MODERN LAND (CHINA) CO., LIMITED
當代置業(中國)有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1107)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021

ANNUAL RESULTS

The board (the "**Board**") of directors (the "**Directors**" and each a "**Director**") of Modern Land (China) Co., Limited (the "**Company**" or "**Modern Land**", together with its subsidiaries, collectively, the "**Group**" or "**We**") hereby announces the audited consolidated results of the Group for the year ended 31 December 2021 with the comparative figures for preceding financial year, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the year ended 31 December 2021
(Expressed in Renminbi)

	Note	**2021** *RMB'000*	2020 *RMB'000*
Revenue	*5*	**11,449,621**	15,740,529
Cost of sales		**(10,795,503)**	(11,955,987)
Gross profit		**654,118**	3,784,542
Other income and expenses	*6*	**(495,772)**	475,302
Recognition of changes in fair value of completed properties held for sale upon transfer to investment properties		**100,878**	153,826
Changes in fair value of investment properties, net		**(43,520)**	82,810
Selling and distribution expenses		**(665,434)**	(583,094)
Administrative expenses		**(670,796)**	(712,815)
Finance costs	*7*	**(403,997)**	(410,184)
Share of profits less losses of joint ventures		**(34,050)**	76,661
Share of profits less losses of associates		**(3,889)**	(281)
(Loss)/profit before taxation		**(1,562,462)**	2,866,767
Income tax expense	*8*	**(767,294)**	(1,749,782)
(Loss)/profit for the year		**(2,329,756)**	1,116,985

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)
for the year ended 31 December 2021
(Expressed in Renminbi)

	Note	**2021** **RMB'000**	2020 RMB'000
Other comprehensive income for the year:			
Item that will not be reclassified to profit or loss:			
Equity investments at fair value through other comprehensive income ("FVOCI") — net movement in fair value reserves (non-recycling), net of RMB131,000 (2020: RMB230,000) tax		**392**	689
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations, net of nil tax		**517**	(9,517)
Total comprehensive income for the year		**909**	(8,828)
(Loss)/profit for the year attributable to:			
Owners of the Company		**(2,054,632)**	739,001
Non-controlling interests		**(275,124)**	377,984
		(2,329,756)	1,116,985
Total comprehensive income attributable to:			
Owners of the Company		**(2,053,723)**	730,173
Non-controlling interests		**(275,124)**	377,984
		(2,328,847)	1,108,157
(Losses)/earnings per share, in Renminbi cents:			
Basic	*10*	**(73.5)**	26.4
Diluted	*10*	**(73.5)**	26.4

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 December 2021
(Expressed in Renminbi)

	Note	2021 RMB'000	2020 RMB'000
Non-current assets			
Investment properties		**3,032,700**	3,072,670
Property, plant and equipment		**395,700**	437,928
Intangible assets		**21,774**	16,967
Freehold land held for future development		**29,010**	29,689
Interests in associates		**104,449**	837,760
Interests in joint ventures	*11*	**2,233,385**	2,390,610
Loans to joint ventures	*11*	**7,088,140**	5,768,264
Equity investments at FVOCI		**46,083**	45,740
Deferred tax assets		**1,311,796**	1,166,406
		14,263,037	13,766,034
Current assets			
Properties under development for sale		**39,859,390**	38,111,796
Completed properties held for sale		**4,788,519**	4,683,754
Other inventories and contract costs		**1,052,545**	514,861
Trade and other receivables, deposits and prepayments	*12*	**9,909,068**	10,163,680
Amounts due from related parties		**786,348**	579,017
Restricted cash		**2,426,926**	3,270,356
Bank balances and cash		**1,585,043**	10,822,373
Assets held-for-sale		**2,947,689**	–
		63,355,528	68,145,837

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

at 31 December 2021
(Expressed in Renminbi)

	Note	2021 RMB'000	2020 RMB'000
Current liabilities			
Trade and other payables, deposits received and accrued charges	13	**12,541,111**	16,443,583
Contract liabilities	14	**24,928,489**	20,934,767
Amounts due to related parties		**2,120,993**	4,374,384
Taxation payable		**3,826,958**	3,824,512
Bank and other borrowings — due within one year		**13,449,587**	6,285,741
Corporate bond — due within one year		**710,812**	128,016
Senior notes — due within one year		**8,478,681**	3,395,691
Liabilities held-for-sale		**2,187,718**	–
		68,224,349	55,386,694
Net current (liabilities)/assets		**(4,888,821)**	12,759,143
Total assets less current liabilities		**9,374,216**	26,525,177
Capital and reserves			
Share capital	15	**175,693**	175,693
Reserves		**4,293,188**	6,533,513
Equity attributable to owners of the Company		**4,468,881**	6,709,206
Non-controlling interests		**2,344,474**	4,268,461
Total equity		**6,813,355**	10,977,667
Non-current liabilities			
Bank and other borrowings — due after one year		**1,907,327**	9,424,908
Senior notes — due after one year		**–**	4,456,189
Corporate bonds — due after one year		**–**	902,468
Deferred tax liabilities		**653,534**	763,945
		2,560,861	15,547,510
		9,374,216	26,525,177

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2021

1 GENERAL

The Company was incorporated in the Cayman Islands on 28 June 2006 as an exempted company with limited liability under the Companies Law of the Cayman Islands.

The Company's parent is Super Land Holdings Limited, a company incorporated in the British Virgin Islands ("**BVI**") and its ultimate holding company is Fantastic Energy Ltd., a company incorporated under the laws of Commonwealth of the Bahamas. These entities do not produce financial statements available for public use.

The Company and its subsidiaries (collectively, the "**Group**") are principally engaged in real estate development, property investment, hotel operation, real estate agency services and other services in the People's Republic of China ("**PRC**") and the United States (the "**US**").

The consolidated financial statements are presented in Renminbi ("**RMB**"), the currency of the primary economic environment in which the Group entities operate (the functional currency of the major subsidiaries of the Company).

2 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2021

Up to the date of issue of these financial statements, the IASB has issued a number of amendments and a new standard, IFRS 17, *Insurance Contracts*, which are not yet effective for the year ended 31 December 2021 and have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to IFRS 3, *Reference to the Conceptual Framework*	1 January 2022
Amendments to IAS 16, *Property, Plant and Equipment: Proceeds before Intended Use*	1 January 2022
Amendments to IAS 37, *Onerous Contracts — Cost of Fulfilling a Contract*	1 January 2022
Annual Improvements to IFRSs 2018-2020 Cycle	1 January 2022
IFRS 17, Insurance contracts	1 January 2023
Amendments to IAS 1, *Presentation of financial statements: Classification of liabilities as current or non-current*	1 January 2023

	Effective for accounting periods beginning on or after
Amendments to IAS 1, *Presentation of financial statements* and HKFRS Practice Statement 2, *Making materiality judgements: Disclosure of accounting policies*	1 January 2023
Amendments to IAS 8, Accounting policies, changes in accounting estimates and errors: *Definition of accounting estimates*	1 January 2023
Amendments to IAS 12, *Income taxes: Deferred tax related to assets and liabilities arising from a single transaction*	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 consolidated financial statements.

3 BASIS OF CONSOLIDATION AND PREPARATION

For the year ended 31 December 2021 the Group incurred a loss of RMB2,329,756,000 during 31 December 2021 and as at that date, the Group's current liabilities were in excess of current assets by RMB4,888,821,000. Included in the current liabilities were senior notes of RMB8,478,681,000, current bank and other borrowings of RMB13,449,587,000, corporate bonds of RMB710,812,000 and provision for claims and litigations of RMB264,315,000.

On 25 October 2021, the Group defaulted payment of outstanding principal amount (the "**Default**") of 2019 USD Notes III totaling approximately USD250,002,000 (approximately RMB1,592,948,000). As a result of the Default, the senior note holders have a right at any time to require the senior notes to be immediately redeemed. The Default also triggered cross-default of other senior notes issued by the Group with carrying amount of USD1,091,500,000 (approximately RMB6,885,733,000), such that they become due for immediate redemption once the relevant senior noteholder makes the request under the cross-default provision. If any of the senior note holders request immediate redemption of any of the senior notes and the Group cannot fulfill the request, the senior note holders are entitled take possession of the assets securing the senior notes. As of the date of approval of these consolidated financial statements, 2019 USD Notes III continue to be in default and the senior noteholders have not exercised their rights to require immediate redemption of the senior notes.

The Group also breached certain covenants relating to bank and other borrowings of RMB5,262,556,000, and these borrowings became repayable on demand as at 31 December 2021.

