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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 ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

HIGHLIGHTS

- Achieved contracted sales of approximately RMB36,202.6 million, representing an increase of approximately 12.6% to the corresponding period in 2018, and the average selling price was approximately RMB10,554 per sq.m..
- Revenue increased to approximately RMB14,551.7 million, representing an increase of approximately 55.8% as compared to 31 December 2018.
- Gross profit amounted to approximately RMB3,707.3 million for the year ended 31 December 2019, representing an increase of approximately 70.8% as compared to 31 December 2018.
- Gross profit margin increased to approximately 25.5%, representing an increase of approximately 2.2 percentage points as compared to 31 December 2018.
- Profit for the year of the Group amounted to approximately RMB1,054.4 million, representing an increase of approximately 59.2% as compared to 31 December 2018.
- The Group's total assets as at 31 December 2019 amounted to approximately RMB68,536.9 million, representing an increase of approximately 27.8% as compared to 31 December 2018.
- As at 31 December 2019, bank balances and cash (including restricted cash) amounted to approximately RMB11,382.6 million, accounting for approximately 16.6% of the total assets of the Group.

- The weighted average borrowing costs of the Group increased to approximately 9.9% as at 31 December 2019 (as at 31 December 2018: approximately 8.2%). Debt to equity ratio decreased to approximately 82.7% as at 31 December 2019 (as at 31 December 2018: approximately 81.9%).
- Basic earnings per share was RMB26.2 cents (2018: RMB18.9 cents).
- Proposed final dividend of HK3.55 cents per share — together with interim dividend, full year dividend was equivalent to HK7.25 cents per share.

ANNUAL RESULTS

For the reasons explained under the paragraph headed “**Auditor**” below, the auditing process for the annual results of Modern Land (China) Co., Limited (the “**Company**” or “**Modern Land**”) and its subsidiaries (collectively, the “**Group**” or “**We**”) has not been completed as at the date hereof. In the meantime, the board (the “**Board**”) of directors (the “**Directors**” and each a “**Director**”) of the Company is pleased to announce the unaudited consolidated results of the Group for the year ended 31 December 2019 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019

(Expressed in Renminbi)

	Note	2019 RMB'000	2018 RMB'000
Revenue	5	14,551,683	9,337,650
Cost of sales		<u>(10,844,359)</u>	<u>(7,167,052)</u>
Gross profit		3,707,324	2,170,598
Other income, gains and losses	6	269,521	206,814
Recognition of changes in fair value of completed properties held for sale and properties under development for sale upon transfer to investment properties		294,419	65,150
Changes in fair value of investment properties, net		63,054	67,072
Selling and distribution expenses		(530,141)	(432,719)
Administrative expenses		(681,494)	(574,141)
Finance costs	7	(420,065)	(257,845)
Share of profits less losses of joint ventures		(31,075)	161,809
Share of profits less losses of associates		<u>(1,278)</u>	<u>(1,833)</u>
Profit before taxation		2,670,265	1,404,905
Income tax expense	8	<u>(1,615,818)</u>	<u>(742,644)</u>
Profit for the year		<u>1,054,447</u>	<u>662,261</u>

	<i>Note</i>	2019 RMB'000	2018 <i>RMB'000</i>
Other comprehensive income for the year:			
<i>Item that will not be reclassified to profit or loss:</i>			
Equity investments at fair value through other comprehensive income (“FVOCI”) — net movement in fair value reserves (non-recycling), net of RMB3,861,000 tax		(11,583)	—
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translating foreign operations		(2,978)	19,480
Total comprehensive income for the year		1,039,886	681,741
Profit for the year attributable to:			
Owners of the Company		730,672	524,791
Non-controlling interests		323,775	137,470
		1,054,447	662,261
Total comprehensive income attributable to:			
Owners of the Company		716,111	544,271
Non-controlling interests		323,775	137,470
		1,039,886	681,741
Earnings per share, in Renminbi cents:			
Basic	10	26.2	18.9
Diluted	10	26.1	18.8

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2019
(Expressed in Renminbi)

	<i>Note</i>	2019 RMB'000	2018 RMB'000
Non-current assets			
Investment properties		2,656,360	2,128,610
Property, plant and equipment		453,554	472,477
Intangible assets		8,149	2,436
Freehold land held for future development		32,507	31,980
Interests in associates		33,003	112,984
Interests in joint ventures	<i>11</i>	2,449,415	2,430,885
Loans to joint ventures	<i>11</i>	5,161,445	5,455,094
Equity investments at FVOCI		44,641	60,085
Deferred tax assets		980,251	751,306
		11,819,325	11,445,857
Current assets			
Properties under development for sale		33,242,482	23,764,203
Completed properties held for sale		3,293,758	2,314,191
Other inventories and contract costs		158,579	64,924
Trade and other receivables, deposits and prepayments	<i>12</i>	7,875,236	5,969,034
Amounts due from related parties		764,883	353,541
Restricted cash		3,523,971	2,983,945
Bank balances and cash		7,858,655	6,733,265
		56,717,564	42,183,103
Current liabilities			
Trade and other payables, deposits received and accrued charges	<i>13</i>	13,398,451	9,094,513
Contract liabilities	<i>14</i>	20,724,982	16,918,562
Amounts due to related parties		3,516,909	1,564,072
Taxation payable		3,232,194	2,285,403
Bank and other borrowings — due within one year		7,087,864	5,550,716
Senior notes — due within one year		2,379,120	3,286,031
		50,339,520	38,699,297
Net current assets		6,378,044	3,483,806
Total assets less current liabilities		18,197,369	14,929,663

	<i>Note</i>	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Capital and reserves			
Share capital	15	175,693	175,341
Reserves		5,983,938	5,498,341
Equity attributable to owners of the Company		6,159,631	5,673,682
Non-controlling interests		2,444,682	1,908,277
Total equity		8,604,313	7,581,959
Non-current liabilities			
Bank and other borrowings — due after one year		3,700,812	3,731,390
Senior notes — due after one year		4,305,879	2,327,846
Corporate bonds		1,022,303	1,032,175
Deferred tax liabilities		564,062	256,293
		9,593,056	7,347,704
		18,197,369	14,929,663

NOTES TO THE FINANCIAL INFORMATION

1. GENERAL

Modern Land (China) Co., Limited (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. The Company’s parent is Super Land Holdings Limited, 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. These entities do not produce financial statements available for public use.

The Company and its subsidiaries (collectively, the “Group”) are principally engaged in real estate development, property investment, hotel operation, project management, real estate agency services, and other services in the People’s Republic of China (the “PRC”) and the United States (the “US”).

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 the major subsidiaries of the Company).

2. BASIS OF PREPARATION

The financial information set out in this announcement does not constitute the consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2019, but is extracted from those consolidated financial statements.

The consolidated financial statements have been prepared in accordance with all applicable International Financial Reporting Standards (“IFRSs”), which collective term includes all applicable individual IFRSs, International Accounting Standards (“IASs”) and Interpretations issued by the International Accounting Standards Board (“IASB”), and the disclosure requirements of the Hong Kong Companies Ordinance. The consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

3. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2019

Up to the date of issue of these financial statements, the IASB has issued a number of amendments and a new standard, IFRS 17, Insurance contracts, which are not yet effective for the year ended 31 December 2019 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to IFRS 3, <i>Definition of a business</i>	1 January 2020
Amendments to IAS 1 and IAS 8, <i>Definition of material</i>	1 January 2020
Amendments to References to Conceptual Framework in IFRS Standards	1 January 2020
Amendments to IFRS 9, IAS 39 and IFRS 7, <i>Reform of interbank offered rates (IBOR)</i>	1 January 2020

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

4. 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. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

5. REVENUE AND SEGMENT INFORMATION

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

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 follows:

	2019 RMB'000	2018 RMB'000
Revenue from contracts with customers within the scope of IFRS 15		
Sale of properties	14,018,259	9,043,504
Real estate agency services	370,354	156,310
Hotel operation	71,085	71,813
Other services	35,242	1,928
	14,494,940	9,273,555
Revenue from other sources		
Property investment	56,743	64,095
	14,551,683	9,337,650
Disaggregated by timing of revenue recognition		
Point in time	12,022,720	7,832,707
Over time	2,528,963	1,504,943
	14,551,683	9,337,650

Geographic information

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

No revenue from transaction with single external customer amounted to 10% or more of the Group's revenue for the years ended 31 December 2019 and 2018.

