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

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1107)

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED JUNE 30, 2014 AND RESUMPTION OF TRADING

HIGHLIGHTS

- Revenue increased by approximately 51.4% from the corresponding period in 2013 to approximately RMB1,882.3 million.

- Gross profit increased by approximately 59.9% from the corresponding period in 2013 to approximately RMB864.6 million and gross profit margin remained relatively stable at approximately 45.9% as compared to approximately 43.5% for the corresponding period in 2013.

- Profit for the Period attributable to owners of the Company increased by approximately 28.6% to approximately RMB235.6 million as compared to the corresponding period in 2013.

- Basic earnings per share was RMB14.7 cents (2013: RMB15.3 cents).

- Achieved contracted sales of approximately RMB2,284.1 million represented an increase of approximately 36.2% as compared to the corresponding period in 2013.

- As at June 30, 2014, the Group recorded net debt (total borrowings net of bank balances and cash) of approximately RMB1,817.9 million. As at June 30, 2014, the Group's net debt to equity ratio was approximately 61.8%.

RESUMPTION OF TRADING

At the request of the Company, trading in the shares of the Company on the Stock Exchange was halted with effect from 9:00 a.m. on August 27, 2014 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the shares of the Company from 9:00 a.m. on September 1, 2014.

Interim Results

The board of directors (the "Board") of Modern Land (China) Co., Limited (the "Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively the "Group") for the six months ended June 30, 2014 (the "Period") with the comparative figures for the six months ended June 30, 2013, as follows:

The Group's unaudited condensed consolidated statement of profit or loss and other comprehensive income, unaudited condensed consolidated statement of financial position and explanatory notes 1 to 9 as presented below are extracted from the Group's unaudited condensed consolidated interim financial information for the six months ended June 30, 2014, which has been reviewed by the Company's independent auditor, Deloitte Touche Tohmatsu, in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the Six Months ended June 30, 2014

	NOTES	Six months ended June 30, 2014 RMB'000 (unaudited)	2013 RMB'000 (unaudited)
Revenue	3	**1,882,256**	1,242,898
Cost of sales		**(1,017,637)**	(702,268)
Gross profit		**864,619**	540,630
Other income, gain and loss		**(4,324)**	8,967
Change in fair value of held for trading investments		**–**	1,311
Recognition of changes in fair value of completed properties for sale upon transfer to investment properties		**(13,902)**	12,146
Changes in fair value of investment properties		**57,239**	3,730
Selling and distribution expenses		**(78,709)**	(64,262)
Administrative expenses		**(98,116)**	(74,213)
Finance costs	4	**(131,751)**	(7,643)
Listing expenses		**–**	(15,930)
Share of loss of joint ventures		**(2,623)**	–
Profit before taxation		**592,433**	404,736
Income tax expense	5	**(357,013)**	(222,022)
Profit for the period		**235,420**	182,714
Other comprehensive income for the period:			
Items that will not be reclassified to profit or loss:			
Gain on revaluation of owner-occupied properties upon transfer to investment properties		**1,351**	–
Deferred tax relating to gain on revaluation of owner-occupied properties		**(338)**	–
Items that may be subsequently reclassified to profit or loss:			
Exchange differences on translating foreign operations		**1,416**	(1,653)
Other comprehensive income (expense) for the period, net of income tax		**2,429**	(1,653)
Total comprehensive income for the period		**237,849**	181,061
Profit for the period attributable to:			
Owners of the Company		**235,571**	183,198
Non-controlling interests		**(151)**	(484)
		235,420	182,714
Total comprehensive income attributable to:			
Owners of the Company		**238,000**	181,545
Non-controlling interests		**(151)**	(484)
		237,849	181,061
Earnings per share, in RMB cents:			
Basic	7	**14.7**	15.3

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At June 30, 2014

	NOTES	At June 30, 2014 RMB'000 (unaudited)	At December 31, 2013 RMB'000 (audited)
NON-CURRENT ASSETS			
Investment properties		**912,100**	825,660
Property, plant and equipment		**507,063**	518,803
Intangible assets		**1,180**	1,229
Prepaid lease payments		**136,642**	916,137
Freehold land held for future development		**27,996**	27,742
Interests in joint ventures		**416,111**	–
Advances to employees		**39,769**	–
Available-for-sale investments		**34,336**	34,336
Deposits paid for acquisition of land use rights		**–**	465,000
Deferred tax assets		**290,964**	338,488
		2,366,161	3,127,395
CURRENT ASSETS			
Inventories		**3,633**	3,350
Prepaid lease payments		**600,996**	–
Properties under development for sale		**5,145,454**	2,936,051
Properties held for sale		**983,327**	1,649,366
Trade and other receivables, deposits and prepayments	*8*	**436,929**	467,690
Amounts due from related parties		**589,371**	–
Restricted cash		**544,489**	125,930
Bank balances and cash		**1,961,680**	2,743,579
		10,265,879	7,925,966
CURRENT LIABILITIES			
Trade and other payables, deposits received and accrued charges	*9*	**4,318,965**	4,926,654
Amounts due to related parties		**9,225**	13,990
Taxation payable		**1,547,396**	1,453,506
Bank and other borrowings – due within one year		**905,184**	256,910
		6,780,770	6,651,060
NET CURRENT ASSETS		**3,485,109**	1,274,906
TOTAL ASSETS LESS CURRENT LIABILITIES		**5,851,270**	4,402,301
CAPITAL AND RESERVES			
Share capital		**98,610**	98,610
Reserves		**2,475,862**	2,373,702
Equity attributable to owners of the Company		**2,574,472**	2,472,312
Non-controlling interests		**368,146**	(1,319)
TOTAL EQUITY		**2,942,618**	2,470,993
NON-CURRENT LIABILITIES			
Bank and other borrowings – due after one year		**903,000**	997,200
Senior notes		**1,971,437**	904,753
Deferred tax liabilities		**34,215**	29,355
		2,908,652	1,931,308
		5,851,270	4,402,301

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

The Company was incorporated in the Cayman Islands on June 28, 2006 as an exempted company with limited liability under the Companies Law of the Cayman Islands. Its parent is Super Land Holdings, a company incorporated in the British Virgin Islands ("BVI") and its ultimate holding company is Fantastic Energy Ltd., a company incorporated under the laws of Commonwealth of the Bahamas. Both of them are controlled by Mr. Zhang Lei and Mr. Salum Zheng Lee. The registered office of the Company is located at Floor 4, Willow House, Cricket Square, P.O. Box 2804, Grand Cayman KY1-1112, Cayman Islands, and its principal place of business is located at No. 1, Xiangheyuan Road, Dongcheng District, Beijing, People's Republic of China ("the PRC").

The Company and its subsidiaries (hereinafter collectively referred to as the "Group") are principally engaged in property development, property investment, and hotel operation which commenced operation in second half of 2013.

