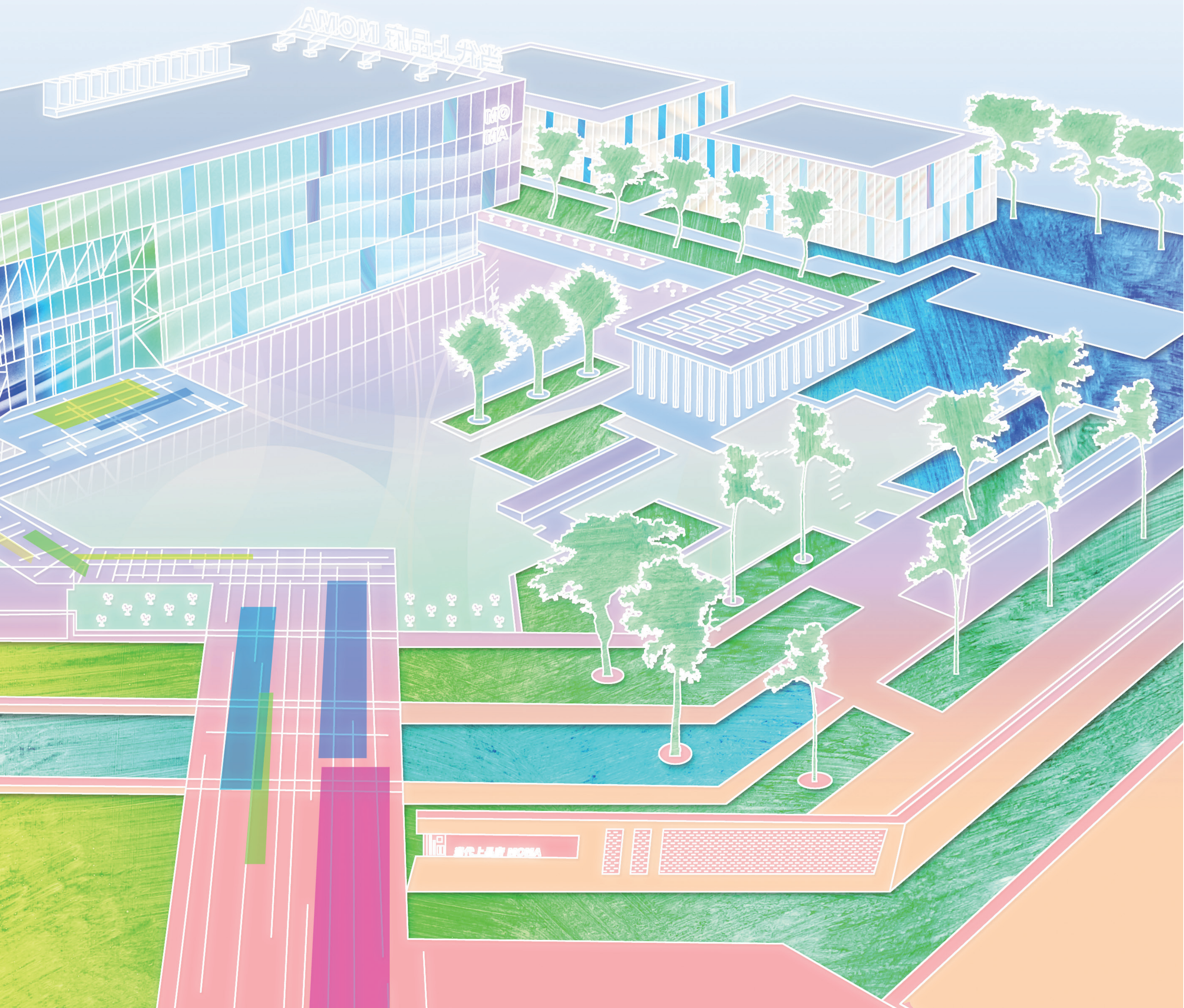
當代置業（中國）有限公司
MODERN LAND (CHINA) CO., LIMITED
(incorporated in the Cayman Islands with limited liability) Stock Code: 1107

科技建築 綠色家園 城市向美

MOMΛ Fine Living

ANNUAL REPORT 2022



CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Zhang Peng
(appointed as *Chairman* on 9 November 2022, *President*)
Mr. Zhang Lei
(resigned as *Chairman* on 9 November 2022)
Mr. Chen Yin

Non-executive Directors

Mr. Chen Zhiwei
(resigned on 24 March 2022)
Mr. Tang Lunfei
(appointed on 24 March 2022)
Mr. Zeng Qiang
Mr. Fan Qingguo
(resigned on 9 November 2022)

Independent Non-executive Directors

Mr. Hui Chun Ho, Eric
Mr. Cui Jian
Mr. Gao Zhikai
Mr. Liu Jiaping
(resigned on 9 November 2022)

Audit Committee

Mr. Hui Chun Ho, Eric *(Chairman)*
Mr. Cui Jian
Mr. Gao Zhikai
Mr. Liu Jiaping
(resigned on 9 November 2022)

Environmental, Social and Governance Committee

Mr. Zhang Peng *(Chairman)*
Mr. Cui Jian
Mr. Hui Chun Ho, Eric
Mr. Gao Zhikai
Mr. Liu Jiaping
(resigned on 9 November 2022)

Remuneration Committee

Mr. Gao Zhikai *(Chairman)*
Mr. Zhang Lei
Mr. Cui Jian

Nomination Committee

Mr. Cui Jian *(Chairman)*
Mr. Zhang Lei
Mr. Hui Chun Ho, Eric
Mr. Gao Zhikai

AUTHORISED REPRESENTATIVES

Mr. Zhang Peng
Mr. Deng Ren Yu
(resigned on 31 January 2022)
Mr. Leung Pak Keung
(appointed on 31 January 2022)

COMPANY SECRETARY

Mr. Deng Ren Yu
(resigned on 31 January 2022)
Mr. Leung Pak Keung
(appointed on 31 January 2022)

AUDITOR

KPMG
Public Interest Entity Auditor registered in accordance
with the Financial Reporting Council Ordinance
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

LEGAL ADVISER

Loong & Yeung

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

18/F, Shanghai Commercial Bank Tower,
12 Queen's Road Central,
Central, Hong Kong

Corporate Information

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HEADQUARTERS IN THE PRC

No. 1 Xiangheyuan Road
Dongcheng District
Beijing
PRC 100028

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Suntera (Cayman) Limited
Suite 3204, Unit 2A, Block 3
Building D, P.O. Box 1586
Gardenia Court, Camana Bay
Grand Cayman, KY1-1100
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

PRINCIPAL BANKERS

Bank of China
Industrial and Commercial Bank of China
China Merchants Bank
Hang Seng Bank
Bank of East Asia
Shanghai Pudong Development Bank Co., Ltd.
Bank of Shanghai

LISTING INFORMATION

Equity securities listed on
The Stock Exchange of Hong Kong Limited

Ordinary shares

Stock Code: 1107

Debt securities listed on
The Stock Exchange of Hong Kong Limited

Sustainable & Green Exchange (STAGE)

9.8% senior notes in an aggregate principal amount of
US$321,000,000 due 2023 (listing withdrawn on 10 January 2023)

Debt Stock Code: 40525

COMPANY WEBSITE

www.modernland.hk

COMPANY PROFILE

OVERVIEW

Modern Land (China) Co., Limited (hereinafter referred to as the "Company" or "Modern Land", together with its subsidiaries as the "Group") was established in 2000 in Beijing. It is a company listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 12 July 2013 with qualification in real estate development in the People's Republic of China (the "PRC" or "China"). The Company has been rated as one of the "Top 100 China Real Estate Enterprises" (中國房地產百強企業) for seven consecutive years. The Company has always been adhering to the development concept of "High-Tech Buildings, Green Homeland Community and Beautifying Cities", sticking to the development philosophy of "Natural Simplicity, Harmonious Health, Simple Focus, and Endless Vitality" and focusing on the theme of "Action of Loving My Homeland" to bring customers the sincere and real life experience and bring positive economic and social benefits to the shareholders of the Company (the "Shareholders") and the entire society. The Company is dedicated to create a homeland of "Green Technology + Comfort & Energy-saving + Digital Interconnecting Whole-life Cycle Communities", successfully establishing "MOMΛ" (i.e. The Museum of Modern Architecture, meaning new architecture of science and art) as the iconic brand of green technology real estate operators in China. MOMΛ consists of four text graphics "M" "O" "M" "Λ". Two "M" symbolise our home, "O" represents the origin of the universe and "Λ" stands for human. The left and right half of the pattern symbolise architecture and life respectively.

INSISTING ON THE CORE COMPETITIVENESS OF GREEN TECHNOLOGY

The Company has established its core competitiveness by focusing on "Leading Green Technology Solution, Full Life Cycle Operation Solution, Gravitation Acceleration Solution, Digital Process and Operation Solution, Green Elderly Healthcare Industry Operation Solution" and continuously developed green technology. The Company has its own research, development and design department and has developed a number of technical architecture systems such as geothermal pump system, ceiling radiation cooling and heating system, exterior temperature preservation system, high performance exterior window system, overall fresh air displacement ventilation and noise reduction system, which outfit MOMΛ products with excellent characteristics. While creating a high comfort level, with the indoor temperature ranging 20°C to 26°C and humidity between 30% and 70%, which meets the definition of "the most comfortable environment" within ISO7730, the energy consumption of MOMΛ products is estimated to be only 1/3 of the energy consumption level of normal residential buildings in China. In persistent use of such technology, a significant amount of energy and cost will be saved for creating a pleasant ecosystem for the society.

STRENGTHENING STANDARD PRODUCT CAPABILITY

Through extensive project experience over the past twenty years, Modern Land has gradually developed products that cater the needs of various customer groups, and has created replicable product modes which are classified into four standard product lines for different customer groups, i.e. Modern MOMΛ product line with top green technology, Modern Eminence MOMΛ product line with high-end green technology, Modern Horizon MOMΛ product line with quality green technology and Modern City MOMΛ product line developed by green technology operators with whole-life cycle and multiple functions. The Company has established a robust standard development mode for its product lines, and classified its residential property products by development pace and economic indicator based on product positioning, forming three types of standard product lines including (i) Class I: projects generating both cash flow and profits; (ii) Class II: projects generating cash flow; and (iii) Class III: projects generating profits. At present, the Company has successfully developed over a hundred green technology quality projects. On the domestic front, the Company has proactively explored markets in the five major megalopolises, namely Jing-Jin-Ji region, Yangtze River Delta region, Pearl River Delta region, Middle Yangtze River Valley region and Cheng-Yu region. As to the overseas markets, the Company has focused on the North America region.

Company Profile

BUILDING STRONG BRAND-NAME INFLUENCE

The Company has updated its green technology products. The Company's official integrated housing "Air Dino 3 (恐龍3號)", being the first prefabricated and net zero energy consumption and healthy integrated housing. It has been granted the "ACTIVE HOUSE Technology Innovation Award (ACTIVE HOUSE 科技創新獎)" by the international Active House Alliance (國際主動房聯盟). Modern Xishan Shang Pin Wan MOMΛ has been rated as a hundred-year residence that satisfies the assessment of residence performance and standards of green residence; Modern Wan Guo Cheng MOMΛ (Tongzhou) has been awarded the Platinum-level precertification under the WELL Building Standard™; Modern Wan Guo Fu MOMΛ (Foshan) has been awarded the Gold-level certificate under the WELL Building Standard™ and evaluated as the first batch of demonstration base of healthy construction; Beijing Modern MOMΛ is the only project in China that received the "Ten Year Award"/"50 Most Influential Tall Buildings of the Last 50 Years across the Globe (50年世界最具影響力的50棟高層建築)" from the Council on Tall Buildings and Urban Habitat (CTBUH); and the Company ranked second in China Model Green Property Developers in Operation (中國綠色地產運行典範第2名).

The Company has continued to expand its brand influence in the industry. In terms of industry recognition, the Company was awarded as "2021 Top 100 Enterprises with Comprehensive Strength (2021中國房地產上市公司綜合實力百強)" and "2021 Top 5 China Listed Real Estate Companies in Innovation (2021中國房地產上市公司創新能力5強)" by China Real Estate Association, and was "2021 Top 10 China Real Estate Enterprises in Stability (2021中國房地產企業穩健性TOP10)" and accredited as "2021 Top 100 China Real Estate Enterprises with TOP 10 Financing Capability (2021中國房地產百強企業 — 融資能力TOP10)" and "2021 China Specialised Real Estate Company with Excellence in Operation — Green Technology Real Estate (2021中國特色地產運營優秀企業 — 綠色科技地產)" by China Index Academy.

The Company has placed more efforts in social responsibility. The Company has been elected as "Grade AAA Joint Construction Unit for Credit Construction in China (中國誠信建設AAA共建單位)". In addition to focusing on its own green technology-based MOMΛ construction projects, Modern Land is actively committed to collaborating with industry partners and institutions to promote green businesses. In 2015, Modern Land became an enterprise with the largest number of green residences by cooperating with China Habitat and Environment Committee (中國人居環境委員會) of China Real Estate Association to promote the national project layout and industry standards for green residences. In 2019, Fǔzhou Modern City MOMΛ, Shaanxi Modern Jiabao Park YUE MOMΛ, Beijing Modern Xishan Shang Pin Wan MOMΛ, Modern Shishou Xian Yang Fu MOMΛ, Modern Huzhou Shang Pin Wan MOMΛ, Zhangjiakou Yuanzhu MOMΛ, Xiaogan Modern Shi Guang Li MOMΛ and Heze Modern City MOMΛ were awarded the title of "Green Residences". The Company is the pioneer in China's exploration of green and healthy buildings. Over the past 20 years, the Company has specialised in green technology real estate, established differentiated core competitiveness. The Company has continuously improved and upgraded its practices, progressing from original greening, and dark greening to full life cycle greening. The Company is engaged in the research and development as well as implementation of green building, healthy building, active architecture, hundred-year residence, passive house, green residence, net zero energy consumption building and positive energy building.

Projects developed by the Company in China must comply with domestic green building standards. The Company has been honored with various green technology awards: Modern MOMΛ was the first residential project in the country to receive the largest international green building award, the LEED-ND Certification granted by the United States Green Building Council; and the Company has been repeatedly awarded Three-star Green Building Certification — Operation (i.e. the highest domestic green building certification), being the first enterprise in China to be consecutively awarded with such certification.

Modern Land adheres to the principle of "High-Tech Buildings, Green Homeland Community and Beautifying Cities" and has always been dedicated to achieve zero emissions, zero carbon footprint, zero pollution, and reducing the heat island effect. The Company endeavors to enhance the comfort level of buildings, make coordination that meets the criteria of energy, comfort and the environment, and contribute to improved urban development and pleasant living environment.

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 elaborate with 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 bottoming-out. Affected by the sluggish employment situation and weakened 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 communications, 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 outcome 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 upgrades 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-driven 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.

Chairman's Statement

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 providing the Company with important capabilities and support in resolving debt risks. We will continue to strengthen in-depth links and foster extensive collaboration between 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 fight 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.

Chairman's Statement

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

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

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 square metres ("sq.m.") of property in terms of gross floor area ("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.

Management Discussion and Analysis

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

Province/Municipality	2022 Contracted Sales RMB'000	2022 GFA (in sq.m.) or units	2022 ASP RMB/sq.m. or unit	2021 Contracted Sales RMB'000	2021 GFA (in sq.m.) or units	2021 ASP 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		

Management Discussion and Analysis

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.*

Management Discussion and Analysis

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 approximately 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 report.

Net change in fair value of investment properties

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.

Management Discussion and Analysis

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 report.

Management Discussion and Analysis

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

Management Discussion and Analysis

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 for the financial year ended 31 December 2022: Expenditure in respect of properties under development	**14,254,047**	17,235,570

Management Discussion and Analysis

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 "Directors"), 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 recognised 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 for the financial year ended 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 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 the consolidated financial statements for the year ended 31 December 2022 in this report 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 three 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 announcement of the Company dated 17 November 2022 and the circular of the Company dated 31 October 2023.

Disposal of equity interests of an associate of the Company

On 19 October 2023, Hunan Contemporary Jiuyuan Enterprise Management Co. Limited* (湖南當代久遠企業管理有限公司), an indirect wholly-owned subsidiary of the Company (the "Vendor") entered into an equity transfer agreement with Changsha Junchi Enterprise Management Co. Limited* (長沙駿馳企業管理有限公司), a limited liability company established under the laws of the PRC (the "Purchaser") and Changsha Taixi Real Estate Development Co. Limited* (長沙泰熙房地產開發有限公司), a company established in the PRC with limited liability and owned as to 80% by the Purchaser and 20% by the Vendor (the "Target Company"), whereby (1) the Vendor agreed to sell and the Purchaser agreed to purchase 20% of the equity interest of the Target Company at nil consideration; and (2) the Vendor agreed to waive RMB23,800,000 of a shareholder loan owed by the Target Company to the Vendor, and the Target Company agreed to repay the remainder of the shareholder loan, being RMB5,800,000, to the Vendor. The entering into of the above-mentioned equity transfer agreement constituted a discloseable transaction of the Company under Chapter 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

For further details about the discloseable transaction, please refer to the announcement of the Company dated 19 October 2023.

CORPORATE GOVERNANCE REPORT

The Board is committed to high standards of corporate governance and recognises that good governance is vital for the long-term success and sustainability of the Company's business.

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.

At the forthcoming annual general meeting to be held on 29 November 2023 (the "AGM"), an ordinary resolution will be proposed to consider, confirm and ratify the inability to hold the 2022 annual general meeting of the Company in accordance with the Articles of Association and the Listing Rules (and non-compliances resulted therefrom) and to effect the matters required by the Articles of Association at such AGM (including but not limited to the rotation of the Directors and the appointment of auditors).

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") 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 during the year under review. The shareholdings of the Directors, chief executive and substantial Shareholders are detailed in the "Directors' Report" of this report.

BOARD OF DIRECTORS

As at 31 December 2022, the Board comprises eight Directors, which is chaired by Mr. Zhang Peng, consists of three executive Directors, two non-executive Directors and three independent non-executive Directors. The composition of the Board ensures a balance of skills and experience appropriate for the requirements of the business of the Group and the issuance of independent opinion. Brief biographies of the existing Directors are included in the section headed "Profiles of Directors and Senior Management" of this report.

Corporate Governance Report

The Directors during the year were:

Executive Directors

Mr. Zhang Peng *(appointed as Chairman on 9 November 2022, President)*
Mr. Zhang Lei *(resigned as Chairman on 9 November 2022)*
Mr. Chen Yin

Non-executive Directors

Mr. Chen Zhiwe (resigned on 24 March 2022)
Mr. Tang Lunfei (appointed on 24 March 2022)
Mr. Zeng Qiang
Mr. Fan Qingguo (resigned on 9 November 2022)

Independent Non-executive Directors

Mr. Hui Chun Ho, Eric
Mr. Cui Jian
Mr. Gao Zhikai
Mr. Liu Jiaping (resigned on 9 November 2022)

All executive Directors and non-executive Directors have entered into service contracts with the Company for a specific term of three years. Under the memorandum and articles of association of the Company (the "Memorandum and Articles of Association"), the Board is empowered to appoint any person as a Director to fill the casual vacancy or as an additional Director. The Board considers a candidate's experience, skill, knowledge, competency and ability to fulfil duty of care, diligence and fiduciary duty and/or recommendation (if any) by the nomination committee of the Company (the "Nomination Committee").

In compliance with Rules 3.10 and 3.10A of the Listing Rules, the Company has appointed three independent non-executive Directors (representing not less than one-third of the Board), one of whom possesses the appropriate professional qualifications in accounting and financial management. Each of the independent non-executive Directors confirmed his independence of the Company and the Company considered that, for the year ended 31 December 2022, each of them was independent in accordance with the guidelines of assessing independence as set out in Rule 3.13 of the Listing Rules. Each of the independent non-executive Directors has signed a letter of appointment with the Company for a specific term of three years.

Each independent non-executive Director confirmed that he has no cross directorship or significant links with other Directors through involvements in other companies or bodies and has not held 7th or more listed company directorship.

During the year, two out of three independent non-executive Directors have served the Company for more than 9 years.

Pursuant to the Articles of Association, (i) any Director appointed as an addition to the existing Board shall hold office until the next following annual general meeting of the Company and shall be eligible for re-election; (ii) all Directors appointed to fill a casual vacancy shall be subject to election by Shareholders at the first general meeting after his or her appointment; and (iii) at least one-third or, if the number is not a multiple of three, the nearest to one-third, of the Directors are subject to retirement from office by rotation and re-election at the annual general meeting of the Company once every three years. Accordingly, Mr. Zhang Peng, Mr. Zhang Lei, Mr. Chen Yin and Mr. Tang Lunfei will retire and, being eligible, will offer themselves for re-election at the AGM. All other Directors will continue in office. Details of the Directors to be re-elected at the forthcoming AGM to be held on 29 November 2023 are set out in the circular dated 31 October 2023.

Corporate Governance Report

All Directors have given sufficient time and attention to the affairs of the Group and, in particular, the non-executive and independent non-executive Directors are responsible to provide the Board with their diversified expertise and professional advices. The Board is of the view that there is a balanced composition of executive, non-executive and independent non-executive Directors in the Board and the independent non-executive Directors are able to provide sufficient checks and balances to safeguard the interests of the Shareholders and the Group. The participation of the independent non-executive Directors in the Board meetings and Board committees meetings also provides independent judgement on the issues relating to strategy, policy, performance, accountability, conflict of interest and standards of conduct.

The Board members have timely access to information relating to the Group's business and will be provided with further documents and information upon request to enable them to make informed decisions. Minutes of Board meetings and Board committees meetings are kept by the company secretary of the Company (the "Company Secretary") and are opened for inspection at any reasonable time on reasonable notice by any Director. Minutes of Board meetings and Board committees meetings are recorded in sufficient details for the matters considered and decisions reached, including any concerns raised or dissenting views expressed by the Directors. Draft and final versions of minutes are sent to all Directors for their comment and record respectively within a reasonable time after the meetings are held. All Directors are entitled to have access to the Board papers and related materials. These papers and related materials are in a form and quality sufficient to enable the Board to make informed decisions on matters placed before it. Queries raised by the Directors are given a prompt and full response by the Board.

The Board members have no financial, business, family or other material/relevant relationship with each other. Such balanced Board composition is formed to ensure strong independence across the Board.

DIRECTORS' LIABILITY INSURANCE AND INDEMNITY

The Company has purchased appropriate and sufficient liability insurance to indemnify its Directors and senior officers in respect of legal actions against the Directors and senior officers.

RESPONSIBILITY OF THE BOARD

The Board is in charge of leadership and control of the Group and is responsible for maximising the Group's financial performance and making decisions in the best interests of the Group and its Shareholders.

Under the leadership of the Chairman, the Board is also responsible for formulating and overseeing the business strategies and policies of the Group, approving and monitoring annual budgets and business plans, reviewing operational and financial performance, reviewing and monitoring the Group's financial control, risk management and internal control systems. Key terms and conditions are set out in the Directors' services contracts upon their appointment. The Board has delegated the daily operation and day-to-day management of the Group as well as the implementation of the Board's policies and strategies to executive Directors and the management of the Group with clear directions, in particular, where management should report back and obtain prior Board approval before making decisions or entering into any commitments on behalf of the Group. Such delegation arrangement is regularly reviewed in order to ensure its effectiveness.

BOARD MEETINGS AND GENERAL MEETING

The Board holds meetings regularly and meets at other time as and when required to review financial, internal and compliance controls, risk management, company strategy and operating performance of the Group. In addition, the Board holds general meetings to maintain an on-going dialogue with the Shareholders. For the year under review, the Board held 5 Board meetings and no general meeting was held.

Corporate Governance Report

The attendance of each Director at various Board, Board committees and general meetings from 1 January 2022 to 31 December 2022 is set out in the following table:

	Meetings Attended/Held					
	Board Meeting	**Audit Committee Meeting**	**Remuneration Committee Meeting**	**Nomination Committee Meeting**	**Environmental, Social and Governance Committee Meeting**	**General Meeting**
Executive Directors						
Mr. Zhang Peng	5/5	N/A	N/A	N/A	0/0	0/0
Mr. Zhang Lei	5/5	N/A	3/3	3/3	N/A	0/0
Mr. Chen Yin	5/5	N/A	N/A	N/A	N/A	0/0
Non-executive Directors						
Mr. Chen Zhiwei (resigned on 24 March 2022)	1/1	N/A	N/A	N/A	N/A	0/0
Mr. Tang Lunfei (appointed on 24 March 2022)	4/4	N/A	N/A	N/A	N/A	0/0
Mr. Zeng Qiang	5/5	N/A	N/A	N/A	N/A	0/0
Mr. Fan Qingguo (resigned on 9 November 2022)	3/3	N/A	N/A	N/A	N/A	0/0
Independent non-executive Directors						
Mr. Hui Chun Ho, Eric	5/5	1/1	N/A	3/3	0/0	0/0
Mr. Cui Jian	5/5	1/1	3/3	3/3	0/0	0/0
Mr. Gao Zhikai	5/5	1/1	3/3	3/3	0/0	0/0
Mr. Liu Jiaping (resigned on 9 November 2022)	3/3	N/A	N/A	N/A	0/0	0/0

Notice of at least 14 days for regular Board meetings and sufficient notice of reasonable days for ad hoc Board meetings (if any) were given to all Directors so as to ensure that (i) each of them had an opportunity to attend the meetings; (ii) each of them had an opportunity to include matters on the agenda; and (iii) the agenda and accompanying Board papers were given to all Directors in a timely manner. As agreed by the Board, the Directors may also seek independent professional advice at the Company's expense. During the intervals between Board meetings, the senior management of the Company provides the Directors with information on a timely basis regarding all major developments or changes in the Group's businesses.

Should a Director have a potential conflict of interest in a matter being considered in the Board meeting, he or she will abstain from voting in respect of the relevant resolution. Independent non-executive Directors with no conflict of interest will be present at the meetings to deal with such issues. Where material conflict of interest arises, a physical Board meeting with the attendance of the independent non-executive Directors will be held.

Full Board or Board committees documents were sent to all Directors or committee members at least three days (or number of days which should be reasonable and adequate) before the intended date of a Board meeting or Board committees meeting.

Corporate Governance Report

The management has supplied the Board and its committees with adequate information and explanations so as to enable it to make an informed assessment of the financial and other information put before the Board and its committees for approval. The Management is also invited to attend the Board or Board committees meetings where appropriate.

All Directors are also entitled to have access to timely information such as monthly updates in relation to the Company's businesses and have separate and independent access to senior management of the Company.

DIRECTORS' TRAINING

During the year, all Directors were provided with materials on the Group's business, operations and financial matters as well as regular updates on applicable legal and regulatory requirements. These updates aim at enhancing the Directors' knowledge and skills and assisting them to comply with good corporate governance practices.

In addition, every newly appointed Director will receive an instruction and Directors' training on the first occasion of his or her appointment, so as to ensure that he or she has a proper understanding of the operations and business of the Company, his or her responsibilities under the laws and regulations and especially the governance policies of the Company.

In 2022, the Directors have participated in various training and continuous professional development activities and the summary of which is as follows:

	Types of training
Executive Directors	
Mr. Zhang Peng	A,B
Mr. Zhang Lei	A,B
Mr. Chen Yin	A,B
Non-executive Directors	
Mr. Chen Zhiwei (resigned on 24 March 2022)	A,B
Mr. Tang Lunfei (appointed on 24 March 2022)	A,B
Mr. Zeng Qiang	A,B
Mr. Fan Qingguo (resigned on 9 November 2022)	A,B
Independent non-executive Directors	
Mr. Hui Chun Ho, Eric	A,B
Mr. Cui Jian	A,B
Mr. Gao Zhikai	A,B
Mr. Liu Jiaping (resigned on 9 November 2022)	A,B

A: attending relevant seminars and/or conferences and/or forums; delivering speeches at relevant seminars and/or conferences and/or forums

B: reading newspapers, journals and articles

Corporate Governance Report

CHAIRMAN AND PRESIDENT

For the reporting year, the positions of Chairman and President were held by Mr. Zhang Lei and Mr. Zhang Peng respectively with clear distinction in responsibilities. On 9 November 2022, Mr. Zhang Lei resigned as Chairman and Mr. Zhang Peng was appointed as Chairman and also acting as President.

The Company deviates from the Code Provision C.2.1 of the CG Code that stipulates the roles of chairman and chief executive should be separate and should not be performed by the same individual. The Company believes that Mr. Zhang Peng acts as both Chairman and President would provide effective and efficient leadership and overall management of the Group and the Board. The Company considers that the balance of power and authority, accountability and independent decision-making under the present arrangement would not have been impaired in light of the diverse background and experience of the Board members and the division of responsibilities between the Chairman and President has been clearly established and set out in writing.

The Chairman, was responsible for the management and leadership of the Board to formulate overall strategies and business development directions for the Group, so as to ensure that adequate, complete and reliable information was provided to all Directors in a timely manner, and to ensure that the issues raised at the Board meetings were explained appropriately.

One of the important roles of the Chairman is to provide leadership for the Board. The Chairman is responsible for ensuring that the Board works effectively and performs its responsibilities, and that all key and appropriate issues and adequate information are accurate, clear, complete, reliable and being discussed in a timely manner. The Chairman is primarily responsible for drawing up and approving the agenda for each Board meeting and ensuring all Directors are properly briefed on issues arising at the Board meetings. He takes into account, where appropriate, any matters proposed by other Directors for inclusion on the agenda. The Chairman may delegate this responsibility to a designated Director or the Company Secretary. The Chairman also takes primary responsibility for ensuring that good corporate governance practices and procedures are established. The Chairman encourages all Directors to make a full and active contribution to the Board's affairs and take the lead to ensure that it acts in the best interests of the Company. The Chairman promotes a culture of openness and actively encourages the Directors (including non-executive Directors) with different views to voice their concerns, allows sufficient time for discussion of issues and ensures that Board decisions fairly reflect Board consensus under constructive relations between executive and non-executive Directors. The Chairman holds a meeting with the independent non-executive Directors without the presence of other Directors at least annually.

