100
GLP Deqing Pu'an Logistics Facilities Co., Ltd	December 2018	100
Changchun CMT International Logistic Co., Ltd.	December 2018	100
Shen Yang GLP Jifa Logistics Development Co.Ltd.	December 2018	100
GLP Wangcheng EDZ Logistics Facilities Co., Ltd.	December 2018	100
GLP Shenyang Punan Logistics Facilities Co., Ltd.	December 2018	100
Wuhan Puling Warehousing Services Co., Ltd.	December 2018	100
Nantong Puling Warehousing Service Co., Ltd.	December 2018	100
Chongqing Puqing Warehousing Service Co., Ltd.	December 2018	100

(ii) The list of subsidiaries disposed during the year ended 31 March 2018 is as follows:

Name of subsidiaries	*Date disposed*	*Equity interest disposed* %
Hangzhou Transfar Lixin Logistics Bas Investment Development Co., Ltd.	August 2017	60
Qingdao Transfar Logistics Base Co., Ltd. (subsidiary of Hanzhou Lixin)	August 2017	60
Tianjin Transfar Logistics Base Co., Ltd. (subsidiary of Hanzhou Lixin)	August 2017	60
Beijing Dreamland Industrial Development Co., Ltd.	March 2018	100
Weilong Storage Service (Shanghai) Co., Ltd.	March 2018	100

28. Note to the statement of cash flows (continued)

Effect of the disposals

The cash flow and the net assets of the subsidiaries disposed during the nine months year ended 31 December 2018 are provided below:

	Year from 1 April 2018 to 31 December 2018 Recognised values on disposal US$'000	*Year ended 31 March 2018 Recognised values on disposal* US$'000
Investment properties	1,634,627	208,325
Plant and equipment	110	-
Deferred tax assets	1,545	5
Other assets	555	150
Trade and other receivables	19,986	6,319
Cash and cash equivalents	83,689	6,532
Trade and other payables	(146,434)	(15,062)
Loans and borrowings	(79,037)	(39,961)
Current tax payable	(1,456)	(76)
Deferred tax liabilities	(242,909)	(21,362)
Non-controlling interests	(181,783)	(20,137)
Net assets disposed	1,088,893	124,733
Gain on disposal of subsidiaries	163,973	10,566
Add: elimination on Group's share of the disposed subsidiaries after disposal	28,482	2,377
Disposal consideration	1,281,348	137,676
Consideration receivable	(444,438)	(107,470)
Equity interests previously held by non-controlling interests	-	(30,206)
Cash of subsidiaries disposed	(83,689)	(6,532)
Satisfied in cash in relation to prior years	107,471	-
Cash inflow/ (outflow) on acquisition of subsidiaries	860,692	(6,532)

From 1 April 2018 to the dates of disposals, the above-mentioned subsidiaries contributed approximately US$ 55,734,000 and US$ 117,349,000 to the Group's revenue and net profit respectively for the year from 1 April 2018 to 31 December 2018.

29. Financial risk management and fair values of financial instruments

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. The Group is also exposed to equity price risk arising from its equity investments in other entities.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade receivables. The Group's exposure to credit risk arising from cash and cash equivalents, bills receivable and derivative financial assets is limited because the counterparties are banks and financial for which the Group considers to have low credit risk.

Trade receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers.

Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due from the date of billing. Debtors with balances that are more than 6 months past due are requested to settle all outstanding balances before any further credit is granted. Normally, the Group does not obtain collateral from customers.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and other receivables are set out in note 20.

(b) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short-term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the parent company's board when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

29. Financial risk management and fair values of financial instruments (continued)

The following tables show the remaining contractual maturities at the end of the reporting period of the Group's and the Company's non-derivative financial liabilities and derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group and the Company can be required to pay:

			Cash flows		
	Carrying amount US$'000	*Contractual cash flows* US$'000	*Within 1 year* US$'000	*From 1 to 5 years* US$'000	*After 5 years* US$'000
31 December 2018					
Bank loans	3,327,114	3,742,673	1,635,727	1,566,725	540,221
Secured bonds	218,513	392,084	11,088	48,351	332,645
Unsecured bonds	2,584,465	2,984,018	276,354	2,707,664	-
Trade and other payables / other non-current liabilities *	2,266,601	2,316,633	1,285,665	1,030,968	-
	8,396,693	9,435,408	3,208,834	5,353,708	872,866
31 March 2018					
Bank loans	3,483,344	3,937,710	1,870,547	1,286,009	781,154
Unsecured bonds	776,356	969,182	36,678	698,121	234,383
Trade and other payables / other non-current liabilities *	3,034,642	3,065,644	1,136,013	1,929,631	-
	7,294,342	7,972,536	3,043,238	3,913,761	1,015,537

* Excludes advance rental received and contract liabilities.

As shown in the above analysis, bank loans of the Group amounting to US$1,635,727,000 was due to be repaid during 2019.

(c) *Interest rate risk*

The Group's interest rate risk arises primarily from long-term borrowings and cash and cash equivalents.

Cash and cash equivalents and restricted cash comprise mainly cash at bank, with an interest rate ranged from 0.05% to 2.10% per annum as at 31 December 2018 (31 March 2018: 0.05%% to 2.10% per annum). Pledged bank deposits and time deposits maturing after three months are not held for speculative purposes but are placed to satisfy conditions for borrowing facilities granted to the Group and for higher yield returns than cash at bank.

The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. The interest rates and terms of repayment of the loans and borrowings are disclosed in note 25.

The Group manages the net exposure to interest rate risks by maintaining sufficient lines of credit to obtain acceptable lending costs and by monitoring the exposure to such risks on an ongoing basis. When appropriate and at times of interest rate uncertainty or volatility, interest rate swaps may be used to assist in the Group's management of interest rate exposure.

29. Financial risk management and fair values of financial instruments (continued)

(i) Interest rate profile

The following table details the interest rate profile of the Group's loans and borrowings at the balance sheet date:

	Year from 1 April 2018 to 31 December 2018		*Year ended 31 March 2018*	
	Effective interest rate %	US$'000	*Effective interest rate %*	US$'000
Fixed rate borrowings				
Trade and other payables / Other non-current liabilities	4.00% - 8.00%	998,756	3.95% - 6.00%	1,939,341
Loans and borrowings	3.12% - 5.65%	2,584,466	3.12% - 5.65%	935,629
Variable rate borrowings				
Loans and borrowings	1.25% - 6.50%	3,545,626	1.25% - 6.86%	3,324,071
Total interest-bearing financial liabilities		7,128,848		6,199,041
Fixed rate borrowings as a percentage of total borrowings		50.26%		46.38%

(ii) Sensitivity analysis

At 31 December 2018, it is estimated that a general increase/decrease of 50 basis points in interest rates, with all other variables held constant, would have decreased/increased the Group's profit before taxation by approximately US$17,728,000 (31 March 2018: US$16,620,000).

The sensitivity analysis above indicates the instantaneous change in the Group's profit before taxation and other components of consolidated equity that would arise assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to fair value interest rate risk at the end of the reporting period. In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the end of the reporting period, the impact on the Group's profit before taxation and other components of consolidated equity is estimated as an annualised impact on interest expense or income of such a change in interest rates. The analysis is performed on the same basis for 31 March 2018.

(d) Currency risk

The Group is exposed to currency risk primarily through sales and purchases which give rise to other investment, payables, non-current liabilities, loans and borrowings and cash balances that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily USD and Hong Kong dollars.

In respect of the monetary assets and liabilities denominated in foreign currencies, the Group ensures that the net exposures to this risk is kept to an acceptable level by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances. Management does not enter into currency hedging transactions since it considers that the cost of such instruments outweighs the potential risk of exchange rate fluctuations.

29. Financial risk management and fair values of financial instruments (continued)

(i) Exposure to currency risk

The following table details the Group's exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in USD, translated using the spot rate at the year-end date.

	Year from 1 April 2018 to 31 December 2018 US$'000	*Year ended 31 March 2018* US$'000
Other investments	228,378	145,046
Cash and cash equivalents	111,483	258,466
Trade and other payables	(59,702)	(79,621)
Non-current liabilities	(950,224)	(1,835,738)
Loans and borrowings	(1,656,454)	(1,332,659)
Overall exposure	(2,326,519)	(2,844,506)

The following significant exchange rates applied during the year:

	Average rates		*Reporting date spot rate*	
	Year from 1 April 2018 to 31 December 2018	*Year ended 31 March 2018*	*Year from 1 April 2018 to 31 December 2018*	*Year ended 31 March 2018*
USD	6.6897	6.6287	6.8632	6.2785

(ii) Sensitivity analysis

The following table indicates the approximate change in the Group's profit before taxation and other components of consolidated equity in response to a 5% strengthening of the USD against the foreign currencies to which the Group had exposure at the balance sheet date. This analysis assumes that the reasonably possible change in foreign exchange rates had occurred at the balance sheet date and had been applied to each for the Group entities' exposure to currency risk for financial instruments in existence at that date, and that all other variables, in particular interest rates, remain constant.

	Loss	
	Year from 1 April 2018 to 31 December 2018 US$'000	*Year ended 31 March 2018* US$'000
RMB	(116,326)	(142,225)

29. Financial risk management and fair values of financial instruments (continued)

A 5% weakening of the USD against the above currencies at 31 December would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting period, including inter-company payables and receivables within the Group which are denominated in a currency other than the functional currencies of the lender or the borrower. The analysis excludes differences that would result from the translation of the financial statements of foreign operations into the Group's presentation currency. The analysis is performed on the same basis for 31 March 2018.

(e) Equity price risk

The Group is exposed to equity price changes arising from equity investment classified as other investments (see note 18). The Group's listed investment is listed on the Shenzhen Stock Exchange and Shanghai Stock Exchange. Decisions to buy or sell trading securities are based on daily monitoring of the performance of individual securities compared to that of the Index and other industry indicators, as well as the Group's liquidity needs. Listed investment held in the other investment have been chosen based on their longer term growth potential and are monitored regularly for performance against expectations.

At 31 December 2018, it is estimated that an increase of 5% (31 March 2018: 5%) in the relevant stock market index (for listed investments) with all other variables held constant, would have increased the Group's fair value reserve as follows:

	31 December 2018 US$'000	*31 March 2018* US$'000
Other investment	17,345	33,986

A decrease of 5% in the relevant stock market index at 31 December would have had the equal but opposite effect on the above equity investment to the amounts shown above, on the basis that all other variables remain constant.

The sensitivity analysis indicates the instantaneous change in the Group's fair value reserve that would arise assuming that the changes in the stock market index or other relevant risk variables had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to equity price risk at the end of the reporting period. It is also assumed that the fair values of the Group's equity investments would change in accordance with the historical correlation with the relevant stock market index or the relevant risk variables, that none of the Group's available-for-sale investments would be considered impaired as a result of the decrease in the relevant stock market index or other relevant risk variables, and that all other variables remain constant. The analysis is performed on the same basis for 31 March 2018.

29. Financial risk management and fair values of financial instruments (continued)

(f) Fair value measurement

(i) Financial assets and liabilities measured at fair value

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs

The Group has a team headed by the finance manager performing valuations for the financial instruments, including the unlisted equity securities. The team reports directly to the chief financial officer. A valuation report with analysis of changes in fair value measurement is prepared by the team at each interim and annual reporting date, and is reviewed and approved by the chief financial officer.

	Fair value at 31 December 2018	*Fair value measurements as at 31 December 2018 categorised into*		
		Level 1	*Level 2*	*Level 3*
	$'000	$'000	$'000	$'000
Recurring fair value measurement				
Financial assets:				
Other investments (note):				
- Listed equity securities	346,901	346,901	-	-
- Unlisted equity securities	717,762	-	-	717,762

	Fair value at 31 March 2018	*Fair value measurements as at 31 March 2018 categorised into*		
		Level 1	*Level 2*	*Level 3*
	$'000	$'000	$'000	$'000
Recurring fair value measurement				
Financial assets:				
Other investments (note):				
- Listed equity securities	679,722	679,722	-	-
- Unlisted equity securities	376,258	-	-	376,258

Note: Other investments were reclassified to financial assets measured at FVPL and those designated at FVOCI (non-recycling) upon the adoption of HKFRS 9 at 1 April 2018 (see note 2(c)a).