6. OTHER INCOME, GAINS AND LOSSES

	2019 RMB'000	2018 RMB'000
Interest income	89,712	110,147
Government grants (<i>note a</i>)	6,962	1,510
Remeasurement to fair value of pre-existing interest in an acquiree (<i>note b</i>)	293,669	–
Net exchange loss (<i>note c</i>)	(205,219)	(205,237)
Gain on disposal of subsidiaries	–	20,386
Gain on disposal of joint ventures (<i>note d</i>)	3,983	212,746
Gain on disposal of an associate (<i>note e</i>)	63,733	–
Others	16,681	67,262
	<u>269,521</u>	<u>206,814</u>

Notes:

- (a) Government grants represent incentive subsidies from various PRC governmental authorities. There are no conditions or future obligations attached to these subsidies.
- (b) For the year ended 31 December 2019, the Group acquired a subsidiary which was a joint venture of the Group before the acquisition. The fair value remeasurement of the Group's pre-existing interest in the acquiree resulted in a gain of RMB293,669,000.
- (c) The net exchange loss for the years ended 31 December 2019 and 2018 mainly arose from retranslation of senior notes issued by the Company denominated in US\$ due to depreciation of RMB against US\$.
- (d) For the year ended 31 December 2019, the Group disposed of the interest in a joint venture for a consideration of RMB114,000,000, which resulted in a gain of RMB3,983,000.

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.

- (e) For the year ended 31 December 2019, the Group disposed of the interest in an associate for a consideration of RMB145,745,000, which resulted in a gain of RMB63,733,000.

7. FINANCE COSTS

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Interest on bank and other borrowings	(834,441)	(755,662)
Interest on senior notes and corporate bonds	(969,302)	(572,139)
	<u>(1,803,743)</u>	<u>(1,327,801)</u>
Less: Amount capitalised in properties under development for sale	1,383,678	1,069,956
	<u>(420,065)</u>	<u>(257,845)</u>

The borrowing costs have been capitalised at a rate of 2.2%–15.0% (2018: 2.1%–13.4%) per annum.

8. INCOME TAX EXPENSE

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Current tax		
PRC Corporate Income Tax	(1,075,949)	(791,072)
Land Appreciation Tax ("LAT")	(688,135)	(357,725)
Deferred tax	137,680	395,484
Over-provision of PRC Corporate Income Tax in respect of prior years	10,586	10,669
	<u>(1,615,818)</u>	<u>(742,644)</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 on the appreciated amount at progressive rates ranging from 30% to 60%, with certain allowable exemptions and deductions.

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

Taxation for overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant countries.

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 years ended 31 December 2019 and 2018.

The tax charge for the year can be reconciled to the profit before taxation per consolidated statement of profit or loss and other comprehensive income as follows:

	2019 RMB'000	2018 <i>RMB'000</i>
Profit before taxation	2,670,265	1,404,905
PRC corporate income tax at 25%	(667,566)	(351,226)
Provision for LAT	(688,135)	(357,725)
Tax effect of LAT deductible for PRC Corporate Income Tax	172,034	89,431
Tax effect of share of (losses)/gains of joint ventures	(7,769)	40,452
Tax effect of share of losses of associates	(320)	(458)
Tax effect of non-deductible expenses	(450,753)	(209,496)
Tax effect of non-taxable income	79,945	65,233
Tax effect of unused tax losses not recognised	(63,840)	(29,524)
Over provision of PRC Corporate Income Tax in respect of prior years	10,586	10,669
Tax charge	<u>(1,615,818)</u>	<u>(742,644)</u>

9. DIVIDEND

(i) Dividends payable to owners of the Company attributable to the year

	2019 RMB'000	2018 <i>RMB'000</i>
Interim dividend declared and paid of HK3.7 cents per ordinary share (2018: HK 2.3 cents per ordinary share)	91,845	56,465
Final dividend proposed after the end of the reporting period of HK3.55 cents per ordinary share (2018: HK1.98 cents per ordinary share)	90,823	48,402
	<u>182,668</u>	<u>104,867</u>

The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

(ii) Dividends payable to owners of the Company attributable to the previous financial year, approved and paid during the year

	2019 RMB'000	2018 <i>RMB'000</i>
Final dividend in respect of previous financial year, approved and paid during the year, of HK1.98 cents per share (2018: HK3.6 cents per share)	50,381	84,559

10. 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:

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Earnings		
Earnings for the purpose of calculating basic and diluted earnings per share (profit for the year attributable to owners of the Company)	<u>730,672</u>	<u>524,791</u>
	2019 '000	2018 '000
Number of shares (basic)		
Issued ordinary shares as 1 January	2,789,919	2,768,291
Effect of share options exercised	<u>2,219</u>	<u>15,010</u>
Weighted average number of ordinary shares at 31 December	<u>2,792,138</u>	<u>2,783,301</u>
Number of shares (diluted)		
Number of ordinary shares for the purpose of calculating basic earnings per share	2,792,138	2,783,301
Effect of dilutive potential ordinary shares:		
– Share options (<i>note</i>)	<u>3,343</u>	<u>16,068</u>
Number of ordinary shares for the purpose of calculating diluted earnings per share	<u>2,795,481</u>	<u>2,799,369</u>

Note: The computation of the diluted earnings per share for the year ended 31 December 2019 has taken into consideration the weighted average number of 3,343,000 shares (2018: 16,068,000 shares) deemed to be issued at nil consideration as if all outstanding share options had been exercised.

11. INTERESTS IN JOINT VENTURES AND LOANS TO JOINT VENTURES

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

	At 31 December 2019 <i>RMB'000</i>	At 31 December 2018 <i>RMB'000</i>
Cost of investment in joint ventures	2,183,776	2,178,632
Share of post-acquisition profits and other comprehensive income	<u>265,639</u>	<u>252,253</u>
	<u>2,449,415</u>	<u>2,430,885</u>
Loans to joint ventures, gross	5,402,789	5,561,361
Less: Share of post-acquisition losses that are in excess of cost of the investments	<u>(241,344)</u>	<u>(106,267)</u>
	<u>5,161,445</u>	<u>5,455,094</u>

Loans to joint ventures are unsecured, have no fixed term of repayment and all the balances as at December 2019 and 2018 are interest free. All the loans to joint ventures are expected to be recovered after one year and, in substance form part of the Group's net investments in these joint ventures.

12. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

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

	At 31 December 2019 RMB'000	At 31 December 2018 RMB'000
Trade receivables, net of allowance	513,786	601,800
Other receivables, net of allowance	4,537,025	3,323,945
Guarantee deposits for housing provident fund loans provided to customers (<i>note</i>)	<u>18,733</u>	<u>16,777</u>
Loans and receivables	5,069,544	3,942,522
Prepayments to suppliers of construction materials	362,674	277,389
Deposits paid for acquisition of land use rights	594,134	374,308
Prepaid taxation	<u>1,848,884</u>	<u>1,374,815</u>
	<u>7,875,236</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.

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

	At 31 December 2019 RMB'000	At 31 December 2018 RMB'000
Less than 1 year	155,176	554,611
1–2 years	<u>358,610</u>	<u>47,189</u>
	<u>513,786</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 the receivables from properties sold, the Group holds the title of the property units as collateral over those balances.