The President, is responsible for the daily operations of the Group and the implementation of business policies, objectives and plans as formulated and adopted by the Board, and is accountable to the Board for the overall operation of the Group.

ACCOUNTABILITY AND AUDIT

The Directors acknowledge their responsibility to present a balanced, clear and understandable assessment of the Group's performance, position and prospects in the consolidated financial statements of the annual and interim reports in accordance with statutory requirements and applicable accounting standards. Pursuant to Code Provision D.1.1 of the CG Code, the Management have provided sufficient explanation and information to the Board to enable the Board to make an informed assessment of the financial and other information put before the Board for approval.

In preparing the financial statements for the year ended 31 December 2022, the Directors have selected appropriate accounting policies and applied them consistently, and have made judgements and estimates that are prudent and reasonable, and prepared accounts on a going concern basis.

Corporate Governance Report

RISK MANAGEMENT AND INTERNAL CONTROL

The Board has the responsibility to maintain appropriate and effective risk management (including environmental, social and governance risks) and internal control systems in order to safeguard the interest of the Group and the Shareholders, review and monitor the effectiveness of the internal control and risk management systems (including environmental, social and governance risks) on covering all material controls, including financial, operational and compliance controls, basis an annual to ensure that the systems in place are adequate.

The Group's risk management and internal control systems comprise, among others, the relevant financial, operational and compliance controls and risk management procedures, a well-established organisational structure with clearly defined lines of responsibility and authority. Each department is accountable for its daily operations and is required to implement the business strategies and policies adopted by the Board from time to time.

The internal audit department of the Company supported the Board and the audit committee of the Company (the "Audit Committee") in reviewing the effectiveness of risk management and internal control systems, performed its functions during the year following an annual audit plan and submitted their reports of their findings to the Board and the Audit Committee at the meetings. The Audit Committee provides independent review on effectiveness of the risk management and internal control systems of the Group and gives their recommendation to the Board. The Board is responsible for reviewing the internal audit report and approving policies and procedures designed by the Management.

The Board conducted a review and assessment of the effectiveness of the Group's risk management (including environmental, social and governance risks) and internal control systems and procedures during the financial year ended 31 December 2022 by way of discussions with the Management, members of the Audit Committee and the external independent auditor.

The Board is of the view that the existing risk management and internal control systems are adequate and effective. The Board also reviewed the resources, qualification and experience of staff of the Group's accounting and financial reporting function and their training schemes and budget and was satisfied with their adequacy.

The Board also assessed the effectiveness of the Group's internal audit function and external audit process, and satisfied itself, through the work of its Audit Committee, that the internal audit function is adequately resourced and is effective at providing assurance to the Board on the relevant risks faced by the Company, and that the external audit process is effective.

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for preparing the financial statements of the Group in accordance with statutory requirements and applicable accounting standards. The Directors also acknowledge their responsibilities to ensure that the financial statements of the Group are published in a timely manner.

As a result of the section headed "Basis for Disclaimer of Opinion — Multiple Uncertainties Relating to Going Concern" in the "Independent Auditor's Report" on pages 55 to 57 of this report, the Company's external auditor did not express an opinion on the consolidated financial statements of the Group for the year ended 31 December 2022.

The Directors have reviewed the Group's cash flow projections prepared by the management of the Group which cover a period of not less than 18 months from 31 December 2022 and have given due consideration to the matters that give rise to material uncertainties as to its ability to continue as a going concern. In addition, the Directors have also considered as to whether the Group will be able to achieve the plans and measures as mentioned in Note 3(a)(ii) to the consolidated financial statements for the financial year ended 31 December 2022 in this report.

Corporate Governance Report

The Directors consider that, assuming the success of all assumptions, plans and measures, mentioned in Note 3(a)(ii) to the consolidated financial statements for the financial year ended 31 December 2022 in this report, the Group will have sufficient working capital to finance its operations and meet its obligations as and when they fall due for at least 18 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.

The Audit Committee has discussed with the Board and the Group's management regarding the going concern issue, and with the orderly implementation of the plans and measures regarding debt restructuring resolution, agreed with the position taken by the Group's management and the Board regarding the accounting treatment adopted by the Company.

The Audit Committee also discussed and understood the concerns of the Auditor that uncertainties exist as to whether the Group's management will be able to achieve its plans and measures. There is no disagreement by the Board, the Group's management nor the Audit Committee with the position taken by the Auditor regarding the going concern issue.

Further details on the material uncertainties relating to the Group's going concern, certain plans and measures are set out in Note 3(a)(ii) to the consolidated financial statements for the financial year ended 31 December 2022 in this report.

Save as disclosed above, the Directors were not aware of any material uncertainties which may cast significant doubt upon the Company's ability to continue as a going concern.

The reporting responsibilities of our Company's external auditor on the financial statements of the Group are set out in the "Independent Auditor's Report" in this report.

DIVIDEND POLICY

The Board has adopted the "Dividend Policy" on 15 January 2019 in recommending dividends, to allow the Shareholders to participate in the Company's profits and enable the Company to retain adequate reserves for future growth, which provides that subject to the approval of the Shareholders and requirement of the relevant law, the Company shall pay annual dividends to the Shareholders if the Group is profitable, operations environment is stable and there is no significant investment or commitment made by the Group.

The proposed dividend payout shall be based on the Company's capacity to pay from accumulated and future earnings, liquidity position and future commitments at the time of declaration of dividend with reference to the Group's actual and expected financial performance, the Group's expected working capital requirements and future expansion plans, the Group's debt to equity ratios, any restrictions on payment of dividends that may be imposed by the Group's lenders, general economic conditions, business cycle of the Group's business, dividends received from the Company's subsidiaries and associates, the Shareholders' and investors' expectation and industry's norm and any other factors that the Board deems relevant. The Board may from time to time pay to the Shareholders such interim dividends as appear to the Directors to be justified by the profits of the Group.

BOARD COMMITTEES AND CORPORATE GOVERNANCE FUNCTIONS

In order to achieve good corporate governance practices and procedures, the Board has established four Board committees, namely the Audit Committee, the Environmental, Social and Governance Committee, the Nomination Committee and the Remuneration Committee, to oversee the relevant aspects of the Company's affairs and report back to the Board on their decisions, recommendations and findings. All Board committees are provided with sufficient resources to discharge their duties. Each Board committee has a written terms of reference that complies with the CG Code and ESG Reporting Guide which is available on the websites of the Company and the Stock Exchange respectively.

Corporate Governance Report

AUDIT COMMITTEE

Composition

As at 31 December 2022, the Audit Committee comprised three independent non-executive Directors, namely Mr. Hui Chun Ho, Eric (the chairman of the Audit Committee), Mr. Cui Jian and Mr. Gao Zhikai. None of them is a member of the former or existing external auditors of the Company. The Board is of the view that the members of the Audit Committee have sufficient accounting and financial management expertise and experience to discharge their duties. The Audit Committee is also authorised to obtain external legal or other independent professional advice if it considers necessary.

Major Responsibilities

The principal functions of the Audit Committee include:

- to make recommendations to the Board on the appointment, re-appointment and removal of external auditors, to approve the remuneration and terms of engagement of the external auditor, and to handle any questions of resignation or dismissal of that auditor;

- to review and monitor the independence and objectivity of the external auditors and effectiveness of the audit process in accordance with applicable standards, and to discuss the nature and scope of the audit and related reporting responsibilities with the external auditor before the audit commences;

- to monitor integrity of the Company's financial statements and the Company's annual report and accounts, half-year report and, if prepared for publication, quarterly reports, and to review significant financial reporting judgements contained in them;

- to oversee the Company's financial reporting system, risk management and internal control systems; and

- to discuss with the Management about the system of internal control and ensure that Management has discharged its duty to have effective systems including the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training schemes and budget annually.

The Audit Committee also performs corporate governance procedures of the Company, including:

- to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board;

- to review and monitor the training and continuous professional development of Directors and senior management of the Company;

- to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

- to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors of the Company; and

- to review the Company's compliance with the code provisions and disclosure in the Corporate Governance Report of the Company.

The Audit Committee held one meeting in 2022 and conducted the following activities:

(i) reviewed the Group's annual results for 2021;

(ii) reviewed the audit plans and findings of the external auditor;

(iii) reviewed the internal control, risk management and financial matters pursuant to its terms of reference; and

(iv) made recommendation to the Board on the re-appointment of the external auditor and its remuneration.

The Audit Committee will also meet with the external auditor annually in the absence of the Management to discuss matters relating to any issues arising from audit and any other matters the auditor may wish to raise.

The Company has satisfied the relevant provision of the CG code in having at least one independent non-executive Director with appropriate professional qualification or accounting or related financial management expertise. Mr. Hui Chun Ho, Eric has the appropriate professional accounting experience and served as a chairman of the Audit Committee during the year.

AUDITOR'S REMUNERATION

For the year ended 31 December 2022, the external auditor's remuneration in respect of audit and non-audit services provided to the Group amounted to approximately RMB9 million and RMB0.15 million.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITTEE

Composition

The Environmental, Social and Governance ("ESG") Committee was established on 1 December 2021. As at 31 December 2022, the ESG Committee comprised an executive Director, Mr. Zhang Peng (the chairman of the ESG Committee) and three independent non-executive Directors, namely Mr. Hui Chun Ho, Eric, Mr. Cui Jian and Mr. Gao Zhikai.

Major Responsibilities

The primary duties of the ESG Committee include:

- to review the environmental, social and governance vision, objectives and strategies of the Group, review the progress made against related goals and targets annually, and provide recommendations to the Board;

- to review and assess the adequacy and effectiveness of the management framework for environmental, social and governance matters of the Company (if necessary);

- to adopt and update as necessary the Group's policies on environmental, social and governance to ensure compliance with legal and regulatory requirement;

- to review the major trends, as well as risks and opportunities related to environment, society and governance aspect. Report and provide suggestions in the relevant matters that significantly affect the operation of the Group and/or the interest of other important stakeholder;

- to supervise, review, evaluate and report to the Board;

Corporate Governance Report

- to monitor internal practices on Group's environmental, social and governance and provide suggestions for improvement of these practices;
- to review annual Environmental, Social and Governance report and recommend to the Board for approval, and recommend specific actions or decisions for the Board to consider in order to maintain the integrity of the environmental, social and governance report;
- to ensure that the annual Environmental, Social and Governance Report of the Company is prepared in accordance with the Environmental, Social and Governance Reporting Guide set out in Appendix 27 to the Listing Rules;
- to determine the appropriate international or national standards (if applicable) for the environment, society and governance, and monitoring and reporting on an annual basis; and
- to review the budgeting for environment, social and governance activities and the allocation of adequate facilities and resources.

NOMINATION COMMITTEE

Composition

As at 31 December 2022, the Nomination Committee comprised three independent non-executive Directors, namely Mr. Cui Jian (the chairman of the Nomination Committee), Mr. Hui Chun Ho, Eric and Mr. Gao Zhikai, and an executive Director, Mr. Zhang Lei.

Major Responsibilities

The primary duties of the Nomination Committee include:

- reviewing the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board at least once a year and making recommendations to the Board regarding any proposed changes to the Board for conforming to the strategy of the Company;
- identifying and nominating qualified individuals to act as Directors and making recommendations to the Board regarding such matters having due regard to the "Board Diversity Policy" and the "Nomination Policy" of the Company;
- to identify and recommend suitably qualified senior management candidates to the Board, as a supplement to any related vacant positions;
- to review the "Board Diversity Policy" as appropriate and make recommendations on any required changes to the Board for consideration and approval, and monitor its implementation so as to ensure its effectiveness, and make disclosure of its summary and the progress of its implementation in the corporate governance report on an annual basis;
- in performing duties, to consider the "Board Diversity Policy" with due regard for the benefits of diversity on the Board;
- to review the "Nomination Policy" for directors and to make disclosure of the summary of the same in annual report of the Company annually;

- where the Board proposes a resolution to elect an individual as an independent non-executive director at the general meeting, it should set out in the circular to Shareholders and/or explanatory statement accompanying the notice of the relevant general meeting:

  (i) the process used for identifying the individual and why the Board believes the individual should be elected and the reasons why it considers the individual to be independent;

  (ii) if the proposed independent non-executive director will be holding their seventh (or more) listed company directorship, why the Board believes the individual would still be able to devote sufficient time to the Board;

  (iii) the perspectives, skills and experience that the individual can bring to the Board; and

  (iv) how the individual contributes to diversity of the Board;

- assessing the independence of the independent non-executive Directors; and

- making recommendations to the Board regarding the appointment or re-appointment of Directors and succession planning for the Directors, in particular the Chairman and the President.

The chairman of the Nomination Committee shall attend the annual general meeting of the Company to answer the questions raised by the Shareholders on Director's nomination and other nomination policy matters.

The Nomination Committee shall meet at least once a year (or in accordance with the regulations of regulatory authorities applicable to the Company from time to time) at the time as required to discharge its duties. The meeting shall be convened and chaired by the chairman. For the year ended 31 December 2022, three meetings of the Nomination Committee were held to assess the independence of independent non-executive Directors and structure of the Board, review the renewal of director's service contract and review the changes in Chairman and Board members, etc.

NOMINATION POLICY

The Board has adopted the "Nomination Policy" on 15 January 2019 in relation to the nomination, appointment, re-appointment of new Directors and the nomination procedure of the Company, which provides that in evaluating and selecting any candidate for directorship, the Nomination Committee shall consider the candidates' character and integrity, professional qualifications, skills, knowledge and experience, independence, diversity on the Board, willingness to devote adequate time to discharge duties as a Board member and such other criteria that are appropriate to the business of the Company.

BOARD DIVERSITY POLICY

The Board has adopted the revised "Board Diversity Policy" on 15 January 2019 in relation to the nomination and appointment of new Directors, which provides that the selection of Board candidates shall be based on a range of diversity perspectives with reference to the Company's business model and specific needs, including but not limited to gender, age, race, language, cultural background, educational background, industry experience and professional experience.

The above measurements were also reviewed and adopted when the Nomination Committee reviewed the composition of the Board on an annual basis. After assessing the suitability of the Directors' skills and experience to the Company's business, the Nomination Committee confirmed that the existing Board was appropriately structured and no change was required.

Corporate Governance Report

The Board aims to achieve gender diversity by the appointment of one female director on or before 31 December 2024. To develop a pipeline of potential successors to the Board to achieve gender diversity, the Company has taken into account of diversity perspectives including gender diversity when considering candidates of senior management positions and in workforce hiring process. As at 31 December 2022, the ratio of male and female in the workforce (including senior management) is 67% and 33%, respectively. As such, the Company's workforce has achieved gender diversity between males and females.

MECHANISM FOR THE BOARD TO OBTAIN INDEPENDENT VIEW

The Board has established mechanisms to ensure independent views and input from any Director are conveyed to the Board for enhancing an objective and effective decision making.

The governance framework and the following mechanisms are reviewed annually by the Board, through its Nomination Committee, to ensure its duly implementation and effectiveness:

(i) communication channels have been established whereby independent non-executive Directors can express their views in an open and candid manner, and in a confidential manner, should circumstances require;

(ii) the Nomination Committee will assess the independence, qualification and time commitment of a candidate who is nominated to be a new independent non-executive Director before appointment and also the continued independence of existing independent non-executive Directors and their time commitments annually; and

(iii) the Nomination Committee will conduct the performance evaluation of the independent non-executive Directors annually to assess their contributions.

REMUNERATION COMMITTEE

Composition

As at 31 December 2022, the Remuneration Committee comprised two independent non-executive Directors, namely Mr. Gao Zhikai (the chairman of the Remuneration Committee) and Mr. Cui Jian, and an executive Director, Mr. Zhang Lei.

Major Responsibilities

The primary duties of the Remuneration Committee include:

- making recommendations to the Board on the Company's policies and structures for all remuneration of the Directors and senior management of the Company and on the establishment of a formal and transparent procedure for developing policy on such remuneration;

- making recommendations to the Board on the remuneration package of Directors and senior management of the Company; and

- considering salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group.

The amount of the executive Directors' remuneration is determined by the Remuneration Committee on the basis of the relevant executive Directors' experience, responsibility, workload and the time devoted to the Group. The Directors' remuneration is reviewed by the Remuneration Committee from time to time.

Corporate Governance Report

The Remuneration Committee may also consult the Chairman on proposals relating to the remuneration of other executive Directors and has access to independent professional advice if necessary. For the year ended 31 December 2022, the Remuneration Committee held three meetings and conducted the following activities:

(i) reviewed the remuneration policy of the Group and Directors' remunerations;

(ii) reviewed and recommended the remuneration package of individual Directors and senior management of the Company;

(iii) performed review for individual package of changes in Board from time to time; and

(iv) reviewed the exercise of the Share Option Scheme (as defined below) for the financial year ended 31 December 2022. No option has been granted, exercised or canceled to any participant during the year from 1 January 2022 to 31 December 2022, for details please refer to Note 36 to the consolidated financial statements for the financial year ended 31 December 2022 in this report and the section headed "Share Option Scheme" below.

REMUNERATION POLICY

The Group has adopted the remuneration policy for employees at all levels of the Group with the following measures:

- Competitiveness: market competitiveness is assessed by benchmarking against a predetermined target market positioning for comparable jobs including base salary, allowances, bonus and retirement benefits;
- Evaluation: all employees' performance will be fairly assessed once a year; and
- Equity: the Company ensures that its staff are paid in line with the size of the job, individual skills and performance, and free from any forms of bias.

FIVE HIGHEST PAID INDIVIDUALS

The five highest paid individuals included two Directors for the year ended 31 December 2022 (2021: 2 Directors). The emoluments of the remaining three highest paid individuals for the year ended 31 December 2022 (2021: remaining 3 highest paid individuals) are as follows:

	2022 RMB'000	2021 RMB'000
Employees		
— Basic salaries and allowances	**2,595**	3,986
— Bonus	**–**	856
— Retirement benefit contributions	**402**	454
— Share-based payment	**142**	946
	3,139	6,242

During the year, no emoluments were paid by the Group to the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

Corporate Governance Report

COMPANY SECRETARY

For the year ended 31 December 2022, in compliance with Rule 3.28 of Listing Rules, the Company Secretary is qualified and with relevant experience to discharge his responsibilities. Whilst the Company Secretary reports to the Chairman and the Chief Executive Officer, he is responsible for giving advice to the Board on corporate governance matters in order to assist the Group to cope with the changing regulatory environment and to suit different commercial needs. The Company Secretary's selection, appointment or dismissal are subject to the Board's approval.

For the year ended 31 December 2022, the Company Secretary is an external solicitor and had complied with Rule 3.29 of the Listing Rules by taking no less than 15 hours of relevant professional training. The primary corporate contact person is Mr. Zhang Peng, Chairman, President and executive Director.

MEMORANDUM OF ASSOCIATION AND ARTICLES OF ASSOCIATION

There were no significant changes in the constitutional documents of the Company during the year ended 31 December 2022. The Company proposes to seek Shareholders' approval at the AGM to amend the Memorandum and Articles of Association in order to bring them in line with the relevant requirements of the Listing Rules and the Companies Act, Cap. 22 (Act 3 of 1961, as consolidated and revised) of the Cayman Islands. For details, please refer to the announcement of the Company dated 30 October 2023 and the circular of the Company dated 31 October 2023 in relation to the AGM.

CORPORATE COMMUNICATION AND INVESTOR RELATIONS

The major task and objective of the Group's investor relations is to clearly introduce the Group, including the business positioning, existing operations and future development of the Group, to the media, the Shareholders, investors, analysts and investment banks through different communication channels. In future, the Group shall further enhance communication with the media, the Shareholders, investors, analysts and investment banks on various aspects such as development strategies, operation and management, financial prospects and business operation through meetings, senior management's participation in investor forums, conferences and roadshows. The Group is confident in establishing and maintaining a good relationship with the international capital institutions through the continued enhancement of information transparency.

The Group emphasises the importance of maintaining good communication with the Shareholders, so as to increase the Company's transparency and understanding by the Shareholders. To enable that the Shareholders are effectively informed of the Group's status and developments, the Group issues announcements, circulars, notices, interim and annual reports in a timely manner. To enhance the Company's transparency, other information about the Company is published at the Company's website (www.modernland.hk).

WHISTLEBLOWING POLICY

The Group has adopted a whistleblowing policy for employees and those who deal with the Group (e.g. customers and suppliers) to raise concerns (which will be escalated to Audit Committee where appropriate), in confidence and anonymity, about possible improprieties in any matter related to the Group.

The whistleblowing policy sets out a reporting mechanism which is designed to help mitigate legal, financial, operational and reputational risks to the Group. The primary objectives of this policy is to provide assurance to anyone who makes a report in good faith that they will not be subjected to retaliation of any kind.

ANTI-CORRUPTION POLICY

The Group has adopted anti-corruption policy to reaffirm its commitment as part of a comprehensive and robust anti-corruption and anti-bribery compliance programs to provide guidance to all relevant parties about compliance with anti-corruption laws. The Group takes a zero tolerance approach to bribery and corruption and is committed to acting professionally, fairly and with integrity in our business dealings and corporate relationships.

ANNUAL GENERAL MEETING

The Company's annual general meetings allow the Directors to meet and communicate with the Shareholders and to answer any queries that the Shareholders may have. An external independent auditor is also present at the annual general meetings. The Chairman will propose separate resolutions for each issue to be considered at the annual general meetings. A notice of annual general meeting is delivered to all Shareholders at least twenty (20) clear business days prior to the date of the meeting, setting out details of each proposed resolution and other information. The chairman of the general meetings of the Company would explain the procedures for conducting a poll before putting a resolution to vote. Voting results are posted on the websites of the Company and of the Stock Exchange, respectively.

SHAREHOLDERS' RIGHTS

The general meetings of the Company provide an opportunity for communication between the Shareholders and the Board. An annual general meeting of the Company shall be held each year and at the place as may be determined by the Board. Each general meeting, other than an annual general meeting, shall be called an extraordinary general meeting.

PROCEDURES FOR SHAREHOLDERS TO CONVENE AN EXTRAORDINARY GENERAL MEETING AND TO PUT FORWARD PROPOSALS THEREAT

The following procedures for the Shareholders to convene an extraordinary general meeting are prepared in accordance with Article 58 of the Articles of Association:

(1) One or more Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company shall have the right, by written requisition to the Board or the Company Secretary, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition.

(2) The written requisition must state the objects of the meeting, and must be signed by the Shareholder(s) concerned and may consist of several documents in like form, each signed by one or more of those Shareholders.

(3) The requisition shall be made in writing to the Board or the Company Secretary via mail to the Company's principal place of business in Hong Kong at 18/F, Shanghai Commercial Bank Tower, 12 Queen's Road Central, Central, Hong Kong.

Corporate Governance Report

(4) The extraordinary general meeting shall be held within two months after the deposit of the requisition.

(5) If the Directors fail to proceed to convene the extraordinary general meeting within twenty-one (21) days of the deposit of such requisition, such Shareholder(s) may do so in the same manner, and all reasonable expenses incurred by the Shareholder(s) as a result of the failure of the Board shall be reimbursed to the Shareholder(s) by the Company.

PROPOSALS FOR PROPOSING A PERSON FOR ELECTION AS A DIRECTOR

Subject to applicable laws and regulations, including the Companies Law of the Cayman Islands, the Listing Rules and the Articles of Association as amended from time to time, the Company may from time to time in a general meeting by ordinary resolution elect any person to be a Director either to fill a casual vacancy or as an additional Director.

A Shareholder may propose any person (the "Person") for election as a Director by lodging the following documents at the Company's principal place of business in Hong Kong at 18/F, Shanghai Commercial Bank Tower, 12 Queen's Road Central, Central, Hong Kong:

(1) a notice in writing signed by the Shareholder concerned of his/her/its intention to propose the Person as a Director with full particulars of the Person including his/her full name and biographical details as required under Rule 13.51(2) of the Listing Rules; and

(2) a notice in writing signed by the Person of his/her willingness to be elected as a Director.

Such notices shall be lodged at least seven (7) days prior to the date of the general meeting and the period for lodgement of such notices shall commence no earlier than the day after the despatch of the notice of the general meeting appointed for such election and shall be at least seven (7) days in length.

PROCEDURES FOR RAISING ENQUIRIES

The Company, under the leadership of the Chairman, has adopted a Shareholders' communication policy, to ensure that appropriate steps are taken to provide effective communication with Shareholders and that their views are communicated to the Board as a whole:

(1) the Shareholders may direct their questions about their shareholdings to the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited.

(2) the Shareholders may at any time send their enquires and concerns to the Board in writing through the Company Secretary whose contact details are as follows:

Modern Land (China) Co., Limited
18/F, Shanghai Commercial Bank Tower
12 Queen's Road Central, Central, Hong Kong
Fax: (852) 2187 3619
Email: ir.list@modernland.hk

(3) the Shareholders may also make enquiries with the Board at general meetings of the Company.

PROFILES OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Zhang Peng (張鵬先生), aged 48, is an executive Director and the executive president of the Company and was appointed as the Chairman of the Board on 9 November 2022. He graduated from North Minzu University (formerly known as "Beifang University of Nationalities") (北方民族大學) in 1997 with a bachelor's degree in Law. Mr. Zhang is a director and president of Modern Green Development Co., Ltd. ("Modern Green Development"), a subsidiary of the Company, a director of New Power (Beijing) Architectural Technology Co., Ltd. (新動力(北京)建築科技有限公司) ("Beijing New Power") and certain subsidiaries and project companies of the Group. Mr. Zhang is a controlling shareholder of First Moma Sports Cultural Development (Beijing) Company Limited (第一摩碼體育文化發展(北京)股份有限公司) ("First Moma Sports") and Bigger Eco Technology (Xi'an) Co., Ltd. (倍格創業生態科技(西安)股份有限公司) ("Bigger Eco Technology"). First Moma Sports and Bigger Eco Technology have been quoted on the National Equities Exchange and Quotations System since 17 August 2017 and 7 March 2019, respectively. Mr. Zhang has been appointed as the chairman of the board of directors and a non-executive director of First Service Holding Limited (Stock Code:2107), the shares of which has been listed on the Main Board of the Stock Exchange since October 2020.

Mr. Zhang joined the Company in November 2001. He was the chief human resources officer, vice president and chief operating officer of Modern Green Development. Mr. Zhang is familiar with real estate project management and property development based on green technologies. He is also the vice chairman of China Real Estate Chamber of Commerce (全聯房地產商會) ("CRECC") and the chairman of Refined Decoration Branch of CRECC (全聯房地產商會精裝產業分會).

Mr. Zhang Lei (張雷先生), aged 61, is an executive Director and the founder of the Group and acted as the Chairman of the Board up to 9 November 2022. He was responsible for strategic planning, Board management and overall management of the Group. Mr. Zhang is a director of Modern Green Development, a subsidiary of the Company. He is also a director of certain subsidiaries and project companies of the Group in Hong Kong and North America.

Mr. Zhang has more than 20 years of experience in the real estate business in the PRC. From July 1985 to February 1995, he worked as a department manager in the aspect of talents information management and exchange at China International Talent Exchange Center (中國國際人才交流中心), which is a State-owned enterprise. From February 1995 to July 2000, he worked for his controlled entity, Zhongji Real Estate Development Co., Ltd. (中際房地產開發有限公司), as the general manager. Mr. Zhang founded our Group in 2000. In January 2005, Mr. Zhang received an Executive Master of Business Administration degree from Tsinghua University (清華大學).

Mr. Chen Yin (陳音先生), aged 67, is an executive Director, the chief technology officer and a general engineer of the Group. Mr. Chen is responsible for R&D and project management in our Group. He is also a director of each of Modern Green Development and Beijing New Power.

Mr. Chen graduated from Beijing University of Civil Engineering and Architecture (北京建築工程學院) in July 1982 with a bachelor's degree in Heat Energy Engineering. In January 2007, Mr. Chen received a master's degree in Business Administration from Renmin University of China (中國人民大學).

From 1982 to 1987, Mr. Chen taught in Beijing University of Civil Engineering and Architecture (北京建築工程學院). From July 1987 to May 2001, Mr. Chen worked for Sinotrans Limited (中國外運集團) as a deputy general manager of Sinotrans Real Estate Development Company, where he was mainly responsible for management of infrastructure projects and development of real estate projects. Meanwhile, Mr. Chen served as a member of the expert committee at the Center for Housing Industrialisation of the Ministry of Housing and Urban-Rural Development, a member of China Green Building Council at Chinese Society for Urban Studies and a member of the expert committee on Real Estate Technology Policy of China Property Association. Mr. Chen joined us in May 2001. Mr. Chen Yin is a well-known expert in the architectural energy-saving field. He is a member of the Committee on Green Architectures of Architectural Society of China and Renewable Energy Resource Society of China. Mr. Chen has more than 30 years of experience in the real estate business in the PRC.

Profiles of Directors and Senior Management

NON-EXECUTIVE DIRECTORS

Mr. Tang Lunfei (唐倫飛先生), aged 45, is a non-executive Director and was appointed to our Board on 24 March 2022. Mr. Tang has been serving for China Cinda (HK) Asset Management Co., Limited as Risk and Compliance Officer since July 2019. He served for China Cinda Asset Management Corporation, Chengdu office as business manager between 2003 and 2005. From 2005 to 2006, he worked at the Financial Stability Bureau of the People's Bank of China, where he engaged in resolving the risks associated with securities companies. From 2007 to 2012, he successively worked for Cinda Securities Company Limited in the Security Investment Department and Investment Banking Department as senior investment manager and business director. From 2012 to 2019, he worked for China Cinda Asset Management Co., Ltd. in the Investment and Financing Department, Asset Management Department and Business Review Department as the chief and specialised approver. He graduated from School of Economics, Sichuan University in 2003, with a master's degree in national economics.