If any of the lenders request immediate repayment of any of these borrowings and the Group cannot fulfill the request, the lenders are entitled to take possession of the assets securing the borrowings. Included in these borrowings were bank and other borrowings of RMB804,000,000 which have been demanded by lenders for early payment as of 31 December 2021. Other than that, up to the date of approval of these consolidated financial statements, the Group continues to be in breach of certain covenants and other lenders have not demanded for immediate repayment of other bank and other borrowings.

As at 31 December 2021, the Group's corporate bonds with carrying amount of RMB710,812,000 were due on 30 July 2022. As further mentioned below, the Group subsequently extended the due date to 30 July 2023.

In addition, the Group was involved in other various litigation and arbitration cases for various reasons, for which the Group has made provision for claims and litigations of RMB264,315,000 as at 31 December 2021.

All these events or conditions indicate that multiple material uncertainties exist that may cast significant doubt on the Group's ability to continue as a going concern.

In view of such circumstances, the Directors have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient cash resources to continue as a going concern and pay its debts when they fall due. The Directors are undertaking a debt restructuring plan (the "**Debt Restructuring Plan**"), which includes the following plans and measures, to enable the Group to have sufficient financial resources to meet its financial commitments as and when they fall due:

- On 5 July 2022, the Grand Court of the Cayman Islands sanctioned the offshore debt restructuring scheme (the "**Scheme**") of the Company, where senior notes holders agreed to restructure the sum of the outstanding principal amount amounting to USD1,341,502,000 (approximately RMB8,478,681,000) and all accrued and unpaid interest on existing senior notes up to the restructuring effective date at a restructuring consideration that comprise (i) the cash redemption portion amounting to approximately USD23,000,000, and (ii) issuance of new notes which comprise five tranches to replace the existing senior notes with maturity ranging from one year to five years upon such issuance. The first tranche of the senior notes of USD80,000,000 will be repayable in the first year following the date of completion of the Scheme. Furthermore, the Company also received approval from notes holders to elect a paid-in-kind option for its interest payments for the next 2-years. In November 2022, the restructuring support agreement fee, Ad Hoc Group work fee and Ad Hoc Group legal fee under the Scheme have been paid by the Company. To satisfy the payment obligation for the cash redemption amount in order to complete the Scheme, the Board has approved a preliminary agreement with a third party to dispose of certain projects held by a joint venture of the Group, the carrying amount of which accounted for less than 1% of the total assets of the Group as at 31 December 2021. The disposal is still subject to approval of the Board of the joint venture partner and finalization of the agreement with the counterparty. Up to the date of approval of these consolidated financial statements, the restructuring had not been completed and the Group is seeking written consent of the senior note holders to further extend the current longstop date of 30 December 2022;

- In July 2022, the Group reached an agreement with corporate bondholders of RMB corporate bonds with carrying amount of RMB710,812,000 as at 31 December 2021. Pursuant to the agreement, the repayment date of the corporate bonds was extended to 30 July 2023;

- The Group is actively in discussions with the other existing lenders to renew the Group's certain borrowings and/or not to demand immediate repayment until the Group has successfully completed the property construction projects and generated sufficient cash flows therefrom. These discussions have been constructive and focused on possible actions in light of current circumstances but do require time to formulate or implement due to ongoing changes in market conditions;

- The Group will continue to implement measures to accelerate the pre-sales and sales of its properties under development and completed properties, and to speed up the collection of outstanding sales proceeds and other receivables. Recent relaxation of policies with regards to the property market in the PRC have been encouraging to increase buyer interests and stimulate demand. Subject to the improvement of the market sentiment, the Group will actively adjust sales and pre-sale activities to better respond to the changing markets to achieve the latest budgeted sales and pre-sales volumes and amounts;

- The Group will continue to seek to obtain additional new sources of financing from existing shareholders and potential equity investment partners or to seek suitable opportunities to dispose of its equity interest in certain project development companies to generate additional cash inflows. The Group's properties are predominantly located in higher tier cities of the PRC that makes them relatively more attractive to potential buyers and possibly to retain a higher value in current market conditions;

- The Group will continue to control administrative costs and contain unnecessary capital expenditures to preserve liquidity. The Group will also continue to actively assess additional measures to further reduce discretionary spending;

- The Group has been proactive in seeking ways to settle the outstanding litigations of the Group. The Group has made relevant provisions for litigations and claims and will seek to reach an amicable solution on the charges and payment terms to the claims and litigations which have not yet reached a definite outcome;

The Directors have reviewed the Group's cash flow projections prepared by management which cover a period of not less than eighteen months from 31 December 2021 and considered multiple material uncertainties exist as to whether the Group will be able to achieve the plans and measures as described above. Specifically, whether the Group will be able to continue as a going concern will depend on the following:

- Finalisation and completion of the proposed disposal plan for cash proceeds to complete the restructuring scheme of the senior notes and repayment of the first tranche of new senior notes of USD80,000,000 in the first year following the date of completion of the Scheme;

- Repayment of the corporate bonds with carrying amount of RMB710,812,000 as at 31 December 2021 by the subsequently extended maturity of 30 July 2023;

- Successful negotiations with the existing lenders on the renewal of the Group's certain borrowings and maintenance of the relationship with the Group's current finance providers so that they continue to provide finance to the Group and not to demand immediate repayment of bank and other borrowings until the Group has successfully completed the construction projects and generated sufficient cash flows therefrom;

- Successful implementation of measures to accelerate the pre-sales and sales of its properties under development and completed properties, and to speed up the collection of outstanding sales proceeds and other receivables;

- Successful in obtaining additional new sources of financing;

- Successful implementation of the Group's business strategy plan and cost control measures so as to improve the Group's working capital and cash flow position; and

- Reaching an amicable solution on the charges and payment terms in respect of the claims and litigations which have not yet reached a definite outcome.

The Directors consider that, assuming the success of all the above-mentioned assumptions, plans and measures on a timely basis, the Group will have sufficient working capital to finance its operations and to meet its obligations as and when they fall due for at least eighteen months from 31 December 2021. Accordingly, the Directors are of the opinion that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Should the Group fail to achieve one or more of the above-mentioned plans and measures on a timely basis, it may not be able to continue to operate as a going concern, and adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The consolidated financial statements do not include any of these adjustments.

4 CHANGES IN ACCOUNTING POLICIES

The Group has applied the following amendments to IFRSs issued by the IASB to these financial statements for the current accounting period:

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, *Interest rate benchmark reform — phase 2*

- Amendment to IFRS 16, Covid-19-related rent concessions beyond 30 June 2021

None of these developments have had a material effect on how the Group's results and financial position for the current or prior years have been prepared or presented in this consolidated financial statement.

5 REVENUE AND SEGMENT INFORMATION

The Group's operating activities are attributable to a single reportable and operating segment focusing on (a) sale of properties, (b) property investment, (c) hotel operation, (d) real estate agency services and (e) other services. The operating segment has been identified on the basis of internal management reports reviewed by the chief operating decision maker of the Group ("CODM"), Mr. Zhang Peng, who is the President of the Group. The CODM mainly reviews the revenue information on sales of properties from property development, leasing of properties from property investment, hotel operation, real estate agency services and other services. However, other than revenue information, no operating results and other discrete financial information is available for the assessment of performance of the respective types of revenue. The CODM reviews the overall results and organization structure of the Group as a whole to make decision about resources allocation. Accordingly, no analysis of this single reportable and operating segment is presented.

Revenue represents the fair value of the consideration received or receivable.

Entity-wide information

An analysis of the Group's revenue by type is as follows:

	2021	2020
	RMB'000	*RMB'000*
Revenue from contracts with customers within the scope of IFRS 15		
Sale of properties	**10,981,955**	15,402,691
Real estate agency services	**203,492**	201,916
Hotel operation	**56,023**	51,422
Other services	**144,735**	31,049
	11,386,205	15,687,078
Revenue from other sources		
Property investment	**63,416**	53,451
	11,449,621	15,740,529
Disaggregated by timing of revenue recognition		
Point in time	**9,499,311**	12,610,630
Over time	**1,950,310**	3,129,899
	11,449,621	15,740,529

Geographic information

The Group's operations are substantially located in the PRC, therefore no geographical segment reporting is presented.

No revenue from transaction with single external customer amounted to 10% or more of the Group's revenue for the years ended 31 December 2021 and 2020.

6 OTHER INCOME AND EXPENSES

	2021	2020
	RMB'000	*RMB'000*
Interest income	**67,965**	55,450
Government grants *(note a)*	**16,884**	7,472
Net exchange gain *(note b)*	**161,866**	384,005
Gain on disposal of a joint venture	**183**	–
Gain on disposal of an associate	**4,000**	–
Net loss on disposal of subsidiaries	**(67,063)**	–
Allowance for doubtful debts	**(317,658)**	–
Claims and litigations charges *(note c)*	**(321,808)**	–
Others	**(40,141)**	28,375
	(495,772)	475,302

Notes:

(a) Government grants represent incentive subsidies from various PRC governmental authorities. There are no conditions or future obligations attached to these subsidies.