The unaudited condensed consolidated financial statements are presented in Renminbi ("RMB"), the currency of the primary economic environment in which the group entities operate (the functional currency of group entities).

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

(a) Basis of preparation

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting* issued by the International Accounting Standards Board as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

(b) Principal accounting policies

The condensed consolidated financial statements have been prepared on the historical cost basis except for investment properties, which are measured at fair values.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended June 30, 2014 are the same as those followed in the preparation of the Group's consolidated financial statements for the year ended December 31, 2013.

In the current interim period, the Group has applied the following accounting policy in relation to interests in joint ventures.

Interests in joint ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of joint ventures are incorporated in these condensed consolidated financial statements using the equity method of accounting. The financial statements of joint ventures used for equity accounting are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in a joint venture is initially recognised in the condensed consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the joint venture. When the Group's share of losses of a joint venture exceeds the Group's interests in that joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture.

An investment in a joint venture is accounted for using the equity method from the date on which the investee becomes a joint venture. On acquisition of the investment in a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of International Accounting Standard 39 *Financial Instruments: Recognition and Measurement* are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with International Accounting Standard 36 ("IAS 36") *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with a joint venture of the Group (such as a sale or contribution of assets), profits and losses resulting from the transactions with the joint venture are recognised in the Group's condensed consolidated financial statements only to the extent of interests in the joint venture that are not related to the Group.

In the current interim period, the Group has applied, for the first time, the following new interpretation and amendments to International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board.

Amendments to IFRS 10, IFRS 12 and IAS 27	Investment Entities
Amendments to IAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to IAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to IAS 39	Novation of Derivatives and Continuation of Hedge Accounting
IFRIC 21	Levies

The application of the above new interpretation and amendments to IFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

The Group's operating segment has been identified on the basis of internal management reports reviewed by chief operating decision maker of the Group including the revenue information on sales of properties from property development, leasing properties from property investment and hotel operation which are measured in accordance with accounting policies similar to those of IFRSs. Accordingly, no segment information is presented.

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

	Six months ended June 30, 2014 RMB'000 (unaudited)	2013 RMB'000 (unaudited)
Sale of properties	**1,858,902**	1,228,543
Leasing of properties	**14,909**	14,355
Hotel operation	**8,445**	–
	1,882,256	1,242,898

4. FINANCE COSTS

	Six months ended June 30, 2014 RMB'000 (unaudited)	2013 RMB'000 (unaudited)
Interest on bank and other borrowings		
– Wholly repayable within five years	**(57,891)**	(44,877)
– Not wholly repayable within five years	**(5,274)**	(7,597)
Interest expense on senior notes wholly repayable within five years	**(120,870)**	–
	(184,035)	(52,474)
Less: Amount capitalised in properties under development for sale	**52,284**	44,174
Less: Amount capitalised in properties under construction	**–**	657
	(131,751)	(7,643)

5. INCOME TAX EXPENSE

	Six months ended June 30, 2014 RMB'000 (unaudited)	2013 RMB'000 (unaudited)
Current tax		
PRC Enterprise Income Tax	**(89,290)**	(145,930)
Land appreciation tax ("LAT")	**(216,760)**	(134,327)
	(306,050)	(280,257)
Deferred tax		
PRC Enterprise Income Tax	**(48,234)**	73,924
LAT	**(2,729)**	(15,689)
	(50,963)	58,235
Income tax expense	**(357,013)**	(222,022)

Pursuant to the PRC Enterprise Income Tax Law promulgated on March 16, 2007, the PRC enterprise income tax for both domestic and foreign-invested enterprises has been unified at the enterprise income tax rate of 25% effective from January 1, 2008 onwards.

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 regulation of the BVI and the Cayman Islands, the Group is not subject to any income tax in the BVI and the Cayman Islands.

No provision for Hong Kong profits tax has been made as the income generated from the Group neither arises in, nor is derived from, Hong Kong for the six months ended June 30, 2014 and 2013.

Pursuant to the United States ("US") Federal tax law, the US corporate tax shall be taxed at progressive rates ranging from 15% to 35%. No provision for US corporate income tax has been made as the Group has no assessable income during the six months ended June 30, 2014 and 2013.

6. DIVIDENDS

A final dividend in respect of the year ended December 31, 2013 of HK10.8 cents (equivalent to RMB8.6 cents) per share amounting to HK$172,800,000 (equivalent to RMB137,160,000) in aggregate has been paid by the Group during the six months ended June 30, 2014 (six months ended June 30, 2013: Nil).

No dividends were proposed by the Group for the six months ended June 30, 2014. On August 26, 2013, the directors of the Company (the "Directors") have determined that an interim dividend of HK1.5 cents per share, amounting to HK$24,000,000 in aggregate shall be paid to the shareholders of the Company whose names appear in the register of members of the Company on September 18, 2013.

7. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to owners of the Company is based on the following data:

	Six months ended June 30,	
	2014	2013
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Earnings		
Earnings for the purpose of calculating basic earnings per share (profit for the period attributable to owners of the Company)	**235,571**	183,198

	Six months ended June 30,	
	2014	2013
	'000	*'000*
Number of shares		
Number of ordinary shares for the purpose of calculating basic earnings per share	**1,600,000**	1,200,000

No diluted earnings per share presented for the six months ended June 30, 2014 and 2013 as the Group had no potential ordinary shares in issue during both periods.

The number of ordinary shares for the purpose of calculating basic earnings per share for the six months ended June 30, 2013 has been retrospectively adjusted to reflect the share sub-division and capitalisation issue.

8. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

Trade receivables comprise of overdue rental receivables. Pursuant to the lease agreements, rental payment is required to be settled in advance with no credit period being granted to the tenants. 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 June 30, 2014 *RMB'000* (unaudited)	At December 31, 2013 *RMB'000* (audited)
Trade receivables, net of allowance	**15,187**	15,892
Advances to suppliers of construction materials *(note a)*	**33,905**	65,262
Other receivables, net of allowance	**124,568**	77,205
Prepaid LAT and business tax	**258,453**	304,556
Guarantee deposits for housing provident fund loans provided to customers *(note b)*	**4,816**	4,775
	436,929	467,690

Notes:

(a) As at June 30, 2014, advance to a supplier of RMB5,580,000 (December 31, 2013: Nil) was impaired and fully provided because the counterparty was liquidated and the Group does not hold any collateral over this balance.

(b) Guarantee deposits for housing provident fund loans provided to customers represent amounts placed with Housing Provident Fund Management Center, a state-owned organisation responsible for the operation and management of housing provident fund, to secure the housing provident fund loans provided to customers and will be refunded to the Group upon customers obtaining the property individual ownership certificate.

The following is an aged analysis of trade receivables based on due date for rental receivables and agreement date for receivables from properties sold, which approximated the respective revenue recognition dates, at the end of each of the reporting period:

	At June 30, 2014 *RMB'000* (unaudited)	At December 31, 2013 *RMB'000* (audited)
Less than 1 year	**15,187**	15,892

As at June 30, 2014, the trade receivables of RMB8,045,000 (December 31, 2013: RMB8,045,000) was impaired and fully provided because the counterparties' breach of contract and the Group does not hold any collateral over these balances.