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

	At 31 December 2019 <i>RMB'000</i>	At 31 December 2018 <i>RMB'000</i>
At the beginning and the end of the year	<u>4,041</u>	<u>4,041</u>

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

	At 31 December 2019 <i>RMB'000</i>	At 31 December 2018 <i>RMB'000</i>
At the beginning of the year	3,469	3,431
(Reversed)/provided during the year	<u>(61)</u>	<u>38</u>
At the end of the year	<u>3,408</u>	<u>3,469</u>

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

	At 31 December 2019 <i>RMB'000</i>	At 31 December 2018 <i>RMB'000</i>
Trade and notes payables	3,239,103	2,277,935
Accrued expenditure on construction	1,636,329	845,742
Amounts due to non-controlling interests	4,105,167	1,945,902
Accrued interest	154,730	118,480
Accrued payroll	48,640	20,377
Dividend payable	2,483	2,085
Other payables	<u>4,190,580</u>	<u>3,876,792</u>
Financial liabilities measured at amortised cost	13,377,032	9,087,313
Other tax payables	<u>21,419</u>	<u>7,200</u>
	<u>13,398,451</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 31 December 2019 <i>RMB'000</i>	At 31 December 2018 <i>RMB'000</i>
Less than 1 year	2,454,418	1,935,105
1 to 2 years	617,903	338,346
More than 2 years and up to 3 years	166,782	4,484
	<u>3,239,103</u>	<u>2,277,935</u>

14. CONTRACT LIABILITIES

	At 31 December 2019 <i>RMB'000</i>	At 31 December 2018 <i>RMB'000</i>
Sales deposits	<u>20,724,982</u>	<u>16,918,562</u>

	At 31 December 2019 <i>RMB'000</i>	At 31 December 2018 <i>RMB'000</i>
Movements in contract liabilities		
Balance at 1 January	16,918,562	10,796,614
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the period	(9,897,526)	(5,732,038)
Acquisition of subsidiaries	3,096,719	–
Increase in contract liabilities as a result of sales deposits	<u>10,607,227</u>	<u>11,853,986</u>
Balance at 31 December	<u>20,724,982</u>	<u>16,918,562</u>

The amount of sales deposits expected to be recognised as income after more than one year is RMB4,365,370,000 (2018: RMB7,469,136,000).

15. SHARE CAPITAL

	Number of shares '000	Amount USD'000	Equivalent to RMB'000
Ordinary shares of US\$0.01 each			
Authorised:			
At 1 January 2018, 31 December 2018, 1 January 2019 and 31 December 2019	8,000,000	80,000	524,014
Issued and fully paid:			
At 1 January 2018	2,768,291	27,674	173,932
Exercise of share options (<i>note</i>)	21,628	216	1,409
At 31 December 2018 and 1 January 2019	2,789,919	27,890	175,341
Exercise of share options (<i>note</i>)	5,075	51	352
At 31 December 2019	2,794,994	27,941	175,693

Note: During the year ended 31 December 2019, share options were exercised to subscribe for 4,635,250 and 440,000 ordinary shares of the Company at HK\$1.041 and HK\$1.045 (equivalent to approximately RMB0.9234 and RMB0.9201) per share, with the aggregate proceeds of HK\$5,285,000 (equivalent to approximately RMB4,685,000). During the year ended 31 December 2018, share options were exercised to subscribe for 994,000, 1,622,500 and 19,011,600 ordinary shares of the Company at HK\$1.041, HK\$1.045 and HK\$1.138 (equivalent to approximately RMB0.879, RMB0.838 and RMB0.948) per share, with the aggregate proceeds of HK\$ 24,365,000 (equivalent to approximately RMB20,263,000).

CHAIRMAN’S STATEMENT

Dear Shareholders,

On behalf of the Board, I am pleased to present the business review of the Group for the year ended 31 December 2019 and its prospects.

SALES RESULTS

As at 31 December 2019, the Group achieved contracted sales of approximately RMB36.2 billion, of which approximately RMB35.68 billion was from properties and approximately RMB520 million was from car parking spaces. The contracted sales covered an area of approximately 3,380,685 square metres (“sq.m.”) and the average selling price per sq.m. was approximately RMB10,554.

2019 REVIEW

Owing to the slowdown of macroeconomic and insufficiency momentum of the three driving force, China introduced easing monetary policy and progressive fiscal policy. Under the circumstances, in 2019, the national real estate development investment amounted to RMB13.2 trillion, representing a year-on-year increase of 9.9%; the sales of real estate amounted to RMB16 trillion, representing a year-on-year increase of 6.5%; the salesable area of commercial properties sold reached 1,720,000,000 sq.m., which was essentially unchanged year-on-year; the annual average selling price amounted to RMB9,310 per sq.m., representing a year-on-year increase of 6.6%; new construction area and completed area reached 2,270,000,000 sq.m. and 960,000,000 sq.m., representing a year-on-year increase of 8.5% and 2.6% respectively. In 2019, slower yet steady economic growth has been witnessed. The policy of “Houses are for living but not for speculation” and “Real estate will not be used as a means of short-term economic stimulus” were still in place for real estate business and became moderately flexible to take into account of specific city district and time while the basic principles of the policy remains unchanged.

Precisely controlling the property market to achieve solid growth in annual results

In 2019, under the positioning of “Houses are for living but not for speculation” and “three stableness”, the real estate industry has shifted from the traditional model of “Old three highs”, i.e. high turnover, high leverage and high elimination, to the era of sophisticated operation of “New three highs”, which emphasizes high comfort of the building, high vitality of the space and high value of the product. It also requires industries and companies to return to the strategy of product quality and customer demand oriented. In 2019, the Company’s results continue to improve with contracted sales of approximately RMB36.2 billion, representing a year-on-year increase of 12.6%, and the area of contracted sales was 3,380,685 sq.m., representing a year-on-year increase approximately 11.3%. The Company achieved sustained and stable growth in 2019.

Adhering to the strategy of regional intensive exploration to realise reasonable expansion of business layout

By focusing its strategy on the urban areas as well as key first-tier and second-tier cities, the Group and its joint ventures and associates secured 23 new projects in Hefei, Tianjin, Qingdao and Xi'an with an increase in gross floor area of approximately 4,744,993 sq.m. and an increase in land reserves valued at approximately RMB43.37 billion. 17 projects are located in stationed cities and prime areas exploration will be continued. The Company will continue to leverage on the advantages of green technology and brand to further expand the real estate agency service business. For the entrusted construction business, the number of the quality entrusted construction projects increased to 11 (increase of 120%) with contract amount of RMB390 million (increase of 255%) and gross floor area of approximately 2,405,000 sq.m. (increase of 541%), and project quality and revenue had been witnessing improvement.

Maintaining stable capital structure to provide sufficient funding for the future

The Company seeks reasonable financing plan in a scientific manner and selects the optimal financing structure to maintain stable capital structure. The Company received extensive recognition for its sound and effective operation in 2019 and positive ratings on its development from the investors is expected. The Company's bond was sponsored by The Hongkong and Shanghai Banking Corporation for the first time, and rating of its PRC subsidiary was upgraded to AA + by credit rating agencies. In order to enlarge our credit facilities, the Company obtained credit facilities from 8 new financial institutions and the balance of credit facilities as at the end of 2019 was RMB106.0 billion. The Company always maintains a healthy cash position on hand, accounting for over 15% of the total assets. The Company strongly supported promotion of the state's vision of green finance by way of offshore green bonds issuance during 2019 with an accumulated amount exceeding US\$650 million. Facilitated by effective interaction of both internal and external capital markets, there is ample access to various financing channels.

Focusing on green and healthy product development to extend the brand influence of green and health

The dominant position of the Company in green and healthy construction is becoming more significant. The Company has been accredited 4 new patents in 2019, accumulating various core green technology patents. The first integrated house which parades healthy and applies the technology such as prefabricated and modular net zero energy consumption in China, namely "Air Dino 3(恐龍3號)", is officially launched. In 2019, the Company was granted a total of over 160 awards, including 51 green property operation awards, 10 finance awards and 28 green certifications. Areas of our green buildings accredited 2-star or above rating reached 7,080,000 sq.m.; 22 communities of the Company have been accredited as green residential areas; and 12 projects of the Company have been awarded Three-Star Green Building Label. The Company was named "2019 Top 5 Chinese Listed Real Estate Companies in Innovative Strength (2019中國房地產上市公司創新能力5強)", "Top 30 Chinese Green Property Developers (中國綠色地產TOP 30)" etc. by China Real Estate Association, and 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.

