



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

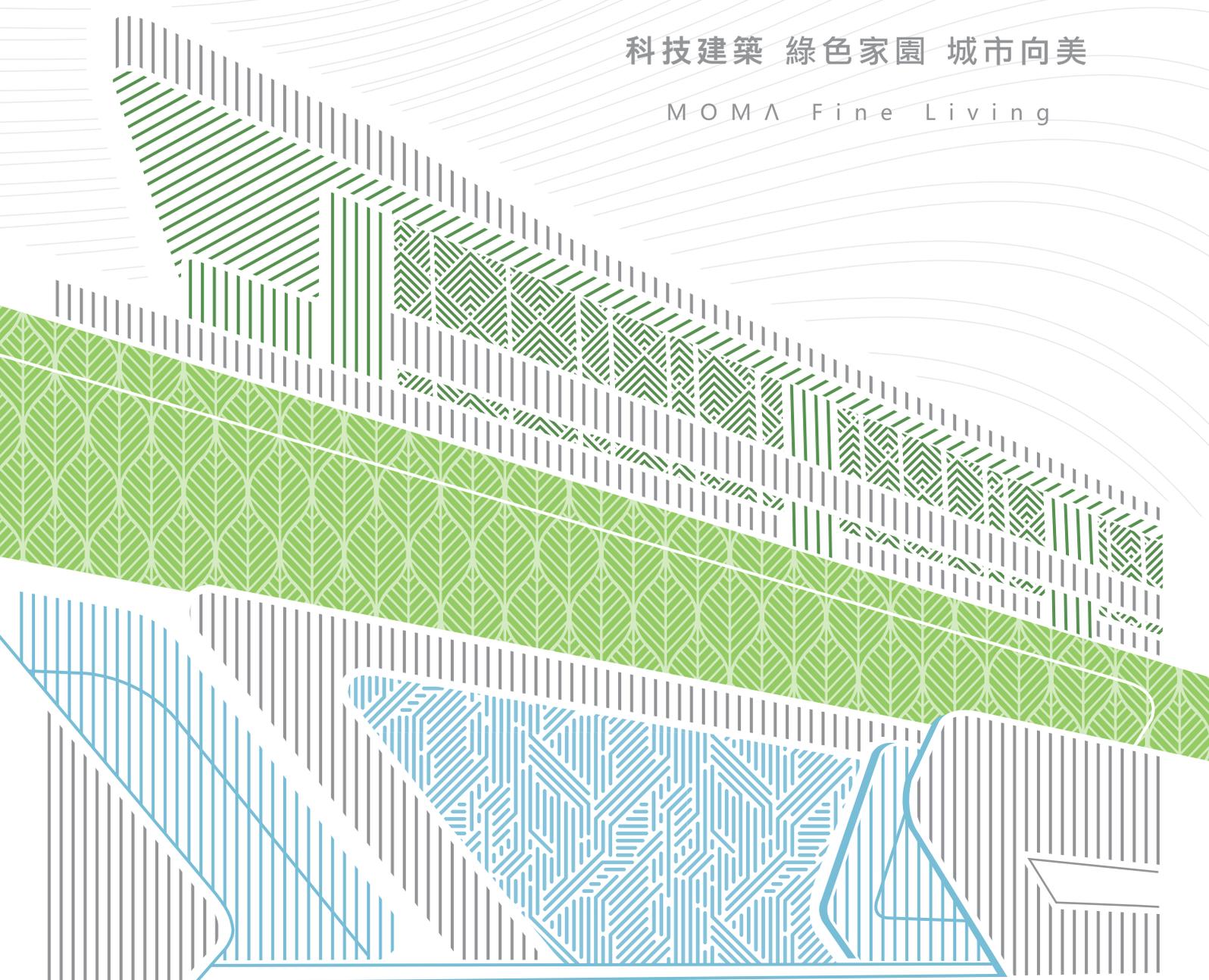
(incorporated in the Cayman Islands with limited liability) Stock Code: 1107

INTERIM
REPORT

2021

科技建築 綠色家園 城市向美

M O M A Fine Living





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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Zhang Lei (*Chairman*)
Mr. Zhang Peng (*President*)
Mr. Chen Yin

Non-Executive Directors

Mr. Fan Qingguo
Mr. Chen Zhiwei
Mr. Zeng Qiang

Independent Non-Executive Directors

Mr. Hui Chun Ho, Eric
Mr. Cui Jian
Mr. Gao Zhikai
Mr. Liu Jiaping (appointed on 21 April 2021)

Audit Committee

Mr. Hui Chun Ho, Eric (*Chairman*)
Mr. Cui Jian
Mr. Gao Zhikai
Mr. Liu Jiaping (appointed on 21 April 2021)

Remuneration Committee

Mr. Gao Zhikai (*Chairman*)
Mr. Zhang Lei
Mr. Cui Jian

Nomination Committee

Mr. Cui Jian (*Chairman*)
Mr. Zhang Lei
Mr. Hui Chun Ho, Eric
Mr. Gao Zhikai

AUTHORISED REPRESENTATIVES

Mr. Zhang Peng
Mr. Deng Ren Yu

COMPANY SECRETARY

Mr. Deng Ren Yu

AUDITOR

KPMG
Public Interest Entity Auditor registered in
accordance with the Financial Reporting
Council Ordinance
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

LEGAL ADVISER

Loong & Yeung

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suites 805-6
Champion Tower
3 Garden Road
Central, Hong Kong

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P. O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

CORPORATE INFORMATION

HEADQUARTERS IN THE PRC

No.1 Xiangheyuan Road
Dongcheng District
Beijing
PRC 100028

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Suntera (Cayman) Limited
Suite 3204, Unit 2A, Block 3
Building D, P.O. Box 1586
Gardenia Court, Camana Bay
Grand Cayman KY1-1100
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

INVESTORS AND MEDIA RELATIONS CONSULTANT

Wonderful Sky Financial Group
9/F, The Center
99 Queen's Road Central
Central, Hong Kong
Tel: (852) 2851 1038
Fax: (852) 2865 1638
E-mail: modernland@wsfg.hk

PRINCIPAL BANKERS

Bank of China
Industrial and Commercial Bank of China
China Merchants Bank
Hang Seng Bank
Bank of East Asia
Shanghai Pudong Development Bank Co., Ltd.
Bank of Shanghai

LISTING INFORMATION

Equity Security Listed on
The Stock Exchange of Hong Kong Limited

Ordinary Shares

Stock Code: 1107

Debt Security Listed on
The Stock Exchange of Hong Kong Limited

Sustainable & Green Exchange (STAGE)

9.8% senior notes in an aggregate
principal US\$321,000,000 due 2023

Stock Code: 40525

COMPANY WEBSITE

www.modernland.hk

COMPANY PROFILE



OVERVIEW

Modern Land (China) Co., Limited (hereinafter referred to as the “**Company**” or “**Modern Land**”, together with its subsidiaries as the “**Group**”) was established in 2000 in Beijing and is a company listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) from 12 July 2013 with qualification in real estate development in the People’s Republic of China (the “**PRC**” or “**China**”). The Company was rated as one of “Top 100 China Real Estate Enterprises” (中國房地產百強企業) for seven consecutive years. The Company has always been adhering to the development concept of “High-Tech Buildings, Green Homeland Community and Beautifying Cities”, sticking to the development philosophy of “Natural Simplicity, Harmonious Health, Simple Focus, and Endless Vitality” and focusing on the theme of “Action of Loving My Homeland” to bring customers the sincere and real life experience and bring positive economic and social benefits to the shareholders of the Company (the “**Shareholders**”) and the entire society. The Company pours itself to a homeland of “Green Technology + Comfort & Energy-saving + Digital Interconnecting Whole-life Cycle Communities”, successfully establishing “MOMA” (i.e. The Museum of Modern Architecture, meaning new architecture of science and art) as the iconic brand of green technology real estate operators in China. MOMA consists of four text graphics “M” “O” “M” “Λ”. Two “M” symbolise our home, “O” represents the origin of the universe and “Λ” stands for human. The left and right half of the pattern symbolise architecture and life respectively.

COMPANY PROFILE

INSISTING ON THE CORE COMPETITIVENESS OF GREEN TECHNOLOGY

The Company has established its core competitiveness by focusing on “Leading Green Technology Solution, Full Life Cycle Operation Solution, Gravitation Acceleration Solution, Digital Process and Operation Solution, Green Elderly Healthcare Industry Operation Solution” and continuously developed green technology. The Company has its own research, development and design department and has developed a number of technical architecture systems such as geothermal pump system, ceiling radiation cooling and heating system, exterior temperature preservation system, high performance exterior window system, overall fresh air displacement ventilation and noise reduction system, which outfit MOMA products with fine characteristics. While creating a high comfort level, with the indoor temperature around 20°C–26°C and humidity around 30%–70%, which fits the definition of “the most comfortable environment” within ISO7730, its energy consumption is estimated to be only 1/3 of the energy consumption level of normal residential buildings in China. In persistent use of such technology, a slew of energy and cost will be saved for creating a pleasant ecosystem for the society.

STRENGTHENING STANDARD PRODUCT CAPABILITY

Through extensive project experience over the past twenty years, Modern Land has gradually developed products that cater the needs of various customer groups, and has created replicable product modes which are classified into four standard product lines for different customer groups, i.e. Modern MOMA product line with top green technology, Modern Eminence MOMA product line with high-end green technology, Modern Horizon MOMA product line with quality green technology and Modern City MOMA product line developed by green technology operators with whole-life cycle and multiple functions. The Company has established a robust standard development mode of product line, and classified its residential property products by development pace and economic indicator based on product positioning, forming three types of standard product lines including (i) Class I: projects generating both cash flow and profits; (ii) Class II: projects generating cash flow; and (iii) Class III: projects generating profits. At present, the Company has successfully developed over a hundred green technology quality projects. On the domestic front, the Company proactively explored markets in the five major megalopolises, namely Jing-Jin-Ji region, Yangtze River Delta region, Pearl River Delta region, Middle Yangtze River Valley region and Cheng-Yu region. As to the overseas markets, the Company focused on the North America region.

BUILDING STRONG BRAND-NAME INFLUENCE

The Company has updated its green technology products. The Company’s official integrated housing “Air Dino 3 (恐龍3號)”, being the first prefabricated and net zero energy consumption and healthy integrated housing, was granted the “ACTIVE HOUSE Technology Innovation Award (ACTIVE HOUSE 科技創新獎)” by the International Active House Alliance (國際主動房聯盟). Modern Xishan Shang Pin Wan MOMA was rated as hundred-year residence that satisfied the assessment of residence performance and standards of green residence; Modern Wan Guo Cheng MOMA (Tongzhou) was awarded the Platinum-level precertification under the WELL Building Standard™; Modern Wan Guo Fu MOMA (Foshan) was awarded the Gold-level certificate under the WELL Building Standard™ and evaluated as first batch of demonstration base of healthy construction; Beijing Modern MOMA is the only project in China that received the “Ten Year Award”/“50 Most Influential Tall Buildings of the Last 50 Years across the Globe” from the Council on Tall Buildings and Urban Habitat (CTBUH); and the Company ranked second in China Model Green Property Developers in Operation (中國綠色地產運行典範第2名).

COMPANY PROFILE

The Company has continued to expand its brand influence in the industry. In terms of industry brands, the Company was awarded as “2021 Top 100 Enterprises with Comprehensive Strength (2021中國房地產上市公司綜合實力百強)” and “2021 Top 5 China Listed Real Estate Companies in Innovation (2021中國房地產上市公司創新能力5強)” by China Real Estate Association, and was “2021 Top 10 China Real Estate Enterprises in Stability (2021中國房地產百強企業穩健性TOP10)” and accredited as “2021 Top 100 China Real Estate Enterprises with TOP 10 Financing Capability (2021中國房地產百強企業 — 融資能力TOP10)” and “2021 China Specialized Real Estate Company with Excellence in Operation — Green Technology Real Estate (2021中國特色地產運營優秀企業 — 綠色科技地產)” by China Index Academy.

The Company has put more efforts in social responsibility. The Company was elected as “Grade AAA Joint Construction Unit for Credit Construction in China (中國誠信建設AAA共建單位)”. In addition to focusing on its own green technology-based MOMA construction projects, Modern Land is also committed to working with industry partners and institutions to promote green businesses. In 2015, Modern Land became an enterprise with the largest number of green residences by cooperating with China Habitat and Environment Committee (中國人居環境委員會) of China Real Estate Association to promote the national project layout and industry standards for green residences. In 2019, Fūzhou Modern City MOMA, Shaanxi Modern Jiabao Park YUE MOMA, Beijing Modern Xishan Shang Pin Wan MOMA, Modern Shishou Xian Yang Fu MOMA, Modern Huzhou Shang Pin Wan MOMA, Zhangjiakou Yuanzhu MOMA, Xiaogan Modern Shi Guang Li MOMA and Heze Modern City MOMA were awarded the title of “Green Residences”. The Company is the first enterprise in China which focuses on the exploration of green and healthy buildings. For 20 years, the Company has specialized in green technology real estate, established differentiated core competitiveness and continued its improvement and upgrades from original greening, self-greening, dark greening to full life cycle greening. The Company is engaged in the research and development as well as implementation of green building, healthy building, active architecture, hundred year residence, passive house, green residence, net zero energy consumption building and positive energy building.

Projects developed by the Company in China are required to meet domestic green building standards. The Company has won various green technology awards: Modern MOMA was the first residential project in the country which won the largest international green building award, the LEED-ND Certification granted by the United States Green Building Council; the Company was awarded Three-star Green Building Certification — Operation (i.e. the highest domestic green building certification) for many times, which is also the first enterprise in the country awarded such certification in a consecutive way.