9. TRADE AND OTHER PAYABLES, DEPOSITS RECEIVED AND ACCRUED CHARGES

	At June 30, 2014 *RMB'000* (unaudited)	At December 31, 2013 *RMB'000* (audited)
Trade payables	**356,808**	338,660
Accrued expenditure on construction	**468,385**	581,338
Other payables	**114,490**	163,078
Amount due to then shareholder arising from acquisition of Suizhong Xian Changlong Property Development Co., Ltd. *(Note)*	**131,952**	–
Other tax payables	**98,786**	216,281
Accrued payroll	**13,580**	48,807
Accrued interest on senior notes	**72,779**	–
Deposits received and receipt in advance from property sales	**3,054,768**	3,570,342
Other accrued charges	**5,673**	7,878
Dividend payable	**1,744**	270
	4,318,965	4,926,654

Note: The amount is unsecured, non-interest bearing and repayable on demand.

Trade payables and accrued expenditure on construction comprise construction costs and other project-related expenses which are payable based on project progress measured by the Group. The Group has financial risk management policies in place to ensure that all payables within the credit timeframe, if any.

The following is an aged analysis of trade payables based on invoice date at the end of reporting period:

	At June 30, 2014 *RMB'000* (unaudited)	At December 31, 2013 *RMB'000* (audited)
Less than 1 year	**245,657**	220,248
1-2 years	**48,278**	51,598
2-3 years	**45,970**	47,245
Over 3 years	**16,903**	19,569
	356,808	338,660

CHAIRMAN'S STATEMENT

Dear Shareholders,

I, on behalf of the Board, am pleased to present the business review of the Group from January 1, 2014 to June 30, 2014 and its prospects.

DASHING AHEAD

The year 2014 is a year of full speed development for the Group since its listing. The Company achieved leapfrog growth in sales results and land banking. At present, not only does the Group have projects in cities deemed to be highly matching with products of the Company in terms of weather condition and economic condition such as Taiyuan in Shanxi, Changsha in Hunan, Nanchang and Jiujiang in Jiangxi, Hefei in Anhui, Wuhan and Xiantao in Hubei and Beijing in the mainland China, it also further successfully bid five parcels of lands in four cities respectively in Jiujiang, Changsha (two parcels), Beijing and Wuhan before June 30, 2014. The harvest period brought by economy of scale can be further enjoyed. Approximately 990,000 sq.m. of land bank in aggregate were completed from January to June 2014. As at July 3, 2014, the Group acquired a parcel of land in Anhui Hefei, and successfully stepped in Hefei city. The Group has confirmed the development strategy of "National Layout, Regional Focus and Comprehensive Efforts in Cultivation", minutely cultivated in existing cities and strategically developed its businesses in suitable cities. By fully utilizing the combination of the "nine pools of funds" proposed by us, we have entered into the strategic agreements with Zhong Cheng Investment (中城投資), Great Wall International, Xishen Fund Management, Huarong Asset Management, etc., respectively, to complete our layout with different ways and levels of finance, further assisting the rapid development.

FIVE INITIATIVES AND NINE PRINCIPLES

In the first half of 2014, the Group issued the strategic white paper of "Five Initiatives and Nine Principles of Modern Land" in which the development plan and objectives for the enterprise in the next few years were stated. In the future, the market will remain its three-high model of "High-growth, high-focus and high-elimination". The Group will capture its high growth by own rapid development, high focus by our strong execution in terms of work process and operation, the advantage of highly diversified products and their high cost performance, and high elimination by a high degree of professionalism, service and market orientation. Currently, the Group ensures the execution and implementation of the planned budget with the strategic philosophy of five initiatives and nine principles.

TECHNOLOGY BREWS INNOVATION

The Group is committed to its core strength in the niche market, focusing on MOMΛ green, comfortable, energy-saving and full life cycle residential properties. Under uncertain macro-economic environment, the Group insists on the direction of a green property developer. Meanwhile, the Group will step up efforts on technological innovation to maintain its leading position and competitive advantages as a technology-oriented property developer. As a solution to heating and cooling and reduction in energy consumption and operation cost, a strategy of "1+2+1" will be implemented. "1" is "air-filtering system equipment installed at residential units", targeting at the increasing problem of air pollution in southern regions and the Group made resource allocation to accommodate the resulting strong residence needs. Such technology will become the most important complement and upgrade of core technologies of the Group, which creates a better indoor environment for customers and better mitigate the damage of small particles (PM2.5) to their health. The product is expected to be officially launched in August 2014, and will be trial tested in demonstration units of Hanyang Man Ting Chun MOMΛ. "2" is the solution of "heating pump system equipment installed at residential units", which is also a stride forward for core energy solution of the Group. In order to provide filtered indoor air with enough oxygen, the system can maintain an indoor temperature of 20 to 26 Celsius degrees, humidity of 30 to 70%, and a noise environment at the most comfortable level of 25 to 45 decibel. These two technologies will definitely further enhance the absolute advantage of core competitiveness of the Group, and raise the selling price premium while satisfying changing market demands. The remaining "1" is "Plan of Magic Stone", which aimed at further standardization and upgrade of our existing product lines. Currently, some research achievements were accomplished in stages, including commencement of table of products, product lines and product mix, and standardization of normal, standard and high-end supplemental products of various product lines. Such achievement can enable the Group to cope with increasingly complicated market environment and customer needs, and strengthen the leading position of products of the Group. Based on this opportunity, the Group can enjoy a more accurate market positioning in its rapid development, diversified products, a quicker development time and a better capability to control cost and undertake sales activities.

ADOPTION OF INTERNET CONCEPT

Real estate industry is always regarded as a "traditional industry" or a "sunset industry". Despite a trend of expected growth for the industry in the coming ten years, the Group shall not hesitate to develop and shall continuously inject new vitality and proceed to a "sunrise industry". As the leading brand in green real estate, the Group understands the market pulse, undergone its own reform ahead of time, and captured the trend of split, disunity and integration of the industry.

The Group took initiative after evaluating the market and adopted the internet concept in current information age. On community services, the Group developed by itself a community interactive application ("APP") platform, "Loving My Homeland". It includes a series of tailor-made service functions targeting at MOMΛ owners, such as real-time weather, traffic conditions of surrounding areas, haze indicators, online supermarket, life navigator, property maintenance and express delivery service, creating a one-stop community service interactive platform, on which more value-added service will be developed. Currently, this software has been successively launched in the projects in Beijing, and will be launched in the projects across China in the future. On sales, a nationwide sale software, Yunxiaobao APP, has been used by the Group to rapidly accumulate customer information and instantaneously stimulate transaction in a simple platform.