OUTLOOK IN 2020

At the beginning of the year, the COVID-19 outbreak casted a shadow over the economy in 2020. Shutdowns and suspension of sales caused significant impact to the capital-intensive real estate industry, which resulted in severe shock and suppression on supply side of production, demand side of market and operating side of corporate. The central government and several municipal governments introduced a series of policies to support the real estate industry since the COVID-19 outbreak in the PRC, and it is expected that the policies will be focused on stableness throughout the year. At the central level, the politburo meeting in February 2020 released a proactive fiscal policy and a prudent monetary policy. The loan prime rate (“LPR”) reduction has played a positive role in stabilising economic development, which will also benefit the real estate industry. It will play a positive role in boosting residential property buyers’ confidence and would be conducive to stable development of the real estate market.

After the outbreak of the epidemic, comfortable living, safety and health, hygiene and epidemic prevention as well as quality properties would become the rigid needs of customers and new development trends of green and healthy in terms of building and community all certainly emerge. The Company needs to figure out strategic plan for their enterprises, with a customer-based culture to enhance the competitiveness of green and healthy products in terms of R&D, design, construction and operation, which is a new way to survive and grow in the real estate industry.

The Company will continue to implement the following four measures, with an aim to achieve its 2020 strategic business targets.

Adhering to the strategy of green and healthy development for outstanding results and steady growth

With the massive amount of data collected over the past 20 years and especially based on the recent large-scale research on green and health, the latest research results on the contemporary green and healthy composite community was released in Beijing, and the relevant data and conclusions are opened to all sectors in society. The launch received extensive social attention, and fully demonstrated domination of the factors of green, health, safety, comfort in the return of mainstream market etc. This is a new market opportunity to enterprises in the industry. The Company will continuously focus on the progression of embedding traditional architectures into the green technology of architectural design, comfortable and healthy living space and energy-saving and environmental protection for construction operation, and constantly strive to innovate in green and healthy buildings (community) and lead the continuous evolution of the industry and its fellow enterprises.

As always, the Company will continue to rely on green and health construction as its core competitiveness and apply new technologies to its products, and integrate and upgrade existing product lines to Modern MOMA, Modern FU MOMA, Modern YUE MOMA, Modern City MOMA. The brand new product lines will bring about multi-dimensional upgrades to energy system, technical configuration, community services etc., so as to facilitate rapid configuration, quality improvement and cost control. It is expected that the Company will be able to master market cycle and overcome difficulties faced by the industry to achieve steady growth in terms of operation scale.

Focusing on city-oriented strategy to facilitate precision investments

The Company will 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 on well-developed first-tier and second-tier cities, such as Xi’an, Guiyang, Nanchang, Zhengzhou, seizing the opportunities to explore the well-developed 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. In 2020, the Company will ensure the reasonable structure and amount for land acquisition by further deploying rational tactics for land acquisition. Priority will be given to security while cautionary measures will be taken to facilitate precise investments through various means with stringent requirements in order to further optimize the Company’s strategy.

Innovating industry-wide chain financing with an open cooperation platform to achieve win-win situation

In 2020, in order to secure sufficient capital for normal operation and sustainable development of the Company, the Company will continue to explore innovative and comprehensive financing strategies that focused on industry-wide chain and whole-ecosystem. Bona fide credit could be obtained by broadening financing sources, proper utilisation of the fund pool, striving balance between licensed financial institutions and non-licensed institutions, and optional usage of leverage.

The Company adheres to the core competitiveness in green and healthy construction, which would achieve the integrations of investment and finance, industry and finance, as well as industry and city in the field of green and healthy real estate, and establish an indirect financing system based on strategic banks and strategic trusts. Leveraging the direct financing system based on debt issuance and ABS as well as the equity financing system based on private equity funds and project equity cooperation, we will actively expand both overseas and domestic green financial capital channels and promote our innovative practices in green financial business.

Focusing on the whole-lifecycle industrialized communities to promote growth of the premier brands

Based on the creation of social environment of “MOMΛ Homeland 4+1” catering for the needs of customers with new technology, new space and new consumption era, the Company strives to provide customers with comprehensive services covering toddler, youth, adult, middle-aged and the elderly, which will further expand the service area and innovate service content. The Company will promote the upgrading from the living community to the industry community so as to achieve continuous evolution and growth of the brand.

Looking forward, the Company will continue to focus on product upgrades, operational performance and risk control in 2020, aiming to become the leading operator of the green technology industry community 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 2020.

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

26 March 2020

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

For the year ended 31 December 2019, the Group's revenue from sale of properties amounted to approximately RMB14,018.3 million, representing an increase of 55.0% as compared to the year ended 31 December 2018. The Group delivered 1,385,548 sq.m. of property in terms of total gross floor area ("GFA") and 3,361 units of car parking spaces in 2019. Gross profit margin of sale of properties was 23.1%, up from 21.8% in the corresponding period in 2018. Delivered average selling price ("ASP") for properties was RMB9,883 per sq.m. and that for car parking spaces was RMB96,786 per unit for the year ended 31 December 2019.

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

Project name	Revenue RMB'000	2019 Total saleable GFA delivered (sq.m.) or unit	ASP RMB/sq.m or unit	Revenue RMB'000	2018 Total saleable GFA delivered (sq.m.) or unit	ASP RMB/sq.m. or unit
Dongdaihe • Bai Jin Hai MOMA (Dongdaihe)	635,249	94,452	6,726	271,082	40,051	6,768
Fuyang Modern City MOMA (Anhui)	82,806	13,492	6,137	–	–	–
Fuzhou Modern City MOMA (Jiangxi)	6,432	1,031	6,239	–	–	–
Guangu Man Ting Chun MOMA (Wuhan)	–	–	–	9,149	548	16,695
Hanyang Modern Wan Guo Cheng (Wuhan)	1,021,569	69,399	14,720	974,462	67,806	14,371
Jingzhou Man Tang Yue MOMA (Hubei)	286,416	51,876	5,521	162,950	30,005	5,431
Kaifu Man Ting Chun MOMA (Changsha)	–	–	–	2,096	191	10,974
Man Tang Yue MOMA (Huizhou)	91,305	9,274	9,845	936,782	86,616	10,815
Man Ting Chun Modern City MOMA (Xiantao)	14,247	2,819	5,054	4,433	864	5,131
Man Ting Chun MOMA (Jiujiang) (Note)	12,511	1,120	11,171	4,025	538	7,481
Man Ting Chun MOMA (Zhangjiakou)	455,935	69,106	6,598	13,207	1,938	6,815
Man Ting Chun MOMA (Xiantao)	656,190	128,425	5,110	904,944	238,993	3,786
Modern Binjiang MOMA (Changsha)	26,090	4,590	5,684	267,610	14,292	18,724
Modern Chun Feng Hu Shang MOMA (Wuxi)	299,764	30,349	9,877	259,717	27,440	9,465
Modern Jiaxing Man Tang Yue MOMA	11,203	986	11,362	–	–	–
Modern Jinjiang Wan Guo Cheng MOMA (Fujian)	1,065,807	112,117	9,506	10,083	879	11,471
Modern Jinzhong Shang Pin Xue Fu (Shanxi)	24,846	2,898	8,573	–	–	–
Modern Land • CIFI Villa (Beijing)	–	–	–	90,693	3,493	25,964
Modern Shang Pin Wan MOMA (Foshan)	380,201	23,930	15,888	11,409	676	16,877
Modern Shang Pin Xue Fu (Huzhou)	478,687	53,561	8,937	14,205	1,448	9,810
Modern Tian Yu (Huzhou)	370,388	38,413	9,642	–	–	–
Modern Wan Guo Fu (Hefei)	1,601,070	72,633	22,043	38,628	1,765	21,886
Modern Wan Guo Fu MOMA (Foshan)	544,434	22,458	24,242	1,035,342	49,171	21,056
Modern Wan Guo Fu MOMA (Nanjing)	195,253	4,932	39,589	10,302	252	40,881
Modern Wan Guo Fu MOMA (Shanghai)	–	–	–	169,928	2,840	59,834