Modern Land upholds the principle of “High-Tech Buildings, Green Homeland Community and Beautifying Cities” and has always been committed to zero emissions, zero carbon footprint, zero pollution, and reducing the heat island effect. The Company has also strived to improve the comfort level of buildings, make coordination that meets the criteria of energy, comfort and the environment, and contribute to better urban development and pleasant living environment.

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board (the “**Board**”) of directors (the “**Directors**” and each a “**Director**”) of the Company, I am pleased to present the business review of the Group for the six months ended 30 June 2021 (the “**Period**”) and its prospects.

SALES RESULTS

During the six months ended 30 June 2021, the Company achieved contracted sales of approximately RMB21.56 billion, of which approximately RMB21.28 billion was from properties and approximately RMB278 million was from car parking spaces. The contracted sales covered an area of approximately 2.078 million square metres and the average selling price per sq.m. was approximately RMB10,242.

2021 H1 REVIEW

The year 2021 marks the opening year of the 14th Five-Year Plan. People effectively overcame the impact of the pandemic in the first half of 2021. China's economy has shown strong resilience, with a 12.7 per cent year-on-year GDP growth during the Period. It has further strengthened the establishment of a “dual circulation” development pattern, in which domestic and foreign markets can boost each other, with the domestic market as the mainstay, and allowed China to seize the initiative of future development. The great achievements at the macro level are hard-won. Only hard work can lead to success.

Precisely judging the real estate market to achieve a solid growth in financial results

The principle of “housing is for living in, not for speculation” for the real estate sector was deepened in the first half of 2021. On the basis of ‘three red lines’, ‘two red lines’ and ‘two centralisations’ for land transfer, China continuously tightened policies for the real estate industry. It also ramped up the regulation on the financial sector, which increased the deleveraging pressure. Controls over second-hand houses and policy-related houses were strengthened. Stricter policies are likely to be implemented in hot regions. As for companies, market differentiation exacerbates, and the competition within the industry is increasingly fierce. Mergers and acquisitions (M&As) became popular.

Thanks to its accurate judgment of the real estate market and scientific decisions, the Company recorded contracted sales of approximately RMB21.56 billion in the first half of 2021, a year-on-year increase of approximately 51.8%, with the area jumping approximately 52.7% year on year to approximately 2.078 million square metres. It saw a solid growth in size.

CHAIRMAN'S STATEMENT

Insisting on its investment strategy and achieving steady expansion of its business

In the first six months of 2021, the Company insisted on its investment strategy, focused on core metropolitan areas, concentrated efforts on business in the first- and second-tier cities and some potential third- and fourth-tier cities. It kept stepping up the regional presence and managed to finish a project once it was implemented. The Company grew bigger, penetrated the market and offered fine service for customers. In the first half of this year, the Company secured 20 new projects in Xi'an, Chongqing, Qingdao, Suzhou, Hefei, Hohhot, etc., with gross floor area ("GFA") of approximately 3.564 million square metres. The ways of land acquisition further diversified. The proportions of land parcels acquired via industrial synergy, tender, auction, or listing-for-sale and M&As are reasonable.

The Company adhered to heavy-asset investment and light-asset service in the first half of 2021. It leveraged its core strengths in green technology, low carbon and energy conservation and brand premium to further expand the real estate agency business. It became an agency construction manager of eight high-quality projects during the Period. The Company gradually expanded its footprints in cities and improved the quality of its projects.

Strengthening a healthy capital structure to achieve sustainable funding

With the tightening of financial regulatory policies, the Company was determined to stick to the prudent financial capital strategy in the first half of 2021, with a view to seeking long-term and sustainable development. It upgraded the capital structure and optimised the financing strategy. Its development expectations were widely recognised by and received positive accolades from market investors. The Company's bonds were recommended by many well-known institutions and its stock got buy recommendations. Besides, it received credit lines of more than RMB100 billion from banks. The reason behind this is the stability of its ratings at home and abroad. On this basis, the Company issued a total of US\$398 million of green bonds overseas and obtained a green loan of HK\$100 million from Hang Seng Bank. It established a reasonable linkage between the domestic and foreign markets, ensured smooth financing channels and continuously improved the quality of financing.

Exploring green and healthy technology to enhance its brand influence

The Company continuously built its core competitiveness on green technology, expanded its brand influence and increased market premium.

It gave the top priority to the upgrade of its products to create AI communities in the first half of 2021, which visualised community services in all scenarios. Actions will be taken to build a SWELA platform in the future to better guarantee community health from acoustic environment, water environment, magnetic environment, light environment and air environment, etc.

CHAIRMAN'S STATEMENT

Due to upgraded green technology products, the brand recognition of MOMA in the industry and market and among customers increased in the first six months of this year. The Company won a total of 27 awards during the Period. It was awarded two Green Building Operation Labels, 10 prizes for the top 100 real estate developers and four design honors. In addition, the Company was honoured as one of the top 10 excellent technology leaders.

Shouldering ESG responsibilities and gaining high recognition from authoritative institutions

As a responsible listed company, the Company has always attached importance to the fulfillment of ESG responsibilities and the creation of social values. Sustainalytics, the ESG rating agency of Morningstar, Inc., an investment research firm, published an ESG rating report about Modern Land in the first half of 2021 and gave a rating score of 20.5. It came out on top among major real estate developers. In the meantime, MSCI, the world's biggest index provider, announced the ESG rating results for the Company and awarded it a "BB" rating in recognition of its excellent ESG performance in corporate governance, green building and other aspects.

The Company attached great importance to environmental protection, and actively promoted green technology innovation and upgrade of product iteration. Measures were taken to build passive houses and tight controls were imposed on carbon emissions in the production process for greenness and energy conservation. It actively fulfilled social responsibilities and continuously provided quality jobs to promote the development of upstream and downstream industry chains. Charity activities were held many times. It took actions in time to sow the seeds of charity in education, tree planting, fight against the pandemic and severe weather emergency. In terms of corporate governance, the Company has created a standardised process and an operating system to ensure stable operation and sustainable development, and achieve steady growth in financial results.

OUTLOOK FOR 2021 H2

There will be more uncertainties in the international situation. Geopolitics and epidemic rebound are perplexing the world. China's development may face tougher external environment in the second half of 2021.

As for the real estate industry, the era of "big waves in windy days and big fish in deep water" is destined to come to an end. Industry players will never see high leverage, high gross margin and high growth in a blindfolded state again. The real estate sector will be certainly repositioned as an ordinary industry with low leverage, low profits and low growth in the future. It can be expected that real estate policies will remain tight. The authorities will enhance the regulation on the full lifecycle from the supply side, the demand side and the financial side. At the supply side, the 'two centralisations' policy for land transfer will be implemented, and the threshold of land acquisition in the open market will be raised. As for the demand side, combined measures, such as restrictions on house purchase, home prices, loans, commodity housing and second-hand houses, will continue. Some local governments will even issue home coupons. At the financial side, more efforts will be made on the implementation of the 'five red lines', and the proportion of land acquisition amount to property developers' annual sales will be under strict supervision. These aims to force real estate developers to substantially deleverage and stabilise the long-term development order of the real estate sector.

CHAIRMAN'S STATEMENT

In an increasingly uncertain market, the Company will be determined to take actions and seek long-term development amid changes. It will unswervingly adopt the green technology strategy, build differentiated core competitiveness, create a favourable business layout, optimise financial capital structure, deepen the full-lifecycle model, and accelerate brand growth premium, in hope of achieving leapfrog and sustainable development.

Adhering to the strategy of green technology development to achieve long-term differentiated growth

The “carbon peak and neutrality” targets portray a clear future for China’s development and point out a specific development path for all industries. It is also an opportunity for real estate developers to reshape their competitiveness.

Guided by the “carbon peak and neutrality” targets, the Company will stand firm on its green technology strategy and make a roadmap for carbon neutrality that can be used at the enterprise level in the second half of this year to pursue zero carbon and sustainable development and fulfillment of social responsibilities. Meanwhile, green concept will be deeply embedded in four standardised product lines during the full lifecycle to further add the technological content at the construction and operation stages. In addition, it will actively use green technology in urban renewal projects, especially during renovation of existing buildings.

Iterating investment and expansion and creating a favourable business layout

In the second half of 2021, the Company will stick to the investment strategy of “5+15+M” by stepping up presence in five city clusters, namely the Beijing-Tianjin-Hebei region, the Yangtze River Delta, the Guangdong-Hong Kong-Macao Greater Bay Area, the middle reaches of the Yangtze River and Chengdu-Chongqing economic circle. It will place focus on the second-tier cities, such as Chongqing, Xi’an, Qingdao, Hefei, Taiyuan, Suzhou and Hohhot, as well as potential third- and fourth-tier cities like Xiantao, Jingzhou, Foshan and Weihai. The Company will strengthen the upgrading of the investment value chain, integrate the full-lifecycle system covering pre-investment, in-investment and post-investment stages, and improve the precision, granularity and execution of investment research, investment review and post-investment management to avoid systemic risks. Efforts will be made to acquire land plots in diverse ways and carry out strategies regarding industrial synergy, M&As, open markets or agency construction management, aiming to achieve optimal allocation of resources, ensure a reasonable land reserve structure, and further optimise the strategic layout of the Company.

Optimising the capital structure and strengthening the empowerment of the ecological platform

The Company adheres to low-leverage operation and low-risk operation, keeps optimising the capital structure, deeply connects high-quality resources, and strengthens the empowerment of the ecological platform.

CHAIRMAN'S STATEMENT

The Company will continuously reduce debts in the second half of 2021. Efforts will be made to promote both endogenous financing and exogenous financing and balance the share of bond financing and equity financing, in an attempt to achieve a reasonable balance between capital management and capital operation. On the basis of the existing financing model, the Company will actively explore new compliant financing strategies, broaden the financing channels, and focus on asset-light financing, overseas financing and private equity funds.

Deepening the Full-Lifecycle Industrial Home to Accelerate Brand Growth and Evolution

The Company will stick to the “full-lifecycle industrial home” model and “MOMA living home 4+1” concept in the second half of 2021. Green technology will be used to enhance its green and differentiated core competitiveness. It will carry out projects of green buildings, green residential areas and sustainable cities in an innovative way, conduct in-depth study of the planning, design and construction of green buildings, passive buildings, active buildings, nearly zero-energy buildings, net-zero-energy buildings and even energy-plus buildings. Innovative achievements in green technology, smart technology and digital technology will be deeply embedded to cater to the new customer needs in the new era. The Company will further offer full-lifecycle services to support the growth of children, education for students, employment for young people, care of the elderly, assistance to the weak and medical service for patients. Services for people of all ages, all sectors and all aspects will be deepened. All is to promote the Company's brand growth and realisation of its value.

Looking ahead, the Company will stick to its strategies, size up the situation, make iterative innovation, and promote open and win-win cooperation, in a bid to move forward and seek solid growth under the new circumstances facing the real estate sector.

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

16 August 2021

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 RMB9,316.2 million, representing an increase of approximately 8.6% as compared to the corresponding period in 2020. The Group delivered 1,024,219 sq.m. of properties in terms of total GFA and 1,674 units of car parking spaces during the Period. Delivered average selling price ("ASP") for properties was RMB8,951 per sq.m. and that for car parking spaces was RMB88,457 per unit for the six months ended 30 June 2021.

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

During the Period, the Group's revenue from property investment increased by approximately 59.0% to approximately RMB38.0 million from approximately RMB23.9 million for the corresponding period of 2020.

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 2021, the Group's revenue from real estate agency services increased by approximately 79.2% to approximately RMB131.2 million from approximately RMB73.2 million for the corresponding period of 2020.

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 2021 increased by approximately 35.1% to approximately RMB25.0 million from approximately RMB18.5 million for the corresponding period of 2020. During the Period, the revenue from other services was approximately RMB32.9 million, representing an increase of approximately 84.8% as compared to that of approximately RMB17.8 million for the corresponding period of 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

Contracted Sales

During the Period, the Group, its joint ventures and associates achieved contracted sales of approximately RMB21,562.4 million, representing an increase of approximately 51.8% as compared to the corresponding period in 2020. The Group, its joint ventures and associates sold 2,078,126 sq.m. in total GFA and 2,733 units of car parking spaces, representing an increase of approximately 52.7% and a decrease of approximately 0.8%, respectively, as compared to the corresponding period in 2020.

