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

ANNOUNCEMENT OF ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2023

ANNUAL RESULTS

The board (the “**Board**”) of directors (the “**Directors**” and each a “**Director**”) of Modern Land (China) Co., Limited (the “**Company**”, together with its subsidiaries, collectively, the “**Group**”) hereby announces the audited consolidated results of the Group for the year ended 31 December 2023 with the comparative figures for preceding financial year, as follows:

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

for the year ended 31 December 2023

(Expressed in Renminbi)

		2023	2022
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	5	5,703,746	5,603,865
Cost of sales		<u>(10,147,850)</u>	<u>(6,718,744)</u>
Gross loss		(4,444,104)	(1,114,879)
Other income, gains and losses, net	6	(7,688,930)	(2,649,342)
Changes in fair value of investment properties, net		(83,859)	(26,150)
Selling and distribution expenses		(311,585)	(373,115)
Administrative expenses		(256,352)	(424,522)
Gain on restructuring of senior notes		144,066	497,055
Finance expenses	7	(2,852,953)	(375,693)
Share of results of associates		(1,486)	(2,139)
Share of results of joint ventures		<u>(34,175)</u>	<u>(198,018)</u>
Loss before taxation		(15,529,378)	(4,666,803)
Income tax expense	8	<u>(358,509)</u>	<u>(238,166)</u>
Loss for the year	9	<u>(15,887,887)</u>	<u>(4,904,969)</u>

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME (CONTINUED)**

for the year ended 31 December 2023

(Expressed in Renminbi)

	Notes	2023 RMB'000	2022 RMB'000
Other comprehensive income for the year:			
<i>Item that will not be reclassified to profit or loss:</i>			
Equity investments at fair value through other comprehensive income (“FVOCI”) — net movement in fair value reserve (non-recycling), net of RMB10,529,000 (2022: RMB1,181,000) tax		(45,461)	(3,542)
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translating foreign operations, net of nil tax		—	(2,481)
Total comprehensive income for the year		(15,933,348)	(4,910,992)
Loss for the year attributable to:			
Owners of the Company		(14,312,777)	(4,453,718)
Non-controlling interests		(1,575,110)	(451,251)
		(15,887,887)	(4,904,969)
Total comprehensive income attributable to:			
Owners of the Company		(14,358,238)	(4,459,741)
Non-controlling interests		(1,575,110)	(451,251)
		(15,933,348)	(4,910,992)
Losses per share, in Renminbi cents:			
Basic	10	(512.1)	(159.4)
Diluted	10	(512.1)	(159.4)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2023

(Expressed in Renminbi)

	<i>Notes</i>	2023 RMB'000	2022 <i>RMB'000</i>
Non-current assets			
Investment properties		2,377,500	2,762,550
Property, plant and equipment		383,951	362,632
Intangible assets		20,834	19,613
Freehold land held for future development		–	31,690
Interests in associates		28,028	44,558
Interests in joint ventures	<i>12</i>	1,673,597	2,576,293
Loans to joint ventures	<i>12</i>	1,261,172	6,672,926
Equity investments at FVOCI		580	41,360
Deferred tax assets		1,063,212	918,404
		6,808,874	13,430,026
Current assets			
Properties under development for sale		16,515,288	29,001,359
Completed properties held for sale		7,052,952	4,669,751
Other inventories and contract costs		651,151	928,644
Trade and other receivables, deposits and prepayments	<i>13</i>	10,031,006	8,160,074
Amounts due from related parties		673,066	740,371
Restricted cash		391,073	1,027,897
Bank balances and cash		291,912	542,332
		35,606,448	45,070,428

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

as at 31 December 2023

(Expressed in Renminbi)

		2023	2022
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
Current liabilities			
Trade and other payables, deposits received and accrued charges	14	15,946,285	10,681,791
Contract liabilities	15	12,158,846	18,512,043
Amounts due to related parties		2,055,005	2,099,848
Taxation payable		3,998,569	3,692,791
Bank and other borrowings — due within one year		7,695,497	10,153,156
Corporate bonds — due within one year		821,685	753,111
Senior notes — due within one year		1,997,077	539,484
		<u>44,672,964</u>	<u>46,432,224</u>
Net current liabilities		<u>(9,066,516)</u>	<u>(1,361,796)</u>
Total assets less current liabilities		<u>(2,257,642)</u>	<u>12,068,230</u>
Capital and reserves			
Share capital	16	175,693	175,693
Reserves		<u>(14,691,083)</u>	<u>(328,607)</u>
Equity attributable to owners of the Company		(14,515,390)	(152,914)
Non-controlling interests		<u>(643,483)</u>	<u>1,024,617</u>
Total equity		<u>(15,158,873)</u>	<u>871,703</u>
Non-current liabilities			
Bank and other borrowings — due after one year		2,465,570	1,040,272
Senior notes — due after one year		9,971,775	9,676,871
Deferred tax liabilities		463,886	479,384
		<u>12,901,231</u>	<u>11,196,527</u>
		<u>(2,257,642)</u>	<u>12,068,230</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2023

1 GENERAL

Modern Land (China) Co., Limited (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 address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. Its principal place of business is located at No. 1 Xiangheyuan Road, Dongcheng District, Beijing, the People’s Republic of China (the “**PRC**”).

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 Holdings Limited, a company incorporated in BVI.

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 related services in the PRC.

The Company’s shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) since 2013.

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 ADOPTION OF IFRS ACCOUNTING STANDARDS

(a) Adoption of new or amended IFRS Accounting Standards — effective 1 January 2023

In the current year, the Group has applied for the first time the following new or amended IFRS Accounting Standards issued by the International Accounting Standard Board (“**IASB**”) to the Group’s financial statements for the annual period beginning on or after 1 January 2023:

- Amendments to IAS 1 and IFRS Practice Statement 2, Disclosure of Accounting Policies
- Amendments to IAS 8, Definition of Accounting Estimates
- Amendments to IAS 12, Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- Amendments to IAS 12, International Tax Reform — Pillar Two Model Rules
- IFRS 17, Insurance Contracts

Other than the amendments to IAS 1 and IFRS Practice Statement 2, none of these new or amended IFRS Accounting Standards has a material impact on the Group's results and financial position for the current or prior period. The Group has not early applied any new or amended IFRS Accounting Standards that is not yet effective for the current accounting period. Impact on the applications of these amended IFRS Accounting Standards are summarised below:

Amendments to IAS 1 and IFRS Practice Statement 2, Disclosure of Accounting Policies

Amendments to IAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to IFRS Practice Statement 2 Making Materiality Judgements provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has disclosed the material accounting policy information in note 3 to the financial statements. These amendments have no effect on the measurement or presentation of any items in the consolidated financial statements of the Group but affect the disclosure of accounting policies of the Group.

Amendments to IAS 8, Definition of Accounting Estimates

Amendments to IAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. Since the Group's approach and policy align with the amendments, the amendments had no impact on the Group's consolidated financial statements.

Amendments to IAS 12, Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction narrow the scope of the initial recognition exception in IAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions.

Upon the application of the amendments, the Group has determined that they did not have any material impact on the Group's consolidated financial statements.

Amendments to IAS 12, International Tax Reform — Pillar Two Model Rules

Amendments to IAS 12 International Tax Reform — Pillar Two Model Rules introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to the Group.

IFRS 17 Insurance Contracts

IFRS 17 was issued by the IASB in 2018 and replaces IFRS 4 for annual reporting periods beginning on or after 1 January 2023.

IFRS 17 introduces an internationally consistent approach to the accounting for insurance contracts. Prior to IFRS 17, significant diversity has existed worldwide relating to the accounting for and disclosure of insurance contracts, with IFRS 4 permitting many previous accounting approaches to be followed.

