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MODERN LAND (CHINA) CO., LIMITED

Interim Report 2019

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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. Chen Anhua

Independent Non-Executive Directors

Mr. Qin Youguo
Mr. Cui Jian
Mr. Hui Chun Ho, Eric
Mr. Zhong Bin

Audit Committee

Mr. Hui Chun Ho, Eric (*Chairman*)
Mr. Cui Jian
Mr. Qin Youguo
Mr. Zhong Bin

Remuneration Committee

Mr. Qin Youguo (*Chairman*)
Mr. Zhang Lei
Mr. Cui Jian

Nomination Committee

Mr. Cui Jian (*Chairman*)
Mr. Zhang Lei
Mr. Hui Chun Ho, Eric
Mr. Zhong Bin

AUTHORISED REPRESENTATIVES

Mr. Zhang Peng
Mr. Deng Ren Yu (*appointed on 4 April 2019*)
Mr. Lam Tsz Kin (*resigned on 4 April 2019*)

COMPANY SECRETARY

Mr. Deng Ren Yu (*appointed on 4 April 2019*)
Mr. Lam Tsz Kin (*resigned on 4 April 2019*)

AUDITOR

KPMG
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
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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

Royal Bank of Canada Trust Company
(Cayman) Limited
4th Floor, Royal Bank House
24 Shedden Road, PO Box 1586
Grand Cayman KY1-1110
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
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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

STOCK CODE

1107

COMPANY'S 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”) is a company listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) from 12 July 2013 with Class 1 qualification in real estate development in the People’s Republic of China (the “PRC” or “China”). The Company has been rated as one of “Top 100 China Real Estate Enterprises (中國房地產百強企業)” for six consecutive years, and was awarded as “Top 100 China Real Estate Listed Companies with Strongest Comprehensive Strengths (中國房地產上市公司綜合實力100強)” and “Top 5 Most Innovative Real Estate Listed Companies in China (中國房地產上市公司創新能力5強)” in 2019.

The Company was established on 11 January 2000 and has always been adhering to the development concept of “Technology Buildings and Quality Living”, 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 Hometown” to bring home owners the sincere and real life experience and achieve positive economic and social benefits.

COMPANY PROFILE

The Company pours itself to a homeland of “Green Technology + Comfort & Energy-saving + Mobile Interconnecting Whole-life Cycle Communities”, successfully establishing “MOMA” 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, which in turn provides a vivid interpretation for our concept of “Technology Buildings, Quality Living and Action of Loving My Homeland”.

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 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 by establishing its own research, development and design department, which outfit MOMA products with fine characteristics. While creating a high comfort level, with the indoor temperature around 20-26°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 that of normal residential buildings in China at present. In persistent use of such technology for a hundred years, a slew of energy and cost will be saved for the residents and thereby creating a pleasant ecosystem for the society.

STRENGTHENING STANDARD PRODUCT CAPABILITY

With nearly 20 years of project practical experience, Modern Land has gradually developed products that cater to 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 (superior product line), Wan Guo Fu MOMA (high-end product line), Modern YUE MOMA (quality product line) and Modern City MOMA (whole-life cycle mixed community product line).

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 Class I (projects generating both cash flow and profits), Class II (projects generating cash flow) and 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 four regions, namely Northern China, Eastern China, Central China and Southern China. As to the overseas markets, the Company focused on the North America region.

COMPANY PROFILE

BUILDING STRONG BRAND-NAME INFLUENCE

In the first half of 2019, in terms of green technology awards, the Company has officially launched its “Air Dino 3 (恐龍3號)”, being the first prefabricated and modularized net zero energy consumption and healthy integrated housing in China, to the market; Modern Xishan Shang Pin Wan MOMA was rated as hundred-year residence that satisfied the assessment of residence performance and standards of green residence; Tongzhou Modern Megahall MOMA was awarded the Platinum-level precertification under the WELL Building Standard™; Foshan Modern Megahall MOMA was awarded the Gold-level certificate under the WELL Building Standard™; Beijing Modern MOMA is the only project in the country that received the “10 Year Award” from CTBUH; Foshan Modern Megahall MOMA was evaluated as first batch of demonstration base of healthy construction; and the Company ranked first in China Model Green Property Developers in Operation (中國綠色地產運行典範第1名) for the fourth time.

In the first half of 2019, in terms of industry brands, the Company was awarded as “2019 Top 100 China Real Estate Developers (2019中國房地產開發企業100強)” and “2019 Top 10 China Real Estate Developers in Operational Efficiency (2019中國房地產開發企業運營效率10強)” by China Real Estate Association, and ranked 61st among the “2019 Top 100 China Real Estate Enterprises (2019中國房地產百強企業)” and was accredited as “2019 Top 100 China Real Estate Enterprises with TOP 10 Financing Capability (2019中國房地產百強企業融資能力TOP10)” and “2019 China Specialized Real Estate Company with Excellence in Operation — Green Technology Real Estate (2019中國特色地產運營優秀企業綠色科技地產)” by China Index Academy.

In the first half of 2019, in terms of 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 the first half of 2019, Fuzhou Modern City MOMA, Modern Jiabao Park YUE MOMA, Modern Xishan Shang Pin Wan MOMA, Modern Shishou Xian Yang Fu MOMA and Modern Huzhou Shang Pin Wan MOMA were awarded the title of “Green Residences”.

CHAIRMAN'S STATEMENT

Dear Shareholders,

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

RESULTS

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

Review on the first half of 2019

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

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

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

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

CHAIRMAN'S STATEMENT

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

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

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

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

CHAIRMAN'S STATEMENT

Outlook for the second half of 2019

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

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

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

Focusing on city-oriented strategy to facilitate precision investments

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

CHAIRMAN'S STATEMENT

Paying continuous attention to whole-lifecycle communities

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

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

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

Zhang Lei

Chairman

14 August 2019

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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

Sale of Properties

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

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

Project name	Six months ended 30 June					
	2019			2018		
	Revenue RMB'000	Total saleable GFA delivered (in sq.m.) or unit	ASP RMB/sq.m. or unit	Revenue RMB'000	Total saleable GFA delivered (in sq.m.) or unit	ASP RMB/sq.m. or unit
Man Ting Chun MOMA (Zhangjiakou)	3,183	482	6,609	12,792	1,885	6,786
Guanggu Man Ting Chun MOMA (Wuhan)	-	-	-	8,407	423	19,883
MOMA Modern Plaza (Changsha)	174	48	3,642	354,428	34,009	10,421
Modern Binjiang MOMA (Changsha)	22,677	2,395	9,469	271,479	13,708	19,804
Modern MOMA (Hefei)	7,397	571	12,958	35,602	1,394	25,533
Shao Quan Hu City of Future (Hefei)	1,083,996	121,020	8,957	1,484,769	210,856	7,042
Modern Wan Guo Fu (Hefei)	1,277,202	57,253	22,308	18,226	814	22,381
Shishan Modern MOMA (Suzhou)	2,108	166	12,721	4,551	200	22,709
Modern Chun Feng Hu Shang MOMA (Wuxi)	(867)	(81)	10,685	87,530	10,472	8,359
Modern MOMA Yan Hu Cheng (Taiyuan)	67,425	7,140	9,443	580,942	84,107	6,907
Modern MOMA Plaza (Taiyuan)	49,145	4,723	10,405	1,398	138	10,119
Hanyang Modern Wan Guo Cheng (Wuhan)	1,188,307	82,353	14,429	177,925	11,619	15,314
Modern Zhongrui Wan Guo Fu (Wuhan)	48,631	1,611	30,192	31,858	1,128	28,237
Yangluo Man Ting Chun MOMA (Wuhan)	32,707	4,602	7,107	30,498	5,194	5,872
Jingzhou Man Tang Yue MOMA (Hubei)	14,510	2,198	6,602	6,338	1,160	5,462
Modern Wan Guo Fu MOMA (Foshan)	256,332	10,573	24,244	768,780	36,648	20,977
Modern Shang Pin Wan MOMA (Foshan)	231,102	14,461	15,981	3,708	218	16,998