Table 1: Breakdown of contracted sales of the Group, its joint ventures and associates

| Province/Municipality/ Autonomous Region | Six months ended 30 June | | | | | |
|---|--------------------------------|-------------------------------|-----------------------------|--------------------------------|-------------------------------|-----------------------------|
| | 2021 | | | 2020 | | |
| | Contracted Sales RMB'000 | GFA (in sq.m.) or units | ASP RMB/sq.m. or unit | Contracted Sales RMB'000 | GFA (in sq.m.) or units | ASP RMB/sq.m. or unit |
| Anhui | 2,646,552 | 362,918 | 7,292 | 1,186,613 | 137,967 | 8,601 |
| Beijing | 253,378 | 7,188 | 35,250 | 1,524,824 | 33,025 | 46,172 |
| Fujian | 306,808 | 14,120 | 21,729 | 100,715 | 4,314 | 23,346 |
| Guangdong | 542,651 | 11,561 | 46,938 | 30,854 | 1,822 | 16,934 |
| Chongqing | 2,224,886 | 238,665 | 9,322 | – | – | – |
| Guizhou | 818,175 | 87,230 | 9,380 | 144,241 | 27,952 | 5,160 |
| Hebei | 1,420,009 | 133,305 | 10,652 | 109,614 | 14,007 | 7,826 |
| Henan | 124,152 | 13,887 | 8,940 | 917,729 | 138,343 | 6,634 |
| Hubei | 4,235,161 | 600,266 | 7,055 | 2,345,993 | 281,706 | 8,328 |
| Hunan | 1,235,541 | 101,891 | 12,126 | 1,167,889 | 143,206 | 8,155 |
| Inner Mongolia | 380,107 | 30,360 | 12,520 | – | – | – |
| Jiangsu | 2,681,456 | 133,396 | 20,101 | 1,700,708 | 113,887 | 14,933 |
| Jiangxi | 858,151 | 66,918 | 12,824 | 1,157,659 | 147,069 | 7,872 |
| Liaoning | 1,094 | 191 | 5,728 | 2,833 | 521 | 5,438 |
| Shaanxi | 2,147,161 | 125,887 | 17,056 | 2,053,246 | 169,964 | 12,080 |
| Shandong | 642,758 | 87,558 | 7,341 | 644,375 | 65,633 | 9,818 |
| Shanxi | 538,269 | 45,537 | 11,820 | 643,605 | 60,472 | 10,643 |
| Tianjin | 70,011 | 9,008 | 7,772 | 140,009 | 16,992 | 8,240 |
| Zhejiang | 157,985 | 8,240 | 19,173 | 42,152 | 3,694 | 11,411 |
| Properties Sub-total | 21,284,305 | 2,078,126 | 10,242 | 13,913,059 | 1,360,574 | 10,226 |
| Car Parking Spaces | 278,141 | 2,733 units | 101,771/unit | 293,165 | 2,755 units | 106,412/unit |
| Total | 21,562,446 | | | 14,206,224 | | |

MANAGEMENT DISCUSSION AND ANALYSIS

Land Bank

As at 30 June 2021, total GFA of land bank in the PRC (excluding investment properties and properties held for own use) held by the Group, its joint ventures and associates was 16,765,199 sq.m..

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

Table 2: Land bank held by the Group, its joint ventures and associates

| Province/Municipality/Autonomous Region | As at 30 June 2021 Total GFA unsold* (sq.m.) |
|---|--|
| Anhui | 1,683,428 |
| Beijing | 493,607 |
| Chongqing | 1,022,829 |
| Fujian | 105,765 |
| Guangdong | 558,363 |
| Guizhou | 702,147 |
| Hebei | 817,368 |
| Henan | 241,256 |
| Hubei | 4,867,359 |
| Hunan | 724,484 |
| Inner Mongolia | 79,149 |
| Jiangsu | 497,753 |
| Jiangxi | 829,730 |
| Liaoning | 107,025 |
| Shaanxi | 1,702,632 |
| Shandong | 1,028,201 |
| Shanghai | 17,704 |
| Shanxi | 1,038,075 |
| Tianjin | 193,441 |
| Zhejiang | 54,883 |
| Total | 16,765,199 |

* Aggregated GFA sold but undelivered with sales contracts was included.

MANAGEMENT DISCUSSION AND ANALYSIS

Land Acquisitions in 2021

In 2021, the Group, its joint ventures and associates continued to apply the same conservative and balanced strategy as its general direction towards land acquisitions. During the Period, the Group, its joint ventures and associates purchased a total of 20 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 approximately 3,563,815 sq.m..

| Project location (province/municipality/autonomous region) | Number of new projects | Estimated total GFA (sq.m.) |
|---|---------------------------|-----------------------------------|
| Anhui | 1 | 82,500 |
| Chongqing | 2 | 157,860 |
| Guangdong | 1 | 19,600 |
| Hubei | 6 | 2,100,355 |
| Inner Mongolia | 1 | 79,200 |
| Jiangsu | 2 | 107,700 |
| Shaanxi | 5 | 781,100 |
| Shandong | 2 | 235,500 |
| Total | 20 | 3,563,815 |

FINANCIAL REVIEW

Revenue

The Group's revenue increased by approximately 9.6% to approximately RMB9,543.4 million for the six months ended 30 June 2021 from approximately RMB8,710.3 million for the corresponding period of 2020, which was mainly attributable to the increase in area delivered, with a period-on-period increase of approximately RMB739.4 million in revenue from sale of properties.

Cost of sales

The Group's cost of sales amounted to approximately RMB7,332.5 million for the six months ended 30 June 2021, representing an increase of approximately 11.3% as compared to the corresponding period of 2020, which is in line with the increase in revenue.

Gross profit and gross profit margin

For the six months ended 30 June 2021, the Group's gross profit was approximately RMB2,210.9 million and the gross profit margin was 23.2%, representing a decrease of approximately 1.2 percentage points as compared to that of approximately 24.4% for the corresponding period of 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

Other income, gains and losses

The Group's other income, gains and losses recorded a net gain of approximately RMB192.4 million during the Period as compared to a net loss of approximately RMB149.3 million for the six months ended 30 June 2020, which was mainly due to the gain from the rise of RMB to USD exchange rate.

Change in fair value

The change in fair value increased by approximately 10.6% to approximately RMB127.9 million for the six months ended 30 June 2021 from approximately RMB115.6 million for the six months ended 30 June 2020, which was mainly due to the increase in the newly added investment properties.

Selling and distribution expenses

The selling and distribution expenses increased by approximately 49.9% to approximately RMB309.7 million for the six months ended 30 June 2021 from approximately RMB206.6 million for the corresponding period of 2020, primarily due to the expanding scale of sales. Selling and distribution expenses accounted for approximately 1.4% of the contracted sales of the Group for the Period, which was approximate to that of about 1.5% in the first half of 2020.

Administrative expenses

The administrative expenses of the Group amounted to approximately RMB402.6 million for the six months ended 30 June 2021, representing an increase of approximately 49.8% as compared to the corresponding period of 2020, primarily due to the increase in the business and management scale of the Group. The administrative expenses for the Period accounted for approximately 1.9% of contracted sales, which remained stable as compared to that of approximately 1.9% for the corresponding period of 2020.

Finance costs

The finance costs of the Group increased by approximately 23.5% to approximately RMB205.7 million for the six months ended 30 June 2021 from approximately RMB166.6 million for the six months ended 30 June 2020. Amidst the general rising interest rates both at home and abroad, the Group's weighted average interest rate of borrowings was approximately 9.73% in the Period, which remained stable as compared to that of 9.9% for the year ended 31 December 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

Profit before taxation and profit for the period

The profit before taxation of the Group increased by approximately 11.7% to approximately RMB1,594.3 million for the six months ended 30 June 2021 from approximately RMB1,427.1 million for the six months ended 30 June 2020, and profit for the period increased by approximately 21.6% to approximately RMB676.5 million for the Period from approximately RMB556.4 million for the six months end 30 June 2020, which was mainly due to the increase in the area delivered.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Cash position

As at 30 June 2021, the Group had cash, restricted cash and bank balances of approximately RMB17,424.6 million, representing an increase of approximately 23.6% as compared to that of approximately RMB14,092.7 million as at 31 December 2020. The cash position remained stable mainly due to the expanding scale of sales during the Period. As at 30 June 2021, the bank balances and cash (including restricted cash) accounted for approximately 17.7% 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 2021, the Group had aggregate remaining balance of approximately RMB28,754.6 million, including bank and other borrowings of approximately RMB19,282.4 million, senior notes of approximately RMB8,533.5 million and corporate bonds of approximately RMB938.7 million, representing an increase of approximately 16.9% as compared to that of approximately RMB24,593.0 million as at 31 December 2020. As at 30 June 2021, 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, completed properties held for sale, property, plant and equipment, equity interests in subsidiaries and bank deposits, which had a carrying amount of approximately RMB24,482.6 million (31 December 2020: approximately RMB23,757.4 million). A majority of the carrying value of the Group's bank loans was denominated in RMB.

MANAGEMENT DISCUSSION AND ANALYSIS

Breakdown of indebtedness

By type of borrowings and maturity

| | 30 June 2021 RMB'000 | 31 December 2020 RMB'000 |
|--|----------------------------|--------------------------------|
| Bank and other loans | | |
| within one year or on demand | 6,476,001 | 6,285,741 |
| more than one year, but not exceeding two years | 7,276,939 | 5,598,966 |
| more than two years, but not exceeding five years | 5,294,072 | 3,797,872 |
| more than five years | 235,340 | 28,070 |
| Sub-total | 19,282,352 | 15,710,649 |
| Senior notes | | |
| within one year | 2,871,475 | 3,395,691 |
| more than two years, but not exceeding five years | 5,662,071 | 4,456,189 |
| Sub-total | 8,533,546 | 7,851,880 |
| Corporate bonds | | |
| within one year | — | 128,016 |
| more than one year, but not exceeding five years | 938,725 | 902,468 |
| Sub-total | 938,725 | 1,030,484 |
| TOTAL | 28,754,623 | 24,593,013 |
| Less: | | |
| Bank balances and cash (including restricted cash) | 17,424,561 | 14,092,729 |
| Net debt | (11,330,062) | (10,500,284) |
| Total Equity | 12,179,334 | 10,977,667 |
| Net debt to equity | 93.0% | 95.7% |
| By current denomination | | |
| Bank and other loans | | |
| — Denominated in RMB | 17,812,775 | 14,499,326 |
| — Denominated in US\$ | 1,111,783 | 832,585 |
| — Denominated in HK\$ | 357,794 | 378,738 |
| | 19,282,352 | 15,710,649 |

MANAGEMENT DISCUSSION AND ANALYSIS

Leverage

The Group's net gearing ratio decreased from approximately 95.7% as at 31 December 2020 to approximately 93.0% as at 30 June 2021. The Group's net current assets (current assets less current liabilities) increased by approximately 33.2% to approximately RMB16,996.9 million as at 30 June 2021 from approximately RMB12,759.1 million as at 31 December 2020; while the current ratio (current assets/current liabilities) increased from approximately 1.23 times as at 31 December 2020 to approximately 1.26 times as at 30 June 2021.

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 2021, the Group had monetary assets denominated in US dollars and Hong Kong dollars of approximately RMB205.9 million and approximately RMB97.1 million, respectively, as well as liabilities denominated in US dollars and Hong Kong dollars of approximately RMB9,645.3 million and approximately RMB357.8 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

As at 30 June 2021, the Group had contingent liabilities amounting to approximately RMB17,088.1 million (31 December 2020: approximately RMB15,217.8 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.

Employees and compensation policy

As at 30 June 2021, the Group had 2,240 employees (31 December 2020: 2,387). Employee's remuneration is determined based on the his or her 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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 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

The Group did not have any material acquisition and disposal of subsidiaries, associates and joint ventures during the Period.

EVENTS AFTER THE REPORTING PERIOD

Discloseable Transaction in relation to Acquisition of 100% Equity Interest in a PRC Company Holding Land Parcel in Huizhou City, Guangdong Province

On 13 July 2021, Guangzhou Yuanlv Development Investment Co., Ltd. (廣州原綠拓展投資有限公司) (“**Guangzhou Yuanlv**”) (an indirect non wholly-owned subsidiary of the Company) (as purchaser) entered into an equity transfer agreement (the “**Equity Transfer Agreement**”) with Xiamen Hongjiada Real Estate Co., Ltd. (廈門泓嘉達置業有限公司) (as vendor) (the “**Vendor I**”) and Huizhou City Dongjinpu Trading Co., Ltd. (惠州市東金埔商貿有限公司) (as vendor) (the “**Vendor II**”) and Huizhou City Dongrun Industrial Co., Ltd. (惠州市東潤實業有限公司) (the “**Target Company**”), whereby Guangzhou Yuanlv conditionally agreed to acquire 95% equity interest of the Target Company from the Vendor I and 5% equity interest of the Target Company from the Vendor II (the “**Acquisition**”) at the aggregate consideration of RMB380 million (the “**Consideration**”). The Acquisition constituted a disclosable transaction of the Company under Chapter 14 of the Listing Rules and the Company issued an announcement in this regard on 13 July 2021 (the “**13 July Announcement**”).

In the 13 July Announcement, it was disclosed that the Consideration of RMB380 million was determined after arm’s length negotiations among the parties to the Equity Transfer Agreement with reference to the appraised value of the land parcel (the “**Land Parcel**”) held by the Target Company of RMB501.4 million as at 21 June 2021 as well as the unaudited financial information of the Target Company as at 31 May 2021. The Company would like to provide further details regarding the basis for determination of the Consideration.

MANAGEMENT DISCUSSION AND ANALYSIS

As at 31 May 2021, the Target Company had total assets of approximately RMB256.5 million (comprising properties under development for sales (“**PUD**”) of approximately RMB255.4 million), net assets of approximately RMB173.8 million and total liabilities of approximately RMB82.7 million as at 31 May 2021. It follows that the appraised value of the Land Parcel of approximately RMB501.4 million as at 21 June 2021 represents a premium of approximately RMB246 million (the “**Premium**”) over the PUD of the Target Company of approximately RMB255.4 million as at 31 May 2021. After taking into account the Premium, the Target Company would have net assets of approximately RMB419.8 million. The Consideration of RMB380 million represents a discount of approximately RMB39.8 million or 9.5% below the said adjusted net assets of the Target Company, which substantiates the view of the Board that the terms of the Acquisition and in particular, the Consideration, are fair and reasonable and in the interests of the Company and its shareholders as a whole.

PROSPECT

There will be more uncertainties in the international situation. Geopolitics and epidemic rebound are perplexing the world. China’s development may face tougher external environment in the second half of 2021.