Since IFRS 17 applies to all insurance contracts issued by an entity (with limited scope exclusions), its adoption may have an effect on non-insurers such as the Group. The Group carried out an assessment of its contracts and operations and concluded that the adoption of IFRS 17 had no effect on the Group's consolidated financial statements.

(b) New or amended IFRS Accounting Standards that have been issued but are not yet effective

The following new or amended IFRS Accounting Standards, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group:

- Amendments to IFRS 10 and IAS 28, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture⁵
- Amendments to IFRS 16, Lease Liability in a Sale and Leaseback¹
- Amendments to IAS 1, Classification of Liabilities as Current or Non-current (the “**2020 Amendments**”)¹
- Amendments to IAS 1, Non-current Liabilities with Covenants (the “**2022 Amendments**”)¹
- Amendments to IAS 7 and IFRS 7, Supplier Finance Arrangements¹

- Amendments to IAS 21, Lack of Exchangeability²
- Amendments to IFRS 9 and IFRS 7, Amendments to the Classification and Measurement of Financial Instruments³
- IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7, Annual Improvement to IFRS Accounting Standards — Volume 11³
- IFRS 18, Presentation and Disclosure in Financial Statements⁴

¹ Effective for annual periods beginning on or after 1 January 2024.

² Effective for annual periods beginning on or after 1 January 2025.

³ Effective for annual periods beginning on or after 1 January 2026.

⁴ Effective for annual periods beginning on or after 1 January 2027.

⁵ No mandatory effective date determined yet but available for adoption.

Further information about those IFRS Accounting Standards that are expected to be applicable to the Group is described below:

Amendments to IFRS 10 and IAS 28, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

Amendments to IFRS 10 and IAS 28 address an inconsistency between the requirements in IFRS 10 and in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The amendments are not expected to have any significant impact on the Group's consolidated financial statements.

Amendments to IFRS 16, Lease liability in a Sale and Leaseback

Amendments to IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. The amendments are effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16 (i.e., 1 January 2019). Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's consolidated financial statements.

Amendments to IAS 1, Classification of Liabilities as Current or Non-current (the “2020 Amendment”) and Non-current Liabilities with Covenants (the “2022 Amendments”)

Amendments to IAS 1 *Presentation of Financial statements* in 2020 clarified that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the entity’s expectations or event after the report date (e.g. receipt of a waiver or a breach of covenant). The amendments also clarified what IAS 1 means when it refers to the ‘settlement’ of a liability. The amendments were due to be applied from 1 January 2022. However, the effective date was subsequently deferred to January 2023 and then further to 1 January 2024.

The new amendments clarify that covenants of loan agreements will not affect classification of a liability as current or non-current at the reporting date if the entity must only comply with the covenants after the reporting date. However, if the entity must comply with covenant either before or at the reporting date, this will affect the classification as current or non-current even if the covenant is only tested for compliance after the reporting date.

The amendments require disclosures if an entity classifies a liability as non-current and that liability is subject to covenants that the entity must comply with within 12 months of the reporting date. The disclosure include:

- the carrying amount of the liability;
- information about the covenants; and
- facts and circumstances, if any, that indicate that the entity may have difficulty complying with the covenants.

The amendments also clarify that IAS 1 means when it refers to the ‘settlement’ of a liability. Terms of a liability that could, at the option of the counterparty, result in its settlement by the transfer of the entity’s own equity instrument can only be ignored for purpose of classifying the liability as current or non-current if the entity classifies the option as an equity instrument. However, conversion options that are classified as a liability must be considered when determining the current/non-current classification of a convertible note.

The amendments must be applied retrospectively in accordance with the normal requirements in IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*. Special transitional rules apply if an entity had early adopted the 2020 amendments regarding the classification of liabilities as current or non-current. Based on a preliminary assessment, the amendments are not expected to have any significant impact on the Group’s consolidated financial statements.

Amendments to IAS 7 and IFRS 7, Supplier Finance Arrangements

Amendments to IAS 7 and IFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The objective of the new disclosures is to provide information about supplier finance arrangements (“**SFAs**”) that enables investors to assess the effects on an entity’s liabilities, cash flows and the exposure to liquidity risk. The new disclosures include information about the following:

- (a) The terms and conditions of SFAs.
- (b) The carrying amounts of financial liabilities that are part of SFAs and the line items in which those liabilities are presented.
- (c) The carrying amount of the financial liabilities in (b) for which suppliers have already received payment from the finance providers.
- (d) The range of payment due dates for both the financial liabilities that are part of SFAs, and comparable trade payables that are not part of such arrangements.
- (e) Non-cash changes in the carrying amounts of financial liabilities in (b).
- (f) Access to SFA facilities and concentration of liquidity risk with finance providers.

The IASB has provided transitional relief by not requiring comparative information in the first year, and also not requiring disclosure of specified opening balances. Further, the required disclosures are only applicable for annual periods during the first year of application. Therefore, the earliest that the new disclosures will have to be provided is in annual financial reports for the year ended 31 December 2024. The amendments are not expected to have any significant impact on the Group’s consolidated financial statements.

Amendments to IAS 21, Lack of Exchangeability

Amendments to IAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. Earlier application is permitted. When applying the amendments, an entity cannot restate comparative information. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening balance of retained profits or to the cumulative amount of translation differences accumulated in a separate component of equity, where appropriate, at the date of initial application. Based on a preliminary assessment, the amendments are not expected to have any significant impact on the Group’s consolidated financial statements.

IFRS 18, Presentation and Disclosure in Financial Statements

IFRS 18 Presentation and Disclosure in Financial Statements, which was issued in July 2024 supersedes IAS 1 and will result in major consequential amendments to IFRS Accounting Standards including IAS 8 Basis of Preparation of Financial Statements (renamed from Accounting Policies, Changes in Accounting Estimates and Errors). Even though IFRS 18 will not have any effect on the recognition and measurement of items in the consolidated financial statements, it is expected to have a significant effect on the presentation and disclosure of certain items. These changes include categorisation and sub-totals in the statement of profit or loss, aggregation/disaggregation and labelling of information, and disclosure of management-defined performance measures.

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements except for IFRS 18 which have impact on presentation of income statement.

3 MATERIAL 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 (the “**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 equity investments which are measured at fair value as explained in the accounting policies set out below.

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. 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.

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.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in 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.

(ii) Basis of preparation and going concern assumption

During the year ended 31 December 2023, the Group incurred a loss of RMB15,887,887,000 and as at that date, the Group had net current liabilities and capital deficiency of RMB9,066,516,000 and RMB15,158,873,000, respectively. Included in the current liabilities were bank and other borrowings of RMB7,695,497,000, corporate bonds of RMB821,685,000, senior notes of RMB1,997,077,000 and provision for claims and litigations of RMB765,028,000 that was included in trade and other payables, deposits received and accrued charges while the Group only had bank balances and cash of RMB291,912,000 as at 31 December 2023.

As at 31 December 2023, the Group breached certain covenants relating to bank and other borrowings totaling RMB761,462,000. Moreover, the Group was in default of repayments of bank and other borrowings of RMB5,931,603,000 which became due and overdue as at 31 December 2023. 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 pledged assets.

The Company restructured all of its senior notes in 2022 into 5 tranches of senior notes with maturity dates from 30 December 2023 to 30 December 2027 and further undertook changes of the terms and conditions of the senior notes in 2023. However, it is because the Group has been under severe liquidity pressure, the Company did not fulfil the settlement upon the maturity of the 2023 New Notes and the 2024 Notes in December 2024 and fail to meet the interest payments for the 2025 Notes, the 2026 Notes and the 2027 Notes throughout 2024. Subsequent to 2024, the Group did not make payment for the cash interests in respect of the 2025 Notes, the 2026 Notes and 2027 Notes on the due date of 30 June 2025 and up to the date of approval of these consolidated financial statements. As a result of the default in payments of the principal amounts and interests subsequent to 31 December 2023 as explained above, the senior noteholders are entitled to demand immediate repayment of the outstanding principals and interests of the senior notes albeit none of the noteholders demanded such immediate repayments up to the date of approval of these consolidated financial statements.