29. Financial risk management and fair values of financial instruments (continued)

During the nine months ended 31 December 2018, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (2017: Nil). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

	Valuation techniques	*Significant unobservable inputs*	*Range*
Unlisted equity securities	Income approach	Internal Rate of Return	10%

The fair value of unlisted equity securities is determined using the agreed internal rate of return from potential buyer. The fair value measurement is positively correlated to the internal rate of return.

	At 31 December 2018
	$'000
Unlisted equity securities:	
At 1 April	376,258
Changes in accounting policy (note 2)	32,497
Additional securities acquired	311,302
Exchange differences	(41,073)
Net unrealised gains or losses recognised in profit or loss during the period	38,778
At 31 December	717,762
Total gains or losses for the period included in profit or loss for assets held at the end of the reporting period	38,778

(ii) Fair value of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's and the Company's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31 December 2018 and 31 March 2018.

30. Commitments

The Group had the following commitments as at the reporting date:

(a) Operating lease commitments

Future minimum lease payments for the Group on non-cancellable operating leases are as follows:

	Year from 1 April 2018 to 31 December 2018 US$'000	Year ended 31 March 2018 US$'000
Lease payments payable:		
- Within 1 year	5,459	6,640
- After 1 year but within 5 years	836	4,587
	6,295	11,227

(b) Other commitments

	Year from 1 April 2018 to 31 December 2018 US$'000	Year ended 31 March 2018 US$'000
Commitments in relation to share capital of other investments not yet due and not provided for	39,622	-
Development expenditure contracted but not provided for	809,482	522,751

31. Significant related party transactions

Remuneration of key management personnel

Key management personnel of the Group are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group.

31. Significant related party transactions (continued)

The key management personnel compensation included as part of staff costs for those key management personnel employed by the Group are as follows:

	Year from 1 April 2018 to 31 December 2018 US$'000	*Year ended 31 March 2018* US$'000
Salaries, bonuses, contributions to defined contribution plans and other benefits	6,405	26,408

In addition to the related party information disclosed elsewhere in the annual report, there were the following significant related party transactions which were carried out in the normal course of business on terms agreed between the parties during the year:

	Year from 1 April 2018 to 31 December 2018 US$'000	*Year ended 31 March 2018* US$'000
Joint ventures		
Asset management fee income from joint ventures	4,900	481
Investment management fee income from joint ventures	677	-
Property management fee income from joint ventures	554	121
Development management fee income from joint ventures	1,456	554
Leasing management fee income from joint ventures	196	-
Associates		
Asset management fee income from associates	5,587	1,876
Property management fee income from associates	566	508
Development fees received/receivable	320	609
Related Parties		
Asset management fee charged by related parties	(7,181)	(5,741)
Asset management fee income from related parties	4,741	3,791
Intermediate holding company		
Management service fee charged by intermediate holding company	(1,351)	(9,376)
Interest expenses charged by intermediate holding company	(41,181)	(90,797)
Shared-based expenses charged by intermediate holding company	-	(16,618)

32. Subsequent events

Subsequent to 31 December 2018, the following events occurred:

On 31 January 2019, the Group issued RMB1.5015 billion (equivalent to approximately US$219 million) of RMB denominated Commercial Mortgage Backed Securities (the "CMBS") on Shanghai Stock Exchange. The CMBS is due on 12 January 2037 with a fixed interest rate of 4.49% per annum, with a coupon reset and an option to redeem every three years.

On 26 February 2019, the Group issued USD500 million of Medium Term Note (the "MTN") on The Stock Exchange of Hong Kong Ltd. The MTN is due on 26 February 2024 with a fixed interest rate of 4.974% per annum.

On 19 March 2019, the Group issued RMB3.3 billion (equivalent to approximately US$481 million) of RMB denominated Bonds (the "OBOR Panda Bond") on the Shenzhen Stock Exchange. The OBOR Panda Bond is due on 18 March 2028 with fixed interest rate of 4.35% per annum, with a coupon reset and option to redeem on 18 March 2022 and 18 March 2025.

33. Company-level statement of financial position

For the year from 1 April 2018 to 31 December 2018

	Notes	Year from 1 April 2018 to 31 December 2018 US$'000	Year ended 31 March 2018 US$'000
Non-current assets			
Investment in subsidiaries		9,871,718	9,094,113
Other non-current assets		3,135	-
Loan to subsidiaries		1,096,314	973,626
		10,971,167	10,067,739
Current assets			
Other receivables		611,607	376,832
Cash and cash equivalents		80,965	267,732
		692,572	644,564
Total assets		11,663,739	10,712,303
Equity attributable to owners of the Company			
Share capital	22	6,950,825	6,950,825
Reserves	23	(1,023,032)	(149,359)
Total equity		5,927,793	6,801,466
Non-current liabilities			
Loans and borrowings		2,584,465	776,356
Other non-current liabilities		950,224	1,835,737
		3,534,689	2,612,093
Current liabilities			
Loans and borrowings		987,130	874,944
Other payables		1,212,866	422,421
Current tax payable		1,261	1,379
		2,201,257	1,298,744
Total liabilities		5,735,946	3,910,837
Total equity and liabilities		11,663,739	10,712,303

Approved and authorised for issue by the Board of Directors on 29 MAR 2019

Director *Director*

34. Company-level statement of comprehensive income

For the year from 1 April 2018 to 31 December 2018

	Year from 1 April 2018 to 31 December 2018 US$'000	*Year ended 31 March 2018* US$'000
Revenue	-	-
Other expenses	(5,924)	(14,386)
Loss from operations	(5,924)	(14,386)
Finance costs	(330,621)	(112,912)
Finance income	37,747	221,316
Net finance (costs)/income	(292,874)	108,404
(Loss)/profit before taxation	(298,798)	94,018
Income tax	(2,436)	(2,285)
(Loss)/profit for the year	(301,234)	91,733
Other comprehensive income for the year		
Items that may be reclassified subsequently to profit of loss:		
Exchange differences on translation of financial statements	(572,439)	608,400
Total comprehensive income for the year	(873,673)	700,133

35. Company-level statement of cash flows

For the 9 months ended 31 December 2018

	Year from 1 April 2018 to 31 December 2018 US$'000	*Year ended 31 March 2018* US$'000
Cash flows from operating activities		
(Loss)/profit before taxation	(298,798)	94,018
Adjustments for:		
Net finance costs	295,467	(116,186)
Withholding tax	1,302	747
	(2,029)	(21,421)
Changes in working capital:		
Trade and other receivables	(276,756)	(134,200)
Trade and other payables	929,417	37,883
Cash generated from/(used in) in operations	650,632	(117,738)
Tax paid	-	-
Net cash generated from/(used in) operating activities	650,632	(117,738)
Cash flows from investing activities		
Interest income received	18,328	40,126
Repayment of loan from subsidiaries	126,139	276,056
Loan to subsidiaries	(320,680)	(229,869)
Investment in subsidiaries	(1,564,807)	(1,314,940)
Net cash used in investing activities	(1,741,020)	(1,228,627)

35. Company-level statement of cash flows (continued)

For the 9 months ended 31 December 2018

	Year from 1 April 2018 to 31 December 2018 US$'000	*Year ended 31 March 2018* US$'000
Cash flows from financing activities		
Proceeds of loan from shareholder	267,000	725,000
Proceeds of loans from joint ventures	31,472	-
Proceeds from issue of bonds	1,961,441	530,931
Proceeds from bank loans	1,385,655	873,376
Repayment of bank loan	(1,275,793)	-
Repayment of loans from shareholder	(1,373,395)	(458,368)
Interest paid	(91,862)	(75,814)
Net cash generated from financing activities	904,518	1,595,125
Net (decrease)/increase in cash and cash equivalents	(185,870)	248,760
Cash and cash equivalents at beginning of the year	267,732	17,929
Effect of exchange rate changes on cash balances held in foreign currencies	(897)	1,043
Cash and cash equivalents at end of the year	80,965	267,732

36. Immediate and ultimate holding company

As at 31 December 2018, the directors consider the immediate holding company and the ultimate holding company of the Company to be CLH Limited and GLP Holdings, L.P., respectively, which are both incorporated in Cayman Islands.

37. Possible impact of amendments, new standards and interpretations issued but not yet effective for the year from 1 April 2018 to 31 December 2018

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments and new standards which are not yet effective for the year from 1 April 2018 to 31 December 2018 and which have not been adopted in these financial statements. These include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
HKFRS 16, *Leases*	1 January 2019
HK(IFRIC) 23, *Uncertainty over income tax treatments*	1 January 2019
Annual Improvements to HKFRSs 2015-2017 Cycle	1 January 2019
Amendments to HKAS 28, *Long-term interest in associates and joint ventures*	1 January 2019

The Group is in the process of making an assessment of what the impact of these amendments, new standards and interpretations is expected to be in the period of initial application. So far the Group has identified some aspects of the HKFRS 16 which may have a significant impact on the consolidated financial statements. Further details of the expected impacts are discussed below. While the assessment has been substantially completed for HKFRS 16, the actual impact upon the initial adoption of this standard may differ as the assessment completed to date is based on the information currently available to the Group, and further impacts may be identified before the standard is initially applied in the Group's interim financial report for the six months ended 30 June 2019. The Group may also change its accounting policy elections, including the transition options, until the standard is initially applied in that financial report.

37. Possible impact of amendments, new standards and interpretations issued but not yet effective for the year from 1 April 2018 to 31 December 2018 (continued)

HKFRS 16, *Leases*

As disclosed in note 2(I), currently the Group classifies leases into finance leases and operating leases and accounts for the lease arrangements differently, depending on the classification of the lease. The Group enters into some leases as the lessor and others as the lessee.

HKFRS 16 is not expected to impact significantly on the way that lessors account for their rights and obligations under a lease. However, once HKFRS 16 is adopted, lessees will no longer distinguish between finance leases and operating leases. Instead, subject to practical expedients, lessees will account for all leases in a similar way to current finance lease accounting, i.e. at the commencement date of the lease the lessee will recognise and measure a lease liability at the present value of the minimum future lease payments and will recognise a corresponding “right-of-use” asset. After initial recognition of this asset and liability, the lessee will recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the current policy of recognising rental expenses incurred under operating leases on a systematic basis over the lease term. As a practical expedient, the lessee can elect not to apply this accounting model to short-term leases (i.e. where the lease term is 12 months or less) and to leases of low-value assets, in which case the rental expenses would continue to be recognised on a systematic basis over the lease term.

HKFRS 16 will primarily affect the Group’s accounting as a lessee of leases for properties, plant and equipment which are currently classified as operating leases. The application of the new accounting model is expected to lead to an increase in both assets and liabilities and to impact on the timing of the expense recognition in the statement of profit or loss over the period of the lease.

HKFRS 16 is effective for annual periods beginning on or after 1 January 2019. As allowed by HKFRS 16, the Group plans to use the practical expedient to grandfather the previous assessment of which existing arrangements are, or contain, leases. The Group will therefore apply the new definition of a lease in HKFRS 16 only to contracts that are entered into on or after the date of initial application.

The Group plans to elect to use the modified retrospective approach for the adoption of HKFRS 16 and will recognise the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 January 2019 and will not restate the comparative information. As disclosed in note 30(a), at 31 December 2018 the Group’s future minimum lease payments under non-cancellable operating leases amount to $836,000 for properties respectively, which is payable between 1 and 5 years after the reporting date. Upon the initial adoption of HKFRS 16, the opening balances of lease liabilities and the corresponding right-of-use assets will be not material respectively, after taking account the effects of discounting, as at 1 January 2019.