Mr. Zeng Qiang (曾強先生), aged 38, is a non-executive Director and was appointed to our Board on 16 September 2020. He joined China Great Wall AMC (International) Holdings Company Limited ("Great Wall International) in 2017 and currently holds the position of director, Investment Banking Department. Mr. Zeng is mainly responsible for investment, financing and project management. Prior to joining Great Wall International, Mr. Zeng served as the investment supervisor of the investment development department of a real estate company listed in Hong Kong, responsible for acquiring new projects directly from government land auctions, market acquisitions and other channels, and taking part in investor relations and government relations. He also served as a senior manager of the international business department of the same company, responsible for the acquisition of real estate projects in overseas countries including South Africa and New Zealand, as well as offshore financing. He has more than 16 years of experience in overseas real estate investments, mergers and acquisitions and restructuring and disposal of non-performing assets and other fields.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Hui Chun Ho, Eric (許俊浩先生), aged 49, is an independent non-executive Director and was appointed to our Board on 14 June 2013. In addition, Mr. Hui is currently the financial controller and company secretary of Hong Kong Finance Group Limited (stock code: 1273) and an independent non-executive director of ECI Technology Holdings Limited (stock code: 8013). Before joining the above companies, Mr. Hui worked for an international accounting firm and hold several senior positions in other listed companies in Hong Kong. Mr. Hui is a fellow member of both Hong Kong Institute of Certified Public Accountants and The Association of Chartered Certified Accountants, and an associate member of The Taxation Institute of Hong Kong. In 1998, Mr. Hui received his bachelor's degree in Accounting from The Hong Kong Polytechnic University and was awarded a master's degree in Business Administration with distinction by The University of Manchester, United Kingdom in 2013. Mr. Hui has extensive professional experience in auditing, financial accounting and reporting, company secretarial matters and corporate finance.

Mr. Cui Jian (崔健先生), aged 53, is an independent non-executive Director and was appointed to our Board on 14 June 2013. Mr. Cui is currently the chairman of Beijing Zhixing Chuangxin Investment Management Co., Ltd. (北京知行創新投資有限公司). From January 2008 to December 2011, Mr. Cui worked as the general manager of Navi Capital (Beijing) Co., Ltd. (領航藍海投資諮詢(北京)有限公司). Before that, Mr. Cui worked for China Mobile Communications Corporation (中國移動通信集團公司) as the director in the Products and Marketing Department from March 1997 to December 2007 and China International Telecommunication Construction Corporation (中國通信建設總公司) as an engineer from July 1992 to March 1997. In December 2002, Mr. Cui obtained the senior engineer qualification certificate from China Mobile Communications Corporation (中國移動通信集團公司). Mr. Cui received his bachelor's degree in Communications Engineering from Changchun Institute of Posts and Telecommunications (長春郵電學院) in July 1992. In April 2001, he received his master's degree in International Management from The Australian National University. He also received an Executive Master of Business Administration degree from Peking University (北京大學) in July 2006.

Profiles of Directors and Senior Management

Mr. Gao Zhikai (高志凱先生), aged 61, is an independent non-executive Director and was appointed to our Board on 24 November 2020. Mr. Gao graduated from Yale Law School with a Juris Doctor degree in 1993. He also holds a master of arts degree in political science from the Graduate School of Yale University, a master's degree in English literature from Beijing Foreign Studies University and a bachelor's degree in English literature from Soochow University. Mr. Gao is a licensed attorney-at-law in the State of New York of the United States of America.

Over the past two decades, Mr. Gao has accumulated extensive experience by acting as a director or holding senior positions in various major corporations, both in China and internationally. He worked with major corporations, including PCCW Limited, Henderson Land Development Company Limited and CNOOC Limited ("CNOOC"). At CNOOC, Mr. Gao was a senior vice president, general counsel, company secretary, and a member of the CNOOC's Investment Committee, and a director of CNOOC International Limited, the holding company for all the overseas operating assets of CNOOC. He was a non-executive director and a member of the audit committee of Huanxi Media Group Limited (Stock Code: 1003) from 2015 to 2018. He was a non-executive director of Baytacare Pharmaceutical Co., Ltd.* (Stock Code: 8197) from 2017 to 2018. Mr. Gao was also an executive vice president, managing director and co-chairman of China at Daiwa Capital Markets Hong Kong Limited, the legal counsel to the China Association of Mayors, and an independent director of each of Chongqing Changan Automobile Co., Ltd., Sunshine Insurance Group Corporation Limited and Inner Mongolia Erdos Cashmere Products Co., Ltd.. Mr. Gao was also the first secretary general of the China Private Equity Association (subsequently renamed as China Association of Private Equity) and the vice chairman of Sino-Europe United Investment Corporation.

Mr. Gao is currently an independent non-executive director of E-Commodities Holdings Limited (Stock Code: 1733). Mr. Gao is also the chairman of China Energy Security Institute, a vice president of Center for China and Globalization and a consultant of Saudi Aramco. In addition, Mr. Gao is a member of the Global Council of Asia Society, a member of the International Advisory Board of the Brookings Doha Energy Forum, a member of the International Advisory Board of the Energy Intelligence Group and the chairman of China Energy Security Institute.

* *The listing of the shares of Baytacare Pharmaceutical Co., Ltd. (Stock Code: 8197) on GEM was cancelled on 18 March 2020 pursuant to Rule 9.14A of the Rules Governing the Listing of Securities on GEM of the Stock Exchange.*

SENIOR MANAGEMENT

Mr. Wang Qiang (王強先生), aged 50, joined the Group in March 2002. He worked successively as the senior vice president of the financial planning centre of Modern Green Development, the general manager and the director of information operation centre of Hubei Wanxing Real Estate Co., Ltd.. Mr. Wang is currently the senior vice president of the Group and is responsible for the Company's financial capital lines and the Group's specialised process of financial plans and operations. Mr. Wang graduated from Tianjin University of Commerce (天津商學院) and obtained a diploma in Accounting in July 1996. He has nearly 20 years of experience in the real estate business in the PRC.

DIRECTORS' REPORT

The Board presents the annual report together with the audited consolidated financial statements of the Group for the financial year ended 31 December 2022.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Its subsidiaries are principally engaged in real estate development, property investment, hotel operation, real estate agency services and other services.

SUBSIDIARIES

Details of the principal subsidiaries of the Company as at 31 December 2022 are set out in Note 41 to the consolidated financial statements for the financial year ended 31 December 2022 in this report.

SEGMENT INFORMATION

An analysis of the Group's revenue and operating results for the year from principal activities is set out in Note 5 to the consolidated financial statements for the financial year ended 31 December 2022 in this report.

RESULTS AND DIVIDENDS

The Group's results and financial position for the year ended 31 December 2022 are set out in the consolidated statement of profit and loss and other comprehensive income and the consolidated statement of financial position on pages 58 to 61 of this report.

No interim dividend was paid (2021: HK$nil per Share). The Board does not recommend the payment of a final dividend for the year ended 31 December 2022 (2021: HK$nil per Share).

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

Details of movements in the investment properties and property, plant and equipment of the Group during the year under review are set out in Notes 12 and 13 to the consolidated financial statements for the financial year ended 31 December 2022 in this report, respectively. The Group's investment properties were revalued at the year end date. The revaluation resulted in a net decrease in fair value of RMB26,150,000, which has been charged directly to the consolidated statement of profit or loss and other comprehensive income.

SHARE CAPITAL

Details of the movements in the issued share capital of the Company are set out in Note 31 to the consolidated financial statements for the financial year ended 31 December 2022 in this report.

RESERVES AND DISTRIBUTABLE RESERVES

Details of the movements in the reserves of the Company and the Group during the year ended 31 December 2022 are set out in Note 40 to the consolidated financial statements and in the consolidated statement of changes in equity for the financial year ended 31 December 2022 in this report, respectively.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2022, purchases from the Group's five largest suppliers (excluding purchases of land) accounted for less than 25% of the Group's total purchases. Sales to the Group's five largest customers accounted for less than 25% of the Group's total turnover.

Save as disclosed in the consolidated financial statements for the financial year ended 31 December 2022, to the best knowledge of the Directors, none of the Directors, their close associates or any Shareholder owning more than 5% of the number of issued shares of the Company (the "Shares"), has any interest in the Group's five largest customers or five largest suppliers.

DIRECTORS

The Directors during the year and up to the date of this report were:

Executive Directors

Mr. Zhang Peng (appointed as *Chairman* on 9 November 2022, *President*)
Mr. Zhang Lei (resigned as *Chairman* on 9 November 2022)
Mr. Chen Yin

Non-executive Directors

Mr. Chen Zhiwei (resigned on 24 March 2022)
Mr. Tang Lunfei (appointed on 24 March 2022)
Mr. Zeng Qiang
Mr. Fan Qingguo (resigned on 9 November 2022)

Independent Non-executive Directors

Mr. Hui Chun Ho, Eric
Mr. Cui Jian
Mr. Gao Zhikai
Mr. Liu Jiaping (resigned on 9 November 2022)

In accordance with the Articles of Association, Mr. Zhang Lei, Mr. Zhang Peng, Mr. Chen Yin and Mr. Tang Lunfei will retire from office at the AGM and, being eligible, offer themselves for re-election. Details of the Directors to be re-elected at the forthcoming AGM to be held on 29 November 2023 are set out in the circular dated 31 October 2023.

The Company received from each of the independent non-executive Directors an annual written confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. Based on such information, the Company considered that, for the year ended 31 December 2022, the independent non-executive Directors were independent.

Directors' Report

DIRECTORS' BIOGRAPHIES

Biographical details of the Directors are set out in the section headed "Profiles of Directors and Senior Management" of this report.

DIRECTORS' SERVICE CONTRACTS

Mr. Zhang Peng re-entered into an appointment contract with the Company to act as an executive Director for a term of three years with effect from 27 January 2023. Each of Mr. Zhang Lei and Mr. Chen Yin re-entered into an appointment contract with the Company to act as an executive Director for a term of three years with effect from 14 June 2022. Mr. Zeng Qiang re-entered into an appointment contract with the Company to act as a non-executive Director for a term of three years with effect from 16 September 2023. Mr. Tang Lunfei entered into an appointment contract with the Company, pursuant to which he agreed to act as a non-executive Director for a term of three years with effect from 24 March 2022. Mr. Gao Zhikai entered into an appointment contract with the Company, pursuant to which he agreed to act as an independent non-executive Director for a term of three years with effect from 24 November 2020. Each of Mr. Cui Jian and Mr. Hui Chun Ho, Eric re-entered into an appointment contract with the Company to act as an independent non-executive Director for a term of three years with effect from 14 June 2022.

No Director has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTEREST IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS

Save for the relevant transactions as disclosed in Note 37 to the consolidated financial statements for the financial year ended 31 December 2022 and the connected transactions and continuing connected transactions set out in this report, none of the Directors or any entity connected with a Director had a material interest, whether directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group subsisting during the year ended 31 December 2022, nor any contract of significance had been entered into during the year ended 31 December 2022 between the Company or any of its subsidiaries and the controlling Shareholders or any of their subsidiaries.

MANAGEMENT CONTRACT

No contracts for the management and administration of the whole or any substantial part of the Group's business were entered into or existed during the year ended 31 December 2022.

REMUNERATION OF DIRECTORS AND FIVE INDIVIDUALS WITH HIGHEST EMOLUMENTS

Details of the emoluments of the Directors and five highest paid individuals are set out in Note 10 to the consolidated financial statements for the financial year ended 31 December 2022 in this report.

Directors' Report

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2022, the interests and short positions of the Directors and chief executives in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")), as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or pursuant to the Model Code, were as follows or as disclosed under the section headed "Share Option Scheme" below:

INTERESTS IN THE COMPANY (LONG POSITION)

Name of Director	Capacity/Nature of interest	Number of Shares	Approximate % of interest in the Company
Mr. Zhang Lei	Beneficiary of a trust *(Note 1)*	1,827,293,270	65.38%
	Beneficial owner *(Notes 2 & 6)*	16,227,890	0.58%
Mr. Zhang Peng	Interest in a controlled corporation *(Note 3)*	5,982,240	0.21%
	Beneficial owner *(Note 6)*	13,007,000	0.47%
Mr. Chen Yin	Interest in a controlled corporation *(Note 4)*	6,911,520	0.25%
Mr. Fan Qingguo	Interest in a controlled corporation *(Note 5)*	5,982,240	0.21%
Mr. Hui Chun Ho, Eric	Beneficial owner *(Note 6)*	800,000	0.03%

Note 1: Such 1,827,293,270 Shares are held by Super Land Holdings Limited as a registered holder. The entire issued share capital of Super Land Holdings Limited is wholly-owned by Fantastic Energy Holdings Limited, which in turn is wholly-owned by TMF (Cayman) Limited as the trustee of a family trust. The family trust is a discretionary trust established by Mr. Zhang Lei as the settlor and protector and the capital and income beneficiaries thereof include Mr. Zhang Lei, Mr. Salum Zheng Lee, the younger brother of Mr. Zhang Lei and their family members.

Note 2: 11,727,890 Shares out of the 16,227,890 Shares are beneficially held by Mr. Zhang Lei in his own capacity while the remaining 4,500,000 Shares are held pursuant to the share options granted under the Share Option Scheme (as defined below).

Note 3: Mr. Zhang Peng holds 100% of the issued share capital of Zhou Ming Development Ltd., which owns 5,982,240 Shares. Therefore, Mr. Zhang Peng is deemed to have the same interest in the Company.

Note 4: Mr. Chen Yin holds 100% of the issued share capital of Dragon Shing Technology Ltd., which owns 6,911,520 Shares. Therefore, Mr. Chen Yin is deemed to have the same interest in the Company.

Note 5: Mr. Fan Qingguo holds 100% of the issued share capital of Create Success Development Ltd., which owns 5,982,240 Shares. Therefore, Mr. Fan Qingguo is deemed to have the same interest in the Company and he resigned as Director on 9 November 2022.

Note 6: Among such share interest, Mr. Zhang Lei's interest in 4,500,000 Shares, Mr. Zhang Peng's interest in 4,500,000 Shares and Mr. Hui Chun Ho, Eric's interest in 800,000 Shares are held pursuant to the share options granted under the Share Option Scheme, details of which are set out in the section headed "Share Option Scheme" of this report.

Directors' Report

SHARE OPTION SCHEME

The Company adopted a share option scheme (the "Share Option Scheme") on 14 June 2013. A summary of the principal terms and conditions of the Share Option Scheme is set out as follows:

The purpose of the Share Option Scheme is to motivate the eligible participants to optimise their performance efficiency for the benefit of the Group and to attract and retain or otherwise maintain on-going business relationship with the eligible participants whose contributions are or will be beneficial to the long- term growth of the Group.

The participants of the Share Option Scheme include:

(i) any full-time or part-time employees, executives or officers of the Company or any of its subsidiaries;

(ii) any Directors (including independent non-executive Directors) of the Company or any of its subsidiaries; and

(iii) any advisors, consultants, suppliers, customers and agents of the Company or any of its subsidiaries.

Pursuant to the Share Option Scheme, the Company may grant share options to eligible participants entitling them to subscribe for up to 250,354,200 Shares, representing approximately 8.96% of the total number of issued shares as at the date of this report, being 2,794,994,650 Shares. The maximum entitlement of each participant under the Share Option Scheme in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue as of the date of grant. Any further grant of options in excess of this 1% limit shall be subject to:

(i) the issue of a circular by the Company which shall comply with Rules 17.03(4) and 17.06 of the Listing Rules containing the identity of the eligible participant, the numbers of and terms of the options to be granted (and options previously granted to such participant), and the information as required under Rule 17.02(2)(d) of the Listing Rules and the disclaimer required under Rule 17.02(4) of the Listing Rules; and

(ii) the approval of the Shareholders in general meeting and/or other requirements prescribed under the Listing Rules from time to time with such eligible participant and his close associates (or his associates if the participant is a connected person) abstaining from voting. The numbers and terms (including the exercise price) of options to be granted to such participant must be fixed before the Shareholders' approval and the date of the Board meeting at which our Board proposes to grant the options to such eligible participant shall be taken as the date of grant for the purpose of calculating the subscription price of the Shares. The Board shall forward to such eligible participant an offer document in such form as the Board may from time to time determine.

An option may be exercised in accordance with the terms of the Share Option Scheme at any time after the date upon which the option is deemed to be granted and accepted and prior to the expiry of 10 years from that date. The minimum period, if any, for which an option must be held before it may be exercised will be determined by the Board in its absolute discretion. Upon acceptance of the option, the grantee shall pay HK$1.00 to the Company by way of consideration for the grant.

Directors' Report

The exercise price of a Share in respect of any particular option granted under the Share Option Scheme shall be such price as the Board in its absolute discretion shall determine, save that such price will not be less than the highest of:

(i) the official closing price of the Shares as stated in the Stock Exchange's daily quotation sheets on the date of grant, which must be a day on which the Stock Exchange is open for the business of dealing in securities;

(ii) the average of the official closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and

(iii) the nominal value of a Share.

If the participant granted with the option is a Director, chief executive or substantial Shareholder of the Company or any of their associates, such grant shall be subject to the approval of independent non-executive Directors (other than the independent non-executive Directors granted with options). Subject to earlier termination by the Company in general meeting or by the Board, the Share Option Scheme shall be valid and effective for a period of 10 years up to 13 June 2023.

No option has been granted, exercised or canceled to any participant during the year from 1 January 2022 to 31 December 2022, the changes in the share options granted by the Company under the Share Option Scheme are as follows:

	1 January 2022 Opening	Granted	Exercised	Forfeited/ Lapsed	31 December 2022 Closing
Tranche Four Options — 7 July 2020					
Exercise price: HK$1.10					
Zhang Lei	4,500,000	–	–	–	4,500,000
Zhang Peng	4,500,000	–	–	–	4,500,000
Hui Chun Ho, Eric	800,000	–	–	–	800,000
Employees	32,500,000	–	–	(3,925,000)	28,575,000
Tranche Four Options — 7 July 2020	42,300,000	–	–	(3,925,000)	38,375,000
Total	**42,300,000**	**–**	**–**	**(3,925,000)**	**38,375,000**

Directors' Report

Note 1: For details of the vesting periods and exercise periods of the share options, please refer to Note 36 to the consolidated financial statements for the financial year ended 31 December 2022 in this report.

Note 2: Tranche One Options expired on 3 September 2019. Accordingly, no information of Tranche One Options is presented during the year ended 31 December 2022.

Note 3: Plan A and Plan B of Tranche Two Options expired on 10 July 2018 and 30 June 2019, respectively. Accordingly, no information of Tranche Two Options is presented during the year ended 31 December 2022.

Note 4: Tranche Three Options expired on 28 September 2021. Accordingly, no information of Tranche Three Options is presented during the year ended 31 December 2022.

Note 5: Tranche Four Options were granted on 7 July 2020.

The exercise periods of the share options may be determined by the Company at the time of the grant, and the share options shall be valid for no more than 10 years from the relevant date of the grant. As at 31 December 2022, share options to subscribe for 38,375,000 Shares remained outstanding. The number of options available for grant under the scheme mandate as at 1 January 2022 and 31 December 2022 were 208,054,200 Shares and 211,979,200 Shares, respectively. The additional information on the Share Option Scheme is set out in Note 36 to the consolidated financial statements for the financial year ended 31 December 2022 in this report.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE SHARES AND UNDERLYING SHARES

So far as is known to any Directors or chief executives of the Company, as at 31 December 2022, other than the interests and short positions of the Directors or chief executives of the Company as disclosed in the sections headed "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares or Debentures" and "Share Option Scheme" above, the following Shareholders had interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO:

Name	Capacity/Nature of interest	Number of Shares	Approximate % of interest in the Company
Super Land Holdings Limited	Registered holder *(Note 1)*	1,827,293,270	65.38%
Fantastic Energy Holdings Limited	Interest in a controlled corporation *(Note 1)*	1,827,293,270	65.38%
TMF (Cayman) Limited	Trustee *(Note 1)*	1,827,293,270	65.38%
Ms. Yu Jinmei	Interest of a spouse *(Note 2)*	1,843,521,160	65.96%
China Cinda (HK) Asset Management Co., Limited	Registered holder *(Note 3)*	267,877,500	9.58%
China Cinda (HK) Holdings Company Limited	Interest in a controlled corporation *(Note 3)*	267,877,500	9.58%
China Cinda Asset Management Co., Ltd.	Interest in a controlled corporation *(Note 3)*	267,877,500	9.58%
China Great Wall AMC (International) Holdings Company Limited	Registered holder *(Note 4)*	190,159,200	6.80%
China Great Wall Asset Management Co., Ltd.	Interest in a controlled corporation *(Note 4)*	190,159,200	6.80%

Note 1: Such 1,827,293,270 Shares are held by Super Land Holdings Limited as a registered holder. The entire issued share capital of Super Land Holdings Limited is wholly-owned by Fantastic Energy Holdings Limited, which in turn is wholly-owned by TMF (Cayman) Limited as the trustee of a family trust. The family trust is a discretionary trust established by Mr. Zhang Lei as the settlor and protector and the capital and income beneficiaries thereof include Mr. Zhang Lei, Mr. Salum Zheng Lee, the younger brother of Mr. Zhang Lei and their family members.

Note 2: Ms. Yu Jinmei is the spouse of Mr. Zhang Lei, and is therefore deemed to be interested in an aggregate of 1,843,521,160 Shares in which Mr. Zhang Lei has, or is deemed to have, an interest for the purpose of the SFO.

Note 3: China Cinda (HK) Asset Management Co., Limited is wholly-owned by China Cinda (HK) Holdings Company Limited, which in turn is wholly-owned by China Cinda Asset Management Co., Ltd. Accordingly, each of China Cinda Asset Management Co., Ltd. and China Cinda (HK) Holdings Company Limited is deemed to be interested in an aggregate of 267,877,500 Shares held by China Cinda (HK) Asset Management Co., Limited.

Note 4: China Great Wall AMC (International) Holdings Company Limited is wholly-owned by China Great Wall Asset Management Co., Ltd. Accordingly, China Great Wall Asset Management Co., Ltd. is deemed to be interested in an aggregate of 190,159,200 Shares held by China Great Wall AMC (International) Holdings Company Limited.

Save as disclosed above, as at 31 December 2022, there was no other person (other than the Directors or chief executives of the Company) who had an interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

COMPLIANCE WITH NON-COMPETITION DEED

Each of Mr. Zhang Lei and Mr. Salum Zheng Lee, the ultimate controlling Shareholders, has confirmed that save for the Modern Building Business Hotel project, none of them is engaged in, or is interested in any business (other than the Group) which, directly or indirectly, competes or may compete with the Group's businesses. To protect the Group from any potential competition, the controlling Shareholders entered into an irrevocable non-competition deed (the "Non-competition Deed") in favour of the Company on 14 June 2013, pursuant to which each of them has, among other matters, irrevocably and unconditionally undertaken with the Company on a joint and several basis that at any time during the Relevant Period (Note 1), each of them shall, and shall procure that his/its respective associates (other than the Group) shall:

(i) save for Other Business (Note 2), not, directly or indirectly, participate in, carry on, invest in or be engaged in any business including without limitation any property development business in the PRC and the U.S. which will or may compete with the business currently and from time to time engaged by the Group (the "Restricted Business");

(ii) not solicit any existing or then existing employee of the Group for employment by them or their respective associates (excluding the Group);

(iii) not, without our consent, make use of any information pertaining to the business of the Group which may have come to their knowledge in their capacity as the controlling Shareholders and/or Directors for the purpose of competing with the Restricted Business; and

(iv) in respect of unsolicited enquiries or business opportunities coming to their knowledge, unconditionally use reasonable endeavors to procure that such potential customers appoint or contact directly with any member of the Group.

Directors' Report

In order to properly manage any potential or actual conflict of interests between the Group and our controlling Shareholders in relation to the compliance and enforcement of the Non-competition Deed, the Company has adopted the following corporate governance measures:

(i) the independent non-executive Directors will review, at least on an annual basis, the compliance with and enforcement of the terms of the Non-competition Deed by the controlling Shareholders; and

(ii) the Company will disclose in the corporate governance report of the annual report, the Group's compliance measures and enforcement measures relating to the Non-competition Deed.

Our Directors consider that the above corporate governance measures are sufficient to manage any potential conflict of interests between the controlling Shareholders and their respective associates and the Group and to protect the interests of the Shareholders, in particular, the minority Shareholders.

Pursuant to the annual declaration in relation to the compliance with the Non-competition Deed provided by each of Mr. Zhang Lei and Mr. Salum Zheng Lee, each of them confirmed that for the year of 2022, all relevant terms of the Non-competition Deed were fully complied with in all material respects.

The independent non-executive Directors, upon their review, confirmed that effective compliance with and enforcement of terms of the Non-competition Deed had been conducted by the controlling Shareholders in 2022.

Note 1: "Relevant Period" means the period commencing from 12 July 2013 and shall expire upon the earliest date of occurrence of the events below:

(a) the date on which Mr. Zhang Lei, Mr. Salum Zheng Lee, Super Land Holdings Limited, Fantastic Energy Holdings Limited and TMF (Cayman) Limited (individually or taken as a whole) cease to be controlling Shareholders for the purpose of the Listing Rules; and

(b) the date on which the Shares cease to be listed on the Stock Exchange or (if applicable) other stock exchange;

Note 2: "Other Business" refers to:

(a) any direct or indirect investment of Mr. Zhang Lei, Mr. Salum Zheng Lee, Super Land Holdings Limited, Fantastic Energy Holdings Limited and TMF (Cayman) Limited and/or their respective associates (excluding the Group) in any member of the Group;

(b) any direct or indirect investment of Mr. Zhang Lei, Mr. Salum Zheng Lee, Super Land Holdings Limited, Fantastic Energy Holdings Limited and TMF (Cayman) Limited and/or their respective associates (excluding the Group) in shares of a publicly listed company (other than any member of the Group) whereby

(i) the aggregate interests held by him/it and/or his/its associates shall not exceed 5% of the entire issued share capital of that company;

(ii) none of him/it and/or his/its associates (individually or taken as a whole) will be the single largest shareholder or equity holder of that company; and

(iii) none of him/it and/or his/its associates will be involved in the operation and management of that company and/or its subsidiaries; and

(c) the Modern Building Business Hotel project.

DIRECTORS' INTEREST IN COMPETING BUSINESS

Save as disclosed in this report, during the year ended 31 December 2022, none of the Directors or their respective close associates had engaged in or had any interest in any business which competes or may compete with the businesses of the Group.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

Connected Transactions

There were no connected transactions for the year ended 31 December 2022.

Continuing Connected Transactions

First Moma Asset is directly and indirectly owned as to more than 30% by Mr. Zhang Lei, the Chairman, an executive Director and a controlling Shareholder, hence a connected person of the Company. Transactions between the First Moma Asset Group and the Group constitute continuing connected transactions of the Company.

(i) Property Management Services

During the year ended 31 December 2022, certain subsidiaries of First Moma Asset provided property management services to the Group.

On 4 December 2019, First Property (Beijing) Co., Ltd. ("First Property") and the Company entered into a master agreement for the provision of property management services by First Property and its subsidiaries (the "First Property Group") to the Group commencing on 1 January 2020 and ending on 31 December 2022 (the "Master Property Management Agreement").

It is envisaged that from time to time and as required, members of the Group will enter into individual property management services agreements with members of the First Property Group which will set out specific terms and conditions such as the type of management service required, service fee and service period. The management fees shall be determined by the parties having regard to the area of the properties served, fair market prices, historical management fees and costs of management services as required under the individual property management services agreement to be entered into between members of the Group and members of the First Property Group.

It is expected that the aggregate annual property management fees payable by the Group to the First Property Group in relation to the Master Property Management Agreement for each of the three years ending 31 December 2020, 2021 and 2022 will not exceed RMB115 million, RMB120 million and RMB125 million, respectively. The annual caps for the Master Property Management Agreement for the three years ending 31 December 2020, 2021 and 2022 were determined by the Directors with reference to the historical management fees and a number of factors including the fair market price, the costs associated with the expected area of the projects to be completed by the Group, such as property management fees payable by the Group in respect of the clubhouses, office districts, sales offices and vacant car parks and properties, costs of labour for the provision of cleaning, maintenance and security services, costs for setting up show flats, costs of heating, fresh air displacement ventilation fees, costs incurred as a result of reduced small owners' property management fees and costs of operation. In addition to the management of properties of completed projects, property management services provided by the connected parties include, among others, the setting up and management of sales offices and the management and maintenance of vacant properties prior to sale in respect of the projects which are under development.

The aggregate amount of the property management fees paid by the Group was approximately RMB15.99 million for the year ended 31 December 2022, which did not exceed the annual cap for the year ended 31 December 2022 for this transaction.

Directors' Report

(ii) Elevator Installation and Maintenance Services

During the year ended 31 December 2022, certain subsidiaries of First Moma Asset provided installation and maintenance services of elevators and escalators and related services to the Group.

On 1 April 2020, First Moma Asset and the Company entered into a master agreement for the provision of installation and maintenance services of elevators and escalators and related services by the First Moma Asset Group to the Group commencing on 1 January 2020 and ending on 31 December 2022 (the "Master Elevator Services Agreement").

It is envisaged that from time to time and as required, members of the Group will enter into individual elevator services agreements with members of the First Moma Asset Group which will set out specific terms and conditions such as the type of service required, service fee and service period. The service fees will be determined by the parties having regard to the fair market prices, historical service fees and costs of installation and maintenance services of elevators and escalators and related services as required under the individual elevator services agreements to be entered into between members of the Group and members of the First Moma Asset Group.