(b) The net exchange gain for the years ended 31 December 2021 and 2020 mainly arose from retranslation of senior notes issued by the Company denominated in US$ due to appreciation of RMB against US$.

(c) The Group is subject to various litigation and arbitration matters and the associated provisions are measured based on court order or best estimate of the consideration required to settle the claims at the end of the reporting period.

7 FINANCE COSTS

	2021	2020
	RMB'000	*RMB'000*
Interest on bank and other borrowings	**(1,338,268)**	(1,359,793)
Interest on senior notes and corporate bonds	**(1,214,285)**	(1,096,060)
	(2,552,553)	(2,455,853)
Less: Amount capitalised in properties under development for sale	**2,148,556**	2,045,669
	(403,997)	(410,184)

The borrowing costs have been capitalised at a rate of 1.4%–15.0% (2020: 1.4%–15.0%) per annum.

8 INCOME TAX EXPENSE

	2021 *RMB'000*	2020 *RMB'000*
Current tax		
PRC Corporate Income Tax	**(519,004)**	(919,133)
Land Appreciation Tax ("**LAT**")	**(459,436)**	(773,049)
Deferred tax *(Note 18)*	**270,123**	(26,210)
Under-provision of PRC Corporate Income Tax in respect of prior years	**(58,977)**	(31,390)
Income tax expense	**(767,294)**	(1,749,782)

In accordance with the Corporate Income Tax Law of the PRC, the income tax rate applicable to the Company's subsidiaries in the PRC is 25%.

The provision of LAT is estimated according to the requirements set forth in the relevant PRC tax laws and regulations. LAT has been provided on the appreciated amount at progressive rates ranging from 30% to 60%, with certain allowable exemptions and deductions.

Pursuant to the rules and regulation of BVI and the Cayman Islands, the Group is not subject to any income tax in BVI and the Cayman Islands. Taxation for overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant countries.

No provision for Hong Kong profits tax has been made as the income generated from the Group neither arose in, nor was derived from, Hong Kong for the years ended 31 December 2021 and 2020.

The actual tax expense for the year can be reconciled to the profit before taxation per consolidated statement of profit or loss and other comprehensive income as follows:

	2021 *RMB'000*	2020 *RMB'000*
Profit before taxation	**(1,562,462)**	2,866,767
PRC Corporate Income Tax at 25%	**390,616**	(716,692)
Provision for LAT	**(459,436)**	(773,049)
Tax effect of LAT deductible for PRC Corporate Income Tax	**114,859**	193,262
Tax effect of share of (losses)/profits of joint ventures	**(972)**	19,165
Tax effect of share of losses of associates	**(8,512)**	(70)
Tax effect of non-deductible expenses	**(128,941)**	(413,998)
Tax effect of non-taxable income	**99,306**	92,236
Tax effect of adjustment of unused tax losses previously recognised	**(53,566)**	–
Tax effect of unused tax losses not recognised	**(412,602)**	(119,246)
Tax effect of unrecognised temporary difference	**(249,069)**	–
Under-provision of PRC Corporate Income Tax in respect of prior years	**(58,977)**	(31,390)
Actual tax expense	**(767,294)**	(1,749,782)

9 DIVIDEND

(i) Dividends payable to owners of the Company attributable to the year

	2021	2020
	RMB'000	*RMB'000*
Interim dividend declared and paid of HK$nil per ordinary share (2020: HK$3.98 cents per ordinary share)	**–**	99,502
Final dividend proposed after the end of the reporting period of HK$nil per ordinary share (2020: HK$3.65 cents per ordinary share)	**–**	85,248
	–	184,750

The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

(ii) Dividends payable to owners of the Company attributable to the previous financial year, approved and paid during the year

	2021	2020
	RMB'000	*RMB'000*
Final dividend in respect of previous financial year, approved and paid during the year, of HK$3.65 cents per share (2020: HK$3.55 cents per share)	**85,248**	90,823

10 (LOSSES)/EARNINGS PER SHARE

Diluted earnings per share for the years ended 31st December 2021 and 2020 are the same with basic earnings per share.

The calculation of the basic and diluted earnings per share attributable to owners of the Company is based on the following data:

	2021	2020
	RMB'000	*RMB'000*
(Losses)/earnings		
(Losses)/earnings for the purpose of calculating basic and diluted earnings per share (profit for the year attributable to owners of the Company)	**(2,053,723)**	739,001

	2021	2020
	'000	*'000*
Number of shares (basic)		
Issued and weighted average number of ordinary shares at 1 January and 31 December	**2,794,994**	2,794,994

	2021	2020
	'000	*'000*
Number of shares (diluted)		
Number of ordinary shares for the purpose of calculating basic earnings per share	**2,794,994**	2,794,994
Share options *(note)*	**–**	2,370
Number of ordinary shares for the purpose of calculating diluted earnings per share	**2,794,994**	2,797,364

Note: The computation of the diluted loss per share for the year ended 31 December 2021 has not taken into consideration the outstanding shares options as they are antidilutive. The computation of the diluted earnings per share for the year ended 31 December 2020 has taken into consideration the weighted average number of 2,370,000 shares deemed to be issued at nil consideration as if all outstanding share options had been exercised.

11 INTERESTS IN JOINT VENTURES AND LOANS TO JOINT VENTURES

Details of the Group's interests in joint ventures are as follows:

	At 31 December 2021	At 31 December 2020
	RMB'000	*RMB'000*
Cost of investment in joint ventures	**1,877,165**	2,011,822
Share of post-acquisition profits and other comprehensive income	**356,220**	378,788
	2,233,385	2,390,610
Loans to joint ventures, gross	**7,504,546**	6,051,933
Less: Share of post-acquisition losses that are in excess of cost of the investments	**(416,406)**	(283,669)
	7,088,140	5,768,264

Loans to joint ventures are unsecured, have no fixed term of repayment and all the balances as at December 2021 and 2020 are interest free. All the loans to joint ventures are expected to be recovered after one year and, in substance, form part of the Group's net investments in these joint ventures.

12 TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

Trade receivables mainly are rental receivables and receivable from sale of properties.

	At 31 December 2021 *RMB'000*	At 31 December 2020 *RMB'000*
Trade receivables, net of allowance	**394,214**	433,450
Amounts due from non-controlling interests	**4,027,589**	3,277,182
Other receivables, net of allowance *(note i)*	**2,511,980**	3,444,645
Guarantee deposits for housing provident fund loans provided to customers *(note ii)*	**211,185**	161,659
Loans and receivables	**7,144,968**	7,316,936
Prepayments to suppliers of construction materials	**671,585**	544,796
Deposits paid for acquisition of land use rights	**38,810**	77,810
Deposits paid for acquisition of a subsidiary	**–**	300,531
Prepaid taxation	**2,053,705**	1,923,607
	9,909,068	10,163,680

Notes:

(i) The amount mainly included refundable deposits for property development projects.

(ii) Guarantee deposits for housing provident fund loans provided to customers represent amounts placed with Housing Provident Fund Management Center, a state-owned organisation responsible for the operation and management of housing provident fund, to secure the housing provident fund loans provided to customers and will be refunded to the Group upon customers obtaining the property individual ownership certificate.

The following is an ageing analysis of trade receivables based on due date for rental receivables and revenue recognition dates for receivables from properties sold, at the end of each reporting period:

	At 31 December 2021 *RMB'000*	At 31 December 2020 *RMB'000*
Less than 1 year	**87,440**	97,941
1–2 years	**9,793**	71,445
More than 2 years and up to 3 years	**296,981**	264,064
	394,214	433,450

All of the above trade receivables are overdue rental receivables and receivables from properties sold but not impaired at the end of the reporting period. For the overdue rental receivables, the Group does not hold any collateral over those balances. For the receivables from properties sold, the Group holds the title of the property units as collateral over those balances.