However, the expected changes in accounting policies as described above could have a material impact on the Group’s financial statement from 2019 onwards.

ISSUER

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(普洛斯中國控股有限公司)
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Hong Kong

AUDITOR

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road, Central
Hong Kong

Trustee	*Principal Paying Agent and Principal Transfer Agent*	*Principal Registrar*	*CMU Lodging and Paying Agent CMU Registrar and CMU Transfer Agent*
Citicorp International Limited 20th Floor Citi Tower, One Bay East 83 Hoi Bun Road Kwun Tong, Kowloon Hong Kong	**Citibank, N.A.,** London Branch c/o Citibank, N.A. Dublin Branch 1 North Wall Quay, Dublin 1 Ireland	**Citigroup Global** Markets Europe AG Reuterweg 16 60323 Frankfurt	**Citicorp International Limited** 9th Floor Citi Tower, One Bay East 83 Hoi Bun Road Kwun Tong, Kowloon Hong Kong

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UK MiFIR product governance / Professional investors and ECPs only target market – Solely for the purposes of the manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook ("**COBS**"), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**UK MiFIR**") only; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturer's target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer's target market assessment) and determining appropriate distribution channels.

Singapore Securities and Futures Act Product Classification – Solely for the purposes of its obligations pursuant to sections 309B(1)(a) and 309B(1)(c) of the Securities and Futures Act (Chapter 289 of Singapore) (the "**SFA**"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Regulation 3(b) of the Securities and Futures (Capital Markets Products) Regulations 2018 (the "**SF (CMP) Regulations**") that the Notes are "prescribed capital markets products" (as defined in the SF (CMP) Regulations) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

This document is for distribution to professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**") (the "**Professional Investors**") only.

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

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

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

Pricing Supplement dated 24 June 2021

GLP China Holdings Limited
(普洛斯中國控股有限公司)

Issue of CNY1,200,000,000 4.00 per cent. Notes due 2024
under the HK$20,000,000,000 Medium Term Note Programme

This document constitutes the Pricing Supplement relating to the issue of the Notes described herein.

Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions of the Notes (the "**Conditions**") set forth in the Offering Circular dated 22 June 2021. This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with such Offering Circular.

The Notes have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") or with any securities regulatory authority of any state or other jurisdiction of the United States. The Notes may not be offered, sold or delivered within the United States except in certain transactions exempt from the registration requirements of the Securities Act.

1.	Issuer:		GLP China Holdings Limited (普洛斯中國控股有限公司)
2.	(i)	Series Number:	003
	(ii)	Tranche Number:	001
	(iii)	Date on which the Notes become fungible:	Not Applicable
3.	Specified Currency or Currencies:		Renminbi ("**CNY**")
4.	Aggregate Nominal Amount:		
	(i)	Series:	CNY1,200,000,000
	(ii)	Tranche:	CNY1,200,000,000
5.	(i)	Issue Price:	100 per cent. of the Aggregate Nominal Amount
	(ii)	Net Proceeds	CNY1,198,200,000
6.	(i)	Specified Denominations:	CNY1,000,000 and integral multiples of CNY10,000 in excess thereof
	(ii)	Calculation Amount:	CNY10,000
7.	(i)	Issue Date:	2 July 2021
	(ii)	Interest Commencement	Issue Date
8.	Maturity Date:		Interest Payment Date falling in or nearest to the relevant month and year
9.	Interest Basis:		4.00 per cent. Fixed Rate
10.	Redemption/Payment Basis:		Redemption at par (other than a redemption for a Change of Control pursuant to Condition 9(c) (*Redemption for Change of Control*))
11.	Change of Interest or Redemption/Payment Basis:		Not Applicable
12.	Put/Call Options:		Redemption for tax reasons Redemption for Change of Control

13.	(i) Date of Board approval for issuance of Notes obtained:	6 July 2018
	(ii) Date of regulatory approval for issuance of Notes obtained:	Not Applicable
14.	Listing:	Hong Kong Application will be made to HKSE (expected effective listing date: 5 July 2021)
15.	Method of distribution:	Syndicated

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

16.	Fixed Rate Note Provisions		Applicable
	(i)	Rate of Interest:	4.00 per cent. per annum payable semi-annually in arrear
	(ii)	Interest Payment Date(s):	2 January and 2 July in each year each adjusted in accordance with Modified Following Business Day Convention
	(iii)	Fixed Coupon Amount:	Each Fixed Coupon Amount shall be calculated by multiplying the product of the Rate of Interest and the Calculation Amount by the Day Count Fraction and rounding the resultant figure to the nearest RMB0.01, RMB0.005, being rounded upwards (save that the calculation is made in respect of the total aggregate amount of the Notes represented by the Global Note Certificate together with any additional amounts payable in accordance with the Conditions).
	(iv)	Broken Amount(s):	Not Applicable
	(v)	Day Count Fraction:	Actual/365 (Fixed)
	(vi)	Other terms relating to the method of calculating interest for Fixed Rate Notes:	Not Applicable
17.	Floating Rate Note Provisions		Not Applicable
18.	Zero Coupon Note Provisions		Not Applicable

PROVISIONS RELATING TO REDEMPTION

19.	Call Option	Not Applicable
20.	Change of Control Put	Applicable
21.	Put Option	Not Applicable
22.	Final Redemption Amount	CNY10,000 per Calculation Amount

23.	Early Redemption Amount	
	Early Redemption Amount(s) payable on the Bonds on redemption for taxation reasons, on change of control or on event of default or other early redemption and/or the method of calculating the same (if required or if different from that set out in the Conditions):	As set out and pursuant to Condition 9(b) (*Redemption for tax reasons*) in respect of a redemption for tax reasons (being Early Redemption Amount (Tax)) and Condition 9(c) (*Redemption for Change of Control*) in respect of a redemption for a Change of Control (being Early Redemption Amount (Change of Control))

GENERAL PROVISIONS APPLICABLE TO THE NOTES

24.	Form of the Notes:	Registered Notes: Global Note Certificate exchangeable for Individual Note Certificates in the limited circumstances described in the Global Note Certificate
25.	Additional Financial Centre(s) or other special provisions relating to payment dates:	Not Applicable
26.	Talons for future Coupons to be attached to Definitive Notes (and dates on which such Talons mature):	No
27.	Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment:	Not Applicable
28.	Details relating to Instalment Notes: amount of each instalment, date on which each payment is to be made:	Not Applicable
29.	Redenomination, renominalisation and reconventioning provisions:	Not Applicable
30.	Consolidation provisions:	The provisions in Condition 19 (*Further Issues*) apply
31.	Any applicable currency disruption/fallback provisions:	Not Applicable
32.	Other terms or special conditions:	Not Applicable

DISTRIBUTION

33.	(i)	If syndicated, names of Managers:	Morgan Stanley & Co. International plc The Hongkong and Shanghai Banking Corporation Limited

	(ii) Stabilisation Manager(s) (if any):	The Hongkong and Shanghai Banking Corporation Limited
34.	If non-syndicated, name and address of Dealer:	Not Applicable
35.	Total commission and concession:	Not Applicable
36.	U.S. Selling Restrictions:	Reg. S Category 1 TEFRA not applicable
37.	Prohibition of Sales to EEA Retail Investors:	Not Applicable
38.	Prohibition of Sales to UK Retail Investors:	Not Applicable
39.	Additional selling restrictions:	Not Applicable

OPERATIONAL INFORMATION

40.	ISIN Code:	HK0000744679
41.	Common Code:	235982277
42.	Legal Entity Identifier:	254900C6X2D3TGF2CO98
43.	CMU Instrument Number:	CILHFN21006
44.	Any clearing system(s) other than Euroclear/Clearstream and the CMU and the relevant identification number(s):	Not Applicable
45.	Delivery:	Delivery against payment
46.	Additional Paying Agent(s) (if any):	Not Applicable

GENERAL

47.	Private Bank Rebate/Commission:	Not Applicable
48.	The aggregate principal amount of the Notes issued has been translated into Hong Kong dollars at the rate of CNY1.00 = HK$1.2031, producing a sum of (for Notes not denominated in Hong Kong dollars):	HK$1,443,720,000
49.	Ratings:	The Notes to be issued are expected to be rated "BBB-" by Standard & Poor's Rating Services, a division of The McGraw-Hill Companies, Inc.

STABILISATION

In connection with the issue of the Notes, The Hongkong and Shanghai Banking Corporation Limited (or persons acting on behalf of The Hongkong and Shanghai Banking Corporation Limited) (the "**Stabilisation Manager**") may over allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail for a limited period after the Issue Date. However, there is no obligation on such Stabilisation Manager to do this. Such stabilisation, if commenced, may be discontinued at any time, and must be brought to an end after a limited period. Such stabilisation shall be in compliance with all applicable laws, regulations and rules.

PURPOSE OF PRICING SUPPLEMENT

This Pricing Supplement comprises the final terms required for issue and admission to trading on the HKSE of the Notes described herein pursuant to the HK$20,000,000,000 Medium Term Note Programme of the Issuer.

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in this Pricing Supplement.

APPENDIX

On 31 May 2021, the Issuer announced the Group's interim report for the three months ended 31 March 2021 (the "**2021 First Quarter Interim Report**"), which was reviewed by KPMG, Certified Public Accountants, Hong Kong, and prepared in accordance with Hong Kong Accounting Standard 34, Interim financial reporting. A copy of the 2021 First Quarter Interim Report is scheduled to this Pricing Supplement.

The 2021 First Quarter Interim Report is unaudited and may not provide the same quality of information associated with information that has been subject to an audit. Potential purchasers must exercise caution when using such data to evaluate the Group's financial condition and results of operations. The 2021 First Quarter Interim Report should also not be taken as an indication of the expected financial condition or results of operations of the Group for the full financial year ending 31 December 2021 and they are not comparable to the financial information for the year ended 31 March 2018, the nine months ended 31 December 2018 and the years ended 31 December 2019 and 2020.

GLP China Holdings Limited

Interim Financial Report
For the three-month period ended 31 March 2021

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Review report to the board of directors of GLP China Holdings Limited

(Incorporated in Hong Kong with limited liability)

HKSHA2100079

Introduction

We have reviewed the interim financial report set out on pages 3 to 45 which comprises the consolidated statement of financial position of GLP China Holdings Limited ("the Company") and its subsidiaries (hereinafter collectively referred to as "the Group") as at 31 March 2021 and the related consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the three-month period then ended and selected explanatory notes. The directors are responsible for the preparation and presentation of the interim financial report 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 form a conclusion, based on our review, on the interim financial report 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 the interim financial report consists of making enquiries, 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.

KPMG

Review report to the board of directors of GLP China Holdings Limited (continued)

(Incorporated in Hong Kong with limited liability)

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 31 March 2021 is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34, *Interim financial reporting*.

KPMG

Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

14 May 2021

Consolidated Statement of Comprehensive Income for the three-month period ended 31 March 2021-unaudited

	Notes	Three-month period ended 31 March 2021 US$'000	Three-month period ended 31 March 2020 US$'000
Revenue	4	289,503	294,655
Other income	5	45,884	15,560
Cost of goods sold and other financial services costs		(965)	(41,748)
Property-related expenses		(80,127)	(63,448)
Other expenses		(54,030)	(44,044)
Changes in fair value of investment properties	9	126,328	116,678
Share of results (net of tax expense) of joint ventures		11,014	9,794
Share of results (net of tax expense) of associates		(15,338)	6,715
Profit from operations		322,269	294,162
Finance costs		(179,272)	(145,129)
Finance income		12,310	8,296
Net finance costs	6	(166,962)	(136,833)
Gain on acquisition of subsidiaries	27	16,491	-
Gain/(loss) on disposal of a subsidiary	27	1,341	(15)
Gain on disposal of assets held for sale		8,170	-
Profit before taxation	7	181,309	157,314
Tax expense	8	(68,371)	(68,795)
Profit for the period		112,938	88,519
Profit attributable to:			
Owners of the Company		25,161	51,727
Non-controlling interests		87,777	36,792
Profit for the period		112,938	88,519

The notes on pages 13 to 45 form part of these financial statements.

