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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 2022

ANNUAL RESULTS

The board (the "**Board**") of directors (the "**Directors**" and each a "**Director**") of Modern Land (China) Co., Limited (the "**Company**" together with its subsidiaries, collectively, the "**Group**") hereby announces the audited consolidated results of the Group for the year ended 31 December 2022 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 2022
(Expressed in Renminbi)

	Note	2022 RMB'000	2021 RMB'000
Revenue	5	**5,603,865**	11,449,621
Cost of sales		**(6,718,744)**	(10,795,503)
Gross (loss)/profit		**(1,114,879)**	654,118
Other income and expenses	6	**(2,649,342)**	(495,772)
Recognition of changes in fair value of completed properties held for sale upon transfer to investment properties		**–**	100,878
Changes in fair value of investment properties, net		**(26,150)**	(43,520)
Selling and distribution expenses		**(373,115)**	(665,434)
Administrative expenses		**(424,522)**	(670,796)
Gain on restructuring of senior notes		**497,055**	–
Finance expenses	7	**(375,693)**	(403,997)
Share of profits less losses of joint ventures		**(198,018)**	(34,050)
Share of profits less losses of associates		**(2,139)**	(3,889)
Loss before taxation		**(4,666,803)**	(1,562,462)
Income tax expense	8	**(238,166)**	(767,294)
Loss for the year		**(4,904,969)**	(2,329,756)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)
for the year ended 31 December 2022
(Expressed in Renminbi)

	Note	**2022**	2021
		RMB'000	*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 RMB1,181,000 (2021: RMB131,000) tax		**(3,542)**	392
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations, net of nil tax		**(2,481)**	517
Total comprehensive income for the year		**(4,910,992)**	(2,328,847)
Loss for the year attributable to:			
Owners of the Company		**(4,453,718)**	(2,054,632)
Non-controlling interests		**(451,251)**	(275,124)
		(4,904,969)	(2,329,756)
Total comprehensive income attributable to:			
Owners of the Company		**(4,459,741)**	(2,053,723)
Non-controlling interests		**(451,251)**	(275,124)
		(4,910,992)	(2,328,847)
Losses per share, in Renminbi cents:			
Basic	*10*	**(159.4)**	(73.5)
Diluted	*10*	**(159.4)**	(73.5)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 December 2022
(Expressed in Renminbi)

	Note	**2022** *RMB'000*	2021 *RMB'000*
Non-current assets			
Investment properties		**2,762,550**	3,032,700
Property, plant and equipment		**362,632**	395,700
Intangible assets		**19,613**	21,774
Freehold land held for future development		**31,690**	29,010
Interests in associates		**44,558**	104,449
Interests in joint ventures	*11*	**2,576,293**	2,233,385
Loans to joint ventures	*11*	**6,672,926**	7,088,140
Equity investments at FVOCI		**41,360**	46,083
Deferred tax assets		**918,404**	1,311,796
		13,430,026	14,263,037
Current assets			
Properties under development for sale		**29,001,359**	39,859,390
Completed properties held for sale		**4,669,751**	4,788,519
Other inventories and contract costs		**928,644**	1,052,545
Trade and other receivables, deposits and prepayments	*12*	**8,160,074**	9,909,068
Amounts due from related parties		**740,371**	786,348
Restricted cash		**1,027,897**	2,426,926
Bank balances and cash		**542,332**	1,585,043
Assets held-for-sale		**–**	2,947,689
		45,070,428	63,355,528

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
at 31 December 2022
(Expressed in Renminbi)

	Note	**2022**	2021
		RMB'000	*RMB'000*
Current liabilities			
Trade and other payables, deposits received and accrued charges	*13*	**10,681,791**	12,541,111
Contract liabilities	*14*	**18,512,043**	24,928,489
Amounts due to related parties		**2,099,848**	2,120,993
Taxation payable		**3,692,791**	3,826,958
Bank and other borrowings — due within one year		**10,153,156**	13,449,587
Corporate bond — due within one year		**753,111**	710,812
Senior notes — due within one year		**539,484**	8,478,681
Liabilities held-for-sale		**–**	2,187,718
		46,432,224	68,244,349
Net current liabilities		**(1,361,796)**	(4,888,821)
Total assets less current liabilities		**12,068,230**	9,374,216
Capital and reserves			
Share capital	*15*	**175,693**	175,693
Reserves		**(328,607)**	4,293,188
Equity attributable to owners of the Company		**(152,914)**	4,468,881
Non-controlling interests		**1,024,617**	2,344,474
Total equity		**871,703**	6,813,355
Non-current liabilities			
Bank and other borrowings — due after one year		**1,040,272**	1,907,327
Senior notes — due after one year		**9,676,871**	–
Deferred tax liabilities		**479,384**	653,534
		11,196,527	2,560,861
		12,068,230	9,374,216

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2022

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 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 2022

Up to the date of issue of these financial statements, the IASB has issued a number of new or amended standards, which are not yet effective for the year ended 31 December 2022 and which 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
IFRS 17, *Insurance contracts*	1 January 2023
Amendments to IAS 1, *Presentation of financial statements* and IFRS 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
Amendments to IAS 1, Presentation of financial statements: Classification of liabilities as current or non-current	1 January 2024
Amendments to IAS 1, *Non-current Liabilities with Covenants*	1 January 2024
Amendments to IFRS 16, *Lease Liability in a Sale and Leaseback*	1 January 2024
Amendments to IAS 21, *Lack of Exchangeability*	1 January 2025

The Group has concluded that the adoption of new standard and amendments effective for accounting periods beginning on or after 1 January 2023 is unlikely to have a significant impact on the consolidated financial statements. The Group is in the process of making an assessment of what the impact of other 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 PREPARATION

During the year ended 31 December 2022, the Group incurred a loss of RMB4,904,969,000 and, as at 31 December 2022, the Group's current liabilities were in excess of current assets by RMB1,361,796,000. Included in the current liabilities were current bank and other borrowings of RMB10,153,156,000, corporate bond of RMB753,111,000, senior notes of RMB539,484,000 and provision for claims and litigations of RMB497,108,000.