Project name	2019			2018		
	Revenue	Total saleable GFA delivered (sq.m.) or unit	ASP RMB/sq.m or unit	Revenue	Total saleable GFA delivered (sq.m.) or unit	ASP RMB/sq.m. or unit
	<i>RMB'000</i>			<i>RMB'000</i>		
Modern Wan Guo Fu MOMΛ (Suzhou)	–	–	–	19,937	700	28,481
Modern Xingyi Shang Pin Wan (Guizhou)	85,238	22,204	3,839	–	–	–
Modern Zhongrui Wan Guo Fu (Wuhan)	988,754	37,747	26,194	50,586	1,787	28,308
Modern Zhuzhou Shang Pin Wan MOMΛ (Hunan)	564,925	83,838	6,738	11,851	1,799	6,588
Modern MOMΛ (Hefei)	18,013	1,083	16,633	64,016	2,897	22,097
Modern MOMΛ City of Future (Guizhou)	36,131	3,217	11,231	–	–	–
Modern MOMΛ Plaza (Taiyuan)	141,039	12,514	11,270	3,647	370	9,857
Modern MOMΛ Yan Hu Cheng (Taiyuan)	728,925	96,494	7,554	611,436	88,426	6,915
MOMΛ Modern Plaza (Changsha)	–	–	–	339,568	34,348	9,886
Shao Quan Hu City of Future (Hefei)	1,305,761	146,340	8,923	1,610,264	224,958	7,158
Shishan Modern MOMΛ (Suzhou)	278,500	16,916	16,464	639,623	27,652	23,131
Wuqing Sunshine MOMΛ (Tianjin)	496,828	41,863	11,868	–	–	–
Xiaogan Modern Shi Guang Li MOMΛ (Hubei)	6,096	1,273	4,789	–	–	–
Yangluo Man Ting Chun MOMΛ (Wuhan)	779,651	113,522	6,868	278,736	46,648	5,975
Others	2,696	676	3,988	23,013	2,348	9,801
Sub-total	<u>13,692,960</u>	<u>1,385,548</u>	<u>9,883</u>	<u>8,843,724</u>	<u>1,001,739</u>	<u>8,828</u>
Car parking spaces	<u>325,299</u>	<u>3,361 units</u>	<u>96,786/unit</u>	<u>199,780</u>	<u>1,615 units</u>	<u>123,703/unit</u>
Total	<u><u>14,018,259</u></u>			<u><u>9,043,504</u></u>		

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

Contracted Sales

For the year ended 31 December 2019, the Group, its joint ventures and associates achieved contracted sales of approximately RMB36,202.6 million, representing an increase of 12.6% as compared to the year ended 31 December 2018, whereas 3,380,685 sq.m. in total GFA and 5,423 units of car parking spaces were sold, representing an increase of approximately 11.3% and an increase of approximately 83.6% respectively as compared to the year ended 31 December 2018.

Table 2: Breakdown of contracted sales of the Group, its joint ventures and associates

Province/City	2019			2018		
	Contracted Sales	GFA	ASP	Contracted Sales	GFA	ASP
	RMB'000	(in sq.m.) or units	RMB/sq.m. or unit	RMB'000	(in sq.m.) or units	RMB/sq.m. or unit
Anhui	4,128,287	432,968	9,535	3,926,752	391,918	10,019
Beijing	3,051,033	84,631	36,051	2,567,758	37,939	67,681
Fujian	543,997	18,501	29,404	2,519,201	242,697	10,380
Guangdong	638,414	12,688	50,316	1,954,408	138,726	14,088
Guizhou	825,027	108,359	7,614	2,045,697	349,725	5,849
Hebei	4,030,934	327,849	12,295	618,106	81,269	7,606
Henan	130,578	17,551	7,440	–	–	–
Hubei	4,739,924	731,536	6,479	4,278,214	525,168	8,146
Hunan	394,418	30,602	12,889	2,537,233	253,710	10,001
Jiangsu	1,064,332	63,114	16,864	1,912,850	58,955	32,446
Jiangxi	3,882,678	376,195	10,321	21,404	1,866	11,471
Liaoning	41,835	8,250	5,071	583,633	71,808	8,128
Shaanxi	1,781,892	193,177	9,224	3,805,061	418,619	9,090
Shandong	733,913	124,400	5,900	–	–	–
Shanghai	–	–	–	6,000	86	69,767
Shanxi	7,947,674	670,349	11,856	2,168,154	222,678	9,737
Tianjin	900,557	94,225	9,558	496,749	38,238	12,991
Zhejiang	844,112	86,290	9,782	2,263,840	202,832	11,161
Properties Sub-total	35,679,605	3,380,685	10,554	31,705,060	3,036,234	10,442
Car parking spaces	522,987	5,423 units	96,439/unit	451,619	2,954 units	152,884/unit
Total	36,202,592			32,156,679		

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

For year ended 31 December 2019, the Group's revenue from property investment amounted to approximately RMB56.7 million, representing a decrease of approximately 11.5% as compared to the corresponding period in 2018.

For real estate agency services, with the unique product, brand, management and credibility advantages supported by our M O M A green-technology products, the Group offers customized full-set development and operation management solutions to customers. For the year ended 31 December 2019, the revenue from real estate agency services amounted to approximately RMB370.4 million, representing an increase of approximately 136.9% as compared to that of approximately RMB156.3 million for the corresponding period in 2018.

Hotel MOMC, a boutique hotel owned and operated by the Group, has established its presence in Beijing and Taiyuan, and revenue from hotel operation for the year ended 31 December 2019 amounted to RMB71.1 million, representing a decrease of 1.0% as compared to that of approximately RMB71.8 million for the corresponding period in 2018.

For the year ended 31 December 2019, the revenue from other services was approximately RMB35.2 million, whereas revenue of approximately RMB1.9 million for the corresponding period in 2018 was recorded.

Land Bank

As at 31 December 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 11,932,579 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, its joint ventures and associates

Province/City	As at 31 December 2019	
	Total GFA unsold (sq.m.)	Aggregated GFA sold but undelivered with sales contracts (sq.m.)
Anhui	1,271,795	865,277
Beijing	558,123	162,502
Fujian	417,166	295,759
Guangdong	561,068	114,819
Guizhou	567,829	435,916
Hebei	602,749	338,242
Henan	240,881	17,551
Hubei	2,494,550	1,007,242
Hunan	446,595	76,618
Jiangsu	406,934	115,139
Jiangxi	715,726	376,135
Liaoning	123,669	13,068
Shaanxi	1,011,329	612,679
Shandong	845,852	324,400
Shanghai	17,704	—
Shanxi	1,192,521	890,485
Tianjin	193,660	90,600
Zhejiang	264,428	194,448
Total	<u>11,932,579</u>	<u>5,930,880</u>

Land Acquisitions in 2019

In 2019, the Group, its joint ventures and associates continued to apply the same conservative and balanced strategy as its general direction towards land acquisitions. As at 31 December 2019, the Group purchased a total of 23 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 with an aggregate GFA of 4,744,993 sq.m..

Project location (province/city)	Number of new projects	Approximate total GFA (sq.m.)
Anhui	3	646,950
Guizhou	1	152,400
Hebei	1	210,874
Henan	2	240,881
Hubei	5	1,402,767
Hunan	2	238,750
Jiangsu	1	121,082
Jiangxi	2	375,660
Shaanxi	1	170,800
Shandong	2	845,852
Shanxi	2	149,036
Tianjin	1	189,941
Sub-total	23	4,744,993

FINANCIAL REVIEW

Revenue

The Group's revenue increased by approximately 55.8% to approximately RMB14,551.7 million for the year ended 31 December 2019 from approximately RMB9,337.7 million for the year ended 31 December 2018, which was mainly due to a year-over-year increase of approximately RMB4,974.8 million in the income from sales of properties as a result of the increase in GFA delivered and the increase in average selling price.

Cost of sales

The Group's cost of sales amounted to approximately RMB10,844.4 million for the year ended 31 December 2019, representing an increase of approximately 51.3% as compared to the corresponding period of 2018 which was in line with the increase of revenue.

Gross profit and gross profit margin

For the year ended 31 December 2019, the Group's gross profit was approximately RMB3,707.3 million and the gross profit margin was 25.5%, representing an increase of approximately 2.2 percentage profit compared to the corresponding period of 2018.

Other income, gains and losses

The Group's other income, gains and losses increased by approximately 30.3% to approximately RMB269.5 million for the year ended 31 December 2019 from approximately RMB206.8 million for the year ended 31 December 2018, which was mainly due to the remeasurement to fair value of the Group's pre-existing interest in the acquiree.

