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MODERN LAND (CHINA) CO., LIMITED

當代置業(中國)有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1107)

**ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2019**

HIGHLIGHTS

- Achieved contracted sales of approximately RMB16,668 million, representing an increase of approximately 24.8% as compared to the corresponding period in 2018, and the average selling price was approximately RMB10,551 per sq.m..
- Revenue increased to approximately RMB7,027 million during the Period, representing an increase of approximately 44.6% as compared to the corresponding period in 2018.
- Gross profit amounted to approximately RMB1,861 million during the first half of 2019, representing an increase of approximately 96.3% as compared to the corresponding period in 2018.
- Gross profit margin increased to 26.5%, representing an increase of 7.0 percentage points as compared to the corresponding period in 2018.
- During the Period, profit amounted to approximately RMB531 million, representing an increase of approximately 47.0% as compared to the corresponding period in 2018.
- The Group's total assets as at 30 June 2019 amounted to approximately RMB57,218 million, representing an increase of approximately 6.7% as compared to 31 December 2018.
- In the first half of 2019, bank balances and cash (including restricted cash) amounted to approximately RMB10,381 million, accounting for approximately 18.1% of the total assets of the Group.
- The weighted average borrowing cost of the Group increased to approximately 9.8% as at 30 June 2019 (as at 31 December 2018: approximately 8.2%). Debt to equity ratio decreased to approximately 77.4% as at 30 June 2019 (as at 31 December 2018: approximately 81.9%).
- Basic earnings per share was RMB16.5 cents (for the corresponding period in 2018: RMB10.5 cents).
- Proposed interim dividend of HK3.7 cents per share.

INTERIM 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 unaudited consolidated interim results of the Company and its subsidiaries (collectively, the “**Group**” or “**We**”) for the six months ended 30 June 2019.

The Group’s unaudited consolidated statement of profit or loss and other comprehensive income, unaudited consolidated statement of financial position and explanatory notes 1 to 12 as presented below are extracted from the Group’s unaudited condensed consolidated interim financial information for the six months ended 30 June 2019, which has been reviewed by the Company’s independent auditor, KPMG, in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2019 – unaudited

		For the six months ended 30 June	
		2019	2018
	<i>Note</i>	<i>RMB’000</i>	<i>RMB’000</i>
Revenue	3	7,026,870	4,859,054
Cost of sales		<u>(5,166,137)</u>	<u>(3,911,103)</u>
Gross profit		1,860,733	947,951
Other income, gains and losses	4	97,281	205,226
Recognition of changes in fair value of properties held for sale and properties under development for sale upon transfer to investment properties		241,022	3,016
Changes in fair value of investment properties		32,520	35,147
Selling and distribution expenses		(259,263)	(195,759)
Administrative expenses		(306,334)	(241,945)
Finance costs	5	(212,048)	(139,279)
Share of profits less losses of joint ventures		(29,088)	48,623
Share of profits less losses of associates		<u>(591)</u>	<u>(543)</u>
Profit before taxation		1,424,232	662,437
Income tax expense	6	<u>(893,209)</u>	<u>(301,286)</u>
Profit for the period	7	<u>531,023</u>	<u>361,151</u>

		For the six months ended 30 June	
		2019	2018
	<i>Note</i>	RMB'000	RMB'000
Profit for the period		531,023	361,151
Other comprehensive income for the period:			
<i>Items that may be subsequently reclassified to profit or loss:</i>			
Exchange differences on translating foreign operations, net of nil tax		<u>6,444</u>	<u>6,672</u>
Total comprehensive income for the period		<u>537,467</u>	<u>367,823</u>
Profit for the period attributable to:			
Owners of the Company		459,311	291,092
Non-controlling interests		<u>71,712</u>	<u>70,059</u>
		<u>531,023</u>	<u>361,151</u>
Total comprehensive income attributable to:			
Owners of the Company		465,755	297,764
Non-controlling interests		<u>71,712</u>	<u>70,059</u>
		<u>537,467</u>	<u>367,823</u>
Earnings per share, in Renminbi (“RMB”) cents:			
Basic	9	<u>16.5</u>	<u>10.5</u>
Diluted	9	<u>16.4</u>	<u>10.4</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2019 – unaudited

		At 30 June 2019	At 31 December 2018
	<i>Note</i>	RMB'000	RMB'000
Non-current assets			
Investment properties		2,547,180	2,128,610
Property, plant and equipment		464,669	472,477
Intangible assets		4,404	2,436
Freehold land held for future development		32,034	31,980
Interests in associates		28,667	112,984
Interests in joint ventures	<i>10</i>	2,338,655	2,430,885
Loans to joint ventures	<i>10</i>	6,125,279	5,455,094
Equity investments at fair value through other comprehensive income		60,085	60,085
Deferred tax assets		851,270	751,306
		12,452,243	11,445,857
Current assets			
Inventories and other contract cost		155,648	64,924
Properties under development for sale		23,065,219	23,764,203
Properties held for sale		3,485,208	2,314,191
Trade and other receivables, deposits and prepayments	<i>11</i>	7,159,081	5,969,034
Amounts due from related parties		519,586	353,541
Restricted cash		3,037,739	2,983,945
Bank balances and cash		7,342,846	6,733,265
		44,765,327	42,183,103

		At 30 June 2019	At 31 December 2018
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
Current liabilities			
Trade and other payables, deposits received and accrued charges	12	9,767,371	9,094,513
Contract liabilities		17,868,474	16,918,562
Amounts due to related parties		2,114,994	1,564,072
Taxation payable		2,505,348	2,285,403
Bank and other borrowings – due within one year		5,801,983	5,550,716
Senior notes – due within one year		1,645,321	3,286,031
		39,703,491	38,699,297
Net current assets		5,061,836	3,483,806
Total assets less current liabilities		17,514,079	14,929,663
Capital and reserves			
Share capital		175,403	175,341
Reserves		5,856,282	5,498,341
Equity attributable to owners of the Company		6,031,685	5,673,682
Non-controlling interests		1,979,929	1,908,277
Total equity		8,011,614	7,581,959
Non-current liabilities			
Bank and other borrowings – due after one year		2,422,400	3,731,390
Corporate bond		118,797	1,032,175
Senior notes – due after one year		6,595,169	2,327,846
Deferred tax liabilities		366,099	256,293
		9,502,465	7,347,704
		17,514,079	14,929,663

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENT

1 BASIS OF PREPARATION

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

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2018 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2019 annual financial statements. Details of any changes in accounting policies are set out in Note 2.

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

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2018 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with IFRSs.

The interim financial report is unaudited, but has been reviewed by the audit committee of the Company and approved for issue by the Board of Directors on 14 August 2019. The interim financial report has also been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

2 CHANGES IN ACCOUNTING POLICIES

The IASB has issued a new IFRS, IFRS 16, *Leases*, and a number of amendments to IFRSs that are first effective for the current accounting period of the Group.

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

3 REVENUE AND SEGMENT INFORMATION

The Group's operating activities are attributable to a single reportable and operating segment focusing on (a) sale of properties, (b) property investment, (c) hotel operation, (d) real estate agency services and (e) other services. The operating segment has been identified on the basis of internal management reports reviewed by chief operating decision maker of the Group ("CODM"), Mr. Zhang Peng, who is the President of the Group. The CODM mainly reviews the revenue information on sales of properties from property development, leasing of properties from property investment, hotel operation, real estate agency services and other services. However, other than revenue information, no operating results and other discrete financial information is available for the assessment of performance of the respective type of revenue. The CODM reviews the overall results and organisation structure of the Group as a whole to make decision about resources allocation. Accordingly, no analysis of this single reportable and operating segment is presented.