It is expected that the aggregate annual service fees payable by the Group to the First Moma Asset Group in relation to the Master Elevator Services Agreement for each of the three years ending 31 December 2020, 2021 and 2022 will not exceed RMB45 million, RMB50 million and RMB55 million, respectively. The annual caps for the Master Elevator Services Agreement for the three years ending 31 December 2020, 2021 and 2022 were determined by the Directors with reference to the historical service fees and a number of factors including the fair market price and the costs of installation and maintenance services of elevators and escalators and related services.

The aggregate amount of the elevator service fees paid by the Group was approximately RMB27.96 million for the year ended 31 December 2022, which did not exceed the annual cap for the year ended 31 December 2022 for this transaction.

(iii) Lease of Properties

The Company entered into the following leases (the "Leases") relating to the leasing of the properties to certain connected persons of the Company:

Lease of certain portion of 3rd floor, Block 8, Wan Guo Cheng MOMΛ, Beijing

Modern Green Development entered into a tenancy agreement with First Moma Asset on 1 January 2021, pursuant to which Modern Green Development agreed to let the property at 3rd floor, Block 8, Wan Guo Cheng MOMΛ, Beijing, the PRC with a leased area of approximately 458 sq.m. to First Moma Asset for a term of one year from 1 January 2021 to 31 December 2021 at a rental of RMB66,722 per month.

Lease of Shop Nos. 106–109, 1/F., Complex Building at iMOMΛ, Anningzhuang West Road, Qinghe, Haidian District, Beijing

Beijing Moma Preschool Education Technology Operations Co., Ltd. ("Beijing Moma Preschool") is owned indirectly as to more than 30% by Mr. Zhang Lei and hence a connected person of the Company. Beijing Modern Real Estate Development Co., Ltd. ("Modern Real Estate") entered into a tenancy agreement with Beijing Moma Preschool on 28 April 2019 (the "iMOMΛ Preschool Lease Agreement").

Lease to the First Moma Asset Group

On 4 December 2019, First Property and the Company entered into a master agreement for the leasing of certain properties of the Group to members of the First Property Group commencing on 1 January 2020 and ending on 31 December 2022 (the "Master Lease Agreement").

On 1 April 2020, the Company, the First Property and the First Moma Asset entered into a supplemental agreement (the "Supplemental Agreement") to amend and supplement the Master Lease Agreement pursuant to which the parties thereto agreed that the First Moma Asset shall replace the First Property as the signatory of the Master Lease Agreement and members of the First Moma Asset Group (excluding members of the First Property Group) shall substitute members of the First Property Group as lessee of the properties. Following the entering into of the Supplemental Agreement, members of the Group will enter into individual lease agreements with and lease properties to members of the First Moma Asset Group (excluding members of the First Property Group) for the period between 1 January 2020 and 31 December 2022.

It is envisaged that, from time to time and as required, members of the Group will enter into individual lease agreements with members of the First Moma Asset Group (excluding members of the First Property Group), which will set out specific terms and conditions such as relevant property, rental fees and rental period. The rental fees shall be determined in a fair and reasonable manner and shall reflect the prevailing market rentals of similar or comparable premises in neighbouring areas based on available property rental market comparables, actual gross floor area of each of the leased properties and their potential appreciation in value.

It is expected that the aggregate annual rental fees payable to the Group under the Master Lease Agreement for each of the three years ending 31 December 2020, 2021 and 2022 will not exceed RMB13 million, RMB14 million and RMB15 million, respectively, which have been determined by reference to the historical rental fees and a number of factors including the rental fees of comparable properties in the locality as well as similar locations, the prevailing market rates, the estimated increase of rental area and expected growth of rental fee in the PRC property market.

There was no rental fee received by the Group for the year ended 31 December 2022, which did not exceed the annual cap for the year ended 31 December 2022 for this transaction.

(iv) Contracting Services

During the year ended 31 December 2022, First Moma Renju Construction Engineering (Beijing) Co., Ltd. ("First Moma Renju Construction") and certain subsidiaries of First Moma Renju Environmental Technology (Beijing) Co., Ltd. ("First Moma Renju Environmental Technology", together with its subsidiaries, the "First Moma Renju Group") provided contracting services to the Group. First Moma Renju Construction is wholly-owned by First Moma Renju Environmental Technology, which is indirectly owned as to more than 30% by Mr. Zhang Lei, hence each of First Moma Renju Construction and First Moma Renju Environmental Technology is a connected person of the Company. Transactions between First Moma Renju Group and the Group constitute continuing connected transactions of the Company.

On 4 December 2019, First Moma Renju Construction and the Company entered into a master contracting services agreement for the provision of contracting services by members of the First Moma Renju Group to members of the Group commenced on 1 January 2020 and ending on 31 December 2022 (the "Master Contracting Services Agreement").

Directors' Report

It is envisaged that from time to time and as required, members of the Group will enter into individual contracting services agreements with members of First Moma Renju Group which will set out specific terms and conditions such as particulars of the service, service fee, payment terms and method, quality standard and service period. The service fees shall be determined by the parties having regard to the type of the properties developed by the Group, fair market prices, materials costs, labor costs and reasonable profit of the contracting services as required under the individual contracting services agreement to be entered into between members of the Group and members of the First Moma Renju Group.

It is expected that the aggregate annual contracting services fees payable by the Group to the First Moma Renju Group in relation to the Renewed Master Contracting Services Agreement for the three years ending 31 December 2020, 2021 and 2022 will not exceed RMB30 million, RMB31 million and RMB32 million, respectively. The annual caps for the Master Contracting Service Agreement for the three years ending 31 December 2020, 2021 and 2022 were determined by the Directors with reference to the historical service fees and a number of factors including the estimated scale of the properties to be completed by the Group, the prevailing market rate for provision of similar contracting services, the expected demand of the haze clearing instruments, the estimated installation fee for each haze clearing instrument and the estimated costs of materials and labour.

The aggregate amount of the contracting services fees paid by the Group was RMB23.68 million for the year ended 31 December 2022, which did not exceed the annual cap for the year ended 31 December 2022 for this transaction.

(v) Energy-saving Advisory

During the year ended 31 December 2022, the First Moma Renju Group provided green construction energy-saving technology advisory services to the Group.

On 4 December 2019, First Moma Renju Environmental Technology and the Company entered into a master energy-advisory agreement for the provision of green construction energy-saving technology advisory by members of the First Moma Renju Group to members of the Group commencing on 1 January 2020 and ending on 31 December 2022 (the "Renewed Master Energy-saving Advisory Agreement").

It is envisaged that from time to time and as required, members of the Group will enter into individual energy-saving advisory services agreements with members of the First Moma Renju Group which will set out specific terms and conditions such as particulars of the service, service fee, payment terms and method, quality standard and service period. The service fees will be determined by the parties having regard to the type of the properties developed by the Group, the strategic prices corresponding to the prevailing market prices of similar services and actual area that the energy-saving advisory service is applied as required under the individual energy-saving advisory services agreement to be entered into between members of the Group and members of the First Moma Renju Group.

It is expected that the aggregate annual advisory services fees payable by the Group to the First Moma Renju Group in relation to the Master Energy-saving Advisory Agreement for the three years ending 31 December 2020, 2021 and 2022 will not exceed RMB30 million, RMB31 million and RMB32 million, respectively. The annual caps for the Master Energy-saving Advisory Agreement for the three years ending 31 December 2020, 2021 and 2022 were determined by the Directors with reference to the historical service fees and a number of factors including the estimated scale of the area that the advisory services will be applied and the strategic prices corresponding to the prevailing market rate for provision of similar advisory services.

The aggregate amount of the advisory services fees paid by the Group was approximately RMB0.90 million for the year ended 31 December 2022, which did not exceed the annual cap for the year ended 31 December 2022 for this transaction.

Annual Review and Confirmation in Pursuance of Rules 14A.55 and 14A.56 of the Listing Rules

The independent non-executive Directors have reviewed and confirmed in pursuance of Rule 14A.55 of the Listing Rules that the continuing connected transactions of the Group during the year were carried out (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms at which the transactions are either on an arm's length basis or on terms no less favorable to the Company than terms available to or from (as appropriate) independent third parties; and (iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

To comply with Rule 14A.56 of the Listing Rules, the Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has provided a letter to confirm the followings in respect of the continuing connected transactions set out above:

(i) nothing has come to the attention of the auditor that causes them to believe that the continuing connected transactions have not been approved by the Board;

(ii) for transactions involving the provision of goods or services by the Group, nothing has come to the attention of the auditor that causes them to believe that the continuing connected transactions were not, in all material respects, in accordance with the pricing policies of the Group;

(iii) nothing has come to the attention of the auditor that causes them to believe that the continuing connected transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and

(iv) with respect to the aggregate amount of each of the continuing connected transactions, nothing has come to the attention of the auditor that causes them to believe that the continuing connected transactions have exceeded the annual cap as set by the Company.

Others

The continuing connected transactions disclosed above also constitute related party transactions under the International Financial Reporting Standards. A summary of significant related party transactions carried out during the year is disclosed in Note 37 to the consolidated financial statements for the financial year ended 31 December 2022 in this report.

The Board confirms that the Company has complied with the requirements of the Listing Rules in relation to the disclosure of the aforementioned connected transactions or continuing connected transactions.

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.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association or the Companies Law of the Cayman Islands.

RETIREMENT BENEFIT SCHEME

The Group had joined a mandatory provident fund scheme (the "MPF Scheme") for all employees in Hong Kong. The MPF Scheme is registered with the Mandatory Provident Fund Schemes Authority under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong). The assets of the MPF Scheme are held separately from the funds of the Group in funds and are managed by an independent trustee. Under the MPF Scheme, the employer and its employees are each required to make corresponding contributions at the rates specified by the MPF Scheme. The employees of the Company's subsidiaries established in the PRC are members of a state-managed retirement benefit scheme operated by the PRC government. These subsidiaries are required to contribute certain percentage of payroll costs to the retirement benefit scheme. The only obligation of the Group with respect to the scheme is to make the required contributions under the scheme.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained the prescribed amount of public float under the Listing Rules during the year and up to the date of this report.

UPDATED INFORMATION OF DIRECTORS 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, but remains 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.

Mr. Tang Lunfei was appointed as a non-executive Director and Mr. Chen Zhiwei resigned as a non-executive Director, both with effect from 24 March 2022.

Mr. Fan Qingguo resigned as a non-executive Director and Mr. Liu Jiaping resigned as an independent non-executive Director, a member of the audit committee and a member of the environmental, social and governance committee, both with effect from 9 November 2022.

Save as disclosed above and elsewhere in this report, 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 despatch date of the 2021 interim report of the Company.

BANK AND OTHER BORROWINGS, SENIOR NOTES AND CORPORATE BOND

Particulars of bank and other borrowings, senior notes and corporate bonds of the Group as at 31 December 2022 are set out in Notes 28, 29 and 30 to the consolidated financial statements for the financial year ended 31 December 2022 in this report, respectively.

Directors' Report

BUSINESS REVIEW AND PERFORMANCE

A fair review of the business of the Group and a discussion and analysis of the Group's performance during the year and the material factors underlying its results and financial position are provided in the "Chairman's Statement" and the "Management Discussion and Analysis" sections of this report.

The future development of the Group's business is discussed throughout this report including the "Chairman's Statement" and the "Management Discussion and Analysis" sections of this report. In addition, more details regarding the Group's performance by reference to environmental and social-related key performance indicators and policies, as well as compliance with relevant laws and regulations which have a significant impact on the Group, are provided in the "Management Discussion and Analysis" section of this report and the "Environmental, Social and Governance Report". These discussions form part of this Directors' Report.

PERMITTED INDEMNITY PROVISION

The Articles of Association provides that every Director shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities which he/she may sustain or incur in or about the execution of the duties of his/her office or otherwise in relation thereto. The Company has maintained appropriate Directors' liability insurance coverage for the Directors during the year under review.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted 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 confirmed their compliance with the Model Code for the year ended 31 December 2022.

CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the Directors, the Company has complied with the code provisions set out in Part 2 — Principles of Good Corporate Governance, Code Provisions and Recommended Best Practices of the CG Code as set out in Appendix 14 to the Listing Rules throughout the year under review.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

The Company has complied with the Environmental, Social and Governance Reporting Guide set out in Appendix 27 of the Listing Rules. The Environmental, Social and Governance Report of the Company will be separately disclosed to the public on the even date of the publication of this report.

AUDIT COMMITTEE

The Audit Committee currently 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 reviewed the consolidated annual results of the Group for the year ended 31 December 2022.

AUDITOR

KPMG will retire and, being eligible, will offer themselves for re-appointment as auditor of the Company. A resolution for the re-appointment of KPMG as auditor of the Company will be proposed at the AGM to be held on 29 November 2023.

Directors' Report

RESUMPTION OF TRADING

The Group fulfilled the resumption guidance imposed by the Stock Exchange on 13 September 2023. Trading in the Shares on the Stock Exchange resumed from 9:00 a.m. on 14 September 2023.

For details, please refer to the announcement made by the Company dated 13 September 2023.

EVENTS AFTER THE REPORTING PERIOD

Details please refer to the section of the events after the reporting period as set out in the "Management Discussion and Analysis" and in Note 42 to the consolidated financial statements for the financial year ended 31 December 2022 in this report.

On behalf of the Board
Zhang Peng
Chairman

13 September 2023

* *The English names are for identification purposes only.*

INDEPENDENT AUDITOR'S REPORT

KPMG

To the shareholders of Modern Land (China) Co., Limited

(Incorporated in the Cayman Islands with limited liability)

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 58 to 161, 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 539,484,000 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.

Independent Auditor's Report

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 report 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 as described in Note 3(a)(ii). 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 from 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.

Independent Auditor's Report

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.

Responsibilities of the directors for the consolidated financial statements

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and the disclosure requirements of the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

Auditor's responsibility for the audit of the consolidated financial statements

Our responsibility is to conduct an audit of the Group's consolidated financial statements in accordance with Hong Kong Standards on Auditing issued by the HKICPA and to issue an auditor's report. The report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. However, because of the potential interaction of the uncertainties relating to going concern 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.

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code") and we have fulfilled our other ethical responsibilities that are relevant to our audit of the consolidated financial statements in Cayman Islands, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code.

The engagement partner on the audit resulting in this independent auditor's report is Choi Chung Chuen.

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

13 September 2023

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	12	**–**	100,878
Changes in fair value of investment properties, net	12	**(26,150)**	(43,520)
Selling and distribution expenses		**(373,115)**	(665,434)
Administrative expenses		**(424,522)**	(670,796)
Gain on restructuring of senior notes	29	**497,055**	–
Finance expenses	7	**(375,693)**	(403,997)
Share of profits less losses of joint ventures	15	**(198,018)**	(34,050)
Share of profits less losses of associates	14	**(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	9	**(4,904,969)**	(2,329,756)
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)

The notes on pages 68 to 161 form part of these financial statements.

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
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	11	**(159.4)**	(73.5)
Diluted	11	**(159.4)**	(73.5)

The notes on pages 68 to 161 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 December 2022 (Expressed in Renminbi)

	Note	2022 RMB'000	2021 RMB'000
Non-current assets			
Investment properties	12	**2,762,550**	3,032,700
Property, plant and equipment	13	**362,632**	395,700
Intangible assets		**19,613**	21,774
Freehold land held for future development		**31,690**	29,010
Interests in associates	14	**44,558**	104,449
Interests in joint ventures	15	**2,576,293**	2,233,385
Loans to joint ventures	15	**6,672,926**	7,088,140
Equity investments at FVOCI	16	**41,360**	46,083
Deferred tax assets	17	**918,404**	1,311,796
		13,430,026	14,263,037
Current assets			
Properties under development for sale	18	**29,001,359**	39,859,390
Completed properties held for sale	19	**4,669,751**	4,788,519
Other inventories and contract costs		**928,644**	1,052,545
Trade and other receivables, deposits and prepayments	21	**8,160,074**	9,909,068
Amounts due from related parties	37(a)	**740,371**	786,348
Restricted cash	22	**1,027,897**	2,426,926
Bank balances and cash	23(a)	**542,332**	1,585,043
Assets held-for-sale	25	**–**	2,947,689
		45,070,428	63,355,528
Current liabilities			
Trade and other payables, deposits received and accrued charges	26	**10,681,791**	12,541,111
Contract liabilities	20	**18,512,043**	24,928,489
Amounts due to related parties	37(b)	**2,099,848**	2,120,993
Taxation payable	27	**3,692,791**	3,826,958
Bank and other borrowings — due within one year	28	**10,153,156**	13,449,587
Corporate bond — due within one year	30	**753,111**	710,812
Senior notes — due within one year	29	**539,484**	8,478,681
Liabilities held-for-sale		**–**	2,187,718
		46,432,224	68,244,349
Net current liabilities	3(a)(ii)	**(1,361,796)**	(4,888,821)
Total assets less current liabilities		**12,068,230**	9,374,216

The notes on pages 68 to 161 form part of these financial statements.

Consolidated Statement of Financial Position

at 31 December 2022 (Expressed in Renminbi)

	Note	2022 RMB'000	2021 RMB'000
Capital and reserves			
Share capital	31	**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	28	**1,040,272**	1,907,327
Senior notes — due after one year	29	**9,676,871**	–
Deferred tax liabilities	17	**479,384**	653,534
		11,196,527	2,560,861
		12,068,230	9,374,216

Approved and authorised for issue by the board of directors on 13 September 2023.

Zhang Lei) *Directors*

Zhang Peng)

The notes on pages 68 to 161 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2022 (Expressed in Renminbi)

	Attributable to owners of the Company											
	Share capital RMB'000	Share premium RMB'000 (note a)	Special reserve RMB'000 (note b)	Revaluation reserve RMB'000	Share option reserve RMB'000 (note 36)	Statutory surplus reserve RMB'000	Foreign currency translation reserve RMB'000	Fair value reserve (non-recycling) RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2022	175,693	825,711	192,414	40,060	8,612	636,084	1,808	(10,502)	2,599,001	4,468,881	2,344,474	6,813,355
Equity investments at FVOCI-net movement in fair value reserves (non-recycling)	–	–	–	–	–	–	–	(3,542)	–	(3,542)	–	(3,542)
Exchange differences on translating foreign operations	–	–	–	–	–	–	(2,481)	–	–	(2,481)	–	(2,481)
Other comprehensive income	–	–	–	–	–	–	(2,481)	(3,542)	–	(6,023)	–	(6,023)
Profit for the year	–	–	–	–	–	–	–	–	(4,453,718)	(4,453,718)	(451,251)	(4,904,969)
Total comprehensive income for the year	–	–	–	–	–	–	(2,481)	(3,542)	(4,453,718)	(4,459,741)	(451,251)	(4,910,992)
Share-based payment	–	–	–	–	2,551	–	–	–	–	2,551	–	2,551
Disposal of subsidiaries	–	–	–	–	–	4,889	–	–	(48,000)	(43,111)	(384,700)	(427,811)
Acquisition of additional interest in subsidiaries	–	–	(121,494)	–	–	–	–	–	–	(121,494)	13,994	(107,500)
Return of capital to non-controlling interests	–	–	–	–	–	–	–	–	–	–	(497,900)	(497,900)
At 31 December 2022	175,693	825,711	70,920	40,060	11,163	640,973	(673)	(14,044)	(1,902,717)	(152,914)	1,024,617	871,703

The notes on pages 68 to 161 form part of these financial statements.

Consolidated Statement of Changes in Equity

for the year ended 31 December 2022 (Expressed in Renminbi)

	Attributable to owners of the Company											
	Share capital RMB'000	Share premium RMB'000 (note a)	Special reserve RMB'000 (note b)	Revaluation reserve RMB'000	Share option reserve RMB'000 (note 36)	Statutory surplus reserve RMB'000	Foreign currency translation reserve RMB'000	Fair value reserve (non-recycling) RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2021	175,693	825,711	264,852	40,060	4,437	668,919	1,291	(10,894)	4,739,137	6,709,206	4,268,461	10,977,667
Equity investments at FVOCI-net movement in fair value reserves (non-recycling)	–	–	–	–	–	–	–	392	–	392	–	392
Exchange differences on translating foreign operations	–	–	–	–	–	–	517	–	–	517	–	517
Other comprehensive income	–	–	–	–	–	–	517	392	–	909	–	909
Profit for the year	–	–	–	–	–	–	–	–	(2,054,632)	(2,054,632)	(275,124)	(2,329,756)
Total comprehensive income for the year	–	–	–	–	–	–	517	392	(2,054,632)	(2,053,723)	(275,124)	(2,328,847)
Share-based payment	–	–	–	–	4,175	–	–	–	–	4,175	–	4,175
Acquisition of subsidiaries	–	–	–	–	–	–	–	–	–	–	50,025	50,025
Disposal of subsidiaries	–	–	–	–	–	(33,091)	–	–	–	(33,091)	(486,599)	(519,690)
Acquisition of additional interest in subsidiaries	–	–	(72,438)	–	–	–	–	–	–	(72,438)	(709,767)	(782,205)
Return of capital to non-controlling interests	–	–	–	–	–	–	–	–	–	–	(1,479,170)	(1,479,170)
Capital contribution from non-controlling interests	–	–	–	–	–	–	–	–	–	–	1,560,372	1,560,372
Appropriations to reserves	–	–	–	–	–	256	–	–	(256)	–	–	–
Dividend	–	–	–	–	–	–	–	–	(85,248)	(85,248)	–	(85,248)
Dividend distribution to non-controlling interests	–	–	–	–	–	–	–	–	–	–	(583,724)	(583,724)
At 31 December 2021	175,693	825,711	192,414	40,060	8,612	636,084	1,808	(10,502)	2,599,001	4,468,881	2,344,474	6,813,355

The notes on pages 68 to 161 form part of these financial statements.

Consolidated Statement of Changes in Equity

for the year ended 31 December 2022 (Expressed in Renminbi)

Notes:

(a) Pursuant to article 134 of the Company's Articles of Association, the Company is permitted to pay out final dividend from share premium account.

(b) Special reserve relates to acquisition of additional interests in subsidiaries, deemed acquisition of a subsidiary, disposals of partial interests in subsidiaries, contribution from a company controlled by a shareholder of the Company and deemed contribution from a shareholder of the Company.

(c) In accordance with the Articles of Association of certain entities established in the People's Republic of China ("PRC") now comprising the Group, these entities are required to transfer 10% of the profit after taxation, prepared in accordance with PRC generally accepted accounting principles, to the statutory surplus reserve until the reserve reaches 50% of the registered capital of the respective entities. Transfer to this reserve must be made before distributing dividends to equity holders. The statutory surplus reserve can be used to make up for previous years' losses, expand the existing operations or convert into additional capital of the entities.

The notes on pages 68 to 161 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2022 (Expressed in Renminbi)

	Note	**2022 RMB'000**	2021 RMB'000
Operating activities			
Loss before taxation		**(4,666,803)**	(1,562,462)
Adjustments for:			
Finance costs	7	**375,693**	403,997
Interest income	6	**(10,320)**	(67,965)
Depreciation of property, plant and equipment	9(b)	**20,431**	20,862
Amortisation of intangible assets	9(b)	**2,161**	3,127
Share-based payment	9(a)	**2,551**	4,175
Gain on disposal of a joint venture	6	**–**	(183)
Gain on disposal of an associate	6	**(14)**	(4,000)
Loss on disposal of subsidiaries	6	**929,168**	67,063
Fair value gain upon transfer from properties held for sale and properties under development for sale to investment properties	12	**–**	(100,878)
Changes in fair value of investment properties, net	12	**26,150**	43,520
Allowance for doubtful debts	9(b)	**401,437**	317,658
Write-down of properties under development and completed properties held for sale	9(b)	**1,186,765**	811,182
Gain/(loss) on disposal of property, plant and equipment		**7,803**	(5,718)
Share of losses of associates		**2,139**	3,889
Share of (profits)/losses of joint ventures		**198,018**	34,050
Loss on disposal of investment properties		**63,230**	63,695
Gain on restructuring of senior notes	29	**(497,055)**	–
Provision for claims and litigations		**232,794**	264,315
Unrealised exchange loss/(gain), net		**810,441**	(136,344)
Operating cash flows before movements in working capital		**(915,411)**	159,983

The notes on pages 68 to 161 form part of these financial statements.

Consolidated Statement of Cash Flows

for the year ended 31 December 2022 (Expressed in Renminbi)

	Note	**2022 RMB'000**	2021 RMB'000
Movements in working capital:			
Decrease/(increase) in properties under development for sale and completed properties held for sale		**2,683,133**	(5,495,584)
Decrease/(increase) in other inventories and contract costs		**123,901**	(509,555)
Increase in trade and other receivables, deposits and prepayments		**(1,298,218)**	(2,189,059)
Decrease/(increase) in amounts due from related parties		**7,613**	(122,204)
Increase in contract liabilities		**312,884**	5,973,302
Increase/(decrease) in trade and other payables, deposits received and accrued charges		**166,929**	(2,083,600)
(Decrease)/increase in amounts due to related parties		**(29,536)**	99,765
Cash generated from/(used in) operating activities		**1,051,295**	(4,166,952)
Income tax paid		**(234,228)**	(1,166,638)
Net cash generated from/(used in) operating activities		**817,067**	(5,333,590)
Investing activities			
Interest received		**10,320**	67,965
Purchase of property, plant and equipment		**(1,178)**	(2,249)
Purchase of intangible assets		**–**	(7,934)
Proceeds on disposal of property, plant and equipment		**5,102**	28,887
Proceeds on disposal of equity investment at fair value through OCI		**–**	180
Net cash (outflow)/inflow from acquisition of subsidiaries		**(3,986)**	92,783
Net cash outflow from disposals of subsidiaries	24	**(1,066,656)**	(855,842)
Capital contribution to joint ventures		**–**	(10,200)
Loans to joint ventures		**(121,346)**	(2,185,612)
Repayments from joint ventures		**136,391**	732,999
Advances to related parties		**(53,357)**	(141,295)
Repayments from related parties		**67,936**	169,771
Proceeds on disposal of investment properties		**180,770**	135,610
Decrease in restricted cash, net		**1,537,281**	705,178
Net cash generated from/(used in) investing activities		**691,277**	(1,269,759)

The notes on pages 68 to 161 form part of these financial statements.

Consolidated Statement of Cash Flows

for the year ended 31 December 2022 (Expressed in Renminbi)

	Note	**2022 RMB'000**	2021 RMB'000
Financing activities			
Interest paid	23(b)	**(756,715)**	(2,300,491)
Dividend paid to owners of the Company		**–**	(85,499)
Repayments of bank borrowings	23(b)	**(778,149)**	(4,644,172)
Repayments of other borrowings	23(b)	**(1,336,559)**	(6,813,477)
New bank borrowings raised	23(b)	**1,750**	4,125,254
New other borrowings raised	23(b)	**514,050**	7,367,303
Net proceeds from issue of senior notes	23(b)	**–**	2,556,646
Repayments of senior notes and corporate bond	23(b)	**(159,601)**	(2,168,563)
Repayments to related parties	23(b)	**(262,057)**	(1,237,328)
Advances from related parties	23(b)	**238,788**	420,872
Advances from non-controlling interests	23(b)	**280,147**	1,980,897
Repayments to non-controlling interests	23(b)	**(287,548)**	(2,329,129)
Return of capital to non-controlling interests		**–**	(966,320)
Capital contribution from non-controlling interests		**–**	1,560,372
Net cash used in financing activities		**(2,545,894)**	(2,533,635)
Net decrease in cash and cash equivalents		**(1,037,550)**	(9,136,984)
Cash and cash equivalents at the beginning of the year		**1,585,043**	10,822,373
Effects of exchange rate changes on the balance of cash held in foreign currencies		**(5,161)**	1,249
Classified as held for sale		**–**	(101,595)
Cash and cash equivalents at the end of the year	23(a)	**542,332**	1,585,043

The notes on pages 68 to 161 form part of these financial statements.

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 7 and IFRS 7, *Supplier Finance Arrangements*	1 January 2024
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 Significant accounting policies

The consolidated financial statements have been prepared in accordance with IFRSs. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules") and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for the investment properties and investments in equity securities (see Note 3(r)) which are measured at fair value as explained in the accounting policies set out below. Non-current assets held for sale are stated at the lower of carrying amount and fair value less cost to sell (see Note 3(bb)).

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

(a) Basis of consolidation and preparation

(i) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;

- is exposed, or has rights, to variable returns from its involvement with the investee; and

- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2022

3 Significant accounting policies *(Continued)*

(a) Basis of consolidation and preparation *(Continued)*

(i) Basis of consolidation *(Continued)*

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of the other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company.

3 Significant accounting policies *(Continued)*

(a) Basis of consolidation and preparation *(Continued)*

(i) Basis of consolidation *(Continued)*

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see Note 3(s)(ii)).

(ii) 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.

As disclosed in Note 29, 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 disclosed in Note 28, 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. Note 33 contains details of the pledged assets. 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.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2022

3 Significant accounting policies *(Continued)*

(a) Basis of consolidation and preparation *(Continued)*

(ii) Basis of preparation *(Continued)*

As disclosed in Note 30, 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;

3 Significant accounting policies *(Continued)*

(a) Basis of consolidation and preparation *(Continued)*

(ii) Basis of preparation *(Continued)*

- 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;

Notes to the Consolidated Financial Statements

for the year ended 31 December 2022

3 Significant accounting policies *(Continued)*

(a) Basis of consolidation and preparation *(Continued)*

(ii) Basis of preparation *(Continued)*

- 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.

3 Significant accounting policies *(Continued)*

(b) 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.

(c) Change in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in losing control over the subsidiaries are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). The carrying amounts of the controlling and non-controlling interests will be adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see Note 3(s)) or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture (see Note 3(e)).