In cross-industry cooperation, the Group cooperates with Beijing LeTV Mobile Media & Technology Co. Ltd. to break the traditional concept of selling and servicing by persons and create a smart-living community based on the core competitiveness of both parties. The Group also cooperates with Moji Fengyun to create a comprehensive online service chain, and build a green technology experience centre, which significantly enhanced customers' loyalty and residence experience. The Group also cooperates with Tesla to establish charging stations in various communities in Beijing. Such moves are to build up a community of a full range of experiences of green clothing, food, shelter and transportation. The cooperation between a property company and an internet company, and between a property company and a high technology company mark a change in traditional operation and service model and create a platform of vertical service, making the Group irreplaceable leading model in niche markets.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group's revenue is mainly attributable to sale of properties and rental income.

Sale of Properties

During the Period, the Group's revenue from sale of properties amounted to RMB1,858.9 million, representing an increase of 51.3% as compared with the same period in 2013. The Group delivered 156,289 sq.m. of property in terms of total gross floor area ("GFA") and 628 units of carparks during the Period. Gross profit margin of sale of properties represented a slight increase as compared to the same period in 2013 to 46.0%. Recognised average selling price ("ASP") was RMB11,441 per sq.m. and that for car parking spaces was RMB112,420 per unit for the six months ended June 30, 2014.

Table 1: Breakdown of revenue from sale of properties of the Group

* *Net of sales tax*

Revenue by project	For the six months ended June 30,					
	2014			2013		
	Revenue	**GFA**	**ASP**	Revenue	GFA	ASP
		(in sq.m.)	***RMB/sq.m.***		*(in sq.m.)*	*RMB/sq.m.*
	RMB'000	***or units***	***or unit***	*RMB'000*	*or units*	*or unit*
Wan Guo Cheng MOMΛ (Beijing)	**–**	**–**	**–**	24,049	753	31,959
Modern MOMΛ (Beijing)	**773,075**	**11,768**	**65,692**	276,327	6,304	43,836
iMOMΛ (Beijing)	**–**	**–**	**–**	1,552	86	18,017
Yue MOMΛ (Beijing)	**27,707**	**977**	**28,359**	1,141	60	18,944
MOMΛ Forest Forever (Beijing)	**131,621**	**4,457**	**29,531**	107,141	4,113	26,050
Phase 1 of Wan Guo Cheng MOMΛ (Changsha)	**34,529**	**6,489**	**5,321**	45,505	5,447	8,354
Man Ting Chun MOMΛ (Changsha)	**2,923**	**665**	**4,395**	75,044	14,816	5,065
Kaifu Man Ting Chun MOMΛ (Changsha)	**326,057**	**58,443**	**5,579**	–	–	–
Phase 1 of Wan Guo Cheng MOMΛ (Taiyuan)	**31,916**	**2,640**	**12,089**	99,716	8,696	11,467
Phase 3 of Wan Guo Cheng MOMΛ (Taiyuan)	**117,435**	**7,422**	**15,823**	230,959	14,637	15,779
Man Ting Chun MOMΛ (Xiantao)	**45,230**	**13,824**	**3,272**	54,578	16,463	3,315
Man Ting Chun MOMΛ (Nanchang)	**134,987**	**19,857**	**6,798**	179,223	29,406	6,095
Man Ting Chun MOMΛ (Jiujiang)	**162,822**	**29,747**	**5,474**	90,787	17,191	5,281
Sub-total	**1,788,302**	**156,289**	**11,441**	1,186,022	117,972	10,053
Carparks	**70,600**	**628 units**	**112,420/ unit**	42,521	297 units	143,168/ unit
Total	**1,858,902**			1,228,543		

For the six months ended June 30, 2014, the Group achieved contracted sales of RMB2,284.1 million, representing an increase of 36.2% as compared to the same period in 2013. The Group pre-sold 218,066 sq.m. in total GFA and 466 units of carparks, representing an increase of 28.8% and 4.0% respectively over the same period in 2013.

Table 2: Breakdown of contracted sales of the Group

* *Before deducting sales tax*

	For the six months ended June 30,					
	2014			2013		
	Contracted sales *RMB'000*	**GFA** *(in sq.m.) or units*	**ASP** *RMB/sq.m. or unit*	Contracted sales *RMB'000*	GFA *(in sq.m.) or units*	ASP *RMB/sq.m. or unit*
Wan Guo Cheng MOMΛ (Beijing)	**24,902**	**285**	**87,375**	21,659	670	32,327
Modern MOMΛ (Beijing)	**470,286**	**6,759**	**69,579**	424,745	7,354	57,757
MOMΛ Forest Forever (Beijing)	**65,461**	**2,011**	**32,551**	86,699	2,805	30,909
Phase 1 of Wan Guo Cheng MOMΛ (Taiyuan)	**24,828**	**1,931**	**12,858**	63,225	4,737	13,347
Phase 2 of Wan Guo Cheng MOMΛ (Taiyuan)	**613,866**	**47,612**	**12,893**	–	–	–
Phase 3 of Wan Guo Cheng MOMΛ (Taiyuan)	**28,406**	**1,875**	**15,150**	163,447	11,909	13,725
Phase 1 of Wan Guo Cheng MOMΛ (Changsha)	**70,563**	**7,730**	**9,128**	41,810	4,289	9,748
Man Ting Chun MOMΛ (Changsha)	**2,675**	**445**	**6,011**	695	140	4,964
Kaifu Man Ting Chun MOMΛ (Changsha)	**455,906**	**66,727**	**6,832**	486,067	77,909	6,239
Man Ting Chun MOMΛ (Nanchang)	**52,655**	**5,474**	**9,619**	127,309	17,302	7,358
Man Ting Chun MOMΛ (Jiujiang)	**121,943**	**20,551**	**5,934**	136,868	23,943	5,716
Man Ting Chun MOMΛ (Xiantao)	**140,930**	**41,142**	**3,425**	62,560	18,269	3,424
Modern MOMΛ New City (Nanchang)	**63,496**	**8,092**	**7,847**	–	–	–
Modern International MOMΛ (Nanchang)	**65,239**	**7,432**	**8,778**	–	–	–
Total	**2,201,156**	**218,066**	**10,094**	1,615,084	169,327	9,538
Carparks	**82,898**	**466 units**	**177,893/ unit**	61,742	448 units	137,817/ unit
Total	**2,284,054**			1,676,826		

Leasing of Properties

For the six months ended June 30, 2014, the Group's revenue from leasing of properties amounted to RMB14,909 million, representing an increase of 3.9% as compared with the same period in 2013, which remains stable.

Status of U.S. Business

As of the date hereof, the Group's project located in Pearland, Texas, the U.S. is still at the early stage of planning, and the Group now currently does not have a specific development schedule. It is expected that the construction of this project will not be commenced before December 31, 2014. The Group will issue an announcement if the Group commences the proposed property development in the U.S. prior to December 31, 2014 and will update the development of the U.S. business plan in the Group's interim and annual reports.