As for the real estate industry, the era of “big waves in windy days and big fish in deep water” is destined to come to an end. Industry players will never see high leverage, high gross margin and high growth in a blindfolded state. The real estate sector will be certainly repositioned as an ordinary industry with low leverage, low profits and low growth in the future. It can be expected that real estate policies will remain tight. The authorities will enhance the regulation on the full lifecycle from the supply side, the demand side and the financial side. At the supply side, the ‘two centralisations’ policy for land transfer will be implemented, and the threshold of land acquisition in the open market will be raised. As for the demand side, combined measures, such as restrictions on house purchase, home prices, loans, commodity housing and second-hand houses, will continue. Some local governments will even issue home coupons. At the financial side, more efforts will be made on the implementation of the ‘five red lines’, and the proportion of land acquisition amount to property developers’ annual sales will be under strict supervision. These aims to force real estate developers to substantially deleverage and stabilise the long-term development order of the real estate sector.

The Company will continue to achieve the strategic business goals in the second half of 2021 based on four aspects: “adhering to the strategy of green technology development”, “iterating investment and expansion”, “optimising capital structure” and “accelerate brand growth and evolution”.

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2021, the interests and short positions of the Directors and chief executives of the Company in the shares (the “**Shares**”), underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “**SFO**”)) which would be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) contained in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”), were as follows:

INTERESTS IN THE COMPANY (LONG POSITION)

| Name of Director | Capacity/Nature of Interest | Number of Shares | Approximate % of Interest in the Company |
|------------------|--|------------------|--|
| Mr. Zhang Lei | Beneficiary of a trust (<i>Note 1</i>) | 1,827,293,270 | 65.38% |
| | Beneficial owner (<i>Notes 2 & 6</i>) | 20,517,890 | 0.73% |
| Mr. Zhang Peng | Interest in a controlled corporation (<i>Note 3</i>) | 5,982,240 | 0.21% |
| | Beneficial owner (<i>Note 6</i>) | 17,297,000 | 0.62% |
| Mr. Chen Yin | Interest in a controlled corporation (<i>Note 4</i>) | 6,911,520 | 0.25% |
| Mr. Fan Qingguo | Interest in a controlled corporation (<i>Note 5</i>) | 5,982,240 | 0.21% |

Note 1: Such 1,827,293,270 Shares are held by Super Land Holdings Limited as a registered holder. The entire issued share capital of Super Land Holdings Limited is wholly-owned by Fantastic Energy Holdings Limited, the entire issued share capital of which is in turn wholly-owned by TMF (Cayman) Limited as the trustee of the family trust. The family trust is a discretionary trust established by Mr. Zhang Lei as the settlor and protector and the capital and income beneficiaries thereof include Mr. Zhang Lei, Mr. Salum Zheng Lee is the younger brother of Mr. Zhang Lei and their family members.

Note 2: 11,727,890 Shares out of the 20,517,890 Shares are beneficially held by Mr. Zhang Lei in his own capacity while the remaining 8,790,000 Shares are held pursuant to share options granted under the Share Option Scheme (as defined below).

Note 3: Mr. Zhang Peng holds 100% of the issued share capital of Zhou Ming Development Ltd., which owns 5,982,240 Shares. Therefore, Mr. Zhang Peng is deemed to have the same interest in the Company.

Note 4: Mr. Chen Yin holds 100% of the issued share capital of Dragon Shing Technology Ltd., which owns 6,911,520 Shares. Therefore, Mr. Chen Yin is deemed to have the same interest in the Company.

Note 5: Mr. Fan Qingguo holds 100% of the issued share capital of Create Success Development Ltd., which owns 5,982,240 Shares. Therefore, Mr. Fan Qingguo is deemed to have the same interest in the Company.

OTHER INFORMATION

Note 6: Such share interest (including Mr. Zhang Lei's interest in 8,790,000 Shares and Mr. Zhang Peng's interest in 8,790,000 Shares) is held pursuant to the share options granted under the Share Option Scheme, details of which are set out on pages 24 to 25 in this report.

Save as disclosed in the foregoing, as at 30 June 2021, none of the Directors or chief executives of the Company or their respective close associates had any interests or short positions in any Shares, underlying Shares, or debentures of the Company or any of its associated corporations as recorded in the register required to be kept pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Furthermore, save as disclosed in the foregoing, during the six months ended 30 June 2021, none of the Directors or chief executives (including their spouses and children under the age of 18) of the Company had any interests in or was granted any right to subscribe in any Shares, underlying shares, or debentures of the Company or any of its associated corporations, or had exercised any such rights.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE SHARE CAPITAL OF THE COMPANY

So far as is known to any Directors or chief executives of the Company, as at 30 June 2021, other than the interests and short positions of the Directors or chief executives of the Company as disclosed in the sections headed "Directors' and Chief Executives' Interests and Short positions in Shares, Underlying Shares and Debentures" above and "Share Option Scheme" below, the following persons had interests or short positions in the Shares or underlying shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO:

| Name | Capacity/Nature of Interest | Number of Shares | Approximate % of Interest in the Company |
|--|--|------------------|--|
| Ms. Yu Jinmei | Interest of spouse (<i>Note 1</i>) | 1,847,811,160 | 66.11% |
| Super Land Holdings Limited | Registered holder (<i>Note 2</i>) | 1,827,293,270 | 65.38% |
| Fantastic Energy Holdings Limited | Interest in a controlled corporation (<i>Note 2</i>) | 1,827,293,270 | 65.38% |
| TMF (Cayman) Limited | Trustee (<i>Note 2</i>) | 1,827,293,270 | 65.38% |
| China Cinda (HK) Asset Management Co., Limited | Registered holder (<i>Note 3</i>) | 267,877,500 | 9.58% |
| China Cinda (HK) Holdings Company Limited | Interest in a controlled corporation (<i>Note 3</i>) | 267,877,500 | 9.58% |
| China Cinda Asset Management Co., Ltd. | Interest in a controlled corporation (<i>Note 3</i>) | 267,877,500 | 9.58% |

OTHER INFORMATION

| Name | Capacity/Nature of Interest | Number of Shares | Approximate % of Interest in the Company |
|---|---|------------------|--|
| China Great Wall AMC (International) Holdings Company Limited | Registered holder (Note 4) | 190,159,200 | 6.80% |
| China Great Wall Asset Management Co., Ltd. | Interest in a controlled corporation (Note 4) | 190,159,200 | 6.80% |

Note 1: Ms. Yu Jinmei is the spouse of Mr. Zhang Lei and is therefore deemed to be interested in 1,847,811,160 Shares held by Mr. Zheng Lei.

Note 2: Such 1,827,293,270 Shares are held by Super Land Holdings Limited as a registered holder. The entire issued share capital of Super Land Holdings Limited is wholly-owned by Fantastic Energy Holdings Limited, the entire issued share capital of which is in turn wholly-owned by TMF (Cayman) Limited as the trustee of the family trust. The family trust is a discretionary trust established by Mr. Zhang Lei as the settlor and protector and the capital and income beneficiaries thereof include Mr. Zhang Lei, Mr. Salum Zheng Lee is the younger brother of Mr. Zhang Lei and their family members.

Note 3: China Cinda (HK) Asset Management Co., Limited is wholly-owned by China Cinda (HK) Holdings Company Limited, which in turn is wholly-owned by China Cinda Asset Management Co., Ltd. Accordingly, each of China Cinda Asset Management Co., Ltd. and China Cinda (HK) Holdings Company Limited is deemed to be interested in an aggregate of 267,877,500 Shares held by China Cinda (HK) Asset Management Co., Limited.

Note 4: China Great Wall AMC (International) Holdings Company Limited is wholly-owned by China Great Wall Asset Management Co., Ltd. Accordingly, China Great Wall Asset Management Co., Ltd. is deemed to be interested in an aggregate of 190,159,200 Shares held by China Great Wall AMC (International) Holdings Company Limited.

Save as disclosed above, as at 30 June 2021, there was no other person (other than the Directors or chief executives of the Company) who had an interest or short position in the Shares or underlying shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

SHARE OPTION SCHEME

The Company adopted a share option scheme (the “Share Option Scheme”) on 14 June 2013. The purpose of the Share Option Scheme is to motivate the eligible participants to optimise their performance efficiency for the benefit of the Group and to attract and retain or otherwise maintain on-going business relationship with the eligible participants whose contributions are or will be beneficial to the long-term growth of the Group.

In May 2017, the Company proposed to refresh the scheme mandate limit under the Share Option Scheme which was approved by the Shareholders at an annual general meeting of the Company held on 29 June 2017. As a result, the Company may grant share options to eligible participants entitling them to subscribe for a total of up to 250,354,200 Shares under the Share Option Scheme.

OTHER INFORMATION

Share option movement

During the Period, the changes in the share options granted by the Company under the Share Option Scheme are as follows:

From 1 January 2021 to 30 June 2021

| | 1 January 2021 Opening | Exercised | Forfeited/ Lapsed | 30 June 2021 Closing |
|--|------------------------------|-----------|----------------------|----------------------------|
| Tranche Three Options | | | | |
| — 28 September 2016 | | | | |
| Exercise price: HK\$1.045 (Exercise price prior to 9 October 2017: HK\$1.15) | | | | |
| Zhang Lei | 4,290,000 | — | — | 4,290,000 |
| Zhang Peng | 4,290,000 | — | — | 4,290,000 |
| Employee | 13,582,500 | — | — | 13,582,500 |
| Tranche Three Options — 28 September 2016 | 22,162,500 | — | — | 22,162,500 |
| Tranche Four Options | | | | |
| — 7 July 2020 | | | | |
| Exercise price: HK\$1.10 | | | | |
| Zhang Lei | 4,500,000 | — | — | 4,500,000 |
| Zhang Peng | 4,500,000 | — | — | 4,500,000 |
| Hui Chun Ho, Eric | 800,000 | — | — | 800,000 |
| Employee | 38,000,000 | — | (2,800,000) | 35,200,000 |
| Tranche Four Options — 7 July 2020 | 47,800,000 | — | (2,800,000) | 45,000,000 |
| Total | 69,962,500 | — | (2,800,000) | 67,162,500 |

Note 1: For details of the vesting periods and exercise periods of the share options, please refer to Note 23 to the Condensed Consolidated Interim Financial Statements in pages 55 to 56 of this report.

Note 2: Tranche One Options has expired on 3 September 2019. Accordingly, no information of Tranche One Options is presented during the period from 1 January 2021 to 30 June 2021.

Note 3: Plan A and Plan B of Tranche Two Options remained in force for a period of three to five years from the date of grant, Plan A and Plan B were expired on 10 July 2018 and 30 June 2019, respectively. Accordingly, no information of Tranche Two Options is presented during the period from 1 January 2021 to 30 June 2021.

Note 4: Tranche Four Options was granted on 7 July 2020.

OTHER INFORMATION

DISCLOSURES PURSUANT TO RULES 13.18 AND 13.21 OF THE LISTING RULES

- (i) On 12 August 2020, the Company (as borrower) accepted a facility letter (the “**HSB Facility Letter**”) issued by Hang Seng Bank Limited (“**HSB**”) (as lender) pursuant to which a HK\$100 million (or its equivalent in US dollar) term loan facility (the “**HSB Loan Facility**”) would be made available by HSB to the Company. The final maturity date of the HSB Loan Facility is 364 days from the date of drawdown.

Pursuant to the HSB Facility Letter, the Company is required to procure that Mr. Zhang Lei (“**Mr. Zhang**”), the chairman of the Board, an executive Director and a controlling Shareholder, and his family member(s) shall directly or indirectly hold at least 50% Shareholdings during the term of the HSB Facility Letter, and maintain control over the management and business of the Group.

On 5 July 2021, the Company accepted the updated facility letter (“**Updated Facility Letter**”) issued by HSB, whereby the Bank agreed to make available to the Company (i) the existing HSB Loan Facility whose final maturity date is on 26 August 2021; and (ii) another HK\$100 million term loan facility (or its equivalent in United States dollar) whose final maturity date is 364 days from the date of drawdown (the “**Green Loan Facility**”). Pursuant to the Updated Facility Letter, for both the existing HSB Loan Facility and the Green Loan Facility, the Company is required to procure that Mr. Zhang, the chairman of the Board, an executive Director and a controlling shareholder of the Company, and his family member(s) shall maintain his direct and/or indirect beneficial shareholding in the Company for not less than 50% and maintain control over the management and business of the Group throughout the life of each of the existing HSB Loan Facility and the Green Loan Facility.

- (ii) On 24 November 2020, the Company (as borrower) accepted (i) a facility letter (the “**NCB Facility Letter I**”) issued by Nanyang Commercial Bank, Limited (“**NCB**”) (as lender) pursuant to which a US\$24 million (or its equivalent in Hong Kong dollar) term loan facility (the “**NCB Loan Facility I**”) would be made available by the NCB to the Company; and (ii) another facility letter (the “**NCB Facility Letter II**”, together with the NCB Facility Letter I, the “**NCB Facility Letters**”) issued by NCB (as lender) pursuant to which a US\$30 million (or its equivalent in Hong Kong dollar) term loan facility (the “**NCB Loan Facility II**”, together with the NCB Loan Facility I, the “**NCB Loan Facilities**”) would be made available by NCB to the Company. The final maturity date of the NCB Loan Facility I is 20 November 2021 or one year from the date of each drawdown or the expiry date of the relevant standby letter of credit and/or letter of guarantee, whichever is earlier, or such later date as NCB may agree. The final maturity date of the NCB Loan Facility II is one year from the date of each drawdown or the expiry date of the relevant standby letter of credit and/or letter of guarantee, whichever is earlier, or such later date as NCB may agree.