Notes to the Consolidated Financial Statements

for the year ended 31 December 2022

3 Significant accounting policies *(Continued)*

(d) Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits* respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 *Share-based Payment* at the acquisition date; and

- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

3 Significant accounting policies *(Continued)*

(e) Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with IFRS 5. The financial statements of associates and joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. The cost of the investment includes purchase price, other costs directly attributable to the acquisition of the investment, and any direct investment into the associate or joint venture that forms part of the Group's equity investment. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with any other long-term interests that in substance form part of the Group's net investment in the associate or the joint venture (after applying the ECL model to such other long-term interests where applicable (see Note 3(s)(i)).

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2022

3 Significant accounting policies *(Continued)*

(e) Investments in associates and joint ventures *(Continued)*

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. Any interest retained in that former investee at the date when significant influence or joint control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see Note 3(s)). The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a Group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

(f) Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of goods, the provision of services or the use by others of the Group's assets under leases in the ordinary course of the Group's business.

Revenue is recognised when control over a product or service is transferred to the customer, or the lessee has the right to use the asset, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

3 Significant accounting policies *(Continued)*

(f) Revenue and other income *(Continued)*

Where the contract contains a financing component which provides a significant financing benefit to the customer for more than 12 months, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction with the customer, and interest income is accrued separately under the effective interest method. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method. The Group takes advantage of the practical expedient in paragraph 63 of IFRS 15 and does not adjust the consideration for any effects of a significant financing component if the period of financing is 12 months or less.

Further details of the Group's revenue and other income recognition policies are as follows:

Revenue arising from the sale of properties with full payment in advance before the construction of respective properties are completed, are recognised progressively over time using the cost-to-cost method, i.e. based on the proportion of the actual construction costs incurred relative to the estimated total construction costs.

Revenue arising from the sale of properties other than those with full payment in advance is recognised when legal assignment is complete, which is the point in time when the customer has the ability to direct the use of the property and obtain substantially all of the remaining benefits of the property. Deposits and instalments received on properties sold prior to the date of revenue recognition are included in the statement of financial position under contract liabilities (see Note 3(n)).

When residential properties are marketed by the Group while the property is still under construction, the Group may offer a discount compared to the listed sales price, provided the customer agrees to pay the balance of the consideration early. In such cases, if the advance payments are regarded as providing a significant financing benefit to the Group, interest expense arising from the adjustment of time value of money will be accrued by the Group during the period between the payment date and the completion date of legal assignment. This accrual increases the balance of the contract liability during the period of construction, and therefore increases the amount of revenue recognised when control of the completed property is transferred to the IAS 23, *Borrowing Costs*, in accordance with the policies set out in Note 3(u), if significant.

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are earned.

Revenue from hotel accommodation, food and beverage sales and other ancillary services is recognised when the services are rendered.

Other service income is recognised when the services are provided.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2022

3 Significant accounting policies *(Continued)*

(f) Revenue and other income *(Continued)*

Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

(g) Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. These include land held for a currently undetermined future use and property that is being constructed or developed for future use as investment property. Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values using the fair value model. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use or no future economic benefits are expected from its disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the property is derecognised.

If an item of property, plant and equipment becomes an investment property because its use has changed as evidenced by end of owner-occupation, any difference between the carrying amount and the fair value of that item at the date of transfer is recognised in other comprehensive income and accumulated in revaluation reserve. On the subsequent sale or retirement of the asset, the relevant revaluation reserve will be transferred directly to retained profits.

Where properties held for sale transferred to investment properties when there is a change of intention to hold the property to earn rentals or/and capital appreciation, which is evidenced by the commencement of an operating lease to another party, any difference between the carrying amount and fair value of that item at the date of transfer is recognised in profit or loss.

(h) Property, plant and equipment

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any recognised impairment losses.

Properties in the course of construction for production, supply or administrative purpose are carried at cost, less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2022

3 Significant accounting policies *(Continued)*

(h) Property, plant and equipment *(Continued)*

Depreciation is recognised so as to write off the cost of items of property, plant and equipment, other than construction in progress, over their estimated useful lives after taking into account of their estimated residual values, using the straight-line method.

Where parts of an item of property, plant and equipment have different useful lives, the cost or valuation of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal or retirement of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the period in which the item is derecognised.

(i) Intangible assets

Intangible assets acquired separately and with finite useful lives are carried at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. Any conclusion that the useful life of an intangible asset is indefinite is reviewed annually to determine whether events and circumstances continue to support the indefinite useful life assessment for that asset. If they do not, the change in the useful life assessment from indefinite to finite is accounted for prospectively from the date of change and in accordance with the policy for amortisation of intangible assets with finite lives as set out above.

(j) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(i) As a lessee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets which, for the Group are primarily laptops and office furniture. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2022

3 Significant accounting policies *(Continued)*

(j) Leased assets *(Continued)*

(i) As a lessee *(Continued)*

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see Notes 3(h) and 3(s)(ii)), except for the following types of right-of-use asset:

— right-of-use assets that meet the definition of investment property are carried at fair value.

— right-of-use assets related to interests in leasehold land where the interest in the land is held as inventory are carried at the lower of cost and net realisable value.

The initial fair value of refundable rental deposits is accounted for separately from the right-of use assets in accordance with the accounting policy applicable to investments in debt securities carried at amortised cost (see Notes 3(q) and 3(s)(i)). Any difference between the initial fair value and the nominal value of the deposits is accounted for as additional lease payments made and is included in the cost of right-of-use assets.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("lease modification") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

3 Significant accounting policies *(Continued)*

(j) Leased assets *(Continued)*

(ii) As a lessor

When the Group acts as a lessor, it determines at least inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. If this is not the case, the lease is classified as an operating lease.

When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. The rental income from operating leases is recognised in accordance with Note 3(f).

When the Group is an intermediate lessor, the sub-leases are classified as a finance lease or as an operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Group applies the exemption described in Note 3(j)(i), then the Group classifies the sub-lease as an operating lease.

(k) Freehold land held for future development

The freehold land held for future development represents parcels of land owned by the Group for the purpose of development of properties for sale. The freehold land is initially recognised at cost and not depreciated. It would be transferred to properties under development for sale upon commencement of the related construction work in property development project.

(l) Inventories

Inventories are assets which are properties under development for sale or held for sale in the ordinary course of business.

Inventories are carried at the lower of cost and net realisable value as follows:

— **Property under development for sale**

The cost of properties under development for sale comprises specifically identified cost, including the acquisition cost of interests in freehold and leasehold land, aggregate cost of development, materials and supplies, wages and other direct expenses, an appropriate proportion of overheads and borrowing costs capitalised (see Note 3(u)). Net realisable value represents the estimated selling price less estimated costs of completion and costs to be incurred in selling the property.

— **Completed property held for sale**

The cost of completed properties held for sale comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of completed properties developed by the Group which comprise of multiple units which are sold individually, the cost of each unit is determined by apportionment of the total development costs for that development project to each unit on a per square foot basis, unless another basis is more representative of the cost of the specific unit. Net realisable value represents the estimated selling price less costs to be incurred in selling the property.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2022

3 Significant accounting policies *(Continued)*

(l) Inventories *(Continued)*

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised.

The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(m) Other contract costs

Other contract costs are either the incremental costs of obtaining a contract with a customer or the costs to fulfil a contract with a customer which are not capitalised as inventory (see Note 3(l)), property, plant and equipment (see Note 3(h)) or intangible assets (see Note 3(i)).

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained e.g. an incremental sales commission. Incremental costs of obtaining a contract are capitalised when incurred if the costs relate to revenue which will be recognised in a future reporting period and the costs are expected to be recovered. Other costs of obtaining a contract are expensed when incurred.

Costs to fulfil a contract are capitalised if the costs relate directly to an existing contract or to a specifically identifiable anticipated contract; generate or enhance resources that will be used to provide goods or services in the future; and are expected to be recovered. Costs that relate directly to an existing contract or to a specifically identifiable anticipated contract may include direct labour, direct materials, allocations of costs, costs that are explicitly chargeable to the customer and other costs that are incurred only because the Group entered into the contract (for example, payments to sub-contractors). Other costs of fulfilling a contract, which are not capitalised as inventory, property, plant and equipment or intangible assets, are expensed as incurred.

Capitalised contract costs are stated at cost less accumulated amortisation and impairment losses. Impairment losses are recognised to the extent that the carrying amount of the contract cost asset exceeds the net of (i) remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the asset relates, less (ii) any costs that relate directly to providing those goods or services that have not yet been recognised as expenses.

Amortisation of capitalised contract costs is charged to profit or loss when the revenue to which the asset relates is recognised. The accounting policy for revenue recognition is set out in Note 3(f).

3 Significant accounting policies *(Continued)*

(n) Contract liabilities

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue (see Note 3(f)). A contract liability would also be recognised if the Group has an unconditional right to receive non-refundable consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised.

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method (see Note 3(f)).

(o) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset.

Trade receivables that do not contain a significant financing component are initially measured at their transaction price. Trade receivables that contain a significant financing component and other receivables are initially measured at fair value plus transaction costs. All receivables are subsequently stated at amortised cost, using the effective interest method and including an allowance for credit losses (see Note 3(s)(i)).

(p) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, property pre-sale held by solicitor that are held for meeting short-term cash commitments, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for expected credit losses (ECL) in accordance with the policy set out in Note 3(s)(i).

(q) Trade and other payables

Trade and other payables are initially recognised at fair value. Subsequent to initial recognition, trade and other payables are stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

3 Significant accounting policies *(Continued)*

(r) Other investments in equity securities

The Group's policies for investments in equity securities, other than investments in subsidiaries, associates and joint ventures, are set out below.

Investments in equity securities are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss (FVPL) for which transaction costs are recognised directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see Note 39(c). These investments are subsequently accounted for as follows, depending on their classification.

Equity investments

An investment in equity securities is classified as FVPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an irrevocable election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI, are recognised in profit or loss as other income in accordance with the policy set out in Note 3(f).

(s) Credit losses and impairment of assets

(i) Credit losses from financial instruments

The Group recognises a loss allowance for expected credit losses (ECLs) on the following items:

— financial assets measured at amortised cost (including cash and cash equivalents, trade receivables and other receivables, restricted cash and amounts due from related parties).

Other financial assets measured at fair value, including units in bond funds, equity and debt securities measured at FVPL, equity securities designated at FVOCI (non-recycling) and derivative financial assets, are not subject to the ECL assessment.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

For undrawn loan commitments, expected cash shortfalls are measured as the difference between (i) the contractual cash flows that would be due to the Group if the holder of the loan commitment draws down on the loan and (ii) the cash flows that the Group expects to receive if the loan is drawn down.

3 Significant accounting policies *(Continued)*

(s) Credit losses and impairment of assets *(Continued)*

(i) Credit losses from financial instruments *(Continued)*

Measurement of ECLs (Continued)

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

— fixed-rate financial assets, trade and other receivables: effective interest rate determined at initial recognition or an approximation thereof;

— variable-rate financial assets: current effective interest rate.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

— 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and

— lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments (including loan commitments issued), the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

3 Significant accounting policies *(Continued)*

(s) Credit losses and impairment of assets *(Continued)*

(i) Credit losses from financial instruments *(Continued)*

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligation to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (ii) the financial asset is 90 days past due. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

— failure to make payments of principal or interest on their contractually due dates;

— an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);

— an actual or expected significant deterioration in the operating results of the debtor; and

— existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

3 Significant accounting policies *(Continued)*

(s) Credit losses and impairment of assets *(Continued)*

(i) Credit losses from financial instruments *(Continued)*

Basis of calculation of interest income

Interest income recognised in accordance with Note 3(f) is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable events:

— significant financial difficulties of the debtor;

— a breach of contract, such as a default or past due event;

— it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;

— significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or

— the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2022

3 Significant accounting policies *(Continued)*

(s) Credit losses and impairment of assets *(Continued)*

(ii) Impairment of other non-current assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

— property, plant and equipment, including right-of-use assets;

— intangible assets; and

— investments in subsidiaries in the Company's statement of financial position.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, intangible assets that are not yet available for use and intangible assets that have indefinite useful lives, the recoverable amount is estimated annually whether or not there is any indication of impairment.

— *Calculation of recoverable amount*

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit). A portion of the carrying amount of a corporate asset (for example, head office building) is allocated to an individual cash-generating unit if the allocation can be done on a reasonable and consistent basis, or to the smallest group of cash-generating units if otherwise.

— *Recognition of impairment losses*

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

3 Significant accounting policies *(Continued)*

(s) Credit losses and impairment of assets *(Continued)*

(ii) Impairment of other non-current assets *(Continued)*

— *Reversals of impairment losses*

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(iii) Interim financial reporting and impairment

Under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, the Group is required to prepare an interim financial report in compliance with IAS 34, *Interim Financial Reporting*, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (see Notes 3(s)(i) and (ii)).

(t) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with the Group's accounting policy for borrowing costs (see Note 3(u)).

When the contractual terms of a financial liability are modified, the Group assesses whether the revised terms result in a substantial modification from original terms taking into account all relevant facts and circumstances. The Group considers that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received, and discounted using the original effective interest rate, is at least 10 percent different from the discounted present value of the remaining cash flows of the original financial liability. The exchange or modification is considered as non-substantial modification when such difference is less than 10 percent. For non-substantial modifications of financial liabilities that do not result in derecognition, the carrying amount of the relevant financial liabilities will be calculated at the present value of the modified contractual cash flows discounted at the financial liabilities' original effective interest rate. Transaction costs or fees incurred are adjusted to the carrying amount of the modified financial liabilities and are amortised over the remaining term. Any adjustment to the carrying amount of the financial liability is recognised in profit or loss at the date of modification.

Modification of terms is accounted for as an extinguishment if the difference is more than 10 percent. The Group derecognises financial liabilities and recognised the new financial liabilities at fair value. The difference between the carrying amount of the financial liability derecognised and the carrying amount of the new financial liabilities is recognised in profit or loss.

(u) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2022

3 Significant accounting policies *(Continued)*

(v) Foreign currencies

In preparing the financial statements of each individual Group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. The transaction date is the date on which the entity initially recognises such non-monetary assets or liabilities. Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into Renminbi using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

(w) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before taxation as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

3 Significant accounting policies *(Continued)*

(w) Taxation *(Continued)*

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Current and deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax is also recognised in other comprehensive income or directly in equity respectively.

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model in accordance with IAS 40 *Investment Property*, the carrying amounts of such properties are presumed to be recovered through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model of the Group whose business objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. If the presumption is rebutted, deferred tax liabilities and deferred tax assets for such investment properties are measured in accordance with the above general principle set out in IAS 12 (i.e. based on the expected manner as to how the properties will be recovered).

(x) Retirement benefit costs

Payments to defined contribution retirement benefits scheme under the state-managed retirement benefit scheme in the PRC are charged as an expense when employees have rendered service entitling them to the contributions.

(y) Share-based payment transactions

Equity-settled share-based payment transactions with employees

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share options reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

When share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to retained profits.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2022

3 Significant accounting policies *(Continued)*

(z) Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

(aa) Provisions and contingent liabilities

Provisions are recognised when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, a separate asset is recognised for any expected reimbursement that would be virtually certain. The amount recognised for the reimbursement is limited to the carrying amount of the provision.

(bb) Non-current assets held for sale

A non-current asset (or disposal group) is classified as held for sale if it is highly probable that its carrying amount will be recovered through a sale transaction rather than through continuing use and the asset (or disposal group) is available for sale in its present condition. A disposal group is a group of assets to be disposed of together as a group in a single transaction, and liabilities directly associated with those assets that will be transferred in the transaction.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all the assets and liabilities of that subsidiary are classified as held for sale when the above criteria for classification as held for sale are met, regardless of whether the Group will retain a non-controlling interest in the subsidiary after the sale.

Immediately before classification as held for sale, the measurement of the non-current assets (and all individual assets and liabilities in a disposal group) is brought up-to-date in accordance with the accounting policies before the classification. Then, on initial classification as held for sale and until disposal, the non-current assets (except for certain assets as explained below), or disposal groups, are recognised at the lower of their carrying amount and fair value less costs to sell. The principal exceptions to this measurement policy so far as the financial statements of the Group and the Company are concerned are deferred tax assets, assets arising from employee benefits, financial assets (other than investments in subsidiaries, associates and joint ventures) and investment properties. These assets, even if held for sale, would continue to be measured in accordance with the policies set out elsewhere in Note 3.

3 Significant accounting policies *(Continued)*

(bb) Non-current assets held for sale *(Continued)*

Impairment losses on initial classification as held for sale, and on subsequent remeasurement while held for sale, are recognised in profit or loss. As long as a non-current asset is classified as held for sale, or is included in a disposal group that is classified as held for sale, the non-current asset is not depreciated or amortised.

(cc) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or a joint venture of the other entity (or an associate or a joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are a joint venture of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2022

4 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in Note 3, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

In the process of applying the Group's accounting policies, apart from those involving estimations, management has prepared the consolidated financial statements on the assumption that the Group will be able to operate as a going concern in the coming year, which is a critical judgement that has the most significant effect on the amounts recognised in the consolidated financial statements. The assessment of the going concern assumption involves making a judgement by the Directors, at a particular point of time, about the future outcome of events or conditions which are inherently uncertain. The Directors consider that the Group has the capability to continue as a going concern and the major events or conditions, which may give rise to business risks, that may individually or collectively cast a significant doubt upon the going concern assumption are set out in Note 3a(ii) to the consolidated financial statements.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(a) Valuation of investment properties

Investment properties are stated at fair value based on the valuation performed by an independent firm of professional valuers after taking into consideration the market evidences of transaction prices, and where appropriate, the rental income allowing for reversionary income potential.

In determining the fair value, the valuers have taken into consideration the market conditions existed at the end of each reporting period or where appropriate, a method of valuation where involves, inter alia, certain estimates including market prices, prevailing market rents for comparable properties in the same location and condition, appropriate discount rate and expected future market rents. In relying on the valuation report, the management has exercised their judgement and are satisfied that the method of valuation is reflective of the prevailing market conditions as at the end of each reporting period.

4 Critical accounting judgements and key sources of estimation uncertainty *(Continued)*

(b) Write-down of completed properties held for sale and properties under development for sale

Management performs a regular review on the carrying amount of completed properties held for sale and properties under development for sale. Based on management's review, write-down of completed properties held for sale and properties under development for sale will be made when the estimated net realisable value has declined below the carrying amount.

In determining the net realisable value of completed properties held for sale and properties under development for sale, management refers to prevailing market data such as recent sales transactions as the basis for evaluation. For properties under development for sale, the management also expected a 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 as described in Note 3(a)(ii). In cases the construction of properties under development for sale cannot be completed, there will be significant impact on the net realisable value and the differences will impact on the profit or loss in the period in which the differences realise.

(c) Deferred tax assets

Deferred tax assets of approximately RMB1,072,405,000 (2021: RMB1,357,883,000) mainly in relation to tax losses, impairment loss, land appreciation tax provisions and temporary differences on property sales and cost of sales have been recognised at 31 December 2022 as set out in Note 17. The realisability of the deferred tax assets mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. The Directors of the Company determine the deferred tax assets based on the enacted or substantially enacted tax rates and the best knowledge of profit projections of the Group for coming years during which the deferred tax assets are expected to be utilised. The Directors of the Company have reviewed the assumptions and profit projections at the end of the reporting period. In cases where the actual future profits generated are more or less than expected, an additional recognition or a reversal of deferred tax assets may arise, which would be recognised in the profit or loss for the period in which such a recognition or reversal takes place.

(d) Revenue recognition

As explained in policy Note 3(f), revenue from the sale of properties with full payment in advance before the construction of respective properties are completed are recognised over time. Such revenue and profit recognition on uncompleted projects is dependent on estimating the total outcome of the contract, as well as the work done to date. Based on the Group's recent experience and the nature of the construction activities undertaken by the Group, the Group has made estimates of the point at which it considered the work was sufficiently advanced such that the outcome of the contract can be reasonably measured. Until this point is reached the related contract assets do not include profit which the Group might eventually realise from the work done to date. In addition, actual outcomes in terms of total cost or revenue may be higher or lower than estimated at the end of the reporting period, which would affect the revenue and profit recognised in future years as an adjustment to the amounts recorded to date.

(e) Contingent liabilities

The Group is the defendant in various litigation and arbitration cases for various reasons. Management assesses the likelihood of the outcome and estimated the probable charges the Group is liable to for each of the cases, taking into account of all available facts and circumstances and relevant legal advice. Such assessment involved significant management's judgement on the likelihood of the case outcome and estimate on the charges. Where the final outcomes of these cases different from the amounts originally estimated and recorded by management, the differences will impact on the expenses in the period in which the differences realise.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2022

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 RMB'000	2021 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 RMB'000	2021 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 (note 24)	**(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 RMB'000	2021 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.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2022

8 Income tax expense

	2022 RMB'000	2021 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 RMB'000	2021 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)

Notes to the Consolidated Financial Statements

for the year ended 31 December 2022

9 Loss for the year

	2022 RMB'000	2021 RMB'000
Profit for the year has been arrived at after charging:		
(a) Staff cost		
Salaries, wages and other benefits	**300,087**	558,297
Share-based payment expenses (Note 36)	**2,551**	4,175
	302,638	562,472
(b) Other items		
Depreciation charge		
— owned property, plant and equipment	**20,431**	20,862
Amortisation cost of intangible assets	**2,161**	3,127
Auditors' remuneration		
— Audit services	**9,000**	6,910
— Non-audit services	**150**	150
Allowance for doubtful debts	**401,437**	317,658
Write-down of properties under development and completed properties held for sale	**1,186,765**	811,182
Cost of completed properties held for sale	**5,155,550**	9,520,062

Notes to the Consolidated Financial Statements

for the year ended 31 December 2022

10 Directors' and employees' emoluments

	Directors' fee RMB'000	Basic salaries and allowance RMB'000	Bonus RMB'000	Retirement benefit contribution RMB'000	Share-based payment RMB'000	Total RMB'000
Year ended 31 December 2022						
Name of director						
Executive Directors						
Zhang Lei	–	777	–	32	256	1,065
Zhang Peng	–	1,192	–	178	256	1,626
Chen Yin	–	774	–	–	–	774
Non-executive Directors						
Fan Qingguo (resigned on 9 November 2022)	94	–	–	–	–	94
Chen Zhiwei (resigned on 24 March 2022)	–	–	–	–	–	–
Tang Lunfei (appointed on 24 March 2022)	–	–	–	–	–	–
Zeng Qiang	–	–	–	–	–	–
Independent non-executive Directors						
Cui Jian	223	–	–	–	–	223
Hui Chun Ho, Eric	223	–	–	–	–	223
Liu Jiaping (resigned on 9 November 2022)	86	–	–	–	–	86
Gao Zhikai	223	–	–	–	–	223
	849	2,743	–	210	512	4,314

Notes to the Consolidated Financial Statements

for the year ended 31 December 2022

10 Directors' and employees' emoluments *(Continued)*

	Directors' fee RMB'000	Basic salaries and allowance RMB'000	Bonus RMB'000	Retirement benefit contribution RMB'000	Share-based payment RMB'000	Total RMB'000
Year ended 31 December 2021						
Name of director						
Executive Directors						
Zhang Lei	–	1,781	322	29	608	2,740
Zhang Peng	–	2,430	300	198	608	3,536
Chen Yin	–	977	76	–	–	1,053
Non-executive Directors						
Fan Qingguo (resigned on 9 November 2022)	225	–	–	–	–	225
Chen Zhiwei (resigned on 24 November 2022)	–	–	–	–	–	–
Zeng Qiang	–	–	–	–	–	–
Independent non-executive Directors						
Cui Jian	204	–	–	–	–	204
Hui Chun Ho, Eric	204	–	–	–	–	204
Liu Jiaping (appointed on 21 April 2021 and resigned on 9 November 2022)	143	–	–	–	–	143
Qin Youguo (passed away on 24 February 2021)	34	–	–	–	–	34
Gao Zhikai	204	–	–	–	–	204
	1,014	5,188	698	227	1,216	8,343

Notes:

Mr. Zhang Lei was the Chairman of the Company and his emoluments disclosed above include those for services rendered by him as the Chairman. As at 9 November 2022, Mr. Zhang Lei has resigned as the Chairman of the Company.

Mr. Zhang Peng is the Chairman and President of the Company and his emoluments disclosed above include those for services rendered by him as the President. As at 9 November 2022, Mr. Zhang Peng was appointed as the Chairman of the Company.

Mr. Chen Yin is the Chief Technology Officer of the Company and his emoluments disclosed above include those for services rendered by him as the Chief Technology Officer.

The bonus is determined by the management with reference to the Group's operating results, individual performance and prevailing market conditions.

The share-based payments are estimated value of the share options granted to the Directors under the Company's share option scheme. The value of these share options is measured according to the Group's accounting policies for share-based payment transactions as set out in Note 3(y) and, in accordance with that policy, includes adjustments to reverse amounts accrued in previous years where grants of equity instruments are forfeited prior to vesting.

No Directors waived any emoluments during the years ended 31 December 2022 and 2021.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2022

10 Directors' and employees' emoluments *(Continued)*

Five highest paid individuals

The five highest paid individuals included 2 directors for the year ended 31 December 2022 (2021: 2 directors). The emoluments of the remaining 3 highest paid individuals for the year ended 31 December 2022 (2021: remaining 3 highest paid individuals) are as follows:

	2022 RMB'000	2021 RMB'000
Employees		
Basic salaries and allowances	2,595	3,986
Bonus	–	856
Retirement benefit contributions	402	454
Share-based payment	142	946
	3,139	6,242

During the year, no emoluments were paid by the Group to the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

The emoluments of the remaining highest paid individuals are within the following bands:

	2022	2021
HK$1,000,001 to HK$1,500,000	3	–
HK$1,500,001 to HK$2,000,000	–	–
HK$2,000,001 to HK$2,500,000	–	2
HK$2,500,001 to HK$3,000,000	–	1

Notes to the Consolidated Financial Statements

for the year ended 31 December 2022

11 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 RMB'000	2021 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 '000	2021 '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.

12 Investment properties

	Completed properties RMB'000
Fair value:	
At 1 January 2021	3,072,670
Transfer from completed properties held for sale	295,855
Net change in fair value recognised in profit or loss	(43,520)
Disposal of subsidiaries	(93,000)
Disposals	(199,305)
At 31 December 2021 and 1 January 2022	3,032,700
Net change in fair value recognised in profit or loss	(26,150)
Disposals	(244,000)
At 31 December 2022	2,762,550

Notes to the Consolidated Financial Statements

for the year ended 31 December 2022

12 Investment properties *(Continued)*

All of the Group's property interests held under operating leases to earn rentals are measured using the fair value model and are classified and accounted for as investment properties. The investment properties are all situated in the PRC. The lease terms of land on which the investment properties are situated range from 40 to 50 years.

The Group had pledged investment properties of RMB1,724,794,000 (2021: RMB1,916,271,000) at 31 December 2022 to secure certain banking facilities granted to the Group as set out in Note 33.

At 31 December 2021, the amount transferred from completed properties held for sale and properties under development for sale upon change in use included the cost of the properties held for sale amounted to RMB101,977,000 with fair value gain of approximately RMB100,878,000 based on valuation performed at the respective dates of transfer during 2021. There were no such transfers during 2022.

The fair value of the Group's investment properties as at 31 December 2022 and 2021 has been arrived at on the basis of a valuation at each of those dates carried out by Cushman & Wakefield Limited, independent qualified professional valuers not connected to the Group, who have appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations. The Group's property manager and the chief financial officer have discussion with the surveyors on the valuation assumptions and valuation results when the valuation is performed at each interim and annual reporting date.

In estimating the fair value of an asset, the Group uses market-observable data to the extent available.

Details of the Group's investment properties and information about the fair value hierarchy as at 31 December 2022 and 2021 are as follows:

	Fair value measurements as at 31 December 2022	**Fair value as at 31 December 2022 RMB'000**	Fair value as at 31 December 2021 RMB'000
Investment properties located in the PRC	**Level 3**	**2,762,550**	3,032,700

During the year ended 31 December 2022, there were no transfers into or out of Level 3 during the year (2021: Nil). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2022

12 Investment properties *(Continued)*

The following table gives information about how the fair values of these investment properties are determined (in particular, the valuation techniques and inputs used).

Investment properties held by the Group in the consolidated statement of financial position	Valuation techniques	Significant unobservable inputs	Range	Relationship of unobservable inputs to fair value
Completed investment properties located in Beijing, Changsha, Nanchang, Jiujiang, Taiyuan, Huizhou, Foshan, Huzhou, Jinjiang and Xiantao, PRC (mainly retails)	Direct comparison approach (after 1 January 2020), and	Market unit sale price	RMB4,412 to RMB48,463 per sqm.	The higher the market unit sale price, the higher the fair value.
	Investment approach	1. Capitalisation rate	3.8% to 6.0% (2021: 3.8% to 6.0%)	The higher the capitalisation rate, the lower the fair value.
		2. Unit rent of individual unit	RMB48 to RMB352 (2021: RMB50 to RMB372) per sqm. per month	The higher the unit rent, the higher the fair value.

The fair value of investment properties is determined using an open market value basis with reference to comparable sales transactions as identified in the relevant markets, and where appropriate, taking into account the fair market valuations using the investment approach whereby the valuation mainly made reference to lettings within the subject property as well as other relevant comparable rental evidences of properties of similar use type subject to appropriate adjustments including but not limited to location, accessibility, age, quality, maintenance standards, size, time, configuration and other factors.