Movements in the allowance for doubtful debts on trade receivables are set out as follows:

	2021	2020
	RMB'000	*RMB'000*
At the beginning and the end of the year	**4,041**	4,041

Movements in the allowance for doubtful debts on other receivables are set out as follows:

	2021	2020
	RMB'000	*RMB'000*
At the beginning of the year	**3,431**	3,408
Provided during the year	**317,658**	23
At the end of the year	**321,089**	3,431

13 TRADE AND OTHER PAYABLES, DEPOSITS RECEIVED AND ACCRUED CHARGES

	At 31 December 2021	At 31 December 2020
	RMB'000	*RMB'000*
Trade and notes payables *(note i)*	**3,563,812**	4,189,743
Accrued expenditure on construction *(note i)*	**3,644,925**	2,146,450
Amounts due to non-controlling interests	**1,972,009**	3,274,790
Accrued interest	**540,920**	340,103
Accrued payroll	**18,646**	26,243
Dividend payable	**2,898**	3,149
Provision for claims and litigation	**264,315**	–
Other payables *(note ii)*	**2,420,536**	6,093,719
Financial liabilities measured at amortised cost	**12,428,061**	16,074,197
Other tax payables	**113,050**	369,386
	12,541,111	16,443,583

Notes:

(i) Trade payables and accrued expenditure on construction comprise construction costs and other project-related expenses which are payable based on project progress measured by the Group. The Group has financial risk management policies in place to ensure that all payables are within the credit timeframe, if any.

The following is an ageing analysis of trade payables based on invoice date at the end of the reporting period:

	At 31 December 2021 *RMB'000*	At 31 December 2020 *RMB'000*
Less than 1 year	**1,985,154**	2,104,183
1 to 2 years	**688,181**	1,435,264
More than 2 years and up to 3 years	**890,477**	650,296
	3,563,812	4,189,743

(ii) Other payables mainly included deposits from customers and cash advanced from potential equity investment partners.

14 CONTRACT LIABILITIES

	At 31 December 2021 *RMB'000*	At 31 December 2020 *RMB'000*
Sales deposits	**24,928,489**	20,934,767

Movements in contract liabilities

	2021 *RMB'000*	2020 *RMB'000*
Balance at 1 January	**20,934,767**	20,724,982
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	**(10,714,310)**	(11,277,670)
Acquisition of subsidiaries	**3,274,527**	184,401
Disposal of subsidiaries	**(3,806,815)**	–
Increase in contract liabilities as a result of sales deposits	**16,687,613**	11,303,054
Classified as held for sale	**(1,447,293)**	–
Balance at 31 December	**24,928,489**	20,934,767

The amount of sales deposits expected to be recognised as income after more than one year is RMB15,309,047,000 (2020: RMB4,731,112,000).

15 SHARE CAPITAL

	Number of shares *'000*	Amount *US$'000*	Equivalent to *RMB'000*
Ordinary shares of US$0.01 each			
Authorised:			
At 1 January 2020, 31 December 2020, 1 January 2021 and 31 December 2021	8,000,000	80,000	524,014
Issued and fully paid:			
At 1 January 2020, 31 December 2020, 1 January 2021 and 31 December 2021	2,794,994	27,941	175,693

EXTRACT OF INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

Disclaimer of Opinion

We do not express an opinion on the consolidated financial statements of the Group. Because of the potential interaction of the multiple uncertainties and their possible cumulative effect on the consolidated financial statements as described in the Basis for Disclaimer of Opinion section of our report, it is not possible for us to form an opinion on these consolidated financial statements. In all other respects, in our opinion, the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Disclaimer of Opinion

As described in Note 3(a)(ii) to the consolidated financial statements, the Group incurred a loss of RMB2,329,756,000 during 31 December 2021 and as at that date, the Group's current liabilities were in excess of current assets by RMB4,888,821,000. Included in the current liabilities were senior notes of RMB8,478,681,000, current bank and other borrowings of RMB13,449,587,000, corporate bond of RMB710,812,000 and provision for claims and litigations of RMB264,315,000.

On 25 October 2021, the Group defaulted payment of outstanding principal amount (the "**Default**") of certain senior notes totaling approximately USD250,002,000 (approximately RMB1,592,948,000). As a result of the Default, the senior note holders have a right at any time to require the senior notes to be immediately redeemed. The Default also triggered cross-default of other senior notes issued by the Group with carrying amount of USD1,091,500,000 (approximately RMB6,885,733,000), such that they become due for immediate redemption once the note holders make the requests under the cross-default provision. If any of the senior note holders request immediate redemption of any of the senior notes and the Group cannot fulfill the request, the note holders are entitled to take possession of the assets securing the senior notes. As of the date of this audit report, the senior notes continue to be in default and senior noteholders have not exercised their rights to require immediate redemption of the senior notes.

The Group also breached certain covenants relating to bank and other borrowings of RMB5,262,556,000, and these borrowings became repayable on demand as at 31 December 2021. If any of the lenders request immediate repayment of any of these borrowings and the Group cannot fulfill the request, the lenders are entitled to take possession of the assets securing the borrowings. Included in these borrowings were bank and other borrowings of RMB804,000,000 which has been demanded by lenders for early payment as of 31 December 2021 and has not been repaid by the Group. Therefore the lenders can at any time take possession of the office buildings and land use right with carrying amount of RMB580 million (less than 1% of the Group's total assets) pledged for such borrowings. Other than that, up to the date of this audit report, the Group continues to be in breach of certain covenants and the other lenders have not demanded for immediate repayment of other bank and other borrowings.

As at 31 December 2021, the Group's corporate bonds with carrying amount of RMB710,812,000 were due on 30 July 2022. In July 2022, the Group reached an agreement with the corporate bondholders to extend the repayment date by one year and the Group is now required to redeem the corporate bonds by 30 July 2023.

In addition, the Group is involved in other various litigation and arbitration cases for various reasons for which the Group has made provision for claims and litigations of RMB264,315,000 as at 31 December 2021.

All these events or conditions indicate that multiple material uncertainties exist that may cast significant doubt on the Group's ability to continue as a going concern.

The directors of the Company are undertaking a debt restructuring plan (the "**Debt Restructure Plan**") which includes various plans and measures to address the Group's liquidity issues, as disclosed in Note 3(a)(ii) to the consolidated financial statements.

The consolidated financial statements have been prepared on a going concern basis, the validity of which depends on the outcome of the Debt Restructure Plan, which is subject to multiple material uncertainties, including whether the Group is able to (i) successfully finalize and complete the proposed disposal plan, complete the restructuring scheme of the senior notes and repay the first tranche of new senior note; (ii) repay the corporate bonds by the subsequently extended maturity of 30 July 2023; (iii) successfully negotiate with the existing lenders on the renewal of the Group's certain borrowings and maintenance of the relationship with the Group's current finance providers so that they continue providing finance to the Group and not to demand immediate repayment of bank and other borrowings until the Group has successfully completed the property construction projects and generated sufficient cash flows therefrom; (iv) successfully implement measures to accelerate the pre-sales and sales of its properties under development and completed properties, and to speed up the collection of outstanding sales proceeds and other receivables; (v) successfully obtain additional new sources of financing; and (vi) successfully implement the Group's business plan and cost control measures so as to improve the Group's working capital and cash flow.

If the Group fails to achieve one or more of the above-mentioned plans and measures on a timely basis, it may not be able to continue to operate as a going concern, and adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. These consolidated financial statements do not include any of these adjustments.

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board of directors of the Company, I hereby present the business review of the Group for the year ended 31 December 2021 and its prospects.

SALES RESULTS

As at 31 December 2021, the Company spared no effort and achieved the best sales results under the current market environment and the then operating conditions.

2021 REVIEW

For the real estate industry, 2021 was an eventful year along with ups and downs. Enterprises in the industry were all facing significant changes due to macro-economic downturn and policy adjustments, where many real estate enterprises were subject to severe liquidity problems, for which we believed every change has its throes and it is always darkest before dawn. It would be inevitable for some enterprises to bear the brunt on their way to embark on a new model of real estate development.

In 2021, under the universal challenge of liquidity crisis, the Company actively took remedial and altruistic actions in the first place by adopting a comprehensive response strategy, which includes debt restructuring and rollover, disposal of assets and introduction of strategic investment for debt management, so as to minimize risk transmission and risk spread. In respect of operation, the Company made use of various effective resources and strived to preserve its core assets and resources, ensure stability in core talents and maintain solid process and operation system, making every effort to secure the basic stability of the Company's development foundation.

The Company achieved income of approximately RMB11.4 billion in 2021 with gross profit margin significantly lower than that of 2020 due to inventory impairment, and net loss attributable to owners of the Company amounted to approximately RMB2 billion, given the effect of the decline in fair value of investment properties, provision for receivables and loss of joint ventures. As at 31 December 2021, the Company had a consolidated cash balance of approximately RMB4 billion, the vast majority of which was held in project-level custody accounts, providing better protection for subsequent normal operation of the projects.