Consolidated Statement of Comprehensive Income for the three-month period ended 31 March 2021-unaudited (continued)

	Three-month period ended 31 March 2021 US$'000	Three-month period ended 31 March 2020 US$'000
Profit for the period	112,938	88,519
Other comprehensive income for the period		
Items that will not be reclassified to profit or loss:		
Change in fair value of other investments	(23,364)	(13,045)
Surplus on revaluation of buildings held for own use carried at fair value	1,374	522
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements from functional currency to reporting currency	(99,324)	(147,175)
Other comprehensive income for the period	(121,314)	(159,698)
Total comprehensive income for the period	(8,376)	(71,179)
Total comprehensive income attributable to:		
Owners of the Company	(38,123)	(66,917)
Non-controlling interests	29,747	(4,262)
Total comprehensive income for the period	(8,376)	(71,179)

The notes on pages 13 to 45 form part of these financial statements.

Consolidated Statement of Financial Position as at 31 March 2021-unaudited

	Notes	31 March 2021 US$'000	31 December 2020 US$'000
Non-current assets			
Investment properties	9	21,708,757	21,380,459
Joint ventures	10	2,124,150	2,090,883
Associates	11	2,063,903	1,799,882
Deferred tax assets	12	33,187	21,455
Property, plant and equipment	13	379,942	348,530
Intangible assets	14	307,783	309,790
Other investments	15	1,523,714	2,125,346
Other non-current assets	16	764,976	778,399
		28,906,412	28,854,744
Current assets			
Trade and other receivables	17	1,852,187	1,573,419
Assets classified as held for sale	18	1,086,700	1,166,970
Cash and cash equivalents	19	2,321,320	1,160,752
		5,260,207	3,901,141
Total assets		34,166,619	32,755,885
Equity attributable to owners of the Company			
Share capital	20	6,950,825	6,950,825
Reserves	22	5,391,530	5,432,846
		12,342,355	12,383,671
Non-controlling interests		5,068,791	5,176,090
Total equity		17,411,146	17,559,761

The notes on pages 13 to 45 form part of these financial statements.

Consolidated Statement of Financial Position as at 31 March 2021-unaudited (continued)

	Notes	31 March 2021 US$'000	31 December 2020 US$'000
Non-current liabilities			
Loans and borrowings	23	8,471,696	7,096,129
Deferred tax liabilities	12	2,492,471	2,455,806
Other non-current liabilities	24	328,585	317,337
		11,292,752	9,869,272
Current liabilities			
Loans and borrowings	23	3,554,111	3,150,219
Trade and other payables	25	1,572,343	1,751,374
Current tax payable		50,965	95,758
Liabilities classified as held for sale	18	285,302	329,501
		5,462,721	5,326,852
Total liabilities		16,755,473	15,196,124
Total equity and liabilities		34,166,619	32,755,885

Approved and authorised for issue by the Board of Directors on

Director

Director

The notes on pages 13 to 45 form part of these financial statements.

Consolidated Statement of Changes in Equity for the three-month period ended 31 March 2021-unaudited

	Share capital US$'000	*Capital and PRC statutory reserve* US$'000	*Equity compensation reserve* US$'000	*Currency translation reserve* US$'000	*Property revaluation reserve* US$'000	*Fair value reserve (non-recycling)* US$'000	*Other reserve* US$'000	*Retained earnings* US$'000	*Total attributable to owners of the Company* US$'000	*Non-controlling interests* US$'000	*Total equity* US$'000
At 1 January 2020	6,950,825	(8,331)	36,849	(847,682)	3,305	32,854	(1,554,630)	6,452,085	11,065,275	3,762,461	14,827,736
Total comprehensive income for the period											
Profit for the period	-	-	-	-	-	-	-	51,727	51,727	36,792	88,519
Other comprehensive income											
Exchange differences on translation of financial statements from functional currency to reporting currency	-	-	-	(106,121)	-	-	-	-	(106,121)	(41,054)	(147,175)
Change in fair value of other investments	-	-	-	-	-	(13,045)	-	-	(13,045)	-	(13,045)
Surplus on revaluation of buildings held for own use carried at fair value	-	-	-	-	522	-	-	-	522	-	522
Total other comprehensive income	-	-	-	(106,121)	522	(13,045)	-	-	(118,644)	(41,054)	(159,698)
Total comprehensive income for the period	-	-	-	(106,121)	522	(13,045)	-	51,727	(66,917)	(4,262)	(71,179)
Transactions with owners, recorded directly in equity											
Capital contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	45,188	45,188
Transfer to reserves	-	1,892	-	-	-	-	-	(1,892)	-	-	-
Acquisition of interests in subsidiaries from non-controlling interests	-	1,040	-	-	-	-	-	-	1,040	(12,538)	(11,498)
Acquisitions of subsidiaries	-	-	-	-	-	-	-	-	-	180,009	180,009
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(1,243)	(1,243)
Total contributions by and distributions to owners	-	2,932	-	-	-	-	-	(1,892)	1,040	211,416	212,456
At 31 March 2020	6,950,825	(5,399)	36,849	(953,803)	3,827	19,809	(1,554,630)	6,501,920	10,999,398	3,969,615	14,969,013

The notes on pages 13 to 45 form part of these financial statements.

Consolidated Statement of Changes in Equity for the three-month period ended 31 March 2021-unaudited (continued)

	Share capital US$'000	*Capital and PRC statutory reserve* US$'000	*Equity compensation reserve* US$'000	*Currency translation reserve* US$'000	*Property revaluation reserve* US$'000	*Fair value reserve (non-recycling)* US$'000	*Other reserve* US$'000	*Retained earnings* US$'000	*Total attributable to owners of the Company* US$'000	*Non-controlling interests* US$'000	*Total equity* US$'000
At 1 January 2021	6,950,825	3,838	36,849	(129,913)	6,730	113,227	(1,554,630)	6,956,745	12,383,671	5,176,090	17,559,761
Total comprehensive income for the period											
Profit for the period	-	-	-	-	-	-	-	25,161	25,161	87,777	112,938
Other comprehensive income											
Exchange differences on translation of financial statements from functional currency to reporting currency	-	-	-	(41,294)	-	-	-	-	(41,294)	(58,030)	(99,324)
Change in fair value of other investments	-	-	-	-	-	(23,364)	-	-	(23,364)	-	(23,364)
Surplus on revaluation of buildings held for own use carried at fair value	-	-	-	-	1,374	-	-	-	1,374	-	1,374
Total other comprehensive income	-	-	-	(41,294)	1,374	(23,364)	-	-	(63,284)	(58,030)	(121,314)
Total comprehensive income for the period	-	-	-	(41,294)	1,374	(23,364)	-	25,161	(38,123)	29,747	(8,376)
Transactions with owners, recorded directly in equity											
Capital contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	164,444	164,444
Acquisition of interests in subsidiaries from non-controlling interests	-	(3,193)	-	-	-	-	-	-	(3,193)	(97,606)	(100,799)
Acquisitions of subsidiaries	-	-	-	-	-	-	-	-	-	1,188	1,188
Disposal of subsidiaries	-	-	-	-	-	-	-	-	-	(199,384)	(199,384)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(5,688)	(5,688)
Total contributions by and distributions to owners	-	(3,193)	-	-	-	-	-	-	(3,193)	(137,046)	(140,239)
At 31 March 2021	6,950,825	645	36,849	(171,207)	8,104	89,863	(1,554,630)	6,981,906	12,342,355	5,068,791	17,411,146

The notes on pages 13 to 45 form part of these financial statements.

Consolidated Statement of Cash Flows for the three-month period ended 31 March 2021-unaudited

	Notes	Three-month period ended 31 March 2021 US$'000	31 March 2020 US$'000
Cash flows from operating activities			
Profit before taxation		181,309	157,314
Adjustments for:			
Amortisation of transaction costs of bonds and bank loans		8,934	2,178
Amortisation of intangible assets		332	380
Amortisation of deferred management costs		33	31
Depreciation of property, plant and equipment		5,798	5,813
Loss on disposal of property, plant and equipment		-	15
Gain on acquisition of subsidiaries	27	(16,491)	-
(Gain)/loss on disposal of subsidiaries	27	(1,341)	15
Share of results (net of tax expense) of joint ventures		(11,014)	(9,794)
Share of results (net of tax expense) of associates		15,338	(6,715)
Changes in fair value of investment properties		(126,328)	(116,678)
Changes in fair value of financial assets		(41,415)	(11,742)
Impairment loss on trade and other receivables		(113)	7,388
Net finance costs		158,029	134,655
Gain on disposal of assets held for sale		(8,170)	-
		164,901	162,860
Changes in working capital:			
Trade and other receivables and inventories		(35,223)	(70,631)
Trade and other payables		121,435	(8,341)
Cash generated from operations		251,113	83,888
Tax paid		(72,332)	(27,508)
Net cash generated from operating activities		178,781	56,380

The notes on pages 13 to 45 form part of these financial statements.

Consolidated Statement of Cash Flows for the three-month period ended 31 March 2021-unaudited (continued)

	Notes	Three-month period ended 31 March 2021 US$'000	Three-month period ended 31 March 2020 US$'000
Cash flows from investing activities			
Acquisitions of subsidiaries, net of cash acquired	27	(65,424)	(20,074)
Disposal of subsidiaries, net of cash disposed	27	680,196	145,626
Deposit (paid)/refunded for acquisitions of investment properties		(520,118)	12,506
Development expenditure on investment properties		(438,266)	(234,307)
Payment for purchase of other investments		(29,459)	(75,612)
Payment for purchase of intangible assets		-	(16)
Payment for purchase of property, plant and equipment		(30,313)	(9,281)
Proceeds from disposal of associates and joint ventures		14,245	-
Withholding tax paid on dividend and interest income from subsidiaries		(15,908)	-
Loans to joint ventures		(9,497)	(42,215)
Loans to associates		(476)	(16,023)
Loans to third parties		(85,118)	(34,977)
Repayment of loans from joint ventures		15,631	-
Repayment of loans from non-controlling interests		10,008	2,940
Repayment of loans from associates		1,536	-
Repayment of loans from third parties		1,314	14,551
Capital contribution to joint ventures		(58,970)	(684,733)
Capital contribution to associates		(306,065)	(22,737)
Interest income received		11,030	6,888
Net cash used in investing activities		(825,654)	(957,464)

The notes on pages 13 to 45 form part of these financial statements.

Consolidated Statement of Cash Flows for the three-month period ended 31 March 2021-unaudited (continued)

	Three-month period ended	
	31 March 2021 US$'000	31 March 2020 US$'000
Cash flows from financing activities		
Capital contribution from non-controlling interests	166,283	45,188
Proceeds from bank loans	1,852,063	1,398,375
Proceeds from issue of bonds	1,674,459	285,865
Proceeds of loans from joint ventures	-	28,282
Proceeds of loans from non-controlling interests	-	7,846
Proceeds of loans from third parties	-	3,504
Repayment of bank loans	(1,325,463)	(237,145)
Repayment of bonds	(398,086)	(7,731)
Repayment of loans from intermediate holding company	-	(7,374)
Repayment of loans from joint ventures	-	(24,662)
Repayment of loans from non-controlling interests	(7,695)	-
Repayment of loans from third parties	(637)	(1,404)
Interest paid	(105,557)	(97,600)
Dividends paid to non-controlling interests	(5,688)	(1,243)
Cash payments for principal portion of lease liabilities	(1,476)	(875)
Cash payments for interest portion of lease liabilities	(744)	(630)
Acquisition of interests in subsidiaries from non-controlling interests	(37,227)	(11,498)
Net cash generated from financing activities	1,810,232	1,378,898

The notes on pages 13 to 45 form part of these financial statements.