Undiscounted lease payments under non-cancellable operating leases in place at the reporting date will be receivable by the Group in future periods as follows:

	At 31 December 2022 RMB'000	At 31 December 2021 RMB'000
Within one year	**63,843**	69,071
In the second to fifth year inclusive	**147,646**	189,045
After five years	**98,498**	205,919
	309,987	464,035

Notes to the Consolidated Financial Statements

for the year ended 31 December 2022

13 Property, plant and equipment

	Leasehold land and buildings RMB'000	Motor vehicles RMB'000	Electronic equipment and furniture RMB'000	Total RMB'000
Cost:				
At 1 January 2021	570,932	55,203	30,265	656,400
Additions	1,083	1,137	634	2,854
Acquisition of subsidiaries	–	287	391	678
Disposal of subsidiaries	(763)	–	–	(763)
Disposals	(20,086)	(18,076)	(1,482)	(39,644)
Exchange differences	(50)	–	(11)	(61)
At 31 December 2021 and 1 January 2022	551,116	38,551	29,797	619,464
Additions	–	124	6	130
Disposal of subsidiaries	(424)	(67)	(685)	(1,176)
Disposals	(39,622)	(3,803)	(174)	(43,599)
At 31 December 2022	511,070	34,805	28,944	574,819
Accumulated depreciation:				
At 1 January 2021	160,476	34,797	23,199	218,472
Charge for the year	16,247	3,662	1,294	21,203
Acquisition of subsidiaries	–	148	343	491
Disposal of subsidiaries	(341)	–	–	(341)
Eliminated on disposals	(5,189)	(10,349)	(515)	(16,053)
Exchange differences	–	–	(8)	(8)
At 31 December 2021 and 1 January 2022	171,193	28,258	24,313	223,764
Charge for the year	16,054	2,897	1,480	20,431
Disposal of subsidiaries	–	(7)	(259)	(266)
Eliminated on disposals	(10)	(3,315)	(136)	(3,461)
Disposals	(28,281)	–	–	(28,281)
At 31 December 2022	158,956	27,833	25,398	212,187
Carrying amount:				
At 31 December 2022	352,114	6,972	3,546	362,632
At 31 December 2021	379,923	10,293	5,484	395,700

13 Property, plant and equipment *(Continued)*

The Group has entered into agreements with the eligible employees in connection with certain properties developed by the Group (the "Scheme"). Under the Scheme, the eligible employees can use the properties while remain with the Group for a service period ranging from 1.5 to 15 years, the title of the properties will be transferred to the eligible employees upon the completion of the service period as stated under the Scheme. During the year ended 31 December 2022, the carrying amount of leasehold land and buildings which were transferred to the eligible employees under the Scheme amounted to RMB8,523,000 was recognized as staff cost.

The Group has pledged property, plant and equipment of RMB151,992,000 at 31 December 2022 to secure certain banking and other facilities granted to the Group as set out in Note 33.

The above items of property, plant and equipment, other than properties under construction, are depreciated using the straight-line method after taking into account of their estimated residual values at the following rates per annum:

Leasehold land and buildings	Over the shorter of unexpired lease term of land and 30 years
Leasehold land and buildings under the Scheme	1.5 to 15 years
Motor vehicles	19.0%
Electronic equipment and furniture	19.0%–31.7%

14 Interests in associates

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

	At 31 December 2022 RMB'000	At 31 December 2021 RMB'000
Share of net assets	**44,558**	104,449

The associates are accounted for using the equity method in these consolidated financial statements. None of the Group's associates is individually material.

Aggregate information of associates that are not individually material:

	2022 RMB'000	2021 RMB'000
Aggregate amounts of the Group's share of those associates' losses and total comprehensive income for the year	**(2,139)**	(3,889)

Notes to the Consolidated Financial Statements

for the year ended 31 December 2022

15 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 RMB'000	At 31 December 2021 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.

Details of the Group's material joint venture as at 31 December 2022 are as follows:

Name of company	Place of establishment	Effective interests attributable to the Group 2022	Effective interests attributable to the Group 2021	Principal activity
Guangzhou Jinyuan Taolue Investment Limited* ("Jinyuan Taolue") 廣州金源韜略投資有限公司	PRC	**21.81%**	51%	Property development

* The English name of the company which operate in the PRC are for reference only and has not been registered.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2022

15 Interests in joint ventures and loans to joint ventures *(Continued)*

Summarised financial information of material joint venture

Summarised financial information in respect of the Group's material joint venture is set out below. The summarised financial information below represents amounts shown in the joint venture's unaudited financial statements prepared in accordance with IFRSs.

The joint venture is accounted for using the equity method in these consolidated financial statements.

Jinyuan Taolue

	At 31 December 2022 RMB'000	At 31 December 2021 RMB'000
Current assets	**9,758,423**	9,239,028
Non-current assets	**399**	186,077
Current liabilities	**(13,877)**	(5,343,398)
Non-current liabilities	**(3,912,401)**	(397,834)
Net assets	**5,832,544**	3,683,873
Attributable to equity shareholders	**5,832,544**	2,686,546
Non-controlling interest	**–**	997,327
The above amounts of assets and liabilities include the following:		
Cash and cash equivalents	**137,477**	20,224
Trade and other receivables	**3,415,245**	2,591,070
Properties under development for sale	**6,197,582**	6,178,529
Non-current financial liabilities	**(3,912,401)**	(397,834)

	2022 RMB'000	2021 RMB'000
Revenue	**–**	–
Loss and total comprehensive income for the year attributable to:		
Owners of the company	**(82,017)**	(3,423)
Non-controlling interest	**–**	(1,141)

Notes to the Consolidated Financial Statements

for the year ended 31 December 2022

15 Interests in joint ventures and loans to joint ventures *(Continued)*

Summarised financial information of material joint venture *(Continued)*

Jinyuan Taolue *(Continued)*

Reconciliation of the above summarised financial information to the carrying amount of the interest in Jinyuan Taolue recognised in the consolidated financial statements:

	At 31 December 2022 RMB'000	At 31 December 2021 RMB'000
Net assets of Jinyuan Taolue	**5,832,544**	2,686,546
Proportion of the Group's ownership interest in Jinyuan Taolue	**21.81%**	51%
Carrying amount of the Group's interest in Jinyuan Taolue	**1,272,078**	1,370,138

Aggregate information of joint ventures that are not individually material

	2022 RMB'000	2021 RMB'000
Aggregate carrying amount of individually immaterial joint ventures in the consolidated financial statements	**1,491,273**	863,247
Aggregate amounts of the Group's share of those joint ventures' profits/(losses) and total comprehensive income	**(180,130)**	(32,304)

16 Equity investments at fair value through other comprehensive income

	At 31 December 2022 RMB'000	At 31 December 2021 RMB'000
Equity securities designated at FVOCI		
— Unlisted equity securities	**41,360**	46,083

17 Deferred taxation

The following are the major deferred tax assets/(liabilities) recognised and movements thereon during the year:

	Investment properties RMB'000	Tax losses RMB'000	Impairment losses on doubtful debts and write-down of properties under development and completed properties held for sale RMB'000	LAT provision RMB'000	Temporary differences on property sales and cost of sales RMB'000	Properties under development for sale RMB'000	Others RMB'000	Total RMB'000
At 1 January 2021	(474,845)	297,364	–	221,726	754,013	(280,498)	(115,299)	402,461
(Charged)/credited to profit or loss (Note 8)	3,028	(53,566)	122,441	(23,683)	53,075	199,647	(30,819)	270,123
Acquisition of subsidiaries	–	–	–	(1,377)	126,222	–	–	124,845
Disposal of subsidiaries	–	(7,985)	–	(16,493)	(84,178)	–	(554)	(109,210)
Classified as held for sale	–	–	–	3,078	(32,754)	–	(150)	(29,826)
Fair value changes of equity investments at FVOCI	–	–	–	–	–	–	(131)	(131)
At 31 December 2021 and 1 January 2022	(471,817)	235,813	122,441	183,251	816,378	(80,851)	(146,953)	658,262
(Charged)/credited to profit or loss (Note 8)	15,894	–	72,450	51,237	(216,775)	65,781	(14,426)	(25,839)
Disposal of subsidiaries	–	(14,247)	(15,854)	13,533	(175,822)	–	(2,194)	(194,584)
Fair value changes of equity investments at FVOCI	–	–	–	–	–	–	1,181	1,181
At 31 December 2022	(455,923)	221,566	179,037	248,021	423,781	(15,070)	(162,392)	439,020

For the purpose of presentation in the consolidated statement of financial position. The following is the analysis of the deferred tax balances for financial reporting purpose:

	At 31 December 2022 RMB'000	At 31 December 2021 RMB'000
Deferred tax assets	**918,404**	1,311,796
Deferred tax liabilities	**(479,384)**	(653,534)
	439,020	658,262

Notes to the Consolidated Financial Statements

for the year ended 31 December 2022

17 Deferred taxation *(Continued)*

(a) Deferred tax assets not recognised

No deferred tax asset has been recognised in respect of the following unutilised tax losses due to the uncertainty of future profit streams. The unrecognised tax losses will expire in the following years:

	At 31 December 2022 RMB'000	At 31 December 2021 RMB'000
Expiring on:		
31 December 2022	**–**	92,227
31 December 2023	**46,846**	51,746
31 December 2024	**374,197**	393,757
31 December 2025	**433,433**	488,513
31 December 2026	**1,614,070**	1,618,364
31 December 2027	**2,271,584**	–
Total unused tax losses not recognised as deferred tax assets	**4,740,130**	2,644,607

(b) Deferred tax liabilities not recognised

Under the Corporate Income Tax Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred tax has not been provided for in the consolidated financial statements in respect of temporary differences attributable to retained profits of the PRC subsidiaries amounting to RMB6,539,852,000 (2021: RMB9,015,916,000) as at 31 December 2022, as the Company controls the dividend policy of these subsidiaries and it has been determined that it is probable that profits earned subsequent to 1 January 2008 will not be distributed in the foreseeable future.

18 Properties under development for sale

	At 31 December 2022 RMB'000	At 31 December 2021 RMB'000
At the beginning of the year	**39,859,390**	38,111,796
Additions	**740,573**	15,534,048
Transfer to properties held for sale upon completion	**(1,084,360)**	(8,979,649)
Acquisition of subsidiaries	**–**	3,121,413
Disposal of subsidiaries	**(9,922,184)**	(5,165,751)
Total	**29,593,419**	42,621,857
Classified as held for sale	**–**	(2,502,289)
Impairment write back on disposal of a subsidiary	**69,910**	–
Write-down of properties under development	**(661,970)**	(260,178)
At the end of the year	**29,001,359**	39,859,390

18 Properties under development for sale *(Continued)*

	At 31 December 2022 RMB'000	At 31 December 2021 RMB'000
Cost of properties under development for sale	**29,853,597**	40,119,568
Less: write-down of properties under development for sale	**(852,238)**	(260,178)
	29,001,359	39,859,390

The properties under development are located in the PRC with lease terms ranging from 40–70 years as at 31 December 2022. The carrying amount of land use right included in properties under development and completed properties held for sale is RMB6,756,214,000 (2021: RMB14,807,325,000).

The Group has pledged properties under development for sale of RMB9,853,302,000 at 31 December 2022 (2021: RMB15,073,846,000) to secure certain banking and other facilities granted to the Group as set out in Note 33.

As at 31 December 2022, properties under development for sale with carrying value of RMB21,101,329,000 (2021: 36,345,870,000) are expected to be completed after twelve months from the end of the reporting period.

19 Completed properties held for sale

	At 31 December 2022 RMB'000	At 31 December 2021 RMB'000
Cost of completed properties held for sale	**5,745,550**	5,339,523
Less: write-down of completed properties held for sale	**(1,075,799)**	(551,004)
	4,669,751	4,788,519

The Group's completed properties held for sale are stated at the lower of cost and net realisable value and situated in the PRC. As at 31 December 2022, completed properties held for sale of RMB1,586,689,000 (2021: RMB2,009,573,000) are pledged to secure certain banking facilities granted to the Group as set out in Note 33.

20 Contract liabilities

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

Notes to the Consolidated Financial Statements

for the year ended 31 December 2022

20 Contract liabilities *(Continued)*

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).

21 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.

21 Trade and other receivables, deposits and prepayments *(Continued)*

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 RMB'000	2021 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 RMB'000	2021 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

Notes to the Consolidated Financial Statements

for the year ended 31 December 2022

22 Restricted cash

	Note	At 31 December 2022 RMB'000	At 31 December 2021 RMB'000
Guarantee deposits for mortgage loans provided to customers	i	**98,180**	199,137
Guarantee deposits for construction of pre-sold properties	ii	**917,605**	1,843,578
Guarantee deposits for bank borrowings	iii	**12,112**	368,536
Guarantee deposits for notes payable		**–**	15,675
Balance of restricted cash		**1,027,897**	2,426,926

Notes:

(i) Guarantee deposits for mortgage loans provided to customers represent restricted cash placed with the banks to secure the mortgage guarantees provided to customers and will be released upon customers obtaining the individual property ownership certificate.

(ii) In accordance with relevant documents issued by the PRC local State-Owned Land and Resource Bureau, certain property development companies of the Group are required to place the proceeds received from pre-sale of properties as guarantee deposits for construction of properties. The deposits can only be used to pay for construction fees and purchase of construction materials of the relevant projects when approvals are obtained from the PRC local State-Owned Land and Resource Bureau. Such guarantee deposits will be released according to the completion stage of the related pre-sold properties.

(iii) During the year, the Group obtained certain bank borrowings which are secured by guarantee deposits.

23 Bank balances and cash and other cash flow information

(a) Bank balances and cash

	At 31 December 2022 RMB'000	At 31 December 2021 RMB'000
Cash at bank and in hand	**1,570,229**	4,011,969
Less: Restricted cash	**(1,027,897)**	(2,426,926)
	542,332	1,585,043

Bank balances and cash comprise cash and short-term deposits held by the Group with an original maturity of three months or less.

The deposits carry variable rates of 0.15%–1.95% per annum as at 31 December 2022 (2021: 1.0%–1.5%).

Bank balances and cash at 31 December 2022 were mainly denominated in RMB which is not a freely convertible currency in the international market. The exchange rate of RMB is determined by the government of the PRC and the remittance of these funds out of the PRC is subject to exchange restrictions imposed by the government of the PRC.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2022

23 Bank balances and cash and other cash flow information *(Continued)*

(b) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated cash flow statement as cash flows from financing activities.

	Bank and other borrowings RMB'000 (Note 28)	Senior notes RMB'000 (Note 29)	Corporate bond RMB'000 (Note 30)	Amounts due to related parties RMB'000 (Note 37(b))	Amounts due to non-controlling interests RMB'000 (Note 26)	Accrued interest RMB'000	Total RMB'000
At 1 January 2022	15,356,914	8,478,681	710,812	1,969,654	1,972,008	541,372	29,029,441
Changes from financing cash flows:							
New bank borrowings raised	1,750	–	–	–	–	–	1,750
Repayments of bank borrowings	(778,149)	–	–	–	–	–	(778,149)
New other borrowings raised	514,050	–	–	–	–	–	514,050
Repayments of other borrowings	(1,336,559)	–	–	–	–	–	(1,336,559)
Repayments of senior notes	–	(159,601)	–	–	–	–	(159,601)
Advances from related parties	–	–	–	238,788	–	–	238,788
Repayments to related parties	–	–	–	(262,057)	–	–	(262,057)
Repayments to non-controlling interests	–	–	–	–	(287,548)	–	(287,548)
Advances from non-controlling interests	–	–	–	–	280,147	–	280,147
Interest paid	–	–	–	–	–	(756,715)	(756,715)
	13,758,006	8,319,080	710,812	1,946,385	1,964,607	(215,343)	26,483,547
Exchange adjustments	19,595	790,846	–	–	–	–	810,441
Other changes:							
Finance costs	2,734	35,115	42,299	–	–	295,545	375,693
Amount capitalised in properties under development for sale	–	–	–	–	–	1,778,254	1,778,254
Senior notes restructuring (note 29)	–	1,071,314	–	–	–	(1,568,369)	(497,055)
Non-cash transaction	(583,967)	–	–	(5,397)	13,866	19,434	(556,064)
Disposal of subsidiaries	(2,240,940)	–	–	–	(220,270)	(452)	(2,461,662)
Classified as held for sale	238,000	–	–	–	–	–	238,000
Total other changes	(2,584,173)	1,106,429	42,299	(5,397)	(206,404)	524,412	(1,122,834)
At 31 December 2022	11,193,428	10,216,355	753,111	1,940,988	1,758,203	309,069	26,171,154

Notes to the Consolidated Financial Statements

for the year ended 31 December 2022

23 Bank balances and cash and other cash flow information *(Continued)*

(b) Reconciliation of liabilities arising from financing activities *(Continued)*

	Bank and other borrowings RMB'000 (Note 28)	Senior notes RMB'000 (Note 29)	Corporate bond RMB'000 (Note 30)	Amounts due to related parties RMB'000 (Note 37(b))	Amounts due to non-controlling interests RMB'000 (Note 26)	Accrued interest RMB'000	Total RMB'000
At 1 January 2021	15,710,649	7,851,880	1,030,484	4,283,971	3,274,790	340,103	32,491,877
Changes from financing cash flows:							
New bank borrowings raised	4,125,254	–	–	–	–	–	4,125,254
Repayments of bank borrowings	(4,644,172)	–	–	–	–	–	(4,644,172)
New other borrowings raised	7,367,303	–	–	–	–	–	7,367,303
Repayments of other borrowings	(6,813,477)	–	–	–	–	–	(6,813,477)
Net proceeds from issue of senior notes	–	2,556,646	–	–	–	–	2,556,646
Repayments of corporate bond	–	–	(313,705)	–	–	–	(313,705)
Repayments of senior notes	–	(1,854,858)	–	–	–	–	(1,854,858)
Advances from related parties	–	–	–	420,872	–	–	420,872
Repayments to related parties	–	–	–	(1,237,328)	–	–	(1,237,328)
Repayments to non-controlling interests	–	–	–	–	(2,329,129)	–	(2,329,129)
Advances from non-controlling interests	–	–	–	–	1,980,897	–	1,980,897
Interest paid	–	–	–	–	–	(2,300,491)	(2,300,491)
	15,745,557	8,553,668	716,779	3,467,515	2,926,558	(1,960,388)	29,449,689
Exchange adjustments	(21,427)	(114,917)	–	–	–	–	(136,344)
Other changes:							
Finance costs	16,830	39,930	(5,967)	–	–	353,204	403,997
Amount capitalised in properties under development for sale	–	–	–	–	–	2,148,556	2,148,556
Non-cash transaction	441,206	–	–	37,056	–	–	478,262
Acquisition of subsidiaries	506,500	–	–	(1,534,917)	–	–	(1,028,417)
Disposal of subsidiaries	(1,093,752)	–	–	–	(606,899)	–	(1,700,651)
Classified as held for sale	(238,000)	–	–	–	(347,651)	–	(585,651)
Total other changes	(367,216)	39,930	(5,967)	(1,497,861)	(954,550)	2,501,760	(283,904)
At 31 December 2021	15,356,914	8,478,681	710,812	1,969,654	1,972,008	541,372	29,029,441

24 Disposal of subsidiaries

During the year ended 31 December 2022, the Group entered into a number of share transfer agreements with various third parties to dispose certain subsidiaries for a total consideration of RMB334,998,000 and lost control of a subsidiary as a result from a legal proceeding in relation to overdue borrowings. After these transactions and legal proceeding, these entities were no longer subsidiaries of the Group.

The carrying amount of the assets and liabilities on the dates of disposal in aggregation were as follows:

	Total RMB'000
Property and equipment (Note 13)	910
Properties under development and completed properties held for sale	9,932,112
Trade and other receivables deposits and prepayments	3,204,551
Bank balances and cash	1,076,656
Deferred tax assets, net of deferred liabilities (Note 17)	194,584
Trade and other payables, deposits received and accrued charges	(3,338,808)
Contract liabilities (Note 20)	(6,729,330)
Bank and other borrowings	(2,240,940)
Taxation payable	(68,230)
	2,031,505
Less: non-controlling interests	384,700
Net assets attributable to the Group	1,646,805
Total consideration	717,637
Net loss on disposal of subsidiaries (Note 6)	(929,168)

Total consideration comprises cash consideration of RMB917,991,000, waiver of amounts due by the Group to the disposal group of RMB159,211,000 and waiver of amounts due by the disposal group to the Group of RMB359,565,000. An analysis of the cash flows of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:

	Total RMB'000
Cash consideration received	10,000
Less: Cash and cash equivalents disposed of	(1,076,656)
Net cash outflow of cash and cash equivalents in respect of the disposal of subsidiaries	(1,066,656)

Notes to the Consolidated Financial Statements

for the year ended 31 December 2022

25 Assets and liabilities held for sale

As of 31 December 2021, the Group was committed to sale plans to sell and had subsequently disposed 51%, 51% and 100% equity interests in certain subsidiaries, namely Changzhou Zhanlan Development Co., Ltd., Hefei Lvheng MOMA Development Co., Ltd., and Hefei Zhanlan Development Co., Ltd., respectively. The intended disposals resulted in the assets and liabilities being presented as assets and liabilities held-for-sale in the consolidated statement of financial position at 31 December 2021. These subsidiaries mentioned above were disposed in 2022.

At 31 December 2021, the assets and liabilities held-for-sale comprise the following:

	Note	**2021** RMB'000
Restricted cash		138,251
Bank balances and cash		101,595
Trade and other receivables, deposits and prepayments		173,684
Properties under development for sale	18	2,502,289
Completed properties held for sale		2,043
Deferred tax assets	17	29,827
Assets held-for-sale		2,947,689
Trade and other payables, deposits received and accrued charges		481,609
Contract liabilities	20	1,447,293
Amounts due to related parties		1,782
Taxation payable		16,079
Bank and other borrowings — due within one year		178,000
Bank and other borrowings — due after one year		60,000
Deferred tax liabilities	17	2,955
Liabilities held-for-sale		2,187,718

26 Trade and other payables, deposits received and accrued charges

	At 31 December 2022 RMB'000	At 31 December 2021 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	**20,367**	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.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2022

27 Taxation payable

	At 31 December 2022 RMB'000	At 31 December 2021 RMB'000
LAT payable	**2,078,255**	2,023,356
PRC Corporate Income tax payable	**1,614,536**	1,803,602
	3,692,791	3,826,958

28 Bank and other borrowings

	At 31 December 2022 RMB'000	At 31 December 2021 RMB'000
Bank loans, secured	**2,646,775**	4,035,063
Other loans, secured	**8,546,653**	11,321,851
	11,193,428	15,356,914

The borrowings are repayable:

	At 31 December 2022 RMB'000	At 31 December 2021 RMB'000
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
	11,193,428	15,356,914
Less: Amount due within one year shown under current liabilities	**(10,153,156)**	(13,449,587)
Amount due after one year	**1,040,272**	1,907,327

28 Bank and other borrowings *(Continued)*

	At 31 December 2022 RMB'000	At 31 December 2021 RMB'000
Analysis of borrowings by currency		
— Denominated in RMB	**11,033,242**	14,884,499
— Denominated in US$	**160,186**	306,033
— Denominated in HK$	**–**	166,382
	11,193,428	15,356,914

Certain bank and other loans as at the end of the reporting period were secured by the pledge of assets as set out in Note 33.

Borrowings include RMB2,265,799,000 (2021: RMB4,279,812,000) variable rate borrowings which carry interest ranging from 5.5% to 11.8% (2021: 2.1% to 11.8%) per annum as at 31 December 2022, and exposed the Group to cash flow interest rate risk. The remaining borrowings are arranged at fixed rate, the effective interest rates ranged from 4.4% to 15.4% (2021: 1.4% to 15.0%) per annum as at 31 December 2022, and exposed the Group to fair value interest rate risk.

As disclosed in Note 3(a) (ii), the Group breached certain covenants relating to bank and other borrowings repayable after one year of RMB1,537,976,000 (2021: RMB5,262,556,000), and these borrowings became repayable on demand as at 31 December 2022. As a result, these bank and other borrowings were classified as current liabilities as at 31 December 2022. Further, bank and other borrowings of RMB4,080,315,000 were defaulted as at 31 December 2022 (2021: RMB959,673,000).

29 Senior notes

The movements of senior notes during the year are set out below:

	At 31 December 2022 RMB'000	At 31 December 2021 RMB'000
Carrying amount at the beginning of the year	**8,478,681**	7,851,880
Net proceeds from issuance senior notes	**–**	2,556,646
Accrued interest included in other payables	**1,568,369**	–
Gain on senior note restructuring	**(497,055)**	–
Exchange loss/(gain)	**790,846**	(114,917)
Other finance costs	**35,115**	39,930
Redemption	**(159,601)**	(1,854,858)
Carrying amount at the end of the year	**10,216,355**	8,478,681
Less: Current portion of senior notes	**(539,484)**	(8,478,681)
Long term portion of senior notes	**9,676,871**	–

Notes to the Consolidated Financial Statements

for the year ended 31 December 2022

29 Senior notes *(Continued)*

On 30 December 2022, the Group restructured all of the senior notes with an aggregate amount of USD1,377,996,000 (approximately RMB9,597,190,000). The senior notes were cancelled and new senior notes have been issued by the Group to replace the senior notes. The new senior notes consists five tranches maturing 2023 to 2027. The new senior notes are listed on the Singapore Stock Exchange, senior obligations of the company and guaranteed by certain of the Company's existing subsidiaries. The guarantees are effectively subordinated to the other secured obligations of each guarantor, to the extent of the value of asset serving as security. The first tranche senior note of USD80,000,000 will become mature on 30 December 2023 and the management expected that they can successfully negotiate with senior noteholders to extend the maturity date by one year. The interest is payable semi-annually and the Group can elect a paid-in-kind option for its interest payment for the first 2 years, which will capitalise the interest into principal amount and the interest rate per annum will be increased by 2%. As a result of the senior notes restructuring, modification gain of RMB497,055,000 were recognized during 2022.

As at 31 December 2022, the new senior notes comprise the follows:

	Principal	**Interest rate per annum (Cash/Payment-in-kind)**	**Maturity**	**Carrying amount at 31 December 2022**
	USD'000	RMB'000		
Tranche 1	80,000	7.0%/9.0%	30 December 2023	536,971
Tranche 2	180,000	8.0%/10.0%	30 December 2024	1,092,049
Tranche 3	300,000	9.0%/11.0%	30 December 2025	1,850,494
Tranche 4	400,000	9.0%/11.0%	30 December 2026	2,396,519
Tranche 5	583,800	9.0%/11.0%	30 December 2027	3,538,713
				9,414,746

30 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 will be due on 30 July 2023. Subsequently in July 2023, the Group reached an agreement with corporate bondholders of corporate bond with carrying amount of RMB753,111,000 as at 31 December 2022. Pursuant to the agreement, the repayment date of the corporate bond was extended to 31 October 2023. Subject to approval of corporate bondholders every three months, the corporate bond maturity can be extended up to 30 July 2024.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2022

31 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

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

32 Retirement benefit plans

According to the relevant laws and regulations in the PRC, the Company's PRC subsidiaries are required to participate in a defined contribution retirement scheme administrated by the local municipal government. The Group entities in the PRC contribute funds which are calculated at a certain percentage of the average employee salary as agreed by local municipal government to the scheme to fund the retirement benefits of the employees. The principal obligation of the Group with respect to the retirement benefit scheme is to make the required contributions under the scheme.

The Group also operates a Mandatory Provident Fund Scheme ("the MPF scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance and not previously covered by the defined benefit retirement plan. The MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$30,000. Contributions to the plan vest immediately.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2022

33 Pledge of assets

The following assets were pledged to secure certain banking and other facilities granted to the Group and mortgage loans granted to buyers of sold properties at the end of reporting period:

	At 31 December 2022 RMB'000	At 31 December 2021 RMB'000
Investment properties	**1,724,794**	1,916,271
Properties under development for sale	**9,853,302**	15,073,846
Completed properties held for sale	**1,586,689**	2,009,573
Property, plant and equipment	**151,992**	151,992
Equity interests in subsidiaries	**1,917,568**	2,238,797
Equity interests in joint ventures	**13,292**	16,194
Restricted cash	**12,129**	325,774
Guarantee deposits for housing provident fund loans provided to customers	**45,110**	247,613
	15,304,876	21,980,060

34 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

35 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. 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).

The Group has not recognised any deferred income in respect of the guarantee as its fair value cannot be reliably measure using observable market data and it transaction price was RMB nil.

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. 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, Management accrued compensation amounted to RMB497,108,000 as provision for claims and litigations charges in the consolidated financial statements as at 31 December 2022 (2021: RMB264,315,000).

Notes to the Consolidated Financial Statements

for the year ended 31 December 2022

36 Share-based payment transactions

Pursuant to the share option scheme (the "Share Option Scheme") adopted by the Company on 14 June 2013, the board of directors of the Company (the "Board") may grant Share options to eligible participants entitling to subscribe for a total up to 279,084,340 shares, representing 10.0% of the total number of issued shares as at the date on which the resolution regarding the refreshment of the scheme mandate limit under the Share Option Scheme was passed at the annual general meeting held on 18 June 2019, being 2,790,843,400 shares.

The maximum entitlement of each participant under the scheme in any 12-month period up to the date of grant shall not exceed 1.0% of the shares in issue as of the date of grant. The exercise price of the options shall be at least the highest of: (a) the official closing price of the shares of the Company as stated in the daily quotation sheets of the Stock Exchange on the date of grant; (b) the average of the official closing price of the shares of the Company as stated in the daily quotation sheets of the Stock Exchange for the 5 business days immediately preceding the date of grant; and (c) the nominal value of a share.

At 31 December 2022, the number of shares in respect of which options has been granted and remained outstanding under the Share Option Scheme was 38,375,000 (31 December 2021: 42,300,000), representing 1.4% (31 December 2021: 1.5%) of the shares of the Company in issue at that date.

