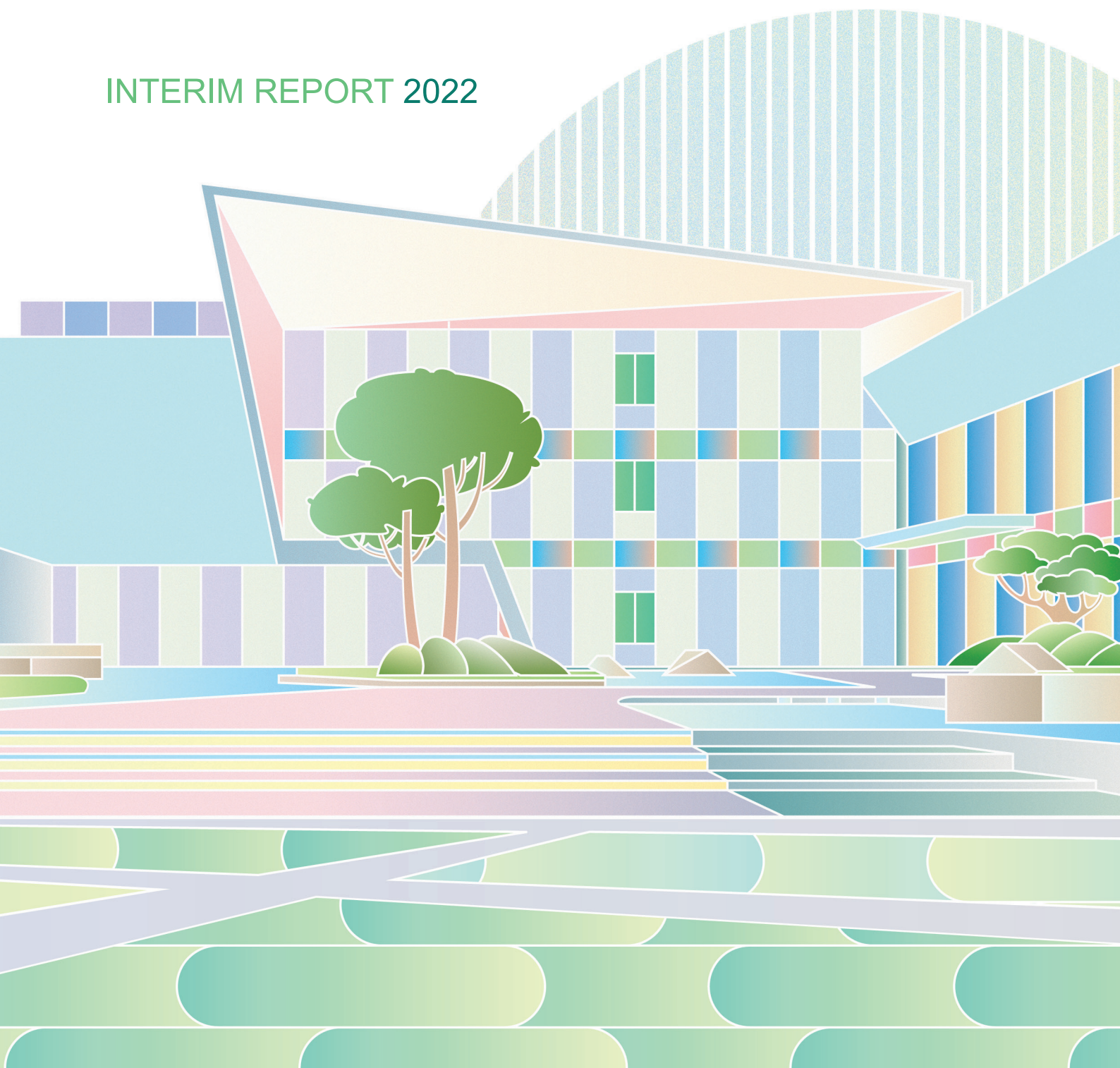


科技建築 綠色家園 城市向美

M O M A F i n e L i v i n g

INTERIM REPORT 2022



CONTENTS

CORPORATE INFORMATION	2
COMPANY PROFILE	4
CHAIRMAN'S STATEMENT	6
MANAGEMENT DISCUSSION AND ANALYSIS	
BUSINESS REVIEW	9
FINANCIAL REVIEW	12
OTHER INFORMATION	15
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	20
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	22
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	24
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS	28
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS	30

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

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

Non-executive Directors

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

Independent Non-executive Directors

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

Audit Committee

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

Environmental, Social and Governance Committee

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

Remuneration Committee

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

Nomination Committee

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

AUTHORISED REPRESENTATIVES

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

COMPANY SECRETARY

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

AUDITOR

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

LEGAL ADVISER

Loong & Yeung

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

Corporate Information

REGISTERED OFFICE

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

HEADQUARTERS IN THE PRC

No. 1 Xiangheyuan Road
Dongcheng District
Beijing
PRC 100028

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

PRINCIPAL BANKERS

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

LISTING INFORMATION

Equity securities listed on
The Stock Exchange of Hong Kong Limited

Ordinary shares

Stock Code: 1107

Debt securities listed on
The Stock Exchange of Hong Kong Limited

Sustainable & Green Exchange (STAGE)

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

Debt Stock Code: 40525

COMPANY WEBSITE

www.modernland.hk

COMPANY PROFILE

OVERVIEW

Modern Land (China) Co., Limited (hereinafter referred to as the “Company” or “Modern Land”, together with its subsidiaries as the “Group”) was established in 2000 in Beijing 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 “MOMA” (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. MOMA consists of four text graphics “M” “O” “M” “A”. Two “M” symbolise our home, “O” represents the origin of the universe and “A” 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 MOMA 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 MOMA product line with top green technology, Modern Eminence MOMA product line with high-end green technology, Modern Horizon MOMA product line with quality green technology and Modern City MOMA 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 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.

Company Profile

BUILDING STRONG BRAND-NAME INFLUENCE

The Company has updated its green technology products. The Company's official integrated housing "Air Dino 3 (恐龍3號)", being the first prefabricated and net zero energy consumption and healthy integrated housing, 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 MOMA was rated as hundred-year residence that satisfied the assessment of residence performance and standards of green residence; Modern Wan Guo Cheng MOMA (Tongzhou) was awarded the Platinum-level precertification under the WELL Building Standard™; Modern Wan Guo Fu MOMA (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 MOMA is the only project in China that received the "Ten Year Award"/"50 Most Influential Tall Buildings of the Last 50 Years across the Globe (50年世界最具影響力的50棟高層建築)" from the Council on Tall Buildings and Urban Habitat (CTBUH); and the Company ranked second in China Model Green Property Developers in Operation (中國綠色地產運行典範第2名).

The Company has continued to expand its brand influence in the industry. In terms of industry 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 MOMA 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, Fūzhou Modern City MOMA, Shaanxi Modern Jiabao Park YUE MOMA, Beijing Modern Xishan Shang Pin Wan MOMA, Modern Shishou Xian Yang Fu MOMA, Modern Huzhou Shang Pin Wan MOMA, Zhangjiakou Yuanzhu MOMA, Xiaogan Modern Shi Guang Li MOMA and Heze Modern City MOMA 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 MOMA 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

Dear Shareholders,

On behalf of the board (the "Board") of directors (the "Directors" and each a "Director"), I hereby present the business review of the Group for the six months ended 30 June 2022 (the "Period") and its prospects.

SALES RESULTS

For the period ended 30 June 2022, the Company spared no effort to achieve the best sales results under the then market environment and operating conditions.

REVIEW OF THE FIRST HALF OF 2022

For the real estate industry was on the cusp of the crisis, the first half of 2022 was an eventful period along with ups and downs, with challenges and breakthroughs, owing to factors such as systematic fluctuations in macro policies, uncertainties in pandemic control, and calls for economic recovery. Given these combined effects, the scale of the industry remained low, and the market hovered around.

If we are to use key words to describe the industry characteristics of the first half of the year, we may use "quick clearing", "tight liquidity" and "re-starting" for summarisation.

Firstly, quick clearing. Real estate companies tried their best to reduce debt and leverage, including clearing industry bubbles and risks, clearing corporate inventories, clearing companies' overseas and domestic debts, and clearing non-performing assets to achieve balanced operations.

Secondly, tight liquidity. Affected by strict financial control policies, the traditional model was no longer sustainable, and liquidity continued to be tight.

Thirdly, re-starting. The traditional model of real estate has already been under tremendous pressure and urgently needs to be upgraded and reworked. Various options such as stock assets, entrusted construction, and technology allow traditional real estate companies to move towards a new track and start again.