MANAGEMENT DISCUSSION AND ANALYSIS

Project name	Six months ended 30 June					
	2019			2018		
	Revenue RMB'000	Total saleable GFA delivered (in sq.m.) or unit	ASP RMB/sq.m. or unit	Revenue RMB'000	Total saleable GFA delivered (in sq.m.) or unit	ASP RMB/sq.m. or unit
Modern Jinjiang Wan Guo Cheng MOMA (Fujian)	1,045,860	111,136	9,411	56,970	5,998	9,498
Man Tang Yue MOMA (Huizhou)	82,433	8,178	10,079	9,861	904	10,912
Modern Zhuzhou Shang Pin Wan MOMA (Hunan)	41,165	5,254	7,836	3,316	512	6,481
Man Ting Chun MOMA(Xiantao)	602,694	121,979	4,941	536,322	157,494	3,405
Dongdaihe • Bai Jin Hai MOMA(Dongdaihe)	9,070	1,558	5,822	79,397	11,685	6,795
Man Ting Chun MOMA(Xiantao)	6,694	1,318	5,081	–	–	–
Modern Wan Guo Fu MOMA (Nanjing)	143,622	3,676	39,071	–	–	–
Modern Shang Pin Xue Fu (Huzhou)	9,274	1,205	7,693	–	–	–
Fuzhou Modern City MOMA(Jiangxi)	1,949	314	6,216	–	–	–
Modern Jinzhong Shang Pin Xue Fu (Shanxi)	23,340	2,757	8,467	–	–	–
Wuqing Sunshine MOMA (Tianjin)	475,887	40,104	11,866	–	–	–
Others	3,583	374	9,580	21,652	1,794	12,069
Sub-total	6,729,600	607,368	11,080	4,586,749	592,360	7,743
Car parking spaces	63,099	611 units	103,272/unit	156,104	1,008 units	154,865/unit
Total	6,792,699			4,742,853		

Contracted Sales

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

MANAGEMENT DISCUSSION AND ANALYSIS

Table 2: Breakdown of contracted sales of the Group

Project name	Attributable interest to the Group (%)	Six months ended 30 June					
		2019			2018		
		Contracted sales RMB'000	GFA (in sq.m.) or unit	ASP RMB/sq.m. or unit	Contracted sales RMB'000	GFA (in sq.m.) or unit	ASP RMB/sq.m. or unit
Modern North Star • YUE MOMA (Beijing)	50.00%	–	–	–	31,163	774	40,237
Man Ting Chun MOMA (Zhangjiakou)	35.00%	106,652	15,881	6,716	377,327	48,221	7,825
Modern Tongzhou Wan Guo Fu MOMA	51.00%	207,343	2,945	70,405	993,607	14,602	68,044
Modern Wan Guo Fu MOMA (Suzhou)	100.00%	5,478	176	31,125	10,144	348	29,156
Modern Suzhou Fu MOMA	50.00%	36,065	1,011	35,673	109,124	3,088	35,336
Xiangcheng Wan Guo Shu (Suzhou)	50.00%	53,716	1,808	29,710	126,949	5,933	21,396
Shishan Modern MOMA (Suzhou)	20.00%	77,583	4,449	17,438	139,955	7,992	17,517
Modern Chun Feng Hu Shang MOMA (Wuxi)	100.00%	111,633	10,010	11,152	52,112	5,341	9,757
Modern MOMA Yan Hu Cheng (Taiyuan)	50.00%	–	–	–	2,326	279	8,327
Modern MOMA Plaza (Taiyuan)	51.00%	252,607	17,879	14,129	786,168	72,418	10,856
Kaifu Man Ting Chun MOMA (Changsha)	100.00%	9,486	1,104	8,592	–	–	–
Modern Binjiang MOMA (Changsha)	100.00%	17,364	1,464	11,861	268,331	13,289	20,192
MOMA Modern Plaza (Changsha)	100.00%	8,624	355	24,293	356,619	34,239	10,416
Modern Furong Wan Guo Cheng MOMA(Changsha)	51.00%	60,911	3,258	18,696	536,132	56,025	9,569
Modern Zhuzhou Shang Pin Wan MOMA (Hunan)	70.00%	118,433	12,224	9,689	781,863	96,010	8,144
Guanggu Man Ting Chun MOMA (Wuhan)	100.00%	–	–	–	5,022	201	25,000
North Star-Modern • Guanggu Green Home (Wuhan)	45.00%	–	–	–	49,775	2,787	17,859
Modern Zhongrui Wan Guo Fu (Wuhan)	51.00%	27,352	921	29,698	208,950	6,584	31,735
Hanyang Modern Wan Guo Cheng (Wuhan)	75.00%	8,730	488	17,889	1,042,921	67,454	15,461
Yangluo Man Ting Chun MOMA (Wuhan)	20.00%	3,014	384	7,849	368,380	57,463	6,411
Jingzhou Modern Man Tang Yue MOMA (Hubei)	30.00%	16,098	2,859	5,631	333,384	55,181	6,042
Modern MOMA (Hefei)	100.00%	5,192	282	18,411	19,689	1,041	18,901
Shao Quan Hu City of Future (Hefei)	100.00%	4,853	760	6,386	297,939	17,280	17,242
Modern Wan Guo Fu (Hefei)	30.60%	188,828	6,338	29,793	758,568	33,790	22,449
Modern Binjiang Shang Pin MOMA (Nanchang)	25.50%	2,172,858	177,978	12,208	–	–	–
Man Ting Chun MOMA (Nanchang)	100.00%	–	–	–	1,608	113	14,200
Modern MOMA New City (Nanchang)	100.00%	–	–	–	7,601	764	9,953
Modern International MOMA (Nanchang)	100.00%	–	–	–	–	–	–
Modern Wan Guo Fu MOMA (Foshan)	51.00%	269,246	6,790	39,653	401,183	19,850	20,211
Modern Jinjiang Wan Guo Cheng MOMA (Fujian)	60.00%	39,970	3,000	13,323	1,387,621	125,838	11,027
Modern Shang Pin Wan MOMA (Foshan)	100.00%	–	–	–	2,076	120	17,366
Man Tang Yue MOMA (Huizhou)	100.00%	10,132	921	11,001	1,234,001	103,868	11,881
Modern Jiaying Man Tang Yue MOMA	51.00%	–	–	–	393,527	34,310	11,470

MANAGEMENT DISCUSSION AND ANALYSIS

Project name	Attributable interest to the Group (%)	Six months ended 30 June					
		2019			2018		
		Contracted sales RMB'000	GFA (in sq.m.) or unit	ASP RMB/sq.m. or unit	Contracted sales RMB'000	GFA (in sq.m.) or unit	ASP RMB/sq.m. or unit
Modern Xingyi Shang Pin Wan (Guizhou)	60.00%	16,327	4,383	3,725	260,582	62,756	4,152
Modern Shang Pin Xue Fu (Huzhou)	65.24%	28,743	2,877	9,991	672,508	69,980	9,610
Modern Tian Yu (Huzhou)	40.00%	52,011	4,681	11,111	219,221	21,041	10,419
Man Ting Chun MOMA (Jiujiang) (Note)	100.00%	1,100	60	18,333	–	–	–
Man Ting Chun MOMA(Xiantao)	100.00%	37,284	4,346	8,579	457,140	85,654	5,337
Man Ting Chun Modern City MOMA(Xiantao)	82.00%	189,635	34,264	5,535	–	–	–
Dongdaihe • Bai Jin Hai MOMA(Dongdaihe)	100.00%	15,611	2,163	7,217	523,922	60,284	8,691
Modern City (Taiyuan)	51.00%	3,998,735	302,491	13,219	–	–	–
Linqun Modern MOMA(Anhui)	26.01%	1,403,469	210,331	6,673	–	–	–
Modern Xishan Shang Pin Wan MOMA (Beijing)	51.00%	1,154,784	30,716	37,596	–	–	–
Modern Jinzhong Shang Pin Xue Fu (Shanxi)	49.00%	1,152,982	133,406	8,643	–	–	–
Modern Gaoling Shang Pin Wan MOMA (Shaanxi)	60.00%	1,036,465	142,648	7,266	–	–	–
Modern Jiabao Park • YUE MOMA (Shaanxi)	51.02%	649,419	59,162	10,977	–	–	–
Yuanzhu MOMA (Zhangjiakou)	48.45%	408,588	30,000	13,620	–	–	–
Modern Huangshi Man Tang Yue MOMA (Hubei)	51.00%	399,331	48,413	8,248	–	–	–
Modern Great Lakes Shang Pin MOMA (Suzhou)	80.00%	375,174	25,829	14,525	–	–	–
Shishou Xian Yang Fu MOMA (Hubei)	30.00%	371,683	73,249	5,074	–	–	–
Fuzhou Modern City MOMA (Jiangxi)	51.00%	369,608	53,071	6,964	–	–	–
Modern Xiaogan Shi Guang Li MOMA (Hubei)	52.50%	359,755	66,312	5,425	–	–	–
Modern Jiuhuashan Lotus Small Town (Anhui)	51.00%	276,083	18,461	14,955	–	–	–
Modern Wan Guo Fu MOMA (Nanjing)	51.00%	181,055	4,231	42,792	–	–	–
Binjiang Man Ting Chun MOMA (Tianmen)	60.00%	93,763	22,022	4,258	–	–	–
Modern MOMA City of Future (Guizhou)	62.20%	73,789	11,452	6,443	–	–	–
Wuqing Sunshine MOMA (Tianjin)	70.00%	47,285	3,625	13,044	–	–	–
Fuyang Modern City MOMA (Anhui)	74.00%	35,001	5,191	6,743	–	–	–
Modern Hong Shan Fu (Fujian)	75.00%	7,820	1,515	5,162	–	–	–
Modern Shang Pin Wan (Huzhou)	69.15%	1,898	286	6,636	–	–	–
Sub-total		16,549,566	1,568,470	10,551	13,217,438	1,184,918	11,155
Car parking spaces		118,735	2,267 units	52,375/unit	139,427	948 units	147,075/unit
Total		16,668,301			13,356,865		