The senior notes are guaranteed by certain of the Company's subsidiaries and the guarantees are effectively subordinated to the other secured obligations of each guarantor, to the extent of the value of assets serving as security. If any of the senior noteholders request immediate repayment of any of the senior notes and the Group cannot fulfill the request, the senior noteholders are entitled to execute the guarantee to recover their investment.

The Group since July 2023 has successively reached agreements with the bondholders to extend the maturity date of the corporate bonds. In July 2025, the Group further reached another agreement with the bondholders to extend the repayment date to 31 January 2026. Subject to approval of the bondholders, the corporate bonds' maturity date can be extended to 30 July 2026.

In addition, the Group is involved in various litigation and arbitration cases with different counterparties for various reasons for which the Group has made provision for claims and litigations of RMB765,028,000 as at 31 December 2023.

The PRC property market for the year ended 31 December 2023, and continuing into the present, has been characterized by a significant downturn, marked by a decline in the start of housing development projects and sales, driven by buyer concerns over developer stability and uncertain prices. Despite some government efforts to stabilize the market and policy shifts like easing purchase restrictions in major cities, property investment and sales volumes remained low. As a result, pre-sale for PRC property developers remained weak.

With the above backdrop, the Group's internal funds have been shrinking and the Group has been facing liquidity pressure to finance its construction projects and to settle interest bearing borrowings including the aforementioned bank and other borrowings, senior notes and corporate bonds. The current macroeconomic conditions and the timing of recovery in real estate industry has brought additional material uncertainties to the Group. It may be challenging for the Group to generate operating cash inflows or refinance its senior notes, corporate bonds and bank and other borrowings than it has historically been.

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

In view of such circumstances, the Directors have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient cash resources to continue as a going concern and pay its debts as and when they fall due. Certain plans and measures have been taken to enable the Group to have sufficient financial resources to meet its financial obligations and commitments as and when they fall due which include, but not limited to, the following:

- The management is in close negotiation with the senior noteholders for restructuring and/or extension of the senior notes;
- With respect to the corporate bonds, the maturity date was extended to 31 January 2026. Subject to approval of the bondholders, the corporate bonds' maturity can be extended to 30 July 2026. The management will liaise with the bondholders to obtain their approval to further extend the maturity date if necessary;

- 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 inflows 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 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 and claims 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 the management which cover a period of fifteen months from the date of approval of these consolidated financial statements and consider 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:

- Successful negotiation with the senior noteholders for restructuring and/or extension of the senior notes;
- Obtaining approval from the bondholders to further extend the corporate bonds maturity date to 30 July 2026 and the ability to repay the corporate bonds by the subsequently extended maturity date of 30 July 2026 or obtain approval from the bondholders to further extend the corporate bonds maturity date beyond 30 July 2026;

- 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 property construction projects and generated sufficient cash inflows 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 fifteen months from the date of approval of these consolidated financial statements. 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 amount 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.

(b) Changes in accounting policies

The IASB has issued a number of amendments to IFRS Accounting Standards 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 the consolidated financial statements (Note 2(a)).

4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's material 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.

Going concern assumption

In the process of applying the Group's accounting policies, apart from those involving estimations, management has prepared the consolidated financial statements on the most important 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 3(a)(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 other 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.

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

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

In determining the net realisable value, management refers to prevailing market data such as recent sales transactions as the basis for evaluation.

(c) Deferred tax assets

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

Revenue from the sale of properties is recognised at a point in time when the buyers obtain control of the completed properties. Management makes judgement on when control of properties are transferred to customers.

(e) Provision for claims and litigations

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 are 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.

(f) Impairment of financial assets

The loss allowances for loans to joint ventures and other financial assets are based on the credit risk of the respective financial instruments. Management uses judgement in making assumptions and estimations to estimate expected credit losses based on past history, existing market conditions and forward looking information at the end of each reporting period. The assessment involves a high degree of estimation and uncertainty about future economic conditions which might have a significant effect on debtors' business and creditworthiness. When the actual future cash flows are less than expected or more than expected, a material impairment loss or a material reversal of impairment loss may arise accordingly.

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 related 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 related 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.

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

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Revenue from contracts with customers within the scope of IFRS 15		
Sale of properties	5,621,762	5,441,643
Real estate agency services	22,168	58,961
Hotel operation	18,819	38,434
Others	9,991	24,776
	<u>5,672,740</u>	<u>5,563,814</u>
Revenue from other sources		
Rental income	<u>31,006</u>	<u>40,051</u>
	<u><u>5,703,746</u></u>	<u><u>5,603,865</u></u>

Substantially all of the revenue from sales of properties is recognised at a point in time.

Geographic information

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

No revenue from transactions with single external customer amounted to 10% or more of the Group's revenue for the years ended 31 December 2023 and 2022.

6 OTHER INCOME, GAINS AND LOSSES, NET

	2023 RMB'000	2022 RMB'000
Interest income	19,082	10,320
Government grants (<i>note a</i>)	252	1,131
Net exchange loss (<i>note b</i>)	(119,804)	(845,588)
(Loss)/gain on disposal of associates	(23,800)	14
Loss on disposal of joint ventures	(416,972)	–
Loss on disposal of subsidiaries	(563,895)	(929,168)
Allowance for expected credit losses	(5,567,791)	(401,437)
Penalty, claims and litigations charges (<i>note c</i>)	(600,605)	(460,864)
Impairment on interests in joint ventures	(367,221)	–
Sundries	(48,176)	(23,750)
	<u>(7,688,930)</u>	<u>(2,649,342)</u>

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 loss for the years ended 31 December 2023 and 2022 mainly arose from retranslation of senior notes issued by the Company denominated in US\$ due to 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 EXPENSES

	2023 RMB'000	2022 RMB'000
Interest on bank and other borrowings	(1,566,719)	(1,059,577)
Interest on senior notes and corporate bonds	(1,793,781)	(1,094,370)
	<u>(3,360,500)</u>	<u>(2,153,947)</u>
Less: Amount capitalised in properties under development for sale	507,547	1,778,254
	<u>(2,852,953)</u>	<u>(375,693)</u>

The borrowing costs have been capitalised at a rate of 2.8%–24.0% (2022: 4.4%–15.4%) per annum.

8 INCOME TAX EXPENSE

	2023 RMB'000	2022 RMB'000
Current tax		
PRC Corporate Income Tax	(156,187)	(18,568)
Land Appreciation Tax ("LAT")	(435,681)	(188,704)
Deferred tax	235,247	(25,839)
Under provision of PRC Corporate Income Tax in respect of prior years	(1,888)	(5,055)
Income tax expense	<u>(358,509)</u>	<u>(238,166)</u>

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 regulations 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 was neither arose in nor was derived from Hong Kong for the years ended 31 December 2023 and 2022.