During the first half of 2022, the Company continued to experience unprecedented challenges and operating pressure, but has also achieved a comparable result under the extremely uneasy operations, which was the result of the joint efforts and commitment of our shareholders, creditors, customers and partners.

In the first half of 2022, based on the previous work, the Company continued its active effort to reduce liabilities and risks, and comprehensively promoted strategies such as debt restructuring, asset management, project restructuring and strategic attraction. These efforts led to the preservation of a large number of high-quality projects and assets, ensured the stability of corporate processes and operations, and achieved the goal of a fundamentally stable development basis.

In the first half of 2022, the Company achieved a sales revenue of approximately RMB2.4 billion. Gross profit decreased significantly compared with the corresponding period due to various factors including but not limited to the impact of inventory impairment and the decline in fair value of investment properties, laying a solid foundation for subsequent normal operations and complete delivery of the projects.

In the first half of 2022, the Company achieved a reduction in the size of its overall debt. In conjunction with the proposals of our overseas debt consultants, we will promote the proper settlement of debts in US dollar through restructuring + issuance of new bonds. For domestic debts, we have realised the best possible resolution through close communication and active consultation with various stakeholders. The above work can further improve the rational allocation of the Company's financial structure and, more importantly, ensure the planned operation, normal completion and smooth delivery of the projects in hand.

In the first half of 2022, the Company was determined to adhere to its core competitiveness in green technology and its pursuit of comfortable living products, achieving a high standard of delivery for nearly 3,000 residents and fulfilling its social commitment.

Chairman's Statement

In the first half of 2022, 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.

OUTLOOK FOR THE SECOND HALF OF 2022

In the second half of 2022, we expect that, from the policy perspective, the policy tilt to the real estate industry will further increase, market confidence is expected to be significantly restored, and the overall market performance is expected to stop falling and start rebounding. From the perspective of the supply end, entrepreneurial decision-making and corporate investment willingness will be effectively improved, and the performance of the capital market will gradually heat up.

The Company will adhere to the principle of steady relief and prudent development, increase efforts to promote delivery, and scientifically plan new developments. In the second half of the year, the Company will strictly adopt three major strategies to achieve its strategic goals.

Platform first and asset restructuring to assist the Company in substantially turning danger into safety

A healthy balance sheet and investment and financing structure are the core competitiveness of real estate companies in the new era.

In the second half of the year, the Company will work with strategic partners to build a joint venture platform, financial platform, project platform, entrusted construction platform, a technology platform and other scenarios based on the existing platforms and projects and with a view to relieving our difficulties and achieving a win-win situation, effectively restructuring our key projects and consolidating our core assets.

On the other hand, the Company will maintain full communication and effective negotiation with banking institutions, partners, suppliers and client owners, and strive to achieve a larger scale debt reduction at the group level and project level, further improve the assets and liabilities position, further optimise the investment and financing structure, and realise the Company's ability to turn danger into safety.

Promote green technology, comfort and energy saving, always maintaining the core competitiveness of our products and services

Creating differentiated products and services for customers is an emphasised manifestation of outstanding enterprises in fulfilling their social citizenship responsibilities.

Guided by the goal of carbon neutrality, the Company will continue to adhere to the green technology strategy and utilise the enterprise technological accumulation and talent advantage to repeatedly compute and upgrade the four constant + four balance of the dual four HENG products and service concept. At the same time, we will expand the implementation of green technology in education, elderly care, hotels, catering, sports, office and other scenarios, and strive to create a low-carbon, environmentally friendly and sustainable space, gradually generalizing our differential competitiveness.

The Company will continue to strive to integrate the concept of "whole-life cycle industrialised communities" into each community, bringing the MOMA Living Home "4+1" community directly to each owner, with the service system covering all scenarios, all ages, and all hours of community life. It is safe and comfortable, low-carbon and energy-saving, showing the Company's efforts to cater for the daily needs of the owners.

Embracing certainty and technology empowerment to seek a more sustainable development path

In the face of an uncertain future with internal and external problems, a solid and stable strategy becomes the biggest source of motivation for the Company.

Chairman's Statement

We remain firmly optimistic about the real estate industry, which is a 10 trillion-level pillar industry. The Company will further improve its city cultivation and regional focus, return to first-tier and second-tier cities, and focus its core resources on studying the rotation pattern of city and segment development. We will acquire land more prudently, flexibly and resiliently, and realise incremental projects to ensure the steady development of the real estate industry, taking small fast paces and a high-quality development route. In addition, we believe that the Company's real estate and real estate + businesses will gradually open up new development opportunities, as many areas of the pan-real estate ecosystem, including light asset construction, stock asset operation and upstream and downstream industrial chains, are also being rapidly deployed.

At the same time, the Company is actively exploring and practising more forward-looking and vital tracks that are newly emerging, including but not limited to technology + fund, platform + investment, incubation + investment and other new spaces and new businesses.

At this point in time, although the Company has passed the darkest days, the gloom before the dawn still hovers around. During this process, the Company has received a lot of love and support from many parties and would like to express our gratitude to the members of the Board, the management team and all the staff of the Group for their hard work.

The Company will not let the experience we gain from a crisis go to waste, and the new Modern Land that has survived the gloom and doom and passed the cycle will be more resilient, stable and vital in operation, leading us back to a long-term, stable and steady development path.

Modern Land (China) Co., Limited

Zhang Peng

Chairman of the Board

27 June 2023

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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

Sale of Properties

Due to the continued impact of COVID-19, in the progress of gross floor area ("GFA") delivered had slowed down. The Group's revenue from sale of properties for the six months ended 30 June 2022 amounted to approximately RMB2,323.6 million, representing a decrease of approximately 75.1% as compared to the corresponding period in 2021.

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

During the six months ended 30 June 2022, the Group's revenue from property investment decreased by approximately 52.6% to approximately RMB18.0 million from approximately RMB38.0 million for the corresponding period of 2021.

For real estate agency services, leveraging on the unique products, brand recognition, management and credibility advantages supported by our MOMA green-technology products, the Group offers customised and whole-process entrusted development and operation management solutions to our customers. For the six months ended 30 June 2022, the Group's revenue from real estate agency services decreased by approximately 79.8% to approximately RMB26.5 million from approximately RMB131.2 million for the corresponding period of 2021.

Hotel MoMc, a boutique hotel owned and operated by the Group, has established its presence in Beijing and Taiyuan. The revenue from hotel operation for the six months ended 30 June 2022 decreased by approximately 24.0% to approximately RMB19.0 million from approximately RMB25.0 million for the corresponding period of 2021. During the six months ended 30 June 2022, the revenue from other services was approximately RMB30.1 million, representing a decrease of approximately 8.5% as compared to that of approximately RMB32.9 million for the corresponding period of 2021.

Management Discussion and Analysis

Contracted Sales

During the six months ended 30 June 2022, the Group, its joint ventures and associates achieved contracted sales of approximately RMB2,908.1 million, representing a decrease of approximately 86.5% as compared to the corresponding period in 2021. The Group, its joint ventures and associates sold 354,997 square metres ("sq.m.") in total GFA and 2,822 units of car parking spaces, representing a decrease of approximately 82.9% and an increase of approximately 3.3%, respectively, as compared to the corresponding period in 2021.

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

Province/Municipality/ Autonomous Region	Six months ended 30 June					
	2022			2021		
	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	128,995	26,254	4,913	2,646,552	362,918	7,292
Beijing	153,942	6,088	25,286	253,378	7,188	35,250
Fujian	36,634	1,896	19,322	306,808	14,120	21,729
Guangdong	9,519	441	21,585	542,651	11,561	46,938
Chongqing	60,205	7,614	7,907	2,224,886	238,665	9,322
Guizhou	80,667	16,077	5,018	818,175	87,230	9,380
Hebei	326,743	43,194	7,565	1,420,009	133,305	10,652
Henan	35,795	6,319	5,665	124,152	13,887	8,940
Hubei	730,362	132,605	5,508	4,235,161	600,266	7,055
Hunan	369,794	43,650	8,472	1,235,541	101,891	12,126
Inner Mongolia	168,307	15,103	11,144	380,107	30,360	12,520
Jiangsu	171,743	14,208	12,088	2,681,456	133,396	20,101
Jiangxi	89,225	8,753	10,194	858,151	66,918	12,824
Liaoning	-	-	-	1,094	191	5,728
Shaanxi	34,441	4,724	7,291	2,147,161	125,887	17,056
Shandong	67,417	12,661	5,325	642,758	87,558	7,341
Shanxi	106,694	9,498	11,233	538,269	45,537	11,820
Tianjin	-	-	-	70,011	9,008	7,772
Zhejiang	40,819	5,912	6,904	157,985	8,240	19,173
Properties Sub-total	2,611,302	354,997	7,356	21,284,305	2,078,126	10,242
Car Parking Spaces	296,789	2,822 units	105,170/unit	278,141	2,733 units	101,771/unit
Total	2,908,091			21,562,446		