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

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

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

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

Land Bank

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

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

Table 3: Land bank held by the Group

Project name	As at 30 June 2019		
	Attributable interest to the Group (%)	Total GFA unsold (Note) (sq.m.)	Aggregated GFA sold but undelivered with sales contracts (sq.m.)
Modern MOMA (Beijing)	100.00%	17,895	–
MOMA Forest Forever (Beijing)	100.00%	7,985	–
Shangdi MOMA (Beijing)	100.00%	11,163	–
Modern Land CIFI Villa(Beijing)	50.00%	993	–
Modern North Star • YUE MOMA(Beijing)	50.00%	5,731	–
Modern Yunjing MOMA (Beijing)	51.00%	163,593	–

MANAGEMENT DISCUSSION AND ANALYSIS

As at 30 June 2019

Project name	Attributable interest to the Group (%)	Total GFA unsold (Note) (sq.m.)	Aggregated GFA sold but undelivered with sales contracts (sq.m.)
Modern Tongzhou Wan Guo Fu MOMA	51.00%	220,733	105,816
Modern Xishan Shang Pin Wan MOMA (Beijing)	51.00%	130,030	30,716
Wuqin Modern Shi Guang Li MOMA (Tianjin)	70.00%	219	–
Man Ting Chun MOMA (Zhangjiakou)	35.00%	340,841	97,150
Yuanzhu MOMA (Zhangjiakou)	48.45%	121,909	30,000
Dongdaihe • Bai Jin Hai MOMA (Dongdaihe)	100.00%	215,881	99,193
Wan Guo Cheng MOMA (Taiyuan)	100.00%	49,078	–
Modern MOMA Yan Hu Cheng (Taiyuan)	50.00%	109,631	101,303
Modern MOMA Plaza (Taiyuan)	51.00%	140,788	120,757
Modern City (Taiyuan)	51.00%	508,309	302,491
Modern Jinzhong Shang Pin Xue Fu (Shanxi)	49.00%	355,388	248,939
Kaifu Man Ting Chun MOMA (Changsha)	100.00%	40,853	–
Modern Binjiang MOMA (Changsha)	100.00%	12,971	800
MOMA Modern Plaza (Changsha)	100.00%	37,507	19,032
Modern Furong Wan Guo Cheng MOMA (Changsha)	51.00%	67,007	31,954
Modern Zhuzhou Shang Pin Wan MOMA	70.00%	164,595	127,299
Modern MOMA (Hefei)	100.00%	7,492	326
Shao Quan Hu City of Future (Hefei)	100.00%	54,460	35,133
Modern Wan Guo Fu (Hefei)	30.60%	202,553	155,913
Modern Jiuhuashan Lotus Small Town (Anhui)	51.00%	48,477	18,461
Fuyang Modern City MOMA (Anhui)	74.00%	357,186	298,744
Linquan Modern MOMA (Anhui)	26.01%	393,857	210,389
Modern Wan Guo Fu MOMA (Binfeng)	51.00%	108,671	–
Modern Wan Guo Fu MOMA (Nanjing)	51.00%	54,486	43,185
Man Ting Chun MOMA (Nanchang)	100.00%	7,760	–
Modern MOMA New City (Nanchang)	100.00%	11,304	–
Modern International MOMA (Nanchang)	100.00%	20,586	–
Man Ting Chun MOMA (Jiujiang)	100.00%	25,839	–
Man Ting Chun MOMA (Xiantao)	100.00%	86,145	28,686
Man Ting Chun Modern City MOMA (Xiantao)	82.00%	300,138	128,658
Binjiang Man Ting Chun MOMA (Tianmen)	60.00%	131,697	51,844
Xiantao Communications Investment			
Man Ting Chun (Xiantao)	50.00%	599,485	–
Hanyang Man Ting Chun MOMA (Wuhan)	99.02%	8,056	–

MANAGEMENT DISCUSSION AND ANALYSIS

As at 30 June 2019

Project name	Attributable interest to the Group (%)	Total GFA unsold (Note) (sq.m.)	Aggregated GFA sold but undelivered with sales contracts (sq.m.)
Guanggu Man Ting Chun MOMA (Wuhan)	100.00%	21,459	–
North Star-Modern • Guanggu Green Home (Wuhan)	45.00%	6,759	–
Modern Zhongrui Wan Guo Fu (Wuhan)	51.00%	39,810	37,212
Hanyang Modern Wan Guo Cheng (Wuhan)	75.00%	19,684	17,262
Yangluo Man Ting Chun MOMA (Wuhan)	20.00%	217,017	203,613
Jingzhou Modern Man Tang Yue MOMA (Hubei)	30.00%	67,244	51,716
Modern Huangshi Man Tang Yue MOMA (Hubei)	51.00%	162,865	87,357
Xiaogan Modern Shi Guang Li MOMA (Hubei)	52.50%	239,398	66,312
Shishou Xian Yang Fu MOMA (Hubei)	30.00%	164,700	73,249
Fuzhou Modern City MOMA (Jiangxi)	51.00%	264,145	53,071
Modern City MOMA (Wuhan)	70.00%	284,050	–
Modern Wan Guo Fu MOMA (Suzhou)	100.00%	2,458	176
Modern Suzhou Fu MOMA	50.00%	13,682	8,623
Xiangcheng Wan Guo Shu (Suzhou)	50.00%	18,962	13,136
Shishan Modern MOMA (Suzhou)	20.00%	52,530	26,125
Zhongxiang Wan Guo Cheng MOMA (Suzhou)	80.00%	154,294	–
Modern Chun Feng Hu Shang MOMA (Wuxi)	100.00%	17,835	15,387
Modern Gaoling Shang Pin Wan MOMA (Shaanxi)	60.00%	637,559	444,732
Modern Jiabao Park • YUE MOMA (Shaanxi)	51.02%	202,970	175,697
Modern Wan Guo Fu MOMA (Foshan)	51.00%	125,362	98,713
Modern Shang Pin Wan MOMA (Foshan)	100.00%	15,197	12,452
Lishui Shang Pin Wan MOMA (Foshan)	100.00%	37,776	–
Modern Jinjiang Wan Guo Cheng MOMA (Fujian)	60.00%	312,854	276,614
Modern Hong Shan Fu (Fujian)	75.00%	19,800	8,608
Modern Yu Quan Fu (Fujian)	51.00%	88,257	–
Man Tang Yue MOMA (Huizhou)	100.00%	115,847	16,381
Modern Wan Guo Fu MOMA (Shanghai)	100.00%	17,704	–
Modern Jiaxing Man Tang Yue MOMA	51.00%	55,027	51,565
Modern Shang Pin Xue Fu (Huzhou)	65.24%	223,850	113,254
Modern Shang Pin Wan (Huzhou)	69.15%	71,447	41,090
Modern Tian Yu (Huzhou)	40.00%	42,883	40,998
Modern Great Lakes Shang Pin MOMA (Suzhou)	80.00%	57,578	25,829
Modern Xingyi Shang Pin Wan (Guizhou)	60.00%	174,542	149,630
Modern MOMA City of Future (Guizhou)	62.20%	263,055	215,930

