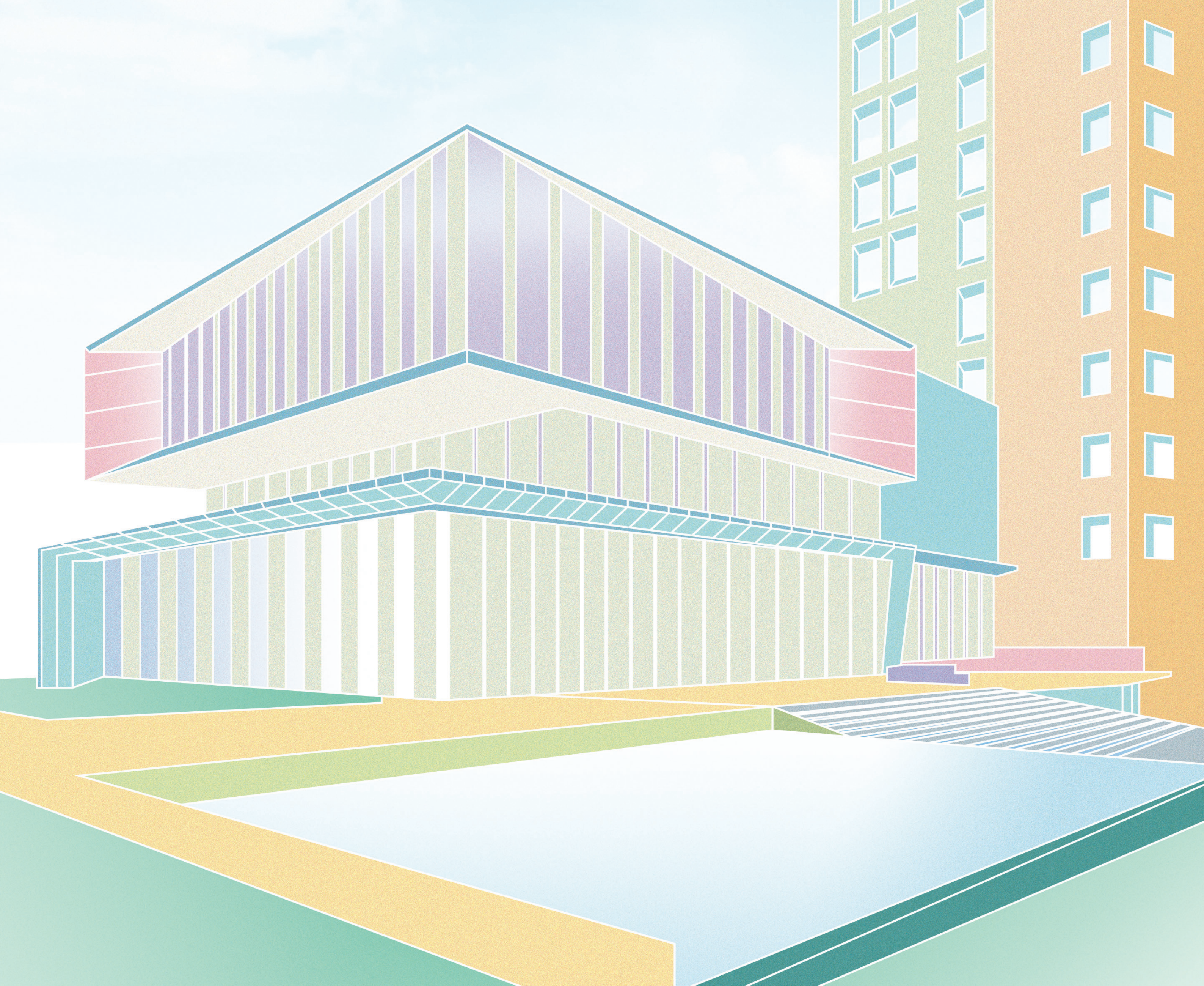
MOMA
當代置業（中國）有限公司
MODERN LAND (CHINA) CO., LIMITED

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

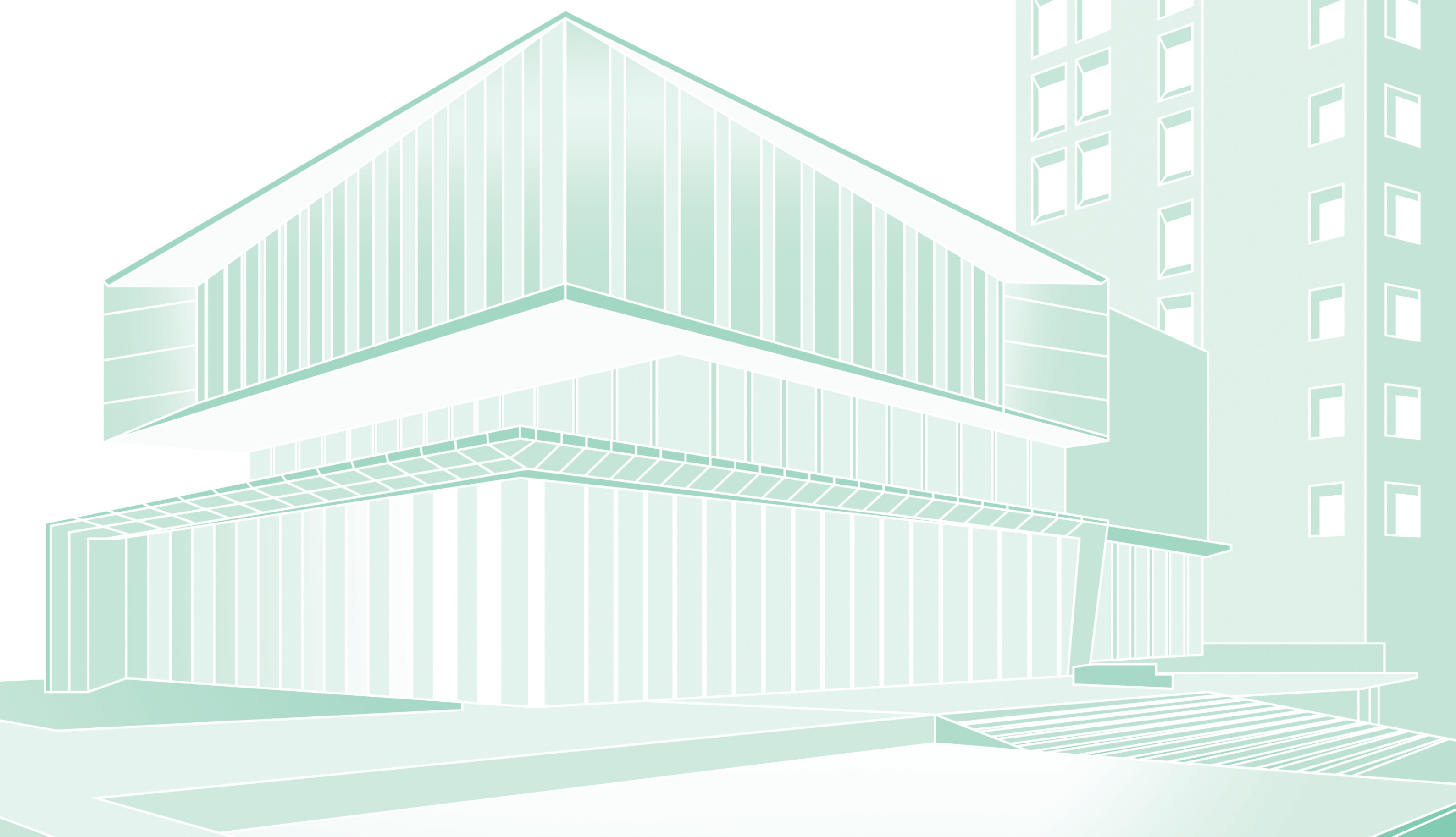
科技建築 綠色家園 城市向美

MOMA Fine Living

2023 INTERIM REPORT



CONTENTS



CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Zhang Peng
Mr. Zhang Lei
Mr. Chen Yin