Management Discussion and Analysis

Land Bank

As at 30 June 2022, total GFA of land bank in the PRC (excluding investment properties and properties held for own use) held by the Group, its joint ventures and associates was 12,857,339 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/Autonomous Region	As at 30 June 2022 Total GFA unsold* (sq.m.)
Anhui	757,926
Beijing	471,607
Chongqing	1,123,957
Fujian	97,684
Guangdong	552,682
Guizhou	710,048
Hebei	757,422
Henan	52,102
Hubei	3,331,183
Hunan	718,276
Inner Mongolia	79,149
Jiangsu	242,956
Jiangxi	268,363
Liaoning	101,895
Shaanxi	1,611,915
Shandong	742,522
Shanghai	17,704
Shanxi	998,945
Tianjin	193,441
Zhejiang	27,562
Total	12,857,339

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

Management Discussion and Analysis

FINANCIAL REVIEW

Revenue

The Group's revenue decreased by approximately 74.7% to approximately RMB2,417.4 million for the six months ended 30 June 2022 from approximately RMB9,543.4 million for the corresponding period of 2021, which was mainly attributable to the decrease in area delivered, with a period-on-period decrease of approximately RMB6,992.6 million in revenue from sale of properties.

Cost of sales

The Group's cost of sales amounted to approximately RMB2,310.9 million for the six months ended 30 June 2022, representing a decrease of approximately 68.5% as compared to the corresponding period of 2021, which is in line with the decrease in revenue.

Gross profit and gross profit margin

For the six months ended 30 June 2022, the Group's gross profit was approximately RMB106.4 million and the gross profit margin was 4.4%, representing a decrease of approximately 18.8 percentage points as compared to that of approximately 23.2% for the corresponding period of 2021.

Other income, gains and losses

The Group's other income, gains and losses recorded a net loss of approximately RMB876.2 million during the six months ended 30 June 2022 as compared to a net gain of approximately RMB192.4 million for the six months ended 30 June 2021, which was mainly due to the loss from the rise of RMB to USD exchange rate.

Selling and distribution expenses

The selling and distribution expenses decreased by approximately 36.9% to approximately RMB195.5 million for the six months ended 30 June 2022 from approximately RMB309.7 million for the corresponding period of 2021, primarily due to the reducing scale of sales.

Administrative expenses

The administrative expenses of the Group amounted to approximately RMB228.9 million for the six months ended 30 June 2022, representing a decrease of approximately 43.1% as compared to the corresponding period of 2021, primarily due to the decrease in the business and management scale of the Group. The administrative expenses for the six months ended 30 June 2022 accounted for approximately 7.9% of contracted sales as compared to that of approximately 1.9% for the corresponding period of 2021.

Finance costs

The finance costs of the Group amounted to approximately RMB191.4 million for the six months ended 30 June 2022, representing a decrease of approximately 7.0% from approximately RMB205.7 million for the six months ended 30 June 2021.

Loss before taxation and loss for the period

The loss before taxation of the Group for the six months ended 30 June 2022 amounted to approximately RMB1,340.3 million, as compared to the profit before taxation of approximately RMB1,594.3 million for the six months ended 30 June 2021, and loss for the period amounted to approximately RMB1,483.9 million as compared to the profit amounted to approximately RMB676.5 million for the six months end 30 June 2021.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Cash position

As at 30 June 2022, the Group had cash, restricted cash and bank balances of approximately RMB2,864.5 million, representing a decrease of approximately 28.6% as compared to that of approximately RMB4,012.0 million as at 31 December 2021.

Borrowings and pledge of the Group's assets

As at 30 June 2022, the Group had aggregate remaining balance of approximately RMB22,474.2 million, including bank and other borrowings of approximately RMB12,769.3 million, senior notes of approximately RMB8,957.8 million and corporate bonds of approximately RMB747.1 million, representing a decrease of approximately 8.4% as compared to that of approximately RMB24,546.4 million as at 31 December 2021. As at 30 June 2022, certain banking and other facilities granted to the Group were secured by the Group's assets, such as investment properties, properties under development for sale, completed properties held for sale, property, plant and equipment, equity interests in subsidiaries and bank deposits, which had a carrying amount of approximately RMB17,714.3 million (31 December 2021: approximately RMB21,980.1 million). A majority of the carrying value of the Group's bank loans was denominated in RMB.

Management Discussion and Analysis

Breakdown of indebtedness

By type of borrowings and maturity

	30 June 2022 RMB'000	31 December 2021 RMB'000
Bank and other loans within one year or on demand	10,913,099	13,449,587
more than one year, but not exceeding two years	1,647,663	804,056
more than two years, but not exceeding five years	92,160	971,910
more than five years	116,361	131,361
Sub-total	12,769,283	15,356,914
Senior notes		
within one year	8,957,831	8,478,681
Sub-total	8,957,831	8,478,681
Corporate bonds		
within one year	747,069	710,812
Sub-total	747,069	710,812
TOTAL	22,474,183	24,546,407
Less:		
Bank balances and cash (including restricted cash)	2,864,479	4,011,969
Net debt	(19,609,704)	(20,534,438)
Total Equity	4,851,901	6,813,355
Net debt to equity	404.2%	301.4%
By currency denomination		
Bank and other loans		
— Denominated in RMB	12,614,921	14,884,499
— Denominated in US\$	154,362	306,033
— Denominated in HK\$	—	166,382
	12,769,283	15,356,914

Management Discussion and Analysis

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 30 June 2022, the Group had monetary assets denominated in US dollars and Hong Kong dollars of approximately RMB8.6 million and approximately RMB6.9 million, respectively, as well as liabilities denominated in US dollars of approximately RMB9,112.2 million. Those amounts were exposed to foreign currency risk. Considering the actual impacts caused to the Group arising from the market condition and fluctuations of foreign exchange rates during the six months ended 30 June 2022, the Group currently has no foreign currency hedging policy in place yet, but the management will constantly monitor foreign exchange exposure and identify a policy that will be appropriate to the Group. The Group will consider hedging against any significant foreign currency exposure when necessary.

Contingent liabilities

As at 30 June 2022, the Group had provided guarantees amounting to approximately RMB18,008,002,000 (31 December 2021: approximately RMB19,142,651,000) 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 default of the mortgage payments by these purchasers, the Group is 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 respective properties. The guarantee period commences from the date of grant of the relevant mortgage loans and ends when these purchasers obtain the individual property ownership certificate.

Additionally, a subsidiary of the Company has issued joint guarantee in respect of banking facility (the "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 the joint guarantors which include the subsidiary of the Company. The Directors do not consider that the Group needs to bear the responsibility to repay the debt owed to the bank as the joint venture has sufficient assets to settle the amount. The maximum liability of the Group as at 30 June 2022 under the guarantees issued amounted to RMB1,125,000,000 (31 December 2021: RMB1,125,000,000), being the outstanding amount of the Facility utilised by the joint venture.

As at 30 June 2022, the Group was the defendant in various on-going litigations and arbitration cases primarily initiated by its creditors. In most of the cases, the creditors demanded immediate repayment of the debts owed to them, together with an interest and/or a penalty as a compensation. Our management has assessed the likelihood of the outcome of these cases and estimated the probable compensation that the Group may be liable to for each of these cases after taking into account of all available facts and circumstances and relevant legal advice. Based on the result of those assessments and estimation, RMB264,315,000 was accounted for as provision for these claims and litigations in the unaudited consolidated financial statements of the Group for the six months ended 30 June 2022 (31 December 2021: RMB264,315,000).

Employees and compensation policy

As at 30 June 2022, the Group had 1,437 employees (31 December 2021: 1,655). Employee's remuneration is determined based on his or her 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 with share options, discretionary bonus and cash awards based on individual performance.

OTHER INFORMATION

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

As at 30 June 2022, the interests and short positions of the Directors and chief executives in the shares (the "Share(s)"), 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 (as defined below), 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 (<i>Note 1</i>)	1,827,293,270	65.38%
	Beneficial owner (<i>Notes 2 & 6</i>)	16,227,890	0.58%
Mr. Zhang Peng	Interest in a controlled corporation (<i>Note 3</i>)	5,982,240	0.21%
	Beneficial owner (<i>Note 6</i>)	13,007,000	0.47%
Mr. Chen Yin	Interest in a controlled corporation (<i>Note 4</i>)	6,911,520	0.25%
Mr. Fan Qingguo	Interest in a controlled corporation (<i>Note 5</i>)	5,982,240	0.21%
Mr. Hui Chun Ho, Eric	Beneficial owner (<i>Note 6</i>)	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.