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

	For the six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
Revenue from contracts with customers within the scope of IFRS 15		
Sale of properties	6,792,699	4,742,853
Real estate agency services	167,961	40,202
Hotel operation	33,149	33,489
Other services	4,483	6,902
	6,998,292	4,823,446
Revenue from other sources		
Property investment	28,578	35,608
	7,026,870	4,859,054
Disaggregated by timing of revenue recognition		
Point in time	5,952,050	4,464,728
Over time	1,074,820	394,326
	7,026,870	4,859,054

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

4 OTHER INCOME, GAINS AND LOSSES

	For the six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
Interest income	42,861	58,007
Government grants	457	378
Net exchange loss	(12,191)	(91,429)
Gain on disposal of an associate (<i>note a</i>)	63,733	–
Gain on disposal of interests in joint ventures (<i>note b</i>)	–	212,746
Gain on disposal of a subsidiary	–	20,000
Gain on disposal of property, plant and equipment	29	17
Others	2,392	5,507
	<u>97,281</u>	<u>205,226</u>

Note:

- (a) During the six months ended 30 June 2019, the Group disposed of the interests in an associate for a total consideration of RMB145,745,000, which resulted in a gain of RMB63,733,000.
- (b) For the year ended 31 December 2018, the Group disposed of the interests in two joint ventures for a total consideration of RMB373,000,000, which resulted in a gain of RMB212,746,000.

5 FINANCE COSTS

	For the six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
Interest on bank and other borrowings	(406,810)	(416,064)
Interest expense on senior notes and corporate bond	(456,222)	(265,569)
	<u>(863,032)</u>	<u>(681,633)</u>
Less: Amount capitalised in properties under development for sale	650,984	542,354
	<u>(212,048)</u>	<u>(139,279)</u>

6 INCOME TAX EXPENSE

	For the six months ended 30 June	
	2019	2018
	<i>RMB'000</i>	<i>RMB'000</i>
Current tax		
PRC Corporate Income Tax	(538,339)	(163,050)
Land appreciation tax ("LAT")	(368,506)	(166,738)
	<u>(906,845)</u>	<u>(329,788)</u>
Deferred tax		
PRC Corporate Income Tax	<u>13,636</u>	<u>28,502</u>
	<u>13,636</u>	<u>28,502</u>
Income tax expense	<u>(893,209)</u>	<u>(301,286)</u>

In accordance with the Corporate Income Tax Law of the PRC, the income tax rate applicable to the Company's subsidiaries in the PRC is 25%.

The provision of LAT is estimated according to the requirements set forth in the relevant PRC tax laws and regulations. LAT has been provided at ranges of progressive rates of the appreciation value, with certain allowable exemptions and deductions.

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

No provision for Hong Kong profits tax has been made as the income generated from the Group neither arose in, nor was derived from, Hong Kong for the six months ended 30 June 2019 and 2018.

7 PROFIT FOR THE PERIOD

For the six months ended 30 June	
2019	2018
RMB'000	RMB'000

Profit for the period has been arrived at after charging:

Depreciation of property, plant and equipment
recognised in profit or loss
Operating lease rentals

14,211	16,585
9,847	12,858

8 DIVIDENDS

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

For the six months ended 30 June	
2019	2018
RMB'000	RMB'000

Declared interim dividend of HK3.7 cents per ordinary share
(equivalent to approximately RMB3.29 cents
(2018: RMB2.0 cents) per ordinary share)

91,845	55,937
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The interim dividend has not been recognised as a liability at the end of the reporting period.

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

For the six months ended 30 June	
2019	2018
RMB'000	RMB'000

Final dividend in respect of the previous financial year,
approved during the following interim period, of HK1.98 cents
per share (six months ended 30 June 2018: HK3.6 cents
per share)

48,402	80,740
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9 EARNINGS PER SHARE

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

	For the six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
Earnings		
Earnings for the purpose of calculating basic and diluted earnings per share (profit for the period attributable to owners of the Company)	<u>459,311</u>	<u>291,092</u>
	For the six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
Number of shares (basic)		
Issued ordinary shares at 1 January	2,789,919	2,768,291
Effect of share options exercised	<u>471</u>	<u>8,631</u>
Weighted average number of ordinary shares at 30 June	<u>2,790,390</u>	<u>2,776,922</u>
	For the six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
Number of shares (diluted)		
Number of ordinary shares for the purpose of calculating basic earnings per share	2,790,390	2,776,922
Effect of dilutive potential ordinary shares:		
– Share options (note)	<u>5,001</u>	<u>20,579</u>
Number of ordinary shares for the purpose of calculating diluted earnings per share	<u>2,795,391</u>	<u>2,797,501</u>

Note: The computation of the diluted earnings per share for the six months ended 30 June 2019 and 2018 has taken into consideration the weighted average number of 5,001,000 and 20,579,000 shares deemed to be issued at nil consideration as if all outstanding share options had been exercised.

10 INTERESTS IN JOINT VENTURES AND LOANS TO JOINT VENTURES

	At 30 June 2019 RMB'000	At 31 December 2018 RMB'000
Cost of investment in joint ventures	2,139,713	2,178,632
Share of post-acquisition gain and other comprehensive income	198,942	252,253
	<u>2,338,655</u>	<u>2,430,885</u>
Loans to joint ventures	6,361,581	5,561,361
Less: share of post-acquisition losses that are in excess of costs of the investments	(236,302)	(106,267)
	<u>6,125,279</u>	<u>5,455,094</u>

Loans to joint ventures are unsecured, expected to be recovered after one year.

11 TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

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

	At 30 June 2019 RMB'000	At 31 December 2018 RMB'000
Trade receivables, net of allowance	555,444	601,800
Other receivables, net of allowance	4,104,861	3,323,945
Guarantee deposits for housing provident fund loans provided to customers (<i>note</i>)	22,128	16,777
Financial assets measured at amortised cost	4,682,433	3,942,522
Prepayments to suppliers of construction materials	288,422	277,389
Deposits paid for acquisition of land use rights	567,815	374,308
Prepaid taxes	1,620,411	1,374,815
	<u>7,159,081</u>	<u>5,969,034</u>

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.

11 TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (Continued)

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

	At 30 June 2019 RMB'000	At 31 December 2018 RMB'000
Less than 1 year	486,909	554,611
1–2 years	68,535	47,189
	<u>555,444</u>	<u>601,800</u>

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

12 TRADE AND OTHER PAYABLES, DEPOSITS RECEIVED AND ACCRUED CHARGES

	At 30 June 2019 RMB'000	At 31 December 2018 RMB'000
Trade payables	3,060,214	2,277,935
Accrued expenditure on construction	915,848	845,742
Amount due to non-controlling interests	1,354,221	1,945,902
Accrued interest	146,407	118,480
Accrued payroll	7,575	20,377
Dividend payable	50,495	2,085
Other payables	<u>3,992,103</u>	<u>3,876,792</u>
Financial liabilities measured at amortised cost	9,526,863	9,087,313
Other tax payables	<u>240,508</u>	<u>7,200</u>
	<u>9,767,371</u>	<u>9,094,513</u>

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 ageing analysis of trade payables based on invoice date at the end of the reporting period:

	At 30 June 2019 RMB'000	At 31 December 2018 RMB'000
Less than 1 year	2,570,345	1,935,105
1–2 years	483,178	338,346
2–3 years	6,691	4,484
	<u>3,060,214</u>	<u>2,277,935</u>

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board, I am pleased to present the business review of the Group for the six months ended 30 June 2019 (the “**Period**”) and its prospects.