MANAGEMENT DISCUSSION AND ANALYSIS

As at 30 June 2019

Project name	Attributable interest to the Group (%)	Total GFA unsold (Note) (sq.m.)	Aggregated GFA sold but undelivered with sales contracts (sq.m.)
Dongguan Zhuang Project (Guangzhou)	38.25%	284,596	–
Modern Binjiang Shang Pin MOMA (Nanchang)	25.50%	291,534	177,981
Zhengzhou Xinyang Park • YUE MOMA	49.00%	26,397	–
Sub-total		9,952,419	4,789,502

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

Land Acquisitions in 2019

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

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

Cost of sales

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

Gross profit and gross profit margin

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

Other income, gains and losses

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

Change in fair value

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

MANAGEMENT DISCUSSION AND ANALYSIS

Selling and distribution expenses

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

Administrative expenses

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

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

Finance costs

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

Profit before taxation and profit for the Period

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

MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Cash position

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

Borrowings and pledge of the Group's assets

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

MANAGEMENT DISCUSSION AND ANALYSIS

Breakdown of indebtedness

By type of borrowings and maturity

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

MANAGEMENT DISCUSSION AND ANALYSIS

Leverage

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

Foreign currency risk

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

Contingent liabilities

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

Employees and compensation policy

As at 30 June 2019, the Group had 1,903 employees (31 December 2018: 1,842). Employee's remuneration is determined based on the employee's performance, skills, knowledge, experience and market trends. The Group regularly reviews compensation policies and programs, and will make any necessary adjustment in order to be in line with the remuneration levels in the industry. In addition to basic salaries, employees may be granted with share options, discretionary bonus and cash awards based on individual performance.

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 over 15% to 20% internal rate of return, depending on the location and categories of the projects.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

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

EVENTS AFTER THE REPORTING PERIOD

Discloseable transaction involving acquisition of 100% equity interest in Tianjin Zhengde Real Estate Co., Ltd.

On 25 July 2019, Yuzhan Green Real Estate (Beijing) Co., Ltd. (“**Yuzhan Green**”) (an indirect wholly-owned subsidiary of the Company) (as purchaser) entered into an equity transfer agreement with Hantang (Tianjin) Real Estate Co., Ltd. (“**Hantang (Tianjin)**”) (as vendor), whereby Yuzhan Green conditionally agreed to acquire the entire equity interest of Tianjin Zhengde Real Estate Co., Ltd. (“**Tianjin Zhengde**”) from Hantang (Tianjin) at a consideration of RMB385,330,000. Tianjin Zhengde holds the entire equity interest of Tianjin Ninghe Haikuo Tiankong Construction Development Co., Ltd., which in turn holds the land use rights of two land parcels, all of which are for residential use located at Ninghe District, Tianjin, the PRC, with an aggregate site area of approximately 124,086.14 square metres. For details, please refer to the announcement of the Company dated 25 July 2019.

Discloseable transaction involving acquisition of 100% equity interest in Heze City Haigang Property Development Co., Ltd.

On 29 July 2019, Lvheng MOMA Real Estate (Beijing) Co., Limited (an indirect wholly-owned subsidiary of the Company) (“**Lvheng MOMA**”) (as purchaser) entered into an equity transfer agreement (the “**Equity Transfer Agreement**”) with Beijing Haigang Investment Development Co., Ltd. (“**Beijing Haigang**”) (as vendor), whereby Lvheng MOMA conditionally agreed to acquire 100% equity interest in Heze City Haigang Property Development Co., Ltd. (“**Haigang Property**”) from Beijing Haigang at a consideration (the “**Consideration**”) of not exceeding RMB608,420,000 (the “**Heze Acquisition**”). Haigang Property holds the land use rights of three land parcels located at Heze City, Shandong Province, the PRC, with a total site area of 193,268.50 square metres, which are planned for residential and commercial uses. The Heze Acquisition constituted a discloseable transaction of the Company under Chapter 14 of the Listing Rules and the Company issued an announcement in this regard on 29 July 2019 (the “**29 July Announcement**”).

MANAGEMENT DISCUSSION AND ANALYSIS

The Company would like to provide an update on the Heze Acquisition and further details in relation to the third instalment of the Consideration as follows:

1. as at the date of this report, Haigang Property is a 70% owned subsidiary of the Company and completion of the remaining 30% equity interest in Haigang Property has not taken place; and
2. the Consideration shall be payable by Lvheng MOMA in three instalments, among which, the first instalment is an amount of RMB130,000,000, the second instalment is an amount of RMB150,000,000 and the third instalment is an amount up to RMB328,420,000. As at the date of this report, the first instalment of the Consideration, being RMB130,000,000, has been paid by Lvheng MOMA while the second and third instalments of the Consideration shall be payable upon fulfilment of certain conditions set out in the Equity Transfer Agreement.

In respect of the third instalment of the Consideration of RMB328,420,000, up to RMB40,000,000 shall be paid by Lvheng MOMA into court as security and the balance (that is, RMB328,420,000 minus the amount paid by Lvheng MOMA into court) shall be paid by Lvheng MOMA into a joint account jointly set up by Lvheng MOMA and Beijing Haigang on or before 30 June 2020. The said security payment into court may be settled by Beijing Haigang itself or if requested by Beijing Haigang, by Lvheng MOMA (subject to a cap amount of RMB40,000,000) on its behalf. In both scenarios, the third instalment of the Consideration payable by Lvheng MOMA will be the amount of RMB328,420,000 but the amount paid to Beijing Haigang and/or the amount paid to the court (if any) by Lvheng MOMA may be different, thus it is indicated in the 29 July Announcement that the maximum amount of the third instalment of the Consideration payable to Beijing Haigang is RMB328,420,000. In any event, the total Consideration payable by the Group under the Equity Transfer Agreement is fixed at RMB608,420,000.

Issue of public domestic corporate bonds

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

MANAGEMENT DISCUSSION AND ANALYSIS

Repurchase and cancellation of senior notes

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

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

PROSPECT

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

OTHER INFORMATION

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

As at 30 June 2019, the interests and short positions of the directors (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	65.47%
	Beneficial owner (<i>Note 2, 6</i>)	19,557,140	0.70%
Mr. Chen Yin	Interest in a controlled corporation (<i>Note 3</i>)	6,911,520	0.25%
Mr. Fan Qingguo	Interest in a controlled corporation (<i>Note 4</i>)	5,982,240	0.21%
Mr. Zhang Peng	Interest in a controlled corporation (<i>Note 5</i>)	5,982,240	0.21%
	Beneficial owner (<i>Note 6</i>)	18,078,000	0.65%

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 Ltd., 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. Salum Zheng Lee as the settlor and the capital and income beneficiaries thereof include Mr. Salum Zheng Lee, Mr. Zhang Lei and their respective daughters. Mr. Salum Zheng Lee is the younger brother of Mr. Zhang Lei. Therefore, Mr. Zhang Lei is deemed to have the same interest in the Company.

Note 2: 11,727,890 Shares out of the 19,557,140 Shares are beneficially held by Mr. Zhang Lei in his own capacity while the remaining 7,829,250 Shares are held pursuant to share options granted under the Share Option Scheme (as defined below).

Note 3: 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.

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Note 4: 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.

Note 5: 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 6: Such share interest (including Mr. Zhang Lei's interest in 7,829,250 Shares and Mr. Zhang Peng's interest in 12,645,000 Shares) is held pursuant to the share options granted under the Share Option Scheme, details of which are set out on pages 31 to 32 in this report.

Save as disclosed in the foregoing, as at 30 June 2019, 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 2019, 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 2019, 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
Super Land Holdings Limited	Registered holder (<i>Note 1</i>)	1,827,293,270	65.47%
Fantastic Energy Ltd.	Interest in a controlled corporation (<i>Note 1</i>)	1,827,293,270	65.47%
TMF (Cayman) Limited	Trustee (<i>Note 1</i>)	1,827,293,270	65.47%
Mr. Salum Zheng Lee	Settlor of a discretionary trust (<i>Note 1</i>)	1,827,293,270	65.47%

OTHER INFORMATION

Name	Capacity/Nature of Interest	Number of Shares	Approximate % of Interest in the Company
Ms. Zhang Degui	Interest of a spouse (<i>Note 2</i>)	1,827,293,270	65.47%
China Cinda (HK) Asset Management Co., Limited	Registered holder (<i>Note 3</i>)	267,877,500	9.60%
China Cinda (HK) Holdings Company Limited	Interest in a controlled corporation (<i>Note 3</i>)	267,877,500	9.60%
China Cinda Asset Management Co., Ltd.	Interest in a controlled corporation (<i>Note 3</i>)	267,877,500	9.60%
China Great Wall AMC (International) Holdings Company Limited	Registered holder (<i>Note 4</i>)	190,159,200	6.81%
China Great Wall Asset Management Co. Ltd.	Interest in a controlled corporation (<i>Note 4</i>)	190,159,200	6.81%

Note 1: All of the 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 Ltd., 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. Salum Zheng Lee as the settlor and the capital and income beneficiaries thereof include Mr. Salum Zheng Lee, Mr. Zhang Lei and their respective daughters. Mr. Salum Zheng Lee is deemed to be interested in 1,827,293,270 Shares held by the Family Trust.