Other Information

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE SHARE CAPITAL OF THE COMPANY

So far as is known to any Directors or chief executives of the Company, as at 30 June 2022, other than the interests and short positions of the Directors or chief executives of the Company as disclosed in the sections headed "Directors' and Chief Executives' Interests and Short positions in Shares, Underlying Shares and Debentures" above and "Share Option Scheme" below, 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 30 June 2022, there was no other person (other than the Directors or chief executives of the Company) who had an interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

Other Information

SHARE OPTION SCHEME

The Company adopted a share option scheme (the "Share Option Scheme") on 14 June 2013. 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.

In May 2017, the Company proposed to refresh the scheme mandate limit under the Share Option Scheme which was approved by the Shareholders at an annual general meeting of the Company held on 29 June 2017. As a result, the Company may grant share options to eligible participants entitling them to subscribe for a total of up to 250,354,200 Shares under the Share Option Scheme.

Share option movement

During the Period, the changes in the share options granted by the Company under the Share Option Scheme are as follows:

From 1 January 2022 to 30 June 2022

	1 January 2022 Opening	Granted	Exercised	Forfeited/ Lapsed	30 June 2022 Closing
Tranche Four Options — 7 July 2020					
Exercise price: HK\$1.10					
Zhang Lei	4,500,000	–	–	–	4,500,000
Zhang Peng	4,500,000	–	–	–	4,500,000
Hui Chun Ho, Eric	800,000	–	–	–	800,000
Employees	32,500,000	–	–	(3,925,000)	28,575,000
Tranche Four Options — 7 July 2020	42,300,000	–	–	(3,925,000)	38,375,000
Total	42,300,000	–	–	(3,925,000)	38,375,000

Note 1: For details of the vesting periods and exercise periods of the share options, please refer to Note 23 to the Condensed Consolidated Interim Financial Statements of this report.

Note 2: Tranche One Options expired on 3 September 2019. Accordingly, no information of Tranche One Options is presented for the period ended 30 June 2022.

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

Note 4: Tranche Three Options expired on 28 September 2021. Accordingly, no information of Tranche Three Options is presented for the period ended 30 June 2022.

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

The exercise periods of the share options may be determined by the Company at the time of the grant, and the share options shall be valid for no more than 10 years from the relevant date of the grant. As at 30 June 2022, share options to subscribe for 38,375,000 Shares remained outstanding.

The number of options available for grant under the scheme mandate as at 1 January 2022 and 30 June 2022 were 208,054,200 Shares and 211,979,200 Shares, respectively.

Other Information

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Group did not have any material acquisition and disposal of subsidiaries, associates and joint ventures during the six months ended 30 June 2022.

EVENTS AFTER THE REPORTING PERIOD

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.

Debt restructuring

As disclosed in Note 2(b) to the unaudited consolidated financial statements of the Group for the six months ended 30 June 2022 and the announcement of the Company dated 30 December 2022, in December 2022, the Group has satisfied all the conditions under the scheme of arrangement under section 86 of the Cayman Islands Companies Act (2022 Revision) between the Company and the scheme creditors, and issued new notes with maturity dates expiring in one year to five years upon such issuance to replace the outstanding senior notes.

For details about the debt restructuring, please refer to the announcements of the Company dated 25 February 2022, 21 March 2022, 24 March 2022, 1 June 2022, 30 June 2022, 6 July 2022, 29 July 2022, 5 August 2022, 12 August 2022, 26 August 2022, 9 September 2022, 23 September 2022, 7 October 2022, 14 October 2022, 4 November 2022, 11 November 2022, 18 November 2022, 25 November 2022, 30 November 2022, 2 December 2022, 9 December 2022, 29 December 2022 and 30 December 2022.

Continuing connected transactions

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

Other Information

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

For the six months ended 30 June 2022, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2022 (2021: Nil).

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") comprises three independent non-executive Directors who together have substantial experience in the fields of auditing, legal, business, accounting, corporate internal control and regulatory affairs. The Audit Committee had reviewed the interim results of the Group for the six months ended 30 June 2022.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company is committed to maintaining high standards of corporate governance. The Company complied with the code provisions in Part 2 — Principles of Good Corporate Governance, Code Provisions and Recommended Best Practices of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules for the six months ended 30 June 2022.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") to govern securities transactions by Directors. Further to the specific enquiries made by the Company to the Directors, all the Directors have confirmed their compliance with the Model Code for the six months ended 30 June 2022.

RESUMPTION PROGRESS AND PUBLICATION OF OUTSTANDING FINANCIAL INFORMATION

As mentioned in the announcement of the Company dated 31 March 2023, it was expected that the publication of the audited annual results for the year ended 31 December 2022 (the "2022 Annual Results") will be finalized and published no later than 30 June 2023.

However, as additional time is required for preparing the 2022 Annual Results, the Company is expected that there will be a further delay in the publication thereof. The auditors of the Company are still in the course of performing the audit procedures for the 2022 Annual Results and the Company has been using its best endeavors to assist the auditors in completing the audit procedures. Given the above status, it is expected that the publication of the 2022 Annual Results will be further delayed to around August 2023.

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.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the six months ended 30 June 2022 — unaudited

	Note	For the six months ended 30 June	
		2022 RMB'000	2021 RMB'000
Revenue	3	2,417,356	9,543,392
Cost of sales		(2,310,915)	(7,332,474)
Gross profit		106,441	2,210,918
Other income, gains and losses	4	(876,219)	192,354
Recognition of changes in fair value of completed properties held for sale and properties under development for sale upon transfer to investment properties		—	95,918
Changes in fair value of investment properties, net		—	31,990
Selling and distribution expenses		(195,464)	(309,669)
Administrative expenses		(228,881)	(402,632)
Finance costs	5	(191,419)	(205,671)
Share of profits less losses of joint ventures		46,222	(17,817)
Share of profits less losses of associates		(990)	(1,051)
(Loss)/profit before taxation		(1,340,310)	1,594,340
Income tax expense	6	(143,629)	(917,797)
(Loss)/profit for the period	7	(1,483,939)	676,543
Other comprehensive income for the period:			
<i>Item that will not be reclassified to profit or loss:</i>			
Equity investments at fair value through other comprehensive income (“FVOCI”)-net movement in fair value reserves (non- recycling), net of RMB961,000 (2021: RMB83,000) tax		(2,884)	249
<i>Item that are or may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translating foreign operations, net of nil tax		(1,417)	206
Total comprehensive income for the period		(1,488,240)	676,998

The notes on pages 30 to 50 form part of this interim financial report.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the six months ended 30 June 2022 — unaudited

	Note	For the six months ended 30 June	
		2022 RMB'000	2021 RMB'000
(Loss)/profit for the period attributable to:			
Owners of the Company		(1,238,576)	447,609
Non-controlling interests		(245,363)	228,934
		(1,483,939)	676,543
Total comprehensive income attributable to:			
Owners of the Company		(1,242,877)	448,064
Non-controlling interests		(245,363)	228,934
		(1,488,240)	676,998
(Losses)/earnings per share, in Renminbi ("RMB") cents:			
Basic and diluted	9	(44.3)	16.0

The notes on pages 30 to 50 form part of this interim financial report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 June 2022 — unaudited

	Note	At 30 June 2022 RMB'000	At 31 December 2021 RMB'000
Non-current assets			
Investment properties		3,009,564	3,032,700
Property, plant and equipment	10	383,896	395,700
Intangible assets		20,689	21,774
Freehold land held for future development		30,538	29,010
Interests in associates		103,781	104,449
Interests in joint ventures	11	2,291,529	2,233,385
Loans to joint ventures	11	7,139,795	7,088,140
Equity securities designated at FVOCI		42,238	46,083
Deferred tax assets		1,230,507	1,311,796
		14,252,537	14,263,037
Current assets			
Properties under development for sale		36,886,572	39,859,390
Completed properties held for sale		4,832,537	4,788,519
Other inventories and contract costs		1,013,222	1,052,545
Trade and other receivables, deposits and prepayments	12	9,807,549	9,909,068
Amounts due from related parties	25	680,379	786,348
Restricted cash		2,138,824	2,426,926
Bank balances and cash		725,655	1,585,043
Assets held-for-sale	13	1,134,849	2,947,689
		57,219,587	63,355,528
Current liabilities			
Trade and other payables, deposits received and accrued charges	14	12,034,123	12,541,111
Contract liabilities		24,755,645	24,928,489
Amounts due to related parties	25	1,992,383	2,120,993
Taxation payable		3,993,150	3,826,958
Bank and other borrowings—due within one year	15	10,913,099	13,449,587
Corporate bonds—due within one year	16	747,069	710,812
Senior notes—due within one year	17	8,957,831	8,478,681
Liabilities held-for-sale	13	818,908	2,187,718
		64,212,208	68,244,349
Net current liabilities		(6,992,621)	(4,888,821)
Total assets less current liabilities		7,259,916	9,374,216

The notes on pages 30 to 50 form part of this interim financial report.