Results

For the six months ended 30 June 2019, the Group achieved contracted sales of approximately RMB16.67 billion, of which approximately RMB16.55 billion was from properties and approximately RMB120 million was from car parking spaces. Area of properties under contracted sales was approximately 1,568,000 sq.m. and the average selling price per sq.m. was approximately RMB10,551.

Review on the first half of 2019

Achieving steady growth in operating results by taking precise control of the real estate market

In the first half of 2019, the central government reiterated the key rationale of its policy of “houses are for living but not for speculation” and implemented a long-term mechanism of “one policy for one city”, initiating that each city shall assume its primary responsibility. Under the tightening financial environment, it is expected that the situation of “stabilizing land prices, housing prices and expectations” will continue. Against the backdrop of instability in policy development and financial environment, and leveraging on our commitment to our development strategy, prudent investment allocation, effective financial management and implementation of a differentiated product roadmap, the Company recorded continued growth in the operating results in the first half of 2019 and achieved contracted sales of approximately RMB16.67 billion, representing a year-on-year growth of 24.8%, with an area of properties under contracted sales of approximately 1,568,000 sq.m., representing a year-on-year growth of 32.4%. Overall returns from properties under contracted sales were approximately RMB15.53 billion and the overall rate of returns reached over 90%.

Adhering to regional penetration strategy to achieve the expansion of land bank in a rational manner

By adhering to the strategy of city penetration in first-tier and second-tier cities, the Company achieved coverage of major cities with strong growth potential within metropolitan circles and acquired 8 new projects with an additional total gross floor area (“**GFA**”) of approximately 1,890,000 sq.m. in the first half of 2019. Taking into account of the profit and progress of development, the products of those newly acquired projects were in rational layout, of which 7 projects were located in the penetrated cities, and the Company will keep focusing on their development in those cities thoroughly. The Company will further expand its real estate agency services business by constantly applying its advanced and mature green technology and taking advantages of its brand recognition. For real estate agency services, leveraging on the unique products, brand recognition, management and credibility advantages supported by our MOMA green-technology products, the Group offers customized and whole-process entrusted development and operation management solutions to our customers.

Maintaining a sound and stable capital structure to ensure adequate provision of capital in future

The Company will adopt appropriate financing plans, select the optimal financing structure and maintain a sound and stable capital structure against the ever-changing financing environment, capital composition and supply-and-demand conditions in the market in due course to ensure the Company to have sustainable development. The Company expects to receive extensive recognition with positive ratings on its development from a wide range of investors due to its sound and effective operation in the first half of 2019. In order to enlarge our credit facilities, the Company obtained credit facilities from several financial institutions and the balance of credit facilities as at 30 June 2019 was RMB82.06 billion. The Company has always maintained a healthy cash position on hand, accounting for over 15% of the total assets. The Company assisted in promoting the state's vision of green finance with full supports through the issuance of Offshore Green Bonds with an accumulated amount exceeding US\$500 million during the first half of 2019. Facilitating by both the internal and external market development, there is ample access to various financing channels.

Focusing on green technology product development to extend the green brand influence

The Company has been focusing on developing green technology and paying attention to our customers' operations. With the rising demand of market and customers for green buildings and green industries, the Company's advantages in respect of green constructions and green technology have become more obvious. The Company has been accredited 2 new patents in the first half of 2019, accumulating 97 core green technology patents. The official launch of integrated housing, namely "Air Dino 3 (恐龍3號)", applying the architecture technology including the prefabricated net zero energy consumption, was granted the "International Active Architecture Technology Innovation Award (國際主動式建築科技創新獎)" and has further consolidated the Company's strength on product development and at the same time extending the influence of green technology brands to improve the profit margin of our products. In the first half of 2019, the Company was granted a total of 73 awards, including 17 green property operation awards, 4 finance awards and 17 green certifications. Areas of our green buildings beyond 2-star rating have reached 5,589,000 sq.m.; 20 communities of the Company have been accredited as green residential areas, accounting for nearly 60% of that nationwide; and 10 projects of the Company have been certified with Three-Star Green Building Label. The Company ranked first in "2019 China Model Green Property Developers in Operation (2019中國綠色地產運行典範第1名)" for the fourth time and ranked "2019 Top 5 Chinese Listed Real Estate Companies in Innovative Strength" as well as "Top 30 Model Green Property Developers (中國綠色地產TOP30)" etc., by China Real Estate Association.

Outlook for the second half of 2019

Enhancing product quality by adhering to the strategy of green technology development

For the second half of 2019, uncertainties over the global economy and the domestic economy will remain. Relaxation of market regulatory policies is not expected. However, with further promotion of the city-specific strategy, opportunities will arise in some cities. Property developers will further shift their focus to high turnover and service capabilities. As the integrated brand effect has become increasingly important, only those enterprises with core competitiveness can stand out among the peers in the highly competitive market.

As always, the Company will continue to rely on its core competitiveness of green technology and is committed to further applying new technologies to our products. The Company will effect product optimization by integrating and upgrading its four product lines into Modern FU MOMΛ, Modern YUE MOMΛ, Modern City MOMΛ, and Modern MOMΛ, a top-of-the-line property product. The brand new product line will bring about multi-dimensional upgrades to energy system, technical configuration, community services etc., so as to facilitate rapid product configuration, enhancement of product quality and effective reduction of comprehensive costs.

Focusing on city-oriented strategy to facilitate precision investments

The Company will continuously adhere to the investment strategy of “5+15+M” by working on five major megalopolises, namely the Jing-Jin-Ji region, Yangtze River Delta region, the Guangdong-Hong Kong-Macao Greater Bay Area, Middle Yangtze River Valley region and Cheng-Yu region, paying active attention to 15 provincial capitals or well-developed second-tier cities, such as Xi’an, Guiyang, Nanchang, Zhengzhou, seizing the opportunities to explore the third-tier and fourth-tier cities that meet our investment criteria, and striving for securing projects that can materialize high turnover, safeguard cash flow and enjoy brand premium. For the second half of 2019, the Company will further deploy rational tactics for land acquisition so as to justify the structure of land acquisition in relation to the amount of consideration. Priority will be given to security while cautionary measures will be taken to facilitate precision investments through various means with stringent requirements.

Paying continuous attention to whole-lifecycle communities

The Company has always committed to becoming the leading green technology city operator in China by applying the concept of whole-lifecycle, which not only applies to construction cycle but also requires focuses on the users’ needs in the whole-lifecycle of our products. The Company adheres to the rationale of sustainable development throughout the whole-lifecycle of construction by following urban development plans based on urban functions, which may drive urban sustainable development at the same time. In terms of product user whole-lifecycle, in order to better satisfy people’s pursuit of a better life, the Company has always been devoting itself to a homeland of “Green Technology + Comfort + Energy-saving + Mobile Interconnecting Whole-life Cycle Communities”, and constantly creating a social environment of “MOMΛ Homeland 4+1” with green residential area and the communities of science and technology, health, whole-age and humanities and art. In the second half of 2019, the Company will further explore into the asset-light development model through cooperation and will develop the elderly care business as a new growth driver, thereby further extending its business to cover the industry-wide value chain.

Looking forward, the Company will continue to focus on product upgrades, operational performance as well as risk control in the second half of 2019 aiming to become the leading green technology city operator in China. The Company will continue to leverage its core competitiveness, adhere to its differentiated business lines and maintain an effective operation to ensure the achievement of its strategic business objectives in 2019.