Pursuant to the NCB Facility Letters, it is one of the conditions that Mr. Zhang shall remain to be the chairman of the Board and Mr. Zhang and his family members shall hold, whether directly or indirectly, at least 51% shareholdings of the Company during the terms of the NCB Loan Facilities.

OTHER INFORMATION

- (iii) On 24 March 2021, the Company (as borrower) accepted a facility letter (the “**BEA Facility Letter**”) issued by The Bank of East Asia, Limited (“**BEA**”) (as lender) pursuant to which a HK\$120 million term loan facility (the “**BEA Loan Facility**”) would be made available by BEA to the Company. The final maturity date of each drawing/advance under the BEA Loan Facility shall be (i) the date falling 14 days before the expiry date of the respective standby letter of credit supporting such drawing/advance or (ii) the date falling 12 months from the date of the first drawing, whichever is earlier.

Pursuant to the BEA Facility Letter, the Company is required to undertake to BEA that Mr. Zhang shall directly or indirectly own not less than 50% of the total issued share capital of the Company throughout the term of the BEA Loan Facility and for so long as any sum remains owing or payable under the BEA Loan Facility.

Save as disclosed above, as at 30 June 2021 and up to the date of this report, the Company did not have other disclosure obligations under Rules 13.18 and 13.21 of the Listing Rules.

COMPLIANCE WITH APPENDIX 16 TO THE LISTING RULES

According to paragraph 40 of Appendix 16 to Listing Rules on Stock Exchange, save as disclosed herein, 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 2020 Annual Report.

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

For the six months ended 30 June 2021, 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 2021 of HK4.81 cents per share. The said interim dividend will be paid on or before Friday, 5 November 2021 to shareholders of the Company whose names appear on the register of members of the Company on Friday, 22 October 2021.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 20 October 2021 to Friday, 22 October 2021 (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 4:30p.m. on Tuesday, 19 October 2021.

OTHER INFORMATION

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 2021 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 2021.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code 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 2021.

REPORT ON REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

REVIEW REPORT TO THE BOARD OF DIRECTORS OF MODERN LAND (CHINA) CO., LIMITED

(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial report set out on pages 30 to 60 which comprises the consolidated statement of financial position of Modern Land (China) Co., Limited (“the Company”) as of 30 June 2021 and the related consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and International Accounting Standard 34, *Interim Financial Reporting*, issued by the International Accounting Standards Board. The directors are responsible for the preparation and presentation of the interim financial report in accordance with International Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review 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. A review of the interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2021 is not prepared, in all material respects, in accordance with International Accounting Standard 34, *Interim financial reporting*.

KPMG

Certified Public Accountants
8th Floor, Prince’s Building
10 Chater Road
Central, Hong Kong

16 August 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2021 — unaudited

| | Note | For the six months ended 30 June | |
|---|------|----------------------------------|-----------------|
| | | 2021 RMB'000 | 2020 RMB'000 |
| Revenue | 3 | 9,543,392 | 8,710,301 |
| Cost of sales | | (7,332,474) | (6,589,204) |
| Gross profit | | 2,210,918 | 2,121,097 |
| Other income, gains and losses | 4 | 192,354 | (149,321) |
| Recognition of changes in fair value of completed properties held for sale and properties under development for sale upon transfer to investment properties | 10 | 95,918 | 67,925 |
| Changes in fair value of investment properties, net | 10 | 31,990 | 47,685 |
| Selling and distribution expenses | | (309,669) | (206,600) |
| Administrative expenses | | (402,632) | (268,826) |
| Finance costs | 5 | (205,671) | (166,573) |
| Share of profits less losses of joint ventures | | (17,817) | (18,028) |
| Share of profits less losses of associates | | (1,051) | (223) |
| Profit before taxation | | 1,594,340 | 1,427,136 |
| Income tax expense | 6 | (917,797) | (870,712) |
| Profit for the period | 7 | 676,543 | 556,424 |
| Other comprehensive income for the period: | | | |
| <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 RMB83,000 (2020: RMB Nil) tax | | 249 | — |
| <i>Item that are or may be reclassified subsequently to profit or loss:</i> | | | |
| Exchange differences on translating foreign operations, net of nil tax | | 206 | (10,648) |
| Total comprehensive income for the period | | 676,998 | 545,776 |
| Profit for the period attributable to: | | | |
| Owners of the Company | | 447,609 | 398,136 |
| Non-controlling interests | | 228,934 | 158,288 |
| | | 676,543 | 556,424 |
| Total comprehensive income attributable to: | | | |
| Owners of the Company | | 448,064 | 387,488 |
| Non-controlling interests | | 228,934 | 158,288 |
| | | 676,998 | 545,776 |
| Earnings per share, in Renminbi ("RMB") cents: | | | |
| Basic | 9 | 16.0 | 14.2 |
| Diluted | 9 | 16.0 | 14.2 |

The notes on pages 38 to 60 form part of this interim financial report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2021 — unaudited

| | Note | At 30 June 2021 RMB'000 | At 31 December 2020 RMB'000 |
|---|------|----------------------------------|--------------------------------------|
| Non-current assets | | | |
| Investment properties | 10 | 3,342,710 | 3,072,670 |
| Property, plant and equipment | 11 | 425,911 | 437,928 |
| Intangible assets | | 21,966 | 16,967 |
| Freehold land held for future development | | 29,394 | 29,689 |
| Interests in associates | | 843,470 | 837,760 |
| Interests in joint ventures | 12 | 2,390,004 | 2,390,610 |
| Loans to joint ventures | 12 | 6,807,889 | 5,768,264 |
| Equity securities designated at FVOCI | | 46,072 | 45,740 |
| Deferred tax assets | | 1,351,958 | 1,166,406 |
| | | 15,259,374 | 13,766,034 |
| Current assets | | | |
| Properties under development for sale | | 46,072,539 | 38,111,796 |
| Completed properties held for sale | | 5,960,644 | 4,683,754 |
| Other inventories and contract costs | | 971,433 | 514,861 |
| Trade and other receivables, deposits and prepayments | 13 | 11,886,075 | 10,163,680 |
| Amounts due from related parties | 24 | 860,960 | 579,017 |
| Restricted cash | | 3,800,594 | 3,270,356 |
| Bank balances and cash | | 13,623,967 | 10,822,373 |
| | | 83,176,212 | 68,145,837 |
| Current liabilities | | | |
| Trade and other payables, deposits received and accrued charges | 14 | 23,467,791 | 16,443,583 |
| Contract liabilities | | 26,581,483 | 20,934,767 |
| Amounts due to related parties | 24 | 2,343,396 | 4,374,384 |
| Taxation payable | | 4,439,133 | 3,824,512 |
| Bank and other borrowings — due within one year | 15 | 6,476,001 | 6,285,741 |
| Corporate bonds — due within one year | 16 | — | 128,016 |
| Senior notes — due within one year | 17 | 2,871,475 | 3,395,691 |
| | | 66,179,279 | 55,386,694 |
| Net current assets | | 16,996,933 | 12,759,143 |
| Total assets less current liabilities | | 32,256,307 | 26,525,177 |

The notes on pages 38 to 60 form part of this interim financial report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2021 — unaudited

| | Note | At 30 June 2021 RMB'000 | At 31 December 2020 RMB'000 |
|---|------|----------------------------------|--------------------------------------|
| Capital and reserves | | | |
| Share capital | 18 | 175,693 | 175,693 |
| Reserves | | 6,891,044 | 6,533,513 |
| Equity attributable to owners of the Company | | 7,066,737 | 6,709,206 |
| Non-controlling interests | | 5,112,597 | 4,268,461 |
| Total equity | | 12,179,334 | 10,977,667 |
| Non-current liabilities | | | |
| Bank and other borrowings — due after one year | 15 | 12,806,351 | 9,424,908 |
| Corporate bonds — due after one year | 16 | 938,725 | 902,468 |
| Senior notes — due after one year | 17 | 5,662,071 | 4,456,189 |
| Deferred tax liabilities | | 669,826 | 763,945 |
| | | 20,076,973 | 15,547,510 |
| | | 32,256,307 | 26,525,177 |

Approved and authorised for issue by the board of directors on 16 August 2021.

Zhang Lei
Director

Zhang Peng
Director

The notes on pages 38 to 60 form part of this interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2021 — unaudited

| | Attributable to owners of the Company | | | | | | | | | | | Total equity RMB'000 | | | | | | | | | | | |
|---|---|---|---|--------------------------------|---------------------------------|---|---|---|-----------------------------|------------------|--------------------------------------|-------------------------|---------------------------------------|--|--|--|--|--|--|--|--|--|--|
| | Share capital RMB'000 <i>(note a)</i> | Share premium RMB'000 <i>(note a)</i> | Special reserve RMB'000 <i>(note b)</i> | Revaluation reserve RMB'000 | Share option reserve RMB'000 | Statutory surplus reserve RMB'000 <i>(note c)</i> | Foreign currency translation reserve RMB'000 | Fair value reserve (non-recycling) RMB'000 | Retained profits RMB'000 | Total RMB'000 | Non-controlling interests RMB'000 | | | | | | | | | | | | |
| | | | | | | | | | | | | | Attributable to owners of the Company | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | | | | | | |
| At 1 January 2021 | 175,693 | 825,711 | 264,852 | 40,060 | 4,437 | 668,919 | 1,291 | (10,894) | 4,739,137 | 6,709,206 | 4,268,461 | 10,977,667 | | | | | | | | | | | |
| Profit for the period | - | - | - | - | - | - | - | - | 447,609 | 447,609 | 228,934 | 676,543 | | | | | | | | | | | |
| Equity investments at FVOCI-net movement in fair value reserves (non-recycling) | - | - | - | - | - | - | - | 249 | - | 249 | - | 249 | | | | | | | | | | | |
| Exchange differences on translating foreign operations | - | - | - | - | - | - | 206 | - | - | 206 | - | 206 | | | | | | | | | | | |
| Other comprehensive income for the period, net of income tax | - | - | - | - | - | - | 206 | 249 | - | 455 | - | 455 | | | | | | | | | | | |
| Total comprehensive income for the period | - | - | - | - | - | - | 206 | 249 | 447,609 | 448,064 | 228,934 | 676,998 | | | | | | | | | | | |
| Acquisition of subsidiaries | - | - | - | - | - | - | - | - | - | - | 50,026 | 50,026 | | | | | | | | | | | |
| Acquisition of additional interest in subsidiaries | - | - | (7,800) | - | - | - | - | - | - | (7,800) | 7,800 | - | | | | | | | | | | | |
| Capital contribution from non-controlling interests | - | - | - | - | - | - | - | - | - | - | 1,501,916 | 1,501,916 | | | | | | | | | | | |
| Share-based payment <i>(note 23)</i> | - | - | - | - | 2,515 | - | - | - | - | 2,515 | - | 2,515 | | | | | | | | | | | |
| Contribution from a company controlled by a shareholder <i>(note d)</i> | - | - | - | - | - | - | - | - | - | - | - | - | | | | | | | | | | | |
| Return of capital to non-controlling interests | - | - | - | - | - | - | - | - | - | - | (425,000) | (425,000) | | | | | | | | | | | |
| Dividend approved in respect of the previous year <i>(note 8)</i> | - | - | - | - | - | - | - | - | (85,248) | (85,248) | - | (85,248) | | | | | | | | | | | |
| Dividend distribution to non-controlling interests | - | - | - | - | - | - | - | - | - | - | (519,540) | (519,540) | | | | | | | | | | | |
| At 30 June 2021 | 175,693 | 825,711 | 257,052 | 40,060 | 6,952 | 668,919 | 1,497 | (10,645) | 5,101,498 | 7,066,737 | 5,112,597 | 12,179,334 | | | | | | | | | | | |

The notes on pages 38 to 60 form part of this interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2021 — unaudited

| | Attributable to owners of the Company | | | | | | | | | | | Non-controlling interests | Total equity |
|--|---------------------------------------|---------------|-----------------|---------------------|----------------------|---------------------------|--------------------------------------|------------------------------------|------------------|-----------|-----------|---------------------------|--------------|
| | Share capital | Share premium | Special reserve | Revaluation reserve | Share option reserve | Statutory surplus reserve | Foreign currency translation reserve | Fair value reserve (non-recycling) | Retained profits | Total | | | |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| | (note a) | (note b) | (note b) | | | (note c) | | | | | | | |
| At 1 January 2020 | 175,693 | 825,711 | 258,002 | 40,060 | 1,560 | 663,900 | 10,808 | (11,583) | 4,195,480 | 6,159,631 | 2,444,682 | 8,604,313 | |
| Profit for the period | - | - | - | - | - | - | - | - | 398,136 | 398,136 | 158,288 | 556,424 | |
| Exchange differences on translating foreign operations | - | - | - | - | - | - | (10,648) | - | - | (10,648) | - | (10,648) | |
| Other comprehensive income for the period, net of income tax | - | - | - | - | - | - | (10,648) | - | - | (10,648) | - | (10,648) | |
| Total comprehensive income for the period | - | - | - | - | - | - | (10,648) | - | 398,136 | 387,488 | 158,288 | 545,776 | |
| Acquisition of additional interest in a subsidiary | - | - | 2,090 | - | - | - | - | - | - | 2,090 | (9,091) | (7,001) | |
| Capital contribution from non-controlling interests | - | - | - | - | - | - | - | - | - | - | 209,920 | 209,920 | |
| Share-based payment (note 23) | - | - | - | - | 244 | - | - | - | - | 244 | - | 244 | |
| Contribution from a company controlled by a shareholder (note d) | - | - | 204 | - | - | - | - | - | - | 204 | - | 204 | |
| Dividend approved in respect of the previous year (note 8) | - | - | - | - | - | - | - | - | (90,823) | (90,823) | - | (90,823) | |
| Dividend distribution to non-controlling interests | - | - | - | - | - | - | - | - | - | - | (72,673) | (72,673) | |
| At 30 June 2020 | 175,693 | 825,711 | 260,296 | 40,060 | 1,804 | 663,900 | 160 | (11,583) | 4,502,793 | 6,458,834 | 2,731,126 | 9,189,960 | |

