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 ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2014

HIGHLIGHTS

- Revenue increased by approximately 17.6% to approximately RMB4,079.5 million.
- Gross profit increased by approximately 20.8% to approximately RMB1,655.3 million and gross profit margin is at approximately 40.6% (2013: approximately 39.5%).
- Profit for the year attributable to owners of the Company decreased by approximately 1.5% to approximately RMB521.1 million.
- Basic earnings per share was RMB32.6 cents (2013: RMB38.1 cents)
- Achieved contracted sales of approximately RMB7,356.5 million, representing a year-on-year increase of approximately 68.5%.
- The Board resolved to declare a final dividend of HK8.0 cents per share (2013: HK10.8 cents).

Annual Results

The board (the "Board") of directors (the "Directors" and each a "Director") of Modern Land (China) Co., Limited (the "Company" or "Modern Land") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2014 with the comparative figures for the preceding financial year, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2014

	Notes	2014 RMB'000	2013 RMB'000
Revenue	3	**4,079,464**	3,469,029
Cost of sales		**(2,424,163)**	(2,099,066)
Gross profit		**1,655,301**	1,369,963
Other income, gain and loss		**75,334**	8,680
Fair value gain of completed properties for sale upon transfer to investment properties		**90,886**	30,186
Changes in fair value of investment properties		**111,074**	46,273
Selling and distribution expenses		**(206,835)**	(170,797)
Administrative expenses		**(242,083)**	(204,136)
Finance costs	4	**(265,510)**	(35,570)
Listing expenses		**–**	(22,024)
Share of loss of joint ventures		**(51,133)**	–
Share of loss of an associate		**(90)**	–
Profit before taxation		**1,166,944**	1,022,575
Income tax expense	5	**(625,552)**	(494,230)
Profit for the year		**541,392**	528,345
Other comprehensive income			
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 reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		**562**	(3,740)
Other comprehensive income (expense) for the year, net of income tax		**1,575**	(3,740)
Total comprehensive income for the year		**542,967**	524,605
Profit (loss) for the year attributable to:			
Owners of the Company		**521,128**	528,934
Non-controlling interests		**20,264**	(589)
		541,392	528,345
Total comprehensive income (expense) attributable to:			
Owners of the Company		**522,703**	525,194
Non-controlling interests		**20,264**	(589)
		542,967	524,605
Earnings per share, in Renminbi cents:			
Basic	7	**32.6**	38.1

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2014

	Notes	2014 RMB'000	2013 RMB'000
NON-CURRENT ASSETS			
Investment properties		**1,146,600**	825,660
Property, plant and equipment		**503,655**	518,803
Intangible assets		**1,259**	1,229
Prepaid lease payments		**–**	916,137
Freehold land held for future development		**27,842**	27,742
Interests in an associate		**20,977**	–
Interests in joint ventures	*8*	**2,116,699**	–
Advances to employees		**39,769**	–
Available-for-sale investments		**114,236**	34,336
Deposits paid for acquisition of land use rights		**–**	465,000
Deferred tax assets		**317,112**	338,488
		4,288,149	3,127,395
CURRENT ASSETS			
Inventories		**3,675**	3,350
Prepaid lease payments		**410,642**	–
Properties under development for sale		**4,213,683**	2,936,051
Properties held for sale		**1,036,375**	1,649,366
Trade and other receivables, deposits and prepayments	*9*	**708,459**	467,690
Amounts due from related parties		**573,353**	–
Restricted cash		**1,145,997**	125,930
Bank balances and cash		**2,797,941**	2,743,579
		10,890,125	7,925,966
CURRENT LIABILITIES			
Trade and other payables, deposits received and accrued charges	*10*	**5,486,747**	4,926,654
Amounts due to related parties		**186,183**	13,990
Taxation payable		**1,717,318**	1,453,506
Bank and other borrowings – due within one year		**1,314,317**	256,910
		8,704,565	6,651,060
NET CURRENT ASSETS		**2,185,560**	1,274,906
TOTAL ASSETS LESS CURRENT LIABILITIES		**6,473,709**	4,402,301

	Notes	**2014** *RMB'000*	2013 *RMB'000*
Capital and reserves			
Share capital		**98,610**	98,610
Reserves		**2,762,043**	2,373,702
Equity attributable to owners of the Company		**2,860,653**	2,472,312
Non-controlling interests		**373,086**	(1,319)
Total equity		**3,233,739**	2,470,993
Non-current liabilities			
Bank and other borrowings – due after one year		**480,900**	997,200
Senior notes		**2,712,020**	904,753
Deferred tax liabilities		**47,050**	29,355
		3,239,970	1,931,308
		6,473,709	4,402,301

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

The Company was incorporated in the Cayman Islands on 28 June 2006 as an exempted company with limited liability under the Companies Law of the Cayman Islands. Its parent is Super Land Holdings Limited ("Super Land"), 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").

In preparation for the listing of its shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing"), the Company underwent a group reorganisation in 2011. Further details of which are set out in the Company's prospectus dated 28 June 2013. The Company's shares were then listed on the Stock Exchange on 12 July 2013.

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

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

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied, for the first time, the following amendments to International Financial Reporting Standards ("IFRSs") and a new Interpretation.

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

Amendments to IFRS 10, IFRS 12 and IAS 27 Investment Entities

The Group has applied the amendments to IFRS 10, IFRS 12 and IAS 27 Investment Entities for the first time in the current year. The amendments to IFRS 10 define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its consolidated and separate financial statements.

To qualify as an investment entity, a reporting entity is required to:

- obtain funds from one or more investors for the purpose of providing them with investment management services;
- commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
- measure and evaluate performance of substantially all of its investments on a fair value basis.

Consequential amendments have been made to IFRS 12 and IAS 27 to introduce new disclosure requirements for investment entities.

As the Company is not an investment entity (assessed based on the criteria set out in IFRS 10 as at 31 December 2014), the application of the amendments has had no impact on the disclosures or the amounts recognised in the Group's consolidated financial statements.

Amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities

The Group has applied the amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities for the first time in the current year. The amendments to IAS 32 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realisation and settlement'.

The amendments have been applied retrospectively. The Group has assessed whether certain of its financial assets and financial liabilities qualify for offset based on the criteria set out in the amendments and concluded that the application of the amendments has had no impact on the amounts recognised in the Group's consolidated financial statements.

Amendments to IAS 36 Recoverable Amount Disclosures for Non-Financial Assets

The Group has applied the amendments to IAS 36 Recoverable Amount Disclosures for Non-Financial Assets for the first time in the current year. The amendments to IAS 36 remove the requirement to disclose the recoverable amount of a cash-generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements applicable to when the recoverable amount of an asset or a CGU is measured at fair value less costs of disposal. These new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosure required by IFRS 13 Fair Value Measurements.

The application of these amendments has had no material impact on the disclosures in the Group's consolidated financial statements.

Amendments to IAS 39 Novation of Derivatives and Continuation of Hedge Accounting

The Group has applied the amendments to IAS 39 Novation of Derivatives and Continuation of Hedge Accounting for the first time in the current year. The amendments to IAS 39 provide relief from the requirement to discontinue hedge accounting when a derivative designated as a hedging instrument is novated under certain circumstances. The amendments also clarify that any change to the fair value of the derivative designated as a hedging instrument arising from the novation should be included in the assessment and measurement of hedge effectiveness.

The amendments have been applied retrospectively. As the Group does not have any derivatives that are subject to novation, the application of these amendments has had no impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.

IFRIC 21 Levies

The Group has applied IFRIC 21 Levies for the first time in the current year. IFRIC 21 addresses the issue as to when to recognise a liability to pay a levy imposed by a government. The Interpretation defines a levy, and specifies that the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by legislation. The Interpretation provides guidance on how different levy arrangements should be accounted for, in particular, it clarifies that neither economic compulsion nor the going concern basis of financial statements preparation implies that an entity has a present obligation to pay a levy that will be triggered by operating in a future period.

IFRIC 21 has been applied retrospectively. The application of this Interpretation has had no material impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.

New and revised IFRSs in issue but not yet effective

The following new and revised standards and amendments have been issued which are not yet effective:

IFRS 9	Financial Instruments[1]
IFRS 14	Regulatory Deferral Accounts[2]
IFRS 15	Revenue from Contracts with Customers[3]
Amendments to IFRS 11	Accounting for Acquisitions of Interests in Joint Operations[5]
Amendments to IAS 1	Disclosure Initiative[5]
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[5]
Amendments to IAS 19	Defined Benefit Plans: Employee Contributions[4]
Amendments to IFRSs	Annual Improvements to IFRSs 2010-2012 Cycle[6]
Amendments to IFRSs	Annual Improvements to IFRSs 2011-2013 Cycle[4]
Amendments to IFRSs	Annual Improvements to IFRSs 2012-2014 Cycle[5]
Amendments to IAS 16 and IAS 41	Agriculture: Bearer Plants[5]
Amendments to IAS 27	Equity Method in Separate Financial Statements[5]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[5]
Amendments to IFRS 10, IFRS 12 and IAS 28	Investment Entities: Applying the Consolidation Exception[5]

1 Effective for annual periods beginning on or after 1 January 2018
2 Effective for first annual IFRS financial statements beginning on or after 1 January 2016
3 Effective for annual periods beginning on or after 1 January 2017
4 Effective for annual periods beginning on or after 1 July 2014
5 Effective for annual periods beginning on or after 1 January 2016
6 Effective for annual periods beginning on or after 1 July 2014, with limited exceptions

IFRS 15 Revenue from contracts with Customer

In July 2014, IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 "Revenue", IAS 11 "Construction Contracts" and the related interpretations when it becomes effective. The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for goods and services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

The directors of the Company anticipate that the application of IFRS 15 in the future may affect the amounts reported and related disclosures. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 15 until the Group performs a detailed review.