On 25 October 2021, the Group defaulted on payment of outstanding principal amount (the "**Default**") of 2019 USD Notes III totaling approximately USD250,002,000 (approximately RMB1,592,948,000) as of that date. 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) as of 25 October 2021, such that they would become due for immediate redemption once the relevant senior noteholder made the request under the cross-default provision. As a result, all of the senior notes were classified as current liabilities as of 31 December 2021.

On 30 December 2022, the Group restructured all of the outstanding senior notes in default with an aggregate principal amount plus accrued interest of USD1,377,996,000 (approximately RMB9,597,190,000) into five series of notes maturing in 2023 to 2027. The outstanding senior notes in default were cancelled and new senior notes have been issued by the Group to replace the aforementioned senior notes. The new senior notes are listed on the Singapore Stock Exchange and guaranteed by substantially all of the Company's subsidiaries. The interest is payable semi-annually and the Group can elect a paid-in-kind option for its interest payment for the first two years, which will capitalise the interest into principal amount and the interest rate per annum will increase by 2%. The first tranche of the new senior notes of USD80,000,000 will become mature on 30 December 2023.

Moreover, as at 31 December 2022, the Group breached certain covenants relating to bank and other borrowings due after one year of RMB1,537,976,000, and these borrowings became repayable on demand. Therefore, these bank and other borrowings have been classified as current liabilities in the statement of financial position as at 31 December 2022. Further, bank and other borrowings of RMB4,080,315,000 were defaulted as at 31 December 2022. If any of these 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. Out of the remaining current bank and other borrowings of the Group as at 31 December 2022 of RMB4,534,865,000, RMB3,196,903,000 have become defaulted up to the date of approval of these consolidated financial statements and RMB1,228,896,000 will be due before 31 December 2023.

As at 31 December 2022, the Group's corporate bond with carrying amount of RMB753,111,000 were due on 30 July 2023. The Group subsequently extended the maturity date to 31 October 2023. Subject to approval of corporate bondholders every three months, the corporate bond maturity date can be extended up to 30 July 2024.

In addition, the Group is involved in other various litigation and arbitration cases for various reasons for which the Group has made provision. As at 31 December 2022, provision for claims and litigations amounted to RMB497,108,000 and was recorded in the current liabilities as at 31 December 2022.

During the year ended 31 December 2022, the real estate sector in the PRC continued to experience volatility. This mainly includes the tightened policies adopted towards the real estate sector and the deteriorating consumer sentiment in the PRC, resulting in the whole real estate sector suffering from short-term liquidity pressures. As a result, pre-sale of Chinese property developers has generally decreased in 2022. The Group also experienced a significant decline of its contracted sales in 2022.

The Group's internal funds became increasingly limited. The Group also experienced liquidity pressure due to limited access to external capital to finance its construction projects. The current macroeconomic conditions and the timing of recovery in real estate industry has brought additional material uncertainties to the Group. It may be more challenging for the Group to generate operating cash inflows or refinance senior notes, corporate bond and bank and other borrowings than it has historically been.

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 these 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. Certain plans and measures have been taken to enable the Group to have sufficient financial resources to meet its financial commitments as and when they fall due which include, but not limited to, the following:

- With respect to the restructured senior note, management expect that they will elect the paid-in-kind option for its interest payment in the first two years and can successfully obtain consents with senior noteholders to further extend the maturity date. After the restructuring of the senior notes, management continues to stay focused on assessing changes in market conditions and policy changes to remain vigilant to ensure that they continue to implement a longer sustainable financial management plan;

- With respect to the corporate bond with carrying amount of RMB753,111,000, the maturity date was extended to 31 October 2023. Subject to approval of corporate bondholders every three months, the corporate bond maturity date can be extended up to 30 July 2024. Management will liaise with corporate bondholders every three months to obtain their approval to extend the maturity date;

- 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 maintain active dialogue to secure a continuing and normal business relationship with major constructors and suppliers, including agreement on the payment arrangements with them and to complete the construction progress by them as scheduled;

- 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. Subject to the market sentiment, the Group will actively adjust sales and pre-sale activities to better respond to 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 that make them relatively more attractive to potential buyers and 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 2022 and consider 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:

- Repayment of principal amount plus accrued interest of each tranche of the senior note at their respective maturity date or successfully obtaining consents from the senior noteholders to further extend the maturity date;

- Obtaining approval from corporate bondholders every three months to further extend corporate bond maturity date to 30 July 2024 and repayment of corporate bond of RMB753,111,000 by the subsequently extended maturity on 30 July 2024;

- Successful negotiation with other 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 project construction projects and generated sufficient cash flows therefrom;

- Successful maintenance of a continuing and normal business relationship with major constructors and suppliers to agree the payment arrangements with them and to complete the construction progress as scheduled;

- 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 obtaining of 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, 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 2022. 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. These consolidated financial statements do not include any of these adjustments.

4 CHANGES IN ACCOUNTING POLICIES

The IASB has issued a number of amendments to IFRSs that are first effective for the current accounting period of the Group. 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:

	2022	2021
	RMB'000	*RMB'000*
Revenue from contracts with customers within the scope of IFRS 15		
Sale of properties	**5,441,643**	10,981,955
Real estate agency services	**58,961**	203,492
Hotel operation	**38,434**	56,023
Others	**24,776**	144,735
	5,563,814	11,386,205
Revenue from other sources		
Rental income	**40,051**	63,416
	5,603,865	11,449,621
Disaggregated by timing of revenue recognition		
Point in time	**5,021,851**	9,499,311
Over time	**582,014**	1,950,310
	5,603,865	11,449,621

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 2022 and 2021.