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:

	2023 RMB'000	2022 RMB'000
Loss before taxation	<u>(15,529,378)</u>	<u>(4,666,803)</u>
PRC Corporate Income Tax at 25%	3,882,344	1,166,701
Provision for LAT	(435,681)	(188,704)
Tax effect of LAT deductible for PRC Corporate Income Tax	108,920	47,176
Tax effect of share of results of associates	(372)	(535)
Tax effect of share of results of joint ventures	(8,544)	(49,504)
Tax effect of non-deductible expenses	(268,824)	(306,328)
Tax effect of non-taxable income	–	101,025
Tax effect of unused tax losses previously recognised	(113,892)	(44,270)
Tax effect of unused tax losses not recognised	(1,852,000)	(564,157)
Tax effect of unrecognised temporary difference	(1,668,572)	(394,515)
Under provision of PRC Corporate Income Tax in respect of prior years	(1,888)	(5,055)
Income tax expense	<u>(358,509)</u>	<u>(238,166)</u>

9 LOSS FOR THE YEAR

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Loss for the year has been arrived at after charging:		
(a) Staff cost		
Salaries, wages and other benefits	206,369	283,688
Retirement benefit contributions	11,597	16,399
Share-based payment expenses	(3,590)	2,551
	<u>214,376</u>	<u>302,638</u>
(b) Other items		
Depreciation charge		
— owned property, plant and equipment	25,089	20,431
Amortisation of intangible assets	2,080	2,161
Auditors' remuneration		
— Audit services	6,500	9,000
— Non-audit services	150	150
Allowance for expected credit losses	5,567,791	401,437
Impairment on interests in joint ventures	367,221	—
Write-down of properties under development for sale and completed properties held for sale	2,843,102	1,186,765
Cost of completed properties sold	<u>6,966,633</u>	<u>5,155,550</u>

10 LOSSES PER SHARE

Diluted losses per share for the years ended 31 December 2023 and 2022 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:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Losses		
Losses for the purpose of calculating basic and diluted losses per share (loss for the year attributable to owners of the Company)	<u>(14,312,777)</u>	<u>(4,453,718)</u>
	2023 '000	2022 '000
Number of shares (basic and diluted)		
Weighted average number of ordinary shares in issue	<u>2,794,994</u>	<u>2,794,994</u>

Note: The computation of the diluted losses per share for the years ended 31 December 2023 and 2022 has not taken into consideration the outstanding shares options as they are antidilutive.

11 DIVIDEND

There is no dividend declared and paid during the year. (2022: Nil)

12 INTERESTS IN JOINT VENTURES AND LOANS TO JOINT VENTURES

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

	At 31 December 2023 RMB'000	At 31 December 2022 RMB'000
Cost of investment in joint ventures	1,876,311	2,408,034
Share of post-acquisition profits and other comprehensive income	(202,714)	168,259
	<u>1,673,597</u>	<u>2,576,293</u>
Loans to joint ventures, gross	4,448,425	7,108,367
Less: Share of post-acquisition losses that are in excess of cost of the investments	(466,314)	(435,441)
Provision of impairment	<u>(2,720,939)</u>	<u>—</u>
	<u>1,261,172</u>	<u>6,672,926</u>

Loans to joint ventures are unsecured, interest free and have no fixed term of repayment as at December 2023 and 2022. 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.

13 TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

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

	At 31 December 2023 RMB'000	At 31 December 2022 RMB'000
Trade receivables, net of allowance	390,210	336,931
Amounts due from non-controlling interests	1,855,795	2,935,863
Other receivables, net of allowance (<i>note i</i>)	5,405,263	2,678,712
Guarantee deposits for housing provident fund loans provided to customers (<i>note ii</i>)	51,941	45,110
Loans and receivables	7,703,209	5,996,616
Prepayments to suppliers of construction materials	1,150,782	646,865
Deposits paid for acquisition of land use rights	38,810	38,810
Prepaid taxation	1,138,205	1,477,783
	10,031,006	8,160,074

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 individual property ownership certificate.

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

	At 31 December 2023 RMB'000	At 31 December 2022 RMB'000
Less than 1 year	109,976	56,896
1–2 years	21,836	38,825
More than 2 years and up to 3 years	258,398	241,210
	390,210	336,931

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 expected credit losses on trade receivables are set out as follows:

	2023 RMB'000	2022 RMB'000
At the beginning of the year	60,719	4,711
Provided during the year	<u>–</u>	<u>56,008</u>
At the end of the year	<u>60,719</u>	<u>60,719</u>

Movements in the allowance for expected credit losses on other receivables are set out as follows:

	2023 RMB'000	2022 RMB'000
At the beginning of the year	935,497	590,068
Provided during the year	2,457,809	345,429
Amounts written off as uncollectible	<u>(154,854)</u>	<u>–</u>
At the end of the year	<u>3,238,452</u>	<u>935,497</u>

14 TRADE AND OTHER PAYABLES, DEPOSITS RECEIVED AND ACCRUED CHARGES

	At 31 December 2023 RMB'000	At 31 December 2022 RMB'000
Trade payables (<i>note i</i>)	4,553,148	1,855,824
Accrued expenditure on construction (<i>note i</i>)	1,924,750	3,368,932
Amounts due to non-controlling interests	1,516,220	1,758,203
Accrued interests	1,197,397	309,069
Accrued payroll	43,736	20,367
Dividend payable	3,212	3,166
Provision for claims and litigations (<i>note iii</i>)	765,028	497,108
Other payables (<i>note ii</i>)	<u>5,271,646</u>	<u>2,735,441</u>
Financial liabilities measured at amortised cost	15,275,137	10,548,110
Other tax payables	<u>671,148</u>	<u>133,681</u>
	<u>15,946,285</u>	<u>10,681,791</u>

Notes:

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

	At 31 December 2023 <i>RMB'000</i>	At 31 December 2022 <i>RMB'000</i>
Less than 1 year	2,955,861	283,092
1 to 2 years	142,289	250,422
More than 2 years and up to 3 years	1,454,998	1,322,310
	<u>4,553,148</u>	<u>1,855,824</u>

Accrued expenditure on construction comprise construction costs and other project-related expenses which are payable based on project progress measured by the Group. Therefore, no ageing analysis is presented.

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

- (iii) Movement in provision for claims and litigations:

	<i>RMB'000</i>
At 1 January 2023	497,108
Charged to profit or loss	600,605
Utilised	<u>(332,685)</u>
At 31 December 2023	<u><u>765,028</u></u>

15 CONTRACT LIABILITIES

	At 31 December 2023 RMB'000	At 31 December 2022 RMB'000
Sales deposits	<u>12,158,846</u>	<u>18,512,043</u>
Movements in contract liabilities	2023 RMB'000	2022 RMB'000
Balance at 1 January	18,512,043	24,928,489
Revenue recognised during the year that was included in the contract liabilities at the beginning of the year	(4,878,514)	(4,758,578)
Disposal of subsidiaries	(2,230,331)	(6,729,330)
Sales deposits received	<u>755,648</u>	<u>5,071,462</u>
Balance at 31 December	<u>12,158,846</u>	<u>18,512,043</u>

The amount of sales deposits expected to be recognised as income after more than one year is RMB4,313,438,000 (2022: RMB13,995,700,000).

16 SHARE CAPITAL

	Number of shares '000	Amount US\$'000	Equivalent to RMB'000
Ordinary shares of US\$0.01 each			
Authorised:			
At 1 January 2022, 31 December 2022, 1 January 2023 and 31 December 2023	<u>8,000,000</u>	<u>80,000</u>	<u>524,014</u>
Issued and fully paid:			
At 1 January 2022, 31 December 2022, 1 January 2023 and 31 December 2023	<u>2,794,994</u>	<u>27,941</u>	<u>175,693</u>

EXTRACT OF INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

Disclaimer of opinion

We were engaged to audit the consolidated financial statements of Modern Land (China) Co., Limited (the “**Company**”) and its subsidiaries (the “**Group**”) set out on pages [•] to [•], which comprise the consolidated statement of financial position as at 31 December 2023, 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 material accounting policy information.

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, for the year ended 31 December 2023, the Group incurred a loss of RMB15,887,887,000 and as at that date, the Group had net current liabilities and capital deficiency of RMB9,066,516,000 and RMB15,158,873,000, respectively. Included in the current liabilities were bank and other borrowings of RMB7,695,497,000 (Note 27), corporate bonds of RMB821,685,000 (Note 29), senior notes of RMB1,997,077,000 (Note 28) and provision for claims and litigations of RMB765,028,000 that was included in trade and other payables, deposits received and accrued charges (Note 25) while the Group only had bank balances and cash of RMB291,912,000 as at 31 December 2023.