Consolidated Statement of Financial Position

at 30 June 2022 — unaudited

	Note	At 30 June 2022 RMB'000	At 31 December 2021 RMB'000
Capital and reserves			
Share capital	18	175,693	175,693
Reserves		3,051,908	4,293,188
Equity attributable to owners of the Company		3,227,601	4,468,881
Non-controlling interests		1,624,300	2,344,474
Total equity		4,851,901	6,813,355
Non-current liabilities			
Bank and other borrowings-due after one year	15	1,856,184	1,907,327
Deferred tax liabilities		551,831	653,534
		2,408,015	2,560,861
		7,259,916	9,374,216

Approved and authorised for issue by the board of directors on 27 June 2023.

)	
)	
)	
Zhang Lei)	
)	Directors
)	
)	
)	
Zhang Peng)	

The notes on pages 30 to 50 form part of this interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2022 — unaudited

	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 (note c)	Foreign currency translation reserve RMB'000	Fair value reserve (non-recycling) RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2022	175,693	825,711	192,414	40,060	8,612	636,084	1,808	(10,502)	2,599,001	4,468,881	2,344,474	6,813,355
Profit for the period	-	-	-	-	-	-	-	-	(1,238,576)	(1,238,576)	(245,363)	(1,483,939)
Equity investments at FVOCI-net movement in fair value reserves (non-recycling)	-	-	-	-	-	-	-	(2,884)	-	(2,884)	-	-
Exchange differences on translating foreign operations	-	-	-	-	-	-	(1,417)	-	-	(1,417)	-	(1,417)
Other comprehensive income for the period, net of income tax	-	-	-	-	-	-	(1,417)	(2,884)	-	(4,301)	-	(4,301)
Total comprehensive income for the period	-	-	-	-	-	-	(1,417)	(2,884)	(1,238,576)	(1,242,877)	(245,363)	(1,488,240)
Disposal of subsidiaries (note 19)	-	-	-	-	-	-	-	-	-	-	52,389	52,389
Capital contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	-	1,200	1,200
Share-based payment (note 23)	-	-	-	-	1,597	-	-	-	-	1,597	-	1,597
Return of capital to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(528,400)	(528,400)
At 30 June 2022	175,693	825,711	192,414	40,060	10,209	636,084	391	(13,386)	1,360,425	3,227,601	1,624,300	4,851,901

The notes on pages 30 to 50 form part of this interim financial report.

Consolidated Statement of Changes in Equity

for the six months ended 30 June 2022 — unaudited

	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 (note c)	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
Profit for the period	-	-	-	-	-	-	-	-	447,609	447,609	228,934	676,543
Equity investments at FVOCI-net movement in fair value reserves (non-recycling)	-	-	-	-	-	-	-	249	-	249	-	249
Exchange differences on translating foreign operations	-	-	-	-	-	-	206	-	-	206	-	206
Other comprehensive income for the period, net of income tax	-	-	-	-	-	-	206	249	-	455	-	455
Total comprehensive income for the period	-	-	-	-	-	-	206	249	447,609	448,064	228,934	676,998
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	50,026	50,026
Acquisition of additional interest in subsidiaries	-	-	(7,800)	-	-	-	-	-	-	(7,800)	7,800	-
Capital contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	-	1,501,916	1,501,916
Share-based payment (note 23)	-	-	-	-	2,515	-	-	-	-	2,515	-	2,515
Return of capital to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(425,000)	(425,000)
Dividend approved in respect of the previous year (note 8)	-	-	-	-	-	-	-	-	(85,248)	(85,248)	-	(85,248)
Dividend distribution to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(519,540)	(519,540)
At 30 June 2021	175,693	825,711	257,052	40,060	6,952	668,919	1,497	(10,645)	5,101,498	7,066,737	5,112,597	12,179,334

The notes on pages 30 to 50 form part of this interim financial report.

Consolidated Statement of Changes in Equity

for the six months ended 30 June 2022 — unaudited

	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 (note c)	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 July 2021	175,693	825,711	257,052	40,060	6,952	668,919	1,497	(10,645)	5,101,498	7,066,737	5,112,597	12,179,334
Profit for the period	-	-	-	-	-	-	-	-	(2,502,241)	(2,502,241)	(504,058)	(3,006,299)
Equity investments at FVOCI-net movement in fair value reserves (non-recycling)	-	-	-	-	-	-	-	143	-	143	-	143
Exchange differences on translating foreign operations	-	-	-	-	-	-	311	-	-	311	-	311
Other comprehensive income for the period, net of income tax	-	-	-	-	-	-	311	143	-	454	-	454
Total comprehensive income for the period	-	-	-	-	-	-	311	143	(2,502,241)	(2,501,787)	(504,058)	(3,005,845)
Share-based payment	-	-	-	-	1,660	-	-	-	-	1,660	-	1,660
Disposal of subsidiaries	-	-	-	-	-	(33,091)	-	-	-	(33,091)	(486,599)	(519,690)
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	(1)	(1)
Acquisition of additional interest in subsidiaries	-	-	(64,638)	-	-	-	-	-	-	(64,638)	(717,567)	(782,205)
Return of capital to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(1,054,170)	(1,054,170)
Capital contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	-	58,456	58,456
Appropriations to reserves (note c)	-	-	-	-	-	256	-	-	(256)	-	-	-
Dividend distribution to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(64,184)	(64,184)
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 30 to 50 form part of this interim financial report.

Consolidated Statement of Changes in Equity

for the six months ended 30 June 2022 — unaudited

Notes:

- (a) Pursuant to article 134 of the Company's Articles of Association, the Company is permitted to pay out dividends 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, disposal of partial interests in subsidiaries to a non-controlling shareholder and contribution from a company controlled by a shareholder.
- (c) In accordance with the Articles of Association of certain group entities established in the People's Republic of China ("the PRC"), 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 existing operations or convert into additional capital of the entities.

The notes on pages 30 to 50 form part of this interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the six months ended 30 June 2022 — unaudited

	For the six months ended 30 June	
	2022 RMB'000	2021 RMB'000
Net cash generated from operating activities	1,023,006	633,196
Investing activities		
Net cash inflow from acquisitions of subsidiaries	–	92,783
Net cash outflow from disposals of subsidiaries (Note 19)	(524,681)	–
Capital injection in joint ventures	–	(9,888)
Capital injection into associates	–	(6,860)
Loans to joint ventures	(135,080)	(1,854,250)
Repayments from joint ventures	71,380	770,084
Decrease/(increase) in restricted cash	426,354	(530,238)
Other cash generated from/(used in) investing activities	100,376	(125,067)
Net cash used in investing activities	(61,651)	(1,663,436)
Financing activities		
Interest paid	(373,454)	(1,234,049)
Dividends paid	–	(519,610)
Repayments to related parties	(75,453)	(1,030,513)
Advances from related parties	45,545	509,405
Repayments of bank borrowings	(611,167)	(1,550,028)
New bank borrowings raised	–	3,320,892
Repayments of other borrowings	(905,402)	(5,149,197)
New other borrowings raised	705,300	7,753,833
Proceeds from issue of senior notes	–	2,556,646
Repayments of senior notes and corporate bonds	(73,682)	(1,906,140)
Capital contribution from non-controlling interests	1,200	1,501,916
Return of capital to non-controlling interests	(528,400)	(425,000)
Net cash generated from financing activities	(1,815,513)	3,828,155

The notes on pages 30 to 50 form part of this interim financial report.

Condensed Consolidated Statement of Cash Flows

for the six months ended 30 June 2022 — unaudited

	For the six months ended 30 June	
	2022 RMB'000	2021 RMB'000
Net (decrease)/increase in cash and cash equivalents	(854,158)	2,797,915
Cash and cash equivalents at the beginning of the period, represented by bank balances and cash	1,585,043	10,822,373
Effects of exchange rate changes on the balance of cash held in foreign currencies	(570)	3,679
Classified as held for sale (Note 13)	(4,660)	–
Cash and cash equivalents at the end of the period, represented by bank balances and cash	725,655	13,623,967

The notes on pages 30 to 50 form part of this interim financial report.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2022

1 Statement of compliance

This interim financial report of Modern Land (China) Co., Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Hong Kong Stock Exchange”), including compliance with International Accounting Standard (“IAS”) 34, *Interim financial reporting*, issued by the International Accounting Standards Board (“IASB”).