Progress of Property Development Project in Yangquan City, Shanxi Province, the PRC

For the six months ended June 30, 2014, the Group recorded other income of approximately RMB1.0 million from the provision of project management services to a property development project located in Yangquan city, Shanxi Province, the PRC. As at June 30, 2014, the Group has recorded total project management service income of approximately RMB9.0 million. On March 21, 2014, Modern Green Development Co., Ltd. ("Modern Green"), an indirectly wholly-owned subsidiary of the Company, and Shanxi International Electricity Real Estate Co., Ltd* (山西國電置業有限公司) entered into the "Supplemental Agreement for the Real Estate Project Management Contract" to the "Real Estate Project Management Contract" which was entered into between the parties on June 7, 2011. Pursuant to the agreement, five certifications were obtained for the project with the efforts of both parties since the signing date of the original contract, thus the pre-sale condition was achieved. However, due to certain objective issues such as geological structural defects and the requirement of affordable housing, the construction progress was delayed. After negotiation between the parties, consensus has been reached. Modern Green will no longer take charge of the construction and management service of such project as commissioned but will maintain its advisory services as to planning, design, energy supply and technical requirements of the production line to assist Shanxi International Electricity Real Estate Co., Ltd in formulating the product design and management plans, energy proposals and strategies in respect of Man Ting Chun MOMΛ and the execution thereof, and will help in trial operation of production equipment of Man Ting Chun MOMΛ and other advisory services. The compensation paid by Shanxi International Electricity Real Estate Co., Ltd for the services provided by Modern Green was adjusted to RMB14 million from the original amount of RMB40 million. currently, apart from the RMB9 million which was already paid, the payment of RMB5 million has not been made. Both parties will continue to work together to ensure the smooth implementation of the project.

Land Bank

As at June 30, 2014, the Group's total land bank in the PRC (excluding investment properties and properties held for own use) was 3,613,226 sq.m.. The average unit acquisition cost of its land bank was RMB1,712 per sq.m., accounting for approximately 15% of unit price of current contracted sales during the Period.

The geographic spread of the land bank of the Group was as follows:

Table 3: Land bank of the Group

Project name	**Attributable interest to the Group**	**Total GFA unsold**	**Aggregated GFA sold but undelivered with sales contracts**
		sq.m.	*sq.m.*
Man Ting Chun MOMΛ (Xiantao)	100%	800,717	52,821
Kaifu Man Ting Chun MOMΛ (Changsha)	100%	482,241	136,347
Guanggu Man Ting Chun MOMΛ (Wuhan)	100%	283,100	–
Phase 2 of Wan Guo Cheng MOMΛ (Taiyuan)	100%	266,576	49,710
Modern International MOMΛ (Nanchang)	50%	207,084	5,443
Man Ting Chun MOMΛ (Jiujiang)	100%	139,268	75,560
Modern Caiyu Man Ting Chun MOMΛ (Beijing)	53.75%	152,400	–
Modern MOMΛ New City (Nanchang)	50%	90,432	6,219
Man Ting Chun MOMΛ (Nanchang)	100%	37,641	74,253
Phase 3 of Wan Guo Cheng MOMΛ (Taiyuan)	100%	51,264	34,084
Man Ting Chun MOMΛ (Changsha)	100%	33,240	23,513
Modern MOMΛ (Beijing)	100%	21,209	–
Phase 1 of Wan Guo Cheng MOMΛ (Changsha)	100%	21,276	5,445
MOMΛ Forest Forever (Beijing)	100%	9,881	–
Phase 1 of Wan Guo Cheng MOMΛ (Taiyuan)	100%	7,958	1,067
Modern City Garden (Beijing)	100%	9,437	1,330
Shangdi MOMΛ (Beijing)	100%	4,285	551
Yue MOMΛ (Beijing)	100%	1,162	–
iMOMΛ (Beijing)	100%	1,262	–
Wan Guo Cheng MOMΛ (Beijing)	100%	444	–
Hanyang Man Ting Chun MOMΛ (Wuhan)	100%	127,218	–
MOMΛ Modern Plaza (Changsha)	100%	338,761	–
Modern Binjiang MOMΛ (Changsha)	100%	228,358	–
Ivy MOMΛ (Jiujiang)	100%	165,829	–
Modern Land·CIFI Villa (Beijing)	50%	132,183	–
Total		3,613,226	466,343

Note: Total GFA unsold includes aggregated GFA sold but undelivered with sales contracts.

The Group wholly owns a parcel of land with a site area of approximately 196,155 sq.m. located in Pearland, Texas, the U.S. for future development. As at the date hereof, the project design of this parcel of land is yet to be completed, and the estimated GFA data cannot be determined accurately.

Land Acquisition in 2014

Since from January 1, 2014, the Group acquired 6 parcels of land respectively, details of which are as follows:

On January 16, 2014, the Group successfully acquired the state-owned land use rights and entire interests of a parcel of land (Parcel No.DGC2013014) in Jiujiang, Jiangxi Province, the PRC through an online auction of the land use rights of state-owned construction land in Jiujiang, Jiangxi Province, the PRC. The consideration was RMB263 million. The GFA of the land was 165,829 sq.m.. The acquisition price of the land was settled by the internal resources of the Group.

On February 25, 2014, the Group successfully acquired the state-owned land use rights and entire interests of a parcel of land ([2014] Chang Tu Wang Land Parcel No.006) in Changsha, Hunan Province, the PRC through an online auction of the land use rights of state-owned construction land in Changsha, Hunan Province, the PRC. The consideration was RMB705.08 million. The GFA of the land was 228,358 sq.m.. The acquisition price of the land was settled by the internal resources of the Group.

On February 26, 2014, Modern Green and CIFI Holdings (Group) Co., Ltd. ("CIFI Group") successfully acquired the state-owned land use rights and entire interests of a parcel of land (No. A02-01 and A02-02) in Daxingzhuang, Pinggu District, Beijing, the PRC in a joint participation through an online auction of the land use rights of state-owned construction land in Beijing, the PRC. The consideration was RMB778.00 million. The GFA of the land was expected to be 132,183 sq.m.. The above acquisition price of the land was jointly settled by the Group and CIFI Group.

On February 27, 2014, the Group successfully acquired the state-owned land use rights and entire interests of a parcel of land (P(2014) No. 010) in Wuhan, Hubei Province, the PRC through an online auction of the land use rights of state-owned construction land in Wuhan, Hubei Province, the PRC. The consideration was RMB198.47 million. The GFA of the land was 127,218 sq.m.. The above acquisition price of the land was settled by the internal resources of the Group.

On April 15, 2014, the Group successfully acquired the state-owned land use rights and entire interests of a parcel of land (Guo Tu Wang Gua [2013] No.67) in Changsha County, Hunan Province through a live auction of the land use rights of state-owned construction land in Changsha County, Hunan Province, the PRC. The consideration was RMB314.15 million. The GFA of the land was 338,761 sq.m.. The above acquisition price of the land was settled by the internal resources of the Group.