Last but not least, on behalf of the Board, I would like to extend sincere thanks to our shareholders for their unwavering support and trust, and I would also like to express deepest gratitude to members of the Board, the management team and all staff of the Group for their dedication and diligence.

Zhang Lei
Chairman

14 August 2019

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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

Sale of Properties

During the Period, the Group's revenue from sale of properties amounted to approximately RMB6,793 million, representing an increase of approximately 43.2% as compared to the corresponding period in 2018. The Group delivered 607,368 sq.m. of properties in terms of total GFA and 611 units of car parking spaces during the Period. Delivered average selling price ("ASP") for properties was RMB11,080 per sq.m. and that for car parking spaces was RMB103,272 per unit for the six months ended 30 June 2019.

Table 1: Breakdown of revenue from sale of properties (by projects) and car parking spaces of the Group

Project name	Six months ended 30 June					
	2019			2018		
	Revenue RMB'000	Total saleable GFA delivered (in sq.m.) or unit	ASP RMB/sq.m. or unit	Revenue RMB'000	Total saleable GFA delivered (in sq.m.) or unit	ASP RMB/sq.m. or unit
Man Ting Chun MOMA (Zhangjiakou)	3,183	482	6,609	12,792	1,885	6,786
Guanggu Man Ting Chun MOMA (Wuhan)	-	-	-	8,407	423	19,883
MOMA Modern Plaza (Changsha)	174	48	3,642	354,428	34,009	10,421
Modern Binjiang MOMA (Changsha)	22,677	2,395	9,469	271,479	13,708	19,804
Modern MOMA (Hefei)	7,397	571	12,958	35,602	1,394	25,533
Shao Quan Hu City of Future (Hefei)	1,083,996	121,020	8,957	1,484,769	210,856	7,042
Modern Wan Guo Fu (Hefei)	1,277,202	57,253	22,308	18,226	814	22,381
Shishan Modern MOMA (Suzhou)	2,108	166	12,721	4,551	200	22,709
Modern Chun Feng Hu Shang MOMA (Wuxi)	(867)	(81)	10,685	87,530	10,472	8,359
Modern MOMA Yan Hu Cheng (Taiyuan)	67,425	7,140	9,443	580,942	84,107	6,907

Project name	Six months ended 30 June					
	2019			2018		
	Revenue RMB'000	Total saleable GFA delivered (in sq.m.) or unit	ASP RMB/sq.m. or unit	Revenue RMB'000	Total saleable GFA delivered (in sq.m.) or unit	ASP RMB/sq.m. or unit
Modern MOMA Plaza (Taiyuan)	49,145	4,723	10,405	1,398	138	10,119
Hanyang Modern Wan Guo Cheng (Wuhan)	1,188,307	82,353	14,429	177,925	11,619	15,314
Modern Zhongrui Wan Guo Fu (Wuhan)	48,631	1,611	30,192	31,858	1,128	28,237
Yangluo Man Ting Chun MOMA (Wuhan)	32,707	4,602	7,107	30,498	5,194	5,872
Jingzhou Man Tang Yue MOMA (Hubei)	14,510	2,198	6,602	6,338	1,160	5,462
Modern Wan Guo Fu MOMA (Foshan)	256,332	10,573	24,244	768,780	36,648	20,977
Modern Shang Pin Wan MOMA (Foshan)	231,102	14,461	15,981	3,708	218	16,998
Modern Jinjiang Wan Guo Cheng MOMA (Fujian)	1,045,860	111,136	9,411	56,970	5,998	9,498
Man Tang Yue MOMA (Huizhou)	82,433	8,178	10,079	9,861	904	10,912
Modern Zhuzhou Shang Pin Wan MOMA (Hunan)	41,165	5,254	7,836	3,316	512	6,481
Man Ting Chun MOMA (Xiantao)	602,694	121,979	4,941	536,322	157,494	3,405
Dongdaihe • Bai Jin Hai MOMA (Dongdaihe)	9,070	1,558	5,822	79,397	11,685	6,795
Man Ting Chun MOMA (Xiantao)	6,694	1,318	5,081	–	–	–
Modern Wan Guo Fu MOMA (Nanjing)	143,622	3,676	39,071	–	–	–
Modern Shang Pin Xue Fu (Huzhou)	9,274	1,205	7,693	–	–	–
Fuzhou Modern City MOMA (Jiangxi)	1,949	314	6,216	–	–	–
Modern Jinzhong Shang Pin Xue Fu (Shanxi)	23,340	2,757	8,467	–	–	–
Wuqing Sunshine MOMA (Tianjin)	475,887	40,104	11,866	–	–	–
Others	3,583	374	9,580	21,652	1,794	12,069
Sub-total	6,729,600	607,368	11,080	4,586,749	592,360	7,743
Car parking spaces	63,099	611 units	103,272/unit	156,104	1,008 units	154,865/unit
Total	6,792,699			4,742,853		

Contracted Sales

During the Period, the Group, its joint ventures and associates achieved contracted sales of approximately RMB16,668 million, representing an increase of 24.8% as compared to the corresponding period in 2018. The Group, its joint ventures and associates pre-sold 1,568,470 sq.m. in total GFA and 2,267 units of car parking spaces, representing an increase of 32.4% and 139.1% respectively over the same period in 2018.

Table 2: Breakdown of contracted sales of the Group

Project name	Attributable interest to the Group (%)	Contracted sales RMB'000	Six months ended 30 June				
			2019		2018		
			GFA (in sq.m.) or unit	ASP RMB/sq.m. or unit	Contracted sales RMB'000	GFA (in sq.m.) or unit	ASP RMB/sq.m. or unit
Modern North Star • YUE MOMA (Beijing)	50.00%	–	–	–	31,163	774	40,237
Man Ting Chun MOMA (Zhangjiakou)	35.00%	106,652	15,881	6,716	377,327	48,221	7,825
Modern Tongzhou Wan Guo Fu MOMA	51.00%	207,343	2,945	70,405	993,607	14,602	68,044
Modern Wan Guo Fu MOMA (Suzhou)	100.00%	5,478	176	31,125	10,144	348	29,156
Modern Suzhou Fu MOMA	50.00%	36,065	1,011	35,673	109,124	3,088	35,336
Xiangcheng Wan Guo Shu (Suzhou)	50.00%	53,716	1,808	29,710	126,949	5,933	21,396
Shishan Modern MOMA (Suzhou)	20.00%	77,583	4,449	17,438	139,955	7,992	17,517
Modern Chun Feng Hu Shang MOMA (Wuxi)	100.00%	111,633	10,010	11,152	52,112	5,341	9,757
Modern MOMA Yan Hu Cheng (Taiyuan)	50.00%	–	–	–	2,326	279	8,327
Modern MOMA Plaza (Taiyuan)	51.00%	252,607	17,879	14,129	786,168	72,418	10,856
Kaifu Man Ting Chun MOMA (Changsha)	100.00%	9,486	1,104	8,592	–	–	–
Modern Binjiang MOMA (Changsha)	100.00%	17,364	1,464	11,861	268,331	13,289	20,192
MOMA Modern Plaza (Changsha)	100.00%	8,624	355	24,293	356,619	34,239	10,416
Modern Furong Wan Guo Cheng MOMA (Changsha)	51.00%	60,911	3,258	18,696	536,132	56,025	9,569
Modern Zhuzhou Shang Pin Wan MOMA (Hunan)	70.00%	118,433	12,224	9,689	781,863	96,010	8,144
Guanggu Man Ting Chun MOMA (Wuhan)	100.00%	–	–	–	5,022	201	25,000
North Star-Modern • Guanggu Green Home (Wuhan)	45.00%	–	–	–	49,775	2,787	17,859
Modern Zhongrui Wan Guo Fu (Wuhan)	51.00%	27,352	921	29,698	208,950	6,584	31,735
Hanyang Modern Wan Guo Cheng (Wuhan)	75.00%	8,730	488	17,889	1,042,921	67,454	15,461
Yanluo Man Ting Chun MOMA (Wuhan)	20.00%	3,014	384	7,849	368,380	57,463	6,411
Jingzhou Modern Man Tang Yue MOMA (Hubei)	30.00%	16,098	2,859	5,631	333,384	55,181	6,042
Modern MOMA (Hefei)	100.00%	5,192	282	18,411	19,689	1,041	18,901