In 2021, the Company experienced a great crisis in debt management. Given the defaults of offshore senior notes, the Company actively responded and, upon the occurrence of the default, appointed Houlihan Lokey (China) Limited as the offshore debt advisor and Sidley Austin as the offshore legal advisor to assist the Company in the overall restructuring of the existing offshore senior notes. Given that offshore default had ripple effects and resulted in some domestic debt defaults by the Company, it took the initiative to negotiate amicably with relevant financial institutions and sought understanding from all parties, and had achieved positive results by being granted extension, deferment and reduction of some debts. For projects that commencement and resumption of construction has been affected, the Company also continued to facilitate settlements with relevant creditors and reformulate debt repayment plans, striving not to impede the construction progress of projects and going all out to deliver on time with quality and quantity.

In 2021, the Company focused on its existing layout to keep the business presence on an even keel. At the same time, it actively explored directions for future transformation in the real estate industry and enhanced investment and deployment in innovative businesses by leveraging its advantages of green brand, technology research and development, technological products and whole-life cycle services, in order to pick up a new momentum.

In 2021, despite such difficulties, the Company held fast to its core competitiveness in green technology and persevered in the pursuit of comfortable residential products and achieved a high standard of delivery for more than 10,000 households. During the year, it was awarded 2 Three-star Green Building Certification — Operation, 1 Two-star Green Building Design Label, 1 Two-star Green Building New National Standard Label and received Healthy Community Gold Certification for Modern Fu MOMΛ (Shijiazhuang) Project. The area of its green building accredited totalled nearly 10 million square metres, and 28 green communities were certified, accounting for nearly 70% of the total in the country.

OUTLOOK FOR 2022

In 2022, with the effort to introduce real estate policies being ramp up in different regions, confidence will be gradually restored, the market rebound trend will continue, the supply side and the demand side will have a significant release and the industry will accelerate the recovery. Under the double catalyst of favourable policies and market rebound expectations, the capital market and credit market will also be gradually recovered. The Company will adhere to the strategic tactic of synchronizing relief and development, resolving debt risks while seeking innovative development. In particular, the Company will achieve its strategic business objectives from the following three dimensions.

Strive to cut debts and reduce leverage and build a safety cushion for corporate development

Based on the established debt restructuring and bond restructuring plan, the Company will maintain active communication with creditors, gradually and properly deal with debt stock, progressively improve the debt situation in order to get out of the mire of liquidity crisis as soon as possible.

In the future, the Company will abandon the development model of high leverage and high risk and take the initiative to reduce its liabilities and embark on the development path of low leverage and low risk. On top of effectively eliminating existing debts, the Company will strictly control the scale of new debts, establish a reasonable debt level, reduce financing costs and thicken the safety cushion for corporate development.

Fully guarantee the delivery to owners and manifest the whole-life cycle industrialised communities

The Company will actively grasp the policy opportunities and make every effort to revitalize high-quality projects by means of utilizing special funds for ensuring delivery and securing special funds from banks and local governments, which will provide a better guarantee for the subsequent normal operation of projects and ensuring delivery. We will intergate various available resources to unconditionally support the normal development and construction of the project, ensure barrier-free completion and delivery, and fulfill its social responsibility with guaranteeing delivery as its top priority.

The Company will continue to strengthen the practical implementation of the main responsibility of listed companies. Based on but not limited to the requirements of the ESG reporting system, we will insist on integrating the concept of "whole-life cycle industrialised communities" into each MOMΛ Living Home "4+1" community. It covers the whole-life cycle life experience of young children, youth, adults, middle-aged and elderly people, and integrates industrial elements such as catering, accommodation, education, retirement, medical care and entrepreneurship to realize the quantum leap from living home to industrialised communities.

Adhere to the green technology strategy and take the route of quality development

On the basis of bailout and debt elimination, the Company will continue to actively explore the future development model, cutting-down scales and strengthening efficiency, reducing leverage and increasing net profit, and taking a differentiated and quality development route to provide an excellent model case for the transformation and development of real estate enterprises and the upgrading and transformation of industry.

The Company will continue to adhere to the green technology strategy led by "dual carbon", with carbon neutrality as the ultimate goal. Relying on the accumulation in technology and talent, the Company will continue to implant the latest achievements and concepts to upgrade four constant technologies and four balanced scenes so as to create a comfortable living experience for customers throughout the life cycle. The Company will continue to expand the application of green technology in various industrial scenarios to further broaden the embodiment of low-carbon and environmental protection values. We are committed to creating low-carbon, environmental friendly and sustainable residential products and customer service, and taking the route of quality development.

Since the emergence of various risks in 2021, the Company has encountered the most serious challenges and pressure since its establishment. I would like to first of all extend my most sincere apologies to all shareholders, customers, creditors and other parties, and also sincerely appreciate our shareholders for their full support and trust, and express my deepest gratitude to the members of the board of directors, the management team and all staff of the Group for their dedication and diligence.

Looking forward, the Company will reflect deeply, review deeply, overcome challenges with unwavering determination, make full use of the macroeconomic stabilization situation and the continued implementation of real estate policies, exert all effort to relieve debt risks and restore normal operations, and return the Company to a safe, virtuous and healthy development state as soon as possible.

Modern Land (China) Co., Limited
Zhang Peng
Chairman of the Board

29 December 2022

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group's revenue is mainly attributable to the sale of properties, property investment, hotel operation, real estate agency services and other businesses.

Sale of Properties

For the year ended 31 December 2021, the Group's revenue from sale of properties amounted to approximately RMB10,982.0 million, representing a decrease of approximately 28.7 % as compared to the year ended 31 December 2020. The Group delivered 1,029,709 sq.m. of property in terms of GFA and 4,691 units of car parking spaces in 2021. Gross profit margin of sale of properties was 5.3%, representing a decrease of 18.2 percentage points as compared to the year of 2020. The decrease was mainly due to lower gross profit and write-down of properties under development and completed properties held for sale. Delivered average selling price ("**ASP**") for properties was RMB10,397 per sq.m. and that for car parking spaces was RMB58,939 per unit for the year ended 31 December 2021.

Property Investment, Hotel Operation, Real Estate Agency Services and Other Services

For the year ended 31 December 2021, the Group's revenue from property investment amounted to approximately RMB63.4 million, representing an increase of approximately 18.5 % as compared to the corresponding period in 2020.

For real estate agency services, with the unique product, brand, management and credibility advantages supported by our MOMΛ green-technology products, the Group offered customized full-set development and operation management solutions to customers. For the year ended 31 December 2021, the revenue from real estate agency services amounted to approximately RMB203.5 million, representing an increase of approximately 0.8 % as compared to that of approximately RMB201.9 million for the corresponding period in 2020.

Hotel MoMc, a boutique hotel owned and operated by the Group, has established its presence in Beijing and Taiyuan, and revenue from hotel operation for the year ended 31 December 2021 amounted to RMB56.0 million, representing an increase of 8.9% as compared to that of approximately RMB51.4 million for the corresponding period in 2020.

For the year ended 31 December 2021, the revenue from other services was approximately RMB144.7 million, whereas revenue of approximately RMB31.0 million was recorded in the corresponding period in 2020.

Contracted Sales

For the year ended 31 December 2021, the Group, its joint ventures and associates achieved contracted sales of approximately RMB36,050.4 million, representing a decrease of 14.6% as compared to the year ended 31 December 2020, whereas 3,550,264 sq.m. in total GFA and 7,590 units of car parking spaces were sold, representing a decrease of approximately 12.7% and an increase of approximately 24.9% respectively as compared to the year ended 31 December 2020.

Table 1: Breakdown of contracted sales of the Group, its joint ventures and associates

	2021			2020		
Province/Municipality	**Contracted Sales**	**GFA**	**ASP**	Contracted Sales	GFA	ASP
		(in sq.m.) or units	***RMB/sq.m. or unit***		*(in sq.m.) or units*	*RMB/sq.m. or unit*
	RMB'000			*RMB'000*		
Anhui	**3,385,487**	**447,345**	**7,568**	3,219,190	366,248	8,790
Beijing	**253,378**	**7,188**	**35,250**	2,805,456	58,701	47,792
Fujian	**313,090**	**15,258**	**20,520**	120,824	5,772	20,933
Chongqing	**2,725,356**	**282,099**	**9,661**	2,078,067	262,113	7,928
Guangdong	**1,601,263**	**47,091**	**34,004**	1,708,730	139,310	12,266
Guizhou	**825,424**	**90,378**	**9,133**	1,306,547	199,702	6,542
Hebei	**1,863,052**	**184,432**	**10,102**	595,394	56,518	10,535
Henan	**158,888**	**19,263**	**8,248**	1,457,722	220,206	6,620
Hubei	**5,215,661**	**768,270**	**6,789**	6,766,156	883,730	7,656
Hunan	**1,343,547**	**115,970**	**11,585**	4,494,821	426,570	10,537
Inner Mongolia	**380,107**	**30,360**	**12,520**	–	–	–
Jiangsu	**4,361,470**	**243,705**	**17,897**	4,845,949	249,751	19,403
Jiangxi	**976,735**	**83,993**	**11,629**	2,669,685	301,226	8,863
Liaoning	**1,094**	**191**	**5,728**	25,579	3,385	7,557
Shaanxi	**2,577,092**	**157,899**	**16,321**	5,600,452	511,637	10,946
Shandong	**846,601**	**110,726**	**7,646**	1,311,400	154,840	8,469
Shanxi	**538,269**	**45,537**	**11,820**	2,148,285	183,794	11,689
Tianjin	**80,209**	**12,805**	**6,264**	253,172	32,082	7,891
Zhejiang	**7,940,579**	**887,754**	**8,945**	196,027	13,483	14,539
Properties Sub-total	**35,387,302**	**3,550,264**	**9,968**	41,603,456	4,069,068	10,224
Car Parking spaces	**663,130**	**7,590 units**	**87,369/unit**	608,083	6,076 units	100,079/unit
Total	**36,050,432**			42,211,539		