Non-executive Directors

Mr. Tang Lunfei
Mr. Zeng Qiang

Independent Non-executive Directors

Mr. Hui Chun Ho, Eric
Mr. Cui Jian
Mr. Gao Zhikai

Audit Committee

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

Environmental, Social and Governance Committee

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

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. Leung Pak Keung

COMPANY SECRETARY

Mr. Leung Pak Keung

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

COMPANY WEBSITE

www.modernland.hk

COMPANY PROFILE

OVERVIEW

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

INSISTING ON THE CORE COMPETITIVENESS OF GREEN TECHNOLOGY

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

STRENGTHENING STANDARD PRODUCT CAPABILITY

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

Company Profile

BUILDING STRONG BRAND-NAME INFLUENCE

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

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

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

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

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

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board, I hereby present the business review of the Group for the six months ended 30 June 2023 and its prospects.

SALES RESULTS

For the period ended 30 June 2023, the Company spared no effort to achieve the best possible sales results under the prevailing market environment and operating conditions.

REVIEW OF THE FIRST HALF OF 2023

The real estate industry situation in the first half of the year has continued the sluggish trend from last year, which will be explained based on the following three keywords.

The first keyword is policy dividend. Under the guidance of the policy "houses are for inhabitation, not for speculation", the competent authorities aim to "strengthen the pillars", "increase demand" and "reduce risks", gradually implementing various policy supports. In the first half of the year, more than 300 real estate control policies were released across the country, involving provident funds, housing subsidies, relaxation of purchase restrictions, lower down payments, and reduced mortgage interest rates. It can be said that apart from the first-tier and second-tier cities, the restrictive policies on real estate in third-tier and lower tier cities have essentially been lifted.

The second keyword is sideways market. Despite the stimulus of policies, residents' real estate consumption has not reached the bottom, and continues to follow a sideways trend. The market hit its lowest point in the first quarter, but from the second quarter onwards, the overall trend gradually turned optimistic. In terms of the land market, both supply and demand sides have displayed relatively clear enthusiasm. The transformation from "double concentrated land supply" to the "planned land supply list" model has also increased the willingness of private real estate enterprises to participate in land acquisition.

The third keyword is business downturn. The combination of multiple negative factors has directly resulted in severe liquidity difficulties in the operation of some real estate companies, which has become the core factor restricting the recovery of the real estate market. Simultaneously, risks in real estate companies are accumulating and spreading to state-owned enterprises and even central enterprises. This is reflected in the capital market, where bond prices or comprehensive valuations of private real estate companies have not returned to normal levels.

In the first half of 2023, through various efforts and active communication, the Company promoted the settlement of debts with creditors at the project level in batches and entered the normal operation and sales stage, ensuring a continuous decrease in the debt balance. At the same time, the Company has also made significant progress in the disposal of high-quality assets. The relevant solutions have been gradually refined, leading to important breakthroughs and further enhancing the Company's performance capabilities and debt repayment efforts.

In the first half of 2023, through concerted efforts from top to bottom, the Group's empowerment, and regional advancement, the Company essentially achieved the relevant goals of ensuring delivery, and submitted a relatively satisfactory answer to the government and owners.

In the first half of 2023, the Company continued to pursue new growth opportunities. Building upon our differentiated competencies in green technology, energy conservation and environmental protection, we actively sought new business models and profit margins. We successfully implemented new business models and approaches, so as to accumulate strength and energy for the Company's future development.

OUTLOOK OF THE SECOND HALF OF THE YEAR

In the second half of 2023, we anticipate significant favorable policies in the market. We can already foresee the introduction of new real estate policies that included reduction in interest rates on existing first-house mortgages, decreased down payment ratio of first-house loans, and the implementation of "grant of loans based on buyers' houses" in many cities. These policy changes bring multiple positive developments for the

Chairman's Statement

property market. In the short term, these policies are expected to have positive impacts and stimulate market demand, depending on everyone's expectations for the future and confidence in growth. However, we remain a cautiously optimistic outlook regarding the mid- to long-term impact of these policies.

In the second half of the year, the Company will adhere to three major strategies to achieve its strategic business goals.

Continue to be green and strengthen core competitiveness

Being green is the Company's foundation and our unwavering commitment. The Company will firmly adhere to the green technology strategy guided by "double carbon" principles, strengthen the carbon neutrality-related technology system, foster a robust pool of green talent experts, enhance the application scenarios across various business formats, and create a comfortable living experience.

At the same time, the Company will continue to expand the application of green technology in multiple industrial scenarios. We will integrate the concept of "whole-life cycle" into every MOM∧ Living Home, encompassing catering, accommodation, education, elderly care, medical care, career building and other aspects of living and production modes for each age group, realizing our vision of "whole life cycle residential properties" and "whole life cycle industrialized communities".

Adhere to risk control and build a strong corporate safety cushion

The development process of an enterprise is also a journey of confronting the unknown and managing risks. Careless decision-making can hinder the enterprise's progress and cause the company to lose momentum.

In the future, the Company will abandon the high-leverage, high-risk development model and adopt a low-leverage, low-risk development approach. Building upon the effective resolution of existing debt, the Company will closely manage the scale of new debt, establish a reasonable debt level, reduce financing costs, and reinforce the safety buffer for corporate development.

Innovate resolutely and put more efforts into development

Facing an uncertain future, enterprises need to embrace innovation, maintain strategic stability, and further expand and solidify the development axis of the Company.

Regarding the future, despite facing unstable factors in multiple aspects such as policies, markets and enterprises, along with occurrences of "black swan" and "grey rhinoceros", we maintain a strong belief in the vast potential of the real estate market. Our business model and development approach will become more prudent, flexible and resilient. We will continue to explore various areas of the pan-real estate ecosystem, including new ventures such as light asset construction, existing asset operations, and upstream and downstream industry chains. We firmly believe that innovation can foster more sustainable development.

Up to now, the Company is still making every effort to address liquidity risks and achieve breakthroughs. While significant progress and achievements have been made, the Company's development has also been significantly impacted. We kindly request your understanding and support as we require sufficient time and space to recover. We are confident that we will rise again in the future.

During this process, we would like to express our deepest respect to all parties for their strong support and efforts to empower us.

In the future, the company will continue to prioritize strong innovation and exploration while maintaining risk control. We will also adhere to environmentally-friendly practices through multi-scenario approaches. After going through the cycles, we shall be rejuvenated and move to a new chapter of growth and prosperity.