On July 3, 2014, Modern Green and Huainan Xinyi Real Estate Development Co., Ltd (the "Xinyi Group"), successfully acquired the state-owned land use rights and entire interests of a parcel of land (ZWQTB-043-2) in Hefei Municipal District, Anhui Province, the PRC in a joint participation through an auction of state-owned construction land use rights in Hefei, the PRC. The consideration was RMB835 million. The GFA of the land was expected to be 140,655 sq.m.. The above acquisition price of the land was jointly settled by the Group and the Xinyi Group.

FINANCIAL REVIEW

Revenue

The Group's revenue increased by approximately 51.4% to approximately RMB1,882.3 million for the six months ended June 30, 2014 from approximately RMB1,242.9 million for the six months ended June 30, 2013. Such increase was mainly attributable to an increase in sales of properties with relatively high selling prices, such as Kaifu Man Ting Chun MOMΛ (Changsha), Modern MOMΛ and MOMΛ Forest Forever. The property related delivered GFA of the Group increased from approximately 117,972 sq.m. for the six months ended June 30, 2013 to approximately 156,289 sq.m. for the six months ended June 30, 2014.

Cost of Sales

The Group's cost of sales increased by approximately 44.9% to approximately RMB1,017.6 million for the six months ended June 30, 2014 from approximately RMB702.3 million for the six months ended June 30, 2013. Such increase was mainly due to an increase in sales of properties with higher cost of sales in the first six months of 2014, such as Kaifu Man Ting Chun MOMΛ (Changsha), Modern MOMΛ and MOMΛ Forest Forever.

Gross profit and gross profit margin

As a result of the foregoing, the Group's gross profit increased by approximately 59.9% to approximately RMB864.6 million for the six months ended June 30, 2014 from approximately RMB540.6 million for the six months ended June 30, 2013.

For the six months ended June 30, 2014, the Group's gross profit margin remained relatively stable at approximately 45.9%, as compared to approximately 43.5% for the same period in 2013.

Other income, gain and loss

Other income, gain and loss for the six months ended June 30, 2014 decreased by approximately 148.2% to approximately a loss of RMB4.3 million from a gain of approximately RMB9.0 million for the six months ended June 30, 2013 due to substantial exchange loss arising from senior notes denominated in US dollar.

Selling and distribution expenses

The selling and distribution expenses of the Group for the six months ended June 30, 2014 increased by approximately 22.4% to approximately RMB78.7 million from approximately RMB64.3 million for the six months ended June 30, 2013, primarily due to the substantial increase in the pre-sales volume of the Group's properties in the first six months of 2014, resulting in corresponding increase in the related selling and distribution expenses.

Administrative expenses

The administrative expenses of the Group for the six months ended June 30, 2014 increased by approximately 32.2% to approximately RMB98.1 million from approximately RMB74.2 million for the six months ended June 30, 2013, primarily due to commencement of operation of the Group's new projects in cities such as Wuhan and Nanchang, leading to an increase in expenses of early stage management and expansion of business scale of the Group.

Finance costs

The finance costs of the Group amounted to approximately RMB131.8 million for the six months ended June 30, 2014, representing a significant increase of approximately 1,634.2% from approximately RMB7.6 million for the six months ended June 30, 2013. This increase was primarily due to the fact that the Company issued senior notes at an amount of US$150.0 million with a coupon rate of 13.875% on November 4, 2013 and senior notes at amount of RMB1,100.0 million with a coupon rate of 11% on January 22, 2014, resulting in significant increase in finance costs.

Profit before taxation

The profit before taxation of the Group for the six months ended June 30, 2014 increased by approximately 46.4% to approximately RMB592.4 million from approximately RMB404.7 million for the six months ended June 30, 2013. The increase was mainly due to rising ASP and growing sales area.

Income tax expense

The income tax expense of the Group for the six months ended June 30, 2014 increased by approximately 60.8% to approximately RMB357.0 million from approximately RMB222.0 million for the six months ended June 30, 2013, primarily due to an increase in sales scale.

Profit for the period attributable to owners of the Company

As a result of the foregoing, the profit of the Group for the period attributable to owners of the Company for the six months ended June 30, 2014 increased by approximately 28.6% to approximately RMB235.6 million from approximately RMB183.2 million for the six months ended June 30, 2013.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Cash position

As at June 30, 2014, the Group had cash, restricted cash and bank balances of approximately RMB2,506.2 million (December 31, 2013: RMB2,869.5 million), representing an decrease of approximately 12.7% as compared to that as at December 31, 2013. A healthy cash position is maintained. The decrease was mainly due to the extensive acquisition of land under the Group's expansion.

Borrowings and pledge of the Group's assets

As at June 30, 2014, the Group had total borrowings of approximately RMB3,779.6 million, including bank and other loans of approximately RMB1,808.2 million and senior notes of approximately RMB1,971.4 million. As at June 30, 2014, certain banking and other facilities granted to the Group were secured by the Group's assets, such as investment properties, prepaid lease payment, properties under development, properties held for sale, property, plant and equipment, which had a carrying amount of approximately RMB2,314.5 million. Majority of the carrying value of most of the Group's bank and other loans was denominated in RMB. Domestic bank loans of the Group bore interests at variable rates pegged with the benchmark loan interest rates quoted by the People's Bank of China. The Group was exposed to interest rate risk which mainly related to variable interest rates of the domestic bank loans.

Breakdown of indebtedness

By type of borrowings and maturity

	June 30, 2014 *RMB'000*	December 31, 2013 *RMB'000*
Onshore bank loans		
Within one year	**548,600**	237,400
Over one year	**713,000**	607,200
Subtotal	**1,261,600**	844,600
Onshore trust and other loans		
Within one year	**200,000**	–
Over one year	**190,000**	390,000
Subtotal	**390,000**	390,000
Offshore bank loans		
Within one year	**156,584**	19,510
Offshore senior notes		
Over one year	**1,971,437**	904,753
TOTAL	**3,779,621**	2,158,863
Less:		
Cash	**1,961,680**	2,743,579
Net (debt)/cash	**(1,817,941)**	584,716
Total equity	**2,942,618**	2,470,993
Net debt to equity	**61.8%**	net cash
Total debt/total equity	**128.4%**	87.4%

By type of borrowings and maturity

	June 30, 2014 *RMB'000*	December 31, 2013 *RMB'000*
Denominated in RMB	**2,727,719**	1,234,600
Denominated in USD	**914,828**	924,263
Denominated in HKD	**137,074**	–
Subtotal	**3,779,621**	2,158,863

Leverage

As at June 30, 2014, the Group recorded net debt ratio of 61.8%. The Group's net current assets (being current assets less current liabilities) increased by approximately 173.4% to approximately RMB3,485.1 million as at June 30, 2014 from approximately RMB1,274.9 million as at December 31, 2013. Its current ratio (being current assets/current liabilities) increased from approximately 119.2% as at December 31, 2013 to approximately 151.4% as at June 30, 2014.