Except for the above impact, the directors of the Company do not anticipate that the application of other new and revised IFRSs will have significant impact on the Group's consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

The Group's operating activities are attributable to a single reportable and operating segment focusing on (a) property development, (b) property investment and (c) hotel operation. The operating segment has been identified on the basis of internal management reports reviewed by chief operating decision maker of the Group. The chief operating decision maker mainly reviews 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 IFRS. However, other than revenue information, no operating results and other discrete financial information is available for the assessment of performance of the respective type of revenue. The chief operating decision maker, Mr. Zhang Peng, who is the Executive President of the Group, 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.

Revenue represents the fair value of the consideration received or receivable.

Entity-wide information

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

	2014	2013
	RMB'000	*RMB'000*
Sale of properties	**4,018,247**	3,427,613
Leasing of properties	**36,488**	34,560
Hotel operation	**24,729**	6,856
	4,079,464	3,469,029

Non-current assets (excluding financial instruments and deferred tax assets) with carrying amount of RMB3,828,083,000 (2013: RMB2,726,541,000) as at 31 December 2014 are situated in the PRC, the remaining non-current assets with carrying amount of RMB28,718,000 (2013: RMB28,030,000) as at 31 December 2014 are situated in the United States (the "US").

Geographic information

The following table sets out information about the Group's revenue from external customers by geographical location. The geographical location of customers is based on the location at which the services were provided or the goods and properties were delivered.

	Revenues from external customers	
	2014	2013
	RMB'000	*RMB'000*
Northern, PRC	**1,961,593**	1,881,321
Middle south, PRC	**2,117,871**	1,587,708
	4,079,464	3,469,029

No revenue from transaction with single external customer is amounted to 10% or more of the Group's revenue during the year.

4. FINANCE COSTS

	2014	2013
	RMB'000	*RMB'000*
Interest on bank and other borrowings		
– wholly repayable within five years	**(142,234)**	(83,874)
– not wholly repayable within five years	**–**	(14,072)
Interest expense on senior notes wholly repayable within five years	**(293,712)**	(20,425)
	(435,946)	(118,371)
Less: Amount capitalised in properties under development	**170,436**	82,801
	(265,510)	(35,570)

5. INCOME TAX EXPENSE

	2014	2013
	RMB'000	*RMB'000*
Current Tax		
PRC enterprise income tax	**(281,985)**	(297,472)
US corporate tax	**(23)**	–
Land appreciation tax ("LAT")	**(306,259)**	(273,564)
Over-provision in prior year		
Hong Kong profits tax	**–**	6
Deferred tax		
PRC enterprise income tax	**(35,000)**	77,916
LAT	**(2,285)**	(1,116)
Income tax expense	**(625,552)**	(494,230)

Pursuant to the PRC Enterprise Income Tax Law promulgated on 16 March 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 1 January 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 regulations of the British Virgin Islands ("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 year ended 31 December 2014 and 2013.

Pursuant to the US Federal tax law, the US corporate tax shall be taxed at progressive rates ranging from 15% to 35%. US corporate tax is provided at federal statutory rate of 15% based on the estimated assessable profits during the year ended 31 December 2014.

6. DIVIDEND

A final dividend in respect of the year ended 31 December 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 year ended 31 December 2014 (2013: HK$24,000,000, equivalent to RMB18,985,000).

The final dividend proposed by the directors of the Company for the year ended 31 December 2014 of HK$8.0 cents per share is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

7. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share for the year ended 31 December 2014 is based on the profit for the year attributable to equity owners of the Company of approximately RMB521,128,000 (2013: RMB528,934,000) and the weighted average number of ordinary shares in issue during the year ended 31 December 2014 of 1,600,000,000 (2013: 1,389,589,000).

For the year ended 31 December 2014, the share options granted on 4 September 2014 under the share option scheme adopted on 14 June 2013 are not included in the calculation of diluted earnings per share as the adjusted exercise price was greater than the average market price of the Company's shares during the outstanding period in 2014.

No adjustment has been made to the basic earnings per share amount presented for the years ended 31 December 2014 and 2013 as the Group had no potentially dilutive ordinary shares in issue during both years.

8. INTERESTS IN JOINT VENTURES

Details of the Group's interests in joint ventures are as follows:

	2014	2013
	RMB'000	*RMB'000*
Share of net assets	**595,116**	–
Loans to joint ventures	**1,521,583**	–
	2,116,699	–

Loans to joint ventures are unsecured, expected to be recovered after one year and bear interest at fixed rate ranged from 6.15% to 13% per annum, except for the amounts of RMB139,435,000 which are interest free.

Details of each of the Group's joint ventures at the end of the reporting period are as follows:

		Equity interests attributable to the Group		**Proportion of voting power held by the Group**		
Name of company	**Place of establishment**	**2014**	**2013**	**2014**	**2013**	**Principal activities**
Beijing CIFI Modern Development Co., Ltd.* ("Beijing CIFI Modern") 北京旭輝當代置業有限公司	PRC	50%	N/A	note a	N/A	Property development
Nanchang Moma Development Co., Ltd.* ("Nanchang Moma") 南昌摩碼置業有限公司	PRC	65%	100%	note b	100%	Property development
Nanchang Xinjian Modern Real Estate Development Co., Ltd.* ("Nanchang Xinjian") 南昌新建當代房地產開發有限公司	PRC	65%	100%	note b	100%	Property development
Modern Land (HKNo.5) Co., Limited ("HKNo.5")	Hong Kong	51%	100%	note c	100%	Investment holding and property development
Shanghai Shengming Real Estate Development Co., Ltd.* ("Shanghai Shengming") 上海盛銘房地產開發有限公司	PRC	35%	–	note d	–	Property development
Wuhan Modern Green Development Co., Ltd.* ("Wuhan MGD") 武漢當代節能置業有限公司	PRC	60%	100%	note e	100%	Property development

Name of company	Place of establishment	Equity interests attributable to the Group 2014	2013	Proportion of voting power held by the Group 2014	2013	Principal activities
Wuhan Modern North Star Development Co., Ltd.* ("Wuhan MNS") 武漢當代北辰置業有限公司	PRC	45%	N/A	note f	N/A	Property development
Anhui MOMA Development Co., Ltd.* ("Anhui Moma") 安徽摩碼置業有限公司	PRC	51%	N/A	note g	N/A	Property development

* The English names of the companies which operate in the PRC are for reference only and have not been registered.

Notes:

(a) Pursuant to the agreement dated 21 February 2014 entered into between Modern Green Development and CIFI Group Co., Ltd. 旭輝集團股份有限公司("CIFI Group"), Beijing CIFI Modern was established, in which Modern Green Development and CIFI Group each contributed RMB5,000,000 and held 50% equity interests. Pursuant to the Articles of Association of Beijing CIFI Modern, relevant activities of Beijing CIFI Modern require unanimous consent of both parties. Beijing CIFI Modern is therefore accounted for as a joint venture of the Group.

(b) On 18 March 2014, the Group entered into a cooperative framework agreement and related supplementary agreements (collectively, the "Cooperative Agreements") with AVIC Trust Co., Ltd. 中航信託股份有限公司("AVIC Trust"), an independent third party. Pursuant to the Cooperative Agreements, (i) the Group disposed of its 35% equity interests in Nanchang Moma and Nanchang Xinjian to AVIC Trust for consideration of RMB140,000,000 and RMB80,500,000 respectively, with the remaining 65% equity interests held by the Company; (ii) AVIC Trust provided loans to Nanchang Moma and Nanchang Xinjian in the principal amount of RMB250,000,000 and RMB79,500,000 respectively (collectively, the "Loans"); (iii) the Company pledged its 65% equity interests in Nanchang Moma and Nanchang Xinjian to AVIC Trust as security to the Loans and Modern Green Development provided a guarantee to AVIC Trust for the obligations of Nanchang Moma and Nanchang Xinjian; (iv) Nanchang Moma and Nanchang Xinjian pledged their project land use rights to AVIC Trust as security of the Loans; and (v) AVIC Trust is entitled to dispose of its 35% equity interests in Nanchang Moma and Nanchang Xinjian to the Group, or to any third parties, after the expiry of 24 months and 18 months, respectively from 17 April 2014, or the time when the aggregate area of the properties sold reaches 85% of the total saleable area in the projects (whichever is earlier), at the exercise prices determined as the fair value of 35% equity interests in Nanchang Moma and Nanchang Xinjian, respectively.