Project name	Attributable interest to the Group (%)	Contracted sales RMB'000	Six months ended 30 June				
			2019	2018			
			GFA (in sq.m.) or unit	ASP RMB/sq.m. or unit	Contracted sales RMB'000	GFA (in sq.m.) or unit	ASP RMB/sq.m. or unit
Shao Quan Hu City of Future (Hefei)	100.00%	4,853	760	6,386	297,939	17,280	17,242
Modern Wan Guo Fu (Hefei)	30.60%	188,828	6,338	29,793	758,568	33,790	22,449
Modern Binjiang Shang Pin MOMA (Nanchang)	25.50%	2,172,858	177,978	12,208	–	–	–
Man Ting Chun MOMA (Nanchang)	100.00%	–	–	–	1,608	113	14,200
Modern MOMA New City (Nanchang)	100.00%	–	–	–	7,601	764	9,953
Modern International MOMA (Nanchang)	100.00%	–	–	–	–	–	–
Modern Wan Guo Fu MOMA (Foshan)	51.00%	269,246	6,790	39,653	401,183	19,850	20,211
Modern Jinjiang Wan Guo Cheng MOMA (Fujian)	60.00%	39,970	3,000	13,323	1,387,621	125,838	11,027
Modern Shang Pin Wan MOMA (Foshan)	100.00%	–	–	–	2,076	120	17,366
Man Tang Yue MOMA (Huizhou)	100.00%	10,132	921	11,001	1,234,001	103,868	11,881
Modern Jiaxing Man Tang Yue MOMA	51.00%	–	–	–	393,527	34,310	11,470
Modern Xingyi Shang Pin Wan (Guizhou)	60.00%	16,327	4,383	3,725	260,582	62,756	4,152
Modern Shang Pin Xue Fu (Huzhou)	65.24%	28,743	2,877	9,991	672,508	69,980	9,610
Modern Tian Yu (Huzhou)	40.00%	52,011	4,681	11,111	219,221	21,041	10,419
Man Ting Chun MOMA (Jiujiang) (Note)	100.00%	1,100	60	18,333	–	–	–
Man Ting Chun MOMA (Xiantao)	100.00%	37,284	4,346	8,579	457,140	85,654	5,337
Man Ting Chun Modern City MOMA (Xiantao)	82.00%	189,635	34,264	5,535	–	–	–
Dongdaihe • Bai Jin Hai MOMA (Dongdaihe)	100.00%	15,611	2,163	7,217	523,922	60,284	8,691
Modern City (Taiyuan)	51.00%	3,998,735	302,491	13,219	–	–	–
Linquan Modern MOMA (Anhui)	26.01%	1,403,469	210,331	6,673	–	–	–
Modern Xishan Shang Pin Wan MOMA (Beijing)	51.00%	1,154,784	30,716	37,596	–	–	–
Modern Jinzhong Shang Pin Xue Fu (Shanxi)	49.00%	1,152,982	133,406	8,643	–	–	–
Modern Gaoling Shang Pin Wan MOMA (Shaanxi)	60.00%	1,036,465	142,648	7,266	–	–	–
Modern Jiabao Park • YUE MOMA (Shaanxi)	51.02%	649,419	59,162	10,977	–	–	–
Yuanzhu MOMA (Zhangjiakou)	48.45%	408,588	30,000	13,620	–	–	–
Modern Huangshi Man Tang Yue MOMA (Hubei)	51.00%	399,331	48,413	8,248	–	–	–
Modern Great Lakes Shang Pin MOMA (Suzhou)	80.00%	375,174	25,829	14,525	–	–	–
Shishou Xian Yang Fu MOMA (Hubei)	30.00%	371,683	73,249	5,074	–	–	–
Fuzhou Modern City MOMA (Jiangxi)	51.00%	369,608	53,071	6,964	–	–	–
Modern Xiaogan Shi Guang Li MOMA (Hubei)	52.50%	359,755	66,312	5,425	–	–	–
Modern Jiuhuashan Lotus Small Town (Anhui)	51.00%	276,083	18,461	14,955	–	–	–
Modern Wan Guo Fu MOMA (Nanjing)	51.00%	181,055	4,231	42,792	–	–	–

Project name	Attributable interest to the Group (%)	Contracted sales RMB'000	Six months ended 30 June				
			2019			2018	
			GFA (in sq.m.) or unit	ASP RMB/sq.m. or unit	Contracted sales RMB'000	GFA (in sq.m.) or unit	ASP RMB/sq.m. or unit
Binjiang Man Ting Chun MOMA (Tianmen)	60.00%	93,763	22,022	4,258	-	-	-
Modern MOMA City of Future (Guizhou)	62.20%	73,789	11,452	6,443	-	-	-
Wuqing Sunshine MOMA (Tianjin)	70.00%	47,285	3,625	13,044	-	-	-
Fuyang Modern City MOMA (Anhui)	74.00%	35,001	5,191	6,743	-	-	-
Modern Hong Shan Fu (Fujian)	75.00%	7,820	1,515	5,162	-	-	-
Modern Shang Pin Wan (Huzhou)	69.15%	1,898	286	6,636	-	-	-
Sub-total		<u>16,549,566</u>	<u>1,568,470</u>	<u>10,551</u>	<u>13,217,438</u>	<u>1,184,918</u>	<u>11,155</u>
Car parking spaces		<u>118,735</u>	<u>2,267 units</u>	<u>52,375/unit</u>	<u>139,427</u>	<u>948 units</u>	<u>147,075/unit</u>
Total		<u><u>16,668,301</u></u>			<u><u>13,356,865</u></u>		

Note: Related information of Chao Yang Li MOMA (Jiujiang) is no longer presented separately as it has been consolidated into Man Ting Chun MOMA (Jiujiang).

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

During the Period, the Group's revenue from property investment decreased by approximately 19.7% to approximately RMB28.6 million from approximately RMB35.6 million for the corresponding period of 2018.

For real estate agency services, leveraging on the unique products, brand recognition, management and credibility advantages supported by our MOMA green-technology products, the Group offers customized and whole-process entrusted development and operation management solutions to our customers. For the six months ended 30 June 2019, the Group's revenue from real estate agency services increased by approximately 317.8% to approximately RMB168.0 million from approximately RMB40.2 million for the corresponding period of 2018.

Hotel MOMC, a boutique hotel owned and operated by the Group, has established its presence in Beijing and Taiyuan. The revenue from hotel operation for the six months ended 30 June 2019 decreased by approximately 1.0% to approximately RMB33.1 million from approximately RMB33.5 million for the corresponding period of 2018. During the Period, the revenue from other services was approximately RMB4.5 million, representing a decrease of approximately 35.0% as compared to that of approximately RMB6.9 million for the corresponding period of 2018.

Land Bank

As at 30 June 2019, total land bank in the PRC (excluding investment properties and properties held for own use) held by the Group, its joint ventures and associates was 9,952,419 sq.m..