6 OTHER INCOME AND EXPENSES

	2022	2021
	RMB'000	*RMB'000*
Interest income	**10,320**	67,965
Government grants *(note a)*	**1,131**	16,884
Net exchange (loss)/gain *(note b)*	**(845,588)**	161,866
Gain on disposal of a joint venture	**–**	183
Gain on disposal of an associate	**14**	4,000
Net loss on disposal of subsidiaries	**(929,168)**	(67,063)
Allowance for doubtful debts	**(401,437)**	(317,658)
Penalty, claims and litigations charges *(note c)*	**(460,864)**	(321,808)
Others	**(23,750)**	(40,141)
	(2,649,342)	(495,772)

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/(loss) for the years ended 31 December 2022 and 2021 mainly arose from retranslation of senior notes issued by the Company denominated in US$ due to appreciation/(depreciation) of RMB against US$.

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

7 FINANCE EXPENSE

	2022	2021
	RMB'000	*RMB'000*
Interest on bank and other borrowings	**(1,059,577)**	(1,338,268)
Interest on senior notes and corporate bond	**(1,094,370)**	(1,214,285)
	(2,153,947)	(2,552,553)
Less: Amount capitalised in properties under development for sale	**1,778,254**	2,148,556
	(375,693)	(403,997)

The borrowing costs have been capitalised at a rate of 4.4%–15.4% (2021: 1.4%–15.0%) per annum.

8 INCOME TAX EXPENSE

	2022	2021
	RMB'000	*RMB'000*
Current tax		
PRC Corporate Income Tax	**(18,568)**	(519,004)
Land Appreciation Tax ("**LAT**")	**(188,704)**	(459,436)
Deferred tax	**(25,839)**	270,123
Under-provision of PRC Corporate Income Tax in respect of prior years	**(5,055)**	(58,977)
Income tax expense	**(238,166)**	(767,294)

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 2022 and 2021.

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

	2022	2021
	RMB'000	*RMB'000*
Loss before taxation	**(4,666,803)**	(1,562,462)
PRC Corporate Income Tax at 25%	**1,166,701**	390,616
Provision for LAT	**(188,704)**	(459,436)
Tax effect of LAT deductible for PRC Corporate Income Tax	**47,176**	114,859
Tax effect of share of losses of associates	**(535)**	(972)
Tax effect of share of losses of joint ventures	**(49,504)**	(8,512)
Tax effect of non-deductible expenses	**(306,328)**	(128,941)
Tax effect of non-taxable income	**101,025**	99,306
Tax effect of adjustment of unused tax losses previously recognised	**(44,270)**	(53,566)
Tax effect of unused tax losses not recognised	**(564,157)**	(412,602)
Tax effect of unrecognised temporary difference	**(394,515)**	(249,069)
Under-provision of PRC Corporate Income Tax in respect of prior years	**(5,055)**	(58,977)
Actual tax expense	**(238,166)**	(767,294)

9 DIVIDEND

There is no dividend declared and paid during the year. Dividends payable to owners of the Company attributable to the previous financial year, approved and paid during the year.

	2022	2021
	RMB'000	*RMB'000*
Final dividend in respect of previous financial year, approved and paid during the year, of HK$nil per share (2021: HK$3.65 cents per share)	**–**	85,248

10 LOSSES PER SHARE

Diluted losses per share for the years ended 31st December 2022 and 2021 are the same with basic losses per share.

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

	2022	2021
	RMB'000	*RMB'000*
Losses		
Losses for the purpose of calculating basic and diluted earnings per share (loss for the year attributable to owners of the Company)	**(4,453,718)**	(2,054,632)

	2022	2021
	'000	*'000*
Number of shares (basic and diluted)		
Issued and weighted average number of ordinary shares at 1 January and 31 December	**2,794,994**	2,794,994

Note: The computation of the diluted loss per share for the year ended 31 December 2022 and 2021 has not taken into consideration the outstanding shares options as they are antidilutive.

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 2022	At 31 December 2021
	RMB'000	*RMB'000*
Cost of investment in joint ventures	**2,408,034**	1,877,165
Share of post-acquisition profits and other comprehensive income	**168,259**	356,220
	2,576,293	2,233,385
Loans to joint ventures, gross	**7,108,367**	7,504,546
Less: Share of post-acquisition losses that are in excess of cost of the investments	**(435,441)**	(416,406)
	6,672,926	7,088,140

Loans to joint ventures are unsecured, have no fixed term of repayment and all the balances as at December 2022 and 2021 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 2022 *RMB'000*	At 31 December 2021 *RMB'000*
Trade receivables, net of allowance	**336,931**	394,214
Amounts due from non-controlling interests	**2,935,863**	4,027,589
Other receivables, net of allowance *(note i)*	**2,678,712**	2,511,980
Guarantee deposits for housing provident fund loans provided to customers *(note ii)*	**45,110**	211,185
Loans and receivables	**5,996,616**	7,144,968
Prepayments to suppliers of construction materials	**646,865**	239,785
Deposits paid for acquisition of land use rights	**38,810**	470,610
Prepaid taxation	**1,477,783**	2,053,705
	8,160,074	9,909,068

Notes:

(i) The amount mainly included refundable deposits for property development projects, proceeds from pre-sales of properties deposited in accounts of local governments and related agencies, and advances made to disposed subsidiaries.