The notes on pages 38 to 60 form part of this interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2021 — unaudited

| | Attributable to owners of the Company | | | | | | | | | | | Total equity |
|---|---------------------------------------|---------------|-----------------|---------------------|----------------------|---------------------------|--------------------------------------|------------------------------------|------------------|-----------|---------------------------|--------------|
| | Share capital | Share premium | Special reserve | Revaluation reserve | Share option reserve | Statutory surplus reserve | Foreign currency translation reserve | Fair value reserve (non-recycling) | Retained profits | Total | Non-controlling interests | |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| | (note a) | (note b) | | | | | | | | | | |
| At 1 July 2020 | 175,693 | 825,711 | 260,296 | 40,060 | 1,804 | 663,900 | 160 | (11,583) | 4,502,793 | 6,458,834 | 2,731,126 | 9,189,960 |
| Equity investments at FVOCI-net movement in fair value reserves (non-recycling) | - | - | - | - | - | - | - | 689 | - | 689 | - | 689 |
| Exchange differences on translating foreign operations | - | - | - | - | - | - | 1,131 | - | - | 1,131 | - | 1,131 |
| Other comprehensive income | - | - | - | - | - | - | 1,131 | 689 | - | 1,820 | - | 1,820 |
| Profit for the period | - | - | - | - | - | - | - | - | 340,865 | 340,865 | 219,696 | 560,561 |
| Total comprehensive income for the period | - | - | - | - | - | - | 1,131 | 689 | 340,865 | 342,685 | 219,696 | 562,381 |
| Share-based payment | - | - | - | - | 2,633 | - | - | - | - | 2,633 | - | 2,633 |
| Contribution from a company controlled by a shareholder (note d) | - | - | 135 | - | - | - | - | - | - | 135 | - | 135 |
| Acquisition of subsidiaries | - | - | - | - | - | - | - | - | - | - | 49,017 | 49,017 |
| Acquisition of additional interest in subsidiaries | - | - | 4,421 | - | - | - | - | - | - | 4,421 | (11,320) | (6,899) |
| Return of capital to non-controlling interests | - | - | - | - | - | - | - | - | - | - | (1,000,000) | (1,000,000) |
| Capital contribution from non-controlling interests | - | - | - | - | - | - | - | - | - | - | 2,474,859 | 2,474,859 |
| Appropriations to reserves (note c) | - | - | - | - | - | 5,019 | - | - | (5,019) | - | - | - |
| Dividend | - | - | - | - | - | - | - | - | (99,502) | (99,502) | (194,917) | (294,419) |
| At 31 December 2020 | 175,693 | 825,711 | 264,852 | 40,060 | 4,437 | 668,919 | 1,291 | (10,894) | 4,739,137 | 6,709,206 | 4,268,461 | 10,977,667 |

The notes on pages 38 to 60 form part of this interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2021 — unaudited

Notes:

- (a) Pursuant to article 134 of the Company's Articles of Association, the Company is permitted to pay out dividends from share premium account.
- (b) Special reserve relates to acquisition of additional interests in subsidiaries, deemed acquisition of a subsidiary, disposals of partial interests in subsidiaries, disposal of partial interests in subsidiaries to a non-controlling shareholder and contribution from a company controlled by a shareholder.
- (c) In accordance with the Articles of Association of certain group entities established in the People's Republic of China ("the PRC"), these entities are required to transfer 10% of the profit after taxation, prepared in accordance with PRC generally accepted accounting principles, to the statutory surplus reserve until the reserve reaches 50% of the registered capital of the respective entities. Transfer to this reserve must be made before distributing dividends to equity holders. The statutory surplus reserve can be used to make up for previous years' losses, expand existing operations or convert into additional capital of the entities.
- (d) Pursuant to the agreement dated 29 November 2010 entered into between Modern Green Development Co., Ltd. 當代節能置業股份有限公司 (formerly known as Beijing Modern Hongyun Real Estate Development Co., Ltd. 北京當代鴻運房地產經營開發有限公司) ("Modern Green Development") and an employee of Modern Green Development, the employee can use the property developed by Beijing Modern City Real Estate Development Co., Ltd. 北京當代城市房地產開發有限公司 ("Beijing Modern City Real Estate"), a company controlled by a shareholder of the Company. As at 29 November 2010, the market value of the property is RMB4,071,000. Pursuant to the agreement, the title of the property has been transferred to the employee upon his completion of service with Modern Green Development for 10 years by 30 October 2020.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2021 — unaudited

| | For the six months ended 30 June | |
|--|-------------------------------------|-----------------|
| | 2021 RMB'000 | 2020 RMB'000 |
| Net cash generated from/(used in) operating activities | 633,196 | (310,596) |
| Investing activities | | |
| Net cash inflow from acquisitions of subsidiaries | 92,783 | – |
| Capital injection in joint ventures | (9,888) | (148,030) |
| Capital injection into associates | (6,860) | (9,827) |
| Net cash outflow from acquisition of additional interest in a subsidiary | – | (7,001) |
| Loans to joint ventures | (1,854,250) | (1,231,515) |
| Repayments from joint ventures | 770,084 | 714,615 |
| Increase in restricted cash | (530,238) | (332,775) |
| Other cash (used in)/generated from investing activities | (125,067) | 33,136 |
| Net cash used in investing activities | (1,663,436) | (981,397) |
| Financing activities | | |
| Interest paid | (1,234,049) | (1,136,175) |
| Dividends paid | (519,610) | (72,086) |
| Repayments to related parties | (1,030,513) | (593,362) |
| Advances from related parties | 509,405 | 988,058 |
| Repayments of bank borrowings | (1,550,028) | (1,492,277) |
| New bank borrowings raised | 3,320,892 | 2,121,416 |
| Repayments of other borrowings | (5,149,197) | (4,468,575) |
| New other borrowings raised | 7,753,833 | 5,871,618 |
| Proceeds from issue of senior notes | 2,556,646 | 2,351,237 |
| Repayment of senior notes and corporate bonds | (1,906,140) | (2,494,483) |
| Capital contribution from non-controlling interests | 1,501,916 | 209,920 |
| Return of capital to non-controlling interests | (425,000) | – |
| Net cash generated from financing activities | 3,828,155 | 1,285,291 |
| Net increase/(decrease) in cash and cash equivalents | 2,797,915 | (6,702) |
| Cash and cash equivalents at the beginning of the period, represented by bank balances and cash | 10,822,373 | 7,858,655 |
| Effects of exchange rate changes on the balance of cash held in foreign currencies | 3,679 | (11,129) |
| Cash and cash equivalents at the end of the period, represented by bank balances and cash | 13,623,967 | 7,840,824 |

The notes on pages 38 to 60 form part of this interim financial report.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

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 2020 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2021 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 2020 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 16 August 2021. 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”). KPMG’s independent review report to the Board of Directors is included on page 29.

2 CHANGES IN ACCOUNTING POLICIES

The Group has applied the following amendments to IFRSs for the current accounting period:

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, Interest rate benchmark reform — phase 2

None of these 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

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 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.

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 | |
|--|-------------------------------------|-----------------|
| | 2021 RMB'000 | 2020 RMB'000 |
| Revenue from contracts with customers within the scope of IFRS 15 | | |
| Sale of properties | 9,316,247 | 8,576,894 |
| Real estate agency services | 131,236 | 73,225 |
| Hotel operation | 25,004 | 18,547 |
| Other services | 32,949 | 17,763 |
| | 9,505,436 | 8,686,429 |
| Revenue from other sources | | |
| Property investment | 37,956 | 23,872 |
| | 9,543,392 | 8,710,301 |
| Disaggregated by timing of revenue recognition | | |
| Point in time | 7,593,082 | 7,473,790 |
| Over time | 1,950,310 | 1,236,511 |
| | 9,543,392 | 8,710,301 |

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

4 OTHER INCOME, GAINS AND LOSSES

| | For the six months ended 30 June | |
|---|----------------------------------|------------------|
| | 2021 RMB'000 | 2020 RMB'000 |
| Interest income | 40,833 | 37,597 |
| Government grants | 10,186 | 1,501 |
| Net exchange gain/(loss) | 138,528 | (195,965) |
| Gain on disposal of property, plant and equipment | 1 | 308 |
| Others | 2,806 | 7,238 |
| | 192,354 | (149,321) |

5 FINANCE COSTS

| | For the six months ended 30 June | |
|---|----------------------------------|--------------------|
| | 2021 RMB'000 | 2020 RMB'000 |
| Interest on bank and other borrowings | (769,913) | (685,234) |
| Interest expense on senior notes and corporate bonds | (603,572) | (557,150) |
| | (1,373,485) | (1,242,384) |
| Less: Amount capitalised in properties under development for sale | 1,167,814 | 1,075,811 |
| | (205,671) | (166,573) |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

6 INCOME TAX EXPENSE

| | For the six months ended 30 June | |
|-------------------------------|---|----------------|
| | 2021 | 2020 |
| | RMB'000 | RMB'000 |
| Current tax | | |
| PRC Corporate Income Tax | (643,039) | (424,621) |
| Land appreciation tax ("LAT") | (428,290) | (488,269) |
| | (1,071,329) | (912,890) |
| Deferred tax | | |
| PRC Corporate Income Tax | 153,532 | 42,178 |
| | 153,532 | 42,178 |
| Income tax expense | (917,797) | (870,712) |

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 2021 and 2020.

7 PROFIT FOR THE PERIOD

| | For the six months ended 30 June | |
|---|---|----------------|
| | 2021 | 2020 |
| | 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 | 10,982 | 10,472 |
| Operating lease rentals | 15,186 | 12,938 |
| | 26,168 | 23,410 |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

8 DIVIDENDS

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

| | For the six months ended 30 June | |
|---|-------------------------------------|-----------------|
| | 2021 RMB'000 | 2020 RMB'000 |
| Declared interim dividend of HK4.81 cents per ordinary share (equivalent to approximately RMB4.00 cents (2020: RMB3.56 cents) per ordinary share) | 111,800 | 99,502 |

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 | |
|---|-------------------------------------|-----------------|
| | 2021 RMB'000 | 2020 RMB'000 |
| Final dividend in respect of the previous financial year, approved during the following interim period, of HK3.65 cents per share (six months ended 30 June 2020: HK3.55 cents per share) | 85,248 | 90,823 |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

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 | |
|--|----------------------------------|-----------------|
| | 2021 RMB'000 | 2020 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) | 447,609 | 398,136 |
| | | |
| | For the six months ended 30 June | |
| | 2021 '000 | 2020 '000 |
| Number of shares (basic) | | |
| Weighted average number of ordinary shares in issue for the period | 2,794,994 | 2,794,994 |
| Number of shares (diluted) | | |
| Number of ordinary shares for the purpose of calculating basic earnings per share | 2,794,994 | 2,794,994 |
| Effect of dilutive potential ordinary shares: | | |
| — Share options (<i>note</i>) | — | 756 |
| Number of ordinary shares for the purpose of calculating diluted earnings per share | 2,794,994 | 2,795,750 |

Note: The computation of diluted earnings per share for the six months ended 30 June 2021 does not assume the exercise of share options because they are antidilutive for the period.

The computation of the diluted earnings per share for the six months ended 30 June 2020 has taken into consideration the weighted average number of 756,000 shares deemed to be issued at nil consideration as if all outstanding share options had been exercised.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

10 INVESTMENT PROPERTIES

| | Total RMB'000 |
|---|--------------------------|
| Fair value | |
| At 1 January 2021 | 3,072,670 |
| Transfer from properties held for sale | 257,000 |
| Net change in fair value recognised in profit or loss | 31,990 |
| Disposals | (18,950) |
| At 30 June 2021 | 3,342,710 |

All of the Group's property interests held under operating leases to earn rentals are measured using the fair value model and are classified and accounted for as investment properties.

The investment properties are all situated in the PRC. The lease term of land on which the investment properties are situated range from 40 to 50 years. The fair values of the Group's investment properties at the respective dates of transfer and at 30 June 2021 and 31 December 2020 have been arrived at on the basis of valuations carried out on those dates by Cushman & Wakefield Limited, a firm of independent qualified professional valuers not connected with the Group, who have appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations. For the completed investment properties, the valuations were arrived at with adoption of investment approach by capitalisation of the rental income derived from the existing tenancies with due allowance for reversionary income potential of the properties and where appropriate, taking into considerate a direct comparison approach, determining valuations using an open market value basis with reference to comparable sales transactions as identified in the relevant market. There has been no change from the valuation technique used in the prior year for the completed investment properties.

During the six months ended 30 June 2021, the amount transferred from completed properties held for sale upon change in use included the cost of the properties held for sale amounted to RMB161,082,000 with fair value gain of approximately RMB95,918,000 (six months ended 30 June 2020: RMB80,075,000 with fair value gain of approximately RMB67,925,000) based on valuation performed at the relevant dates of transfer.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

11 PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2021, additions to property, plant and equipment amounted to RMB4,440,000 (six months ended 30 June 2020: RMB14,861,000), consisting of buildings, motor vehicles and electronic equipment and furniture.