Pursuant to the Cooperative Agreements and revised Articles of Association of Nanchang Moma and Nanchang Xinjian, relevant activities of Nanchang Moma and Nanchang Xinjian require unanimous consent of the board of directors of Nanchang Moma and Nanchang Xinjian. The Group therefore lost control over Nanchang Moma and Nanchang Xinjian, and Nanchang Moma and Nanchang Xinjian became joint ventures of the Group. The remaining 65% equity interests in Nanchang Moma and Nanchang Xinjian held by the Group are recognised at fair value at the date of disposal.

(c) In September 2014, the Group entered into a joint venture agreement and related supplementary agreements (collectively, the "JVA") with Great Wall Pan Asia International Investment Co., Limited 長城環亞國際投資有限公司("Great Wall"), an independent third party. Pursuant to the JVA, (i) HKNo.5 issued 49 ordinary shares to Great Wall at a consideration of HK$49 (equivalent to approximately RMB38.7), where the Group's equity interests in HKNo.5, along with its indirect equity interests in Modern Land (HKNo.1) Co., Limited ("HKNo.1", a subsidiary of HKNo.5), Hunan Modern MOMA Development Co., Ltd. 湖南當代摩碼置業有限公司("Hunan Modern Moma") and Hunan Modern Green Development Co., Ltd. 湖南當代綠建置業有限公司("Hunan Modern Green") (the "Project Companies", both subsidiaries of HKNo.1) were diluted from 100% to 51% accordingly, (ii) each of the Company and Great Wall provided RMB500,000,000 as shareholder loans ("the Company Shareholder Loan" and "Great Wall Shareholder Loan", respectively) to HKNo.5 for the purposes of developing two parcels of land in Changsha, Hunan province held by the Project Companies, (iii) HKNo.5 pledged its entire equity interests in HKNo.1 and HKNo.1 pledged its entire equity interests in the Project Companies to Great Wall, as securities to the Great Wall Shareholder Loan, (iv) the Company provided a guarantee to Great Wall for the Great Wall Shareholder Loan, and (v) the Company and Great Wall are entitled to purchase the entire equity interests in HKNo.5 at any time at the exercise prices determined as the fair value of equity interests in HKNo.5.

Pursuant to the JVA and revised Articles of Association of HKNo.5, relevant activities of HKNo.5 require unanimous consent of its board of directors, which comprise directors appointed by both the Company and Great Wall. The Group therefore lost control over HKNo.5, HKNo.1 and Project Companies, and HKNo.5 became a joint venture of the Group. The 51% equity interests in HKNo.5 held by the Company are recognised at fair value at the date of deemed disposal.

(d) In October 2014, Modern Green Development acquired entire equity interests in Shanghai Yujing Investment Management Co., Ltd. 上海鈺景投資管理有限公司("Shanghai Yujing"), which held 35% equity interests in Shanghai Shengming, a project company engaged in developing a parcel of land in Shanghai.

Pursuant to the Articles of Association of Shanghai Shengming, relevant activities of Shanghai Shengming require unanimous consent of its board of directors, which comprise directors appointed by both Shanghai Yujing and a third party shareholder holding 65% equity interests in Shanghai Shengming. Therefore Shanghai Shengming became a joint venture of the Group.

(e) In August 2014, the Group entered into a cooperative framework agreement and related supplementary agreements (collectively, the "Wuhan MGD Agreements") with Ningbo Yifangzhanda Investment LLP 寧波益方展達投資合夥企業（有限合夥）("Ningbo YFZD") and Shenzhen Pingan Dahua Huitong Wealth Management Co., Ltd. 深圳平安大華匯通財富管理有限公司(Shenzhen Pingan), independent third parties. Pursuant to the Wuhan MGD Agreements, (i) the Group disposed of its 40% and 5% equity interests in Wuhan MGD to Ningbo YFZD and Shenzhen Pingan for considerations of RMB80,000,000 and RMB10,000,000, respectively, with the remaining 55% equity interests held by Modern Green Development, (ii) Shenzhen Pingan provided a loan amounted to RMB790,000,000 (the "Wuhan MGD Loan") to Wuhan MGD for the purpose of developing a parcel of land held by Wuhan MGD located at Wuhan, Hubei province, (iii) Wuhan MGD and a subsidiary of the Group pledged their project land use rights to Shenzhen Pingan as securities of the Wuhan MGD Loan, (iv) Modern Green Development pledged its 55% equity interests in Wuhan MGD and Ningbo YFZD pledged its 40% equity interests in Wuhan MGD to Shenzhen Pingan as securities of the Wuhan MGD Loan, (v) Modern Green Development provided a guarantee to Shenzhen Pingan for the obligation of Wuhan MGD, and (vi) Modern Green Development shall repurchase the 5% equity interests in Wuhan MGD from Shenzhen Pingan at a consideration of RMB10,000,000 no later than two years from the date of disposal.

According to aforementioned terms of the Wuhan MGD Agreements, the disposal of 5% equity interests in Wuhan MGD requires mandatory redemption for a fixed amount and contains a contractual obligation to deliver cash at redemption. Therefore, the consideration of RMB10,000,000 is considered as a long term loan of the Group instead of an equity instrument. As a result, the Group held 60% and Ningbo YFZD held 40% equity interests in Wuhan MGD upon completion of the Wuhan MGD Agreements.

Pursuant to the Wuhan MGD Agreements and revised Articles of Association of Wuhan MGD, relevant activities of Wuhan MGD require unanimous consent of the board of directors, which comprise directors appointed by Modern Green Development, Ningbo YFZD and Shenzhen Pingan. The Group therefore lost control over Wuhan MGD, and Wuhan MGD became a joint venture of the Group. The remaining 60% equity interests in Wuhan MGD held by the Group are recognised at fair value at the date of disposal.

(f) Pursuant to the tri-party cooperative development agreement dated 1 July 2014 entered into between Modern Green Development, North Star, and China Construction Second Engineering Bureau Ltd. 中國建築第二工程局有限公司("China Construction"), Wuhan MNS was established, in which Modern Green Development, North Star and China Construction each contributed RMB22,500,000, RMB22,500,000 and RMB5,000,000 respectively. Wuhan MNS is engaged in development of a parcel of land in Wuhan, Hubei province. Pursuant to the Articles of Association of Wuhan MNS, relevant activities of Wuhan MNS require unanimous consent of Modern Green Development, North Star and China Construction. Wuhan MNS is therefore accounted for as a joint venture of the Group.

(g) Pursuant to the cooperative development agreement dated 25 June 2014 entered into between Modern Green Development and Huainan Xinyi Real Estate Development Co., Ltd. ("Huainan Xinyi"), Anhui Moma was established, in which Modern Green Development and Huainan Xinyi each contributed RMB51,000,000 and RMB49,000,000, respectively. Anhui Moma is engaged in development of a parcel of land in Hefei, Anhui province. Pursuant to the Articles of Association of Anhui Moma, relevant activities of Anhui Moma require unanimous consent of Modern Green Development and Huainan Xinyi. Anhui Moma is therefore accounted for as a joint venture of the Group.

Summarised financial information of material joint ventures

Summarised financial information in respect of the Group's material joint ventures is set out below. The summarised financial information below represents amounts shown in the joint ventures' unaudited financial statements prepared in accordance with IFRSs.

The joint ventures are accounted for using the equity method in these consolidated financial statements.

Beijing CIFI Modern

	At 31 December 2014 *RMB'000*	At 31 December 2013 *RMB'000*
Current assets	**889,378**	–
Non-current assets	**79**	–
Current liabilities	**884,003**	–
Non-current liabilities	**–**	–

	Year ended 31 December 2014 *RMB'000*	Year ended 31 December 2013 *RMB'000*
Revenue	**–**	–
Loss for the year	**(4,546)**	–

Reconciliation of the above summarised financial information to the carrying amount of the interest in Beijing CIFI Modern recognised in the consolidated financial statements:

	2014	2013
	RMB'000	*RMB'000*
Net assets of Beijing CIFI Modern	**5,454**	–
Proportion of the Group's ownership interest in Beijing CIFI Modern	**50%**	–
Loan to Beijing CIFI Modern	**420,670**	–
Elimination on the Group's share of profit or loss in those transactions with Beijing CIFI Modern	**(10,781)**	–
Carrying amount of the Group's interest in Beijing CIFI Modern	**412,616**	–

Nanchang Moma

	At 31 December 2014	At 31 December 2013
	RMB'000	*RMB'000*
Current assets	**1,028,836**	–
Non-current assets	**104,655**	–
Current liabilities	**563,472**	–
Non-current liabilities	**180,000**	–

	Year ended 31 December 2014	Year ended 31 December 2013
	RMB'000	*RMB'000*
Revenue	**–**	–
Loss for the year	**(13,144)**	–

Reconciliation of the above summarised financial information to the carrying amount of the interest in Nanchang Moma recognised in the consolidated financial statements:

	2014	2013
	RMB'000	*RMB'000*
Net assets of Nanchang Moma	**390,019**	–
Proportion of the Group's ownership interest in Nanchang Moma	**65%**	–
Loan to Nanchang Moma	**29,928**	–
Carrying amount of the Group's interest in Nanchang Moma	**283,440**	–

HKNo.5

	At 31 December 2014 RMB'000	At 31 December 2013 RMB'000
Current assets	**1,480,846**	–
Non-current assets	**20,946**	–
Current liabilities	**546,829**	–
Non-current liabilities	**1,000,000**	–