Consolidated Statement of Cash Flows for the three-month period ended 31 March 2021-unaudited (continued)

	Note	Three-month period ended	
		31 March 2021 US$'000	31 March 2020 US$'000
Net increase in cash and cash equivalents		1,163,359	477,814
Cash and cash equivalents at the beginning of the period		1,222,062	859,715
Effect of exchange rate changes on cash balances held in foreign currencies		(6,299)	(7,191)
Cash and cash equivalents at the end of the period	19	2,379,122	1,330,338

The notes on pages 13 to 45 form part of these financial statements.

Notes to the Interim Financial Report

1. General information

The Company was set up in Hong Kong on 15 October 2013 by CLH Limited, a subsidiary of GLP Pte. Ltd. which was incorporated in the Republic of Singapore ("Singapore").

CLH Limited and Global Logistic Properties Holding Limited ("GLPH Limited"), two Cayman incorporated companies, are intermediate holding vehicles 100% owned by GLP Pte. Ltd. CLH Limited holds its shares in project companies incorporated in the People's Republic of China (the "PRC") through various intermediate offshore holding companies incorporated in Barbados, Singapore and Hong Kong. GLPH Limited holds its shares in GLP Investment (Shanghai) Co., Ltd. ("CMC"), a management company incorporated in the PRC, through two intermediate holding companies, China Management Holding Srl, incorporated in Barbados, and China Management Holdings (Hong Kong) Limited, incorporated in Hong Kong.

In October 2013, subsequent to the establishment of the Company, GLP China Asset Holdings Limited ("China Asset Holdco") was then established as a direct subsidiary of the Company. GLP HK Holdings Limited ("HK Holding Platform") and GLP SG Holdings Pte. Ltd. ("SG Holding Platform") were then established as subsidiaries of China Asset Holdco.

On 20 May 2014, certain intermediate offshore holding companies incorporated in Singapore, together with their subsidiaries and joint ventures were transferred to SG Holding Platform, and the rest of the intermediate offshore holding companies incorporated in Barbados, Singapore and Hong Kong, together with their subsidiaries and joint ventures were then transferred to HK Holding Platform. On the same date, GLPH Limited transferred its shares in China Management Holding Srl to the Company.

Subsequent to the reorganisation mentioned above (the "Reorganisation"), the Company owns subsidiaries and joint ventures indirectly through offshore intermediate holding companies. As part of the Reorganisation, the Company introduced new investors Khangai Company Limited, Khangai II Company Limited, GLP Associate (I) Limited and GLP Associate (II) LLC. CLH Limited's percentage of interest in the Company was reduced to 66.2%.

The interim financial report for the three-month period ended 31 March 2021 comprises the Company and its subsidiaries and the Group's interests in joint ventures and associates.

2. Basis of preparation and measurement

(a) Basis of preparation

This interim financial report has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2020 annual financial statements.

2. Basis of preparation and measurement (continued)

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since 31 December 2020. The interim financial report and notes thereon do not include all of the information required for full set of annual financial statements prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRSs").

The interim financial report is unaudited, but has been reviewed by KPMG 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 HKICPA. KPMG's independent review report to the board of directors is included on pages 1 and 2.

The financial information relating to the financial year ended 31 December 2020 that is included in this interim financial report as comparative information does not constitute the Group's statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Further information relating to these statutory financial statements disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Group will deliver the financial statements for the year ended 31 December 2020 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

The Group's auditor has reported on those financial statements. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under section 406(2), 407(2) or (3) of the Companies Ordinance.

(b) Changes in accounting policies

The Group has applied the flowing amendments to HKFRSs issued by the HKICPA to these financial statements for the current accounting period:

- Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16, Interest Rate Benchmark Reform-Phase 2

Other than amendments to HKFRS 9, HKFRS 39, HKFRS 7, HKFRS 4 and HKFRS 16, the Group has not applied any new standard for interpretation that is not yet effective for the current accounting period. There is no significant impact after adopting these amendments.

(c) Functional currency and presentation currency

The functional currency of the Company and its subsidiaries is Chinese Renminbi Yuan ("RMB"). These financial statements are presented in United States Dollars ("USD") are rounded to the nearest thousand.

2. Basis of preparation and measurement (continued)

(d) Use of estimates and judgements

The preparation of the interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses on a year to date basis. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3. Possible impact of amendments, new standards and interpretations issued but not yet effective for the financial year ending 31 December 2021

Up to the date of issue of this interim financial report, the HKICPA has issued a number of amendments and a new standard, HKFRS 17, *Insurance contracts*, which are not yet effective for the financial year ending 31 December 2021 and which have not been adopted in this interim financial report. These include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKFRS 3, Reference to the Conceptual Framework	1 January 2022
Amendments to HKAS 16, Property, Plant and Equipment: Proceeds before Intended Use	1 January 2022
Amendments to HKAS 37, Onerous Contracts-Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to HKFRSs 2018-2020 Cycle	1 January 2022
Amendments to HKAS 1, Classification of Liabilities as Current or Non-current	1 January 2023
HKFRS 17, Insurance contracts	1 January 2023
Amendment to HKFRS 4, Extension of the temporary exemption from applying HKFRS 9	1 January 2023

The Group is in the process of making an assessment of what the impact of these development is expected to be in the period of initial application. So far, the Group has concluded that the adoption of them is unlikely to have a significant impact on the Group's consolidated financial statements.

4. Revenue

	Three-month period ended 31 March 2021 US$'000	31 March 2020 US$'000
Revenue from rental and related income	261,007	231,414
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products or service lines		
Sales of goods	1,090	39,817
Financial services income	-	8,339
Management fee income	27,406	15,085
	28,496	63,241
Disaggregated by timing of revenue recognition		
Point in time	1,090	39,817
Over time	27,406	23,424
	28,496	63,241
	289,503	294,655

The Group's customer base is diversified and no customer with whom transactions have exceeded 10% of the Group's revenue for the periods presented.

5. Other income

	Three-month period ended 31 March 2021 US$'000	31 March 2020 US$'000
Changes in fair value of financial assets	41,415	11,742
Government grants	2,612	3,638
Others	1,857	180
	45,884	15,560

6. Net finance costs

	Three-month period ended 31 March 2021 US$'000	Three-month period ended 31 March 2020 US$'000
Interest income on:		
- Fixed deposits and cash at bank	1,647	2,048
- Loans to joint ventures	7,650	2,500
- Loans to associates	1,419	1,911
- Loans to non-controlling interests	-	46
- Loans to employees	322	42
- Loans to related corporations	143	-
- Loans to third parties	1,129	1,749
Interest income	12,310	8,296
Amortisation of transaction costs of bank loans	(7,546)	(891)
Amortisation of transaction costs of bonds	(1,388)	(1,287)
Interest expenses on:		
- Bank loans	(52,963)	(54,601)
- Bonds	(55,553)	(47,212)
- Loans from intermediate holding company	-	(4,869)
- Loans from joint ventures	(13)	(329)
- Loans from non-controlling interests	(150)	(246)
- Lease liabilities	(810)	(698)
Total borrowing costs	(118,423)	(110,133)
Less: borrowing costs capitalised in investment properties	4,290	2,754
Net borrowing costs	(114,133)	(107,379)
Foreign exchange loss	(65,139)	(37,750)
Net finance costs recognised in profit or loss	(166,962)	(136,833)

7. Profit before taxation

The following items have been included in arriving at profit before taxation:

	Three-month period ended	
	31 March 2021	31 March 2020
	US$'000	US$'000
(a) *Staff costs*		
Wages and salaries	(33,978)	(16,839)
Contributions to defined contribution plans, included in wages and salaries	(2,815)	(1,331)
(b) *Other expenses*		
Amortisation of intangible assets	(332)	(380)
Depreciation of property, plant and equipment:		
- Owned property, plant and equipment	(3,195)	(3,949)
- Right-of-use assets	(2,603)	(1,864)
Impairment loss on trade and other receivables	113	(7,388)

8. Tax expense

	Three-month period ended	
	31 March 2021 US$'000	31 March 2020 US$'000
Current tax	35,761	14,312
Withholding tax on foreign-sourced income	7,929	1,372
	43,690	15,684
Deferred tax		
Origination and reversal of temporary differences	24,681	53,111
	68,371	68,795

Reconciliation of expected to actual tax		
Profit before taxation	181,309	157,314
Less: share of results (net of tax expense) of joint ventures	(11,014)	(9,794)
Less: share of results (net of tax expense) of associates	15,338	(6,715)
Profit before share of results of joint ventures and associates (net of tax expense)	185,633	140,805
Tax expense using PRC tax rate of 25%	46,408	35,201
Effect of different tax rates for subsidiaries	(5,514)	5,234
Net income not subject to tax	(9,551)	(3,566)
Non-deductible expenses	20,018	20,163
Deferred tax not recognised on tax losses and other temporary differences	12,363	12,690
Recognition of previously unrecognised tax losses	(3,282)	(2,299)
Withholding tax on foreign-sourced income	7,929	1,372
	68,371	68,795

9. Investment properties

	31 March 2021 US$'000	31 December 2020 US$'000
At 1 January	21,380,459	20,656,664
Additions	278,465	1,257,960
Acquisitions of subsidiaries (note 27)	142,433	1,050,716
Disposals of subsidiaries (note 27)	-	(2,392,203)
Borrowing cost capitalised	4,290	14,556
Changes in fair value	126,328	532,835
Reclassification to assets held for sale (note 18)	(91,559)	(1,065,798)
Effect of movements in exchange rates	(131,659)	1,325,729
At 31 March/31 December	21,708,757	21,380,459
Comprising:		
Completed investment properties	17,795,966	17,679,556
Investment properties under re-development	19,134	19,249
Properties under development	2,031,519	1,813,162
Land held for development	1,862,138	1,868,492
	21,708,757	21,380,459

Investment properties are held mainly for use by external customers under operating leases. Generally, the leases contain an initial non-cancellable period of one to twenty years. Subsequent renewals are negotiated with the lessees. There are no contingent rents arising from the lease of investment properties.

Investment properties with carrying value totaling approximately US$16,115,297,000 as at 31 March 2021 (31 December 2020: US$15,445,068,000) were mortgaged to secure credit facilities for the Group (note 23).

The Group's investment properties are stated at fair value. In determining the fair value of investment properties, a combination of approaches were used, including the direct comparison, income capitalisation, discounted cash flow and residual approaches. The direct comparison approach involves the analysis of comparable sales of similar properties and adjusting the sale prices to that reflective of the investment properties. The income capitalisation approach capitalises an income stream into a present value using single-year capitalisation rates, the income stream used is adjusted to market rentals currently being achieved within comparable investment properties and recent leasing transactions achieved within the investment property. The discounted cash flow approach requires the valuer to assume a rental growth rate indicative of market and the selection of a target internal rate of return consistent with current market requirements. The residual approach values properties under development and land held for development by reference to its development potential and deducting development costs to be incurred, together with property developers' profit margin, assuming it was completed as at the date of valuation.

In determining the fair value of investment properties, management has exercised its judgement and is satisfied that the valuation methods and estimates are reflective of the current market conditions.