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

13 September 2023

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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

Sale of Properties

The Group's revenue from sale of properties for the six months ended 30 June 2023 amounted to approximately RMB3,283.7 million, representing an increase of approximately 41.3% as compared to the corresponding period in 2022. The increase in revenue from sales of properties was attributable to the increase in gross floor area ("GFA") delivered.

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

During the six months ended 30 June 2023, the Group's revenue from property investment increased by approximately 15.0% to approximately RMB20.7 million from approximately RMB18.0 million for the corresponding period of 2022.

For real estate agency services, leveraging on the unique products, brand recognition, management and credibility advantages supported by our MOMΛ 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 2023, the Group's revenue from real estate agency services decreased by approximately 89.8% to approximately RMB2.7 million from approximately RMB26.5 million for the corresponding period of 2022.

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 2023 increased by approximately 30.5% to approximately RMB24.8 million from approximately RMB19.0 million for the corresponding period of 2022. During the six months ended 30 June 2023, the revenue from other services was approximately RMB2.4 million, representing a decrease of approximately 92.0% as compared to that of approximately RMB30.1 million for the corresponding period of 2022.

Management Discussion and Analysis

Contracted Sales

During the six months ended 30 June 2023, the Group, its joint ventures and associates achieved contracted sales of approximately RMB3,325.3 million, representing an increase of approximately 14.4% as compared to the corresponding period in 2022. The Group, its joint ventures and associates sold 297,769 square metres ("sq.m.") in total GFA and 604 units of car parking spaces, representing a decrease of approximately 16.1% and 78.6%, respectively, as compared to the corresponding period in 2022.

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

	Six months ended 30 June					
	2023			2022		
Province/Municipality/ Autonomous Region	**Contracted Sales RMB'000**	**GFA (in sq.m.) or units**	**Average Selling Price RMB/sq.m. or unit**	Contracted Sales RMB'000	GFA (in sq.m.) or units	Average Selling Price RMB/sq.m. or unit
Anhui	**159,070**	**18,822**	**8,451**	128,995	26,254	4,913
Beijing	**47,164**	**1,314**	**35,893**	153,942	6,088	25,286
Fujian	**–**	**–**	**–**	36,634	1,896	19,322
Guangdong	**51,263**	**5,931**	**8,643**	9,519	441	21,585
Chongqing	**686,041**	**8,801**	**77,950**	60,205	7,614	7,907
Guizhou	**83,894**	**13,428**	**6,248**	80,667	16,077	5,018
Hebei	**140,399**	**13,659**	**10,279**	326,743	43,194	7,565
Henan	**–**	**–**	**–**	35,795	6,319	5,665
Hubei	**795,389**	**127,133**	**6,256**	730,362	132,605	5,508
Hunan	**70,093**	**13,302**	**5,269**	369,794	43,650	8,472
Inner Mongolia	**166,456**	**16,128**	**10,321**	168,307	15,103	11,144
Jiangsu	**134,554**	**8,680**	**15,502**	171,743	14,208	12,088
Jiangxi	**30,434**	**2,934**	**10,373**	89,225	8,753	10,194
Shaanxi	**681,865**	**36,823**	**18,517**	34,441	4,724	7,291
Shandong	**25,473**	**3,702**	**6,881**	67,417	12,661	5,325
Shanxi	**212,172**	**27,112**	**7,826**	106,694	9,498	11,233
Zhejiang	**–**	**–**	**–**	40,819	5,912	6,904
Properties Sub-total	**3,284,267**	**297,769**	**11,030**	2,611,302	354,997	7,356
Car Parking Spaces	**41,068**	**604 units**	**67,993/unit**	296,789	2,822 units	105,170/unit
Total	**3,325,335**			2,908,091		

Management Discussion and Analysis

Land Bank

As at 30 June 2023, total GFA of land bank in the People's Republic of China (excluding investment properties and properties held for own use) held by the Group, its joint ventures and associates was 11,482,128 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 2023 Total GFA unsold* (sq.m.)
Anhui	750,555
Beijing	471,607
Chongqing	1,123,957
Fujian	97,684
Guangdong	460,324
Guizhou	710,048
Hebei	757,422
Hubei	3,296,296
Hunan	506,012
Inner Mongolia	79,149
Jiangsu	137,676
Jiangxi	215,488
Liaoning	101,895
Shaanxi	1,221,283
Shandong	553,431
Shanghai	17,704
Shanxi	766,721
Tianjin	193,441
Zhejiang	21,435
Total	**11,482,128**

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

Management Discussion and Analysis

FINANCIAL REVIEW

Revenue

The Group's revenue increased by approximately 37.9% to approximately RMB3,334.3 million for the six months ended 30 June 2023 from approximately RMB2,417.4 million for the corresponding period of 2022, which was mainly attributable to the increase in area delivered, with a period-on-period increase of approximately RMB960.1 million in revenue from sale of properties.

Cost of sales

The Group's cost of sales amounted to approximately RMB3,147.1 million for the six months ended 30 June 2023, representing an increase of approximately 36.2% as compared to the corresponding period of 2022.

Gross profit and gross profit margin

For the six months ended 30 June 2023, the Group's gross profit was approximately RMB187.1 million and the gross profit margin was 5.6%, representing an increase of approximately 1.2 percentage points as compared to that of approximately 4.4% for the corresponding period of 2022.

Other income, gains and losses

The Group's other income, gains and losses recorded a net loss of approximately RMB629.4 million during the six months ended 30 June 2023 as compared to a net loss of approximately RMB876.2 million for the six months ended 30 June 2022, 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 28.2% to approximately RMB140.4 million for the six months ended 30 June 2023 from approximately RMB195.5 million for the corresponding period of 2022, primarily due to the reducing scale of sales.

Administrative expenses

The administrative expenses of the Group amounted to approximately RMB89.8 million for the six months ended 30 June 2023, representing a decrease of approximately 60.8% as compared to the corresponding period of 2022, primarily due to the decrease in the business and management scale of the Group.

Finance costs

The finance costs of the Group amounted to approximately RMB237.7 million for the six months ended 30 June 2023, representing an increase of approximately 24.2% from approximately RMB191.4 million for the six months ended 30 June 2022.

Loss before taxation and loss for the period

The loss before taxation of the Group for the six months ended 30 June 2023 amounted to approximately RMB986.4 million, as compared to approximately RMB1,340.3 million for the six months ended 30 June 2022, and loss for the period amounted to approximately RMB1,128.0 million as compared to approximately RMB1,483.9 million for the six months end 30 June 2022.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Cash position

As at 30 June 2023, the Group had cash, restricted cash and bank balances of approximately RMB1,121.2 million, representing a decrease of approximately 28.6% as compared to that of approximately RMB1,570.2 million as at 31 December 2022.

Borrowings and pledge of the Group's assets

As at 30 June 2023, the Group had aggregate remaining balance of approximately RMB23,332.9 million, including bank and other borrowings of approximately RMB11,447.7 million, senior notes of approximately RMB11,105.4 million and corporate bond of approximately RMB779.8 million, representing an increase of approximately 5.3% as compared to that of approximately RMB22,162.9 million as at 31 December 2022. As at 30 June 2023, certain banking and other facilities granted to the Group were secured by the Group's assets, such as investment properties, properties under development for sale, completed properties held for sale, property, plant and equipment, equity interests in subsidiaries and bank deposits, which had a carrying amount of approximately RMB15,277.8 million (31 December 2022: approximately RMB15,304.9 million). A majority of the carrying value of the Group's bank loans was denominated in RMB.