The Group has entered into agreements with eligible employees in connection with properties developed by the Group (the "Scheme"). Under the Scheme, the eligible employees can use the properties while remain employed by the Group for a service period ranging from 1.5 to 15 years, the title of the properties will be transferred to the eligible employees upon completion of the service period as stated under the Scheme. As at 30 June 2021, the carrying amount of leasehold land and buildings which are being occupied by the eligible employees under the Scheme amounted to RMB49,000 (31 December 2020: RMB9,786,000).

12 INTERESTS IN JOINT VENTURES AND LOANS TO JOINT VENTURES

| | At 30 June 2021 <i>RMB'000</i> | At 31 December 2020 <i>RMB'000</i> |
|--|---|---|
| Cost of investment in joint ventures | 2,021,709 | 2,011,822 |
| Share of post-acquisition gain and other comprehensive income | 368,295 | 378,788 |
| | 2,390,004 | 2,390,610 |
| Loans to joint ventures | 7,136,099 | 6,051,933 |
| Less: share of post-acquisition losses that are in excess of cost of the investments | (328,210) | (283,669) |
| | 6,807,889 | 5,768,264 |

Loans to joint ventures are unsecured, interest free, have no fixed term of repayment and expected to be recovered after one year.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

13 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 2021 RMB'000 | At 31 December 2020 RMB'000 |
|---|----------------------------------|--------------------------------------|
| Trade receivables, net of allowance (<i>note i</i>) | 432,646 | 433,450 |
| Amounts due from non-controlling interests | 3,829,066 | 3,277,182 |
| Other receivables, net of allowance (<i>note ii</i>) | 4,052,715 | 3,444,645 |
| Guarantee deposits for housing provident fund loans provided to customers (<i>note iii</i>) | 239,814 | 161,659 |
| Financial assets measured at amortised cost | 8,554,241 | 7,316,936 |
| Prepayments to suppliers of construction materials | 637,391 | 544,796 |
| Deposits paid for acquisition of land use rights | 240,000 | 77,810 |
| Deposits paid for acquisition of a subsidiary | – | 300,531 |
| Prepaid taxation | 2,454,443 | 1,923,607 |
| | 11,886,075 | 10,163,680 |

Notes:

- (i) 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 2021 RMB'000 | At 31 December 2020 RMB'000 |
|-------------------------------------|----------------------------------|--------------------------------------|
| Less than 1 year | 91,889 | 97,941 |
| 1–2 years | 72,531 | 71,445 |
| More than 2 years and up to 3 years | 268,226 | 264,064 |
| | 432,646 | 433,450 |

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 titles of the property units as collateral over those balances.

- (ii) The amount mainly included refundable deposits for property development projects.
- (iii) 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

14 TRADE AND OTHER PAYABLES, DEPOSITS RECEIVED AND ACCRUED CHARGES

| | At 30 June 2021 RMB'000 | At 31 December 2020 RMB'000 |
|---|----------------------------------|--------------------------------------|
| Trade and notes payables (<i>note i</i>) | 6,993,913 | 4,189,743 |
| Accrued expenditure on construction (<i>note i</i>) | 3,347,296 | 2,146,450 |
| Amount due to non-controlling interests | 4,586,353 | 3,274,790 |
| Accrued interest | 395,463 | 340,103 |
| Accrued payroll | 2,256 | 26,243 |
| Dividend payable | 88,361 | 3,149 |
| Other payables (<i>note ii</i>) | 7,353,037 | 6,093,719 |
| Financial liabilities measured at amortised cost | 22,766,679 | 16,074,197 |
| Other tax payables | 701,112 | 369,386 |
| | 23,467,791 | 16,443,583 |

Notes:

- (i) Trade and notes 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 and notes payables based on invoice date at the end of the reporting period:

| | At 30 June 2021 RMB'000 | At 31 December 2020 RMB'000 |
|-------------------------------------|----------------------------------|--------------------------------------|
| Less than 1 year | 5,450,908 | 2,104,183 |
| 1–2 years | 1,058,781 | 1,435,264 |
| More than 2 years and up to 3 years | 363,377 | 650,296 |
| Over 3 years | 120,847 | – |
| | 6,993,913 | 4,189,743 |

- (ii) Other payables mainly included deposits from customers and cash advanced from potential equity investment partners.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

15 BANK AND OTHER BORROWINGS

| | At 30 June 2021 RMB'000 | At 31 December 2020 RMB'000 |
|------------------------|----------------------------------|--------------------------------------|
| Bank loans, secured | 7,065,658 | 4,780,660 |
| Other loans, secured | 12,216,694 | 10,893,489 |
| Other loans, unsecured | — | 36,500 |
| | 19,282,352 | 15,710,649 |

The borrowings are repayable:

| | At 30 June 2021 RMB'000 | At 31 December 2020 RMB'000 |
|--|----------------------------------|--------------------------------------|
| Within one year or on demand | 6,476,001 | 6,285,741 |
| More than one year, but not exceeding two years | 7,276,939 | 5,598,966 |
| More than two years, but not exceeding five years | 5,294,072 | 3,797,872 |
| More than five years | 235,340 | 28,070 |
| | 19,282,352 | 15,710,649 |
| Less: Amount due within one year shown under current liabilities | (6,476,001) | (6,285,741) |
| Amount due after one year | 12,806,351 | 9,424,908 |
| Analysis of borrowings by currency | | |
| — Denominated in RMB | 17,812,775 | 14,499,326 |
| — Denominated in USD | 1,111,783 | 832,585 |
| — Denominated in HK\$ | 357,794 | 378,738 |
| | 19,282,352 | 15,710,649 |

As at 30 June 2021, the borrowings with carrying amount of RMB6,651,586,000 (31 December 2020: RMB4,875,401,000) carry interest at variable rates based on the interest rates quoted by the People's Bank of China, the effective interest rate ranges from 1.13% to 11.8% (31 December 2020: 1.4% to 11.8%) per annum and exposed the Group to cash flow interest rate risk. The remaining borrowings are arranged at fixed rate, the effective interest rate ranged from 6.5% to 15.0% (31 December 2020: from 6.5% to 15.0%) per annum at 30 June 2021, and exposed the Group to fair value interest rate risk.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

16 CORPORATE BONDS

On 24 April 2016, the Group issued corporate bonds to the public with aggregate nominal value of RMB1,000,000,000 at 97.8% of the principal amount, which carry fixed interest of 6.4% per annum (interest payable annually in arrears), out of which the Group redeemed RMB881,762,000 on 28 April 2019 and the remaining balance has been repaid by 20 April 2021.

On 30 July 2019, the Group issued corporate bonds to the public with aggregate nominal value of RMB880,000,000 at 98.7% of the principal amount, which carry fixed interest of 7.8% per annum (interest payable annually in arrears) and will be due on 30 July 2022.

17 SENIOR NOTES

| | At 30 June 2021 RMB'000 | At 31 December 2020 RMB'000 |
|---|----------------------------------|--------------------------------------|
| Carrying amount at the beginning of the period/year | 7,851,880 | 6,684,999 |
| Net proceeds from issuance of 2020 USD Notes I (note (a)) | – | 1,336,076 |
| Net proceeds from issuance of 2020 USD Notes II (note (b)) | 502,486 | 1,350,719 |
| Net proceeds from issuance of 2020 USD Notes III (note (c)) | – | 2,026,844 |
| Net proceeds from issuance of 2021 USD Notes I (note (d)) | 2,054,160 | – |
| Exchange loss | (82,856) | (284,005) |
| Other finance costs | (4,222) | 87,417 |
| Redemption | (1,787,902) | (3,350,170) |
| Carrying amount at the end of the period/year | 8,533,546 | 7,851,880 |
| Less: current portion of senior notes | (2,871,475) | (3,395,691) |
| Amount due after one year | 5,662,071 | 4,456,189 |

Notes:

(a) 2020 USD Notes I

On 26 February 2020, the Company issued guaranteed senior fixed rate notes to the public with aggregate nominal value of USD200,000,000 (approximately RMB1,383,434,000) (the "2020 USD Notes I") at 98.156% of the principal amount, which carry fixed interest at a rate of 11.8% per annum (interest payable semi-annually in arrears) and will be fully repayable at par by 26 February 2022.

The 2020 USD Notes I are listed on the Singapore Stock Exchange, senior obligations of Modern Land (China) Co., Limited, and guaranteed by certain of the Company's existing subsidiaries. The guarantees are effectively subordinated to the other secured obligations of each guarantor, to the extent of the value of asset serving as security.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

17 SENIOR NOTES (Continued)

Notes: (Continued)

(a) 2020 USD Notes I (Continued)

At any time prior to 26 February 2022, the Company may at its option redeem the 2020 USD Notes I, in whole but not in part, at a price equal to 100% of the principal amount of the 2020 USD Notes I plus the applicable premium, which is defined as to the greater of (1) 1% of the principal amount of such senior notes and (2) the excess of (A) the present value at such redemption date of the principal amount of such senior notes, plus all required remaining scheduled interest payments due on such senior notes through the maturity date of such senior notes (but excluding accrued and unpaid interest to the redemption date), computed using a discount rate equals to an adjusted treasury rate plus 100 basis points, over (B) the principal amount of such senior note on such redemption date.

At any time and from time to time prior to February 26, 2022, the Company may redeem up to 35% of the principal amount of the 2020 USD Notes I at a redemption price of 111.8% of the principal amount 2020 USD Notes I, plus accrued and unpaid interest, if any, to (but not including) the redemption date.

(b) 2020 USD Notes II

On 4 March 2020, the Company issued guaranteed senior fixed rate notes to the public with aggregate nominal value of USD150,000,000 (approximately RMB1,048,845,000) (the "2020 USD Notes II") at 97.252% of the principal amount, which carry fixed interest at a rate of 11.95% per annum (interest payable semi-annually in arrears) and will be fully repayable at par by 4 March 2024.

The 2020 USD Notes II are listed on the Singapore Stock Exchange, senior obligations of Modern Land (China) Co., Limited, and guaranteed by certain of the Company's existing subsidiaries. The guarantees are effectively subordinated to the other secured obligations of each guarantor, to the extent of the value of asset serving as security.

At any time prior to 4 March 2023, the Company may at its option redeem the 2020 USD Notes II, in whole but not in part, at a price equal to 100% of the principal amount of the 2020 USD Notes II plus the applicable premium, which is defined as to the greater of (1) 1% of the principal amount of such senior notes and (2) the excess of (A) the present value at such redemption date of the principal amount of such senior notes, plus all required remaining scheduled interest payments due on such senior notes through the maturity date of such senior notes (but excluding accrued and unpaid interest to the redemption date), computed using a discount rate equals to an adjusted treasury rate plus 100 basis points, over (B) the principal amount of such senior note on such redemption date.

At any time and from time to time prior to March 4, 2023, the Company may redeem up to 35% of the principal amount of the 2020 USD Notes II, at a redemption price of 111.95% of the principal amount, plus accrued and unpaid interest, if any, to (but not including) the redemption date.

On 9 September 2020, the Company issued guaranteed senior fixed rate notes to the public with aggregate nominal value of USD50,000,000 (approximately RMB 346,730,000) at 97.798% of the principal amount plus accrued interest from (and including) 4 September 2020 to (but excluding) 8 September 2020, which will be consolidated and form a single series with the 2020 USD Notes II as described in Note 17(b), the terms and conditions except for the issue date and issue price are the same.

On 25 January 2021, The Company issued guaranteed senior fixed rate notes to the public with aggregate nominal value of US\$77,000,000 (approximately RMB498,737,000) at 101.76% of the principal amount. The New Notes will bear interest from (and including) September 4, 2020 at a rate of 11.95% per annum, which will be consolidated and form a single series with the 2020 USD Notes II as described above, the terms and conditions except for the issue date and issue price are the same.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

17 SENIOR NOTES *(Continued)*

Notes: (Continued)

(c) 2020 USD Notes III

On 14 July 2020, the Company issued guaranteed senior fixed rate notes to the public with aggregate nominal value of USD250,000,000 (approximately RMB 1,749,900,000) (the "2020 USD Notes III") at 98.301% of the principal amount, which carry fixed interest at a rate of 11.5% per annum (interest payable semi-annually in arrears) and will be fully repayable at par by 13 November 2022.

The 2020 USD Notes III are listed on the Singapore Stock Exchange, senior obligations of the Company, and guaranteed by certain of the Company's existing subsidiaries. The guarantees are effectively subordinated to the other secured obligations of each guarantor, to the extent of the value of asset serving as security.

At any time prior to 13 November 2022, the Company may at its option redeem the 2020 USD Notes III, in whole but not in part, at a price equal to 100% of the principal amount of the 2020 USD Notes III plus the applicable premium, which is defined as to the greater of (1) 1% of the principal amount of such senior notes and (2) the excess of (A) the present value at such redemption date of the principal amount of such senior notes, plus all required remaining scheduled interest payments due on such senior notes through the maturity date of such senior notes (but excluding accrued and unpaid interest to the redemption date), computed using a discount rate equals to an adjusted treasury rate plus 100 basis points, over (B) the principal amount of such senior note on such redemption date.

At any time and from time to time prior to November 13, 2022, the Company may redeem up to 35% of the principal amount of the 2020 USD Notes III, at a redemption price of 111.5% of the principal amount, plus accrued and unpaid interest, if any, to (but not including) the redemption date.