Land Bank

As at 31 December 2021, total land bank in the PRC (excluding investment properties and properties held for own use) held by the Group, its joint ventures and associates was 14,663,737 sq.m.. The spread of the land bank held by the Group, its joint ventures and associates was as follows:

Table 2: Land bank held by the Group, its joint ventures and associates

Province/Municipality	As at 31 December 2021 Total GFA unsold* *(sq.m.)*
Anhui	1,043,892
Beijing	481,607
Chongqing	1,022,829
Fujian	104,272
Guangdong	589,683
Guizhou	702,147
Hebei	757,422
Henan	241,256
Hubei	3,984,928
Hunan	722,903
Inner Mongolia	79,149
Jiangsu	866,786
Jiangxi	329,384
Liaoning	107,025
Shaanxi	1,526,538
Shandong	799,110
Shanghai	17,704
Shanxi	1,036,960
Tianjin	193,441
Zhejiang	56,701
Total	14,663,737

* *Aggregated GFA sold but undelivered with sales contracts was included.*

Land Acquisitions in 2021

In 2021, the Group, its joint ventures and associates continued to apply the same conservative and balanced strategy as its general direction towards land acquisitions. The Group, its joint ventures and associates purchased a total of 20 new projects with corresponding land parcels or related interests through various channels including government held public tender and integrated primary and secondary development and cooperation with an aggregate GFA of 3,563,815 sq.m..

Project location (province/municipality)	Number of new projects	Estimated total GFA *(sq.m.)*
Anhui	1	82,500
Chongqing	2	157,860
Guangdong	1	19,600
Hubei	6	2,100,355
Inner Mongolia	1	79,200
Jiangsu	2	107,700
Shaanxi	5	781,100
Shandong	2	235,500
Sub-total	20	3,563,815

FINANCIAL REVIEW

Revenue

The Group's revenue decreased by approximately 27.3% to approximately RMB11,449.6 million for the year ended 31 December 2021 from approximately RMB15,740.5 million for the year ended 31 December 2020, which was mainly due to a year-over-year decrease of approximately RMB4,420.7 million in the income from sales of properties as a result of the decrease in GFA delivered and the decrease in ASP.

Cost of sales

The Group's cost of sales amounted to approximately RMB10,795.5 million for the year ended 31 December 2021, representing a decrease of approximately 9.7% as compared to the corresponding period of 2020.

Gross profit and gross profit margin

For the year ended 31 December 2021, the Group's gross profit was approximately RMB654.1 million and the gross profit margin was approximately 5.7%, representing a decrease of 18.3 percentage points as compared to the corresponding period of 2020.

Other income and expenses

The Group's other income decreased by approximately RMB971.1 million to expenses of approximately RMB495.8 million for the year ended 31 December 2021 from approximately RMB475.3 million for the year ended 31 December 2020, which was mainly due to allowance for doubtful debts of RMB317.7 million and claims and litigations charges of RMB321.8 million during the year. For details, please refer to note 6 to the audited financial statements in this announcement.

Change in fair value

The change in fair value of the Company decreased from approximately RMB236.6 million for the year ended 31 December 2020 to approximately RMB57.4 million for the year ended 31 December 2021, representing a decrease of approximately 75.7% mainly due to the decrease in changes in fair value of investment properties, net.

Selling and distribution expenses

The selling and distribution expenses of the Group increased by approximately 14.1% to approximately RMB665.4 million for the year ended 31 December 2021 from approximately RMB583.1 million for the year ended 31 December 2020.

Administrative expenses

The administrative expenses of the Group decreased by approximately 5.9% to approximately RMB670.8 million for the year ended 31 December 2021 from approximately RMB712.8 million for the corresponding period of 2020.

Finance costs

The finance costs of the Group amounted to approximately RMB404.0 million for the year ended 31 December 2021, representing a decrease of approximately 1.5% from approximately RMB410.2 million for the year ended 31 December 2020. Amidst the general rising market interest rates both at home and abroad, the Group's weighted average interest rate of borrowings was approximately 9.8% as at 31 December 2021 which was maintained at a similar level to that of approximately 9.9% for the year ended 31 December 2020.

Income tax expense

The income tax expense of the Group for the year ended 31 December 2021 decreased by approximately 56.1% to approximately RMB767.3 million from approximately RMB1,749.8 million for the year ended 31 December 2020, primarily due to the decrease in profit before taxation.

Loss for the year

The loss of the Group for the year ended 31 December 2021 decreased by approximately 3,446.8 million to loss of approximately RMB2,329.8 million from profit of approximately RMB1,117.0 million for the year ended 31 December 2020.

Loss for the year attributable to owners of the Company

As a result of the foregoing, the loss of the Group attributable to owners of the Group for the year ended 31 December 2021 decreased by approximately RMB2,793.6 million to approximately RMB2,054.6 million from profit of approximately RMB739.0 million for the year ended 31 December 2020.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Cash position

As at 31 December 2021, the cash, restricted cash and bank balances of the Group was approximately RMB4,012.0 million, representing a decrease of approximately 71.5% as compared to approximately RMB14,092.7 million as at 31 December 2020, mainly due to approximately RMB5,333.6 million of the net cash used in operating activities and approximately RMB2,533.6 million of the net cash used in financing activities.

Borrowings and pledge of the Group's assets

As at 31 December 2021, the Group had aggregate balance of approximately RMB24,546.4 million, including bank and other borrowings of approximately RMB15,356.9 million, senior notes of approximately RMB8,478.7 million and corporate bonds of approximately RMB710.8 million, representing a decrease of approximately 0.2% as compared to that of approximately RMB24,593.0 million as at 31 December 2020. As at 31 December 2021, certain banking and other facilities granted to the Group were secured by the Group's assets, such as investment properties, properties under development for sale, properties held for sale, property, plant and equipment, equity interests in subsidiaries and bank deposits, which had a carrying amount of approximately RMB21,980.1 million (31 December 2020: approximately RMB23,757.4 million).

Breakdown of borrowings

By type of borrowings and maturity

	31 December 2021	31 December 2020
	RMB'000	*RMB'000*
Bank and other loans		
within one year or on demand	**13,449,587**	6,285,741
more than one year, but not exceeding two years	**804,056**	5,598,966
more than two years, but not exceeding five years	**971,910**	3,797,872
more than five years	**131,361**	28,070
Sub-total	**15,356,914**	15,710,649
Senior Notes		
within one year	**8,478,681**	3,395,691
more than two years, but not exceeding five years	**–**	4,456,189
Sub-total	**8,478,681**	7,851,880
Corporate Bonds		
within one year	**710,812**	128,016
more than one year, but not exceeding five year	**–**	902,468
Sub-total	**710,812**	1,030,484
TOTAL	**24,546,407**	24,593,013
Less:		
Bank balances and cash (including restricted cash)	**4,011,969**	14,092,729
Net Debt	**(20,534,438)**	(10,500,284)
Total Equity	**6,813,355**	10,977,667
Net debt to equity	**301.4%**	95.7%

By currency denomination

	31 December 2021 *RMB'000*	31 December 2020 *RMB'000*
— Denominated in RMB	**14,884,499**	14,499,326
— Denominated in US$	**306,033**	832,585
— Denominated in HK$	**166,382**	378,738
	15,356,914	15,710,649

Leverage

The Group's net gearing ratio increased from approximately 95.7% as at 31 December 2020 to approximately 301.4% as at 31 December 2021. The Group's net current assets (being current assets less current liabilities) decreased by approximately 138.3% to net current liabilities of approximately RMB4,888.8 million as at 31 December 2021 from net current assets of approximately RMB12,759.1 million as at 31 December 2020. Current ratio (being current assets/current liabilities) decreased from approximately 1.23 times as at 31 December 2020 to approximately 0.93 times as at 31 December 2021.