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2021 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2022 annual financial statements. Details of any changes in accounting policies are set out in note 2.

The preparation of an interim financial report in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2021 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with IFRSs.

The interim financial report is unaudited, but has been reviewed by the audit committee of the Company and approved for issue by the Board of Directors on 27 June 2023.

2 Basic of preparation

(a) Changes in accounting policies

The Group has applied the following amendments to IFRSs for the current accounting period:

- Amendments to IFRS 16, *Property, plant and equipment: Proceeds before intended use*
- Amendments to IFRS 37, *Provisions, contingent liabilities and contingent assets: Onerous contracts — cost of fulfilling a contract*

None of these developments have had a material effect on how the Group’s results and financial position for the current or prior periods have been prepared or presented in this interim financial report. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2022

2 Basic of preparation *(Continued)*

(b) Going concern basis

The Group incurred a loss of RMB1,483,939,000 during the six months ended 30 June 2022 and as at that date, the Group's current liabilities were in excess of current assets by RMB6,992,621,000. Included in the current liabilities were senior notes of RMB8,957,831,000, current bank and other borrowings of RMB10,913,099,000, corporate bond of RMB747,069,000 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 USD1,084,864,000 (approximately RMB7,280,958,000) at 30 June 2022, 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 noteholders are entitled to take possession of the assets securing the senior notes. Note 17 contains further details of the senior notes and the collaterals. As further mentioned below, the Group subsequently completed restructuring of the senior notes and extended maturity.

The Group also breached certain covenants relating to bank and other borrowings of RMB4,862,556,000, and these borrowings became repayable on demand as at 30 June 2022. 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 20 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 30 June 2022 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 RMB580,000,000 (less than 3% 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 other lenders have not demanded for immediate repayment of other bank and other borrowings.

As at 30 June 2022, the Group's corporate bonds with carrying amount of RMB747,069,000 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 30 June 2022.

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 Condensed Consolidated Financial Statements

for the six months ended 30 June 2022

2 Basic of preparation *(Continued)*

(b) Going concern basis *(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:

- 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) as of 5 July 2022 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 December 2022, the Group has completed the Scheme and issued new notes to replace the outstanding senior notes.

- In July 2022, the Group reached an agreement with corporate bondholders of RMB corporate bonds with carrying amount of RMB747,069,000 as at 30 June 2022. Pursuant to the agreement, the repayment date of the corporate bond was extended to 30 July 2023;
- The Group is actively in discussions with the other existing lenders to renew the Group's certain borrowings and/or not to demand immediate repayment until the Group has successfully completed the property construction projects and generated sufficient cash flows therefrom. These discussions have been constructive and focused on possible actions in light of current circumstances but do require time to formulate or implement due to ongoing changes in market conditions.
- The Group will continue to implement measures to accelerate the pre-sales and sales of its properties under development and completed properties, and to speed up the collection of outstanding sales proceeds and other receivables. Recent relaxation of policies with regards to the property market in the PRC have been encouraging to increase buyer interests and stimulate demand. Subject to the improvement of the market sentiment, the Group will actively adjust sales and pre-sale activities to better respond to changing markets to achieve the latest budgeted sales and pre-sales volumes and amounts;
- The Group will continue to seek to obtain additional new sources of financing from existing shareholders and potential equity investment partners or to seek suitable opportunities to dispose of its equity interest in certain project development companies to generate additional cash inflows. The Group's properties are predominantly located in higher tier cities that make them relatively more attractive to potential buyers and retain a higher value in current market conditions;

Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2022

2 Basic of preparation *(Continued)*

(b) Going concern basis *(Continued)*

- The Group will continue to control administrative costs and contain unnecessary capital expenditures to preserve liquidity. The Group will also continue to actively assess additional measures to further reduce discretionary spending;
- The Group has been proactive in seeking ways to settle the outstanding litigations of the Group. The Group has made relevant provisions for litigations and claims and will seek to reach an amicable solution on the charges and payment terms to the claims and litigations which have not yet reached a definite outcome;

The Directors have reviewed the Group's cash flow projections prepared by management which cover a period of not less than eighteen months from 30 June 2022 and consider multiple material uncertainties exist as to whether the Group will be able to achieve the plans and measures as described above. Specifically, whether the Group will be able to continue as a going concern will depend on the following:

- Repayment of the first tranche of new senior note of USD80,000,000 by December 2023 following the completion of the Scheme in December 2022;
- Repayment of the corporate bonds of RMB712,812,000 by the subsequently extended maturity of 30 July 2023;
- 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;
- Successful implementation of measures to accelerate the pre-sales and sales of its properties under development and completed properties, and to speed up the collection of outstanding sales proceeds and other receivables;
- Successful obtaining of additional new sources of financing;
- Successful implementation of the Group's business strategy plan and cost control measures so as to improve the Group's working capital and cash flow position; and
- Reaching an amicable solution on the charges and payment terms in respect of the claims and litigations which have not yet reached a definite outcome.

The Directors consider that, assuming the success of all the above-mentioned assumptions, plans and measures, the Group will have sufficient working capital to finance its operations and to meet its obligations as and when they fall due for at least eighteen months from 30 June 2022. Accordingly, the Directors are of the opinion that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2022

2 Basic of preparation (Continued)

(b) Going concern basis (Continued)

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

3 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 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 organisation 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.

Disaggregation of revenue from contracts with customers by major products or service lines and by timing of revenue recognition is as follows:

	For the six months ended 30 June	
	2022 RMB'000	2021 RMB'000
Revenue from contracts with customers within the scope of IFRS 15		
Sale of properties	2,323,626	9,316,247
Real estate agency services	26,520	131,236
Hotel operation	19,034	25,004
Other services	30,132	32,949
	2,399,312	9,505,436
Revenue from other sources		
Property investment	18,044	37,956
	2,417,356	9,543,392
Disaggregated by timing of revenue recognition		
Point in time	1,488,450	7,593,082
Over time	928,906	1,950,310
	2,417,356	9,543,392

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

Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2022

4 Other income, gains and losses

	For the six months ended 30 June	
	2022 RMB'000	2021 RMB'000
Interest income	7,283	40,833
Government grants	1,018	10,186
Net exchange (loss)/gain	(489,251)	138,528
Gain on disposal of property, plant and equipment	224	1
Net loss on disposal of subsidiaries (Note 19)	(274,209)	–
Others	(121,284)	(38,048)
	(876,219)	151,500

5 Finance costs

	For the six months ended 30 June	
	2022 RMB'000	2021 RMB'000
Interest on bank and other borrowings	(334,665)	(769,913)
Interest expense on senior notes and corporate bonds	(571,470)	(603,572)
	(906,135)	(1,373,485)
Less: Amount capitalised in properties under development for sale and completed properties held for sale	714,716	1,167,814
	(191,419)	(205,671)

Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2022

6 Income tax expense

	For the six months ended 30 June	
	2022 RMB'000	2021 RMB'000
Current tax		
PRC Corporate Income Tax	(32,734)	(643,039)
Land appreciation tax ("LAT")	(148,279)	(428,290)
	(181,013)	(1,071,329)
Deferred tax		
PRC Corporate Income Tax	37,384	153,532
	37,384	153,532
Income tax expense	(143,629)	(917,797)

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 at ranges of progressive rates of the appreciation value, with certain allowable exemptions and deductions.

Pursuant to the rules and regulations of British Virgin Islands ("BVI") and the Cayman Islands, the Group is not subject to any income tax in these jurisdictions.

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 six months ended 30 June 2022 and 2021.

7 (Loss)/profit for the period

	For the six months ended 30 June	
	2022 RMB'000	2021 RMB'000
(Loss)/profit for the period has been arrived at after charging:		
Depreciation of owned property, plant and equipment	7,685	10,982
Write-down of properties under development and completed properties held for sale	63,835	–
Operating lease rentals	5,485	15,186

Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2022

8 Dividends

(i) Dividends payable to equity shareholders attributable to the interim period

	For the six months ended 30 June	
	2022 RMB'000	2021 RMB'000
Declared interim dividend of HK\$ nil per ordinary share (2021: HK\$ nil per ordinary share)	–	–

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

(ii) Dividends payable to equity shareholders attributable to the previous financial year, approved and paid during the interim period

	For the six months ended 30 June	
	2022 RMB'000	2021 RMB'000
Final dividend in respect of the previous financial year, approved and paid during the following interim period, of HK\$ nil per ordinary share (six months ended 30 June 2021: HK\$3.65 cents per ordinary share)	–	85,248

9 (Losses)/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:

	For the six months ended 30 June	
	2022 RMB'000	2021 RMB'000
(Losses)/earnings		
(Losses)/earnings for the purpose of calculating basic and diluted earnings per share (profit for the period attributable to owners of the Company)	(1,238,576)	447,609

	For the six months ended 30 June	
	2022 '000	2021 '000
Number of shares (basic)		
Weighted average number of ordinary shares in issue for the period	2,794,994	2,794,994

Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2022

9 (Losses)/earnings per share (Continued)

	For the six months ended 30 June	
	2022 '000	2021 '000
Number of shares (diluted)		
Number of ordinary shares for the purpose of calculating diluted earnings per share	2,794,994	2,794,994

Note: The computation of diluted earnings per share for the six months ended 30 June 2022 does not assume the exercise of share options because they are antidilutive for the period.