On 9 September 2020, the Company issued guaranteed senior fixed rate notes to the public with aggregate nominal value of USD50,000,000 (approximately RMB341,820,000) at 99.525% of the principal amount plus accrued interest from (and including) 13 July 2020 to (but excluding) 8 September 2020, which will be consolidated and form a single series with the 2020 USD Notes III as described in Note 17(c), the terms and conditions except for the issue date and issue price are the same.

(d) 2021 USD Notes I

On 5 January 2021, the Company issued guaranteed senior fixed rate notes to the public with aggregate nominal value of USD250,000,000 (approximately RMB 1,635,575,000) (the "2021 USD Notes I") at 98.848% of the principal amount, which carry fixed interest at a rate of 9.8% per annum (interest payable semi-annually in arrears) and will be fully repayable at par by 11 April 2023.

The 2021 USD Notes I are listed on the Hong Kong Stock Exchange, senior obligations of the Company, and guaranteed by certain of the Company's existing subsidiaries. The guarantees are effectively subordinated to the other secured obligations of each guarantor, to the extent of the value of asset serving as security.

At any time prior to 11 April 2023, the Company may at its option redeem the 2021 USD Notes I, in whole but not in part, at a price equal to 100% of the principal amount of the 2021 USD Notes I, plus the applicable premium, which is defined as to the greater of (1) 1% of the principal amount of such senior notes and (2) the excess of (A) the present value at such redemption date of the principal amount of such senior notes, plus all required remaining scheduled interest payments due on such senior notes through the maturity date of such senior notes (but excluding accrued and unpaid interest to the redemption date), computed using a discount rate equals to an adjusted treasury rate plus 100 basis points, over (B) the principal amount of such senior note on such redemption date.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

17 SENIOR NOTES *(Continued)*

Notes: (Continued)

(d) 2021 USD Notes I *(Continued)*

At any time and from time to time prior to April 11, 2023, the Company may redeem up to 35% of the principal amount of the 2021 USD Notes I, at a redemption price of 100% of the principal amount, plus accrued and unpaid interest, if any, to (but not including) the redemption date.

On 25 January 2021, the Company issued guaranteed senior fixed rate notes to the public with aggregate nominal value of USD71,000,000 (approximately RMB459,874,000) at 99.723% of the principal amount. The New Notes will bear interest from (and including) January 11, 2021 at a rate of 9.8% per annum, which will be consolidated and form a single series with the 2021 USD Notes I as described above, the terms and conditions except for the issue date and issue price are the same.

18 SHARE CAPITAL

| | Number of shares '000 | Amount USD'000 | Equivalent to RMB'000 |
|--------------------------------------|-----------------------------|-------------------|--------------------------|
| Ordinary shares of USD0.01 each | | | |
| Authorised: | | | |
| At 31 December 2020 and 30 June 2021 | 8,000,000 | 80,000 | 524,014 |
| Issued and fully paid: | | | |
| At 31 December 2020 and 30 June 2021 | 2,794,994 | 27,941 | 175,693 |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

19 Acquisition of subsidiaries

During the period ended 30 June 2021, the Group acquired 67% equity interest in Chongqing Chengda Real Estate Development Co., Ltd (“Chongqing Chengda”), subsequent to which Chongqing Chengda has become a non-wholly-owned subsidiary of the Group. Chongqing Chengda owns a land parcel located in Chongqing Province of the PRC as at the date of acquisition.

| | RMB'000 |
|---|--------------------|
| Properties under development for sale | 1,126,350 |
| Bank balances and cash | 138 |
| Trade and other payables, deposits received and accrued charges | (1,037,988) |
| | 88,500 |
| Non-controlling interest | (29,205) |
| | 59,295 |
| Total consideration satisfied by cash | 59,295 |
| Consideration prepaid in cash in prior year | 55,930 |
| Consideration settled by cash in current period | 3,365 |
| Less: cash acquired | (138) |
| | 3,227 |
| Net cash impact on acquisition in current period | 3,227 |

During the period ended 30 June 2021, the Group also acquired other subsidiaries which are not financially significant to the Group.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

20 PLEDGE OF ASSETS

The following assets were pledged to secure certain banking and other facilities granted to the Group and mortgage loans granted to buyers of sold properties at the end of the reporting period:

| | At 30 June 2021 <i>RMB'000</i> | At 31 December 2020 <i>RMB'000</i> |
|---|---|---|
| Investment properties | 1,533,056 | 1,581,638 |
| Properties under development for sale | 16,144,564 | 15,553,995 |
| Completed properties held for sale | 1,877,068 | 1,086,654 |
| Property, plant and equipment | 151,992 | 190,620 |
| Equity interests in subsidiaries | 3,124,268 | 3,929,891 |
| Restricted cash | 1,411,800 | 1,252,900 |
| Guarantee deposits for housing provident fund loans provided to customers | 239,814 | 161,659 |
| | 24,482,562 | 23,757,357 |

21 CAPITAL AND OTHER COMMITMENTS

At the end of the reporting period, the Group had the following commitments:

| | At 30 June 2021 <i>RMB'000</i> | At 31 December 2020 <i>RMB'000</i> |
|---|---|---|
| Contracted but not provided for in the consolidated financial statements: | | |
| Expenditure in respect of properties under development | 15,898,104 | 16,805,374 |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

22 CONTINGENT LIABILITIES

The Group had provided guarantees in respect of mortgage facilities granted by certain banks in connection with the mortgage loans entered into by purchasers of the Group's properties. Pursuant to the terms of the guarantees, if there is default of the mortgage payments by these purchasers, the Group is responsible for repaying the outstanding mortgage loans together with accrued interests thereon and any penalty owed by the defaulted purchasers to banks. The Group is then entitled to take over the legal title of the related properties. The guarantee period commences from the date of grant of the relevant mortgage loans and ends when the buyer obtained the individual property ownership certificate. In the opinion of the Directors, the fair value of guarantee contracts is insignificant at initial recognition. Also, no provision for the guarantee contracts at the end of the reporting period is recognised as the default risk is considered low.

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

| | At 30 June 2021 RMB'000 | At 31 December 2020 RMB'000 |
|---------------------|----------------------------------|--------------------------------------|
| Mortgage guarantees | 17,088,133 | 15,217,825 |

23 SHARE-BASED PAYMENT TRANSACTIONS

On 28 September 2016, the Company granted an aggregate of 43,000,000 options to two directors and twenty-six employees to subscribe for an aggregate of 43,000,000 shares in the Company, representing approximately 1.91% of the shares issued by the Company as at the date of grant.

On 7 July 2020, the Company granted an aggregate of 47,800,000 options to three directors and twenty-six employees to subscribe for an aggregate of 47,800,000 shares in the Company, representing approximately 1.7% of the shares issued by the Company as at the date of grant.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

23 SHARE-BASED PAYMENT TRANSACTIONS (Continued)

The details of the options granted are as follows:

| | Number of options | Vesting period | Contractual life of options |
|--|-------------------|--|--|
| Shares options granted to directors | | | |
| On 28 September 2016 | 8,580,000* | 25% from the date of grant to 28 September 2017 25% from the date of grant to 28 September 2018 25% from the date of grant to 28 September 2019 25% from the date of grant to 28 September 2020 | 5 years 5 years 5 years 5 years |
| On 7 July 2020 | 9,800,000 | 25% from the date of grant to 7 July 2021 25% from the date of grant to 7 July 2022 25% from the date of grant to 7 July 2023 25% from the date of grant to 7 July 2024 | 5 years 5 years 5 years 5 years |
| Shares options granted to employees | | | |
| On 28 September 2016 | 38,720,000* | 25% from the date of grant to 28 September 2017 25% from the date of grant to 28 September 2018 25% from the date of grant to 28 September 2019 25% from the date of grant to 28 September 2020 | 5 years 5 years 5 years 5 years |
| On 7 July 2020 | 38,000,000 | 25% from the date of grant to 7 July 2021 25% from the date of grant to 7 July 2022 25% from the date of grant to 7 July 2023 25% from the date of grant to 7 July 2024 | 5 years 5 years 5 years 5 years |
| Total share options | 95,100,000 | | |
| Exercisable at 31 December 2020 | 22,162,500 | | |
| Exercisable at 30 June 2021 | 31,912,500 | | |

The exercise of the share options by the eligible employees is conditional upon the fulfilment of certain financial indicators as set out by the Company.

* The number of options is adjusted after the bonus issue of share on 9 October 2017.

No share options were exercised during the six months ended 30 June 2021.

The Group recognised total expense of RMB2,515,000 and reversed RMB244,000 during the six months ended 30 June 2021 and 2020, respectively, in relation to share options granted by the Company.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

24 RELATED PARTY BALANCES AND TRANSACTIONS

(a) Balances with related parties

(i) Amounts due from related parties

The amounts due from related parties at the end of the reporting period are as follows:

| | At 30 June 2021 RMB'000 | At 31 December 2020 RMB'000 |
|--|----------------------------------|--------------------------------------|
| Amount due from a company controlled by Mr. Zhang Lei, executive director of the Company | 1,257 | 9,917 |
| Amounts due from a company controlled by Mr. Zhang Peng, executive director of the Company | 8,460 | – |
| Amount due from associates | 176,020 | 1,540 |
| Amount due from joint ventures and their subsidiaries | 260,747 | 255,355 |
| Total non-trade balances (note i) | 446,484 | 266,812 |
| Amount due from companies controlled by Mr. Zhang Lei | 20,413 | 26,869 |
| Amounts due from companies controlled by Mr. Zhang Peng | 14,937 | – |
| Amount due from joint ventures and their subsidiaries | 379,126 | 285,336 |
| Total trade balances (note ii) | 414,476 | 312,205 |
| Amounts due from related parties | 860,960 | 579,017 |
| Loans to joint ventures | 6,807,889 | 5,768,264 |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

24 RELATED PARTY BALANCES AND TRANSACTIONS (Continued)

(a) Balances with related parties (Continued)

(i) Amounts due from related parties (Continued)

Notes:

- (i) Balances at 30 June 2021 and 31 December 2020 are of non-trade nature, unsecured, interest free and repayable on demand.
- (ii) Trade receivables from related parties at 30 June 2021 and 31 December 2020 are unsecured, interest free and repayable on demand. The following is an ageing analysis of amounts due from related parties of trade nature based on invoice date which approximated the revenue recognition date, at the end of each reporting period:

| | At 30 June 2021 RMB'000 | At 31 December 2020 RMB'000 |
|------------------|----------------------------------|--------------------------------------|
| Less than 1 year | 368,670 | 307,486 |
| 1–2 years | 45,806 | 4,719 |
| | 414,476 | 312,205 |

(ii) Amounts due to related parties

The amounts due to related parties at the end of the reporting period are as follows:

| | At 30 June 2021 RMB'000 | At 31 December 2020 RMB'000 |
|--|----------------------------------|--------------------------------------|
| Amount due to a company controlled by Mr. Zhang Lei | 2,365 | 2,203 |
| Amounts due to companies controlled by Mr. Zhang Peng | 1,965 | – |
| Amounts due to associates | 19,050 | 19,495 |
| Amount due to joint ventures and their subsidiaries | 2,204,411 | 4,262,273 |
| Total non-trade balances (note i) | 2,227,791 | 4,283,971 |
| Amount due to companies controlled by Mr. Zhang Lei | 97,156 | 89,926 |
| Amounts due to companies controlled by Mr. Zhang Peng | 17,997 | – |
| Amount due to joint ventures and their subsidiaries | 452 | 487 |
| Total trade balance (note ii) | 115,605 | 90,413 |
| Amounts due to related parties | 2,343,396 | 4,374,384 |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

24 RELATED PARTY BALANCES AND TRANSACTIONS *(Continued)*

(a) Balances with related parties *(Continued)*

(ii) Amounts due to related parties *(Continued)*

Notes:

- (i) Balances at 30 June 2021 and 31 December 2020 are of non-trade nature, unsecured, interest free and repayable on demand.
- (ii) Trade payables to related parties are unsecured, interest free and repayable on demand. The following is an ageing analysis of amounts due to related parties of trade nature based on invoice date at the end of each reporting period:

| | At 30 June 2021 RMB'000 | At 31 December 2020 RMB'000 |
|------------------|----------------------------------|--------------------------------------|
| Less than 1 year | 50,472 | 73,947 |
| 1–2 years | 65,133 | 16,466 |
| | 115,605 | 90,413 |

(b) Transactions with related parties

| Nature of related party | Nature of transaction | For the six months ended 30 June | |
|--|---|-------------------------------------|-----------------|
| | | 2021 RMB'000 | 2020 RMB'000 |
| Companies controlled by Mr. Zhang Lei | Rental income | 968 | 449 |
| Companies controlled by Mr. Zhang Lei | Property management and other services expense | 86,273 | 45,780 |
| Companies controlled by Mr. Zhang Lei | Elevator service expense | 17,245 | 15,012 |
| Companies controlled by Mr. Zhang Peng | Elevator service expense | 6,966 | – |
| Joint venture | Management service income | 4,129 | 2,411 |
| Joint venture | Income from provision of real estate agency service | 72,018 | 54,181 |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

24 RELATED PARTY BALANCES AND TRANSACTIONS *(Continued)*

(c) Transactions with key management

| | For the six months ended 30 June | |
|---------------------------------|-------------------------------------|-----------------|
| | 2021 RMB'000 | 2020 RMB'000 |
| Key management compensation | | |
| Basic salaries and allowance | 7,819 | 9,053 |
| Retirement benefit contribution | 651 | 178 |
| Share-based payment | 109 | 120 |
| | 8,579 | 9,351 |