Change in fair value

The change in fair value of the Company increased from approximately RMB132.2 million for the year ended 31 December 2018 to approximately RMB357.5 million for the year ended 31 December 2019, representing an increase of approximately 170.4%, which was mainly due to the addition of investment properties.

Selling and distribution expenses

The selling and distribution expenses of the Group increased by approximately 22.5% to approximately RMB530.1 million for the year ended 31 December 2019 from approximately RMB432.7 million for the year ended 31 December 2018, primarily due to the expansion of overall sales scale. Selling and distribution expenses accounted for approximately 1.5% of the contracted sales of the Group in 2019, which was similar to that of approximately 1.35% in 2018.

Administrative expenses

The administrative expenses of the Group increased by approximately 18.7% to approximately RMB681.5 million for the year ended 31 December 2019 from approximately RMB574.1 million for the corresponding period of 2018, primarily due to the expansion of the Group's business.

The Group continued to strictly control the scale of administrative expenses. The administrative expenses for the year ended 31 December 2019 accounted for approximately 1.9% of contracted sales, which remained stable as compared to that of approximately 1.8% for the corresponding period in 2018.

Finance costs

The finance costs of the Group amounted to approximately RMB420.1 million for the year ended 31 December 2019, representing an increase of approximately 62.9% from approximately RMB257.8 million for the year ended 31 December 2018. Amidst the general rising market interest rates both at home and abroad, the Group's weighted average interest rate of borrowings increased to approximately 9.9% as at 31 December 2019 as compared to that of approximately 8.2% for the year ended 31 December 2018, which was mainly due to the increase in overseas finance costs.

Income tax expense

The income tax expense of the Group for the year ended 31 December 2019 increased by approximately 117.6% to approximately RMB1,615.8 million from approximately RMB742.6 million for the year ended 31 December 2018, primarily due to the increase in profit before tax.

Profit for the year

The profit of the Group for the year ended 31 December 2019 increased by approximately 59.2% to approximately RMB1,054.4 million from approximately RMB662.3 million for the year ended 31 December 2018, primarily due to the improvements in total GFA delivered and an increase in gross profit margin of the delivered properties during the year ended 31 December 2019.

Profit for the year 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 2019 increased by approximately 39.2% to approximately RMB730.7 million from approximately RMB524.8 million for the year ended 31 December 2018.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Cash position

As at 31 December 2019, the cash, restricted cash and bank balances of the Group increased to approximately RMB11,382.6 million from approximately RMB9,717.2 million as at 31 December 2018, representing an increase of approximately 17.1% as compared to that as at 31 December 2018 mainly due to the continuous expansion of sales scale and earnings generated from the cooperation projects during the period under review. The bank balances and cash (including restricted cash) accounted for approximately 16.6% of the total assets as at 31 December 2019 and the Group was still able to maintain a healthy cash position.

Borrowings and pledge of the Group's assets

As at 31 December 2019, the Group had aggregate balance of approximately RMB18,496.0 million, including bank and other borrowings of approximately RMB10,788.7 million, senior notes of approximately RMB6,685.0 million and corporate bonds of approximately RMB1,022.3 million, representing an increase of approximately 16.1% as compared to that of approximately RMB15,928.2 million as at 31 December 2018. As at 31 December 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 RMB20,187.2 million (31 December 2018: approximately RMB12,251.0 million). A majority of the carrying value of the Group's bank loans was denominated in RMB.

Breakdown of borrowings

By type of borrowings and maturity

	31 December 2019 RMB'000	31 December 2018 RMB'000
Bank and other loans		
Within one year or on demand	7,087,864	5,550,716
More than one year, but not exceeding two years	2,233,706	3,031,390
More than two years, but not exceeding five years	1,417,106	630,000
More than five years	50,000	70,000
Sub-total	10,788,676	9,282,106
Senior Notes		
Within one year	2,379,120	3,286,031
More than two years, but not exceeding five years	4,305,879	2,327,846
Sub-total	6,684,999	5,613,877
Corporate Bonds	1,022,303	1,032,175
TOTAL	18,495,978	15,928,158
Less:		
Bank balances and cash (including restricted cash)	11,382,626	9,717,210
Net Debt	(7,113,352)	(6,210,948)
Total Equity	8,604,313	7,581,959
Net debt to Equity	82.7%	81.9%

By currency denomination

	31 December 2019 RMB'000	31 December 2018 RMB'000
— Denominated in RMB	9,755,848	7,506,531
— Denominated in US\$	551,322	533,590
— Denominated in HK\$	481,506	1,241,985
	<u>10,788,676</u>	<u>9,282,106</u>

Leverage

The Group's net gearing ratio increased from approximately 81.9% as at 31 December 2018 to approximately 82.7% as at 31 December 2019. The Group's net current assets (being current assets less current liabilities) increased by approximately 83.1% to approximately RMB6,378.0 million as at 31 December 2019 from approximately RMB3,483.8 million as at 31 December 2018. Current ratio (being current assets/current liabilities) increased from approximately 109.0 times as at 31 December 2018 to approximately 112.7 times as at 31 December 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 31 December 2019, the Group had monetary assets denominated in US dollars and Hong Kong dollars of approximately RMB82.5 million and approximately RMB13.8 million, respectively, as well as liabilities denominated in US dollars and Hong Kong dollars of approximately RMB7,236.3 million and approximately RMB481.5 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 year, the Group currently has 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

As at 31 December 2019, the Group had contingent liabilities amounting to approximately RMB13,474.3 million (31 December 2018: approximately RMB11,587.3 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.

The Group provided no guarantee to bank loans and other borrowings of joint ventures as at 31 December 2019 (31 December 2018: RMB998.8 million). At the end of the reporting period, the Directors do not consider that any claims will be made against the Group under these guarantees. The Group has not recognised any deferred income in respect of these guarantees.

Employees and compensation policy

As at 31 December 2019, the Group had 2,038 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 share options, discretionary bonus and cash awards based on individual performance.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

During the year of 2019, as far as the Company is aware, there was no material breach of or non-compliance with applicable laws and regulations by the Group that has a significant impact on the business and operations of the Group.

FUND AND TREASURY POLICIES AND OBJECTIVES

The management team of the Company holds meeting with the finance and operation teams of the Company 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 for the year ended 31 December 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 a 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 (a 50% owned joint venture of the Company) (“**Mingbo Real Estate**”) and Nanchang County Urban Construction Investment and Development Co., Ltd. (“**NCUCID**”) entered into a cooperation agreement setting out the rights and obligations of respective parties in joint development of the land parcels located at Nanchang County, 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. (a wholly-owned subsidiary of the Company) and Nonggongshang Real Estate (Group) Company Limited 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 Hubei Communications Investment Xiantao City Development Co., Ltd. (“**Hubei Communications Xiantao**”) 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 an equity transfer agreement with Hubei Communications Investment Industry-City Integration Holding Group Co., Ltd. (“**Hubei Communications Holding**”) whereby Xiantao Yuanlv agreed to acquire 50% equity interest of Hubei Communications Xiantao from Hubei Communication Holding at the consideration of RMB209,250,000. For details, please refer to the announcement of the Company dated 28 June 2019.
4. On 25 July 2019, Yuzhan Green Real Estate (Beijing) Co., Ltd. (“**Yuzhan Green**”) (an indirect wholly-owned subsidiary of the Company) (as purchaser) entered into an equity transfer agreement with Hantang (Tianjin) Real Estate Co., Ltd. (“**Hantang (Tianjin)**”) (as vendor) whereby Yuzhan Green conditionally agreed to acquire the entire equity interest of Tianjin Zhengde Real Estate Co., Ltd. from Hantang (Tianjin) at a consideration of RMB385,330,000. For details, please refer to the announcement of the Company dated 25 July 2019.
5. On 29 July 2019, Lvheng M O M A Real Estate (Beijing) Co., Limited (“**Lvheng MOMA**”) (an indirect wholly-owned subsidiary of the Company) (as purchaser) entered into an equity transfer agreement with Beijing Haigang Investment Development Co., Ltd. (“**Beijing Haigang**”) (as vendor) whereby Lvheng M O M A conditionally agreed to acquire 100% equity interest in Heze City Haigang Property Development Co., Ltd. from Beijing Haigang at a consideration of not exceeding RMB608,420,000. For details, please refer to the announcement of the Company dated 29 July 2019 and an update of this transaction in the 2019 interim report of the Company dated 12 September 2019.