Foreign Currency Risk

The Group's functional currency is RMB, and most of the transactions are denominated in RMB. Transactions of the Group's foreign operations (such as the purchase of land held for future development) and certain expenses incurred are denominated in foreign currencies. As at June 30, 2014, the Group had assets which are denominated in US dollars and HK dollars of approximately RMB197.3 million and approximately RMB8.3 million, respectively and liabilities which are denominated in US dollars of approximately RMB0.2 million. Those amounts were exposed to foreign currency risk. The Group currently does not have a foreign currency hedging policy in place but the management will monitor foreign exchange exposure and will consider to hedge against any significant foreign currency exposure when necessary.

Contingent Liabilities

As at June 30, 2014, the Group had contingent liabilities amounting to approximately RMB2,344.3 million (December 31, 2013: approximately RMB2,128.4 million) in relation to guarantees provided to the domestic banks for their mortgage bank loans granted to the Group's customers. Under the terms of the guarantees, if a purchaser has defaulted on mortgage payments, the Group will be liable for the payment of outstanding mortgage principals plus accrued interest and penalties as owed by the defaulted purchasers to banks, and, in such circumstances, the Group will be entitled to take over the legal title and ownership of the relevant property. These guarantees will be released upon the earlier of: (i) the satisfaction of the mortgage loan by the purchaser of the property; and (ii) the issuance of the property ownership certificate for the mortgaged property and cancellation of mortgage registration.

Employees and Compensation Policy

As at June 30, 2014, the Group had 1,067 employees (December 31, 2013: 725). Employee's remuneration is determined based on the employee's performance, skills, knowledge, experience and market trends. The Group regularly reviews compensation policies and programs, and will make any necessary adjustment in order to be in line with the remuneration levels in the industry norm. In addition to basic salaries, employees may be granted with discretionary bonus and cash awards based on individual performance.

FUND AND TREASURY POLICIES AND OBJECTIVES

The Board holds meeting with finance and operation teams in the first week of every month to discuss the cash situation and indebtedness situation. In addition, Board office circulates weekly capital market reports to Board members so that the Board can assess equity/bond financing opportunities. At project level, all projects are expected to reach over 15% to 20% internal rate of return, depending on the location and categories of the projects.

MATERIAL ACQUISITION AND DISPOSAL OF ASSETS

As at June 30, 2014, the Group's material acquisition and disposal of assets are as follows:

On December 8, 2013, the Company wished to exercise its repurchase option under the Non-competition Deed entered into among its then controlling shareholders dated June 14, 2013 and has accordingly, through a wholly-owned subsidiary of the Company, entered into an equity transfer agreement with Modern Construction Investment Management Co., Ltd. ("Modern Construction"), pursuant to which the Company would conditionally purchase from Modern Construction the entire equity interest in Beijing Modern Moma Investment Management Co., Ltd. at a consideration of RMB10.0 million. Under the said agreement, on completion, the Company will assume the obligation to provide shareholder loan to Suizhong Xian Changlong Property Development Co., Ltd., the proceeds of which Suizhong Xian Changlong Property Development Co., Ltd. shall then use to retire and repay the existing shareholder loan provided by Modern Construction. The shareholder loan to be provided by the Company to Suizhong Xian Changlong Property Development Co., Ltd in this connection was approximately RMB127.42 million. The transaction was completed in January 2014. For details, please refer to the circular of the Company dated January 9, 2014.

On March 18, 2014 Jiangxi Modern Green Development Co., Ltd. ("Jiangxi Modern Green"), the Company's wholly-owned subsidiary, entered into an equity transfer agreement ("Equity Transfer Agreement I") with AVIC Trust Co., Ltd. ("AVIC Trust"), pursuant to which Jiangxi Modern Green agreed to dispose of and AVIC Trust agreed to purchase 35% equity interest in Nanchang Moma Real Estate Co., Ltd. ("Nanchang Moma") at a consideration of RMB140,000,000. Upon completion of the Equity Transfer Agreement I, Nanchang Moma is owned by the Company and the trust scheme established by AVIC Trust as to 65% and 35% respectively. On the same date, Jiangxi Modern Green entered into another equity transfer agreement ("Equity Transfer Agreement II") with AVIC Trust, pursuant to which Jiangxi Modern Green agreed to dispose of and AVIC Trust Co., Ltd. agreed to purchase 35% equity interest in Nanchang New Modern Real Estate Development Co., Ltd. ("Nanchang Modern") at a consideration of RMB80,500,000. Upon completion of the Equity Transfer Agreement II, Nanchang Modern is owned by the Company and the trust scheme established by AVIC Trust as to 65% and 35% respectively. For details of the Equity Transfer Agreement I and Equity Transfer Agreement II, please refer to the announcement of the Company dated March 18, 2014.

On March 18, 2014, the Company, Jiangxi Modern Green, AVIC Trust and Nanchang Moma entered into a project management agreement ("Project Management Agreement I"), pursuant to which Jiangxi Modern Green granted to AVIC Trust the put option in respect of 35% equity interest in Nanchang Moma. On the same date, the Company, Jiangxi Modern Green, AVIC Trust and Nanchang Modern entered into another project management agreement ("Project Management Agreement II"), pursuant to which Jiangxi Modern Green granted to AVIC Trust the put option in respect of 35% equity interest in Nanchang Modern. For details of the Project Management Agreement I and Project Management Agreement II, please refer to the announcement of the Company dated March 18, 2014.

On June 12, 2014, the indirect wholly-owned subsidiaries of the Company, Beijing Modern Green Investment Fund Management Co. Ltd. ("Modern Green Fund Management") and Modern Green entered into the partnership admission agreement and the amended and restated limited partnership agreement with Minsheng Royal Asset Management Co., Ltd. ("MRAM"), pursuant to which MRAM should make an investment (the "Investment") in Beijing Green Spring Equity Investment Fund (Limited Partnership) (the "Fund") by way of subscription for the senior units of RMB370 million and become a senior limited partner in the Fund. The Investment should be fully credited to the Fund's bank account as designated by Modern Green Fund Management on or before 31 August 2014 (or such other date as agreed by all parties to the Partnership Admission Agreement). Upon completion of the Investment, the total investment amount in Fund of RMB800 million will be held as to 1.875% by Modern Green Fund Management as general partner, 51.875% by Modern Green as subordinated limited partner and 46.25% by MRAM, Ltd. as senior limited partner. Upon completion of the transaction, the Group's partnership interest in the Fund will decrease from 100% to 53.75%. For details, please refer to the announcement of the Company dated June 12, 2014.