The Group breached certain covenants relating to bank and other borrowings of RMB1,142,450,000, and these borrowings became repayable on demand as at 30 June 2023. For details, please refer to note 2(b) of the unaudited financial statement in this report.

Management Discussion and Analysis

Breakdown of indebtedness

By type of borrowings and maturity

	30 June 2023 RMB'000	31 December 2022 RMB'000
Bank and other loans		
within one year or on demand	**10,379,235**	10,153,156
more than one year, but not exceeding two years	**266,412**	121,500
more than two years, but not exceeding five years	**731,160**	857,910
more than five years	**70,861**	60,862
Sub-total	**11,447,668**	11,193,428
Senior Notes		
within one year	**611,180**	539,484
more than two years, but not exceeding five years	**10,494,259**	9,676,871
Sub-total	**11,105,439**	10,216,355
Corporate Bond		
within one year	**779,808**	753,111
Sub-total	**779,808**	753,111
TOTAL	**23,332,915**	22,162,894
Less:		
Bank balances and cash (including restricted cash)	**1,121,201**	1,570,229
Net Debt	**(22,211,714)**	(20,592,665)
Total Equity	**(253,175)**	871,703
By currency denomination		
— Denominated in RMB	**12,061,283**	11,786,353
— Denominated in USD	**11,271,632**	10,376,541
	23,332,915	22,162,894

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 2023, the Group had monetary assets denominated in US dollars and Hong Kong dollars of approximately RMB7.7 million and approximately RMB3.5 million, respectively, as well as liabilities denominated in US dollars of approximately RMB11,271.6 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 2023, 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 2023, the Group had provided guarantees amounting to approximately RMB15,698,593,000 (31 December 2022: approximately RMB17,688,867,000) 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 2023 under the guarantees issued amounted to RMB1,125,000,000 (31 December 2022: RMB1,125,000,000), being the outstanding amount of the Facility utilised by the joint venture.

As at 30 June 2023, 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, RMB619,714,000 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 2023 (31 December 2022: RMB497,108,000).

Employees and compensation policy

As at 30 June 2023, the Group had 1,652 employees (31 December 2022: 1,450 employees). 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.

PROSPECT

In the second half of 2023, we anticipate significant favorable policies in the market. We can already foresee the introduction of new real estate policies that included reduction in interest rates on existing first-house mortgages, decreased down payment ratio of first-house loans, and the implementation of "grant of loans based on buyers' houses" in many cities. These policy changes bring multiple positive developments for the property market. In the short term, these policies are expected to have positive impacts and stimulate market demand, depending on everyone's expectations for the future and confidence in growth. However, we remain a cautiously optimistic outlook regarding the mid- to long-term impact of these policies.

In the second half of the year, the Company will adhere to three major strategies to achieve its strategic business goals.

Continue to be green and strengthen core competitiveness

Adhere to risk control and build a strong corporate safety cushion

Innovate resolutely and put more efforts into development

OTHER INFORMATION

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

As at 30 June 2023, 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 *(Note 1)*	1,827,293,270	65.38%
	Beneficial owner *(Notes 2 & 5)*	16,227,890	0.58%
Mr. Zhang Peng	Interest in a controlled corporation *(Note 3)*	5,982,240	0.21%
	Beneficial owner *(Note 5)*	13,007,000	0.47%
Mr. Chen Yin	Interest in a controlled corporation *(Note 4)*	6,911,520	0.25%
Mr. Hui Chun Ho, Eric	Beneficial owner *(Note 5)*	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: 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 2023, 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 2023, 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

No option has been granted, exercised or cancelled to any participant during the six months ended 30 June 2023, the changes in the share options granted by the Company under the Share Option Scheme are as follows:

From 1 January 2023 to 30 June 2023

	1 January 2023 Opening	Granted	Exercised	Forfeited/ Lapsed	30 June 2023 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	28,575,000	–	–	(5,300,000)	23,275,000
Tranche Four Options — 7 July 2020	38,375,000	–	–	(5,300,000)	33,075,000
Total	**38,375,000**	**–**	**–**	**(5,300,000)**	**33,075,000**

Note 1: For details of the vesting periods and exercise periods of the share options, please refer to Note 22 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 2023.

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 2023.

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 2023.

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 2023, share options to subscribe for 33,075,000 Shares remained outstanding.

The number of options available for grant under the scheme mandate as at 1 January 2023 and 30 June 2023 were 211,979,200 Shares and 217,279,200 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 2023.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") 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 2023.

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

For the six months ended 30 June 2023, 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 2023 (2022: 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 2023.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company is committed to maintaining high standards of corporate governance. Save as disclosed below, the Company has complied with the code provisions in Part 2 — Principles of Good Corporate Governance, Code Provisions and Recommended Best Practices of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Listing Rules for the six months ended 30 June 2023 and, where appropriate, adopted the recommended best practices set out in the CG Code.

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

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

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

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

Other Information

EVENTS AFTER THE REPORTING PERIOD

Extension of maturity date of corporate bond

On 30 July 2019, the Group issued corporate bond to the public with aggregate nominal value of RMB880,000,000 at 98.7% of the principal amount, which carry fixed interest of 7.8% per annum (interest payable annually in arrears) and were due on 30 July 2023. Subsequently in July 2023, the Group reached an agreement with the bondholders to extend the maturity of such corporate bond to 31 October 2023. Subject to approval of corporate bondholders every three months, the corporate bond maturity can be extended up to 30 July 2024.

Continuing connected transactions

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

For further details about continuing connected transactions, please refer to the announcement of the Company dated 17 November 2022 and the circular of the Company dated 31 October 2023.

Disposal of equity interests of an associate of the Company

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

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

RESUMPTION PROGRESS

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

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the six months ended 30 June 2023 — unaudited

		For the six months ended 30 June	
		2023	2022
	Note	**RMB'000**	RMB'000
Revenue	3	**3,334,253**	2,417,356
Cost of sales		**(3,147,128)**	(2,310,915)
Gross profit		**187,125**	106,441
Other income, gains and losses	4	**(629,405)**	(876,219)
Selling and distribution expenses		**(140,416)**	(195,464)
Administrative expenses		**(89,791)**	(228,881)
Finance costs	5	**(237,684)**	(191,419)
Share of profits less losses of joint ventures		**(73,380)**	46,222
Share of profits less losses of associates		**(2,867)**	(990)
Loss before taxation		**(986,418)**	(1,340,310)
Income tax expense	6	**(141,590)**	(143,629)
Loss for the period	7	**(1,128,008)**	(1,483,939)
Other comprehensive income for the period:			
Item that will not be reclassified to profit or loss:			
Equity investments at fair value through other comprehensive income ("FVOCI") — net movement in fair value reserves (non-recycling), net of RMB1,164,000 (2022: RMB961,000) tax		**(3,493)**	(2,884)
Item that are or may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations, net of nil tax		**(8,454)**	(1,417)
Total comprehensive income for the period		**(1,139,955)**	(1,488,240)