Note 2: Ms. Zhang Degui is the spouse of Mr. Salum Zheng Lee. Therefore, Ms. Zhang Degui is deemed to be interested in 1,827,293,270 Shares.

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 2019, 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.

OTHER INFORMATION

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 June 2018, the Company proposed to refresh the scheme mandate limit under the Share Option Scheme which was approved by the shareholders of the Company (the “**Shareholders**”) at an extraordinary general meeting held on 19 June 2018. As a result, the Company may grant share options to eligible participants entitling them to subscribe for a total of up to 277,889,260 Shares under the Share Option Scheme.

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 2019 to 30 June 2019

	1 January 2019		30 June 2019	
	Opening	Exercised	Lapsed	Closing
Tranche One Options — 4 September 2014				
Exercise price: HK\$1.041 (Exercise price prior to 9 October 2017: HK\$1.145)				
Zhang Lei	3,539,250	-	-	3,539,250
Zhang Peng	8,355,000	-	-	8,355,000
Employee	5,550,250	(484,000)	-	5,066,250
Tranche One Option — 4 September 2014	17,444,500	(484,000)	-	16,960,500

OTHER INFORMATION

		1 January 2019		30 June 2019	
		Opening	Exercised	Lapsed	Closing
Tranche Two Options — 10 July 2015					
Exercise price: HK\$1.138 (Exercise price prior to 9 October 2017: HK\$1.252)					
Plan B	Employee	15,400,000	-	(15,400,000)	-
Plan B		15,400,000	-	(15,400,000)	-
Tranche Two Options — 10 July 2015		15,400,000	-	(15,400,000)	-
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		21,667,500	(440,000)	(4,345,000)	16,882,500
Tranche Three Options — 28 September 2016		30,247,500	(440,000)	(4,345,000)	25,462,500
Total		63,092,000	(924,000)	(19,745,000)	42,423,000

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 62 to 64 of this report.

Note 2: 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 Plan A is presented during the period from 1 January 2019 to 30 June 2019.

COMPLIANCE WITH APPENDIX 16 TO THE LISTING RULES

According to paragraph 40 of Appendix 16 to the Listing Rules, 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 2018 Annual Report.

OTHER INFORMATION

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

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

INTERIM DIVIDEND

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

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 14 October 2019 to Wednesday, 16 October 2019 (both days inclusive), during which period no transfer of Shares will be registered. In order to qualify for the entitlement to the interim dividend, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration no later than 4:30 p.m. on Friday, 11 October 2019.

AUDIT COMMITTEE

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

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

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules to govern securities transactions by Directors. Further to the specific enquiries made by the Company to the Directors, all Directors have confirmed their compliance with the Model Code for the six months ended 30 June 2019.

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 35 to 68 which comprises the consolidated statement of financial position of Modern Land (China) Co., Limited (“the Company”) as of 30 June 2019 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 2019 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

14 August 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2019 — unaudited

	Note	For the six months ended 30 June	
		2019 RMB'000	2018 RMB'000
Revenue	3	7,026,870	4,859,054
Cost of sales		(5,166,137)	(3,911,103)
Gross profit		1,860,733	947,951
Other income, gains and losses	4	97,281	205,226
Recognition of changes in fair value of properties held for sale and properties under development for sale upon transfer to investment properties	10	241,022	3,016
Changes in fair value of investment properties	10	32,520	35,147
Selling and distribution expenses		(259,263)	(195,759)
Administrative expenses		(306,334)	(241,945)
Finance costs	5	(212,048)	(139,279)
Share of profits less losses of joint ventures		(29,088)	48,623
Share of profits less losses of associates		(591)	(543)
Profit before taxation		1,424,232	662,437
Income tax expense	6	(893,209)	(301,286)
Profit for the period	7	531,023	361,151

The notes on pages 45 to 68 form part of this interim financial report.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2019 — unaudited (continued)

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

The notes on pages 45 to 68 form part of this interim financial report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2019 — unaudited

	Note	At 30 June 2019 RMB'000	At 31 December 2018 RMB'000
Non-current assets			
Investment properties	10	2,547,180	2,128,610
Property, plant and equipment	11	464,669	472,477
Intangible assets		4,404	2,436
Freehold land held for future development		32,034	31,980
Interests in associates		28,667	112,984
Interests in joint ventures	12	2,338,655	2,430,885
Loans to joint ventures	12	6,125,279	5,455,094
Equity investments at fair value through other comprehensive income		60,085	60,085
Deferred tax assets		851,270	751,306
		12,452,243	11,445,857
Current assets			
Inventories and other contract costs		155,648	64,924
Properties under development for sale		23,065,219	23,764,203
Properties held for sale		3,485,208	2,314,191
Trade and other receivables, deposits and prepayments	13	7,159,081	5,969,034
Amounts due from related parties	24	519,586	353,541
Restricted cash		3,037,739	2,983,945
Bank balances and cash		7,342,846	6,733,265
		44,765,327	42,183,103
Current liabilities			
Trade and other payables, deposits received and accrued charges	14	9,767,371	9,094,513
Contract liabilities		17,868,474	16,918,562
Amounts due to related parties	24	2,114,994	1,564,072
Taxation payable		2,505,348	2,285,403
Bank and other borrowings — due within one year	15	5,801,983	5,550,716
Senior notes — due within one year	17	1,645,321	3,286,031
		39,703,491	38,699,297
Net current assets		5,061,836	3,483,806
Total assets less current liabilities		17,514,079	14,929,663

The notes on pages 45 to 68 form part of this interim financial report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2019 — unaudited (continued)

	<i>Note</i>	At 30 June 2019 RMB'000	At 31 December 2018 RMB'000
Capital and reserves			
Share capital	18	175,403	175,341
Reserves		5,856,282	5,498,341
Equity attributable to owners of the Company		6,031,685	5,673,682
Non-controlling interests		1,979,929	1,908,277
Total equity		8,011,614	7,581,959
Non-current liabilities			
Bank and other borrowings — due after one year	15	2,422,400	3,731,390
Corporate bond	16	118,797	1,032,175
Senior notes — due after one year	17	6,595,169	2,327,846
Deferred tax liabilities		366,099	256,293
		9,502,465	7,347,704
		17,514,079	14,929,663

Approved and authorised for issue by the board of directors on 14 August 2019.

Zhang Lei
Director

Zhang Peng
Director

The notes on pages 45 to 68 form part of this interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2019 — unaudited

	Attributable to owners of the Company										
	Share capital RMB'000	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	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2019	175,341	820,356	343,066	40,060	16,197	585,054	13,786	3,679,822	5,673,682	1,908,277	7,581,959
Profit for the period	-	-	-	-	-	-	-	459,311	459,311	71,712	531,023
Exchange differences on translating foreign operations	-	-	-	-	-	-	6,444	-	6,444	-	6,444
Other comprehensive income for the period, net of income tax	-	-	-	-	-	-	6,444	-	6,444	-	6,444
Total comprehensive income for the period	-	-	-	-	-	-	6,444	459,311	465,755	71,712	537,467
Acquisition of additional interest in a subsidiary	-	-	(60,072)	-	-	-	-	-	(60,072)	(67,575)	(127,647)
Capital contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	81,500	81,500
Share-based payment <i>(note 23)</i>	-	-	-	-	(3,605)	-	-	3,299	(306)	-	(306)
Contribution from a company controlled by a shareholder <i>(note d)</i>	-	-	204	-	-	-	-	-	204	-	204
Return of capital to non-controlling interests	-	-	-	-	-	-	-	-	-	(13,984)	(13,984)
Issue of shares upon exercise of share options <i>(note 18)</i>	62	970	-	-	(208)	-	-	-	824	-	824
Deemed disposal	-	-	-	-	-	-	-	-	-	(1)	(1)
Dividend approved in respect of the previous year <i>(note 8)</i>	-	-	-	-	-	-	-	(48,402)	(48,402)	-	(48,402)
At 30 June 2019	175,403	821,326	283,198	40,060	12,384	585,054	20,230	4,094,030	6,031,685	1,979,929	8,011,614