9. Investment properties (continued)

Operating lease rental receivables

Future minimum rental receivables of the Group on non-cancellable operating leases from investment properties are as follows:

	31 March 2021 US$'000	*31 December 2020* US$'000
Lease payments receivable:		
- Within 1 year	854,613	788,935
- After 1 year but within 5 years	1,457,574	1,408,705
- After 5 years	495,304	503,994
	2,807,491	2,701,634

10. Joint ventures

	31 March 2021 US$'000	*31 December 2020* US$'000
China Merchants Capital Investment Co., Ltd. ("CMCI")	765,787	770,916
Beijing Jintonggang Real Estate Development Co., Ltd. ("Z3 project")	354,765	357,162
GLP Guoyi (Zhuhai) Acquisition Fund (LP) ("CVA I Fund")	235,261	236,593
Others	768,337	726,212
	2,124,150	2,090,883

All the joint ventures are unlisted corporate entities whose quoted market prices are not available.

11. Associates

	31 March 2021 US$'000	*31 December 2020* US$'000
Zhongjin Jiaye (Tianjin) Commercial Real Estate Investment Center LLP ("Zhongjin Jiaye")	215,541	216,997
Zhuhai Hidden Hill Logistic Equity Investment Fund (LP) ("Hidden Hill Fund")	1,040,026	963,438
Others	808,336	619,447
	2,063,903	1,799,882

12. Deferred tax

Movements in deferred tax assets and liabilities during the period/year are as follows:

	At 1 January US$'000	*Acquisition of subsidiaries (note 27)* US$'000	*Disposal of subsidiaries (note 27)* US$'000	*Effect of movement in exchange rates* US$'000	*Recognised in other comprehensive income* US$'000	*Recognised in profit or loss* US$'000	*Reclassified to assets held for sale* US$'000	*At 31 December/ 31 March* US$'000
Deferred tax assets								
31 December 2020								
Unutilised tax losses	35,396	255	(9,665)	1,510	-	(2,393)	(557)	24,546
Others	4,007	-	-	309	-	557	-	4,873
	39,403	255	(9,665)	1,819	-	(1,836)	(557)	29,419
31 March 2021								
Unutilised tax losses	24,546	1	-	(260)	-	9,034	(40)	33,281
Others	4,873	-	-	(38)	-	739	-	5,574
	29,419	1	-	(298)	-	9,773	(40)	38,855
Deferred tax liabilities								
31 December 2020								
Investment properties	(2,299,937)	(135,196)	307,504	(182,304)	-	(188,997)	167,690	(2,331,240)
Other investments	(48,443)	-	(6,513)	(4,211)	367	(21,327)	-	(80,127)
Buildings held for own use carried at fair value	(1,089)	-	-	(141)	(1,142)	-	-	(2,372)
Others	(7,464)	(297)	298	(2,805)	-	(39,763)	-	(50,031)
	(2,356,933)	(135,493)	301,289	(189,461)	(775)	(250,087)	167,690	(2,463,770)
31 March 2021								
Investment properties	(2,331,240)	(14,609)	-	(4,867)	-	(30,366)	15,380	(2,365,702)
Other investments	(80,127)	-	-	(2,841)	3,929	(4,843)	-	(83,882)
Buildings held for own use carried at fair value	(2,372)	-	-	20	(458)	-	-	(2,810)
Others	(50,031)	-	-	3,531	-	755	-	(45,745)
	(2,463,770)	(14,609)	-	(4,157)	3,471	(34,454)	15,380	(2,498,139)

Deferred tax liabilities and assets are offset when there is a legally enforceable right to set off current tax liabilities and when the deferred taxes relate to the same tax authority. The amounts determined after appropriate offsetting are included in the statement of financial position as follows:

	31 March 2021 US$'000	*31 December 2020* US$'000
Deferred tax assets	33,187	21,455
Deferred tax liabilities	(2,492,471)	(2,455,806)

12. Deferred tax (continued)

Deferred tax assets have not been recognised in respect of the following items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits in the foreseeable future:

	31 March 2021 US$'000	*31 December 2020* US$'000
Tax losses	617,624	653,028

Tax losses are subject to agreement by the tax authorities and compliance with tax regulations in the respective countries in which the subsidiaries operate. Unrecognised tax losses amounting to approximately US$617,624,000 (31 December 2020: US$653,028,000) will expire within 1 to 5 years.

The PRC income tax law and its relevant regulations impose a withholding tax at 10%, unless reduced by a tax treaty/arrangement, for dividend distributions out of earnings accumulated beginning on or after 1 January 2008. The Group has not recognised a deferred tax liability amounting to approximately US$66,741,000 (31 December 2020: US$89,448,000) in respect of undistributed earnings of PRC subsidiaries because the Group can control the timing of the distribution and it is probable that the dividend will not be distributed to the holding company outside the PRC in the foreseeable future.

13. Property, plant and equipment

	Furniture, fittings and equipment US$'000	*Solar plants* US$'000	*Assets under construction* US$'000	*Buildings held for own use carried at fair value* US$'000 (note 9)	*Buildings held for own use carried at amortised cost* US$'000	*Right-of-use assets* US$'000	*Total* US$'000
Cost							
At 1 January 2020	90,887	438	-	73,693	-	69,953	234,971
Acquisition of subsidiaries	33,990	-	-	-	75,471	28,325	137,786
Additions	59,155	-	17,048	23,995	-	11,706	111,904
Disposal of subsidiaries	(98,159)	(436)	-	-	-	(1,789)	(100,384)
Disposals	(8,929)	-	-	-	-	-	(8,929)
Elimination on revaluation	-	-	-	(2,591)	-	-	(2,591)
Surplus on revaluation	-	-	-	4,566	-	-	4,566
Effect of movements in exchange rates	3,328	(2)	981	6,591	6,117	6,603	23,618
At 31 December 2020	80,272	-	18,029	106,254	81,588	114,798	400,941
Acquisition of subsidiaries	2	-	-	-	-	-	2
Additions	3,359	-	22,744	9,785	-	4,210	40,098
Disposal	-	-	-	-	-	(1,446)	(1,446)
Transfers	-	-	28,828	-	(30,543)	-	(1,715)
Elimination on revaluation	-	-	-	(1,034)	-	-	(1,034)
Surplus on revaluation	-	-	-	1,832	-	-	1,832
Effect of movements in exchange rates	(516)	-	(755)	(766)	(104)	(721)	(2,862)
Reclassification to assets held for sale	(547)	-	-	-	-	-	(547)
At 31 March 2021	82,570	-	68,846	116,071	50,941	116,841	435,269
Accumulated depreciation							
At 1 January 2020	(27,730)	(8)	-	-	-	(4,592)	(32,330)
Acquisition of subsidiaries	(8,330)	-	-	-	(6,962)	(970)	(16,262)
Charge for the year	(9,737)	(4)	-	(2,591)	(1,117)	(9,155)	(22,604)
Disposal of subsidiaries	14,468	12	-	-	-	293	14,773
Disposals	6,617	-	-	-	-	-	6,617
Elimination on revaluation	-	-	-	2,591	-	-	2,591
Effect of movements in exchange rates	(3,625)	-	-	-	(697)	(874)	(5,196)
At 31 December 2020	(28,337)	-	-	-	(8,776)	(15,298)	(52,411)
Acquisition of subsidiaries	(1)	-	-	-	-	-	(1)
Charge for the period	(1,837)	-	-	(1,034)	(324)	(2,603)	(5,798)
Disposals	-	-	-	-	-	438	438
Transfers	-	-	-	-	1,715	-	1,715
Elimination on revaluation	-	-	-	1,034	-	-	1,034
Effect of movements in exchange rates	(293)	-	-	-	(498)	118	(673)
Reclassification to assets held for sale	369	-	-	-	-	-	369
At 31 March 2021	(30,099)	-	-	-	(7,883)	(17,345)	(55,327)
Carrying amounts							
At 31 December 2020	51,935	-	18,029	106,254	72,812	99,500	348,530
At 31 March 2021	52,471	-	68,846	116,071	43,058	99,496	379,942

(a) *Valuation*

In determining fair value of buildings held for own use carried at fair value, a combination of approaches were used, including income capitalisation and discounted cash flow approaches. The income capitalisation approach capitalises an income stream into a present value using single-year capitalisation rates, the income stream used is adjusted to market rentals currently being achieved within comparable properties. The discounted cash flow approach requires the valuer to assume a rental growth rate indicative of market and the selection of a target internal rate of return consistent with current market requirements.

13. Property, plant and equipment (continued)

In determining fair value of buildings held for own use, management has exercised its judgement and is satisfied that the valuation methods and estimates are reflective of the current market conditions.

(b) Right-of-use assets

The analysis of the net book value of right-of-use assets by class of underlying asset is as follows:

	31 March 2021 US$'000	*31 December 2020* US$'000
Other properties leased for own use carried at cost	99,496	99,500

The Group has obtained the right to use certain properties as its warehouses, office premises and internet data centers through lease agreements. These leases typically run for an initial period of 2 to 20 years. Lease payments are usually increased every 1 to 3 years to reflect market rentals.

14. Intangible assets

	Goodwill US$'000	*Trademark* US$'000	*License rights* US$'000	*Total* US$'000
Cost				
At 1 January 2020	276,739	23,327	913	300,979
Acquisition of subsidiaries	59,841	4,879	2,597	67,317
Additions	-	-	18	18
Disposal of subsidiaries	(25,657)	(4,956)	(212)	(30,825)
Reclassified to assets held for sale	(34,742)	-	-	(34,742)
Exchange differences	19,698	1,699	67	21,464
At 31 December 2020	295,879	24,949	3,383	324,211
Exchange differences	(1,559)	(141)	(20)	(1,720)
At 31 March 2021	294,320	24,808	3,363	322,491
Accumulated amortisation				
At 1 January 2020	-	(11,230)	(777)	(12,007)
Additions	-	(1,300)	(324)	(1,624)
Disposal	-	212	172	384
Exchange differences	-	(1,117)	(57)	(1,174)
At 31 December 2020	-	(13,435)	(986)	(14,421)
Additions	-	(312)	(20)	(332)
Exchange differences	-	39	6	45
At 31 March 2021	-	(13,708)	(1,000)	(14,708)
Carrying amounts				
At 31 December 2020	295,879	11,514	2,397	309,790
At 31 March 2021	294,320	11,100	2,363	307,783

15. Other investments

	31 March 2021 US$'000	31 December 2020 US$'000
Listed equity securities-at FVOCI (non-recycling)	389,450	418,902
Listed equity securities-at FVTPL	63,910	50,525
Unlisted equity securities-at FVTPL	1,070,354	1,655,919
	1,523,714	2,125,346

Listed equity securities comprise 6.10% (31 December 2020: 6.10%) equity interest in Shenzhen New Nanshan Holding (Group) Co., Ltd. ("SNNH"), which is listed on the Shenzhen Stock Exchange, 1.47% (31 December 2020: 1.47%) equity interest in Shanghai Lingang Holdings Co., Ltd. ("SHLG") and 10.00% (31 December 2020: 10.00%) equity interest in Beijing Vantone Real Estate Co., Ltd. ("BJ Vantone"), which are listed on the Shanghai Stock Exchange. The Group designated these investments at FVOCI (non-recycling), as these investments are held for strategic purposes. No dividends were received on these listed investments during the three-month period ended 31 March 2021 (three-month period ended 31 March 2020: none).

16. Other non-current assets

	31 March 2021 US$'000	31 December 2020 US$'000
Trade receivables	51,895	50,253
Prepayments	118,909	74,079
Loans to joint ventures	464,553	513,416
Loans to associates	-	4,971
Loans to third parties	5,098	10,411
Other investments held for disposal	124,521	125,269
	764,976	778,399

The loans to joint ventures are repayable after one year, and bear interest rates ranging from 5.70% to 7.90% per annum (31 December 2020: 5.70% to 8.63%).

The loans to associates as at 31 December 2020 bore interest rate ranging from 8.00% to 10.00% per annum.

The loans to third parties in relation to new strategic investments are unsecured, repayable after one year, and interest-free (31 December 2020: 18.00%).