As at 31 December 2023, the Group breached certain covenants relating to bank and other borrowings totaling RMB761,462,000. Moreover, the Group was in default of repayments of bank and other borrowings and bank and other borrowings of RMB5,931,603,000 became due and overdue as at 31 December 2023. 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 pledged assets for which the details are disclosed in Note 32.

The Company restructured all of its senior notes in 2022 into 5 tranches of senior notes with maturity dates from 30 December 2023 to 30 December 2027 and further undertook changes of the terms and conditions of the senior notes in 2023. However, it is because the Group has been under severe liquidity pressure, the Company did not fulfil the settlement upon the maturity of the 2023 New Notes and the 2024 Notes in December 2024 and fail to meet the interest payments for the 2025 Notes, the 2026 Notes and the 2027 Notes throughout 2024. Subsequent to 2024, the Group did not make payment for the cash interests in respect of the 2025 Notes, the 2026 Notes and the 2027 Notes on the due date of 30 June 2025 and up to the date of approval of these consolidated financial statements. As a result of the default in payments of the principal amounts and interests subsequent to 31 December 2023 as explained above, the senior noteholders are entitled to demand immediate repayment of the outstanding principals and interests of the senior notes albeit none of the noteholders demanded such immediate repayments up to the date of approval of these consolidated financial statements.

The senior notes are guaranteed by certain of the Company's subsidiaries and the guarantees are effectively subordinated to the other secured obligations of each guarantor, to the extent of the value of assets serving as security. If any of the senior noteholders request immediate repayment of any of the senior notes and the Group cannot fulfill the request, the noteholders are entitled to execute the guarantee to recover their investments.

The Group since July 2023 has successively reached agreements with the bondholders to extend the maturity date of the corporate bonds. In July 2025, the Group further reached another agreement with the bondholders to extend the repayment date to 31 January 2026. Subject to approval of the bondholders, the corporate bonds' maturity can be extended to 30 July 2026.

In addition, the Group is involved in various litigation and arbitration cases with different counterparties for various reasons for which the Group has made provision for claims and litigations of RMB765,028,000 as at 31 December 2023.

The PRC property market for the year ended 31 December 2023, and continuing into the present, has been characterized by a significant downturn, marked by a decline in the start of housing development projects and sales, driven by buyer concerns over developer stability and uncertain prices. Despite some government efforts to stabilise the market and policy shifts like easing purchase restrictions in major cities, property investment and sales volumes remained low. As a result, pre-sale for PRC property developers remained weak.

With the above backdrop, the Group's internal funds have also been shrinking and the Group has been facing liquidity pressure to finance its construction projects and to settle interest bearing borrowings including the aforementioned bank and other borrowings, senior notes and corporate bonds. The current macroeconomic conditions and the timing of recovery in real estate industry has brought additional material uncertainties to the Group. It may be challenging for the Group to generate operating cash inflows or refinance its senior notes, corporate bonds and bank and other borrowings than it has historically been.

All these events and conditions indicate that 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 material uncertainties, including whether the Group is able to (i) repay the principal amount plus accrued interests of each tranche of the senior notes at their respective maturity or due dates or successfully obtain consents from the senior noteholders to further extend the maturity or due dates; (ii) obtain approval from corporate bondholders to further extend the corporate bonds maturity date to 30 July 2026 and repay the corporate bonds by the subsequently extended maturity date on 30 July 2026 or obtain approval from the bondholders to further extend the corporate bonds maturity date beyond 30 July 2026; (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 inflows 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.

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 amounts 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.

Additional matter — scope limitation on the work of certain subsidiaries due to unavailability of books and records

As disclosed in Note 24, the Group disposed of certain subsidiaries (the “**2023 Disposed Subsidiaries**”) through sales, deregistration and liquidation during the year ended 31 December 2023. Up to the respective disposal dates of these subsidiaries, revenue of RMB416,156,000, cost of sales of RMB390,942,000, other income and gains of RMB5,464,000, selling and distribution expenses of RMB10,720,000, administrative expenses of RMB9,791,000, finance expenses of RMB25,772,000 and income tax credit of RMB39,912,000 of these subsidiaries were recognised in profit or loss of the Group and included in the respective lines of the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2023. The aggregate net effect of the consolidated results of these subsidiaries up to the respective disposal dates was a profit of RMB24,307,000 and a net loss of RMB563,895,000 arising from the disposal of these subsidiaries was recognised in profit or loss of the Group and included in other income, gains and losses in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2023.

Moreover, the Group also had some other subsidiaries of which the disposal, mainly through deregistration or liquidation, was completed in 2024 (the “**2024 Disposed Subsidiaries**”). In respect of these subsidiaries, cost of sales of RMB16,066,000, other losses of RMB86,894,000, selling and distribution expenses of RMB1,062,000, administrative expenses of RMB5,630,000 and income tax expense of RMB39,717,000 were recognised in profit or loss of the Group that gave rise to an aggregate net loss totaling RMB255,642,000 for the year ended 31 December 2023 and included in the respective lines of the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2023. As at 31 December 2023, these subsidiaries had property, plant and equipment of RMB65,000, intangible assets of RMB5,000, deferred tax assets of RMB1,023,000, properties under development for sale of RMB1,557,534,000, completed properties held for sale of RMB361,371,000, trade and other receivables, deposits and prepayments of RMB3,804,773,000, bank balances and cash of RMB6,412,000, trade and other payables, deposits received and accrued charges of RMB3,445,301,000, contract liabilities of RMB59,487,000, taxation payable of RMB40,980,000, bank and other borrowings of RMB791,000,000 that were included in the consolidated statement of financial position as at 31 December 2023.

We were appointed as the auditor of the Company on 8 April 2024 to perform an audit on the consolidated financial statements of the Group for the year ended 31 December 2023. However, when we commenced our work after our appointment, the disposal of the above-mentioned subsidiaries had been completed and the accounting books and records of these subsidiaries were no longer available for our inspection.

Owing to the above scope limitation, we were unable to perform audit procedures that we considered necessary for the purposes of obtaining sufficient appropriate audit evidence for our audit and to determine whether the (i) revenue, (ii) cost of sales, (iii) other income, gains and losses, (iv) selling and distribution expenses, (v) administrative expenses, (vi) finance expenses and (vii) income tax expense, (viii) property, plant and equipment, (ix) intangible assets, (x) deferred tax assets, (xi) properties under development for sale, (xii) completed properties held for sale, (xiii) trade and other receivables, deposits and prepayments, (xiv) bank balances and cash, (xv) trade and other payables, deposits received and accrued charges, (xvi) contract liabilities, (xvii) taxation payable and (xviii) bank and other borrowings of the 2023 Disposed Subsidiaries and the 2024 Disposed Subsidiaries are free from material misstatements. Since this is our initial audit engagement, we are required to perform audit procedures on the opening balances as at 1 January 2023. However, given the above scope limitation, we were unable to perform audit procedures that we considered necessary on the opening balances of the 2023 Disposed Subsidiaries and the 2024 Disposed Subsidiaries. We requested but were unsuccessful to obtain the predecessor auditor's consent to grant us the access to and for our review of their audit documentation on the prior year's consolidated financial statements. As a result, we were unable to obtain sufficient appropriate audit evidence to determine whether investment properties of RMB43,300,000, property, plant and equipment of RMB1,230,000, intangible assets of RMB89,000, interests in associates of RMB15,044,000, interests in joint ventures of RMB20,820,000, deferred tax assets of RMB73,236,000, properties under development for sale of RMB4,815,830,000, completed properties held for sale of RMB619,255,000, other inventories and contract costs of RMB56,000, trade and other receivables, deposits and prepayments of RMB6,126,978,000, bank balances and cash of RMB225,608,000, trade and other payables, deposits received and accrued charges of RMB5,633,880,000, contract liabilities of RMB2,551,797,000, taxation payable of RMB51,957,000 and bank and other borrowings of RMB1,464,106,000 as at 1 January 2023 are free from material misstatements, including whether these balances were correctly brought forward from those as at 31 December 2022.