The notes on pages 29 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 2023 — unaudited

		For the six months ended 30 June	
		2023	2022
	Note	**RMB'000**	RMB'000
Loss for the period attributable to:			
Owners of the Company		**(1,002,465)**	(1,238,576)
Non-controlling interests		**(125,543)**	(245,363)
		(1,128,008)	(1,483,939)
Total comprehensive income attributable to:			
Owners of the Company		**(1,014,412)**	(1,242,877)
Non-controlling interests		**(125,543)**	(245,363)
		(1,139,955)	(1,488,240)
Losses per share, in Renminbi ("RMB") cents:			
Basic and diluted	8	**(35.9)**	(44.3)

The notes on pages 29 to 50 form part of this interim financial report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 June 2023 — unaudited

	Note	At 30 June 2023 RMB'000	At 31 December 2022 RMB'000
Non-current assets			
Investment properties		**2,812,424**	2,762,550
Property, plant and equipment	9	**340,416**	362,632
Intangible assets		**19,388**	19,613
Freehold land held for future development		**32,878**	31,690
Interests in associates		**62,691**	44,558
Interests in joint ventures	10	**2,444,754**	2,576,293
Loans to joint ventures	10	**6,664,671**	6,672,926
Equity securities designated at FVOCI		**36,703**	41,360
Deferred tax assets		**901,276**	918,404
		13,315,201	13,430,026
Current assets			
Properties under development for sale		**26,964,301**	29,001,359
Completed properties held for sale		**4,983,967**	4,669,751
Other inventories and contract costs		**849,811**	928,644
Trade and other receivables, deposits and prepayments	11	**8,394,453**	8,160,074
Amounts due from related parties	23	**480,200**	740,371
Restricted cash		**857,900**	1,027,897
Bank balances and cash		**263,301**	542,332
Assets held-for-sale	12	**210,795**	–
		43,004,728	45,070,428
Current liabilities			
Trade and other payables, deposits received and accrued charges	13	**11,118,899**	10,681,791
Contract liabilities		**15,705,333**	18,512,043
Amounts due to related parties	23	**1,949,876**	2,099,848
Taxation payable		**3,946,939**	3,692,791
Bank and other borrowings — due within one year	14	**10,379,235**	10,153,156
Corporate bonds — due within one year	15	**779,808**	753,111
Senior notes — due within one year		**611,180**	539,484
Liabilities held-for-sale	12	**157,103**	–
		44,648,373	46,432,224
Net current liabilities		**(1,643,645)**	(1,361,796)
Total assets less current liabilities		**11,671,556**	12,068,230

The notes on pages 29 to 50 form part of this interim financial report.

Consolidated Statement of Financial Position

at 30 June 2023 — unaudited

	Note	At 30 June 2023 RMB'000	At 31 December 2022 RMB'000
Capital and reserves			
Share capital	17	**175,693**	175,693
Reserves		**(1,342,110)**	(328,607)
Equity attributable to owners of the Company		**(1,166,417)**	(152,914)
Non-controlling interests		**913,242**	1,024,617
Total equity		**(253,175)**	871,703
Non-current liabilities			
Bank and other borrowings — due after one year	14	**1,068,433**	1,040,272
Senior notes — due after one year	16	**10,494,259**	9,676,871
Deferred tax liabilities		**362,039**	479,384
		11,924,731	11,196,527
		11,671,556	12,068,230

Approved and authorised for issue by the board of directors on 12 September 2023.

Zhang Lei) *Directors*

Zhang Peng)

The notes on pages 29 to 50 form part of this interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2023 — 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 2023	**175,693**	**825,711**	**70,920**	**40,060**	**11,163**	**640,973**	**(673)**	**(14,044)**	**(1,902,717)**	**(152,914)**	**1,024,617**	**871,703**
Profit for the period	-	-	-	-	-	-	-	-	(1,002,465)	(1,002,465)	(125,543)	(1,128,008)
Equity investments at FVOCI-net movement in fair value reserves (non-recycling)	-	-	-	-	-	-	-	(3,493)	-	(3,493)	-	(3,493)
Exchange differences on translating foreign operations	-	-	-	-	-	-	(8,454)	-	-	(8,454)	-	(8,454)
Other comprehensive income for the period, net of income tax	-	-	-	-	-	-	(8,454)	(3,493)	-	(11,947)	-	(11,947)
Total comprehensive income for the period	-	-	-	-	-	-	(8,454)	(3,493)	(1,002,465)	(1,014,412)	(125,543)	(1,139,955)
Disposal of subsidiaries (note 18)	-	-	-	-	-	-	-	-	-	-	14,168	14,168
Share-based payment (note 22)	-	-	-	-	909	-	-	-	-	909	-	909
At 30 June 2023	**175,693**	**825,711**	**70,920**	**40,060**	**12,072**	**640,973**	**(9,127)**	**(17,537)**	**(2,905,182)**	**(1,166,417)**	**913,242**	**(253,175)**

The notes on pages 29 to 50 form part of this interim financial report.

Consolidated Statement of Changes in Equity

for the six months ended 30 June 2023 — 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)	–	(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	–	–	–	–	–	–	–	–	–	–	52,389	52,389
Capital contribution from non-controlling interests	–	–	–	–	–	–	–	–	–	–	1,200	1,200
Share-based payment (note 22)	–	–	–	–	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 29 to 50 form part of this interim financial report.

Consolidated Statement of Changes in Equity

for the six months ended 30 June 2023 — 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 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
Profit for the period	–	–	–	–	–	–	–	–	(3,215,142)	(3,215,142)	(205,888)	(3,421,030)
Equity investments at FVOCI-net movement in fair value reserves (non-recycling)	–	–	–	–	–	–	–	(658)	–	(658)	–	(658)
Exchange differences on translating foreign operations	–	–	–	–	–	–	(1,064)	–	–	(1,064)	–	(1,064)
Other comprehensive income for the period, net of income tax	–	–	–	–	–	–	(1,064)	(658)	–	(1,722)	–	(1,722)
Total comprehensive income for the period	–	–	–	–	–	–	(1,064)	(658)	(3,215,142)	(3,216,864)	(205,888)	(3,422,752)
Share-based payment	–	–	–	–	954	–	–	–	–	954	–	954
Disposal of subsidiaries	–	–	–	–	–	4,889	–	–	(48,000)	(43,111)	(437,089)	(480,200)
Acquisition of additional interest in subsidiaries	–	–	(121,494)	–	–	–	–	–	–	(121,494)	13,994	(107,500)
Return of capital to non-controlling interests	–	–	–	–	–	–	–	–	–	–	29,300	29,300
At 31 December 2022	175,693	825,711	70,920	40,060	11,163	640,973	(673)	(14,044)	(1,902,717)	(152,914)	1,024,617	871,703

The notes on pages 29 to 50 form part of this interim financial report.