The notes on pages 45 to 68 form part of this interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2019 — unaudited (continued)

	Attributable to owners of the Company										
	Share capital RMB'000	Share premium RMB'000 (note a)	Special reserve RMB'000 (note b)	Revaluation reserve RMB'000	Share option reserve RMB'000	Statutory surplus reserve RMB'000 (note c)	Foreign currency translation reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2018	173,932	796,299	330,070	40,060	28,817	467,482	(5,694)	3,409,616	5,240,582	1,878,249	7,118,831
Profit for the period	-	-	-	-	-	-	-	291,092	291,092	70,059	361,151
Exchange differences on translating foreign operations	-	-	-	-	-	-	6,672	-	6,672	-	6,672
Other comprehensive income for the period, net of income tax	-	-	-	-	-	-	6,672	-	6,672	-	6,672
Total comprehensive income for the period	-	-	-	-	-	-	6,672	291,092	297,764	70,059	367,823
Contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	55,295	55,295
Share-based payment (note 23)	-	-	-	-	(1,152)	-	-	-	(1,152)	-	(1,152)
Contribution from a company controlled by a shareholder (note d)	-	-	204	-	-	-	-	-	204	-	204
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	19,362	19,362
Disposal of a subsidiary	-	-	-	-	-	-	-	-	-	(5,650)	(5,650)
Return of capital to non-controlling interests	-	-	-	-	-	-	-	-	-	(120,000)	(120,000)
Issue of shares upon exercise of share options (note 18)	691	12,650	-	-	(3,480)	-	-	-	9,861	-	9,861
Appropriations to reserves	-	-	-	-	-	116	-	(116)	-	-	-
Dividend distribution to non-controlling interests	-	-	-	-	-	-	-	-	-	(5,151)	(5,151)
Dividend approved in respect of the previous year (note 8)	-	-	-	-	-	-	-	(80,740)	(80,740)	-	(80,740)
At 30 June 2018	174,623	808,949	330,274	40,060	24,185	467,598	978	3,619,852	5,466,519	1,892,164	7,358,683

The notes on pages 45 to 68 form part of this interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2019 — unaudited (continued)

Attributable to owners of the Company

	Share capital RMB'000	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	Foreign currency translation reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 July 2018	174,623	808,949	330,274	40,060	24,185	467,598	978	3,619,852	5,466,519	1,892,164	7,358,683
Exchange differences on translating foreign operations	-	-	-	-	-	-	12,808	-	12,808	-	12,808
Other comprehensive income	-	-	-	-	-	-	12,808	-	12,808	-	12,808
Profit for the period	-	-	-	-	-	-	-	233,699	233,699	67,411	301,110
Total comprehensive income for the period	-	-	-	-	-	-	12,808	233,699	246,507	67,411	313,918
Share-based payment	-	-	-	-	(6,265)	-	-	4,011	(2,254)	-	(2,254)
Issue of shares on exercises of share options <i>(Note 18)</i>	718	11,407	-	-	(1,723)	-	-	-	10,402	-	10,402
Contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	92,140	92,140
Contribution from a company controlled by a shareholder <i>(note b)</i>	-	-	203	-	-	-	-	-	203	-	203
Acquisition of additional interest in a subsidiary	-	-	12,589	-	-	-	-	-	12,589	(200,589)	(188,000)
Return of capital to non-controlling interests	-	-	-	-	-	-	-	-	-	120,000	120,000
Appropriations to reserves <i>(note c)</i>	-	-	-	-	-	117,456	-	(117,456)	-	-	-
Dividend <i>(Note 8)</i>	-	-	-	-	-	-	-	(60,284)	(60,284)	-	(60,284)
Dividend distribution to non-controlling interests	-	-	-	-	-	-	-	-	-	(62,849)	(62,849)
At 31 December 2018	175,341	820,356	343,066	40,060	16,197	585,054	13,786	3,679,822	5,673,682	1,908,277	7,581,959

The notes on pages 45 to 68 form part of this interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2019 — unaudited (continued)

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. The title of the property will be transferred to the employee upon his completion of service with Modern Green Development for 10 years commencing from 30 October 2010. As at 29 November 2010, the market value of the property is RMB4,071,000. The Group recognised this transaction as staff cost and contribution from a company controlled by the shareholder amounted to RMB204,000 for the six months ended 30 June 2019 (for the six months ended 30 June 2018: RMB204,000).

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2019 — unaudited

	For the six months ended 30 June	
	2019 RMB'000	2018 RMB'000
Net cash generated from operating activities	2,087,643	1,892,553
Investing activities		
Capital return from a joint venture	38,919	—
Capital injection in joint ventures	—	(43,900)
Proceeds from disposals of partial interests in a joint venture	—	200,000
Proceeds from disposal of a joint venture	—	10,000
Net cash outflow from acquisition of a subsidiary	(26,123)	(190,000)
Net cash (outflow)/inflow from disposal of subsidiaries	(1)	8,000
Proceeds from disposal of an associate	141,220	—
Net cash outflow from acquisition of a non-controlling shareholder	(127,647)	—
Loans to joint ventures	(1,813,183)	(678,597)
Repayments from joint ventures	959,668	174,219
(Increase)/decrease in restricted cash	(53,794)	409,625
Other cash used in investing activities	(97,148)	(105,023)
Net cash used in investing activities	(978,089)	(215,676)
Financing activities		
Interest paid	(869,178)	(646,088)
Dividends paid	—	(3,108)
Repayments to related parties	(432,538)	(1,080,954)
Advances from related parties	974,799	532,434
Repayments of bank borrowings	(1,852,239)	(2,014,208)
New bank borrowings raised	1,471,570	681,462
Repayments of other borrowings	(3,267,580)	(1,628,059)
New other borrowings raised	1,724,650	1,071,850
Proceeds from issue of senior notes	3,709,478	2,198,839
Repayment of senior notes and corporate bond	(2,015,149)	(1,475,942)
Capital contribution from non-controlling interests	49,000	49,695
Return of capital to non-controlling interests	—	(120,000)
Proceeds from issue of shares upon exercise of share options	824	9,860
Net cash used in from financing activities	(506,363)	(2,424,219)

The notes on pages 45 to 68 form part of this interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2019 — unaudited (continued)

	For the six months ended 30 June	
	2019 RMB'000	2018 RMB'000
Net increase/(decrease) in cash and cash equivalents	603,191	(747,342)
Cash and cash equivalents at the beginning of the period, represented by bank balances and cash	6,733,265	7,533,713
Effects of exchange rate changes on the balance of cash held in foreign currencies	6,390	4,387
Cash and cash equivalents at the end of the period, represented by bank balances and cash	7,342,846	6,790,758

The notes on pages 45 to 68 form part of this interim financial report.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

1 BASIS OF PREPARATION

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

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

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

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

The interim financial report is unaudited, but has been reviewed by the audit committee of the Company and approved for issue by the Board of Directors on 14 August 2019. The interim financial report has also been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). KPMG’s independent review report to the Board of Directors is included on page 34.

2 CHANGES IN ACCOUNTING POLICIES

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

3 REVENUE AND SEGMENT INFORMATION

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

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

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

4 OTHER INCOME, GAINS AND LOSSES

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

Notes:

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

5 FINANCE COSTS

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

6 INCOME TAX EXPENSE

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

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

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

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

7 PROFIT FOR THE PERIOD

	For the six months ended 30 June	
	2019 RMB'000	2018 RMB'000
Profit for the period has been arrived at after charging:		
Depreciation of property, plant and equipment recognised in profit or loss	14,211	16,585
Operating lease rentals	9,847	12,858

8 DIVIDENDS

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

	For the six months ended 30 June	
	2019 RMB'000	2018 RMB'000
Declared interim dividend of HK3.7 cents per ordinary share (equivalent to approximately RMB3.29 cents (2018: RMB2.0 cents) per ordinary share)	91,845	55,937

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

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

	For the six months ended 30 June	
	2019 RMB'000	2018 RMB'000
Final dividend in respect of the previous financial year, approved during the following interim period, of HK1.98 cents per share (six months ended 30 June 2018: HK3.6 cents per share)	48,402	80,740

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

9 EARNINGS PER SHARE

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

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

Earnings

Earnings for the purpose of calculating basic and diluted earnings per share (profit for the period attributable to owners of the Company)

459,311 291,092

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

Number of shares (basic)

Issued ordinary shares at 1 January
Effect of share options exercised

2,789,919 2,768,291
471 8,631

Weighted average number of ordinary shares at 30 June

2,790,390 2,776,922

Number of shares (diluted)