(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 2022 *RMB'000*	At 31 December 2021 *RMB'000*
Less than 1 year	**56,896**	87,440
1–2 years	**38,825**	9,793
More than 2 years and up to 3 years	**241,210**	296,981
	336,931	394,214

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:

	2022	2021
	RMB'000	*RMB'000*
At the beginning and the end of the year	**4,041**	4,041
Provided during the year	**56,008**	–
At the end of the year	**60,049**	4,041

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

	2022	2021
	RMB'000	*RMB'000*
At the beginning of the year	**321,089**	3,431
Provided during the year	**345,429**	317,658
At the end of the year	**666,518**	321,089

13 TRADE AND OTHER PAYABLES, DEPOSITS RECEIVED AND ACCRUED CHARGES

	At 31 December 2022	At 31 December 2021
	RMB'000	*RMB'000*
Trade and notes payables *(note i)*	**1,855,824**	3,563,812
Accrued expenditure on construction *(note i)*	**3,368,932**	3,644,926
Amounts due to non-controlling interests	**1,758,203**	1,972,008
Accrued interest	**309,069**	540,920
Accrued payroll	**20,366**	18,646
Dividend payable	**3,166**	2,898
Provision for claims and litigation	**497,108**	264,315
Other payables *(note ii)*	**2,735,441**	2,420,536
Financial liabilities measured at amortised cost	**10,548,110**	12,428,061
Other tax payables	**133,681**	113,050
	10,681,791	12,541,111

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 2022 *RMB'000*	At 31 December 2021 *RMB'000*
Less than 1 year	**283,092**	1,985,154
1 to 2 years	**250,422**	688,181
More than 2 years and up to 3 years	**1,322,310**	890,477
	1,855,824	3,563,812

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

14 CONTRACT LIABILITIES

	At 31 December 2022 *RMB'000*	At 31 December 2021 *RMB'000*
Sales deposits	**18,512,043**	24,928,489

Movements in contract liabilities

	2022 *RMB'000*	2021 *RMB'000*
Balance at 1 January	**24,928,489**	20,934,767
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	**(4,758,578)**	(10,714,310)
Acquisition of subsidiaries	**–**	3,274,527
Disposal of subsidiaries	**(6,729,330)**	(3,806,815)
Increase in contract liabilities as a result of sales deposits	**5,071,462**	16,687,613
Classified as held for sale	**–**	(1,447,293)
Balance at 31 December	**18,512,043**	24,928,489

The amount of sales deposits expected to be recognised as income after more than one year is RMB13,995,700,000 (2021: RMB15,309,047,000).

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 2021, 31 December 2021, 1 January 2022 and 31 December 2022	8,000,000	80,000	524,014
Issued and fully paid:			
At 1 January 2021, 31 December 2021, 1 January 2022 and 31 December 2022	2,794,994	27,941	175,693

EXTRACT OF INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

Disclaimer of opinion

We have audited the consolidated financial statements of Modern Land (China) Co., Limited ("**the Company**") and its subsidiaries ("**the Group**") set out on pages [•] to [•], which comprise the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Multiple uncertainties relating to going concern

As described in Note 3(a)(ii) to the consolidated financial statements, the Group incurred a loss of RMB4,904,969,000 during the year ended 31 December 2022 and, as at 31 December 2022, the Group's current liabilities were in excess of current assets by RMB1,361,796,000. Included in the current liabilities were current bank and other borrowings of RMB10,153,156,000, corporate bond of RMB753,111,000, senior notes of RMB539,484,000 and provision for claims and litigations of RMB497,108,000.

On 25 October 2021, the Group defaulted on payment of outstanding principal amount (the "**Default**") of 2019 USD Notes III totaling approximately USD250,002,000 (approximately RMB1,592,948,000) as of that date. 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) as of 25 October 2021, such that they would become due for immediate redemption once the relevant senior noteholder made the request under the cross-default provision.

On 30 December 2022, the Group restructured all of the outstanding senior notes in default with an aggregate amount plus interest, of USD1,377,996,000 (approximately RMB9,597,190,000) into five series of notes maturing in 2023 to 2027. The new senior notes are listed on the Singapore Stock Exchange and guaranteed by substantially all of the Company's subsidiaries. The interest is payable semi-annually and the Group can elect a paid-in-kind option for its interest payment for the first two years, which will capitalise the interest into principal amount and the interest rate per annum will increase by 2%. The first tranche of new senior notes of USD80,000,000 will become mature on 30 December 2023.

Moreover, as at 31 December 2022, the Group breached certain covenants relating to bank and other borrowings due after one year of RMB1,537,976,000, and these borrowings became repayable on demand. Further, bank and other borrowings of RMB4,080,315,000 were defaulted as at 31 December 2022. If any of these 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. Out of the remaining current bank and other borrowings of the Group as at 31 December 2022 of RMB4,534,865,000, RMB3,196,903,000 have become defaulted up to the date of this announcement and RMB1,228,896,000 will be due before 31 December 2023.

As at 31 December 2022, the Group's corporate bond with carrying amount of RMB753,111,000 were due on 30 July 2023. The Group subsequently extended the maturity date to 31 October 2023. Subject to approval of corporate bondholders every three months, the corporate bond maturity date can be extended up to 30 July 2024.

In addition, the Group is involved in other various litigation and arbitration cases for various reasons for which the Group has made provision. As at 31 December 2022, provision for claims and litigations amounted to RMB497,108,000 and was recorded in the current liabilities as at 31 December 2022.

The Group has been experiencing difficulties and liquidity pressure in view of the current macroeconomic conditions. The current macroeconomic conditions and the timing of recovery in real estate industry has brought additional material uncertainties to the Group. It may be more challenging for the Group to generate operating cash inflows or refinance senior notes, corporate bond and bank and other borrowings than it has historically been.

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 certain 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 plans and measures, which is subject to multiple material uncertainties, including whether the Group is able to (i) repay the principal amount plus accrued interest of each tranche of the senior note at their respective maturity date or successfully obtain consents with the senior noteholders to further extend the maturity date; (ii) obtain approval from corporate bondholders every three months to further extend the corporate bond maturity date to 30 July 2024 and repay the corporate bond by the subsequently extended maturity date on 30 July 2024 (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 to provide 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 maintain continuing and normal business relationship with major constructors and suppliers to agree the payment arrangements with them and to complete the construction progress as scheduled; (v) 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; (vi) successfully obtain additional new sources of financing; (vii) successfully implement the Group's business plan and cost control measures so as to improve the Group's working capital and cash flow position; and (viii) reach an amicable solution on the charges and payment terms in respect of the claims and litigations which have not yet reached a definite outcome.