	Year ended 31 December 2014 RMB'000	Year ended 31 December 2013 RMB'000
Revenue	**–**	–
Loss for the year	**(54,296)**	–

Reconciliation of the above summarised financial information to the carrying amount of the interest in HKNo.5 recognised in the consolidated financial statements:

	2014 RMB'000	2013 RMB'000
Net liabilities of HKNo.5	**(45,037)**	–
Proportion of the Group's ownership interest in HKNo.5	**51%**	–
Loan to HKNo.5	**562,207**	–
Carrying amount of the Group's interest in HKNo.5	**539,238**	–

Wuhan MNS

	At 31 December 2014 RMB'000	At 31 December 2013 RMB'000
Current assets	**685,023**	–
Non-current assets	**823**	–
Current liabilities	**637,148**	–
Non-current liabilities	**–**	–

	Year ended 31 December 2014 RMB'000	Year ended 31 December 2013 RMB'000
Revenue	**–**	–
Loss for the year	**(1,302)**	–

Reconciliation of the above summarised financial information to the carrying amount of the interest in Wuhan MNS recognised in the consolidated financial statements:

	2014	2013
	RMB'000	*RMB'000*
Net assets of Wuhan MNS	**48,698**	–
Proportion of the Group's ownership interest in Wuhan MNS	**45%**	–
Loan to Wuhan MNS	**277,500**	–
Elimination on the Group's share of profit or loss in those transactions with Wuhan MNS	**(3,054)**	–
Carrying amount of the Group's interest in Wuhan MNS	**296,360**	–

Aggregate information of joint ventures that are not individually material

	At 31 December 2014	At 31 December 2013
	RMB'000	*RMB'000*
The Group's share of loss in these joint ventures	**(74,029)**	–
Aggregate carrying amount of the Group's interests in these joint ventures	**585,045**	–

9. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

Trade receivables mainly are rental receivable and receivable from sales of properties. 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.

	2014	2013
	RMB'000	*RMB'000*
Trade receivables, net of allowance	**74,560**	15,892
Advances to suppliers of construction materials	**53,182**	65,262
Other receivables, net of allowance	**248,588**	77,205
Prepaid LAT and business tax	**322,911**	304,556
Guarantee deposits for housing provident fund loans provided to customers *(note)*	**9,218**	4,775
	708,459	467,690

Note: 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 receivable from sales of properties, which approximated the respective revenue recognition dates, at the end of each of the reporting period:

	2014	2013
	RMB'000	*RMB'000*
Less than 1 year	**74,560**	15,892

All of the above trade receivables are overdue rental receivables and receivable from properties sold but not impaired at the end of the reporting period. The Group does not hold any collateral over these balances.

Movements in the allowance for doubtful debts on trade receivables are set out as follows:

	2014	2013
	RMB'000	*RMB'000*
At the beginning of the year	**8,045**	8,045
Provided during the year	**697**	–
At the end of the year	**8,742**	8,045

Movements in the allowance for doubtful debts on other receivables are set out as follows:

	2014	2013
	RMB'000	*RMB'000*
At the beginning of the year	**14,800**	14,190
Provided during the year	**–**	610
At the end of the year	**14,800**	14,800

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

	2014	2013
	RMB'000	*RMB'000*
Trade payables	**462,216**	338,660
Accrued expenditure on construction	**519,658**	581,338
Other payables	**224,748**	163,078
Other tax payables	**139,199**	216,281
Accrued payroll	**36,987**	48,807
Deposits received and receipt in advance from property sales	**3,835,135**	3,570,342
Other accrued charges	**23,963**	7,878
Dividend payable	**701**	270
Accrued interest on senior notes	**112,188**	–
Amount due to then shareholder arising from acquisition of Suizhong Changlong *(note)*	**131,952**	–
	5,486,747	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 are 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:

	2014	2013
	RMB'000	*RMB'000*
Less than 1 year	**381,178**	220,248
1-2 years	**55,760**	51,598
2-3 years	**723**	47,245
Over 3 years	**24,555**	19,569
	462,216	338,660

11. 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 to repay 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 dates of grant of the relevant mortgage loans and ends after 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 low.

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

	2014	2013
	RMB'000	*RMB'000*
Mortgage guarantees	**2,680,397**	2,128,391

In February 2013, Modern Green Development and Shanxi Modern Green Real Estate Development Co., Ltd. 山西當代紅華房地產開發有限公司 (an indirect owned subsidiary of the Company, "Shanxi Modern Green Real Estate") were involved in arbitration proceedings with a Hong Kong based hotel management group (the "Hotel Management Group") specialising in the management of hotel residences and serviced apartments in relation to management services of the Group's planned serviced apartments. In February 2015, the arbitration proceedings were suspended at the request of Modern Green Development, Shanxi Modern Green Real Estate and the Hotel Management Group as the disputes were being resolved by other means. The management of the Company has re-assessed the likelihood of claim payment borne by the Group and evaluated overall situations based on latest information, and is of the view that the ultimate outcome of this legal proceedings will not have a material adverse effect on the financial position of the Group, with no provision was made as at 31 December 2014.

CHAIRMAN'S STATEMENT

Dear shareholders,

I, on behalf of the Board, am pleased to present the business review of the Group for the year ended 31 December 2014 and its prospects.

A GALLOPING YEAR

2014 was our galloping year, so to speak. First of all, we had significant improvement in scale by achieving contracted sales of RMB7,356.5 million, representing a year-on-year increase of 68.5%, with gross profit margin at an industry-leading level of 40.6%. As such, the Company was ranked by the China Real Estate Industry Association as among the "Top 100 Real Estate Enterprises" in China by overall strength in 2014. In respect of land bank expansion, we gained a number of new projects in cities where we had existing projects with our comprehensive efforts, and entered into the markets of Hefei and Shanghai by acquiring nine parcels of land. Construction of all land parcels acquired during the first half of the year commenced in the same year; hence, we established strategic cooperation with numerous outstanding real estate developers in the industry. Secondly, we achieved remarkable improvement in products by developing a new generation of air-filtering system installed at residential units with enhanced customers' loyalty – "AirDino (恐龍壹號)" ("AirDino"), a unique solution concerning air quality. In November, an online whole-process real estate crowdfunding platform was officially launched, attracting great attention from the industry. In addition, Jiujiang Modern and Xiantao Modern were awarded with the Green Building 2 Star and 3 Star Certification by the Ministry of Housing and Urban-Rural Development, while the Company obtained the Prize of High-end Technology at the 11th Appraisal. Thirdly, we made substantial progress on innovation by cross-industry integration that capitalised on mobile internet concept, such as the launch of a nationwide sale software, namely Yunxiaobao ("雲銷寶") APP, and the official debut of the Shunyi COCOMOMΛ crowdfunding platform. The Company has still committed to the development of full life-cycle residences with green, comfortable, energy-saving and mobile internet elements, and adheres to the management philosophy of "three Cooperational, three Capable, three Vertical, three Horizontal and four Creations". In 2015, we believe that the Company will reach a new level in the China's real estate industry in terms of overall strength.

"THREE COOPERATIONAL"

"Three Cooperational" refers to the sharing of risks and the achievement of a win-win situation. The first type of cooperation: cooperation within the sector, i.e. to acquire new collaboration projects and gain new partners by working with outstanding developers in the sector. The second type of cooperation: cooperation within the industry, i.e. the cooperation with the upstream and downstream industry chain and service operators. The Company will establish an industry fund company in 2015 to complete land acquisition and project development with financial institutions. Meanwhile, we will work with the relevant partners in the upstream and downstream industries with efforts to create a green lifestyle and fully leverage on the MOMΛ product effect. The third type of cooperation: Zhiye (智業) partnership. We initiate our staff's enthusiasm and passion of entrepreneurship through Zhiye partners policy which allows the staff to share risks and interests with the Company and facilitates the formation of an outstanding team of Zhiye partners. Such initiative can also help break bureaucracy and develop a system of rights and responsibilities, hence the shape of organisational structure changes from pyramid to flat.

"THREE CAPABLE"

"Three Capable" refers to the development of product capability, service capability and marketing capability concurrently. The first Capable: product capability, i.e. our core competitiveness – MOMΛ products. In 2015, we will create a green and healthy real estate industry chain based on the research and development of green products by means of green real estate operation. The second Capable: service capability, i.e. Modern MOMΛ HOME – to truly realise our brand value and product premium by delivering value-for-money service to the exact customers accurately and comprehensively and interacting fully with every customer. The third Capable: marketing capability, i.e. rapid marketing. With a three-dimensional marketing team, we accelerate the sale of inventory for the purpose of selling out all units immediately after the launch by means of mass data marketing, internet marketing, customer-oriented marketing processes, continuously refined brand strategy and experiential marketing.