The details of the options granted are as follows:

	Number of options	Vesting period	Contractual life of options
Share options granted to directors			
On 7 July 2020	9,800,000	25% from the date of grant to 7 July 2021	5 years
		25% from the date of grant to 7 July 2022	5 years
		25% from the date of grant to 7 July 2023	5 years
		25% from the date of grant to 7 July 2024	5 years
Share options granted to employees			
On 7 July 2020	38,000,000	25% from the date of grant to 7 July 2021	5 years
		25% from the date of grant to 7 July 2022	5 years
		25% from the date of grant to 7 July 2023	5 years
		25% from the date of grant to 7 July 2024	5 years
Total share options	47,800,000		
Exercisable at 31 December 2021	9,450,000		
Exercisable at 31 December 2022	8,750,000		

Notes to the Consolidated Financial Statements

for the year ended 31 December 2022

36 Share-based payment transactions *(Continued)*

The exercise of the share options by the eligible directors and employees is conditional upon the fulfilment of certain financial indicators as set out by the Company.

The following table discloses movements of the Company's share options held by directors and employees during the year ended 31 December 2022 and 2021:

Option type	Exercise price	Outstanding at 1 January 2022	Forfeited during the year	Expired during the year	Outstanding at 31 December 2022
2020	**HK$1.100**	**42,300,000**	**(1,125,000)**	**(2,800,000)**	**38,375,000**
		42,300,000	**(1,125,000)**	**(2,800,000)**	**38,375,000**

Option type	Exercise price	Outstanding at 1 January 2022	Forfeited during the year	Expired during the year	Outstanding at 31 December 2021
2016	HK$1.045	22,162,500	–	(22,162,500)	–
2020	HK$1.100	47,800,000	(2,000,000)	(3,500,000)	42,300,000
		69,962,500	(2,000,000)	(25,662,500)	42,300,000

Note: The weighted average share price at the date of exercise for share options exercised during the year is nil (2021: nil).

The Group recognised total expense of RMB2,551,000 (2021: recognised total expense of RMB4,175,000) for the year ended 31 December 2022 in relation to share options under the Share Option Scheme granted by the Company.

Share options were granted under a service condition. This condition has not been taken into account in the grant date fair value measurement of the services received. There were no market conditions associated with the share option grants.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2022

37 Related party balances and transactions

(a) At the end of the reporting period, the Group has amounts receivable from the following related parties and the details are set out below:

	At 31 December 2022 RMB'000	At 31 December 2021 RMB'000
Amount due from companies controlled by Mr. Zhang Lei	**15,797**	11,630
Amount due from companies controlled by Mr. Zhang Peng	**14,586**	7,132
Amounts due from associates	**72,018**	124,415
Amounts due from joint ventures and their subsidiaries	**210,920**	162,450
Total non-trade balance (note i)	**313,321**	305,627
Amount due from companies controlled by Mr. Zhang Lei	**12,153**	8,998
Amount due from companies controlled by Mr. Zhang Peng	**8,575**	8,999
Amounts due from joint ventures and their subsidiaries	**406,322**	462,724
Total trade balance (note ii)	**427,050**	480,721
	740,371	786,348
Loans to joint ventures (note iii)	**6,672,926**	7,088,140

Notes:

(i) Balances at 31 December 2022 and 2021 are of non-trade nature, unsecured, interest free and repayable on demand.

(ii) Trade receivables from related parties at 31 December 2022 and 2021 are unsecured, interest free and repayable on demand. The following is an ageing analysis of amounts due from related parties of trade nature based on invoice date which approximated the revenue recognition date, at the end of each reporting period:

	At 31 December 2022 RMB'000	At 31 December 2021 RMB'000
Less than 1 year	**24,684**	466,918
1–2 years	**402,366**	13,803
	427,050	480,721

(iii) The terms of loans to joint ventures are disclosed in Note 15.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2022

37 Related party balances and transactions *(Continued)*

(b) At the end of the reporting period, the Group has amounts payable to the following related parties and the details are set out below:

	At 31 December 2022 RMB'000	At 31 December 2021 RMB'000
Amount due to companies controlled by Mr. Zhang Lei	982	187
Amount due to companies controlled by Mr. Zhang Peng	729	912
Amounts due to an associate	20,356	18,737
Amounts due to joint ventures and their subsidiaries	1,918,921	1,949,818
Total non-trade balance (note i)	1,940,988	1,969,654
Amount due to companies controlled by Mr. Zhang Lei	146,759	145,583
Amount due to companies controlled by Mr. Zhang Peng	11,732	5,371
Amounts due to joint ventures and their subsidiaries	369	385
Total trade balance (note ii)	158,860	151,339
	2,099,848	2,120,993

Notes:

(i) Balances at 31 December 2022 and 2021 are of non-trade nature, unsecured, interest free and repayable on demand.

(ii) Trade payables to related parties are unsecured, interest free and repayable on demand. The following is an ageing analysis of amounts due to related parties of trade nature based on invoice date at the end of each reporting period:

	At 31 December 2022 RMB'000	At 31 December 2021 RMB'000
Less than 1 year	55,479	117,129
1–2 years	103,381	34,210
	158,860	151,339

Notes to the Consolidated Financial Statements

for the year ended 31 December 2022

37 Related party balances and transactions *(Continued)*

(c) During the year, the Group entered into the following transactions with its related parties:

Nature of related party	Nature of transaction	2022 RMB'000	2021 RMB'000
Companies controlled by Mr. Zhang Lei	Rental income	–	12,590
Companies controlled by Mr. Zhang Lei	Energy-saving advisory expenses	903	13,422
Companies controlled by Mr. Zhang Lei	Property management service expenses	15,991	112,695
Companies controlled by Mr. Zhang Lei	Property contracting service expenses	23,685	30,907
Companies controlled by Mr. Zhang Lei	Elevator service expenses	–	17,245
Companies controlled by Mr. Zhang Peng	Elevator service expenses	27,964	12,342
Joint ventures	Income from real estate agency services	–	98,534
Joint ventures	Management service income	–	10,854

(d) Transaction with key management personnel

	2022 RMB'000	2021 RMB'000
Key management compensation		
Short-term benefits	9,077	19,460
Post-employment benefits	1,133	1,343
Share-based payment	796	2,163
	11,006	22,966

(e) The Listing Rules relating to connected transactions

The related party transactions in respect of rental income from related parties, and property management service expenses, property contracting service expenses, energy-saving advisory expenses and elevator service expenses charged by related parties above constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules. The disclosures required by Chapter 14A of the Listing Rules are provided in section Continuing Connected Transactions of the Directors' Report.

38 Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt, which includes the borrowings, senior notes and corporate bond disclosed in Notes 28, 29 and 30, net of bank balances and cash and equity attributable to owners of the Company, comprising issued share capital, reserves and retained profits. The capital structure of the Company consists of net debt, which includes the borrowings, senior notes and corporate bond, net of bank balances and cash and equity attributable to owners of the Company, comprising issued share capital and reserves.

The Directors of the Company review the capital structure on a regular basis. As part of this review, the Directors of the Company consider the cost of capital and the risks associated with each class of capital, and take appropriate actions to balance its overall capital structure.

39 Financial instruments

(a) Categories of financial instruments

	At 31 December 2022 RMB'000	At 31 December 2021 RMB'000
The Group		
Financial assets		
Loans and receivables (including bank balances and cash)	**8,307,216**	11,943,286
Equity investments at FVOCI	**41,360**	46,083
Financial liabilities		
Liabilities measured at amortised cost	**34,790,486**	39,076,815

Notes to the Consolidated Financial Statements

for the year ended 31 December 2022

39 Financial instruments *(Continued)*

(b) Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, amounts due from related parties, other equity investment at FVOCI, restricted cash, bank balances and cash, trade and other payables, amounts due to related parties, bank and other borrowings, senior notes and corporate bond. Details of these financial instruments are set out in the respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

Market risk

The Group's activities expose primarily to the market risks of changes in interest rates, foreign currency exchange rates risks and other price risk (see below).

There has been no significant change to the Group's exposure to market risks or the manner in which it manages and measures the risk over the year.

(1) Interest rate risk

The Group is exposed to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate on bank balances and deposits, restricted cash and bank borrowings which carry at prevailing deposit interest rates and variable rate based on the interest rates quoted by the People's Bank of China, London Interbank Offered Rate and Hong Kong Interbank Offered Rate.

The Group's fair value interest rate risk relates primarily to its fixed rate senior notes, corporate bond and other borrowings.

The Group currently does not use any derivative contracts to hedge its exposure to interest rate risk. However, the management will consider hedging significant interest rate exposure should the need arise.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note.

Interest rate sensitivity

The sensitivity analysis below has been prepared based on the exposure to interest rates on bank balances and restricted cash and variable rate bank borrowings at the end of each reporting period and the stipulated change taking place at the beginning of the financial year and held constant throughout the year. A 20 basis points increase or decrease in interest rate for variable rate borrowings and a 10 basis points increase or decrease in interest rate for bank balances and restricted cash are used when reporting interest rate risk internally to key management personnel.

If interest rates had been increased/decreased by 20 basis points in respect of variable rate bank borrowings and all other variables were held constant, the Group's loss after tax (net of interest capitalisation effect) and retained profits would decrease/increase by approximately RMB5,257,000 (2021: RMB6,410,000) for the year ended 31 December 2022.

If interest rates had been increased/decreased by 10 basis points in respect of bank balances and restricted cash and all other variables were held constant, the Group's loss after tax and retained profits would increase/decrease by approximately RMB1,178,000 (2021: RMB3,009,000) for the year ended 31 December 2022.

39 Financial instruments *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Market risk *(Continued)*

(2) Price risk

The Group is exposed to equity price risks through its other non-current financial assets. At 31 December 2022, the management considers that the Group's exposure to fluctuation in equity price is minimal. Accordingly, no sensitivity analysis is presented.

(3) Foreign currency risk

The functional currency of the major subsidiaries of the Company is RMB in which most of the transactions are denominated. Foreign currencies denominated transactions arise from the Group's overseas operation, such as purchases of land held for further development and certain expenses incurred. Certain bank balances and bank borrowings are denominated in foreign currencies, while senior notes are issued in US$ and expose the Group to currency risk.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Assets At 31 December		Liabilities At 31 December	
	2022 RMB'000 equivalent	2021 RMB'000 equivalent	**2022 RMB'000 equivalent**	2021 RMB'000 equivalent
US$	**53,397**	60,698	**10,376,541**	8,784,714
HK$	**11,848**	8,903	**–**	166,382

The Group currently does not have a foreign currency hedging policy but the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

The following tables detail the Group's sensitivity to a change of 5.0% in exchange rate of each foreign currency against RMB while all other variables are held constant. 5.0% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5.0% change in foreign currency exchange rates.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2022

39 Financial instruments *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Market risk *(Continued)*

(3) Foreign currency risk (Continued)

An analysis of sensitivity to currency risk for the Group is as follows:

	2022 **RMB'000**	2021 RMB'000
Increase/(decrease) in post-tax loss for the year and (decrease)/increase in retained profits (2021: increase/(decrease) in post-tax loss for the year and (decrease)/increase in retained profits)		
— if RMB weakens against US$	**(516,157)**	(426,146)
— if RMB weakens against HK$	**592**	(3,493)
— if RMB strengthens against US$	**516,157**	426,146
— if RMB strengthens against HK$	**(592)**	3,493

Credit risk management

At 31 December 2022, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees issued by the Group is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position and the amount of contingent liabilities disclosed in Note 35. In order to minimise the credit risk, monitoring procedures are carried out to ensure that follow up action is taken to recover overdue debts. In addition, the Group regularly reviews the recoverable amount of trade and other receivables and amounts due from related parties at the end of each reporting period. The amounts presented in the consolidated statement of financial position are net of allowances for bad and doubtful debts, estimated by the Group's management based on prior experience and their assessment of the credit standing of customers and the economic environment on an ongoing basis.

The Group has no significant concentration of credit risk on trade receivables, with exposure spread over a number of counterparties and customers.

For properties that are pre-sold but development has not been completed, the Group typically provides guarantees to banks in connection with the customers' borrowing of mortgage loans to finance their purchase of the properties for an amount up to 80.0% of the purchase price of the individual property. If a purchaser defaults on the payment of its mortgage during the period of guarantee, the bank holding the mortgage may demand the Group to repay the outstanding loan and any interest accrued thereon. Under such circumstances, the Group is able to forfeit the sales deposit received and resell the repossessed properties. Therefore, management considers that it would likely recover any loss incurred arising from such guarantee provided by the Group. Management considers the credit risk exposure to financial guarantees provided to property purchasers is limited because the facilities are secured by the properties and the market price of the properties is higher than the guaranteed amounts. In this regard, the Directors of the Company consider that the Group's credit risk is generally insignificant.

39 Financial instruments *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Credit risk management *(Continued)*

For the receivables from properties sold, the Group holds the title of the property units as collateral over those balances and the Group considers that the credit risk arising from these trade receivables is significantly mitigated by related property units held as collateral, with reference to the estimated market value of those property units.

For trade receivables without collateral, which primarily represent receivable for rental income and project management, the Group measure loss allowances at an amount equal to lifetime ECLs, which is calculated using a provision matrix. At 31 December 2022 and 2021, the Group's exposure to credit risk and ECLs for these trade receivables are insignificant.

For receivables due from associates and joint ventures, or related to other property development projects except for the balances with significant increase in credit risks as disclosed below, the Group considers that the credit risk arising from these receivables is significantly mitigated by related property development projects, with reference to the estimated market value of those property development projects.

As at 31 December 2022, in view of the tightened regulatory environment and the downturn of the property market in the PRC, management performed comprehensive credit reviews on outstanding receivable balances and considered that the credit risk of certain other receivables from third parties of RMB1,106,647,000 (2021: RMB804,956,000) increased significantly since their initial recognition, and, therefore, a loss allowance based on lifetime ECLs of RMB663,087,000 (2021: RMB317,658,000) has been recognised thereon. These balances are primarily related to potential property development projects. In measuring the lifetime ECLs, management has taken into account the outcome of negotiation with and settlement agreed by counter parties, and also the land and properties obtained by the Group as collaterals, with estimated values as determined by management with reference to the market prices of comparable land and properties in the relevant locations.

The credit risk on cash at bank is considered to be limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies or state-owned banks in the PRC.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2022

39 Financial instruments *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Liquidity risk management

The Group's objective is to maintain a balance between continuity of funding and the flexibility through the use of borrowings.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period. The amounts included below for non-derivative variable rate financial liabilities is subject to changes if changes in interest rates differ to those estimates of interest rates determined at the end of the reporting period.

	Weighted average effective interest rate	Repayable on demand or less than 1 year	1–3 years	Over 3 years	Total undiscounted cashflows	Carrying amount
	%	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2022:						
Non-interest bearing instruments	**–**	**12,627,592**	**–**	**–**	**12,627,592**	**12,627,592**
Fixed interest rate instruments	**10.5**	**9,119,677**	**7,893,282**	**10,068,572**	**27,081,531**	**17,396,431**
Variable interest rate instruments	**8.8**	**4,680,544**	**568,400**	**4,399**	**5,253,343**	**4,766,463**
		26,427,813	**8,461,682**	**10,072,971**	**44,962,466**	**34,790,486**
Financial guarantee contracts		**17,688,867**	**–**	**–**	**17,688,867**	**–**
At 31 December 2021:						
Non-interest bearing instruments	–	14,530,408	–	–	14,530,408	14,530,408
Fixed interest rate instruments	10.3	18,252,779	1,838,963	346,914	20,438,656	19,630,517
Variable interest rate instruments	8.0	4,917,787	643,023	–	5,560,810	4,915,890
		37,700,974	2,481,986	346,914	40,529,874	39,076,815
Financial guarantee contracts		19,142,651	–	–	19,142,651	–

Notes to the Consolidated Financial Statements

for the year ended 31 December 2022

39 Financial instruments *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Liquidity risk management *(Continued)*

As at 31 December 2022, the Group had net current liabilities of RMB1,361,796,000. As disclosed in Notes 3(a)(ii) and 42, the Group had defaulted on repayment of the 2019 USD Notes III on 25 October 2021, resulting in cross-default of all other senior notes. Additionally, the Group breached certain covenants relating to bank and other borrowings of RMB1,537,976,000 and defaulted on the borrowings of RMB4,080,315,000, and these borrowings became repayable on demand as at 31 December 2022. The Group also had other obligations. Note 3(a)(ii) explains management's plans and measures for managing liquidity needs of the Group to enable it to continue to meet its obligations as and when they fall due.

The amounts included above for financial guarantee contracts are the maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Group considers that it is more likely that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty suffer credit losses.

(c) Fair value

The Directors of the Company consider that the risk arising from fair value measurement of investments in equity securities is not significant to the Group and the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated statement of financial position approximated their respective fair values at 31 December 2022 and 2021 except for the following financial instruments, for which their carrying amounts and fair value are disclosed below

	At 31 December 2022	
	Carrying amount RMB'000	Fair value RMB'000
Senior notes	**10,231,313**	**4,298,551**

Notes to the Consolidated Financial Statements

for the year ended 31 December 2022

40 Financial information of the Company

(a) Financial information of the financial position of the Company:

	Note	At 31 December 2022 RMB'000	At 31 December 2021 RMB'000
Non-current assets			
Investments in subsidiaries		**11,647,532**	15,468,405
Current assets			
Prepayments and other receivables		**21,184**	31,048
Amounts due from related parties		**160,482**	213,713
Bank balances		**7,096**	10,154
		188,762	254,915
Current liabilities			
Accrued charges and other payables		**309,403**	562,577
Amounts due to subsidiaries		**1,462,345**	1,757,106
Amounts due to related parties		**1,105**	–
Bank borrowings due within one year		**–**	159,393
Senior notes — due within one year		**539,484**	8,511,977
		2,312,337	10,991,053
Net current liabilities		**(2,123,575)**	(10,736,138)
Total assets less current liabilities		**9,523,957**	4,732,267
Capital and reserves			
Share capital		**175,693**	175,693
Reserves	40(b)	**(328,607)**	4,556,574
Total equity		**(152,914)**	4,732,267
Non-current liabilities			
Senior notes — due after one year		**9,676,871**	–
		9,523,957	4,732,267

40 Financial information of the Company *(Continued)*

(b) Movement of capital and reserves of the Company:

	Share capital RMB'000	Share premium RMB'000	Share option reserve RMB'000	Retained profits/ (accumulated losses) RMB'000	Total RMB'000
At 1 January 2021	175,693	825,711	4,437	5,703,365	6,709,206
Share-based payment	–	–	4,175	–	4,175
Profit and total comprehensive income for the year	–	–	–	(1,895,866)	(1,895,866)
Dividend	–	–	–	(85,248)	(85,248)
At 31 December 2021 and 1 January 2022	175,693	825,711	8,612	3,722,251	4,732,267
Share-based payment	–	–	2,551	–	2,551
Profit and total comprehensive income for the year	–	–	–	(4,887,732)	(4,887,732)
At 31 December 2022	175,693	825,711	11,163	(1,165,481)	(152,914)

(c) Distributability of reserves:

At 31 December 2022, the aggregate amount of reserves available for distribution to the owners of the Company was RMB nil (2021: RMB4,547,962,000).

Notes to the Consolidated Financial Statements

for the year ended 31 December 2022

41 Particulars of principal subsidiaries

Particulars of the Company's principal subsidiaries at 31 December 2022 and 2021 are as follows:

Name of company	Place and date of incorporation/ establishment	Equity interest attributable to the Group At 31 December 2022	2021	Authorised/registered and issued and fully paid/paid-up capital	Principal activities
Indirect subsidiaries					
Nanchang Xinjian Development Co., Ltd.* (note i) 南昌新建房地產開發有限公司	PRC 11 September 2013	**100%**	100%	Registered RMB230,000,000 Paid up capital RMB230,000,000	Property development
Nanchang Moma Development Co., Ltd.* (note i) 南昌摩碼置業有限公司	PRC 15 April 2016	**100%**	100%	Registered RMB400,000,000 Paid up capital RMB400,000,000	Property development
Modern Green Development Co., Ltd.* (note i) 當代節能置業股份有限公司	PRC 21 September 2000	**100%**	100%	Registered RMB3,000,000,000 Paid up capital RMB1,150,000,000	Property development, investment and hotel operation
Beijing Modern Real Estate Development Co., Ltd.* (note i) 北京當代房地產開發有限公司	PRC 15 February 2000	**100%**	100%	Registered RMB60,000,000 Paid up capital RMB60,000,00	Property development and investment
Beijing Dongjun Real Estate Development Co., Ltd.* (note i) 北京東君房地產開發有限公司	PRC 13 November 2001	**100%**	100%	Registered RMB569,000,000 Paid up capital RMB569,000,000	Property development
New Power (Beijing) Architectural Technology Co., Ltd.* (note i) 新動力(北京)建築科技有限公司	PRC 22 March 2006	**100%**	100%	Registered RMB30,000,000 Paid up capital RMB30,000,000	Technology development and consulting
Shanxi Dangdai Honghua Property Co., Ltd.* (note i) 山西當代紅華置業有限公司	PRC 16 August 2007	**100%**	100%	Registered RMB190,000,000 Paid up capital RMB190,000,000	Property development
Shanxi Dangdai Honghua Real Estate Development Co., Ltd.* (note i) 山西當代紅華房地產開發有限公司	PRC 16 August 2007	**100%**	100%	Registered RMB150,000,000 Paid up capital RMB150,000,000	Property development

41 Particulars of principal subsidiaries *(Continued)*

Name of company	Place and date of incorporation/ establishment	Equity interest attributable to the Group At 31 December 2022	2021	Authorised/registered and issued and fully paid/paid-up capital	Principal activities
Hunan Modern Green Development Co., Ltd.* (note i) 當代置業(湖南)有限公司	PRC 14 September 2005	**100%**	100%	Registered RMB200,000,000 Paid up capital RMB200,000,000	Property development
Jiangxi Modern Green Development Co., Ltd.* (note i) 江西當代節能置業有限公司	PRC 22 December 2009	**100%**	100%	Registered RMB180,000,000 Paid up capital RMB180,000,000	Property development
Jiujiang Moma Development Co., Ltd.* (note i) 九江摩碼置業有限公司	PRC 22 December 2010	**100%**	100%	Registered RMB140,000,000 Paid up capital RMB140,000,000	Property development
Hubei Wanxing Development Co., Ltd.* (note i) 湖北萬星置業有限公司	PRC 27 January 2010	**82%**	82%	Registered RMB100,000,000 Paid up capital RMB100,000,000	Property development
Jiujiang Modern Green Development Co., Ltd.* (note i) 九江當代綠建置業有限公司	PRC 18 February 2014	**100%**	100%	Registered RMB300,000,000 Paid up capital RMB300,000,000	Property development
Beijing Modern Moma Investment Management Co., Ltd.* (note i) 北京當代摩碼投資管理有限公司	PRC 11 January 2011	**100%**	100%	Registered RMB10,000,000 Paid up capital RMB10,000,000	Investment holding
Zhangjiakou Modern Haoheshan Real Estate Development Co., Ltd.* (note i) 張家口當代好河山房地產開發有限公司	PRC 30 December 2016	**51%**	51%	Registered RMB60,000,000 Paid up capital RMB0	Property development
Wuhan Green Development Co., Ltd.* (note i) 武漢綠建節能置業有限公司	PRC 12 March 2014	**100%**	100%	Registered RMB50,000,000 Paid up capital RMB50,000,000	Property development

Notes to the Consolidated Financial Statements

for the year ended 31 December 2022

41 Particulars of principal subsidiaries *(Continued)*

Name of company	Place and date of incorporation/ establishment	Equity interest attributable to the Group At 31 December 2022	2021	Authorised/registered and issued and fully paid/paid-up capital	Principal activities
Beijing Green Spring Equity Investment Fund, LLP* ("Green Fund")* 北京綠色春天股權投資基金(有限合夥)	PRC 17 April 2014	**52%**	52%	Registered RMB2,065,000,000 Paid up capital RMB580,000,000	Investment management and consulting
Beijing Modern Moma Development Co., Ltd.* (note i) 北京當代摩碼置業有限公司	PRC 8 January 2014	**100%**	100%	Registered RMB200,000,000 Paid up capital RMB200,000,000	Property development
Modern Pinye (Beijing) Real Estate Brokerage Co., Ltd.* (note i) 當代品業(北京)房地產經紀有限公司	PRC 9 October 2014	**100%**	100%	Registered RMB100,000 Paid up capital RMB100,000	Real estate
America Modern Green Development (Houston), LLC 美國當代綠色發展(休斯頓)有限責任公司	Texas, US 15 October 2012	**100%**	100%	100% of issued and outstanding membership interest in consideration at an aggregate contribution of US$100	Property development
Beijing Modern Green Investment Fund Management Co., Ltd.* (note i) 北京當代綠色投資基金管理有限公司	PRC 3 December 2013	**100%**	100%	Registered RMB30,000,000 Paid up capital RMB30,000,000	Investment holding
Crown Point Regional Center, LLC	Texas, US 31 March 2010	**100%**	100%	Authorised US$100 Paid up capital US$100	Investment immigration services
Beijing CIFI Modern* (notes i) 北京旭輝當代置業有限公司	PRC 10 March 2014	**50%**	50%	Registered RMB10,000,000 Paid up capital RMB10,000,000	Property development
Modern Green Development (Suzhou) Co., Ltd.* (note i) 當代節能置業(蘇州)有限公司	PRC 6 June 2015	**100%**	100%	Registered RMB100,000,000 Paid up capital RMB100,000,000	Property development

Notes to the Consolidated Financial Statements

for the year ended 31 December 2022

41 Particulars of principal subsidiaries *(Continued)*

Name of company	Place and date of incorporation/ establishment	Equity interest attributable to the Group At 31 December 2022	2021	Authorised/registered and issued and fully paid/paid-up capital	Principal activities
Jiaxing Modern Qinglv Asset Management Co., Ltd.* (note i) 嘉興當代氫綠資產管理有限公司	PRC 23 July 2015	**100%**	100%	Registered RMB50,000,000 Paid up capital RMB0	Investment holding
Crown Point (Beijing) Advisory Co., Ltd.* (note i) 凰觀(北京)諮詢有限公司	PRC 8 October 2015	**100%**	100%	Registered RMB10,000,000 Paid up capital RMB0	Immigration advisory
Anhui Moma Development Co., Ltd.* (note i) 安徽摩碼置業有限公司	PRC 1 January 2016	**100%**	100%	Registered RMB100,000,000 Paid up capital RMB100,000,000	Property development
Wuhan Modern Green Development Co., Ltd.* (note i) 武漢當代節能置業有限公司	PRC 27 June 2016	**100%**	100%	Registered RMB200,000,000 Paid up capital RMB200,000,000	Property development
Hunan Modern Moma Development Co., Ltd.* (note i) 湖南當代摩碼置業有限公司	PRC 01 November 2016	**100%**	100%	Registered RMB20,000,000 Paid up capital RMB20,000,000	Property development
Hunan Modern Green Development Co., Ltd.* (note i) 湖南當代綠建置業有限公司	PRC 01 November 2016	**100%**	100%	Registered RMB20,000,000 Paid up capital RMB20,000,000	Property development
Nanjing Xinlei Development Co., Ltd.* (note i) 南京鑫磊房地產開發有限公司	PRC 20 June 2016	**51%**	51%	Registered RMB50,000,000 Paid up capital RMB50,000,000	Property development
Foshan Modern Green Development Co., Ltd.* (note i) 佛山當代綠色置業有限公司	PRC 14 January 2016	**100%**	100%	Registered RMB100,000,000 Paid up capital RMB100,000,000	Property development
Hubei Moma Development Co., Ltd.* (notes i) 湖北摩碼置業有限公司	PRC 13 February 2014	**100%**	100%	Registered RMB10,000,000 Paid up capital RMB10,000,000	Investment holding

Notes to the Consolidated Financial Statements

for the year ended 31 December 2022

41 Particulars of principal subsidiaries *(Continued)*

Name of company	Place and date of incorporation/ establishment	Equity interest attributable to the Group At 31 December 2022	2021	Authorised/registered and issued and fully paid/paid-up capital	Principal activities
Shanghai Mantingchun Real Estate Company Limited.* (note i) 上海滿庭春置業有限公司	PRC 5 March 2015	**100%**	100%	Registered RMB100,000,000 Paid up capital RMB100,000,000	Property development
Jiangsu Yuzun Property development Co., Ltd.* (note i) 江蘇御尊房地產開發有限公司	PRC 25 April 2011	**100%**	100%	Registered RMB50,000,000 Paid up capital RMB50,000,000	Property development
Zhanlan Tuozhan Property (Beijing) Co., Ltd.* (note i) 綻藍拓展置業(北京)有限公司	PRC 13 March 2017	**60%**	60%	Registered RMB10,000,000 Paid up capital RMB10,000,000	Investment holding
Fujian Shengshi Lianbang Real Estate Development Co., Limited.* (note i) 福建盛世聯邦置業發展有限公司	PRC 30 August 2013	**60%**	60%	Registered RMB67,105,000 Paid up capital RMB67,105,000	Property development
Foshan Changxin Hongchuang Real Estate Development Co., Limited.* (note i) 佛山市長信宏創房地產有限公司	PRC 19 January 2016	**100%**	100%	Registered RMB60,000,000 Paid up capital RMB4,081,700	Property development
Foshan Xinlong Property Investment Co., Limited.* (note i) 佛山市信隆置業投資有限公司	PRC 10 December 2017	**100%**	100%	Registered RMB60,000,000 Paid up capital RMB60,000,000	Property development
Huojian Zhiye Investment (Beijing) Co., Ltd.* (note i) 火箭智業投資(北京)有限公司	PRC 9 July 2015	**100%**	100%	Registered RMB100,000,000 Paid up capital RMB100,000,000	Investment holding
Hefei Modern Land Yinghe Real Estate Company Limited* (note i) 合肥當代英赫置業有限公司	PRC 14 December 2015	**100%**	100%	Registered RMB100,000,000 Paid up capital RMB100,000,000	Property development