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, I hereby present the business review of the Group for the year ended 31 December 2022 and its prospects.

SALES RESULTS

For the year ended 31 December 2022, the Company spared no effort to achieve the best sales results under the then market environment and operating conditions.

REVIEW OF 2022

The situation of this year's real estate industry can be summed up in two words, "precarious" and "perilous". I shall clarify based on the following three key phrases.

The first key phrase is shrinking in scale. This is the most prominent phenomenon in the real estate industry. After peaking at RMB18 trillion in 2021, the industry scale has gone all the way down to RMB13 trillion. We expect that the scale will hover around RMB10 trillion for a long time to come. Meanwhile, the share of private enterprises will decline accordingly, which will also give rise to the Matthew effect in the industry and accelerate mergers and acquisitions among enterprises.

The second key phrase is market bottoming. In 2022, as expected, the real estate market continued its cold bottoming out. Affected by the sluggish employment situation and low consumer sentiment, transactions continued to fluctuate at low levels. While the numbers may increase, a full rebound is highly unlikely, and this bottoming-out will likely continue for a period.

The third key phrase is model innovation. The real estate industry needs to establish a new model that is different from the past. In the future, there will be profound changes in both the seller's market and the buyer's market. The traditional high-cost, high-price and high-risk model has become outdated. Instead, a combination of lightweight asset construction and rental-purchase models may gradually emerge, fostering new approaches and seeking new developments.

In 2022, the Company engaged in open and friendly communication, conducted constructive negotiations and responded appropriately with multiple creditors. As a result, we achieved significant reduction in domestic debt scale, optimized the handling of the majority of debts, and successfully preserved high-quality projects and assets. The results of this work will certainly further improve the rational distribution and optimized disposal of the Company's debts, effectively stabilising the Company's development fundamentals. At the same time, it has also safeguarded the cooperative relationship between upstream and downstream enterprises in the industrial chain, fulfilling our solemn commitment to the government regarding "guaranteed delivery" of projects.

In 2022, the Company maintained a stable strategic layout and established business framework. Building upon foundations such as green technology, innovation research and development, and entrepreneurial ecosystems, we actively explored directions for business upgrading and evolution. We identified the second and third development curves, infusing the Company with new energy and fostering innovation for a sustainable future.

OUTLOOK 2023

In 2023, we predict that the real estate market will exhibit the overall characteristics of "layered recovery", with first-tier and second-tier cities outperforming third-tier and fourth-tier cities. Additionally, the second-hand housing market is expected to outperform the new housing market with improvement demand anticipated to surpass rigid demand. The market's recovery is attributed to two factors. Firstly, the further implementation of the industry's restorative policies has resulted in the restoration of homebuyers' consumption and partial release of pent-up demand. Secondly, the correction of information on the enterprise side and the increase in the confidence of the capital market in the real estate industry have also contributed to the market's recovery.

In 2023, the Company will adhere to the principle of synergising relief and development, focusing on solving liquidity risks and gathering resources to seek new impetus for development. In particular, the Company will adhere to three major strategies to achieve its strategic business objectives.

We see relieving difficulties as the basis for further reducing debt risk

Up to now, the Company has made significant progress in relieving difficulties, but it has not completely overcome the liquidity predicament, and the reduction of debt scale at the corporate level remains the foothold of various efforts.

Our strategic partners have played a crucial role in provding the Company with important capabilities and support in resolving debt risks. We will continue to strengthen in-depth links and foster extensive collaboration between both parties across various scenarios and platforms, such as financial empowerment, project co-operation, co-development and technological ecosystems. Simultaneously, the Company will maintain open lines of communication and engage in friendly negotiations with financial institutions, co-operative organisations, stakeholders in the upstream and downstream industry chains and suppliers in order to achieve a substantial reduction in the scale of debt through effective dialogue and cooperation with relevant stakeholders.

We will go green to further increase market share

The green strategy is a fundamental approach that the Company relies on for survival and will continue to persist with in the future. We aim to expand the extensive layout of the carbon-neutral industrial system by leveraging the technological advantages accumulated by our talent team over the past 22 years, and continue to upgrade through generations to ensure our competitive position in the field of green real estate. At the same time, the Company is actively working to expand the application of green technology, which, at present, has been implemented in the fields of real estate, elderly care, education, fitness, office, etc., allowing comfortable and energy-saving experience to create value in more scenarios and spaces.

The Company will endeavour to create "whole-life cycle industrialised communities" that cater the needs of living, working and caring, realising the evolution of MOMΛ Living Home. This will allow the residents in every community to enjoy the ultimate experience of children nursing, education, healthcare, elderly care, accommodation, and disability care. By improving the market recognition of and customer loyalty to the MOMΛ brand, the Company aims to strengthen competitiveness in different areas.

With the first principle of innovation, we will further enrich our growth curve

The Company recognises the long-standing issue of "three highs" symptoms that have been accumulated in the industry. In order to address these challenges, the Company believes that there is a need to continuously upgrade the development ideas and growth logic of enterprises, from the pursuit of scale to the pursuit of quality, and the development model of high efficiency and low debt will become the new mainstream.

The Company acknowledges the unpredictability of future macro-policies and industry directions, as well as the uncertainty of market expectations. However, despite these uncertainties, it is essential to take decisive actions based on what is certain. Firstly, we will return to first-tier and second-tier cities and actively acquire incremental projects, by taking into account the rotational cycle of the real estate industry and our resource endowment, abandoning the path of scale and choosing the path of quality. Secondly, we are actively innovating and exploring new growth points outside of our main business. We have set up a number of projects in the areas of technology ecology, fund platform, industry incubation and equity investment, in order to seek new impetus and create new value for the Company's sustainable development in the future.

Currently, the Company is in a critical stage of addressing liquidity risks, and thus requires a more prudent and meticulous attitude, a more dedicated awareness, and a more innovative approach to exchange time for space and struggle for the future.