Consolidated Statement of Changes in Equity

for the six months ended 30 June 2023 — 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 29 to 50 form part of this interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the six months ended 30 June 2023 — unaudited

	For the six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Net cash (used in)/generated from operating activities	**(535,494)**	1,023,006
Investing activities		
Net cash outflow from disposals of subsidiaries (Note 18)	**(38,472)**	(524,681)
Capital injection into associates	**(21,000)**	–
Loans to joint ventures	**(13,926)**	(135,080)
Repayments from joint ventures	**2,939**	71,380
Decrease in restricted cash	**169,997**	426,354
Other cash generated from investing activities	**26,995**	100,376
Net cash generated from/(used in) investing activities	**126,533**	(61,651)
Financing activities		
Interest paid	**(117,259)**	(373,454)
Repayments to related parties	**(35,039)**	(75,453)
Advances from related parties	**45,133**	45,545
Repayments of bank borrowings	**(96,496)**	(611,167)
Repayments of other borrowings	**(258,009)**	(905,402)
New other borrowings raised	**602,916**	705,300
Repayments of senior notes and corporate bond	**–**	(73,682)
Capital contribution from non-controlling interests	**–**	1,200
Return of capital to non-controlling interests	**–**	(528,400)
Net cash generated from/(used in) financing activities	**141,246**	(1,815,513)

The notes on pages 29 to 50 form part of this interim financial report.

Condensed Consolidated Statement of Cash Flows

for the six months ended 30 June 2023 — unaudited

	For the six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Net decrease in cash and cash equivalents	**(267,715)**	(854,158)
Cash and cash equivalents at the beginning of the period, represented by bank balances and cash	**542,332**	1,585,043
Effects of exchange rate changes on the balance of cash held in foreign currencies	**(9,674)**	(570)
Classified as held for sale (Note 12)	**(1,642)**	(4,660)
Cash and cash equivalents at the end of the period, represented by bank balances and cash	**263,301**	725,655

The notes on pages 29 to 50 form part of this interim financial report.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2023

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 2022 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2023 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 2022 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 12 September 2023.

2 Basic of preparation

(a) Changes in accounting policies

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

- IFRS 17, *Insurance contracts*
- Amendments to IAS 8, *Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates*
- Amendments to IAS 12, *Income taxes: Deferred tax related to assets and liabilities arising from a single transaction*
- Amendments to IAS 12, *Income taxes: International tax reform — Pillar Two model rules*

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 2023

2 Basic of preparation *(Continued)*

(b) Going concern basis

The Group incurred a loss of RMB1,128,008,000 during the six months ended 30 June 2023 and as at that date, the Group's current liabilities were in excess of current assets by RMB1,643,645,000. Included in the current liabilities were current bank and other borrowings of RMB10,379,235,000, corporate bond of RMB779,808,000, senior notes of RMB611,180,000 and provision for claims and litigations of RMB619,714,000.

On 25 October 2021, the Group defaulted on payment of outstanding principal amount (the "Default") of 2019 USD Notes III totaling approximately USD250,002,000 (approximately RMB1,592,948,000) as of that date. The Default also triggered cross-default of other senior notes issued by the Group with carrying amount of USD1,091,500,000 (approximately RMB6,885,733,000) as of 25 October 2021, such that they would become due for immediate redemption once the relevant senior noteholder made the request under the cross-default provision. As a result, all of the senior notes were classified as current liabilities as of 31 December 2021.

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

Moreover, as at 30 June 2023, the Group breached certain covenants relating to bank and other borrowings due after one year of RMB1,142,450,000, and these borrowings became repayable on demand. Therefore, these bank and other borrowings have been classified as current liabilities in the statement of financial position as at 30 June 2023. Further, bank and other borrowings of RMB5,087,094,000 were defaulted as at 30 June 2023. 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.

As at 30 June 2023, the Group's corporate bond with carrying amount of RMB779,808,000 were due on 30 July 2023. The Group subsequently extended the maturity date to 31 October 2023. Subject to approval of corporate bondholders every three months, the corporate bond maturity date can be extended up to 30 July 2024.

In addition, the Group is involved in other various litigation and arbitration cases for various reasons for which the Group has made provision. As at 30 June 2023, provision for claims and litigations amounted to RMB619,714,000 and was recorded in the current liabilities as at 30 June 2023.

During the period ended 30 June 2023, the real estate sector in the PRC continued to experience volatility. This mainly includes the tightened policies adopted towards the real estate sector and the deteriorating consumer sentiment in the PRC, resulting in the whole real estate sector suffering from short-term liquidity pressures. As a result, pre-sale of Chinese property developers has generally decreased in 2023. The Group also experienced a significant decline of its contracted sales in 2023.

Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2023

2 Basic of preparation *(Continued)*

(b) Going concern basis *(Continued)*

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

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

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

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

- With respect to the corporate bond with carrying amount of RMB779,808,000, the maturity date was extended to 31 October 2023. Subject to approval of corporate bondholders every three months, the corporate bond maturity date can be extended up to 30 July 2024. Management will liaise with corporate bondholders every three months to obtain their approval to extend the maturity date;

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

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

- The Group will continue to implement measures to accelerate the pre-sales and sales of its properties under development and completed properties, and to speed up the collection of outstanding sales proceeds and other receivables. Subject to the market sentiment, the Group will actively adjust sales and pre-sale activities to better respond to changing markets to achieve the latest budgeted sales and pre-sales volumes and amounts;

Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2023

2 Basic of preparation *(Continued)*

(b) Going concern basis *(Continued)*

- The Group will continue to seek to obtain additional new sources of financing from existing shareholders and potential equity investment partners or to seek suitable opportunities to dispose of its equity interest in certain project development companies to generate additional cash inflows. The Group's properties are predominantly located in higher tier cities that make them relatively more attractive to potential buyers and retain a higher value in current market conditions;

- The Group will continue to control administrative costs and contain unnecessary capital expenditures to preserve liquidity. The Group will also continue to actively assess additional measures to further reduce discretionary spending;

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

The Directors have reviewed the Group's cash flow projections prepared by management which cover a period of not less than eighteen months from 30 June 2023 and consider multiple material uncertainties exist as to whether the Group will be able to achieve the plans and measures as described above. Specifically, whether the Group will be able to continue as a going concern will depend on the following:

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

- Obtaining approval from corporate bondholders every three months to further extend corporate bond maturity date to 30 July 2024 and repayment of corporate bond of RMB779,808,000 by the subsequently extended maturity on 30 July 2024;

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

2 Basic of preparation *(Continued)*

(b) Going concern basis *(Continued)*

- 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 2023. Accordingly, the Directors are of the opinion that it is appropriate to prepare the consolidated financial statements on a going concern basis.

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

Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2023

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	
	2023	2022
	RMB'000	RMB'000
Revenue from contracts with customers within the scope of IFRS 15		
Sale of properties	**3,283,737**	2,323,626
Real estate agency services	**2,717**	26,520
Hotel operation	**24,778**	19,034
Other services	**2,362**	30,132
	3,313,594	2,399,312
Revenue from other sources		
Property investment	**20,659**	18,044
	3,334,253	2,417,356
Disaggregated by timing of revenue recognition		
Point in time	**2,703,843**	1,488,450
Over time	**630,410**	928,906
	3,334,253	2,417,356

Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2023

4 Other income, gains and losses

	For the six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Interest income	**3,293**	7,283
Government grants	**160**	1,018
Net exchange gain/(loss)	**(428,130)**	(489,251)
Gain on disposal of property, plant and equipment	**–**	224
Loss on disposal of a joint venture	**(56,471)**	–
Net loss on disposal of subsidiaries	**3,316**	(274,209)
Penalty, claims and litigations charges	**(134,127)**	(165,725)
Others	**(17,446)**	44,441
	(629,405)	(876,219)

5 Finance costs

	For the six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Interest on bank and other borrowings	**(430,356)**	(334,665)
Interest expense on senior notes and corporate bonds	**(568,226)**	(571,470)
	(998,582)	(906,135)
Less: Amount capitalised in properties under development for sale and completed properties held for sale	**760,898**	714,716
	(237,684)	(191,419)

Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2023

6 Income tax expense

	For the six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Current tax		
PRC Corporate Income Tax	**(17,411)**	(32,734)
Land appreciation tax ("LAT")	**(156,480)**	(148,279)
	(173,891)	(181,013)
Deferred tax		
PRC Corporate Income Tax	**32,301**	37,384
	32,301	37,384
Income tax expense	**(141,590)**	(143,629)

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 2023 and 2022.

Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2023

7 Loss for the period

	For the six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Loss for the period has been arrived at after charging:		
Depreciation of owned property, plant and equipment	**9,875**	7,685
Write-down of properties under development and completed properties held for sale	**–**	63,835
Operating lease rentals	**605**	5,485

8 Losses 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	
	2023	2022
	RMB'000	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)	**(1,002,465)**	(1,238,576)

	For the six months ended 30 June	
	2023	2022
	'000	'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 2023

8 Losses per share *(Continued)*

	For the six months ended 30 June	
	2023	2022
	'000	'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 2023 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 2022 does not assume the exercise of share options because they are antidilutive for the period.

9 Property, plant and equipment

During the six months ended 30 June 2023, additions to property, plant and equipment amounted to RMB896,000 (six months ended 30 June 2022: RMB2,716,000), consisting of motor vehicles, electronic equipment and furniture.

10 Interests in joint ventures and loans to joint ventures

	At 30 June 2023 RMB'000	At 31 December 2022 RMB'000
Cost of investment in joint ventures	**2,023,809**	2,408,034
Share of post-acquisition gain and other comprehensive income	**420,945**	168,259
	2,444,754	2,576,293
Loans to joint ventures	**7,110,010**	7,108,367
Less: share of post-acquisition losses that are in excess of cost of investments	**(445,339)**	(435,441)
	6,664,671	6,672,926

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 2023

11 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 2023 RMB'000	At 31 December 2022 RMB'000
Trade receivables, net of allowance (note i)	**340,053**	336,931
Amounts due from non-controlling interests	**2,845,547**	2,935,863
Other receivables, net of allowance (note ii)	**2,988,312**	2,678,712
Guarantee deposits for housing provident fund loans provided to customers (note iii)	**33,782**	45,110
Financial assets measured at amortised cost		
Loans and receivables	**6,207,694**	5,996,616
Prepayments to suppliers of construction materials	**626,047**	646,865
Deposits paid for acquisition of land use rights	**38,810**	38,810
Prepaid taxation	**1,521,902**	1,477,783
	8,394,453	8,160,074

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 2023 RMB'000	At 31 December 2022 RMB'000
Less than 1 year	**28,133**	56,896
1–2 years	**34,652**	38,825
More than 2 years and up to 3 years	**277,268**	241,210
	340,053	336,931

All of the above trade receivables are overdue rental receivables and receivables from properties sold but not impaired at the end of the reporting period. For the overdue rental receivables, the Group does not hold any collateral over those balances. For 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, proceeds from pre-sales of properties deposited in accounts of local governments and related agencies, and advances made to disposed subsidiaries.

(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 2023

12 Assets and liabilities held for sale

As of 30 June 2023, the Group was committed to a sale plan to sell and had subsequently disposed 49% equity interests in certain subsidiary, namely Xingyang Jianhai Modern 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 2023.

At 30 June 2023, the assets and liabilities held-for-sale comprise the following:

	2023 RMB'000
Bank balances and cash	1,642
Trade and other receivables, deposits and prepayments	62,170
Properties under development for sale	136,490
Other inventories and contract costs	5,634
Property, plant and equipment	8
Deferred tax assets	4,851
Assets held-for-sale	210,795
Trade and other payables, deposits received and accrued charges	7,508
Contract liabilities	143,948
Taxation payable	5,647
Liabilities held-for-sale	157,103

13 Trade and other payables, deposits received and accrued charges

	At 30 June 2023 RMB'000	At 31 December 2022 RMB'000
Trade and notes payables (note i)	**1,830,298**	1,855,824
Accrued expenditure on construction (note i)	**3,611,548**	3,368,932
Amount due to non-controlling interests	**1,495,400**	1,758,203
Accrued interest	**501,304**	309,069
Accrued payroll	**20,094**	20,366
Dividend payable	**3,268**	3,166
Provision for claims and litigation	**619,714**	497,108
Other payables (note ii)	**2,719,778**	2,735,441
Financial liabilities measured at amortised cost	**10,801,404**	10,548,110
Other tax payables	**317,495**	133,681
	11,118,899	10,681,791

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 2023 RMB'000	At 31 December 2022 RMB'000
Less than 1 year	**296,178**	283,092
1–2 years	**265,294**	250,422
More than 2 years and up to 3 years	**1,268,826**	1,322,310
	1,830,298	1,855,824

(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 2023

14 Bank and other borrowings

	At 30 June 2023 RMB'000	At 31 December 2022 RMB'000
Bank loans, secured	**2,703,535**	2,646,775
Other loans, secured	**8,744,133**	8,546,653
	11,447,668	11,193,428

The borrowings are repayable:

	At 30 June 2023 RMB'000	At 31 December 2022 RMB'000
Within one year or on demand	**10,379,235**	10,153,156
More than one year, but not exceeding two years	**266,412**	121,500
More than two years, but not exceeding five years	**731,160**	857,910
More than five years	**70,861**	60,862
	11,447,668	11,193,428
Less: Amount due within one year shown under current liabilities	**(10,379,235)**	(10,153,156)
Amount due after one year	**1,068,433**	1,040,272
Analysis of borrowings by currency		
— Denominated in RMB	**11,281,475**	11,033,242
— Denominated in USD	**166,193**	160,186
— Denominated in HK$	**–**	–
	11,447,668	11,193,428

As at 30 June 2023, the borrowings with carrying amount of RMB2,159,383,000 (31 December 2022: RMB2,265,799,000) carry interest at variable rates based on the interest rates quoted by the People's Bank of China, the effective interest rate ranges from 5.2% to 11.4% (31 December 2022: 5.5% 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 2.8% to 15.4% (31 December 2022: from 4.4% to 15.4%) per annum as at 30 June 2023, 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 RMB1,142,450,000, and these borrowings became repayable on demand as at 30 June 2023. As a result, these bank and other borrowings were classified as current liabilities as at 30 June 2023. Further, bank and other borrowings of RMB5,087,094,000 were defaulted as at 30 June 2023 (31 December 2022: RMB4,080,315,000).

15 Corporate bond

On 30 July 2019, the Group issued corporate bond to the public with aggregate nominal value of RMB880,000,000 at 98.7% of the principal amount, which carry fixed interest of 7.8% per annum (interest payable annually in arrears) and will be due on 30 July 2023. Subsequently in July 2023, the Group reached an agreement with corporate bondholders of corporate bond with carrying amount of RMB779,808,000 as at 30 June 2023. Pursuant to the agreement, the repayment date of the corporate bond was extended to 31 October 2023. Subject to approval of corporate bondholders every three months, the corporate bond maturity can be extended up to 30 July 2024.