41 Particulars of principal subsidiaries *(Continued)*

Name of company	Place and date of incorporation/ establishment	Equity interest attributable to the Group At 31 December 2022	2021	Authorised/registered and issued and fully paid/paid-up capital	Principal activities
Wuhan Zhonglian Shengming Real Estate Company Limited* (note i) 武漢市中聯晟鳴置業有限公司	PRC 5 May 2014	**75%**	75%	Registered RMB10,000,000 Paid up capital RMB10,000,000	Property development
Shanxi North Star Modern Development Co., Ltd.* (note i) 山西北辰當代置業有限公司	PRC 27 April 2016	**50%**	50%	Registered RMB10,000,000 Paid up capital RMB10,000,000	Property development
Shanxi Modern North Star Development Co., Ltd.* (note i) 山西當代北辰置業有限公司	PRC 5 December 2016	**51%**	51%	Registered RMB10,000,000 Paid up capital RMB10,000,000	Property development
Shanxi Wanxing Modern Development Co., Ltd.* (note i) 山西萬興當代置業有限公司	PRC 7 February 2017	**70%**	70%	Registered RMB10,000,000 Paid up capital RMB10,000,000	Property development
Guangshen Development Co., Ltd.* (note i) 廣深置業(北京)有限公司	PRC 22 April 2016	**100%**	100%	Registered RMB50,000,000 Paid up capital RMB50,000,000	Property development
Suzhou Modern MOMA Development Co., Ltd.* (note i) 蘇州當代摩碼置業有限公司	PRC 27 April 2016	**100%**	100%	Registered RMB100,000,000 Paid up capital RMB100,000,000	Property development
Shengeng Hongye Development Co., Ltd.* (note i) 深耕鴻業置業(北京)有限公司	PRC 18 April 2016	**100%**	100%	Registered RMB10,000,000 Paid up capital RMB14,720,324	Property development
Wuhan Modern Shangcheng Wanguofu Development Co., Ltd.* (note i) 武漢當代尚城萬國府置業有限公司	PRC 21 July 2016	**100%**	100%	Registered RMB10,000,000 Paid up capital RMB10,000,000	Property development
Liaoning Dongdaihe Modern Development Co., Ltd.* (note i) 遼寧東戴河新區當代置業有限公司	PRC 28 January 2008	**100%**	100%	Registered RMB16,660,000 Paid up capital RMB16,660,000	Property development

Notes to the Consolidated Financial Statements

for the year ended 31 December 2022

41 Particulars of principal subsidiaries *(Continued)*

Name of company	Place and date of incorporation/ establishment	Equity interest attributable to the Group At 31 December 2022	2021	Authorised/registered and issued and fully paid/paid-up capital	Principal activities
Anhui Modern Wanguofu Development Co., Ltd.* (note i) 安徽當代萬國府置業有限公司	PRC 21 December 2016	**30.6%**	30.6%	Registered RMB100,000,000 Paid up capital RMB100,000,000	Property development
Chuanglv Development Co., Ltd.* (note i) 創綠置業(北京)有限公司	PRC 11 May 2016	**100%**	100%	Registered RMB10,000,000 Paid up capital RMB0	Property development
Fujian Modern Development Co., Ltd.* (note i) 福建當代置業有限公司	PRC 1 March 2017	**51%**	51%	Registered RMB40,000,000 Paid up capital RMB40,000,000	Property development
Zhangjiakou Green Development Co., Ltd.* (note i) 張家口原綠房地產開發有限公司	PRC 31 March 2017	**35%**	35%	Registered RMB50,000,000 Paid up capital RMB50,000,000	Property development
Huizhou Modern Culture & Travelling Development Co., Ltd.* (note i) 惠州當代文旅房地產開發有限公司	PRC 15 June 2017	**65%**	65%	Registered RMB20,000,000 Paid up capital RMB20,000,000	Property development
Jingzhou Modern Jindao Development Co., Ltd.* (note i) 荊州市當代金島置業有限公司	PRC 5 July 2017	**100%**	100%	Registered RMB10,000,000 Paid up capital RMB10,000,000	Property development
Hunan Green Development Co., Ltd.* (note i) 湖南原綠置業有限公司	PRC 7 August 2017	**100%**	100%	Registered RMB10,000,000 Paid up capital RMB10,000,000	Property development
Lianjing Xianmao Industrial Co., Ltd.* (note i) 連江賢茂實業有限公司	PRC 31 January 2018	**51%**	51%	Registered RMB160,000,000 Paid up capital RMB0	Property development
Shishi Jipeng Real Estate Development Co., Ltd.* (note i) 石獅吉鵬房地產開發有限公司	PRC 28 December 2015	**75%**	75%	Registered RMB20,000,000 Paid up capital RMB20,000,000	Property development

41 Particulars of principal subsidiaries *(Continued)*

Name of company	Place and date of incorporation/ establishment	Equity interest attributable to the Group At 31 December 2022	2021	Authorised/registered and issued and fully paid/paid-up capital	Principal activities
Hubei Zhengtian Development Co., Ltd.* (note i) 湖北正天置業有限公司	PRC 6 September 2017	**52.5%**	52.5%	Registered RMB10,000,000 Paid up capital RMB10,000,000	Property development
Jiaxing Hangxin Real Estate Development Co., Ltd.* (note i) 嘉興航信房地產開發有限公司	PRC 24 November 2016	**100%**	100%	Registered RMB50,000,000 Paid up capital RMB50,000,000	Property development
Qianxi Nanzhou Green Real Estate Development Co., Ltd.* (note i) 黔西南州原綠房地產開發有限公司	PRC 30 December 2017	**60%**	60%	Registered RMB10,000,000 Paid up capital RMB0	Property development
Huzhou Dongjun Construction and Development Co., Ltd.* (note i) 湖州東雋建設開發有限公司	PRC 18 October 2017	**100%**	100%	Registered RMB50,000,000 Paid up capital RMB50,000,000	Property development
Huzhou Dongju Construction and Development Co., Ltd.* (note i) 湖州東聚建設開發有限公司	PRC 2 November 2017	**100%**	100%	Registered RMB50,000,000 Paid up capital RMB50,000,000	Property development
Jinzhong Modern Junmao Real Estate Development Co., Ltd.* (note i) 晉中當代君茂房地產開發有限公司	PRC 11 June 2014	**49%**	49%	Registered RMB34,000,000 Paid up capital RMB34,000,000	Property development
Suzhou Modern Zhongxiang Development Co., Ltd.* (note i) 蘇州當代中翔置業有限公司	PRC 14 November 2016	**80%**	80%	Registered RMB100,000,000 Paid up capital RMB100,000,000	Property development
Suzhou Modern Green Development Co., Ltd.* (note i) 蘇州當代原綠置業有限公司	PRC 15 August 2018	**80%**	80%	Registered RMB50,000,000 Paid up capital RMB0	Property development

Notes to the Consolidated Financial Statements

for the year ended 31 December 2022

41 Particulars of principal subsidiaries *(Continued)*

Name of company	Place and date of incorporation/ establishment	Equity interest attributable to the Group At 31 December 2022	2021	Authorised/registered and issued and fully paid/paid-up capital	Principal activities
Anhui Modern Wenshanglv Development Co., Ltd.* (note i) 安徽當代文商旅置業有限公司	PRC 27 June 2017	**100%**	100%	Registered RMB100,000,000 Paid up capital RMB100,000,000	Property development
Guizhou Moma Modern Green Development Co., Ltd.* (note i) 貴州摩碼當代節能置業有限公司	PRC 29 August 2017	**62.20%**	62.20%	Registered RMB10,000,000 Paid up capital RMB0	Property development
Fuyang Green Development Co., Ltd.* (note i) 阜陽原綠置業有限公司	PRC 30 July 2018	**74%**	74%	Registered RMB100,000,000 Paid up capital RMB100,000,000	Property development
Shandong Green Development Co., Ltd.* (note i) 山東當代原綠置業有限公司	PRC 30 July 2018	**100%**	100%	Registered RMB10,000,000 Paid up capital RMB0	Property development
Tianjin Moma Hantang Real Estate Development Co., Ltd.* (note i) 天津摩碼瀚棠置業有限公司	PRC 28 August 2018	**100%**	100%	Registered RMB10,000,000 Paid up capital RMB10,000,000	Property development
Tianjin Haiyiyuan Real Estate Development Co., Ltd.* (note i) 天津海逸源房地產開發有限公司	PRC 17 April 2014	**100%**	100%	Registered RMB160,000,000 Paid up capital RMB160,000,000	Property development
Qingdao Modern Ruixiang Development Co., Ltd.* (note i) 青島當代瑞祥置業有限公司	PRC 06 Nov 2019	**34.17%**	34.17%	Registered RMB10,000,000 Paid up capital RMB10,000,000	Property development
Heze Haigang Real Estate Development Co., Ltd.* (note i) 菏澤市海港房地產開發有限公司	PRC 29 Aug 2003	**100%**	100%	Registered RMB51,000,000 Paid up capital RMB51,000,000	Property development
Changzhou Minghong Development Co., Ltd.* (note i) 常州明宏置業有限公司	PRC 27 Sep 2019	**50%**	50%	Registered RMB102,000,000 Paid up capital RMB102,000,000	Property development

Notes to the Consolidated Financial Statements

for the year ended 31 December 2022

41 Particulars of principal subsidiaries *(Continued)*

Name of company	Place and date of incorporation/ establishment	Equity interest attributable to the Group At 31 December 2022	2021	Authorised/registered and issued and fully paid/paid-up capital	Principal activities
Hunan Modern Gaoke Development Co., Ltd.* (note i) 湖南當代高科置業有限公司	PRC 19 Dec 2019	**66%**	66%	Registered RMB10,000,000 Paid up capital RMB10,000,000	Property development
Xingyang Jianhai Modern Development Co., Ltd.* (note i) 滎陽市建海當代置業有限公司	PRC 17 Jun 2019	**49%**	49%	Registered RMB10,000,000 Paid up capital RMB0	Property development
Hebei Tongfu Green Real Estate Development Co., Ltd.* (note i) 河北同福原綠房地產開發有限公司	PRC 04 Jun 2019	**90%**	90%	Registered RMB10,000,000 Paid up capital RMB10,000,000	Property development
Tianjin Ninghe Haikuotiankong Development Co., Ltd.* (note i) 天津寧河海闊天空建設開發有限公司	PRC 24 Dec 2014	**100%**	100%	Registered RMB575,000,000 Paid up capital RMB575,000,000	Property development
Beijing Runjin Real Estate Development Co., Ltd..* (note i) 北京潤錦房地產開發有限公司	PRC 19 Nov 2010	**50.98%**	50.98%	Registered RMB204,000,000 Paid up capital RMB204,000,000	Property development
Suzhou Modern Green Development Co., Ltd.* (note i) 蘇州當代綠色置業有限公司	PRC 15 Apr 2016	**100%**	100%	Registered RMB110,000,000 Paid up capital RMB100,000,000	Property development
Changsha Pengyue Real Estate Development Co., Ltd.* (note i) 長沙市鵬躍房地產開發有限公司	PRC 23 Oct 2013	**100%**	100%	Registered RMB200,000,000 Paid up capital RMB200,000,000	Property development
Shanxi Guorun MOMA Development Co., Ltd.* (note i) 陝西國潤摩碼置業有限公司	PRC 10 Apr 2020	**60%**	45%	Registered RMB100,000,000 Paid up capital RMB0	Property development

Notes to the Consolidated Financial Statements

for the year ended 31 December 2022

41 Particulars of principal subsidiaries *(Continued)*

Name of company	Place and date of incorporation/ establishment	Equity interest attributable to the Group At 31 December 2022	2021	Authorised/registered and issued and fully paid/paid-up capital	Principal activities
Honghu Green Yimei Development Co., Ltd.* (note i) 洪湖原綠憶美置業有限公司	PRC 07 Jan 2020	**41%**	41%	Registered RMB10,000,000 Paid up capital RMB0	Property development
Hubei Zhanlan Development Co., Ltd.* (note i) 湖北綻藍置業有限公司	PRC 19 Jun 2018	**70%**	70%	Registered RMB10,000,000 Paid up capital RMB10,000,000	Property development
Qianjiang Enjie Green Development Co., Ltd* (note i) 潛江恩傑原綠置業有限公司	PRC 08 Apr 2020	**30%**	31.5%	Registered RMB10,000,000 Paid up capital RMB0	Property development
Hebei Modern Green Real Estate Development Co., Ltd.* (note i) 河北當代原綠房地產開發有限公司	PRC 10 Oct 2019	**100%**	100%	Registered RMB50,000,000 Paid up capital RMB0	Property development
Shijiazhuang Modern Xinsheng Real Estate Development Co., Ltd.* (note i) 石家莊當代欣盛房地產開發有限公司	PRC 20 Jan 2020	**65%**	65%	Registered RMB10,000,000 Paid up capital RMB0	Property development
Xian Zhanlan Development Co., Ltd.* (note i) 西安綻藍置業有限公司	PRC 21 May 2020	**55%**	55%	Registered RMB500,000,000 Paid up capital RMB0	Property development
Huzhou Chuangbian Development Co., Ltd.* (note i) 湖州創變置業有限公司	PRC 18 Dec 2019	**100%**	100%	Registered RMB10,000,000 Paid up capital RMB0	Property development
Modern Green Development (Xian) Co., Ltd.* (note i) 當代綠色置業(西安)有限公司	PRC 03 Jul 2020	**100%**	100%	Registered RMB10,000,000 Paid up capital RMB0	Property development
Bangfu Outlets Development Co., Ltd.* (note i) 蚌埠市奧特萊斯置業有限公司	PRC 17 May 2019	**35%**	35%	Registered RMB376,000,000 Paid up capital RMB4,000,000	Property development

Notes to the Consolidated Financial Statements

for the year ended 31 December 2022

41 Particulars of principal subsidiaries *(Continued)*

Name of company	Place and date of incorporation/ establishment	Equity interest attributable to the Group At 31 December 2022	2021	Authorised/registered and issued and fully paid/paid-up capital	Principal activities
Dezhou Lingcheng District Zhanlan Development Co., Ltd.* (note i) 德州陵城區綻藍置業有限公司	PRC 16 Jun 2020	**100%**	100%	Registered RMB10,000,000 Paid up capital RMB0	Property development
Guiyang Zhanlan MOMA Development Co., Ltd.* (note i) 貴陽綻藍摩碼置業有限公司	PRC 15 Jul 2020	**100%**	100%	Registered RMB10,000,000 Paid up capital RMB0	Property development
Guiyang MOMA Tuozhan Development Co., Ltd.* (note i) 貴陽摩碼拓展置業有限公司	PRC 27 Jul 2020	**80%**	80%	Registered RMB50,000,000 Paid up capital RMB0	Property development
Julv Benpao Development (Shenzhen) Co., Ltd.* (note i) 聚綠奔跑置業(深圳)有限公司	PRC 22 Dec 2020	**100%**	100%	Registered RMB10,000,000 Paid up capital RMB0	Property development
Beijing Modern Lingdi Development Co., Ltd.* (note i) 北京當代領地置業有限公司	PRC 24 Dec 2020	**100%**	100%	Registered RMB1,000,000,000 Paid up capital RMB0	Property development
Chongqing Green Development Co., Ltd.* (note i) 重慶深綠置業有限公司	PRC 03 Nov 2020	**100%**	100%	Registered RMB10,000,000 Paid up capital RMB0	Property development
Chongqing Zhanlan Development Co., Ltd.* (note i) 重慶綻藍置業有限公司	PRC 18 Nov 2020	**100%**	100%	Registered RMB10,000,000 Paid up capital RMB0	Property development
Jiangsu Modern Xinjiye Real Estate Development Co., Ltd.* (note i) 江蘇當代新基業房地產開發有限公司	PRC 14 Dec 2020	**51%**	51%	Registered RMB101,880,000 Paid up capital RMB51,958,800	Property development
Zhangjiagang Weiguang MOMA Development Co., Ltd.* (note i) 張家港偉光摩碼置業有限公司	PRC 24 Nov 2020	**50%**	50%	Registered RMB30,000,000 Paid up capital RMB0	Property development

Notes to the Consolidated Financial Statements

for the year ended 31 December 2022

41 Particulars of principal subsidiaries *(Continued)*

Name of company	Place and date of incorporation/establishment	Equity interest attributable to the Group At 31 December 2022	2021	Authorised/registered and issued and fully paid/paid-up capital	Principal activities
Zhangjiagang Weiguang MOMA Chuangbian Development Co., Ltd.* (note i) 張家港偉光摩碼創變置業有限公司	PRC 10 Dec 2020	**50%**	50%	Registered RMB100,000,000 Paid up capital RMB0	Property development
Changzhou Green Development Co., Ltd.* (note i) 常州原綠置業有限公司	PRC 29 Oct 2020	**100%**	100%	Registered RMB5,000,000 Paid up capital RMB0	Property development
Suzhou Modern Green Development Co., Ltd.* (note i) 蘇州當代深綠置業有限公司	PRC 15 Oct 2019	**80%**	100%	Registered RMB10,000,000 Paid up capital RMB10,000,000	Property development
Beijing Modern Shangkun Development Co., Ltd.* (note i) 北京當代上坤置業有限公司	PRC 12 Dec 2020	**100%**	100%	Registered RMB5,000,000,000 Paid up capital RMB5,000,000,000	Property development
Modern Tianying Development (Shanxi) Co., Ltd.* (note i) 當代天英置業(山西)有限公司	PRC 18 Dec 2020	**51%**	51%	Registered RMB1,000,000,000 Paid up capital RMB490,000,000	Property development
Hubei Enjie Zhanlan Development Co., Ltd.* (note i) 湖北恩杰綻藍置業有限公司	PRC 10 Nov 2020	**30%**	34%	Registered RMB10,000,000 Paid up capital RMB0	Property development
Qingdao Modern Huanxin Development Co., Ltd.* (note i) 青島當代煥新置業有限公司	PRC 12 Oct 2019	**100%**	100%	Registered RMB10,000,000 Paid up capital RMB0	Property development
Changzhou Zhanlan Development Co., Ltd. * (note i) 常州綻藍置業有限公司	PRC 17 Nov 2019	**51%**	51%	Registered RMB5,000,000 Paid up capital RMB0	Property development
Shanxi Modern Langxin Development Co., Ltd.* (note i) 山西當代朗鑫置業有限公司	PRC 19 Mar 2020	**70%**	70%	Registered RMB10,000,000 Paid up capital RMB0	Property development

41 Particulars of principal subsidiaries *(Continued)*

Name of company	Place and date of incorporation/ establishment	Equity interest attributable to the Group At 31 December 2022	2021	Authorised/registered and issued and fully paid/paid-up capital	Principal activities
Xian Modern Julv Development Co., Ltd.* (note i) 西安當代聚綠置業有限公司	PRC 26 Aug 2019	**64%**	64%	Registered RMB500,000,000 Paid up capital RMB10,000,000	Property development
Suzhou Lanlv Zhanfang Development Co., Ltd.* (note i) 蘇州藍綠綻放置業有限公司	PRC 23 Oct 2019	**100%**	100%	Registered RMB10,000,000 Paid up capital RMB10,000,000	Property development
Shijiazhuang Modern Jianyuan Real Estate Development Co., Ltd.* (note i) 石家莊當代建遠房地產開發有限公司	PRC 22 May 2018	**75%**	75%	Registered RMB200,000,000 Paid up capital RMB0	Property development
Chongqing Kangjia Development Co., Ltd.* (note i) 重慶康佳置業發展有限公司	PRC 07 Nov 2019	**67%**	67%	Registered RMB50,000,000 Paid up capital RMB50,000,000	Property development
Chongqing Kangjia Xingyi Development Co., Ltd.* (note i) 重慶康佳興毅置業有限公司	PRC 18 Nov 2019	**67%**	67%	Registered RMB50,000,000 Paid up capital RMB50,000,000	Property development
Chongqing Kangjia Fuze Development Co., Ltd.* (note i) 重慶康佳福澤置業有限公司	PRC 21 Nov 2019	**67%**	67%	Registered RMB50,000,000 Paid up capital RMB50,000,000	Property development
Hebei Zhaohui Fuze Real Estate Development Co., Ltd.* (note i) 河北照暉房地產開發有限公司	PRC 10 Dec 2020	**75%**	75%	Registered RMB30,000,000 Paid up capital RMB0	Property development
Hebei Kanghui Fuze Real Estate Development Co., Ltd.* (note i) 河北康暉照業房地產開發有限公司	PRC 04 Aug 2021	**75%**	75%	Registered RMB30,000,000 Paid up capital RMB0	Property development
Chongqing Yuanlvmoma Fuze Development Co., Ltd.* (note i) 重慶原綠摩碼置業有限公司	PRC 14 Sep 2020	**100%**	100%	Registered RMB ,10000,000 Paid up capital RMB0	Property development

Notes to the Consolidated Financial Statements

for the year ended 31 December 2022

41 Particulars of principal subsidiaries *(Continued)*

Name of company	Place and date of incorporation/ establishment	Equity interest attributable to the Group At 31 December 2022	2021	Authorised/registered and issued and fully paid/paid-up capital	Principal activities
ChangzhouShenlan Fuze Development Co., Ltd.* (note i) 常州深藍置業有限公司	PRC 29 Oct 2020	**100%**	100%	Registered RMB5,000,000 Paid up capital RMB0	Property development
Foshan Dangdai Zhanlan Fuze Development Co., Ltd.* (note i) 佛山當代綻藍置業有限公司	PRC 10 Mar 2021	**100%**	100%	Registered RMB10,000,000 Paid up capital RMB0	Property development
Huzhou Benpao Development Co., Ltd.* (note i) 湖州奔跑置業有限公司	PRC 18 Dec 2019	**100%**	100%	Registered RMB10,000,000 Paid up capital RMB0	Property development
Jiangsu Moma Development Co., Ltd.* (note i) 江蘇摩碼置業有限公司	PRC 17 Dec 2020	**100%**	100%	Registered RMB10,000,000 Paid up capital RMB0	Property development
Weihai Shidi Real Estate Development Co., Ltd.* (note i) 威海實地房地產開發有限公司	PRC 01 Apr 2020	**46%**	46%	Registered RMB1,000,000 Paid up capital RMB0	Property development
Weihai Xinjiye Real Estate Development Co., Ltd.* (note i) 威海新基業房地產開發有限公司	PRC 05 Jan 2021	**46%**	46%	Registered RMB20,000,000 Paid up capital RMB0	Property development
Xiantao Moma Development Co., Ltd.* (note i) 仙桃摩碼置業有限公司	PRC 23 Sep 2020	**95%**	95%	Registered RMB500,000 Paid up capital RMB0	Property development
Xiantao Yuzhan Development Co., Ltd.* (note i) 仙桃譽戰置業有限公司	PRC 19 Jan 2021	**48%**	48%	Registered RMB19,801,980 Paid up capital RMB0	Property development
Chongqing Chengda Development Co., Ltd.* (note i) 重慶程達置業有限公司	PRC 14 Sep 2020	**100%**	100%	Registered RMB500,000,000 Paid up capital RMB0	Property development

41 Particulars of principal subsidiaries *(Continued)*

Name of company	Place and date of incorporation/ establishment	Equity interest attributable to the Group At 31 December 2022	2021	Authorised/registered and issued and fully paid/paid-up capital	Principal activities
Chongqing Chunfu Development Co., Ltd.* (note i) 重慶春福置業有限公司	PRC 21 Sep 2020	**100%**	100%	Registered RMB500,000,000 Paid up capital RMB0	Property development
Chongqing Langheng Development Co., Ltd.* (note i) 重慶朗恒置業有限公司	PRC 23 Sep 2020	**100%**	100%	Registered RMB500,000,000 Paid up capital RMB0	Property development
Xiantao Mantingchun Development Co., Ltd.* (note i) 仙桃滿庭春置業有限公司	PRC 29 Mar 2021	**60%**	60%	Registered RMB500,000,000 Paid up capital RMB0	Property development
Chongqing Jvlv Development Co., Ltd.* (note i) 重慶聚綠置業有限公司	PRC 12 May 2021	**40%**	40%	Registered RMB20,000,000 Paid up capital RMB0	Property development
Jinhai Lvse (Beijing) Development Co., Ltd.* (note i) 津海綠色(北京)置業有限公司	PRC 29 Sep 2016	**78%**	78%	Registered RMB2,500,000,000 Paid up capital RMB0	Property development
Shanxi Xincaifu Development Co., Ltd.* (note i) 陝西新財富置業有限公司	PRC 04 Nov 2009	**78%**	78%	Registered RMB29,1000,000 Paid up capital RMB0	Property development
Jingzhoushi Zhanlan Development Co., Ltd.* (note i) 荊州市綻藍置業有限公司	PRC 17 Mar 2021	**100%**	100%	Registered RMB30,000,000 Paid up capital RMB0	Property development
Xiantao Lanlv Development Co., Ltd.* (note i) 仙桃藍綠置業有限公司	PRC 25 Mar 2021	**100%**	100%	Registered RMB10,000,000 Paid up capital RMB0	Property development
Huangshi Zhanlan Development Co., Ltd.* (note i) 黃石綻藍置業有限公司	PRC 11 Mar 2021	**100%**	100%	Registered RMB10,000,000 Paid up capital RMB0	Property development

Notes to the Consolidated Financial Statements

for the year ended 31 December 2022

41 Particulars of principal subsidiaries *(Continued)*

Name of company	Place and date of incorporation/ establishment	Equity interest attributable to the Group At 31 December 2022	2021	Authorised/registered and issued and fully paid/paid-up capital	Principal activities
Huangshi JiayueMoma Development Co., Ltd.* (note i) 黃石嘉悦摩碼置業有限公司	PRC 01 Mar 2021	**40%**	40%	Registered RMB20,410,000 Paid up capital RMB0	Property development
Qianjiang Mantingchun Development Co., Ltd.* (note i) 潛江滿庭春置業有限公司	PRC 08 Mar 2021	**31%**	31%	Registered RMB10,0000,000 Paid up capital RMB0	Property development
Qianjiang Huaziyuzhan Development Co., Ltd.* (note i) 潛江華滋譽戰置業有限公司	PRC 09 Jun 2021	**16%**	16%	Registered RMB10,000,000 Paid up capital RMB0	Property development
Wuhan Lanlvxiangjian Development Co., Ltd.* (note i) 武漢藍綠相間置業有限公司	PRC 22 Mar 2021	**100%**	100%	Registered RMB100,000,000 Paid up capital RMB0	Property development
Yuanjing Zhanlan Development Co., Ltd.* (note i) 遠景綻藍置業(深圳)有限公司	PRC 16 Jun 2021	**100%**	100%	Registered RMB100,000,000 Paid up capital RMB0	Property development
Shijiazhuang Dangdaichuhui Development Co., Ltd.* (note i) 石家莊當代春暉置業有限公司	PRC 21 Jul 2020	**100%**	100%	Registered RMB20,000,000 Paid up capital RMB0	Property development
Xiantao Hongye Development Co., Ltd.* (note i) 仙桃鴻業置業有限公司	PRC 21 Jun 2021	**100%**	100%	Registered RMB100,000,000 Paid up capital RMB0	Property development
Modern Mose Shiguang Pension Service BJ Co., Ltd.* (note i) 當代摩斯拾光養老服務(北京)有限公司	PRC 22 Jun 2022	**100%**	0%	Registered RMB1,000,000 Paid up capital RMB0	Elderly care service

Notes to the Consolidated Financial Statements

for the year ended 31 December 2022

41 Particulars of principal subsidiaries *(Continued)*

Name of company	Place and date of incorporation/ establishment	Equity interest attributable to the Group At 31 December 2022	2021	Authorised/registered and issued and fully paid/paid-up capital	Principal activities
Tianlun Time Catering Management Co., Ltd.* (note i) 天倫時光餐飲管理(北京)有限公司	PRC 12 Jul 2022	**100%**	0%	Registered RMB1,000,000 Paid up capital RMB0	Catering Management
Modern Mose Chuangxiang Hospital BJ Co., Ltd.* (note i) 當代摩斯創享醫院(北京)有限公司	PRC 22 Jun 2022	**100%**	0%	Registered RMB1,000,000 Paid up capital RMB0	Hospital

Notes:

(i) These companies are PRC limited liability companies.

(ii) These companies are wholly foreign-owned companies.

* The English names of the companies which operate in the PRC are for reference only and have not been registered.

42 Event after the end of the reporting period

In August 2023, the Group reached an agreement with corporate bondholders of corporate bond with carrying amount of RMB753,111,000 as at 31 December 2022. Pursuant to the agreement, the maturity date of the corporate bond was extended to 31 October 2023. Subject to approval of corporate bondholders every three months, the corporate bond maturity can be extended up to 30 July 2024 as disclosed in Note 30.

SUMMARY OF FINANCIAL INFORMATION

	For the year ended 31 December				
	2022	2021	2020	2019	2018
	RMB million	RMB million	RMB million	RMB million	RMB million
RESULT					
Revenue	**5,604**	11,450	15,741	14,552	9,338
(Loss)/profit before taxation	**(4,667)**	(1,562)	2,867	2,670	1,405
Income taxes expense	**(238)**	(767)	(1,750)	(1,616)	(743)
(Loss)/profit for the year	**(4,905)**	(2,330)	1,117	1,054	662
Attributable to:					
Owners of the Company	**(4,454)**	(2,055)	739	730	525
Non-controlling interests	**(451)**	(275)	378	324	137
	(4,905)	(2,330)	1,117	1,054	662
(Losses)/earnings per share (basic), RMB cents	**(159.4)**	(73.5)	26.4	26.2	18.9
ASSET AND LIABILITIES					
Total assets	**58,501**	77,618	81,912	68,537	53,629
Total liabilities	**(57,629)**	(70,805)	(70,934)	(59,933)	(46,047)
	872	6,813	10,978	8,604	7,582
Equity attributable to owners of the Company	**(153)**	4,469	6,709	6,159	5,674
Non-controlling interests	**1,025**	2,344	4,269	2,445	1,908
	872	6,813	10,978	8,604	7,582