"THREE VERTICAL"

"Three Vertical" refers to the vertical expansion and continuous exploration of 3 specialised models. Vertical expansion of the first model: further development of the product model. In order to realise speed, profit and rapid development in scale, we focus on three types of standardised product lines. The first type of product line represents projects which generate cash flow and profits, those projects must satisfy the 6-10-678-12*(Note 1)* principle and achieve a gross profit margin of more than 25%; the second type of product line represents projects which generate cash flow, those projects must satisfy the 6-8-678-10*(Note 2)* principle and achieve a gross profit margin of more than 10%; the third type of product line represents projects which generate profits, those projects must satisfy the 6-12-678-18*(Note 3)* principle and achieve a gross profit margin of more than 35%. During the first half of 2015, we will use the first type of standardised product line to achieve gross profit and will use the second type of standardised product line to expand our scale. We place great emphasis on the cost model and carry out profound development in major selected cities. We complete "the best planning scheme with multiple business operations and a diversified product mix", the proper composition between high-end and low-end projects and the general floor planning of projects based on the standardised scheme estimation model before land acquisition to achieve product premium and form a standardised product library. Vertical expansion of the second model: establishment of a customer model. We create a real estate sales model in which a customer base is developed before products by collecting information on various cities, conducting analysis and city mapping. We classify our customers into different categories so as to create a product value tree and realise a high turnover rate and rapid sale of inventory. Vertical expansion of the third model: implementation of the cost model. We carry out thorough accounting on the land value by conducting 3 review meetings regarding the selected land, with a view to determining the limit of land costs and reducing the limit of the construction and installation costs of new projects by 10% based on the existing value. We strive to provide plenty of highlights in respect of the high product premium by using the costs mainly on our customers' needs and perceived value.

Notes:

(1) 6-10-678-12 means that the construction of a project must be commenced within 6 months after acquisition thereof; the project must be launched for sales within 10 months; at least 60% of the saleable area must be launched for sale in the first launch, sales of 70% of the inventory has to be sold in the first week and 80% in the first month, and positive cash flow must be realised within 12 months.

(2) 6-8-678-10 means that the construction of a project must be commenced within 6 months after acquisition thereof; the project must be launched for sales within 8 months; at least 60% of the saleable area must be launched for sale in the first launch, sales of 70% of the inventory has to be sold in the first week and 80% in the first month, and positive cash flow must be realised within 10 months.

(3) 6-12-678-18 means that the construction of a project must be commenced within 6 months after acquisition thereof; the project must be launched for sales within 12 months; at least 60% of the saleable area must be launched for sale in the first launch, sales of 70% of the inventory has to be sold in the first week and 80% in the first month, and positive cash flow must be realised within 18 months.

"THREE HORIZONTAL"

"Three Horizontal" refers to the horizontal financing and cohesive support of three platforms. The first platform: establishing a green financial capital platform and forming a green industry foundation to expand the Company's financing scale, enhance the sales-to-financing ratio and reduce financing costs, such that a healthy gearing ratio can be maintained and the balance among three important financial indicators, namely cash flow, gross profit and net debt to equity, can be well realised. The second platform: improving the green real estate development platform by using core technologies to save energy effectively while providing a healthy and comfortable lifestyle; acquiring land with total construction scale no less than 1 million sq.m. through ways such as bidding, auction, listing and cooperation; solving the air quality problem of all rooms within one residential unit fully by AirDino; tapping into three industries, i.e. the class 1 and class 2 development of the real estate of the standardised product line of Senior Garden MOMC, a housing project for the elderly, industry investment fund and the operation of hotels for the elderly through co-operation with domestic and foreign enterprises. The third platform: establishing a green mobile platform to build a community platform by way of "crowdfunding and customisation" instead of the traditional one-off profit.

"FOUR CREATIONS"

In 2015, we will apply the philosophy of "four creations" to develop a new market situation.

Creation of business refers to our focus on providing green, comfortable, energy-saving and full life cycle residential properties with the adoption of mobile Internet. This year is the fifteenth year of Modern Land after its establishment. During the past 15 years, Modern Land has only done one thing which was the construction of comfortable and energy-saving buildings. To date, haze obscures the sky to such an extent that it interferes with our residential environment. In response, the Company has set a goal to complete the second creation of business by using green and comfortable technology. In 2014, the Company launched the air-filtering system installed at residential units – AirDino, which can reduce the PM2.5 value to below 5 within a residential area of 150 sq.m. in only half an hour. Under the circumstances of a mild increase in cost, it improves indoor environment significantly and demonstrates the power of small business innovation. Moreover, the Company will make the debut of "AirDino 2 (恐龍貳號)" in 2015. It will be an upgraded and optimised version of AirDino with higher value added of MOMΛ products through technological innovation. Besides, the Company encourages its internal staff to create their business, in the forms of amoeba model, project joint investment or Zhiye partnership. Thus, an atmosphere of creation of business among the employees of the Company and team makers was developed.

Creation of customers refers to the real estate crowdfunding. In respect of crowdfunding projects, we use the fund of home purchasers directly in the real estate development, which constitutes profit sharing through home purchase and each home purchaser becomes a "developer", truly realising home purchase at a lower price. As such, home purchasers may spend money on buying properties and make investments at the same time. Using the model of whole-process real estate crowdfunding, we find customers first and then solve the problem of financing, planning and positioning as well as selling through the early-stage customers. On 26 December 2014, Modern Land formally announced the first whole-process real estate crowdfunding platform in China, namely "Wu You Wo Fan" (無憂我房) (www.51wofang.com) and Modern North Star COCO MOMΛ in Shunyi, Beijing was treated as the first crowdfunding real estate development project of Modern Land being launched in the market.

Creation of business opportunities refers to the development of green real estate overseas. We believe that the two major challenging problems in the 21st century are sustainable development and aging population. We develop green and energy-saving properties for the purpose of sustainable development and we choose to develop senior housing business overseas since such industry is more mature in other countries. In addition to the Company's senior housing projects in the U.S., Modern Land has established the Crown District Centre (皇冠區域中心) in Houston, the U.S. in order to build a "Partners Alliance" being exclusive to MOMΛ families by way of investment immigration. This does not only allows Modern Land to share its profits with customers, but can also provide comprehensive value-added services to property owners.

Creation of a new operation model refers to our community service O2O platform. It is a new real estate operational model with the community as channel. By capitalising on the strength of property companies of directly facing customers, Modern Land aims to build a community service O2O platform known as "Intelligent and Fun Living (智趣生活)". Such platform will develop each single community as a group by way of mobile application and thus become a platform of decentralised community owner services and property management and operations.

Modern Land safeguards the right balance among three important financial indicators, namely cash flow, gross profit and gearing through "three Cooperational, three Capable, three Vertical, three Horizontal and four Creations" and realises creative development with vision, activeness, perseverance and spirit, in bid to become strong and continue to get stronger. We lay a solid foundation for every move and we refine every detail. We will continue to focus on providing green, comfortable, energy-saving and full life cycle residential properties with the adoption of mobile Internet and endeavor to achieve our targets in 2015.

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

Zhang Lei
Chairman

24 March 2015

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINES REVIEW

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

Sale of Properties

For the year ended 31 December 2014, the Group's revenue from sale of properties amounted to RMB4,018.2 million, representing an increase of 17.2% as compared to the year ended 31 December 2013. The Group delivered 431,044 sq.m. of property in terms of total gross floor area ("GFA") and 1,019 units of carparks in 2014. Gross profit margin of sale of properties amounted to 40.6%, a slight increase from the level in 2013. Recognised average selling price ("ASP") was RMB9,077 per sq.m. and that for car parking spaces was RMB103,636 per unit for the year ended 31 December 2014.

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

* *After deducting sales tax*

Project name	Revenue	2014 Total saleable GFA or units delivered	ASP	Revenue	2013 Total saleable GFA or units delivered	ASP
	RMB'000	*sq.m. or units*	*RMB/sq.m. or unit*	*RMB'000*	*sq.m. or units*	*RMB/sq.m. or unit*
Wan Guo Cheng MOMΛ (Taiyuan)	**508,919**	**39,550**	**12,868**	837,691	60,791	13,780
Man Ting Chun MOMΛ (Nanchang)	**172,386**	**24,423**	**7,058**	661,172	104,900	6,303
Modern MOMΛ (Beijing)	**1,153,569**	**17,742**	**65,019**	629,719	12,041	52,298
Man Ting Chun MOMΛ (Jiujiang)	**178,406**	**33,039**	**5,400**	472,190	88,709	5,323
MOMA Forest Forever(Beijing)	**177,248**	**6,353**	**27,900**	229,064	8,770	26,119
Man Ting Chun MOMΛ (Changsha)	**3,781**	**822**	**4,600**	196,670	38,704	5,081
Wan Guo Cheng MOMΛ (Changsha)	**69,971**	**11,282**	**6,202**	87,981	13,289	6,621
Man Ting Chun MOMΛ (Xiantao)	**180,177**	**55,749**	**3,232**	126,162	38,608	3,268
Kaifu Man Ting Chun MOMΛ (Changsha)	**1,437,644**	**240,950**	**5,967**	–	–	–
Wan Guo Cheng MOMΛ (Beijing)	**3,212**	**157**	**20,459**	39,888	1,003	39,769
YueMOMA (Beijing)	**27,329**	**977**	**27,972**	3,488	197	17,706
iMOMA (Beijing)	**–**	**–**	**–**	1,453	86	16,895
	3,912,642	**431,044**	**9,077**	3,285,478	367,098	8,950
Car park	**105,605**	**1,019 units**	**103,636/unit**	142,135	1,033 units	137,594/unit
Total	**4,018,247**			3,427,613		

Contracted Sales

For the year ended 31 December 2014, the Group achieved contracted sales of RMB7,356.5 million, representing an increase of 68.5% as compared to the year ended 31 December 2013. The Group sold 789,365 sq.m. in total GFA and 1,194 units of carparks, representing an increase of 114.3% and a decrease of 30.7%, respectively as compared to the year ended 31 December 2013.