What needs to be emphasised is that in the process of resolving the Company's liquidity crisis, the support and cooperation of all parties are very important, for which we hereby express our deep respect. At the same time, I would like to express my deep gratitude to the Board, management team and staff for their hard work.

Looking ahead to the future, I believe that we have enough confidence and ability to cross the dangerous straits and mountains step by step and steadily reduce risks. The entire Company is full of enthusiasm in overcoming the difficulties. We will certainly battle through the trenches and usher in a bright and prosperous era.

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

13 September 2023

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 2022, the Group's revenue from sale of properties amounted to approximately RMB5,441.6 million, representing a decrease of approximately 50.4% as compared to the year ended 31 December 2021. The Group delivered 599,104 sq.m. of property in terms of GFA and 4,299 units of car parking spaces in 2022. 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 RMB7,612 per sq.m. and that for car parking spaces was RMB88,014 per unit for the year ended 31 December 2022.

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

For the year ended 31 December 2022, the Group's revenue from property investment amounted to approximately RMB40.1 million, representing a decrease of approximately 36.8% as compared to the corresponding period in 2021.

For real estate agency services, with the unique product, brand, management and credibility advantages supported by our MOMΛ green-technology products, the Group offered customised full-set development and operation management solutions to customers. For the year ended 31 December 2022, the revenue from real estate agency services amounted to approximately RMB59.0 million, representing a decrease of approximately 71.0% as compared to that of approximately RMB203.5 million for the corresponding period in 2021.

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 2022 amounted to RMB38.4 million, representing a decrease of 31.4% as compared to that of approximately RMB56.0 million for the corresponding period in 2021.

For the year ended 31 December 2022, the revenue from other services was approximately RMB24.8 million, whereas revenue of approximately RMB144.7 million was recorded in the corresponding period in 2021.

Contracted Sales

For the year ended 31 December 2022, the Group, its joint ventures and associates achieved contracted sales of approximately RMB4,938.7 million, representing a decrease of 86.3% as compared to the year ended 31 December 2021, whereas 599,104 sq.m. in total GFA and 4,299 units of car parking spaces were sold, representing a decrease of approximately 83.1% and 43.4% respectively as compared to the year ended 31 December 2021.

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

	2022			2021		
Province/Municipality	**Contracted Sales**	**GFA**	**ASP**	Contracted Sales	GFA	ASP
	RMB'000	***(in sq.m.) or units***	***RMB/sq.m. or unit***	*RMB'000*	*(in sq.m.) or units*	*RMB/sq.m. or unit*
Anhui	**230,168**	**36,522**	**6,302**	3,385,487	447,345	7,568
Beijing	**288,850**	**10,302**	**28,038**	253,378	7,188	35,250
Fujian	**37,701**	**1,963**	**19,206**	313,090	15,258	20,520
Chongqing	**100,795**	**13,034**	**7,733**	2,725,356	282,099	9,661
Guangdong	**122,305**	**12,382**	**9,878**	1,601,263	47,091	34,004
Guizhou	**141,549**	**28,748**	**4,924**	825,424	90,378	9,133
Hebei	**576,603**	**74,627**	**7,726**	1,863,052	184,432	10,102
Henan	**35,795**	**6,319**	**5,665**	158,888	19,263	8,248
Hubei	**1,215,839**	**223,094**	**5,450**	5,215,661	768,270	6,789
Hunan	**906,190**	**88,931**	**10,190**	1,343,547	115,970	11,585
Inner Mongolia	**191,537**	**17,415**	**10,998**	380,107	30,360	12,520
Jiangsu	**142,860**	**14,120**	**10,118**	4,361,470	243,705	17,897
Jiangxi	**171,826**	**17,895**	**9,602**	976,735	83,993	11,629
Liaoning	**–**	**–**	**–**	1,094	191	5,728
Shaanxi	**53,450**	**7,412**	**7,211**	2,577,092	157,899	16,321
Shandong	**77,004**	**15,679**	**4,911**	846,601	110,726	7,646
Shanxi	**208,488**	**21,447**	**9,721**	538,269	45,537	11,820
Tianjin	**1,546**	**342**	**4,520**	80,209	12,805	6,264
Zhejiang	**57,819**	**8,872**	**6,517**	7,940,579	887,754	8,945
Properties Sub-total	**4,560,325**	**599,104**	**7,612**	35,387,302	3,550,264	9,968
Car Parking spaces	**378,374**	**4,299 units**	**88,014/unit**	663,130	7,590 units	87,369/unit
Total	**4,938,699**			36,050,432		

Land Bank

As at 31 December 2022, 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 11,534,230 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 2022 Total GFA unsold*** *(sq.m.)*
Anhui	750,555
Beijing	471,607
Chongqing	1,123,957
Fujian	97,684
Guangdong	460,324
Guizhou	710,048
Hebei	757,422
Henan	52,102
Hubei	3,296,296
Hunan	506,012
Inner Mongolia	79,149
Jiangsu	137,676
Jiangxi	215,488
Liaoning	101,895
Shaanxi	1,221,283
Shandong	553,431
Shanghai	17,704
Shanxi	766,721
Tianjin	193,441
Zhejiang	21,435
Total	11,534,230

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

FINANCIAL REVIEW

Revenue

The Group's revenue decreased by approximately 51.1% to approximately RMB5,603.9 million for the year ended 31 December 2022 from approximately RMB11,449.6 million for the year ended 31 December 2021, which was mainly due to a year-over-year decrease of approximately RMB5,540.3 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 RMB6,718.7 million for the year ended 31 December 2022, representing a decrease of approximately 37.8% as compared to the corresponding period of 2021.

Gross loss and gross loss margin

For the year ended 31 December 2022, the Group's gross loss was approximately RMB1,114.9 million and the gross loss margin was approximately 19.9%.