The spread of the land bank held by the Group, its joint ventures and associates was as follows:

Table 3: Land bank held by the Group

Project name	As at 30 June 2019		
	Attributable interest to the Group (%)	Total GFA unsold (Note) (sq.m.)	Aggregated GFA sold but undelivered with sales contracts (sq.m.)
Modern MOMΛ (Beijing)	100.00%	17,895	–
MOMΛ Forest Forever (Beijing)	100.00%	7,985	–
Shangdi MOMΛ (Beijing)	100.00%	11,163	–
Modern Land CIFI Villa(Beijing)	50.00%	993	–
Modern North Star • YUE MOMΛ (Beijing)	50.00%	5,731	–
Modern Yunjing MOMΛ (Beijing)	51.00%	163,593	–
Modern Tongzhou Wan Guo Fu MOMΛ	51.00%	220,733	105,816
Modern Xishan Shang Pin Wan MOMΛ (Beijing)	51.00%	130,030	30,716
Wuqin Modern Shi Guang Li MOMΛ (Tianjin)	70.00%	219	–
Man Ting Chun MOMΛ (Zhangjiakou)	35.00%	340,841	97,150
Yuanzhu MOMΛ (Zhangjiakou)	48.45%	121,909	30,000
Dongdaihe • Bai Jin Hai MOMΛ (Dongdaihe)	100.00%	215,881	99,193
Wan Guo Cheng MOMΛ (Taiyuan)	100.00%	49,078	–
Modern MOMΛ Yan Hu Cheng (Taiyuan)	50.00%	109,631	101,303
Modern MOMΛ Plaza (Taiyuan)	51.00%	140,788	120,757
Modern City (Taiyuan)	51.00%	508,309	302,491
Modern Jinzhong Shang Pin Xue Fu (Shanxi)	49.00%	355,388	248,939
Kaifu Man Ting Chun MOMΛ (Changsha)	100.00%	40,853	–
Modern Binjiang MOMΛ (Changsha)	100.00%	12,971	800
MOMΛ Modern Plaza (Changsha)	100.00%	37,507	19,032
Modern Furong Wan Guo Cheng MOMΛ (Changsha)	51.00%	67,007	31,954

As at 30 June 2019

Project name	Attributable interest to the Group (%)	Total GFA unsold (Note) (sq.m.)	Aggregated GFA sold but undelivered with sales contracts (sq.m.)
Modern Zhuzhou Shang Pin Wan MOMΛ (Hunan)	70.00%	164,595	127,299
Modern MOMΛ (Hefei)	100.00%	7,492	326
Shao Quan Hu City of Future (Hefei)	100.00%	54,460	35,133
Modern Wan Guo Fu (Hefei)	30.60%	202,553	155,913
Modern Jiuhuashan Lotus Small Town (Anhui)	51.00%	48,477	18,461
Fuyang Modern City MOMΛ (Anhui)	74.00%	357,186	298,744
Linqun Modern MOMΛ (Anhui)	26.01%	393,857	210,389
Modern Wan Guo Fu MOMΛ (Binfeng)	51.00%	108,671	–
Modern Wan Guo Fu MOMΛ (Nanjing)	51.00%	54,486	43,185
Man Ting Chun MOMΛ (Nanchang)	100.00%	7,760	–
Modern MOMΛ New City (Nanchang)	100.00%	11,304	–
Modern International MOMΛ (Nanchang)	100.00%	20,586	–
Man Ting Chun MOMΛ (Jiujiang)	100.00%	25,839	–
Man Ting Chun MOMΛ (Xiantao)	100.00%	86,145	28,686
Man Ting Chun Modern City MOMΛ (Xiantao)	82.00%	300,138	128,658
Binjiang Man Ting Chun MOMΛ (Tianmen)	60.00%	131,697	51,844
Xiantao Communications Investment			
Man Ting Chun (Xiantao)	50.00%	599,485	–
Hanyang Man Ting Chun MOMΛ (Wuhan)	99.02%	8,056	–
Guanggu Man Ting Chun MOMΛ (Wuhan)	100.00%	21,459	–
North Star-Modern • Guanggu Green Home (Wuhan)	45.00%	6,759	–
Modern Zhongrui Wan Guo Fu (Wuhan)	51.00%	39,810	37,212
Hanyang Modern Wan Guo Cheng (Wuhan)	75.00%	19,684	17,262
Yangluo Man Ting Chun MOMΛ (Wuhan)	20.00%	217,017	203,613
Jingzhou Modern Man Tang Yue MOMΛ (Hubei)	30.00%	67,244	51,716
Modern Huangshi Man Tang Yue MOMΛ (Hubei)	51.00%	162,865	87,357
Xiaogan Modern Shi Guang Li MOMΛ (Hubei)	52.50%	239,398	66,312
Shishou Xian Yang Fu MOMΛ (Hubei)	30.00%	164,700	73,249
Fuzhou Modern City MOMΛ (Jiangxi)	51.00%	264,145	53,071
Modern City MOMΛ (Wuhan)	70.00%	284,050	–
Modern Wan Guo Fu MOMΛ (Suzhou)	100.00%	2,458	176

As at 30 June 2019

Project name	Attributable interest to the Group (%)	Total GFA unsold (Note) (sq.m.)	Aggregated GFA sold but undelivered with sales contracts (sq.m.)
Modern Suzhou Fu MOMΛ	50.00%	13,682	8,623
Xiangcheng Wan Guo Shu (Suzhou)	50.00%	18,962	13,136
Shishan Modern MOMΛ (Suzhou)	20.00%	52,530	26,125
Zhongxiang Wan Guo Cheng MOMΛ (Suzhou)	80.00%	154,294	–
Modern Chun Feng Hu Shang MOMΛ (Wuxi)	100.00%	17,835	15,387
Modern Gaoling Shang Pin Wan MOMΛ (Shaanxi)	60.00%	637,559	444,732
Modern Jiabao Park • YUE MOMΛ (Shaanxi)	51.02%	202,970	175,697
Modern Wan Guo Fu MOMΛ (Foshan)	51.00%	125,362	98,713
Modern Shang Pin Wan MOMΛ (Foshan)	100.00%	15,197	12,452
Lishui Shang Pin Wan MOMΛ (Foshan)	100.00%	37,776	–
Modern Jinjiang Wan Guo Cheng MOMΛ (Fujian)	60.00%	312,854	276,614
Modern Hong Shan Fu (Fujian)	75.00%	19,800	8,608
Modern Yu Quan Fu (Fujian)	51.00%	88,257	–
Man Tang Yue MOMΛ (Huizhou)	100.00%	115,847	16,381
Modern Wan Guo Fu MOMΛ (Shanghai)	100.00%	17,704	–
Modern Jiaxing Man Tang Yue MOMΛ	51.00%	55,027	51,565
Modern Shang Pin Xue Fu (Huzhou)	65.24%	223,850	113,254
Modern Shang Pin Wan (Huzhou)	69.15%	71,447	41,090
Modern Tian Yu (Huzhou)	40.00%	42,883	40,998
Modern Great Lakes Shang Pin MOMΛ (Suzhou)	80.00%	57,578	25,829
Modern Xingyi Shang Pin Wan (Guizhou)	60.00%	174,542	149,630
Modern MOMΛ City of Future (Guizhou)	62.20%	263,055	215,930
Dongguan Zhuang Project (Guangzhou)	38.25%	284,596	–
Modern Binjiang Shang Pin MOMΛ (Nanchang)	25.50%	291,534	177,981
Zhengzhou Xinyang Park • YUE MOMΛ	49.00%	26,397	–
Sub-total		<u>9,952,419</u>	<u>4,789,502</u>

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

Land Acquisitions in 2019

In 2019, the Group continued to apply the same conservative and balanced strategy as its general direction towards land acquisitions. During the Period, the Group purchased a total of 8 new projects with corresponding land parcels or related interests through various channels including government held public tender and integrated primary and secondary development and cooperation at a total consideration of approximately RMB4,676 million with an aggregate GFA of approximately 1,895,751 sq.m..