Table 2: Breakdown of contracted sales of the Group

* *Before deducting sales tax*

Project name	Attributable interest to the Group (%)	2014 Contracted sales RMB'000	2014 GFA (in sq.m.) or units	2014 ASP RMB/sq.m. or unit	2013 Contracted Sales RMB'000	2013 GFA (in sq.m.) or units	2013 ASP RMB/sq.m. or unit
Modern MOMΛ (Beijing)	**100%**	**965,462**	**12,633**	**76,424**	1,145,392	18,413	62,206
Wan Guo Cheng MOMΛ (Beijing)	**100%**	**7,900**	**235**	**33,617**	–	–	–
Wan Guo Cheng MOMΛ (Taiyuan)	**100%**	**1,139,644**	**91,058**	**12,516**	1,118,781	81,338	13,755
Kaifu Man Ting Chun MOMΛ (Changsha)	**100%**	**1,088,572**	**159,291**	**6,834**	1,043,317	159,131	6,556
Man Ting Chun MOMΛ (Jiujiang)	**100%**	**405,056**	**83,040**	**4,878**	246,775	42,885	5,754
Modern Caiyu Man Ting Chun MOMΛ (Beijing)	**53.75%**	**1,365,100**	**143,758**	**9,496**	–	–	–
MOMΛ Forest Forever (Beijing)	**100%**	**104,222**	**3,592**	**29,015**	229,274	7,681	29,849
Man Ting Chun MOMΛ (Nanchang)	**100%**	**61,365**	**6,609**	**9,285**	128,859	17,514	7,357
Man Ting Chun MOMΛ (Xiantao)	**100%**	**250,137**	**73,619**	**3,398**	120,606	34,810	3,465
Modern City Garden (Beijing)	**100%**	**–**	**–**	**–**	65,000	4,626	14,051
iMOMΛ (Beijing)	**100%**	**9,995**	**515**	**19,408**	29,300	977	29,990
Wan Guo Cheng MOMΛ (Changsha)	**100%**	**84,854**	**9,570**	**8,867**	11,182	897	12,466
Man Ting Chun MOMΛ (Changsha)	**100%**	**1,001**	**158**	**6,335**	695	140	4,964
Modern MOMΛ New City (Nanchang)	**65%**	**209,232**	**29,404**	**7,116**	–	–	–
Modern International MOMΛ (Nanchang)	**65%**	**371,295**	**49,680**	**7,474**	–	–	–
Hanyang Man Ting Chun MOMΛ (Wuhan)	**99.02%**	**26,700**	**4,928**	**5,418**	–	–	–
MOMΛ Modern Plaza (Changsha)	**51%**	**252,922**	**60,985**	**4,147**	–	–	–
Modern Binjiang MOMΛ (Changsha)	**51%**	**57,724**	**8,600**	**6,712**	–	–	–
Guanggu Man Ting Chun MOMΛ (Wuhan)	**60%**	**138,911**	**21,377**	**6,498**	–	–	–
Songjiang Yi Jing Yuan (Shanghai)	**35%**	**640,344**	**30,313**	**21,124**	–	–	–
Subtotal		**7,180,436**	**789,365**	**9,096**	4,139,181	368,412	11,235
Car park		**176,041**	**1,194 units**	**147,438/unit**	226,007	1,724 units	131,095/unit
Total		**7,356,477**			4,365,188		

Leasing of Properties

For the year ended 31 December 2014, the Group's revenue from leasing of properties amounted to RMB36.5 million, representing an increase of 5.5% as compared to the year ended 31 December 2013. The Group owned investment properties of 69,398 sq.m., with an overall occupancy rate of 92.8%.

Land Bank

As at 31 December 2014, the Group's total land bank in the PRC (excluding investment properties and properties held for own use) was 4,477,447 sq.m.

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

Table 3: Land bank of the Group

Land bank in China

Project name	**Attributable interest to the Group** *(%)*	**Total GFA unsold as at 31 December 2014** *(Note)* *(sq.m.)*	**Aggregated GFA sold but undelivered with sales contracts** *(sq.m.)*
Modern MOMΛ (Beijing)	100%	14,990	–
Wan Guo Cheng MOMΛ (Beijing)	100%	–	–
Wan Guo Cheng MOMΛ (Taiyuan)	100%	296,169	143,010
Kaifu Man Ting Chun MOMΛ (Changsha)	100%	292,980	119,990
Man Ting Chun MOMΛ (Jiujiang)	100%	134,015	90,274
MOMΛ Forest Forever (Beijing)	100%	7,985	–
Man Ting Chun MOMΛ (Nanchang)	100%	31,465	1,600
Modern Caiyu Man Ting Chun MOMΛ (Beijing)	53.75%	152,400	143,758
Man Ting Chun MOMΛ(Xiantao)	100%	758,790	41,863
Modern City Garden (Beijing)	100%	7,372	–
iMOMΛ (Beijing)	100%	1,262	–
Wan Guo Cheng MOMΛ (Changsha)	100%	15,749	1,787
Man Ting Chun MOMΛ (Changsha)	100%	31,613	104
Shangdi MOMΛ (Beijing)	100%	4,145	–
Yue MOMΛ (Beijing)	100%	1,162	–
Modern MOMΛ New City (Nanchang)	65%	90,432	25,942
Modern International MOMΛ (Nanchang)	65%	207,084	49,680
Hanyang Man Ting Chun MOMΛ (Wuhan)	99.02%	120,473	4,928
MOMΛ Modern Plaza (Changsha)	51%	341,778	60,985
Modern Binjiang MOMΛ (Changsha)	51%	229,374	8,600
Modern MOMΛ (Hefei)	51%	189,073	–
Guanggu Man Ting Chun MOMΛ (Wuhan)	60%	283,100	21,377
Chao Yang Li MOMΛ (Jiujiang)	100%	168,292	–
Modern Land · CIFI Villa (Beijing)	50%	158,213	–
Songjiang Yi Jing Yuan (Shanghai)	35%	146,307	30,313
Dongdaihe Bai Jin Hai MOMΛ (Dongdaihe)	100%	346,675	–
North Star-Modern • Guanggu Green Home (Wuhan)	45%	315,203	–
Modern North Star • Yue MOMΛ (Beijing)	50%	131,346	–
Total		**4,477,447**	**744,211**

Note: Total GFA unsold includes aggregated GFA sold but not yet delivered with sales contracts.

The Group wholly owns a parcel of land with a site area of approximately 196,156 sq.m. located in Pearland, Texas, the U.S. for future development. So far, this parcel of land is still at the early stage of planning, and the estimated GFA data has not been determined accurately.

Land Acquisitions

For the year ended 31 December 2014, the Group acquired 9 parcels of land, details of which are as follows:

On 16 January 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 total consideration was RMB263 million. The GFA of the land is 165,829 sq.m..

On 25 February 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 total consideration was RMB705.08 million. The GFA of the land is 228,358 sq.m..

On 26 February 2014, Modern Green Development Co., Ltd. ("Modern Green Development"), an indirect wholly-owned subsidiary of the Company, and CIFI Holdings (Group) Co., Ltd. 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 total consideration was RMB778.00 million. The GFA of the land is 132,183 sq.m..

On 27 February 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 total consideration was RMB198.47 million. The GFA of the land is 127,218 sq.m..

On 15 April 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 total consideration was RMB314.15 million. The GFA of the land is 338,761 sq.m..

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

On 3 July 2014, Modern Green Development and Beijing North Star Company Limited (北京北辰實業股份有限公司) ("North Star") successfully acquired the state-owned land use rights and entire interests of a parcel of land (No. P (2014) 057) in Wuhan East Lake High-tech Development Zone, Hubei Province in a joint participation through an auction of state-owned construction land use rights in Wuhan, Hubei Province, the PRC. The total consideration was RMB626.81 million. It is expected that the total GFA of the land will be 241,079 sq.m..

On 13 October 2014, the consortium formed by Modern Green Development and North Star successfully acquired the state-owned construction land use rights of three land parcels (01-02-09, 01-02-10 and 01-02-07) for rank 2 housing purpose, mixed residential and public construction land use and child care purpose in Qianjin Xincheng, Shunyi District, Beijing, the PRC through an auction of state-owned construction land use rights in Beijing, the People's Republic of China. The total planned GFA of the land parcels is 109,346 sq.m..

On 15 October 2014, Modern Green Development entered into an equity transfer agreement (the "Equity Transfer Agreement") with Hangzhou Huaqin Investment Management Company Limited ("Hangzhou Huaqin") and Shanghai Yujing Investment Management Company Limited ("Shanghai Yujing"), pursuant to which, Modern Green Development acquired 100% equity interest in Shanghai Yujing at a consideration of RMB10 million. Upon completion of the acquisition, Shanghai Yujing was held as to 100% by Modern Green Development and accounted for as an indirect wholly-owned subsidiary of the Company. Shanghai Yujing owns 35% equity interest in Shanghai Shengming Real Estate Development Company Limited ("Shanghai Shengming"), which owns the land use rights with respect to the land located in Yongfeng Street, Songjiang District, Shanghai. The land has a planned GFA of approximately 121,207 sq.m. and is intended to be developed into a commodity property project.

