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**MODERN LAND (CHINA) CO., LIMITED**

**當代置業(中國)有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1107)**

**SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO  
THE ANNUAL RESULTS ANNOUNCEMENT AND  
ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2021**

References are made to the annual results announcement of Modern Land (China) Co., Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) for the year ended 31 December 2021 published on 29 December 2022 (the “**2021 Annual Results Announcement**”) and the annual report of the Group for the year ended 31 December 2021 (the “**2021 Annual Report**”). Unless otherwise defined, terms used herein shall bear the same meanings as defined in the 2021 Annual Results Announcement and the 2021 Annual Report.

In addition to the information provided in the 2021 Annual Results Announcement and the 2021 Annual Report, the Board would like to provide further information to the Corporate Governance Report enclosed in the 2021 Annual Report in relation to the disclaimer of opinion (the “**Disclaimer**”) issued by the auditor of the Company, namely KPMG (the “**Auditor**”) in relation to the consolidated financial statements of the Group for the year ended 31 December 2021 pursuant to Code Provision D.1.3 of Appendix 14 to the Listing Rules.

**BASIS ON THE DISCLAIMER**

As a result of the matters described in the paragraph headed “Disclaimer of Opinion” on pages 20 to 21 of the 2021 Annual Results Announcement and the section headed “Basis for Disclaimer of Opinion — Multiple Uncertainties Relating to Going Concern” in the “Independent Auditor’s Report” on pages 115 to 116 of the 2021 Annual Report, the Auditor did not express an opinion on the consolidated financial statements of the Group for the year ended 31 December 2021. Please refer to the said paragraphs in the 2021 Annual Results Announcement and the 2021 Annual Report for details.

## **BOARD'S VIEW ON THE DISCLAIMER**

The Directors have reviewed the Group's cash flow projections prepared by the management of the Group (the "**Management**") which cover a period of not less than 18 months from 31 December 2021 and have given due consideration to the matters that give rise to material uncertainties as to its ability to continue as a going concern. In addition, the Directors have also considered as to whether the Group will be able to achieve the plans and measures as mentioned in Note 3(a)(ii) to the consolidated financial statements for the year ended 31 December 2021.

The Directors consider that, assuming the success of all assumptions, plans and measures, mentioned in Note 3(a)(ii) to the consolidated financial statements for the year ended 31 December 2021, the Group will have sufficient working capital to finance its operations and meet its obligations as and when they fall due for at least 18 months from 31 December 2021. Accordingly, the Directors are of the opinion that it is appropriate to prepare the consolidated financial statements on a going concern basis.

## **AUDIT COMMITTEE'S VIEW ON THE AUDIT QUALIFICATION**

The audit committee of the Company (the "**Audit Committee**") has discussed with the Board and the Management regarding the going concern issue, and with the orderly implementation of the plans and measures regarding debt restructuring resolution, agreed with the position taken by the Board regarding the accounting treatment adopted by the Company.

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

## **COMPANY'S ACTION PLANS**

In view of such circumstances, the Directors have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient cash resources to continue as a going concern and pay its debts when they fall due. Save as mentioned in Note 3(a)(ii) to the consolidated financial statements for the year ended 31 December 2021, the Company has taken and intends to continue to implement the following measures, including but not limited to:

- (i) with respect to the restructured senior note, the Management expects 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;

- (ii) with respect to the corporate bond with carrying amount of RMB753,111,000, the maturity date was extended to 31 October 2023. Subject to approval of corporate bondholders every three months, the corporate bond maturity date can be extended up to 30 July 2024. The Management will liaise with corporate bondholders every three months to obtain their approval to extend the maturity date;
- (iii) the Group is actively in discussions with the other existing lenders to renew the Group's certain borrowings and/or not to demand immediate repayment until the Group has successfully completed the property construction projects and generated sufficient cash flows therefrom. These discussions have been constructive and focused on possible actions in light of current circumstances but do require time to formulate or implement due to ongoing changes in market conditions;
- (iv) 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;
- (v) 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;
- (vi) 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;
- (vii) 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; and
- (viii) 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.

## **IMPACT OF THE DISCLAIMER ON THE COMPANY'S FINANCIAL POSITION**

Should the Group fail to achieve one or more of the plans and measures mentioned above and Note 3(a)(ii) to the consolidated financial statements for the year ended 31 December 2021 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.

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

Hong Kong, 22 September 2023

*As at the date of this announcement, the Board comprises eight Directors namely, executive Directors: Mr. Zhang Peng, Mr. Zhang Lei and Mr. Chen Yin; non-executive Directors: Mr. Tang Lunfei and Mr. Zeng Qiang; and independent non-executive Directors: Mr. Cui Jian, Mr. Hui Chun Ho, Eric and Mr. Gao Zhikai.*