Other income and expenses

The Group's other expenses increased by approximately RMB2,153.5 million to 2,649.3 million for the year ended 31 December 2022 from approximately RMB495.8 million for the year ended 31 December 2021, which was mainly due to net exchange loss of approximately RMB845.6 million and net loss on disposal of subsidiaries of approximately RMB929.2 million recorded during the year. For details, please refer to note 6 to the audited financial statements in this announcement.

Change in fair value of investment properties, net

The net change in fair value of investment properties decreased from approximately RMB43.5 million for the year ended 31 December 2021 to approximately RMB26.2 million for the year ended 31 December 2022, representing a decrease of approximately 39.8%.

Selling and distribution expenses

The selling and distribution expenses of the Group decreased by approximately 43.9% to approximately RMB373.1 million for the year ended 31 December 2022 from approximately RMB665.4 million for the year ended 31 December 2021.

Administrative expenses

The administrative expenses of the Group decreased by approximately 36.7% to approximately RMB424.5 million for the year ended 31 December 2022 from approximately RMB670.8 million for the corresponding period of 2021.

Finance costs

The finance costs of the Group amounted to approximately RMB375.7 million for the year ended 31 December 2022, representing a decrease of approximately 7.0% from approximately RMB404.0 million for the year ended 31 December 2021. Despite the general increase in interest rates in both domestic and overseas markets, the Group's weighted average interest rate of borrowings was approximately 9.8% as at 31 December 2022 which was maintained at a similar level to that of approximately 9.8% for the year ended 31 December 2021.

Income tax expense

The income tax expense of the Group for the year ended 31 December 2022 decreased by approximately 69.0% to approximately RMB238.2 million from approximately RMB767.3 million for the year ended 31 December 2021, primarily due to the increase in loss before taxation.

Loss for the year

The loss of the Group for the year ended 31 December 2022 increased by approximately RMB2,575.2 million to approximately RMB4,905.0 million from approximately RMB2,329.8 million for the year ended 31 December 2021.

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 2022 increased by approximately RMB2,399.1 million to approximately RMB4,453.7 million from approximately RMB2,054.6 million for the year ended 31 December 2021.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Cash position

As at 31 December 2022, the cash, restricted cash and bank balances of the Group was approximately RMB1,570.2 million, representing a decrease of approximately 60.9% as compared to approximately RMB4,012.0 million as at 31 December 2021.

Borrowings and pledge of the Group's assets

As at 31 December 2022, the Group had aggregate balance of approximately RMB22,162.9 million, including bank and other borrowings of approximately RMB11,193.4 million, senior notes of approximately RMB10,216.4 million and corporate bond of approximately RMB753.1 million, representing a decrease of approximately 9.7% as compared to that of approximately RMB24,546.4 million as at 31 December 2021. As at 31 December 2022, 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 RMB15,304.9 million (31 December 2021: approximately RMB21,980.1 million).

As at 31 December 2022, the Group breached certain covenants relating to bank and other borrowings of RMB1,537,976,000, and these borrowings became repayable on demand. For details, please refer to note 3 of the audited financial statement in this announcement.

Breakdown of borrowings

By type of borrowings and maturity

	31 December 2022 *RMB'000*	31 December 2021 *RMB'000*
Bank and other loans		
within one year or on demand	**10,153,156**	13,449,587
more than one year, but not exceeding two years	**121,500**	804,056
more than two years, but not exceeding five years	**857,910**	971,910
more than five years	**60,862**	131,361
Sub-total	**11,193,428**	15,356,914
Senior Notes		
within one year	**539,484**	8,478,681
more than two years, but not exceeding five years	**9,676,871**	–
Sub-total	**10,216,355**	8,478,681
Corporate Bond		
within one year	**753,111**	710,812
Sub-total	**753,111**	710,812
TOTAL	**22,162,894**	24,546,407
Less:		
Bank balances and cash (including restricted cash)	**1,570,229**	4,011,969
Net Debt	**(20,592,665)**	(20,534,438)
Total Equity	**871,703**	6,813,355

By currency denomination

	31 December 2022 *RMB'000*	31 December 2021 *RMB'000*
— Denominated in RMB	**11,786,353**	15,595,311
— Denominated in US$	**10,376,541**	8,784,714
— Denominated in HK$	**–**	166,382
	22,162,894	24,546,407

Leverage

The Group's net gearing ratio (being net debt to total equity) increased from approximately 301.4% as at 31 December 2021 to approximately 2,362.3% as at 31 December 2022. The Group's net current liabilities (being current assets less current liabilities) decreased by approximately 72.1% of approximately RMB1,361.8 million as at 31 December 2022 from net current liabilities of approximately RMB4,888.8 million as at 31 December 2021. Current ratio (being current assets to current liabilities) increased from approximately 0.93 times as at 31 December 2021 to approximately 0.97 times as at 31 December 2022.

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 2022, the Group had monetary assets denominated in US dollars and Hong Kong dollars of approximately RMB53.4 million and approximately RMB11.8 million, respectively, as well as liabilities denominated in US dollars of approximately RMB10,376.5 million. 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.

Capital commitments

At the end of the reporting period, the Group had the following commitments:

	At 31 December 2022 *RMB'000*	At 31 December 2021 *RMB'000*
Contracted but not provided for in the consolidated financial statements:		
Expenditure in respect of properties under development	**14,254,047**	17,235,570

Contingent liabilities

The Group has provided guarantees in respect of mortgage facilities granted by certain banks in connection with the mortgage loans entered into by purchasers of the Group's properties. Pursuant to the terms of the guarantees, if there is a default of the mortgage payments by these purchasers, the Group will be responsible for repaying the outstanding mortgage loans together with accrued interests thereon and any penalty owed by the defaulted purchasers to banks. The Group is then entitled to take over the legal title of the related properties. The guarantee period commences from the date of grant of the mortgage loan and ends after the purchaser has obtained the individual property ownership certificate. In the opinion of the Directors of the Company, the fair value of guarantee contracts is insignificant at initial recognition. Also, no provision for the guarantee contracts at the end of the reporting period is recognised as the default risk is low.