Number of ordinary shares for the purpose of calculating basic earnings per share
Effect of dilutive potential ordinary shares:
— Share options (*note*)

2,790,390 2,776,922
5,001 20,579

Number of ordinary shares for the purpose of calculating diluted earnings per share

2,795,391 2,797,501

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

10 INVESTMENT PROPERTIES

	Total RMB'000
Fair value	
At 1 January 2019	2,128,610
Transfer from properties under development for sale and properties held for sale	403,936
Net change in fair value recognised in profit or loss	32,520
Disposals	(17,886)
<hr/>	
At 30 June 2019	2,547,180

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 2019 and 31 December 2018 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. There has been no change from the valuation technique used in the prior year for the completed investment properties. For the investment properties under development, the valuations were arrived at using the residual method. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

During the six months ended 30 June 2019, the amount transferred from properties held for sale and properties under development for sale upon change in use included the cost of the properties held for sale and properties under development for sale amounted to RMB162,914,000 with fair value gain of approximately RMB241,022,000 (six months ended 30 June 2018: RMB14,984,000 with fair value gain of approximately RMB3,016,000) based on valuation performed at the relevant dates of transfer.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

11 PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2019, additions to property, plant and equipment amounted to RMB14,523,000 (six months ended 30 June 2018: RMB23,733,000), 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 2019, the carrying amount of leasehold land and buildings which are being occupied by the eligible employees under the Scheme amounted to RMB5,177,000 (31 December 2018: RMB11,985,000).

12 INTERESTS IN JOINT VENTURES AND LOANS TO JOINT VENTURES

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

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

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

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

13 TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONTINUED)

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

14 TRADE AND OTHER PAYABLES, DEPOSITS RECEIVED AND ACCRUED CHARGES

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

14 TRADE AND OTHER PAYABLES, DEPOSITS RECEIVED AND ACCRUED CHARGES (CONTINUED)

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

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

15 BANK AND OTHER BORROWINGS

	At 30 June 2019 RMB'000	At 31 December 2018 RMB'000
Bank borrowings, secured	5,238,633	5,634,706
Other borrowings, secured	2,985,750	3,647,400
	8,224,383	9,282,106

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

15 BANK AND OTHER BORROWINGS (CONTINUED)

The borrowings are repayable:

	At 30 June 2019 RMB'000	At 31 December 2018 RMB'000
Within one year or on demand	5,801,983	5,550,716
More than one year, but not exceeding two years	2,152,900	3,031,390
More than two years, but not exceeding five years	200,000	630,000
More than five years	69,500	70,000
	8,224,383	9,282,106
Less: Amount due within one year shown under current liabilities	(5,801,983)	(5,550,716)
Amount due after one year	2,422,400	3,731,390
Analysis of borrowings by currency		
— Denominated in RMB	7,168,260	7,506,531
— Denominated in US\$	442,291	533,590
— Denominated in HK\$	613,832	1,241,985
	8,224,383	9,282,106

As at 30 June 2019, the borrowings with carrying amount of RMB2,421,123,000 (31 December 2018: RMB4,453,828,000) carry interest at variable rates based on the interest rates quoted by the People's Bank of China, the effective interest rate ranges from 2.2% to 8.1% (31 December 2018: 2.1% to 8.5%) 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 3.8% to 15.00% (31 December 2018: from 3.8% to 13.4%) per annum at 30 June 2019, and exposed the Group to fair value interest rate risk.

16 CORPORATE BOND

On 24 April 2016, the Company issued Corporate bond to the public with aggregate nominal value of RMB1,000,000,000 at 97.81% of the principal amount, which carry fixed interest of 6.4% per annum (interest payable annually in arrears), out of which the Company redeemed RMB881,762,000 during the six months ended 30 June 2019 and the remaining balances will be fully repayable by 20 April 2021.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

17 SENIOR NOTES

	At 30 June 2019 RMB'000	At 31 December 2018 RMB'000
Carrying amount at the beginning of the year	5,613,877	4,693,958
Net proceeds from issuance of 2018 USD Notes	–	2,198,839
Net proceeds from issuance of 2019 USD Notes I (<i>note (a)</i>)	1,012,713	–
Net proceeds from issuance of 2019 USD Notes II (<i>note (b)</i>)	1,349,312	–
Net proceeds from issuance of 2019 USD Notes III (<i>note (c)</i>)	1,347,453	–
Exchange loss	50,064	176,205
Other finance costs	458	20,817
Redemption	(1,133,387)	(1,475,942)
Carrying amount at the end of the period/year	8,240,490	5,613,877
Less: current portion of senior notes	(1,645,321)	(3,286,031)
Amount due after one year	6,595,169	2,327,846

Notes:

(a) **2019 USD Notes I**

On 2 January 2019, the Company issued guaranteed senior fixed rate notes to the public with aggregate nominal value of US\$150,000,000 (approximately RMB1,029,465,000) (the "2019 USD Notes I") at 100% of the principal amount, which carry fixed interest at a rate of 15.5% per annum (interest payable semi-annually in arrears) and shall be fully repayable at par by 2 July 2020.

The 2019 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 established under the laws of the PRC. 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 2019

17 SENIOR NOTES (CONTINUED)

Notes: (Continued)

(a) 2019 USD Notes I (Continued)

At any time prior to 2 July 2020, the Company may at its option redeem the 2019 USD Notes I, in whole but not in part, at a redemption price equals to 100% of the principal amount of the 2019 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 notes on such redemption date.

At any time prior to 2 July 2020, the Company may redeem up to 35% of the principal amount of the 2019 USD Notes I at a redemption price of 115.5% of the principal amount of the 2019 USD Notes I, plus accrued and unpaid interest, if any, to (but not including) the redemption date.

In the opinion of the Directors of the Company, the fair value of the early redemption options is insignificant at initial recognition and the end of the reporting period.

(b) 2019 USD Notes II

On 20 February 2019, the Company issued guaranteed senior fixed rate notes to the public with aggregate nominal value of US\$200,000,000 (approximately RMB1,338,020,000) (the "2019 USD Notes II") at 101.730% of the principal amount plus accrued interest from (and including) 2 January 2019 to (but excluding) 27 February 2019, which will be consolidated and form a single series with the 2019 USD Notes I as described in Note 17(a), the terms and conditions except for the issue date and issue price are the same.

(c) 2019 USD Notes III

On 25 April 2019, the Company issued guaranteed senior fixed rate notes to the public with aggregate nominal value of US\$203,797,000 (approximately RMB1,371,696,000) (the "2019 USD Notes III") at 100.313% of the principal amount, which carry fixed interest at a rate of 12.85% per annum (interest payable semi-annually in arrears) and shall be fully repayable at par by 25 October 2021.

The 2019 USD Notes III 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 established under the laws of the PRC. 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 25 October 2021, the Company may at its option redeem the 2019 USD Notes III, in whole but not in part, at a redemption price equals to 100% of the principal amount of the 2019 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 prior to 25 October 2021, the Company may redeem up to 35% of the principal amount of the 2019 USD Notes III at a redemption price of 112.85% of the principal amount of the 2019 USD Notes III, plus accrued and unpaid interest, if any, to (but not including) the redemption date.