Any adjustments in respect of the above amounts that might have been found necessary might have material consequential effects on (i) the financial performance and cash flows of the Group for the year ended 31 December 2023; (ii) the net loss on disposal of the 2023 Disposed Subsidiaries for the year ended 31 December 2023; (iii) the financial position of the Group as at 31 December 2023 and as at 1 January 2023; and (iv) the related disclosures in the consolidated financial statements.

Other matter

The consolidated financial statements for the year ended 31 December 2022 were audited by another auditor who expressed a disclaimer of opinion on those statements on 13 September 2023.

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board of directors, I hereby present the business review and prospects of the Group for the year ended 31 December 2023.

SALES RESULTS

For the year ended 31 December 2023, the Company achieved sales results in line with the then market environment and its own existing resources.

REVIEW OF YEAR 2023

The situation of the real estate sector in the year can be summarised in one word, “landing”, which will be elaborated upon based on three key statements as follows.

The first statement is “back to earth on the overall market size”. Since touching the ceiling of RMB18 trillion, overall size of the real estate sector is expected to hover within the range of RMB8 to 10 trillion in the long term. The gradual downsizing of the sector would, on the one hand, lead to more intense competition among enterprises, and on the other hand, directly cause turbulence and imbalance in the industry structure. This would happen not only between state-owned enterprises and private enterprises, but also between private enterprises at different levels.

The second statement is “back to earth on overall market expectations”. Market conditions and transaction data in first-tier cities have repeatedly confirmed the fact that customers’ overall expectations for real estate have essentially come back to ground zero. The investment attribute of real estate is gradually declining, while the need of accommodation has become the dominant reason for property ownership. Changes in expectations have compelled developers to re-examine the basic questions of for ‘who’ housing is to build, ‘what’ kind of housing is to build, and ‘how’ to build them.

The third statement is “back to earth on the general route of development”. The industry must find a different soul and path from that of previous era. Those enterprises not seeking to change will be enforced into the tide of reform by the era itself. In fact, it is not so much a reform as it is a return to the essence of the industry. This will most certainly oblige enterprises to think about their own development issues, strategic directions and routes, and implement them into product realisation and service provision, as well as commitments to customers.

In 2023, the Company continued to fulfil its solemn commitment to the local governments and property owners of “guaranteed delivery”. Having overcome numerous difficulties and gone through multiple rounds of amicable negotiation with our upstream and downstream suppliers and collaborators, and by our joint efforts, the Company had successfully achieved smooth delivery of multiple projects.

In 2023, the Company further established the market competitiveness of its green core technologies and continued to maintain its leading position in green technology buildings as well as in energy-saving and low-carbon operations within the industry, and cemented the ‘evergreen’ quality of MOMA brand. At the same time, the Company had attained stability in its core management team and continuity in its daily operations. Most importantly, the Company’s procedures and operations have been strengthened, while scientific project operation, effective exchange of information, efficient allocation of funds, and scientific management of cash flow have all been in place.

OUTLOOK FOR YEAR 2024

We predicted in 2024 that the real estate market would achieve innovative and higher-quality development under the guidance of the “Innovative and High-Quality Productivity” concept. According to the core principles as proclaimed in various Central Government’s meetings, it is emphasised that real estate sector shall spare no effort in exploring and pioneering the construction of green and energy-saving buildings, digital operation and maintenance of smart buildings, and new modes of sustainable development, which will be the underlying main theme of industry’s development in the next five years or even longer.

In 2024, the Company will adhere to the development strategy of game-changing transformation, striving to embark on transformative breakthrough right down from the trough as well as growth amidst transformation. Specifically, the Company will adhere to the three major strategies to achieve its strategic business objectives.

Adhering to the lifeline of green technology

In future, the Company will continue to firmly adhere to the principle of green development, to realise the preset status of the real estate sector, and achieve major breakthroughs in green technology-driven real estate business both horizontally and vertically. On vertical aspect, the Company will actively expand into other divisions in green real estate beyond property development which may include: upstream and downstream contractor business, costing and consulting etc.. On horizontal aspect, the Company will continue to increase its presence in areas such as property, elderly care, education, fitness, office and others, to realise the goal of building a “community with full life-cycle industry”.

Adhering to the baseline of project delivery

Even amidst numerous difficulties, the Company still regards timely delivery of our projects with guaranteed quality as the fundamental baseline and minimum requirement for all our work. Information flow and capital flow with all relevant parties such as general contractors, subcontractors, banks and financial institutions, will be carefully managed. We strive to achieve a balanced state acceptable to all parties, so as to promote the smooth delivery of our projects, instil confidence in owners, and fulfil our responsibilities to the government.

Adhering to the development line of innovation and transformation

The development concept of “Innovative and High-Quality Productivity” requires the real estate industry to abandon the conventional thinking and footsteps of the past — ‘take no usual route but embark on a journey of innovation’. Although there exist many uncertainties such as future policy orientation, market environment and industry expectations, the Company will, as always, continue to seek new growth and development curves and to exert efforts in dimensions include lightweight asset contractor, life environment of technology sector, urban asset operation and other, striving for innovation and transformation.

Looking back at 2023, there were numerous challenges. Looking ahead to 2024, difficulties persist. The Company will firmly uphold its belief and remain confident in innovation and development. Step by step and stair by stair, it will adhere steadfastly to the preset path, bravely tackle any challenges, and firmly believe in the future.

Modern Land (China) Co., Limited

Zhang Peng

Chairman of the Board

30 September 2025

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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

Sale of Properties

For the year ended 31 December 2023, the Group's revenue from sale of properties amounted to approximately RMB5,621.8 million, representing an increase of approximately 3.3% as compared to the year ended 31 December 2022. The Group delivered 516,419 sq.m. of property in terms of GFA and 1,749 units of car parking spaces in 2023. Delivered average selling price ("ASP") for properties was RMB10,540 per sq.m. and that for car parking spaces was RMB65,274 per unit for the year ended 31 December 2023.

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

For the year ended 31 December 2023, the Group's revenue from property investment amounted to approximately RMB31.0 million, representing a decrease of approximately 22.6% as compared to the corresponding period in 2022.

For real estate agency services, with the unique product, brand, management and credibility advantages supported by our MOMA green-technology products, the Group offered customised full-set development and operation management solutions to customers. For the year ended 31 December 2023, the revenue from real estate agency services amounted to approximately RMB22.2 million, representing a decrease of approximately 62.4% as compared to that of approximately RMB59.0 million for the corresponding period in 2022.

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 2023 amounted to RMB18.8 million, representing a decrease of 51.0% as compared to that of approximately RMB38.4 million for the corresponding period in 2022.

For the year ended 31 December 2023, the revenue from other services was approximately RMB10.0 million, whereas revenue of approximately RMB24.8 million was recorded in the corresponding period in 2022.

Contracted Sales

For the year ended 31 December 2023, the Group, its joint ventures and associates achieved contracted sales of approximately RMB5,557 million, representing an increase of 12.5% as compared to the year ended 31 December 2022, whereas 516,419 sq.m. in total GFA and 1,749 units of car parking spaces were sold, representing a decrease of approximately 13.8% and 59.3% respectively as compared to the year ended 31 December 2022.