The amounts of the outstanding guarantees given to banks for mortgage facilities at the end of the reporting period are as follows:

	At 31 December 2022 *RMB'000*	At 31 December 2021 *RMB'000*
Mortgage guarantees	**17,688,867**	19,142,651

Additionally, a subsidiary of the Company has issued 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 and guarantors which include the subsidiary of the Company. The Directors do not consider it is probable that a claim will be made against the Group under the guarantee as the joint venture has sufficient assets to settle the amount. The maximum liability of the Group at the end of the reporting period under the guarantees issued is the outstanding amount of the banking facility utilised by the joint venture of RMB1,125,000,000 (2021: RMB1,125,000,000).

As the fair value of the guarantee cannot be reliably measured using observable market data and its transaction price is RMB nil, the Group has not recognized any deferred income related to the guarantee.

As at 31 December 2022, the Group was the defendant in various on-going litigation and arbitration cases primarily initiated by its creditors. In most of the cases, the creditors demanded immediate repayment of the amounts owed to them, together with an interest and/or a penalty as compensation. The management assessed the likelihood of the outcome and estimated the probable compensation the Group is liable to 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 Group has made provision for claims and litigations of RMB497,108,000 that were remained unsettled and recorded in the consolidated financial statements as at 31 December 2022 (2021: RMB264,315,000).

Employees and compensation policy

As at 31 December 2022, the Group had 1,450 employees (31 December 2021: 1,655 employees). 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 2022, 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

Save as disclosed in this announcement and/or the annual report, the Group did not have any material acquisition and disposal of subsidiaries, associates and joint ventures for the year ended 31 December 2022.

DEBT RESTRUCTURING

As disclosed in note 3 to this annual results announcement and the announcement of the Company dated 30 December 2022, in December 2022, the Group has satisfied all the conditions under the scheme of arrangement under section 86 of the Cayman Islands Companies Act (2022 Revision) between the Company and the scheme creditors, and issued new notes with maturity dates expiring in one year to five years upon such issuance to replace the outstanding senior notes.

The holding period expiry date and the final distribution date under the Scheme occurred on 13 June 2023.

For details about the debt restructuring, please refer 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, 9 December 2022, 29 December 2022, 30 December 2022 and 13 June 2023.

EVENTS AFTER THE REPORTING PERIOD

Extension of maturity date of corporate bond

On 30 July 2019, the Group issued corporate bond 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 2023. Subsequently in July 2023, the Group reached an agreement with the bondholders to extend the maturity of such corporate bond to 31 October 2023. Subject to approval of corporate bondholders every 3 months, the corporate bond maturity can be extended up to 30 July 2024.

Continuing connected transactions

Since all the master property management agreement dated 4 December 2019, the master contracting services agreement dated 4 December 2019, the 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 expired at the end of 2022, the Company has on 17 November 2022 respectively entered into (i) the renewed master property management agreement with First Service Holding Limited, (ii) the renewed master contracting services agreement with First Moma Renju Construction Engineering (Beijing) Co., Ltd., (iii) the renewed master elevator services agreement with First Moma Asset Management (Beijing) Co., Ltd. ("**First Moma Asset**") and (iv) the renewed master lease agreement with First Moma Asset, pursuant to which the parties thereto agreed to continue conducting the continuing connected transactions under these agreements until 31 December 2025. For further details about continuing connected transactions, please refer to the announcements of the Company dated 17 November 2022, 9 December 2022, 30 December 2022, 13 January 2023, 13 March 2023, 31 May 2023 and 31 July 2023 respectively.

PROSPECT

In 2023, we predict that the real estate market will exhibit the overall characteristics of "layered recovery", with first-tier and second-tier cities outperforming third-tier and fourth-tier cities. Additionally, the second-hand housing market is expected to outperform the new housing market, with improvement-driven demand surpassing rigid demand. The market recovery hinges on two factors. Firstly, the further implementation of industry recovery policies will drive the recovery of consumer spending and the partial release of pent-up demand. Secondly, feedback from the corporate end and increased confidence in the real estate industry from the capital market will also contribute to market revitalization.

In 2023, the Company will adhere to the policy of coordinating relief and development, focusing on solving liquidity risks and gathering resources to seek new impetus for development. In particular, the Company will adhere to three major strategies to achieve its strategic business objectives.

We see relieving difficulties as the basis for further reducing debt risk

We will go green to further increase market share

With the first principle of innovation, we will further enrich our growth curve

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 Rules (the "**Listing Rules**") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") 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 2022.

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

For the year ended 31 December 2022, 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. Save as disclosed below, the Company has complied with the code provisions in Part 2 — Principles of Good Corporate Governance, Code Provisions and Recommended Best Practices of the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Listing Rules for the year ended 31 December 2022 and, where appropriate, adopted the recommended best practices set out in the CG Code.

Code provision B.2.2 stipulates that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. The Company has not held an annual general meeting since 18 June 2021. Accordingly, none of the Directors retired at the annual general meeting nor re-elected by the Shareholders. The Company will hold an annual general meeting at which the Directors will retire and offer themselves for re-election.

Code provision C.2.1 stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Zhang Peng has served as both the chairman of the Board and the president of the Company since 9 November 2022, with the division of responsibilities between chairman and president clearly established and set out in writing.

Code provision F.2.2 stipulates that the chairman of the board should attend the annual general meeting and also invite the chairmen of the audit, remuneration, nomination and any other committees (as appropriate) to attend. The Company has not held an annual general meeting since 18 June 2021.

RESUMPTION PROGRESS

Following the publication of this 2022 annual results announcement, the Company issued the 2023 interim results announcement on the same date. The Company is in the course of finalising and will publish the 2022 annual report and 2023 interim report in due course.

The Company has applied to the Stock Exchange for the resumption of its shares on the Stock Exchange and will update the progress thereof as and when appropriate.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2022 (31 December 2021: HK$ nil 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 2022.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

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 2022 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, 13 September 2023

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.