Foreign currency risk

The functional currency of the Company's major subsidiaries is RMB. Most of the transactions are denominated in RMB. Transactions of the Group's foreign operations, such as purchasing land held for future development, and certain expenses incurred are denominated in foreign currencies. As at 31 December 2021, the Group had monetary assets denominated in US dollars and Hong Kong dollars of approximately RMB60.7 million and approximately RMB8.9 million, respectively, as well as liabilities denominated in US dollars and Hong Kong dollars of approximately RMB8,784.7 million and approximately RMB166.4 million, respectively. Those amounts were exposed to foreign currency risk. Considering the actual impacts caused to the Group arising from the market condition and fluctuations of foreign exchange rates during the year, the Group currently has no foreign currency hedging policy in place yet, but the management will constantly monitor foreign exchange exposure and identify one that will be appropriate to the Group. The Group will consider hedging against any significant foreign currency exposure when necessary.

Contingent liabilities

As at 31 December 2021, the Group had contingent liabilities amounted to approximately RMB19,142.7 million (31 December 2020: approximately RMB15,217.8 million) in relation to guarantees provided to the domestic banks for the mortgage bank loans granted to the Group's customers. Under the terms of the guarantees, if a purchaser has defaulted on the mortgage payments, the Group will be liable for the payment of outstanding mortgage principals plus accrued interests and the penalties owed by the defaulted purchaser to the bank, and, in such circumstances, the Group will be entitled to take over the legal title and ownership of the relevant property. These guarantees will be released upon the earlier of: (i) the satisfaction of the mortgage loan by the purchaser of the property; and (ii) the issuance of the property ownership certificate for the mortgaged property and cancellation of mortgage registration.

A subsidiary of the Company provided joint guarantee in respect of banking facility made by a bank to a joint venture. In December 2021, due to the delay of a construction project, the facility became overdue and the bank filed a claim against the joint venture together with the guarantors which included the said subsidiary of the Company. The Directors do not consider that the Group has to settle the claim by the bank as the joint venture has sufficient assets to settle the amount. The maximum liability of the Group at the end of the reporting period in respect of the guarantees issued will be RMB1,125,000,000 (2020: RMB1,125,000,000), which is the outstanding amount of the banking facility utilised by the joint venture.

As at 31 December 2021, members of the Group were the defendants in various on-going litigation and arbitration cases primarily initiated by the creditors. In most of the cases, the creditors demanded immediate repayment of the amounts owed to them, together with interest and/or a penalty as compensation. The management of the Company had assessed the likelihood of the outcome and estimated the probable amount the Group needs to pay for each of these cases, taking into account of all available facts and circumstances and relevant legal advice. Based on the result of those assessments, the accrued compensation of RMB264,315,000 was proposed as provision for such claims and litigations in the consolidated financial statements as at 31 December 2021 (2020: Nil).

Employees and compensation policy

As at 31 December 2021, the Group had 1,655 employees (31 December 2020: 2,387). Employee's remuneration is determined based on the employee's performance, skills, knowledge, experience and market trends. The Group regularly reviews compensation policies and programs, and will make any necessary adjustment in order to be in line with the remuneration levels in the industry. In addition to basic salaries, employees may be granted share options, discretionary bonus and cash awards based on individual performance.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

During the year of 2021, as far as the Directors are aware, there was no material breach of or non-compliance with applicable laws and regulations by the Group that has a significant impact on the business and operations of the Group.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Acquisition of 100% Equity Interest in a PRC Company Holding Land Parcel in Huizhou City, Guangdong Province

On 13 July 2021, Guangzhou Yuanlv Development Investment Co., Ltd. (廣州原綠拓展投資有限公司) ("**Guangzhou Yuanlv**") (an indirect non wholly-owned subsidiary of the Company) (as purchaser) entered into an equity transfer agreement (the "**Equity Transfer Agreement**") with Xiamen Hongjiada Real Estate Co., Ltd. (廈門泓嘉達置業有限公司) (as vendor) (the "**Vendor I**") and Huizhou City Dongjinpu Trading Co., Ltd. (惠州市東金埔商貿有限公司) (as vendor) (the "**Vendor II**") and Huizhou City Dongrun Industrial Co., Ltd. (惠州市東潤實業有限公司) (the "**Target Company**"), whereby Guangzhou Yuanlv conditionally agreed to acquire 95% equity interest of the Target Company from the Vendor I and 5% equity interest of the Target Company from the Vendor II (the "**Acquisition**") at the aggregate consideration of RMB380 million (the "**Consideration**"). The Acquisition constituted a disclosable transaction of the Company under Chapter 14 of the Rules (the "**Listing Rules**") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and the Company issued an announcement in this regard on 13 July 2021 (the "**13 July Announcement**").

In the 13 July Announcement, it was disclosed that the Consideration of RMB380 million was determined after arm's length negotiations among the parties to the Equity Transfer Agreement with reference to the appraised value of the land parcel (the "**Land Parcel**") held by the Target Company of RMB501.4 million as at 21 June 2021 as well as the unaudited financial information of the Target Company as at 31 May 2021. The Company would like to provide further details regarding the basis for determination of the Consideration.

As at 31 May 2021, the Target Company had total assets of approximately RMB256.5 million (comprising properties under development for sales ("**PUD**") of approximately RMB255.4 million), net assets of approximately RMB173.8 million and total liabilities of approximately RMB82.7 million as at 31 May 2021. It follows that the appraised value of the Land Parcel of approximately RMB501.4 million as at 21 June 2021 represents a premium of approximately RMB246 million (the "**Premium**") over the PUD of the Target Company of approximately RMB255.4 million as at 31 May 2021. After taking into account the Premium, the Target Company would have net assets of approximately RMB419.8 million. The Consideration of RMB380 million represents a discount of approximately RMB39.8 million or 9.5% below the said adjusted net assets of the Target Company, which substantiates the view of the Board that the terms of the Acquisition and in particular, the Consideration, were fair and reasonable and in the interests of the Company and its shareholders as a whole.

Save as above, the Group did not have any other material acquisition and disposal of subsidiaries, associates and joint ventures for the year ended 31 December 2021.

DEBT RESTRUCTURING

Ever since the liquidity issues of the Group emerged, the Company (together with its legal advisers and financial advisers) has entered into constructive dialogues and negotiations with its creditors with a view of stabilizing the situation and facilitating the implementation of a value preserving consensual solution to restructure its offshore debts.

References are made to the announcements of the Company dated 25 February 2022, 21 March 2022, 24 March 2022, 1 June 2022, 30 June 2022, 6 July 2022, 29 July 2022, 5 August 2022, 12 August 2022, 26 August 2022, 9 September 2022, 23 September 2022, 7 October 2022, 14 October 2022, 4 November 2022, 11 November 2022, 18 November 2022, 25 November 2022, 30 November 2022, 2 December 2022 and 9 December 2022 in relation to, among other things, the Proposed Restructuring with respect to the Existing Notes and the implementation thereof through the Scheme (the "**Announcements**"). Unless otherwise defined, terms used in this paragraph (Debt restructuring) have the same meanings as in the Announcements and the explanatory statement (the "**Explanatory Statement**") relating to the Scheme.

As mentioned in the announcements of the Company dated 25 February 2022, 21 March 2022 and 24 March 2022 respectively, the relevant parties eventually culminated an in-principle agreement on the terms of the proposed restructuring of the existing US dollar senior notes (the "**Existing Notes**") of the Company (the "**Proposed Restructuring**") on 25 February 2022. On the same date, the Company entered into the restructuring support agreement with certain holders of the Existing Notes. As at 24 March 2022, creditors representing more than 75% of the outstanding principal amount of the Existing Notes entered into the restructuring support agreement (the "**RSA**") in support of the Proposed Restructuring. The Company has proceeded with implementation of the Proposed Restructuring in accord.

It was announced on 1 June 2022 that, by an Order dated 31 May 2022 (the "**Scheme Convening Order**"), the Grand Court of the Cayman Islands (the "**Court**") has directed that a meeting of Scheme Creditors (the "**Scheme Meeting**") might be convened for the purposes of considering and, if thought fit, approving the Scheme (with or without modification, addition or condition approved or imposed by the Court). Subsequently, the Scheme was approved by the requisite majorities of the Scheme Creditors (representing 75% by value of the Existing Notes that were present and voting at the Scheme Meeting) at the Scheme Meeting duly convened on 29 June 2022 and was subsequently approved and sanctioned by the Court at the Sanction Hearing held on 5 July 2022.