6. On 21 October 2019, (i) Modern Green Development Co., Ltd. (“**Modern Green**”) and Tongfu Group Company Limited entered into a cooperation framework agreement whereby it was agreed (among other things) that the parties shall enter into individual cooperation agreements setting out specific rights and obligations of respective parties in joint development of a parcel of land located at Luancheng District, Shijiazhuang City, Hebei Province, the PRC with the total site area of approximately 115.2 mu (the “**Shijiazhuang Project Land**”); (ii) Vision Hongye Property (Beijing) Co., Ltd. (“**Vision Hongye**”) (an indirect wholly-owned subsidiary of the Company) and Hebei Tonglue Enterprise Management Consulting Co., Ltd. (“**Hebei Tonglue**”) entered into a cooperation agreement, pursuant to which, Vision Hongye agreed to (among other things) cooperate with Hebei Tonglue to develop the Shijiazhuang Project Land and contribute a maximum sum of RMB165,100,000, which shall be used as the consideration for acquiring 90% equity interest in Hebei Tongfu Yuanlv Real Estate Development Company Co., Ltd from Hebei Tonglue; and (iii) Huojian Benpao Zhiye (Beijing) Co., Ltd. (“**Huojian Benpao**”) (an indirect wholly-owned subsidiary of the Company) and Hebei Tongfukang Technology Co., Ltd. (“**Hebei Tongfukang**”) entered into another cooperation agreement, pursuant to which, Huojian Benpao agreed to (among other things) cooperate with Hebei Tongfukang to develop the Shijiazhuang Project Land and contribute a maximum sum of RMB371,000,000, which shall be used as the consideration for acquiring 90% equity interest in a project company to be established from Hebei Tongfukang. For details, please refer to the announcement of the Company dated 21 October 2019.
7. On 5 December 2019, Modern Green, Jingshen Zhiye Investment (Beijing) Co., Ltd. (“**JSZY**”), Ningbo Cinda Modern Land Gongying Equity Investment Partnership (Limited Partnership) (“**Cinda Modern Land LLP**”) and Beijing Runjin Real Estate Development Co., Ltd. (“**Beijing Runjin**”) entered into a project management agreement whereby it was agreed that, among other things, all major decisions of the board of directors of Beijing Runjin shall be resolved in accordance with the rules and procedures set out therein. As a result of the entering into of the said agreement and upon completion thereof, (i) the equity holding structure of Beijing Runjin shall remain unchanged; (ii) Beijing Runjin will be accounted for as a non wholly-owned subsidiary instead of a joint venture of the Company; and (iii) its financial results will be consolidated into the financial statements of the Group. For details, please refer to the announcement of the Company dated 5 December 2019.
8. On 27 December 2019, Xi’an Modern Green Joy Development Co., Ltd. (“**Xi’an Green Joy**”) (an indirect non wholly-owned subsidiary of the Company) (as purchaser) entered into an equity transfer agreement with Guangzhou Haoning Trading Co., Ltd. (“**Guangzhou Haoning**”) whereby Xi’an Green Joy conditionally agreed to acquire 90% equity interest of Xi’an Junhua Development Co., Ltd. (“**Xi’an Junhua**”) from Guangzhou Haoning at the consideration of RMB512,750,000. On the same day, Xi’an Green Joy (as purchaser) entered into another equity transfer agreement with Cedar Industrial Group Co., Ltd. (“**Cedar Industrial Group**”) (as vendor) whereby Xi’an Green Joy conditionally agreed to acquire 10% equity interest of Xi’an Junhua from Cedar Industrial Group at the consideration of RMB73,250,000. For details, please refer to the announcement of the Company dated 27 December 2019.

Save as above, the Group did not have any other material acquisition and disposal of subsidiaries and joint ventures for the year ended 31 December 2019.

SENIOR NOTES

Issuance of senior notes

On 20 December 2018, the Company and certain subsidiaries of the Company entered into a purchase agreement with Guotai Junan Securities (Hong Kong) Limited, The Hongkong and Shanghai Banking Corporation Limited, UBS AG Hong Kong Branch, Morgan Stanley & Co. International plc, Deutsche Bank AG, Hong Kong Branch, Southwest Securities (HK) Brokerage Limited and Haitong International Securities Group Limited in connection with the Company's issuance of senior notes due 2020 with principal amount of US\$150 million at a coupon rate of 15.5% per annum (the "**January 2019 Notes**"). Completion of the issuance took place on 2 January 2019. For details, please refer to the announcements of the Company dated 20 December 2018, 21 December 2018 and 9 January 2019, respectively.

On 20 February 2019, the Company and certain subsidiaries of the Company entered into a purchase agreement with Guotai Junan Securities (Hong Kong) Limited, The Hongkong and Shanghai Banking Corporation Limited, Barclays Bank PLC, Credit Suisse (Hong Kong) Limited, Deutsche Bank AG, Hong Kong Branch, Haitong International Securities Group Limited and UBS AG Hong Kong Branch in connection with the Company's issuance of senior notes due 2020 with principal amount of US\$200 million (which were consolidated and formed a single series with the senior notes issued on 2 January 2019) at a coupon rate of 15.5% per annum (together with the January 2019 Notes, the "**2019 Series Notes**"). Completion of the issuance took place on 27 February 2019. For details, please refer to the announcements of the Company dated 20 February 2019, 21 February 2019 and 7 March 2019, respectively.

On 17 April 2019, the Company and certain subsidiaries of the Company entered into a purchase agreement with Credit Suisse (Hong Kong) Limited, Guotai Junan Securities (Hong Kong) Limited, Morgan Stanley & Co. International plc, The Hongkong and Shanghai Banking Corporation Limited, Barclays Bank PLC, BOCOM International Securities Limited, Deutsche Bank AG, Hong Kong Branch, Haitong International Securities Group Limited, Orient Securities (Hong Kong) Limited and UBS AG Hong Kong Branch in connection with the Company's issuance of senior notes due 2021 with an aggregate principal amount of US\$300 million at a coupon rate of 12.85% per (the "**April 2019 Notes**"), among which, US\$96,203,000 of the April 2019 Notes were issued by the Company pursuant to the offer to exchange the Company's outstanding US\$500,000,000 6.875% senior notes due 2019 for the April 2019 Notes made by the Company upon the terms and subject to the conditions set forth in the exchange offer memorandum dated 8 April 2019.

For details, please refer to the announcements of the Company dated 9 April 2019, 11 April 2019, 17 April 2019, 18 April 2019 and 30 April 2019, respectively.

Offer to purchase the outstanding senior notes

In October 2016, the Company issued senior notes due 2019 with an aggregate principal amount of US\$350,000,000 at a coupon rate of 6.875% per annum (the “**2016 Notes**”). In January 2017, the Company issued additional senior notes due 2019 with an aggregate principal amount of US\$150,000,000 at a coupon rate of 6.875% per annum, consolidated and formed a single series with the 2016 Notes (together with the 2016 Notes, the “**2016 Series Notes**”). The 2016 Series Notes are listed on Singapore Exchange Securities Trading Limited.

On 27 May 2019, the Company commenced the offer (the “**2019 Offer**”) to purchase for cash of the outstanding 2016 Series Notes up to a maximum acceptance amount in accordance with the terms and conditions set out in the offer document. The 2019 Offer was completed on 14 June 2019. The 2016 Series Notes repurchased pursuant to the 2019 Offer have been cancelled. As at the date of this announcement, all outstanding principal amount of the 2016 Series Notes have been settled. For details, please refer to the announcements of the Company dated 27 May 2019, 11 June 2019 and 17 June 2019, respectively.

Repurchase and cancellation of senior notes

References are made to the announcements of the Company dated 27 February 2018, 28 February 2018 and 7 March 2018 in relation to the Company’s issuance of senior notes due 2021 with an aggregate principal amount of US\$350,000,000 at a coupon rate of 7.95% per annum (the “**March 2018 Notes**”), which are listed on the Singapore Exchange Securities Trading Limited.