FINANCIAL REVIEW

Revenue

The Group's revenue increased by approximately 17.6% to approximately RMB4,079.5 million for the year ended 31 December 2014 from approximately RMB3,469.0 million for the year ended 31 December 2013. Such increase was mainly attributable to sales revenue from the property development projects, collectively, such as Modern MOMΛ (Beijing), Wan Guo Cheng MOMΛ (Taiyuan), Changsha Kaifu Man Ting Chun MOMΛ and Xiantao Man Ting Chun MOMΛ. The property-related delivered GFA of the Group increased from approximately 367,098 sq.m. for the year ended 31 December 2013 to approximately 431,044 sq.m. for the year ended 31 December 2014.

Cost of Sales

The Group's cost of sales increased by approximately 15.5% to RMB2,424.2 million in 2014 from 2013. Such increase was mainly due to an increase in sold area with higher cost of sales in 2014.

Gross Profit and Gross Profit Margin

As a result of the foregoing, the Group's gross profit increased by approximately 20.8% to RMB1,655.3 million in 2014 from 2013 and the Group's gross profit margin in 2014 was 40.6%, representing a slight increase of approximately 1.1 percentage points as compared to 2013.

Other Income, Gains and Loss

Other income, gains and loss for the year ended 31 December 2014 increased by approximately 767.9% to approximately RMB75.3 million from approximately RMB8.7 million for the year ended 31 December 2013. Such increase was primarily due to an increase in interest income from loans to joint ventures, gain on disposal of subsidiaries and management service income for the year ended 31 December 2014.

Change of Fair Value

Change of fair value includes fair value gain of completed properties for sale upon transfer to investment properties and changes in fair value of investment properties. The changes in fair value for the year ended 31 December 2014 increased from RMB76.5 million in 2013 to RMB202.0 million in 2014, representing an increase of approximately 164.1%, which was mainly attributable to an increase in fair value gain of completed properties for sale upon their transfer to investment properties and better market conditions on rental.

Selling and Distribution Expenses

The selling and distribution expenses of the Group for the year ended 31 December 2014 increased by approximately 21.1% to approximately RMB206.8 million from approximately RMB170.8 million for the year ended 31 December 2013, primarily due to a substantial increase in the pre-sales volume of the Group's properties in 2014, resulting in corresponding increase in the related selling and distribution expenses.

Administrative Expenses

The administrative expenses of the Group for the year ended 31 December 2014 increased by approximately 18.6% to approximately RMB242.1 million from approximately RMB204.1 million for the year ended 31 December 2013, primarily due to an increase of day-to-day management expenses arising from commencement of various projects of the Group in the same period.

Finance Costs

The finance costs of the Group amounted to approximately RMB265.5 million for the year ended 31 December 2014, representing a significant increase of approximately 646.4% from approximately RMB35.6 million for the year ended 31 December 2013. Such increase was primarily attributable to a significant increase in senior notes balances for 2014 as compared to 2013.

For the breakdown of interest capitalisation, please refer to note 4 to the financial statements.

Profit before Taxation

Profit before taxation of the Group for the year ended 31 December 2014 increased by approximately 14.1% to approximately RMB1,166.9 million from approximately RMB1,022.6 million for the year ended 31 December 2013 for the above reasons.

Income Tax Expense

The income tax expense of the Group for the year ended 31 December 2014 increased by approximately 26.6% to approximately RMB625.6 million from approximately RMB494.2 million for the year ended 31 December 2013, primarily due to an increase in revenue and the scale of the Group.

Profit for the Period Attributable to Owners of the Company

As a result of the foregoing, the profit of the Group attributable to owners of the Group for the year ended 31 December 2014 decreased by approximately 1.5% to approximately RMB521.1 million from approximately RMB528.9 million for the year ended 31 December 2013.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Cash position

As at 31 December 2014, the Group had cash, restricted cash and bank balances of approximately RMB3,943.9 million (31 December 2013: RMB2,869.5 million), representing an increase of approximately 37.4% as compared with that as at 31 December 2013. As at 31 December 2014, some of the Group's cash was deposited with certain banks as guarantee deposits for mortgage financing loans granted to purchasers of the Group's properties. As at 31 December 2014, the above guarantee deposits amounted to approximately RMB47.8 million in total.

Borrowings and pledge of the Group's assets

As at 31 December 2014, the Group had total borrowings of approximately RMB4,507.2 million, including bank and other loans of approximately RMB1,795.2 million and senior notes of approximately RMB2,712.0 million. As at 31 December 2014, certain banking and other facilities granted to the Group were secured by the Group's assets, such as investment properties, properties under development, properties held for sale and property, plant and equipment, which had a carrying amount of approximately RMB3,273.9 million. A majority of the carrying value of all the Group's bank 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 was mainly related to variable interest rates of the domestic bank loans.

Breakdown of indebtedness

By type of borrowings and maturity

	31 December 2014	31 December 2013
	RMB'000	*RMB'000*
Bank and other loans		
Within one year or on demand	**1,314,317**	256,910
Over one year and within two years	**365,900**	827,200
Over two years and within five years	**115,000**	60,000
Over five years	**–**	110,000
Subtotal	**1,795,217**	1,254,110
Offshore senior notes		
Over two years and within five years	**2,712,020**	904,753
TOTAL	**4,507,237**	2,158,863
Less:		
Cash and restricted cash	**3,943,938**	2,869,509
Net (debt)/cash	**(563,299)**	710,646
Total equity	**3,233,739**	2,470,993
Net debt to equity	**17.4%**	Net cash
Total debt/total equity	**139.4%**	87.4%

By currency denomination

	31 December 2014	31 December 2013
	RMB'000	*RMB'000*
By type of borrowings and maturity		
– Denominated in RMB	**2,688,195**	1,224,818
– Denominated in HK$	**136,317**	–
– Denominated in USD	**1,682,725**	934,045
	4,507,237	2,158,863

Leverage

As at 31 December 2014, the Group recorded net debt of approximately RMB563.3 million. The Group's net current assets (being current assets less current liabilities) increased by approximately 71.4% to approximately RMB2,185.6 million as at 31 December 2014 from approximately RMB1,274.9 million as at 31 December 2013. Its current ratio (being current assets/current liabilities) increased from approximately 119.2% as at 31 December 2013 to approximately 125.1% as at 31 December 2014.

Foreign Currency Risk

The Group's functional currency is RMB. 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 31 December 2014, the Group had monetary assets which are denominated in US dollars and HK dollars of approximately RMB84.9 million and approximately RMB2.5 million, respectively and liabilities which are denominated in US dollars and HK dollars of approximately RMB1,682.7 million and RMB136.3 million respectively. 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 31 December 2014, the Group had contingent liabilities amounting to approximately RMB2,680.4 million (31 December 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 the banks, and, in such circumstances, the Group will be entitled to take over the legal title and ownership of the relevant properties. 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 the completion of registration of other ownership certificates.

Employees and Compensation Policy

As at 31 December 2014, the Group had 973 employees (31 December 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.

MATERIAL ACQUISITION AND DISPOSAL

A summary of the material acquisitions and disposals of the Group during the year ended 31 December 2014 is set out as follows:

On 8 December 2013, Modern Green Development entered into an equity transfer agreement (the "Agreement") with Modern Construction Investment Management Co., Ltd. ("Modern Construction"), pursuant to which Modern Green Development 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 Agreement, on completion, Modern Green Development will assume the obligation to provide shareholder loan to Suizhong Changlong Property Development Co., Ltd. ("Suizhong Changlong"), which shall then be used by Suizhong Changlong to set off and repay the existing shareholder loan provided by Modern Construction. It was expected that the shareholder loan to be provided by Modern Green Development to Suizhong Changlong in this connection to be approximately RMB127.42 million. The transaction was completed in January 2014. Details of the transaction are set out in the circular of the Company dated 9 January 2014.

On 18 March 2014, Jiangxi Modern Green Development Co., Ltd. (江西當代節能置業有限公司) ("Jiangxi Modern Green"), the Company's wholly-owned subsidiary, and AVIC Trust Co., Ltd. ("AVIC Trust") entered into an equity transfer agreement (the "Equity Transfer Agreement I") whereby 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 million (equivalent to approximately HK$175 million). As at 18 March 2014, Nanchang Moma was owned by the Company and Jiangxi Modern Green Development as to 65% and 35% respectively. Upon completion of the transactions contemplated under the Equity Transfer Agreement I, Nanchang Moma will be owned by the Company and the trust scheme established by AVIC Trust as to 65% and 35% respectively. Nanchang Moma is a project company established by the Company and Jiangxi Modern Green for development of a parcel of the land designated as DAK2013022 located in Xinjian County (新建縣), Nanchang City (南昌市), Jiangxi Province, the PRC (the "Land 3022"). On the same date, Jiangxi Modern Green and AVIC Trust entered into another equity transfer agreement (the "Equity Transfer Agreement II") whereby Jiangxi Modern Green agreed to dispose of and AVIC Trust agreed to purchase 35% equity interest in Nanchang New Modern Real Estate Development Co., Ltd. ("Nanchang Modern") at a consideration of RMB80.5 million (equivalent to approximately HK$101 million). As at 18 March 2014, Nanchang Modern was owned by the Company and Jiangxi Modern Green as to 65% and 35% respectively. Upon completion of the transactions contemplated under the Equity Transfer Agreement II, Nanchang Modern will be owned by the Company and the trust scheme established by AVIC Trust as to 65% and 35% respectively. Nanchang Modern is a project company established by the Company and Jiangxi Modern Green for development of a parcel of the land designated as DAK2013021 located in Xinjian County (新建縣), Nanchang City (南昌市), Jiangxi Province, the PRC (the "Land 3021").