17. Trade and other receivables

	31 March 2021 US$'000	*31 December 2020* US$'000
Net trade receivables:		
- Trade receivables	76,719	53,122
- Impairment losses	(1,803)	(1,921)
	74,916	51,201
Amounts due from joint ventures:		
- Trade	12,772	16,635
- Non-trade	178,670	58,056
- Loans to joint ventures	76,193	29,468
	267,635	104,159
Amounts due from associates:		
- Trade	33,135	41,834
- Non-trade	2,005	240,780
- Loans to associates	195,663	193,722
	230,803	476,336
Amounts due from non-controlling interests:		
- Non-trade	3,493	15,301
- Loans to non-controlling interests	39,335	49,503
	42,828	64,804
Amounts due from other related parties:		
- Non-trade	76,385	331,452
Loans to third parties	121,536	34,546
Loans to employees	104,589	103,731
Deposits	598,401	78,283
Net other receivables		
- Other receivables	306,032	301,527
- Impairment losses	(264)	(265)
	305,768	301,262
Prepayments	29,326	27,645
	1,852,187	1,573,419

17. Trade and other receivables (continued)

The non-trade amounts due from joint ventures, associates, non-controlling interests and other related parties are unsecured, interest-free and repayable on demand.

The loans to joint ventures, associates and non-controlling interests are unsecured, bear effective interests ranging from 5.10% to 15.20% (31 December 2020: 5.10% to 10.00%) per annum, except for a loan of US$1,500,000 which are interest-free at the reporting date and are repayable within the next 12 months.

The loans to third parties in relation to acquisition of new investments are secured, repayable within the next 12 months, and bear effective interest ranging from 8.00% to 18.00% (31 December 2020: 8.00% to 10.00%) per annum, except for a loan of US$17,741,000 which is interest-free upon completion of the acquisition (31 December 2020: US$12,935,000).

Deposits include an amount of approximately US$583,556,000 (31 December 2020: US$47,341,000) in relation to the acquisition of new investments. Other receivables comprise VAT recoverable and other recoverable.

Trade receivables are due on the date of billing.

18. Assets classified as held for sale

	31 March 2021 US$'000	*31 December 2020* US$'000
Assets of disposal group held for sale	1,086,700	1,166,970
Liabilities of disposal group held for sale	(285,302)	(329,501)
	801,398	837,469

In December 2020, the Group entered into an agreement with a related party to dispose of a subsidiary, Shanghai Lingang GLP International Logistics Development Co., Ltd., at a consideration approximately of RMB5,847,241,000 (equivalent to approximately US$890,791,000). In February 2021, the Group entered into an agreement with a related party to dispose of a subsidiary, GLP Suzhou Hi-Tech Logistics Facilities Co., Ltd., at a consideration of RMB540,000,000 (equivalent to approximately US$82,266,000). Nevertheless, certain assets transfer procedures are still in progress and such disposal is expected to be completed in the near future. As a result, the assets and liabilities of those subsidiaries were presented as assets held for sale and liabilities held for sale respectively as 31 March 2021.

19. Cash and cash equivalents

	31 March 2021 US$'000	31 December 2020 US$'000
Fixed deposits	57	58
Cash at bank	2,321,263	1,160,694
Cash and cash equivalents in consolidated statement of financial position	2,321,320	1,160,752
Cash and cash equivalents in disposal group	57,802	61,310
Cash and cash equivalents in the consolidated cashflow statement	2,379,122	1,222,062

20. Share capital and capital management

(a) *Share capital*

Issued share capital

	31 March 2021/ 31 December 2020	
	No. of shares'000	US$'000
Ordinary shares, issued and fully paid:	6,950,825	6,950,825

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

(b) *Capital management*

The Group's objectives when managing capital are to build a strong capital base so as to sustain the future developments of its business and to maintain an optimal capital structure to maximize shareholder's value. The Group defines "capital" as including all components of equity plus loans from its intermediate holding company and related corporations with no fixed terms of repayment.

The Group's capital structure is regularly reviewed and managed with due regard to the capital management practices of the Group to which the Company belongs. Adjustments are made to the capital structure in light of changes in economic conditions, regulatory requirements and business strategies affecting the Group.

20. Share capital and capital management (continued)

The Group also monitors capital using a net debt to equity ratio, which is defined as net borrowings divided by total equity (including non-controlling interests).

	31 March 2021 US$'000	31 December 2020 US$'000
Loans and borrowings	12,025,807	10,246,348
Loans from joint ventures	2,829	2,829
Loans from non-controlling interests	6,338	14,039
Loans from third parties	754	513
Lease liabilities	57,685	60,001
Total debt	12,093,413	10,323,730
Less: cash and cash equivalents	(2,321,320)	(1,160,752)
Net debt	9,772,093	9,162,978
Total equity	17,411,146	17,559,761
Total assets	34,166,619	32,755,885
Net debt to total equity ratio	56.13%	52.18%
Net debt to total assets ratio	28.60%	27.97%

The Group seeks to strike a balance between the higher returns that might be possible with higher levels of borrowings and the liquidity and security afforded by a sound capital position.

There were no significant changes in the Group's approach to capital management during the period.

During the three-month period ended 31 March 2021, the Group's strategy, which was unchanged from 31 December 2020, was to maintain either an adjusted net debt to total assets ratio of no more than 50% or net debt to total equity ratio of no more than 55%. In order to maintain or adjust the ratio, the Group may adjust the amount of dividends paid to shareholders, issue new shares or request new loans from other Group companies or sell assets to reduce debt.

All of the Group's banking facilities are subject to the fulfillment of covenants relating to certain of the Group's balance sheet ratios, as are commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants the drawn down facilities would become payable on demand. The Group regularly monitors its compliance with these covenants. As at 31 March 2021, none of the covenants relating to drawn down facilities had been breached (31 December 2020: none).

21. Fair value measurement of financial instruments

(a) Financial assets and liabilities measured at fair value

(i) Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
- Level 3 valuations: Fair value measured using significant unobservable inputs

The Group has a team headed by the finance manager performing valuations for the financial instruments, including the unlisted equity securities. The team reports directly to the chief financial officer. A valuation report with analysis of changes in fair value measurement is prepared by the team at each interim and annual reporting date, and is reviewed and approved by the chief financial officer.

	Fair value at 31 March 2021	*Fair value measurements as at 31 March 2021 categorised into*		
		Level 1	*Level 2*	*Level 3*
	US$'000	US$'000	US$'000	US$'000
Recurring fair value measurement				
Financial assets:				
Other investments (note 15):				
- Listed equity securities	453,360	453,360	-	-
- Unlisted equity securities	1,070,354	-	-	1,070,354

	Fair value at 31 December 2020	*Fair value measurements as at 31 December 2020 categorised into*		
		Level 1	*Level 2*	*Level 3*
	US$'000	US$'000	US$'000	US$'000
Recurring fair value measurement				
Financial assets:				
Other investments (note 15):				
- Listed equity securities	469,427	469,427	-	-
- Unlisted equity securities	1,655,919	-	-	1,655,919

21. Fair value measurement of financial instruments (continued)

During the three-month period ended 31 March 2021, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (year ended 31 December 2020: none). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

(ii) Information about Level 3 fair value measurements

	Valuation techniques	*Significant unobservable inputs*	*Range*
Unlisted equity securities	Income approach	Internal Rate of Return	10%
Unlisted equity securities	Market approach	Discount for lack of marketability	0%-20%

The fair value of unlisted equity securities is determined using income approach and market approach. The fair value of unlisted equity securities using income approach uses the agreed internal rate of return from potential buyer. The fair value measurement is positively correlated to the internal rate of return. The fair value of unlisted equity securities using market approach uses the price/sales ratios and price/book ratios of comparable listed companies adjusted for lack of marketability discount. The fair value measurement is negatively correlated to the discount for lack of marketability.

The movement during the period in the balance of Level 3 fair value measurements is as follows:

	31 March 2021 US$'000	*31 December 2020* US$'000
Unlisted equity securities:		
At 1 January	1,655,919	1,026,406
Additional securities acquired	29,459	872,940
Disposals	(633,190)	(434,256)
Net unrealised gains or losses recognised in profit or loss during the period/year	27,553	137,631
Exchange differences	(9,387)	53,198
At 31 March/31 December	1,070,354	1,655,919
Total gains or losses for the period included in profit or loss for assets held at the end of the reporting period	27,553	137,631

(b) Fair value of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31 March 2021 and 31 December 2020.

22. Reserves

	31 March 2021 US$'000	31 December 2020 US$'000
Capital reserve	645	3,838
Equity compensation reserve	36,849	36,849
Currency translation reserve	(171,207)	(129,913)
Property revaluation reserve	8,104	6,730
Fair value reserve (non-recycling)	89,863	113,227
Other reserve	(1,554,630)	(1,554,630)
Retained earnings	6,981,906	6,956,745
	5,391,530	5,432,846

The capital reserve comprises mainly equity transactions gain or loss from the changes in the Group's interests in subsidiaries that do not result in a loss of control and the Group's share of the statutory reserve of its PRC-incorporated subsidiaries. Statutory reserve of its PRC-incorporated subsidiaries was transferred from retained earnings in accordance with the relevant PRC rules and regulations and the articles of association of these subsidiaries incorporated in PRC, and were approved by the respective board of directors.

The equity compensation reserve comprises the cumulative value of employee services received for the issue of the shares under the GLP Performance Share Plan and Restricted Share Plan.

The property revaluation reserve has been set up and is dealt with in accordance with the accounting policies adopted for buildings held for own use carried at fair value.

The fair value reserve (non-recycling) comprises the cumulative net change in the fair value of listed equity securities carried at FVOCI until the securities are derecognised or impaired.

Other reserve mainly represents capital contributions from the intermediate holding company and the merger reserve which was the difference between the Company's share of the nominal value of the paid-up capital and capital reserve related to shareholders' injection of the subsidiaries acquired over the nominal value of the ordinary shares issued by the Company.

23. Loans and borrowings

	31 March 2021 US$'000	31 December 2020 US$'000
Non-current liabilities		
Secured bank loans	4,871,399	4,393,572
Secured bonds	742,064	746,715
Unsecured bank loans	228,853	461,705
Unsecured bonds	2,629,380	1,494,137
	8,471,696	7,096,129
Current liabilities		
Secured bank loans	770,174	248,428
Secured bonds	2,636	2,458
Unsecured bank loans	241,388	465,968
Unsecured bonds	2,539,913	2,433,365
	3,554,111	3,150,219

The secured bank loans and bonds are secured by mortgages on the borrowing subsidiaries' investment properties with aggregate carrying amount of approximately US$16,115,297,000 (31 December 2020: US$15,445,068,000) (note 9).

The effective interest rates for bank borrowings and bonds ranged from 1.24% to 6.77% (31 December 2020: 1.29% to 6.77%) per annum.