ISSUANCE OF SENIOR NOTES

On 24 July 2014, the Company, together with certain subsidiaries, entered into a purchase agreement ("US$125,000,000 Purchase Agreement") with Credit Suisse Securities (Europe) Limited, Goldman Sachs (Asia) L.L.C., The Hongkong and Shanghai Banking Corporation Limited, J.P. Morgan Securities plc, Guotai Junan Securities (Hong Kong) Limited, Morgan Stanley & Co. International plc and CLSA Limited in connection with the Company's issuance of US$125,000,000 12.75% secured senior notes due 2019 ("US$125,000,000 Senior Notes"). The net proceeds from the issuance of US$125,000,000 Senior Notes will be utilised to refinance certain existing indebtedness and fund existing and new property projects. Details of the issuance of US$125,000,000 Senior Notes was disclosed in the announcements of the Company dated July 24 and 25, 2014.

On January 16, 2014, the Company, together with certain subsidiaries, entered into the Purchase Agreement ("RMB1,100,000,000 Purchase Agreement") with Morgan Stanley & Co. International plc, J.P. Morgan Securities (Asia Pacific) Limited, Guotai Junan Securities (Hong Kong) Limited and CLSA Limited in connection with the Company's issuance of RMB1,100,000,000 11% secured senior notes due 2017 ("RMB1,100,000,000 Senior Notes"). The net proceeds from the issuance of RMB1,100,000,000 Senior Notes will be utilised to fund existing and new property projects and for general corporate purposes. Details of the issuance of RMB1,100,000,000 Senior Notes was disclosed in the announcements of the Company dated January 14 and 16, 2014.

Prospect

In the first half of 2014, the overall growth of real estate sector in the PRC slowed. Core indicators such as growth rate of development and investment, new construction area, sales area and transacted area have shown certain extent of negative growth. We are of the view that the adjustment to the current property market is the market's self-adjustment in response to the sustained rapid growth in the prior period, and is also a normal response to the transformation of economic structure and new urbanisation in the PRC. Looking into the second half of 2014, we consider that the property market will present different development trend, with increasingly obvious discrepancy among different regions and demands. According to the innovative idea in macro-control measures at the Third Plenary Session of the 18th Central Committee of the Communist Party of China and the Second Chinese People's Political Consultative Conference and the Second National People's Congress of the 12th session in 2014, a "two-way control" will be promoted at the Central level so as to protect consumption demand and curb investment needs. Meanwhile the Government acts as the key supplier in public services to establish and optimize the affordable housing system so as to improve livelihood of its population; In local level, control policy will vary further to conduct targeted solution over regional issues. In June 2014, Hohhot City has officially eased limitations on property purchasing. The local policies have thereby entered into a new phase of adjustment.

We think that the real estate sector will continue to undergo adjustment in the second half of 2014, and the property price will fall to a certain level where the market demand will be released. We maintain our opinion raised in early this year that property purchase for consumers will be returned to solely residential purpose.

The Group will closely monitor and analyse all adjustments to relevant policies and market changes. By ways of held for investment and cooperation for development, the Group stepped up development in existing cities and expanded into first and second-tier cities, and increased its land bank to maintain its sustained development. As the Group explored diversified cooperation methods since its listing, we already signed strategic cooperation agreements with an internet company, financial institution and new energy automobile company. Meanwhile, the Group still adheres to the product philosophy of "green + comfortable + energy-saving + full life cycle" and strengthens internal control, expands domestic and overseas financing channels, and increases the marketing capability. The Group will continue its development in the sub-market of green real estate, strive for great economic return for shareholders, and take up more responsibility in the sustainable development of the society.

CORPORATE GOVERNANCE

The Company is committed to good corporate governance practices and procedures including a quality board, sound internal control, transparency and accountability to its shareholders. The Company had complied with all the code provisions as set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules in the period from January 1, 2014 to June 30, 2014, and where appropriate, adopted the recommended best practices, except for the code provision A.6.7 stated below.

Code Provision A.6.7 – This code provision stipulates that independent non-executive directors and other non-executive directors, as equal board members as other directors, should serve the benefit of the board and any committees with their skills, expertise and varied backgrounds and qualification through regular attendance and active participation. They should also attend general meetings and develop a balanced understanding of the views of shareholders. All the directors have regular attendance and active participation in the meetings, and contributed their skills, expertise and varied backgrounds and qualification to the board and the respective committees.

Code provision E.1.2 — This code provision requires the Chairman of the Board to invite the chairmen of the audit, remuneration and nomination committees to attend the annual general meetings.

Mr. Zhong Tianxiang, the then executive director during the Period (Mr. Zhong Tianxiang has been redesignated as a non-executive director on August 31, 2014), and Mr. Cui Jian, an independent non-executive director and the chairman of the Nomination Committee, were not able to attend the general meeting held on May 21, 2014 due to their overseas business trips.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

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 Listing Rules as its own code of conduct for dealing in securities of the Company by the Directors. All Directors have confirmed that they complied with the required standards set out in the Model Code for the six months ended June 30, 2014.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's securities listed on the Stock Exchange during the six months ended June 30, 2014.

DIVIDEND

The Group does not recommend any dividend for the six months ended June 30, 2014.

CHANGES SINCE 31 DECEMBER 2013

There were no other significant changes in the Group's financial position or from the information disclosed under Management Discussion and Analysis in the annual report of the Company for the year ended 31 December 2013.

AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive directors, namely Mr. Hui Chun Ho, Eric (the chairman of the Audit Committee), Mr. Cui Jian and Mr. Qin Youguo as at June 30, 2014. None of them is a member of the former or existing auditor of the Company. The Audit Committee has discussed with the management and external auditors the accounting principles and policies adopted by the Group, reviewed the interim results for the six months ended June 30, 2014 and considered the interim results have been prepared in accordance with the applicable accounting standards and requirements and have made appropriate disclosures accordingly.

PUBLICATION

The interim results announcement of the Company for the Period has been published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.modernland.hk) respectively. The 2014 interim report will be dispatched to the shareholders of the Company and published on the respective websites of the Stock Exchange and the Company in due course.

APPRECIATION

On behalf of the Board, I would like to extend my sincere thanks to our shareholders for their unwavering support and trust, and express my deepest gratitude to the Board, the management team and all staff of the Group for their dedication and diligence!

RESUMPTION OF TRADING

At the request of the Company, trading in the shares of the Company on the Stock Exchange was halted with effect from 9:00 a.m. on August 27, 2014 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the shares of the Company from 9:00 a.m. on September 1, 2014.

By Order of the Board of
MODERN LAND (CHINA) CO., LIMITED
Zhang Peng
President and Executive Director

Hong Kong, August 31, 2014

As at the date of this announcement, the Board comprises eight directors, namely executive directors: Mr. Zhang Lei, Mr. Zhang Peng and Mr. Chen Yin, non-executive directors: Mr. Fan Qingguo and Mr. Zhong Tianxiang, and independent non-executive directors: Mr. Qin Youguo, Mr. Cui Jian and Mr. Hui Chun Ho, Eric.