On 30 August 2019, certain March 2018 Notes repurchased by the Company in a principal amount of US\$15,000,000, representing approximately 4.29% of the aggregate principal amount of the March 2018 Notes, were duly cancelled by the Company. As at the date of this announcement, US\$335,000,000 in the aggregate principal amount of the March 2018 Notes remains outstanding. For details, please refer to the announcement of the Company dated 3 September 2019.

CORPORATE BONDS

On 30 July 2019, Modern Green (an indirect wholly-owned subsidiary of the Company) issued domestic corporate bonds (the “**Corporate Bonds**”) with an aggregate principal amount of RMB880,000,000 at a coupon rate of 7.8% per annum to qualified investors in accordance with the approval obtained from the China Securities Regulatory Commission by Modern Green on 8 July 2019. The Corporate Bonds have a term of three years and are listed on the Shanghai Stock Exchange. Modern Green intends to use the proceeds from the issue of the Corporate Bonds for repaying the corporate bonds previously issued by Modern Green which are due to be redeemed in 2019 and/or for other purposes in compliance with laws and regulations. For details, please refer to the announcement of the Company dated 31 July 2019.

EVENTS AFTER THE REPORTING PERIOD

Issuance of green senior notes

On 19 February 2020, the Company and certain subsidiaries of the Company entered into a purchase agreement with Credit Suisse (Hong Kong) Limited, Deutsche Bank AG, Hong Kong Branch, Guotai Junan Securities (Hong Kong) Limited, The Hongkong and Shanghai Banking Corporation Limited, Morgan Stanley & Co. International plc, BOCOM International Securities Limited, China Investment Securities International Brokerage Limited, HeungKong Securities Limited and Haitong International Securities Company Limited in connection with the Company's issuance of senior notes due 2022 with aggregate principal amount of US\$200 million at a coupon rate of 11.8% per annum. Completion took place on 26 February 2020. For details, please refer to the announcements of the Company dated 19 February 2020, 20 February 2020 and 28 February 2020, respectively.

On 26 February 2020, the Company and certain subsidiaries of the Company entered into a purchase agreement with Morgan Stanley & Co. International plc and Guotai Junan Securities (Hong Kong) Limited in connection with the Company's issuance of senior notes due 2024 with aggregate principal amount of US\$150 million at a coupon rate of 11.95% per annum. Completion took place on 4 March 2020. For details, please refer to the announcements of the Company dated 27 February 2020 and 5 March 2020, respectively.

Offer to purchase the outstanding senior notes

On 19 February 2020 and 12 March 2020, the Company commenced the offers (the “**2020 Offers**”) to purchase for cash of the outstanding 2019 Series Notes up to a maximum acceptance amount in accordance with the terms and conditions set out in the offer document. The 2020 Offers were completed on 4 March 2020 and 25 March 2020, respectively. As at the date of this announcement, after completion of the 2020 Offers and cancellation of the notes accepted for purchase, the aggregate principal amount of the 2019 Series Notes which remains outstanding is US\$149,461,000. For details, please refer to the announcements of the Company dated 19 February 2020, 2 March 2020, 5 March 2020, 12 March 2020, 20 March 2020 and 26 March 2020, respectively.

Save as disclosed above, there is no material subsequent event undertaken by the Group after the reporting period and up to the date of this announcement.

PROSPECT

At the beginning of the year, the COVID-19 outbreak casted a shadow over the economy in 2020. Shutdowns and suspension of sales caused significant impact to the capital-intensive real estate industry, which resulted in severe shock and suppression on supply side of production, demand side of market and operating side of corporate. The central government and several municipal governments introduced a series of policies to support the real estate industry since the COVID-19 outbreak in the PRC, and it is expected that the policies will be focused on stableness throughout the year. At the central level, the politburo meeting in February 2020 released a proactive fiscal policy and a prudent monetary policy. The loan prime rate (“**LPR**”) reduction has played a positive role in stabilising economic development, which will also benefit the real estate industry. It will play a positive role in boosting residential property buyers' confidence and would be conducive to stable development of the real estate market.

After the outbreak of the epidemic, comfortable living, safety and health, hygiene and epidemic prevention as well as quality properties would become the rigid needs of customers and new development trends of green and healthy in terms of building and community all certainly emerge. The Company needs to figure out strategic plan for their enterprises, with a customer-based culture to enhance the competitiveness of green and healthy products in terms of R&D, design, construction and operation, which is a new way to survive and grow in the real estate industry.

The Company will continue to achieve the strategic business goals of 2020 based on four aspects: “adhering to the strategy of green technology development”, “focusing on the strategy of urbanization layout”, “innovating the financing of the industry-wide chain” and “focusing on the Whole-life Cycle Communities”.

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. Further to the specific enquiries made by the Company to the Directors, all Directors have confirmed their compliance with the Model Code for the year ended 31 December 2019.

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

For the year ended 31 December 2019, neither the Company nor any of its subsidiaries had repurchased, sold or redeemed any of the Company’s listed securities.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company is committed to maintaining high standards of corporate governance. The Company has complied with the code provisions in the Corporate Governance Code as set out in Appendix 14 to the Listing Rules for the year ended 31 December 2019.

UPDATED INFORMATION OF DIRECTORS PURSUANT TO RULE 13.51B(1) OF THE LISTING RULES

Mr. Zhong Bin, an independent non-executive Director, has been an independent non-executive director of Walvax Biotechnology Co., Ltd., (Shenzhen Stock Exchange Code: 300142) since August 2019.

Save as disclosed above, after all reasonable inquiries, the Board is not aware of any information required to be disclosed pursuant to Rules 13.51B(1) of the Listing Rules since the date of the Company’s annual report for 2018.

ANNUAL GENERAL MEETING

The annual general meeting (the “**2020 AGM**”) will be held on Thursday, 18 June 2020. The notice of the 2020 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 declared payment of a final dividend for the year ended 31 December 2019 of HK 3.55 cents per share. Subject to the approval of the proposed final dividend by the shareholders at the 2020 AGM, it is expected that the final dividend will be paid on or before Monday, 10 August 2020 to the shareholders whose names appear on the register of members of the Company on Friday, 24 July 2020.

(a) For determining the entitlement of the shareholders to attend and vote at the 2020 AGM

For determining the entitlement of the shareholders to attend and vote at the 2020 AGM, the register of members of the Company will be closed from Friday, 12 June 2020 to Thursday, 18 June 2020 (both days inclusive), during which period no transfer of shares will be effected. In order to determine the identity of members who are entitled to attend and vote at the 2020 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 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration not later than 4:30 p.m. on Thursday, 11 June 2020.

(b) For determining the entitlement to the proposed final dividend (subject to the shareholders’ approval at the 2020 AGM)

For determining the entitlement to the proposed final dividend (subject to the shareholders’ approval at the 2020 AGM), the register of members of the Company will be closed from Wednesday, 22 July 2020 to Friday, 24 July 2020 (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 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 21 July 2020.

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 reviewed the consolidated annual results of the Group for the year ended 31 December 2019.

AUDITOR

The auditing process for the annual results for the year ended 31 December 2019 has not been completed as at the date hereof due to restrictions in force in Hubei Province of China to combat the COVID-19 outbreak. The unaudited results contained herein have not been agreed by the Company's auditors. An announcement relating to the audited results will be made when the auditing process has been completed in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the Company's website at www.modernland.hk and the website of the Stock Exchange at www.hkexnews.hk. The 2019 annual report containing the information as required by the Listing Rules will be available on the websites of the Stock Exchange and the Company, and will be despatched to the shareholders of the Company in due course.

FURTHER ANNOUNCEMENT(S)

Following the completion of the auditing process, the Company will issue further announcement(s) in relation to the audited results for the year ended 31 December 2019 as agreed by the Company's auditors and the material differences (if any) as compared with the unaudited annual results contained herein. In addition, the Company will issue further announcement as and when necessary if there are other material developments in the auditing process.

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

Hong Kong, 26 March 2020

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. Tian Jiong; and independent non-executive Directors: Mr. Qin Youguo, Mr. Cui Jian, Mr. Hui Chun Ho, Eric and Mr. Zhong Bin.