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

Province/Municipality	2023			2022		
	Contracted Sales	GFA	ASP	Contracted Sales	GFA	ASP
	<i>RMB'000</i>	<i>(in sq.m.) or units</i>	<i>RMB/sq.m. or unit</i>	<i>RMB'000</i>	<i>(in sq.m.) or units</i>	<i>RMB/sq.m. or unit</i>
Anhui	195,940	22,799	8,594	230,168	36,522	6,302
Beijing	103,474	2,882	35,904	288,850	10,302	28,038
Fujian	–	–	–	37,701	1,963	19,206
Chongqing	136,774	16,753	8,164	100,795	13,034	7,733
Guangdong	1,008,257	12,618	79,906	122,305	12,382	9,878
Guizhou	76,923	12,508	6,150	141,549	28,748	4,924
Hebei	199,307	19,828	10,052	576,603	74,627	7,726
Henan	–	–	–	35,795	6,319	5,665
Hubei	1,261,750	213,484	5,910	1,215,839	223,094	5,450
Hunan	138,809	25,998	5,339	906,190	88,931	10,190
Inner Mongolia	351,576	36,451	9,645	191,537	17,415	10,998
Jiangsu	312,411	22,023	14,186	142,860	14,120	10,118
Jiangxi	35,715	3,437	10,391	171,826	17,895	9,602
Shaanxi	366,899	46,210	7,940	53,450	7,412	7,211
Shandong	108,276	17,554	6,168	77,004	15,679	4,911
Shanxi	1,146,716	63,874	17,953	208,488	21,447	9,721
Tianjin	–	–	–	1,546	342	4,520
Zhejiang	–	–	–	57,819	8,872	6,517
Properties Sub-total	5,442,827	516,419	10,540	4,560,325	599,104	7,612
Car Parking spaces	114,165	1,749 units	65,274/unit	378,374	4,299 units	88,014/unit
Total	5,556,992			4,938,699		

Land Bank

As at 31 December 2023, 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 7,903,748 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 2023 Total GFA unsold* (sq.m.)
Anhui	200,961
Beijing	219,575
Chongqing	877,630
Fujian	97,684
Guangdong	456,119
Guizhou	626,376
Hebei	704,922
Hubei	2,036,327
Hunan	234,020
Inner Mongolia	79,149
Jiangsu	89,596
Jiangxi	169,131
Liaoning	3,895
Shaanxi	791,925
Shandong	495,124
Shanghai	17,704
Shanxi	624,064
Tianjin	170,918
Zhejiang	8,628
Total	7,903,748

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

FINANCIAL REVIEW

Revenue

The Group's revenue increased by approximately 1.8% to approximately RMB5,703.7 million for the year ended 31 December 2023 from approximately RMB5,603.9 million for the year ended 31 December 2022, which was mainly due to a year-over-year increase of approximately RMB180.2 million in the income from sales of properties as a result of the increase in ASP.

Cost of sales

The Group's cost of sales amounted to approximately RMB10,147.9 million for the year ended 31 December 2023, representing an increase of approximately 51.0% as compared to the corresponding period of 2022.

Gross loss and gross loss margin

For the year ended 31 December 2023, the Group's gross loss was approximately RMB4,444.1 million and the gross loss margin was approximately 77.9%.

Other income and expenses

The Group's other expenses increased by approximately RMB5,039.6 million to RMB7,688.9 million for the year ended 31 December 2023 from approximately RMB2,649.3 million for the year ended 31 December 2022, which was mainly due to expected credit losses of approximately RMB5,567.8 million recorded during the year. For details, please refer to note 6 to the audited financial statements in this announcement.

Change in fair value of investment properties, net

The net losses change in fair value of investment properties increased from approximately RMB26.2 million for the year ended 31 December 2022 to approximately RMB83.9 million for the year ended 31 December 2023, representing an increase of approximately 220.2%.

Selling and distribution expenses

The selling and distribution expenses of the Group decreased by approximately 16.5% to approximately RMB311.6 million for the year ended 31 December 2023 from approximately RMB373.1 million for the year ended 31 December 2022.

Administrative expenses

The administrative expenses of the Group decreased by approximately 39.6% to approximately RMB256.4 million for the year ended 31 December 2023 from approximately RMB424.5 million for the corresponding period of 2022.

Finance costs

The finance costs of the Group amounted to approximately RMB2,853.0 million for the year ended 31 December 2023, representing an increase of approximately 659.4% from approximately RMB375.7 million for the year ended 31 December 2022. The finance costs were due to increase in senior notes and corporate bonds by RMB699.4 million and decrease in amount capitalised in properties under development for sale by RMB1,270.7 million.

Income tax expense

The income tax expense of the Group in the amount of RMB358.5 million for the year ended 31 December 2023 was primarily due to the increase in tax provision for land appreciation tax.

Loss for the year

The loss of the Group for the year ended 31 December 2023 increased by approximately RMB10,982.9 million to approximately RMB15,887.9 million from approximately RMB4,905.0 million for the year ended 31 December 2022.

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 2023 increased by approximately RMB9,859.1 million to approximately RMB14,312.8 million from approximately RMB4,453.7 million for the year ended 31 December 2022.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Cash position

As at 31 December 2023, the cash, restricted cash and bank balances of the Group was approximately RMB683.0 million, representing a decrease of approximately 56.5% as compared to approximately RMB1,570.2 million as at 31 December 2022.

Borrowings and pledge of the Group's assets

As at 31 December 2023, the Group had aggregate balance of approximately RMB22,951.6 million, including bank and other borrowings of approximately RMB10,161.1 million, senior notes of approximately RMB11,968.9 million and corporate bond of approximately RMB821.7 million, representing an increase of approximately 3.6% as compared to that of approximately RMB22,162.9 million as at 31 December 2022. As at 31 December 2023, 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 joint ventures and bank deposits, which had a carrying amount of approximately RMB12,823.3 million (31 December 2022: approximately RMB13,387.3 million).

As at 31 December 2023, the Group breached certain covenants relating to bank and other borrowings of RMB761,462,000, and these borrowings became repayable on demand. For details, please refer to note 3 of the audited financial statement in this announcement.

Breakdown of borrowings

By type of borrowings and maturity

	31 December 2023 RMB'000	31 December 2022 RMB'000
Bank and other loans		
within one year or on demand	7,695,497	10,153,156
more than one year, but not exceeding two years	1,092,390	121,500
more than two years, but not exceeding five years	1,158,788	857,910
more than five years	214,392	60,862
Sub-total	10,161,067	11,193,428
Senior Notes		
within one year	1,997,077	539,484
more than two years, but not exceeding five years	9,971,775	9,676,871
Sub-total	11,968,852	10,216,355
Corporate Bond		
within one year	821,685	753,111
Sub-total	821,685	753,111
TOTAL	22,951,604	22,162,894
Less:		
Bank balances and cash (including restricted cash)	682,985	1,570,229
Net Debt	22,268,619	20,592,665
Total Equity	(15,158,873)	871,703

By currency denomination

	31 December 2023 RMB'000	31 December 2022 RMB'000
— Denominated in RMB	9,998,165	11,786,353
— Denominated in US\$	12,953,439	10,376,541
	<u>22,951,604</u>	<u>22,162,894</u>

Leverage

The Group's net current liabilities (being current assets less current liabilities) increased by approximately RMB7,704.7 million as at 31 December 2023 from net current liabilities of approximately RMB1,361.8 million as at 31 December 2022. Current ratio (being current assets to current liabilities) decreased from approximately 0.97 times as at 31 December 2022 to approximately 0.80 times as at 31 December 2023.

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 2023, the Group had monetary assets denominated in US dollars and Hong Kong dollars of approximately RMB782.0 million and approximately RMB4.1 million, respectively, as well as liabilities denominated in US dollars of approximately RMB10,550.9 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 2023 <i>RMB'000</i>	At 31 December 2022 <i>RMB'000</i>
Contracted but not provided for in the consolidated financial statements:		
Expenditure in respect of properties under development	<u>9,370,829</u>	<u>14,254,047</u>

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 2023 <i>RMB'000</i>	At 31 December 2022 <i>RMB'000</i>
Mortgage guarantees	<u>16,266,436</u>	<u>17,688,867</u>

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 RMB1,046,388,000 (2022: RMB1,125,000,000).

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

As at 31 December 2023, 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 of the Group 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 management of the Group accrued compensation amounted to RMB765,028,000 as provision for claims and litigations in the consolidated financial statements as at 31 December 2023 (2022: RMB497,108,000).

Employees and compensation policy

As at 31 December 2023, the Group had 661 employees (31 December 2022: 1,450 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 2023, 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

Disposal of equity interests of an associate of the Company

On 19 October 2023, Hunan Contemporary Jiuyuan Enterprise Management Co. Limited* (湖南當代久運企業管理有限公司), 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 abovementioned 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.

Disposal of equity interests of subsidiaries of the Company

On 13 December 2023, Hubei Zhanlan Real Estate Company Limited (湖北綻藍置業有限公司), an indirect 70% owned subsidiary of the Company (the “**Vendor**”) entered into an equity transfer agreement with Enger Real Estate Development Group Company Limited (恩杰地產開發集團有限公司), a limited liability company established under the laws of the PRC (the “**Purchaser**”) and the two target companies whereby the Vendor agreed to sell and the Purchaser agreed to purchase the two target companies as (i) 49% of the equity interest of Hubei Enger Zhanlan Real Estate Company Limited (湖北恩杰綻藍置業有限公司), a company established in the PRC with limited liability; and (ii) 45% of the equity interest of Hubei Enger Yuanlv Real Estate Company Limited (湖北恩杰原綠置業有限公司), a company established in the PRC with limited liability, at a total consideration of RMB22,196,000. The entering into of the abovementioned equity transfer agreement constituted a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

For further details about the discloseable transaction, please refer to the announcement of the Company dated 13 December 2023.

DEBT RESTRUCTURING

As disclosed in 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 from 2023 to 2027 upon such issuance to replace the outstanding senior notes.

In December 2023, the Company obtained the requisite consents in respect of each series of the senior notes that are necessary for the proposed amendments to each of the indentures. The proposed amendments are (a) in respect of the 2023 Notes, add a redemption option in the 2023 Notes indenture to allow the Company to redeem all the 2023 Notes with the paid-in-kind payment (the “**2023 New Notes**”) and (b) in respect of the other four series of the senior notes maturing from 2024 to 2027, amend the interest payment provisions and certain other provisions in each of the indentures.

On 29 December 2023, all the 2023 Notes were redeemed by the Company and the redemption price was paid in kind with the 2023 New Notes in an aggregate principal amount of US\$85,667,000. The 2023 New Notes would become due on 28 December 2024.

For further details, please refer to the announcements of the Company dated 13 June 2023, 29 November 2023, 18 December 2023, 27 December 2023, 3 January 2024 and 4 January 2024.

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) with extended maturity date 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 30 October 2023. Subject to approval of corporate bondholders every 3 months, the corporate bond maturity can be extended up to 30 July 2024.

In July 2024, the Group reached another agreement with the bondholders to extend the repayment date to 31 January 2025. Subject to approval of the bondholders, the corporate bonds’ maturity can be extended to 30 July 2025.

In July 2025, the Group reached another agreement with the bondholders to extend the repayment date to 31 January 2026. Subject to approval of the bondholders, the corporate bonds’ maturity can be extended to 30 July 2026.

Continuing connected transactions

Since all the master property management agreement dated 4 December 2019, the master contracting services agreement dated 4 December 2019, the master lease agreement dated 4 December 2019 (as supplemented by the supplemental agreement dated 1 April 2020) and the master elevator services agreement dated 1 April 2020 entered into by the Company expired at the end of 2022, the Company has on 17 November 2022 respectively entered into (i) the renewed master property management agreement with First Service Holding Limited, (ii) the renewed master contracting services agreement with First Moma Renju Construction Engineering (Beijing) Co., Ltd., (iii) the renewed master elevator services agreement with First Moma Asset Management (Beijing) Co., Ltd. (“**First Moma Asset**”) and (iv) the renewed master lease agreement with First Moma Asset, pursuant to which the parties thereto agreed to continue conducting the continuing connected transactions under these agreements until 31 December 2025. For further details about continuing connected transactions, please refer to the announcements of the Company dated 17 November 2022, 9 December 2022, 30 December 2022, 13 January 2023, 13 March 2023, 31 May 2023 and 31 July 2023 respectively.

PROSPECT

We predicted in 2024 that the real estate market would achieve innovative and higher-quality development under the guidance of the “Innovative and High-Quality Productivity” concept. According to the core principles as proclaimed in various Central Government’s meetings, it is emphasised that real estate sector shall spare no effort in exploring and pioneering the construction of green and energy-saving buildings, digital operation and maintenance of smart buildings, and new modes of sustainable development, which will be the underlying main theme of industry’s development in the next five years or even longer.

In 2024, the Company will adhere to the development strategy of game-changing transformation, striving to embark on transformative breakthrough right down from the trough as well as growth amidst transformation. Specifically, the Company will adhere to the three major strategies to achieve its strategic business objectives.

Adhering to the lifeline of green technology

Adhering to the baseline of project delivery

Adhering to the development line of innovation and transformation

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) as its own code of conduct for dealing in securities of the Company by the Directors. Further to the specific enquiries made by the Company to the Directors, all Directors have confirmed their compliance with the Model Code for the year ended 31 December 2023.

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

For the year ended 31 December 2023, neither the Company nor any of its subsidiaries had repurchased, sold or redeemed any of the Company’s listed securities.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company is committed to maintaining high standards of corporate governance. Save as disclosed below, the Company has complied with the code provisions in Part 2 — Principles of Good Corporate Governance, Code Provisions and Recommended Best Practices of the Corporate Governance Code (the “**CG Code**”) as set out in Appendix C1 to the Listing Rules for the year ended 31 December 2023 and, where appropriate, adopted the recommended best practices set out in the CG Code, save for the deviations as discussed below:

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.

The Company was not able to timely comply with the financial reporting provisions under the Listing Rules in (i) announcing the annual results for the financial year ended 31 December 2023; and (ii) publishing the annual report for the year ended 31 December 2023. Such delays constituted non-compliance with Rules 13.46(2) and 13.49(1) of the Listing Rules.

SUSPENSION OF TRADING

At the request of the Company, trading in the shares of the Company on the Stock Exchange has been suspended with effect from 9:00 a.m. on 2 April 2024 and will remain suspended until further notice.

For details, please refer to the announcement made by the Company dated 28 March 2024.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2023 (31 December 2022: HK nil per Share).

AUDIT COMMITTEE

The audit committee of the Company (the “**Audit Committee**”) comprises three current independent non-executive Directors, namely Mr. Hui Chun Ho, Eric, Mr. Gao Zhikai and Ms. Zhu Caiqing, who together have substantial experience in the fields of auditing, legal, business, accounting, corporate internal control and regulatory affairs. The Audit Committee had reviewed the consolidated annual results of the Group for the year ended 31 December 2023.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement of the Company is published on the Company’s website at www.modernland.hk and the website of the Stock Exchange at www.hkexnews.hk respectively. The 2023 annual report of the Company will be published on the said websites and despatched to the shareholders of the Company in due course.

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

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

Hong Kong, 30 September 2025

As at the date of this announcement, the Board comprises eight Directors, namely executive Directors: Mr. Zhang Peng, Mr. Zhang Lei and Mr. Chen Yin; non-executive Directors: Mr. Han Shuchang and Mr. Zeng Qiang; and independent non-executive Directors: Mr. Hui Chun Ho, Eric, Mr. Gao Zhikai and Ms. Zhu Caiqing.