On 18 March 2014, the Company, Jiangxi Modern Green, AVIC Trust and Nanchang Moma entered into a project management agreement (the "Project Management Agreement I") in respect of the project relating to development of the Land 3022. Under the Project Management Agreement I, Jiangxi Modern Green granted to AVIC Trust a put option regarding the 35% equity interest in Nanchang Moma. Further, on 18 March 2014, the Company, Jiangxi Modern Green, AVIC Trust and Nanchang Modern entered into another project management agreement (the "Project Management Agreement II") in respect of the project relating to development of the Land 3021. Under the Project Management Agreement II, Jiangxi Modern Green granted to AVIC Trust a put option regarding the 35% equity interest in Nanchang Modern. Please refer to the announcement of the Company dated 18 March 2014 for details relating to the Equity Transfer Agreement I, the Equity Transfer Agreement II, the Project Management Agreement I, the Project Management Agreement II and the transactions contemplated thereunder.

On 12 June 2014, Beijing Modern Green Investment Fund Management Co. Ltd. ("Modern Green Fund Management") (an indirect wholly-owned subsidiary of the Company) and Modern Green Development entered into the Investment Agreements (comprising a partnership admission agreement and an amended and restated limited partnership agreement) with Minsheng Royal Asset Management Co., Ltd. ("MRAM"). Pursuant to the Investment Agreements, the parties agreed that, among others, MRAM shall make the investment in Beijing Green Spring Equity Investment Fund (Limited Partnership) (the "Fund") by way of subscription for the senior units in the amount of RMB370 million and become a senior limited partner in the Fund (the "Investment"). Upon completion of the Investment, the investment amount in the Fund of RMB800 million will be held as to 1.875% by Modern Green Fund Management as general partner, 51.875% by Modern Green Development as subordinated limited partner and 46.25% by MRAM as senior limited partner. The Group's partnership interest in Beijing Green Spring will decrease from 100% to 53.75%. For details, please refer to the announcement of the Company dated 12 June 2014.

On 10 September 2014, the Company, Great Wall Pan Asian International Investment Co., Limited ("Great Wall") and Modem Land (HKNo.5) Limited (the "Joint Venture Company"), among others, entered into a joint venture agreement (the "Joint Venture Agreement") for the formation of the Joint Venture Company to develop the two land parcels located in Changsha, Hunan Province of the PRC into residential and commercial properties through certain project companies. In connection with the formation of the Joint Venture Company, each of the Company and Great Wall shall contribute RMB500 million as shareholder loan. Following completion of the Joint Venture Agreement in October 2014, the Joint Venture Company is owned as to 51% by the Company and 49% by Great Wall respectively. For details, please refer to the announcements of the Company dated 10 September 2014, 12 September 2014 and 10 October 2014.

On 15 October 2014, Modern Green Development entered into the Equity Transfer Agreement with Hangzhou Huaqin and Shanghai Yujing whereby Modern Green Development shall acquire 100% equity interest in Shanghai Yujing at the consideration of RMB10 million (equivalent to approximately HK$12.5 million); and Modern Green Development shall provide Shanghai Yujing with a loan in the amount of RMB25 million (equivalent to approximately HK$31.3 million). For details, please refer to the announcement of the Company dated 16 October 2014.

PROSPECT

2014 was a major year regarding the regulation of the real estate industry in China. Under the "New Normal (新常態)", all real estate companies, regardless of their positioning and geographical coverage, have been influenced differently by the transformation of the macro-economy, a slowdown in urbanisation and the decreasing demographic dividend.

The major problems faced by the industry are general funding pressure and inventory pressure. In light of a more accommodative monetary policy in 2015, stronger measures on targeted RRR cuts are expected. As 2015 is the final year of the 12th Five-Year Plan, it is expected that the injection and investment in infrastructure will play a positive role in boosting the macro-economy. Furthermore, with consumption acting as the main driving force for domestic demand expansion, facilitating household consumption becomes a major factor concerning the formulation of future policies. Given that real estate accounts for a major part of household consumption, it is unlikely that the government will continue to introduce monetary policies which have a negative effect on the real estate industry.

The introduction of "Chinese Dream" also provides guidance for the real estate market to further push forward the implementation of promotional policies on security housing in respect of the rigid demand, so as to stimulate both the supply and demand in the market. We have also noticed that the whole industry has a positive outlook as a result of differentiated credit policies and the easing of the property-purchase restrictions in various cities. With regard to the pressure of de-stocking, the government has already introduced relevant policies to address the problem gradually and the trend of adopting a competitive-price and more-volume strategy by various companies is expected to stop at the end of the year.

We believe that China's real estate market will continue to sustain a rapid growth in the next 10 years and will experience structural changes to become highly-focused with a large proportion of enterprises being eliminated. Land prices in first-tier cities, such as Beijing and Shanghai, have been gradually going up since the beginning of 2015 in light of real estate developers' positive expectation over better market conditions in the future, hence, property prices are expected to go up moderately again.

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") 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 during the year under review. During January to December in 2014, Mr. Zhang Lei, the chairman of the Board, an executive Director and a controlling shareholder of the Company, purchased 3,308,000 shares at an average price of HK$1.24.

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 year under review.

CORPORATE GOVERNANCE

The Board is of opinion that the Company had complied with the code provisions as set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules for the year ended 31 December 2014, except for the code provisions A.6.7 and E.1.2:

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 give the board and any committees on which they serve the benefit of 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 Directors have regular attendance and active participation in the meetings, and contributed their skills, expertise and varied backgrounds and qualifications to the Board and the respective committees. Mr. Zhong Tianxiang, who was previously an executive Director and was re-designated as a non-executive Director on 26 August 2014, and Mr. Cui Jian, an independent non-executive Director, were not able to attend the annual general meeting held on 21 May 2014 (the "2014 AGM") as they were out of town for business trips.

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. Cui Jian, an independent non-executive Director and the chairman of the nomination committee of the Company, was unable to attend the 2014 AGM as he was out of town for other business. In his absence, the other members of the nomination committee, namely Mr. Zhang Lei and Mr. Hui Chun Ho, Eric, attended the 2014 AGM and answered questions raised thereat.

SHARE OPTION SCHEME

The Company adopted a share option scheme on 14 June 2013. The Company granted 25,700,000 share options on 4 September 2014 to two Directors and other eligible participants, details of which are set out in the announcement of the Company dated 4 September 2014.

ANNUAL GENERAL MEETING

The annual general meeting (the "2015 AGM") will be held on Thursday, 21 May 2015. The notice of the 2015 AGM will be published and despatched to the shareholders of the Company in due course.

FINAL DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The Board is pleased to recommend a final dividend of HK8.0 cents (2013: HK10.8 cents) per share for the year ended 31 December 2014. Subject to the approval of the proposed final dividend by the shareholders at the 2015 AGM, it is expected that the final dividend will be paid on or around 5 June 2015 to the shareholders whose names appear on the register of members of the Company on 29 May 2015.

(a) For determining the entitlement of shareholders to attend and vote at the 2015 AGM

For determining the entitlement of shareholders to attend and vote at the 2015 AGM, the register of members of the Company will be closed from Wednesday, 20 May 2015 to Thursday, 21 May 2015 (both days inclusive), during which period no transfer of shares of the Company will be effected. In order to determine the identity of members who are entitled to attend and vote at the 2015 AGM, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 19 May 2015.

(b) For determining the entitlement to the proposed final dividend (subject to shareholders' approval at the 2015 AGM)

For determining the entitlement to the proposed final dividend (subject to shareholders' approval at the 2015 AGM), the register of members of the Company will be closed from Thursday, 28 May 2015 to Friday, 29 May 2015 (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 27 May 2015.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") comprises three independent non-executive Directors who together have substantial experience in field of auditing, legal matter, business, accounting, corporate internal control and regulatory affairs.

REVIEW OF ACCOUNTS

The Audit Committee has reviewed the Group's consolidated financial statements for the year ended 31 December 2014.

PUBLICATION

This annual results announcement of the Company is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (alternatively www.modernland.hk) respectively. The 2014 annual report will be despatched to the shareholders of the Company and published on the respective websites of the Stock Exchange and the Company in due course.

By order of the Board of
Modern Land (China) Co., Limited
Zhang Lei
Chairman and executive Director

Hong Kong, 24 March 2015

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.