Project Location (Province)	No. of New Projects	Approximate total GFA (sq.m.)
Anhui	2	502,528
Hubei	3	1,053,954
Jiangxi	1	291,534
Shanxi	1	21,338
Henan	1	26,397
Sub-total	8	1,895,751

FINANCIAL REVIEW

Revenue

The Group's revenue increased by approximately 44.6% to approximately RMB7,027 million for the six months ended 30 June 2019 from approximately RMB4,859 million for the corresponding period of 2018, which was mainly attributable to a year-on-year increase of approximately RMB2,050 million in revenue from sale of properties.

Cost of sales

The Group's cost of sales amounted to approximately RMB5,166 million for the six months ended 30 June 2019, representing an increase of approximately 32.1% as compared to the corresponding period of 2018.

Gross profit and gross profit margin

For the six months ended 30 June 2019, the Group's gross profit was approximately RMB1,861 million and the gross profit margin was 26.5%, representing an increase of approximately 7.0% as compared to the corresponding period of 2018, which was due to the fact that delivery of housing mainly took place in second-tier cities during the Period, which contributed to the increase in the gross profit margin to sales of properties.

Other income, gains and losses

The Group's other income, gains and losses decreased by approximately 52.6% to approximately RMB97 million for the six months ended 30 June 2019 from approximately RMB205 million for the six months ended 30 June 2018, which was mainly due to the partial disposal by the Group of the interests in joint ventures in the corresponding period of 2018.

Change in fair value

The change in fair value increased by approximately 616.8% to RMB274 million for the six months ended 30 June 2019 from approximately RMB38 million for the six months ended 30 June 2018, which was mainly due to the increase in areas of new investment properties as compared to that of the corresponding period of 2018.

Selling and distribution expenses

The selling and distribution expenses increased by approximately 32.4% to approximately RMB259 million for the six months ended 30 June 2019 from approximately RMB196 million for the corresponding period of 2018, primarily due to the increase in revenue from sale of properties during the Period, resulting in the increase in commission fees accordingly. Selling and distribution expenses accounted for approximately 1.6% of the contracted sales of the Group for the first half of 2019, which was approximate to that of about 1.5% in the first half of 2018.

Administrative expenses

The administrative expenses of the Group amounted to approximately RMB306 million for the six months ended 30 June 2019, representing an increase of approximately 26.6% as compared to the corresponding period of 2018, primarily due to the increase in the number of projects with commenced construction.

The Group continued to place strict control to the scale of administrative expenses. The administrative expenses for the first half of 2019 accounted for approximately 1.8% of contracted sales, which remained stable as compared to that of approximately 1.8% for the first half of 2018.

Finance costs

The finance costs of the Group increased by approximately 52.2% to approximately RMB212 million for the six months ended 30 June 2019 from approximately RMB139 million for the six months ended 30 June 2018. Amidst the general rising market interest rates both at home and abroad, the Group's weighted average interest rate of borrowings increased to 9.8% as at 30 June 2019 as compared to that of 8.2% for the year ended 31 December 2018, which was mainly due to the increase in overseas finance costs.

Profit before taxation and profit for the Period

The profit before taxation of the Group increased by approximately 115.0% to approximately RMB1,424 million for the Period from approximately RMB662 million for the six months ended 30 June 2018, and profit increased by approximately 47.0% to approximately RMB531 million for the Period from approximately RMB361 million for the six months end 30 June 2018, which was mainly due to an increase in profits from sale of properties.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Cash position

As at 30 June 2019, the Group had cash, restricted cash and bank balances of approximately RMB10,381 million, representing an increase of approximately 6.8% as compared to that of approximately RMB9,717 million as at 31 December 2018. The cash position remained stable mainly due to the expanding scale of sales and the gains from the cooperation projects during the Period. As at 30 June 2019, the bank balances and cash (including restricted cash) accounted for approximately 18.1% of the total assets, allowing the Group to maintain a healthy cash position.

Borrowings and pledge of the Group's assets

As at 30 June 2019, the Group had aggregate remaining balance of approximately RMB16,583 million, including bank and other borrowings of approximately RMB8,224 million, senior notes of approximately RMB8,240 million and corporate bonds of approximately RMB119 million, representing an increase of approximately 4.1% as compared to that of approximately RMB15,928 million as at 31 December 2018. As at 30 June 2019, certain banking and other facilities granted to the Group were secured by the Group's assets, such as investment properties, properties under development for sale, properties held for sale, property, plant and equipment, equity interests in subsidiaries and bank deposits, which had a carrying amount of approximately RMB12,363 million (31 December 2018: RMB12,251 million). A majority of the carrying value of the Group's bank loans was denominated in RMB.

Breakdown of indebtedness

By type of borrowings and maturity

	30 June 2019 RMB'000	31 December 2018 RMB'000
Bank and other borrowings		
within one year or on demand	5,801,983	5,550,716
more than one year, but not exceeding two years	2,152,900	3,031,390
more than two years, but not exceeding five years	200,000	630,000
more than five years	69,500	70,000
Sub-total	8,224,383	9,282,106
Senior notes		
within one year	1,645,321	3,286,031
more than one year, but not exceeding two years	4,612,113	—
more than two years, but not exceeding five years	1,983,056	2,327,846
Sub-total	8,240,490	5,613,877
Corporate bonds	118,797	1,032,175
TOTAL	16,583,670	15,928,158
Less:		
Bank balances and cash (including restricted cash)	10,380,585	9,717,210
Net debt	(6,203,085)	(6,210,948)
Total equity	8,011,614	7,581,959
Net debt to equity	77.4%	81.9%
By current denomination		
— Denominated in RMB	7,287,057	8,538,706
— Denominated in US\$	8,682,781	6,147,467
— Denominated in HK\$	613,832	1,241,985
	16,583,670	15,928,158

Leverage

The Group's net gearing ratio decreased from approximately 81.9% as at 31 December 2018 to approximately 77.4% as at 30 June 2019. The Group's net current assets (current assets less current liabilities) increased by approximately 45.3% to approximately RMB5,062 million as at 30 June 2019 from approximately RMB3,484 million as at 31 December 2018; while the current ratio (current assets/current liabilities) increased from approximately 1.09 times as at 31 December 2018 to approximately 1.13 times as at 30 June 2019.

Foreign currency risk

The functional currency of the Company's major subsidiaries is RMB. Most of the transactions are denominated in RMB. Transactions of the Group's foreign operations, such as purchasing land held for future development, and certain expenses incurred are denominated in foreign currencies. As at 30 June 2019, the Group had monetary assets denominated in US dollars and Hong Kong dollars of approximately RMB764 million and approximately RMB19 million, respectively, as well as liabilities denominated in US dollars and Hong Kong dollars of approximately RMB8,683 million and approximately RMB614 million, respectively. Those amounts were exposed to foreign currency risk. Considering the actual impacts caused to the Group arising from the market condition and fluctuations of foreign exchange rates during the Period, the Group has currently no foreign currency hedging policy in place yet, but the management will constantly monitor foreign exchange exposure and identify one that will be appropriate to the Group. The Group will consider hedging against any significant foreign currency exposure when necessary.