16 Senior notes

	At 30 June 2023 RMB'000	At 31 December 2022 RMB'000
Carrying amount at the beginning of the period/year	**10,216,355**	8,478,681
Accrued interest included in other payables	**–**	1,568,369
Gain on senior note restructuring	**–**	(497,055)
Exchange loss	**392,471**	790,846
Other finance costs	**496,613**	35,115
Redemption	**–**	(159,601)
Carrying amount at the end of the period/year	**11,105,439**	10,216,355
Less: current portion of senior notes	**(611,180)**	(539,484)
Amount due after one year	**10,494,259**	9,676,871

17 Share capital

	Number of shares '000	**Amount** USD'000	**Equivalent to** RMB'000
Ordinary shares of USD0.01 each			
Authorised:			
At 31 December 2022 and 30 June 2023	8,000,000	80,000	524,014
Issued and fully paid:			
At 31 December 2022 and 30 June 2023	2,794,994	27,941	175,693

Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2023

18 Disposal of subsidiaries

During the period ended 30 June 2023, the Group entered into a number of share transfer agreements with various third parties to dispose certain subsidiaries for a total consideration of RMB15,000,000. 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	36
Properties under development and completed properties held for sale	457,707
Trade and other receivables deposits and prepayments	126,761
Bank balances and cash	53,472
Deferred tax assets, net of deferred liabilities	1,383
Trade and other payables, deposits received and accrued charges	(290,698)
Contract liabilities	(208,678)
Bank and other borrowings	(135,833)
Taxation payable	(2)
	4,148
Less: non-controlling interests	(14,168)
Net assets attributable to the Group	18,316
Total consideration	15,000
Net profit on disposal of subsidiaries (Note 4)	(3,316)

Total consideration comprises cash consideration of RMB15,000,000. An analysis of the cash flows of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:

	Total RMB'000
Cash consideration	15,000
Less: Cash and cash equivalents disposed of	(53,472)
Net cash outflow of cash and cash equivalents in respect of the disposal of subsidiaries	(38,472)

19 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 2023 RMB'000	At 31 December 2022 RMB'000
Investment properties	**1,724,794**	1,724,794
Properties under development for sale	**9,853,302**	9,853,302
Completed properties held for sale	**1,586,689**	1,586,689
Property, plant and equipment	**151,992**	151,992
Equity interests in subsidiaries	**1,872,879**	1,917,568
Equity interests in joint ventures	**15,709**	13,292
Restricted cash	**38,647**	12,129
Guarantee deposits for housing provident fund loans provided to customers	**33,782**	45,110
	15,277,794	15,304,876

20 Capital and other commitments

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

	At 30 June 2023 RMB'000	At 31 December 2022 RMB'000
Contracted but not provided for in the consolidated financial statements:		
Expenditure in respect of properties under development	**14,675,084**	14,254,047

Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2023

21 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 2023 RMB'000	At 31 December 2022 RMB'000
Mortgage guarantees	**15,698,593**	17,688,867

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

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

As at 30 June 2023, the Group was the defendant in various on-going litigation and arbitration cases primarily initiated by its creditors, in most of the cases the creditors demanded immediate repayment of the amounts owed to them, together with an interest and/or a penalty as compensation. 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 RMB RMB619,714,000 as provision for claims and litigations charges in the consolidated financial statements as at 30 June 2023 (31 December 2022: RMB497,108,000).

Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2023

22 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 2022	8,750,000		
Exercisable at 30 June 2023	7,425,000		

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 2023.

The Group recognised total expense of RMB909,000 and RMB1,597,000 during the six months ended 30 June 2023 and 2022, respectively, in relation to share options granted by the Company.

Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2023

23 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 2023 RMB'000	At 31 December 2022 RMB'000
Amounts due from a company controlled by Mr. Zhang Lei, executive director of the Company	**17,355**	15,797
Amounts due from a company controlled by Mr. Zhang Peng, executive director of the Company	**2,073**	14,586
Amounts due from associates	**71,418**	72,018
Amounts due from joint ventures and their subsidiaries	**211,329**	210,920
Total non-trade balances (note i)	**302,175**	313,321
Amounts due from companies controlled by Mr. Zhang Lei	**12,681**	12,153
Amounts due from companies controlled by Mr. Zhang Peng	**11,812**	8,575
Amounts due from joint ventures and their subsidiaries	**153,532**	406,322
Total trade balances (note ii)	**178,025**	427,050
Amounts due from related parties	**480,200**	740,371
Loans to joint ventures	**6,664,671**	6,672,926

Notes:

(i) Balances at 30 June 2023 and 31 December 2022 are of non-trade nature, unsecured, interest free and repayable on demand.

(ii) Trade receivables from related parties at 30 June 2023 and 31 December 2022 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 2023 RMB'000	At 31 December 2022 RMB'000
Less than 1 year	**147**	24,684
1–2 years	**177,878**	402,366
	178,025	427,050

23 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 2023 RMB'000	At 31 December 2022 RMB'000
Amounts due to companies controlled by Mr. Zhang Lei	**994**	982
Amounts due to companies controlled by Mr. Zhang Peng	**3,521**	729
Amounts due to associates	**20,357**	20,356
Amounts due to joint ventures and their subsidiaries	**1,755,696**	1,918,921
Total non-trade balances (note i)	**1,780,568**	1,940,988
Amounts due to companies controlled by Mr. Zhang Lei	**154,012**	146,759
Amounts due to companies controlled by Mr. Zhang Peng	**14,911**	11,732
Amounts due to joint ventures and their subsidiaries	**385**	369
Total trade balance (note ii)	**169,308**	158,860
Amounts due to related parties	**1,949,876**	2,099,848

Notes:

(i) Balances at 30 June 2023 and 31 December 2022 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 2023 RMB'000	At 31 December 2022 RMB'000
Less than 1 year	**404**	55,479
1–2 years	**168,904**	103,381
	169,308	158,860

Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2023

23 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 2023 RMB'000	2022 RMB'000
Companies controlled by Mr. Zhang Lei	Property management and other services expense	**5,351**	31,483
Companies controlled by Mr. Zhang Peng	Elevator service expense	**7,588**	8,253

(c) Transactions with key management

	For the six months ended 30 June 2023 RMB'000	2022 RMB'000
Key management compensation		
Basic salaries and allowance	**3,247**	5,596
Retirement benefit contribution	**452**	568
Share-based payment	**312**	489
	4,011	6,653

24 Event after the end of the reporting period

In July 2023, the Group reached an agreement with corporate bondholders of corporate bond with carrying amount of RMB779,808,000 as at 30 June 2023. Pursuant to the agreement, the maturity date of the corporate bond was extended to 31 October 2023. Subject to approval of corporate bondholders every three months, the corporate bond maturity can be extended up to 30 July 2024 as disclosed in Note 15.

In August 2023, the Group entered into an agreement with a connected party, pursuant to the agreement, the Group disposed certain subsidiary which were classified as assets and liabilities held for sale as disclosed in Note 12.