On 9 December 2022, the Company announced that the Majority Consenting Creditors have consented to a further extension of the Longstop Date in accordance with the terms of the Scheme and the RSA to 30 December 2022, or such later date as the Company may elect to extend to with the prior written consent of the Majority Consenting Creditors. The Restructuring Effective Date is anticipated to occur on 30 December 2022, subject to the satisfaction or waiver of the Restructuring Effective Date Conditions in accordance with the terms of the Scheme.

It is expected that the Proposed Restructuring when completed will reduce the short-term debt pressure on the Group and the overall financial condition of the Group will be improved.

For further details, please refer to the Announcements.

EVENTS AFTER THE REPORTING PERIOD

Disposal of development projects in Hefei City, the PRC

On 8 April 2022, Hefei Mubin Enterprises Management and Consultation Co., Ltd. ("**Hefei Mubin**"), Hefei Zhanlan Development Co., Ltd. ("**Hefei Zhanlan**"), Modern Green Development Co., Ltd., Suzhou Modern MOMA Development Co., Ltd. ("**Suzhou Modern**"), Anhui Binfeng Holdings Group Co., Ltd., Feidong County Binfeng Development Co., Ltd. ("**Feidong Binfeng**"), Mr. Wang Bin (王斌), and Ms. Wu Qiao (吳巧), Ningxia Dingxinzhiying Shareholding Investment Management Co., Ltd. and Beihai Kuayuechengzhang Investment Management Co., Ltd. entered into a settlement agreement (the "**Settlement Agreement**"), pursuant to which, among other things, (i) Suzhou Modern agreed to transfer its 51% equity interests in Hefei Lvheng MOMA Development Co., Ltd. ("**Lvheng MOMA**") to Feidong Binfeng; and (ii) Hefei Mubin agreed to transfer its 100% equity interests in Hefei Zhanlan to Feidong Binfeng, for a total consideration of RMB40.0 million, subject to the terms and conditions of the Settlement Agreement. Upon completion, Lvheng MOMA and Hefei Zhanlan will cease to be subsidiaries of the Company and their financial results will no longer be consolidated into the financial results of the Group. Immediately after completion of the disposal, the Group will be discharged from all guarantee obligations owed to Ningxia Dingxin in respect of the development projects in Feidong County, Hefei City, the PRC. At the same time, the Group will cease to have any interests in the development projects. For further details, please refer to the announcement of the Company dated 8 April 2022.

Disposal of equity interests of an indirect subsidiary of the Company

On 4 June 2022, Green Wisdom Investment (Beijing) Co., Ltd. (an indirect wholly-owned subsidiary of the Company) ("**Green Wisdom**") as vendor entered into an equity transfer agreement (the "**Equity Transfer Agreement**") with Tengyun Zhuke Real Estate Co., Ltd. (an independent third party of the Company) ("**Tengyun Zhuke**") as purchaser and Beijing Modern Green Construction Project Management Group Co., Ltd. ("**Beijing Modern Green**"), whereby Green Wisdom conditionally agreed to sell, and Tengyun Zhuke conditionally agreed to purchase, all of the equity interests of Beijing Modern Green at the consideration of RMB49,473,800. For further details, please refer to the announcement of the Company dated 4 June 2022.

Extension of maturity date of corporate bonds

On 30 July 2019, the Group issued corporate bonds to the public with aggregate nominal value of RMB880,000,000 at 98.7% of the principal amount, which carry fixed interest of 7.8% per annum (interest payable annually in arrears) and were due on 30 July 2022. Subsequently in July 2022, the Group reached an agreement with the bondholders to extend the maturity of such corporate bonds to 30 July 2023.

Continuing connected transactions

As the renewed master property management agreement dated 4 December 2019, the master contracting services agreement dated 4 December 2019, the renewed master lease agreement dated 4 December 2019 (as supplemented by the supplemental agreement dated 1 April 2020) and the master elevator services agreement dated 1 April 2020 entered into by the Company (the "**2019 Continuing Connected Transactions Agreement**") would expire by the end of 2022, on 17 November 2022, the Company entered into (i) the renewed master agreement (the "**Renewed Master Property Management Agreement**") with First Service Holding Limited ("**First Service**"), (ii) the renewed master agreement (the "**Renewed Master Contracting Services Agreement**") with First Moma Renju Construction Engineering (Beijing) Co., Ltd., (iii) the renewed master agreement (the "Renewed Master Elevator Services Agreement") with First Moma Asset Management (Beijing) Co., Ltd. ("**First Moma Asset**") and (iv) the renewed master agreement (the "**Renewed Master Lease Agreement**") with First Moma Asset, pursuant to which the parties thereto will continue to conduct the relevant transactions contemplated under each of the continuing connected transactions agreements until 31 December 2025. For further details, please refer to the announcements of the Company dated 17 November 2022 and 9 December 2022, respectively.

PROSPECT

In 2022, the strength of real estate policies introduced in different regions will be further increased; confidence is gradually restored, the market rebound trend continues, the supply side and the demand side have a significant release; the industry accelerates the recovery, under the double catalyst of favourable policies and market rebound expectations, the capital market and credit market will also be gradually recovered. The Company will adhere to the strategic tactic of synchronizing relief and development, resolving debt risks while seeking innovative development. In particular, the Company will achieve its strategic business objectives from the following three dimensions.

The Company will continue to achieve the strategic business goals of 2022 based on three aspects: "strive to cut debts and reduce leverage and build a safety cushion for corporate development", "fully guarantee the delivery of buildings for owners and manifest the whole-life cycle industrialised communities" and "adhere to the green technology strategy and take the route of quality development".

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its own code of conduct for dealing in securities of the Company by the Directors. Further to the specific enquiries made by the Company to the Directors, all Directors have confirmed their compliance with the Model Code for the year ended 31 December 2021.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

For the year ended 31 December 2021, neither the Company nor any of its subsidiaries had repurchased, sold or redeemed any of the Company's listed securities.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company is committed to maintaining high standards of corporate governance. The Company has complied with the code provisions in the Corporate Governance Code as set out in Appendix 14 to the Listing Rules for the year ended 31 December 2021.

UPDATED INFORMATION OF DIRECTOR PURSUANT TO RULE 13.51B(1) OF THE LISTING RULES

Mr. Zhang Lei ceased to serve as the Chairman of the Board with effect from 9 November 2022. Mr. Zhang Lei remains to act as an executive Director. The Company's President and an executive Director, Mr. Zhang Peng, was appointed as the Chairman of the Board with effect from 9 November 2022.

Save as disclosed above, after all reasonable inquiries, the Board is not aware of any information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the date of the Company's annual report for 2020.

RESUMPTION PROGRESS AND PUBLICATION OF 2022 INTERIM RESULTS AND DESPATCH OF 2021 ANNUAL REPORT AND 2022 INTERIM REPORT

The Company is in the course of finalizing the 2021 annual report and the 2022 interim results announcement and report. The Company will issue the 2022 interim results announcement and despatch the 2021 annual report and 2022 interim report as soon as practicable.

Save for the above, there is no further update on the progress of satisfying the resumption conditions. The Company shall publish further announcement(s) in compliance with the Listing Rules, or any update on the development of the Group as and when appropriate.

CONTINUED SUSPENSION OF TRADING

At the request of the Company, trading in the debt securities and shares of the Company on the Stock Exchange has been suspended with effect from 9:00 a.m. on 21 October 2021 and 9:00 a.m. on 1 April 2022 respectively and will remain suspended until further notice.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2021 (2020: HK3.65 cents per Share).

AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") comprises three independent non-executive Directors who together have substantial experience in the fields of auditing, legal, business, accounting, corporate internal control and regulatory affairs. The Audit Committee had reviewed the consolidated annual results of the Group for the year ended 31 December 2021.

PUBLICATION

This annual results announcement of the Company is published on the Company's website at www.modernland.hk and the website of the Stock Exchange at www.hkexnews.hk respectively. The 2021 annual report of the Company will be published on the said websites and despatched to the shareholders of the Company in due course.

Shareholders and other investors of the Company are advised to exercise caution when dealing in the securities of the Company.

By order of the Board
Modern Land (China) Co., Limited
Zhang Peng
Chairman, President and Executive Director

Hong Kong, 29 December 2022

As at the date of this announcement, the Board comprises eight Directors, namely executive Directors: Mr. Zhang Peng, Mr. Zhang Lei and Mr. Chen Yin; non-executive Directors: Mr. Tang Lunfei and Mr. Zeng Qiang; and independent non-executive Directors: Mr. Cui Jian, Mr. Hui Chun Ho, Eric and Mr. Gao Zhikai.