Contingent liabilities

- (a) As at 30 June 2019, the Group had contingent liabilities amounting to approximately RMB8,644 million (31 December 2018: approximately RMB11,587 million) in relation to guarantees provided to the domestic banks for the mortgage bank loans granted to the Group's customers. Under the terms of the guarantees, if a purchaser has defaulted on the mortgage payments, the Group will be liable for the payment of outstanding mortgage principals plus accrued interest and the penalties owed by the defaulted purchaser to the bank, and, in such circumstances, the Group will be entitled to take over the legal title and ownership of the relevant property. These guarantees will be released upon the earlier of: (i) the satisfaction of the mortgage loan by the purchaser of the property; and (ii) the issuance of the property ownership certificate for the mortgaged property and cancellation of mortgage registration.
- (b) The Group provided no guarantees to bank loans and other borrowings of joint ventures as at 30 June 2019 (31 December 2018: RMB998,000,000).

Employees and compensation policy

As at 30 June 2019, the Group had 1,903 employees (31 December 2018: 1,842). 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. In addition to basic salaries, employees may be granted with share options, discretionary bonus and cash awards based on individual performance.

FUND AND TREASURY POLICIES AND OBJECTIVES

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

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Set out below is a summary of the material acquisitions conducted or terminated by the Group during the first half of 2019.

1. On 16 October 2018, Modern Land (HKNo. 7) Co., Limited (“**Modern Land No. 7**”) (a wholly-owned subsidiary of the Company) entered into the share purchase agreement (the “**Share Purchase Agreement**”) with Modern Commercial Holdings (Canada) Ltd (“**Modern Commercial**”) and Kunyuan International Group Ltd (“**Kunyuan International**”) whereby, among other things, Modern Commercial and Kunyuan International conditionally agreed to sell and Modern Land No. 7 conditionally agreed to purchase 1,000 class “A” common voting shares (representing all issued shares) of Modern Kunyuan Commercial Holdings (Canada) Ltd at the consideration of CAD220,000,000, subject to certain adjustments. Thereafter, mutually agreed by all parties, the said transaction was terminated pursuant to the termination agreement entered into by Modern Land No. 7, Modern Commercial and Kunyuan International on 4 March 2019. For details, please refer to the announcements of the Company dated 16 October 2018, 30 November 2018, 17 January 2019 and 4 March 2019, respectively.
2. On 18 April 2019, Nanchang Mingbo Real Estate Company Limited (“**Mingbo Real Estate**”) and Nanchang County Urban Construction Investment and Development Co., Ltd. (“**NCUCID**”) entered into the cooperation agreement setting out the rights and obligations of respective parties in joint development of three land parcels located at Nanchang City, Jiangxi Province, the PRC and management of Jiangxi Shengcheng Real Estate Development Co., Ltd. (“**Jiangxi Shengcheng**”). On the same day, Yuedong Zhiye Investment (Beijing) Co., Ltd. (“**Yuedong Zhiye**”) (a wholly-owned subsidiary of the Company) and Nonggongshang Real Estate (Group) Company Limited (“**Nonggongshang Real Estate**”) entered into another cooperation agreement whereby the parties agreed to (among other things) pay for the consideration for acquiring the 51% equity interest in Jiangxi Shengcheng of RMB72,546,597.25 and the corresponding debts owed by Jiangxi Shengcheng to NCUCID of RMB887,544,476.83 in accordance with their respective equity holdings (50% each) in Mingbo Real Estate. The aggregate consideration payable by the Group is therefore RMB480,045,537.04. For details, please refer to the announcement of the Company dated 18 April 2019.

3. On 28 June 2019, Xiantao Yuanlv Property Co., Ltd. (“**Xiantao Yuanlv**”) (an indirect wholly-owned subsidiary of the Company) won the bid for the 50% equity interest in the Hubei Communications Investment Xiantao City Development Co., Ltd. (the “**Target Company**”) through the public listing-for-sale process organised by Wuhan Optics Valley United Property Rights Exchange. On the same day, Xiantao Yuanlv (as purchaser) entered into the equity transfer agreement with Hubei Communications Investment Industry-City Integration Holding Group Co., Ltd. (the “**Vendor**”), whereby Xiantao Yuanlv agreed to acquire 50% equity interest of the Target Company from the Vendor at the consideration of RMB209,250,000. The Target Company currently holds the land use rights of six land parcels, all for residential use located at Nancheng New District, Xiantao City, Hubei Province, the PRC, with an aggregate site area of approximately 450 mu. For details, please refer to the announcement of the Company dated 28 June 2019.

Save as above, the Group did not have any other material acquisition and disposal of subsidiaries, associates and joint ventures during the Period.

PROSPECT

Looking forward to the second half of 2019, the development of the global economy will continue to cloud with uncertainties. Nevertheless, the Group will continue to optimize its products and extend the scale of its operations by adhering to its core competitiveness on green technology. The Group will also conduct precise investment through different means with the application of appropriate risk control measures. Meanwhile, the Group is also committed to becoming the leading green technology city operator in China by focusing on its industry-wide value chain development and will continue to leverage its core competitiveness to ensure the achievement of its business objectives in 2019.

COMPLIANCE WITH APPENDIX 16 TO THE LISTING RULES

According to paragraph 40 of Appendix 16 to the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), save as disclosed herein and in the interim report for the Period to be published, the Company confirmed that the current company information in relation to those matters set out in paragraph 32 of Appendix 16 to the Listing Rules has not changed materially from the information disclosed in the Company’s 2018 Annual Report.

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

For the six months ended 30 June 2019, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities.

INTERIM DIVIDEND

The Board declared payment of an interim dividend for the six months ended 30 June 2019 of HK3.7 cents per share. The said interim dividend will be paid on or about Thursday, 31 October 2019 to Shareholders whose names appear on the register of members of the Company on Wednesday, 16 October 2019.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 14 October 2019 to Wednesday, 16 October 2019 (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for the entitlement to the interim 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 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration no later than 4:30 p.m. on Friday, 11 October 2019.

AUDIT COMMITTEE

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

The Audit Committee has discussed with the management and external auditors the accounting principles and policies adopted by the Group, reviewed the interim results for the six months ended 30 June 2019 and considered that the interim results have been prepared in accordance with the applicable accounting standards and requirements and have made appropriate disclosures accordingly.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company is committed to maintaining high standards of corporate governance. The Company complied with the code provisions in the Corporate Governance Code as set out in Appendix 14 to the Listing Rules for the six months ended 30 June 2019.

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 Listing Rules to govern securities transactions by Directors. Further to the specific enquiries made by the Company to the Directors, all Directors have confirmed their compliance with the Model Code for the six months ended 30 June 2019.

PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM REPORT

This 2019 interim results announcement is published on the website of the Company at www.modernland.hk and the website of the Stock Exchange at www.hkexnews.hk. The 2019 interim report will be available on the websites of the Stock Exchange and the Company, and will be despatched to the Shareholders in due course.

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

Hong Kong, 14 August 2019

As at the date of this announcement, the Board comprises ten Directors, namely executive Directors: Mr. Zhang Lei, Mr. Zhang Peng and Mr. Chen Yin; non-executive Directors: Mr. Fan Qingguo, Mr. Chen Zhiwei and Mr. Chen Anhua; and independent non-executive Directors: Mr. Qin Youguo, Mr. Cui Jian, Mr. Hui Chun Ho, Eric and Mr. Zhong Bin.