The computation of diluted earnings per share for the six months ended 30 June 2021 does not assume the exercise of share options because they are antidilutive for the period.

10 Property, plant and equipment

During the six months ended 30 June 2022, additions to property, plant and equipment amounted to RMB2,716,000 (six months ended 30 June 2021: RMB4,440,000), consisting of motor vehicles and electronic equipment and furniture.

The Group has entered into agreements with eligible employees in connection with properties developed by the Group (the "Scheme"). Under the Scheme, the eligible employees can use the properties while remain employed by 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 completion of the service period as stated under the Scheme. As at 30 June 2022, the title of the property has been transferred to the employee upon his completion of service. As at 31 December 2021, the carrying amount of leasehold land and buildings which are being occupied by the eligible employees under the Scheme amounted to RMB9,202,000.

11 Interests in joint ventures and loans to joint ventures

	At 30 June 2022 RMB'000	At 31 December 2021 RMB'000
Cost of investment in joint ventures	1,877,165	1,877,165
Share of post-acquisition gain and other comprehensive income	414,364	356,220
	2,291,529	2,233,385
Loans to joint ventures	7,568,247	7,504,546
Less: share of post-acquisition losses that are in excess of cost of investments	(428,452)	(416,406)
	7,139,795	7,088,140

Loans to joint ventures are unsecured, interest free, have no fixed term of repayment and expected to be recovered after one year.

Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2022

12 Trade and other receivables, deposits and prepayments

Trade receivables mainly represent rental receivables and receivable from sale of properties. Considerations in respect of properties sold are paid in accordance with the terms of the related sales and purchase agreements, normally within 45 days from the agreement date.

	At 30 June 2022 RMB'000	At 31 December 2021 RMB'000
Trade receivables, net of allowance (note i)	409,542	394,214
Amounts due from non-controlling interests	3,082,556	4,027,589
Other receivables, net of allowance (note ii)	3,805,500	2,511,980
Guarantee deposits for housing provident fund loans provided to customers (note iii)	139,055	211,185
Financial assets measured at amortised cost		
Loans and receivables	7,436,653	7,144,968
Prepayments to suppliers of construction materials	371,155	671,585
Deposits paid for acquisition of land use rights	38,810	38,810
Prepaid taxation	1,960,931	2,053,705
	9,807,549	9,909,068

Notes:

- (i) The following is an ageing analysis of trade receivables based on due date for rental receivables and receivables from properties sold, which approximated the respective revenue recognition dates, at the end of the reporting period:

	At 30 June 2022 RMB'000	At 31 December 2021 RMB'000
Less than 1 year	99,047	87,440
1–2 years	12,635	9,793
More than 2 years and up to 3 years	297,860	296,981
	409,542	394,214

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

- (ii) The amount mainly included refundable deposits for property development projects.
- (iii) 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.

Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2022

13 Assets and liabilities held for sale

As of 30 June 2022, the Group was committed to sale plans to sell and had subsequently disposed 51% equity interests in certain subsidiary, namely Changzhou Zhanlan Development Co., Ltd. The intended disposal resulted in the assets and liabilities being presented as assets and liabilities held-for-sale in the consolidated statement of financial position at 30 June 2022.

At 30 June 2022, the assets and liabilities held-for-sale comprise the following:

	2022 RMB'000
Bank balances and cash	4,660
Trade and other receivables, deposits and prepayments	63,678
Properties under development for sale	1,032,054
Other inventories and contract costs	4,646
Deferred tax assets	29,811
Assets held-for-sale	1,134,849
Trade and other payables, deposits received and accrued charges	328,811
Contract liabilities	422,633
Taxation payable	7,464
Bank and other borrowings — due after one year	60,000
Liabilities held-for-sale	818,908

Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2022

14 Trade and other payables, deposits received and accrued charges

	At 30 June 2022 RMB'000	At 31 December 2021 RMB'000
Trade and notes payables (note i)	2,354,690	3,563,812
Accrued expenditure on construction (note i)	3,996,518	3,644,925
Amount due to non-controlling interests	1,790,081	1,972,009
Accrued interest	994,683	540,920
Accrued payroll	17,396	18,646
Dividend payable	3,029	2,898
Provision for claims and litigation	264,315	264,315
Other payables (note ii)	2,348,840	2,420,536
Financial liabilities measured at amortised cost	11,769,552	12,428,061
Other tax payables	264,571	113,050
	12,034,123	12,541,111

Notes:

- (i) Trade and notes 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 and notes payables based on invoice date at the end of the reporting period:

	At 30 June 2022 RMB'000	At 31 December 2021 RMB'000
Less than 1 year	1,497,780	1,985,154
1–2 years	215,526	688,181
More than 2 years and up to 3 years	641,384	890,477
	2,354,690	3,563,812

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

Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2022

15 Bank and other borrowings

	At 30 June 2022 RMB'000	At 31 December 2021 RMB'000
Bank loans, secured	3,247,284	4,035,063
Other loans, secured	9,521,999	11,321,851
	12,769,283	15,356,914

The borrowings are repayable:

	At 30 June 2022 RMB'000	At 31 December 2021 RMB'000
Within one year or on demand	10,913,099	13,449,587
More than one year, but not exceeding two years	1,647,663	804,056
More than two years, but not exceeding five years	92,160	971,910
More than five years	116,361	131,361
	12,769,283	15,356,914
Less: Amount due within one year shown under current liabilities	(10,913,099)	(13,449,587)
Amount due after one year	1,856,184	1,907,327
Analysis of borrowings by currency		
— Denominated in RMB	12,614,921	14,884,499
— Denominated in USD	154,362	306,033
— Denominated in HK\$	—	166,382
	12,769,283	15,356,914

As at 30 June 2022, the borrowings with carrying amount of RMB3,700,064,000 (31 December 2021: RMB4,279,812,000) carry interest at variable rates based on the interest rates quoted by the People's Bank of China, the effective interest rate ranges from 2.1% to 11.8% (31 December 2021: 2.1% to 11.8%) per annum and exposed the Group to cash flow interest rate risk. The remaining borrowings are arranged at fixed rate, the effective interest rate ranged from 1.5% to 18% (31 December 2021: from 1.41% to 15.0%) per annum as at 30 June 2022, and exposed the Group to fair value interest rate risk.

As disclosed in Note 2(b), the Group breached certain covenants relating to bank and other borrowings of RMB4,862,556,000, and these borrowings became repayable on demand as at 30 June 2022. As a result, these bank and other borrowings were classified as current liabilities as at 30 June 2022.

Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2022

16 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 has been 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.

17 Senior notes

	At 30 June 2022 RMB'000	At 31 December 2021 RMB'000
Carrying amount at the beginning of the period/year	8,478,681	7,851,880
Net proceeds from issuance of 2020 USD Notes II	–	502,486
Net proceeds from issuance of 2021 USD Notes I	–	2,054,160
Exchange loss/(gain)	522,113	(114,917)
Other finance costs	30,719	39,930
Redemption	(73,682)	(1,854,858)
Carrying amount at the end of the period/year	8,957,831	8,478,681
Less: current portion of senior notes	(8,957,831)	(8,478,681)
Amount due after one year	–	–

Notes:

(a) Default of senior notes

As disclosed in Note 2(b), default of payment of a senior note triggered cross-default of other senior notes issued by the Group with carrying amount of USD1,084,864,000 (approximately RMB7,280,958,000) at 30 June 2022, 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 30 June 2022. Please refer to Note 3(a)(i) of the 2021 annual financial statements for the details of the default.

In December 2022, the Group has completed the Scheme disclosed in Note 2(b) and issued new notes with maturity ranging from one year to five years upon such issuance to replace all the senior notes at 30 June 2022.

Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2022

18 Share capital

	Number of shares '000	Amount USD'000	Equivalent to RMB'000
Ordinary shares of USD0.01 each			
Authorised:			
At 31 December 2021 and 30 June 2022	8,000,000	80,000	524,014
Issued and fully paid:			
At 31 December 2021 and 30 June 2022	2,794,994	27,941	175,693

19 Disposal of subsidiaries

During the period ended 30 June 2022, the Group entered into a number of share transfer agreements with various third parties to dispose certain subsidiaries for a total consideration of RMB267 million. After these transactions, 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	58
Properties under development and completed properties held for sale	4,111,508
Trade and other receivables deposits and prepayments	1,599,244
Bank balances and cash	534,681
Deferred tax assets, net of deferred liabilities	46,740
Trade and other payables, deposits received and accrued charges	(2,580,798)
Contract liabilities	(2,065,226)
Bank and other borrowings	(1,132,000)
Taxation payable	(25,302)
	488,905
Less: non-controlling interests	(52,389)
Net assets attributable to the Group	541,294
Total consideration	267,085
Net loss on disposal of subsidiaries (Note 4)	(274,209)

Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2022

19 Disposal of subsidiaries (Continued)

Total consideration comprises cash consideration of RMB10 million, waiver of amount due to disposal group of RMB54 million and consideration receivable of RMB203 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	10,000
Less: Cash and cash equivalents disposed of	(534,681)
Net cash outflow of cash and cash equivalents in respect of the disposal of subsidiaries	(524,681)

20 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 the reporting period:

	At 30 June 2022 RMB'000	At 31 December 2021 RMB'000
Investment properties	1,916,271	1,916,271
Properties under development for sale	11,711,894	15,073,846
Completed properties held for sale	2,009,573	2,009,573
Property, plant and equipment	151,992	151,992
Equity interests in subsidiaries	2,363,250	2,238,797
Equity interests in joint ventures	16,070	16,194
Restricted cash	–	325,774
Guarantee deposits for housing provident fund loans provided to customers	175,483	247,613
	18,344,533	21,980,060

21 Capital and other commitments

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

	At 30 June 2022 RMB'000	At 31 December 2021 RMB'000
Contracted but not provided for in the consolidated financial statements:		
Expenditure in respect of properties under development	14,488,725	17,235,570

Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2022

22 Contingent liabilities

The Group had 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 default of the mortgage payments by these purchasers, the Group is 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 relevant mortgage loans and ends when the buyer obtained the individual property ownership certificate. In the opinion of the Directors, the fair value of guarantee contracts is insignificant at initial recognition. Also, no provision for the guarantee contracts at the end of the reporting period is recognised as the default risk is considered low.

The amounts of the outstanding guarantees at the end of the reporting period are as follows:

	At 30 June 2022 RMB'000	At 31 December 2021 RMB'000
Mortgage guarantees	18,008,002	19,142,651

Additionally, a subsidiary of the Company has issued joint guarantee in respect of banking facility made by a bank to a joint venture. In December 2021, due to the delay of a construction project, the facility became overdue and the bank filed a claim against the joint venture and guarantors which include the subsidiary of the Company. Directors do not consider it is probable that a claim will be made against the Group under the guarantee as the joint venture has sufficient assets to settle the amount. The maximum liability of the Group at the end of the reporting period under the guarantees issued is the outstanding amount of the banking facility utilised by the joint venture of RMB1,125,000,000 (31 December 2021: RMB1,125,000,000).

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

As at 30 June 2022, the Group was the defendant in various on-going litigation and arbitration cases primarily initiated by its creditors, in most of the cases the creditors demanded immediate repayment of the amounts owed to them, together with an interest and/or a penalty as compensation. Management assessed the likelihood of the outcome and estimated the probable compensation the Group is liable to for each of these cases, taking into account of all available facts and circumstances and relevant legal advice. Based on the result of those assessments, Management accrued compensation amounted to RMB264,315,000 as provision for claims and litigations charges in the consolidated financial statements as at 30 June 2022 (31 December 2021: RMB264,315,000).

Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2022

23 Share-based payment transactions

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.

The details of the options granted are as follows:

	Number of options*	Vesting period	Contractual life of options
Share options granted to directors			
On 7 July 2020	9,800,000	25% from the date of grant to 7 July 2021	5 years
		25% from the date of grant to 7 July 2022	5 years
		25% from the date of grant to 7 July 2023	5 years
		25% from the date of grant to 7 July 2024	5 years
Share options granted to employees			
On 7 July 2020	38,000,000	25% from the date of grant to 7 July 2021	5 years
		25% from the date of grant to 7 July 2022	5 years
		25% from the date of grant to 7 July 2023	5 years
		25% from the date of grant to 7 July 2024	5 years
Total share options	47,800,000		
Exercisable at 31 December 2021	9,450,000		
Exercisable at 30 June 2022	8,750,000		

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

No share options were exercised during the six months ended 30 June 2022.

The Group recognised total expense of RMB1,597,364 and RMB2,515,000 during the six months ended 30 June 2022 and 2021, respectively, in relation to share options granted by the Company.

Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2022

24 Related party balances and transactions

(a) Balances with related parties

(i) Amounts due from related parties

The amounts due from related parties at the end of the reporting period are as follows:

	At 30 June 2022 RMB'000	At 31 December 2021 RMB'000
Amounts due from a company controlled by Mr. Zhang Lei, executive director of the Company	14,616	11,630
Amounts due from a company controlled by Mr. Zhang Peng, executive director of the Company	11,370	7,132
Amounts due from associates	75,852	124,415
Amounts due from joint ventures and their subsidiaries	178,458	162,450
Total non-trade balances (note i)	280,296	305,627
Amounts due from companies controlled by Mr. Zhang Lei	12,902	8,998
Amounts due from companies controlled by Mr. Zhang Peng	12,227	8,999
Amounts due from joint ventures and their subsidiaries	374,954	462,724
Total trade balances (note ii)	400,083	480,721
Amounts due from related parties	680,379	786,348
Loans to joint ventures	7,139,795	7,088,140

Notes:

- (i) Balances at 30 June 2022 and 31 December 2021 are of non-trade nature, unsecured, interest free and repayable on demand.
- (ii) Trade receivables from related parties at 30 June 2022 and 31 December 2021 are unsecured, interest free and repayable on demand. The following is an ageing analysis of amounts due from related parties of trade nature based on invoice date which approximated the revenue recognition date, at the end of each reporting period:

	At 30 June 2022 RMB'000	At 31 December 2021 RMB'000
Less than 1 year	384,297	466,918
1–2 years	15,786	13,803
	400,083	480,721

Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2022

24 Related party balances and transactions (Continued)

(a) Balances with related parties (Continued)

(ii) Amounts due to related parties

The amounts due to related parties at the end of the reporting period are as follows:

	At 30 June 2022 RMB'000	At 31 December 2021 RMB'000
Amounts due to companies controlled by Mr. Zhang Lei	1,022	187
Amounts due to companies controlled by Mr. Zhang Peng	729	912
Amounts due to associates	20,357	18,737
Amounts due to joint ventures and their subsidiaries	1,810,086	1,949,818
Total non-trade balances (note i)	1,832,194	1,969,654
Amounts due to companies controlled by Mr. Zhang Lei	149,129	145,583
Amounts due to companies controlled by Mr. Zhang Peng	10,691	5,371
Amounts due to joint ventures and their subsidiaries	369	385
Total trade balance (note ii)	160,189	151,339
Amounts due to related parties	1,992,383	2,120,993

Notes:

- (i) Balances at 30 June 2022 and 31 December 2021 are of non-trade nature, unsecured, interest free and repayable on demand.
- (ii) Trade payables to related parties are unsecured, interest free and repayable on demand. The following is an ageing analysis of amounts due to related parties of trade nature based on invoice date at the end of each reporting period:

	At 30 June 2022 RMB'000	At 31 December 2021 RMB'000
Less than 1 year	126,692	117,129
1–2 years	33,497	34,210
	160,189	151,339

Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2022

24 Related party balances and transactions (Continued)

(b) Transactions with related parties

Nature of related party	Nature of transaction	For the six months ended 30 June	
		2022 RMB'000	2021 RMB'000
Companies controlled by Mr. Zhang Lei	Rental income	-	968
Companies controlled by Mr. Zhang Lei	Property management and other services expense	31,483	86,273
Companies controlled by Mr. Zhang Lei	Elevator service expense	-	17,245
Companies controlled by Mr. Zhang Peng	Elevator service expense	8,253	6,966
Joint venture	Management service income	-	4,129
Joint venture	Income from provision of real estate agency service	-	72,018

(c) Transactions with key management

	For the six months ended 30 June	
	2022 RMB'000	2021 RMB'000
Key management compensation		
Basic salaries and allowance	5,787	7,819
Retirement benefit contribution	573	651
Share-based payment	-	109
	6,360	8,579

25 Event after the end of the reporting period

As disclosed in Note 16, 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 2(b), in December 2022, the Group has completed the Scheme and issued new notes with maturity ranging from one year to five years upon such issuance to replace the senior notes at 30 June 2022.