In the opinion of the Directors of the Company, the fair value of the early redemption options is insignificant at initial recognition and the end of the reporting period.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

18 SHARE CAPITAL

	Number of shares '000	Amount USD'000	Equivalent to RMB'000
Ordinary shares of US\$0.01 each			
Authorised:			
At 31 December 2018 and 30 June 2019	8,000,000	80,000	524,014
Issued and fully paid:			
At 1 January 2018	2,768,291	27,674	173,932
Exercise of share options (<i>note (a)</i>)	10,808	108	691
At 30 June 2018 and 1 July 2018	2,779,099	27,782	174,623
Issue of shares			
Exercise of share options	10,820	108	718
At 31 December 2018 and 1 January 2019	2,789,919	27,890	175,341
Issued and fully paid:			
At 1 January 2019	2,789,919	27,890	175,341
Exercise of share options (<i>note (b)</i>)	924	9	62
At 30 June 2019	2,790,843	27,899	175,403

Notes:

- (a) During the six months ended 30 June 2018, share options were exercised to subscribe for 994,000, 1,622,500 and 8,190,800 ordinary shares of the Company at HK\$1.041, HK\$1.045 and at HK\$1.138, respectively (equivalent to approximately RMB0.852, RMB0.855 and RMB0.931, respectively) per share, with the aggregate amount of HK\$13,177,000 (equivalent to approximately RMB9,861,000).
- (b) During the six months ended 30 June 2019, share options were exercised to subscribe for 504,000 and 460,000 ordinary shares of the Company at HK\$1.041 and at HK\$1.045, respectively (equivalent to approximately RMB0.900 and RMB0.903, respectively) per share, with the aggregate amount of HK\$964,000 (equivalent to approximately RMB825,000).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

19 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 2019 RMB'000	At 31 December 2018 RMB'000
Investment properties	1,272,457	559,232
Properties under development for sale	8,512,583	9,092,742
Properties held for sale	–	364,990
Equity interests in a subsidiary	1,534,299	475,828
Bank deposits	1,021,764	1,741,168
Guarantee deposits for housing provident fund loans provided to customers	22,128	16,777
	12,363,231	12,250,737

20 CAPITAL AND OTHER COMMITMENTS

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

	At 30 June 2019 RMB'000	At 31 December 2018 RMB'000
Contracted but not provided for in the consolidated financial statements:		
— Expenditure in respect of properties under development	9,795,573	7,864,247
— Expenditure in respect of acquisition of land use rights	201,300	–
	9,996,873	7,864,247

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

21 CONTINGENT LIABILITIES

- (a) 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 as at 30 June 2019 and 31 December 2018 respectively has been 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 2019 RMB'000	At 31 December 2018 RMB'000
Mortgage guarantees	8,644,400	11,587,338

- (b) The Group provided no guarantees to bank loans and other borrowings of joint ventures as at 30 June 2019 (31 December 2018: RMB998,000,000).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

22 OPERATING LEASE COMMITMENTS

The Group as a lessor

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments as follows:

	At 30 June 2019 RMB'000	At 31 December 2018 RMB'000
Within one year	78,360	79,176
In the second to fifth year inclusive	204,604	218,104
After five years	193,913	208,982
	476,877	506,262

23 SHARE-BASED PAYMENT TRANSACTIONS

On 4 September 2014, the Company granted an aggregate of 25,700,000 options to two directors and six employees to subscribe for an aggregate of 25,700,000 shares in the Company, representing approximately 1.61% of the shares issued by the Company as at the date of grant.

On 10 July 2015, the Company granted an aggregate of 60,100,000 options to two directors and fifteen employees to subscribe for an aggregate of 60,100,000 shares in the Company, representing approximately 3.41% of the shares issued by the Company as at the date of grant ("Plan A").

On 10 July 2015, the Company granted an aggregate of 45,500,000 options to twelve employees to subscribe for an aggregate of 45,500,000 shares in the Company, representing approximately 2.59% of the shares issued by the Company as at the date of grant ("Plan B").

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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

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 4 September 2014	15,290,000	25% from the date of grant to 3 September 2015	1 year
		25% from the date of grant to 3 September 2016	5 years
		25% from the date of grant to 3 September 2017	5 years
		25% from the date of grant to 3 September 2018	5 years
On 10 July 2015 Plan A	4,840,000	33% from the date of grant to 10 July 2016	3 years
		67% from the date of grant to 10 July 2017	3 years
On 28 September 2016	8,580,000	25% from the date of grant to 28 September 2017	5 years
		25% from the date of grant to 28 September 2018	5 years
		25% from the date of grant to 28 September 2019	5 years
		25% from the date of grant to 28 September 2020	5 years
Shares options granted to employees			
On 4 September 2014	12,980,000	25% from the date of grant to 3 September 2015	2 years
		25% from the date of grant to 3 September 2016	5 years
		25% from the date of grant to 3 September 2017	5 years
		25% from the date of grant to 3 September 2018	5 years
On 10 July 2015 Plan A	61,270,000	33% from the date of grant to 10 July 2016	3 years
		67% from the date of grant to 10 July 2017	3 years
On 10 July 2015 Plan B	50,050,000	25% from the date of grant to 10 July 2016	1.5 years
		25% from the date of grant to 31 December 2016	4 years
		25% from the date of grant to 30 June 2017	4 years
		25% from the date of grant to 31 December 2017	4 years
On 28 September 2016	38,720,000	25% from the date of grant to 28 September 2017	5 years
		25% from the date of grant to 28 September 2018	5 years
		25% from the date of grant to 28 September 2019	5 years
		25% from the date of grant to 28 September 2020	5 years
Total share options	191,730,000		

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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

23 SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

The Group reversed total expense of RMB307,000 and RMB1,152,000 during the six months ended 30 June 2019 and the six months ended 30 June 2018, respectively, in relation to share options granted by the Company.

The number of options which lapsed in accordance with the terms of the scheme during the six months ended 30 June 2019 is 19,745,000.

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 2019 RMB'000	At 31 December 2018 RMB'000
Amount due from a company controlled by Mr. Zhang Lei, executive director of the Company	7,503	7,703
Amount due from joint ventures and their subsidiaries	481,903	317,018
Total non-trade balances (note i)	489,406	324,721
Amount due from companies controlled by Mr. Zhang Lei	17,922	16,391
Amount due from joint ventures	12,258	12,429
Total trade balances (note ii)	30,180	28,820
Amount due from related parties	519,586	353,541
Loans to joint ventures	6,125,279	5,455,094

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

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 2019 and 31 December 2018 are of non-trade nature, unsecured, interest free and repayable on demand.
- (ii) Trade receivables from related parties at 30 June 2019 and 31 December 2018 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 2019 RMB'000	At 31 December 2018 RMB'000
Less than 1 year	29,797	28,280
1–2 years	383	540
	30,180	28,820

(ii) Amounts due to related parties

	At 30 June 2019 RMB'000	At 31 December 2018 RMB'000
Amount due to a company controlled by Mr. Zhang Lei	2,633	–
Amount due to joint ventures	2,091,978	1,552,351
Total non-trade balances (note i)	2,094,611	1,552,351
Amount due to companies controlled by Mr. Zhang Lei	20,383	11,721
Total trade balance (note ii)	20,383	11,721
Amount due to related parties	2,114,994	1,564,072

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

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 2019 and 31 December 2018 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 2019 RMB'000	At 31 December 2018 RMB'000
Less than 1 year	19,620	11,721
1-2 years	763	-
	20,383	11,721

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

24 RELATED PARTY BALANCES AND TRANSACTIONS (CONTINUED)

(b) Transactions with related parties

Nature of related party	Nature of transaction	For the six months ended 30 June	
		2019 RMB'000	2018 RMB'000
Companies controlled by Mr. Zhang Lei	Rental income	786	2,983
Companies controlled by Mr. Zhang Lei	Income from provision of technical know-how	7,340	1,013
Companies controlled by Mr. Zhang Lei	Property management services expenses	73,539	33,584
Companies controlled by Mr. Zhang Lei	Property contracting services expenses	3,992	–
Joint venture	Income from provision of technical know-how	–	293
Joint venture	Interest income	–	6,179
Joint venture	Management service income	1,084	2,615
Joint venture	Income from provision of real estate agency service	22,880	2,051

(c) Transactions with key management

	For the six months ended 30 June	
	2019 RMB'000	2018 RMB'000
Key management compensation		
Basic salaries and allowance	7,065	3,378
Retirement benefit contribution	186	102
Share-based payment	165	439
	7,416	3,919

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

25 NON-ADJUSTING EVENT AFTER THE REPORTING PERIOD

(i) Acquisition of Tianjin Zhengde Real Estate Co., Ltd. 天津正德置業有限公司 (“Tianjin Zhengde”)

On 25 July 2019, a subsidiary of the Company entered into an equity transfer agreement with an independent third party to acquire 100% equity interest in Tianjin Zhengde which holds the land use rights of a land parcel situated in Tianjin, the PRC, at a total cash consideration of RMB385,330,000.

(ii) Acquisition of Heze City Haigang Property Development Co., Ltd., 荷澤市海港房地產開發有限公司 (“Haigang Property”)

On 29 July 2019, a subsidiary of the Company entered into an equity transfer agreement with an independent third party to acquire 100% equity interest in Haigang Property which holds the land use rights of a land parcel situated in Heze City of Shandong Province, the PRC, at a total cash consideration of RMB608,420,000.

(iii) Issuance of corporate bond

On 30 July 2019, a indirect wholly-owned subsidiary of the Company issued corporate bond to the public with aggregate nominal value of RMB880,000,000 at 100% of the principal amount, which carry fixed interest of 7.8% per annum (interest payable semi-annually in arrears) and shall be fully repayable at par on 30 July 2022.