24. Other non-current liabilities

	31 March 2021 US$'000	31 December 2020 US$'000
Security deposits received	79,185	77,791
Contract liabilities	-	551
Employee bonus and incentive payable	31,742	21,483
Loans from non-controlling interests	2,709	10,388
Lease liabilities (note 26)	51,746	53,813
Deposits received for disposal of other investments	124,521	114,396
Consideration payable for acquisition of joint ventures	37,080	37,303
Others	1,602	1,612
	328,585	317,337

25. Trade and other payables

	31 March 2021 US$'000	31 December 2020 US$'000
Trade payables	2,544	2,379
Accrued construction costs	591,713	692,675
Accrued operating expenses	110,025	92,429
Contract liabilities	58,533	40,645
Interest payable	120,226	116,380
Security deposits received	96,852	87,744
Amounts due to:		
- Intermediate holding company (trade)	53,219	51,266
- Related parties (trade)	18,510	14,532
- Related parties (non-trade)	395	300,342
- Non-controlling interests (trade)	4,356	3,358
- Non-controlling interests (non-trade)	19,385	17,736
- Joint ventures (trade)	704	1,522
- Joint ventures (non-trade)	494	495
- Associates (trade)	4	70
- Associates (non-trade)	32	32
Interest payable on loans from intermediate holding company	7,339	7,383
Loans from non-controlling interests	3,629	3,651
Interest payable on loans from non-controlling interests	206	129
Loans from joint ventures	2,829	2,829
Interest payable on loans from joint ventures	691	644
Loans from third parties	754	513
Interest payable on loans from third parties	215	216
Consideration payable for acquisitions of subsidiaries	227,370	143,018
Deposits received and accrued expenses for disposal of investment properties	58,557	58,909
Consideration payable for acquisition of other investments	8,897	8,950
Other payables	177,021	95,423
Dividends payable	1,904	1,916
Lease liabilities (note 26)	5,939	6,188
	1,572,343	1,751,374

The non-trade amounts due to joint ventures and non-controlling interests are unsecured, interest-free and have no fixed repayment terms. The loans from joint ventures, non-controlling interests and third parties are unsecured and repayable within the next 12 months. The interest-bearing loans from joint ventures, non-controlling interests and third parties bear effective interests ranging from 3.00% to 6.08% (31 December 2020: 3.00% to 6.08%) per annum as at the reporting date.

26. Lease liabilities

The remaining contractual maturities of the Group's lease liabilities at the end of the reporting period are as follows:

	At 31 March 2021	
	Present value of the minimum lease payments US$'000	*Total minimum lease payments* US$'000
Within 1 year	5,939	8,941
After 1 year but within 2 years	5,414	8,088
After 2 years but within 5 years	14,950	21,290
After 5 years	31,382	38,891
	57,685	77,210
Less: total future interest expenses		(19,525)
Present value of lease liabilities		57,685

	At 31 December 2020	
	Present value of the minimum lease payments US$'000	*Total minimum lease payments* US$'000
Within 1 year	6,188	9,313
After 1 year but within 2 years	5,963	8,734
After 2 years but within 5 years	15,540	22,185
After 5 years	32,310	40,312
	60,001	80,544
Less: total future interest expenses		(20,543)
Present value of lease liabilities		60,001

27. Note to the consolidated statement of cash flows

Acquisitions of subsidiaries

The primary reason for the Group's acquisitions of subsidiaries is to expand its portfolio of investment properties held in the PRC and possession of qualification for architecture designing.

27. Note to the consolidated statement of cash flows (continued)

The list of subsidiaries acquired during the three-month period ended 31 March 2021 is as follows:

Name of subsidiaries	*Date acquired*	*Equity interest acquired* %
Anhui Nuohan Intelligent Equipment Co., Ltd.	20 January 2021	91
GLP Yiwu Pujie Logistics Facilities Co., Ltd.("Yiwu Pujie")	18 March 2021	100

Effect of acquisitions

The cash flow and the net assets of the subsidiaries acquired during the three-month period ended 31 March 2021 are provided below:

	Recognised values on acquisitions US$'000
Investment properties	142,433
Property, plant and equipment	1
Deferred tax assets	1
Trade and other receivables	2,954
Cash and cash equivalents	2,183
Trade and other payables	(6,574)
Loans and borrowings	(22,562)
Current tax payable	30
Deferred tax liabilities	(14,609)
Non-controlling interests	(1,188)
Net assets acquired	102,669
Gain on acquisition of subsidiaries	(16,491)
Purchase consideration	86,178
Consideration payable	(58,189)
Cash of subsidiaries acquired	(2,183)
Fair value of previous held equity interest	(18,774)
Payment of consideration in relation to prior years' acquisitions	58,392
Cash outflow on acquisitions of subsidiaries	65,424

In respect of the above acquisitions of subsidiaries, Yiwu Pujie is accounted as business combination, and the other acquisition is treated as asset acquisition.

27. Note to the consolidated statement of cash flows (continued)

From the date of acquisition to 31 March 2021, Yiwu Pujie contributed US$0 to the Group's revenue and net profit for the period respectively, before accounting for financing costs attributable to the acquisition. Had the acquisition occurred on 1 January 2021, management estimates that Yiwu Pujie would have contributed approximately US$2,619,000 and US$1,166,000 to the Group's revenue and net profit respectively for the three-month period ended 31 March 2021.

Disposals of subsidiaries

During the three-month period ended 31 March 2021, the Group sold the equity interest in GLP GOLDEN LINCOLN B Partners, LP to a related party, namely GLP GV CHINA 4 HOLDINGS LIMITED.

The subsidiaries disposed of during the three-month period ended 31 March 2021 are as follows:

Name of subsidiary	*Disposal date*	*Equity interest disposed* %
GLP GOLDEN LINCOLN B Partners, LP	31 March 2021	68.51

Effect of disposals

The cash flow and the net assets of the subsidiaries disposed of during the three-month period ended 31 March 2021 are provided below:

	Recognised values on disposals US$'000
Other investments	633,191
Non-controlling interests	(199,384)
Net assets disposed	433,807
Gain on disposal of a subsidiary	1,341
Disposal consideration received in cash	435,148
Receipt of consideration in relation to prior years' disposals	245,048
Cash inflow on disposals of subsidiaries	680,196

From 1 January 2021 to the respective dates of disposals, the above-mentioned subsidiary contributed nil to the Group's revenue and net profit for the three-month period ended 31 March 2021.

28. Commitments

The Group had the following commitments as at the reporting date:

	31 March 2021 US$'000	31 December 2020 US$'000
Commitments in relation to share capital of other investments not yet due and not provided for	338,310	422,716
Development expenditure contracted but not provided for	886,683	1,493,469

29. Significant related party transactions

Remuneration of key management personnel

Key management personnel of the Group are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group.

The key management personnel compensation included as part of staff costs for those key management personnel employed by the Group are as follows:

	Three-month period ended	
	31 March 2021 US$'000	31 March 2020 US$'000
Salaries, bonuses, contributions to defined contribution plans and other benefits	2,390	3,167

29. Significant related party transactions (continued)

In addition to the related party information disclosed elsewhere in the interim financial report, there were the following significant related party transactions which were carried out in the normal course of business on terms agreed between the parties during the period:

	Three-month period ended	
	31 March 2021 US$'000	31 March 2020 US$'000
Joint ventures		
Asset management fee income from joint ventures	2,956	2,648
Investment management fee income from joint ventures	227	163
Property management fee income from joint ventures	2,055	1,427
Development management fee income from joint ventures	528	639
Leasing management fee income from joint ventures	902	560
Acquisition management fee income from joint ventures	2,462	-
Interest income from joint ventures	7,650	2,500
Interest expenses charged by joint ventures	(13)	(329)
Associates		
Asset management fee income from associates	3,014	332
Investment management fee income from associates	6,794	5,513
Property management fee income from associates	1,206	218
Development fee income from associates	65	64
Leasing management fee income from associates	589	-
Interest income from associates	1,419	1,911
Fellow subsidiaries		
Asset management fee charged by fellow subsidiaries	(4,029)	(3,022)
Asset management fee income from fellow subsidiaries	2,660	1,995
Gain on disposal of a subsidiary	1,341	(15)
Interest income from fellow subsidiaries	-	46
Interest expenses charged by fellow subsidiaries	(150)	(246)
Intermediate holding company		
Management service fee charged by intermediate holding company	(663)	(1,113)
Interest expenses charged by intermediate holding company	-	(4,869)

30. Subsequent events

Subsequent to 31 March 2021, the following subsequent events occurred:

On 21 April 2021, the Group issued RMB1.5 billion (equivalent to approximately US$229 million) of RMB-denominated bonds ("panda bonds") on Shanghai Stock Exchange. The panda bonds is 5-year term with a holder put option at the end of the third year from issuance date.

On 27 April 2021, the Group established GLP China Income Fund II ("CIF II Fund") with planned total assets under management ("AUM") of RMB5.8 billion (equivalent to approximately US$900 million).

In April 2021, a subsidiary of the Group, Zhuhai Puyi Logistics Industry Investment Partnership Limited, completed the acquisition of certain entities' equity interest from Suning Group.

31. Company-level statement of financial position

As at 31 March 2021-unaudited

	Notes	31 March 2021 US$'000	31 December 2020 US$'000
Non-current assets			
Investments in subsidiaries		15,188,577	14,439,971
Loans to subsidiaries		722,962	763,911
Other non-current assets		1,985	2,136
		15,913,524	15,206,018
Current assets			
Other receivables		2,514,453	3,135,838
Cash and cash equivalents		1,245,598	70,074
		3,760,051	3,205,912
Total assets		19,673,575	18,411,930
Equity attributable to owners of the Company			
Share capital	20	6,950,825	6,950,825
Reserves		(457,854)	(331,570)
Total equity		6,492,971	6,619,255
Non-current liabilities			
Loans and borrowings		4,310,502	3,050,841
		4,310,502	3,050,841
Current liabilities			
Loans and borrowings		2,992,016	2,840,330
Other payables		5,876,767	5,900,177
Current tax payable		1,319	1,327
		8,870,102	8,741,834
Total liabilities		13,180,604	11,792,675
Total equity and liabilities		19,673,575	18,411,930

Approved and authorised for issue by the Board of Directors on

Director

Director

32. Company-level statement of comprehensive income

For the three-month period ended 31 March 2021-unaudited

	Three-month period ended	
	31 March 2021	31 March 2020
	US$'000	US$'000
Revenue	-	-
Other expenses	(2,764)	(977)
Loss from operations	(2,764)	(977)
Finance costs	(92,198)	(96,358)
Finance income	8,859	13,072
Net finance costs	(83,339)	(83,286)
Loss before taxation	(86,103)	(84,263)
Tax expense	(1,451)	(752)
Loss for the period	(87,554)	(85,015)
Other comprehensive income for the period		
Item that may be reclassified subsequently to profit of loss:		
Exchange differences on translation of financial statements from functional currency to reporting currency	(38,730)	(54,080)
Total comprehensive income for the period	(126,284)	(139,095)

33. Company-level statement of cash flows

For the three-month period ended 31 March 2021-unaudited

	Three-month period ended	
	31 March 2021 US$'000	31 March 2020 US$'000
Cash flows from operating activities		
Loss before taxation	(86,103)	(84,263)
Adjustments for:		
Net finance costs	59,149	77,076
Withholding tax	1,451	503
	(25,503)	(6,684)
Changes in working capital:		
Other receivables	(94,396)	(28,697)
Other payables	(58,583)	(29,875)
Cash used in operations	(178,482)	(65,256)
Net cash used in operating activities	(178,482)	(65,256)
Cash flows from investing activities		
Interest income received	8,902	9,159
Repayment of loans from subsidiaries	40,644	100,441
Loans to subsidiaries	(6,771)	(23,163)
Investments in subsidiaries	(16,416)	(676,884)
Net cash generated from/(used in) investing activities	26,359	(590,447)

33. Company-level statement of cash flows (continued)

For the three-month period ended 31 March 2021-unaudited

	Three-month period ended	
	31 March 2021	31 March 2020
	US$'000	US$'000
Cash flows from financing activities		
Proceeds from bank loans	1,382,462	1,070,029
Proceeds from issue of bonds	1,641,391	-
Repayment of bank loans	(1,234,955)	(130,146)
Repayment of bonds	(366,948)	(64)
Repayment of loans from shareholder	(13,696)	(7,374)
Interest paid	(80,105)	(56,213)
Net cash generated from financing activities	1,328,149	876,232
Net increase in cash and cash equivalents	1,176,026	220,529
Cash and cash equivalents at the beginning of the period	70,074	100,406
Effect of exchange rate changes on cash balances held in foreign currencies	(502)	(146)
Cash and cash equivalents at the end of the period	1,245,598	320,789

Signed on behalf of GLP China Holdings Limited
(普洛斯中國控股有限公司):

By: (Signed)
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Duly authorised
Name:
Title: