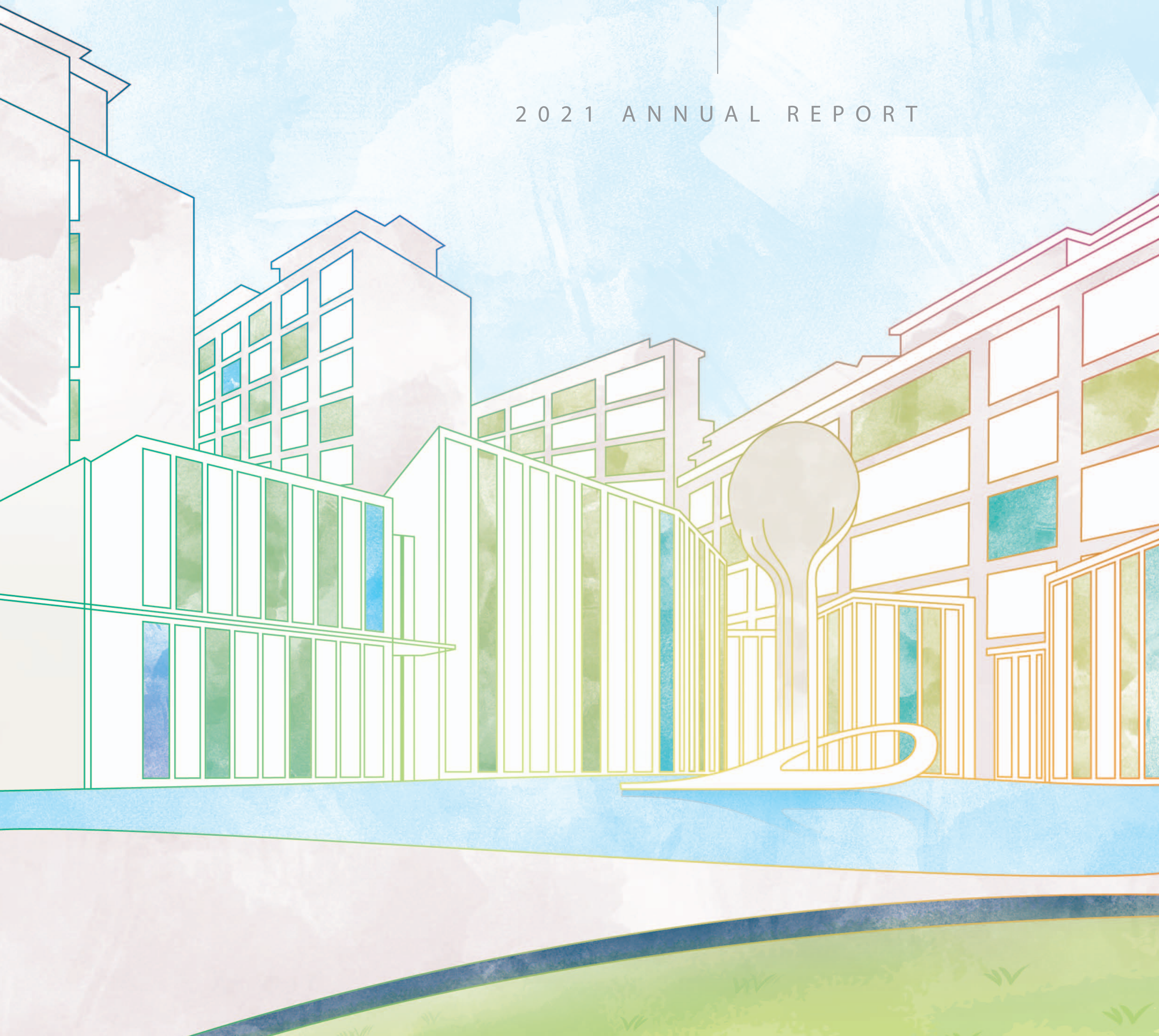
當代置業（中國）有限公司
MODERN LAND (CHINA) CO.,LIMITED

(incorporated in the Cayman Islands with limited liability) Stock Code: 1107

科技建築 綠色家園 城市向美

MOMΛ Fine Living

2021 ANNUAL REPORT

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

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

Non-executive Directors

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

Independent Non-executive Directors

Mr. Qin Youguo
(passed away on 24 February 2021)
Mr. Hui Chun Ho, Eric
Mr. Cui Jian
Mr. Gao Zhikai
Mr. Liu Jiaping
(appointed on 21 April 2021, resigned on 9 November 2022)

Audit Committee

Mr. Hui Chun Ho, Eric *(Chairman)*
Mr. Qin Youguo
(passed away on 24 February 2021)
Mr. Cui Jian
Mr. Gao Zhikai
Mr. Liu Jiaping
(appointed on 21 April 2021, resigned on 9 November 2022)

Environmental, Social and Governance Committee

Mr. Zhang Peng *(Chairman)*
(appointed on 1 December 2021)
Mr. Cui Jian
(appointed on 1 December 2021)
Mr. Hui Chun Ho, Eric
(appointed on 1 December 2021)
Mr. Gao Zhikai
(appointed on 1 December 2021)
Mr. Liu Jiaping
(appointed on 1 December 2021,
resigned on 9 November 2022)

Remuneration Committee

Mr. Gao Zhikai *(Chairman)*
(appointed on 25 February 2021)
Mr. Qin Youguo
(passed away on 24 February 2021)
Mr. Zhang Lei
Mr. Cui Jian

Nomination Committee

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

AUTHORISED REPRESENTATIVES

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

COMPANY SECRETARY

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

AUDITOR

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

LEGAL ADVISER

Loong & Yeung

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suites 805–6
Champion Tower
3 Garden Road
Central, Hong Kong

Corporate Information

REGISTERED OFFICE

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

HEADQUARTERS IN THE PRC

No. 1 Xiangheyuan Road
Dongcheng District
Beijing
PRC 100028

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

INVESTORS AND MEDIA RELATIONS CONSULTANT

Wonderful Sky Financial Group
9/F, The Center
99 Queen's Road Central
Central, Hong Kong
Tel: (852) 2851 1038
Fax: (852) 2865 1638
E-mail: modernland@wsfg.hk

PRINCIPAL BANKERS

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

LISTING INFORMATION

Equity securities listed on
The Stock Exchange of Hong Kong Limited

Ordinary shares

Stock Code: 1107

Debt securities listed on
The Stock Exchange of Hong Kong Limited

Sustainable & Green Exchange (STAGE)

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

Debt Stock Code: 40525

COMPANY WEBSITE

www.modernland.hk

COMPANY PROFILE

OVERVIEW

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

INSISTING ON THE CORE COMPETITIVENESS OF GREEN TECHNOLOGY

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

STRENGTHENING STANDARD PRODUCT CAPABILITY

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

BUILDING STRONG BRAND-NAME INFLUENCE

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

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

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

Projects developed by the Company in China are required to meet domestic green building standards. The Company has won various green technology awards: Modern MOMΛ was the first residential project in the country which won the largest international green building award, the LEED-ND Certification granted by the United States Green Building Council; the Company was awarded Three-star Green Building Certification — Operation (i.e. the highest domestic green building certification) several times, being the first enterprise in the country consecutively awarded with such certification.

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

CHAIRMAN'S STATEMENT

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board (the "Board") of directors (the "Directors" and each a "Director") of the Company, I hereby present the business review of the Group for the year ended 31 December 2021 and its prospects.

SALES RESULTS

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

2021 REVIEW

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

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

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

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

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

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

Chairman's Statement

OUTLOOK FOR 2022

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

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

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

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

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

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

The Company will continue to strengthen the practical implementation of the main responsibility of listed companies. Based on but not limited to the requirements of the ESG reporting system, we will insist on integrating the concept of "whole-life cycle industrialised communities" into each MOMΛ Living Home "4+1" community. It covers the whole-life cycle

Chairman's Statement

life experience of young children, youth, adults, middle-aged and elderly people, and integrates industrial elements such as catering, accommodation, education, retirement, medical care and entrepreneurship to realise the in-depth advancement from living homes to industrialised communities.

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

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

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

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

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

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

29 December 2022

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue from sale of properties

RMB **10,982.0** million

Total gross floor area

1,029,709 sq.m.

Car parking spaces

4,691 units

PROSPECTS

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

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

BUSINESS REVIEW

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

Sale of Properties

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

Management Discussion and Analysis

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

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

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

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

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

Contracted Sales

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

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

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

Management Discussion and Analysis

Land Bank

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

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

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

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

Land Acquisitions in 2021

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

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

Major Projects

Project	Attributable interest to the Group	Approximate total land site area in respect of the entire project (sq.m.)	Total GFA (sq.m.)	Expected/ Actual construction commencement date	Expected/ Actual construction completion date	Major usage	Status	Address
Modern Yunjing MOMΛ (Beijing)	51%	49,477	163,593	2017.05	2024.12	Commercial, car parks	Under construction	29th Street, Shunyi New Town, Liqiao Town, Shunyi District, Beijing City
Modern Tongzhou Wan Guo Fu MOMΛ	51%	35,998	220,733	2017.04	2023.06	Residential, commercial, car parks	Under construction	Eastern Side of Yuqiao West Road, Beijing City
Modern Xishan Shang Pin Wan MOMΛ (Beijing)	51%	78,773	130,030	2018.04	2023.06	Residential, commercial, car parks	Under construction	Bichunyuan, Yangfang Estate, Yangfang Town, Changping District, Beijing City
Modern Park • YUE MOMΛ (Ninghe)	100%	124,086	193,441	2019.08	2022.12	Residential, commercial, car parks	Under construction	Haihang City, Ninghe District, Tianjin City
Man Ting Chun MOMΛ (Zhangjiakou)	35%	170,592	340,841	2018.01	2023.12	Residential, commercial, car parks	Under construction	Shalingzi Town, Xuanhua District, Zhangjiakou City
Yuanzhu MOMΛ (Zhangjiakou)	48%	61,365	123,909	2018.11	2023.06	Residential, commercial, car parks	Under construction	Pengyue Longcheng Residential District, 52 Shengli North Road, Qiaodong District, Zhangjiakou City

Management Discussion and Analysis

Project	Attributable interest to the Group	Approximate total land site area in respect of the entire project (sq.m.)	Total GFA (sq.m.)	Expected/ Actual construction commencement date	Expected/ Actual construction completion date	Major usage	Status	Address
Modern • FU MOMA (Shijiazhuang)	90%	76,872	210,874	2019.10	2023.08	Residential, commercial, car parks	Under construction	East of Jianshe Street, north of Dongyin Village and west of Yuxiang Street, Luancheng District, Shijiazhuang City, Hebei Province
Modern • JING MOMA (Shijiazhuang)	75%	59,711	191,131	2021.02	2023.08	Residential, commercial, car parks	Under construction	Intersection of North Second Ring and Diying Street, Chang'an District, Shijiazhuang City
Modern City MOMA (Taiyuan)	51%	141,881	508,309	2018.06	2023.05	Residential, commercial, car parks	Under construction	Northwest corner of South Central Ring and Xinjinci Road, Taiyuan City, Shanxi Province
Modern Jinzhong Shang Pin Xue Fu (Shanxi)	49%	142,155	355,388	2018.09	2022.12	Residential, commercial, car parks	Under construction	Huancheng East Road, Wenhua Street, Yuci District, Jinzhong City
Modern • Zhu MOMA (Taiyuen)	20%	78,899	272,589	2019.07	2023.06	Residential, commercial, car parks	Under construction	No. 36, Malianying Road, Xiaodian District, Taiyuan City
Penghui Modern • YUE MOMA (Hohhot)	20%	17,595	79,149	2021.02	2024.03	Residential, commercial, car parks	Under construction	North side of Huafujiayuan, Jinqiao Development Zone, Saihan District, Hohhot City
Man Ting Chun Modern City MOMA (Xiantao)	100%	79,035	300,138	2018.04	2022.11	Residential, commercial, car parks	Under construction	South side of Huangjin Avenue, Ganhe District Office, Xiantao City
Yimei Modern City MOMA	41%	38,934	109,015	2020.02	2022.04	Residential, commercial, car parks	Under construction	North side of Wenquan Avenue, Xindi District Office, Honghu City
Modern • YUE MOMA (Qianjiang)	30%	64,124	160,000	2020.03	2022.12	Residential, commercial, car parks	Under construction	Ziyuehu New District, Qianjiang City
Modern Enjie Shang Pin MOMA	30%	68,139	159,663	2020.11	2023.05	Residential, commercial, car parks	Under construction	East of Ziguang West Road and north of Majia Lane, Yuanlin District Office, Qianjiang City
Yimei Modern City MOMA (Jianli)	24%	407,143	963,487	2021.01	2024.11	Residential, commercial, car parks	Under construction	West of Jingjiang Road and south of Zhanghua Avenue, Jianli City
Modern Man Ting Chun MOMA (Qianjiang)	31%	56,912	142,200	2021.03	2023.11	Residential, commercial, car parks	Under construction	North of Xingsheng Road, Qinglonggou Residential District, Taifeng District Office, Qianjiang City
Modern Gao Ke Shang Pin MOMA	66%	35,997	111,590	2019.12	2022.12	Residential, commercial, car parks	Under construction	Intersection of Zhuzhou Avenue and Heilongjiang Road, Tianyuan District, Zhuzhou City
Modern • YUE MOMA (Hengyang)	51%	36,331	127,160	2019.11	2022.06	Residential, commercial, car parks	Under construction	Songting Village, Changhu Township, Zhengxiang District, Hengyang City
Modern • JING MOMA (Changsha)	25%	50,346	196,626	2020.05	2023.06	Residential, commercial, car parks	Under construction	Intersection of Dongfanghong Road and Wenxuan Road, High-tech Zone, Changsha City

Management Discussion and Analysis

Project	Attributable interest to the Group	Approximate total land site area in respect of the entire project (sq.m.)	Total GFA (sq.m.)	Expected/ Actual construction commencement date	Expected/ Actual construction completion date	Major usage	Status	Address
Shi Dai MOMΛ • YUN PARK (Changsha)	20%	8,848	53,088	2020.09	2022.11	Residential, commercial, car parks	Under construction	Yuhua District, Changsha City
Modern • FU MOMΛ (Changsha)	100%	39,000	146,107	2020.11	2024.06	Residential, commercial, car parks	Under construction	Within Malansha Video Culture Creative Park, Kaifu District, Changsha City
Modern City MOMΛ (Jingzhou)	60%	202,698	424,103	2021.06	2026.08	Residential, commercial, car parks	Under construction	Beixin District, Jingzhou City
Huangshi Modern • YUE (Daye)	40%	49,304	173,448	2021.04	2024.06	Residential, commercial, car parks	Under construction	Jinyang Road, Daye City
Fuyang Modern City MOMΛ (Anhui)	74%	162,321	357,186	2018.11	2023.04	Residential, commercial, car parks	Under construction	North side of Jingba Road and east side of Jingwu Road, Economic and Technological Development Zone, Fuyang City
Modern • YUE MOMΛ (Xinqiao)	100%	65,647	144,422	2020.01	2023.09	Residential, commercial, car parks	Under construction	Intersection of Chuangye Avenue and Yongle Road, Xinqiao Industrial Park, Shou County
Aolai Modern City (Bengbu)	35%	199,482	401,541	2020.11	2024.06	Residential, commercial, car parks	Under construction	West side of Jiefang North Road and north side of Feihe Road, Bengbu City
Modern • ZHUJIA MOMΛ (Suzhou)	80%	26,136	154,294	2019.04	2023.03	Residential, commercial, car parks	Under construction	No. 666 Xiangcheng Avenue, Xiangcheng District, Suzhou City, Jiangsu Province
Modern Jiabao Park • YUE MOMΛ (Shaanxi)	51%	110,597	202,970	2018.11	2022.12	Residential, commercial, car parks	Under construction	North of Hongguang Road, south of Xihu Railroad and east of Shijia Village Resettlement Site, Weiyang District, Xi'an City, Shaanxi Province
Modern • ZHU MOMΛ (Daming Palace)	51%	48,210	199,164	2021.07	2024.03	Residential, commercial, car parks	Under construction	East of Taihua South Road, south of North Second Ring and north of Xuanwu Road, Daming Palace, Qujiang, Xi'an City
Modern • JING MOMΛ (Xi'an)	51%	48,824	170,800	2020.02	2022.11	Residential, commercial, car parks	Under construction	West of East Third Ring and east of Beichan River, Sandian Village, Baqiao District, Xi'an City
Modern • FU MOMΛ (Xi'an)	51%	43,049	101,957	2021.03	2023.09	Residential, commercial, car parks	Under construction	South of Chanba Third Road, north of Guanghe North Road and west of Chanhe West Road, Chanba Ecological Area, Xi'an City
Modern • XI MOMΛ (Xi'an)	26%	52,178	122,678	2021.07	2024.11	Residential, commercial, car parks	Under construction	Spans to Chanba Second Road to the north, Guanghe South Road to the south and Chanhe West Road to the east, Xi'an City

Management Discussion and Analysis

Project	Attributable interest to the Group	Approximate total land site area in respect of the entire project (sq.m.)	Total GFA (sq.m.)	Expected/ Actual construction commencement date	Expected/ Actual construction completion date	Major usage	Status	Address
Guo Run Modern • JING	45%	133,726	356,392	2020.03	2023.08	Residential, commercial, car parks	Under construction	West of East Third Ring and east of Beichan River, Sandian Village, Baqiao District, Xi'an City
Modern City (Phase I) (Chongqing)	100%	133,334	266,670	2020.09	2023.11	Residential, commercial, car parks	Under construction	Southeast side of the intersection of Jujin Avenue and Daishan Avenue, Bishan District, Chongqing City
Modern City (Phase II) (Chongqing)	100%	196,001	396,200	2021.06	2024.11	Residential, commercial, car parks	Under construction	Southeast side of the intersection of Jujin Avenue and Daishan Avenue, Bishan District, Chongqing City
Lishui Shang Pin Wan MOMΛ (Foshan)	100%	16,424	37,776	2021.06	2023.03	Residential, commercial, car parks	Under construction	Hutougang, Shang Street, Ganjiao Village, Lishui, Nanhai District, Foshan City
Jinsha Modern • YUE MOMΛ	100%	7,845	19,612	2021.02	2022.12	Residential, commercial, car parks	Under construction	Xunfengzhou Road Lot, Michong, Huangqi, Dali Town, Foshan City
Man Tang Yue MOMΛ (Huizhou)	100%	27,624	209,700	2016.12	2022.12	Residential, commercial, car parks	Under construction	Room 201, No. 3 Anhui Avenue, Aotou, Daya Bay, Huizhou City, Guangdong Province
Modern Binjiang Shang Pin MOMΛ	26%	141,399	291,534	2019.04	2024.07	Residential	Under construction	West of Hezhou Road and north of Wenshan First Road within Nanchang County
Modern City (Heze)	100%	193,269	747,259	2019.07	2022.12	Residential, commercial, car parks	Under construction	Northeast corner of the intersection of Taiyuan Road and Bayi Road, Mudan District, Heze City, Shandong Province
Lingshanwan Modern • YUE (Qingdao)	100%	16,001	46,403	2021.03	2023.06	Residential	Under construction	East of Dawangang Road and south of Chengen Road, Huangdao District, Qingdao City
Modern Future City MOMΛ (Guizhou)	62%	306,749	549,478	2018.08	2023.07	Residential, commercial, car parks	Under construction	Huaxi District, Guiyang City, Guizhou Province
Shi Guang Li (Guiyang)	80%	47,833	146,700	2020.08	2023.04	Residential, commercial, car parks	Under construction	Intersection of Jinqing Avenue and Jinma Avenue, Qingzhen City, Guiyang City
Dongguan Zhuang Project (Guangzhou)	38%	96,503	284,596	2018.12	2021.09	Residential, commercial, car parks	Under construction	Dongguang Zhuang Road, Tian He District, Guangzhou City
Modern Chun Jiang Yue Ming	50%	31,847	92,357	2020.08	2022.09	Residential, commercial, car parks	Under construction	Qingyuan City, Guangdong Province

Management Discussion and Analysis

FINANCIAL REVIEW

Revenue

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

Cost of sales

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

Gross profit and gross profit margin

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

Other income and expenses

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

Change in fair value

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

Selling and distribution expenses

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

Administrative expenses

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

Finance costs

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

Income tax expense

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

Loss for the year

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

Loss for the year attributable to owners of the Company

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

Management Discussion and Analysis

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Cash position

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

Borrowings and pledge of the Group's assets

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

Leverage

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

Foreign currency risk

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

Breakdown of borrowings

By type of borrowings and maturity

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

Management Discussion and Analysis

By currency denomination

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

Contingent liabilities

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

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

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

Employees and compensation policy

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

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

The Group has in place compliance procedures to ensure compliance with applicable laws, rules and regulations, and in particular, those which have significant impact on the Group. During the year of 2021, as far as the Company is aware, there was no material breach of or non-compliance with applicable laws, rules and regulations by the Group that has a significant impact on the business and operations of the Group. The management will endeavor to ensure that the Group's businesses are conducted in conformity with the applicable laws and regulations.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

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

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

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

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

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

Management Discussion and Analysis

DEBT RESTRUCTURING

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

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

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

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

The Restructuring Effective Date occurred on 30 December 2022 and on the same day, the Existing Notes were cancelled and the New Notes were issued. For details, please refer to the announcement of the Company dated 30 December 2022.

For further details relating to the debt restructuring, please refer to the Announcements.

EVENTS AFTER THE REPORTING PERIOD

Disposal of development projects in Hefei City, the PRC

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

Disposal of equity interests of an indirect subsidiary of the Company

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

Extension of maturity date of corporate bonds

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

Continuing connected transactions

As the 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, on 17 November 2022, the Company entered into (i) the renewed master property management agreement with First Service Holding Limited ("First Service"), (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 relevant transactions contemplated under each of the continuing connected transactions agreements until 31 December 2025. For further details, please refer to the announcements of the Company dated 17 November 2022, 9 December 2022, 30 December 2022 and 13 January 2023 respectively.

INVESTOR RELATIONS REPORT

INVESTOR RELATIONS REPORT

Since its listing, the Company has made continuous efforts to explore skills in communicating with the capital market. The management of the Company (the "Management") also attaches great importance to the valuable advice and suggestions provided by investors, analysts, financial media and other stakeholders to the Company. Through continuous improvement of the information disclosure mechanism, we are committed to establishing efficient and transparent corporate governance and communicating with the Shareholders in a timely manner, so as to create maximum value for the Shareholders. During the year, the Company made progress in stages through the continuous efforts made in its investor relations work.

In order to avoid the adverse impact of the pandemic as much as possible, the Company actively organised online meetings and regularly conducted in-depth and effective communication with investors to enhance their understanding and recognition of the Company, so as to achieve the goal of establishing mutual trust and mutually beneficial relations with investors and relevant market stakeholders.

INVESTOR RELATIONS EVENTS

During the year, the Management has continued organising intensive and in-depth meetings and roadshows and improving interaction opportunities with investors. Through adequate interpretation and clarification, investors have understood the importance of the business in full and the information has been preserved in timely and thorough disclosures. At the same time, the dynamics of the business are also communicated with the capital market duly and appropriately.

The investor relations department of the Company will continue to strengthen communication with all investors, enable investors to have a stronger voice in the Company's development, form positive interactions with investors, enhance corporate transparency, improve corporate governance and maximize shareholders' interests. Meanwhile, to ensure timely and convenient access to the latest news of the Company, all information published by the Company, including announcements, interim and annual reports, press releases and monthly corporate newsletters, will be uploaded to the Company's website at www.modernland.hk in a timely manner. Interested parties may also contact the investor relations department of the Company at ir.list@modernland.hk for enquiries.

CORPORATE GOVERNANCE REPORT

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

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company is committed to maintaining high standards of corporate governance. The Company has complied with the code provisions in Part 2 — Principles of Good Corporate Governance, Code Provisions and Recommended Best Practices of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Listing Rules for the year ended 31 December 2021 and, where appropriate, adopted the recommended best practices set out in the CG Code.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules as its own code of conduct for dealing in securities of the Company by the Directors. Further to the specific enquiries made by the Company to the Directors, all Directors have confirmed their compliance with the Model Code during the year under review. The shareholdings of the Directors, chief executive and substantial Shareholders of the Company are detailed in the "Directors' Report" of this report.

BOARD OF DIRECTORS

As at 31 December 2021, the Board comprises ten Directors, which is chaired by Mr. Zhang Lei, consists of three executive Directors, three non-executive Directors and four independent non-executive Directors. The composition of the Board ensures a balance of skills and experience appropriate for the requirements of the business of the Group and the issuance of independent opinion. Brief biographies of the existing Directors are included in the section headed "Profiles of Directors and Senior Management" of this report.

The Directors during the year were:

Executive Directors

Mr. Zhang Lei *(Chairman)*
Mr. Zhang Peng *(President)*
Mr. Chen Yin

Non-executive Directors

Mr. Fan Qingguo
Mr. Chen Zhiwei
Mr. Zeng Qiang

Independent Non-executive Directors

Mr. Qin Youguo (passed away on 24 February 2021)
Mr. Hui Chun Ho, Eric
Mr. Cui Jian
Mr. Gao Zhikai
Mr. Liu Jiaping (appointed on 21 April 2021)

Corporate Governance Report

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

In compliance with Rules 3.10 and 3.10A of the Listing Rules, during the year, the Company has appointed four independent non-executive Directors (representing not less than one-third of the Board), one of whom possesses the appropriate professional qualifications in accounting and financial management. Each of the independent non-executive Directors confirmed his independence of the Company and the Company considered that, for the year ended 31 December 2021, each of them was independent in accordance with the guidelines of assessing independence as set out in Rule 3.13 of the Listing Rules. Each of the independent non-executive Directors has signed a letter of appointment with the Company for a specific term of three years.

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

During the year, none of the independent non-executive Directors has served the Company for more than 9 years.

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

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

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

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

DIRECTORS' LIABILITY INSURANCE AND INDEMNITY

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

RESPONSIBILITY OF THE BOARD

The Board is in charge of leadership and control of the Group and is responsible for maximising the Group's financial performance and making decisions in the best interests of the Group and its Shareholders. Under the leadership of the Chairman, the Board is also responsible for formulating and overseeing the business strategies and policies of the Group, approving and monitoring annual budgets and business plans, reviewing operational and financial performance, reviewing and monitoring the Group's financial control and risk management and internal control systems. The Board has delegated the daily operation and day-to-day management of the Group as well as the implementation of the Board's policies and strategies to executive Directors and the management of the Group. Such delegation arrangement is regularly reviewed in order to ensure its effectiveness.

BOARD MEETINGS AND GENERAL MEETING

The Board holds meetings regularly and meets at other time as and when required to review financial, internal and compliance controls, risk management, company strategy and operating performance of the Group. In addition, the Board holds general meetings to maintain an on-going dialogue with the Shareholders. For the year under review, the Board held 8 Board meetings and 1 general meeting.

Corporate Governance Report

The attendance of each Director at various Board, Board committees and general meetings from 1 January 2021 to 31 December 2021 is set out in the following table:

	Meetings Attended/Held				
	Board Meeting	Audit Committee Meeting	Remuneration Committee Meeting	Nomination Committee Meeting	General Meeting
Executive Directors					
Mr. Zhang Lei	8/8	N/A	1/1	1/1	1/1
Mr. Zhang Peng	8/8	N/A	N/A	N/A	1/1
Mr. Chen Yin	8/8	N/A	N/A	N/A	1/1
Non-executive Directors					
Mr. Fan Qingguo	8/8	N/A	N/A	N/A	1/1
Mr. Chen Zhiwei	8/8	N/A	N/A	N/A	1/1
Mr. Zeng Qiang	8/8	N/A	N/A	N/A	1/1
Independent non-executive Directors					
Mr. Qin Youguo (passed away on 24 February 2021)	0/1	N/A	N/A	N/A	N/A
Mr. Hui Chun Ho, Eric	8/8	2/2	N/A	1/1	1/1
Mr. Cui Jian	8/8	2/2	1/1	1/1	1/1
Mr. Gao Zhikai	8/8	2/2	1/1	1/1	1/1
Mr. Liu Jiaping (appointed on 21 April 2021)	6/6	1/1	N/A	N/A	1/1

The Environmental, Social and Governance Committee was established on 1 December 2021 and no meeting was held in the year of 2021.

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

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

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

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

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

DIRECTORS' TRAINING

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

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

In 2021, the Directors have participated in various training and continuous professional development activities and the summary of which is as follows:

	Types of training
Executive Directors	
Mr. Zhang Lei	A,B
Mr. Zhang Peng	A,B
Mr. Chen Yin	A,B
Non-executive Directors	
Mr. Fan Qingguo	A,B
Mr. Chen Zhiwei	A,B
Mr. Zeng Qiang	A,B
Independent non-executive Directors	
Mr. Qin Youguo (passed away on 24 February 2021)	A,B
Mr. Hui Chun Ho, Eric	A,B
Mr. Cui Jian	A,B
Mr. Gao Zhikai	A,B
Mr. Liu Jiaping (appointed on 21 April 2021)	A,B

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

B: reading newspapers, journals and articles

Corporate Governance Report

CHAIRMAN AND PRESIDENT

For the reporting year, the positions of Chairman and President were held by Mr. Zhang Lei and Mr. Zhang Peng respectively with clear distinction in responsibilities.

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

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

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

Subsequently, on 9 November 2022, Mr. Zhang Peng was appointed as the Chairman in place of Mr. Zhang Lei.

ACCOUNTABILITY AND AUDIT

The Directors acknowledge their responsibility to present a balanced, clear and understandable assessment of the Group's performance, position and prospects in the consolidated financial statements of the annual and interim reports in accordance with statutory requirements and applicable accounting standards. Pursuant to Code Provision D.1.1 (renumbered with effect from 1 January 2022) of the CG Code, the Management have provided sufficient explanation and information to the Board to enable the Board to make an informed assessment of the financial and other information put before the Board for approval.

In preparing the financial statements for the year ended 31 December 2021, the Directors have selected appropriate accounting policies and applied them consistently, and have made judgements and estimates that are prudent and reasonable, and prepared accounts on a going concern basis.

The Group has announced its interim results for the six months ended 30 June 2021 in a timely manner within two months after the end of the relevant financial periods, as set out in the Listing Rules.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board has the responsibility to maintain appropriate and effective risk management and internal control systems in order to safeguard the interest of the Group and the Shareholders, review and monitor the effectiveness of the internal control and risk management systems on a regular basis to ensure that the systems in place are adequate.

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

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

The Group also engaged an external consultant specialising in identifying and evaluation of significant risks of our business operations. The external consultant is independent from the Company and its connected persons and the Board is of the view that their involvement could enhance the objectivity and transparency of evaluation process. In conjunction with the internal audit department and senior management of the Company, the external consultant conducts an annual assessment on risk management and internal control systems of the Group together with suggestion and solutions and submits to the Audit Committee and the Board for their consideration.

The Board conducted a review and assessment of the effectiveness of the Group's risk management and internal control systems and procedures during the financial year ended 31 December 2021 by way of discussions with the Management, members of the Audit Committee and the external independent auditor. The Board considered the major investigation findings of the external consultant on risk management and internal control matters and the Management's response to these findings.

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

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

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL STATEMENTS

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

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

DIVIDEND POLICY

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

Corporate Governance Report

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

BOARD COMMITTEES AND CORPORATE GOVERNANCE FUNCTIONS

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

AUDIT COMMITTEE

Composition

As at 31 December 2021, the Audit Committee comprised four independent non-executive Directors, namely Mr. Hui Chun Ho, Eric (the chairman of the Audit Committee), Mr. Cui Jian, Mr. Gao Zhikai and Mr. Liu Jiaping. None of them is a member of the former or existing external auditors of the Company. The Board is of the view that the members of the Audit Committee have sufficient accounting and financial management expertise and experience to discharge their duties. The Audit Committee is also authorised to obtain external legal or other independent professional advice if it considers necessary.

Major Responsibilities

The principal functions of the Audit Committee include:

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

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

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

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

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

- to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board;
- to review and monitor the training and continuous professional development of Directors and senior management of the Company;
- to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors of the Company; and
- to review the Company's compliance with the code provisions and disclosure in the Corporate Governance Report of the Company.

The Audit Committee held two meetings in 2021 and conducted the following activities:

(i) reviewed the Group's annual results for 2020 and interim results for 2021;

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

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

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

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

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

AUDITOR'S REMUNERATION

For the year ended 31 December 2021, the external auditor's remuneration in respect of audit services provided to the Group amounted to approximately RMB6.22 million. During the year, the non-audit service fee paid to external independent auditor amounted to RMB0.56 million.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITTEE

Composition

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

Major Responsibilities

The primary duties of the ESG Committee include:

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

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

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

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

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

- to monitor internal practices on Group's environmental, social and governance and provide suggestions for improvement of these practices;

- to review annual Environmental, Social and Governance report and recommend to the Board for approval, and recommend specific actions or decisions for the Board to consider in order to maintain the integrity of the environmental, social and governance report;

- to ensure that the annual Environmental, Social and Governance Report of the Company is prepared in accordance with the Environmental, Social and Governance Reporting Guide set out in Appendix 27 to the Listing Rules;

- to determine the appropriate international or national standards (if applicable) for the environment, society and governance, and monitoring and reporting on an annual basis; and

- to review the budgeting for environment, social and governance activities and the allocation of adequate facilities and resources.

NOMINATION COMMITTEE

Composition

As at 31 December 2021, the Nomination Committee comprised three independent non-executive Directors, namely Mr. Cui Jian (the chairman of the Nomination Committee), Mr. Hui Chun Ho, Eric and Mr. Gao Zhikai, and an executive Director, Mr. Zhang Lei.

Major Responsibilities

The primary duties of the Nomination Committee include:

- reviewing the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board at least once a year and making recommendations to the Board regarding any proposed changes to the Board for conforming to the strategy of the Company;
- identifying and nominating qualified individuals to act as Directors and making recommendations to the Board regarding such matters having due regard to the "Board Diversity Policy" and the "Nomination Policy" of the Company;
- to identify and recommend suitably qualified senior management candidates to the Board, as a supplement to any related vacant positions;
- to review the "Board Diversity Policy" as appropriate and make recommendations on any required changes to the Board for consideration and approval, and monitor its implementation so as to ensure its effectiveness, and make disclosure of its summary and the progress of its implementation in the corporate governance report;
- in performing duties, to consider the "Board Diversity Policy" with due regard for the benefits of diversity on the Board;
- to review the "Nomination Policy" for directors and to make disclosure of the summary of the same in annual report of the Company annually;
- where the Board proposes a resolution to elect an individual as an independent non-executive director at the general meeting, it should set out in the circular to shareholders and/or explanatory statement accompanying the notice of the relevant general meeting:

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

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

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

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

Corporate Governance Report

- assessing the independence of the independent non-executive Directors; and
- making recommendations to the Board regarding the appointment or re-appointment of Directors and succession planning for the Directors, in particular the Chairman and the President.

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

The Nomination Committee shall meet at least once a year (or in accordance with the regulations of regulatory authorities applicable to the Company from time to time) at the time as required to discharge its duties. The meeting shall be convened and chaired by the chairman. For the year ended 31 December 2021, one meeting of the Nomination Committee was held to assess the independence of independent non-executive Directors and structure of the Board, review the re-appointment of Directors at the annual general meeting and review the renewal of director's service contract, etc.

NOMINATION POLICY

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

BOARD DIVERSITY POLICY

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

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

REMUNERATION COMMITTEE

Composition

As at 31 December 2021, the Remuneration Committee comprised two independent non-executive Directors, namely Mr. Gao Zhikai (appointed as the chairman of the Remuneration Committee on 25 February 2021) and Mr. Cui Jian, and an executive Director, Mr. Zhang Lei.

Major Responsibilities

The primary duties of the Remuneration Committee include:

- making recommendations to the Board on the Company's policies and structures for all remuneration of the Directors and senior management of the Company and on the establishment of a formal and transparent procedure for developing policy on such remuneration;
- making recommendations to the Board on the remuneration package of executive Directors and senior management of the Company; and
- considering salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group.

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

The Remuneration Committee may also consult the Chairman on proposals relating to the remuneration of other executive Directors and has access to professional advice if necessary. For the year ended 31 December 2021, the Remuneration Committee held one meeting and conducted the following activities:

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

(ii) reviewed and approved the remuneration package of individual executive Directors, non-executive Directors and senior management of the Company; and

(iii) reviewed the revised terms of reference of the Remuneration Committee.

FIVE HIGHEST PAID INDIVIDUALS

The five highest paid individuals included two Directors for the year ended 31 December 2021 (2020: 2 Directors). The emoluments of the remaining three highest paid individuals for the year ended 31 December 2021 (2020: remaining 3 highest paid individuals) are as follows:

	2021 RMB'000	2020 RMB'000
Employees		
— Basic salaries and allowances	3,986	4,512
— Bonus	856	2,111
— Share-based payment	454	176
— Retirement benefit contributions	946	571
	6,242	7,370

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

COMPANY SECRETARY

For the year ended 31 December 2021, in compliance with Rule 3.28 of Listing Rules, the Company Secretary is a full-time employee of the Company and familiar with the ordinary affairs of the Company. The Company Secretary is responsible for giving advice to the Board on corporate governance matters in order to assist the Group to cope with the changing regulatory environment and to suit different commercial needs. The Company Secretary's selection, appointment or dismissal are subject to the Board's approval.

For the year ended 31 December 2021, the Company Secretary had complied with Rule 3.29 of the Listing Rules by taking no less than 15 hours of relevant professional training.

MEMORANDUM OF ASSOCIATION AND ARTICLES OF ASSOCIATION

There were no significant changes in the constitutional documents of the Company during the year ended 31 December 2021.

CORPORATE COMMUNICATION AND INVESTOR RELATIONS

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

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

ANNUAL GENERAL MEETING

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

SHAREHOLDERS' RIGHTS

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

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

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

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

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

(3) The requisition shall be made in writing to the Board or the Company Secretary via mail to the Company's principal place of business in Hong Kong at Suites 805–6, Champion Tower, 3 Garden Road, Central, Hong Kong.

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

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

PROPOSALS FOR PROPOSING A PERSON FOR ELECTION AS A DIRECTOR

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

A Shareholder may propose any person (the "Person") for election as a Director by lodging the following documents at the Company's principal place of business in Hong Kong at Suites 805-6, Champion Tower, 3 Garden Road, Central, Hong Kong:

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

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

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

PROCEDURES FOR RAISING ENQUIRIES

To ensure effective communication between the Board and the Shareholders, the Company has adopted a Shareholders' communication policy:

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

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

Modern Land (China) Co., Limited
Suites 805–6, Champion Tower
3 Garden Road, Central, Hong Kong
Fax: (852) 2187 3619
Email: ir.list@modernland.hk

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

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

This report is the annual environmental, social and governance ("ESG") report (the "Report") released by Modern Land (China) Co., Limited (the "Company", "Modern Land", "we" or "us", together with its subsidiaries and related companies, the "Group"). It comprehensively illustrates the Company's management approach and work performance in respect of the environment, society and governance, and focuses on the matters concerned by the stakeholders as well as the way the Company demonstrates the sustainable development of the economy, environment and society.

Scope of the Report

The Report sets out the ESG performance of Modern Land (China) Co., Limited from 1 January 2021 to 31 December 2021 (part of the content extends to early 2022). According to the results of the materiality analysis, the content of the Report mainly covers the headquarter of Modern Land and city companies and principal subsidiaries in the region (the statistical scope of environmental data is the headquarter). For details, please refer to the Appendix at the end of the Report. There is no significant change in the main scope for the year as compared with the previous year.

Preparation Basis of the Report

The Report was prepared in accordance with the Environmental, Social and Governance Reporting Guide (the "ESG Reporting Guide") under Appendix 27 to the Main Board Listing Rules on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Reporting Principles

This Report has been prepared in accordance with the following principles:

Materiality: we have identified key ESG issues through materiality assessments, the process and results of which have been disclosed in this Report.

Quantitative: The Group has made quantitative disclosures of key performance indicators with historical data in the "Environmental" and "Social" scopes in accordance with the "Key Performance Indicators" requirement in the "ESG Reporting Guide" of the Stock Exchange.

Balance: The disclosure in this Report strives to achieve an objective, fair and true reflection of the effectiveness and practices of the Group's work on environmental and social issues in 2021, and to disclose the problems encountered and improvement measures in a responsible manner.

Consistency: We follow a consistent statistical approach to disclosure with previous years and will also adopt a consistent approach to ESG information disclosure in subsequent years to facilitate meaningful comparisons from year to year.

Access and Response to the Report

The electronic version of the Report can be downloaded from the website of Stock Exchange (http://www.hkexnews.hk) and the Company's website. This Report is published in both Chinese and English. In case of any discrepancies existing between the Chinese and English text, the Chinese version shall prevail. For any comments or suggestions on the environmental, social and governance performance of the Company, please email to ir.list@modernland.hk.

Environmental, Social and Governance Report

About Us

Modern Land (China) Co., Limited was established in 2000 in Beijing and listed on the Main Board of the Stock Exchange on 12 July 2013 with qualification in first-class real estate development of the People's Republic of China. The Company was rated as one of "Top 100 China Real Estate Enterprises"（中國房地產百強企業）" for eight consecutive years.

Over the past two decades, Modern Land has been adhering to the corporate mission of "Hightech Buildings, Green Homeland Community and Beautifying Cities" with the development philosophy of "Natural Simplicity, Harmonious Health, Simple Focus and Endless Vitality", and focusing on the theme of "Action of Loving My Homeland". It has more than 20 regional companies/city companies with a focus on five city clusters in Beijing-Tianjin-Hebei, Yangtze River Delta, Pearl River Delta, Yangtze Mid-stream and Chengdu-Chongqing. The Company has developed nearly 200 high-quality projects in more than 50 cities at home and abroad.

As a leading green technology residence operator in China, Modern Land devotes itself to developing its core competitiveness as a homeland of "Green Technology + Comfort & Energy-saving + Digital Interconnecting Whole-life Cycle Industrialised Communities", successfully establishing "MOMΛ" (i.e. The Museum of Modern Architecture, meaning new architecture of science and art) as the iconic brand of green technology real estate operators in China. MOMΛ consists of four text graphics "M", "O", "M", and "Λ". Two "Ms" symbolise our home, "O" represents the origin of the universe and "Λ" stands for human. The left and right half of the pattern symbolise architecture and life, respectively.

In 2015, Modern Land collaborated with China Habitat and Environment Committee （中國人居環境委員會） of China Real Estate Association to promote the national project deployment and industry standards for green residences. In 2021, the Company continued to increase its focus on green business, working with industry partners and organisations to promote green business. Our projects such as Modern Wan Guo Cheng MOMΛ (Tongzhou) in Beijing, Modern Zhu MOMΛ (Taiyuan), Modern Fu MOMΛ (Shijiazhuang), Modern Zhu MOMΛ (Taiyuan) also won several prestigious green building awards at home and abroad.

Projects developed by the Company in China are required to meet domestic green building standards. The Company has been granted various green technology awards: Modern MOMΛ was the first residential project in the country which won the international green building award, the LEED-ND Certification granted by the United States Green Building Council; Modern Land was awarded Three-star Green Building Certification — Operation (i.e. the domestic green building certification) seven times for its different product lines; Modern MOMΛ is the first project in the country awarded such certification in a consecutive way and has won Three-star Healthy Building Label — Operation, making it the only project with the "Dual Threestars" Operation Label.

The Company focuses on the exploration of green and healthy buildings. For more than 20 years, it has been specialising in green technology real estate, building up differentiated core competitiveness and enhancing and upgrading from original greening, self-greening, dark greening to full life cycle greening. The Company is engaged in the research and development as well as implementation of green building, healthy building, active architecture, hundred-year residence, passive house, green residence, zero energy consumption building and positive energy building.

Statement of the Board of Directors

As a leading real estate company in China, Modern Land is fully aware of the importance of good corporate governance and risk management processes, including the management of ESG issues that are critical to the Company's sustainable development.

The Board of Directors is the highest decision-making body for ESG management, guiding the direction of the Company's sustainable development and setting the overall vision, objectives and management strategies for the Company's sustainable development. The ESG Committee of the Board is responsible for reviewing ESG-related content and making recommendations to the Board for approval. All departments under the Board cooperate with the ESG Committee in the implementation and execution of the relevant ESG work.

Environmental, Social and Governance Report

Based on the external socio-economic environment and the Company's development strategy, the Board of Directors of Modern Land regularly reviews ESG materiality issues, discusses and identifies the Company's ESG risks and opportunities, manages and enhances key issues as part of the annual ESG strategy and considers them as part of the Company's overall strategy development, and oversees issue management and performance. The Company places the highest priority on anti-corruption and integrity through an assessment of the importance of ESG issues. At the same time, the Company places emphasis on green building and product quality management.

This Report discloses in detail the progress and effectiveness of the ESG work of Modern Land in 2021. The Board of Directors and all directors of Modern Land guarantee that the contents of this Report do not contain any false information, misleading statements or material omissions, and accept individual and collective responsibility for the truthfulness, accuracy and completeness of its contents.

ESG Governance

The Board of Directors is the highest decision-making body for the Company's ESG efforts and assumes full responsibility for the Company's ESG strategy and reporting. Key responsibilities include:

- Determining the Company's overall ESG management objectives, management strategy;
- To be responsible for assessing and determining the Company's ESG-related risks and ensuring that the Company has an appropriate and effective ESG risk management and internal control system;
- Review major ESG management issues, including but not limited to the annual ESG report review.

The Company established the ESG Committee in December 2021 by resolution of the Board of Directors, of which the main responsibilities are:

- ESG governance vision, objectives, strategy and structure

1. review the Group's ESG vision, strategies, objectives and strategies, and review annually the progress of the achievement of the relevant objectives and offer recommendations to the Board, including but not limited to the following issues (a) environmental aspects: the impact of the Group's operations on the environment, such as energy management, emission management, carbon neutrality and climate change response, etc.; (b) social aspects: the impact of the Group's operations on various social stakeholders such as customers, employees, suppliers and the community, such as staff employment and health and safety, product responsibility and customer management, sustainable supply chain, charity and social welfare, etc.; and (c) governance aspects: the Group's internal corporate governance, such as compliant operation with integrity, anti-money laundering and anti-unfair competition, etc.

2. review and evaluate the adequacy and effectiveness of the management structure of the ESG and make recommendations to the Board of Directors for approval (if necessary).

3. adopt and update the ESG policy of the Group as necessary to ensure compliance with legal and regulatory requirements.

4. review the major trends as well as risks and opportunities in ESG development, and to report and make recommendations to the Board of Directors on relevant matters that have a significant impact on the Group's operations and/or the interests of other significant stakeholders.

Environmental, Social and Governance Report

- ESG Performance

  1. oversee, review, evaluate and report to the Board of Directors on the actions taken by the Group to promote its ESG objectives, strategies and structure; and the Group's performance against appropriate international or national standards (where applicable) in relation to ESG.

  2. monitor the internal work on ESG and make recommendations for its improvement.

- ESG Report

  1. review and recommend to the Board of Directors for approval of the annual ESG Report and recommend specific actions or decisions for consideration by the Board of Directors in order to maintain the integrity of the ESG Report.

  2. ensure that the Company's annual ESG Report is prepared in accordance with the Environmental, Social and Governance Reporting Guide in Appendix 27 of the Listing Rules.

  3. determine the appropriate international or national standards for ESG, where applicable, and to monitor and report annually.

At the same time, the relevant departments are responsible for the implementation of the ESG-related work of the Company with reference to the ESG indicator system and under the unified coordination and organisation of the ESG Committee in accordance with the division of responsibilities.

Communication With Stakeholders

Modern Land duly considers and effectively responds to the expectations and appeals of stakeholders, in an effort to advance the social development while sharing development results with them.

Stakeholders	Expectation of stakeholders	Communication and engagement mechanism	Corporate responses
Investors	• Boost the Company's market value and profitability • Continuously improve the Company's environmental and social responsibility performance	• General meeting, information disclosure and company's website	• Release periodic reports, disclose information in a truthful and comprehensive manner, endeavour to improve results and generate profits • Advance corporate governance and risk management level, convene general meetings, enhance investor relations management and strive to improve environmental and social responsibility management

Environmental, Social and Governance Report

Stakeholders	Expectation of stakeholders	Communication and engagement mechanism	Corporate responses
Customers	• Provide quality products • Safeguard customer's legitimate interests	• Sign contracts and agreements, and customer satisfaction survey	• Provide a highly comfortable, green and energy saving living space • Establish a sound customer service system and customer opinion, feedback and complaints mechanism
Employees	• Uphold employee remuneration and benefits • Care for safety and health of employees • Offer equal promotion and development opportunities • Improve communication mechanism, participate in company management	• Labour contracts and employee satisfaction survey	• Strictly abide by the items of labour contracts, improve remuneration and benefit system • Provide a safe and healthy work environment • Offer dual-channel career development and organise staff training • Offer equal communication channels
Government	• Observe the law, operate in compliance with the regulations, and in line with national policies	• Engage in relevant meetings	• Strictly observe relevant laws and regulations, continuously enhance corporate compliance management, and respond to national policies
Suppliers	• Fair and impartial cooperation with integrity, mutual benefits and win-win to promote industry development	• Sign contracts and agreements, and regularly hold tender and bidding, and supplier meetings	• Actively perform the contracts and agreements by adhering to public and transparent business principles, adopt public and transparent procurement model, and develop an accountable supply chain
Community	• Co-construct community civilization • Support community public welfare • Focus on social development	• Advocate and organise charitable activities, take part in voluntary activities, and employment guarantee	• Construct harmonious and civilised community • Devote to the public welfare by carrying out extensive charitable activities • Aim to promote local employment
Peers	• Fair competition, cooperation with integrity, transparent and public information • Comply with industry standards, and advancement of industry innovation	• Communicate with relevant research institutes, associations, and mainstream media[1] in the industry	• Strengthen exchanges and cooperation with peers, jointly develop a healthy and orderly competition environment • Participate in industry innovations and researches and appraisal of outstanding enterprises, achieve mutual benefits, win-win and mutual improvement, and put forward proposals for industry standard

[1] Examples are Chinese Society for Urban Studies (中國城市科學研究院), Habitat and Environment Committee (人居環境委員會) of China Real Estate Association (中國房地產協會), and China Real Estate Business (中國房地產報).

Environmental, Social and Governance Report

Identification of Material Issues

Under the requirements of the ESG Reporting Guide issued by Stock Exchange and with reference to the procedures for materiality analysis formulated by the Global Reporting Initiative ("GRI"), Modern Land collects data of the issues of concern to major stakeholders through questionnaire, interview and other forms, and conducts analysis on their importance and prioritise accordingly, to finalise the substantial issues of the environmental, social and governance aspects and make disclosure thereof in the Report.

Four steps of procedures for identification of material issues are as follows:

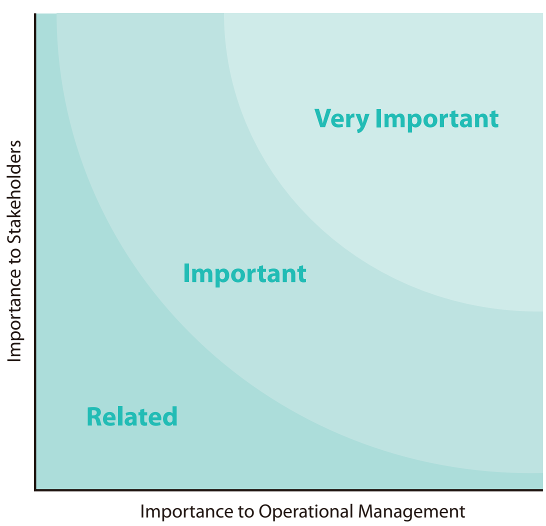
- Identify. Relevant ESG issues with reference to the ESG Reporting Guide issued by Stock Exchange, GRI Sustainability Reporting Guidelines (GRI Standards version) and those disclosed by our peers at home and abroad;

- Prioritise the issues. Major considerations of internal stakeholders while conducting materiality assessment, include the impacts on our corporate strategies, policies, procedures and commitments, impacts on the Company's competitive edges and management excellence, and current and future financial impacts on the Company; and major considerations of external stakeholders include the impacts on the Company's evaluation and decision-making, and on the interests of themselves;

- Verification. The Company's management reviews and approves the issues so identified and their priorities;

- Review. After this reporting period, the Company will seek feedback from internal and external stakeholders on the contents of the Report for this period, to prepare for the report for the next period.

The chart below is the analysis matrix of Modern Land's materiality issues in 2021.



Very Important

Green Building	Green Technology Innovation
Anti-Corruption	Customer Complaint Management
Product Quality Management	Energy Use

Important

Customer Privacy Management	Harmonious coexistence with communities where projects are implemented
Green Procurement Initiative	Water Management
Supplier Management	Employee Occupational Health and Safety
Protection of employee interests	Employee cultivation and development
Corporate Culture	Climate Change
Activities for public cause	Waste Management
Waste Water Management	Greenhouse Gas Emissions
Air Emission	

Related

Prevention of child labour and forced labour	Biodiversity protection

1. GREEN TECHNOLOGY AND INNOVATIVE DEVELOPMENT

1.1 Green Strategy and Development Plan

As a leader in China's energy-saving real estate industry, Modern Land always follows the philosophy of balancing economic and social development while practising environmental protection. Since its incorporation, the Company has been living up to its social responsibility and never forgets to give back to society in the process of its ongoing development. During the 14th Five-Year Plan period, "Healthy Development" will be the main focus of the real estate industry. The relevant authorities in China have made it clear that green and energy saving buildings are the inevitable development trend of China's real estate industry in the future. Shortly after its inception, the Company began to delve into research and development of the green and energy-saving real estate, thereby creating first-mover advantage and has obviously secured a leading position in its market segment.

The Company always adheres to the development concept of "High-tech Buildings, Green Homeland Community and Beautifying Cities" with the development philosophy of "Natural Simplicity, Harmonious Health, Simple Focus and Endless Vitality". With a strategical focus on the quality of living products and services offered to owners, the Company pays great attention to innovative product ideas, personalised design, comfortable living experience, and meticulously designed properties. In terms of planning and design and product development, the Company works to improve product quality with green, healthy technologies and upgrade customers' lives with comfortable, energy-saving living experience, thereby creating a green and healthy composite community. Meanwhile, focusing on the theme of "Action of Loving My Homeland", the Company is committed to supporting various long term social welfare projects and actively investing resources to participate in environmental protection, education and other public welfare activities.

The Company aspires to ensure sustainable business development and operate in an environment-friendly manner and bring shareholders of the Company stable and longterm returns while protecting the environment. In addition, the Company, as an enterprise with great integrity and high operational standards, wishes to bring positive energy and contribute to the community on a continuous basis. As a leader in energy-efficient real estate sector, Modern Land will definitely create more value and continuously contribute to the society under the guidance of the concept of sustainable development.

Modern Land will persevere in strengthening its ability to innovate in green technology to increase the proportion of green technological achievements applied in practice. Modern Land formulated a green development plan for 2021–2024, as shown in the table below:

	Plan for 2021–2024
Green Building Label — Design	From 2021 to the end of 2024, Modern Land will gradually develop projects all in accordance with the basic standards of China's new standard Assessment Standard for Green Buildings (《綠色建築評價標準》) GB/T50378-2019. The area of green buildings with two stars or above will account for more than 30% of the area of green buildings.
Green Building Label — Operation	Modern Land will maintain its leading position in China in terms of projects with the Operation Label. Modern Land will have seven projects awarded the Three-star Green Building Label — Operation by 2022.
Green residential areas	By the end of 2024, the green residential projects of Modern Land will continue to develop steadily.

Environmental, Social and Governance Report

	Plan for 2021–2024
Healthy residential housing	By the end of 2024, Modern Land will have healthy building certifications for 10 projects.
Renewable energy application	Modern Land will raise the proportion of use of renewable energy to total energy demand of development projects in the same period to over 50% by the end of 2024.
Passive ultra-low energy use	Modern Land's first demonstration project for passive ultra-low energy building will be completed in Shijiazhuang, Hebei Province in 2022.
Demonstration projects for green construction	Modern Land will have 50% of newly developed projects as green construction demonstration projects by 2024.
Research and development of technology patents	From 2021 to 2024, Modern Land will guarantee to apply for not fewer than ten technology patents annually through continuous technological research and development.
Cloud-based platform for green technology information across the industry chain	Modern Land will improve the building and basic function development of the cloud platform, establish a complete information collection system and big data analytics functions, and provide data access for typical projects inside and outside the Group; add deep data mining and processing functions with information in the cloud platform, and develop and improve functions such as in-depth energy auditing and lifecycle delicacy management functions; and provide in-depth services such as green funds, technology services, and O2O websites.

1.2 Improvement of the Ability to Innovate in Green Technology

As the real estate industry enters a new stage of high-quality development, the demand for higher residential quality is pushing property developers to improve product and service standards and optimise and upgrade design for traditional residential products. Since its inception, Modern Land has been devoting itself to the development of "Green Technology + Comfort & Energy-saving + Digital Interconnecting Whole-life Cycle Industrialised Communities". This development idea of taking green technology as core competitiveness fits with people's standards and expectation for lives in a post-epidemic era. Therefore, green residences will become a new real estate trend. Modern Land insists on being an implementer and the leader of green technology real estate to achieve the Company's strategic business objectives.

Modern Land has an in-house research, development and design department and developed a number of technological architecture systems such as geothermal pump system, ceiling radiation cooling and heating system, exterior temperature preservation system, high performance exterior window system, full displacement ventilation system and noise reduction system, providing MOMΛ products with fine characteristics. While establishing a living environment with high comfort level by maintaining indoor temperature between 20°C and 26°C and humidity between 30% and 70%, its energy consumption is estimated to be only 1/3 of the energy consumption level of normal residential buildings in China, which demonstrates significant energy efficiency while enabling a high level of comfort.

Environmental, Social and Governance Report

Modern Land's product and R&D team continued to innovate in green building technology. With respect to our corporate strategy, we have formulated the mid-term technical roadmap for low carbon building and carbon reduction and energy saving based on the development targets of "National Dual Carbon Strategy" and "Carbon Peak and Carbon Neutrality", and charted our "Three 75s" development strategy for low carbon products which refer to increasing the comprehensive energy saving rate of exterior building to 75%, raising the electrification rate of building operation energy consumption to 75% and improving the proportion of clean energy (green electricity) to total energy consumption to 75%, striving to achieve the carbon peak target in the Company's newly developed community by 2030 through gradual attainment of the above three goals in phases.

With respect to product innovation, Modern Land continued to upgrade each standardized product line in 2021 by constantly improving its Four HENG technology to achieve a more permeable exterior building system, a better interaction between indoor and outdoor environments and a more convenient experience for building users while maintaining the characteristics of high comfort and low energy consumption.

Regarding the R&D in green living solution, we have made the following progress in 2021:

- We have completed the construction of the entire cloud platform program framework in the development and deployment of cloud platform with AI-driven intelligent operation and maintenance, as well as the program development of each major function such as AI algorithm modeling, AI model self-learning and training, AI model scheduling, AI model-based optimization algorithm, and AI failure mode automatic identification. The project has declared 2 computer software copyrights, and has completed the deployment of a number of practical projects, and is conducting the final functional tests before commercialization;

- We have upgraded the dinosaur system of passive house, which significantly reduced mechanical noise, enhanced the efficiency of purification and dust removal, and improved the control system and has commenced operation in practical projects;

- We continued to improve the R&D in prefabricated radiant ceiling system products through relentless practical experiments on various sample projects to constantly enhance our products, with a view to achieving various targets such as perfect integration with prefabricated indoor furnishing products, significantly shortening the construction period, lowering the construction cost and effectively reducing carbon emission during fitting out process;

- We have developed a new model of the "Flexible" FOUR HENG system, which is partially centralized and partially separated, by leveraging on the AIOT (an integration of AI and IOT), smart home and our self-developed flexible dinosaur system, addressing various current issues such as subsequent charging difficulties on the centralized FOUR HENG system and high failure rate and high subsequent cost of use for separated FOUR HENG system. It is expected to further reduce energy consumption, carbon emission and operation cost and meet the diversified needs of customers more flexibly. One utility model patent has been applied for this project;

- We have completed the R&D in multi-functional control panel for smart home, and achieved an integration between smart home panel, air conditioner panel and intercom access control panel, thereby realizing the interconnection between the property service system in the community and smart home control panel. We are also developing a smart home integrated panel based on HarmonyOS system.

All the above R&D capabilities have laid a solid foundation for our future development in green living solutions.

In the future, we will continue to make efforts on green building products by further exploring product integration and intelligentization, etc., to integrate the green building and E&M technology that Modern Land specialises in with the smart community and smart home scenes to provide customers with an overall solution for living products with higher cost effectiveness, and coupled with the progress of project development, to realise the construction of low carbon building and zero carbon building as soon as possible.

1.3 Application of Innovation in Green Technology

As at 31 December 2021, Modern Land obtained

55

Green Building Evaluation Labels with a total reported area of approximately

9.1065 million sq.m

The electricity saved was approximately

80.02 million kWh/year

and the carbon reduced was approximately

65,000 tonnes/year

The number of Modern Land's certified green residences nationwide reached

28

Modern Land has obtained

2

Healthy Building Label certifications

In 2021, Tongfu Modern Fu MOMΛ (Shijiazhuang) has obtained the

Golden Certification for Healthy Community

Case: Tongfu Modern Fu MOMΛ (Shijiazhuang) — Passive Ultra-low Energy Building Project for Residence-only Area

Tongfu Modern Fu MOMΛ (Shijiazhuang) is Modern Land's first passive ultra-low energy building project for the residence-only area nationwide. This project will be developed in two phases with a total gross floor area of over 250,000 sq.m. The project passed the expert review organised by the housing and urban-rural development bureau of Shijiazhuang in the design phase of passive ultralow energy buildings on 10 March 2020 and was awarded the Golden Certification for Healthy Community Design Label Project in September 2021. This project, adopting the ultra-low energy use standard, is expected to save the primary energy of approximately 5,400kWh and reduce carbon emissions by 2.3 tonnes per household on average annually during the operation in comparison with those using the 75% energy efficiency standard of Hebei Province. End use energy will be saved by approximately 4,700kWh per household on average every year. The adoption of air-source heat pumps increases electricity consumption by 220kWh but avoids the use of municipal heating. Carbon emissions of the residential area (phase I and phase II) will be cut by approximately 4,750 tonnes/year owing to energy conservation during the operation of the project.

1.4 Protection of Intellectual Property Rights

In accordance with the Patent Law of the People's Republic of China《中華人民共和國專利法》, Trademark Law of the People's Republic of China《中華人民共和國商標法》 and Copyright Law of the People's Republic of China《中華人民共和國著作權法》, Modern Land has formulated the Operational Standards of Intellectual Property Rights Management of Modern Land V9.0 (《當代置業知識產權管理作業標準V9.0》) to enhance the awareness of its own intellectual property rights and to clarify the standards and processes for the creation, utilization, management and protection of the Company's intellectual property rights:

1) Strengthen the ideology guidance and strategic objectives of enterprise intellectual property rights work. In accordance with the principle of encouraging creation, effective use, and scientific management, we will strengthen the management of intellectual property rights with emphasis on trademark rights, patent rights, and trade secrets, improve the intellectual property rights system, optimize the intellectual property rights environment, and strive to enhance the Company's ability to create, use, protect, and manage intellectual property rights.

2) Coordinate, arrange, study and formulate a systematic intellectual property strategy of the Company, closely integrate the Company's intellectual property strategy with the operation strategy, R&D strategy, market competition strategy and talent strategy, and incorporate into the whole process of the Company's scientific research, production operation and management and establish the strategy. Develop and implement a perfect feedback closure process.

3) Strengthen scientific research and development, and strive to promote the transformation of intellectual property achievements. The Company attaches great importance to scientific and technological innovation, and has set up an internal R&D center to continuously introduce and train scientific and technical personnel and fully utilise their technological innovation capabilities.

4) Coordinate and strengthen the control of intellectual property risks, and establish an early warning and control mechanism for intellectual property risks, starting from strengthening the organisation and system construction. Put in place prevention of intellectual property rights legal risks in advance, and control and response afterwards.

The Company's intellectual property department routinely maintains the Company's existing and pending trademarks, patents, copyrights and other intellectual property-related content in the form of monthly reports, and works with the legal department to prevent external infringement of trademarks. The Company advocates, encourages and insists on independent innovation and creates patents, trademarks, as well as art works and computer software works according to its business needs, and files them in a timely manner.

As at 31 December 2021, the Company has added 6 new utility model patents and 68 new trademarks for the current year, and owns 107 patents for core green-related technologies, covering green building materials, green technologies, green products and other aspects. Modern Land has received more than 200 industry patents, over 200 green building honors, 28 green residences, and honors such as LEED-ND certification and WELL BUILDING certification in the United States.

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1.5 Promoting Green Development of the Industry

The Assessment Standard for Active House (《主動式建築評價標準》) (T/ASC 14-2020) compiled by Modern Land, has been implemented since 20 December 2020, and the Technological Innovation and Engineering Demonstration of Prefabricated Plus-energy Houses (《裝配式正能房技術創新與工程示範》), a scientific and technological project of the Ministry of Housing and Construction, in which Modern Land participated, has played a very positive and leading role in promoting the development of green building market and renewable energy market in China. On the basis of the above, Modern Land will continue to actively participate in the revision of industry standards in 2021, contributing to the standardization of industry standards and promoting the healthy development of the industry. During the reporting year, Modern Land participated in revising and complied with the green building standards as follows:

The Assessment Standard for Plus-energy Building	The Assessment Standard for Plus-energy Building that we involved in the preparation, has completed consultation. This standard is jointly compiled by Chinese Society for Urban Studies（中國城市科學研究院）, China Academy of Building Research（中國建築科學研究院有限公司）, Modern Green Development Co., Ltd.*（當代節能置業股份有限公司） and other enterprises. Plus-energy building is intended to reduce the building's cooling and heating needs through passive design and to improve the energy efficiency of active energy systems to achieve ultra-low energy consumption, based on which renewable energy is used to balance the building's energy consumption and achieve an energy surplus. The standard is designed to reduce energy demand from building planning and design stage, according to the characteristics of the building itself and the location of the site resources to select the appropriate type of renewable energy, fully exploit the potential of renewable energy applications in the building and its site boundaries, and promote the upgrading of building energy saving standards.
The Assessment Standard for Green Town Residence	The Assessment Standard for Green Town Residence that we involved in the preparation, is in the compilation stage primarily by China Habitat and Environment Committee（中國人居環境委員會） of China Real Estate Association and Modern Land Co., Ltd.*（當代置業股份有限公司） as the main participant. The standard is applicable to the assessment of the living environment of small towns at various stages of planning, construction, operation and upgrading, etc. The main technical contents include the main index system and assessment methods for assessing the living environment of green towns, including the assessment of the site and ecological environment, energy and resource utilization, town planning, small children's travel, infrastructure support and facilities, construction, economic operation and industrial development, etc.
The Acceptance and Inspection Standard for Fully-furnished Residence	The Acceptance and Inspection Standard for Fully-furnished Residence that we involved in the preparation, is in the compilation stage primarily by the China Development Strategy Institute for Building Materials Industry and Modern Land Co., Ltd.*（當代置業股份有限公司） as the main participant. The standard is designed to improve the standard and quality control on residential building and home refurbishment, to provide relevant acceptance and inspection basis for industry practitioners, and as a standard and tool for acceptance and inspection assessment before the delivery and acceptance of fully-furnished residence.
The SWELA's Physical Standard of Building, the Enterprise Standard of Modern Land	We have formulated the SWELA's Physical Standard of Building, our enterprise standard, which is primarily intended to provide design guidance on all of Modern Land's high quality residential projects in five areas: noise, water, electro.smog, lighting, and air, and to improve the health attributes of buildings from design stage.

2. GREEN OPERATION SAVES RESOURCES AND REDUCES EMISSIONS

2.1 Efficient Use of Resources

Building a resource-efficient and eco-friendly society is incumbent upon companies to do so. Saving energy and improving energy efficiency may reduce the operating costs of companies and promote the research and development of new technologies. Modern Land attaches great importance to natural resources conservation and strictly abides by laws and regulations, such as the Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》), the Water Law of the People's Republic of China (《中華人民共和國水法》) and the Energy Conservation Law of the People's Republic of China (《中華人民共和國節約能源法》), striving to achieve coordinated and sustainable development of people, resources and the environment. The management of the use of the Company's resources is targeted at saving resources and raising the use efficiency of resources.

2.1.1. ENERGY MANAGEMENT

Headquarter of the Company

In 2021, Modern Land continued to improve its management system in terms of energy consumption and optimise energy-saving measures. The headquarter of Modern Land is located in a Modern MOMΛ (Beijing) residential project. The Company manages and controls the use of various energy sources at the headquarter, regional, and project levels in accordance with the "Energy Management System" and operating standards to ensure energy conservation in a closed-loop manner. Electricity, natural gas and gasoline are the major resources consumed by the Company in its operation.

Energy consumption of headquarter of the company

Index	2021	2020
Total electricity consumption (kWh)	**352,450.00**	305,016.00
Natural gas consumption (standard cubic meter)	**20,447.00**	19,788.00
Gasoline consumption (tonnes)	**6.80**	5.90
Integrated energy consumption (KWh)	**655,140.00**	589,790.00
Integrated energy consumption intensity (kWh/sq.m.)	**70.91**	63.84

To save and use energy efficiently, the Company has adopted a range of energy-saving measures:

- Vigorously promotes energy saving and consumption reduction in office buildings. It has created a good culture of "Conserving Energy By Everyone In Everything They Do At All Times". The company calls for practicing economy from all staff by taking the "Four 1s" action (to save every one kilowatt-hour of electricity, one drop of water, one litre of oil, and one piece of paper), making reasonable suggestions linked with the economy and implementing reward and punishment system to realise the goal of conserving resources and improving resource utilization;
- Strictly controls the use of electricity in office buildings. Staff are required to keep redundant workplace lights off in the daylight without affecting the office and turn off the lights in the conference room when it's not in use. The power switch of the entire office building will be inspected by the property staff after hours to ensure resource saving;

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- Elevators: turn off the west elevator after work and preserve the east elevator to saving electricity used on elevators;

- Saving electricity on air conditioner systems: to prevent wasting energy consumption and avoid the increase in energy consumption due to temperature loss as a result of opening windows for ventilation, the office will seal the outer windows and add new ventilation to increase inflow of fresh air.

The Company plans to enhance promotion on the official account and disseminate knowledge of saving resources and increasing resource utilization to all employees. In the process of realizing the goal of conserving resources and improving resource utilization, the Company will also carry out the principle of reduction and optimization of resource utilization and adhere to the concept of energy saving and emission reduction, and further advance environmental efforts in cities where its companies operate on the basis of resource conservation and improved resource utilization in the company.

Engineering Construction Projects

Since 2019, the Company has applied the green concept upheld by Modern Land to build the green experiential sites and every aspect of site management was attended to promote building energy efficiency as a standard and make it the new norm to reduce energy consumption in building construction. In 2021, the Company continued to guide the implementation of projects and effectively manage the energy usage of projects under construction according to the Standard Atlas for Green Experiential Site of Modern Land (《當代置業綠色體驗式工地標準圖集》). It rated green experiential sites (silver, gold, and platinum) in accordance with the Operating Standards for Green Experiential Site of Modern Land (《當代置業綠色體驗式工地作業標準》). To encourage corporates engaging in the implementation and constructions to improve energy saving on the site, the Operating Standards for Green Experiential Site of Modern Land introduced some terms for selecting the advanced and excellent participant, encouraging the construction corporates to adopt various measures to improve the standard of environmental protection.

In terms of energy utilization, we fully promote the use of energy saving lights, prioritize use of energy saving and efficient construction equipment and machinery recommended by the country and industry, such as energy saving construction equipment with frequency conversion technology. We put up signs of "Save Electricity" and "Turn Off The Lights When You Leave" in the office area, and set up the voice-activated sensor light in the bathroom to realise the goal of saving electricity.

In terms of production and temporary office facilities, we took advantage of the natural conditions of the site and reasonably designed the shape, orientation, spacing and window to wall area ratio of temporary facilities for production, living and office, making sure it receives good sunlight, ventilation and lighting. The temporary facilities use energy saving materials, for example, the wall and roof use heat-insulated materials which would reduce the time of usage and energy consumption of air conditioners in the summer and heaters in the winter. Hot water for bathing mainly comes from solar and air-source heat pump water heaters, reducing one-time energy consumption.

Looking forward, the Company will further focus on resource conservation in all aspects. It plans to continue to adopt measures such as aluminium formwork, steel climbing frames, precision masonry, plaster-free processes, permanent and temporary[2] combination at the construction site.

2.1.2 Management of Water Consumption

Headquarter of the Company

The water consumption in the Company's headquarter is mainly for catering and toilet water, as well as landscape water system and greening water. During the year, the Company recycled rainwater and air-conditioning condensates, and cleaned the ground of the park by effectively using the green space of irrigation areas in the water system. In 2021, the Company did not have any problem in obtaining applicable water sources, which is from the municipal unified water supply source.

2 Permanent and temporary combination refers to a combination of temporary and permanent use.

Water Consumption of the Headquarter of the Company

	2021	2020
Water Consumption (cubic meter)	**3,485**	3,045
Water Consumption Intensity (cubic meter/sq.m.)	**0.38**	0.33

Engineering Construction Projects

In terms of saving water resources, the Company strictly requires the construction unit to save water. In the office area and living area of the construction site, we use water saving systems and equipment for domestic water usage, increasing the equipping ratio of water saving equipment. We established the domestic sewage onsite treatment and rainwater collection system on the construction sites, realizing the cascade recycling use of water resources. As of water usage for onsite machinery, equipment, car washing, road spraying and green watering, we prefer to use domestic sewage for onsite treatment and water from the rainwater collection system, and to not use the municipal tap water as much as possible. The vehicle rinsing wastewater will be recycled for secondary use for a certain percentage.

2.2 Reduction of Pollution Emission

The Company strictly abides by the Law of the People's Republic of China on Prevention and Control of Atmospheric Pollution (《中華人民共和國大氣污染防治法》), the Law of the People's Republic of China on Water Pollution Prevention and Control (《中華人民共和國水污染防治法》), the Law of the People's Republic of China on Prevention and Control of Environmental Pollution by Solid Wastes (《中華人民共和國固體廢物污染環境防治法》) and other laws and regulations on prevention of environmental pollution. The Company continues to promote the concept of energy saving and consumption reduction and environmental protection, reducing the production of emissions from the origin. We will always regard promoting the emission management and environmental protection as the long-term target, eventually realizing the concept of recycling economy and sustainable development. During the reporting year, there was no significant environmental pollution or ecological damage event.

2.2.1 Air Emission Management

Headquarter of the Company

Its emissions mainly come from natural gas combustion, combustion of gasoline and diesel in vehicles and canteen cooking fumes. Natural gas combustion is mainly used to heat buildings and produce domestic hot water; and electricity consumption is mainly required for the daily use of equipment for project management, lighting, and providing cooling, heating, and domestic hot water for building owners.

The Air Emission of the Headquarter of the Company

	2021	2020
Sulfur dioxide emissions (kg)	**3.80**	3.67
Nitrogen oxide emissions (kg)	**35.98**	89.69
Smoke and dust emissions (kg)	**4.84**	9.94

In 2021, the Company took a series of actions to save energy, reduce consumption, and lower greenhouse gas emissions: Perform energy-saving retrofit of gas boilers and increase resource utilisation to cut exhaust gas emissions; install exhaust gas export facilities and establish maintenance and repair systems; encourage staff to use green transportation such as bus or subway for commute or business trips; and develop the rules for managing cooking fume to ensure standard exhaust emissions and monitor the overall exhaust emissions by the administration department.

As for canteen cooking fumes, we took the following measures in particular:

1. Arranged specific staff for air emission management, ensuring that the air is emitted after meeting the standards according to relevant laws and regulations, while protecting the health and safety of employees and conducting supervision of the overall air emission condition by the administrative staff of the company;

2. Installed three sets of electric absorption and attachment air purifiers, achieving the inspection standards of the Beijing Environmental Protection Bureau;

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3. Established the maintenance and inspection mechanism, conducting overall cleaning of the range hoods every two months, while keeping records of the waste gas treatment conditions.

Engineering Construction Projects

Under the guidance of the Operating Standards for Green Experiential Site of Modern Land, the work involving environmental protection in the Company's engineering construction projects are included in the contracts. Before starting the construction of the projects officially, the equipment involved with treatment of waste gas and dust must be installed first, and the projects are only start constructing officially after being approved by the properties and government authority units. For example, full coverage is required for transporting vehicles, and high-pressure spray should be established on surrounding walls on site and principal roads. In the process of ground working, measures such as water spraying and coverage are taken, to achieve that the visually detected duct spraying height is less than 1.5m and dust will not be sprayed outside of the site; coverage measures should be taken to compiling materials susceptible to dust spraying; powder and dust materials should be storage in seal; for materials that may cause dust spraying in the site and constructing waste transportation, dust reduction measures should be taken such as coverage and water sprinkling; while cleaning dust and garbage before pouring concrete, vacuum cleaners should be used as much as possible, and dust-generating equipment as air blowers should be avoided; protection measures such as partial coverage, concealing and water spraying should be taken during the machinery chiseling process; for garbage cleaning of high-rise and multiple-level buildings, sealed temporary special channel or container lifting should be adopted. It is prohibited to burn waste materials and toxic, hazardous and odorous substances at the construction site, and to burn construction waste. We prefer to select transportation vehicles with clean resources, requiring its gas emission to meet the standards.

2.2.2 Waste Discharge Management

Headquarter of the Company

The solid waste generated by the Company mainly consists of hazardous waste (such as waste ink cartridges, fluorescent lamps containing mercury or energy-saving lamps, and batteries) and non-hazardous waste (such as non-hazardous decoration waste, waste paper, and kitchen waste). The Company has developed operating standards for waste emissions. Besides kitchen waste that is collected by restaurants for disposal, the Company's remaining waste is collected by the property administrator who will sort waste by recyclable, non-recyclable, and hazardous waste into recycling bins, non-recycling bins, and hazardous waste bins. Property personnel will sort and handle the waste separately every day. The printers used by the Company are rented, while the suppliers provide unified change and maintenance for waste ink cartridges for recycling treatment, and fluorescent lamps or energy-saving lamps will be classified and recycled by the property regularly.

Container Sheds for grouting machine are used in all working sites to reduce noise and dust.

Container Shed for Grouting Machine

The short term goal of the Company's emission management is to optimize the method for handling discharge, to optimize the treatment method for recyclable garbage, non-recyclable garbage and hazardous garbage based on garbage sorting, to increase the utilisation of recyclable garbage and reduce the harm caused by non-recyclable garbage and hazardous garbage on the environment. The mid-term goal of the Company's emission management is to reduce the generation of emissions, to continuously promote energy conservation, consumption reduction, environmental protection and increase the resource utilization rate in the company to reduce discharge at source. The long-term goal for the Company's emission management is to advance discharge management and environmental protection progress in cities where the entire Group and all companies operate.

The Company has adopted a series of measures such as the posting of reminders in the office area and setting of a reusable paper area next to printers to reduce waste, turn waste into resources, and promote harmless disposal. As for the handling of kitchen waste, China has set up a waste segregation area for every employee to proactively sort out kitchen waste. This move helps reduce garbage that needs to be handled specially and lower the amount of garbage by more than 30% on a whole.

In the future, the Company will further optimise the method for handling discharge and improve garbage disposal capability based on garbage sorting, to increase the utilisation of recyclable garbage and reduce the harm caused by non-recyclable garbage and hazardous garbage on the environment. The Company will also continuously promote the idea of energy conservation, consumption reduction, and environmental protection to reduce discharge at source.

Engineering Construction Projects

The Company's engineering management centre is responsible for the monthly or irregular special inspection of the construction sites of all projects for waste management based on the Operating Standards for Green Experiential Site of Modern Land (《當代置業綠色體驗式工地作業標準》). During the daily inspection process, the project department shall also strictly supervise the general contractor's management of waste sorting, collection and disposal, and impose penalties on the violation of the general contractor unit and order rectification.

The waste at the construction site of the Company's engineering construction projects mainly consists of two types, namely solid waste and liquid waste. Solid waste mainly comes from used formwork, crushed concrete pieces, plastic safety net used for coverage and protection, etc. After fully implementing the Operating Standards for Green Experiential Site of Modern Land, the generation of the solid waste mentioned above has decreased significantly. For example, aluminum templates are wildly used in projects, which could reduce the use of wooden templates by over 90%, while the high precision concrete quality can reduce half of the generation of the concrete garbage. Standard perforated metal fenders are promoted to use on large external climbing frames, which are recycled and used multiple times in complete replacement of plastic fine mesh safety net (during the period of a project, due to safety and aesthetic reasons, it is usually required to change the nets more than three times, while the used safety nets are all waste). As for liquid waste generated during the daily maintenance of machinery and equipment, it is required to conduct daily maintenance of the cranes and construction lifts by professional units. Before the maintenance work starts, specialised containers should be prepared for the collection of waste liquid, which should not be dripped on the floor. All collected waste liquid should be handed over to professional companies for environmental protection treatment, and must not be poured directly.

2.2.3 Wastewater Discharge Management

Headquarter of the Company

The Company not only attaches great importance on the conservation of water resources but also actively encourages the efficient use of water resources. In order to reduce wastewater discharge and improve water use efficiency, the Company formulated a number of low-energy operation plans, including the treatment, collection and reuse of reclaimed water and rainwater. Focusing on changes in water consumption data, the Company analyses the year-on-year and month-on-month water consumption data on the monthly basis, so as to analyse the causes of changes in water consumption, and formulated a professional management and control plan to refine management and reduce emissions.

The wastewater discharged by the headquarter of the Company consists of wastewater used for cleaning office buildings, wastewater used for disinfecting office buildings on a daily basis, wastewater generated from the operation of the equipment and wastewater used for cleaning food at the canteen. The water used for cleaning toilets is discharged to septic tanks via sewer lines while water used for cleaning the canteen is discharged through pipelines to grease traps that filter out thick greases and other impurities and allow filtered

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wastewater to flow into municipal sewer lines. The Company's headquarter carried out research on the sewage treatment of the grease trap adopting Membrane bioreactor (MBR). Such technology can effectively degrade the sewage in the grease trap, reduced the odour generated, wastewater purification, reduced the frequency of grease trap removal, reduced operating costs, and reduced wastewater pollution. The wastewater generated in the operating process of the Company's headquarter is co-discharged with the community owners and other sources of wastewater. Therefore, it is not possible to separately calculate the Company's wastewater discharge. The above wastewater discharge have all been treated through the municipal discharge channels after meeting the municipal emission standard, while the Company will continue to advocate the policy of saving water to reduce wastewater discharge at source.

The Company plans to adopt the circulating, sequencing and cascade method in accordance with the different requirements for water quality of the cooling water system. Steam recycling method will be used for the thermal system. Drainages from other systems, after treatment, are mainly used for greening and cleaning of the park, and miscellaneous sources of domestic water, after treatment, will be kept in reserve for cooling system.

Engineering Construction Projects

All the projects of the Company have fully implemented wastewater control measures. The wastewater from the company's construction projects mainly comes from the flushing water for vehicles entering and exiting the venue. Therefore, we have required and enforced all general contractors to implement mechanical flushing equipment and three-stage sedimentation tanks at the gate of the construction site, whereas the customized machinery flushing equipment can improve the flushing performance as well as save a large amount of water than manual flushing. Wastewater after flushing would all flow into the three-stage sedimentation tanks and be used for onsite watering to reduce the dust and greening water, etc., to realise the recycled usage of water resources. The state and use of machinery equipment have been included in the daily onsite management inspections, making sure that the wastewater are under controlled state at all times. In the future, we will consider to conduct overall volume control, further reducing water consumption.

2.2.4 Management of Noise and Light Pollution

For noise pollution, we strictly abided by the Operating Standards for Green Experience Energy Machine Room of Modern Land (《當代置業綠色體驗式能源機房作業標準》), which requires hiring a qualified agency with experience in noise environment testing to test and evaluate noise while the system is in operation, and issue a test report. While meeting relevant national standards, we must meet the following requirements: 1) the daytime equivalent continuous A sound level is not higher than 45dB within bedrooms; 2) the night-time equivalent continuous A sound level is not higher than 37dB within bedrooms; and 3) the equivalent continuous A sound level is not higher than 45dB within living rooms.

As for the noise generated at the construction project site, we strictly adhere to the Volume Limit for Noise in Construction Site. For earthwork, noise control should be below 75dB at day and below 55dB at night; for structure and furnishing construction period, noise should be kept below 70dB at day and below 55dB at night. We have set up measuring equipment on construction sites, carrying out real time monitoring and control of the noises and make early warning for the environmental elements timely according to inspection data. Continuous sealed shield is set up surrounding the construction site, while dense mesh and sound insulation nets are concealed on the outer frames of the building to reduce noise interruptions. We set up enclosed sound insulation sheds for strong noise machinery, such as fixed concrete conveying pump rooms, carpentry sheds and large air compressor sheds. We avoid transporting materials and components to the site during peak traffic hours in the city, and if necessary, we should maintain a reasonable speed to reduce noise emissions from large transport vehicles. If materials and components are transported at night, the vehicles should not sound their horns, they should drive at low speed, and avoid residential areas as much as possible to prevent nuisance to the public. Finished products, semi-finished products processing and manufacturing operations involving strong noise (such as prefabricated components manufacturing, etc.) should be placed in factories and workshops as much as possible to reduce the noise generated by construction site processing and manufacturing. For small electric tools that may emit sharp noise, such as impact drills, portable electric saws, etc., strictly control the time of use, control the frequency of use and the number of equipment, and reduce or not to operate during the night break.

For light pollution, the Company comprehensively promotes the use of LED lighting sources at the project site to control the brightness of the lighting while saving energy. The Company plans to conduct R&D and upgrade on the selection of lighting sources in the future for light pollution controlling.

2.3 Tackling of Climate Change

Tackling the severe challenges posed by climate change and developing a low-carbon economy have become the consensus of the international community. Modern Land actively takes social responsibility of tackling climate change. It adopts effective measures as a response to challenges brought by climate change and seizes the historical opportunity of developing a low-carbon economy, so as to strategically stand ahead of future competition and achieve sustainable development.

Greenhouse Gas Emissions of the Heaquarter of the Company

	2021	2020
Total greenhouse gas emissions (tonnes of carbon dioxide equivalent)	**269.99**	247.47
Direct greenhouse gas emissions (tonnes of carbon dioxide equivalent)	**65.21**	61.38
Indirect greenhouse gas emissions (tonnes of carbon dioxide equivalent)	**204.77**	186.09
Greenhouse gas emission intensity (kilograms of carbon dioxide equivalent/sq.m.)	**29.22**	26.79

The Company's greenhouse gas emissions consist of direct and indirect greenhouse gas emissions. Direct greenhouse gas emissions come from natural gas combustion and combustion of gasoline and diesel in vehicles; and indirect greenhouse gas emissions come from the use of electricity.

In addition to efforts to reduce greenhouse gas emissions in response to climate change, other specific actions taken by Modern Land are as follows:

Firstly, incorporate green low-carbon development into strategic planning for corporate development. Since its inception, Modern Land has been devoting itself to the development of "Green Technology + Comfort & Energy-saving + Digital Interconnecting Whole-lifecycle Industrialised Communities". Guided by the development idea of taking green technology as core competitiveness, Modern Land insists on being an implementer and the leader of green technology real estate to achieve the Company's strategic business objectives;

Secondly, adopt and develop low-carbon technologies and focus on energy conservation and emission reduction. The Company implements the green procurement idea from top to bottom. It has set up a research department to invest heavily in green innovation and facilitates the collaboration of various professionals to improve low-carbon production technology. Meanwhile, the Company gives top priority to energy saving and emission reduction among daily work and operation activities and vigorously advocate a green and low carbon lifestyle;

Thirdly, promote the adjustment of corporate structure and green transformation. In respect of project construction, the Company has steered towards production with low consumption, pollution, and emissions by improving industry capabilities and eliminating backward production facilities through the adjustment and optimisation of industrial mix. In terms of administration, the Company has improved several rules and monitoring mechanism and optimised department structures and clarified department functions.

In future, Modern Land will strive to develop and promote green and low-carbon products and services, continuously improve energy efficiency and promote the transformation of the enterprise to green and low-carbon development in an on-going manner, so as to facilitate the establishment of low-carbon lifestyle and consumption patterns. Modern Land is committed to actively responding to and implementing the policies and requirements of the government in addressing climate change, supporting the entire society to tackle climate change and participating in the joint action of the whole community in combating climate change.

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3. PEOPLE-ORIENTED DEVELOPMENT AND PROMOTION

3.1 Simple Corporate Culture

Corporate culture is an essential reflection of the individuality of a company and the soul of corporate survival, competition and development. Corporate culture can stimulate employees' sense of mission, cultivate their sense of belonging, strengthen their sense of responsibility, develop their sense of honour and give them a sense of accomplishment.

The "Zhiye Culture（智業文化）" of Modern Land is created by all contemporary employees with topdown and bottom-up approaches while recognising, embracing and sharing ideas and expectations, which is also the basis and standards for all the actions of the Company. "Staying Afloat" or "Making Money" may matter a lot to a company in its infancy; "Growth" or "Size" may be more important for a company in its early youth; while for us — Modern Land, a fast-growing company in its youth, "Virtue and Talent" or "a Culture of Values" are more important. What's our culture of values? Morality, cooperation, responsibility, rigorousness, intelligence, and affection. We put morality and reputation before survival, team and responsibility before profit making, energy saving and environmental protection before development, study and knowledge before wealth, and family affection and happiness before everything else.

Modern Land adheres to the "Zhiye Culture（智業文化）" that features "Simplicity and Transparency". Simplicity is to simplify complex management issues while creating a transparent and positive cultural atmosphere and working environment. Management requirements are "Brief, Concise and Clear" to facilitate better implementation. Modern Land stipulated 100 Zhiye Guidelines covering various dimensions and aspects, such as operation management, conflicts of interests, asset preservation, code of conduct and professionalism. Every employee is required to perform their duties with diligence and self-discipline and adhere to the bottom line. Employees must work without detriment the interests of the Company, and those who violate Zhiye Guidelines, procedures and operation bottom line are subject to severe punishment.

On 1 July 2021, the great and glorious Chinese Communist Party (CPC) celebrated its 100th anniversary. At 8:00 a.m., the Party Branch Committee of Modern Land (China) Co., Limited organised party members to watch the live broadcast of the "Celebration of the 100th Anniversary of the Founding of the Chinese Communist Party" to review the glorious history of the Chinese Communist Party over the past 100 years and wish the great Communist Party to lead the Chinese people into a new journey and a new era. At the same time, the staff of Modern Land in the first-tier regions organised a series of party building activities, looking back on our historical path, marching forward to a new journey! In the afternoon, all the staff of the three green business groups of Modern Land and First Care sang with deep emotion, and the employees of Modern Land sang out the Chinese spirit with the most majestic chorus. We dedicated the loudest song to the great Chinese Communist Party, passing on today's happiness and paying tribute to a century of quest!

The Company adopted an array of initiatives to implement simple and transparent "Zhiye Culture（智業文化）", thus promoting and protecting business development with the means of culture. Such initiatives include requiring all the staff above the manager level to keep their office doors open to allow supervision by the staff; keeping the bills of top executives transparent; openly disclose the tasks of each staff member as well as the completion and evaluation of these tasks; and keeping all the meetings open so that anyone is welcome to listen to and be present at the meetings.

Moreover, the internal audit department assured from another aspect with legal means that our culture was highly transparent by making available to the public an anti-corruption hotline (010-84408717) and an e-mail box (sunnymoma@modernland.hk) for receiving any anonymous or real-name reports. The transparency of a company is also a driving force for enhancing its positive culture, and a cornerstone for the healthy and sound development of a company.

Case: Action of Loving My Homeland — "The road ahead is bright, go through mountains and seas, success is on the way" — 2021 Tree Planting and Hiking Activity

On April 10, the Modern Land's Action of Loving My Homeland — "The Road Ahead Is Bright, Go Through Mountains And Seas, Success Is On The Way" — 2021 Tree Planting and Hiking Activity was successfully held. Members of the president's office of Modern Land brought MOMΛ family members together to plant trees and hike around the S0 Since Zero (蔓蘭家的四季) in Fangshan, to comprehend the original intention of MOMΛ people, to live up to the spring light, to walk with family members, to live up to the mission, and to safeguard the Action of Loving My Homeland.

Action of Loving My Homeland- Tree Planting and Hiking is the activity of "Zhiye Culture (智業文化)" Modern Land has maintained for 21 years, which strives to pursue the temperament of simplicity, and profoundly demonstrates the simple focus, the endless "Zhiye Culture (智業文化)". The activity serves the purpose of taking care of homeland and assuming social responsibility as well as strengthening our body and reinforcing our team. The MOMΛ members also actively go on this beautiful date, together with the essence of "Zhiye Culture (智業文化)" in the most beautiful spring light.

3.2 Staff Employment and Development

Employees are one of the most important core competencies of the Company. Adhering to the people-oriented development and management philosophy is the cornerstone for ensuring the Company's sustainable development. Modern Land adheres to the "Five-aspect Talent Strategy", namely attracting talents, training talents, making good use of talents, retaining talents and moving talents.

3.2.1 Staff Employment

Modern Land strictly abides by the Labour Law of the People's Republic of China (《中華人民共和國勞動法》), the Labour Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》), the Social Insurance Law of the People's Republic of China (《中華人民共和國社會保險法》), the Individual Income Tax Law of the People's Republic of China (《中華人民共和國個人所得稅法》), the Law on the Protection of Women's Rights and Interests of the People's Republic of China (《中華人民共和國婦女權益保障法》), the Regulations on Labour Protection for Female Staff and Employees (《女職工勞動保護規定》), the Regulation on Public Holidays for National Annual Festivals and Memorial Days (《全國年節及紀念日放假辦法》), the Regulation on Labour Security Supervision (《勞動保障監察特例》) and other relevant laws and regulations.

In order to attract more qualified talents, the Company has developed the Recruitment Management Standards of Modern Land (《當代置業招聘管理作業標準》), which divides recruitment process into recruitment demand management, recruitment channel management, recruitment implementation management, talent assessment management, recruit interview management, recruitment progress management and recruitment assessment management. The recruitment demand management requires that staffing schedule shall be in strict compliance with the Company's needs for the concerned position and staffing standards and based on the staffing organisational structure, job structure, staffing and team building data, which will be updated on a quarterly basis.

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The Company does not set requirements for gender, ethnicity, household registration, etc. in the recruitment process and respects the religious belief and personal stances of each candidate, and evaluates the applicant's capabilities and qualifications against the job requirements in a value-oriented manner without any ethnic, disability or gender discrimination or any other unfairness. The Company clarifies selection standards during recruitment process, namely "Three-Self Qualifications (三SHi)" Under the general competency model, all employees in the Company should meet this standard.

Modern China insists on the "Five Talents Strategy", which is to select the right talents, train the right talents, use the right talents, retain the right talents and move the right talents. Our talent strategy focuses on the four areas of organisation, talent, mechanism and culture. We continue to apply "Three-Self Qualifications（三SHÌ）" as our corporate talent selection and hiring standards. "Three-Self Qualifications（三SHÌ）" specifically refers to: The first qualification requirement is self-identity with "Zhiye Culture（智業文化）", core values, and green-technology undertakings. The second qualification requirement is being highly self-motivated, passionate, enthusiastic and responsible for others. The third qualification requirement is being professionally competent, multi-skilled and keen to learn and grow for self-achievements at present and in the future.

As of 31 December 2021, the Company had a total of 1,655 employees. The Company enters into a labour contract with each employee. It has neither dispatched labourers nor part-time employees. The total number of employees by gender, age group and geographical region are as follows:

Employee category	**Headcount in 2021**
Total number of employee	1,655
By gender	
Male	1,137
Female	518
By age group	
Born in and after the 1990s	613
Post-80s	940
Post-70s	92
Born in and before the 1960s	10
By geographical region	
Beijing	363
Other regions	1,292

In 2021, there were 786 new employees and the number of resigned employees is 1,636. The number of resigned employees by gender, age group and geographical region is shown below:

Employee turnover of the Company

Employee turnover	**Turnover in 2021**	**Percentage of total turnover**
By gender		
Male	1,181	103.9%
Female	455	87.8%
By age group		
Born in and after the 1990s	857	139.8%
Post-80s	735	78.2%
Post-70s	44	47.8%
Born in and before the 1960s	0	0.0%
By geographical region		
Beijing	163	44.9%
Other regions	1,473	114.0%

The Company handles the off-boarding process of resigned employees according to the Labour Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》). The Company shall find out the reasons of resignation of those employees for better talent management. If the resigned employee is involved in compensation and disbursement of liquidated damages, the Company is responsible for the payment according to relevant national laws and regulations.

3.2.2 Labour Standards

The Company strictly follows the Labour Law of the People's Republic of China (《中華人民共和國勞動法》) during recruitment by confirming the age listed on candidates' ID cards and never recruiting minors under the age of 16. Candidates can have interviews only if they meet the minimum age to work, and the intensity and content of work will be communicated for confirmation during the interview. The talent development department will conduct spot checks on personnel information within the Group on a quarterly basis to avoid non-compliant employment. If child labour or forced labour is found, the Company will report to the local labour department as soon as possible for review by the labour department. Meanwhile, additional labour wages will be paid to relevant workers who will then be escorted back home to their guardians at the expense of the Company. Relevant internal management departments will report such issue and circulate a notice of criticism within the Company from top to bottom, hold relevant persons accountable and impose economic penalties, and organise all staff to learn about personnel regulations to avoid such incidents.

During the reporting period, there had been no issues relating to child and forced labour, nor had there been any violation of relevant employment policies, laws and regulations.

3.2.3 Staff Benefits and Care

Modern Land's human resources department adheres to the concept of human resource value chain management for the closed-loop management of value creation, evaluation and allocation to foster the enthusiasm of employees in a healthy and reasonable way: firstly, motivate the team to create value with the incentive and accountability mechanism (value allocation); secondly, evaluate value by focusing more on results than processes and based on organisational performance, personal performance, project planned budgets and organisational performance tasks; thirdly, share value through the internal partnership mechanism and the "Shared Incentive" accountability mechanism for timely motivation and fulfilment.

In terms of staff compensation, the Company established an employee compensation and benefits system based on its strategic business objectives and according to the Operational Standards of Incentive and Accountability Mechanism of Modern Land (《當代置業激勵問責機制模型作業標準》). The compensation structure, which follows the principle of value creation and valuation and benefit sharing, mainly comprises a broad banding system and a special incentive and accountability mechanism:

1. The broad banding system covers salaries, performance bonuses, allowances and benefits, which are paid to each employee according to his/her value creation; and

2. The incentive and account ability mechanism, which is built on the project procedures and operations, focuses on assessment of the implementation of 100 tasks for project milestones, progress and quality, receivables collection, net profit generation, balance of cost budget, completion of critical works of project and other project data, in order to achieve the budget goals, complete the procedures and give incentives to the staff.

The Company contributes to social insurance plans for its employees in accordance with the national regulations and local laws and regulations. It strictly complies with the Labour Law of the People' s Republic of China (《中華人民共和國勞動法》), the Regulation on Public Holidays for National Annual Festivals and Memorial Days (《全國年節及紀念日放假辦法》) and other national laws and regulations, and all employees are entitled to various holidays including paid annual leave, maternity leave (for female employees), marriage leave and personal leave. Moreover, the Company offers additional paid annual leave to those employees who have worked continuously for more than 5 years. The Company carries out different staff care activities on staff's birthday, employment anniversary and other festivals and assists staffs who have difficulties. Against the special backdrop of COVID-19 pandemic in 2021, the Company implemented staff leave on demand that allows employees to work online based on actual situations to protect their health, and "Five Social Insurances and One Housing Fund" were paid to them as usual.

While protecting the rights and interests of employees, the Company pays attention to the physical and mental health of employees. It organises a variety of cultural and sports activities for employees to balance their rest with a busy work schedule and feel the care from the Company.

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3.2.4 Employee Training

Modern Land delivers targeted training for employees based on different job types to improve professional standards with the aim of building talent teams at all levels. On the front of training, the Company has its own Operational Standard of Training in Modern Land (《當代置業培訓作業標準》), which sets out the corresponding definitions, standards and processes for areas ranging from the establishment of training system, the organisation of training programs to the standardization of course pool and management of internal trainers, and will carry out corresponding training accordingly. Meanwhile, we will revise relevant operational standards every year and update in accordance with the actual situation of the current business development of the Company, in order to provide training that can strengthen the organisation's capability and personal comprehensive ability and promote business development. Through training, we hope that employees will become talents that are "Eager to Fight, Able to Fight and Win in the Fight", and contribute in business development and value creation.

In 2021, there were two types of training in Modern Land, namely, training on talent echelon building, which includes new staff (induction day training once a month, orientation camp training once a quarter), climbers (2021 MOMΛ climbers induction training), backbone staff (The "First in Growth" series of thematic training, 2–3 sessions a month), management staff (elite camp 8 sessions), leadership level staff (one strategic seminar, one eight skills training for general manager); the other one is training on achieving project key points, which focuses on the key points of project in light of the actual situation of project, such as: commencement of construction, project launch, completion of work, etc. The two types of training cover all staff of the Company from the perspective of talent and business respectively and are essential for talent cultivation and business development. The Company's training related to talent echelon building has been widely recognized.

(1) Orientation camp: In 2021, three sessions of orientation camp training were held in March, June and September respectively, covering the process and operation of each profession, and the person in charge of each center had explained the organisational structure and professional setup of each center to the new staff, helping them quickly understand the Company and the work content of each profession and strengthening their sense of integration, with an average satisfaction rating of 4.95 out of 5;

67th Orientation Camp

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Climbers at Orientation Camp — Course Training

Climbers at Orientation Camp — Outreach Training

(2) Orientation camp for climbers: In July 2021, the 2021 MOMΛ climbers were officially on board, followed by a three-day outreach training and a three-day course training for climbers, in the form of task cards to help the 2021 MOMΛ climbers quickly integrate, enhance their cultural perception and open the door to the career;

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Elite Camp for Climbers

(3) The "First in Growth" series of thematic trainings: Targeting staff of various professions, the Company constantly launched the "First in Growth" series of thematic trainings by means of voluntary enrollment, ranging from the practical tips of EXCEL to the selection of foundation pit support, and then to the management and control of construction site, which were well received by the trainees, enhancing the work efficiency on the one hand and consolidating the professional foundation on the other;

(4) Elite camp: In June 2021, the Company established a comprehensive talent quality model, and on the basis of which, conducted 360 assessments on city general managers and project managers within the Group to understand their strengths and weaknesses in all aspects, and developed a number of targeted courses accordingly, which amounted to an aggregate of 27, and completed the training for city general managers and project managers in 3 months using the on-site + online approach, which played a key role in breaking the professional barriers and improving their operational awareness, with an average satisfaction score of 4.97 out of 5;

Elite Camp for Project Managers

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(5) For the leadership level, industry experts were invited to share their training in the strategic seminars in the first half of the year. Eight skills training for general managers was launched in May, and external lecturers were invited to lecture on "Profit Protection War — Ineffective Cost Reduction and Refined Control of Real Estate". Through case sharing and integrated communication, everyone gained a deeper understanding of identification and reduction of ineffective cost in projects, which laid the foundation for improving project operation efficiency.

▲ **Eight Skills Training for General Managers — Professional Training on Investment Development**

▼ **Eight Skills Training for General Managers — Group photo for five THREE professional trainings**

Proportion of trained employees and average length of training

	Male	Female	Backbone	Management	Leadership
Proportion of trained employees (%)	95.41%	96.95%	98.67%	98.98%	100.00%
Average length of training (hours)	47.82	46.92	42.16	36.52	27.68

In the future, Modern Land will build an e-learning platform. Measures will be taken to continuously improve the training system in the following aspects:

1) It will set up an improved training resource database, including courseware, trainers, and external suppliers;

2) It will establish complete staff training records;

3) It will keep improving training programmes and enhance the association between training and business processes;

4) The Company will continuously improve the training evaluation system, increase training supervision, and ensure training effectiveness.

The development of the real estate industry has hit rock bottom, and the focus of future training will be more on the retention of core talents and the enhancement of expertise of internal staff. By the end of 2021, we have established a standardized course library for the Group and will continue to update and improve it in the future to form a number of quality courses with comprehensive coverage and high level of expertise.

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3.2.5 Dual-Channel Career Development

The Company publishes the Arrangements of Organisational Structure, Position Structure, Staffing and Team Formation (《組織結構、崗位結構、人員編制及團隊建制的決定》) on a quarterly basis, which identifies and explains the organisational changes, personnel appointment and staffing of the Company in different stages in a systematic manner. The Company also issues the Arrangements of Personnel Appointment and Human Resources Development and Exchange (《人事任命及人力資源開發與交流的決定》) irregularly.

To promote the fairness and diversity of promotion and personal development of employees, the Company has put in place reasonable, effective talent performance incentive mechanisms, mainly including the following two mechanisms:

- "Shared Incentive" accountability mechanism: Modern Land's shared incentive accountability mechanism is an incentive mechanism for co-creation and sharing based on the Group's strategic business objectives to motivate the organisation and expand its business. It is one of core management tools to expand Modern Land's business and increase its performance and the mechanism for internally driving enterprise leapfrog development through maximised operation results.

- Performance appraisal mechanism of "Delegation of Responsibilities to Individuals": In 2021, the Company set up a special performance appraisal programme of "Determination of Specific Responsibilities" to lead employees towards the strategy and business goals through appraisal. Breaking down the annual strategic goals of organisations allows them to work towards subgoals of the strategic goals and focus on core indicators of business results during evaluation, and perform appropriate evaluation and delegate responsibilities to individuals across the business chain.

The Company has established a mechanism to assess key talents and promote career planning, and convene regular communication meetings to review key talents, to understand their work status and stability dynamically, and match their positions with platforms to maximize their value. We have a complete talent review mechanism, based on the "Want to Fight, Know How to Fight, Win the War" ability quality assessment model to achieve a comprehensive assessment of talent and the normal distribution of the nine-box grid. Review achieved full implementation, to promote the capable, replacing the mediocre, dismissing the incapable.

According to Modern Land's Operating Standards for Position Management (《當代置業任職管理作業標準》), the Company clarifies common criteria for selecting talents in leadership, management and backbone, namely "Two Bombs and One Rocket (兩彈一箭)"[3]. There will be room and opportunities for promotion for employees meeting such standards. The Company conducts qualification evaluation assessment once every six months. Any employee who passes the assessment can be promoted to the next level. After assessment, frogleaping promotion would be recommended for any employees with outstanding work performance. The employees of Modern Land and its subsidiaries stick to a "Y-shape" career development path. Specifically, the employees below the director level are all in the functional line leveraging their professional abilities, which helps create a flat, professional and competitive organisation structure. Employees above the director level can pursue both position line and functional line development and enjoy dual channel career development.

3.3 Safety and Health of Employee

The core idea of "people-oriented management" is part of modern corporate management. Caring for staff's safety and health is an important embodiment of this idea. Modern Land has been strictly complied with the Production Safety Law of the People's Republic of China (《中華人民共和國安全生產法》), Law of the People's Republic of China on the Prevention and Treatment of Occupational Diseases (《中華人民共和國職業病防治法》) and other laws and regulations. From 2019 to 2021, there were no work-related deaths and no lost working days due to work-related injuries.

The Company has formulated Operating Standards of Modern Land Governing Administrative Office (《當代置業行政辦公管理作業標準》) and are striving to eliminate potential safety hazards in the working environment or public areas, and have taken a series of measures to ensure the safety of the working environment:

- for the control of staff entry and exit, staff cards must be shown to access the office area or access with QR code. Visitors must be invited in advance and access with QR code;

[3] Two bombs and one rocket: Leadership: leaders are responsible for decision-making and promoting business development and are considered as the "missile bomb"; management: managers are the core driving force of the Company's business development and are considered as the "rocket launcher"; backbone: staff at this level is responsible for execution and growth and is considered as the "cannon bomb".

- the interior of the office is fully covered by cameras for real-time monitoring; security guards conduct 24-hour patrol inspection; relevant professionals are scheduled for national statutory and festive holidays duty to make sure there were no safety issues;

- collaborate with property companies in supervising and checking the safety standard of the Company on a regular basis; conduct regular fire safety inspection in the Group's office area; all projects are found to be in compliance with national requirements for fire safety;

- conducts pest control, floor cleaning and maintenance, plant maintenance, water dispenser cleaning, carpet cleaning, office dusting and meeting room disinfection every month.

Zero safety accident at construction sites has always been the goal of Modern Land for safety management. Based on the principles of standardised, dynamic, normalised and closedloop safety management for projects, the Company strengthens its safety management for construction site pursuant to the Operating Standards of Modern Land Governing Project Safety (《當代置業工程安全管理作業標準》).

The Operating Standards of Modern Land Governing Project Safety (《當代置業工程安全管理作業標準》) aims to strictly implement the national principles and policies on safe production and construction, as well as safety production regulations, industry regulations and safety production requirements issued by higher competent authorities. The standards also urge and assist regional/urban companies and project companies to better manage construction and supervision units to improve safety management capabilities on prevention and control to ensure safe construction of engineering projects.

Modern Land established a three-level inspection system for the Company, regional companies and project companies. The Company's project management centre conducts regular safety inspections on a quarterly basis pursuant to the Operating Standards of Modern Land Governing Project Assessment and Evaluation (《當代置業工程考核及評估作業標準》). Regional companies and project companies conduct regular safety inspections on a monthly and weekly basis, respectively. Project departments, project officers of supervision and construction units and safety officers of labour teams carry out continuous dynamic monitoring according to designated safety supervision aspects and implement safety accountability to ensure various safety hazards are eliminated. The Company divides the entire construction cycle into five stages: initial preparation stage, foundation stage, major construction stage, decoration stage and landscaping stage, and establishes a star rating system on importance according to the characteristics of construction stages, possibility of occurrence of safety accidents and degree of damage caused by safety accidents for effective and forced safety inspection and safety management control of all construction stages. The Company shall enhance daily safety inspection while labour teams must strictly perform self-inspection and cross-inspection of the operating environment, tools and safety facilities. Workers engaged with the operation of special devices (such as electricians and employees who engage in crane (including elevator), metal welding, cutting and working in heights) must obtain relevant licenses.

In 2021, the Company's Engineering Management Center added safety engineer positions, issued the "Modern Land Safety Management Professional Processes and Operational Standards" and safety management red line requirements. 5 special safety inspections were organised at the company level in 2021, including 2 on-site inspections by third-party units; 3 on-site inspections by personnel from the Company's Engineering Management Center, focusing on issues such as safety hazards of large equipment, qualification certificates of special operators of construction units, on-site safety education at three levels, programming and on-site implementation of dangerous and large projects such as deep foundation pits and high supporting molds. Each region conducts a round of project safety special inspection once a month, focusing on verification of the rectification of various problems and checking the implementation of the safety responsibility system of each participating unit; the project level conducts a weekly safety special inspection to find out the hidden hazards on site at the first time and ensure that the personnel are safe and the project is under control.

Looking ahead, the living area of the new projects will be fully built with non-combustible reportable materials, the fire protection system will be fully equipped, and new environmental protection and energy conservation equipment will be fully promoted to further improve the environmental safety of the personnel.

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For prevention of occupational diseases, the Company arranged medical examination for our employees every year. The Company also provides our employees with a constant temperature, humidity, oxygen and tranquility office so that they can work in a comfortable environment without stress. In case of bad weather, the Company will send a notice in advance to show our care and provide supplies such as masks to and umbrellas. The Company conducts core motivation fitness activities every month to help employees relax and improve the soundness in their mind and body.

Under the normalized prevention and control situation of COVID-19 in 2021, Modern Land continued strict implementation of epidemic prevention and control system to ensure staff's safety and health. We implemented this system mainly through five aspects, namely staff health management, protection of the office area, canteen, and staff dormitories, and visitor management:

- In respect of staff health management, the Company keeps abreast of the health of each employee by monitoring their physical condition every day, checking their body temperatures, and preparing protection supplies;
- In terms of the office area protection, through disinfection, ventilation and protection tips for the office area, daily planned disinfection and ventilation of the office area are conducted on a regular basis, with priority on key areas;
- As for canteen protection through disinfection of and staffing arrangement for the canteen, our staff keep social distancing when having meals and the dining area is disinfected before and after each meal every day;
- As for staff dormitory protection, occupants are protected through protection supplies, daily disinfection and personnel management;
- In respect of visitor management, external risks are controlled through the management of external parties and visitors.

During the pandemic, the Company's construction projects adopted closed management for on-site personnel, built centralized living areas, and implemented electronic real-name registration for entry and exit; electronic temperature measuring equipment was set up at construction sites and living areas to continuously monitor workers' body temperature; daily disinfection measures were taken at all projects to prevent the spread of the virus; bathing facilities were fully open, and garbage was centrally sorted and stored and handed over to professional units for transport to ensure the health of employees.

During the reporting period, the Company recorded no violations related to the provision of safe working environment and protection of employees from occupational diseases.

4. PRODUCT RESPONSIBILITY AND CUSTOMER MANAGEMENT

As the real estate industry has entered into a new stage of high-quality development in recent years, improvement in service quality and construction of software facilities on the basis of product quality assurance have been increasingly important to corporate strategic planning. Modern Land is in strict compliance with the Product Quality Law of the People's Republic of China (《中華人民共和國產品質量法》), the Law of the People's Republic of China on Protection of Consumers' Interests (《中華人民共和國消費者權益保護法》), the Trademark Law of the People's Republic of China (《中華人民共和國商標法》), the Advertising Law of the People's Republic of China (《中華人民共和國廣告法》), the Provisions on the Release of Real Estate Advertisements (《房地產廣告發佈規定》) and other laws and regulations, and has been adhering to the development concept of "Technological Architecture, Green Homeland Community and Beautifying City" to provide the most attentive services.

During the reporting period, the Company has no record of violations of product liability, advertising, labelling and privacy.

4.1 Management of Product Quality

The Company believes that assurance of product quality and service quality is the lifeblood for its sustainable development. The Company regards "Create Modern Land Quality, Build Ingenuity Project" as the product quality management goal, and is committed to providing customers with safe and comfortable products and service experience. The Company's construction quality is in strict compliance with the Operating Standards of Modern Land for Project Assessment (《當代置業工程考核評估作業標準》), the Operating Standards of Modern Land for Material Inspection (《當代置業工程材料檢驗作業標準》), the Operating Standards of Modern Land Governing Materials and Components (《當代置業材料部品管理作業標準》), the Operating Standards of Modern Land for Measurement Management (《當代置業實測實量管理作業標準》), the Operating Standards of Modern Land for Management of Three Model Rooms (《當代置業三個樣板間管理作業標準》) and the Operating Standards of Modern Land for Project Delivery Assessment (《當代置業工程交付評估作業標準》), etc. For quality management of the production process, the Company has formulated a number of quality control standards, such as Operational Standards of Bottom Line Management for Engineering Management Profession in Modern Land (《當代置業工程管理專業底線管理作業標準》), Operational Standards for Inspections at Construction Suspension Points (《當代置業工程停止點檢查作業標準》), etc. We have improved and revised several technical standards, such as Standardized Atlas for Common Practice of Leakage Prevention in Modern Land (《當代置業防滲漏標準化通用做法圖集》), Standardized Processing Practice of Modern Land (《當代置業標準化工藝做法》), etc., to ensure that the quality and process of works is under control.

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The Company implemented specific control measures for project quality by:

1. formulating a three-level quality management and control system for the group, regional and project with hierarchical management;

2. formulating a detailed material sample delivery, recognition, sealing management system to recognize and seal the bidding samples of the construction unit before awarding the contract and to ensure the materials and equipment used on site are identical to those at the time of bidding;

3. performing non-scheduled third-party surprise checks on materials to control the materials used on the project site and to stop using unqualified materials;

4. adopting low strain method to test every pile in all pile foundation projects to ensure the integrity of the pile body;

5. assessing the comprehensive sample first system, the project construction process showroom/district and the standard flats show room by the Group;

6. conducting the third-party assessment and evaluation four times a year to fully control the construction quality of the project construction process;

7. conducting third-party delivery assessment to systematically test the quality of on-site engineering before delivery to the owner;

8. the Company conducts overall assessments on the project safety quality every year.

In 2021, the Company has strengthened the inspection and punishment of the quality of on-site sensitive points of owners, formulated the red line control clauses, conducted a number of special inspections, and some project personnel received severe penalties in this regard, which served as a warning for other projects, so as to improve the overall awareness of project quality management.

On the front of energy technology system, the Company continued to carry out the "Green Experiential Energy Machine Room" construction activities, and the energy rooms in a number of projects have received the Company's grade determination and owner's approval.

In the future, the Company will further enhance the quality of concrete engineering, masonry engineering and plastering engineering.

During the reporting period, there was no violation of the product and service responsibility and left significant impact on the Company. No product of the Company sold was subject to recalls for safety and health reasons.

4.2 Management of Customer Services

With the goal of "Providing Green Comfort Services For The Whole Cycle Product Value Chain" in terms of customer service management, the Company followed the "Customer Complaint Risk Prevention and Control Handbook" (《客戶投訴風險預控工作手冊》), which clarifies the focus points, standards and key tasks of customer complaint risk prevention and control in the four stages of real estate development, i.e. feasibility study, pre-stage, development and usage, thus implementing customer complaint risk prevention and control throughout the entire life cycle of real estate development. The Company attaches great importance to customer satisfaction surveys and carries out rectification and improvement based on survey results.

In 2021, the Company developed project launch VIS standardised guidelines and regulated the promotion and display of all materials in experience centres to reduce the risks of customer complaints due to mistakes in conveying product information.

Management of Complaints

The Company has established a customer complaint mechanism to listen carefully to, as well as actively solve and respond to the complaints and requests from customers. The Company has carried out the work through 400 service hotlines, mailboxes, letters and on-site visits. There is a total of 20 dedicated staff members at 400 call centres of the Company. They are responsible for answering customer complaint hotlines as well as to immediately record the complaints and allocate the complaint cases. After the receipt of relevant complaints, dedicated personnel will be sent to handle such customer complaints for relevant projects. There is a customer service department in each of the regional companies to receive the complaints made by visiting customers and handle the issues of the project being complained.

When handling complaints, it is required by the Company that such complaints shall be dealt with and responded to within 1 hour as well as solutions for which shall be developed with 48 hours. As part of the process, communication shall be made with relevant customers every 48 hours for understanding the progression. Besides, confirmation of the results shall be made with customers within 30 minutes after completing the process. 400 call centres will conduct customer satisfaction follow-up within 1 hour. Those first-level complaints will at the end be reported to the customer service centres of the Group, the President and the office of the President, those second-level complaints will at the end be reported to the customer service centres of the Group and regional responsible personnel, and the third-level complaints will be reported to regional responsible personnel of customer services. In 2021, the Company received and dealt with a total of 1,532 complaints cases, and the complaint handling rate was 100%.

Customer Satisfaction Surveys

The Company conducts customer satisfaction surveys by three methods, namely special project surveys, regular surveys and key surveys.

- Special project surveys refer to 100% telephone surveys conducted on customers who requested repair services during the warranty period.

- Regular surveys refer to satisfaction surveys conducted annually via telephone interviews and door-to-door visits with the potential property owners and the owners in the run-in period and the stable period.

- Key surveys refer to the interviews conducted via such three ways, namely telephone, questionnaire and door-to-door visits, the content of which focus on the areas including the overall satisfaction, recommendation intention, repurchase intention, marketing service, planning and design, engineering quality and customer service.

After the completion of the research report on customer satisfaction, the Company will gather different centres, sectors, regional companies and project related parties to conduct discussion and analysis on each of its projects and carry out rectification and improvement measures following the project solutions designed to increase customer satisfaction. The Company will revise "Customer Complaint Risk Prevention and Control Handbook (《客戶投訴風險預控工作手冊》)" and prevention and control standards for customer complaints before project launch according to the feedback of the satisfaction surveys, so as to standardise service standards and form a positive circular management mechanism.

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During the year, the Company organised site opening activities before project delivery for customers to know the progress and quality of the houses they had bought and to improve their satisfaction. This activity covered more than 80% of the customers and received positive feedback from them.

In the future, the Company plans to provide house pre-inspection services for prospective owners to improve their experience with the quality of their houses. The Company will identify issues in houses from the perspective of customers and correct them accordingly and proactively solve customers' problems, so as to increase customers' stickness to our services.

4.3 Customer Privacy and Advertising Compliance Management

As customer information is confidential, Modern Land continues to improve management measures for customer information protection. All of Modern Land's employees are required to strictly abide by the "Zhiye Guidelines" and "Eight Career Discipline for Marketing Professionals （行銷專業職業八條戒律）" to ensure customer information privacy and security. Meanwhile, Modern Land implements comprehensive process control during pre-sales, for-sales and after-sales stages. Customer information entry and change of sales status are transferred online through the Group's professional information system to avoid manual work as far as possible and to keep customer information confidential and secured during the entire process:

- Pre-sales: The Company adopts the Mingyuan cloud customer information system for customer information entry, so that relevant personnel from all levels can only access customer information within their corresponding authorized scope, and have no right to download and re-export any customer information and their authorization will be immediately revoked and their access channels will be blocked once they leave office. There are terms on confidentiality contained in all of the cooperation agreements entered into with its cooperation agencies, stating that disclosure of customer information is strictly forbidden.

- For-sales: Customer information is stored in the MBS customer management system of Modern Land and maintained by the dedicated information operation centre. To ensure that customer information is kept safe, even the senior management of the Company has only limited authorisation for accessing customer information.

- After-sales: Customer information is directly transferred from MBS system to the customer database of the property APH system and can only be used to provide customer service inquiry according to authorisation.

In 2021, the Company established the Mingyuan Cloud ERP digital marketing platform system, which is used for the whole process of customer data application. This system is an upgrade and optimization of the traditional basic version of Mingyuan Cloud, where customer data is fully protected, authorization is required for system login, and only entry permission but no export permission is given for each piece of customer data, thereby ensuring the privacy of customer information.

In terms of the management of advertising compliance, the Company has developed a detailed system for internal operating standards governing process review and content control, which comprises the Operating Standards of Modern Land Governing CIS Management (《當代置業CIS管理作業標準》), Modern Land's Guidelines for Project VIS Standardization (《當代置業項目VIS 標準化指引》), the Operating Standards of Modern Land Governing the Visual Effect of Commercial Advertising (《當代置業商業廣告視覺作業標準》)", the Operating Standards of Modern Land Governing Brand Advertising Guidelines (《當代置業品牌廣告指引作業標準》), the Operating Standards of Modern Land Governing Corporate Brand Building for New Cities (《當代置業新進城市企業品牌塑造作業標準》) and Sales and Service Commitment Red Line Management Standards (《銷售及服務承諾紅線管理標準》). All materials, promotion pictures and advertisements of projects must be reviewed by the Company's Quality Policy Department before releasing. The weekly and monthly white list and black list mechanism is in place to ensure the quality and compliance of advertising. In terms of marketing management, the Company performs inspection in the form of project self-inspection, regional review, and Group spot checks. The inspection frequency is monthly for regional companies and semi-annually for the Group. The Company has also introduced and revised relevant operating standards for supplier management.

4.4 Sustainable Supply Chain

Management of Suppliers

Since the real estate development value chain has been effectively integrated with the supply chain resources, the Company carries out effective management of the entire process of supply chain through value analysis, expansion, assessment, process tracking and continuous improvement to maximise the value of supply chain management.

In 2021, the Company revised the Operating Standards of Modern Land Governing Inspection and Qualification Review of Suppliers (《當代置業供應商考察入庫作業標準》), the Operating Standards of Modern Land Governing Evaluation and Rating of Suppliers (《當代置業供應商評估分級作業標準》), the Operating Standards of Modern Land Governing Specialised Procurement (《當代置業專項採購作業標準》) and the Operating Standards of Modern Land Governing Strategic Procurement (《當代置業戰略採購作業標準》) to meet the development needs of the Company in supplier management. Among them, the Operating Standards of Modern Land Governing Inspection and Qualification Review of Suppliers (《當代置業供應商考察入庫作業標準》) revised the principle of supplier self-nomination, revised the form of supplier inspection for special cases, revised the key points of supplier inspection for construction and material and equipment, and revised the requirements for inventory of material and equipment agents; the Operating Standards of Modern Land Governing Evaluation and Rating of Suppliers (《當代置業供應商評估分級作業標準》) revised the standards and procedures of process evaluation, revised the form of performance improvement, added the evaluation form for pre-evaluation, and added the standards for internal supplier evaluation; the Operating Standards of Modern Land Governing Specialised Procurement (《當代置業專項採購作業標準》) revised the bid security deposit collection standards, the joint operation project management method, and the operation standard form; the Operating Standards of Modern Land Governing Strategic Procurement (《當代置業戰略採購作業標準》) revised the related business responsibilities, work contents and standards, etc., which better meet the development and management needs of Modern Land.

Selection of suppliers

The Company's major procurement types are divided into strategic procurement and specialised procurement, and specialised procurement includes tender invitation, competitive negotiation, and direct commissioning; The suppliers of Company include engineering and construction suppliers and material and equipment supplies. Pursuant to Modern Land's Description of the Operating Standards for Energy-saving Strategic Procurement (《當代置業節能戰略採購作業標準說明》) and Modern Land's Description of the Operating Standards for Energy-saving Procurement for Special Projects (《當代節能專項採購作業標準說明》), all procurement by invitation of tenders, except those as designated by the government, is carried out in public on the online tender platform. All suppliers can participate in tendering upon registration on the online tender platform and obtaining approval.

The Company's main procedures for selection of suppliers are as follows:

1. The Group and all regional companies compile a supplier resource plan for the next year each December;

2. The supplier resource plan for last year is subdivided into quarterly supplier resource survey targets and plans;

3. The Company arranges for suppliers to fill in information, performs preliminary review;

4. All regional companies make and implement inspection plans on suppliers who have passed preliminary review on their information to examine whether the suppliers abide by operating standards to allocate professionals and the number of professionals allocated. During the inspection process, special attention is paid to the environmental management system certification, occupational health and safety certification, quality management system certification, and other corresponding certificates and production safety permits, as an important condition for shortlisting suppliers;

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5. The Company completes qualification review on suppliers who have passed inspection upon approval before selection of tenderer. Qualification review shall be in strict accordance with the power of attorney.

In the process of supplier review and selection, the Company will conduct a detailed background investigation of suppliers through the national enterprise credit inquiry system, supplier information forms, suppliers to provide stamped versions of information documents, peer industry supplier surveys, black and white lists issued by industry associations and other channels. In addition, taking into account the environmental and social responsibility factors of the suppliers, we examine the suppliers' financial and other information, we will require them to provide certificates of environmental management system certification, occupational health and safety certification, quality management system certification and other corresponding quality certificates and safety production permits, financial statements for the past three years, and at least three completed and ongoing construction projects in the vicinity of the project for the past two years.

The Company has set up the MBS supplier management system. The information of all suppliers under inspection will be input in the system and marked with "qualified" or "unqualified". Only those marked with "qualified" may be taken into consideration for final selection. According to the MBS approval process, when the supplier procurement platform inventory, the manager, counterpart, responsible person and other parties need to examine the supplier's environmental management system certification, occupational health and safety certification, quality management system certification and other corresponding certificates and production safety permits, financial statements for the past three years, at least three completed and under-construction projects around the project for the past two years, including examination of whether the report uploads the certificate pictures taken on site.

Periodic evaluation and rating of suppliers

The Company has compiled the "Modern Land Five 3 Professional Supplier Assessment and Grading Practice Standards" and conducts (semi-annual or annual) process assessments or post-assessments on all suppliers. Process assessments refer to the semi-annual or annual assessments on suppliers, who have entered into contracts, conducted in each May or November. In the process of assessments, there are different evaluation criteria and weighting set for different kinds of suppliers covering aspects such as quality, progression, construction in a safe and civilized manner and services. Suppliers who are considered unqualified are required to make correction and improvement. If such correction and improvement are not satisfied, the suppliers will be downgraded to be unqualified during the evaluation and rating conducted each year. Post-assessments will be conducted on suppliers who have performed the contract, either within a month after delivery, after project acceptance or within four months after collective delivery by "Five 3s" working departments of regional companies with involvement of engineering management departments, plan designing departments and property companies.

The Company conducts a star-rating on suppliers, containing five grades, namely three-star, four- star, five-star, qualified and unqualified. Calculation rules are set by the procurement division of the "Five 3s" working centre of the Company based on our strategic development plan and from the prospective of process assessment and engineering assessment for scoring the suppliers, and will be revised in each October. Star-rating results will be released upon approval. Partnership plan, reward and punishment policy, and adjustment to grades of suppliers will be made for suppliers of different grades. For general contractors, the Company also reviews their green experiential sites and requires them to meet its green experiential site requirements.

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As of the end of the Reporting Period, the Company had 4,248 engineering-related suppliers and 682 material-related suppliers. The specific distribution details are shown in the table below.

Distribution of the Company's suppliers[4] (number)

	Engineering-related suppliers	Material-related suppliers
Central China	447	106
East China	695	210
South China	288	149
North China	607	142
Shaanxi	482	135
Shaanxi and Chongqing regions	553	132
Anhui	491	133
Northwest China	397	144
Other regions	742	377

Green Procurement

To put our concept of green procurement into practice, enhance our green image and win the long-term trust of our customers, Modern Land has actively established a strategic alliance with the upstream and downstream companies to carry out green corporate development altogether effectively.

In 2021, Modern Land continued to expand the scale and application of joint purchases by cooperating with Vanke's AUPUP platform and CURA's platform for more than ten categories. The Company performed green procurement all online and chose green suppliers who have a certain market share and are industry leaders as bid winners to accelerate the process, increase efficiency and achieve green energy saving.

The Company's standardisation task force continued to strengthen the building of the standardization system and the implementation of standardised projects during the reporting year. In terms of system building, the standardisation task force continued to improve the standardisation level of the entire Group by releasing standardised type selection, improving technical requirements, releasing standard atlases, and updating standard configuration forms. In respect of project implementation, the standardisation task force evaluated standardised benchmark projects and inspected standardised projects on a half-year basis. By setting benchmarks and rewarding the good and penalising the bad, the task force aimed to promote the strict implementation of standardisation at the project level and push for continuous optimisation and innovation.

Meanwhile, the standardisation task force also intensified its efforts in green innovation this year by studying new materials and new technologies through the collaboration of different professionals. In 2021, the Company chose more eco-friendly materials during the purchase of materials. It strategically purchased landscaping stone look tiles. By purchasing imitation granite tiles instead of natural granite tiles under the same conditions, the consumption of natural resources is reduced and the impact on the environment is reduced. The Company is promoting the research and development of fabricated 7-day model rooms for factory-based, prefabricated, and standardised production, so as to further reduce the environmental, noise and construction waste pollution caused by decoration projects. Meanwhile, the Company has also started the research and development of polyurethane profiles and net zero energy-using products.

4 Due to the repetition in the selection of suppliers in different regions, the sum of all types of suppliers is not equal to the number of suppliers in the corresponding category.

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5. COMPLIANT OPERATION WITH HONESTY AND INTEGRITY

From the perspective of compliance management and integrity, Modern Land strictly complies with the Criminal Law of the People's Republic of China (《中華人民共和國刑法》), the Anti-unfair Competition Law of the People's Republic of China (《中華人民共和國反不正當競爭法》) and other relevant laws and regulations. The Company has continuously improved its internal audit and supervision mechanism, enhanced its internal anti-corruption efforts, and formulated, issued and regularly amended the Internal Audit Management Standards of Modern Land, the Anti-corruption Investigation Standards of Modern Land, the Reward and Punishment Management Standards of Modern Land and so forth, in a bid to prevent corruption, bribery, extortion, fraud, money laundering and other incidents. In the meantime, various departments have also formulated corresponding anti-corruption systems, such as Anti-fraud Investigation Standards of Modern Land V4.0 (Financial Profession), Staff Relations Management Standards of Modern Land V20.0, and Intellectual Property Management Standards V10.0 (digitalized operation), in order to strictly eliminate corruption, bribery and other misconducts among employees. All should carefully handle various internal and external banquets and social activities when contacting business-related units, and refuse to participate in social activities beyond normal business contacts. Moreover, the Company has set up a staff care fund. All staff members are required to have a duty and an obligation to include the cash gifts and gifts given by suppliers and partners into the staff care fund. The fund is managed and distributed by the Company on a unified basis as an essential means to prevent employees from soliciting or accepting bribes, and to safeguard compliance with national laws and the Company's rules.

The Company has established an independent internal audit department, which is specially responsible for the investigation and handling of various incidents in violation of regulations or law according to the national laws and regulations, Standards of the Company and Zhiye Guidelines. The internal audit department is independent and directly reports to the board of directors on major fraud incidents to avoid favouritism or unfair handling.

The Company makes public relevant reporting channels, putting up anti-corruption reporting channels in prominent places such as the company's official website, the Group, various sections, office area of the project company, selling case sites, and various agreements, allowing the whistleblowers to provide anti-corruption leads through the anti-fraud reporting hotline 010-84408717, the email address sunnymoma@modernland.hk, SMS, physical mails, onsite reporting, etc. The internal audit department will handle the relevant reports and complaints efficiently and reply to the whistleblower within 24 hours. We will keep the whistleblower's information strictly confidential to ensure that the whistleblower's information will not be leaked.

In order to improve the integrity awareness of all the staff and maintain the corruption-free management ecology of the company, the Company organises compliance trainings and professional bottom line training regularly. Modern Land has joined the "Corporate Anti-corruption League", which adheres to the concept of "Integrity, Strong Internal Control, and Anti-corruption", achieving shared governance through innovation and cooperation. 943 corporates inside the league share the integrity promotions, trainings, systems, and regulation, empowering each other and improving the anti-corruption systems together.

The Company hires an external professional agency to review its internal control compliance process every year to ensure that the internal control system is sound and perfect. The internal audit department regularly reports to the audit committee of the board of directors the progress of the Company's compliance operation and integrity work every year.

The staff members of the Company are required to keep the professional bottom line and execute the Zhiye Guidelines of Modern Land to abide by the "Five Nots":

1. not to practise inequity through power, not to carry out corruption, not to solicit bribes, not to accept bribes and not to deceive the Company by trickery;

2. not to attend dinner or after-work drink parties of suppliers;

3. not to participate in pornographic, gambling, drug abuse and other recreational activities;

4. not to accept gifts, presents, entertainment, rebates and remuneration; and

5. not to accept, imply nor designate a partner to pay bills or reimburse any fees for themselves or their own relatives.

The Company strictly handles non-compliance of staff according to the principle that "Any Non-compliance Will Be Treated Seriously As Long As Being Discovered" and such non-compliance of the relevant staff member in Modern Land will be announced on the platform of the Chinese Enterprise Anti-Fraud Alliance for sharing the information about dishonest personnel. In case of non-compliance in terms of engineering and procurement by staff at leadership level, all suppliers of the project shall be notified and all participating suppliers shall re-establish a three-level coordination mechanism with the new staff at leadership level.

To prevent bribery during procurement, the Company's procurement strictly follows the principles set out below:

1. Honest and integrity: All employees involved in procurement shall strictly abide by the Zhiye Guidelines of Modern Land and are obliged to advocate the same to suppliers. Nobody shall alter or endeavour to affect the results of procurement decisions by any means;

2. Fairness and impartiality: All suppliers shall be treated equally for the management of suppliers and the management of procurement, to erect and maintain a sound corporate image and creditworthiness;

3. Collective decision making: The procurement shall be conducted under the procedures with adequate transparency, and there shall be active coordination, comprehensive communication and information sharing among all departments and all the procurement decisions made shall be collective decisions so that no black-box operation can be involved;

4. Adequate competition and merit-based selection: A sufficient number of suppliers with same or similar qualifications shall be selected for tendering to ensure the competitiveness of procurement;

5. Whole process management: Procurement management shall cover market research, selection of suppliers, inspection on suppliers, qualification review and rating, procurement process management, cooperation process management and cooperation assessment;

6. Consistency: The standards of procurement decisions shall be determined when preparing the procurement plans before making any procurement and keep consistent throughout the entire procurement and decision-making process.

In 2021, the Company comprehensively implemented online bidding management and open bids online with auditing. Except for general contracting, earthwork, and pile foundation projects, other projects worth less than RMB5 million implement the principle of "One Discussion for Each Response" which means negotiating with bidders that offer the lowest and second lowest prices to prevent bid rigging and leaking of bid information. This measure has effectively reduced the number of responses, thereby reducing human factors. We specify the anti-corruption complaint mechanism in the contracts of each winning bidder winner and announce the phone number of an audit contact and 400 phone number.

There was no litigation arising from corruption or occurrence of relevant violation incidents in the Company during the reporting period.

6. CARING FOR THE COMMUNITY AND PAYING BACK SOCIETY

The Company actively participates in and organises community activities. Through communication with the community, the Company demonstrates its responsibility commitment and fulfils corporate social responsibility based on community needs.

6.1 Having a Harmonious Relationship with the Community

In order to better satisfy people's pursuit of a better life, Modern Land has always been devoting itself to a homeland of "Green Technology + Comfort + Energy-saving + Digital Interconnecting Whole-life Cycle Communities", and constantly creating a sustainable social environment of "MOMΛ Homeland 4+1" with green residential area, technology community, the healthy community + , the community for all ages + the community for living abroad.

Green Residential Area

The green residential area of Modern Land not only refers to a single house or a specific construction technology, but also the symbiosis relationship between the constructions and the city, the city and the community as well as the community and the residents. A green lifestyle has been built through the development of the ecology of community, energy resources, green transportation and sustainable constructions. Therefore, the green residential area of Modern Land not only provides customers with good houses for preserving and increasing value, but also reflects the social responsibility of Modern Land that to pay attention to the environment and reduce energy consumption, which is also the essence of green.

In order to create a green residential area, Modern Land has been working hard on green energy-saving technologies by developing different green energy-saving strategies specifically suitable for different regions and customer groups. Meanwhile, Modern Land has further applied the concept of green to the planning of residential area as well as the refinement and humanized design of community environment, with an aim to develop a very comfortable and sustainable community where symbiosis relationship can be maintained between human and the natural environment.

Being ahead of the industry, Modern Land guided and participated in the formulation of industry standards, and jointly launched the "Project of Creating a Green Residential Area Together in China （中國人居環境綠色住區共建項目）" with the China Real Estate Association （中國房地產協會） (the "China Real Estate Association"). Currently, the projects of Modern Land are wide spreading throughout the first, second and third tier cities, covering the customer groups with inelastic demand in an improved and ultimate residential environment. In additional to being a standardised entity with "Green Residential Area", Modern Land goes green in developing different products in cities of different energy levels, thereby building an excellent image for the overall green environment of the city meanwhile making it to become the "Standard Of Green Residential Product". Besides, Modern Land has also won a number of national and international top awards, such as the first China's Three-star Health Certification — Operation of Residential Projects, the US LEED-ND Certification and Three-star Green Building Certification — Operation of Residential Projects.

Community with Science and Technology

Modern Land has set up a special working group to provide MOMΛ community with the most comprehensive smart solutions in sectors such as technology energy, technology buildings and technology home. The underground machine room operates properly throughout the year without suspension and can control the temperature, humidity and fresh air volume to a comfortable level in advance according to weather changes. After long-term research and development, Modern Land has launched a number of products such MOMΛ AI Community and completed the installation of such products on projects such as Wan Guo Cheng MOMΛ (Tongzhou District, Beijing), which have gained wide attention and recognition from customers. In future, the technology community will undergo a thorough upgrade to create a living lifestyle with infinite possible.

Healthy Community

Modern Land's MOMΛ community is significantly attached to health in every aspect and follows the healthy construction standards and WELL construction standards, thereby creating a thoroughly healthy homeland. It also creates a comprehensive green and healthy life style by applying the three-step healthy method and the seven major healthy systems that satisfy both the physical and mental needs of human body through the ten aspects, namely air, water, nutrition, light, health, comfort, spirit, fitness, service and humanities.

The first step for Modern Land to be healthy is to focus on several important indicators that are the most closely related to health and comfort for individual building design and propose its own health standards, including lighting, ventilation, temperature, humidity, noise, water quality and spatial scale, and implement real-time monitoring and self-control via mobile phone user platforms.

The second step for Modern Land to be healthy is to help residents develop daily habits in areas including fitness, environmental protection, garbage classification and pet management by humanizing the residential design of the community, so as to create a healthy and harmonious community environment for both Modern Land and the residents in its communities.

The third step for Modern Land to be healthy is to provide convenient and fast medical treatment and immediate management of daily health through community medical services, which, in particular, is to integrate excellent national health care and medical resources and establish longterm cooperation, so as to provide customers with convenient services such as the green channels for fast appointment and registration, family doctors, remote medical care or door-to-door medical services.

Community for all ages

Modern Land provides two whole life cycle services, namely the whole life cycle of house and living, creating a dynamic community that suitable for the growth of family members of all ages, and realizing the homeland for the whole life cycle. In the design and operation of MOMΛ, it will cater the needs of each age group and integrate the diversified education area, the convenient creative area and the comfortable living area with the living area for the elderly, so as to develop a community that are suitable for living for the whole life, and satisfy the increasing material and mental needs arising at different ages of our life.

Community with humanities and art

The constructions of MOMΛ are full of the beauty of the space form attributable to the application of green technology, which gathers various humanities and art elements to form an "Observable Art With Invisible Technology" in the building. In additional to the best consideration of comfort, MOMΛ also shows its in-depth annotation towards the architectural form by applying art elements in the aspects of design, technology and ancillary facilities. There will be no doubt that perfect physical and mental experience will be created when living in the environment where the architecture and humanities are integrated through art.

6.2 Social Welfare Activities

Public welfare is not only about actions, but also a way of awakening the love in everyone's heart and passing it on. It has been woven into the fabric of Modern Land since its founding. During the 20 years of its green technology-based development, Modern Land has been continuously fulfilling its social responsibilities with public welfare as its core mission, lighting up people's heart in different ways in different places every year.

In 2021, the Company participated in social welfare activities concerning poverty alleviation, education support, flood fighting and assistance to the disabled. It donated more than RMB3.7 million in assets and materials to all sectors of the society.

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"Modern Land's Action of Loving My Homeland" are various internal cultural activities and cultural exchange activities with customers or partners initiated and organised by Modern Land, aiming to show care to vulnerable groups in society and help needy families and children through donation, economic aids for poor students, visits, free classes, birthday parties and other public welfare activities from more MOMΛ members and other caring people while better spreading the concept of public welfare and calling on more people to engage in public welfare undertakings. The Company has formulated the "Modern Land's Action of Loving My Homeland — Operating Standards of Public Welfare Activities" (《當代置業愛我家園行動–公益活動作業標準》), which regulates public welfare activities from eight aspects: activity principles, scope of activities, responsibilities of various departments, standard guidelines, standard atlas, standard support files and standard supervision. The Company takes the president as the main body of the activity control and the financial centre as the audit and accounting main body, and sets up the working group that is responsible for organising the launching ceremony of public welfare activities and the working group that is responsible for the implementation of public welfare activities as the management mechanism of the executive body.

In addition, Modern Land insists on conducting green public welfare activities every year and responds to targeted poverty alleviation projects in various regions. Under the severe situation of COVID-19 in 2021, Modern Land also contributed to the fight against the epidemic. Public welfare activities of Modern Land in 2021 are detailed as follows:

- On 14 January 2021, Modern Land, in collaboration with Hebei 365 Group, spontaneously collected emergency supplies to fight against the pandemic, and delivered a total of three shipments of anti-pandemic supplies, including food, such as milk, rice, noodles, oil and fresh vegetables, as well as protective masks and disinfectant water to the frontline police officers of Shijiazhuang Chang'an District Government, the low-income households of Nangaoying Town and the community of Xigantou. On 26 January, Modern Land joined hands with Hebei 365 Group, and once again acted out of love, distributing nearly 100 sets of fresh fruits and vegetables, protective masks, disinfectant water and other loving care supplies for the staff of Shijiazhuang Radio and Television Station, Yanzhao Evening News, Hebei Traffic Radio (992) and other media units, using their own actions to silently offer love and warmth to them who remained devoted to their duties. The total amount of the two supplies donations is RMB69,192.20;

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- On 13 July 2021, Modern Land's celebrated its 8th anniversary of listing with a charity event "MOMΛ Technology Contemporary Hengmei" (MOMΛ科技當代Heng美）, which was successfully held at Beijing Contemporary MOMΛ — Yundi Building* （北京當代MOMΛ・雲階行館）. In the past 8 years since its listing, Modern Land strategically planned and distinguished itself among many real estate enterprises by virtue of its differentiated core competitiveness. As a leading green technology real estate operator in China, Modern Land is committed to "Rewarding its Shareholders, Staff and Society" and contributed to the sustainable development of China through its own strength. Modern Land continued to gather the power of love from all parties to witness the beautiful new life with the action of loving our home. At the same time, we also chose this special anniversary of listing to spread more corporate social responsibility. At the event, we launched a charity event and a walkathon to support left-behind children in mountainous areas and to celebrate the centenary of the founding of the Party.

- On 23 July 2021, Modern Land, in collaboration with Contemporary Green Health Care Industry Company* （當代綠健養老產業公司）, donated RMB3,308,247.95 worth of supplies to the China Charity Federation to help with flood control and disaster relief in Henan Province, which will be used to support the safety of the affected population and post-disaster reconstruction.


证 书

当代节能置业股份有限公司：

感谢贵公司向中华慈善总会捐赠价值叁佰叁拾万零捌仟贰佰肆拾柒元玖角伍分的消毒物资，助力河南等地抗洪救灾，为支持慈善事业做出贡献。

特颁此证，以表感谢！

中华慈善总会
二〇二一年十一月

* *For reference only*

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Case: MOMΛ's Journey with Fantastic Boxes

On 12–13 October 2021, the MOMΛ's Journey with Fantastic Boxes, an activity under the Action of Loving My Homeland which was co-hosted by Modern land, the First Asset, the First Education and Manlan Hotel of the associated corporates, and the Little Colorful Elephant Dream Foundation of China Space Foundation started anew. During the activity, Modern Land spread warmth to Hohhot in Inner Mongolia, cared for the children in Dongjiaying Primary School and Dahong Township Central Primary School, and carried out public welfare teaching and donated studying and living suppliers as well as RMB330,000 in cash.

In the future, Modern Land will continue to keep an eye on left-behind children and insist on supporting education in a different city every year. Its regional companies will also respond to local government calls to participate in targeted poverty alleviation projects and assume more social responsibilities. As a green technology real estate company, Modern Land will put green efforts as its lifelong mission.

APPENDIX

1. Scope Covered by This Report

Headquarter of Modern Land Principal Subsidiaries	
Nanchang Xinjian Development Co., Ltd.*	Nanchang Moma Development Co., Ltd.*
Modern Green Development Co., Ltd.*	Beijing Modern Real Estate Development Co., Ltd.*
Beijing Dongjun Real Estate Development Co., Ltd.*	New Power (Beijing) Architectural Technology Co., Ltd.*
Shanxi Modern Green Development Co., Ltd.*	Shanxi Modern Green Real Estate Development Co., Ltd.*
Hunan Modern Green Development Co., Ltd.*	Jiangxi Modern Green Development Co., Ltd.*
Jiujiang Moma Development Co., Ltd.*	Hubei Wanxing Development Co., Ltd.*
Jiujiang Modern Green Development Co., Ltd.*	Beijing Modern Moma Investment Management Co., Ltd.*
Zhangjiakou Modern Haoheshan Real Estate Development Co., Ltd.*	Wuhan Green Development Co., Ltd.*
Beijing Green Spring Equity Investment Fund, LLP* ("Green Fund")*	Beijing Modern Moma Development Co., Ltd.*
Modern Pinye (Beijing) Real Estate Brokerage Co., Ltd.*	America Modern Green Development (Houston), LLC
Beijing Modern Green Investment Fund Management Co., Ltd.*	Crown Point Regional Center, LLC
Beijing CIFI Modern*	Modern Green Development (Suzhou) Co., Ltd.*
Jiaxing Modern Qinglv Asset Management Co., Ltd.*	Crown Point (Beijing) Advisory Co., Ltd.*
Anhui Moma Development Co., Ltd.*	Wuhan Modern Green Development Co., Ltd.*
Hunan Modern Moma Development Co., Ltd.*	Hunan Modern Green Development Co., Ltd.*
Nanjing Xinlei Development Co., Ltd.*	Foshan Modern Green Development Co., Ltd.*
Hubei Moma Development Co., Ltd.*	Shanghai Mantingchun Real Estate Company Limited.*
Jiangsu Yuzun Property development Co., Ltd.*	Zhanlan Tuozhan Property (Beijing) Co., Ltd.*
Fujian Shengshi Lianbang Real Estate Development Co., Limited.*	Foshan Changxin Hongchuang Real Estate Development Co., Limited.*
Foshan Xinlong Property Investment Co., Limited.*	Huojian Zhiye Investment (Beijing) Co., Ltd.*
Hefei Modern Land Yinghe Real Estate Company Limited*	Wuhan Zhonglian Shengming Real Estate Company Limited*
Shanxi North Star Modern Development Co., Ltd.*	Shanxi Modern North Star Development Co., Ltd.*
Shanxi Wanxing Modern Development Co., Ltd.*	Wuhan Sanqing Kaiwen Development Co., Ltd.*
Guangshen Development Co., Ltd.*	Suzhou Modern MOMA Development Co., Ltd.*
Shengeng Hongye Development Co., Ltd.*	Wuhan Modern Shangcheng Wanguofu Development Co., Ltd.*
Liaoning Dongdaihe Modern Development Co., Ltd.*	Anhui Modern Wanguofu Development Co., Ltd.*
Chuanglv Development Co., Ltd.*	Fujian Modern Development Co., Ltd.*
Zhangjiakou Green Development Co., Ltd.*	Huizhou Modern Culture & Travelling Development Co., Ltd.*
Jingzhou Modern Jindao Development Co., Ltd.*	Hunan Green Development Co., Ltd.*
Lianjing Xianmao Industrial Co., Ltd.*	Shishi Jipeng Real Estate Development Co., Ltd.*
Hubei Zhengtian Development Co., Ltd.*	Jiaxing Hangxin Real Estate Development Co., Ltd.*
Qianxi Nanzhou Green Real Estate Development Co., Ltd.*	Huzhou Dongjun Construction and Development Co., Ltd.*
Huzhou Dongju Construction and Development Co., Ltd.*	Jinzhong Modern Junmao Real Estate Development Co., Ltd.*

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Headquarter of Modern Land Principal Subsidiaries	
Suzhou Modern Zhongxiang Development Co., Ltd.*	Suzhou Modern Green Development Co., Ltd.*
Anhui Modern Wenshanglv Development Co., Ltd.*	Guizhou Moma Modern Green Development Co., Ltd.*
Fuyang Green Development Co., Ltd.*	Huzhou Modern Green Development Co., Ltd.*
Shandong Green Development Co., Ltd.*	Jiangxi Moma Changan Real Estate Development Co., Ltd.*
Tianjin Moma Hantang Real Estate Development Co., Ltd.*	Tianjin Haiyiyuan Real Estate Development Co., Ltd.*
Xuchang Zhanlan Chengjian Development Co., Ltd.*	Wuhan Green Yinghe Development Co., Ltd.*
Linquan Honghao Development Co., Ltd.*	Qingdao Modern Ruixiang Development Co., Ltd.*
Heze Haigang Real Estate Development Co., Ltd.*	Changzhou Minghong Development Co., Ltd.*
Wuhan Green Shijia Development Co., Ltd.*	Jiangxi Blue Development Co., Ltd*
Hefei Lvheng MOMA Development Co., Ltd.*	Hunan Modern Gaoke Development Co., Ltd.*
Xingyang Jianhai Modern Development Co., Ltd.*	Hebei Tongfu Green Real Estate Development Co., Ltd.*
Tianjin Ninghe Haikuotiankong Development Co., Ltd.*	Beijing Runjin Real Estate Development Co., Ltd.*
Suzhou Modern Green Development Co., Ltd.*	Changsha Pengyue Real Estate Development Co., Ltd.*
Shanxi Guorun MOMA Development Co., Ltd.*	Qingdao Modern Zhanlan Development Co., Ltd.*
Tianmen Zhanlan Development Co., Ltd.*	Honghu Green Yimei Development Co., Ltd.*
Hubei Zhanlan Development Co., Ltd.*	Qianjiang Enjie Green Development Co., Ltd*
Hebei Modern Green Real Estate Development Co., Ltd.*	Shijiazhuang Modern Xinsheng Real Estate Development Co., Ltd.*
Fuzhou Lanlv Shengeng Development Co., Ltd.*	Xian Junhua Development Co., Ltd.*
Wenzhou Modern Yuanjing Development Co., Ltd.*	Xian Zhanlan Development Co., Ltd.*
Huzhou Chuangbian Development Co., Ltd.*	Modern Green Development (Xian) Co., Ltd.*
Bangfu Outlets Development Co., Ltd.*	Dezhou Lingcheng District Zhanlan Development Co., Ltd.*
Wenzhou Modern Zhanlan Development Co., Ltd.*	Guiyang Zhanlan MOMA Development Co., Ltd.*
Guiyang MOMA Tuozhan Development Co., Ltd.*	Shanwei Green Wanzhong Real Estate Development Co., Ltd.*
Beijing Runyijia Development Co., Ltd.*	Julv Benpao Development (Shenzhen) Co., Ltd.*
Beijing Modern Lingdi Development Co., Ltd.*	Chongqing Green Development Co., Ltd.*
Chongqing Zhanlan Development Co., Ltd.*	Jiangsu Modern Xinjiye Real Estate Development Co., Ltd.*
Zhangjiagang Weiguang MOMA Development Co., Ltd.*	Zhangjiagang Weiguang MOMA Chuangbian Development Co., Ltd.*
Jiangsu Qianheng Development Co., Ltd.*	Changzhou Green Development Co., Ltd.*
Suzhou Modern Green Development Co., Ltd.*	Haozhou Yuanda MOMA Development Co., Ltd.*
Beijing Modern Shangkun Development Co., Ltd.*	Modern Tianying Development (Shanxi) Co., Ltd.*
Hubei Enjie Zhanlan Development Co., Ltd.*	Qingdao Modern Huanxin Development Co., Ltd.*
Changzhou Zhanlan Development Co., Ltd.*	Shanxi Modern Langxin Development Co., Ltd.*
Xian Modern Julv Development Co., Ltd.*	Suzhou Lanlv Zhanfang Development Co., Ltd.*
Shijiazhuang Modern Jianyuan Real Estate Development Co., Ltd.*	Chongqing Kangjia Development Co., Ltd.*
Chongqing Kangjia Xingyi Development Co., Ltd.*	Chongqing Kangjia Fuze Development Co., Ltd.*

2. Index of The Environmental, Social and Governance Reporting Guide Issued by the Stock Exchange

Environmental, Social and Governance Reporting Guide		Content in the Report
Subject Areas A. Environmental		
Aspect A1: Emissions		
A1	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	2.2 Reduction in Pollution Emissions
A1.1	The types of emissions and respective emissions data.	2.2 Reduction in Pollution Emissions
A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	2.3 Tackling of Climate Change
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	2.2 Reduction in Pollution Emissions Waste management is not a material issue of the Company, and the waste generated at the headquarter of the Company is in small quantity are is all handled by the property management, while waste generated from the constructing projects are in charge by the contractors, thus relevant data is not collected.
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	
A1.5	Description of emission target(s) set and steps taken to achieve them.	2.2 Reduction in Pollution Emissions
A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	2.2 Reduction in Pollution Emissions

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Environmental, Social and Governance Reporting Guide		Content in the Report
Aspect A2: Use of Resources		
A2	General Disclosure Policies on the efficient use of resources, including energy, water and other raw materials.	2.1 Efficient Use Of Resources
A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	2.1 Efficient Use Of Resources
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	2.1 Efficient Use Of Resources
A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	2.1 Efficient Use Of Resources
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	2.1 Efficient Use Of Resources
A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	The Company is a real estate company, not involved in the utilization of packaging material.
Aspect A3: The Environment and Natural Resources		
A3	General Disclosure Policies on minimising the issuer's significant impacts on the environment and natural resources.	1 Green Technology and Innovative Development 2 Green Operation Saves Resources and Reduces Emissions
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	1 Green Technology and Innovative Development 2 Green Operation Saves Resources and Reduces Emissions
Aspect A4: Climate Change		
A4	General Disclosure Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	2.3 Tackling of Climate Change
A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	2.3 Tackling of Climate Change

Environmental, Social and Governance Reporting Guide		Content in the Report
Key Aspect B. Social		
Employment and Labour Practices		
Aspect B1: Employment		
B1	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	3.2 Staff Employment and Development
B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	3.2 Staff Employment and Development
B1.2	Employee turnover rate by gender, age group and geographical region.	3.2 Staff Employment and Development
Aspect B2: Health and Safety		
B2	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	3.3 Safety and Health of Employee
B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	3.3 Safety and Health of Employee
B2.2	Lost days due to work injury.	3.3 Safety and Health of Employee
B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	3.3 Safety and Health of Employee
Aspect B3: Development and Training		
B3	General Disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	3.2 Staff Employment and Development
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	3.2 Staff Employment and Development
B3.2	The average training hours completed per employee by gender and employee category.	3.2 Staff Employment and Development

Environmental, Social and Governance Report

Environmental, Social and Governance Reporting Guide		Content in the Report
Aspect B4: Labour Standards		
B4	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	3.2 Staff Employment and Development
B4.1	Description of measures to review employment practices to avoid child and forced labour.	3.2 Staff Employment and Development
B4.2	Description of steps taken to eliminate such practices when discovered.	3.2 Staff Employment and Development
Operating Practices **Aspect B5: Supply Chain Management**		
B5	General Disclosure Policies on managing environmental and social risks of the supply chain.	4.4 Sustainable Supply Chain
B5.1	Number of suppliers by geographical region.	4.4 Sustainable Supply Chain
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	4.4 Sustainable Supply Chain
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	4.4 Sustainable Supply Chain
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	4.4 Sustainable Supply Chain
Aspect B6: Product Responsibility		
B6	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	4 Product Responsibility and Customer Management
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	4.1 Management of Product Quality
B6.2	Number of products and service related complaints received and how they are dealt with.	4.2 Management of Customer Services
B6.3	Description of practices relating to observing and protecting intellectual property rights.	1.4 Protection of Intellectual Property Rights
B6.4	Description of quality assurance process and recall procedures.	4.1 Management of Product Quality
B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	4.3 Customer Privacy and Advertising Compliance Management

Environmental, Social and Governance Reporting Guide		Content in the Report
Aspect B7: Anti-corruption		
B7	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	5 Compliant Operation with Honesty And Integrity
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	5 Compliant Operation with Honesty And Integrity
B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	5 Compliant Operation with Honesty And Integrity
B7.3	Description of anti-corruption training provided to directors and staff.	5 Compliant Operation with Honesty And Integrity
Community **Aspect B8: Community Investment**		
B8	General Disclosure Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	6 Caring for the Community and Paying Back Society
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	6 Caring for the Community and Paying Back Society
B8.2	Resources contributed (e.g. money or time) to the focus area.	6.2 Social Welfare Activities

Environmental, Social and Governance Report

3. Readers' Feedback

Dear readers,

Thank you for reading this report. We would particularly like to receive your comments and suggestions for driving us to continuously improve our report compiling work. Please help complete relevant questions set out in this feedback form and return the completed form by telephone to (852) 3902 1000 or email to ir.list@modernland.hk.

1. Your general evaluation on the Company's environmental, social and governance report is

   ○Good ○Quite Good ○Average

2. Do you think that this report can reflect the Company's significant influences on the environment, society and governance

   ○Good ○Quite Good ○Average

3. How do you think about the accuracy and completeness of the information and indicators disclosed in this report

   ○Good ○Quite Good ○Average

4. How do you think the performance of the Company in terms of serving its customers and protecting the interests of its stakeholders

   ○Good ○Quite Good ○Average

5. Which part of this report are you most concerned about/interested in?

   ____

   ____

6. What else do you think you need to know but is not reflected in this Report? If yes, please write down the content you are concerned about.

   ____

   ____

PROFILES OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Zhang Lei (張雷先生), aged 60, is an executive Director and the founder of the Group and acted as the Chairman of the Board up to 9 November 2022. He was responsible for strategic planning, Board management and overall management of the Group. Mr. Zhang is a director of Modern Green Development Co., Ltd. ("Modern Green Development"), a subsidiary of the Company. He is also a director of certain subsidiaries and project companies of the Group in Hong Kong and North America.

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

Mr. Zhang Peng (張鵬先生), aged 47, is an executive Director and the executive president of the Company and was appointed as the Chairman of the Board on 9 November 2022. He graduated from North Minzu University (formerly known as "Beifang University of Nationalities") (北方民族大學) in 1997 with a bachelor's degree in Law. Mr. Zhang is a director and president of Modern Green Development, a subsidiary of the Company and a director of New Power (Beijing) Architectural Technology Co., Ltd. (新動力(北京)建築科技有限公司) ("Beijing New Power"). Mr. Zhang is a controlling shareholder of First Moma Sports Cultural Development (Beijing) Company Limited (第一摩碼體育文化發展(北京)股份有限公司) ("First Moma Sports") and Bigger Eco Technology (Xi'an) Co., Ltd. (倍格創業生態科技(西安)股份有限公司) ("Bigger Eco Technology"). First Moma Sports and Bigger Eco Technology have been quoted on the National Equities Exchange and Quotations System since 17 August 2017 and 7 March 2019, respectively. Mr. Zhang has been appointed as the chairman of the board of directors and a non-executive director of First Service Holding Limited (Stock Code:2107), the shares of which has been listed on the Main Board of the Stock Exchange since October 2020.

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

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

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

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

Profiles of Directors and Senior Management

NON-EXECUTIVE DIRECTORS

Mr. Tang Lunfei (唐倫飛先生), aged 44, is a non-executive Director and was appointed to our Board on 24 March 2022. Mr. Tang has been serving for China Cinda (HK) Asset Management Co., Limited as Risk and Compliance Officer since July 2019. He served for China Cinda Asset Management Corporation, Chengdu office as business manager between 2003 and 2005. From 2005 to 2006, he worked at the Financial Stability Bureau of the People's Bank of China, where he engaged in resolving the risks associated with securities companies. From 2007 to 2012, he successively worked for Cinda Securities Company Limited in the Security Investment Department and Investment Banking Department as senior investment manager and business director. From 2012 to 2019, he worked for China Cinda Asset Management Co., Ltd. in the Investment and Financing Department, Asset Management Department and Business Review Department as the chief and specialised approver. He graduated from School of Economics, Sichuan University in 2003, with a master's degree in national economics.

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Hui Chun Ho, Eric (許俊浩先生), aged 48, is an independent non-executive Director and was appointed to our Board on 14 June 2013. In addition, Mr. Hui is currently the financial controller and company secretary of Hong Kong Finance Group Limited (stock code: 1273) and an independent non-executive director of ECI Technology Holdings Limited (stock code: 8013). Before joining the above companies, Mr. Hui worked for an international accounting firm and hold several senior positions in other listed companies in Hong Kong. Mr. Hui is a fellow member of both Hong Kong Institute of Certified Public Accountants and The Association of Chartered Certified Accountants, and an associate member of The Taxation Institute of Hong Kong. In 1998, Mr. Hui received his bachelor's degree in Accounting from The Hong Kong Polytechnic University and was awarded a master's degree in Business Administration with distinction by The University of Manchester, United Kingdom in 2013. Mr. Hui has extensive professional experience in auditing, financial accounting and reporting, company secretarial matters and corporate finance.

Mr. Cui Jian (崔健先生), aged 52, is an independent non-executive Director and was appointed to our Board on 14 June 2013. Mr. Cui is currently the chairman of Beijing Zhixing Chuangxin Investment Management Co., Ltd. (北京知行創新投資有限公司). From January 2008 to December 2011, Mr. Cui worked as the general manager of Navi Capital (Beijing) Co., Ltd. (領航藍海投資諮詢(北京)有限公司). Before that, Mr. Cui worked for China Mobile Communications Corporation (中國移動通信集團公司) as the director in the Products and Marketing Department from March 1997 to December 2007 and China International Telecommunication Construction Corporation (中國通信建設總公司) as an engineer from July 1992 to March 1997. In December 2002, Mr. Cui obtained the senior engineer qualification certificate from China Mobile Communications Corporation (中國移動通信集團公司). Mr. Cui received his bachelor's degree in Communications Engineering from Changchun Institute of Posts and Telecommunications (長春郵電學院) in July 1992. In April 2001, he received his master's degree in International Management from The Australian National University. He also received an Executive Master of Business Administration degree from Peking University (北京大學) in July 2006.

Profiles of Directors and Senior Management

Mr. Gao Zhikai (高志凱先生), aged 60, is an independent non-executive Director and was appointed to our Board on 24 November 2020. Mr. Gao graduated from Yale Law School with a Juris Doctor degree in 1993. He also holds a master of arts degree in political science from the Graduate School of Yale University, a master's degree in English literature from Beijing Foreign Studies University and a bachelor's degree in English literature from Soochow University. Mr. Gao is a licensed attorney-at-law in the State of New York of the United States of America.

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

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

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

SENIOR MANAGEMENT

Mr. Wang Qiang (王強先生), aged 49, joined the Group in March 2002. He worked successively as the senior vice president of the financial planning centre of Modern Green Development, the general manager and the director of information operation centre of Hubei Wanxing Real Estate Co., Ltd.. Mr. Wang is currently the senior vice president of the Group and is responsible for the Company's financial capital lines and the Group's specialised process of financial plans and operations. Mr. Wang graduated from Tianjin University of Commerce (天津商學院) and obtained a diploma in Accounting in July 1996. He has nearly 20 years of experience in the real estate business in the PRC.

DIRECTORS' REPORT

The Board presents the annual report together with the audited consolidated financial statements of the Group for the financial year ended 31 December 2021.

PRINCIPAL ACTIVITIES

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

SUBSIDIARIES

Details of the principal subsidiaries of the Company as at 31 December 2021 are set out in note 42 to the consolidated financial statements.

SEGMENT INFORMATION

An analysis of the Group's revenue and operating results for the year from principal activities is set out in note 5 to the consolidated financial statements.

RESULTS AND DIVIDENDS

The Group's results and financial position for the year ended 31 December 2021 are set out in the consolidated statement of profit and loss and other comprehensive income and the consolidated statement of financial position on pages 120 to 121 of this report.

No interim dividend was paid (2020: HK4.81 cents per Share). The Board does not recommend the payment of a final dividend for the year ended 31 December 2021 (2020: HK3.65 cents per Share).

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

Details of movements in the investment properties and property, plant and equipment of the Group during the year under review are set out in notes 13 and 14 to the consolidated financial statements, respectively. The Group's investment properties were revalued at the year end date. The revaluation resulted in a net increase in fair value of RMB236,636,000, which has been charged directly to the consolidated statement of profit or loss and other comprehensive income.

SHARE CAPITAL

Details of the movements in the issued share capital of the Company are set out in note 32 to the consolidated financial statements.

RESERVES AND DISTRIBUTABLE RESERVES

Details of the movements in the reserves of the Company and the Group during the year ended 31 December 2021 are set out in note 41 to the consolidated financial statements and in the consolidated statement of changes in equity, respectively.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2021, purchases from the Group's five largest suppliers (excluding purchases of land) accounted for less than 25% of the Group's total purchases. Sales to the Group's five largest customers accounted for less than 25% of the Group's total turnover.

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

DIRECTORS

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

Executive Directors

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

Non-executive Directors

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

Independent Non-executive Directors

Mr. Qin Youguo (passed away on 24 February 2021)
Mr. Hui Chun Ho, Eric
Mr. Cui Jian
Mr. Gao Zhikai
Mr. Liu Jiaping (appointed on 21 April 2021, resigned on 9 November 2022)

In accordance with the Articles of Association, Mr. Zhang Lei, Mr. Zhang Peng, Mr. Chen Yin and Mr. Tang Lunfei will retire from office at the AGM and, being eligible, offer themselves for re-election.

The Company received from each of the independent non-executive Directors an annual written confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. Based on such information, the Company considered that, for the year ended 31 December 2021, the independent non-executive Directors were independent.

DIRECTORS' BIOGRAPHIES

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

DIRECTORS' SERVICE CONTRACTS

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

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

DIRECTORS' INTEREST IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS

Save for the relevant transactions as disclosed in note 38 to the consolidated financial statements and the connected transactions and continuing connected transactions set out in this report, none of the Directors or any entity connected with a Director had a material interest, whether directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group subsisting during the year ended 31 December 2021, nor any contract of significance had been entered into during the year ended 31 December 2021 between the Company or any of its subsidiaries and the controlling Shareholders or any of their subsidiaries.

MANAGEMENT CONTRACT

No contracts for the management and administration of the whole or any substantial part of the Group's business were entered into or existed during the year ended 31 December 2021.

REMUNERATION OF DIRECTORS AND FIVE INDIVIDUALS WITH HIGHEST EMOLUMENTS

Details of the emoluments of the Directors and five highest paid individuals are set out in note 10 to the consolidated financial statements.

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

As at 31 December 2021, the interests and short positions of the Directors and chief executives in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")), as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or pursuant to the Model Code, were as follows or as disclosed under the section headed "Share Option Scheme" below:

INTERESTS IN THE COMPANY (LONG POSITION)

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

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

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

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

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

Note 5: Mr. Fan Qingguo holds 100% of the issued share capital of Create Success Development Ltd., which owns 5,982,240 Shares. Therefore, Mr. Fan Qingguo is deemed to have the same interest in the Company.

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

Directors' Report

SHARE OPTION SCHEME

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

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

The participants of the Share Option Scheme include:

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

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

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

Pursuant to the Share Option Scheme, the Company may grant share options to eligible participants entitling them to subscribe for up to 250,354,200 Shares, representing 10% of the total number of issued shares as at the date on which the resolution regarding the refreshment of the scheme mandate limit under the Share Option Scheme was passed at the annual general meeting (i.e. 29 June 2017), being 2,503,542,000 Shares. The maximum entitlement of each participant under the Share Option Scheme in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue as of the date of grant. Any further grant of options in excess of this 1% limit shall be subject to:

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

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

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

Directors' Report

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

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

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

(iii) the nominal value of a Share.

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

During the year from 1 January 2021 to 31 December 2021, the changes in the share options granted by the Company under the Share Option Scheme are as follows:

	1 January 2021 Opening	**Granted**	**Exercised**	**Forfeited/ Lapsed**	**31 December 2021 Closing**
Tranche Three Options — 28 September 2016					
Exercise price: HK$1.045 (Exercise price prior to 9 October 2017: HK$1.15)					
Zhang Lei	4,290,000	–	–	(4,290,000)	–
Zhang Peng	4,290,000	–	–	(4,290,000)	–
Employees	13,582,500	–	–	(13,582,500)	–
Tranche Three Options — 28 September 2016	22,162,500	–	–	(22,162,500)	–
Tranche Four Options — 7 July 2020					
Exercise price: HK$1.10					
Zhang Lei	4,500,000	–	–	–	4,500,000
Zhang Peng	4,500,000	–	–	–	4,500,000
Hui Chun Ho, Eric	800,000	–	–	–	800,000
Employees	38,000,000	–	–	(5,500,000)	32,500,000
Tranche Four Options — 7 July 2020	47,800,000	–	–	(5,500,000)	42,300,000
Total	**47,800,000**	**–**	**–**	**(5,500,000)**	**42,300,000**

Directors' Report

Note 1: For details of the vesting periods and exercise periods of the share options, please refer to note 37 to the consolidated financial statements of this report.

Note 2: Tranche One Options expired on 3 September 2019. Accordingly, no information of Tranche One Options is presented during the year ended 31 December 2021.

Note 3: Plan A and Plan B of Tranche Two Options expired on 10 July 2018 and 30 June 2019, respectively. Accordingly, no information of Tranche Two Options is presented during the year ended 31 December 2021.

Note 4: Tranche Three Options expired on 28 September 2021.

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

The exercise periods of the share options may be determined by the Company at the time of the grant, and the share options shall be valid for no more than 10 years from the relevant date of the grant. As at 31 December 2021, share options to subscribe for 42,300,000 Shares remained outstanding. The additional information on the Share Option Scheme is set out in note 37 to the consolidated financial statements.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE SHARES AND UNDERLYING SHARES

So far as is known to any Directors or chief executives of the Company, as at 31 December 2021, other than the interests and short positions of the Directors or chief executives of the Company as disclosed in the sections headed "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares or Debentures" and "Share Option Scheme" above, the following Shareholders had interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO:

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

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

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

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

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

Save as disclosed above, as at 31 December 2021, there was no other person (other than the Directors or chief executives of the Company) who had an interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

COMPLIANCE WITH NON-COMPETITION DEED

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

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

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

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

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

Directors' Report

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

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

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

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

Pursuant to the annual declaration in relation to the compliance with the Non-competition Deed provided by each of Mr. Zhang Lei and Mr. Salum Zheng Lee, each of them confirmed that for the year of 2021, all relevant terms of the Non-competition Deed were fully complied with in all material respects.

The independent non-executive Directors, upon their review, confirmed that effective compliance with and enforcement of terms of the Non-competition Deed had been conducted by the controlling Shareholders in 2021.

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

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

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

Note 2: "Other Business" refers to:

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

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

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

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

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

(c) the Modern Building Business Hotel project.

DIRECTORS' INTEREST IN COMPETING BUSINESS

Save as disclosed in this report, during the year ended 31 December 2021, none of the Directors or their respective close associates had engaged in or had any interest in any business which competes or may compete with the businesses of the Group.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

Connected Transactions

There were no connected transactions for the year ended 31 December 2021.

Continuing Connected Transactions

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

(i) Property Management Services

During the year ended 31 December 2021, certain subsidiaries of First Moma Asset provided property management services to the Group.

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

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

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

The aggregate amount of the property management fees paid by the Group was approximately RMB112.70 million for the year ended 31 December 2021, which did not exceed the annual cap for the year ended 31 December 2021 for this transaction.

Directors' Report

(ii) Elevator Installation and Maintenance Services

During the year ended 31 December 2021, certain subsidiaries of First Moma Asset provided installation and maintenance services of elevators and escalators and related services to the Group.

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

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

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

The aggregate amount of the elevator service fees paid by the Group was approximately RMB29.59 million for the year ended 31 December 2021, which did not exceed the annual cap for the year ended 31 December 2021 for this transaction.

(iii) Lease of Properties

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

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

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

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

Beijing Moma Preschool Education Technology Operations Co., Ltd. ("Beijing Moma Preschool") is owned indirectly as to more than 30% by Mr. Zhang Lei and hence a connected person of the Company. Beijing Modern Real Estate Development Co., Ltd. ("Modern Real Estate") entered into a tenancy agreement with Beijing Moma Preschool on 28 April 2019 (the "iMOMΛ Preschool Lease Agreement"), pursuant to which Modern Real Estate agreed to let the property at Shop Nos. 106–109, 1/F., Complex Building at iMOMΛ, Anningzhuang West Road, Qinghe, Haidian District, Beijing, the PRC with a leased area of approximately 580 sq.m. to Beijing Moma Preschool for a term of three years from 1 April 2019 to 31 March 2022. The rental for the 1st year (1 April 2019 to 31 March 2020) is RMB37,059 per month, RMB38,824 per month for the 2nd year (1 April 2020 to 31 March 2021) and RMB40,588 per month for the 3rd year (1 April 2021 to 31 March 2022). The property is used for the operation of a preschool.

Lease to the First Moma Asset Group

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

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

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

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

The aggregate rental fee received by the Group was approximately RMB12.59 million for the year ended 31 December 2021, which did not exceed the annual cap for the year ended 31 December 2021 for this transaction.

(iv) Contracting Services

During the year ended 31 December 2021, First Moma Renju Construction Engineering (Beijing) Co., Ltd. ("First Moma Renju Construction") and certain subsidiaries of First Moma Renju Environmental Technology (Beijing) Co., Ltd. ("First Moma Renju Environmental Technology", together with its subsidiaries, the "First Moma Renju Group") provided contracting services to the Group. First Moma Renju Construction is wholly-owned by First Moma Renju Environmental Technology, which is indirectly owned as to more than 30% by Mr. Zhang Lei, hence each of First Moma Renju Construction and First Moma Renju Environmental Technology is a connected person of the Company. Transactions between First Moma Renju Group and the Group constitute continuing connected transactions of the Company.

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

Directors' Report

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

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

The aggregate amount of the contracting services fees paid by the Group was RMB30.91 million for the year ended 31 December 2021, which did not exceed the annual cap for the year ended 31 December 2021 for this transaction.

(v) Energy-saving Advisory

During the year ended 31 December 2021, the First Moma Renju Group provided green construction energy-saving technology advisory services to the Group.

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

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

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

The aggregate amount of the advisory services fees paid by the Group was approximately RMB13.42 million for the year ended 31 December 2021, which did not exceed the annual cap for the year ended 31 December 2021 for this transaction.

Directors' Report

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

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

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

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

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

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

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

Others

The continuing connected transactions disclosed above also constitute related party transactions under the International Financial Reporting Standards. A summary of significant related party transactions carried out during the year is disclosed in note 38 to the consolidated financial statements.

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

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 December 2021, neither the Company nor any of its subsidiaries and its jointly controlled entities purchased, redeemed or sold any of the Company's listed securities.

PRE-EMPTIVE RIGHTS

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

RETIREMENT BENEFIT SCHEME

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

PUBLIC FLOAT

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

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

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

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

BANK AND OTHER BORROWINGS, SENIOR NOTES AND CORPORATE BOND

Particulars of bank and other borrowings, senior notes and corporate bonds of the Group as at 31 December 2021 are set out in notes 29, 30 and 31 to the consolidated financial statements respectively.

BUSINESS REVIEW AND PERFORMANCE

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

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

PERMITTED INDEMNITY PROVISION

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

CODE ON CORPORATE GOVERNANCE PRACTICES

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

AUDIT COMMITTEE

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

AUDITOR

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

Directors' Report

RESUMPTION PROGRESS AND PUBLICATION OF OUTSTANDING FINANCIAL INFORMATION

The Company is in the course of preparing and will issue the interim results of the Group for the six months ended 30 June 2022 and the audited annual results for the year ended 31 December 2022 as soon as practicable.

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

CONTINUED SUSPENSION OF TRADING

At the request of the Company, trading in the debt securities and shares of the Company on the Stock Exchange has been suspended with effect from 9:00 a.m. on 21 October 2021 and 9:00 a.m. on 1 April 2022 respectively. While listing of debt securities was withdrawn on 10 January 2023, trading in shares of the Company will remain suspended until further notice.

EVENTS AFTER THE REPORTING PERIOD

Details please refer to the section of the events after the reporting period as set out in the "Management Discussion and Analysis" and in note 43 to the consolidated financial statements.

On behalf of the Board
Zhang Peng
Chairman

29 December 2022

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

INDEPENDENT AUDITOR'S REPORT

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

(Incorporated in the Cayman Islands with limited liability)

Disclaimer of Opinion

We have audited the consolidated financial statements of Modern Land (China) Co., Limited ("the Company") and its subsidiaries ("the Group") set out on pages 118 to 231, which comprise the consolidated statement of financial position as at 31 December 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for Disclaimer of Opinion

Multiple uncertainties relating to going concern

As described in Note 3(a)(ii) to the consolidated financial statements, the Group incurred a loss of RMB2,329,756,000 during 31 December 2021 and as at that date, the Group's current liabilities were in excess of current assets by RMB4,888,821,000. Included in the current liabilities were senior notes of RMB8,478,681,000, current bank and other borrowings of RMB 13,449,587,000, corporate bond of RMB710,812,000 and provision for claims and litigations of RMB264,315,000.

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

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

Independent Auditor's Report

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

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

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

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

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

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

Responsibilities of the directors for the consolidated financial statements

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

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

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

Independent Auditor's Report

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

Our responsibility is to conduct an audit of the Group's consolidated financial statements in accordance with Hong Kong Standards on Auditing issued by the HKICPA and to issue an auditor's report. The report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. However, because of the matters described in the Basis for Disclaimer of Opinion section of our report, it is not possible for us to form an opinion on these consolidated financial statements.

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code") and we have fulfilled our other ethical responsibilities in accordance with the Code.

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

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

29 December 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2021 – (Expressed in Renminbi)

	Note	2021 RMB'000	2020 RMB'000
Revenue	5	**11,449,621**	15,740,529
Cost of sales		**(10,795,503)**	(11,955,987)
Gross profit		**654,118**	3,784,542
Other income and expenses	6	**(495,772)**	475,302
Recognition of changes in fair value of completed properties held for sale upon transfer to investment properties	13	**100,878**	153,826
Changes in fair value of investment properties, net	13	**(43,520)**	82,810
Selling and distribution expenses		**(665,434)**	(583,094)
Administrative expenses		**(670,796)**	(712,815)
Finance cost	7	**(403,997)**	(410,184)
Share of profits less losses of joint ventures	16	**(34,050)**	76,661
Share of profits less losses of associates	15	**(3,889)**	(281)
(Loss)/profit before taxation		**(1,562,462)**	2,866,767
Income tax expense	8	**(767,294)**	(1,749,782)
(Loss)/profit for the year	9	**(2,329,756)**	1,116,985
Other comprehensive income for the year:			
Item that will not be reclassified to profit or loss:			
Equity investments at fair value through other comprehensive income ("FVOCI") — net movement in fair value reserves (non-recycling), net of RMB131,000 (2020: RMB230,000) tax		**392**	689
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations, net of nil tax		**517**	(9,517)
Total comprehensive income for the year		**909**	(8,828)

The notes on pages 128 to 231 form part of these financial statements.

Consolidated Statement of Profit or Loss and other Comprehensive Income

for the year ended 31 December 2021 – (Expressed in Renminbi)

	Note	2021 RMB'000	2020 RMB'000
(Loss)/profit for the year attributable to:			
Owners of the Company		**(2,054,632)**	739,001
Non-controlling interests		**(275,124)**	377,984
		(2,329,756)	1,116,985
Total comprehensive income attributable to:			
Owners of the Company		**(2,053,723)**	730,173
Non-controlling interests		**(275,124)**	377,984
		(2,328,847)	1,108,157
(Losses)/earnings per share, in Renminbi cents:			
Basic	12	**(73.5)**	26.4
Diluted	12	**(73.5)**	26.4

Note: Details of dividends payable to owners of the Company attributable to the profit for the year are set out in Note 11.

The notes on pages 128 to 231 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 December 2021 – (Expressed in Renminbi)

	Note	2021 RMB'000	2020 RMB'000
Non-current assets			
Investment properties	13	**3,032,700**	3,072,670
Property, plant and equipment	14	**395,700**	437,928
Intangible assets		**21,774**	16,967
Freehold land held for future development		**29,010**	29,689
Interests in associates	15	**104,449**	837,760
Interests in joint ventures	16	**2,233,385**	2,390,610
Loans to joint ventures	16	**7,088,140**	5,768,264
Equity investments at FVOCI	17	**46,083**	45,740
Deferred tax assets	18	**1,311,796**	1,166,406
		14,263,037	13,766,034
Current assets			
Properties under development for sale	19	**39,859,390**	38,111,796
Completed properties held for sale	20	**4,788,519**	4,683,754
Other inventories and contract costs		**1,052,545**	514,861
Trade and other receivables, deposits and prepayments	22	**9,909,068**	10,163,680
Amounts due from related parties	38(a)	**786,348**	579,017
Restricted cash	23	**2,426,926**	3,270,356
Bank balances and cash	24(a)	**1,585,043**	10,822,373
Assets held-for-sale	26	**2,947,689**	–
		63,355,528	68,145,837
Current liabilities			
Trade and other payables, deposits received and accrued charges	27	**12,541,111**	16,443,583
Contract liabilities	21	**24,928,489**	20,934,767
Amounts due to related parties	38(b)	**2,120,993**	4,374,384
Taxation payable	28	**3,826,958**	3,824,512
Bank and other borrowings — due within one year	29	**13,449,587**	6,285,741
Corporate bond — due within one year	31	**710,812**	128,016
Senior notes — due within one year	30	**8,478,681**	3,395,691
Liabilities held-for-sale	26	**2,187,718**	–
		68,244,349	55,386,694
Net current (liabilities)/assets	3(a)(ii)	**(4,888,821)**	12,759,143
Total assets less current liabilities		**9,374,216**	26,525,177

The notes on pages 128 to 231 form part of these financial statements.

Consolidated Statement of Financial Position

at 31 December 2021 – (Expressed in Renminbi)

	Note	2021 RMB'000	2020 RMB'000
Capital and reserves			
Share capital	32	**175,693**	175,693
Reserves		**4,293,188**	6,533,513
Equity attributable to owners of the Company		**4,468,881**	6,709,206
Non-controlling interests		**2,344,474**	4,268,461
Total equity		**6,813,355**	10,977,667
Non-current liabilities			
Bank and other borrowings — due after one year	29	**1,907,327**	9,424,908
Senior notes — due after one year	30	**–**	4,456,189
Corporate bonds — due after one year	31	**–**	902,468
Deferred tax liabilities	18	**653,534**	763,945
		2,560,861	15,547,510
		9,374,216	26,525,177

Approved and authorised for issue by the board of directors on 29 December 2022.

Zhang Lei) *Directors*

Zhang Peng)

The notes on pages 128 to 231 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2021 – (Expressed in Renminbi)

	Attributable to owners of the Company											
	Share capital RMB'000	Share premium RMB'000 (note a)	Special reserve RMB'000 (note b)	Revaluation reserve RMB'000	Share option reserve RMB'000	Statutory surplus reserve RMB'000	Foreign currency translation reserve RMB'000	Fair value reserve (non-recycling) RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2021	175,693	825,711	264,852	40,060	4,437	668,919	1,291	(10,894)	4,739,137	6,709,206	4,268,461	10,977,667
Equity investments at FVOCI — net movement in fair value reserves (non-recycling)	-	-	-	-	-	-	-	392	-	392	-	392
Exchange differences on translating foreign operations	-	-	-	-	-	-	517	-	-	517	-	517
Other comprehensive income	-	-	-	-	-	-	517	392	-	909	-	909
Profit for the year	-	-	-	-	-	-	-	-	(2,054,632)	(2,054,632)	(275,124)	(2,329,756)
Total comprehensive income for the year	-	-	-	-	-	-	517	392	(2,054,632)	(2,053,723)	(275,124)	(2,328,847)
Share-based payment	-	-	-	-	4,175	-	-	-	-	4,175	-	4,175
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	50,025	50,025
Disposal of subsidiaries	-	-	-	-	-	(33,091)	-	-	-	(33,091)	(486,599)	(519,690)
Acquisition of additional interest in subsidiaries	-	-	(72,438)	-	-	-	-	-	-	(72,438)	(709,767)	(782,205)
Return of capital to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(1,479,170)	(1,479,170)
Capital contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	-	1,560,372	1,560,372
Appropriations to reserves	-	-	-	-	-	256	-	-	(256)	-	-	-
Dividend (Note 11)	-	-	-	-	-	-	-	-	(85,248)	(85,248)	-	(85,248)
Dividend distribution to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(583,724)	(583,724)
At 31 December 2021	175,693	825,711	192,414	40,060	8,612	636,084	1,808	(10,502)	2,599,001	4,468,881	2,344,474	6,813,355

The notes on pages 128 to 231 form part of these financial statements.

Consolidated Statement of Changes in Equity

for the year ended 31 December 2021 – (Expressed in Renminbi)

	Attributable to owners of the Company											
	Share capital RMB'000	Share premium RMB'000 (note a)	Special reserve RMB'000 (note b)	Revaluation reserve RMB'000	Share option reserve RMB'000	Statutory surplus reserve RMB'000	Foreign currency translation reserve RMB'000	Fair value reserve (non-recycling) RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2020	175,693	825,711	258,002	40,060	1,560	663,900	10,808	(11,583)	4,195,480	6,159,631	2,444,682	8,604,313
Equity investments at FVOCI — net movement in fair value reserves (non-recycling)	–	–	–	–	–	–	–	689	–	689	–	689
Exchange differences on translating foreign operations	–	–	–	–	–	–	(9,517)	–	–	(9,517)	–	(9,517)
Other comprehensive income	–	–	–	–	–	–	(9,517)	689	–	(8,828)	–	(8,828)
Profit for the year	–	–	–	–	–	–	–	–	739,001	739,001	377,984	1,116,985
Total comprehensive income for the year	–	–	–	–	–	–	(9,517)	689	739,001	730,173	377,984	1,108,157
Share-based payment	–	–	–	–	2,877	–	–	–	–	2,877	–	2,877
Contribution from a company controlled by a shareholder (note b)	–	–	339	–	–	–	–	–	–	339	–	339
Acquisition of subsidiaries	–	–	–	–	–	–	–	–	–	–	49,017	49,017
Acquisition of additional interest in subsidiaries	–	–	6,511	–	–	–	–	–	–	6,511	(20,411)	(13,900)
Return of capital to non-controlling interests	–	–	–	–	–	–	–	–	–	–	(1,000,000)	(1,000,000)
Capital contribution from non-controlling interests	–	–	–	–	–	–	–	–	–	–	2,684,779	2,684,779
Appropriations to reserves (note c)	–	–	–	–	–	5,019	–	–	(5,019)	–	–	–
Dividend (Note 11)	–	–	–	–	–	–	–	–	(190,325)	(190,325)	–	(190,325)
Dividend distribution to non-controlling interests	–	–	–	–	–	–	–	–	–	–	(267,590)	(267,590)
At 31 December 2020	175,693	825,711	264,852	40,060	4,437	668,919	1,291	(10,894)	4,739,137	6,709,206	4,268,461	10,977,667

The notes on pages 128 to 231 form part of these financial statements.

Consolidated Statement of Changes in Equity

for the year ended 31 December 2021 – (Expressed in Renminbi)

Notes:

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

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

Pursuant to the agreement dated 29 November 2010 entered into between Modern Green Development Co., Ltd. 當代節能置業股份有限公司 (formerly known as Beijing Modern Hongyun Real Estate Development Co., Ltd. 北京當代鴻運房地產經營開發有限公司) ("Modern Green Development") and an employee of Modern Green Development, the employee can use the property developed by Beijing Modern City Real Estate Development Co., Ltd. 北京當代城市房地產開發有限公司 ("Beijing Modern City Real Estate"), a company controlled by a shareholder of the Company. The title of the property will be transferred to the employee upon his completion of service with Modern Green Development for 10 years commencing from 30 October 2010. As at 29 November 2010, the market value of the property was RMB4,071,000. Pursuant to the agreement, the title of the property has been transferred to the employee upon his completion of service with Modern Green Development for 10 years by 30 October 2020.

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

The notes on pages 128 to 231 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2021 – (Expressed in Renminbi)

	Note	2021 RMB'000	2020 RMB'000
Operating activities			
(Loss)/profit before taxation		**(1,562,462)**	2,866,767
Adjustments for:			
Finance costs	7	**403,997**	410,184
Interest income	6	**(67,965)**	(55,450)
Depreciation of property, plant and equipment	9(b)	**20,862**	29,268
Amortisation of intangible assets	9(b)	**3,127**	483
Share-based payment	9(a)	**4,175**	2,877
Gain on disposal of a joint venture	6	**(183)**	–
Gain on disposal of an associate	6	**(4,000)**	–
Loss on acquisition of subsidiaries	6	**67,063**	–
Fair value gain upon transfer from properties held for sale and properties under development for sale to investment properties	13	**(100,878)**	(153,826)
Changes in fair value of investment properties, net	13	**43,520**	(82,810)
Allowance for doubtful debts	9(b)	**317,658**	23
Write-down of properties under development and completed properties held for sale	9(b)	**811,182**	–
Gain on disposal of property, plant and equipment		**(5,718)**	(308)
Contribution from a company controlled by a shareholder, recognised as staff cost		**–**	339
Share of losses of associates		**3,889**	281
Share of losses/(profits) of joint ventures		**34,050**	(76,661)
Loss/(gain) on disposal of investment properties		**63,695**	(62)
Provision for claims and litigations	6	**264,315**	–
Unrealised exchange gain, net		**(136,344)**	(362,905)
Operating cash flows before movements in working capital		**159,983**	2,578,200

The notes on pages 128 to 231 form part of these financial statements.

Consolidated Statement of Cash Flows

for the year ended 31 December 2021 – (Expressed in Renminbi)

	Note	2021 RMB'000	2020 RMB'000
Movements in working capital:			
Increase in properties under development for sale and completed properties held for sale		**(5,495,584)**	(2,349,373)
Increase in other inventories and contract costs		**(509,555)**	(356,282)
Increase in trade and other receivables, deposits and prepayments		**(2,189,059)**	(1,784,197)
(Increase)/decrease in amounts due from related parties		**(122,204)**	98,483
Increase in contract liabilities		**5,973,302**	25,384
(Decrease)/increase in trade and other payables, deposits received and accrued charges		**(2,083,600)**	2,350,141
Increase in amounts due to related parties		**99,765**	34,838
Cash generated (used in)/from operating activities		**(4,166,952)**	597,194
Income tax paid		**(1,166,638)**	(1,205,977)
Net cash used in operating activities		**(5,333,590)**	(608,783)
Investing activities			
Interest received		**67,965**	55,450
Purchase of equity investments at FVOCI		**–**	(180)
Purchase of property, plant and equipment		**(2,249)**	(24,597)
Purchase of intangible assets		**(7,934)**	(9,301)
Proceeds on disposal of property, plant and equipment		**28,887**	11,321
Proceeds on disposal of equity investment at fair value through OCI		**180**	–
Net cash inflow/(outflow) from acquisition of subsidiaries		**92,783**	(408,496)
Net cash outflow from acquisition of a non-controlling shareholder		**–**	(13,900)
Net cash outflow from disposals of subsidiaries	25	**(855,842)**	–
Capital contribution to associates		**–**	(805,078)
Capital contribution to joint ventures		**(10,200)**	(77,035)
Loans to joint ventures		**(2,185,612)**	(2,046,374)
Repayments from joint ventures		**732,999**	1,143,536
Advances to related parties		**(141,295)**	(46,952)
Repayments from related parties		**169,771**	134,335
Proceeds on disposal of investment properties		**135,610**	3,562
Decrease in restricted cash, net		**705,178**	253,615
Net cash used in investing activities		**(1,269,759)**	(1,830,094)

The notes on pages 128 to 231 form part of these financial statements.

Consolidated Statement of Cash Flows

for the year ended 31 December 2021 – (Expressed in Renminbi)

	Note	2021 RMB'000	2020 RMB'000
Financing activities			
Interest paid	24(b)	**(2,300,491)**	(2,152,835)
Dividend paid to owners of the Company		**(85,499)**	(189,659)
Dividend paid to non-controlling interests		**–**	(267,590)
Repayments of bank borrowings	24(b)	**(4,644,172)**	(3,644,727)
Repayments of other borrowings	24(b)	**(6,813,477)**	(7,901,340)
New bank borrowings raised	24(b)	**4,125,254**	4,122,861
New other borrowings raised	24(b)	**7,367,303**	12,402,032
Net proceeds from issue of senior notes	24(b)	**2,556,646**	4,713,639
Repayments of senior notes and corporate bonds	24(b)	**(2,168,563)**	(3,350,170)
Repayments to related parties	24(b)	**(1,237,328)**	(420,690)
Advances from related parties	24(b)	**420,872**	1,243,327
Advances from non-controlling interests	24(b)	**1,980,897**	2,205,982
Repayments to non-controlling interests	24(b)	**(2,329,129)**	(3,036,359)
Return of capital to non-controlling interests		**(966,320)**	(1,000,000)
Capital contribution from non-controlling interests		**1,560,372**	2,684,779
Net cash generated from financing activities		**(2,533,635)**	5,409,250
Net increase in cash and cash equivalents		**(9,136,984)**	2,970,373
Cash and cash equivalents at the beginning of the year		**10,822,373**	7,858,655
Effects of exchange rate changes on the balance of cash held in foreign currencies		**1,249**	(6,655)
Classified as held for sale		**(101,595)**	–
Cash and cash equivalents at the end of the year	24(a)	**1,585,043**	10,822,373

The notes on pages 128 to 231 form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2021

1 General

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

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

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

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

2 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 December 2021

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

	Effective for accounting periods beginning on or after
Amendments to IFRS 3, *Reference to the Conceptual Framework*	1 January 2022
Amendments to IAS 16, *Property, Plant and Equipment: Proceeds before Intended Use*	1 January 2022
Amendments to IAS 37, *Onerous Contracts — Cost of Fulfilling a Contract*	1 January 2022
Annual Improvements to IFRSs 2018-2020 Cycle	1 January 2022
IFRS 17, *Insurance contracts*	1 January 2023
Amendments to IAS 1, *Presentation of financial statements: Classification of liabilities as current or non-current*	1 January 2023
Amendments to IAS 1, *Presentation of financial statements* and HKFRS Practice Statement 2, *Making materiality judgements: Disclosure of accounting policies*	1 January 2023
Amendments to IAS 8, *Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates*	1 January 2023
Amendments to IAS 12, *Income taxes: Deferred tax related to assets and liabilities arising from a single transaction*	1 January 2023

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

3 Significant accounting policies

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

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

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

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

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

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

(a) Basis of consolidation and preparation

(i) Basis of consolidation

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

- has power over the investee;

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

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

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

Notes to the Consolidated Financial Statements

for the year ended 31 December 2021

3 Significant accounting policies *(Continued)*

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

(i) Basis of consolidation *(Continued)*

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

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

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

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

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

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

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

3 Significant accounting policies *(Continued)*

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

(i) Basis of consolidation *(Continued)*

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

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

On 25 October 2021, the Group defaulted payment of outstanding principal amount (the "Default") of 2019 USD Notes III totaling approximately USD250,002,000 (approximately RMB1,592,948,000). As a result of the Default, the senior note holders have a right at any time to require the senior notes to be immediately redeemed. The Default also triggered cross-default of other senior notes issued by the Group with carrying amount of USD1,091,500,000 (approximately RMB6,885,733,000), such that they become due for immediate redemption once the relevant senior noteholder makes the request under the cross-default provision. If any of the senior note holders request immediate redemption of any of the senior notes and the Group cannot fulfill the request, the senior note holders are entitled to take possession of the assets securing the senior notes. Note 30 contains further details of the senior notes and the collaterals. As of the date of approval of these consolidated financial statements, 2019 USD Notes III continue to be in default and senior noteholders have not exercised their rights to require immediate redemption of the senior notes.

The Group also breached certain covenants relating to bank and other borrowings of RMB5,262,556,000, and these borrowings became repayable on demand as at 31 December 2021. If any of the lenders request immediate repayment of any of these borrowings and the Group cannot fulfill the request, the lenders are entitled to take possession of the assets securing the borrowings. Note 34 contains details of the pledged assets. Included in the these borrowings were bank and other borrowings of RMB804,000,000 which has been demanded by lenders for early payment as of 31 December 2021 and has not been repaid by the Group. Therefore the lenders can at any time take possession of the office buildings and land use right with carrying amount of RMB580 million (less than 1% of the Group's total assets) pledged for such borrowings. Other than that, up to the date of approval of these consolidated financial statements, the Group continues to be in breach of certain covenants and other lenders have not demanded for immediate repayment of other bank and other borrowings.

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

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

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

Notes to the Consolidated Financial Statements

for the year ended 31 December 2021

3 Significant accounting policies *(Continued)*

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

(ii) Basis of preparation *(Continued)*

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

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

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

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

3 Significant accounting policies *(Continued)*

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

(ii) Basis of preparation *(Continued)*

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

(v) 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;

(vi) 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;

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

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

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

(ii) Repayment of the corporate bonds of RMB712,812,000 by the subsequently extended maturity of 30 July 2023;

(iii) Successful negotiation 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 project construction projects and generated sufficient cash flows therefrom;

3 Significant accounting policies *(Continued)*

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

(ii) Basis of preparation *(Continued)*

(iv) 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;

(v) Successful obtaining of additional new sources of financing;

(vi) 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

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

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

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

(b) Changes in accounting policies

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

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

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

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

3 Significant accounting policies *(Continued)*

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

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

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

(d) Business combinations

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

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

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits* respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 *Share-based Payment* at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2021

3 Significant accounting policies *(Continued)*

(d) Business combinations *(Continued)*

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

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

(e) Investments in associates and joint ventures

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

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

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

3 Significant accounting policies *(Continued)*

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

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

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

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

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

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

(f) Revenue and other income

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

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

Notes to the Consolidated Financial Statements

for the year ended 31 December 2021

3 Significant accounting policies *(Continued)*

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

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

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

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

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

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

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

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

Other service income is recognised when the services are provided.

3 Significant accounting policies *(Continued)*

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

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

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

(g) Investment properties

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

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

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

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

(h) Property, plant and equipment

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

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

Notes to the Consolidated Financial Statements

for the year ended 31 December 2021

3 Significant accounting policies *(Continued)*

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

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

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

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

(i) Intangible assets

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

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

(j) Leased assets

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

(i) As a lessee

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

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

3 Significant accounting policies *(Continued)*

(j) Leased assets *(Continued)*

(i) As a lessee *(Continued)*

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

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

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

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

The initial fair value of refundable rental deposits is accounted for separately from the right-of use assets in accordance with the accounting policy applicable to investments in debt securities carried at amortised cost (see notes 1(f) and 1(p)(i)). Any difference between the initial fair value and the nominal value of the deposits is accounted for as additional lease payments made and is included in the cost of right-of-use assets.

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

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

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

Notes to the Consolidated Financial Statements

for the year ended 31 December 2021

3 Significant accounting policies *(Continued)*

(j) Leased assets *(Continued)*

(ii) As a lessor

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

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

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

(k) Freehold land held for future development

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

(l) Inventories

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

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

— Property under development for sale

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

— Completed property held for sale

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

3 Significant accounting policies *(Continued)*

(l) Inventories *(Continued)*

— Completed property held for sale *(Continued)*

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

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

(m) Other contract costs

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

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

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

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

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

Notes to the Consolidated Financial Statements

for the year ended 31 December 2021

3 Significant accounting policies *(Continued)*

(n) Contract liabilities

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

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

(o) Trade and other receivables

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

Trade receivables that do not contain a significant financing component are initially measured at their transaction price. Trade receivables that contain a significant financing component and other receivables are initially measured at fair value plus transaction costs. All receivables are subsequently stated at amortised cost, using the effective interest method and including an allowance for credit losses (see note 1(s)(i)).

(p) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for expected credit losses (ECL) in accordance with the policy set out in note 1(s)(i).

(q) Trade and other payables

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

3 Significant accounting policies *(Continued)*

(r) Other investments in equity securities

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

Investments in equity securities are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss (FVPL) for which transaction costs are recognised directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see Note 38(c). These investments are subsequently accounted for as follows, depending on their classification.

Equity investments

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

(s) Credit losses and impairment of assets

(i) Credit losses from financial instruments

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

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

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

Measurement of ECLs

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

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

3 Significant accounting policies *(Continued)*

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

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

Measurement of ECLs (Continued)

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

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

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

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

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

ECLs are measured on either of the following bases:

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

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

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

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

3 Significant accounting policies *(Continued)*

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

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

Significant increases in credit risk

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

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

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

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

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

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

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

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

Notes to the Consolidated Financial Statements

for the year ended 31 December 2021

3 Significant accounting policies *(Continued)*

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

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

Basis of calculation of interest income

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

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

— significant financial difficulties of the debtor;

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

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

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

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

Write-off policy

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

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

3 Significant accounting policies *(Continued)*

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

(ii) Impairment of other non-current assets

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

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

— intangible assets; and

— investments in subsidiaries, associates and joint ventures in the Company's statement of financial position.

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

— *Calculation of recoverable amount*

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

— *Recognition of impairment losses*

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

Notes to the Consolidated Financial Statements

for the year ended 31 December 2021

3 Significant accounting policies *(Continued)*

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

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

— *Reversals of impairment losses*

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

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

(iii) Interim financial reporting and impairment

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

(u) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with the group's accounting policy for borrowing costs (see note 1(v)).

(v) Borrowing costs

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

3 Significant accounting policies *(Continued)*

(w) Foreign currencies

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

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

(x) Taxation

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

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

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

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

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

3 Significant accounting policies *(Continued)*

(x) Taxation *(Continued)*

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

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

(y) Retirement benefit costs

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

(z) Share-based payment transactions

Equity-settled share-based payment transactions with employees

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

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

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

3 Significant accounting policies *(Continued)*

(aa) Government grants

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

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

(bb) Provisions and contingent liabilities

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

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

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

(cc) Non-current assets held for sale

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

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

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

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3 Significant accounting policies *(Continued)*

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

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

(dd) Related parties

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

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

(ii) has significant influence over the Group; or

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

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

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

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

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

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

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

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

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

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

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

4 Critical accounting judgements and key sources of estimation uncertainty

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

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

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

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

(a) Valuation of investment properties

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

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

Notes to the Consolidated Financial Statements

for the year ended 31 December 2021

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

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

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

In determining the net realisable value of completed properties held for sale and properties under development for sale, management refers to prevailing market data such as recent sales transactions as the basis for evaluation.

(c) Deferred tax assets

Deferred tax assets of approximately RMB1,357,883,000 (2020: RMB1,273,103,000) mainly in relation to tax losses, impairment loss, land appreciation tax provisions and temporary differences on property sales and cost of sales have been recognised at 31 December 2021 as set out in Note 18. 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.

(e) Revenue recognition

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

(f) Contingent liabilities

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

Notes to the Consolidated Financial Statements

for the year ended 31 December 2021

5 Revenue and segment information

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

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

Entity-wide information

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

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

Geographic information

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

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

Notes to the Consolidated Financial Statements

for the year ended 31 December 2021

6 Other income and expenses

	2021 RMB'000	2020 RMB'000
Interest income	**67,965**	55,450
Government grants (note a)	**16,884**	7,472
Net exchange gain (note b)	**161,866**	384,005
Gain on disposal of a joint venture	**183**	–
Gain on disposal of an associate	**4,000**	–
Net loss on disposal of subsidiaries (note 25)	**(67,063)**	–
Allowance for doubtful debts	**(317,658)**	–
Claims and litigations charges (note c)	**(321,808)**	–
Others	**(40,141)**	28,375
	(495,772)	475,302

Notes:

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

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

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

7 Finance costs

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

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

8 Income tax expense

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

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

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

Pursuant to the rules and regulation of BVI and the Cayman Islands, the Group is not subject to any income tax in BVI and the Cayman Islands.

Taxation for overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant countries.

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

Notes to the Consolidated Financial Statements

for the year ended 31 December 2021

8 Income tax expense *(Continued)*

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

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

9 Profit for the year

	2021 RMB'000	2020 RMB'000
Profit for the year has been arrived at after charging:		
(a) Staff cost		
Salaries, wages and other benefits	**558,297**	577,011
Share-based payment expenses (Note 37)	**4,175**	2,877
	562,472	579,888
(b) Other items		
Depreciation charge		
— owned property, plant and equipment	**20,862**	29,268
Amortisation cost of intangible assets	**3,127**	483
Auditors' remuneration		
— Audit services	**6,220**	6,640
— Non-audit services	**555**	190
Allowance for doubtful debts	**317,658**	23
Write-down of properties under development and completed properties held for sale	**811,182**	–
Cost of completed properties held for sale	**10,394,659**	11,782,710

10 Directors' and employees' emoluments

	Directors' fee RMB'000	Basic salaries and allowance RMB'000	Bonus RMB'000	Retirement benefit contribution RMB'000	Share-based payment RMB'000	Total RMB'000
Year ended 31 December 2021						
Name of director						
Executive Directors						
Zhang Lei	–	1,781	322	29	608	2,740
Zhang Peng	–	2,430	300	198	608	3,536
Chen Yin	–	977	76	–	–	1,053
Non-executive Directors						
Fan Qingguo (resigned on 9 November 2022)	225	–	–	–	–	225
Chen Zhiwei	–	–	–	–	–	–
Zeng Qiang	–	–	–	–	–	–
Independent non-executive Directors						
Cui Jian	204	–	–	–	–	204
Hui Chun Ho, Eric	204	–	–	–	–	204
Liu Jiaping (appointed on 21 April 2021 and resigned on 9 November 2022)	143	–	–	–	–	143
Qin Youguo (passed away on 24 February 2021)	34	–	–	–	–	34
Gao Zhikai (appointed on 24 November 2020)	204	–	–	–	–	204
	1,014	5,188	698	227	1,216	8,343

Notes to the Consolidated Financial Statements

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

	Directors' fee RMB'000	Basic salaries and allowance RMB'000	Bonus RMB'000	Retirement benefit contribution RMB'000	Share-based payment RMB'000	Total RMB'000
Year ended 31 December 2020						
Name of director						
Executive Directors						
Zhang Lei	–	2,322	3,014	30	367	5,733
Zhang Peng	–	2,349	3,114	98	367	5,928
Chen Yin	–	977	675	–	–	1,652
Non-executive Directors						
Fan Qingguo (resigned on 9 November 2022)	210	–	–	–	–	210
Chen Zhiwei	–	–	–	–	–	–
Tian Jiong (resigned on 16 September 2020)	–	–	–	–	–	–
Zeng Qiang (appointed on 16 September 2020)	–	–	–	–	–	–
Independent non-executive Directors						
Cui Jian	210	–	–	–	–	210
Hui Chun Ho, Eric	210	–	–	–	–	210
Qin Youguo (passed away on 24 February 2021)	210	–	–	–	–	210
Zhong Bin (resigned on 24 November 2020)	189	–	–	–	–	189
Gao Zhikai (appointed on 24 November 2020)	22	–	–	–	–	22
	1,051	5,648	6,803	128	734	14,364

Notes:

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

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

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

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

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

No Directors waived any emoluments during the years ended 31 December 2021 and 2020.

Notes to the Consolidated Financial Statements

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

Five highest paid individuals

The five highest paid individuals included 2 directors for the year ended 31 December 2021 (2020: 2 directors). The emoluments of the remaining 3 highest paid individuals for the year ended 31 December 2021 (2020: remaining 3 highest paid individuals) are as follows:

	2021 RMB'000	2020 RMB'000
Employees		
Basic salaries and allowances	3,986	4,512
Bonus	856	2,111
Retirement benefit contributions	454	176
Share-based payment	946	571
	6,242	7,370

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

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

	2021	2020
HK$2,000,001 to HK$2,500,000	2	2
HK$2,500,001 to HK$3,000,000	1	–
HK$4,000,001 to HK$4,500,000	–	1

Notes to the Consolidated Financial Statements

for the year ended 31 December 2021

11 Dividend

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

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

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

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

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

Notes to the Consolidated Financial Statements

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12 (Losses)/earnings per share

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

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

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

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

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

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

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13 Investment properties

	Completed properties RMB'000
Fair value:	
At 1 January 2020	2,656,360
Transfer from completed properties held for sale	337,000
Net change in fair value recognised in profit or loss	82,810
Disposals	(3,500)
At 31 December 2020 and 1 January 2021	3,072,670
Transfer from completed properties held for sale	295,855
Net change in fair value recognised in profit or loss	(43,520)
Disposal of subsidiaries	(93,000)
Disposals	(199,305)
At 31 December 2021	3,032,700

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

The Group had pledged investment properties of RMB1,916,271,000 (2020: RMB1,581,638,000) at 31 December 2021 to secure certain banking facilities granted to the Group as set out in Note 34.

At 31 December 2021, the amount transferred from properties held for sale upon change in use included the cost of the properties held for sale amounted to RMB101,977,000 (2020: the cost of the properties held for sale and properties under development for sale amounted to RMB183,174,000) with fair value gain of approximately RMB100,878,000 (2020: RMB153,826,000) based on valuation performed at the respective dates of transfer.

The fair value of the Group's investment properties at the respective dates of transfer and as at 31 December 2021 and 2020 has been arrived at on the basis of a valuation at each of those dates carried out by Cushman & Wakefield Limited, independent qualified professional valuers not connected to the Group, who have appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations. The Group's property manager and the chief financial officer have discussion with the surveyors on the valuation assumptions and valuation results when the valuation is performed at each interim and annual reporting date.

13 Investment properties *(Continued)*

For the completed investment properties, prior to 1 January 2020, the valuations were arrived at with adoption of investment approach by capitalisation of the rental income derived from the existing tenancies with due allowance for reversionary income potential of the properties. Currently, in addition to the investment approach, and where appropriate, a direct comparison approach is taken into account in determining valuations using an open market value basis with reference to comparable sales transactions as identified in the relevant market. In the opinion of the Directors, such adjustment in valuation technique is equally or more representative of fair value in the circumstances and the above approaches did not result in significant differences in valuation results as of 1 January 2020. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

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

Details of the Group's investment properties and information about the fair value hierarchy as at 31 December 2021 and 2020 are as follows:

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

	Fair value measurements as at 31 December 2020	Fair value as at 31 December 2020 RMB'000
Investment properties located in the PRC	Level 3	3,072,670

During the year ended 31 December 2021, there were no transfers into or out of Level 3 during the year (2020: Nil). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2021

13 Investment properties *(Continued)*

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

Investment properties held by the Group in the consolidated statement of financial position	Valuation techniques	Significant unobservable inputs	Range	Relationship of unobservable inputs to fair value
Completed investment properties located in Beijing, Changsha, Nanchang, Jiujiang, Taiyuan, Huizhou, Foshan, Huzhou, Jinjiang and Xiantao, PRC (mainly retails)	Direct comparison approach (after 1 January 2020), and	Market unit sale price	RMB4,412 to RMB48,463 per sq.m.	The higher the market unit sale price, the higher the fair value.
	Investment approach	1. Capitalisation rate	3.8% to 6.0% (2020: 3.8% to 6.0%)	The higher the capitalisation rate, the lower the fair value.
		2. Unit rent of individual unit	RMB50 to RMB372 (2020: RMB38 to RMB399) per sq.m. per month	The higher the unit rent, the higher the fair value.

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

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

	At 31 December 2021 RMB'000	At 31 December 2020 RMB'000
Within one year	**69,071**	69,064
In the second to fifth year inclusive	**189,045**	184,137
After five years	**205,919**	208,261
	464,035	461,462

14 Property, plant and equipment

	Leasehold land and buildings RMB'000	Motor vehicles RMB'000	Electronic equipment and furniture RMB'000	Total RMB'000
Cost:				
At 1 January 2020	572,854	48,718	24,325	645,897
Additions	10,526	7,676	6,395	24,597
Acquisition of subsidiaries	–	22	80	102
Disposals	(12,411)	(1,207)	(520)	(14,138)
Exchange differences	(37)	(6)	(15)	(58)
At 31 December 2020 and 1 January 2021	570,932	55,203	30,265	656,400
Additions	1,083	1,137	634	2,854
Acquisition of subsidiaries	–	287	391	678
Disposal of subsidiaries	(763)	–	–	(763)
Disposals	(20,086)	(18,076)	(1,482)	(39,644)
Exchange differences	(50)	–	(11)	(61)
At 31 December 2021	551,116	38,551	29,797	619,464
Accumulated depreciation:				
At 1 January 2020	145,083	28,898	18,362	192,343
Charge for the year	17,244	6,991	5,033	29,268
Eliminated on disposals	(1,846)	(1,090)	(189)	(3,125)
Exchange differences	(5)	(2)	(7)	(14)
At 31 December 2020 and 1 January 2021	160,476	34,797	23,199	218,472
Charge for the year	16,247	3,662	1,294	21,203
Acquisition of subsidiaries	–	148	343	491
Disposal of subsidiaries	(341)	–	–	(341)
Eliminated on disposals	(5,189)	(10,349)	(515)	(16,053)
Exchange differences	–	–	(8)	(8)
At 31 December 2021	171,193	28,258	24,313	223,764
Carrying amount:				
At 31 December 2021	379,923	10,293	5,484	395,700
At 31 December 2020	410,456	20,406	7,066	437,928

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14 Property, plant and equipment *(Continued)*

The Group has entered into agreements with the eligible employees in connection with certain properties developed by the Group (the "Scheme"). Under the Scheme, the eligible employees can use the properties while remain with the Group for a service period ranging from 1.5 to 15 years, the title of the properties will be transferred to the eligible employees upon the completion of the service period as stated under the Scheme. As at 31 December 2021, the carrying amount of leasehold land and buildings which were being occupied by the eligible employees under the Scheme was RMB9,202,000 (2020: RMB9,786,000).

The Group has pledged property, plant and equipment of RMB151,992,000 at 31 December 2021 to secure certain banking and other facilities granted to the Group (2020: RMB190,620,000) as set out in Note 34.

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

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

15 Interests in associates

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

	At 31 December 2021 RMB'000	At 31 December 2020 RMB'000
Share of net assets	**104,449**	837,760

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

Aggregate information of associates that are not individually material:

	2021 RMB'000	2020 RMB'000
Aggregate amounts of the Group's share of those associates' losses and total comprehensive income for the year	**(3,889)**	(281)

16 Interests in joint ventures and loans to joint ventures

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

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

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

Details of the Group's material joint venture as at 31 December 2021 are as follows:

Name of company	**Place of establishment**	**Effective interests attributable to the Group**		**Principal activity**
		2021	2020	
Yango Yuegang Limited* ("Yango Yuegang") 陽光城粵港有限公司	PRC	**51%**	51%	Property development

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

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

Summarised financial information of material joint venture

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

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

Yango Yuegang

	At 31 December 2021 RMB'000	At 31 December 2020 RMB'000
Current assets	**9,239,028**	8,770,584
Non-current assets	**186,077**	282,891
Current liabilities	**(5,343,398)**	(1,453,346)
Non-current liabilities	**(397,834)**	(3,807,834)
Net assets	**3,683,873**	3,792,295
Attributable to equity shareholders	**2,686,546**	2,793,827
Non-controlling interest	**997,327**	998,468
The above amounts of assets and liabilities include the following:		
Cash and cash equivalents	**20,224**	48,432
Trade and other receivables	**2,591,070**	2,606,328
Properties under development for sale	**6,178,529**	5,662,526
Non-current financial liabilities	**(397,834)**	(3,807,834)

	2021 RMB'000	2020 RMB'000
Revenue	**–**	–
Loss and total comprehensive income for the year attributable to:		
Owners of the company	**(3,423)**	(7,028)
Non-controlling interest	**(1,141)**	(2,343)

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

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

Yango Yuegang *(Continued)*

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

	At 31 December 2021 RMB'000	At 31 December 2020 RMB'000
Net assets of Yango Yuegang	**2,686,546**	2,793,827
Proportion of the Group's ownership interest in Yango Yuegang	**51%**	51%
Carrying amount of the Group's interest in Yango Yuegang	**1,370,138**	1,424,852

Aggregate information of joint ventures that are not individually material

	2021 RMB'000	2020 RMB'000
Aggregate carrying amount of individually immaterial joint ventures in the consolidated financial statements	**863,247**	965,758
Aggregate amounts of the Group's share of those joint ventures' (losses)/profits and total comprehensive income	**(32,304)**	80,245

17 Equity investments at fair value through other comprehensive income

	At 31 December 2021 RMB'000	At 31 December 2020 RMB'000
Equity securities designated at FVOCI — Unlisted equity securities	**46,083**	45,740

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18 Deferred taxation

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

	Investment properties RMB'000	Tax losses RMB'000	Impairment losses on doubtful debts and write-down of properties under development and completed properties held for sale RMB'000	LAT provision RMB'000	Temporary differences on property sales and cost of sales RMB'000	Properties under development for sale RMB'000	Others RMB'000	Total RMB'000
At 1 January 2020	(417,667)	181,559	–	184,558	738,101	(298,981)	28,619	416,189
(Charged)/credited to profit or loss (Note 8)	(57,178)	114,077	–	37,168	4,928	18,483	(143,688)	(26,210)
Acquisition of subsidiaries	–	1,728	–	–	10,984	–	–	12,712
Fair value changes of equity investments at FVOCI	–	–	–	–	–	–	(230)	(230)
At 31 December 2020 and 1 January 2021	(474,845)	297,364	–	221,726	754,013	(280,498)	(115,299)	402,461
(Charged)/credited to profit or loss (Note 8)	3,028	(53,566)	122,441	(23,683)	53,075	199,647	(30,819)	270,123
Acquisition of subsidiaries	–	–	–	(1,377)	126,222	–	–	124,845
Disposal of subsidiaries	–	(7,985)	–	(16,493)	(84,178)	–	(554)	(109,210)
Classified as held for sale	–	–	–	3,078	(32,754)	–	(150)	(29,826)
Fair value changes of equity investments at FVOCI	–	–	–	–	–	–	(131)	(131)
At 31 December 2021	(471,817)	235,813	122,441	183,251	816,378	(80,851)	(146,953)	658,262

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

	At 31 December 2021 RMB'000	At 31 December 2020 RMB'000
Deferred tax assets	**1,311,796**	1,166,406
Deferred tax liabilities	**(653,534)**	(763,945)
	658,262	402,461

18 Deferred taxation *(Continued)*

(a) Deferred tax assets not recognised

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

	At 31 December 2021 RMB'000	At 31 December 2020 RMB'000
Expiring on:		
31 December 2021	–	93,167
31 December 2022	92,227	103,626
31 December 2023	51,746	56,864
31 December 2024	393,757	410,164
31 December 2025	488,513	561,509
31 December 2026	1,618,364	–
Total unused tax losses not recognised as deferred tax assets	2,644,607	1,225,330

(b) Deferred tax liabilities not recognised

Under the Corporate Income Tax Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred tax has not been provided for in the consolidated financial statements in respect of temporary differences attributable to retained profits of the PRC subsidiaries amounting to RMB9,015,916,000 (2020: RMB9,921,502,000) as at 31 December 2021, as the Company controls the dividend policy of these subsidiaries and it has been determined that it is probable that profits earned subsequent to 1 January 2008 will not be distributed in the foreseeable future.

19 Properties under development for sale

	At 31 December 2021 RMB'000	At 31 December 2020 RMB'000
At the beginning of the year	38,111,796	33,242,482
Additions	15,534,048	16,909,178
Transfer to properties held for sale upon completion	(8,979,649)	(13,152,968)
Acquisition of subsidiaries	3,121,413	1,113,104
Disposal of subsidiaries	(5,165,751)	–
Total	42,621,857	38,111,796
Classified as held for sale	(2,502,289)	–
Write-down of properties under development	(260,178)	–
At the end of the year	39,859,390	38,111,796

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19 Properties under development for sale *(Continued)*

The properties under development are located in the PRC with lease terms ranging from 40–70 years as at 31 December 2021. The carrying amount of land use right included in properties under development and completed properties held for sale is RMB14,807,325000 (2020: RMB23,813,367,000).

The Group has pledged properties under development for sale of RMB15,073,846,000 at 31 December 2021 (2020: RMB15,553,995,000) to secure certain banking and other facilities granted to the Group as set out in Note 34.

As at 31 December 2021, properties under development for sale with carrying value of RMB6,615,323,000 (2020: RMB12,350,998,000) are expected to be completed after twelve months from the end of the reporting period.

20 Completed properties held for sale

	At 31 December 2021 RMB'000	At 31 December 2020 RMB'000
Carrying amount of completed properties held for sale	**5,339,523**	4,683,754
Less: write-down of completed properties held for sale	**(551,004)**	–
	4,788,519	4,683,754

The Group's completed properties held for sale are stated at the lower of cost and net realisable value and situated in the PRC.

As at 31 December 2021, completed properties held for sale of RMB2,009,573,000 (2020: RMB1,086,654,000) are pledged to secure certain banking facilities granted to the Group as set out in Note 34.

21 Contract liabilities

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

21 Contract liabilities *(Continued)*

Movements in contract liabilities

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

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

22 Trade and other receivables, deposits and prepayments

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

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

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

Notes:

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

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

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

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

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

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

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

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

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

23 Restricted cash

	Note	At 31 December 2021 RMB'000	At 31 December 2020 RMB'000
Guarantee deposits for mortgage loans provided to customers	i	**199,137**	202,379
Guarantee deposits for construction of pre-sold properties	ii	**1,843,578**	1,575,569
Guarantee deposits for bank borrowings	iii	**368,536**	1,329,450
Guarantee deposits for notes payable		**15,675**	162,958
Balance of restricted cash		**2,426,926**	3,270,356

Notes:

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

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

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

24 Bank balances and cash and other cash flow information

(a) Bank balances and cash

	At 31 December 2021 RMB'000	At 31 December 2020 RMB'000
Cash at bank and in hand	**4,011,969**	14,092,729
Less: Restricted cash	**(2,426,926)**	(3,270,356)
	1,585,043	10,822,373

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

The deposits carry variable rates of 1.0%–1.5% per annum as at 31 December 2021 (2020: 0.3%–2.9%).

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

(a) Bank balances and cash *(Continued)*

Bank balances and cash at 31 December 2021 were mainly denominated in RMB which is not a freely convertible currency in the international market. The exchange rate of RMB is determined by the government of the PRC and the remittance of these funds out of the PRC is subject to exchange restrictions imposed by the government of the PRC.

(b) Reconciliation of liabilities arising from financing activities

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

	Bank and other borrowings RMB'000 (Note 29)	Senior notes RMB'000 (Note 30)	Corporate bonds RMB'000 (Note 31)	Amounts due to related parties RMB'000 (Note 38(b))	Amounts due to non-controlling interests RMB'000 (Note 27)	Accrued interest RMB'000	Total RMB'000
At 1 January 2021	15,710,649	7,851,880	1,030,484	4,283,971	3,274,790	340,103	32,491,877
Changes from financing cash flows:							
New bank borrowings raised	4,125,254	–	–	–	–	–	4,125,254
Repayments of bank borrowings	(4,644,172)	–	–	–	–	–	(4,644,172)
New other borrowings raised	7,367,303	–	–	–	–	–	7,367,303
Repayments of other borrowings	(6,813,477)	–	–	–	–	–	(6,813,477)
Net proceeds from issue of senior notes	–	2,556,646	–	–	–	–	2,556,646
Repayments of corporate bonds	–	–	(313,705)	–	–	–	(313,705)
Repayments of senior notes	–	(1,854,858)	–	–	–	–	(1,854,858)
Advances from related parties	–	–	–	420,872	–	–	420,872
Repayments to related parties	–	–	–	(1,237,328)	–	–	(1,237,328)
Repayments to non-controlling interests	–	–	–	–	(2,329,129)	–	(2,329,129)
Advances from non-controlling interests	–	–	–	–	1,980,897	–	1,980,897
Interest paid	–	–	–	–	–	(2,300,491)	(2,300,491)
	15,745,557	8,553,668	716,779	3,467,515	2,926,558	(1,960,388)	29,449,689
Exchange adjustments	(21,427)	(114,917)	–	–	–	–	(136,344)
Other changes:							
Finance costs	16,830	39,930	(5,967)	–	–	353,204	403,997
Amount capitalised in properties under development for sale	–	–	–	–	–	2,148,556	2,148,556
Non-cash transaction	441,206	–	–	–	–	–	441,206
Acquisition of subsidiaries	506,500	–	–	(1,534,917)	–	–	(1,028,417)
Disposal of subsidiaries	(1,093,752)	–	–	–	(606,899)	–	(1,700,651)
Classified as held for sale	–	–	–	–	(347,651)	–	(347,651)
Total other changes	(129,216)	39,930	(5,967)	(1,534,917)	(954,550)	2,501,760	(82,960)
At 31 December 2021	15,594,914	8,478,681	710,812	1,932,598	1,972,008	541,372	29,230,385

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

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

	Bank and other borrowings RMB'000 (Note 29)	Senior notes RMB'000 (Note 30)	Corporate bonds RMB'000 (Note 31)	Amounts due to related parties RMB'000 (Note 38(b))	Amounts due to non-controlling interests RMB'000 (Note 27)	Accrued interest RMB'000	Total RMB'000
At 1 January 2020	10,788,676	6,684,999	1,022,303	3,461,334	4,105,167	154,730	26,217,209
Changes from financing cash flows:							
New bank borrowings raised	4,122,861	–	–	–	–	–	4,122,861
Repayments of bank borrowings	(3,644,727)	–	–	–	–	–	(3,644,727)
New other borrowings raised	12,402,032	–	–	–	–	–	12,402,032
Repayments of other borrowings	(7,901,340)	–	–	–	–	–	(7,901,340)
Net proceeds from issue of senior notes	–	4,713,639	–	–	–	–	4,713,639
Repayments of senior notes	–	(3,350,170)	–	–	–	–	(3,350,170)
Advances from related parties	–	–	–	1,243,327	–	–	1,243,327
Repayments to related parties	–	–	–	(420,690)	–	–	(420,690)
Repayments to non-controlling interests	–	–	–	–	(3,036,359)	–	(3,036,359)
Advances from non-controlling interests	–	–	–	–	2,205,982	–	2,205,982
Interest paid	–	–	–	–	–	(2,152,835)	(2,152,835)
	15,767,502	8,048,468	1,022,303	4,283,971	3,274,790	(1,998,105)	30,398,929
Exchange adjustments	(78,900)	(284,005)	–	–	–	–	(362,905)
Other changes:							
Finance costs	22,047	87,417	8,181	–	–	292,539	410,184
Amount capitalised in properties under development for sale	–	–	–	–	–	2,045,669	2,045,669
Total other changes	22,047	87,417	8,181	–	–	2,338,208	2,455,853
At 31 December 2020	15,710,649	7,851,880	1,030,484	4,283,971	3,274,790	340,103	32,491,877

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

(c) Net cash outflow arising from the acquisition of subsidiaries

During the year ended 31 December 2021, the Group acquired 67% equity interests in Chongqing Chengda, subsequent to which Chongqing Chengda has become a non-wholly-owned subsidiary of the Group. Chongqing Chengda owns a land parcel located in Chongqing Province of the PRC as at the date of acquisition.

	RMB'000
Properties under development for sale	1,126,350
Bank balances and cash	138
Trade and other payables, deposits received and accrued charges	(1,037,988)
	88,500
Non-controlling interest	(29,205)
Total consideration satisfied by cash	59,295
Consideration prepaid in cash in prior year	55,930
Consideration settled by cash in current period	3,365
Less: cash acquired	(138)
Net cash impact on acquisition in current period	3,227

During the period ended 31 December 2021, the Group also acquired other subsidiaries which are not financially significant to the Group.

25 Disposal of subsidiaries

During the period ended 31 December 2021, the Group entered into a number of share transfer agreements with various third parties to dispose certain subsidiaries for a total consideration of RMB667 million and lost control of a subsidiary as a result from a legal proceeding in relation to overdue borrowings. After these transactions and legal proceeding, these entities were no longer subsidiaries of the Group.

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

	Total
	RMB'000
Property and equipment (Note 14)	567
Investment properties (Note 13)	93,000
Properties under development and completed properties held for sale	5,495,704
Trade and other receivables deposits and prepayments	2,934,754
Interests in joint ventures	135,641
Bank balances and cash	1,048,976
Deferred tax assets, net of deferred liabilities (Note 18)	109,210
Trade and other payables, deposits received and accrued charges	(3,663,870)
Contract liabilities (Note 21)	(3,806,815)
Bank and other borrowings	(1,093,752)
Taxation payable	(33,133)
	1,220,282
Less: non-controlling interests	486,599
Net assets attributable to the Group	733,683
Total consideration	666,620
Net loss on disposal of subsidiaries (Note 6)	(67,063)

Total consideration comprises cash consideration of RMB193 million, waiver of amount due to disposal group of RMB245 million and consideration receivable of RMB229 million. An analysis of the cash flows of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:

	Total
	RMB'000
Cash consideration	193,134
Less: Cash and cash equivalents disposed of	(1,048,976)
Net cash outflow of cash and cash equivalents in respect of the disposal of subsidiaries	(855,842)

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26 Assets and liabilities held for sale

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

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

	Note	2021 RMB'000
Restricted cash		**138,251**
Bank balances and cash		**101,595**
Trade and other receivables, deposits and prepayments		**173,684**
Properties under development for sale	19	**2,502,289**
Completed properties held for sale		**2,043**
Deferred tax assets	18	**29,827**
Assets held-for-sale		**2,947,689**
Trade and other payables, deposits received and accrued charges		**481,609**
Contract liabilities	21	**1,447,293**
Amounts due to related parties		**1,782**
Taxation payable		**16,079**
Bank and other borrowings — due within one year		**178,000**
Bank and other borrowings — due after one year		**60,000**
Deferred tax liabilities	18	**2,955**
Liabilities held-for-sale		**2,187,718**

27 Trade and other payables, deposits received and accrued charges

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

Notes:

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

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

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

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

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28 Taxation payable

	At 31 December 2021 RMB'000	At 31 December 2020 RMB'000
LAT payable	**2,023,356**	2,116,989
PRC Corporate Income tax payable	**1,803,602**	1,707,523
	3,826,958	3,824,512

29 Bank and other borrowings

	At 31 December 2021 RMB'000	At 31 December 2020 RMB'000
Bank loans, secured	**4,035,063**	4,780,660
Other loans, secured	**11,321,851**	10,893,489
Other loans, unsecured	**–**	36,500
	15,356,914	15,710,649

The borrowings are repayable:

	At 31 December 2021 RMB'000	At 31 December 2020 RMB'000
Within one year or on demand	**13,449,587**	6,285,741
More than one year, but not exceeding two years	**804,056**	5,598,966
More than two years, but not exceeding five years	**971,910**	3,797,872
More than five years	**131,361**	28,070
	15,356,914	15,710,649
Less: Amount due within one year shown under current liabilities	**(13,449,587)**	(6,285,741)
Amount due after one year	**1,907,327**	9,424,908

29 Bank and other borrowings *(Continued)*

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

Certain bank and other loans as at the end of the reporting period were secured by the pledge of assets as set out in Note 34.

Borrowings include RMB4,279,812,000 (2020: RMB4,875,401,000) variable rate borrowings which carry interest ranging from 2.1% to 11.8% (2020: 1.41% to 11.8%) per annum as at 31 December 2021, and exposed the Group to cash flow interest rate risk. The remaining borrowings are arranged at fixed rate, the effective interest rates ranged from 1.41% to 15.0% (2020: 6.5% to 15.0%) per annum as at 31 December 2021, and exposed the Group to fair value interest rate risk.

As disclosed in Note 3(a)(i), the Group breached certain covenants relating to bank and other borrowings of RMB5,262,556,000, and these borrowings became repayable on demand as at 31 December 2021. As a result, these bank and other borrowings were classified as current liabilities as at 31 December 2021.

30 Senior notes

	At 31 December 2021 RMB'000	At 31 December 2020 RMB'000
Carrying amount at the beginning of the year	**7,851,880**	6,684,999
Net proceeds from issuance of 2020 USD Notes I (note (a))	**–**	1,336,076
Net proceeds from issuance of 2020 USD Notes II (note (b))	**502,486**	1,350,719
Net proceeds from issuance of 2020 USD Notes III (note (c))	**–**	2,026,844
Net proceeds from issuance of 2021 USD Notes I (note (d))	**2,054,160**	–
Exchange gain	**(114,917)**	(284,005)
Other finance costs	**39,930**	87,417
Redemption	**(1,854,858)**	(3,350,170)
Carrying amount at the end of the year	**8,478,681**	7,851,880
Less: Current portion of senior notes	**(8,478,681)**	(3,395,691)
Long term portion of senior notes	**–**	4,456,189

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30 Senior notes *(Continued)*

(a) 2020 USD Notes I

On 26 February 2020, the Company issued guaranteed senior fixed rate notes to the public with aggregate nominal value of USD200,000,000 (approximately RMB1,383,434,000) (the "2020 USD Notes I") at 98.156% of the principal amount, which carry fixed interest at a rate of 11.8% per annum (interest payable semi-annually in arrears) and will be fully repayable at par by 26 February 2022. Default of the 2019 USD Notes III as disclosed in Note 30(e) triggered cross-default of the 2020 USD Notes I.

The 2020 USD Notes I are listed on the Singapore Stock Exchange, senior obligations of the company, and guaranteed by certain of the Company's existing subsidiaries. The guarantees are effectively subordinated to the other secured obligations of each guarantor, to the extent of the value of asset serving as security.

At any time prior to 26 February 2022, the Company may at its option redeem the 2020 USD Notes I, in whole but not in part, at a price equal to 100% of the principal amount of the 2020 USD Notes I plus the applicable premium, which is defined as to the greater of (1) 1% of the principal amount of such senior notes and (2) the excess of (A) the present value at such redemption date of the principal amount of such senior notes, plus all required remaining scheduled interest payments due on such senior notes through the maturity date of such senior notes (but excluding accrued and unpaid interest to the redemption date), computed using a discount rate equals to an adjusted treasury rate plus 100 basis points, over (B) the principal amount of such senior note on such redemption date.

At any time and from time to time prior to February 26, 2022, the Company may redeem up to 35% of the principal amount of the 2020 USD Notes I at a redemption price of 111.8% of the principal amount 2020 USD Notes I, plus accrued and unpaid interest, if any, to (but not including) the redemption date.

(b) 2020 USD Notes II

On 4 March 2020, the Company issued guaranteed senior fixed rate notes to the public with aggregate nominal value of USD150,000,000 (approximately RMB1,048,845,000) (the "2020 USD Notes II") at 97.252% of the principal amount, which carry fixed interest at a rate of 11.95% per annum (interest payable semi-annually in arrears) and will be fully repayable at par by 4 March 2024. Default of the 2019 USD Notes III as disclosed in Note 30(e) triggered cross-default of the 2020 USD Notes II.

The 2020 USD Notes II are listed on the Singapore Stock Exchange, senior obligations of the Company, and guaranteed by certain of the Company's existing subsidiaries. The guarantees are effectively subordinated to the other secured obligations of each guarantor, to the extent of the value of asset serving as security.

At any time prior to 4 March 2023, the Company may at its option redeem the 2020 USD Notes II, in whole but not in part, at a price equal to 100% of the principal amount of the 2020 USD Notes II plus the applicable premium, which is defined as to the greater of (1) 1% of the principal amount of such senior notes and (2) the excess of (A) the present value at such redemption date of the principal amount of such senior notes, plus all required remaining scheduled interest payments due on such senior notes through the maturity date of such senior notes (but excluding accrued and unpaid interest to the redemption date), computed using a discount rate equals to an adjusted treasury rate plus 100 basis points, over (B) the principal amount of such senior note on such redemption date.

At any time and from time to time prior to March 4, 2023, the Company may redeem up to 35% of the principal amount of the 2020 USD Notes II, at a redemption price of 111.95% of the principal amount, plus accrued and unpaid interest, if any, to (but not including) the redemption date.

30 Senior notes *(Continued)*

(b) 2020 USD Notes II *(Continued)*

On 9 September 2020, the Company issued guaranteed senior fixed rate notes to the public with aggregate nominal value of USD50,000,000 (approximately RMB346,730,000) at 97.798% of the principal amount plus accrued interest from (and including) 4 September 2020 to (but excluding) 8 September 2020, which will be consolidated and form a single series with the 2020 USD Notes II as described above, the terms and conditions except for the issue date and issue price are the same.

(c) 2020 USD Notes III

On 14 July 2020, the Company issued guaranteed senior fixed rate notes to the public with aggregate nominal value of USD250,000,000 (approximately RMB1,749,900,000) (the "2020 USD Notes III") at 98.301% of the principal amount, which carry fixed interest at a rate of 11.5% per annum (interest payable semi-annually in arrears) and will be fully repayable at par by 13 November 2022. Default of the 2019 USD Notes III as disclosed in Note 30(e) triggered cross-default of the 2020 USD Notes III.

The 2020 USD Notes III are listed on the Singapore Stock Exchange, senior obligations of the Company, and guaranteed by certain of the Company's existing subsidiaries. The guarantees are effectively subordinated to the other secured obligations of each guarantor, to the extent of the value of asset serving as security.

At any time prior to 13 November 2022, the Company may at its option redeem the 2020 USD Notes III, in whole but not in part, at a price equal to 100% of the principal amount of the 2020 USD Notes III plus the applicable premium, which is defined as to the greater of (1) 1% of the principal amount of such senior notes and (2) the excess of (A) the present value at such redemption date of the principal amount of such senior notes, plus all required remaining scheduled interest payments due on such senior notes through the maturity date of such senior notes (but excluding accrued and unpaid interest to the redemption date), computed using a discount rate equals to an adjusted treasury rate plus 100 basis points, over (B) the principal amount of such senior note on such redemption date.

At any time and from time to time prior to November 13, 2022, the Company may redeem up to 35% of the principal amount of the 2020 USD Notes III, at a redemption price of 111.5% of the principal amount, plus accrued and unpaid interest, if any, to (but not including) the redemption date.

On 9 September 2020, the Company issued guaranteed senior fixed rate notes to the public with aggregate nominal value of USD50,000,000 (approximately RMB341,820,000) at 99.525% of the principal amount plus accrued interest from (and including) 13 July 2020 to (but excluding) 8 September 2020, which will be consolidated and form a single series with the 2020 USD Notes III as described above, the terms and conditions except for the issue date and issue price are the same.

(d) 2021 USD Notes I

On 5 January 2021, the Company issued guaranteed senior fixed rate notes to the public with aggregate nominal value of USD250,000,000 (approximately RMB1,635,575,000) (the "2021 USD Notes I") at 98.848% of the principal amount, which carry fixed interest at a rate of 9.8% per annum (interest payable semi-annually in arrears) and will be fully repayable at par by 11 April 2023. Default of the 2019 USD Notes III as disclosed in Note 30(e) triggered cross-default of the 2021 USD Notes I.

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30 Senior notes *(Continued)*

(d) 2021 USD Notes I *(Continued)*

The 2021 USD Notes I are listed on the Hong Kong Stock Exchange, senior obligations of the Company, and guaranteed by certain of the Company's existing subsidiaries. The guarantees are effectively subordinated to the other secured obligations of each guarantor, to the extent of the value of asset serving as security.

At any time prior to 11 April 2023, the Company may at its option redeem the 2021 USD Notes I, in whole but not in part, at a price equal to 100% of the principal amount of the 2020 USD Notes III plus the applicable premium, which is defined as to the greater of (1) 1% of the principal amount of such senior notes and (2) the excess of (A) the present value at such redemption date of the principal amount of such senior notes, plus all required remaining scheduled interest payments due on such senior notes through the maturity date of such senior notes (but excluding accrued and unpaid interest to the redemption date) , computed using a discount rate equals to an adjusted treasury rate plus 100 basis points, over (B) the principal amount of such senior note on such redemption date.

At any time and from time to time prior to April 11, 2023, the Company may redeem up to 35% of the principal amount of the 2021 USD Notes I, at a redemption price of 100% of the principal amount, plus accrued and unpaid interest, if any, to (but not including) the redemption date.

On 25 January 2021, the Company issued guaranteed senior fixed rate notes to the public with aggregate nominal value of USD71,000,000 (approximately RMB459,874,000) at 99.723% of the principal amount. The New Notes will bear interest from (and including) January 11, 2021 at a rate of 9.8% per annum, which will be consolidated and form a single series with the 2021 USD Notes I as described above, the terms and conditions except for the issue date and issue price are the same.

(e) 2019 USD Notes III

On 25 April 2019, the Company issued guaranteed senior fixed rate notes to the public with aggregate nominal value of USD250,002,000 (approximately RMB1,592,948,000) (the "2019 USD Notes III") at 100.313% of the principal amount, which carry fixed interest at a rate of 12.85% per annum (interest payable semi-annually in arrears) and should be fully repayable at par by 25 October 2021.

Owing to unexpected liquidity issues arising from the adverse impact of a number of factors including the macroeconomic environment, the real estate industry environment and the COVID-19 pandemic faced by the Group, the repayment arrangement of the principal amount of 2019 USD Notes III and the accrued but unpaid interest thereon was not met on that day, resulting in default of the 2019 USD Notes III.

The 2019 USD Notes III are listed on the Singapore Stock Exchange, are senior obligations of the Company, and guaranteed by certain of the Company's existing subsidiaries. The guarantees are effectively subordinated to the other secured obligations of each guarantor, to the extent of the value of asset serving as security.

(f) Default of senior notes

As disclosed in Note 3(a)(ii) and above, default of the 2019 USD Notes III triggered cross-default of other senior notes issued by the Group with carrying amount of USD1,091,500,000 at 31 December 2021, such that they become due for immediate repayment once the relevant lender makes the request under a cross-default provision. As a result, these balance are classified as current liabilities as at 31 December 2021.

31 Corporate bonds

On 24 April 2016, the Group issued corporate bonds to the public with aggregate nominal value of RMB1,000,000,000 at 97.8% of the principal amount, which carry fixed interest of 6.4% per annum (interest payable annually in arrears), out of which the Group redeemed RMB881,762,000 on 28 April 2019 and the remaining balances had been fully repaid prior to maturity in 2021.

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

32 Share capital

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

Note: During the year ended 31 December 2019, share options were exercised to subscribe for 4,635,250 and 440,000 ordinary shares of the Company at HK$1.041 and HK$1.045 (equivalent to approximately RMB0.9234, RMB0.9201) per share, with the aggregate proceeds of HK$5,285,000 (equivalent to approximately RMB4,685,000). Details of the share options are summarised in Note 37.

33 Retirement benefit plans

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

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

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34 Pledge of assets

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

	At 31 December 2021 RMB'000	At 31 December 2020 RMB'000
Investment properties	**1,916,271**	1,581,638
Properties under development for sale	**15,073,846**	15,553,995
Completed properties held for sale	**2,009,573**	1,086,654
Property, plant and equipment	**151,992**	190,620
Equity interests in subsidiaries	**2,238,797**	3,929,891
Equity interests in joint ventures	**16,194**	16,710
Restricted cash	**325,774**	1,252,900
Guarantee deposits for housing provident fund loans provided to customers	**247,613**	161,659
	21,980,060	23,774,067

35 Capital commitments

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

	At 31 December 2021 RMB'000	At 31 December 2020 RMB'000
Contracted but not provided for in the consolidated financial statements:		
Expenditure in respect of properties under development	**17,235,570**	16,805,374

36 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 2021 RMB'000	At 31 December 2020 RMB'000
Mortgage guarantees	**19,142,651**	15,217,825

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

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

As at 31 December 2021, the Group was the defendant in various on-going litigation and arbitration cases primarily initiated by its creditors, in most of the cases the creditors demanded immediate repayment of the amounts owed to them, together with an interest and/or a penalty as compensation. Management assessed the likelihood of the outcome and estimated the probable compensation the Group is liable to for each of these cases, taking into account of all available facts and circumstances and relevant legal advice. Based on the result of those assessments, Management accrued compensation amounted to RMB264,315,000 as provision for claims and litigations charges in the consolidated financial statements as at 31 December 2021 (2020: Nil).

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37 Share-based payment transactions

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

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

On 4 September 2014, the Company granted an aggregate of 25,700,000 options to two directors and six employees to subscribe for an aggregate of 25,700,000 shares in the Company, representing approximately 1.6% of the shares issued by the Company as at the date of grant.

On 10 July 2015, the Company granted an aggregate of 60,100,000 options to two directors and fifteen employees to subscribe for an aggregate of 60,100,000 shares in the Company, representing approximately 3.4% of the shares issued by the Company as at the date of grant ("Plan A").

On 10 July 2015, the Company granted an aggregate of 45,500,000 options to twelve employees to subscribe for an aggregate of 45,500,000 shares in the Company, representing approximately 2.6% of the shares issued by the Company as at the date of grant ("Plan B").

On 28 September 2016, the Company granted an aggregate of 43,000,000 options to two directors and twenty-six employees to subscribe for an aggregate of 43,000,000 shares in the Company, representing approximately 1.9% of the shares issued by the Company as at the date of grant.

On 7 July 2020, the Company granted an aggregate of 47,800,000 options to three directors and twenty-six employees to subscribe for an aggregate of 47,800,000 shares in the Company, representing approximately 1.7% of the shares issued by the Company as at the date of grant.

At 31 December 2021, the number of shares in respect of which options has been granted and remained outstanding under the Share Option Scheme was 423,000,000 (31 December 2020: 69,962,500), representing 1.5% (31 December 2020: 2.5%) of the shares of the Company in issue at that date.

37 Share-based payment transactions *(Continued)*

The details of the options granted are as follows:

	Number of options*	Vesting period	Contractual life of options
Share options granted to directors			
On 4 September 2014	15,290,000	25% from the date of grant to 3 September 2015	2 years
		25% from the date of grant to 3 September 2016	5 years
		25% from the date of grant to 3 September 2017	5 years
		25% from the date of grant to 3 September 2018	5 years
On 28 September 2016	8,580,000	25% from the date of grant to 28 September 2017	5 years
		25% from the date of grant to 28 September 2018	5 years
		25% from the date of grant to 28 September 2019	5 years
		25% from the date of grant to 28 September 2020	5 years
On 7 July 2020	9,800,000	25% from the date of grant to 7 July 2021	5 years
		25% from the date of grant to 7 July 2022	5 years
		25% from the date of grant to 7 July 2023	5 years
		25% from the date of grant to 7 July 2024	5 years
Share options granted to employees			
On 4 September 2014	12,980,000	25% from the date of grant to 3 September 2015	2 years
		25% from the date of grant to 3 September 2016	5 years
		25% from the date of grant to 3 September 2017	5 years
		25% from the date of grant to 3 September 2018	5 years
On 10 July 2015 Plan B	50,050,000	25% from the date of grant to 10 July 2016	1.5 year
		25% from the date of grant to 31 December 2016	4 years
		25% from the date of grant to 30 June 2017	4 years
		25% from the date of grant to 30 June 2018	4 years
On 28 September 2016	38,720,000	25% from the date of grant to 28 September 2017	5 years
		25% from the date of grant to 28 September 2018	5 years
		25% from the date of grant to 28 September 2019	5 years
		25% from the date of grant to 28 September 2020	5 years

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37 Share-based payment transactions *(Continued)*

	Number of options*	Vesting period	Contractual life of options
On 7 July 2020	38,000,000	25% from the date of grant to 7 July 2021	5 years
		25% from the date of grant to 7 July 2022	5 years
		25% from the date of grant to 7 July 2023	5 years
		25% from the date of grant to 7 July 2024	5 years
Total share options	173,420,000		
Exercisable at 31 December 2020	22,162,500		
Exercisable at 31 December 2021	9,450,000		

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

* The number of options is adjusted after the bonus issue of share on 9 October 2017.

The following table discloses movements of the Company's share options held by directors and employees during the year ended 31 December 2021 and 2020:

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

Option type	Exercise price	Outstanding at 1 January 2020	Granted during the year	Forfeited during the year	Expired during the year	Outstanding at 31 December 2020
2016	HK$1.045	24,912,500	–	(1,650,000)	(1,100,000)	22,162,500
2020	HK$1.100	–	47,800,000	–	–	47,800,000
		24,912,500	47,800,000	(1,650,000)	(1,100,000)	69,962,500

Note: The weighted average share price at the date of exercise for share options exercised during the year is nil (2020: nil).

The Group recognised total expense of RMB4,175,000 (2020: reversed total expense of RMB2,877,000) for the year ended 31 December 2021 in relation to share options under the Share Option Scheme granted by the Company.

37 Share-based payment transactions *(Continued)*

The fair value of share option granted on 7 July 2020 is arrived at on the basis of valuations carried out by D&P China (HK) Limited, an independent qualified professional valuer not connected to the Group. The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the share options granted is measured based on the binomial option pricing model. The contractual life of the share option is used as an input into this model. Expectations of early exercise are incorporated into the binomial option pricing model.

Fair value of share options and assumptions	2020 share option
Fair value at measurement date (HK$'000)	14,525
Share price at the date of grant	HK$1.1
Exercise price	HK$1.1
Expected volatility	50%
Option life (year)	5
Expected dividends	5.5%
Risk-free interest rate	0.28%

The expected volatility is based on the historical price volatility over the contractual life of the options as at the date of valuation. Expected dividends are estimated regarding to the historical dividend payout of the Company.

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

38 Related party balances and transactions

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

	At 31 December 2021 RMB'000	At 31 December 2020 RMB'000
Amount due from companies controlled by Mr. Zhang Lei	**11,630**	9,917
Amount due from companies controlled by Mr. Zhang Peng	**7,132**	–
Amounts due from associates	**124,415**	1,540
Amounts due from joint ventures and their subsidiaries	**162,450**	255,355
Total non-trade balance (note i)	**305,627**	266,812
Amount due from companies controlled by Mr. Zhang Lei	**8,998**	26,869
Amount due from companies controlled by Mr. Zhang Peng	**8,999**	–
Amounts due from joint ventures and their subsidiaries	**462,724**	285,336
Total trade balance (note ii)	**480,721**	312,205
	786,348	579,017
Loans to joint ventures (note iii)	**7,088,140**	5,768,264

Notes to the Consolidated Financial Statements

for the year ended 31 December 2021

38 Related party balances and transactions *(Continued)*

(a) *(Continued)*

Notes:

(i) Balances at 31 December 2021 and 2020 are of non-trade nature, unsecured, interest free and repayable on demand.

(ii) Trade receivables from related parties at 31 December 2021 and 2020 are unsecured, interest free and repayable on demand. The following is an ageing analysis of amounts due from related parties of trade nature based on invoice date which approximated the revenue recognition date, at the end of each reporting period:

	At 31 December 2021 RMB'000	At 31 December 2020 RMB'000
Less than 1 year	466,918	307,486
1–2 years	13,803	4,719
	480,721	312,205

(iii) The terms of loans to joint ventures are disclosed in Note 16.

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

	At 31 December 2021 RMB'000	At 31 December 2020 RMB'000
Amount due to companies controlled by Mr. Zhang Lei	187	2,203
Amount due to companies controlled by Mr. Zhang Peng	912	–
Amounts due to an associate	18,737	19,495
Amounts due to joint ventures and their subsidiaries	1,949,818	4,262,273
Total non-trade balance (note i)	1,969,654	4,283,971
Amount due to companies controlled by Mr. Zhang Lei	145,583	89,926
Amount due to companies controlled by Mr. Zhang Peng	5,371	–
Amounts due to joint ventures and their subsidiaries	385	487
Total trade balance (note ii)	151,339	90,413
	2,120,993	4,374,384

38 Related party balances and transactions *(Continued)*

(b) *(Continued)*

Notes:

(i) Balances at 31 December 2021 and 2020 are of non-trade nature, unsecured, interest free and repayable on demand.

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

	At 31 December 2021 RMB'000	At 31 December 2020 RMB'000
Less than 1 year	**117,128**	73,947
1–2 years	**34,210**	16,466
	151,339	90,413

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

Nature of related party	**Nature of transaction**	**2021 RMB'000**	2020 RMB'000
Companies controlled by Mr. Zhang Lei	Rental income	**12,590**	1,782
Companies controlled by Mr. Zhang Lei	Energy-saving advisory expenses	**13,422**	25,043
Companies controlled by Mr. Zhang Lei	Property management service expenses	**112,695**	111,298
Companies controlled by Mr. Zhang Lei	Property contracting service expenses	**30,907**	28,383
Companies controlled by Mr. Zhang Lei	Elevator service expenses	**17,245**	29,200
Companies controlled by Mr. Zhang Peng	Elevator service expenses	**12,342**	–
Joint ventures	Income from real estate agency services	**98,534**	79,141
Joint ventures	Management service income	**10,854**	11,399

Notes to the Consolidated Financial Statements

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38 Related party balances and transactions *(Continued)*

(d) Transaction with key management personnel

	2021 RMB'000	2020 RMB'000
Key management compensation		
Short-term benefits	**19,460**	28,297
Post-employment benefits	**1,343**	564
Share-based payment	**2,163**	1,306
	22,966	30,167

(e) The Listing Rules relating to connected transactions

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

39 Capital risk management

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

The capital structure of the Group consists of net debt, which includes the borrowings, senior notes and corporate bonds disclosed in Notes 29, 30 and 31, net of bank balances and cash and equity attributable to owners of the Company, comprising issued share capital, reserves and retained profits. The capital structure of the Company consists of net debt, which includes the borrowings, senior notes and corporate bonds, net of bank balances and cash and equity attributable to owners of the Company, comprising issued share capital and reserves.

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

40 Financial instruments

(a) Categories of financial instruments

	At 31 December 2021 RMB'000	At 31 December 2020 RMB'000
The Group		
Financial assets		
Loans and receivables (including bank balances and cash)	**11,943,286**	21,988,682
Equity investments at FVOCI	**46,083**	45,740
Financial liabilities		
Liabilities measured at amortised cost	**39,076,815**	45,015,351

(b) Financial risk management objectives and policies

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

Market risk

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

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

(1) Interest rate risk

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

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

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

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

Notes to the Consolidated Financial Statements

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40 Financial instruments *(Continued)*

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

Market risk *(Continued)*

(1) Interest rate risk (Continued)

Interest rate sensitivity

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

If interest rates had been increased/decreased by 20 basis points in respect of variable rate bank borrowings and all other variables were held constant, the Group's profit after tax (net of interest capitalisation effect) and retained profits would decrease/increase by approximately RMB6,410,000 (2020: RMB5,684,000) for the year ended 31 December 2021.

If interest rates had been increased/decreased by 10 basis points in respect of bank balances and restricted cash and all other variables were held constant, the Group's profit after tax and retained profits would increase/decrease by approximately RMB3,009,000 (2020: RMB12,036,000) for the year ended 31 December 2021.

(2) Price risk

The Group is exposed to equity price risks through its other non-current financial assets. At 31 December 2021, the management considers that the Group's exposure to fluctuation in equity price is minimal. Accordingly, no sensitivity analysis is presented.

(3) Foreign currency risk

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

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

	Assets At 31 December		Liabilities At 31 December	
	2021 RMB'000 equivalent	2020 RMB'000 equivalent	**2021 RMB'000 equivalent**	2020 RMB'000 equivalent
US$	**60,698**	261,785	**8,784,714**	8,684,465
HK$	**8,903**	96,516	**166,382**	378,738

40 Financial instruments *(Continued)*

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

Market risk *(Continued)*

(3) Foreign currency risk (Continued)

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

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

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

	2021 RMB'000	2020 RMB'000
Increase/(decrease) in post-tax loss for the year and (decrease)/increase in retained profits (2020: (decrease)/increase in post-tax profit for the year and retained profits)		
— if RMB weakens against US$	**(426,146)**	(421,134)
— if RMB weakens against HK$	**(3,493)**	(14,111)
— if RMB strengthens against US$	**426,146**	421,134
— if RMB strengthens against HK$	**3,493**	14,111

Credit risk management

At 31 December 2021, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees issued by the Group is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position and the amount of contingent liabilities disclosed in Note 36. In order to minimise the credit risk, monitoring procedures are carried out to ensure that follow up action is taken to recover overdue debts. In addition, the Group regularly reviews the recoverable amount of trade and other receivables and amounts due from related parties at the end of each reporting period. The amounts presented in the consolidated statement of financial position are net of allowances for bad and doubtful debts, estimated by the Group's management based on prior experience and their assessment of the credit standing of customers and the economic environment on an ongoing basis.

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

Notes to the Consolidated Financial Statements

for the year ended 31 December 2021

40 Financial instruments *(Continued)*

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

Credit risk management *(Continued)*

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

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

For trade receivables without collateral, which primarily represent receivable for rental income and project management, the Group measure loss allowances at an amount equal to lifetime ECLs, which is calculated using a provision matrix. At 31 December 2020 and 2021, the Group's exposure to credit risk and ECLs for these trade receivables are insignificant.

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

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

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

40 Financial instruments *(Continued)*

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

Liquidity risk management

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

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

	Weighted average effective interest rate	Repayable on demand or less than 1 year	1–3 years	Over 3 years	Total undiscounted cashflows	Carrying amount
	%	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2021:						
Non-interest bearing instruments	**–**	**14,530,408**	**–**	**–**	**14,530,408**	**14,530,408**
Fixed interest rate instruments	**10.3**	**18,252,779**	**1,838,963**	**346,914**	**20,438,656**	**19,630,517**
Variable interest rate instruments	**8.0**	**4,917,787**	**643,023**	**–**	**5,560,810**	**4,915,890**
		29,802,303	**8,869,601**	**424,421**	**39,096,325**	**39,076,815**
Financial guarantee contracts		**19,142,651**	**–**	**–**	**19,142,651**	**–**
At 31 December 2020:						
Non-interest bearing instruments	–	20,422,338	–	–	20,422,338	20,422,338
Fixed interest rate instruments	10.1	10,597,834	11,394,696	1,763,771	23,756,301	19,717,612
Variable interest rate instruments	6.8	2,407,980	3,696,557	30,627	6,135,164	4,875,401
		33,428,152	15,091,253	1,794,398	50,313,803	45,015,351
Financial guarantee contracts		15,665,630	–	–	15,665,630	–

Notes to the Consolidated Financial Statements

for the year ended 31 December 2021

40 Financial instruments *(Continued)*

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

Liquidity risk management *(Continued)*

As at 31 December 2021, the Group had net current liabilities of RMB4,888,821,000. As disclosed in Notes 3(a)(ii) and 43, the Group had defaulted on repayment of the 2019 USD Notes III on 25 October 2021, resulting in cross-default of all other senior notes. Additionally, the Group breached certain covenants relating to bank and other borrowings of RMB5,262,556,000, and these borrowings became repayable on demand as at 31 December 2021. Note 3(a)(ii) explains management's plans and measures for managing liquidity needs of the Group to enable it to continue to meet its obligations as and when they fall due.

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

(c) Fair value

The fair value of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The Directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated statement of financial position approximated their respective fair values at 31 December 2021 and 2020.

41 Financial information of the Company

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

	Note	At 31 December 2021 RMB'000	At 31 December 2020 RMB'000
Non-current assets			
Investments in subsidiaries		**15,468,405**	16,643,448
Current assets			
Prepayments and other receivables		**31,048**	18,538
Amounts due from related parties		**213,713**	218,714
Bank balances		**10,154**	343,388
		254,915	580,640
Current liabilities			
Accrued charges and other payables		**562,577**	314,648
Amounts due to subsidiaries		**1,757,106**	1,254,860
Bank borrowings due within one year		**159,393**	1,093,494
Senior notes — due within one year		**8,511,977**	3,395,691
		10,991,053	6,058,693
Net current liabilities		**(10,736,138)**	(5,478,053)
Total assets less current liabilities		**4,732,267**	11,165,395
Capital and reserves			
Share capital		**175,693**	175,693
Reserves	41(b)	**4,556,574**	6,533,513
Total equity		**4,732,267**	6,709,206
Non-current liabilities			
Senior notes — due after one year		**–**	4,456,189
		–	11,165,395

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41 Financial information of the Company *(Continued)*

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

	Note	Share capital RMB'000	Share premium RMB'000	Share option reserve RMB'000	Retained profits RMB'000	Total RMB'000
At 1 January 2020		175,693	825,711	1,560	5,156,667	6,159,631
Share-based payment		–	–	2,877	–	2,877
Profit and total comprehensive income for the year		–	–	–	737,023	737,023
Dividend	11	–	–	–	(190,325)	(190,325)
At 31 December 2020 and 1 January 2021		175,693	825,711	4,437	5,703,365	6,709,206
Share-based payment		–	–	4,175	–	4,175
Profit and total comprehensive income for the year		–	–	–	(1,895,866)	(1,895,866)
Dividend	11	–	–	–	(85,248)	(85,248)
At 31 December 2021		175,693	825,711	8,612	3,722,251	4,732,267

(c) Distributability of reserves:

At 31 December 2021, the aggregate amount of reserves available for distribution to the owners of the Company was RMB4,547,962,000 (2020: RMB6,529,076,000).

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42 Particulars of principal subsidiaries

Particulars of the Company's principal subsidiaries at 31 December 2021 and 2020 are as follows:

Name of company	Place and date of incorporation/ establishment	Equity interest attributable to the Group At 31 December 2021	2020	Authorised/ registered and issued and fully Paid/paid-up capital	Principal activities
Indirect subsidiaries					
Nanchang Xinjian Development Co., Ltd.* (note i) 南昌新建房地產開發有限公司	PRC 11 September 2013	**100%**	100%	Registered RMB230,000,000 Paid up capital RMB230,000,000	Property development
Nanchang Moma Development Co., Ltd.* (note i) 南昌摩碼置業有限公司	PRC 15 April 2016	**100%**	100%	Registered RMB400,000,000 Paid up capital RMB400,000,000	Property development
Modern Green Development Co., Ltd.* (note i) 當代節能置業股份有限公司	PRC 21 September 2000	**100%**	100%	Registered RMB3,000,000,000 Paid up capital RMB1,150,000,000	Property development, investment and hotel operation
Beijing Modern Real Estate Development Co., Ltd.* (note i) 北京當代房地產開發有限公司	PRC 15 February 2000	**100%**	100%	Registered RMB60,000,000 Paid up capital RMB60,000,00	Property development and investment
Beijing Dongjun Real Estate Development Co., Ltd.* (note i) 北京東君房地產開發有限公司	PRC 13 November 2001	**100%**	100%	Registered RMB569,000,000 Paid up capital RMB569,000,000	Property development
New Power (Beijing) Architectural Technology Co., Ltd.* (note i) 新動力(北京)建築科技有限公司	PRC 22 March 2006	**100%**	100%	Registered RMB30,000,000 Paid up capital RMB30,000,000	Technology development and consulting
Shanxi Dangdai Honghua Property Co., Ltd.* (note i) 山西當代紅華置業有限公司	PRC 16 August 2007	**100%**	100%	Registered RMB190,000,000 Paid up capital RMB190,000,000	Property development

Notes to the Consolidated Financial Statements

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42 Particulars of principal subsidiaries *(Continued)*

Name of company	Place and date of incorporation/ establishment	Equity interest attributable to the Group At 31 December 2021	2020	Authorised/ registered and issued and fully Paid/paid-up capital	Principal activities
Shanxi Dangdai Honghua Real Estate Development Co., Ltd.* (note i) 山西當代紅華房地產開發有限公司	PRC 16 August 2007	**100%**	100%	Registered RMB150,000,000 Paid up capital RMB150,000,000	Property development
Hunan Modern Green Development Co., Ltd.* (note i) 當代置業（湖南）有限公司	PRC 14 September 2005	**100%**	100%	Registered RMB200,000,000 Paid up capital RMB200,000,000	Property development
Jiangxi Modern Green Development Co., Ltd.* (note i) 江西當代節能置業有限公司	PRC 22 December 2009	**100%**	100%	Registered RMB180,000,000 Paid up capital RMB180,000,000	Property development
Jiujiang Moma Development Co., Ltd.* (note i) 九江摩碼置業有限公司	PRC 22 December 2010	**100%**	100%	Registered RMB140,000,000 Paid up capital RMB140,000,000	Property development
Hubei Wanxing Development Co., Ltd.* (note i) 湖北萬星置業有限公司	PRC 27 January 2010	**82%**	82%	Registered RMB100,000,000 Paid up capital RMB100,000,000	Property development
Jiujiang Modern Green Development Co., Ltd.* (note i) 九江當代綠建置業有限公司	PRC 18 February 2014	**100%**	100%	Registered RMB300,000,000 Paid up capital RMB300,000,000	Property development
Beijing Modern Moma Investment Management Co., Ltd.* (note i) 北京當代摩碼投資管理有限公司	PRC 11 January 2011	**100%**	100%	Registered RMB10,000,000 Paid up capital RMB10,000,000	Investment holding

42 Particulars of principal subsidiaries *(Continued)*

Name of company	Place and date of incorporation/ establishment	Equity interest attributable to the Group At 31 December 2021	2020	Authorised/ registered and issued and fully Paid/paid-up capital	Principal activities
Zhangjiakou Modern Haoheshan Real Estate Development Co., Ltd.* (note i) 張家口當代好河山房地產開發有限公司	PRC 30 December 2016	**51%**	51%	Registered RMB60,000,000 Paid up capital RMB0	Property development
Wuhan Green Development Co., Ltd.* (note i) 武漢綠建節能置業有限公司	PRC 12 March 2014	**100%**	100%	Registered RMB50,000,000 Paid up capital RMB50,000,000	Property development
Beijing Green Spring Equity Investment Fund, LLP* ("Green Fund")* 北京綠色春天股權投資基金（有限合夥）	PRC 17 April 2014	**52%**	52%	Registered RMB2,065,000,000 Paid up capital RMB580,000,000	Investment management and consulting
Beijing Modern Moma Development Co., Ltd.* (note i) 北京當代摩碼置業有限公司	PRC 8 January 2014	**100%**	100%	Registered RMB200,000,000 Paid up capital RMB200,000,000	Property development
Modern Pinye (Beijing) Real Estate Brokerage Co., Ltd.* (note i) 當代品業（北京）房地產經紀有限公司	PRC 9 October 2014	**100%**	100%	Registered RMB100,000 Paid up capital RMB100,000	Real estate brokerage services
America Modern Green Development (Houston), LLC 美國當代綠色發展（休斯頓）有限責任公司	Texas, US 15 October 2012	**100%**	100%	100% of issued and outstanding membership interest in consideration at an aggregate contribution of US$100	Property development
Beijing Modern Green Investment Fund Management Co., Ltd.* (note i) 北京當代綠色投資基金管理有限公司	PRC 3 December 2013	**100%**	100%	Registered RMB30,000,000 Paid up capital RMB30,000,000	Investment holding

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42 Particulars of principal subsidiaries *(Continued)*

Name of company	Place and date of incorporation/ establishment	Equity interest attributable to the Group At 31 December 2021	2020	Authorised/ registered and issued and fully Paid/paid-up capital	Principal activities
Crown Point Regional Center, LLC	Texas, US 31 March 2010	**100%**	100%	Authorised US$100 Paid up capital US$100	Investment immigration services
Beijing CIFI Modern* (notes i) 北京旭輝當代置業有限公司	PRC 10 March 2014	**50%**	50%	Registered RMB10,000,000 Paid up capital RMB10,000,000	Property development
Modern Green Development (Suzhou) Co., Ltd.* (note i) 當代節能置業（蘇州）有限公司	PRC 6 June 2015	**100%**	100%	Registered RMB100,000,000 Paid up capital RMB100,000,000	Property development
Jiaxing Modern Qinglv Asset Management Co., Ltd.* (note i) 嘉興當代氫綠資產管理有限公司	PRC 23 July 2015	**100%**	100%	Registered RMB50,000,000 Paid up capital RMB0	Investment holding
Crown Point (Beijing) Advisory Co., Ltd.* (note i) 凰觀（北京）諮詢有限公司	PRC 8 October 2015	**100%**	100%	Registered RMB10,000,000 Paid up capital RMB0	Immigration advisory
Anhui Moma Development Co., Ltd.* (note i) 安徽摩碼置業有限公司	PRC 1 January 2016	**100%**	100%	Registered RMB100,000,000 Paid up capital RMB100,000,000	Property development
Wuhan Modern Green Development Co., Ltd.* (note i) 武漢當代節能置業有限公司	PRC 27 June 2016	**100%**	100%	Registered RMB200,000,000 Paid up capital RMB200,000,000	Property development

42 Particulars of principal subsidiaries *(Continued)*

Name of company	Place and date of incorporation/ establishment	Equity interest attributable to the Group At 31 December 2021	2020	Authorised/ registered and issued and fully Paid/paid-up capital	Principal activities
Hunan Modern Moma Development Co., Ltd.* (note i) 湖南當代摩碼置業有限公司	PRC 1 November 2016	**100%**	100%	Registered RMB20,000,000 Paid up capital RMB20,000,000	Property development
Hunan Modern Green Development Co., Ltd.* (note i) 湖南當代綠建置業有限公司	PRC 1 November 2016	**100%**	100%	Registered RMB20,000,000 Paid up capital RMB20,000,000	Property development
Nanjing Xinlei Development Co., Ltd.* (note i) 南京鑫磊房地產開發有限公司	PRC 20 June 2016	**51%**	51%	Registered RMB50,000,000 Paid up capital RMB50,000,000	Property development
Foshan Modern Green Development Co., Ltd.* (note i) 佛山當代綠色置業有限公司	PRC 14 January 2016	**100%**	100%	Registered RMB100,000,000 Paid up capital RMB100,000,000	Property development
Hubei Moma Development Co., Ltd.* (notes i) 湖北摩碼置業有限公司	PRC 13 February 2014	**100%**	100%	Registered RMB10,000,000 Paid up capital RMB10,000,000	Investment holding
Shanghai Mantingchun Real Estate Company Limited.* (note i) 上海滿庭春置業有限公司	PRC 5 March 2015	**100%**	100%	Registered RMB100,000,000 Paid up capital RMB100,000,000	Property development
Jiangsu Yuzun Property development Co., Ltd.* (note i) 江蘇御尊房地產開發有限公司	PRC 25 April 2011	**100%**	100%	Registered RMB50,000,000 Paid up capital RMB50,000,000	Property development

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42 Particulars of principal subsidiaries *(Continued)*

Name of company	Place and date of incorporation/ establishment	Equity interest attributable to the Group At 31 December 2021	2020	Authorised/ registered and issued and fully Paid/paid-up capital	Principal activities
Zhanlan Tuozhan Property (Beijing) Co., Ltd.* (note i) 綻藍拓展置業（北京）有限公司	PRC 13 March 2017	**60%**	60%	Registered RMB10,000,000 Paid up capital RMB10,000,000	Investment holding
Fujian Shengshi Lianbang Real Estate Development Co., Limited.* (note i) 福建盛世聯邦置業發展有限公司	PRC 30 August 2013	**60%**	60%	Registered RMB67,105,000 Paid up capital RMB67,105,000	Property development
Foshan Changxin Hongchuang Real Estate Development Co., Limited.* (note i) 佛山市長信宏創房地產有限公司	PRC 19 January 2016	**100%**	100%	Registered RMB60,000,000 Paid up capital RMB4,081,700	Property development
Foshan Xinlong Property Investment Co., Limited.* (note i) 佛山市信隆置業投資有限公司	PRC 10 December 2017	**100%**	100%	Registered RMB60,000,000 Paid up capital RMB60,000,000	Property development
Huojian Zhiye Investment (Beijing) Co., Ltd.* (note i) 火箭智業投資（北京）有限公司	PRC 9 July 2015	**100%**	100%	Registered RMB100,000,000 Paid up capital RMB100,000,000	Investment holding
Hefei Modern Land Yinghe Real Estate Company Limited* (note i) 合肥當代英赫置業有限公司	PRC 14 December 2015	**100%**	100%	Registered RMB100,000,000 Paid up capital RMB100,000,000	Property development
Wuhan Zhonglian Shengming Real Estate Company Limited* (note i) 武漢市中聯晟鳴置業有限公司	PRC 5 May 2014	**75%**	75%	Registered RMB10,000,000 Paid up capital RMB10,000,000	Property development

42 Particulars of principal subsidiaries *(Continued)*

Name of company	Place and date of incorporation/ establishment	Equity interest attributable to the Group At 31 December 2021	2020	Authorised/ registered and issued and fully Paid/paid-up capital	Principal activities
Shanxi North Star Modern Development Co., Ltd.*(note i) 山西北辰當代置業有限公司	PRC 27 April 2016	**50%**	50%	Registered RMB10,000,000 Paid up capital RMB10,000,000	Property development
Shanxi Modern North Star Development Co., Ltd.* (note i) 山西當代北辰置業有限公司	PRC 5 December 2016	**51%**	51%	Registered RMB10,000,000 Paid up capital RMB10,000,000	Property development
Shanxi Wanxing Modern Development Co., Ltd.* (note i) 山西萬興當代置業有限公司	PRC 7 February 2017	**70%**	70%	Registered RMB10,000,000 Paid up capital RMB10,000,000	Property development
Guangshen Development Co., Ltd.* (note i) 廣深置業（北京）有限公司	PRC 22 April 2016	**100%**	100%	Registered RMB50,000,000 Paid up capital RMB50,000,000	Property development
Suzhou Modern MOMA Development Co., Ltd.* (note i) 蘇州當代摩碼置業有限公司	PRC 27 April 2016	**100%**	100%	Registered RMB100,000,000 Paid up capital RMB100,000,000	Property development
Shengeng Hongye Development Co., Ltd.* (note i) 深耕鴻業置業（北京）有限公司	PRC 18 April 2016	**100%**	51%	Registered RMB10,000,000 Paid up capital RMB14,720,324	Property development
Wuhan Modern Shangcheng Wanguofu Development Co., Ltd.* (note i) 武漢當代尚城萬國府置業有限公司	PRC 21 July 2016	**100%**	51%	Registered RMB10,000,000 Paid up capital RMB10,000,000	Property development

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42 Particulars of principal subsidiaries *(Continued)*

Name of company	Place and date of incorporation/ establishment	Equity interest attributable to the Group At 31 December 2021	2020	Authorised/ registered and issued and fully Paid/paid-up capital	Principal activities
Liaoning Dongdaihe Modern Development Co., Ltd.* (note i) 遼寧東戴河新區當代置業有限公司	PRC 28 January 2008	**100%**	100%	Registered RMB16,660,000 Paid up capital RMB16,660,000	Property development
Anhui Modern Wanguofu Development Co., Ltd.* (note i) 安徽當代萬國府置業有限公司	PRC 21 December 2016	**30.6%**	30.6%	Registered RMB100,000,000 Paid up capital RMB100,000,000	Property development
Chuanglv Development Co., Ltd.* (note i) 創綠置業（北京）有限公司	PRC 11 May 2016	**100%**	100%	Registered RMB10,000,000 Paid up capital RMB0	Property development
Fujian Modern Development Co., Ltd.* (note i) 福建當代置業有限公司	PRC 1 March 2017	**51%**	51%	Registered RMB40,000,000 Paid up capital RMB40,000,000	Property development
Zhangjiakou Green Development Co., Ltd.* (note i) 張家口原綠房地產開發有限公司	PRC 31 March 2017	**35%**	35%	Registered RMB50,000,000 Paid up capital RMB50,000,000	Property development
Huizhou Modern Culture & Travelling Development Co., Ltd.* (note i) 惠州當代文旅房地產開發有限公司	PRC 15 June 2017	**65%**	65%	Registered RMB20,000,000 Paid up capital RMB20,000,000	Property development
Jingzhou Modern Jindao Development Co., Ltd.* (note i) 荊州市當代金島置業有限公司	PRC 5 July 2017	**100%**	100%	Registered RMB10,000,000 Paid up capital RMB10,000,000	Property development

42 Particulars of principal subsidiaries *(Continued)*

Name of company	Place and date of incorporation/ establishment	Equity interest attributable to the Group At 31 December 2021	2020	Authorised/ registered and issued and fully Paid/paid-up capital	Principal activities
Hunan Green Development Co., Ltd.* (note i) 湖南原綠置業有限公司	PRC 7 August 2017	**100%**	70%	Registered RMB10,000,000 Paid up capital RMB10,000,000	Property development
Lianjing Xianmao Industrial Co., Ltd.* (note i) 連江賢茂實業有限公司	PRC 31 January 2018	**51%**	51%	Registered RMB160,000,000 Paid up capital RMB0	Property development
Shishi Jipeng Real Estate Development Co., Ltd.* (note i) 石獅吉鵬房地產開發有限公司	PRC 28 December 2015	**75%**	75%	Registered RMB20,000,000 Paid up capital RMB20,000,000	Property development
Hubei Zhengtian Development Co., Ltd.* (note i) 湖北正天置業有限公司	PRC 6 September 2017	**52.5%**	52.5%	Registered RMB10,000,000 Paid up capital RMB10,000,000	Property development
Jiaxing Hangxin Real Estate Development Co., Ltd.* (note i) 嘉興航信房地產開發有限公司	PRC 24 November 2016	**100%**	51%	Registered RMB50,000,000 Paid up capital RMB50,000,000	Property development
Qianxi Nanzhou Green Real Estate Development Co., Ltd.* (note i) 黔西南州原綠房地產開發有限公司	PRC 30 December 2017	**60%**	60%	Registered RMB10,000,000 Paid up capital RMB0	Property development
Huzhou Dongjun Construction and Development Co., Ltd.* (note i) 湖州東雋建設開發有限公司	PRC 18 October 2017	**100%**	77%	Registered RMB50,000,000 Paid up capital RMB50,000,000	Property development

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42 Particulars of principal subsidiaries *(Continued)*

Name of company	Place and date of incorporation/ establishment	Equity interest attributable to the Group At 31 December 2021	2020	Authorised/ registered and issued and fully Paid/paid-up capital	Principal activities
Huzhou Dongju Construction and Development Co., Ltd.* (note i) 湖州東聚建設開發有限公司	PRC 2 November 2017	**100%**	77%	Registered RMB50,000,000 Paid up capital RMB50,000,000	Property development
Jinzhong Modern Junmao Real Estate Development Co., Ltd.* (note i) 晉中當代君茂房地產開發有限公司	PRC 11 June 2014	**49%**	49%	Registered RMB34,000,000 Paid up capital RMB34,000,000	Property development
Suzhou Modern Zhongxiang Development Co., Ltd.* (note i) 蘇州當代中翔置業有限公司	PRC 14 November 2016	**80%**	80%	Registered RMB100,000,000 Paid up capital RMB100,000,000	Property development
Suzhou Modern Green Development Co., Ltd.* (note i) 蘇州當代原綠置業有限公司	PRC 15 August 2018	**80%**	80%	Registered RMB50,000,000 Paid up capital RMB0	Property development
Anhui Modern Wenshanglv Development Co., Ltd.* (note i) 安徽當代文商旅置業有限公司	PRC 27 June 2017	**100%**	51%	Registered RMB100,000,000 Paid up capital RMB100,000,000	Property development
Guizhou Moma Modern Green Development Co., Ltd.* (note i) 貴州摩碼當代節能置業有限公司	PRC 29 August 2017	**62.20%**	62.20%	Registered RMB10,000,000 Paid up capital RMB0	Property development
Fuyang Green Development Co., Ltd.* (note i) 阜陽原綠置業有限公司	PRC 30 July 2018	**74%**	74%	Registered RMB100,000,000 Paid up capital RMB100,000,000	Property development

42 Particulars of principal subsidiaries *(Continued)*

Name of company	Place and date of incorporation/ establishment	Equity interest attributable to the Group At 31 December 2021	2020	Authorised/ registered and issued and fully Paid/paid-up capital	Principal activities
Huzhou Modern Green Development Co., Ltd.* (note i) 湖州當代綠建置業有限公司	PRC 7 March 2018	**40%**	40%	Registered RMB125,000,000 Paid up capital RMB0	Property development
Shandong Green Development Co., Ltd.* (note i) 山東當代原綠置業有限公司	PRC 30 July 2018	**100%**	100%	Registered RMB10,000,000 Paid up capital RMB0	Property development
Tianjin Moma Hantang Real Estate Development Co., Ltd.* (note i) 天津摩碼瀚棠置業有限公司	PRC 28 August 2018	**100%**	100%	Registered RMB10,000,000 Paid up capital RMB10,000,000	Property development
Tianjin Haiyiyuan Real Estate Development Co., Ltd.* (note i) 天津海逸源房地產開發有限公司	PRC 17 April 2014	**100%**	100%	Registered RMB160,000,000 Paid up capital RMB160,000,000	Property development
Wuhan Green Yinghe Development Co., Ltd.* (note i) 武漢原綠英赫置業有限公司	PRC 7 May 2019	**63%**	63%	Registered RMB77,800,000 Paid up capital RMB77,800,000	Property development
Qingdao Modern Ruixiang Development Co., Ltd.* (note i) 青島當代瑞祥置業有限公司	PRC 6 November 2019	**34.17%**	34.17%	Registered RMB10,000,000 Paid up capital RMB10,000,000	Property development
Heze Haigang Real Estate Development Co., Ltd.* (note i) 菏澤市海港房地產開發有限公司	PRC 29 August 2003	**100%**	100%	Registered RMB51,000,000 Paid up capital RMB51,000,000	Property development

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42 Particulars of principal subsidiaries *(Continued)*

Name of company	Place and date of incorporation/ establishment	Equity interest attributable to the Group At 31 December 2021	2020	Authorised/ registered and issued and fully Paid/paid-up capital	Principal activities
Changzhou Minghong Development Co., Ltd.* (note i) 常州明宏置業有限公司	PRC 27 September 2019	**50%**	50%	Registered RMB102,000,000 Paid up capital RMB102,000,000	Property development
Jiangxi Blue Development Co., Ltd * (note i) 江西深藍置業有限公司	PRC 18 November 2019	**0%**	51%	Registered RMB10,000,000 Paid up capital RMB0	Property development
Hefei Lvheng MOMA Development Co., Ltd.* (note i) 合肥綠恒摩碼置業有限公司	PRC 11 June 2019	**51%**	51%	Registered RMB100,000,000 Paid up capital RMB100,000,000	Property development
Hunan Modern Gaoke Development Co., Ltd.* (note i) 湖南當代高科置業有限公司	PRC 19 December 2019	**66%**	56%	Registered RMB10,000,000 Paid up capital RMB10,000,000	Property development
Xingyang Jianhai Modern Development Co., Ltd.* (note i) 滎陽市建海當代置業有限公司	PRC 17 June 2019	**49%**	49%	Registered RMB10,000,000 Paid up capital RMB0	Property development
Hebei Tongfu Green Real Estate Development Co., Ltd.* (note i) 河北同福原綠房地產開發有限公司	PRC 4 June 2019	**90%**	90%	Registered RMB10,000,000 Paid up capital RMB10,000,000	Property development
Tianjin Ninghe Haikuotiankong Development Co., Ltd.* (note i) 天津寧河海闊天空建設開發有限公司	PRC 24 December 2014	**100%**	100%	Registered RMB575,000,000 Paid up capital RMB575,000,000	Property development

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42 Particulars of principal subsidiaries *(Continued)*

Name of company	Place and date of incorporation/ establishment	Equity interest attributable to the Group At 31 December 2021	2020	Authorised/ registered and issued and fully Paid/paid-up capital	Principal activities
Beijing Runjin Real Estate Development Co., Ltd..* (note i) 北京潤錦房地產開發有限公司	PRC 19 November 2010	**50.98%**	50.98%	Registered RMB204,000,000 Paid up capital RMB204,000,000	Property development
Suzhou Modern Green Development Co., Ltd.* (note i) 蘇州當代綠色置業有限公司	PRC 15 April 2016	**100%**	100%	Registered RMB110,000,000 Paid up capital RMB100,000,000	Property development
Changsha Pengyue Real Estate Development Co., Ltd.* (note i) 長沙市鵬躍房地產開發有限公司	PRC 23 October 2013	**100%**	100%	Registered RMB200,000,000 Paid up capital RMB200,000,000	Property development
Shanxi Guorun MOMA Development Co., Ltd.* (note i) 陝西國潤摩碼置業有限公司	PRC 10 April 2020	**45%**	45%	Registered RMB100,000,000 Paid up capital RMB0	Property development
Qingdao Modern Zhanlan Development Co., Ltd.* (note i) 青島當代綻藍置業有限公司	PRC 7 November 2019	**100%**	100%	Registered RMB19,607,800 Paid up capital RMB0	Property development
Honghu Green Yimei Development Co., Ltd.* (note i) 洪湖原綠億美置業有限公司	PRC 7 January 2020	**41%**	51%	Registered RMB10,000,000 Paid up capital RMB0	Property development
Hubei Zhanlan Development Co., Ltd.* (note i) 湖北綻藍置業有限公司	PRC 19 June 2018	**70%**	80%	Registered RMB10,000,000 Paid up capital RMB10,000,000	Property development

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42 Particulars of principal subsidiaries *(Continued)*

Name of company	Place and date of incorporation/ establishment	Equity interest attributable to the Group At 31 December 2021	2020	Authorised/ registered and issued and fully Paid/paid-up capital	Principal activities
Qianjiang Enjie Green Development Co., Ltd* (note i) 潛江恩杰原綠置業有限公司	PRC 8 April 2020	**31.5%**	40.8%	Registered RMB10,000,000 Paid up capital RMB0	Property development
Hebei Modern Green Real Estate Development Co., Ltd.* (note i) 河北當代原綠房地產開發有限公司	PRC 10 October 2019	**100%**	100%	Registered RMB50,000,000 Paid up capital RMB0	Property development
Shijiazhuang Modern Xinsheng Real Estate Development Co., Ltd.* (note i) 石家莊當代欣盛房地產開發有限公司	PRC 20 January 2020	**65%**	65%	Registered RMB10,000,000 Paid up capital RMB0	Property development
Xi'an Junhua Development Co., Ltd.* (note i) 西安君華置業有限公司	PRC 15 March 2017	**51%**	51%	Registered RMB20,000,000 Paid up capital RMB0	Property development
Xian Zhanlan Development Co., Ltd.* (note i) 西安綻藍置業有限公司	PRC 21 May 2020	**55%**	55%	Registered RMB500,000,000 Paid up capital RMB0	Property development
Huzhou Chuangbian Development Co., Ltd.* (note i) 湖州創變置業有限公司	PRC 18 December 2019	**100%**	100%	Registered RMB10,000,000 Paid up capital RMB0	Property development
Modern Green Development (Xian) Co., Ltd.* (note i) 當代綠色置業(西安)有限公司	PRC 3 July 2020	**100%**	100%	Registered RMB10,000,000 Paid up capital RMB0	Property development

42 Particulars of principal subsidiaries *(Continued)*

Name of company	Place and date of incorporation/ establishment	Equity interest attributable to the Group At 31 December 2021	2020	Authorised/ registered and issued and fully Paid/paid-up capital	Principal activities
Bangfu Outlets Development Co., Ltd.* (note i) 蚌埠市奧特萊斯置業有限公司	PRC 17 May 2019	**35%**	35%	Registered RMB376,000,000 Paid up capital RMB4,000,000	Property development
Dezhou Lingcheng District Zhanlan Development Co., Ltd.* (note i) 德州陵城區綻藍置業有限公司	PRC 16 June 2020	**100%**	100%	Registered RMB10,000,000 Paid up capital RMB0	Property development
Guiyang Zhanlan MOMA Development Co., Ltd.* (note i) 貴陽綻藍摩碼置業有限公司	PRC 15 July 2020	**100%**	100%	Registered RMB10,000,000 Paid up capital RMB0	Property development
Guiyang MOMA Tuozhan Development Co., Ltd.* (note i) 貴陽摩碼拓展置業有限公司	PRC 27 July 2020	**80%**	80%	Registered RMB50,000,000 Paid up capital RMB0	Property development
Shanwei Green Wanzhong Real Estate Development Co., Ltd.* (note i) 汕尾原綠萬眾房地產開發有限責任公司	PRC 2 June 2020	**0%**	100%	Registered RMB10,000,000 Paid up capital RMB0	Property development
Beijing Runyijia Development Co., Ltd.* (note i) 北京潤逸嘉置業有限公司	PRC 24 December 2020	**0%**	51%	Registered RMB1,000,000 Paid up capital RMB0	Property development
Julv Benpao Development (Shenzhen) Co., Ltd.* (note i) 聚綠奔跑置業(深圳)有限公司	PRC 22 December 2020	**100%**	100%	Registered RMB10,000,000 Paid up capital RMB0	Property development

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42 Particulars of principal subsidiaries *(Continued)*

Name of company	Place and date of incorporation/ establishment	Equity interest attributable to the Group At 31 December 2021	2020	Authorised/ registered and issued and fully Paid/paid-up capital	Principal activities
Beijing Modern Lingdi Development Co., Ltd.* (note i) 北京當代領地置業有限公司	PRC 24 December 2020	**100%**	51%	Registered RMB1,000,000,000 Paid up capital RMB0	Property development
Chongqing Green Development Co., Ltd.* (note i) 重慶深綠置業有限公司	PRC 3 November 2020	**100%**	100%	Registered RMB10,000,000 Paid up capital RMB0	Property development
Chongqing Zhanlan Development Co., Ltd.* (note i) 重慶綻藍置業有限公司	PRC 18 November 2020	**100%**	100%	Registered RMB10,000,000 Paid up capital RMB0	Property development
Jiangsu Modern Xinjiye Real Estate Development Co., Ltd.* (note i) 江蘇當代新基業房地產開發有限公司	PRC 14 December 2020	**51%**	51%	Registered RMB101,880,000 Paid up capital RMB51,958,800	Property development
Zhangjiagang Weiguang MOMA Development Co., Ltd.* (note i) 張家港偉光摩碼置業有限公司	PRC 24 November 2020	**50%**	50%	Registered RMB30,000,000 Paid up capital RMB0	Property development
Zhangjiagang Weiguang MOMA Chuangbian Development Co., Ltd.* (note i) 張家港偉光摩碼創變置業有限公司	PRC 10 December 2020	**50%**	50%	Registered RMB100,000,000 Paid up capital RMB0	Property development
Jiangsu Qianheng Development Co., Ltd.* (note i) 江蘇乾亨置業有限責任公司	PRC 9 July 2020	**40%**	20.4%	Registered RMB20,000,000 Paid up capital RMB0	Property development

42 Particulars of principal subsidiaries *(Continued)*

Name of company	Place and date of incorporation/ establishment	Equity interest attributable to the Group At 31 December 2021	2020	Authorised/ registered and issued and fully Paid/paid-up capital	Principal activities
Changzhou Green Development Co., Ltd.* (note i) 常州原綠置業有限公司	PRC 29 October 2020	**100%**	100%	Registered RMB5,000,000 Paid up capital RMB0	Property development
Suzhou Modern Green Development Co., Ltd.* (note i) 蘇州當代深綠置業有限公司	PRC 15 October 2019	**100%**	100%	Registered RMB10,000,000 Paid up capital RMB10,000,000	Property development
Beijing Modern Shangkun Development Co., Ltd.* (note i) 北京當代上坤置業有限公司	PRC 12 December 2020	**100%**	51%	Registered RMB5,000,000,000 Paid up capital RMB5,000,000,000	Property development
Modern Tianying Development (Shanxi) Co., Ltd.* (note i) 當代天英置業(山西)有限公司	PRC 18 December 2020	**51%**	51%	Registered RMB1,000,000,000 Paid up capital RMB490,000,000	Property development
Hubei Enjie Zhanlan Development Co., Ltd.* (note i) 湖北恩杰綻藍置業有限公司	PRC 10 November 2020	**34%**	39%	Registered RMB10,000,000 Paid up capital RMB0	Property development
Qingdao Modern Huanxin Development Co., Ltd.* (note i) 青島當代煥新置業有限公司	PRC 12 October 2019	**100%**	100%	Registered RMB10,000,000 Paid up capital RMB0	Property development
Changzhou Zhanlan Development Co., Ltd. * (note i) 常州綻藍置業有限公司	PRC 17 November 2019	**51%**	51%	Registered RMB5,000,000 Paid up capital RMB0	Property development

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42 Particulars of principal subsidiaries *(Continued)*

Name of company	Place and date of incorporation/ establishment	Equity interest attributable to the Group At 31 December 2021	2020	Authorised/ registered and issued and fully Paid/paid-up capital	Principal activities
Shanxi Modern Langxin Development Co., Ltd.* (note i) 山西當代朗鑫置業有限公司	PRC 19 March 2020	**70%**	70%	Registered RMB10,000,000 Paid up capital RMB0	Property development
Xian Modern Julv Development Co., Ltd.* (note i) 西安當代聚綠置業有限公司	PRC 26 August 2019	**64%**	64%	Registered RMB500,000,000 Paid up capital RMB10,000,000	Property development
Suzhou Lanlv Zhanfang Development Co., Ltd.* (note i) 蘇州藍綠綻放置業有限公司	PRC 23 October 2019	**100%**	100%	Registered RMB10,000,000 Paid up capital RMB10,000,000	Property development
Shijiazhuang Modern Jianyuan Real Estate Development Co., Ltd.* (note i) 石家莊當代建遠房地產開發有限公司	PRC 22 May 2018	**75%**	75%	Registered RMB200,000,000 Paid up capital RMB0	Property development
Chongqing Kangjia Development Co., Ltd.* (note i) 重慶康佳置業發展有限公司	PRC 7 November 2019	**67%**	67%	Registered RMB50,000,000 Paid up capital RMB50,000,000	Property development
Chongqing Kangjia Xingyi Development Co., Ltd.* (note i) 重慶康佳興毅置業有限公司	PRC 18 November 2019	**67%**	67%	Registered RMB50,000,000 Paid up capital RMB50,000,000	Property development
Chongqing Kangjia Fuze Development Co., Ltd.* (note i) 重慶康佳福澤置業有限公司	PRC 21 November 2019	**67%**	67%	Registered RMB50,000,000 Paid up capital RMB50,000,000	Property development

42 Particulars of principal subsidiaries *(Continued)*

Name of company	Place and date of incorporation/ establishment	Equity interest attributable to the Group At 31 December 2021	2020	Authorised/ registered and issued and fully Paid/paid-up capital	Principal activities
Hebei Zhaohui Fuze Real Estate Development Co., Ltd.* (note i) 河北照暉房地產開發有限公司	PRC 10 December 2020	**75%**	75%	Registered RMB30,000,000 Paid up capital RMB0	Property development
Hebei Kanghui Fuze Real Estate Development Co., Ltd.* (note i) 河北康暉照業房地產開發有限公司	PRC 4 August 2021	**75%**	75%	Registered RMB30,000,000 Paid up capital RMB0	Property development
Chongqing Yuanlvmoma Fuze Development Co., Ltd.* (note i) 重慶原綠摩碼置業有限公司	PRC 14 September2020	**100%**	100%	Registered RMB10,000,000 Paid up capital RMB0	Property development
Changzhou Shenlan Fuze Development Co., Ltd.* (note i) 常州深藍置業有限公司	PRC 29 October 2020	**100%**	100%	Registered RMB5,000,000 Paid up capital RMB0	Property development
Foshan Dangdai Zhanlan Fuze Development Co., Ltd.* (note i) 佛山當代綻藍置業有限公司	PRC 10 March 2021	**100%**	100%	Registered RMB10,000,000 Paid up capital RMB0	Property development
Huzhou Benpao Development Co., Ltd.* (note i) 湖州奔跑置業有限公司	PRC 18 December 2019	**100%**	100%	Registered RMB10,000,000 Paid up capital RMB0	Property development
Jianli Yuanlvyimei Development Co., Ltd.* (note i) 監利原綠憶美置業有限公司	PRC 3 February 2021	**24%**	24%	Registered RMB10,000,000 Paid up capital RMB0	Property development

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42 Particulars of principal subsidiaries *(Continued)*

Name of company	Place and date of incorporation/ establishment	Equity interest attributable to the Group At 31 December 2021	2020	Authorised/ registered and issued and fully Paid/paid-up capital	Principal activities
Jiangsu Moma Development Co., Ltd.* (note i) 江蘇摩碼置業有限公司	PRC 17 December 2020	**100%**	100%	Registered RMB10,000,000 Paid up capital RMB0	Property development
Weihai Shidi Real Estate Development Co., Ltd.* (note i) 威海實地房地產開發有限公司	PRC 1 April 2020	**46%**	46%	Registered RMB1,000,000 Paid up capital RMB0	Property development
Weihai Xinjiye Real Estate Development Co., Ltd.* (note i) 威海新基業房地產開發有限公司	PRC 5 January 2021	**46%**	46%	Registered RMB20,000,000 Paid up capital RMB0	Property development
Xiantao Moma Development Co., Ltd.* (note i) 仙桃摩碼置業有限公司	PRC 23 September2020	**95%**	95%	Registered RMB500,000 Paid up capital RMB0	Property development
Xiantao Yuzhan Development Co., Ltd.* (note i) 仙桃譽戰置業有限公司	PRC 19 January 2021	**48%**	48%	Registered RMB19,801,980 Paid up capital RMB0	Property development
Chongqing Chengda Development Co., Ltd.* (note i) 重慶程達置業有限公司	PRC 14 September2020	**100%**	100%	Registered RMB500,000,000 Paid up capital RMB0	Property development
Chongqing Chunfu Development Co., Ltd.* (note i) 重慶春福置業有限公司	PRC 21 September2020	**100%**	100%	Registered RMB500,000,000 Paid up capital RMB0	Property development

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42 Particulars of principal subsidiaries *(Continued)*

Name of company	Place and date of incorporation/ establishment	Equity interest attributable to the Group At 31 December 2021	2020	Authorised/ registered and issued and fully Paid/paid-up capital	Principal activities
Chongqing Langheng Development Co., Ltd.* (note i) 重慶朗恒置業有限公司	PRC 23 September 2020	**100%**	100%	Registered RMB500,000,000 Paid up capital RMB0	Property development
Xiantao Mantingchun Development Co., Ltd.* (note i) 仙桃滿庭春置業有限公司	PRC 29 March 2021	**60%**	60%	Registered RMB500,000,000 Paid up capital RMB0	Property development
Chongqing Jvlv Development Co., Ltd.* (note i) 重慶聚綠置業有限公司	PRC 12 May 2021	**40%**	40%	Registered RMB20,000,000 Paid up capital RMB0	Property development
Jinhai Lvse(Beijing) Development Co., Ltd.* (note i) 津海綠色(北京)置業有限公司	PRC 29 September 2016	**78%**	78%	Registered RMB2,500,000,000 Paid up capital RMB0	Property development
Shanxi Xincaifu Development Co., Ltd.* (note i) 陝西新財富置業有限公司	PRC 4 November 2009	**78%**	78%	Registered RMB291,000,000 Paid up capital RMB0	Property development
Jingzhoushi Zhanlan Development Co., Ltd.* (note i) 荊州市綻藍置業有限公司	PRC 17 March 2021	**100%**	100%	Registered RMB30,000,000 Paid up capital RMB0	Property development
Xiantao Lanlv Development Co., Ltd.* (note i) 仙桃藍綠置業有限公司	PRC 25 March 2021	**100%**	100%	Registered RMB10,000,000 Paid up capital RMB0	Property development

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42 Particulars of principal subsidiaries *(Continued)*

Name of company	Place and date of incorporation/ establishment	Equity interest attributable to the Group At 31 December 2021	2020	Authorised/ registered and issued and fully Paid/paid-up capital	Principal activities
Huangshi Zhanlan Development Co., Ltd.* (note i) 黃石綻藍置業有限公司	PRC 11 March 2021	**100%**	100%	Registered RMB10,000,000 Paid up capital RMB0	Property development
Huangshi Jiayue Moma Development Co., Ltd.* (note i) 黃石嘉悅摩碼置業有限公司	PRC 1 March 2021	**40%**	40%	Registered RMB20,410,000 Paid up capital RMB0	Property development
Qianjiang Mantingchun Development Co., Ltd.* (note i) 潛江滿庭春置業有限公司	PRC 8 March 2021	**31%**	31%	Registered RMB100,000,000 Paid up capital RMB0	Property development
Qianjiang Huaziyuzhan Development Co., Ltd.* (note i) 潛江華滋譽戰置業有限公司	PRC 9 June 2021	**16%**	16%	Registered RMB10,000,000 Paid up capital RMB0	Property development
Wuhan Lanlvxiangjian Development Co., Ltd.* (note i) 武漢藍綠相間置業有限公司	PRC 22 March 2021	**100%**	100%	Registered RMB100,000,000 Paid up capital RMB0	Property development
Yuanjing Zhanlan Development Co., Ltd.* (note i) 遠景綻藍置業(深圳)有限公司	PRC 16 June 2021	**100%**	100%	Registered RMB100,000,000 Paid up capital RMB0	Property development

42 Particulars of principal subsidiaries *(Continued)*

Name of company	Place and date of incorporation/ establishment	Equity interest attributable to the Group At 31 December 2021	2020	Authorised/ registered and issued and fully Paid/paid-up capital	Principal activities
Shijiazhuang Dangdaichuhui Development Co., Ltd.* (note i) 石家莊當代春暉置業有限公司	PRC 21 July 2020	**100%**	100%	Registered RMB20,000,000 Paid up capital RMB0	Property development
Xiantao Hongye Development Co., Ltd.* (note i) 仙桃鴻業置業有限公司	PRC 21 June 2021	**100%**	100%	Registered RMB100,000,000 Paid up capital RMB0	Property development

Notes:

(i) These companies are PRC limited liability companies.

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

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

43 Event after the end of the reporting period

In April 2022, the Group entered into an agreement with a connected party, pursuant to the agreement, the Group disposed certain subsidiaries which were classified as assets and liabilities held for sale as disclosed in Note 26.

In July 2022, the Group reached an agreement with corporate bondholders of RMB corporate bonds with aggregate nominal value of RMB880,000,000. Pursuant to the agreement, the repayment date of the corporate bond was extended by one year to 30 July 2023 as disclosed in Note 31.

During 2022, the Group is undertaking the Scheme which had not been completed. As disclosed in Note 3(a)(ii), up to the date of approval of these consolidated financial statements, the restructuring has not been completed and the Group is seeking written consent of the senior note holders to further extend the current longstop date of 30 December 2022.

SUMMARY OF FINANCIAL INFORMATION

	For the year ended 31 December				
	2021	2020	2019	2018	2017
	RMB million	RMB million	RMB million	RMB million	RMB million
RESULT					
Revenue	**11,450**	15,741	14,552	9,338	8,506
(Loss)/profit before taxation	**(1,562)**	2,867	2,670	1,405	1,358
Income taxes expense	**(767)**	(1,750)	(1,616)	(743)	(531)
(Loss)/profit for the year	**(2,330)**	1,117	1,054	662	827
Attributable to:					
Owners of the Company	**(2,055)**	739	730	525	706
Non-controlling interests	**(275)**	378	324	137	121
	(2,330)	1,117	1,054	662	827
(Losses)/earnings per share (basic), RMB cents	**(73.5)**	26.4	26.2	18.9	25.6
ASSET AND LIABILITIES					
Total assets	**77,618**	81,912	68,537	53,629	45,171
Total liabilities	**(70,805)**	(70,934)	(59,933)	(46,047)	(38,154)
	6,813	10,978	8,604	7,582	7,017
Equity attributable to owners of the Company	**4,469**	6,709	6,159	5,674	5,178
Non-controlling interests	**2,344**	4,269	2,445	1,908	1,839
	6,813	10,978	8,604	7,582	7,017